

**TOWN OF UPTON CAPITAL BUDGET COMMITTEE  
PLANNING GUIDELINE**

**PURPOSE**

To effectively maintain the Town's infrastructure and protect the value of its capital assets, this policy outlines guidance for planning, reviewing, and coordinating capital improvements. Adherence to this committee planning guideline will help the Town meet its capital needs despite limited resources.

**APPLICABILITY**

This planning guideline establishes a framework for the Capital Budget Committee to follow in the review of capital appropriations and transfers in accordance with Chapter 9 of the Town's General Bylaws and support the Board of Selectmen, Town Manager, Finance Committee and all other Boards and Town Officials. It also establishes Division of Local Services (DLS) recommended guidelines and expectations for all Town departments, Boards, Commissions and Committees in planning and requesting capital projects, and outlines consensus budgetary goals for the Board of Selectmen and Finance Committee.

**GUIDELINE**

The Town will maintain its physical assets by providing funding in the operating budget to protect its capital investments and minimize future maintenance and replacement costs. To provide and preserve the infrastructure needed for achieving the highest levels of public services and quality of life possible within available financial resources, the Town will maintain an annually updated, ten-year plan for capital improvements. The Town will emphasize preventive maintenance as a cost-effective approach to capital reinvestment and replace exhausted goods as necessary.

The Town Manager is charged to oversee the Town's Capital Improvement Program (CIP) under the Executive Leadership of the Board of Selectmen in accordance with the Town Bylaws and the Town Manager Act. The Board of Selectmen, Finance Committee and Planning Board appoints a Capital Budget Committee (CBC) consisting of seven (7) members to support that objective in accordance with the Town's General Bylaws. The CBC goals and objectives are to identify and prioritize projects; review and analyze funding; and create a long-term financial plan achievable within the Town's budget limitations for use by all Town Officials.

**A. Definition of a Capital Improvement**

A capital improvement is a tangible asset or project estimated to cost over \$25,000 and to have a useful lifespan, or extend the lifespan, five or more years. These include:

- Real property acquisitions, construction, and long-life capital equipment
- Major improvements to physical infrastructure, including streets, sidewalks, stormwater drains, water distribution systems, and sanitary sewer systems
- Major renovations of existing capital items that extend their useful lifespans, as distinguished from normal operating expenditures
- Planning, feasibility studies, and designs for potential capital projects
- Items obtained under long-term capital leases
- Bulk purchases of similar items, like software or furniture, with expected useful lifespans of five or more years that, when aggregated, have total costs exceeding the capital threshold

**B. Inventory**

To support a systematic acquisition and replacement schedule, the Town Manager will maintain and annually update a detailed inventory of all capital assets, including fleet and other large, durable equipment. For each item, the schedule shall include the date built, acquired or last improved, original cost, current condition, expected and remaining useful lifespan, depreciated value, extent of use, and any scheduled replacement or expansion date.

C. Evaluation of Capital Projects

As part of the annual budget process, the Town Manager will solicit capital project requests from Department Heads, Boards and Commissions. The Town Manager will consolidate the returned submissions and provide the package to the CBC for review. The CBC will evaluate and prioritize each capital request using the criteria below:

- Eliminates a hazard to public health and safety
- Required by state or federal laws or regulations
- Supports adopted plans, goals, objectives, and policies
- Stabilizes or reduces operating costs
- Replaces a clearly obsolete facility or makes better use of an existing facility
- Maintains or improves productivity or existing standards of service
- Directly benefits the Town's economic base by protecting and increasing property values
- Provides new programs having social, cultural, historic, economic, or aesthetic value
- Uses outside financing sources, such as grants

<b>Major Considerations</b>	<b>Scoring Range</b>
A. Departmental Priority Classification	
1. Mandatory	10
2. Maintenance	7
3. Improved Efficiency	5
4. New Service	2
B. Risks to Public Safety	
1. Very High	10
2. High	7
3. Medium	5
4. Low	2
C. Expected Useful Life	
1. 20 or more years	10
2. 10 – 19 years	5
3. 5 – 9 years	2
D. Effect on Operating & Maintenance Costs	
1. Reduce Costs	10
2. Costs Unchanged	5
E. Effect on Town Revenues	
1. Increase Revenues	10
2. Revenues Unchanged	5
F. Availability of Grant Moneys (If none, score zero)	
1. Yes	5

TOTAL SCORE: \_\_\_\_\_

Based on this evaluation process, the CBC will submit to the Town Manager and Board of Selectmen a recommendation and report of annual capital project recommendations. The CBC will coordinate a review of projects and proposed financing sources with the Finance Committee.

D. Multiyear Capital Plan

The Town Manager will annually update and propose for adoption by the Board of Selectmen and Finance Committee a ten-year capital plan, including the upcoming fiscal year's capital improvement budget and a five-year projection of capital needs and expenditures that details their estimated costs, descriptions, and anticipated funding sources, including any debt service requirements. Throughout the year, the Town Manager will monitor active capital projects to ensure they remain properly funded and report any capital plan or appropriation amendments to the CBC and the Board of Selectmen.

E. Capital Financing

The Town will strive to maintain [three to five] percent of general fund net operating revenue on capital investment allocations. Funding shall be primarily derived from a combination of current revenues and stabilization funds. Long-term debt is an appropriate funding source for certain types of projects, while short-term debt and current revenues should be used for assets with short useful lifespans.

The CIP shall be prepared and financed in accordance with the following policies:

- Special revenue sources (e.g., grants, revolving funds) shall be evaluated as funding options whenever practical.
- The annual operating costs of each proposed capital project, as well its debt service costs, shall be identified before any long-term, bonded capital project is recommended.
- Short-term debt may be used to fully finance purchases with useful lifespans of less than 10 years.
- Major capital projects, such as new construction or major renovations to existing facilities, may be accomplished through capital or debt exclusions.
- To the fullest extent feasible, all capital projects associated with the Town's enterprise fund operations shall be financed from user fees.

F. Capital Project Closeouts

The Town will endeavor to close out all capital projects within six months of completion or discontinuation. The Town Manager, working with the Town Accountant and Department Heads, will identify capital project accounts that may be closed out. As the accounts are closed out, the Town Manager will do the following:

- For bonded projects with residual balances, the Town Manager and Treasurer/Collector will propose reallocating any balances for other applicable capital projects.
- For projects funded with available revenue (tax levy or reserves) having residual balances, the Town Manager will propose reallocating the balances for other capital projects or closing them to the appropriate fund surplus.

**REFERENCES**

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 33B](#)

Town of Upton Bylaws Chapter 9: Capital Planning

**EFFECTIVE DATE**

This Guideline was adopted by the Capital Budget Committee on August 27, 2020.