

FOURTH ANNUAL

Vermont Capital Planning Forum



Vermont
Bond Bank

An in-person event for governmental units of all sizes and associated professionals to explore Vermont specific best practices in capital planning.



WHEN

Thursday, April 10th
from 9am to 4pm

WHERE

Alumni Hall
20 Auditorium Hill
Barre, VT

COST

\$15 or free for municipal /
school officials with submission
of capital plan

TOPICS / AGENDA

- Introduction
- Capital Planning 101
- Stories of Success in Developing First Time Capital Plans
- Keynote: Solving the Infrastructure Gap in Housing Development
- Are you Ready for Capital Plan Implementation? Readiness Checklist Discussion
- Reducing Risk and Promoting Climate Adaptation with Free Technical Resources

REGISTER HERE

Public Finance and Asset Management – a 101 for the Vermont Bond Bank

Kyle Wedberg, PhD.

GFOA (Government Finance Officers Association)

April 9, 2025

- For over a century, government finance professionals have relied upon the GFOA to provide timely information, practical educational opportunities, high-quality professional publications, and the latest information on best practices.
- GFOA's mission is to advance excellence in government finance and a commitment to building thriving communities.
- There are approximately 25,000 GFOA members in the US and Canada

Discussion



- Your Great Aunt and Uncle, who you have never met, leave you in their will:
 - House near San Francisco, CA
 - Fishing Camp in Grand Isle, LA
 - Ski Condo near Stowe, VT
 - Hunting Camp near Missoula, MT
 - Classic Car collection stored near Detroit, MI
 - Art collection stored near Houston, TX
- What do you do first?

The “WHY” for Capital and Strategic Planning



“Make no little plans. They have no magic to stir (people’s) blood and probably will not themselves be realized. Make big plans, aim high in hope and work, remembering that a noble, logical diagram once recorded will never die, but long after we are gone will be a living thing, asserting itself with ever growing insistency.”

*-Daniel Burnham,
1909 City of Chicago Master Plan*

Theory of Governance



- Musgrave (1959 and 1973) Public Finance in Theory and Practice
 - Fiscal Functions of Public Sector: Allocation, Distribution, Stabilization (and Transfer)
 - “Making the fiscal system work is, after all, a large part of making democracy function.” (P&R Musgrave, 1973, p.1)
 - Musgrave, Richard, 1959, The Theory of Public Finance: A Study in Public Economy
 - Musgrave, Peggy and Richard, 1973, Public Finance in Theory and Practice, McGraw Hill: <https://desmarais-tremblay.com/Resources/Musgrave%20Richard%20A.%20and%20Musgrave%20Peggy%20B.%201989%20%281973%29%20Public%20Finance%20in%20Theory%20and%20Practice%205th%20ed.pdf>
- John Rawls (1971) Theory of Justice
 - Principles of justice: basic liberties and fairness of opportunities
 - Generational implication of public finance decisions: “Justice does not require that early generations save so that later ones are simply more wealthy. Saving is demanded as a condition of bringing about the full realization of just institutions and the equal liberties.” (Rawls, 1971, p.257)
 - Fourth principle of “Exchange” evolved Musgrave’s “Transfer” where “Thus the exchange branch works by the principle of efficiency and institutes, in effect, a special trading body that arranges for public goods and services where the market mechanism breaks down.” (Rawls, 1971, p. 250)
 - Rawls, John, 1971, A Theory of Justice, Harvard University Press: <https://giuseppicapograssi.files.wordpress.com/2014/08/rawls99.pdf>

Government Need to Shift Thinking

- Our Collective US Reality:
 - Suburbanization, single family housing boom, population and job movement from both rural and urban centers, a century of car focused development, and the largest national infrastructure investment of the 20th Century (WPA) nearing 100 years old
- Shift in Financial Office's thinking
 - Privilege existing assets over new assets
 - GASB made legal standard straight line depreciation of an asset's value
 - Incorporate replacement costs in all aspects of Capital Planning
 - Conduct the Orchestra: Governments need to assess current conditions, needed investment (get real about the asset deficit), current costs to replace, plans to enhance, and keep assets operating at agreed upon service levels
- Asset management lives in silos
 - Finance Departments need to be conductors, interpreters, and synthesizers

American Society of Civil Engineers



- 2025 Report Card for America's Infrastructure **OVERALL: C**
- Estimated Investment Gap: \$3.7 Trillion
- Gap up \$1.4 Trillion in four years

<https://infrastructurereportcard.org/>

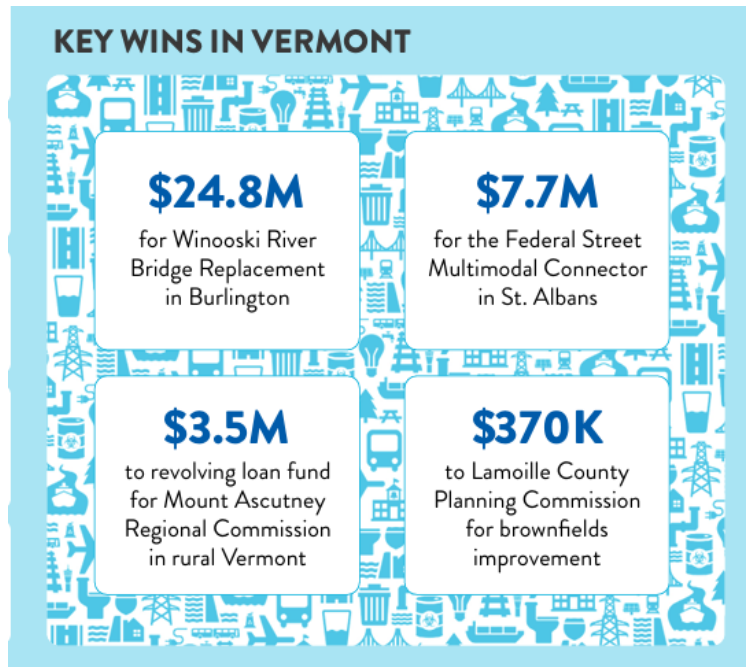


How is Vermont doing?



- Report card is from 2023
- Same grade as the US: C

<https://infrastructurereportcard.org/state-item/vermont/>



ASCE

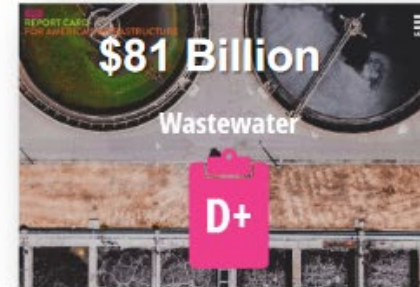
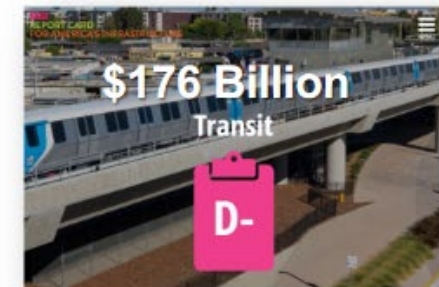
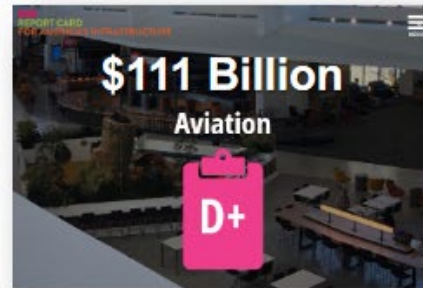
INFRASTRUCTUREREPORTCARD.ORG/VERMONT

Previous Report Card from 2021

2021
ASCE
Report Card

Total
Investment
Gap
\$2.59 Trillion

(up \$0.5 Trillion
in 10 years)



Basic Math on the Asset Deficit Reduction



- ASCE 2021 deficit at \$2.59T
- Four years of inflation @ 6% annually on asset deficit (this would have been \$3.2T and it was actually \$3.7T)
- IIJA (\$1.2T) and IRA (\$385B) and ARPA (\$1.9T) (total of \$3.5T)
- Not dollar for dollar asset investments, but even if they were, the US still couldn't fully solve the total asset deficit

Role of Finance Office in Asset Management



- Policies
- Status and understanding of inventory (register)
- Valuation (depreciation and cost to replace)
- Register maintenance (data)
- Level of Service
- Condition
- Contribution of asset to overall performance
- Budgeting for repair, replacement, and maintenance
- Integration of asset management to finance (baseline data)
- Use of integrated data tools (ERP, GIS, Tracking)

GFOA BP: <https://www.gfoa.org/materials/role-of-the-finance-director-in-capital-asset-management>

How will I prioritize my Assets?

				Investment Review Board (IRB)									Capital Budget Team (CBT)											Total Score
Rank	Project Number	Project Title	Primary Project Category	Project Readiness	Stakeholder Support	Performance Goals and Business Case	Cost Estimates	Risks and Alternatives	Comp Plan Alignment	Score Before Multiple	Multiplier	IRB Score	Health Equity	Public Safety	Education	Equipment and Vehicles	All Roads and Transportation	Vertical Infrastructure	Parks, Playgrounds	Regulatory	Existing Project (Y/N)	Potential PPP	CBT Score	
1	PSHO1	HARRIET TUBMAN SHELTER	FACILITY	3	3	3	3	3	3	18	5	90	X								X		7	97
2	FS01	SMALL CAPITAL PROJECTS	FACILITY	3	3	3	3	3	3	18	5	90	X								X		7	97
3	THK17	EMERGENCY AND TEMPORARY HOUSING	FACILITY	3	3	3	3	3	3	18	5	90	X								X		7	97
4	THK18	NEW YORK AVENUE SHELTER	FACILITY	3	3	3	3	3	3	18	5	90	X								X		7	97
5	06AM	AMBULANCE VEHICLES - FEMS	FLEET	3	3	3	3	3	3	18	5	90		X							X		6	96
6	06PT	PUMPERS - FEMS	FLEET	3	3	3	3	3	3	18	5	90		X							X		6	96
7	06M22	ENGINE COMPANY 7	FACILITY	3	3	3	3	3	3	18	5	90		X							X		6	96

Funding and Level of Service



- Is there funding available to:

- Operate
- Renew
- Maintain
- Acquire Replacement
- Dispose



at the current desired Level of Service?

Linkage of CIP to LTFP at current or adjusted Level of Service.

GFOA BP on Service Delivery: <https://www.gfoa.org/materials/evaluating-service-delivery-alternatives>

What is the Time Horizon of the CIP?

- A CIP can be 5, 10, or 50 years
 - Logical to match length of debt repayment to asset lifecycle
- For projects programmed beyond the first year of the plan, adjust cost projections based on anticipated inflation
- How are existing assets considered in your capital planning?
- Good CIPs: Understand how funding may span multiple years
 - Case study: New building may mean land acquisition and design costs year one, site preparation and early construction year two and final funding in year 3
 - Allocating all costs in year one is inefficient
- Budgeting and Cash Flow
 - Multi-Year projects need multi-year resourcing plans (over allocation of funding is a trust issue, not a financing issue)

Evolution of a Capital Budget in process



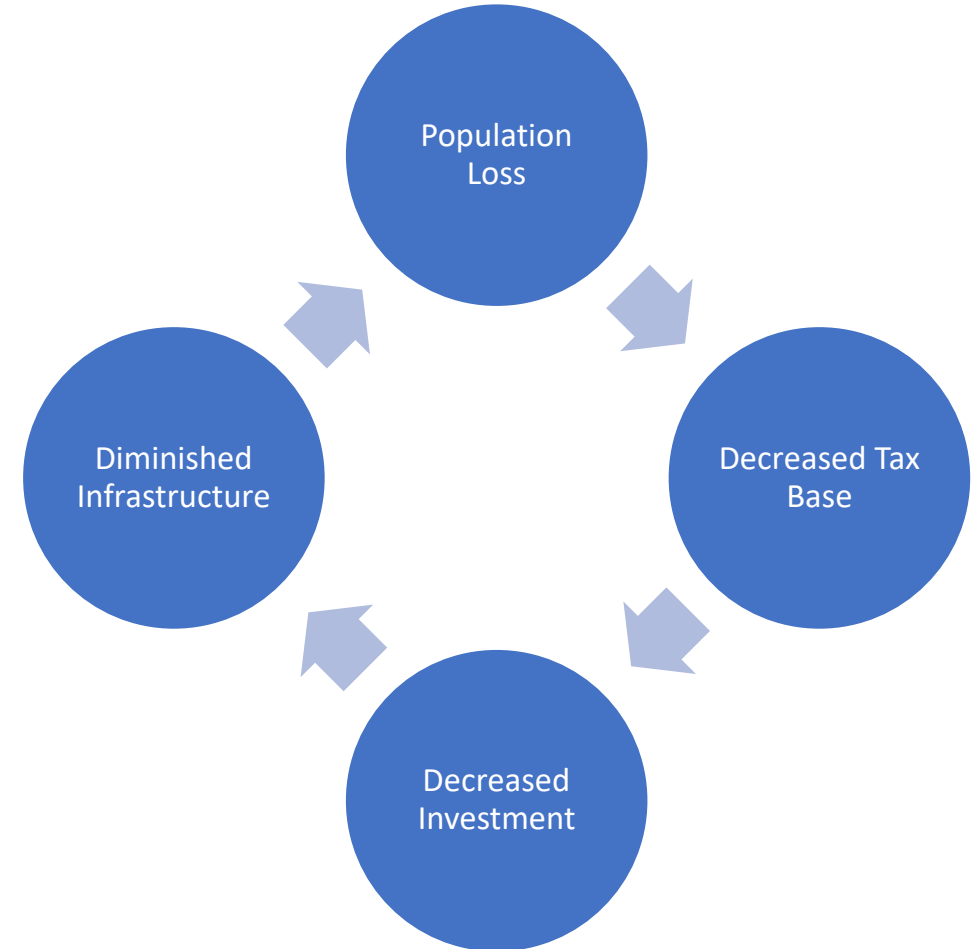
- Making changes during the year
- Multiple reasons actuals different than budget
 - Timing of delivery
 - Commodity costs
 - Project delivery
- A CIP “Box” will have the next projects clearly defined

Projects	Budgeted Cost	Actual Cost	Balance
E	100,000	90,000	10,000
F	100,000	80,000	20,000
G	100,000	80,000	20,000
H	100,000	75,000	25,000
I	100,000	110,000	-10,000
Total	500,000	435,000	65,000
Potential to add to current year capital budget			
J	15,000	?	?
K	15,000	?	?
L	25,000	?	?

Tiebout Theory



- Citizen Choice Theory (Tiebout, 1956)
 - Absolute mobility
 - Citizens select a community based on taxes and level of service
 - Profit maximizers
 - Pay for what we owe and search out communities that are a “deal”
 - Mobility inhibited
 - Lack of resources
 - Social constructs (racism)
 - Citizens move away from and towards



The Asset Challenge is More . . .



