

CAPITAL IMPROVEMENT PLAN REGULATION

1. GOAL

The goal of the Board of Finance in adopting this regulation is to:

- A]
 - a) Prioritize, on a town-wide basis, proposed major capital projects
 - b) Establish a consistent level of spending for such capital projects
 - c) Integrate financial planning, budgeting and debt issuance for the Town
 - d) Encourage careful project design

This Capital Improvement Plan (CIP) Regulation hereby:

- B]
 - a) Creates a process by which the Board of Finance adopts a proactive position regarding the capital expenditures of the Town of Newtown;
 - b) Creates a process by which the Board of Finance identifies, prioritizes, evaluates, justifies, monitors, postpones or eliminates proposed capital expenditures;
 - c) Creates a process by which the Board of Finance and the Legislative Council work compatibly in enacting Sections 1(B)a and 1(B)b.

2. DEFINITION

The Capital Improvement Plan is Newtown's five year program of Major Capital Purchases of a non-recurring nature. The CIP is based on assigned priorities which consider Town needs, desires, and mandates for various improvements and coincides with Newtown's current and anticipated financial capability to finance such improvements. The CIP shall be reviewed at least annually by the Board of Finance. The Board of Finance shall amend the CIP as required to address changing priorities and maintain the CIP at a five year projection time frame.

3. COMPOSITION

The Board of Finance is hereby charged with the responsibility of implementing the goals expressed above in Section 1A and 1B and all changes, additions and deletions to the CIP. In addition, among others, the Town Financial Director, First Selectman, Chairman of the Board of Education, Superintendent of Schools and Legislative Council members may advise the Board of Finance, but do not have voting privileges.

4. TIMING

Proposed purchases may be brought to the Board of Finance at any time, however, except for exigent circumstances, purchases not presented in the Board of Selectmen or Board of Education yearly five year CIP projection shall not be considered by the Board of Finance until the next June through October period. The Board of Selectmen shall submit its five year projected CIP proposal at the first regularly scheduled Board of Finance meeting in August. The Board of Education shall submit its five year projected CIP proposal at the first regularly scheduled Board of Finance meeting in June. The Board of Finance shall hold its review period from June through October.

5. ELIGIBILITY

To be eligible for inclusion in the CIP, a proposed purchase shall have an estimated cost that is at least twenty-five hundredths of one percent (.25%) of the Town budget for the year in which the request is made(excluding projects funded with loCIP money). Listed below are some of the guidelines which would make a request eligible for inclusion in the CIP assuming the proposed purchase meets the .25% requirement set above:

- a) Purchases requiring debt obligation;
- b) Acquisition of lease or land;
- c) Purchase of major equipment and vehicles with life expectancy of five years or more;
- d) Construction of new building facilities, including engineering, design and other preconstruction costs;
- e) Major building improvements that are not routine expenses including those that substantially enhance the safety of the occupants of the building and/or the longevity of the building itself;
- f) Major equipment or furnishing required for a new building or other projects;
- g) Major studies requiring the employment of outside professional consultants.

6. PROCESS OVERVIEW

All requests for inclusion in the CIP will adhere to the following process and shall be submitted on a form as prescribed by the Town Financial Director.

- a) Each Town Department shall submit to the Board of Selectmen, a prioritized list of proposed capital purchases.
- b) The Board of Selectmen will identify, prioritize and approve, on a town-wide basis purchases it proposes to include in the CIP, excluding items requested by the Board of Education.

The Board of Education will likewise identify, prioritize and approve purchases it proposes to be considered for placement on the CIP.

- c) The Board of Selectmen and the Board of Education shall also include in the request(s):
 - the identification of any revenues or reimbursements anticipated each year
 - financial impact statement as provided by the Town Financial Director
 - indication whether the item/project requested is eligible for LoCIP funds
- d) The Town Financial Director will review and compile the two lists to be presented to the Board of Finance.
- e) The Board of Selectmen and the Board of Education will then present their prioritized purchase request to the Board of Finance.
- f) The Board of Finance will consider all requests made through this process and determine those that will be recommended for inclusion in the CIP and those that are to be rejected or postponed. If rejected, the proposed purchase can be resubmitted to the appropriate Board at the first step of the process. If postponed, the request shall be reviewed by the Board of Finance with respect to its new priority level.
- g) The Board of Finance will prioritize, on a town-wide basis, all requests it approves for inclusion into the CIP, establish a time frame for proceeding with each purchase in view of the financial implications of such a purchase.
- h) The Board of Finance will forward its recommendation to the Legislative Council by November 30th. The Legislative Council may accept the plan in its entirety, reject any item or reduce any item in capital costs, or reduce any item in priority. Any new item addition, or increase in proposed capital expenditure for an item by the Legislative Council shall be referred back to the Board of Finance for further review and recommendation with written comment by the Legislative Council as to its reasoning. Within a reasonable time thereafter, the Board of Finance will resubmit its recommended CIP plan noting any changes it has made.
- i) The CIP plan approved by the Legislative Council shall be the single and final adopted CIP plan for the Town of Newtown, except should the Legislative Council not return a proposed plan by the Board of Finance to the Board of Finance for further review within sixty days of its submission, and not pass the final CIP plan presented by the Board of Finance within sixty days of submission to the Legislative Council, the proposed CIP plan presented by the Board of Finance shall be the single and final adopted CIP plan for the Town of Newtown.

7. PRIORITIZATION

The Board of Finance shall consider the following criteria during its prioritization:

- a) The cost of the purchase
- b) The impact of the purchase versus the benefit to the Town
- c) The year it will be implemented
- d) The source of financing
- e) The impact on future operating budgets
- f) The benefit of risk to the Town should the purchase not be made

8. TOWN BUDGET

All purchases which are proposed for the ensuing fiscal year and included in the final CIP by the Legislative Council shall be included as proposed expenditures in the budget presented to the Board of Finance. Except for exigent circumstances, any capital improvement expenditure that falls within Section Five of this Plan Regulation and is not contained in the CIP shall not be considered for implementation.

APPROVED:

BOARD OF FINANCE

SEPTEMBER 9, 2002

LEGISLATIVE COUNCIL

SEPTEMBER 18, 2002