

October 8, 2025

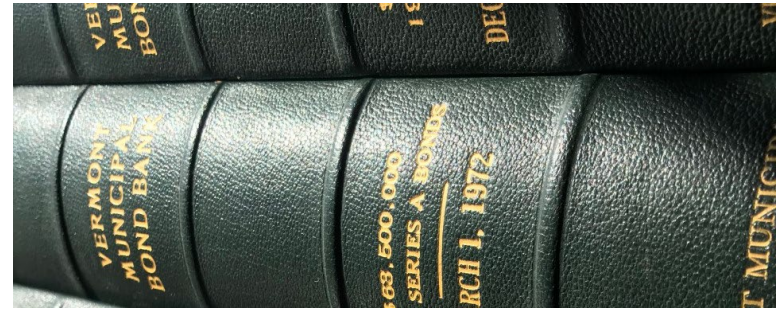
Capital Planning

Michael Gaughan, Executive Director, Vermont Bond Bank





Vermont
Bond Bank

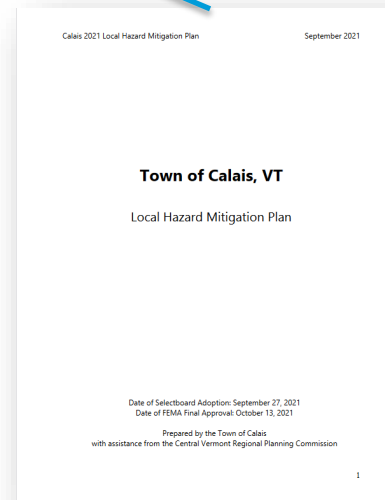


CAPITAL PLANNING: YOUR PATH TO LONG-TERM IMPROVEMENTS

VLCT Town Fair
October 8, 2025

What is a Capital Plan?

- “The capital infrastructure built and maintained by local government is essential for a thriving community” – Government Finance Officers Association
- Plan for maintaining, updating, and creating new capital improvements in support of thriving community
- Document where other plans and studies become real through financial plan to accommodate the capital improvements needed
- Should cover at least five years, with best practice 10 to 25 years in length
- **It’s a plan!!! “All models are wrong but some are useful”**



Ideal table of contents

- Narrative describing vision and tie to larger planning efforts
- Capital asset policy – describe what constitutes a capital asset and depreciation schedule
 - Example long lived assets with intimal purchase value (capitalization threshold) in excess of \$10 thousand
 - See next slide on asset deprecation schedule
- *Debt management and capital reserve policy – define the amount of debt desired by alongside policy for making capital reserve contributions*
- Description of process for prioritizing projects and related scorecard
 - Typically points based system including items such:

Health and safety	Essentiality	Depreciation / desired level of service	Community demand / need	Lifecycle costs
Departmental priority	Climate resilience	Population equity	Availability of sources	

- Aggregate summary of projects by department with individual project solicitations attached as appendix to plan
- Long term financial projection in which sources equal uses

Examples: <https://www.vtbondbank.org/capitalplanning>

Sample Asset Depreciation Schedule

From: TN Water & Wastewater Financing Board & Utility Management Review Board

Buildings	30 to 50 years
Equipment & tools	10 to 15 years
Furniture and fixtures	5 to 10 years
Machinery, Equipment, Vehicles	5 to 15 years
Pumps and treatment equipment	15 to 20 years
Transportation Equipment	5 to 10 years
Water lines and storage	40 to 50 years