Resilience and Adaptation



- Resilience
 - Asset management
 - Recondition level modernization in that which you already own
 - Maintenance budgets
 - Measurement of performance
- Adaptation
 - Modernization and new infrastructure
- Choosing one strategy is a false choice

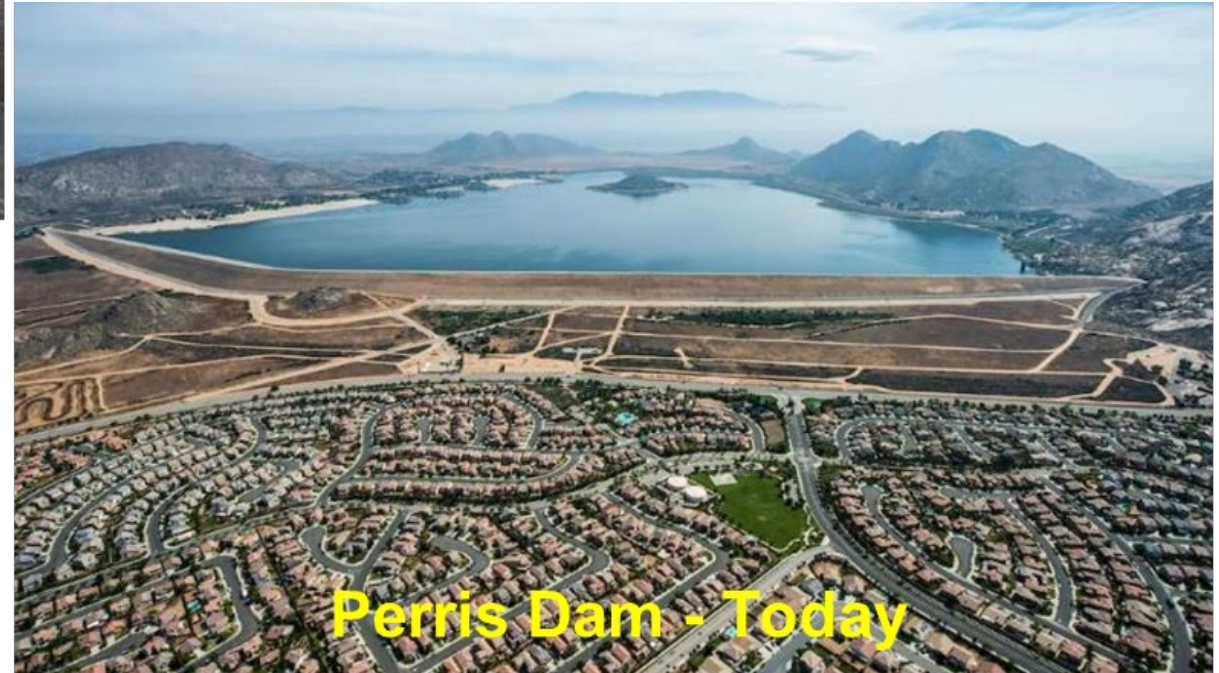
Resilience vs. Adaptation: Framing and Action:

<https://www.sciencedirect.com/science/article/pii/S2212096315000273#b0045>

Change, Resiliency, and Performance Demands

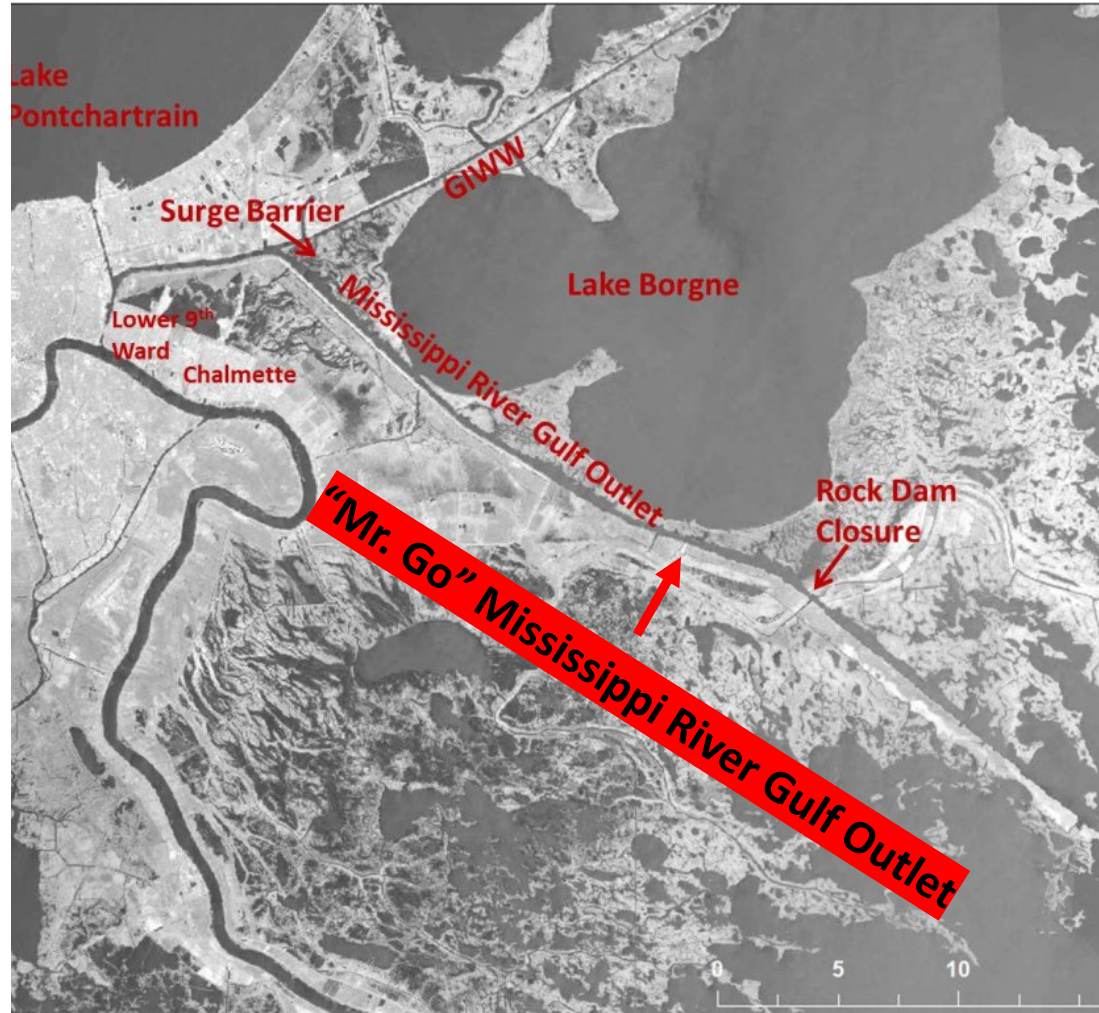


Perris Dam - 1973 just after completion

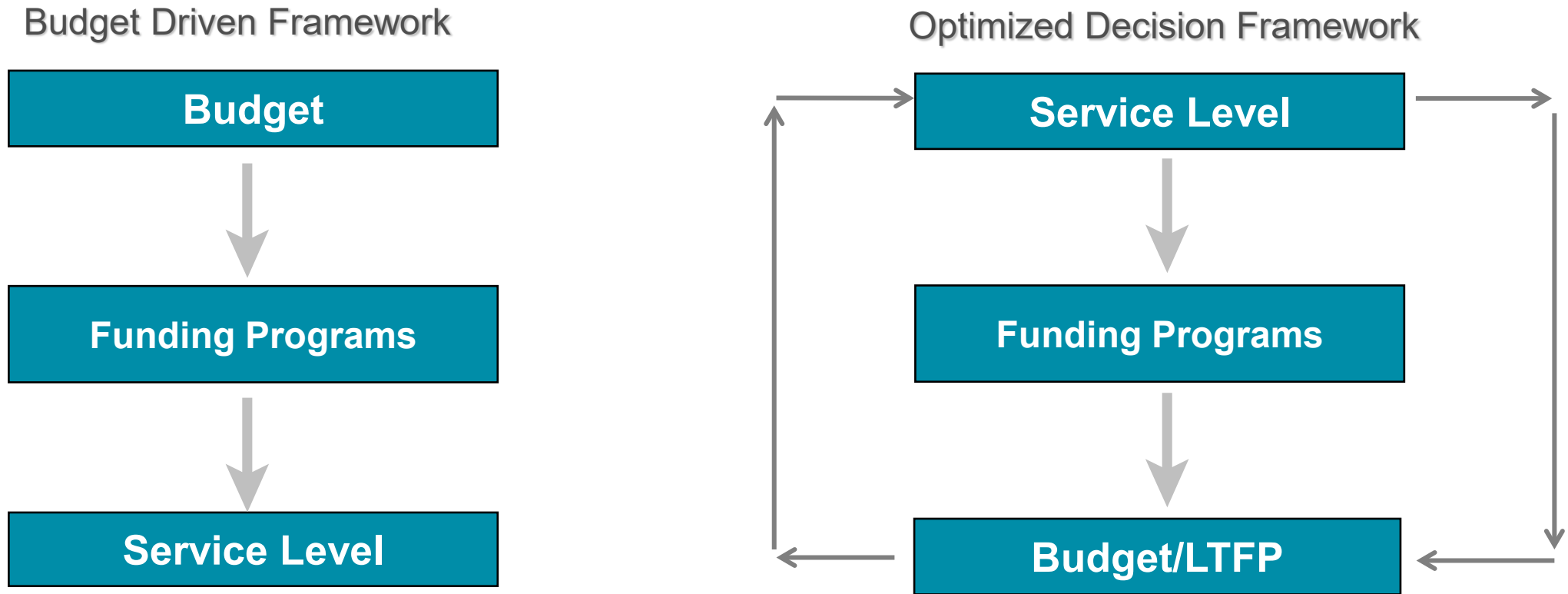


Perris Dam - Today

Change, Resiliency, and Performance Demands



The Asset Management Choices - Integrated Planning Shift



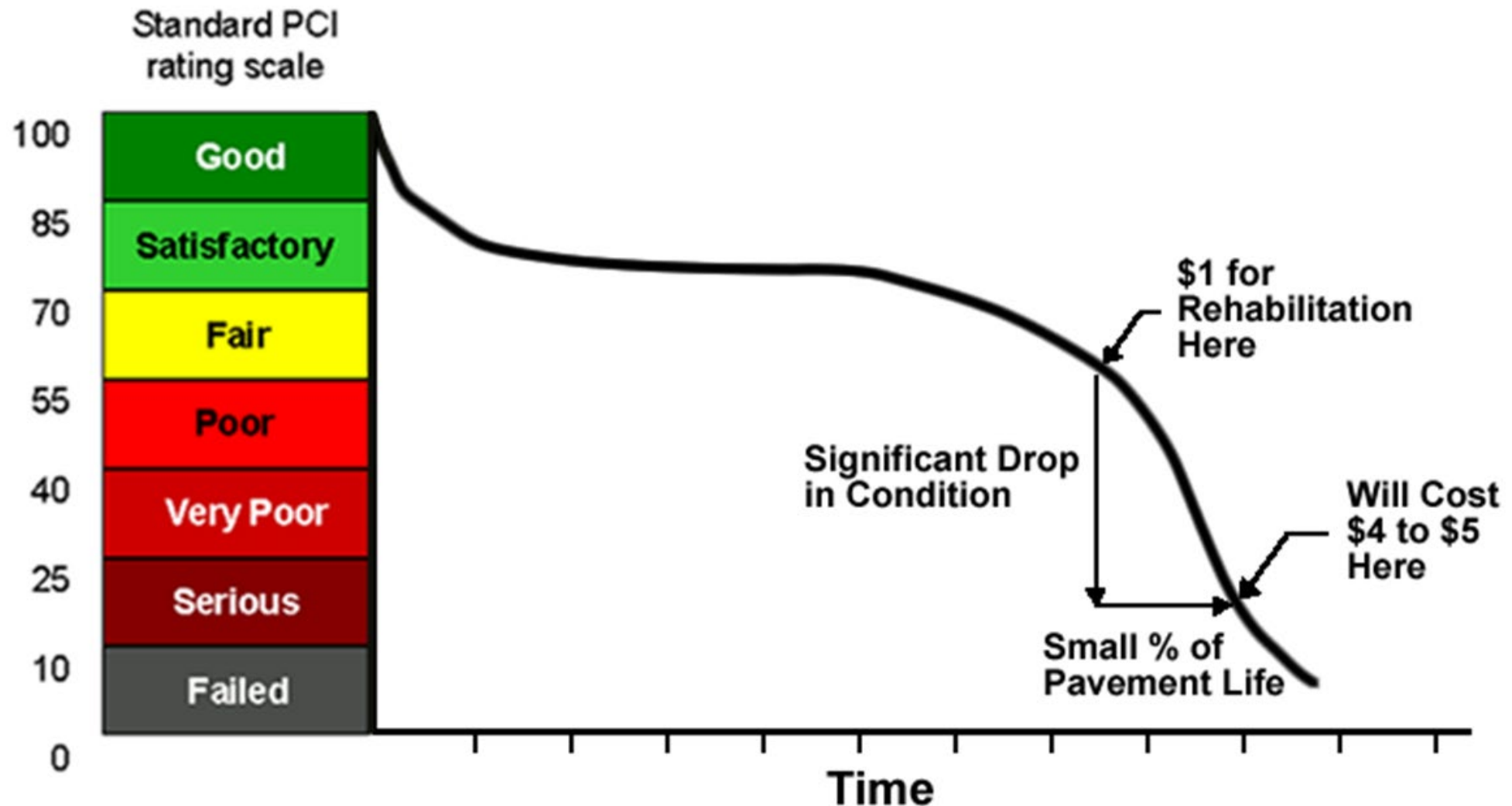
Focus on Level of Service Provision tied into the Level of Available Resources both annually (Budget) and long term (LTFP)

Asset Management: Where To Start?

- Asset Register:
 - What do you own?
 - What year put into service?
 - Where is it?
 - What condition is it in?
 - What will it cost to replace?
 - Will you replace it?
 - Bonus: What is maintenance history?
- Data:
 - Who is responsible for what data?
 - Where is data tracked?



Life Cycle Cost Analysis - Pavement



Deferred Maintenance



- Governments engage in deferred maintenance
 - “Easy savings”
 - No one fired
 - All bills paid
 - All supplies purchased
- Moves costs from operating to capital
 - Work deferred long enough increases (deficit) costs
 - May feel like “free” money as it moved from one budget to another
- Asset deficit created

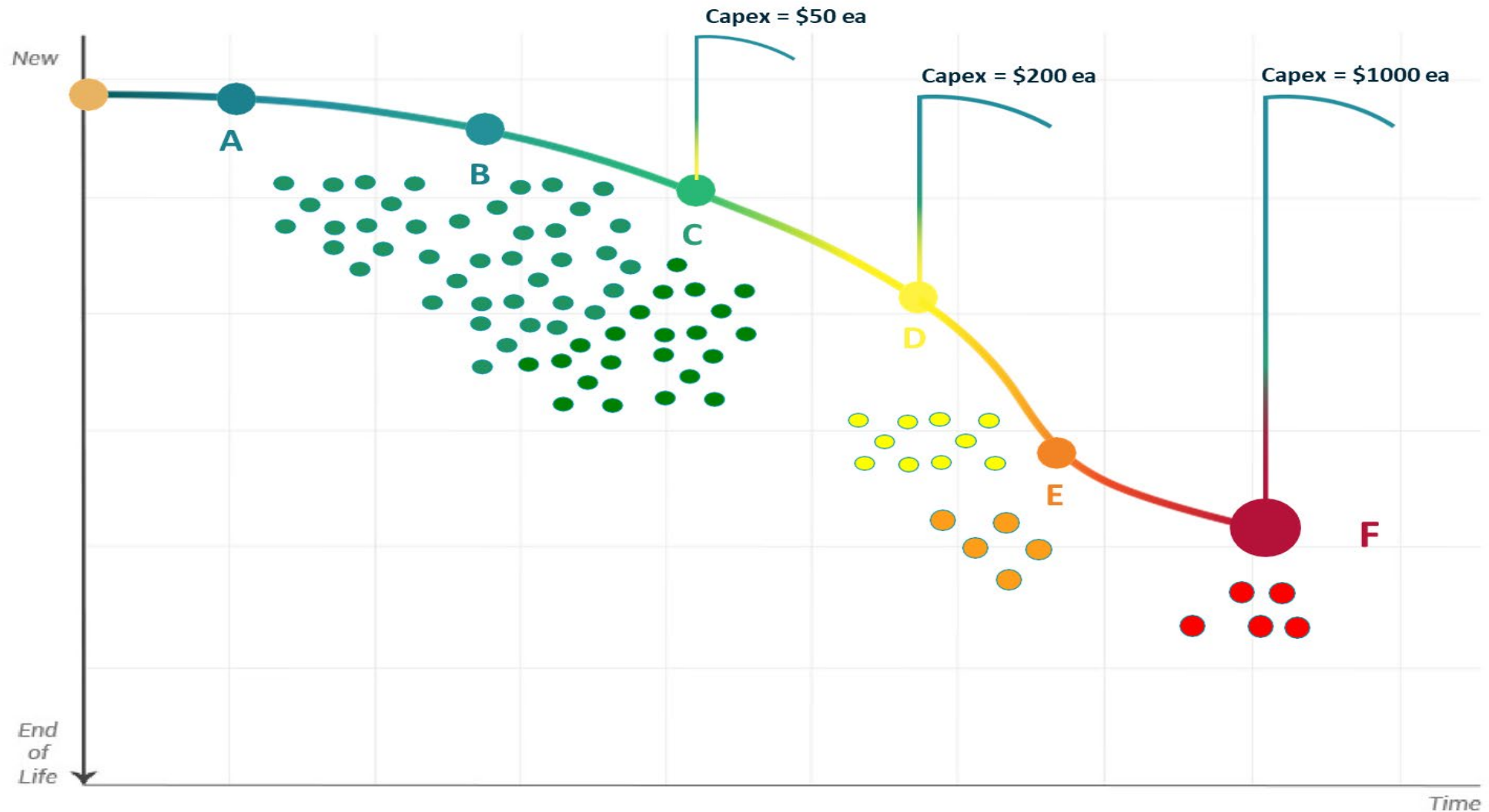
Lack of Investment can be a Generational Deficit



