

# *Developing a Capital Improvements Program*

## *A Manual for Massachusetts Communities*

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*Prepared by the Municipal Data Management and Technical Assistance Bureau  
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**This manual was produced by The Division of Local Services' Municipal Data Management and Technical Assistance Bureau utilizing the consulting services of the Massachusetts Municipal Association**

## USING THIS MANUAL

This manual has been prepared by the Department of Revenue's Division of Local Services to assist Massachusetts municipalities in carrying out their responsibilities in planning, financing and implementing capital improvements.

This manual has two parts. **Part I** describes the ten steps needed to establish a capital improvements program (or CIP). **Part II** contains the forms and other information necessary to implement a CIP. Feel free to photocopy these forms or adapt them to your needs.

While this manual is designed for towns, the CIP process outlined here can provide cities with the basis for implementing a capital improvements program as well. The guidelines provide a framework which will enable any municipality to make planned and consistent decisions about the construction and maintenance of its infrastructure.

While some communities may find that the CIP outlined in this manual needs little or no modification to be implemented locally, others may not. The Department of Revenue encourages municipalities to tailor this CIP outline to fit local circumstances such as organizational structure, budget timetable or bylaw/charter authority.

**Revised 3/97**

## INTRODUCTION

### WHAT IS A CAPITAL IMPROVEMENTS PROGRAM?

A capital improvements program is a blueprint for planning a community's capital expenditures and is one of the most important responsibilities of local government officials. It coordinates community planning, financial capacity and physical development.

A capital improvements program is composed of two parts -- **a capital budget** and **a capital program**. The capital budget is the upcoming year's spending plan for capital items (tangible assets or projects that cost at least \$10,000 and have a useful life of at least five years). The capital program is a plan for capital expenditures that extends five years beyond the capital budget.

Development of a CIP that will insure sound fiscal and capital planning requires effective leadership and the involvement and cooperation of all municipal departments. For that reason, this manual places responsibility for overseeing the CIP process with a community's chief executive, the Board of Selectmen, which appoints a CIP Committee. The Committee begins the CIP process by forwarding its recommended capital budget and program to the Selectmen. The Selectmen review the proposal and make their recommendation to Town Meeting for adoption.

A complete, properly developed CIP has the following benefits:

- **Facilitates coordination between capital needs and the operating budgets.**
- **Enhances the community's credit rating, control of its tax rate, and avoids sudden changes in its debt service requirements.**

- **Identifies the most economical means of financing capital projects.**
- **Increases opportunities for obtaining federal and state aid.**
- **Relates public facilities to other public and private development and redevelopment policies and plans.**
- **Focuses attention on community objectives and fiscal capacity.**
- **Keeps the public informed about future needs and projects.**
- **Coordinates the activities of neighboring and overlapping units of local government to reduce duplication.**
- **Encourages careful project planning and design to avoid costly mistakes and help a community reach desired goals.**

# DIRECTIONS FOR IMPLEMENTING A CAPITAL IMPROVEMENTS PROGRAM

## Step One

### **ADOPT A CIP BYLAW AND APPOINT A CIP COMMITTEE**

In order to establish a formal CIP process, the town should consider adopting a bylaw at annual town meeting to create and empower a CIP committee (MGL Chapter 41 § 106B). The Appendix (**Exhibit I**) includes a sample bylaw which covers appointment of the Committee by the Board of Selectmen, the Committee's duties, and its authority.

The Board of Selectmen may also want to consider adopting formal policies to guide the town's capital improvement process and debt management. Sample policies are included in the Appendix (**Exhibits II and III**).

While it is not necessary to adopt a CIP bylaw or formal debt and CIP policies to establish a sound CIP process, such formal guidelines can provide valuable direction.

One of the first tasks of the CIP Committee is to prepare a timetable for completing the CIP. This schedule should be given to all local officials involved in the CIP process. The sample CIP schedule on the following page outlines each of the 10 steps that this manual covers. This schedule is based on an April 15 Annual Town Meeting.