Example Prioritization

Production of CIP Plan

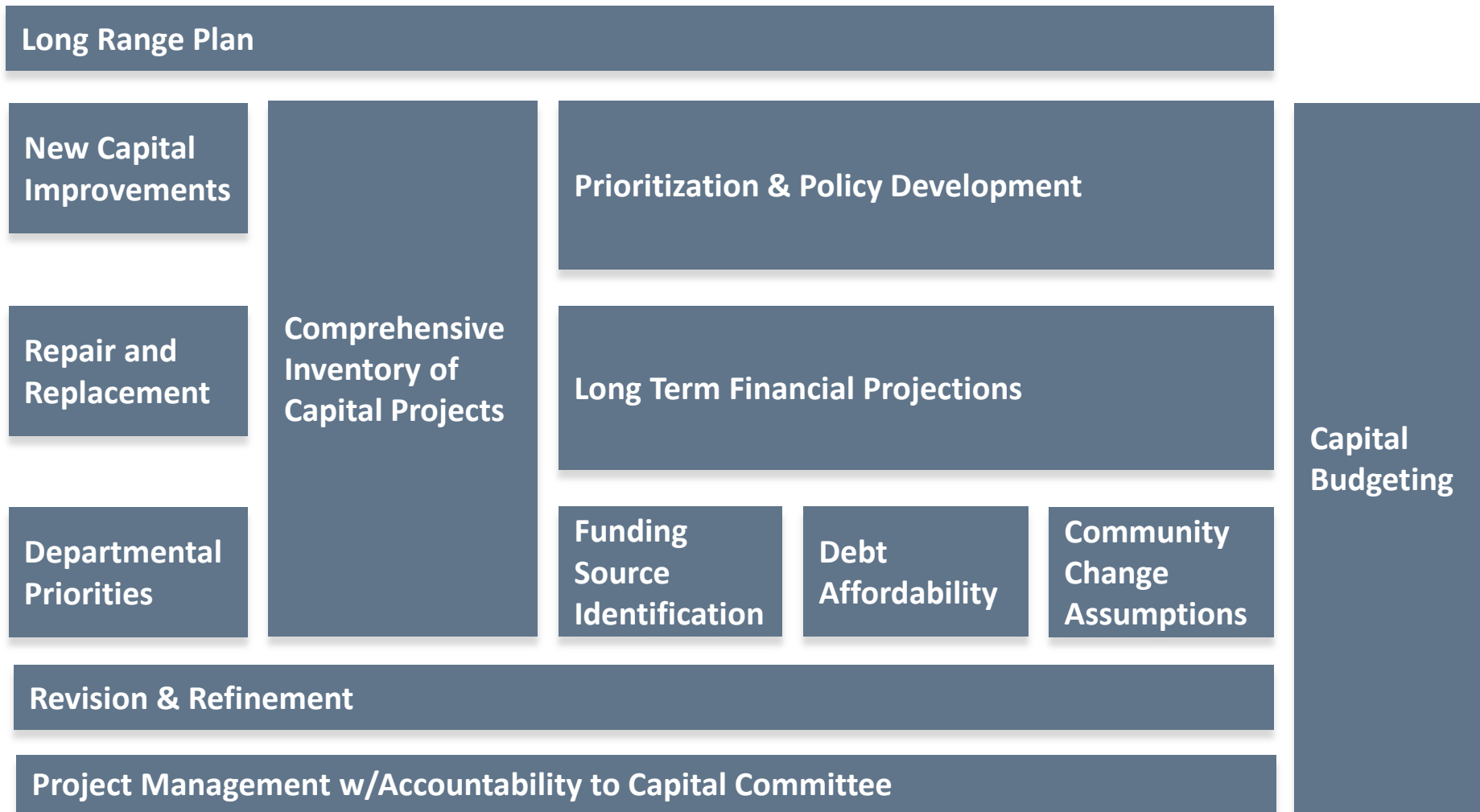
The final plan will be produced based on the evaluation of the CIP score, project type, funding, and schedule. The CIP will be re-evaluated on an annual basis to align growth, needs and budgeting.

Categories	Categories Score	Categories Weight	Weighted Score
Strategic Plan Alignment (0-3)	<input type="text"/>	2	<input type="text"/>
Regulatory Compliance (0-3)	<input type="text"/>	3	<input type="text"/>
Sound Fiscal Stewardship (0-3)	<input type="text"/>	1	<input type="text"/>
Efficient & Effective Processes (0-3)	<input type="text"/>	1	<input type="text"/>
Equity & Inclusion (0-3)	<input type="text"/>	1	<input type="text"/>
Environmental Sustainability (0-3)	<input type="text"/>	1	<input type="text"/>
Engaged & Empowered Teams (0-3)	<input type="text"/>	1	<input type="text"/>
Community Engagement (0-3)	<input type="text"/>	1	<input type="text"/>
Asset Management (0-6)	<input type="text"/>	1	<input type="text"/>
External Funding (0-6)	<input type="text"/>	1	<input type="text"/>

