

## Fiscal Capacity & Capital Investment Plan

### Conditions and Trends

(1) *Identify community revenues and expenditures by category for the last five (5) years and explain trends.*

Total municipal revenues increased 15.4% over the last five years compared to 18.1% from 2006-2010. Property and business equipment taxes comprised 87.3% of revenues in 2010 and increased to 91.5% of revenues in 2022. The average annual amount of intergovernmental revenue (State aid) decreased 3% from \$375,465 during 2006-2010 to \$363,528 during 2018-2022. Other sources of revenue remained relatively constant as a percentage of total revenues.

General Fund Town Revenues for the years ending June 30th						
Categories	2018	2019	2020	2021	2022	Percent Change
Taxes	\$4,652,448	\$4,796,841	\$5,037,180	\$5,405,113	\$5,436,248	16.8%
Intergovernmental	\$306,181	\$348,236	\$439,021	\$295,511	\$428,693	40.0%
Licenses, Permits, Fees	\$54,967	\$55,251	\$52,594	\$74,788	\$92,389	68.1%
Charges for Services	\$121,139	\$107,086	\$88,799	\$89,421	\$95,855	-20.9%
Investment Income	\$11,175	\$23,647	\$30,992	\$171,551	-\$118,731	-1,162.5%
Other	\$2,379	\$30,783	\$2,439	\$4,319	\$6,121	157.3%
<b>Total</b>	<b>\$5,148,289</b>	<b>\$5,361,844</b>	<b>\$5,651,025</b>	<b>\$6,245,354</b>	<b>\$5,940,575</b>	<b>15.4%</b>

Source: 2018-2020 Financial Audit Reports prepared by Smith & Associates, CPAs, 2021-2022 reports generated by James Wadman, CPA.

Notes: General Fund Statement of Revenues, Expenditures and Changes in Fund Balance: Actual Amounts.

Total expenditures increased 33% over the last five years compared to 17.9% from 2006-2010, a difference of 15%. Inflation over the past few years has played a significant role in the increase. The dollar had an average inflation rate of 3.89% per year between 2018 and 2022, producing a cumulative price increase of 14.16%. Further, the town is now fully staffed and pays competitive wages. In addition, the construction of a new public works facility was another large expense the town has taken on during this time frame. The largest single expense, education (over which municipal government has no control) increased 15.5% from 2018 to 2022, comprising 50% of total expenditures in 2022, down from 55.8% of total expenditures in 2010. Further, when changing auditing companies public health and welfare costs were absorbed into the general government expenditures which accounts for a modest percentage of the increase in the general government category.

General Fund Town Expenditures for the years ending June 30th						
Categories	2018	2019	2020	2021	2022	Percent Change
General Government	\$456,408	\$504,037	\$574,496	\$740,046	\$764,870	67.6%
Public Works, Maintenance	\$495,965	\$464,881	\$547,037	\$490,067	\$452,769	-8.7%
Solid Waste	\$174,135	\$166,739	\$178,595	\$228,735	\$168,343	-3.3%
Public Safety	\$100,219	\$108,593	\$93,154	\$114,966	\$102,835	2.6%
Recreation	\$32,344	\$42,517	\$25,883	\$33,289	\$53,466	65.3%
Public Health, Welfare	\$26,300	\$49,388	\$63,100	-	-	-
Education	\$2,917,228	\$3,033,690	\$3,367,082	\$3,375,271	\$3,370,366	15.5%
Contingency	-	-	-	-	-	-
Debt Service	\$306,663	\$380,882	\$388,038	\$898,064	\$1,148,616	274.6%
County Tax, Overlay	\$485,269	\$483,142	\$523,426	\$529,611	\$579,880	19.5%
Capital Outlay	-	-	\$19,500	\$18,034	\$56,980	-
<b>Total</b>	<b>\$4,994,531</b>	<b>\$5,233,869</b>	<b>\$5,760,811</b>	<b>\$6,410,049</b>	<b>\$6,641,145</b>	<b>33.0%</b>
Excess (deficiency) of revenue	\$153,758	\$127,975	(\$109,786)	(\$164,695)	(\$700,570)	-555.3%

Source: 2018-2020 Financial Audit Reports prepared by Smith & Associates, CPAs, 2021-2022 reports generated by James Wadman, CPA.

Notes: General Fund Statement of Revenues, Expenditures and Changes in Fund Balance: Actual Amounts.

(2) Describe means of funding capital items (reserve funds, bonding, etc.) and identify any outside funding sources.

