

# Capital Outlay Committee (COC)

## Capital Equipment Evaluation Process

September 2002

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### DEFINITIONS

1. Annual Capital Item - Any non-consumable good or equipment that has a cost greater than \$10,000 and a useful life greater than three years. In general, any item not meeting the minimum criteria should be funded from the operating budget.
2. Capital Equipment – Equipment having a cost greater than \$40,000 and a useful life greater than ten years.
3. Capital Project - Any improvement to real property having a cost greater than \$100,000 and an expected life greater than twenty years.

Annual items are funded each year from the omnibus capital budget. Capital equipment and projects are funded through an override or other appropriate method at Town Meeting.

<b>Examples of Various Capital Items</b>			
<b>Operating Budget</b>	<b>Annual Capital</b>	<b>Capital Equipment</b>	<b>Capital Project</b>
<ul style="list-style-type: none"> <li>▪ Books</li> <li>▪ Teaching materials</li> <li>▪ Uniforms</li> <li>▪ Police cars</li> <li>▪ Training</li> <li>▪ Septic repairs</li> <li>▪ Furniture</li> <li>▪ Computers (1-2 at a time)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Copy machines</li> <li>▪ Playground equipment</li> <li>▪ HVAC replacement/re pair</li> <li>▪ Computers (4-5 at a time)</li> <li>▪ Carpet replacement</li> <li>▪ Roof repairs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brush chipper</li> <li>▪ Fire engine</li> <li>▪ COA shuttle bus</li> <li>▪ Paver</li> </ul>	<ul style="list-style-type: none"> <li>▪ Library</li> <li>▪ Fire station</li> <li>▪ Highway department garage</li> <li>▪ Sidewalks</li> <li>▪ New elementary school</li> </ul>

### PROCESS

1. This process is specific to capital equipment only. Please refer to other process documents for other types of capital requests.
2. The Capital Outlay Committee must receive all capital equipment requests by December 15<sup>th</sup>. Capital equipment requests will be evaluated together annually with recommendations made by February 1 in time for the May Annual Town Meeting.
3. Each capital equipment proposal is expected to address the topics and questions below to the best of their ability following the format outlined below. Provide eight copies of each proposal to facilitate review and rating.

4. Once this evaluation is completed, the Capital Outlay Committee will make recommendations to the Board of Selectman and Advisory Board with regards to funding projects for each of the various phases of funding. The recommendations will be made in writing and published.
5. Each proposal shall include sufficient information to address each of the following:

**A. Brief Description:**

1. What is being proposed? Is the equipment clearly defined? Quantify the size, number, special features, required options, etc. Provide color catalog cuts or brochures of proposed equipment.

**B. Benefits and Goals:**

1. Why is this equipment needed? Provide details on current situation and an explanation of how the equipment proposed solves the stated problem, and details that demonstrate the need and the tangible value for the Town.

**C. Drawbacks:**

1. What are the risks if we do not procure this equipment? Describe the consequences of not proceeding with equipment purchase (e.g., increased operating and maintenance costs, drop in level of service, etc.)

**D. Costs:**

1. Can the department fund the equipment purchase through alternative means (grants, leveraged funding, special government program money, etc.)? Describe the steps taken to identify alternative funding sources.
2. In addition to the equipment cost, what are the associated operating budget cost impacts? Describe and estimate all anticipated operating cost impacts such as utilities, additional labor, maintenance, fuel, etc. for the first 3 years of operations.
3. Provide a cost estimate supported by at least two vendor quotes that detail options, delivery and prep costs, financing arrangements, etc.

**E. Background:**

1. Provide details on how long this project has been on the Town's capital project list and how long the project has been on the submitting department's internal capital project list.
2. Describe the relationship and interdependencies this equipment purchase may have on other departments (e.g., maintenance by highway department, etc.)

3. Does the project have Town government support? Describe the interaction that has occurred with the highway department, Advisory Board, Board of Selectmen, etc. The purpose of this question is to make sure the department has already done the pre-sale to minimize the potential of voter rejection at Town Meeting or Town election.
4. Are there any regulatory requirements, State mandates, or Consent Decrees that dictate equipment procurement necessity? Clarify and describe any potential legal liabilities associated with inaction by the Town.
5. Is there another alternative to purchasing this equipment? Demonstrate that other alternatives were identified, the advantages/disadvantages of each option were carefully considered, and the equipment purchase proposed brings the best value to the Town.