

Glossary

Appendices

Section Five

- A. Capital Improvement Policies
- B. Debt Management Policies
- C. Retained Earnings Policy for Water and Sewer Enterprise Funds
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GLOSSARY

Provided below are some of the commonly used terms in budget and capital planning and fiscal and debt management.

Account - A classification of appropriation by type of expenditure.

Accounting Period – A period of time (e.g., one month, one year) where the Town determines its financial position and results of operations.

Accrual Basis - The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

Actuarial - A methodology that makes determinations of required contributions to achieve future funding levels by addressing risk and time.

ADA - Americans with Disabilities Act

Athletic Facility Improvement Fund - This fund was created at the 2012 Annual Town Meeting. The purpose of this fund is to allow the Town to reserve funds for the renovation and reconstruction of the Town's athletic facilities, with particular emphasis on the turf fields installed at the Memorial Park and DeFazio Field.

American Rescue Plan Act - The American Rescue Plan Act of 2021, also referred to as ARPA, was signed into law by President Joseph Biden on March 11, 2021. ARPA is a \$1.9 trillion Federal rescue package designed to ease the United States' recovery from the economic and health effects of the COVID-19 pandemic. The Act provides financial relief to state and local governments to support public health and promote economic recovery. The Act also provided funding for state and local governments to invest in infrastructure, such as water, sewer, and broadband services.

Appropriation – A legal authorization granted by Town Meeting to expend money and incur obligations for specific public purposes.

Assessment – The official valuation of property for purposes of taxation.

Available Funds – Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other onetime costs. Examples of available funds include free cash, stabilization funds, overlay surplus, and retained earnings.

Balanced Budget – A budget is balanced when planned funds or total revenues equal planned expenditures, that is, total outlays or disbursements, for a fiscal year.

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Betterment (Special Assessment) – Whenever part of a community benefits from a public improvement, or betterment (*e.g.*, water, sewer, sidewalks, etc.), special property taxes may be assessed to the property owners of that area to reimburse the governmental entity for all, or part, of the costs it incurred in completing the project. Each property parcel receiving the benefit is assessed a proportionate share of the cost which may be paid in full, or apportioned over a period of up to 20 years.

Bond – A written promise to pay a specified sum of money (called the face value or principal amount) at a specified date or dates in the future (called the maturity date), together with periodic interest at a specified rate. The difference between a note and a bond is that the latter runs for a longer period of time and requires greater legal formality.

Bond Anticipation Note (BAN) – Short-term interest-bearing notes issued by a government in anticipation of bonds to be issued at a later date. Notes are retired from proceeds from the bond issue to which they are related and/or from a cash payment and/or Town appropriation.

Capital Budget - A plan for capital expenditures for projects to be included during the first year of the capital improvement plan.

Capital Exclusion – A *temporary* increase in the tax levy to fund a capital project or make a capital acquisition. Exclusions require 2/3 vote of the entire Select Board and a majority vote in a town-wide election. The exclusion is added to the tax levy only during the year in which the project is being funded and may increase the tax levy above the levy ceiling.

Capital Facility Stabilization Fund - This fund was created at the 2007 Annual Town Meeting. The purpose of this fund is to allow the Town to reserve funds for design, maintenance, renovation or reconstruction relating to the structural integrity, building envelope or MEP (mechanical, electrical, plumbing) systems of then existing capital facilities. For this purpose, capital facility refers to any building or structure which is located on Town property and is under the jurisdiction of the Town Manager, including any Town owned building, structure, room, or space within a building, facility, park or plaza, open space, driveway, landscaped area, or other physical improvements under the administrative control of the Town.

Capital Improvement Fund – This fund was created at the 2004 Annual Town Meeting. The purpose of this Fund is to allow the Town to reserve funds for the acquisition of new equipment and/or the replacement of existing equipment (for which the Town may borrow money for a period of five years or more), and/or for building/facility improvements with a cost of less than \$250,000 (for which the Town may borrow money for a period of five years or more). Only general fund capital that has been recommended in the Capital Improvement Plan (CIP) is eligible for funding in this manner.

Capital Improvement Plan (CIP) – A financial planning and management tool that identifies public facility and equipment requirements and schedules them for funding and implementation on a multi-year basis.

Capital Project – Major, non-recurring expenditure involving one or more of the following: acquisition of land for a public purpose; construction of or addition to a facility such as a public building, water or sewer lines, play field, etc.; rehabilitation or

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repair of a building, facility, or equipment, provided the cost is \$25,000 or more and the improvement will have a useful life of five years or more; purchase of equipment costing \$25,000 or more, with a useful life of five years or more; and any planning, engineering, or design study related to an individual capital project.

CARES Act – The Coronavirus Aid, Relief, and Economic Security Act, also referred to as the CARES Act, was signed into law by President Donald Trump on March 27, 2020. This was a \$2.2 trillion economic stimulus package in response to the economic fallout of the COVID-19 pandemic in the United States. The Act provided funding to state and local governments for certain expenses incurred due to COVID-19.

Cash Basis - A basis of accounting under which transactions are recognized only when cash changes hands.

Chapter 90 – Massachusetts General Laws Chapter 90, Section 34 authorizes the Commonwealth to allocate funds to municipalities, through the Transportation Bond Issue, for highway construction, preservation and improvement projects that create or extend the life of capital facilities; routine maintenance operations such as pothole filling and snow and ice removal are not covered. The formula for determining the Chapter 90 level of funding is based on a municipality's miles of public ways, population and level of employment. Municipalities receive Chapter 90 reimbursement only for pre-approved projects.

Cherry Sheet - Originally printed on a cherry-colored form, this document reflects all Commonwealth charges, distributions and reimbursements to a city or town as certified by the state Director of the Bureau of Accounts.

Collective Bargaining - The process of negotiations between the Town and bargaining units (unions) regarding the salary and fringe benefits of town employees.

Community Preservation Act (CPA) – Enacted as Massachusetts General Laws Chapter 44B in 2000, CPA permits cities and towns accepting its provisions to establish a restricted fund from which monies can be appropriated only for a) the acquisition, creation and preservation of open space; b) the acquisition, preservation, rehabilitation, and restoration of historic resources; and c) the acquisition, creation and preservation of land for recreational use; d) the creation, preservation and support of community housing; and e) the rehabilitation and restoration of open space, land for recreational use and community housing that is acquired or created using monies from the fund. The local program is funded by a local surcharge up to 3 percent on real property tax bills and funds from the state generated from registry of deeds fees. The voters of Needham approved a 2 percent surcharge effective July 1, 2005.

