



January 27, 2025

TO: BOARD OF SELECTMEN

RE: FIVE-YEAR CAPITAL IMPROVEMENT PLAN RECOMMENDATIONS

FY 2026-2030

In FY24, the Town of Waterford closed 18 capital projects that were approved and funded. The town continues to focus on completing past projects currently in FY25 and remains committed to funding necessary projects moving forward. These outstanding approved capital projects, contractual obligations, unanticipated supply chain costs and increases, and insurance cost hikes 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, each detailed below:

1. Current Approved Capital Projects
2. FY26 Capital Budget Requests
3. Projected Capital Requests Outside the Budget Cycle

Current Approved Projects

The rationale behind focusing on current approved projects is to continue my commitment to completing and closing past capital projects, which were approved and funded by taxpayers in previous years. This commitment is part of my "Capital Completion Plan," now in its third year of implementation. The town completed or closed 18 capital projects over the past year, expending \$4,706,728.01, and will continue to work on projects that remain in various stages of completion in FY25.

- Evergreen Pump Station 4th Pump for \$369,309
- IT Learning Boards for BOE for \$1,074,657
- Road Paving for \$325,915
- Financial Software Upgrade for \$157,508
- Harvey Avenue Pump Station Rehab for \$1,082,496

The town will continue to complete capital projects that remain in various stages of completion in FY25. The largest of approved projects in FY24 and FY25 from the Unassigned Balance of the General Fund were:

- School & Town Security Upgrades \$1,982,900
- Leary Park Pickleball Complex \$1,197,250
- Waterford High School Tennis Courts \$1,148,100
- Waterford High School Turf Field \$1,147,000
- Old Norwich Road Paving \$1,053,000
- 8 Goshen Road Acquisition \$385,000
- Oswegatchie Firehouse Project Manager \$306,650
- Community Center HVAC \$300,000
- Arnold E. Holm Memorial Park ADA Improvements \$273,428
- Town Hall Basketball Courts \$117,808

FY2026 Capital Budget Requests

The rationale for the FY26 capital budget requests is to maintain appropriate funding for Current Year Capital Improvements and Transfer to Capital Non-Recurring Requests, while absorbing a staggering \$1,142,379 increase in Insurance (23% increase), Fire Services for two additional full-time firefighters (increase \$326,705), Police Department (increase \$134,453), Building Maintenance (increase \$124,176) and Recreation & Parks for an additional maintainer (increase \$50,248).

By presenting a capital request that includes necessary projects, I aim to ensure a responsible general operating budget, balance budget requests, and address necessary increases in various departments while completing critical capital projects and paying down Debt Service as scheduled. This approach will ensure I present a responsible general operating budget. A town operating budget absorbing increases in To accomplish my goal of presenting a responsible budget to Waterford residents, while completing necessary capital projects and paying down Debt Service as scheduled, I am increasing the Capital and Debt Service lines in FY26 by 2.86% or \$296,516 for projects like:

- \$1M for Fleet Management
- \$125,000 for Revaluation
- \$243,335 for BOE Energy Efficiency program
- \$638,172 for Utility Commission projects
- \$25,000 for a new Tree Replacement Program
- \$15,000 for Fire Alarm Replacement at Quaker Hill Fire Company #2

Projected Capital Requests Outside the Budget Cycle

The rationale for submitting projected capital requests outside the budget cycle, in accordance with current Board of Finance policy, is to address priority projects using the General Fund Balance. This approach focuses on Town Infrastructure, Board of Education needs, and Waterford Beach Park and Library improvements. Over the next five years, I will request the Board of Finance consider using \$5M from the General Fund Balance for these critical projects, ensuring a balanced approach to funding and maintaining a healthy General Fund Balance within the Board of Finance's revised range.

- Town Infrastructure: \$1M for road paving, \$1M for the statewide radio system upgrade, and \$500,000 for copper water connectors
- Board of Education: \$413,406 for Munis Implementation
- Waterford Beach Park: \$350,000 for Band Shell
- Library: \$175,000 for Electrical Panel Upgrade

I have considered these current priorities in the plan recommendations and directed Department Heads to apply for all available grants through state and federal agencies. Specifically, over the next five years, I will request the Board of Finance consider using General Fund Balance, as the funding source for the following:

- Road Paving projects
- Town Water & Sewer projects
- Board of Education & Town Building projects

By requesting the Board of Finance consider and approve \$5M in capital project spending from GFB over the next five years, it will leave approximately \$15M in the town's General Fund Balance - within the Board of Finance's policy range of 13%-15% of total expenditures. 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, covering the next five years.

Further, I have attempted to balance budget requests and "needs" knowing the town currently has approximately \$20M in reserve funds that residents have already contributed to through prior taxation and an additional \$23M already appropriated for 69 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 the past two years' feedback and support funding received 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 CNR & CYC for the FY 2026 budget. This document and binder constitute my recommendations for the Capital Improvement Plan (CIP) for Fiscal Years 2026-2030. The Town Charter requires the Board of Selectmen 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.

Respectfully submitted,



Robert J. Brule, First Selectman