

# Capital Planning & Investment Committee

## Executive Summary

The Capital Planning & Investment Committee (CPIC) was established at Annual Town Meeting in 2009 and further ratified, as to the initial funding source issues, at the Annual Town Meeting in 2010 per order of the State Attorney General's Office. The CPIC charter is delineated in an amendment to the Code of the Town of Harvard, enacted as above, and is to be found in Chapter 17, Capital Planning and Investment Committee sections 1 through 3. The following policies and procedures are intended as guidelines to fully assure voters that all capital projects have been thoroughly vetted prior to being offered for consideration at Annual Town Meeting or Special Town Meeting.

## Policies

### Mission Statement

To review the short and long term capital needs of the Town, establish schedules for the useful life of new and existing buildings and equipment, establish and maintain replacement schedules, examine and approve proposals as well as contractual maintenance and service plans for any new buildings and equipment and recommend annual capital expenditures including sources for funding. It is the Capital Committee's responsibility to review capital expenditure items submitted for consideration by various town departments, boards or committees and determine if the proposed item represents a genuine need and if the proposed cost is reasonable. The Capital Committee shall also determine if alternative sources of funding were explored and upon their review, prioritize items to be funded. Additionally, in considering requests the Capital Committee will take into account the cost of a capital item, future operating and maintenance costs and life expectancy and payback cost recovery (ROI) as applicable. The Capital Committee as authorized by the 2010 Annual Town Meeting shall review all studies, designs and plans that may influence or impact future capital needs.

### Committee Member Composition

There shall be a Capital Planning and Investment Committee comprised of eight (8) members consisting of three (3) non-voting members who shall be the Town Administrator, Superintendent of Schools and Finance Director and five (5) voting members each chosen by their respective boards as follows: one member each from the Finance Committee, School Committee and Board of Selectmen; and two citizens at-large appointed by the Board of Selectmen. Each citizen-at-large shall serve a three (3) year term beginning July 1 and expiring June 30.

### Organization

Said Committee shall choose its own officers, set its own rules and shall serve without pay. Any vacancies shall be filled in the same manner as the original appointment and persons appointed to fill vacancies shall serve for the remainder of his predecessor's term of office.

### Meetings

Meetings will be posted and conducted in accordance with Open Meeting Law. Provision will be made at each CPIC meeting for members of the public or other interested parties to address the committee. It is the policy of the committee to not engage in any discussion during public comment unless so approved by the Chair. All comments will be addressed through the chair. All materials intended for use at CPIC meetings will be distributed to all members no later than two business days in advance of each meeting so that members may fully prepare.

## **Policy review and revisions**

By its charter, CPIC is charged with establishing policies relative to matters of funding of capital projects of the Town. As such, the Committee will from time to time but at least once per year, review all existing policies, procedures and related documents for possible revisions, updates and omissions.

## **Procedures**

### **Calendar**

Beginning in August of each year CPIC will meet to establish its calendar and schedule for the forthcoming financial year. This will include clear time lines and processes for all boards, committees and departments of the Town subject to CPIC procedural reviews and approvals. (See appendix). This calendar will be communicated to all stakeholders through the office of the Town Administrator and conspicuously published on the Town web site.

### **Five Year Capital Planning Schedule**

It is a requirement of the CPIC process that all departments, committees and Boards annually submit and cause to keep updated detailed five year capital schedules showing all planned projects and items proposed for acquisition, construction, purchase, lease, update, improvement and replacement. This must also include proposed expenditures for surveys, architectural or engineering advice, options or appraisals and similar expenses relating to future capital projects. Items included on the plan are those which have a useful life of at least five years and a cost of \$20,000 or more. Please see sample 5 Year Plan Summary document appended.

Any item not included as part of the prior year plan shall not be incorporated into the first four (4) years of the current year submission without proper cause, documentation and explanation by the department head. Similarly, no item already incorporated shall be brought forward in time for review and approval without proper cause, documentary support and detailed explanation by the department head.

### **Annual Capital Requests and Review Processes**

By the 1<sup>st</sup> of September each year CPIC will send out to all boards, committees and department heads its annual submission packet for submitting requests for review. Sample documents are attached.

Upon timely receipt of all relevant and supporting documents from Committees, Boards and Department Heads, CPIC will compile and update, as appropriate the Town's Five Year Capital Plan. Sample attached. Meetings will be scheduled to review each submission. CPIC may, at its sole discretion, defer on any submission received but not in accordance with its submission packet instructions.