Community Preservation Fund - A special revenue fund established pursuant to Massachusetts General Laws Chapter 44B to receive all monies collected to support a community preservation program, including but not limited to, tax surcharge receipts, proceeds from borrowings, funds received from the Commonwealth, and proceeds from the sale of certain real estate.

Conservation Fund – The Town may appropriate money to a conservation fund. This money may be expended by the Conservation Commission for lawful conservation purposes as described in Massachusetts General Laws Chapter 40 Section 8C.

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The money may also be expended by the Conservation Commission for damages arising from an eminent domain taking provided that the taking was approved by two-thirds vote of Town Meeting.

Contingent Appropriation – An appropriation that authorizes spending for a particular purpose only if subsequently approved in a voter referendum. Under Massachusetts General Laws Chapter 59 Section 21C (m), towns may make appropriations from the tax levy, available funds or borrowing, contingent upon the subsequent passage of a Proposition 2½ override or exclusion question for the same purpose. If initially approved at an annual Town Meeting, voter approval of the contingent appropriation must occur by certain date after the Town Meeting dissolves. The question may be placed before the voters at more than one election, but if not approved by the applicable deadline, the appropriation is null and void.

Debt Exclusion – A *temporary* increase in the Town's levy limit (and possibly the levy ceiling) to exclude the payment of debt from the limits of Proposition 2½. The debt service is added to the levy limit for the life of the debt only. To place a debt exclusion question on the ballot requires a 2/3 vote of the entire Select Board. The debt exclusion question requires a majority vote by voters for passage.

Debt Exclusion Offset – Other funds that are received and are used to reduce the amount of the debt paid by the tax levy.

Debt Limit – The maximum amount of gross or net debt that is legally permitted under State Law.

Debt Policy – Part of an overall capital financing policy that provides evidence of a commitment to meet infrastructure needs through a planned program of future financing. The Town of Needham has debt policies that have been developed in consultation with the Finance Committee and reviewed and approved by the Select Board.

Debt Service – The amount paid annually to cover the cost of both principal and interest on a debt issuance until its retirement.

Debt Service Stabilization Fund - This fund was created at the November 2015 Special Town Meeting. The purpose of this fund is to allow the Town, from time to time, by appropriation to set aside funds to be available if necessary to pay certain debt obligations. This fund is intended to be part of the Town's overall planning strategy for addressing capital facility needs. The fund provides added flexibility to maintain the Town's capital investment strategy by smoothing out the impact of debt payments in years when the debt level is higher than is typically recommended. The fund would also be beneficial at times when interest rates are higher than expected.

Department - A service providing entity of the town government.

Division - A budgeted sub-unit of a department.

Encumbrance – The setting aside of funds to meet known obligations.

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Enterprise Fund – A municipal fund established for the operation of a municipal utility, health care, recreational, or transportation facility whereby the operations are fully funded by the fees associated with that enterprise rather than by the tax levy. The "surplus" or retained earnings generated by the operation of the enterprise remain with the fund to offset future capital improvements, extraordinary maintenance expenses, or to reduce future fees and charges of the fund.

Expenditure Account Code - An expenditure classification according to the type of item purchased or service obtained, for example, regular compensation, energy expense, communications, educational supplies, and vehicle equipment.

Fiscal Year - The twelve-month financial period used by the Town beginning July 1 and ending June 30 of the following calendar year. The Town's fiscal year is numbered according to the year in which it ends.

Fixed Assets – Assets of a long-term character, which are intended to continue to be held or used, such as land, building, and improvements other than buildings, machinery, and equipment.

Formula Grant – Federal funding for which the allocation methodology is strictly determined in federal statute or regulation, and for which a government agency prepares a single application and receives subsequent years' allocation without re-application.

Free Cash – Free cash is the amount of the General Fund unassigned fund balance that may be used as a source to fund appropriations. The Massachusetts Department of Revenue certifies the amount of "free cash" resulting from closing the financial books as of June 30, the end of the fiscal year. Free cash may only be used as an appropriation source after the certification process by the Department of Revenue is complete. For example, the July 1, 2021 certified amount may be used to fund supplemental appropriations voted during fiscal year 2022 or applied as a revenue source to support the fiscal 2023 appropriations that may be voted in the spring of 2022.

Fringe Benefits – Employee-related costs other than salary, e.g., insurance and retirement costs.

Full Faith and Credit – A pledge of the general taxing power for the payment of debt obligations. Bonds carrying such pledges are referred to as general obligation bonds or full faith and credit bonds.

Full-time Equivalent Position (FTE) - A concept used to group together part-time positions into full-time units.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources with all related liabilities, obligations, reserves, and equities that are segregated for specific activities or objectives. Among the fund types used by the Town are General, Special Revenue, Capital Projects, Trust, and Enterprise.

Fund Balance - Fund balance is the difference between assets and liabilities in a governmental fund. The fund balance consists of two categories – reserved or unreserved. The fund balance that is reserved means that the resources are in a form that cannot be appropriated and spent (such as buildings) or that the resources are legally limited to being used for a particular purpose.

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The fund balance that is unreserved represents resources that may be used for any purpose. However, the specific amount of the unreserved balance that is allowed to be appropriated and spent is determined by the Department of Revenue annually. The amount that is determined to be available is referred to as Free Cash.

FY - Fiscal Year

GASB – This refers to the Governmental Accounting Standards Board which is currently the source of generally accepted accounting principles (GAAP) used by state and local governments in the United States. It is a private, non-governmental organization. The GASB has issued Statements, Interpretations, Technical Bulletins, and Concept Statements defining GAAP for state and local governments since 1984.

GASB 34 – The Governmental Accounting Standards Board’s Statement Number 34 requires government entities to report infrastructure assets in their statement of net assets. The Town of Needham has implemented statement number 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments, financial reporting model. This standard changed the entire reporting process for local governments, requiring entity-wide financial statements, in addition to the current fund statements and other additional reports such as Management Discussion and Analysis.

GASB 45 – The Governmental Accounting Standards Board’s Statement Number 45 requires government employers to measure and report the liabilities associated with other (than pension) postemployment benefits (or OPEB). The Town of Needham has implemented statement number 45. GASB 45 requires that the Town accrue the cost of the retiree health insurance and other post employment benefits during the period of employees’ active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post employment benefits and the financial impact on the Town. This funding methodology mirrors the funding approach used for pension/retirement benefits. The Town has established Fund and annually appropriates the required contribution based on updated reports. The Fund will allow the Town to capture long-term investment returns and make progress towards reducing the unfunded liability.

Generally Accepted Accounting Principles (GAAP) - The basic principles of accounting and reporting applicable to state and local governments, including the use of the modified accrual or accrual basis of accounting, as appropriate, for measuring financial position and operating results. These principles must be observed to provide a basis of comparison for governmental units.