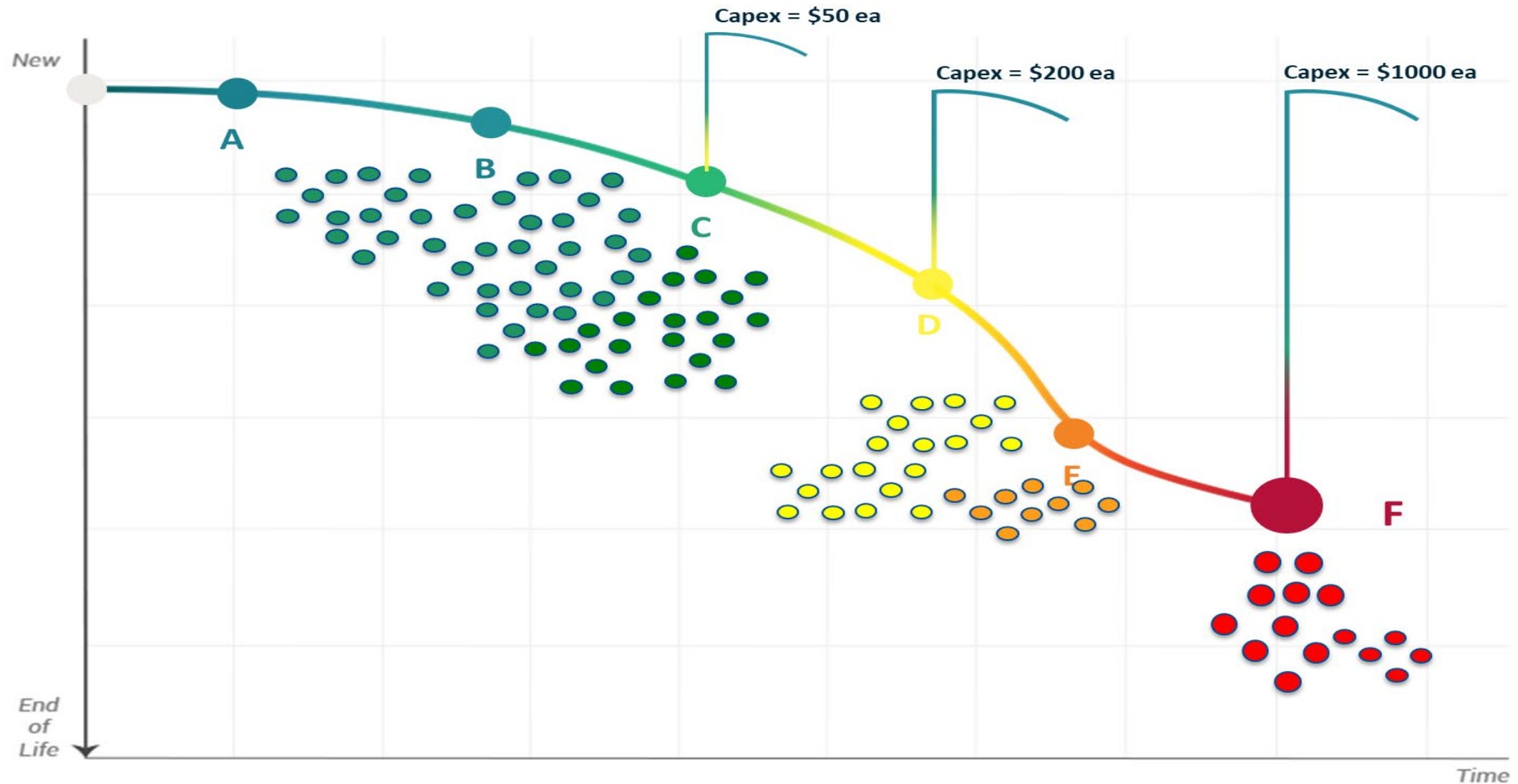
Future Options

Infrastructure Deficit

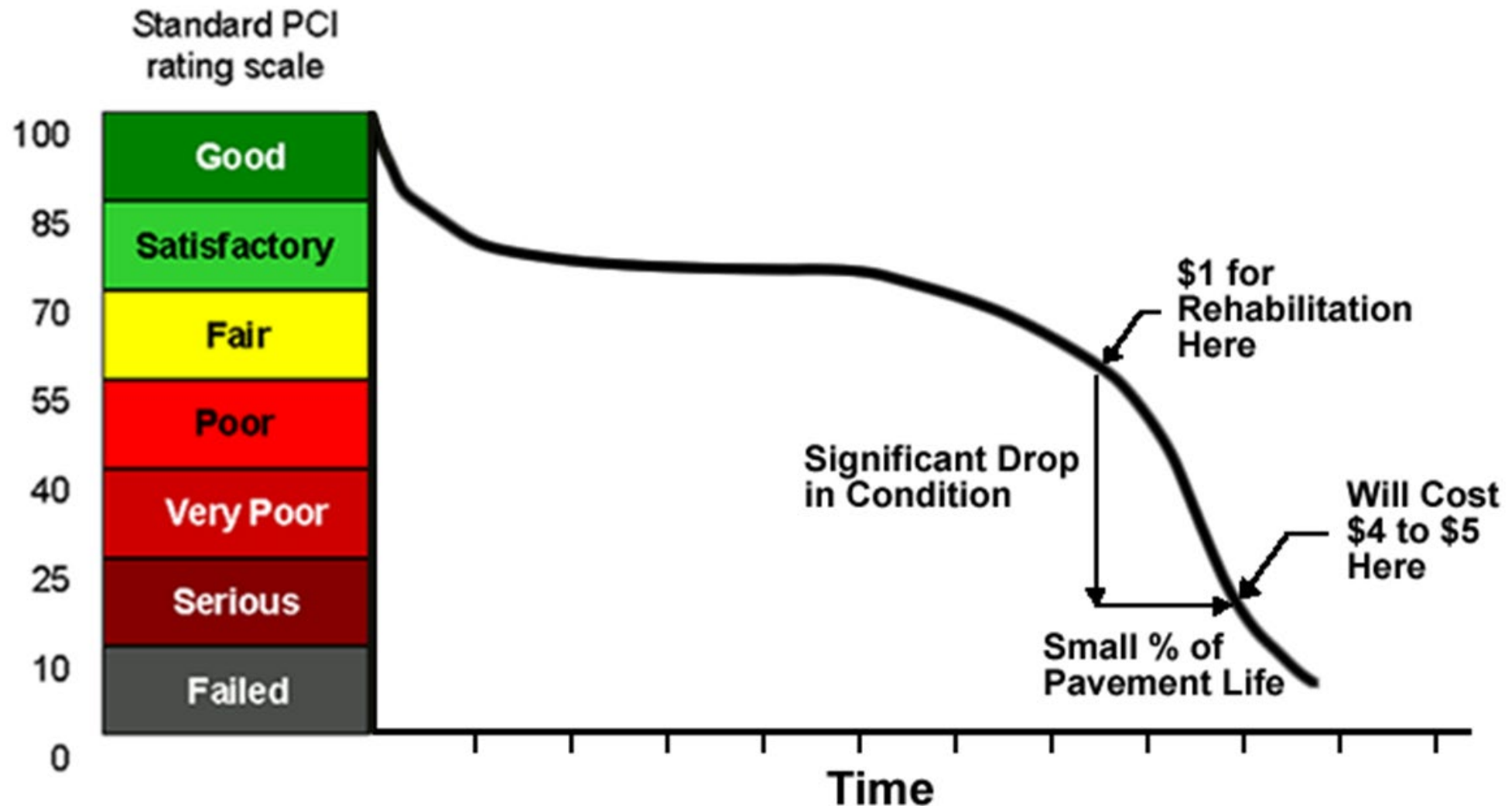
Deficit Creep



Lack of Investment Shifts and Grows Deficit



Life Cycle Cost Analysis - Pavement



Basic Asset Register



ASSET AND LOCATION



YEAR BOUGHT/BUILT



CONDITION AND COST
TO REPLACE (CURRENT \$)



WILL YOU REPLACE IT?

A Positive Future for US Capital Investments and Asset Management



- Historic Investments (IIJA, IRA, and ARPA)
- Washington DC CARSS – Capital Asset Replacement Scheduling System
 - <https://cfo.dc.gov/page/office-chief-financial-officer-long-range-capital-financial-plan-report>
- Michigan Infrastructure Council
 - <https://www.michigan.gov/mic>
- California Department of Water Resources
 - <https://water.ca.gov/>
- Detroit, MI – 10 years post bankruptcy credit rating Baa2
 - <https://www.freep.com/story/news/local/michigan/detroit/2024/03/25/detroit-investment-grade-credit-rating-bankruptcy/73090234007/>

GFOA Committees and Best Practices



- GFOA Standing Committees: <https://www.gfoa.org/gfoa-standing-committees>
- Community Economic Development and Capital Planning Committee (CEDCP): <https://www.gfoa.org/cedcp-committee>
- GFOA Best Practices: <https://www.gfoa.org/best-practices>



THANK YOU

QUESTIONS?



Stonecrop Meadows

Solving the Infrastructure Gap in
Housing Development

Stonecrop Meadows

Up to 254 Total Homes

- Smart-growth
- Energy-efficient
- Truly mixed-income
- Only proposed new neighborhood outside of Chittenden County
- Unprecedented State and Federal support
- True community partnership
- Preservation of wetlands / greenspace

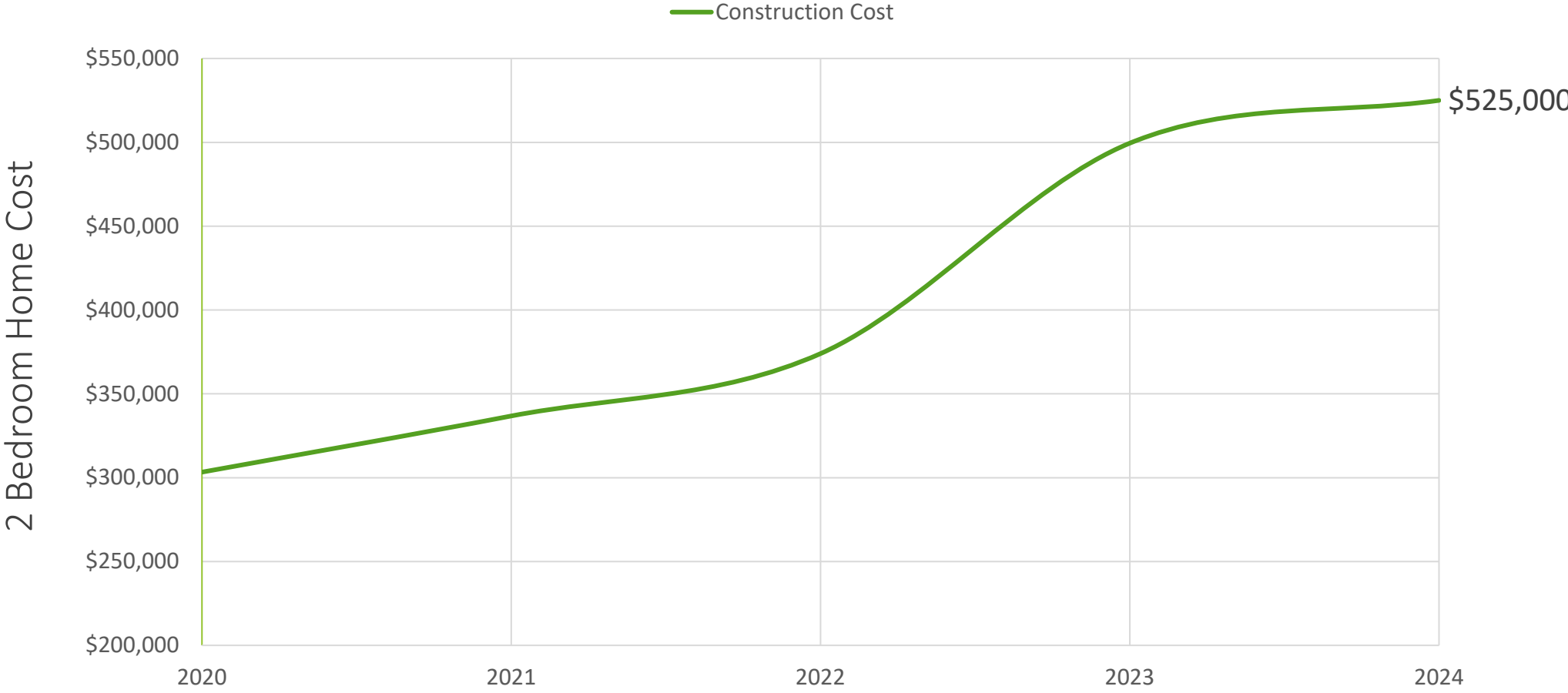
\$140m Total Development Cost



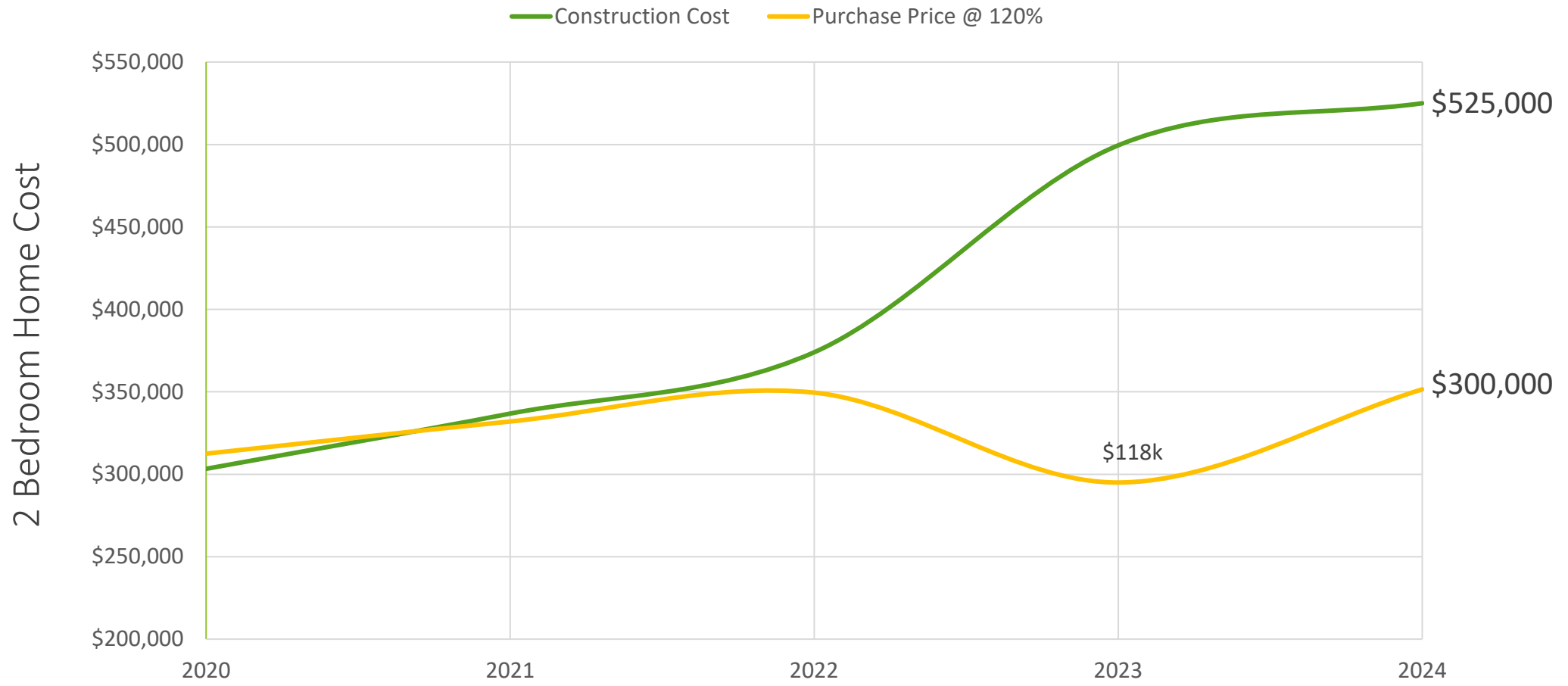
The economics of home construction in rural Vermont don't work.