## **CAPITAL IMPROVEMENTS PLANNING SCHEDULE**

<b>Timetable</b>	<b>Step Number</b>	<b>Step</b>
Annual Town Meeting	1	Adopt CIP bylaw and appoint CIP Committee (first year only).
Oct. 1 - Nov. 1	2	CIP Committee prepares inventory of current facilities.
	3	CIP Committee surveys status of previously approved projects.
	4	CIP Committee prepares financial analysis.
Nov. 1 - Dec. 1	5	Departments prepare and submit requests.
	6	CIP Committee reviews and ranks requests.
Dec. 1 - Jan. 1	7	CIP Committee prepares six-year schedule of projects and makes decision on method of financing based upon financial analysis.
Jan. 1 - Feb. 1	8	CIP Committee presents Capital Budget and Capital Program to the Board of Selectmen.
Feb. 1 - Feb. 20		Board of Selectmen reviews CIP.
		Board holds public hearing.
		Board approves and prepares CIP.
		Finance Committee reviews Capital Budget and prepares recommendation for Town Meeting.
Feb. 20 - Apr. 15		Projects scheduled for upcoming year are incorporated into budget.
Apr. 1 - Apr. 15		Distribution or notification to citizens of capital budget and five-year capital plan.
Apr. 15		Town Meeting approval of upcoming year's capital budget and review of capital plan, followed by department head preparation for acquisition and development activities on July 1.
July 1-Ongoing	9	Beginning of fiscal year; monitoring of new and ongoing projects.
Next fiscal year	10	Update Capital Program.

## Step Two

### **PREPARE AN INVENTORY OF EXISTING FACILITIES**

The initial task for the CIP Committee is to prepare a complete inventory of all town and school properties and assets. At a minimum, the inventory should include all buildings and equipment; it is desirable for the inventory to include utilities, roads and sewers as well. Included in the Appendix is a sample form (**Exhibit IV, Form A**) on which to collect inventory data from department heads. The inventory should include documentation on the need for renewal, replacement, expansion or retirement of all physical assets. The inventory should also include information on the year the facility was built or acquired, the date of last improvement, its condition, the extent of use, and the scheduled date for rebuilding or expansion. Often the town's insurance carrier has a list of insured assets that can serve as a basis for the inventory.

## Step Three

### **DETERMINE THE STATUS OF PREVIOUSLY APPROVED PROJECTS**

The next step is to identify projects underway, determine whether additional funds are required, and determine the amount of unspent funds available from completed and discontinued projects. The benefit of this update is that officials involved in the budget process will be kept informed of the progress of projects approved in prior years. The results of this analysis should be reduced to a written report which should be included with presentation of the capital budget and program by the Committee. No special format is suggested for this report, but it should be completed before department heads submit their requests for new projects (**Step Five**).

## Step Four

### **ASSESS THE TOWN'S FINANCIAL CAPACITY**

With the assistance of the town accountant, treasurer, and chief administrative officer, the Committee should analyze the town's ability to afford major expenditures. This analysis should examine recent and anticipated trends in revenues, expenditures, debt and unfunded liabilities such as pension costs. The analysis should be included with the Committee's presentation of the capital budget and program to the Selectmen (**Step Eight**).

This financial analysis will permit the scheduling of funding sources to:

- **Keep the tax rate stable**
- **Balance debt service and operating expenditures**
- **Determine available debt capacity and acceptable debt service levels**
- **Maximize intergovernmental aid for capital expenditures**

## **Step Five**

### **SOLICIT, COMPILE AND EVALUATE PROJECT REQUESTS**

The CIP Committee should solicit departmental recommendations for CIP projects. Using or adapting the forms in the Appendix (**Exhibit IV, Forms B and C**), each department submits requests which include a clear statement of the need and justification for the project, its costs, its net effect on the operating budget, and an implementation schedule. The Committee then evaluates each request by reviewing the project information provided on **Forms B and C** and meeting with the requesting department head or board member, if necessary. Among the questions the Committee should answer are:

1. Does the requested project contribute to the achievement of existing town goals, policies, plans and work programs?
2. What are the general benefits of the project?
3. What is its total cost (both capital and annual operating expenses), and what is its effect on the tax rate?
4. Is the project acceptable to the public?
5. Are there legal requirements that must be met?

Based on its review, the Committee should summarize its findings in preparation for establishing project priorities.

## Step Six

### **ESTABLISH PROJECT PRIORITY**

In this step the proposed projects are ranked in priority as objectively as possible. This is perhaps the most difficult aspect of the Committee's duties, although the adoption by the Board of Selectmen of Capital Improvement Budget Policies and Debt Policies (such as **Exhibits II and III** in the Appendix) can provide helpful guidance.

In addition to adopted policies, a rating sheet also encourages objectivity. It can assist the Committee in the development of numerical ranking of projects and help in the setting of project priorities. A sample rating sheet is included in the Appendix (**Exhibit IV, Form E**). It can provide assistance in evaluating projects according to six criteria and translating subjective project information and the Committee's independent analysis into objective numerical weights. These weights can guide the Committee in establishing project priorities. The rating sheet can be modified according to the Committee's needs.