General Fund - The fund into which the general (non-earmarked) revenues of the municipality are deposited and from which money is appropriated to pay the general expenses of the municipality.

General Obligation Bonds – Bonds for the payment of which the full faith and credit of the issuing government are pledged.

Infrastructure – The underlying foundation or basic framework of an organization or system, e.g., roads, bridges, buildings, land, and natural resources.

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Lease-Purchase Agreements – Contractual agreements which are termed "leases," but which in substance amount to purchase contracts in which the financing is provided by an outside party.

Levy Limit – Property tax levy limits that constrain the total amount of revenue that can be raised from the property tax. In Massachusetts, the levy limit is governed by Proposition 2½.

Mandate – A requirement from a higher level of government that a lower level government perform a task in a particular way or in conformance with a particular standard.

Massachusetts Water Pollution Abatement Trust (MWPAT) - The Massachusetts Water Pollution Abatement Trust in partnership with the Massachusetts Department of Environmental (MassDEP) provides low interest loans to municipalities and other governmental entities to finance water quality improvement and public health-related projects.

Massachusetts Water Resources Authority (MWRA) - The Massachusetts Water Resources Authority is a Massachusetts public authority established by an act of the Legislature in 1984 to provide wholesale water and sewer services to 2.5 million people in 61 metropolitan Boston communities. The Town of Needham disposes all wastewater through the MWRA system and purchases drinking water as needed from the MWRA during the year.

Modified Accrual Basis - The accrual basis of accounting adapted to the governmental fund type, wherein only current assets and current liabilities are generally reported on fund balance sheets and the fund operating statements present financial flow information. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred except for a few specific exceptions. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

Note Payable – In general, an unconditional written promise signed by the maker to pay a certain sum in money on demand or at a fixed or determinable time either to the bearer or to the person designated therein.

Official Statement - The municipal equivalent of a bond prospectus.

Operating Budget - A budget making appropriations for the ordinary maintenance or administration of activities for the fiscal year.

Operating Equipment - Equipment that has a life expectancy of more than one year and a value of less than \$25,000 dollars. Equipment with a useful life of five or more years and a value greater than \$25,000 dollars is capital equipment.

Overlay Surplus - Any balance in the overlay account of a given year in excess of the amount remaining to be collected or abated can be transferred into this account. At the end of each fiscal year, unused overlay surplus is "closed" out to fund balance, in other words, it becomes a part of Free Cash.

Override - A permanent increase of the Town's levy limit (but not the levy ceiling) when a majority of voters in an election approve such an override. The override amount becomes part of the levy base when setting the next year's levy limit. To place an Override question on the ballot, requires a majority vote of the Select Board.

Pay-As-You-Go – A term used to describe the financial policy of a government which finances all of its capital outlay from current revenues rather than by borrowing. A government which pays for some improvements from current revenues and others by borrowing is said to be on a partial or modified pay-as-you-go basis.

Pay-As-You-Use – A term used to describe the financial policy of a government which finances its capital outlays from borrowing proceeds and pays for capital assets over their useful life.

Performance Measure - An indicator of progress toward a goal or strategy. Measures can be defined for identifying output, work or service quality, efficiency, effectiveness, and productivity.

Proposition 2½ - That measure which limits municipal property taxes to 2½ percent of the community's full and fair cash value (levy ceiling), and which limits the amount of revenue a municipality can raise through property taxes (levy limit) to 2½ percent each year, plus a factor for new growth. A municipality may exceed its levy limit in two ways: override or debt exclusion.

Provisional Capital – A capital request that is submitted by a department to identify a future need or obligation, but the department is not in the position to provide the necessary details so that the request can be evaluated.

Reserve Fund - An amount set aside annually by a vote of Town Meeting to provide a funding source for extraordinary or unforeseen expenditures. Only the Finance Committee can authorize transfers from the reserve fund. Any balance remaining in the reserve fund at the end of the fiscal year is "closed" out to fund balance and ceases to be available.

Special Revenue Fund - Used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or sources for major capital projects) that are legally restricted to expenditures for specific purposes. A special revenue fund is accounted for in the same manner as a General Fund.

Stabilization Fund – Massachusetts General Laws Chapter 40, Section 5B allows municipalities and districts to create one or more stabilization funds, which are special reserves into which monies may be appropriated and reserved for later appropriation for any lawful municipal purpose. Creation of a fund requires a two-thirds vote of Town Meeting. The Treasurer shall be custodian of the fund(s) and may invest the proceeds legally; any interest earned shall remain with the fund.

Technology Infrastructure - The hardware and software that support information requirements, including computer workstations and associated software, network and communications equipment, and system-wide devices.

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Town Meeting - Town Meeting is both an event and a governmental body. As an event, it is a gathering of a Town's representative Town Meeting Members (TMM), and is referred to as "the Town Meeting." As a governmental body, it is the legislative body for the Town of Needham, and is referred to simply as "Town Meeting."

Trust Funds - Funds held by the Town in a fiduciary role, to be expended for the purposes specified by the donor.

Uniform Procurement Act - Enacted in 1990, Massachusetts General Laws Chapter 30B establishes uniform procedures for local government to use when contracting for supplies, equipment, services and real estate. The act is implemented through the Office of the Inspector General.

Warrant - The warrant lists a Town Meeting's time, place, and agenda. A warrant is also known as a warning. A Town Meeting's action is not valid unless the subject was listed on the warrant.

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CAPITAL IMPROVEMENT POLICIES

A. General Provisions

1. Capital items for the purpose of this Capital Improvement Plan shall be defined as follows:
 - Items requiring an expenditure of at least \$25,000 and having a useful life of more than five years.
 - Projects consisting of real property acquisitions, construction, capital asset improvements, long-life capital equipment, or major maintenance/repair of and existing capital item, as distinguished from a normal operating expenditure.
 - Items obtained under a long-term lease.
2. Town departments will submit spending requests that provide sufficient funding for adequate maintenance and orderly replacement of capital plant and equipment.
3. All assets will be maintained at a level that protects capital investment and minimizes maintenance and replacement costs.
4. All equipment replacement needs for the coming five years will be projected and the projection will be updated each year.
5. Future operating and maintenance costs for all new capital facilities will be fully costed out.