Total Score

https://assets.lawrenceks.org/finance/Policies/CIP_Prioritization_guidelines.pdf

Capital Planning Process...in a Vacuum



Capital Planning Process...in Reality

Long Range
Plan

New Capital Improvements

Repair and

Departmental Priorities

Prioritization &
Development

Long Term Financial
Projections

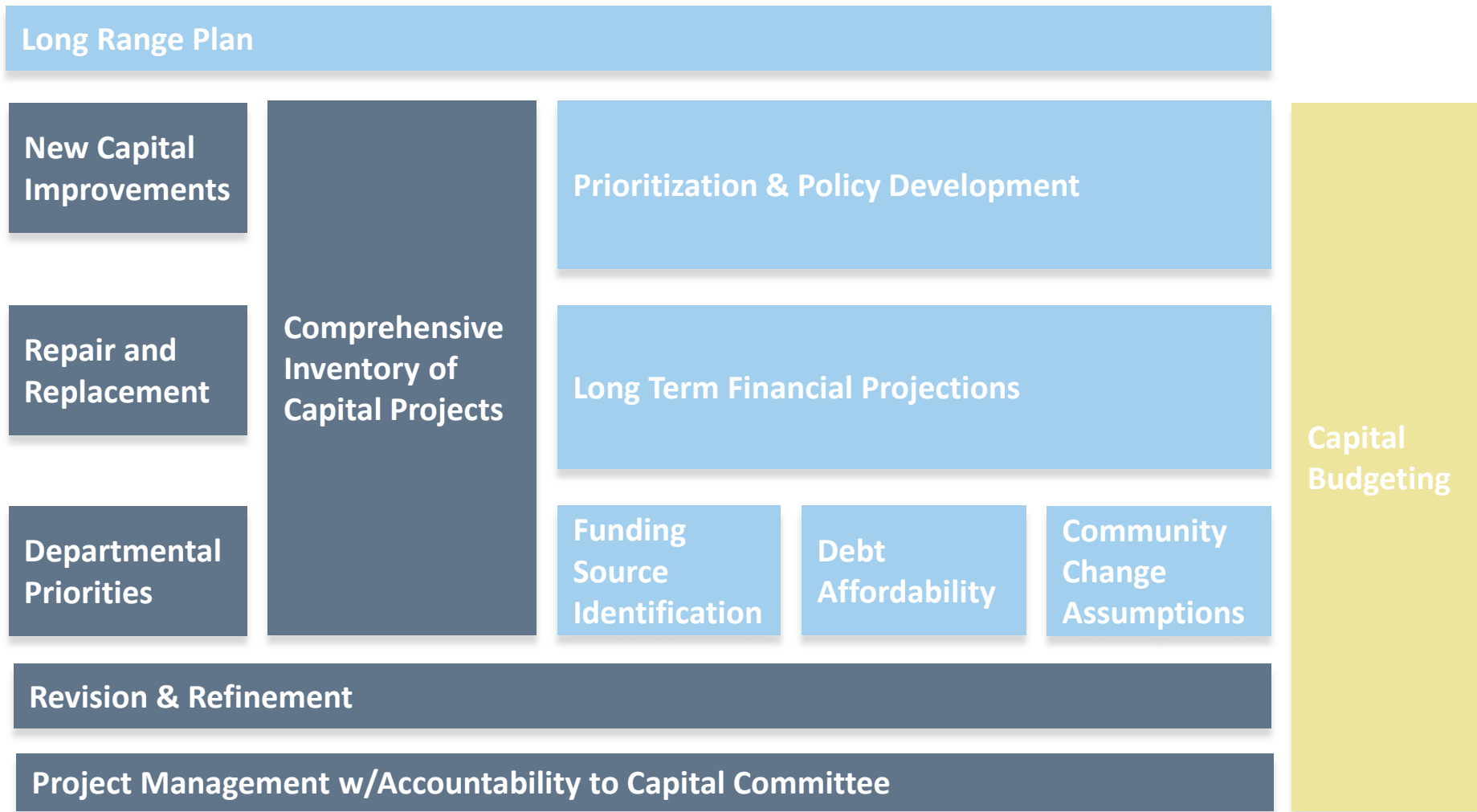
Funding
Source
Identification

Debt Affordability

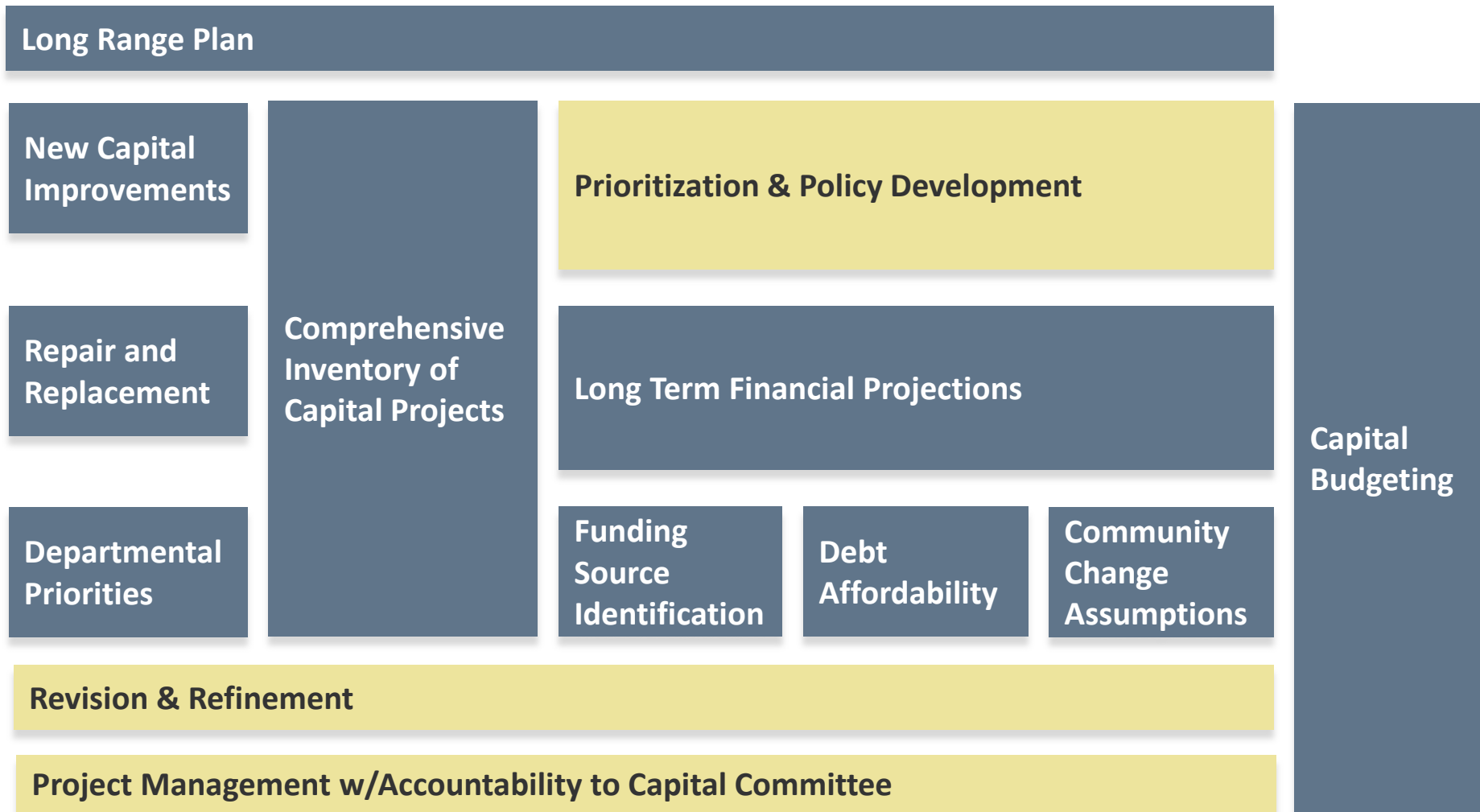
Capital Budgeting

Project Management

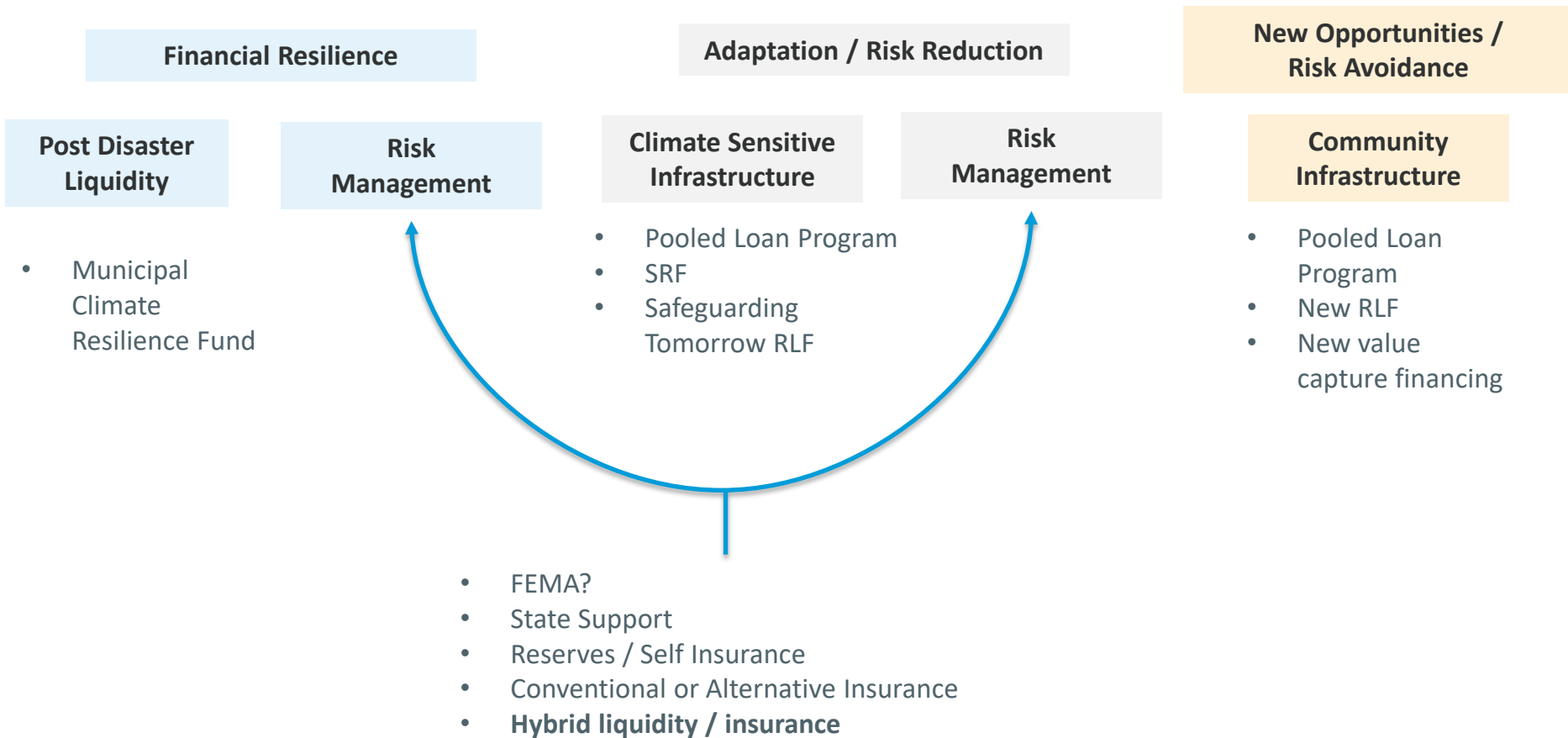
Capital Planning Process...for Discussion



