

January 31, 2024

TO: BOARD OF SELECTMEN

RE: FIVE-YEAR CAPITAL IMPROVEMENT PLAN UPDATE AND RECOMMENDATIONS
FY 2025-2029

In FY23, the Town of Waterford closed 45 capital projects that were approved and funded. The town has been focusing on completing past projects currently in FY24 and remains committed to funding necessary projects moving forward. These outstanding approved capital projects, this year's revaluation, the rate of inflation, contractual obligations and unanticipated supply chain costs and increases make it necessary for me to continue a "partial moratorium" on any new capital projects that would require an increase in our tax rate. My capital plan recommendations span three periods:

- 1) Current Approved Capital Projects
- 2) FY25 Capital Budget Requests
- 3) Future Capital Project Requests

1) Current Approved Capital Projects

My goal in FY25 is to continue my commitment of completing and closing past capital projects, approved and funded by taxpayers in previous years, closing 45 capital projects in 2023, expending \$6,189,898. Most notably, the LED Streetlight Conversion for \$1,047,104, Cohanzie School Remediation for \$1,213,677 and the town will continue to complete capital projects that remain in various stages of completion in FY24. The largest of the current approved projects to be completed are School & Town Security upgrades for \$2,082,900, School & Town phone upgrades for \$581,700, Library HVAC upgrade for \$1,091,200, Police & Fire Mobile/Portable Radio Replacement program for \$740,165 and Road Paving projects for \$2,414,566. A status of current projects funded last year from Unassigned Balance of the General Fund is attached.

2) FY25 Capital Budget Requests

My request for Current Year Capital Improvements (\$1,312,527) and Transfer to Capital Non-Recurring (\$938,399) as compared with last year and is an increase of 17.36% (\$332,955). I am presenting a capital request that includes \$1M for Fleet management, \$125,000 for Revaluation, \$243,335 for BOE Energy Efficiency program and \$153,000 for Sewer at Eugene O'Neill Theater, to name a few projects.

Like last year, I have future capital projects to submit that I will request the Board of Finance consider use of the General Fund Balance. These FY25 future capital project requests will focus on:

- 1) Town Infrastructure - \$876,759 for road paving and \$1M for the Statewide Radio System Upgrade
- 2) Board of Education Facilities - \$1M for new Tennis Courts
- 3) Town Buildings - GFB as a funding source for a new town-owned firehouse to replace Oswegatchie Fire Company.

I have considered these priorities in the plan recommendations and have directed Department Heads to apply for all available grants through state and federal agencies. In summary, I continue to focus my attention on balancing capital needs with the town's operating budget.

3) Future Capital Project Requests

Specifically, over the next five years, I will request the Board of Finance consider using \$7.5M from the General Fund Balance, as the funding source for 1) Road Paving projects for \$3.5M 2) Town Infrastructure Improvements for \$3M and 3) Board of Education facility upgrades and repairs for \$1M. By requesting the Board of Finance consider and approve \$7.5M in capital project spending from GFB, which will leave approximately \$15M in the town's General Fund Balance. This proposed five-year capital plan reflects my recommendation for funding or not funding the project(s) as requested and the manner of that financing. I have continued to consult with Department Heads and have "pushed out" projects on the plan and recommendations cover the next five years. I have attempted to balance budget requests and "needs" knowing the town has approximately \$22M in reserve funds that residents have already contributed to through prior taxation and an additional \$20M already designated for capital projects. The Town's use of the "General Fund Balance" is a decision made by the Board of Finance. I will continue to recommend committing a portion of GFB for new capital projects, as needed. Based on last year's feedback and support funding capital requests outside the capital cycle, I am again recommending the town expend General Fund Balance as approved by the Board of Finance.

The information supporting this plan is contained in a binder, which includes the CIP Guidelines, Capital Improvement Fund balances and all the capital improvement requests, by our departments. In addition, my recommended plan for the 5-year planning period is attached with my comments, along with the summary of the budgets for the Current Capital Improvement line and the Transfer to Capital & Non-Recurring line for the FY 2025 budget. This document and binder constitute my recommendations for the Capital Improvement Plan (CIP) for Fiscal Years 2025-2029. The Town Charter requires the Board of Selectmen to ratify these recommendations.

I anticipate reviewing these recommendations with the Board of Selectmen at the upcoming budget meeting and hope the Board will ratify the plan. Please feel free to contact Kim Allen, Finance Director or myself with any questions you may have and thank you for your continued commitment to the Town of Waterford.

Sincerely,

Robert J. Brule
First Selectman