B. Capital Improvement Fund (CIF)

1. In accordance with the provisions of Massachusetts General Laws Chapter 40 Section 5B, as amended by Section 14 of Chapter 46 of the Acts of 2003 and Section 19 of Chapter 140 of the Acts of 2003, the Town of Needham has established a General Fund Cash Capital Equipment and Facility Improvement Fund hereinafter referred to as the Capital Improvement Fund or CIF (Article 58/2004 ATM). The purpose of the CIF is to allow the Town to reserve funds to use for general fund cash capital.
2. Appropriations from the CIF are restricted to the following items for which the Town may borrow for a period of five years or more: the acquisition of new equipment; the replacement of existing equipment; and building and facility improvements which cost less than \$250,000.
3. Only General Fund capital items that have been identified in the CIP for a period of three (3) years or more, and that have been recommended in the Capital Improvement Plan for the current year, are eligible for funding from the CIF.
4. The CIF may be used to pay for recurring equipment replacement needs that have been identified in the CIP and funded in at least three (3) of the five (5) immediately preceding fiscal years.
5. Appropriations into the CIF and interest earnings on the Fund become part of the Fund.

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C. Capital Facility Fund (CFF)

1. In accordance with the provisions of Massachusetts General Laws Chapter 40 Section 5B, as amended by Section 14 of Chapter 46 of the Acts of 2003, and as further amended by Section 19 of Chapter 140 of the Acts of 2003, the Town of Needham has established a Capital Facility Fund (Article 10/2007 ATM). The purpose of this Fund is to allow the Town, from time to time, by appropriation, to reserve funds for the design, maintenance, renovation, or reconstruction relating to the structural integrity, building envelope, or MEP (mechanical, electrical, plumbing) systems of then existing capital facilities.
2. For the purpose of the Fund, the term "capital facility" shall refer to any building or structure which is located on Town property and is under the jurisdiction of the Town Manager.
3. The term "building or structure " shall include, but not be limited to, any Town-owned building, structure, room, or space within a building, facility, park or plaza, open space, driveway, landscaped area, or other physical improvements under the administrative control of the Town
4. Appropriations into the CFF and interest earnings on the Fund become part of the Fund.

D. Athletic Facility Improvement Fund (AFIF)

1. In accordance with the provisions of Massachusetts General Laws Chapter 40 Section 5B, as amended by Section 14 of Chapter 46 of the Acts of 2003, and as further amended by Section 19 of Chapter 140 of the Acts of 2003, the Town of Needham has established an Athletic Facility Improvement Fund under Article 39 of the 2012 Annual Town Meeting. The purpose of this fund is to allow the Town, from time to time, by appropriation, to reserve funds for the design, maintenance, renovation, reconstruction, or construction of athletic facilities.
2. For the purpose of the fund, the term "athletic facility" shall refer to any Town-owned building, structure, pool, synthetic and natural grass turf playing field or ball diamond, and associated grounds and parking areas whose primary purpose is for organized athletic events for Needham children, adults and public school teams.

E. Debt Service Stabilization Fund

1. In accordance with the provisions of Massachusetts General Laws Chapter 40 Section 5B, as amended by Section 14 of Chapter 46 of the Acts of 2003, and as further amended by Section 19 of Chapter 140 of the Acts of 2003, the Town of Needham has established a Debt Service Stabilization Fund to allow the Town, from time to time, by appropriation, to reserve funds to pay the debt service for engineering and design, renovation, reconstruction or construction of Town facilities.

Approved May 1991; Revised December 20, 2005; Revised May 11, 2010; Revised October 8, 2013; Revised December 20, 2016.

DEBT MANAGEMENT POLICIES

1. Proceeds from long-term debt will not be used for current, ongoing operations.
2. The Town will strive to limit total debt service, including debt exclusions and self-supporting debt, to ten percent (10%) of gross revenues.
3. The Town will allocate or reserve three percent (3%) of projected General Fund revenue (e.g. property taxes less debt exclusions, state aid, and local receipts) for debt service.
4. The Town will limit annual increases in debt service to a level that will not materially jeopardize the Town's credit rating.
5. For those previously authorized bonded projects with residual balances, the Town Manager shall propose the reallocation of these balances for other capital projects in conformance with Massachusetts General Laws Chapter 44, Section 20.
6. For those previously authorized projects funded with available revenue (tax levy or reserves), that have residual balances in excess of \$5,000, the Town Manager shall propose the reallocation of these balances for other future capital projects in conformance with Massachusetts General Laws Chapter 44, Section 33B. This practice will avoid abnormally inflating general fund surplus with one-time receipts.
7. For those previously authorized projects funded with available revenue (tax levy or reserves), with residual balances of less than \$5,000, the Assistant Town Manager/Finance Director may authorize the Town Accountant to close these balances to the appropriate fund surplus.
8. The Town will attempt to limit bond sales in any calendar year to \$10,000,000 in order to maintain bank qualifications and thereby receive lower interest rates on bonded debt.
9. Long-term borrowing will be confined to capital improvements too expensive to be financed from current revenues. In general, the Town will attempt to finance purchases costing less than \$100,000 with operating revenues.
10. Bonds will be paid back within a period not to exceed the expected useful life of the capital project.
11. To the extent practicable, user fees will be set to cover the capital costs of enterprise type services or activities - whether purchased on a pay-as-you-go basis or through debt financing - to avoid imposing a burden on the property tax levy.
12. Ongoing communications with bond rating agencies will be maintained, and a policy of full disclosure on every financial report and bond prospectus will be followed.

Approved May 1991; Revised December 1998, April 7, 2009

RETAINED EARNINGS POLICY FOR WATER AND SEWER ENTERPRISE FUNDS

It shall be the policy of the Select Board to maintain a level of unreserved retained earnings sufficient to address the financing of: working capital; revenue shortfalls; unanticipated increases in MWRA wastewater assessments; and unanticipated and emergency expenditures.

Unreserved retained earnings are cumulative surplus funds, as certified by the Massachusetts Department of Revenue, that are available for appropriation by Town Meeting to support any capital expense of the enterprise or to reduce user charges.

The rationale for, and the calculation of, unreserved retained earnings to be maintained by the Town are described below and are referred to as the "Liquidity Method" and the "Credit Quality Method." Retained earnings targets shall be calculated using both methods, and shall be set using the method which represents the higher number in any given year. Under the Liquidity Method, the total amount of retained earnings to be maintained shall be equal to 80 percent of the sum of the following individual calculations. The factor of 80 percent is based on the assumption that the likelihood of all factors occurring in one fiscal year is small; therefore there is no need to maintain one hundred percent of the calculated level of retained earnings. Under the Credit Quality Method, the total amount of retained earnings should not be less than fifteen percent of the operating revenue of the most recent audited fiscal year.

Liquidity Method

Working Capital: For those periods where monthly expenses exceed available cash, the water and sewer enterprises must have access to working capital to finance operations. In the absence of retained earnings, operations would require the use of General Fund cash which would reduce General Fund cash available for investment, and consequently reduce General Fund Revenue. To avoid the use of General Fund cash as working capital for the water or sewer operations, retained earnings shall be maintained at a level to provide sufficient working capital to finance the operations of these enterprise funds. The amount retained for this purpose shall be equal to the average of the largest monthly operating deficit of the prior three years.