Whether or not a rating sheet is used, the CIP Committee should review each project utilizing a consistent set of criteria. The Committee should evaluate each project in relation to other projects and determine their relative importance. This will permit the Committee to establish project priorities based on both the community's goals and objective analysis.

## Step Seven

### **DEVELOP A CIP FINANCING PLAN**

Based upon the adopted debt and CIP policies (**Step One**) and the assessment of the town's financial capacity (**Step Four**), the Committee should recommend the method of financing each project. There are a number of ways to finance capital improvement projects. Some of the most common long and short-term financing options are:

#### ***Long-Term Financing:***

1. General obligation bonds and, for municipal light plant improvements only, revenue bonds.
2. State and federal loans and grants.
3. Setting aside money in the stabilization fund to pay for all or a portion of a capital project.
4. Debt exclusions - With voter approval, Proposition 2½ allows a community to assess taxes in excess of its levy limit or levy

ceiling for the payment of debt service over the life of the issue.

***Short-Term Financing and other Service Provision options:***

1. Appropriation of current revenue or reserves such as free cash.
2. Short-term debt such as bond anticipation notes and grant anticipation notes.
3. Capital outlay expenditure exclusions - With voter approval, Proposition 2½ allows a community to assess taxes in excess of its levy limit or levy ceiling for the payment of certain capital projects.
4. Contracting/leasing provisions authorized by Chapter 30B § 12 of the Massachusetts General Laws.

NOTE: A community may enter into a multi-year contract for any period of time which services the best interest of the governmental body, however, payment and performance obligations for succeeding fiscal years shall be dependent on the availability and appropriation of funds.

5. Private sector service provision is also available. Under this option private firms provide public services to a community on a contractual basis or through another arrangement such as a license or lease-back agreement (for capital assets).

**Step Eight**

**ADOPT A CAPITAL IMPROVEMENT PROGRAM**

The CIP Committee's completed report should be presented to the Board of Selectmen for review and adoption. The report should include a summary of the CIP Committee's recommendations for the upcoming year's Capital Budget and the following years' Capital Program as well as its analysis of the town's fiscal capacity (**Step Four**). **Forms D and Form F** (in **Exhibit IV**) can be used to consolidate project information in the Committee's report.

**Form D**, “*Detailed Project Description*,” is prepared by the CIP Committee to reflect its final recommendation on each specific project. It presents all that is known about each project in a manner that is conducive to discussion and decision. **Form F** is an example of how all project requests can be consolidated into a single “*Municipal Project Summary*” for the entire town. It is this final document that is presented to the Selectmen as the CIP Committee's recommended Capital Budget and Program covering the next six years. If the Selectmen would like additional information about requested projects, they may review copies of each department head's project request forms, **Forms B and C**.

The Board of Selectmen may hold its own public hearing to present the CIP and solicit further citizen comment. If the board holds its own hearing on the annual budget, the CIP hearing can be incorporated into the regular budget hearing.

The Board of Selectmen then considers (and may amend) the proposed Capital Budget and Capital Program and forwards them to the Finance Committee. The Finance Committee reviews and recommends action only on the Capital Budget, but does so in considering the overall Capital Program. A Finance Committee recommendation to amend the Capital Budget suggests disagreement with portions of the Capital Program. Those differences should be resolved with the Selectmen prior to Town Meeting.

On the Annual Town Warrant, the Selectmen's Capital Budget may remain a separate warrant article (or as separate articles, depending on local tradition), or the Capital Budget may be incorporated into the main budget article. The Capital Budget as proposed by the Selectmen should be moved by the Selectmen at the Annual Town Meeting (unless other town meeting procedures normally prevail).

However, noted in the proposed bylaw creating the CIP Committee (see Appendix, **Exhibit I**), no appropriation may be voted for a capital expenditure that has not been considered in the CIP Committee's report to the Selectmen (unless the CIP Committee explains the omission in writing).

The entire Capital Improvements Program is also presented at the Annual Town Meeting by the Selectmen. This will demonstrate to the community that the Capital Budget is part of a long-range plan to upgrade and maintain the town's infrastructure.

The advantages of presenting the entire program and budget to the Town Meeting are:

- **Town Meeting is kept informed of the ongoing need for large capital expenditures in many town departments.**
- **Town Meeting is provided an opportunity to look to the future and consider the quality of services that will be provided.**

The Town Meeting's adoption of the Capital Budget informs the balance of the community of the commitment to plan for and fund the acquisition and/or development of capital facilities.