Construction Costs

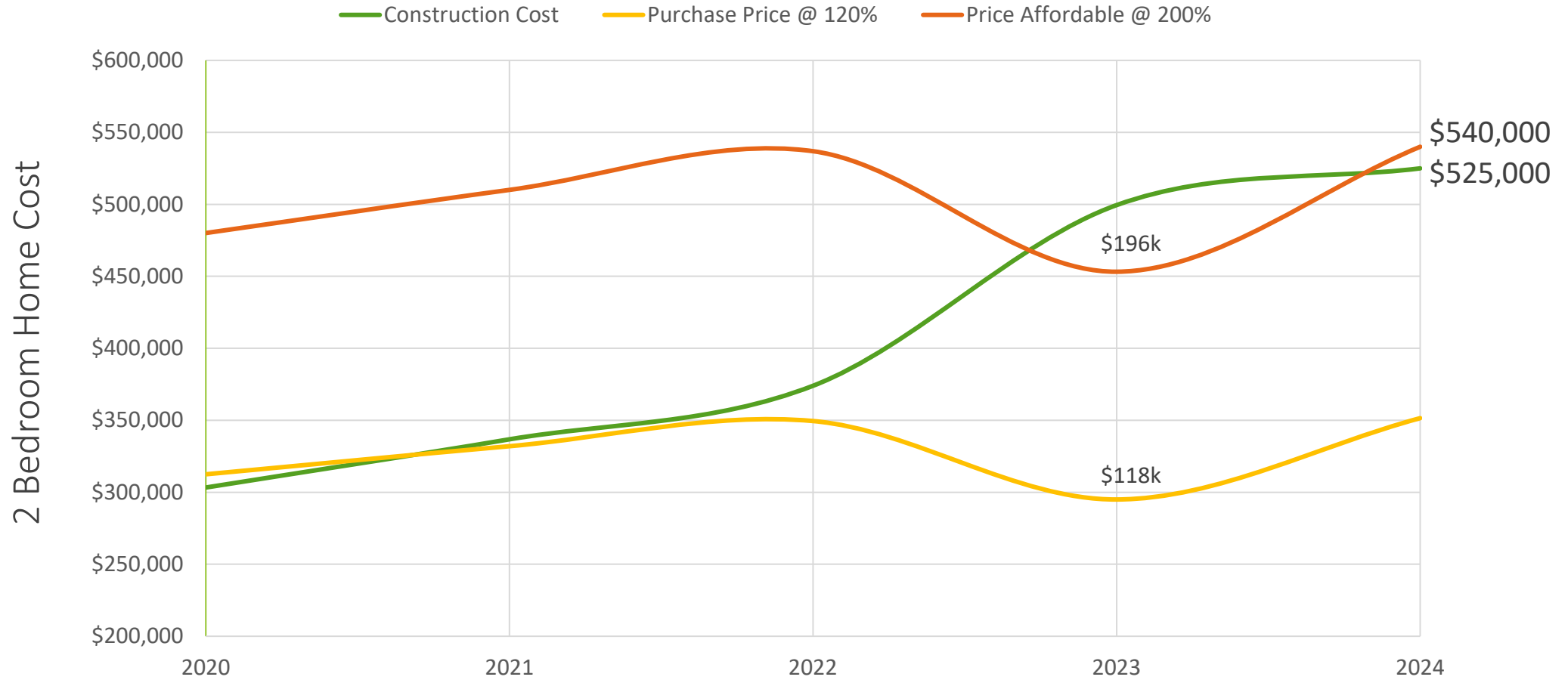
Vermont



Construction Costs & Purchasing Power Addison County



Construction Costs & Purchasing Power Addison County

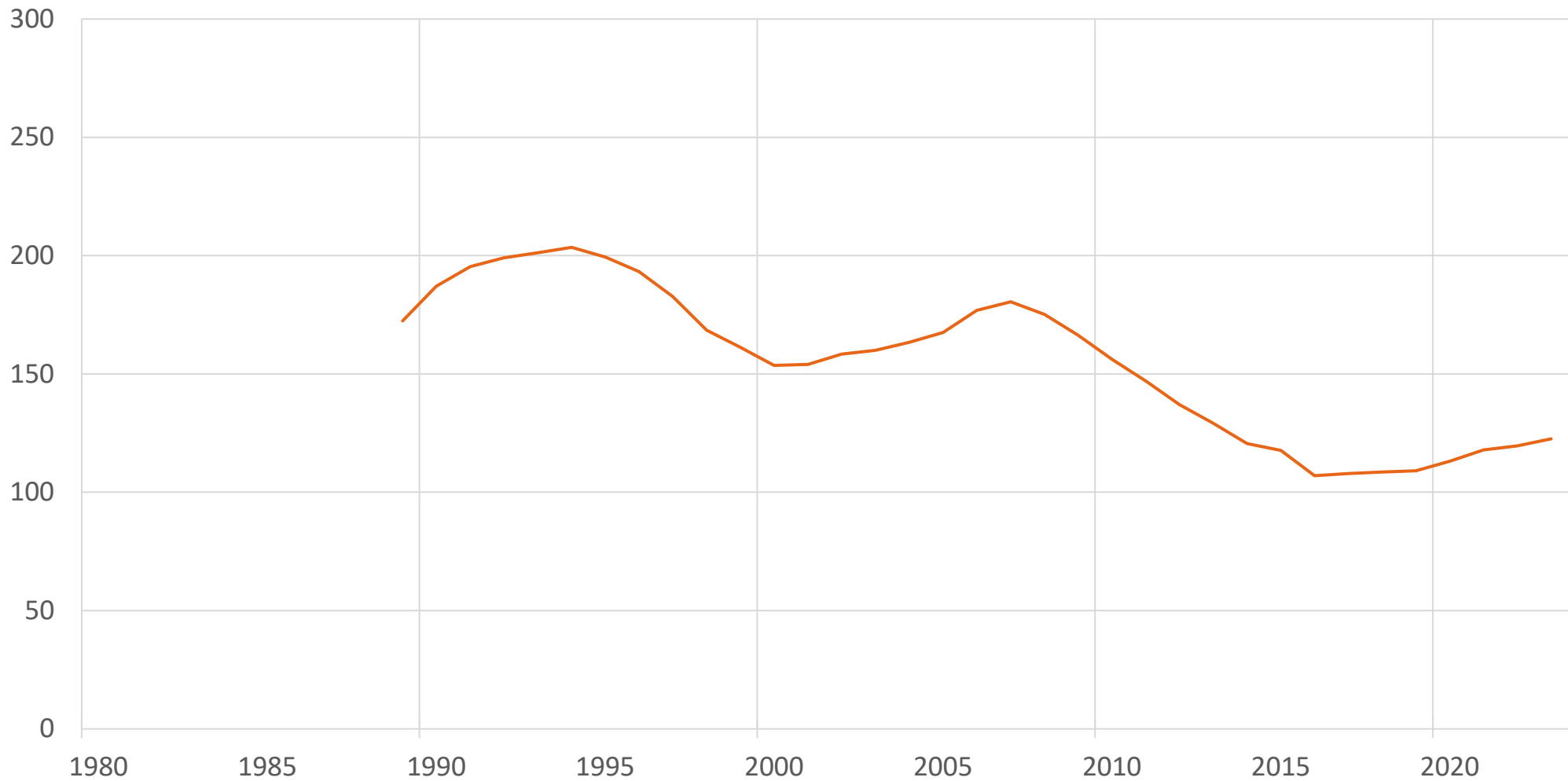


We are decades behind the needed housing production.

Building Permits

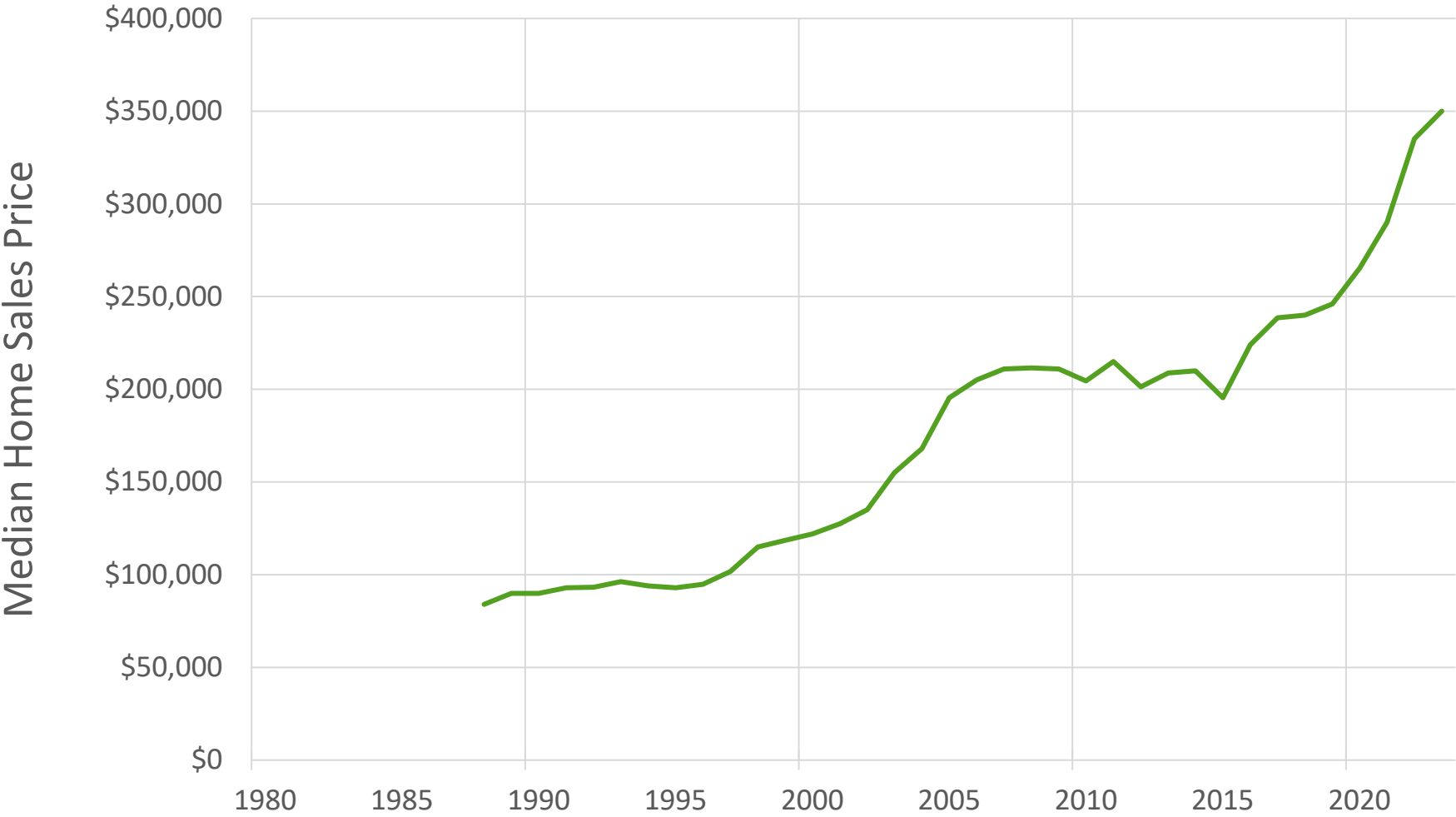
Addison County

— 10 per. Mov. Avg. (Permits)



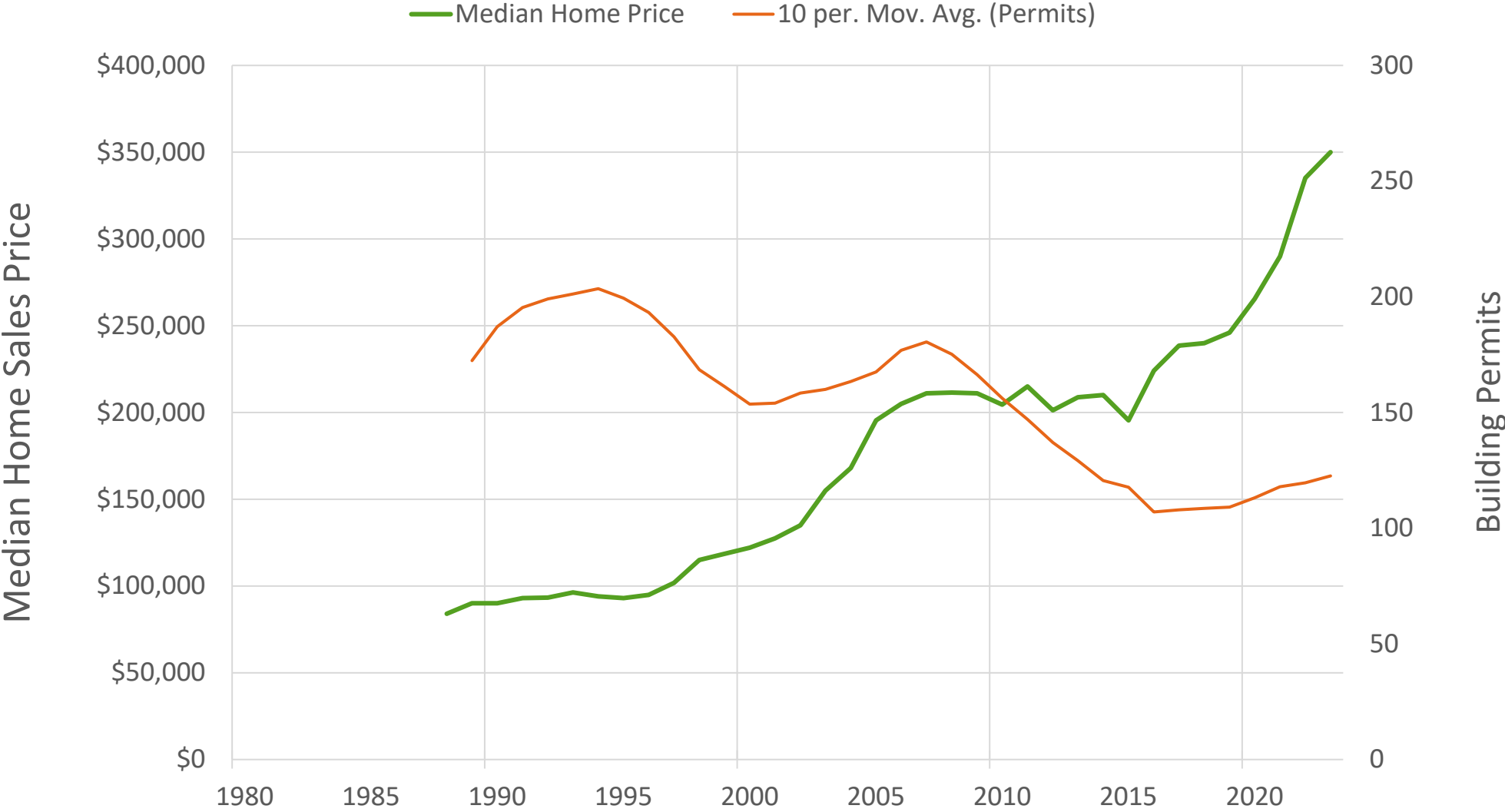
Median Home Sales Price

Addison County



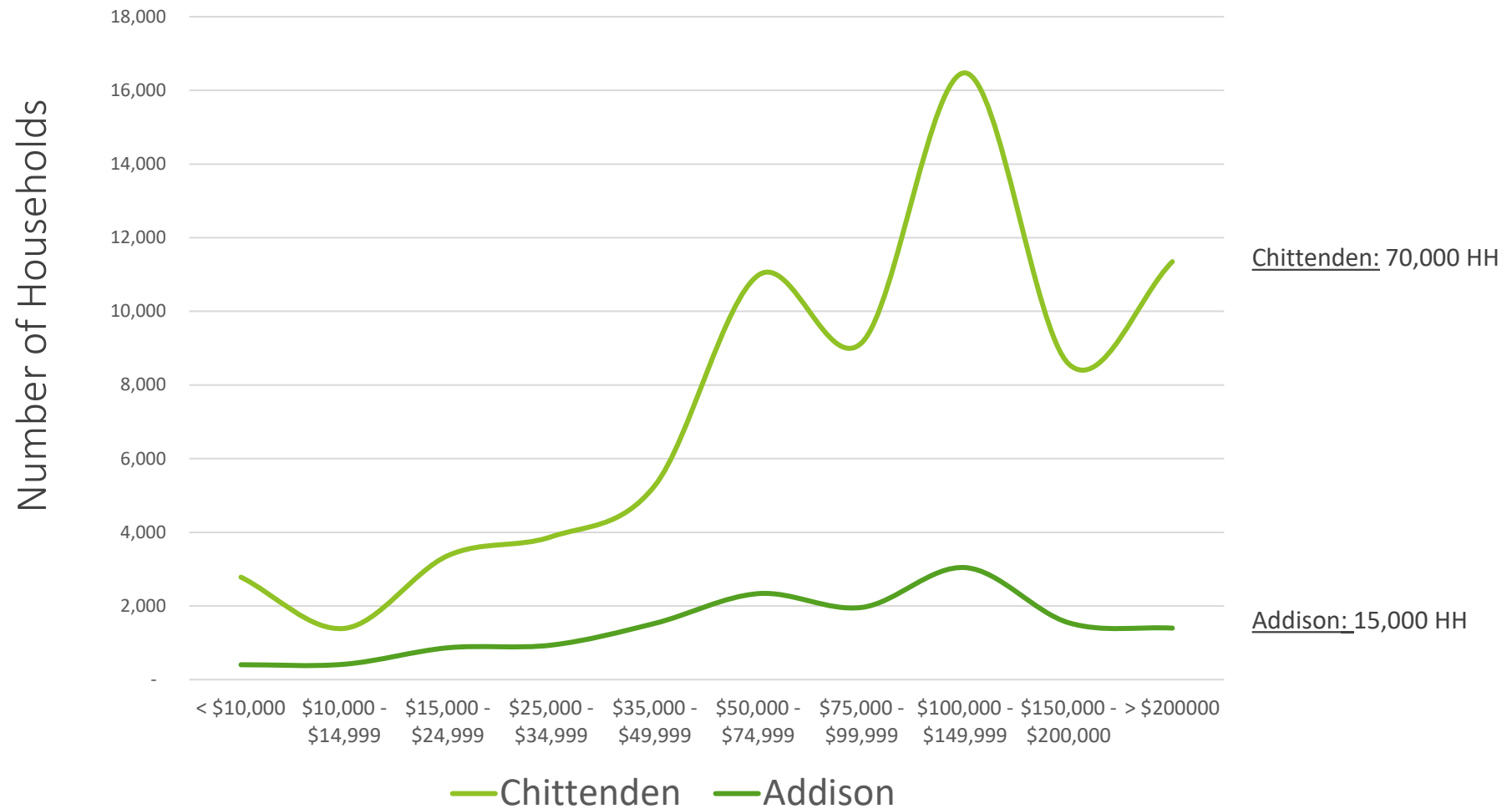
Median Home Sales Price & Building Permits