Consumption Contingency: Annual water and sewer revenue is a function of the amount of water purchased by customers. If, in any year, purchases are less than projected, a revenue shortfall will occur. Retained earnings shall be maintained at a level sufficient to offset any loss in revenue due to unanticipated decreases in purchases. That level shall be equal to the difference of the consumption used for rate making purposes versus the lowest level of consumption for the prior six fiscal years, multiplied by the current sewer rates and water rates shown as Step 3 of the Town's step rate structure. Step 3 is selected as it generally represents the point at which discretionary purchases of water begin. The scenario envisioned here is a wet year in which customers will not need to make discretionary purchases of water.

MWRA Assessment Mitigation: The Town's MWRA wastewater assessment is levied on a fiscal year basis, yet it is a function of the volume of effluent discharged into the MWRA system in the prior calendar year. The Town's wastewater system is subject to high levels of infiltration and inflow (I/I) given its age. Infiltration and inflow can substantially increase the volume of effluent

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discharged into the MWRA system. Following a year in which high levels of I/I occur, the Town's MWRA assessment will increase at a rate that substantially exceeds the average increase for all MWRA members. An increase of this magnitude can adversely affect rates charged to Town customers. Consequently, retained earnings shall be maintained at a level sufficient to mitigate rate increases needed to fund large increases in the Town's assessment. That level shall be equal to the largest annual amount - for the prior six year period - by which the average rate of increase in assessments for all MWRA members exceeds the rate of increase in the Town's assessment, multiplied by the most current MWRA assessment.

Unanticipated Budgetary Fluctuation: Retained earnings shall be maintained at a level sufficient to fund unanticipated or emergency capital or operating expenditures. It shall be a goal to maintain an amount equal to 6% of the annual sewer operating budget and 10% of the annual water-operating budget.

Restoration of Depleted Retained Earnings: If, in any year, retained earnings fall below the targets established by this policy, it shall be the policy of the Select Board to set future rates to restore retained earnings to the target level over the following three year period.

Adopted by the Needham Select Board on April 20, 1999; revised June 6, 2003, revised January 12, 2010.

TOWN MANAGER'S CAPITAL PLAN GUIDELINES

This booklet contains copies of the forms and instructions for the Town's Capital Improvement Plan. In order to make the best use of our limited time for review and consideration of each capital request, please ensure that the forms that are submitted for funding consideration are fully-completed, and that the projects or potential acquisitions have been fully-vetted at the Department level. Please fully describe the item that you are planning to acquire or the project that you hope to complete, the specific basis for the cost estimate, what exactly will the funds be used for, and any options that you explored prior to developing the request. Capital requests should articulate how the project or acquisition will contribute to ensuring that Needham is a livable, economically vital, accessible and connected, healthy and socially thriving, safe, responsibly governed, and environmentally sustainable community. Finally, please carefully review the definition of capital items. Requests that do not meet the test will be returned to the department. The most common requests that are submitted that do not meet the test are studies and pieces of equipment that are not valued at \$25,000 or higher. Generally speaking, if a request for a study will not lead to a construction project, it should be submitted as a financial warrant article.

Because the CIP is focused on a five-year period, those projects which were identified by you last year and were recommended as under Tier 1 for fiscal years 2023 through 2026 should be reviewed and updated as necessary. Changes to the scope and/or cost estimate from previously submitted projects must be thoroughly explained. And, since the final plan aligns our projected revenue and debt capacity with the projects that are already submitted, we will generally be unable to add new projects to the first four years of the upcoming plan unless there is an emergency or other unique circumstance. Therefore, please plan carefully for the needs of your department for the next five years.

In certain circumstances, as described in the instructions, preliminary conversations with other departments are required prior to your submitting a request. These include requests that may possibly be funded through the Community Preservation Fund, projects that may have an information technology component, construction related projects that require the assistance from one or more of the DPW divisions, and projects that may require permitting at the local level. Please make sure that you have these conversations before submitting requests.

There will be a review of previously approved capital requests. Capital status update forms will be distributed prior to capital project review meetings. Please review the report and be prepared to discuss project status at that time. Thank you for your thoughtful participation in the capital planning process.

Kate Fitzpatrick

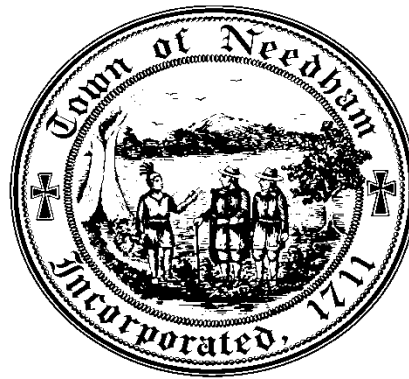
August 2, 2021

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Capital Improvement Plan
January 2022

TOWN OF NEEDHAM

**Fiscal Year 2023 - 2027
Capital Request Guidelines**



August 2, 2021

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CAPITAL IMPROVEMENT PLAN SUBMISSION CHECKLIST

- __ 1. Read the Guidelines.
- __ 2. Attend one of the two Overview Sessions at 10:00 A.M. **Tuesday, August 3, 2021** or **Wednesday, August 4, 2021** via ZOOM. Preregistration is required.
- __ 3. Complete the required forms. All forms will be available through TEAMS. If you cannot access the file, please contact the Assistant Town Manager/Director of Finance to make other arrangements.
- __ 4. Vehicle Request (CIP-VR) forms were made available via TEAMS and were due **12:00 P.M. Friday, September 3, 2021**. If the forms were not submitted, you must contact the Assistant Town Manager/Director of Finance to discuss what options may be available.
- __ 5. Review all your narratives, to ensure they are written for the layperson.
- __ 6. Re-check all figures – all costs should be rounded UP to the next whole dollar. The cost should be based on current information. Re-check all totals to make certain they total correctly.
- __ 7. Submit all final Capital Funding Requests electronically through TEAMS. Completed requests are due by **12:00 P.M. Friday, October 15, 2021**.
- __ 8. Send an email to ddavison@needhamma.gov indicating that you have submitted your Department's capital requests and the total number of capital project requests forms you have submitted.
- __ 9. Prepare for your appointment to discuss your Department's requests. The schedule will be distributed at the overview sessions.