Capital Planning Process...Best Practice



Trade-Offs in Climate Sensitive Financial Planning



Long Term Financial Projections – Key Considerations

Enterprise or Utility

- Rate plan to provide cashflow in excess of expenses and debt service
- Planning for rate increases prior to the project completion date
- Baseline users and modest growth projections

Governmental Activities

- Will the project be:
 - Self supporting meaning that project revenues will support related debt
 - Replacing the roll off of prior debt
 - New taxes
- Costs associated with delay in project implementation

Rural Water System Sample Financial Projection			Fiscal Year									
			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	Drivers	Assumption										
2	ERUs		72	73	74	75	76	76	76	76	76	76
3	Usage per ERU											
4	Total Consumption		72	73	74	75	76	76	76	76	76	76
5												
6	New Connections		1	1	1	1	0	0	0	0	0	0
7												
8	Base Rate	15.00%	940	1,081	1,243	1,430	1,644	1,891	2,174	2,500	2,875	3,307
9	Usage Rate	0.00%	0	0	0	0	0	0	0	0	0	0
10	Connection Fee	3.00%	500	515	530	546	563	580	597	615	633	652

https://www.vtbondbank.org/sites/default/files/2024-03/EnterpriseModelFinancialProjection_FINAL_20240307.xlsx

Sources – Known knowns

Debt, reserves, and pay as you go can serve as baseline with grants as potential upside if timing aligns

*Does source require interim finance and reimbursement? **Sources for sources***

Conventional Bond Issuance

State Revolving Loan Funds

Special Programs


Energy Finance

Disaster Recovery

Infrastructure to Support Housing*

NEW ISSUE

In the opinion of Mintz, Levin, Cohn, Ferris, Glosky and Pappas, P.C., Bond Counsel to the Bond Bank, under existing law, and assuming continued compliance with various requirements of the Internal Revenue Code of 1986, as amended, interest on the Bonds will not be included in the gross income of holders of such bonds for federal income tax purposes. Interest on the Bonds will not constitute a preference item for purposes of computation of the federal individual alternative minimum tax; however, Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in the adjusted financial statement income of certain corporations is not excluded from computation of the federal corporate alternative minimum tax. In the further opinion of Bond Counsel, the Bonds are exempt from State of Vermont personal income taxes and State of Vermont corporate income taxes. See "TAX MATTERS" herein.

	\$46,380,000 VERMONT BOND BANK	
\$26,370,000 2023 Series 2 Bonds (Local Investment Bonds)	\$20,010,000 2023 Series 3 Refunding Bonds	

Dated: Date of Delivery

Due: December 1, as shown on the inside cover

The 2023 Series 2 Bonds (Local Investment Bonds) (the "2023 Series 2 Bonds") and the 2023 Series 3 Refunding Bonds (the "2023 Series 3 Bonds" and together with the 2023 Series 2 Bonds, the "Bonds") of the Vermont Bond Bank (the "Bond Bank") are issuable only as fully registered bonds without coupons, and, when issued, will be registered in the name of Code & Co., as the registered Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Bonds will be made in book-entry-only form, in the denomination of \$1,000 or any integral multiple thereof. Purchasers of beneficial interests will not receive certificates representing their interest in the Bonds. So long as Code & Co. is the registered Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Code & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "THE BONDS - Book Entry-Only System" herein.

Principal of and semiannual interest will be paid, as set forth herein, directly to DTC by U.S. Bank Trust Company, National Association, as Trustee and Paying Agent, so long as DTC or its nominee, Code & Co., is the registered Bondholder. Enforcement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participant as more fully described herein. The Bonds are subject to redemption as more fully set forth herein.