Addison County



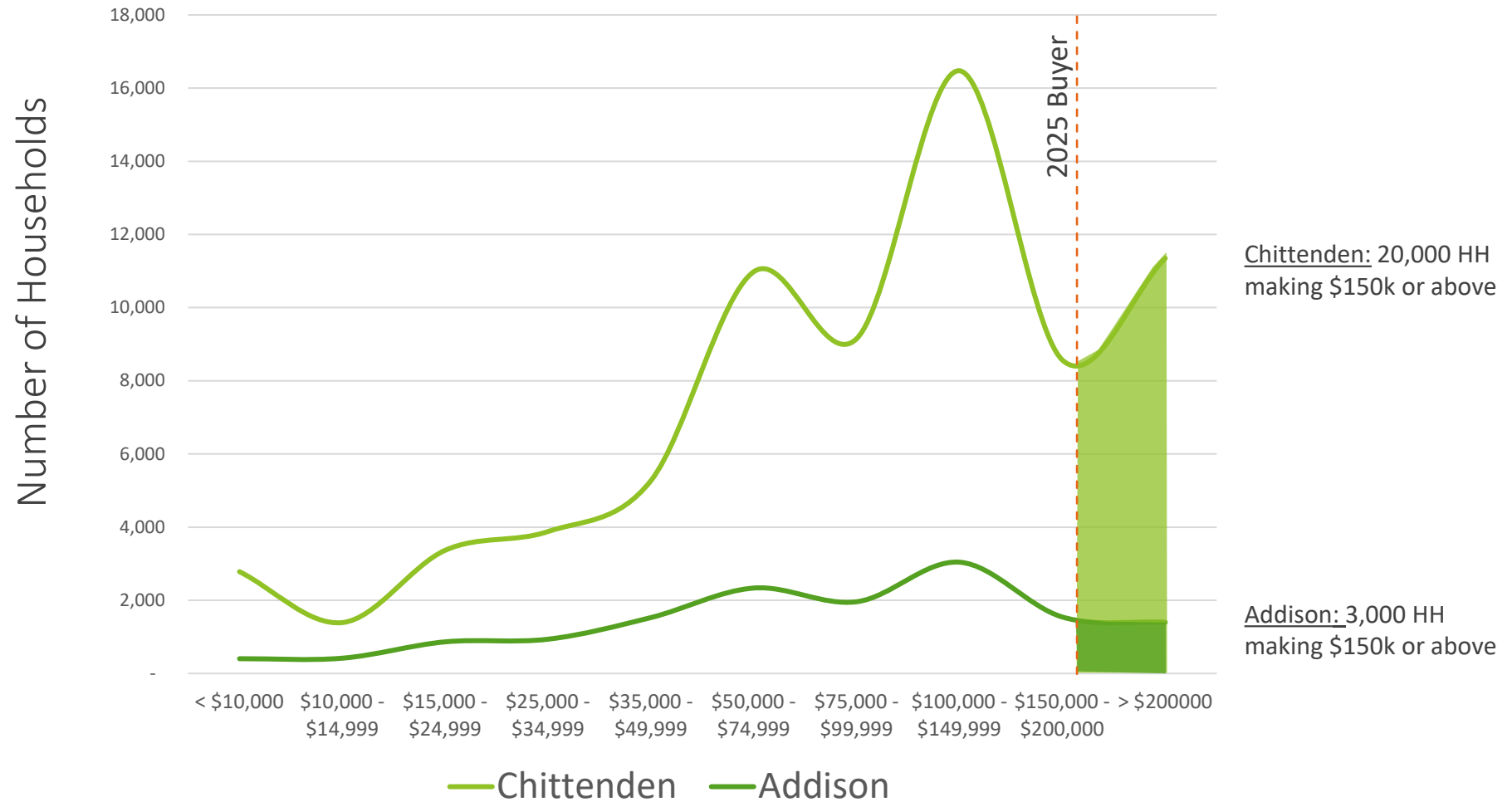
Income Distribution

Addison & Chittenden Counties | 2023



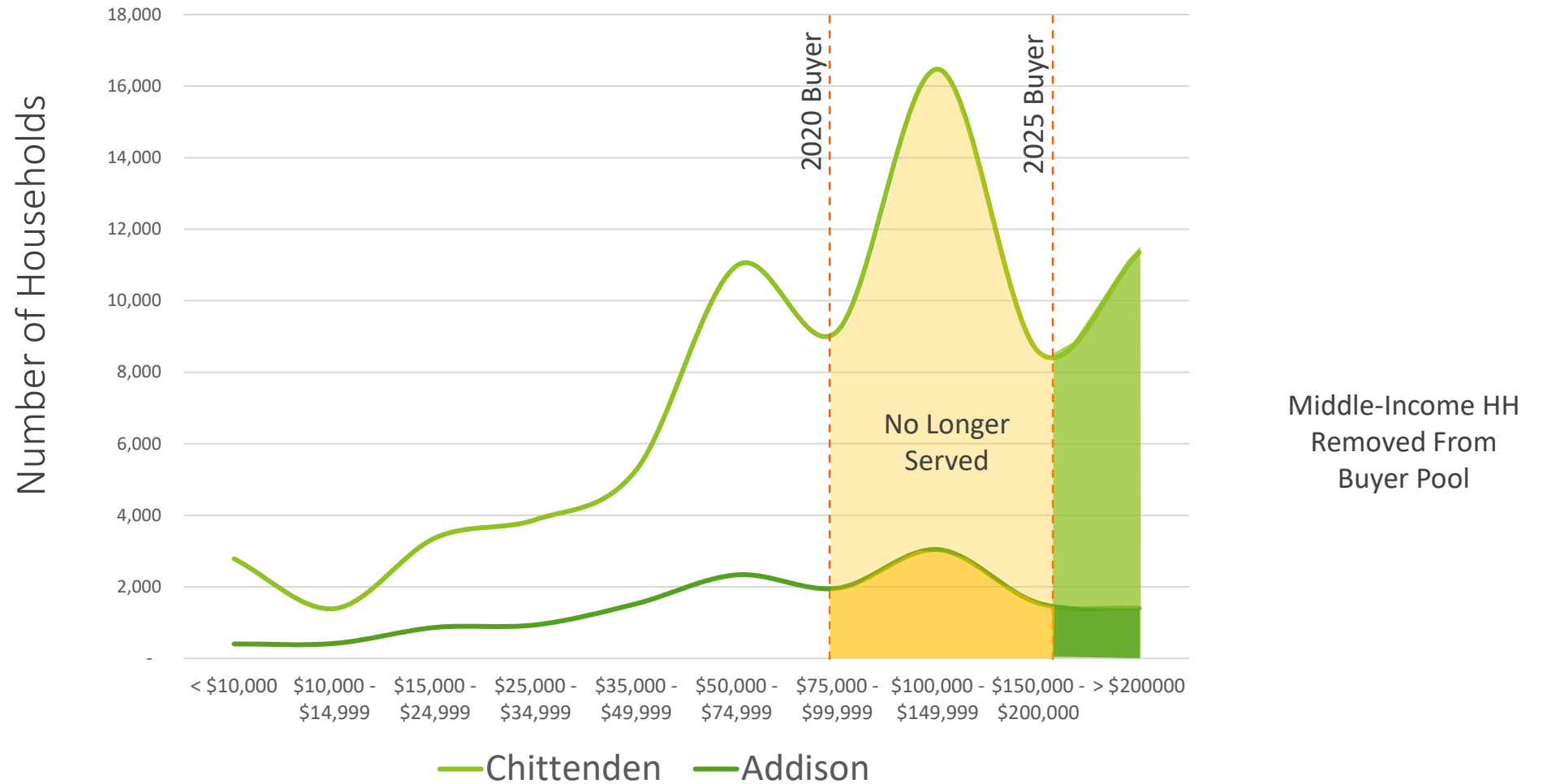
Income Distribution

Addison & Chittenden Counties | 2023



Income Distribution

Addison & Chittenden Counties | 2023




VT Housing Need

Economics are Broken


- Demand over 3x the current Supply
- Market only serves Upper-Income buyers
 - Not enough buyers to take the risk
 - Doesn't serve the need
- Not enough subsidy to buy down prices to engage the Middle-Income buyers
 - \$200k/Home to get to Middle-Income pricing
 - **+\$1.0B** subsidy required annually
- “Hold up the mirror” to understand how every decision we make affects the amount of housing we can build

2025-2030

Target

 **41,184**
Annual need: 8,237

On Pace to Build

 **12,478**
Annual avg: 2,496

Stonecrop Meadows: Keys to Success

Stonecrop Meadows

Up to 254 Total Homes

- Smart-growth
- Energy-efficient
- Truly mixed-income
- Only proposed new neighborhood outside of Chittenden County
- Unprecedented State and Federal support
- True community partnership
- Preservation of wetlands / greenspace

\$140m Total Development Cost



Natural Foods Co-Op & Shaw's
0.5 Mile | 10-Minute Walk



Middlebury Recreation Park
0.6 Mile | 11-Minute Walk



Middlebury Town Green
0.7 Mile | 15-Minute Walk



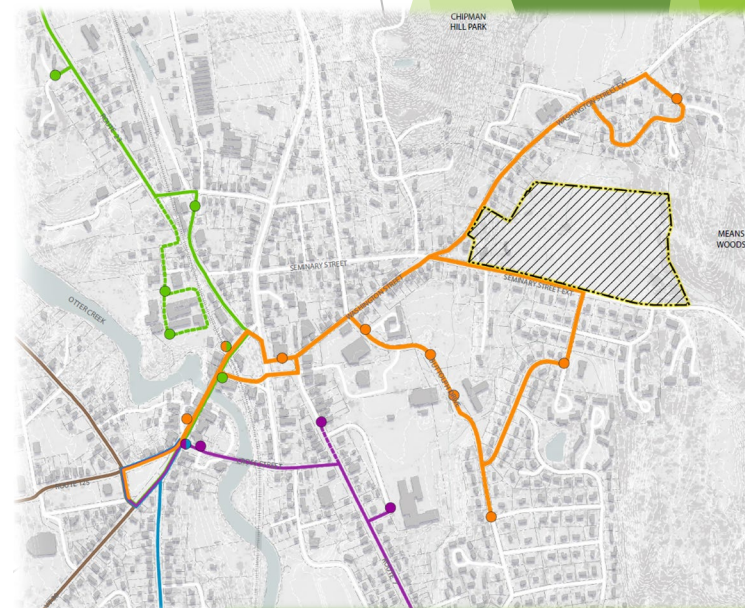
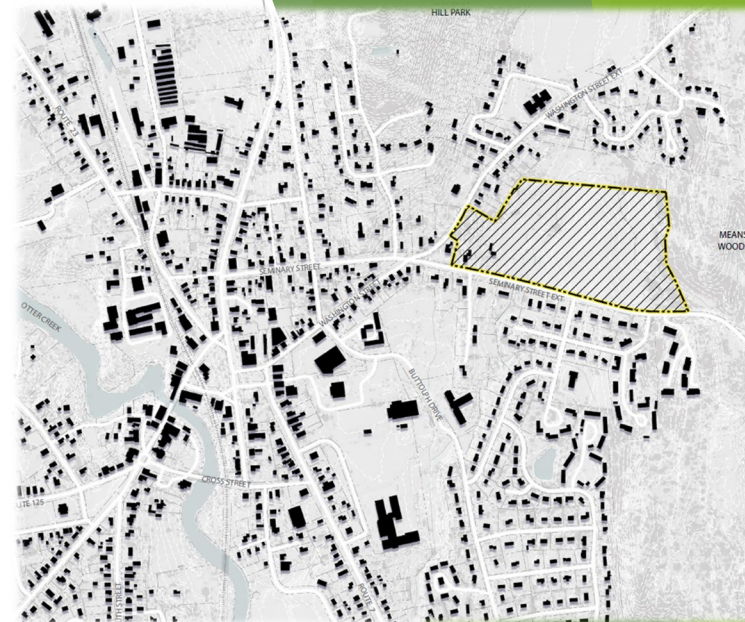
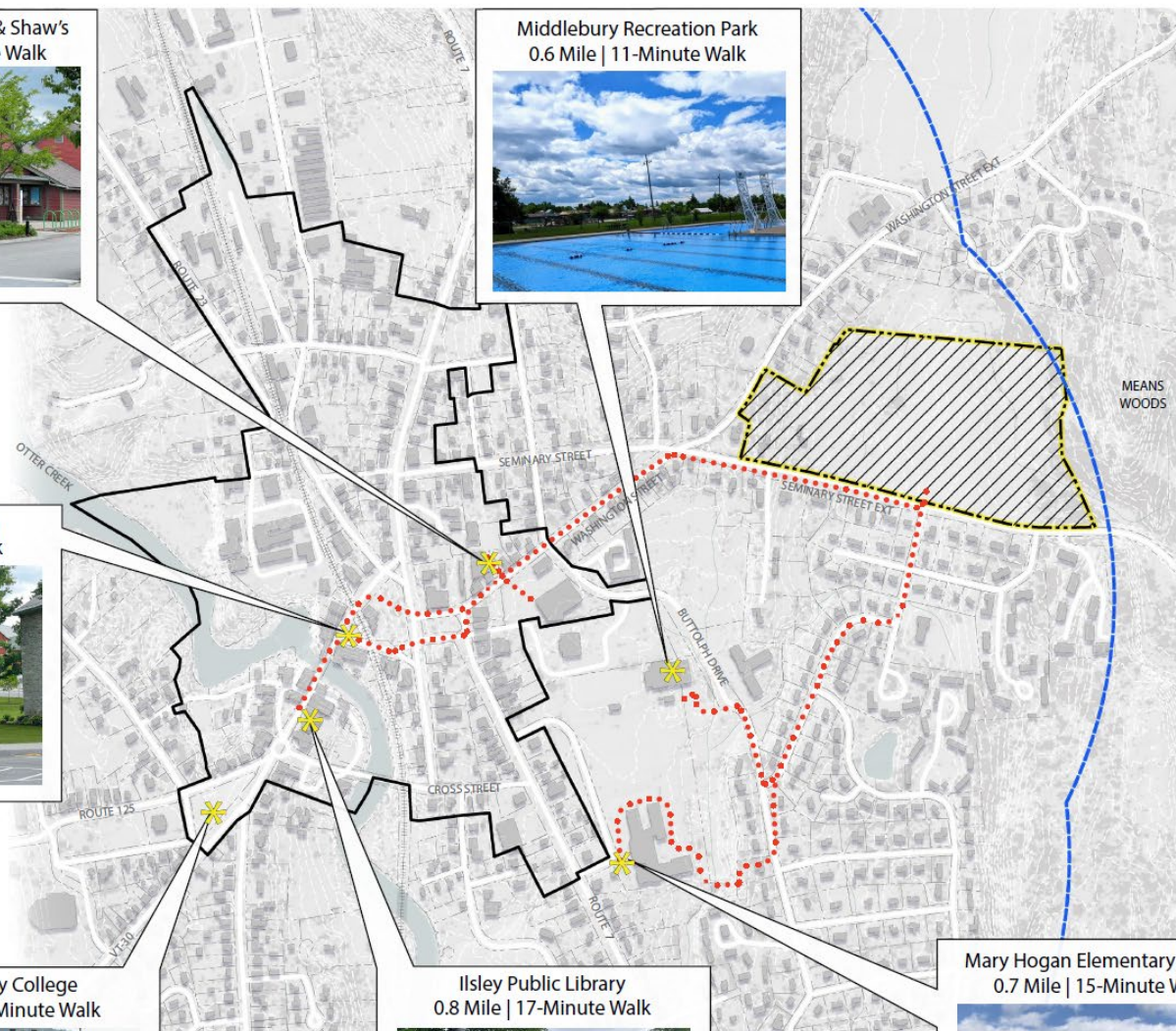
Middlebury College
0.9 Mile | 19-Minute Walk