Capital investments are funded through capital reserve funds supported by property tax revenues town-wide as well as through tax increment financing district property tax revenues (pipeline), intergovernmental revenues (State aid), grants and loans from federal and state sources, and from municipal bonds.

(3) Identify local and state valuations and local mil rates for the last five (5) years.

The local valuation of Bowdoinham increased 15.8% in the last five years.

Bowdoinham Local Valuations						
2018	2019	2020	2021	2022	Change	Percent Change
\$262,247,000	\$265,927,600	\$297,799,100	\$298,615,200	\$303,845,510	41,598,510	15.8%

Source: Town Annual Reports; Town tax assessment records

The State valuation of the Town increased 34.4% in the last five years.

Bowdoinham State Valuations						
2018	2019	2020	2021	2022	Change	Percent Change
\$264,450,000	\$279,505,000	\$291,550,000	\$332,950,000	\$355,450,000	\$91,000,000	34.4%

Source: Maine Revenue Services

The Town’s mil (tax) rate increased 0.71% in the last five years.

Bowdoinham Mil Rates						
2018	2019	2020	2021	2022	Change	Percent Change
16.85	17.15	16.47	16.87	16.97	0.12	0.71%

Source: Town Annual Reports, Town tax assessment records

*(4) How does total municipal debt (including shares of county, school and utility) compare with the statutory and Maine Bond Bank recommended limits on such debt?*

Title 30-A MRSA Section 5702 contains a limitation on the amount of debt that municipalities may incur. A municipality cannot issue debt (for purposes other than school, storm or sanitary sewer, energy facility or for municipal airports) that would exceed 7.5% of the municipality’s last full State valuation. The statute contains additional limits for school, storm or sanitary sewer, energy facility and for municipal airports. There is an overall debt limit for all types of debt of 15% of the municipality’s last full State valuation. The Town has never exceeded the statutory limit.

The Maine Bond Bank has no set policy on the amount of total debt a municipality can or should have outstanding other than to be sure that the municipality is in compliance with the provisions of Maine law regarding limitations on local debt. The Maine Bond Bank looks at outstanding debt, both direct and contingent, from such perspectives as debt per capita, percentage of operating budget to debt service, and total debt among other factors.

Analysis

*(1) How will future capital investments identified in the plan be funded?*

Capital investments will continue to be funded through capital reserve funds supported by property tax revenues town-wide as well as through tax increment financing district property tax revenues (pipeline), intergovernmental revenues (State aid), grants and loans from federal, state and private sources, and from municipal bonds.

*(2) If the community plans to borrow to pay for capital investments, does the community have sufficient borrowing capacity to obtain the necessary funds?*

The community does have sufficient borrowing capacity. In fiscal year 2023, total municipal debt was 1.67% of the Town’s last full State valuation, below the statutory limits (7.5% and 15%) as set forth in Title 30-A MRSA Section 5702.

*(3) Have efforts been made by the community to participate in or explore sharing capital investments with neighboring communities? If so, what efforts have been made?*

As noted in the Public Facilities and Services Chapter, the Town does cooperate with neighboring communities, multi-community quasi-municipal organizations and with Sagadahoc County in the provision of services (public education, police protection, fire department mutual aid, and the Bowdoinham Water District).

### Capital Investment Plan

*The comprehensive plan must include a capital investment plan that:*

- (1) Identifies and summarizes anticipated capital investment needs within the planning period in order to implement the comprehensive plan, including estimated costs and timing, and identifies which are municipal growth-related capital investments;*
- (2) Establishes general funding priorities among the community capital investments; and*
- (3) Identifies potential funding sources and funding mechanisms.*

For (1) through (3), see the table below titled Bowdoinham Capital Investment Plan Summary 2014-2024.

### *Purpose and Definition*

The purpose of a capital investment plan (CIP) is to establish a framework for financing needed capital investments. A CIP guides budgeting and expenditures of tax revenues and identifies needs for which alternative sources of funding such as loans, grants or gifts and donations will be sought.

Capital investments include the repair, renewal, replacement or purchase of capital items. Capital investments differ from operating expenses or consumables. The expense of consumables is ordinarily budgeted as operations. Capital investments generally have the following characteristics: they are relatively expensive (typically having an acquisition cost of \$5,000 or more); they usually do not recur annually; they last for years (often having a useful life of three or more years); and they result in fixed assets. Capital items can include equipment and machinery, buildings, real property, utilities and long-term contracts and are funded through the establishment of financial reserves.

