

## **MISSION STATEMENT**

The Capital Budget Committee (CBC) working with the Selectmen, the Town Manager, the managers of each Town department and private citizens provides the means and support for planning, evaluating and financing capital expenditures.

The maintenance of the infrastructure and the capital assets of the Town are of vital importance to the delivery of quality services to the citizens of Cohasset. To this end, the committee is dedicated to accomplishing the following activities:

- Review, plan, and coordinate capital improvements so as to promote a systematic, organized replacement, acquisition and disposition schedule
- Promote the effective coordination and administration of capital investment programs
- Working with a limited budget, ensure the capital needs of the community are met
- Evaluate and provide the most economical method of financing capital projects
- Ensure that the financing of planned capital expenditures are consistent with prudent management of the Town's debt schedule.
- Insure wider community participation in the planning and evaluation of capital projects

## **EVALUATION CRITERIA**

In every financing cycle the Capital Budget Committee receives significantly more requests for funding than there are funds available. The Committee has to make decisions as to which projects will be recommended for funding.

The Committee receives a wide variety of projects to evaluate. As a result, the projects do not lend themselves to a formulaic evaluation. To help the submitters identify which criteria are important to the Committee, we are providing the following guidance. This list is not meant to include all criteria or cover all situations that the Committee may face. Please understand the proposals are reviewed with the criteria in mind, but, other issues such as overall economic conditions or the ability of the Town to fund the request may prevent the project from being approved. The following questions do rate heavily in the Committees deliberations:

- Would the project, if not approved, pose an imminent threat to the **health and safety** of the Town or the citizens?
- Is the expenditure required under **Local, State or Federal Laws** or regulations?
- **Can the expenditure be funded** within the parameters of the current budget/financial situation of the Town?
- Is the project/expenditure **critical to the function** of the department and its mission?
- If the expenditure is funded now, will it **avoid a more costly replacement** in the future?
- Does the expenditure provide a meaningful **improvement to the Town's infrastructure**?
- Will the expenditure **improve productivity and potentially reduce costs**?

- Will the expenditure **alleviate an overtaxed/overburdened situation** and allow the Town to make better use of Town assets.
- Can the project be **self funding** through the collection of user fees and/or the reduction of current expenditures?
- Is the project/expenditure a candidate for a **private/public partnership**?
- Does the project or expenditure **take advantage of economies of scale** by coordinating a group purchase of the asset across Town departments?
- Have the submitters **filled out the application** and provided justification for the expenditure by evaluating **alternatives**?

### **THE PROCESS THE CBC USES TO REVIEW REQUESTS**

The CBC reviews all requests for funding that exceed \$10,000. All parties requesting funding must fill out a project or equipment request form and submit it to the Town Manager. The Town Manager and the Committee review the requests and discuss them with the submitters in an open meeting scheduled before the Town Meeting date. After the CBC meets with the sponsors, the CBC reviews the submissions and determines, by majority vote, which requests to recommend for funding at Town Meeting. Prior to Town Meeting the CBC, in accordance with its bylaws, meets with the Selectmen and the Advisory Committee to present its funding recommendations. The Town Manager then drafts an article to be submitted to the Warrant. The article is then presented at the Town Meeting for a vote.

The Town currently holds an Annual Town Meeting (March) and a Special Town Meeting (November) during which capital funding articles can be brought to a vote. For each meeting, the Committee begins reviewing requests approximately 75 to 90 days before the meeting date.

### ***Background Information***

At the beginning of each cycle, CBC and the Town Manager review the Town's overall financial situation and determine how much money will be available for funding capital projects. The CBC uses these guidelines as a framework for considering the requests. Applicants should be aware that there will be funding cycles where there may be little or no funding available to approve requests. In addition, funding approvals may be contingent upon the citizens of Cohasset voting to pass an override to the Town budget.

The funding for capital expenditures currently comes from four primary sources:

- Capital Stabilization Fund
- Free Cash
- Excluded Debt
- Non Excluded Debt

The Capital Stabilization Fund is the primary source of funding for capital projects. The Stabilization Fund is funded by:

- Debt Roll-Off
- Transfers from Free Cash
- Sale of assets
- Unused balances from previously approved capital projects or capital equipment expenditures

Any transfers to or from the Stabilization Fund are subject to vote at Town Meeting and must be approved by a two-thirds vote. The CBC cannot fund any expenditure independent of a Town Meeting vote.

### ***The Process for Submitting a Request***

The Committee receives funding requests from three sources:

- **Departmental Expenditures** - Ongoing scheduled expenditures and special projects
- **Selectmen Projects** - Usually large public works projects such as flood control and similar projects.
- **Citizen Petitions** - Citizen generated projects

**Departmental Expenditures** The CBC members are assigned as the liaison to two or three departments and meet with those department heads annually. The intent of these meetings is to enable the CBC to get a fuller understanding of the current and long-term needs of the department and the process used to determine these needs. The results of these meetings are reported back to the whole CBC and are often discussed by the group.

#### A. The process for reviewing departmental proposals starts with a review of the Department's application to the CBC and the Town Manager.

Each department's request is compared to the previous years request and the CBC recommendation. The CBC also reviews the five year capital plan for the department to determine how the current request impacts the forecast.