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KEY DATES FOR THE FY2023 BUDGET PROCESS

Date	Activity
August 2, 2021	Capital Improvement Budget Guidelines Released
August 2, 2021	Vehicle Request Forms and Instructions Released
August 3, 2021	Capital Submission Overview Session I, 10:00 A.M. to 12:00 P.M. (ZOOM) – Preregistration Required
August 4, 2021	Capital Submission Overview Session II, 10:00 A.M. to 12:00 P.M. (ZOOM) – Preregistration Required
August 13, 2021	Deadline to Notify Building Maintenance and Information Technology Center of a Related Capital or Operating Request
August 17, 2021	Town Manager Budget Consultation with the Select Board
September 3, 2021	Vehicle Request Forms Submission Due by 12:00 P.M.
September 8, 2021	Town Manager Budget Consultation with the Finance Committee
September 14, 2021	Select Board Closes Special Town Meeting Warrant
September 14, 2021	Town Manager Budget Consultation with the Select Board
September 20, 2021	FY2023 Operating Budget Guidelines Released
September 22, 2021	FY2023 Operating Budget Submission Overview Session I 9:30 A.M. to 11:30 A.M. Town Hall
September 23, 2021	FY2023 Operating Budget Submission Overview Session II 9:30 A.M. to 11:30 A.M. (ZOOM) – Preregistration Required
September 28, 2021	Town Manager Budget Consultation with the Select Board
October 7, 2021	Schedule of Fees and Charges Due Thursday by 4:00 P.M.
October 15, 2021	Final Capital Requests Due Friday by 12:00 P.M.
October 21, 2021	Department Spending Requests Due Thursday by 4:00 P.M.
October 25, 2021	Special Town Meeting
October 27, 2021	Town Manager Budget and Capital Meetings with Departments Begin
November 9, 2021	Town Manager Budget Consultation with Select Board
November 23, 2021	Town Manager Reviews the Preliminary Five Year Capital Improvement Plan with the Select Board
December 7, 2021	Town Manager Provides an Update to the Five Year Capital Improvement Plan to the Select Board
December 8, 2021	Department Spending Requests are due to Finance Committee from the Town Manager and School Superintendent
December 21, 2021	Select Board votes on CIP Recommendations (if action was not taken on December 7, 2021)
January 4, 2022	Town Manager Budget Consultation with the School Committee
January 4, 2022	FY2023 – FY2027 Capital Improvement Plan Release
January 31, 2022	Town Manager’s Balanced Budget Due to the Finance Committee
February 17, 2022	Warrant Articles for 2022 Annual Town Meeting Due to the Select Board
February 22, 2022	Finance Committee FY2023 Draft Budget Due to the Town Manager

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Date	Activity
March 15, 2022	Finance Committee Budget Recommendations are Due for Inclusion in the Annual Town Meeting Warrant
April 12, 2022	Town Election
May 2, 2022	Annual Town Meeting
July 1, 2022	Start of Fiscal Year 2023

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CAPITAL IMPROVEMENT PLAN INTRODUCTION

Under section 2.2.2 of the Town's General By-laws the Town Manager is required to prepare and present an updated Capital Improvement Plan. The text of the relevant By-law is as follows:

2.2.2.1 All boards, departments, committees, commissions and officers of the town shall annually, at the request of the Town Manager, submit to him or her in writing a detailed estimate of the capital expenditures required for the efficient and proper conduct of their respective departments and offices for the ensuing fiscal year and the four year period following thereafter. The Town Manager, after consultation with the Board of Selectmen, shall submit in writing to the Board of Selectmen a careful, detailed estimate of the recommended capital expenditures for the aforesaid periods, showing specifically the amount necessary to be provided for each office, department and activity and a statement of the amounts required to meet the debt service requirements or other indebtedness of the town. The Selectmen shall transmit a copy of the capital budget to the Finance Committee along with the Board of Selectmen's recommendations relative thereto. The Selectmen shall transmit the capital budget to the Finance Committee no later than the first Tuesday after the first Monday in January.

2.2.2.2 A capital expenditure is defined as the acquisition, construction, renovation, betterment or improvement involving land, public buildings and facilities; water and sewer system laterals, mains, and appurtenances; and equipment or vehicles; provided the cost is \$25,000 or more and the improvement will have a useful life of five years or more; or any planning, feasibility, engineering or design study in preparation for such capital expenditures.

2.2.2.3 The Capital Improvement Plan shall include: (a) a list of all capital improvements proposed to be undertaken during the next five years, together with supporting data; (b) cost estimates, methods of financing, and recommended time schedule; and (c) the estimated annual cost of operating and maintaining any facility to be constructed or acquired. The first year of the Capital Improvements Program shall constitute the proposed capital improvements budget for the coming fiscal year and the ensuing four years of the plan are included for planning purposes.

All questions regarding the instructions, Capital Improvement Plan request forms, or project financing should be directed to the Assistant Town Manager/Director of Finance.

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AN OVERVIEW TO THE CAPITAL FUNDING REQUESTS

Please do not change any **margin settings** or the **font styles or sizes** [the primary font is CALIBRI 9]. They have been predetermined so that the Capital Improvement Plan will have a uniform look throughout and can be more easily bound so that text will not be hidden. If you need or want to bring attention to a particular word, phrase, or sentence you may **bold** or underline as appropriate. You may also use **highlighting** or *italics*, but please be aware that they don't photocopy as well. Remember to use whole dollar amounts and to have "\$" precede any dollar figure so it is not confused with a numerical entry.

Capital Funding Requests

The Capital Funding Requests are to be used at the department level. Departments may, but are not required to, prepare forms on a divisional level as well.

CIP-CFR: Capital Funding Request – this form is to be used for all capital requests. The form is used to provide an overview of the project and the intended purpose. Projects that are multifaceted, funded over a number of years, or relate to a complex building project will also require the completion of one or more CIP-CRD (Capital Request Detail) forms. One-time standalone requests for the purchase of a capital asset may be submitted by filing only this form. If the purchase includes unrelated items or multiple funding years, the CIP-CRD forms will also be required. M.G.L. Chapter 30B procurement law usually, but not always, governs these purchases.

This form may be used to request a study or long-range plan to look into an identified problem that may require a capital outlay, the feasibility of doing a project, or updating an existing or developing a new long-range plan for major systems or facility improvements. Such a request may seek funding in order to secure an independent study of a capital need and review alternatives or develop cost estimates and scenarios that then could be used as a resource to submit a capital request in the future. This approach should provide more solid data and reference materials in order to allow stakeholders to have meaningful dialogue on a proposal.

Any capital equipment replacement request should be accompanied with a completed **Designation of Surplus** form for each capital equipment item that the department is seeking funding for FY2023. The forms and instructions can be found on the common drive in the **Finance Policies and Procedures** folder. Any questions about how to complete the form may be directed to the Assistant Town Manager/Director of Finance.