Capital investments are prioritized each year in the budget process based on the availability of funds and the political will of the community. A complete CIP describes expected yearly investment and allows for both changes in priorities and reduction of available funds. The CIP is intended to prevent a large capital investment from occurring in a single fiscal year. The unexpected purchase of a sizeable investment can overburden the tax rate and cause large fluctuations in tax bills from year to year. The annual provision for eventual replacement of capital investments depends on the useful life of the capital investments. It is important that capital investments be financially accounted for each fiscal year, minimizing later expenses.

For the purposes of this plan, the total costs have been recognized with an indication of the expected period for each item that is desired based upon priority ratings. The Town is currently drafting a complete capital investment plan that will provide for a yearly allocation of available and applicable funds. Each year any necessary changes will be made to the CIP and it will be

included in the annual budget. Each year the Finance Advisory Committee will review the funding requests and make a recommendation for Select Board review.

*Priority Rankings*

The capital investments identified below were assigned a priority based on the listed ratings. Logically, “A” investments would be implemented prior to “B” and so on. Lower priority items may be funded ahead of schedule if higher priority items have already been funded or are prohibitively expensive, or if other sources of revenue (such as donated funds) become available. In order to fund capital investment projects it is necessary to begin to identify funding sources and set aside funds in advance of the projected time of funding.

- A. Immediate need. A capital investment rated in this category would typically remedy a danger to public health, safety and welfare.*
- B. Necessary, to be accomplished within two to five years. A capital investment rated in this category would typically correct deficiencies in an existing facility or service.*
- C. Future investment or replacement, to be accomplished within five to ten years. A capital investment rated in this category would be desirable but is of no urgency. Funding would be flexible and there would be no immediate problem.*
- D. Desirable, but not necessarily feasible within the ten year period of this Comprehensive Plan.*

Projects referenced in this Comprehensive Plan and existing reserve accounts are the basis for this capital investment plan and have been incorporated into the table below. As well, State and federal mandates necessitating some of these projects have been noted in the table. The need for each project is shown in parentheses.

<b>Bowdoinham Capital Investment Plan Summary 2024-2034</b>					
<b>Comprehensive Plan Chapter/Town Dept.</b>	<b>Anticipated Item and (Need)</b>	<b>Estimated Cost</b>	<b>Priority</b>	<b>Responsible Party (ies)</b>	<b>Possible Funding Sources</b>
Administration	Chimney repair – town office	\$25,000	High	Town Manager	Reserve
Administration	Parking Lot – town office	\$125,000	High	Town Manager	Grant/Reserve
Administration	Future septic – town office	\$25,000	Low	Town Manager	CI Reserve
Administration	Repairs, upgrades – town office	\$100,000	Low	Town Manager	Reserve, grants

**Bowdoinham Capital Investment Plan Summary 2024-2034**

<b>Comprehensive Plan Chapter/Town Dept.</b>	<b>Anticipated Item and (Need)</b>	<b>Estimated Cost</b>	<b>Priority</b>	<b>Responsible Party (ies)</b>	<b>Possible Funding Sources</b>
Administration	Repairs – Town Hall	\$750,000	High/Med	Town Manager, Select Board	Grant/Bond/ Reserve
Solid Waste	Recycling facility upgrades	\$250,000	Med	Town Manager, Select Board	Recycling Reserve/Grants
Public Works	Future repairs - Public Works facility	\$50,000	High	Town Manager, Select Board	Public Works Reserve
Fire Department	EMS addition	\$350,000	Low	Town Manager, Fire Chief, Select Board	Fire Reserve/Grants
Fire Department	Future Repairs	\$100,000	Low	Town Manager, Fire Chief, Select Board	Fire Reserve/Grants
Recreation Department	Recreation Facility	\$25,000	Low	Town Manager, Select Board	Recreation Reserve/Grants
Cemeteries	Repairs	\$300,000	Med	Town Manager, Select Board	Cemetery Reserve/Grants
Administration	Replace computer server and rack	\$10,000	Low	Town Manager, Select Board	Electronic Equipment Reserve
Administration	Electronic Kiosk Sign	\$20,000	Med	Town Manager, Select Board	Grant/TIF
Administration	Technology improvements (phones, locks, cameras)	\$25,000	Med	Town Manager, Select Board	Reserve
Fire Department	2011 E-One Class A Pumper (Engine #1)	\$500,000	Low	Town Manager, Fire Chief, Select Board	Reserve & Bond
Fire Department	2002 International Class A Pumper (Engine #2)	\$750,000	High	Town Manager, Fire Chief, Select Board	Bond

