

Amended Select Board Draft 8/22/23
Capital Plan
Policy and Procedures

PURPOSE:

To formalize standards and guidance for the development of the town's Capital Planning and for the equitable formulation of the annual capital budget consistent with sound practices and legal requirements.

POLICY:

The Select Board and Finance Committee, with the help of the Town Administrator, shall keep a Capital Plan which projects significant purchases that the Town expects to make in the next twenty years.

All capital items shall be included in the Capital Plan. A Capital item is an item which costs \$20,000 or more for a single item (or \$100,000 for a project with multiple items costing less than \$20,000 each), has a useful life of five years or longer, and is expected to be replaced within the next twenty years.

The Capital Plan shall guide the town in its management of the general stabilization fund, loans, and other financing options. Capital purchases and their related funding sources should be coordinated to fulfill the needs of the Town while mitigating excessive or variable impact on required tax revenue.

PROCEDURES:

During the annual budget process, Departments Heads, Chairs of multi-member Town bodies, and the Town Administrator shall propose additions and revisions to the Capital Plan. All Capital proposals must be **complete and submitted by January 10th** for the upcoming financial year, including an implementation schedule. These proposed changes to the Capital Plan shall be considered by the Select Board and Finance Committee.

In building and revising the Capital Plan, Department Heads, Chairs of multi-member Town bodies, the Town Administrator, the Select Board, and the Finance Committee shall consider the Evaluation and Priority Classification criteria listed below.

Evaluation and Priority Classification:

Legally Required

Public Safety and Health – Consideration will be given to the capital item's impact on conditions of public safety and health.

Legal Requirements – Consideration will be given to requests based on mandates of local, state or federal regulations or laws, or respond to Court, Federal or State orders. An example would be safety equipment for the Highway Department, which the Town is legally required to provide to protect its employees.

Community Impact

Need – Consideration will be given to the need that the request attempts to fill. Identify the need of the community and determine how vital it is to fulfill this need. How will the project benefit the Town and its residents?

Quantity of Use – Consideration will be given to the number of people that will benefit from the capital purchase, and how much they will benefit. For example, a high-cost item that is used for a specialty purpose with minimal benefit on an infrequent basis should be considered a lower priority, while an item that has broad uses, significant benefit, or whose use will serve many people should be given a higher priority.

Service Impact – Consideration of requests that are necessary due to increased, altered or new services the Town is offering or wishes to offer.

Administratively Efficient

Infrastructure Needs - Consideration will be given to the impact of a request in relation to infrastructure problems and needs of the community. For example, does the current equipment the Town owns meet the infrastructure needs of the community? Does the capital project/item improve, make repairs or extend the useful life of a building, vehicle, or piece of equipment?

Efficiency of Services – Consideration will be given to requests that increase the efficiency of services provided by the Town to the public. A specific example may be the purchase of a new computer system or software that would provide the same level of service that currently takes many more hours to perform.

Personnel Impact – Consideration will be given to requests that are necessary based upon increased personnel or increased use by personnel.

Administrative Needs – Consideration will be given to requests that are necessary due to the administrative needs of various departments. Common examples would be copiers, computer equipment, office furniture, etc. that arise due to other factors (i.e. new employees, volume of material that needs to be maintained, etc.).

Fiscally Prudent

Budgetary Effects (short and long term) – Consideration will be given to estimated costs with supporting documentation, delineated by category: architectural, land acquisition, demolition, site improvements, construction, etc. What are the direct costs of the capital project/item? Consideration will be given to the estimated useful life of project/capital item. What are the costs to bid, design, construct, purchase, install, implement, or otherwise complete the project which are not otherwise included? Does the capital project/item require any Town, State or Federal permitting and is there an associated cost?

Budgetary Effects (indirect) – Consideration will be given to the effects on the operating budget and the effect on useful life of existing assets. For example, will the project increase or decrease the maintenance budget? Please include effects to any department, including but not limited to the requesting department. Consideration will be given to whether the project will require additional or eliminate ongoing assistance from vendors at an additional expense to the Town. Consideration will be given to sale price of old equipment or vehicles, resulting in income to the Town. What are the indirect expenses and income related to the capital project/item?

Budgetary Constraints – Consideration will be given to the effect of various requests on the capital budget and town budget in total. What is the long term plan for the department, including projects awarded during the last three years and those expected for the next five years?

Alternative Solutions – Identify the problem and evaluate alternative solutions. Consideration will be given to the cost effectiveness of alternative solutions.

Alternative Funding Sources – Identify any other possible funding sources, included but not limited to state/federal grants or private funding.