## **Step Nine**

### **MONITOR APPROVED PROJECTS**

Once the Annual Town Meeting has adopted the Capital Budget and the fiscal year begins, departments are authorized to begin project implementation. The Board of Selectmen, through its CIP Committee, should monitor the efforts of the departments. Periodic reports by the CIP Committee to the Selectmen should indicate changes in the targeted completion dates, identify serious problems, and document the financial status of each project. Those reports may be based on project updates provided by the responsible departments on a quarterly or other regular basis. These updates should provide the information necessary to complete **Step Three**, determining the status of approved projects.

## **Step Ten**

### **UPDATE CAPITAL PROGRAM**

Subsequent annual updating of the Capital Program involves repeating Steps Two through Nine to reflect new information, policies and proposed projects. The CIP Committee should review and revise the entire program as necessary to reflect its most recent determination of the need for equipment, maintenance of equipment, the town's social and environmental conditions, the development or revision of financial policies, and the community's financial resources. After the first year has been budgeted, one year is added to the Capital Program and the remainder of the plan updated. This completes the CIP process.

## **APPENDIX**

**Exhibit I** Bylaw Creating a CIP Committee

**Exhibit II** Capital Improvements Budget Policies

**Exhibit III** Debt Policies

**Exhibit IV** Capital Improvements Program Forms

**Form A Capital** Facilities & Equipment Inventory

**Form B Capital** Project Request

**Form C Capital** Project Request for Equipment Purchase or Major Rental

**Form D Detailed** Project Description

**Form E Capital** Improvement Rating Sheet

**Form F ..** Capital Improvements Program Municipal Project Summary -- SAMPLE

# EXHIBIT I

## BYLAW CREATING A CAPITAL

### IMPROVEMENT PLANNING COMMITTEE

**Section 1.** The Board of Selectmen shall establish and appoint a committee to be known as the Capital Improvement Planning Committee, composed of one member of the Board of Selectmen, one member of the Finance Committee, one member of the Planning Board and the School Superintendent or his designee<sup>1</sup>. The Town Accountant (or the Executive Secretary or other administrative officer) shall be an ex-officio Committee staff member without the right to vote. The Committee shall choose its own officers.

**Section 2.** The Committee shall study proposed capital projects and improvements involving major non-recurring tangible assets and projects which: 1) are purchased or undertaken at intervals of not less than five years; 2) have a useful life of at least five years; and 3) cost over \$10,000. All officers, boards and committees, including the Selectmen and the School Committee, shall, by \_\_\_\_\_ of each year, give to the Committee, on forms prepared by it, information concerning all anticipated projects requiring Town Meeting action during the ensuing six years. The Committee shall consider the relative need, impact, timing and cost of these expenditures and the effect each will have on the financial position of the town. No appropriation shall be voted for a capital improvement requested by a department, board or commission unless the proposed capital improvement is considered in the Committee's report<sup>2</sup>, or the Committee shall first have submitted a report to the Board of Selectmen explaining the omission.

**Section 3.** The Committee shall prepare an annual report recommending a Capital Improvement Budget for the next fiscal year, and a Capital Improvement Program including recommended capital improvements for the following five fiscal years. The report shall be submitted to the Board of Selectmen for its consideration and approval. The Board shall submit its approved Capital Budget to the Annual Town Meeting for adoption by the town.

**Section 4.** Such Capital Improvement Program, after its adoption, shall permit the expenditure on projects included therein of sums from departmental budgets for surveys, architectural or engineering advice, options or appraisals; but no such expenditure shall be incurred on projects which have not been so approved by the town through the appropriation of sums in the current year or in prior years, or for preliminary planning for projects to be undertaken more than five years in the future.

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<sup>1</sup> The size and membership of the Committee, length of terms and the procedure for filling vacancies should be determined according to your community's needs.

<sup>2</sup> This does not apply to citizen petitions placed on the warrant.

**Section 5.** The Committee's report and the Selectmen's recommended Capital Budget shall be published and made available in a manner consistent with the distribution of the Finance Committee report. The Committee shall deposit its original report with the Town Clerk.

**Source:** Adapted from a form presented in the “*Massachusetts Finance Committee Handbook*”, Stuart DeBard, Association of Town Finance Committees.

## EXHIBIT II

### CAPITAL IMPROVEMENT BUDGET POLICIES

Town of \_\_\_\_\_

- The town will make all capital improvements in accordance with an adopted capital improvement program.
- The town will develop a multi-year plan for capital improvements and update it annually.
- The town will enact an annual capital budget based on the multi-year capital improvement plan. Future capital expenditures necessitated by changes in population, changes in real estate development or changes in economic base will be calculated and included in capital budget projections.
- The town will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvement will be projected and included in operating budget forecasts.
- The town will use intergovernmental assistance to finance only those capital improvements that are consistent with the capital improvement plan and priorities, and whose operating and maintenance costs have been included in operating budget forecasts.
- The town will maintain all its assets at a level adequate to protect the town's capital investment and to minimize future maintenance and replacement costs.
- The town, as part of its capital planning process, will project its equipment replacement and maintenance needs for the next several years and will update this projection each year. From this projection, a maintenance and replacement schedule will be developed and followed.
- The town will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to Town Meeting for approval.
- The town will determine the least costly financing method for all new projects.