Isley Public Library
0.8 Mile | 17-Minute Walk



Mary Hogan Elementary School
0.7 Mile | 15-Minute Walk



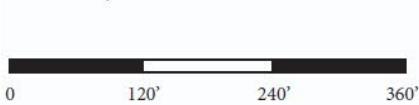
Core Village

	Rental	For Sale	Total
Affordable	22	6	28
Workforce	6	31	37
Market	7	8	15
	35	45	80

80 Total Homes

\$53M Total Development Cost





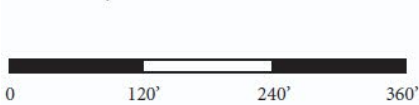
Affordable Rental

35 Rental Apartments

- 7 Market-Rate
- 28 Affordable @ < 80% of AMI

Build and absorb over 2 years





Middle-Income For Sale

37 For-Sale Homes

Example 2-bed townhome

- Construction Cost: **\$550k**
- Purchase Price: **\$350k**
- *Subsidy:* **\$200k**



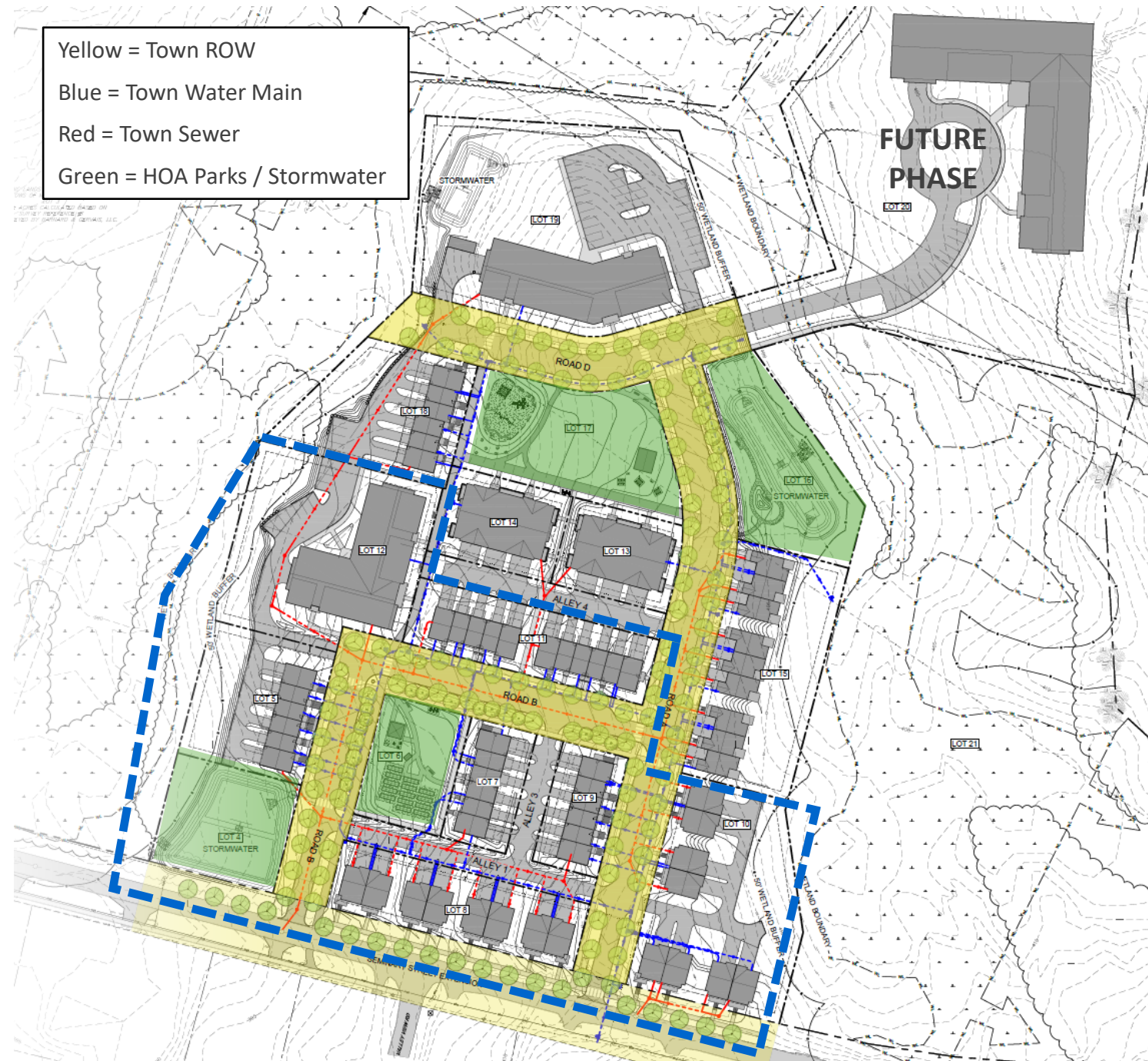


Stonecrop Meadows

Infrastructure Budget

Supports 184 Homes

• Design/Eng/Finance	\$1.40M
• Roads & Sidewalks	\$1.50M
• Utilities	\$2.50M
• Site lighting	\$0.35M
• Landscaping	\$0.25M
• Core Village Infra Cost	\$6.00M
• <u>Future Infrastructure</u>	<u>\$2.50M</u>
• Total Infrastructure Cost	\$8.50M



Stonecrop Meadows

Infrastructure Funding

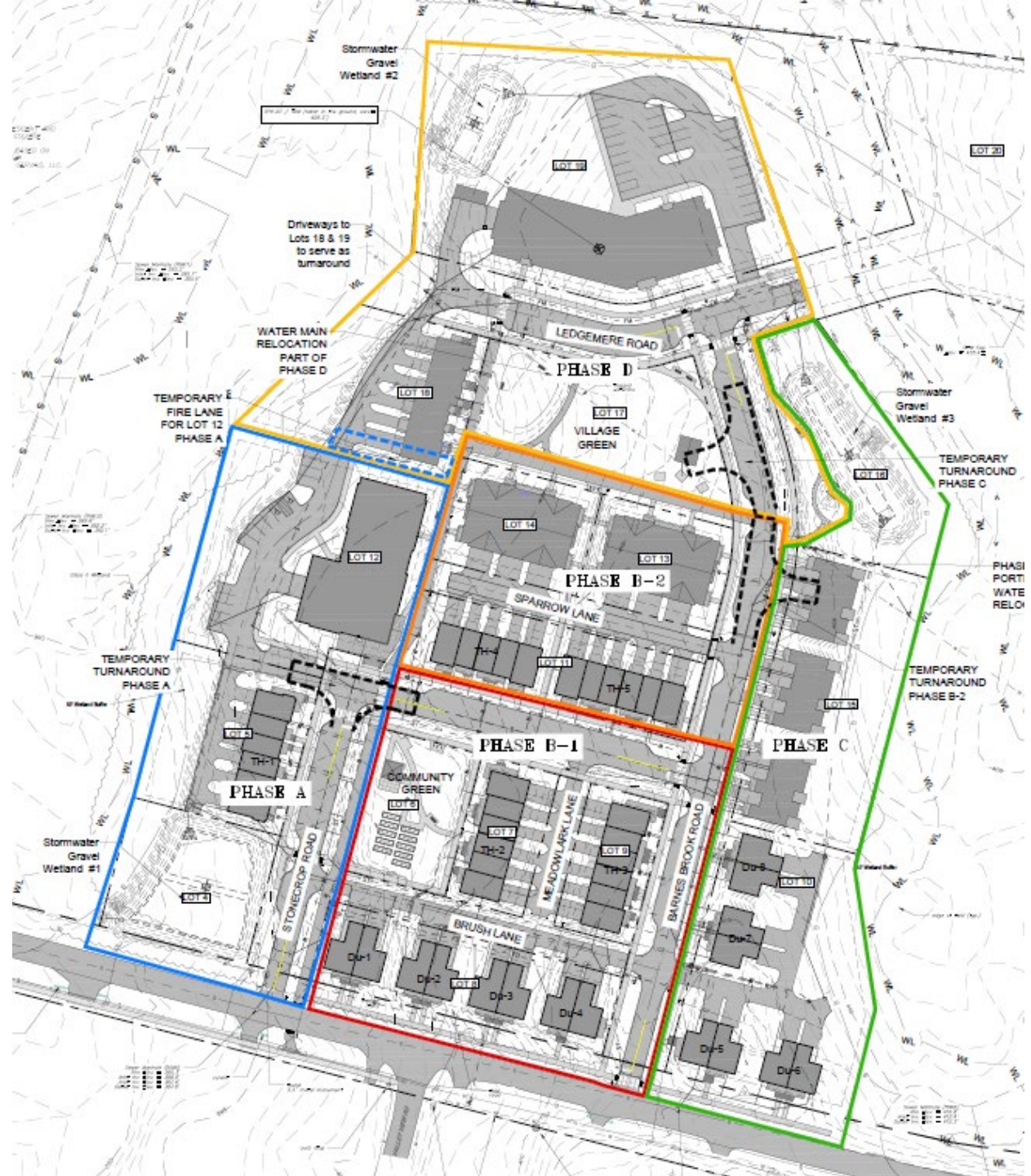
- Federal/State/Local Funding \$3.7M
- Proceeds from Sales \$2.3M
- **Total Infrastructure Cost** **\$6.0M**

\$46,000 Per Home

After State & Federal Funding

\$21,000 Per Home

- Middlebury College contribution filled the gap to move project forward



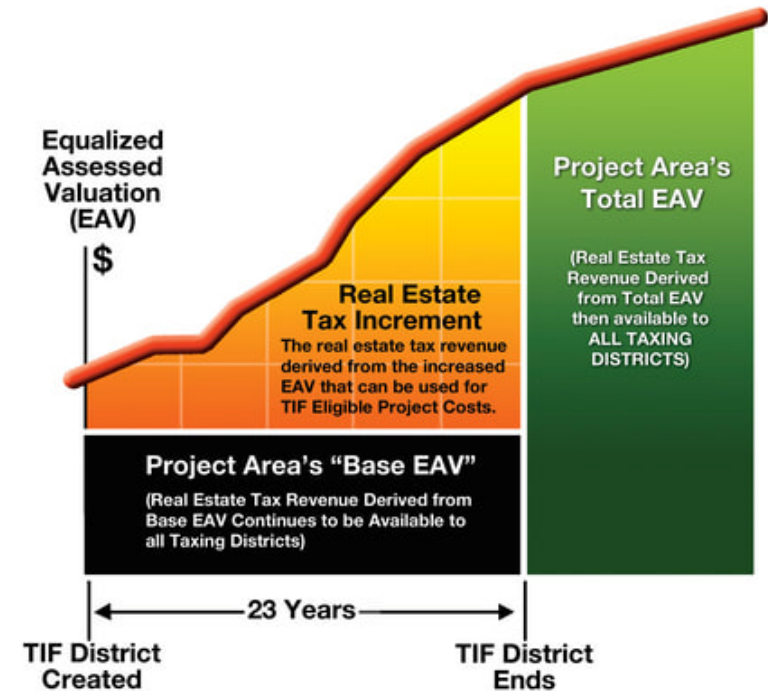
Stonecrop Meadows

Infra Funding Challenges

- \$3.7M Subsidy Difficult to Replicate
 - Federal Funding no longer secure
 - ARPA funds are already spent
 - Local Employer contributions not realistic in all towns
- Need funding to fill infrastructure budget gaps on in future phases.
 - Tax Increment Financing
 - \$575k Future Phase Tax Revenue
- Requires a public vote...

How Does Tax Increment Financing (TIF) Work?

- Real Estate Tax Increment (RETI) results from an increase in Equalized Assessed Value (EAV) above the Base EAV that occurs during the life of the TIF District.
- Annual increases in EAV are then multiplied by the total real estate tax rate.
- The County sends RETI to Municipality for deposit to a Special Tax Allocation Fund.



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Stonecrop Meadows

Keys to Success

- Secured Low-Cost Land
- Established Mixed-Income Vision Early
- Established as Neighborhood Development Area (NDA)
- Revised Zoning for Density/Flexibility
- Town Agreed to Take Over Infrastructure
- Maximized Infrastructure Subsidy
- Maximized Housing Subsidy
- Multi-Phased Delivery
- Modular Construction
- AND
- College Closed the Gap

Full Buy-In From Town, Employers, and Community

Neighborhood Development Checklist for Vermont Towns

Neighborhood Development Checklist

1. Simplify Regulatory Environment

- ☐ Establish a Designated Area or Tier 1A/B
- ☐ Revise Zoning to Allow Density and Flexibility
- ☐ Streamline Permitting

2. Defray Upfront Risk/Cost

- ☐ Identify and Secure Low or No-Cost Land
- ☐ Limit Capital Asks of Project
- ☐ Structure Flexible Agreements

3. Partner on Funding Opportunities

- ☐ Applicant for State/Federal Funds
- ☐ Provide Direct Investment
- ☐ Be Innovative...

Simplify Regulatory Environment

☐ Establish Designated Area

- Exempts housing projects from Act 250
- Saves \$\$\$ and roughly 6 Months of Permitting

☐ Revised Zoning for Density and Flexibility

- Traditional Neighborhood Design
- Form Based Codes offer significant flexibility

☐ Streamline Permitting Process

- Expedited Permitting
- Lower Permit and Impact Fees



Defray Upfront Risk/Cost

❑ Identify and Secure Low or No-Cost Land

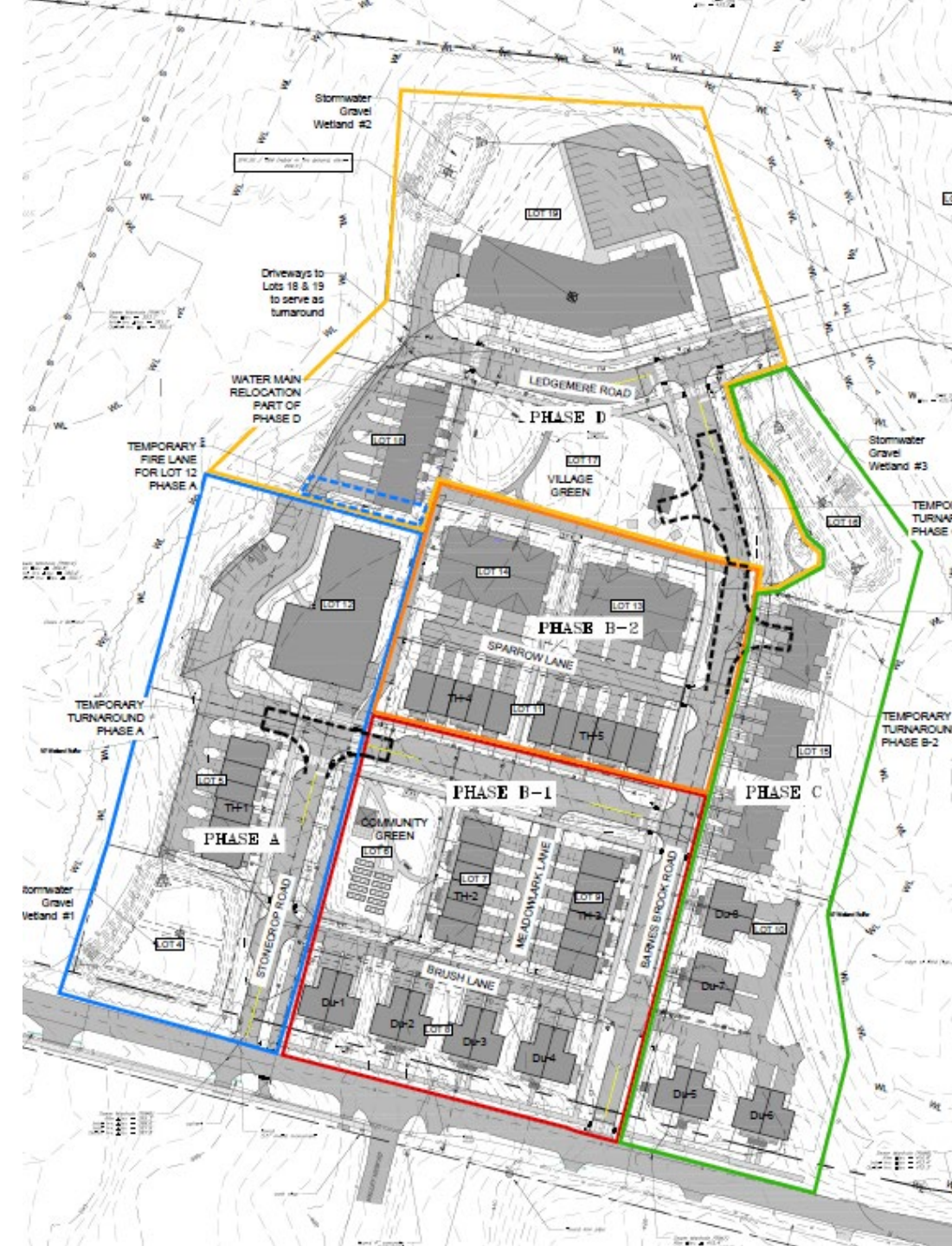
- Land cost is often the first barrier to entry
- Establish strike fund to secure land

❑ Structure Flexible Agreements

- Phased deliveries mitigate risk
- Modular construction lowers cost but adds complexity

❑ Limit Capital Asks of Project

- Security Interest in Improvements
- Minimize Off-Site Improvements



Partner on Funding Opportunities

☐ Facilitate State Funding Applications

- CDBG, CRRP, etc. required municipal applicants
- Support applications with donated time or set aside funds for this work

☐ Provide Direct Investment

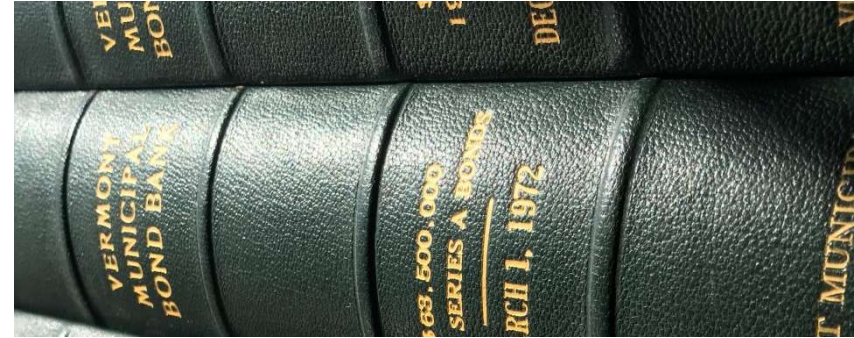
- Establish Housing Trust Fund
- Cover Permit/Impact Fees

☐ Willingness to Be Innovative...