The Bonds are direct and general obligations of the Bond Bank payable out of any revenues or funds subject to the provisions of resolutions now or hereafter pledging particular monies, assets or revenues to particular notes or bonds of the Bond Bank as more fully described in this Official Statement. The Bond Bank does not possess any ad valorem taxing powers. The State of Vermont is not obligated to pay the principal of and interest on the Bonds, and neither the faith and credit nor the taxing power of the State of Vermont is pledged to the payment of such principal and interest.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Mintz, Levin, Cohn, Ferris, Glosky and Pappas, P.C., Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, McCarter & English, LLP, Boston, Massachusetts. Omnicap Group LLC, El Segundo, California, serves as financial advisor to the Bond Bank. It is expected that the 2023 Series 2 Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about August 10, 2023, and the 2023 Series 3 Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about September 5, 2023.

Raymond James

Morgan Stanley

Baird

Fidelity Capital Markets

UBS

August 1, 2023



Debt Assumptions / Affordability



https://www.vtbondbank.org/sites/default/files/2025-04/Appendix%20B_VLCT%20Newsletter.pdf



https://www.vtbondbank.org/sites/default/files/2024-09/VBB_Debt%20RatiosMedians%20%26%20definitions_2024.pdf

- Benchmarking compares key financial ratios of governmental unit to wider sample
- Bond Bank has published statewide medians annually since 2020
- Vermont specific benchmarking tool with comparison to investment grade Moody's medians, now includes population cohorts
- Find the right benchmark!

Connecting Operating Budget to Capital Budget

Contributions to Debt Service, Reserves, and
PAYGO allowing capital plan sources to
equal capital plan sources

DEPARTMENT	FY 18--19	FY 19--20	FY 20--21	FY 21--22	FY 22--23	FY 23--24	Total	%
I. TOTAL PROJECT COSTS								
Town Offices/Buildings/Grounds	58,000	141,000	70,000	48,000	97,000	97,000	511,000	2.4%
Cemetery	5,000	5,000	8,000	5,000	5,000	15,000	43,000	0.2%
Police	243,527	179,246	125,961	99,998	74,308	149,431	872,470	4.0%
Rescue	252,000	411,700	30,000	104,000	88,000	275,000	1,160,700	5.3%
Fire	48,000	660,600	85,000	0	0	750,000	1,543,600	7.1%
Highway Infrastructure	105,000	90,000	90,000	95,000	895,000	95,000	1,370,000	6.3%
Highway Equipment & Bldgs.	172,000	560,000	562,082	271,695	229,988	129,061	1,924,826	8.9%
Public Works: Roads and Bike/ped Paths	34,600	120,200	4,642,100	271,100	45,900	2,170,000	7,283,900	33.6%
Recreation	43,000	68,000	350,000	0	39,000	0	500,000	2.3%
Library & Town Center	6,500,000	0	0	0	0	0	6,500,000	29.9%
Sub-Total, Gen'l Fund	7,461,127	2,235,746	5,963,143	894,793	1,474,196	3,680,492	21,709,496	100.0%
Stormwater	15,900	404,000	24,000	325,000	24,000	390,000	1,182,900	
Water Department Projects	125,000	260,000	320,000	365,000	35,000	1,015,000	2,120,000	
Wastewater/Sewer Dept. Projects	2,104,153	118,000	261,000	428,000	160,000	250,000	3,321,153	
Total, All Projects	9,706,180	3,017,746	6,568,143	2,012,793	1,693,196	5,335,492	28,333,549	
II. FUNDING OF GENERAL FUND PROJECTS								
	FY 18--19	FY 19--20	FY 20--21	FY 21--22	FY 22--23	FY 23--24	Total	%
Total Costs: Gen'l Fund Projects	7,461,127	2,235,746	5,963,143	894,793	1,474,196	3,680,492	21,709,496	
Funding Sources:								
Grants/Donation/Other	349,127	990,556	3,854,876	371,076	184,196	454,196	6,204,027	29%
Bond Issue/Loan	6,600,000	320,000	1,315,420	0	800,000	4,033,000	13,068,420	60%
Police Cruiser Fund	35,400	34,650	95,765	38,202	44,112	84,235	332,363	2%
Hwy. Equip. Repl. Fund/Loans	145,000	460,000	246,488	181,695	204,988	27,741	1,265,912	6%
General Fund, non-debt	331,600	430,540	450,594	303,820	240,900	(918,680)	838,774	4%
Total Source of Funds	7,461,127	2,235,746	5,963,143	894,793	1,474,196	3,680,492	21,709,496	100%

Connecting Operating Budget to Capital Budget

	Final Budget	Actual	Variance Positive (Negative)
EMPLOYEE BENEFITS	85,730	80,095	5,635
OTHER			
Selectboard discretionary	3,000	1,154	1,846
Community events	1,500	1,090	410
Tree conservation	9,000	3,758	5,242
Committee support	1,500	50	1,450
Miscellaneous expense	-	25,294	(25,294)
	15,000	31,346	(16,346)
DEBT SERVICE			
Principal	715,628	653,500	62,128
Interest	158,144	158,144	-
	873,772	811,644	62,128
TRANSFERS TO OTHER FUNDS			
Special revenue funds	23,071	29,833	(6,762)
Capital projects funds	193,944	254,377	(60,433)
Enterprise funds	36,289	36,289	-
	253,304	320,499	(67,195)