The CBC then reviews each request by using the evaluation criteria as a guideline for assessing the impact of the expenditures on the Town's overall mission. CBC puts a very high value on requests that reflect:

- A documented, strong effort to explore other sources of funding
- A thorough cost/benefit analysis backed up with well documented facts
- The department manager's effort in managing and maintaining long term planning process for the departments needs. Please note that priorities that emerge suddenly in one year with no reference in prior year requests tend to be more heavily scrutinized.
- A documented process for planning and tracking maintenance expenses
- Evidence of interdepartmental cooperation and planning for expenditure requests, such as computer purchases, that may result in significant savings from a group purchase.

Increasingly, the CBC looks for evidence of long term interdepartmental planning around expenditures for IT, building upgrades, parks and fields. Vehicles and computers are common requests and the CBC is interested in coordinated purchasing programs for these items in an effort to reduce costs. In addition, the CBC strongly supports a documented, coordinated approach to projecting facilities maintenance and capital improvement costs.

The capital budget recommendations are prepared from a Town wide perspective. **There is no assumption of a budget quota for individual departments.** The CBC is strongly influenced by clear, well documented request that reflects the reality of the Town's and the department's needs.

B. The department then schedules a meeting with the CBC and the Town Manager to present and discuss the request.

The open meeting is an opportunity for the department to present information that may not be included in the application and to discuss any questions the CBC may have before it deliberates on the department's request. If necessary, the CBC will schedule an additional meeting with the department if there is a need to review or research issues that could not be resolved at the first meeting.

C. Finally the departmental request will become part of the evaluation of all capital expenditure requests for the funding cycle.

**Selectmen Projects** As explained, the Selectmen's requests tend to be large public works projects. The request is often scheduled as an article in the Warrant separate from the article submitted by the CBC. The process for evaluating the request is similar to the departmental approval process but the Town Manager or a Selectman take the role of the department head as the promoter of the project.

The Town Manager or the Selectman presents the project to the CBC in an open meeting in order to review the financial impact of the project on the Capital Stabilization Fund and to review alternative sources of financing for the project. The CBC then votes to recommend or not recommend the request.

**Citizens Petition** Cohasset citizens may submit a petition for funding to the Town. Citizens intending to present a request for funding are encouraged to follow the guidelines used by the Town department managers including the submission of a completed request form to the Town Manager.

## **INSTRUCTIONS FOR SUBMITTING A REQUEST TO THE ANNUAL TOWN MEETING, MARCH -- 2009**

### **FISCAL YEAR 2010**

#### **INTRODUCTION**

The updating of the Capital Improvement Plan is an annual process, dropping the year budgeted and adding another planning year. This process should provide a mechanism for identifying, planning, and financing major capital improvements over a five (5) year period. The Capital Budget Committee and the Town Manager are now in the process of developing the Capital Improvement Plan for FY 2010 - FY 2014.

The procedure for the capital plan development is divided into several steps that are outlined below:

**STEP 1 - DISTRIBUTION OF MATERIALS** - The enclosed documents shall serve as the forms and guidelines for the submittal of all material. Carefully review the entire package. Any department that would like to review the process may contact Bill Griffin at the Town Managers Office.

**STEP 2 - DEVELOPMENT OF FIVE-YEAR CAPITAL NEEDS** - All departments should review their five-year capital needs and determine which needs should be considered for inclusion in the capital planning process. Use the evaluation criteria previously identified in determining which items may be considered priority.

**STEP 3 - COMPLETION OF CAPITAL PLANNING PROGRAM FORM AND REQUEST FORM** - Once you have determined which assets/projects should be included in your capital requests you should complete the Capital Project or Capital Equipment Request Form.

**STEP 4 - SUBMITTAL OF REQUESTS** – Completed Capital Project and Capital Equipment Request forms should be submitted to the Town Manager's Office by December 31, 2008 via e-mail ([wgriffin@townofcohasset.org](mailto:wgriffin@townofcohasset.org)) in a Microsoft Word file. Copies will be forwarded to the Capital Budget Committee from his office.

**STEP 5 - REVIEW OF REQUESTS** - The Capital Planning Committee will be reviewing all requests submitted by the Departments from January 6, 2009 through February 5, 2009. Individuals with projects which require greater detail and review may be asked to provide further information. Each submitter must schedule a time to meet with the committee. Please schedule your meeting through Bill Griffin at [wgriffin@townofcohasset.org](mailto:wgriffin@townofcohasset.org). Projects will be reviewed based on the evaluation criteria. The relationship of the project to other town projects and needs will also be considered in the review and priority ranking.

**STEP 6 - RECOMMENDATIONS DEVELOPED** - After the meetings are complete, the CBC will begin formulating recommendations on the Capital Budget for the Town Manager. It will be the responsibility of the CBC to present its recommendations for the Capital Budget to the Board of Selectmen and the Advisory Board.

**STEP 7 - FINALIZATION OF THE CAPITAL PLAN AND BUDGET** - The Capital Plan and the Capital Budget will be finalized by the Town Manager and submitted to the Board of Selectmen. The Capital Budget will then be subject to the normal budget procedure.

If you have any questions concerning this procedure or your role in the development of the Capital Plan, please do not hesitate in contacting the Town Manager's Office or the Capital Budget Committee.