

**Capital Budget Committee
Town of Sherborn
Capital Request Guidance for FY 22**

All capital requests for the Town of Sherborn must be presented to the Capital Budget Committee. The purpose of this document is to provide guidance to those who are bringing capital requests to the Capital Budget Committee prior to contacting Advisory or directly submitting Warrant Articles to the voters at Town Meeting. Our goal is to help set expectations for the kinds of background information, analysis, and documentation that are typically required to fully vet these requests. By outlining these expectations in advance, we hope to streamline the process for everyone involved.

FY 22 Capital Budget Guidance & Process Overview

The Town of Sherborn would like to emphasize the need to follow the process for requesting capital funds:

- Please complete The Capital Budget Request & 5-Year Forecast Form
- All capital requests over \$10,000 require either 3 bids or a quote from the state bid list
- Please include any anticipated annual cost savings, proceeds from the sale of old equipment, benefit of enhanced services or potential for incremental revenue
- We further ask that you prioritize your requests for FY 22 in the request form

What qualifies as a capital request*

A capital improvement or project is a physical betterment or item of equipment having a useful life of at least five years, and a cost of \$10,000 or more.

Deadline for making a request*

Town Boards, Officers, and Committees who are requesting capital funds must prepare and file with the Committee detailed estimates before January 31st.

General guidance

In presenting the project to the Committee, the presenter should be clear about the nature of the project. The presenter should state if the project is a replacement for an item at the end of its useful life, addresses near-term safety issues, responds to a regulatory mandate, represents an opportunity to reduce or avoid future costs, or represents an opportunity to enhance services cost effectively. If feasible, the presenter should craft a capital budgeting cash flow analysis of proposed project, including the amount and timing of both the project outlays and the costs saved as a result of the project.

It is critical to provide **quantitative data** to support your argument, both in the description of the problem as well as the potential of the solution. For example, if the request is for a change in traffic patterns to mitigate a dangerous intersection, it would be important to provide data on the number of accidents (particularly trends in the number over time), as well as data on how the proposed solution has reduced accidents when applied in other places.

*From the town by-laws

It is also important to demonstrate that you have explored **alternative approaches** to addressing the issue, why those approaches are not acceptable and can show that the proposed solution is the superior one under the circumstances. The more quantitative that support, the better (for example, lower up-front costs or a more cost-effective solution in the long term).

Finally, it's important to consider other ways of funding the request, and to demonstrate why or why not funding alternatives are being used in addition to or in place of the capital request. Presenters should be prepared to discuss whether an external funding, such as grants, are available to pay for the project.

Documentation

Capital requests including major building renovation and/or repair, equipment purchase and/or replacement, or other capital purchases in accordance with the definition herein should fulfill the following guidelines:

Provide a summary of your request by completing the Sherborn Capital Budget Request & 5-Year Forecast Form. Instructions are included in the form. Please submit this form along with supporting documentation in electronic format to Joe Shanahan, Chair of the Capital Budget Committee, sherborncbc@gmail.com.

Other information to include:

- **Engineering study**, if appropriate, for major building renovation/repair (such as larger, more complicated projects). As part of a potentially larger capital project, it can make sense to fund the cost of the study with capital funds, if, for example, the cost of the study is greater than \$10,000 and cannot be covered with annual operating funds. However, it is important to note that a recommendation of favorable action for a study does not guarantee a similar recommendation for the full project
- Documentation of **three quotes** for the work or that purchases shall be made from the **State Bid List**
- A clearly established **need** for the capital request. This can include quantitative or qualitative information such as the role the renovation or equipment plays in delivering town services, escalating repair costs in the case of aging equipment, or benchmarking similar towns to demonstrate how Sherborn's approach is similar (or better)
- A full exploration of the various **options** for filling that need. This could include new or used equipment, or even working across functional silos in the Town (for example, sharing tractors or trucks between the schools and CM&D, if possible), and should fully explore the pros and cons (including purchase and operating costs as well as benefits) of each option
- A **recommendation** as to the best option based on the analysis described above

January, 2021

As you are putting together your analysis in accordance with the guidance above, members of the Capital Budget Committee are happy to provide input and suggestions as to what will be most helpful. Our goal is to get to the right answer for the Town in the most efficient manner possible for everyone involved.

Revised: 2021-01-14

*From the town by-laws