Contributions to Debt Service, Reserves, and
PAYGO allowing capital plan sources to
equal capital plan sources

	1,500	50	1,450	FY 19--20	FY 20--21	FY 21--22	FY 22--23	FY 23--24	Total	%
	-	25,294	(25,294)	141,000	70,000	48,000	97,000	97,000	511,000	2.4%
	15,000	31,346	(16,346)	5,000	8,000	5,000	5,000	15,000	43,000	0.2%
				179,246	125,961	99,998	74,308	149,431	872,470	4.0%
				411,700	30,000	104,000	88,000	275,000	1,160,700	5.3%
				660,600	85,000	0	0	750,000	1,543,600	7.1%
				90,000	90,000	95,000	895,000	95,000	1,370,000	6.3%
				560,000	562,082	271,695	229,988	129,061	1,924,826	8.9%
				120,200	4,642,100	271,100	45,900	2,170,000	7,283,900	33.6%
				68,000	350,000	0	39,000	0	500,000	2.3%
				0	0	0	0	0	6,500,000	29.9%
				235,746	5,963,143	894,793	1,474,196	3,680,492	21,709,496	100.0%
				404,000	24,000	325,000	24,000	390,000	1,182,900	
19	Water Department Projects	125,000	260,000	320,000	365,000	35,000	1,015,000	2,120,000		
20	Wastewater/Sewer Dept. Projects	2,104,153	118,000	261,000	428,000	160,000	250,000	3,321,153		
21										
22	Total, All Projects	9,706,180	3,017,746	6,568,143	2,012,793	1,693,196	5,335,492	28,333,549		
23										
24	II. FUNDING OF GENERAL FUND PROJECTS									
25		FY 18--19	FY 19--20	FY 20--21	FY 21--22	FY 22--23	FY 23--24	Total	%	
26										
27	Total Costs: Gen'l Fund Projects	7,461,127	2,235,746	5,963,143	894,793	1,474,196	3,680,492	21,709,496		
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29	Funding Sources:									
30	Grants/Donation/Other	349,127	990,556	3,854,876	371,076	184,196	454,196	6,204,027	29%	
31	Bond Issue/Loan	6,600,000	320,000	1,315,420	0	800,000	4,033,000	13,068,420	60%	
32	Police Cruiser Fund	35,400	34,650	95,765	38,202	44,112	84,235	332,363	2%	
33	Hwy. Equip. Repl. Fund/Loans	145,000	460,000	246,488	181,695	204,988	27,741	1,265,912	6%	
34	General Fund, non-debt	331,600	430,540	450,594	303,820	240,900	(918,680)	838,774	4%	
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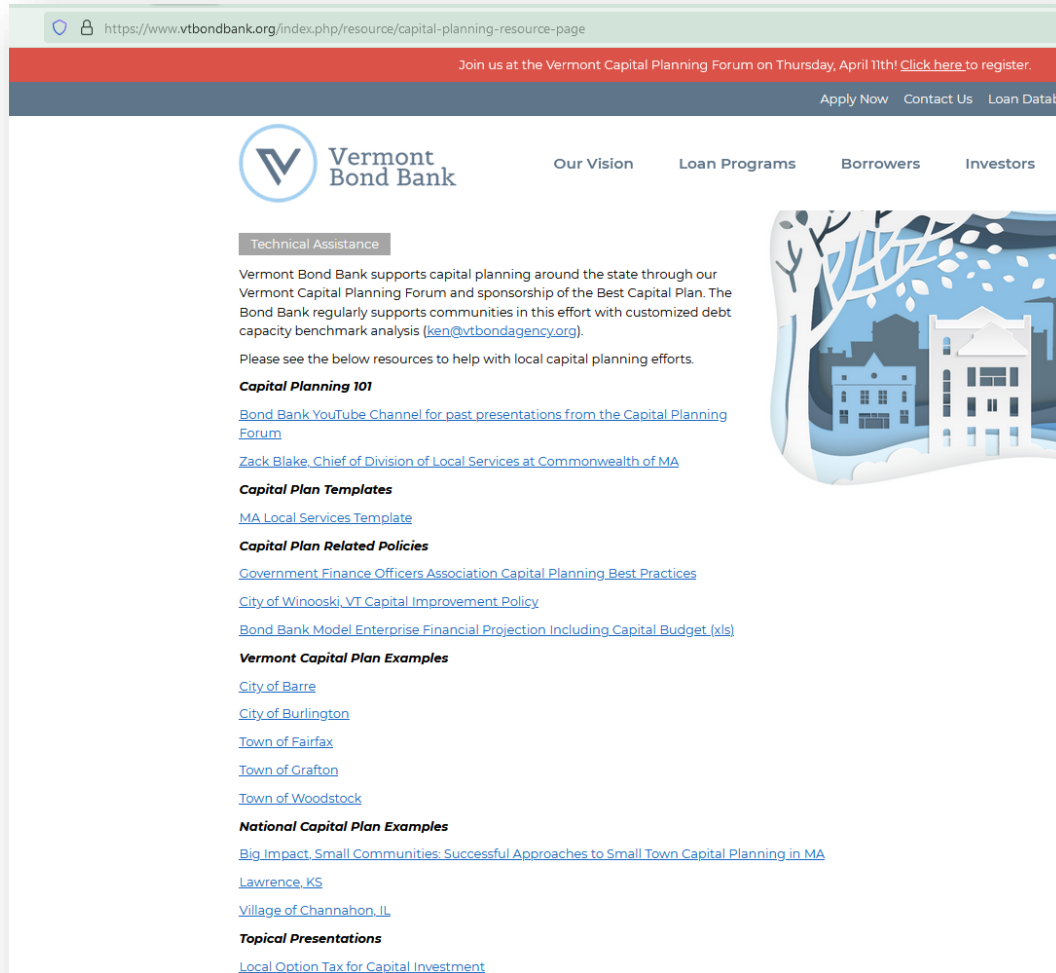
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<https://www.vtbondbank.org/capitalplanning>




