

**TOWN OF MARLBOROUGH
CAPITAL & NON-RECURRING EXPENDITURE PLAN POLICY
APPROVED BY THE
BOARD OF SELECTMEN
SEPTEMBER 17, 2013**

POLICY STATEMENT

The Town of Marlborough (Town) will make improvements in accordance with an adopted Capital and Non-Recurring Expenditure Plan (the CNR Plan) as recommended by a Board of Selectmen appointed Capital and Non-Recurring Committee (the CNR Committee) to the First Selectman. Capital improvements are equipment or major projects undertaken by the Town that are generally not recurring. The CNR Plan is a long-term planning and policy document that includes capital projects for the upcoming fiscal year plus the ensuing four (4) fiscal years. Projects are evaluated and prioritized in terms of their need by the Town, their cost effectiveness, their ability to generate economic benefit, and their courses of funding. In this way, projects included in the CNR Plan are only those that reflect both the capital needs of the Town and its ability to fund these projects. Capital projects include:

1. Projects requiring debt obligation or borrowing.
2. Acquisition or lease of land and/or buildings.
3. Purchase or lease of individual items of equipment and vehicles valued in excess of \$25,000 with a life expectancy of five (5) years or more. A group of similar items of new or significantly improved technology valued at \$25,000 or more in the aggregate constitutes an eligible CNR request.
4. Construction of new buildings, facilities, or infrastructures including engineering, design and other pre-construction costs, such as studies and surveys, with an estimated cost in excess of \$25,000. Initial purchase of equipment or furnishings required for new buildings or projects are CNR eligible.
5. Physical building, facility, infrastructure or site improvements with a life expectancy of ten (10) years or greater and a cost of \$25,000 or more that substantially enhance the value of a structure.
6. Technology needs of the town, including hardware, software and related services.
7. Annual road maintenance and improvement projects.
8. Any project or equipment eligible for capital improvement grant funding.

This policy is not intended to restrict the CNR Committee from recommending funding of eligible CNR Plan items over multiple fiscal years, and is not intended to affect the debt authorization process set forth in the town charter. While the CNR Plan is not intended to be the exclusive means to identify and fund capital needs, any department or person proposing a project not included in the plan shall justify its inclusion.

If needing capital purchases in the next five years, each department, office, board or commission of the Town, supported wholly or in part by Town funds, or for which a specific appropriation is made, shall prepare a detailed estimate of capital expenditures to be made and the anticipated revenue, other than tax revenue, to be received to defray the

cost of said capital expenditures. The first year of requests should be in a detailed format, as prescribed by the First Selectman's Office. The following four years should have estimates of each project request for each year.

CNR COMMITTEE COMPOSITION

All members of the CNR Committee will serve two-year terms. The CNR Committee will have a total of nine (9) voting members and will consist of seven (7) regular members, two (2) citizens-at-large (citizens not on any elected or appointed Board or Commission of the Town of Marlborough) and one (1) alternate who can fill any slot on the CNR Committee if a regular member is not available. A quorum of the CNR Committee will be five (5) members. The regular members will be from the following boards and commissions. Each respective group will select a regular member or designate a representative:

Board of Selectmen
Marlborough Board of Education
Marlborough Volunteer Fire Department
Parks and Recreation Commission
Planning Commission
Public Works Department
Richmond Memorial Library

All members will be appointed by the Board of Selectmen. The alternate will be permitted to participate in deliberations, but cannot vote unless he/she has been seated.

At any time, the CNR Committee may request participation in its information gathering and discussions by representatives from any town board, committee, department or other outside resources as necessary to assist and advise the Committee on its information gathering and discussions.

BUDGETARY SUBMISSION TIMELINE

The Board of Selectmen should meet by early September to give guidelines for capital expenditure requests to departments including the Marlborough Board of Education.

Department heads must submit their capital requests to the First Selectman by October 1st of each year.

The first meeting of the CNR Committee will occur by December of each year, at which time a calendar of department presentations and deliberations will be set, and a Chair and Vice Chair will be elected by the CNR Committee.