It is the policy of CPIC to consider the relative need, timing, and cost of these expenditures and the effect each will have on the financial position of the Town. This will be accomplished through the review of properly completed submissions with all supporting documentation and supplemented by meetings noted above. Additionally, CPIC will use an annual rating process to assign numerical ratings by various categories for each request. Sample Capital Project Rating Schedule document attached.

All capital requests that project or incorporate funding offsets from grants, philanthropic commitments, revolving funds and trust funds must fully document those additional funds.

Each voting member will complete a rating schedule for each project under review and on the call of the Chair, will declare and explain assigned ratings. Summary ratings will be tabulated and used to provide a preliminary determination of which projects advance to being recommended by CPIC and

inclusion as an Article on the appropriate Town Meeting Warrant. The ratings summary is a tool for determining which projects are recommended for inclusion in the Capital Plan, but they are not the sole factor.

Recommendations for each project will be in written form and shall be transmitted to the Town Administrator, as well as the appropriate officer, board, agency or department involved in the proposed capital improvement. Such recommendations shall constitute a Capital Improvement Program. The report of this program shall, as to items planned for the ensuing fiscal year, be given to the Town Administrator and Finance Committee for their review and possible inclusion in the budget.

### **Capital Requests for Special Town Meetings**

Occasionally Capital Requests arise where either the expenditure or the timing of the expenditure was not previously anticipated and requires Town Meeting action prior to the next Annual Town Meeting.

If this situation arises, the Department, Board or Committee requiring the action should send a letter to the Capital Committee Chair and the Finance Director with the request, including why it cannot wait until the next ATM. All normal submission documents should be sent to the Capital Committee as early as possible. Depending on the nature of the item, we may require at least two (2) meetings to review and recommend on the project.

### **Capital Requests which do not require Town Meeting approval**

There are some projects and expenditures which, by the Town By-laws, require review and recommendation by the Capital Planning and Investment Committee, but do not require Town Meeting approval. Included in this category are projects which are being funded by sources other than the Capital Stabilization Fund, debt or Capital Exclusion and studies, engineering designs and other professional services which may influence or impact future capital needs. CPIC should be able to review and respond to this type of request outside of the normal process, if necessary.

When possible, these items should be included in the regular Annual Capital Requests and Review Process. However, some items, especially studies, engineering designs and other professional services for the purpose of determining the validity and cost of a capital project, are sometimes not known far enough in advance to be submitted as part the annual five-year plan or a more timely response is required.

To request an out-of-cycle review, please send a letter to the Capital Committee Chair and the Finance Director with the request, including why it cannot wait until the next ATM. All normal submission documents should be sent to the Capital Committee as early as possible. Depending on the nature of the item, we may require at least two (2) meetings to review and recommend on the project.

### **Funding Recommendations**

It is the policy of CPIC to consider all possible sources of funding and to include a funding source recommendation for each approved project. Sources of funding include but are not limited to: Capital Stabilization Fund, Stabilization Fund, Debt/Excluded Debt, excluded capital, Proposition 2 ½ over rides, philanthropic commitments, grants and the use of revolving funds and trusts funds.

It is incumbent upon CPIC, in making any and all recommendations, to consider the impact to the Town's overall financial condition. In this regard, CPIC will consult with the Town Administrator, Finance Director and other boards and committees as appropriate.

Consideration will be given to budgetary impacts in both the current planning financial year and the longer term impact relative to debt schedules including interest and principal payments as well as

projected retirement of debts. A long term debt schedule will be prepared and updated annually to include all forms of municipal debt and debt service obligations and the funding sources thereof.

### **Capital stabilization funding sources**

In order to help offset current and long-term requests of the Capital Plan, the Town voted at the May 1, 2010 Annual Town Meeting to transfer certified free cash to the Capital Stabilization and Investment Fund at the end of each fiscal year. This transfer is subject to there being no critical, extenuating circumstances in the current year budget cycle that were unforeseen when the budget was voted that would materially affect the level of required services and the invested balance in the General Stabilization Fund being at or above 5% of the omnibus budget as of the preceding July 1.

In addition, with the change in DPW Recurring Capital which occurred during the 2016 budget cycle, CPIC will submit an article each year for \$40,000 from raise and appropriate to the Capital Planning Fund.

CPIC shall continue to seek additional sources of funding.

**Approved: March 1, 2012**

**Revised: August 2016**

Related Documents:

- Town of Harvard Capital Requests – 5 Year Plan Summary
- Town of Harvard Capital Request Form
- Town of Harvard Capital Request Form Instructions
- CPIC Annual Submission Process memorandum
- Town of Harvard – sample Capital Project Rating Sheet