- Tax Increment Financing (TIF)



Vermont
Bond Bank



PLANNING FOR...CAPITAL PLANNING

Vermont Capital Planning Forum
April 10, 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”**



Calais 2021 Local Hazard Mitigation Plan

September 2021

Town of Calais, VT

Local Hazard Mitigation Plan

Date of Selectboard Adoption: September 27, 2021
Date of FEMA Final Approval: October 13, 2021

Prepared by the Town of Calais
with assistance from the Central Vermont Regional Planning Commission

Why do a capital plan in Vermont?

TOWN PLAN – Title 24, Chapter 117, Subchapter 005

(4) A utility and facility plan, consisting of a map and statement of present and prospective community facilities and public utilities showing existing and proposed educational, recreational and other public sites, buildings and facilities, including hospitals, libraries, power generating plants and transmission lines, water supply, sewage disposal, refuse disposal, storm drainage, and other similar facilities and activities, and recommendations to meet future needs for community facilities and services, with indications of priority of need, costs, and method of financing.

<https://www.trorc.org/wp-content/uploads/2022/12/Capital-Budgets-and-Programs-11292022-1.pdf>

IMPACT FEES – Title 24, Chapter 131

§ 5203. Procedure

(a) A municipality may levy an impact fee on any new development within its borders provided that it has:

(1) been confirmed under section 4350 of this title and, after July 1, 1992, adopted a capital budget and program pursuant to chapter 117 of this title. The plan or capital budget and program may include:

- (A) indication of locations proposed for development with a potential to create the need for new capital projects;
- (B) standards for level of service for the capital projects to be fully or partially funded with impact fees;
- (C) proposed locations and project lists, cost estimates, and funding sources;
- (D) timing or sequence of development in the identified locations; and

(2) developed a reasonable formula that will be used to assess a developer's impact fee. The formula shall reflect the level of service for the capital project to be funded and a means of assessing the impact associated with the development such as square footage or number of bedrooms. The level of service shall be either:

- (A) an existing level of service;
- (B) a State or federal standard; or
- (C) a standard adopted as part of a town plan or capital budget.**

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

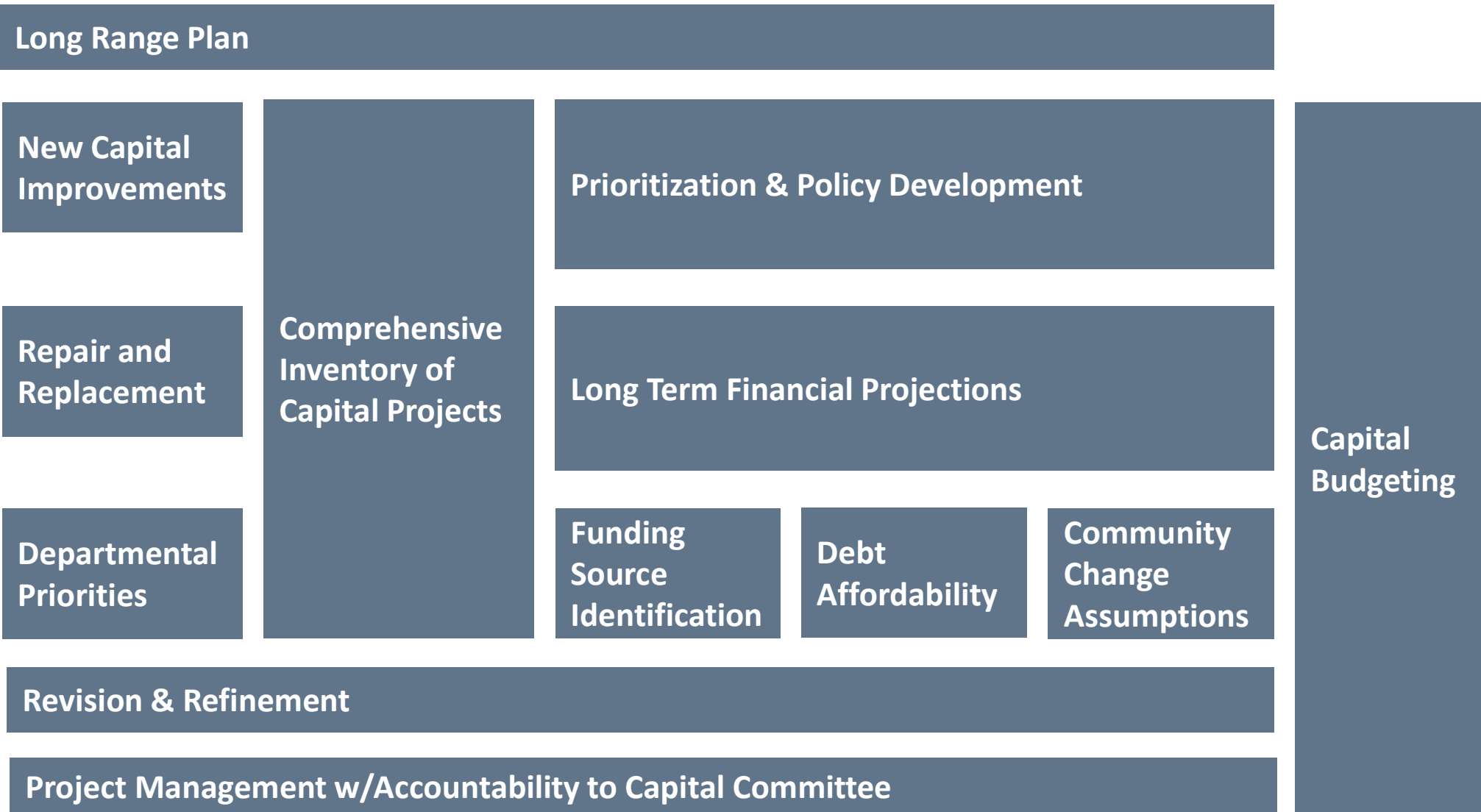
Examples: <https://www.vtbondbank.org/resource/capital-planning-resource-page>

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

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

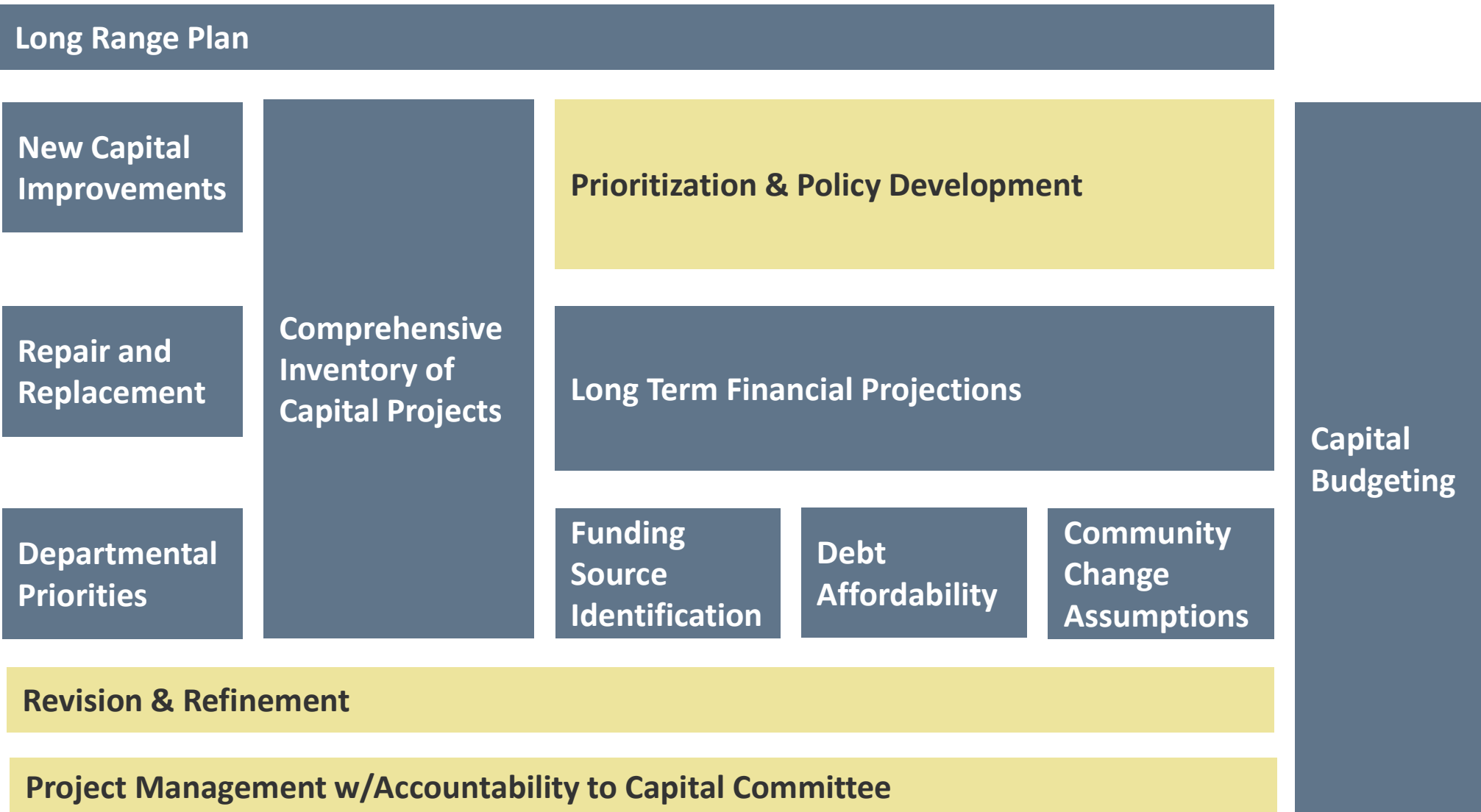
Debt Affordability

Capital Budgeting

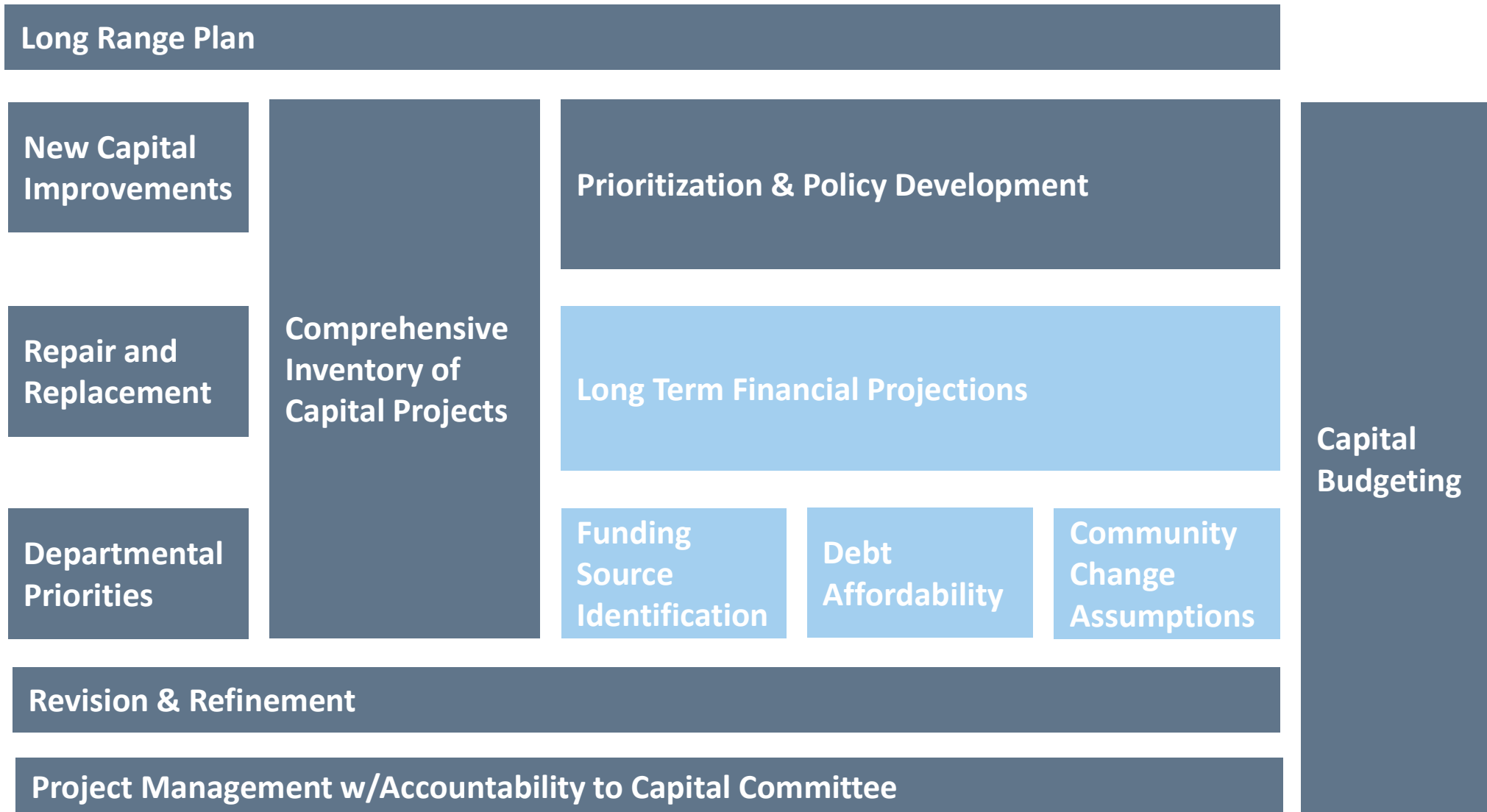
Project Management

Planning Planning

Capital Planning Process...Best Practice



Capital Planning Process...for Discussion



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***

Pooled Loan Program

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, 2002, 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		\$20,010,000
2023 Series 2 Bonds		2023 Series 3 Refunding Bonds
(Local Investment 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 Cede & 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 Cede & Co. is the registered Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & 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, Cede & Co., is the registered Bondholder. Disbursement 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. Omniscip 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

State Revolving Loan Funds



Special Programs

Clean Energy Finance

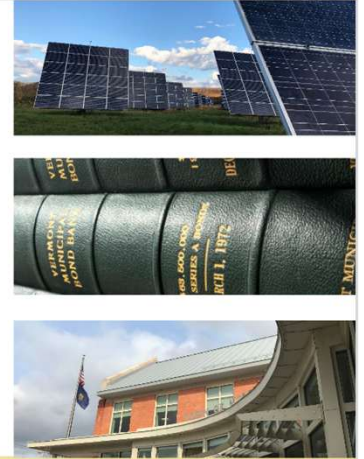
Climate Recovery

Infrastructure to Support Housing*

Debt Assumptions / Affordability



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



2020 VERMONT BOND BANK PORTFOLIO DEBT MEDIANS

Released August 12th, 2020

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
- Relies on Bond Bank's annual portfolio monitoring including both Pooled Loan Program and SRF Activities
- Here to help!

Debt Prep

Example – VT Bond Bank Pooled Loan Program

Program Requirements

- Eligible borrowers are governmental units including: cities, towns, schools, villages and various districts
- Require evidence of voter approval and authority
- Legal opinion from local bond counsel
- Annual report for three years or three years of financial audits (preferred)
- Minimum requirement for financial audit from last completed year
- Term of financing and useful life of asset financed must align

Resources



[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](#)



michael@vtbondagency.org

ken@vtbondagency.org

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



Vermont
Bond Bank

Financial Readiness

1. Recent Audit Completed

- Timely, Accurate Financial Statements (especially enterprise funds if infrastructure is utility-related)
- Clear Chart of Accounts – can you easily pull project-relevant financial data?

