



January 15, 2026

**Capital Improvement Plan (CIP)  
Fiscal Years 2027–2031  
Future Preview Through FY2040**

**What Is the Capital Improvement Plan?**

The Capital Improvement Plan (CIP) is the Town's long-range plan for maintaining, replacing, and improving major infrastructure, facilities, and equipment. The CIP looks ahead five years and includes a future preview to help the Town plan responsibly for long-term needs.

The CIP is a planning document. It does not approve spending by itself. All projects are subject to annual budget approval and, when required, voter approval.

**Why the CIP Matters**

The CIP helps the Town:

- Maintain safe and reliable public services
- Replace aging equipment and infrastructure before failures occur
- Spread costs over time to reduce sudden tax impacts
- Plan ahead rather than react to emergencies
- Provide transparency to residents about future needs

**What Types of Projects Are Included?**

The CIP includes major capital needs such as:

- Emergency service vehicles and equipment
- Road construction and paving
- Public Works vehicles and facilities
- Sewer infrastructure improvements
- Cemetery maintenance and preservation
- Municipal facilities and recreation planning

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Some future projects are identified without cost estimates to ensure they are considered in long-range planning.

### **How Are Projects Funded?**

Capital projects may be funded through:

- The Town's annual operating budget
- Reserve funds built over multiple years
- Grants, when available
- Loans or municipal bonds for large projects

Existing obligations, including school bond payments and the track loan, total approximately \$950,000 per year and are already incorporated into financial planning.

### **CIP vs. Reserve Funds**

Some projects are paid for in a single year through the CIP. Others are funded through reserve accounts over several years. Using reserve funds allows the Town to plan ahead and reduce the impact on taxes in any one year.

All reserve funds follow state law requirements.

Reserves Funding balance (as of December 31, 2025) is combined for all town accounts at \$1,986,560.

### **Five-Year Planning (FY2027–FY2031)**

Over the next five years, the Town plans to:

- Continue annual road construction and paving
- Replace emergency and public works vehicles on a planned schedule
- Maintain sewer infrastructure reliability
- Address ongoing cemetery and facility needs

Many projects are phased over multiple years to support financial stability.

### **Looking Ahead to FY2040**

The future preview highlights anticipated needs over the next 10–15 years, including:

- Fire and public safety equipment
- Road and facility infrastructure
- Sewer improvements

- Cemetery and recreation assets

Estimated long-term planning figures include:

- Operating Budget: approximately \$12.38 million
- Annual Capital Funding: approximately \$731,200
- Reserve Funding: approximately \$5.51 million

### **School Department Capital Planning**

The Hermon School Department develops its own capital plan through the Superintendent, administration, and School Committee. School capital costs are included in the School Department's operating budget and are not part of the Town's CIP cost projections.

### **What Does This Mean for Residents?**

The CIP helps ensure:

- Reliable services and infrastructure
- Thoughtful financial planning
- Transparency about future investments
- A balanced approach to taxes and service levels

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Town Manager