

Study Session

January 22, 2026

Agenda

Discussion and Council direction on the following items:

- Permanent Base Adjustment (expenditure limitation)
- Capital Accumulation Fund
- Bond Financing

Permanent Base Adjustment

- Town previously approved Permanent Base increases in 2000, 2006, and 2016
- Last increase for \$14 million current dollars (\$3.5 million 1979/80 dollars)
- Expenditure limitation formula is based on growth and an inflation factor
- Actual inflation outpaces expenditure limitations increases

Permanent Base Adjustment

- Increasing permanent base will give more flexibility for excess pension payments, contractual obligations such as the Fire Service payments, and other operational changes
- Will be able to maintain a larger and more consistent contingency amount
- Recommended amount of \$15 million current day dollars

Permanent Base Adjustment

Calculations based on Preliminary Expenditure Limitation

Preliminary Expenditure Limitation FY26/27	
Population 1978	10,425
Population 2025	12,774
Popultion Factor	1.2253
Inflation Factor	3.8684
FY 1979/80 Base Limit	\$ 10,185,794
Preliminary FY26/27 Limit	\$ 48,281,082
Increase 1979/80	\$ 3,164,529
Increase 2026/27	\$ 15,000,000
Adjusted base 1979/80	\$ 13,350,323
Adjustd current 2026/27	\$ 63,281,082

Permanent Base Adjustment

- To make the summer election, Council action is needed by Feb 26
- If passed, would be effective for FY27/28
- Discussion and direction

Capital Accumulation Fund

- Capital accumulation fund will allow the Town to use fund increases for capital projects and for those expenditures to be excluded from the expenditure limitation
- Capital accumulation fund previously approved in 1993 but expired 2004
- Does not require an expiration date

Capital Accumulation Fund

- To make the summer election, Council action is needed by Feb 26
- If passed, would be effective for FY27/28
- Discussion and direction

Bond Financing

- Bond financed capital project spending is excluded from expenditure limitation
- Could be used to continue desired level of capital projects until capital accumulation fund is in place (FY26/27)
- Would allow Town to maintain a higher level of contingency

Bond Financing

- Needs Council approval
- Potential bond amount \$10-15 million
- Discussion and direction