**Source:** “*Handbook 4, Financial Performance Goals*”, Evaluating Local Government Financial Condition, International City Management Association.

## EXHIBIT III

### DEBT POLICIES

Town of \_\_\_\_\_

- The town will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues.
- When the town finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the project.
- On all debt-financed projects, the town will make a down payment of at least \_\_\_\_\_ percent of the total project cost from current revenues.
- Total debt service for general obligation debt will not exceed \_\_\_\_\_ percent of total annual locally generated operating revenue.
- Total general-obligation debt will not exceed that provided in the state statutes.
- Where possible, the town will use special assessment, revenues or other self-supporting bonds, instead of general obligation bonds.
- The town will not use long-term debt for current operations.
- The town will retire bond anticipation debt within six months after completion of the project.
- The town will maintain good communications with bond rating agencies about its financial condition. The town will follow a policy of full disclosure on every financial report and bond prospectus.

**Source:** “*Handbook 4, Financial Performance Goals*”, Evaluating Local Government Financial Condition, International City Management Association.

## **EXHIBIT IV**

### **CAPITAL IMPROVEMENTS PROGRAM FORMS**

<b>Form A</b>	Capital Facilities & Equipment Inventory
<b>Form B</b>	Capital Project Request
<b>Form C</b>	Capital Project Request for Equipment Purchase or Major Rental
<b>Form D</b>	Detailed Project Description
<b>Form E</b>	Capital Improvement Rating Sheet
<b>Form F</b>	Capital Improvements Program Municipal Project Summary -- SAMPLE

# FORM A

Town of \_\_\_\_\_

## CAPITAL FACILITIES & EQUIPMENT INVENTORY

<b>Equipment or Facility</b>	<b>Year Built or Acquired</b>	<b>Latest Major Improvement</b>	<b>Condition (1)</b>	<b>Extent of Use (2)</b>	<b>Target Date Rebuilding Expansion</b>
1. _____					
2. _____					
3. _____					
4. _____					
5. _____					
6. _____					
7. _____					
8. _____					
9. _____					
10. _____					
11. _____					
12. _____					
13. _____					
14. _____					
15. _____					

(1) Report as fair, good, and excellent.  
(2) Report as light, moderate, and heavy.

# FORM B

## CAPITAL PROJECT REQUEST

(Excluding equipment)

Department & Activity _____ Date Prepared _____		
Contact Person _____ Phone Number _____		
1. Project Title	2. Purpose of Project Request Form (Check One)  <input type="checkbox"/> Add a new item to the program <input type="checkbox"/> Delete an item in a year already a part of the program <input type="checkbox"/> Modify a project already in the adopted program	
3. Department Priority		
4. Location		
5. Description		
6. Justification & Useful Life		
7. Cost & Recommended Sources of Financing		
<b>BUDGET FY</b>	<b>TOTAL*</b>	<b>RECOMMENDED SOURCES OF FINANCING</b>
Program year FY	_____	
TOTAL SIX YEARS	_____	
After Sixth Year	_____	
If adjusted for inflation, indicate adjustment percentage here : * <u>Interest cost</u> not included.		
8. Net Effects on Operating Costs (±)	9. Net Effect on Municipal Income (±)	
Direct Costs		
personnel:           number _____	taxes _____	
\$ amount _____	other income _____	
purchase of service _____	Subtotal _____	
materials & supplies _____	gain from sale of _____	
equipment purchases _____	replaced assets _____	
utilities _____	Total _____	
other _____		
Subtotal               ( ) _____		
Indirect Operating Costs _____	10. Submitting Authority       Date _____	
fringe benefits _____	Submitted by _____	
general admin. costs _____	Signature _____	
other _____	Position _____	
Subtotal               ( ) _____		
Total Operating Cost _____	11.                               Reserved	
Debt Service (P & I) _____		
Total Operating Cost _____		

Source: "A Capital Improvement Programming Handbook", Government Finance Officers Association.

## Instructions for: CAPITAL PROJECT REQUEST (Form B)

Form B requests the basic information required for each department project request. It should be completed for each project whether it is for a new project, project modification, or cancellation of a previously approved project.