Finally, this form would be used to identify other projects that the requester does not want to submit for an official review for funding or is unable to provide the required information in order to submit a formal capital request. Projects will be considered as submitted but will not be reflected in any of the five-year funding request recommendation schedules. However, only projects that would involve the construction or reconstruction of a public building or infrastructure, purchase of land or buildings, or participation in a regional capital outlay would be considered a future project request.

CIP-CRD: Capital Request Detail – this form is to be used to provide specific details of a capital request that is complex, phased, and/or seeks funding over multiple fiscal years. Submission of this form also requires the completion and submission of the Capital Funding Request (CIP-CFR) form. The form is to put forward all requests for purchase of equipment, furniture, machinery, technology, or other items that satisfy the capital expenditure definition and seeks funding for two or more fiscal years. M.G.L. Chapter 30B procurement law usually, but not always, governs these purchases.

The Capital Request Detail (CIP-CRD) form must be completed and submitted with the Capital Funding Request (CIP-CFR) form to request improvements to buildings and other public facilities, or projects that are upgrading a specific feature or operational system of a building (e.g., roof replacement, bathroom upgrade, boiler replacement, floor replacement, window or door replacements, etc.). These types of projects will fall under the public building construction (Chapter 149) and likely the designer selection (Chapter 7) procurement statutes. Any individual project request that repairs, replaces in-kind, or upgrades obsolete elements to current standards involving multiple aspects to allow a fixed asset to continue to be used for its intended purposes and has a total cost

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of less than \$500,000 should use this form.

The Capital Request Detail (CIP-CRD) form is also required for a capital request that is extraordinary in scope, size, and/or cost greater than \$500,000. This primarily involves the purchase, design, and/or construction of a new public building, facility, or expansion of infrastructure, or a substantial change to an existing building or facility. Any major repair project that could be viewed as facility renovation that modifies multiple elements of a fixed asset to accommodate new, expanded, or relocated occupancies as required to support goals of the Town should be requested using this form.

The form will also be used for regular ongoing infrastructure improvement programs for existing systems and networks (e.g., roads, sidewalks, bridges and culverts, water and sewer lines, and system operation refreshing such as filters in treatment plants). These projects usually will be governed by public works (Chapter 30) procurement laws.

CIP-VR:

Vehicle Request –This form is to be completed and submitted to the Finance Department for any vehicle that the Department seeks to have replaced in FY2023. You must identify any change to the current preliminary replacement schedule for vehicles between FY2023 and FY2027. The Town submits the vehicle rolling stock capital as a single request. The Finance Department and subsequently the Town Manager will rely upon the Department to provide detailed information regarding the current use and condition of the vehicle to be replaced, and what purpose and function the vehicle plays in the running of the Department's operations. The form contains specific information about the vehicle that is under the control of the department. Some information should not change (e.g., vehicle identification number), other information will change (e.g., mileage/hours of operations), and other information may have changed (e.g., unit number). This form is used to update the master list which is maintained to track where equipment is stored and the insurance coverage. **The forms were due back to the Finance Department via TEAMS on Friday, September 3, 2021.**

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Capital Funding Request CIP-CFR Form **This is an Excel Form** Instructions

The purpose of this form is for the requestor to provide an overview of the capital project. This form is to provide the required information for the CIP Review Team to determine the purpose, need, and costs associated with the capital purchase or improvement and to address the merit, scope, cost, and ongoing operational expenses that may be connected to the project. The form may be used as a standalone one-page submission for a straightforward onetime capital equipment purchase.

General Information

- Title:** Provide a short descriptive title indicating the nature of the request, e.g., Mitchell School Classroom Furniture, Claxton Building Roof Replacement, Pollard School Door Replacement, Water Tank Restoration, or Central Avenue Sewer Lateral Replacement.
- Submitted By:** Indicate the name of the department preparing and submitting the request from the drop down list. If the request comes from more than one department, select the department that will take the lead for the project.
- Request Type:** Indicate the type of funding request from the drop down list.
 - Annual Funding Request:** Select this option if the request is an annual (recurring) capital funding request. This type of request will require completion of the Capital Request Detail (CIP-CRD) form for each fiscal year. Examples of an annual capital funding requests are energy efficiency upgrades, fleet program, and school technology replacement.
 - Informational Only:** Select this option to identify a project that the requester does not want to submit for an official review for funding or is unable to provide the required documentation in order to submit a complete capital request. The project request will be considered as submitted but will not be reflected in any of the five-year funding recommendations. Only projects that involve the construction or reconstruction of a public building or infrastructure, the purchase of land or buildings, or participation in a regional capital outlay would be considered as a future project request. You must indicate the fiscal year (see item #6) that the Department will formally present the capital request.
 - Multiyear Funding Request:** Select this option if the capital request may require more than one appropriation but will not be a recurring funding request. This type of request will require completion of the Capital Request Detail (CIP-CRD) form for each funding phase. An example of a multiyear funding request is a new building construction project, which may have a design and then a construction funding phase.
 - Standalone Funding Request:** Select this option if the capital request is a standalone request which seeks the entire appropriation at one time. This may be for the purchase of equipment, extraordinary repairs to a facility, or a site specific improvement. A one-time funding request which is not excessively complex and will require less than 12 months to complete may be submitted with only this form. Projects that may take more than 12 months to complete, relate to extraordinary repairs or improvements to a municipal or school building or infrastructure, or are of a substantial expense will require completion of the Capital Request Detail (CIP-CRD) form as well. A feasibility study may be considered a standalone, even if it results in a future funding request for design and construction. However, if design and construction cost estimates are available, then the CIP-CRD forms for each phase of the project must be submitted as well.
- Capital Type:** Indicate the asset classification type which the project primarily relates from the drop down list.
 - Building:** Building is defined as a permanent enclosed structure occupied by a Town or School department or planned to be used by a Town or School department, e.g., administrative offices, community service center, or a school. This classification also includes something designed, built, installed, etc., to serve a specific function affording a convenience or service: seasonal buildings (e.g., park bathrooms, concession stand).

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Equipment: Equipment is defined as a single item or single purchase with a total cost of \$25,000 or more, is freestanding and has a use life of five (5) or more years. This is tangible property (other than buildings, facilities, infrastructure, and land) which is used in the operation of Town/School activities. Examples of equipment include devices, machines, and tools. It also includes furniture, fixtures, or other equipment that are not permanently connected to the structure of a building, facility, or the utilities (desks, chairs, equipment, tables, bookcases, and movable partitions). Also, equipment for streets and other public areas, such as signs, benches, or litter bins. This category also encompasses large pieces of equipment designed for construction and earthwork, for aggregation and recycling, asphalt and concrete, for forestry and wood processing, or for snow and infrastructure maintenance.

Infrastructure: Road, bridge, and sidewalks, drainage systems, sewer laterals or systems, or water supply distribution systems.