The final list of recommended projects and a revised long-range five (5) year plan must be submitted by the CNR Committee to the First Selectman by February 1st of each year.

FUNDING PRIORITIES

Funding priority will be determined by the CNR Committee categorizing capital maintenance, repair and replacement of existing town facilities and equipment projects as Core, Essential or Discretionary. The Town's master facility maintenance schedule must be considered when evaluating projects. This schedule will predict major renovations or maintenance projects such as roof replacements.

Core Projects

- health and safety concerns
- state and/or federal mandates
- completion of a phase of a previously approved project, if otherwise a program or system would not be operational

Essential Projects

- existing facilities /equipment maintenance
- positive fiscal impact
- produces a cost avoidance
- conformance with plans or policies
- project interdependence
- severity of need for the project
- outside agency grants
- leverage of Town dollars

Discretionary Projects - funded only if all Core and Essential projects have been funded

CAPITAL & NON-RECURRING EXPENDITURE FINANCING

An important commitment is to provide the funds necessary to fully address the Town's capital improvement needs in a fiscally prudent manner. It is recognized a balance must be maintained between operating and capital budgets to meet the needs of both to the maximum extent possible. Specific revenue sources shall be designated to provide funding to the Reserve for Capital and Non-Recurring Fund (the CNR Fund) in support of general operational infrastructure in accordance pursuant to Section 6.8.1, Reserve Fund, of the Marlborough Town Charter. Upon the recommendation of the Board of Finance and approval by the Town's legislative body either through the budgetary process or apart there from, there shall be paid into the CNR Fund in accordance with Town Charter Section 6.8.1. The accounting and management controls are maintained in the Treasurer's Office. The appropriations relative to the projects do not lapse at fiscal year end. The CNR Plan shall be prepared and financed in accordance with the following guidelines:

- **OUTSIDE FUNDING** - Local, State and/or Federal grant funding and any cost sharing by various interest groups shall be pursued and used to finance capital projects wherever possible.

- **CNR BUDGET ALLOCATION** – Transfers-in from the General Fund annual appropriation process, or use of the CNR Fund as appropriated by recommendation of the Board of Finance and approval of the Town Meeting, or other funds deemed appropriate. Transfers into the CNR Fund will be processed by the Treasurer’s Office on an annual basis and recorded as such in the annual adopted budget when it applies.
- **DEBT FINANCED ALLOCATION** – Issuance of Debt Financing in accordance pursuant to Section 6.12, Borrowing, of the Marlborough Town Charter.
- **PHASED IN PURCHASING THROUGH SAVINGS IN THE OPERATING BUDGETS, SUCH AS ENERGY PROJECTS.**
- **TERMINATION OF FUNDS OF CLOSED PROJECTS** - The status of previously approved projects must be reviewed each year and any funds that will not be spent will be used to fund new or current projects. Once a project has been completed or rescinded by Town Meeting, the First Selectman will direct the closing out of the project, and any unexpended funds will go into the-CNR Fund to be used towards future projects.
- **CNR ALLOCATIONS DURING FISCAL YEAR** – When a midyear appropriation from the CNR Fund is requested, it shall be in accordance pursuant to Section 6.6 (Special Appropriations) or either Section 6.9 (Emergency Appropriations) of the Town Charter.
- **PROCEEDS FROM THE SALE OF CNR ASSETS** - When an asset is sold, the sale proceeds will go back into the CNR Fund–to be used towards future capital projects.

ATTENDANCE

If any appointed member of the CNR Committee fails to attend three (3) consecutive meetings of the Committee or who fails to attend fifty percent of all meetings of the Committee held during any calendar year, it shall be cause for removal. Any vacancy occurring other than by expiration of term shall be filled in the same manner as the original appointment for the balance of the unexpired term and in accordance pursuant to Section 4.1 of the Town Charter.

REVIEW OF POLICY

The CNR Committee should review this policy every two years and recommendations for changes will be given to the Board of Selectmen.