1. **Project Title:** Insert title of proposed project.
2. **Purpose of Project Request Form:** Indicate whether the project is a new project, a modification or cancellation.
3. **Department Priority:** Consider all projects being proposed by your department in the same program year. Assign a weight of 100 to the top priority project for each year. Rate all other projects proposed for the same year relative to the top priority project. For example, if projects A (100), B (95) and C (60) were proposed for a program year, the weight of "100" would be placed in Item 3 for project A. Also, in parentheses include the notation (1 of 3) to identify the project as the top priority of three proposed projects.
4. **Location:** Designate the location or boundary limits of the proposed project. If a site is required but has not been selected, this should be indicated; or, if a site is tentative, provide as much accuracy as possible. If not applicable, enter "N/A".
5. **Description:** Explain the nature of the project and indicate whether the project is to replace existing facilities, equipment or land, or is an addition involving an increase in service delivery.

Describe the expected relationships of this project to existing or planned facilities and services, both public and private. Also, summarize the probable impact of the project on the environment or the municipality, if applicable.

The description of land acquisition and construction projects should include dimensions, overall characteristics, unusual conditions, and any other pertinent information.

Include references to any supporting studies or other relevant background information regarding this project.

Attach additional sheets as necessary.

6. **Justification and Useful Life:** Indicate the need for the project and what it is expected to accomplish and its anticipated useful life. Describe its relationship to local, regional, state and federal policies and plans, as well as the requesting department's multi-year plans and program. Explain the priority assigned to this project, and the selection of the time period proposed.

Include any other pertinent information and references to surveys or studies regarding the justification for the project not mentioned in Item 5 above.

7. **Cost and Recommended Sources of Financing:** Insert the appropriate fiscal year for the budget (1st Year) and each program year (2nd through 6th). Then, indicate the proposed project expenditures for each fiscal year in the six-year budget and program; and any expenditures beyond the sixth year (after Sixth Year). If adjustments are made due to inflation, indicate the rate used for this adjustment.

List any recommendations for sources of financing including independent, joint or non-local financing sources. Such sources may include federal, state and regional authorities, the county, adjacent municipalities, civic organizations and private business. If the project's recommended source of financing involves special conditions or requirements, they should be indicated.

8. **Net Effects on Operating Costs:** Indicate the effect of the project on the operating expenditures for each category shown. Estimate the budgetary impact of each change, in dollars, if possible, otherwise indicate the change with a  $\pm$  in the project's first year. Changes in operating costs in subsequent years should also be noted if different from first-year changes.

For personnel, show the estimated increase or decrease in the number of employees, and in salary or wage expenses. For purchase of services, show costs related to services received from suppliers, such as contract labor. Identify any entries for "other". Debt service costs may be computed later by the CIP Committee as an annual debt service cost (principal and interest) over the project's life.

9. **Net Effects on Municipal Income:** Indicate the effect of the project on municipal income in each category shown in terms of an increase or decrease ( $\pm$ ) over the first year of the project's life. If possible, estimate the amount of change in income in subsequent years if substantially different from the first year. Income changes might be due to removal of property from tax rolls; a change in its assessed valuation; a change in fees or rents collected; or other causes.

10. **Submitting Authority:** The department head or other official representative should review, sign and date each **Form B**.

11. **Reserved:** This space is reserved for any notes or comments made by the CIP Committee.

**Source:** Adapted from a form presented in "*A Capital Improvement Programming Handbook*", Government Finance Officers Association.

