

CAPITAL BUDGET COMMITTEE

4.22.2020

The Capital Budget Committee’s responsibility is to “prepare a capital budget program for use by the Warrant Committee, the voters, and other Town boards and officials.” It performs this responsibility by reviewing and performing due diligence on capital budget requests from Town boards and departments and makes recommendations regarding their disposition to the Warrant Committee and the voters.

The Committee prepared its FY21 capital budget recommendations during the fall of 2019 and winter 2020. Individual requests by Town Departments and Committees were reviewed and meetings held to clarify issues and consider alternative options. In addition, the Committee requested a five-year capital budget outlook from each department.

In March 2020, the Committee recommended FY21 expenditures for Article 4 of \$568,500 a decrease of \$157,826 (21.7%) from FY 20 expenditures.

| Warrant Article | FY 21 | FY 20 | Change |
|-------------------------------|--------------|--------------|---------------|
| Article 4 | \$568,500 | \$726,326 | -\$157,826 |
| Regional School | 0 | 0 | 0 |
| Total | \$ | \$726,326 | -\$157,826 |
| Special Articles | | | |
| None | 0 | 0 | 0 |
| | | | |
| | | | |
| Total Capital Requests | \$568,500 | \$726,326 | -\$157,827 |

FY 21 Article 4 capital expenditures reflect cyclical replacement of equipment and infrastructure by the Highway Department, Police Department, School Committee and Board of Selectmen.

The Dover-Sherborn Regional School Committee had capital requests for FY 21 funded from its own budget. The Dover School Committee requested funding for 2 items at Chickering School. Funding for a playground flooring/surfacing will be provided by outside sources. Both the Regional School Committee and the Dover School Committee continue to use their capital needs assessment reports from On-Site Insight, to prepare their requests for capital replacement and maintenance of their existing facilities. These reports, updated on a 5-year cycle, are now well embedded in their facilities management procedures and have simplified the planning and review process.

Since the Capital Budget Committee reviews replacement assets, it is charged with the responsibility of identifying which initiatives are eligible for Green Community Grants. This

gives the Town the opportunity to replace older, less efficient assets with new high efficiency ones that offer substantial grants of up to \$250,000 by the State. By determining the payback of the investment, we not only increase energy efficiency, but also realize considerable savings year after year, which can actually exceed the Town's original cost.

The Committee, together with the Town Planner, the Highway Department, and the Superintendent of Buildings worked on several initiatives to apply for grants under the Green Communities Act for FY 20. An application was filed for grants for the Protective Services Building (insulation and HVAC replacement) Town Hall (insulation), Library (insulation) and Highway Department (LED street lights) with a projected annual energy cost savings of more than \$21,000 annually, a total of \$420,000 of energy savings over 20-year projected life of the equipment and improvements. The grant and incentive cover over 80% of the total initial cost. These projects are expected to be completed in FY21; and, therefore no application was filed for FY21.

For FY22, the Committee will meet with Town Departments, Commissions and Town Planner to coordinate early identification of potential energy saving projects. The goal is to ensure all projects eligible for Green Community Grants to meet grant application deadlines. The plan to accomplish this will begin with information sessions for all interested parties, town administrator, town departments, and commissions.

The Committee has continued its initiative to revise the Town's equipment and fleet inventory process. The objective is to ensure that replacement guidelines are similar to those used by the private sector and similar towns and are applied with consistency across Town Departments. In consultation with equipment manufacturers, neighboring towns and industry experts, the Committee is developing replacement guidelines based on critical need, usage, maintenance and repair history. We expect these guidelines to enable more concrete, objective criteria for the replacement decision. The Committee will continue to review its policies and practices to ensure that they are efficient and provide the voters with the important information they need to make informed decisions.

The Committee also worked with the Board of Selectmen, the Town Administrator, the Town's Finance Department and other members of the Financial Policy Task Force to study and initiate a strategy for Free Cash, establishing such reserves as a General Stabilization Fund and a Capital Stabilization Fund, a reserve in order to fund projected capital improvements. This would enable the Town to smooth the corresponding future tax rate increases. The Selectmen propose to create a Capital Stabilization Fund with a transfer of \$2 million from Free Cash plus an annual contribution of 1.5 percent of the general fund operating budget. It is estimated that this level of funding would be sufficient to help offset the tax rate impact of currently foreseeable future capital improvements until approximately 2024, after which the capital reserve fund would have to be replenished to cover capital costs. Even with such a fund, the Committee still would review and recommend approval of capital expenditures and Town Meeting still would vote to approve. The Committee unanimously voted to recommend the creation by the Selectmen of a Capital Stabilization Fund based upon a formula designed to minimize year-to-year tax rate impacts of projected capital expenditures.

The following table lists the requests received from Town boards and departments. The Capital Budget Committee's recommendations for FY21 are shown, as well as projected capital budget items for FY22 through FY25 with a description and dollar amount for each request. Article 4 contains, by Town department, the list of the capital request with the item, the amount, a description and results of due diligence, along with the recommendations of the Capital Budget Committee and the Warrant Committee.

The Capital Budget Committee wishes to thank all the Town boards, departments, officials and employees for their cooperation in submitting timely budget requests, supplying due diligence information, and meeting with Committee to develop and establish standards and procedures for the continued evaluation, replacement, and upgrade of the Town's capital assets.

Respectfully submitted,
Barry Goldman, Chair
Cindy Devall, Member-at-large
John Quackenbush, Member-at-large
Robyn Hunter, Board of Selectmen
Mark Sarro, Long Range Planning Committee
Andrew Ursitti, Warrant Committee
Janet McCormick, Warrant Committee