The screenshot shows the website <https://www.vtbondbank.org/index.php/resource/capital-planning-resource-page>. At the top, a red banner invites users to join the Vermont Capital Planning Forum on Thursday, April 11th, with a link to register. Below this is a navigation bar with links for 'Apply Now', 'Contact Us', and 'Loan Database'. The main header features the Vermont Bond Bank logo and navigation links for 'Our Vision', 'Loan Programs', 'Borrowers', and 'Investors'. The 'Technical Assistance' section explains that the Vermont Bond Bank supports capital planning through the Vermont Capital Planning Forum and the Best Capital Plan. It mentions that the Bond Bank regularly supports communities with customized debt capacity benchmark analysis, providing the email ken@vtbondagency.org. It then lists several resources: 'Capital Planning 101' (a link to the Bond Bank YouTube Channel), 'Capital Plan Templates' (a link to the MA Local Services Template), 'Capital Plan Related Policies' (links to Government Finance Officers Association Best Practices, City of Winooski VT Capital Improvement Policy, and Bond Bank Model Enterprise Financial Projection), 'Vermont Capital Plan Examples' (links to City of Barre, City of Burlington, Town of Fairfax, Town of Grafton, and Town of Woodstock), 'National Capital Plan Examples' (links to Big Impact Small Communities, Lawrence, KS, and Village of Channahon, IL), and 'Topical Presentations' (a link to Local Option Tax for Capital Investment). An illustration of a winter scene with a house and trees is on the right.

<https://www.vtbondbank.org/index.php/resource/capital-planning-resource-page>

Join us at the Vermont Capital Planning Forum on Thursday, April 11th! [Click here](#) to register.

[Apply Now](#) [Contact Us](#) [Loan Database](#)

 **Vermont Bond Bank**

[Our Vision](#) [Loan Programs](#) [Borrowers](#) [Investors](#)

Technical Assistance

Vermont Bond Bank supports capital planning around the state through our Vermont Capital Planning Forum and sponsorship of the Best Capital Plan. The Bond Bank regularly supports communities in this effort with customized debt capacity benchmark analysis (ken@vtbondagency.org).

Please see the below resources to help with local capital planning efforts.

Capital Planning 101

[Bond Bank YouTube Channel](#) for past presentations from the Capital Planning Forum

[Zack Blake, Chief of Division of Local Services at Commonwealth of MA](#)

Capital Plan Templates

[MA Local Services Template](#)

Capital Plan Related Policies

[Government Finance Officers Association Capital Planning Best Practices](#)

[City of Winooski, VT Capital Improvement Policy](#)

[Bond Bank Model Enterprise Financial Projection Including Capital Budget \(xls\)](#)

Vermont Capital Plan Examples

[City of Barre](#)

[City of Burlington](#)

[Town of Fairfax](#)

[Town of Grafton](#)

[Town of Woodstock](#)

National Capital Plan Examples


[Big Impact, Small Communities: Successful Approaches to Small Town Capital Planning in MA](#)

[Lawrence, KS](#)

[Village of Channahon, IL](#)

Topical Presentations

[Local Option Tax for Capital Investment](#)



THANK YOU!



Michael Gaughan, michael@vtbondbank.org



Vermont League of Cities and Towns



Vermont
Bond Bank