2. Fund Balance Policy – do you have one, and do you follow it?

3. Debt Management Policy – is it current and aligned with your capital plans?

- Forecasting Tools in Place – can you model project costs, future revenues, and debt service?
- Cash Flow Analysis
- Debt Capacity analysis

4. Procurement Policies are up to federal standards– you're ready to contract and monitor work

5. Dedicated Staff or Extra Support – internal or external capacity to manage funding and reporting



Strategic and Operational Readiness

1. Capital Improvement Plan (CIP) Is Adopted and prioritized
 - Capital Asset Inventory and condition assessment
 - Life-Cycle Cost Analysis
2. Project Scoping and Phasing is Realistic (No kitchen-sink projects!)
3. Community Engagement – stakeholders understand what's happening and why
4. Reporting & Transparency Systems Are Set Up (e.g. ARPA, TIF, grant tracking)
5. Team is On the Same Page – Selectboard, Treasurer, Finance, Public Works, Clerk, etc.



Have questions?

LET US KNOW!



VLCT's Municipal Operations Support Team

Find us: <https://www.vlct.org/municipal-operations-support>

Marguerite Ladd, Government Finance Specialist

MLADD@VLCT.ORG

VLCT.ORG/FINANCE

Project Management

- Multiple Projects/Funding Sources
- Team – assign roles
- Communication Plan
- Policies (Procurement, Grants)
- Cost of Grants/Funding
 - Timeliness – award to implementation
 - Staff time
 - Audits
- Financials
 - Tracking income/expenses against funding sources
 - Approval of invoices
- Lessons Learned



National Water Model Local Hazard Mitigation Plans Prepare for Greater Self-Reliance

CHRIS CAMPANY, EXECUTIVE DIRECTOR

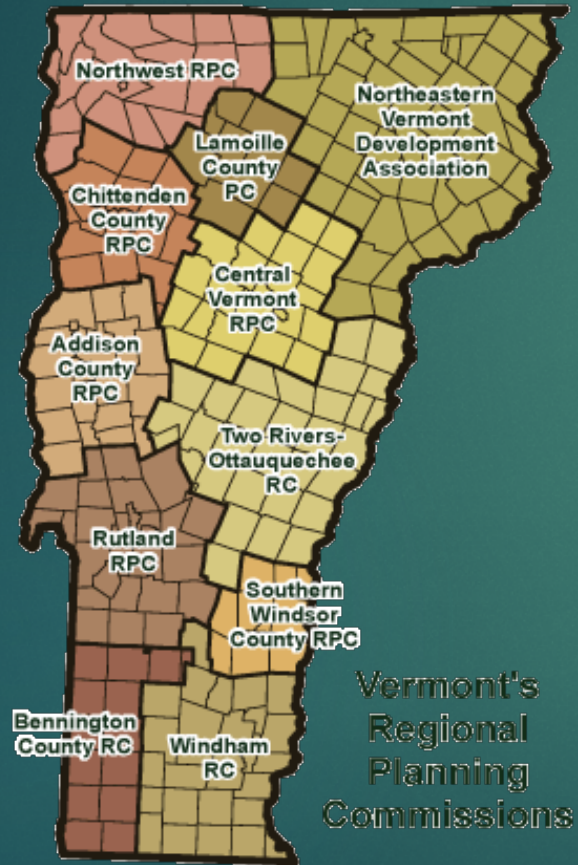
WINDHAM REGIONAL COMMISSION

4TH ANNUAL VERMONT CAPITAL PLANNING FORUM

APRIL 10, 2025



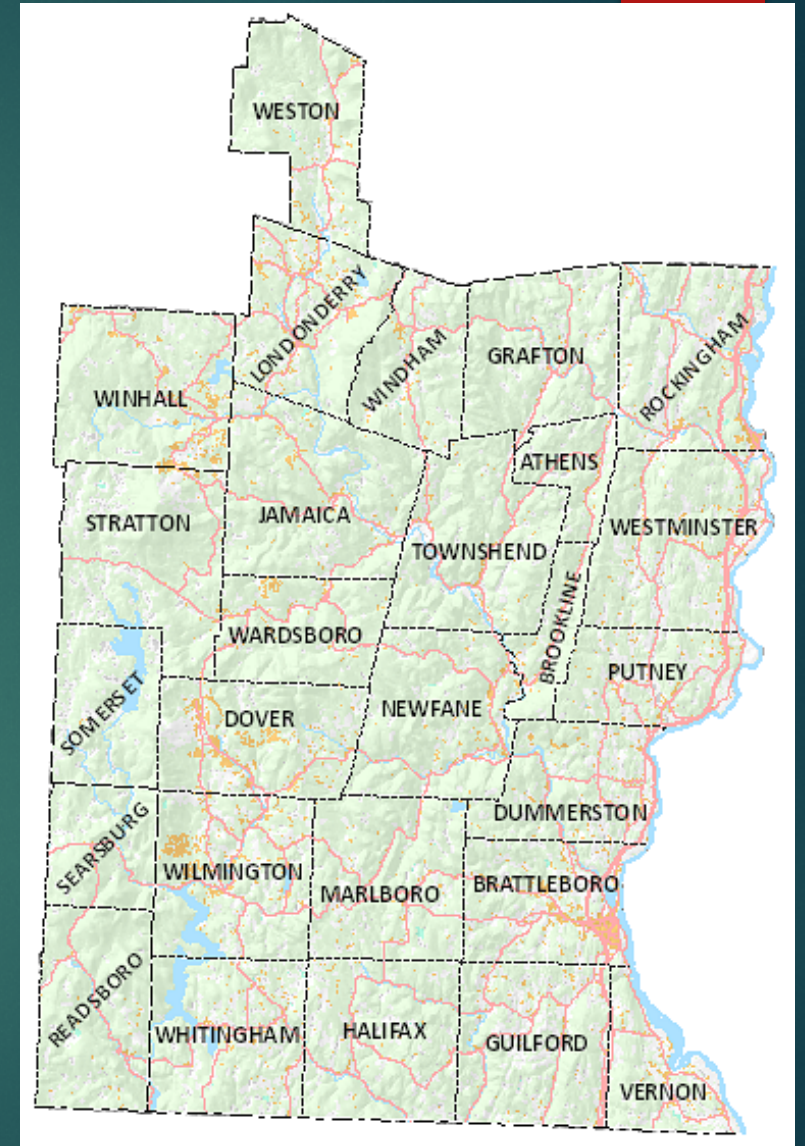
Vermont's 11 Regional Planning Commissions



Regional planning commissions (RPCs) are political subdivisions of the State created by their member municipalities (24 VSA §4341). RPCs provide technical assistance to municipalities, and since Vermont does not have county governments, RPCs act as a link between municipal affairs and state government. RPCs work in fields that directly and indirectly affect the public at large: land use, transportation, emergency planning, housing, economic development, environmental quality, and more.

The Windham Regional Commission

- ▶ Established in 1965.
- ▶ Serves 27 towns in Windham, Bennington and Windsor counties over a 920 square mile area of southeastern Vermont.
- ▶ Our mission is to assist towns to provide effective local governance and work collaboratively with them to address regional issues.
- ▶ In the absence of county government, we provide the essential link between local, state and federal government.
- ▶ Brattleboro pop. 12,000; Somerset pop. 6



National Water Model

- ▶ A new tool that simulates and forecasts how water moves throughout the nation's rivers and streams.
- ▶ Uses data from more than 8,000 U.S. Geological Survey gauges to simulate conditions for 2.7 million locations in the contiguous United States.
- ▶ Generates hourly forecasts for the entire river network including high-resolution forecasts of soil moisture, surface runoff, snow water equivalent, and other parameters.

National Water Model

Runs in four configurations:

- ▶ **Analysis and assimilation** provides a snapshot of current hydrologic conditions
- ▶ **Short-Range** produces hourly forecasts of streamflow and hydrologic states out to 15 hours
- ▶ **Medium-Range** produces 3-hourly forecasts out to 10 days
- ▶ **Long-Range** generates 30-day ensemble forecasts.
- ▶ **Past History/Events**
- ▶ <https://toolkit.climate.gov/tool/national-water-model>



- Hazards

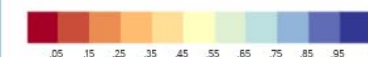
☐ Enabled

LINE	TYPE	ENABLED
1	Stream Reach	<input checked="" type="checkbox"/>

OPACITY 69% COLOR



Updated: Apr 9, 2025, 12:00 PM EDT
Near-Surface Soil Moisture



OPACITY 60%

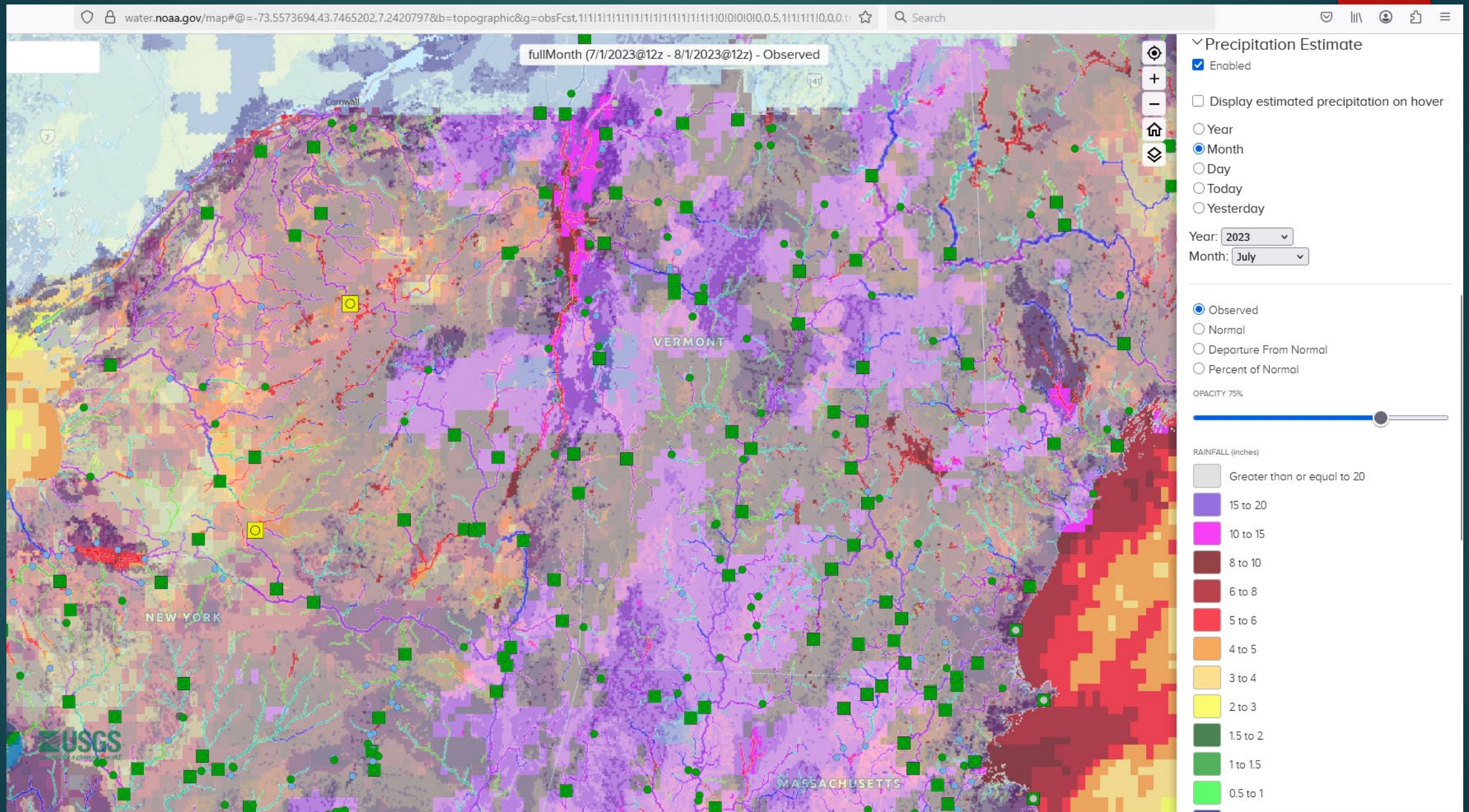
Updated: Apr 9, 2025, 12:00 PM EDT



OPACITY 62%

- > Flood Inundation ☐ Enabled

- National Snow Analysis



Local Hazard Mitigation Plans

What are they?

- ▶ Local Hazard Mitigation Plans (LHMP) form the foundation for a community's long-term strategy to reduce disaster losses and break the cycle of disaster damage, reconstruction, and repeated damage.
- ▶ FEMA's [Local Mitigation Plan Review Guide](#) describes what is required for an LHMP to receive formal FEMA approval, and both VEM and FEMA use the [Local Mitigation Plan Review Tool](#) to review LHMPs for completeness.

Benefits to the Town

Local governments and their communities benefit from hazard mitigation planning by:

- ▶ Identifying cost effective actions for risk reduction that are agreed upon by stakeholders and the public
- ▶ Focusing resources on the greatest risks and vulnerabilities
- ▶ Building partnerships by involving people, organizations, and businesses
- ▶ Increasing education and awareness of hazards and risk
- ▶ Communicating priorities to state and federal officials
- ▶ Aligning risk reduction with other community objectives

Mitigation Action Table

Hazard Addressed	Issue Detail	Action	Lead Party	Start/Complete Timeline	Potential Funding Source	Mitigation (M) or Preparedness (P)	Project Priority	Action for Town, Village, or Both
Fluvial Erosion	Culvert on Wiswall Hill Road is undersized and stones have moved to narrow culvert even further	Upsize culvert on Wiswall Hill Road The culvert was replaced with a 5' plastic culvert on 5/15/23. It needs to be replaced with a Cement Box Culvert when funds are available.	Road Foreman	Spring 2023 – Apply for Funding for Box Culvert in Fall 2023.	<ul style="list-style-type: none"> HMPG Hazard Mitigation Grant 	M	High	Town
Fluvial Erosion	Culvert on Depot Road is undersized.	Upsize culvert on Depot Road	Road Foreman	Pre-Construction meeting in Spring 2023. Construction ending by Spring 2024.	<ul style="list-style-type: none"> Transportation Alternative Grant 	M	High	Town
Fluvial Erosion		French Cabin Road: Very large culvert or box culvert needed near the beginning near Cushing Flats Road	Road Foreman	2026-2028	<ul style="list-style-type: none"> VTrans Hazard Mitigation Grant Hazard Mitigation Grant 	M	Medium	Town
Fluvial Erosion	Kenny Pond – Dam inspectors have come up with a plan. Funding will need to be addressed. There is a conflict between land owner and town	Build a retaining wall for the bank to hold the road up.	Road Foreman	2024 - 2025	<ul style="list-style-type: none"> Private Funding VTrans Hazard Mitigation Grant 	M	Medium	Town

Incentives for the Town

- ▶ Financial benefits for local governments that have a FEMA-approved LHMP include:
- ▶ A FEMA-approved LHMP is required for local governments that wish to receive federal funds from the FEMA Hazard Mitigation Grant Program (HMGP) ~~and Building Resilient Infrastructure and Communities (BRIC) program.~~
- ▶ The LHMP is also one of the mitigation actions needed to qualify for additional post-disaster funding through the Emergency Relief and Assistance Fund (ERAF).

BRIC Grant Program - Building Resilient Infrastructure and Communities

BRIC program's priorities are to:

- ▶ Incentivize natural hazard risk reduction activities that mitigate risk to public infrastructure and disadvantaged communities
- ▶ Incorporate nature-based solutions, including those designed to reduce carbon emissions
- ▶ Enhance climate resilience and adaptation
- ▶ Encourages hazard mitigation projects that meet multiple priorities

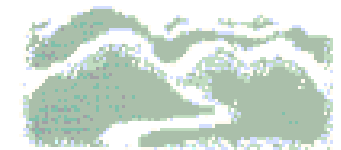
CANCELED

Prepare for greater self-reliance.

- ▶ Dedicated reserve funds
- ▶ Lines of credit
- ▶ Understand public finance options and tools
- ▶ Develop capital improvement plans (can be simple!!!!)
- ▶ Develop capital financing strategy
- ▶ Prepare your communities

“Such pondering on the facts of gravity and the fluidity of water shows us that the golden rule speaks to a condition of absolute interdependency and obligation. People who live on rivers – or, in fact, anywhere in a watershed – might rephrase the rule in this way: **Do unto those downstream as you’d have those upstream do unto you.**” - Wendell Berry from “Watershed and Commonwealth” in *The Citizenship Papers*.

“We all live downstream.” - David Suzuki



**WINDHAM
REGIONAL
COMMISSION**