

# Capital Outlay Committee (COC)

## Capital Project 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/repair</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 projects only. Please refer to other process documents for other types of capital requests.
2. The Capital Outlay Committee must receive all capital project requests by December 15<sup>th</sup>. Capital project requests will be evaluated together annually with recommendations made by February 1 in time for the May Annual Town Meeting.
3. The Capital Outlay Committee assumes most capital projects will seek alternative forms of funding whenever possible; however, it is assumed that most Capital Projects will require funding at three different phases as follows:

- **Phase1 Feasibility Study** – The Capital Outlay Committee assumes this study shall include an analysis of the space needs, potential land sites, and estimated project costs.
  - **Phase 2 Design Report** - The expected results of the design report shall include the conceptual design, drawing list, specification list, architectural rendering, conceptual floor plan, detailed project description, and cost estimates.
  - **Phase 3 Final Plans and Construction** – The expected results include the preparation of public bid documents, award of a contract, and construction of the project.
4. For each phase of funding a capital project requires, the Capital Outlay Committee will expect an update to the original project proposal to be submitted by requesting board, committee, or department. All requests must be received prior to December 15. Each proposal is expected to address the topics and questions below to the level of detail appropriate for the phase of funding. Eight copies of each proposal should be submitted to facilitate review and rating.
  5. All projects will be evaluated based on the information supplied by the requestor. It is the Committee's expectation that the requestor will answer the questions below to the best of their ability following the format outlined below. Since more detailed information will be obtained by the various studies as the project progresses, it is expected that the level of detail provided in each question will become more comprehensive as the project progresses through the various phases.
  6. 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.
  7. Each Project proposal shall include sufficient information to address each of the following:
    - A. Brief Description:**
      1. What is being proposed? Provide an executive summary of the proposed project.
      2. Is the project scope clearly defined? Quantify the limits of the project such as space requirements, growth expectations, facility needs, equipment changes, site improvements, etc.
    - B. Benefits and Goals:**
      1. Why is this project being proposed? Provide details on current situation and an explanation of how the project solves the stated problem.
      2. Does the project have an immediate need with value to the Town? Provide details that demonstrate the need and the tangible value for the Town.
    - C. Drawbacks:**

1. What are the risks if this project is not approved? Describe the consequences of not proceeding with the project (e.g., increased operating and maintenance costs, drop in level of service, etc.)
2. What are the risks if the project is delayed for 3 years or longer? Validate the project need by documenting the tangible negative impact to the Town caused by project delays.
3. If the project proceeds, are there any regulatory requirements or mandates that the Town must comply with? For example, if the Town adds to a building, are we required to also modernize electrical and fire protection systems to comply with current building codes.

**D. Project Costs:**

1. Can the project get funding 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 capital project cost, what are the associated operating budget cost impacts? Describe and estimate all anticipated operating cost impacts such as utilities, labor, maintenance, etc. for the first 3 years of operations.
3. Provide a planning level cost estimate. Capital costs should include architectural/engineering fees, permitting fees, material costs, labor costs, construction management costs, an appropriate contingency, and details on the accuracy of the estimate.

**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 all project accomplishments and milestones achieved to date. Provide copies of any needs assessments, studies, reports and/or designs.
3. Identify any land requirements and status of any land purchases or donations.
4. Describe the relationship and interdependencies this project may have on other departments.
5. Does the project have Town government support? Describe the interaction that has occurred with the Planning and Zoning Boards, Board of Health, Conservation Commission, 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.

6. For construction projects, has the submitter completed a feasibility study, or design report by an independent 3rd party? Submit an objective expert opinion on the need, value, and potential for project success.
7. Are there any regulatory requirements, State mandates, or Consent Decrees that dictate project necessity? Clarify and describe any potential legal liabilities associated with inaction by the Town.
8. Is the project identified in the Town's Master Plan (or any proposed modifications to the Master Plan)? Demonstrate that the project is consistent with the Town's vision as defined in our long-term plans.
9. Is there another alternative to the project? Demonstrate that other alternatives were identified, the advantages/disadvantages of each option were carefully considered, and the project proposed brings the best value to the Town.