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Fire Department	2007 Freightliner tanker (Tank #3)	\$500,000	Low	Town Manager, Fire Chief, Select Board	Reserve & Bond
Fire Department	SCBA Airpacks	\$100,000	High	Town Manager, Fire Chief, Select Board	Reserve
Fire Department	Extraction Equipment	\$30,000	High	Town Manager, Fire Chief, Select Board	Reserve
Fire Department	Ambulance	\$350,000	Low	Town Manager, Fire Chief, Select Board	Lease
Public Works	2017 Freightliner truck w/ dump	\$200,000	High	Town Manager, Select Board	Reserve
Public Works	2018 Ford F-550 Superduty truck w/ dump	\$200,000	Low	Town Manager, Select Board	Reserve
Public Works	2016 Freightliner 114SD truck w/ dump	\$250,000	Low	Town Manager, Select Board	Bond
Public Works	2014 Dodge Ram 1500 pickup truck	\$35,000	Med	Town Manager, Select Board	Reserve
Public Works	Excavator	\$250,000	Low	Town Manager, Select Board	Municipal lease
Public Works	Sander	\$10,000	Low	Town Manager, Select Board	Reserve
Public Works	2003 Cadet Mower	\$7,000	Low	Town Manager, Select Board	Reserve
Public Works	2005 Cadet Mower	\$7,000	Low	Town Manager, Select Board	Reserve
Public Works	Zero Turn Mower	\$7,500	Low	Town Manager, Select Board	Reserve

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Public Works	Sweeper (backhoe, front mount)	\$8,000	High	Town Manager, Select Board	Reserve
Public Works	Back-up plow truck	\$100,000	High	Town Manager, Select Board	Reserve
Solid Waste	New Van or Box Truck – Recycling	\$15,000	High	Town Manager, Select Board	Recycling Reserve
Solid Waste	Toyota Electric Pallet Truck – Recycling	\$20,000	Low	Town Manager, Select Board	Recycling Reserve
Public Works	Pork Point Road (1¼” surface coat & shoulders)	\$310,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Dingley Road (1¼” surface coat & shoulders)	\$175,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Carding Machine Road – 2 (1¼” surface coat & shoulders)	\$175,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Wildes Road (1¼” surface coat & shoulders)	\$90,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Abagadasset Road (1¼” surface coat & shoulders)	\$100,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Ridge Road – 2 & 3 (¼” width shim) [rutting]	\$200,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Millay Road (¼” width shim) [rutting]	\$150,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Carding Machine Road - 1 (¼” width shim) [rutting]	\$75,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	South Pleasant Street (¼” width shim) [rutting]	\$50,000	Med	Town Manager, Select Board	Budget/Bond



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<b>Comprehensive Plan Chapter/Town Dept.</b>	<b>Anticipated Item and (Need)</b>	<b>Estimated Cost</b>	<b>Priority</b>	<b>Responsible Party (ies)</b>	<b>Possible Funding Sources</b>
Public Works	Fisher Road (¾" full width shim)	\$175,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Browns Point Road (¾" full width shim)	\$200,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	South Pleasant Street (¾" full width shim)	\$100,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Ridge Road – 4 (¾" full width shim)	\$200,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Carding Mach. Rd. - 4 (¾" full width shim)	\$150,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Dinsmore Cross Road (¾" full width shim)	\$50,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Ridge Road – 2 & 3 (¾" full width shim)	\$400,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Millay Road (¾" full width shim)	\$300,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Back Hill Road (reconstruct)	\$150,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	School Street (¾" full width shim & stormwater infrastructure)	\$150,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Church Street (¾" full width shim)	\$20,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Lucas Lane (¾" full width shim or Chip Seal)	\$25,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Preble Road (¾" full width shim)	\$60,000	Med	Town Manager, Select Board	Budget/Bond

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Public Works	Spear Drive ( <sup>3</sup> / <sub>4</sub> " full width shim or Chip Seal)	\$30,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Wildes Road (Chip Seal)	\$35,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Abagadasset Road (Chip Seal)	\$35,000	Med	Town Manager, Select Board	Budget/Bond
Public Works	Carding Machine Road (Chip Seal)	\$200,000	Med	Town Manager, Select Board	Budget/Bond

Source: Town Manager