

Town of Stowe
General Fund
Equipment Reserve Fund Policy

1. Purpose: The purpose of this policy is to acknowledge the importance of equipment in our municipal operations and to plan for its replacement in a financially sustainable manner.

2. Purpose of Capital Equipment Planning: Inventories our existing equipment and plans for its replacement based upon agreed upon assumptions rather than considering equipment replacement on a case-by-case basis. It also outlines the agreed upon method of financing municipal equipment replacement.

3. Definitions:

- A. Capital Equipment - A vehicle or vehicular equipment that has an estimated value exceeding \$10,000 that is not recurring on an annual basis. It can also include a planned overhaul / repair with an estimated cost over \$10,000 that has as its goal to maintain or extend the life of a vehicle.
- B. Capital Equipment Budget – The listing of capital equipment to be replaced in a fiscal year, the estimated cost of each piece of equipment, the method of financing and the tax requirements.
- C. Capital Equipment Program – The listing of capital equipment to be replaced over the next five or more fiscal years, the estimated cost of each piece of equipment, the method of financing and tax requirements.
- D. Capital Equipment Reserve Fund – A fund authorized by the voters to be under the control and direction of the legislative branch of the municipality that allows the municipality to carry over money from year to year and plan for the replacement of equipment.

4. Preparation of the Equipment Reserve Fund: The Town Manager, with the assistance of the Department Heads, shall develop a capital equipment replacement plan for consideration by the Selectboard. Thereafter it shall be updated and readopted by the Selectboard annually as part of the General Fund Budget Process.

5. Assumptions: The following are to be used for general guidance purposes for staff in preparing equipment replacement:

- A. All equipment should be purchased new, except for the Fire Department Ladder Truck.
- B. The majority of equipment should be purchased with “pay as you go” financing. However, any piece of equipment with an estimated value of \$500,000 or more should be financed through a bond or other long term borrowing and approved by the voters through a separate article at Annual Meeting.
- C. If a piece of equipment is not planned to be transferred to another department, it shall be traded in, unless otherwise agreed to by the Manager or Selectboard.

- D. All equipment should be budgeted at its net cost (purchase price less trade-in), plus the cost of any auxiliary equipment.
- E. Replacement Cycle Guidelines:

Vehicle	Dept.	Life Cycle
Police Cruisers	Police	4
Animal Control Officer	Police	7
Detective / Chief	Police	10
Fire Trucks	Fire	30
Utility Vehicle	Fire	15
Ambulance	Rescue	8
Loader	Highway	15
Dump Trucks	All	12
Grader	Highway	25
Pickups	Highway / Parks	10
Foreman's Pickup	Highway	5
Excavator	Highway	16
Bobcat Work Machine	Highway	10
72" Exmark Mowers	Parks	6
Zamboni	Parks	18
Tractor	Parks	15
K-30 Rescue	Mtn. Rescue	25
4WD Pickup	Mtn. Rescue	12

5. Contents of Capital Equipment Budget and Program: The Capital Equipment Budget and Program shall show the anticipated capital expenditures, financing and tax requirements. More specifically, it shall include, but not be limited to the following:

- A. A clear general summary of its contents including the overall tax requirements.
- B. A list of all capital equipment which is proposed to be purchased or overhauled during the upcoming year and the upcoming five fiscal years, with appropriate supporting information.
- C. Cost estimates, method of financing and recommended time schedule for each such improvement.
- D. The identification of any new piece of equipment proposed to be added.

6. Submission of Capital Budget and Program: The Manager shall submit the proposed capital equipment budget and program to the Selectbaord at least fifty (50) days before the annual town meeting. In addition, the Manager may submit proposed amendments to the Selectboard at anytime if he/she thinks the public good necessitates it.

Deposits: Annually the Manager will propose and the Selectboard may approve an amount to be included in the proposed General Fund Budget to be transferred from the General Fund to the Equipment Reserve Fund. The amount should be consistent from year to year to the greatest degree possible in order to level out the impact to the

tax rate. The Selectboard may also use other municipal revenues, a transfer of General Fund surplus if approved by the voters, grant money, or incur debt in accordance with State law. The sale of any vehicle or vehicular equipment shall be deposited in the Equipment Reserve Fund, even if it was purchased before the establishment of the Fund.

7. Withdrawals: The Selectboard's approval shall be required for the purchase of any piece of equipment. The Town Manager may authorize the expenditure of money for advertising and other miscellaneous expenses.
9. Annual Report: The Town Manager shall request the Town Auditors include in the Annual Report a copy of the Equipment Fund outlining the planned equipment replacement for the next five fiscal years.
10. Audit: The Equipment Reserve Fund shall be audited annually as part of the comprehensive audit required by the Town Charter. Such audit information shall be included in the Town Report.

Adopted by the Selectboard - February 9, 2009

(Revised from 9/8/08)