# FORM C

## CAPITAL PROJECT REQUEST FOR EQUIPMENT PURCHASE OR MAJOR RENTAL

Department & Activity _____		Date Prepared _____																																								
Contact Person _____		Phone Number _____																																								
<p>1. Project Title &amp; Reference No.</p> <hr/> <p>2. Form of Acquisition (check appropriate)</p> <p>_____ Purchase _____ Rental</p> <hr/> <p>3. Number of Units Requested</p> <hr/> <p>5. Purpose of Expenditure (check appropriate)</p> <p><input type="checkbox"/> Schedule replacement</p> <p><input type="checkbox"/> Present Equipment obsolete</p> <p><input type="checkbox"/> Replace worn-out equipment</p> <p><input type="checkbox"/> Reduce personnel time</p> <p><input type="checkbox"/> Expanded service</p> <p><input type="checkbox"/> New operation</p> <p><input type="checkbox"/> Increased safety</p> <p><input type="checkbox"/> Improve procedures, records, etc.</p> <p>week</p>	<p>4. Cost</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Per Unit</th> <th style="width: 20%; text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td>Purchase price or annual rental \$</td> <td style="border: none;"></td> <td style="border: none; text-align: center;">\$</td> </tr> <tr> <td>Plus: Installation or other costs \$</td> <td style="border: none;"></td> <td style="border: none; text-align: center;">\$</td> </tr> <tr> <td>Less: Trade-in or other discount \$</td> <td style="border: none;"></td> <td style="border: none; text-align: center;">\$</td> </tr> <tr> <td>Net purchase Cost or annual rental \$</td> <td style="border: none;"></td> <td style="border: none; text-align: center;">\$</td> </tr> </tbody> </table> <hr/> <p>6. Number of Similar Items in Inventory _____</p> <hr/> <p>7. Estimated Use of Requested Item(s)</p> <p>_____ Weeks per year _____ Approx. months (if seasonal)</p> <p>For the weeks used, estimate:</p> <p>_____ Average days per week</p> <p>_____ Average hours per day used</p> <p>Estimated useful life in years _____</p>		Per Unit	Total	Purchase price or annual rental \$		\$	Plus: Installation or other costs \$		\$	Less: Trade-in or other discount \$		\$	Net purchase Cost or annual rental \$		\$																										
	Per Unit	Total																																								
Purchase price or annual rental \$		\$																																								
Plus: Installation or other costs \$		\$																																								
Less: Trade-in or other discount \$		\$																																								
Net purchase Cost or annual rental \$		\$																																								
<p>8. Replaced item(s)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="width: 30%;">Item</th> <th rowspan="2" style="width: 10%;">Make</th> <th rowspan="2" style="width: 10%;">Age</th> <th colspan="3" style="text-align: center;">Prior Year's</th> </tr> <tr> <th style="width: 15%;">Maint. Cost</th> <th style="width: 15%;">Breakdowns</th> <th style="width: 15%;">Rental Cost</th> </tr> </thead> <tbody> <tr> <td>A.</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>B.</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>C.</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>D.</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>E.</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Item	Make	Age	Prior Year's			Maint. Cost	Breakdowns	Rental Cost	A.						B.						C.						D.						E.					
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C.																																										
D.																																										
E.																																										
<p>9. Recommended Disposition of Replacement Item(s)</p> <p>_____ Possible use by other agencies _____ Trade-in _____ Sale</p>																																										
<p>10. Submitting Authority</p> <p>Submitted by _____ Date _____</p> <p style="text-align: center;">(signature)</p> <p>Position _____</p>																																										
<p>11. Reserved</p>																																										

**Source:** Adapted from a form presented in "A Capital Improvement Programming Handbook", Government Finance Officers Association.

**Instructions for: CAPITAL PROJECT REQUEST FOR  
EQUIPMENT PURCHASE OR MAJOR RENTAL (Form C)**

This form, which is presented as **Form C**, should be included if the capital project is an independent equipment purchase or major rental.

1. **Project Title: Insert** title of proposed project.
2. **Form of Acquisition: Check** appropriate category.
3. **Number of Units Requested:** Indicate the total number of units to be rented or purchased.
4. **Cost:** Provide cost data requested.
5. **Purpose of Expenditure:** Check the appropriate reasons for this expenditure.
6. **Number of Similar Items in Inventory:** Indicate and list the number of similar equipment items in the inventory of the requesting department.
7. **Estimated Use of Requested Item(s):** Indicate the number of weeks per year the item is expected to be used and the approximate months of the year, if seasonal, and estimate the average usage (in days per week and in hours per day) for the specified period. Also show estimated useful life of the item based on planned usage.
8. **Replaced Items:** Provide the information indicated for any municipally owned or rented item(s) that will be replaced by the request item(s). If there are no items replaced, enter N/A.
9. **Recommended Disposition of Replaced Items:** Self-explanatory.
10. **Submitting Authority:** The agency head or other official representative should review, sign and date each form.
11. **Reserved:** This space is reserved for any notes or comments made by the CIP Committee.

**Source:** Adapted from a form presented in *“A Capital Improvement Programming Handbook”*, Government Finance Officers Association.



# FORM E

## CAPITAL IMPROVEMENT RATING SHEET

**Project Name:** \_\_\_\_\_

**Estimated Cost:** \_\_\_\_\_

<u>Major Considerations</u>	<u>Score Range</u>	
<b>A. Town Department Priority Classification</b>		
1. Mandatory	10	
2. Maintenance	7	
3. Improve Efficiency	5	
4. New Service	2	
<b>B. Priority Ranking</b>		
1. Very high	10	_____
2. High	7	
3. Medium	5	
4. Low	2	
<b>C. Project's Expected Useful Life (Three years or less score zero)</b>		
1. 20 or more years	10	_____
2. 10 - 19 years	5	
3. 5 - 9 years	2	
<b>D. Effect on Operating &amp; Maintenance Costs</b>		
1. Reduce Cost	10	_____
2. Cost Unchanged	5	
3. Increase Cost	2	
<b>E. Effect on Town's Revenue (tax base)</b>		
1. Increase Revenues	10	_____
2. Revenues Unchanged	5	
3. Decrease Revenues	2	
<b>F. Availability of State/Federal Grant Moneys (If no, score zero)</b>		
1. Yes	5	_____

**TOTAL SCORE** \_\_\_\_\_

Adapted from ***“Developing a Capital Improvement Program”***, Metropolitan Council of the Twin Cities Area.

## **Instructions for: CAPITAL IMPROVEMENT RATING SHEET (Form E)**

This rating sheet has six major considerations that will be used for the purpose of ranking projects on the town's CIP program.

Every project will receive a point score in each of the six major considerations. The points will be totaled and used to establish a priority ranking on the CIP program.

### **A. Department Priority Classification**

The rater must determine which priority classification a project fits under.

1. **Mandatory** - Refers to the protection of life or maintenance of public health and safety, ***or legally required***<sup>3</sup>.
2. **Maintenance** - Refers to a continuation of public services, the conservation of endangered resources, or the finishing of partially completed projects.
3. **Improve Efficiency** - Refers to the replacement of obsolete facilities or the improvement of community facilities.
4. **New Service** - Refers to the expansion of the public facilities service area of the town, or the provision of new public services.

### **B. Priority Ranking**

Enter policy area priority from cover sheet.

### **C. Project's Expected Useful Life**

Refer to Form B (Item 6) or Form C (Item 7).

### **D. Effect on Operating and Maintenance Costs**

Refer to Form B (Item 8) or Form C (Item 4).

### **E. Effect on Town's Revenue Capital (Capital Project Requests Only)**

Refer to Form B (Item 9).

### **F. Availability of State/Federal Grant Moneys**

### **Total Score**

Total the scores for A - F.

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<sup>3</sup> Last phrase was inserted by Department of Revenue.

# FORM F

## CAPITAL IMPROVEMENT PROGRAM MUNICIPAL PROJECT SUMMARY

Department	Project	Project No.	Total Estimated Expenditure	Current Year	1st Year	2nd Year	3rd Year	4th Year	5th Year
Health	Mosquito control	1-7101	\$ 75,000	\$ 30,000	\$10,000	\$ 10,000	\$ 10,000	\$10,000	\$ 5,000
Health	Landfill bulldozer	1-7102	10,000	8,000	2,000				
DPW	Storm drainage	2-7101	30,000	10,000	10,000			10,000	
DPW	Curb construction	2-0707	60,000	20,000	40,000				
DPW	Dump truck	2-7701	20,000		10,000	10,000			
DPW	Steam cleaner	2-7401	6,000				6,000		
Parks	Land acquisition (land)	3-7101	25,000	25,000					
Parks	Site preparation & Bldg.	3-701	225,000	100,000	125,000				
Public Safety	Fire Engine	4-7101	20,000	20,000					
Public Safety	Equipment truck	4-7301	5,000			5,000			
Public Safety	New headquarters	4-7401	75,000				50,000	25,000	
<b>Sub-total Municipal</b>			<b>551,000</b>	<b>213,000</b>	<b>197,000</b>	<b>25,000</b>	<b>66,000</b>	<b>45,000</b>	<b>5,000</b>
Schools	3 Jr. School expansion	5-7821	2,000,000			500,000	500,000	500,000	500,000
Schools	New Sr. High	5-7302	3,000,000		1,000,000	2,000,000			
<b>Sub-Total Schools</b>			<b>5,000,000</b>		<b>1,000,000</b>	<b>2,500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
Sewer Utility	Extension of Sewer System		3,500,000				1,500,000	1,500,000	500,000
<b>Total Expenditures</b>			<b>9,051,000</b>	<b>213,000</b>	<b>1,197,000</b>	<b>2,525,000</b>	<b>2,066,000</b>	<b>2,045,000</b>	<b>1,005,000</b>
<b>Funding Summary:</b>									
	General Obligation Bonds		4,500,000	213,000	146,000	525,000	1,066,000	1,545,000	1,005,000
	State Aid		3,500,000		1,000,000	2,000,000	500,000		
	Federal Aid		1,000,000				500,000	500,000	
	Gifts		51,000		51,000				
<b>Total Funding</b>			<b>9,051,000</b>	<b>213,000</b>	<b>1,197,000</b>	<b>2,525,000</b>	<b>2,066,000</b>	<b>2,045,000</b>	<b>1,005,000</b>