Land: Purchase or improvements to land, e.g., baseball field, football field, playgrounds, and recreation trails.

5. **Funding Request:** Enter the total amount requested for this project. If the project is a recurring, multiyear, or multiphase project, enter “See Attached” and provide the cost information on the individual Capital Request Detail (CIP-CRD) forms.
6. **Funding Year:** Indicate the fiscal year for which funding is being requested from the drop down list. If funding will be requested over more than one fiscal year, select “See Attached” and breakout the information on the CIP-CRD forms.
7. **Description:** Provide an overview of the project being requested, its location, what type of work will be done; or if the request is for equipment explain the purpose and use of the item(s). Routine acquisitions may be briefer than a request to increase or introduce new equipment or a project that is new, unexpected, or extraordinary. Indicate whether the purpose of the project is to maintain, replace, enhance, or expand Town facilities or infrastructure. Describe the need and justification of the requested project, including the timeline. Explain how the project or purchase will benefit the Town. Explain whether other departments will be enlisted to complete the project. Requests which do not require a Capital Request Detail (CIP-CRD) form should break out the cost components of the project the standard subcategories of design, project management, construction, site improvements, equipment, fixtures, furniture, and owners’ costs. Indicate who prepared the cost estimate. If a CIP-CRD form is not completed for the request, explain how the project cost estimate was determined. Provide an estimate on the operating expenses associated with implementing project as well as ongoing cost in the use of the asset. Explain whether the project will reduce operating expenses, where and how. When applicable, compare the cost estimate of the project with the actual cost of similar projects which have been completed in the past five (5) years. If the project cost is from another community, explain how you obtained the cost information and how it may be viewed independently. Explain what the impact may be if the project is not funded, what is the possibility of cost escalation over time. If there is special funding available for the project (i.e., grant, state funding, donation,) please explain how the funds will be obtained and who will secure the funds. Additional information may be provided by inserting a link to documents and information which are available online. You must explain what the link will show.

This information is expected to provide the narrative that is provided to Town Meeting in the warrant. Write for the layperson who may not be familiar with the history, purpose, or terminology. Do not use uncommon abbreviations or acronyms in your narrative without an explanation of its meaning.

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Capital Funding Request							
Title	(Refer to Instruction #1)			Submitted by	(Refer to #2)		
Request Type	(Refer to #3)	Capital Type	(Refer to #4)	Funding Request	(Refer to #5)	Funding Year	(Refer to #6)
Description							
(Refer to #7)							

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Capital Request Detail CIP-CRD Form **This is an Excel Form** Instructions

The purpose of this form is to provide more detailed information for a multiyear or complex capital project for the CIP Review Team to determine the purpose, need, and costs associated with the capital purchase or improvement and to address the merit, scope, cost, and ongoing operational expenses that may be connected to the project.

General Information

- Project Title:** Provide a short descriptive title indicating the nature of the request. The title must include the master title given on the Capital Funding request (CIP-CFR) form. You may include an additional descriptor, e.g., Central Avenue Sewer Lateral Replacement Phase I and then Central Avenue Sewer Lateral Replacement Phase II on the next Capital Request Detail (CIP-CRD) form.
- Fiscal Year:** Indicate the fiscal year for which funding is being requested from the drop down list
- Request Status:** Indicate the status for this request from the drop down list.
 - New:** Select this option for a capital project that **did not** appear in the prior CIP. In most instances, this would be a capital request for the fifth year of the CIP (2027) as requests for the first four years (2023 – 2026) should have been previously disclosed in the prior CIP.
 - Revised:** Select this option for a capital project that was in the prior CIP but requires changes and/or edits to the details, funding level, timing, etc.
 - Resubmitted:** Select this option for a capital project that was previously submitted, but not approved for funding or was not part of the preliminary trier one recommendations in the prior CIP (FY2022 – FY2026).
 - Existing:** Select this option for a capital project that appeared in the prior CIP (FY2022 – FY2026) and the information has NOT changed.
- Project Phase:** Indicate the type of funding request from the drop down list.
 - Acquisition:** Select this option if the primary use of funds is to purchase an asset, i.e., land, building, equipment, technology, etc.
 - Construction:** Select this option if the primary use of funds will be for construction or reconstruction of buildings, additions to such buildings, remodeling, reconstructing or making extraordinary repairs to public buildings, for landscaping, paving and other site improvements of public property; for the construction or reconstruction of bridges, drainage systems, roads, sidewalks, and other public ways; for the construction or extraordinary repairs of sewers, sewerage systems and sewage treatment and disposal facilities; for the construction or reconstruction of filter beds, standpipes, pumping stations, water mains and tanks.
 - Design/Engineering:** Select this option if the primary use of funds will be for the cost of architectural services for plans and specifications for any proposed building, additions to buildings, or extraordinary repairs to existing public buildings; for engineering services for any public infrastructure improvement, expansion, or redevelopment.
 - Feasibility Study:** Select this option if the primary use of funds will be for a feasibility study of a specific future project, e.g., conducting groundwater inventory and analysis of the Town’s water supply, including pump tests and quality tests relating to the development of using groundwater as an additional source or a new source of water supply.
- Useful Life:** Indicate the estimated useful life of the asset from the drop down list.
 - Less than five (5) years – DOES NOT QUALIFY AS CAPITAL.
 - More than 5 years
 - More than 9 years

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More than 15 years
More than 20 years
More than 30 years

6. **Primary Function:** Indicate the primary governmental function that the capital asset(s) will support from the drop down list.
- Community Services:** Functions that provide direct services to residents, visitors, or businesses in the Town. Community services include public health, senior services, youth services, and veterans' services.
- Culture and Leisure:** Functions that provide cultural and leisure opportunities for Needham residents and visitors. This would include athletics, historic preservation, libraries, parks, and trails.
- General Government:** General Government serves as the support function, assisting all Town Departments in the conduct of their daily operations and serves as the business and residential development, land use planning, conservation, and economic development for the Town. General Government functions include the Select Board, the Town Manager's Office, Human Resources, Town Clerk and Elections, Town Counsel, Accounting, Budgeting and Finance, Treasury and Collections, Planning and Land Use, Information Technology Center, and non-departmental.
- Public Education:** Public education serves the public educational needs of Needham's children and adults. Public Education is comprised of the Needham Public Schools and Minuteman Regional Vocational High School.
- Public Safety:** Public Safety serves as the safety and security function, providing assistance to all Town residents, visitors, and business with life and property protection. Public Safety is comprised of Animal Control, Police, Parking Enforcement, Traffic Supervisors, Fire, Fire Prevention, Fire Training, and Emergency Management, Emergency Medical Services, and Building Code Enforcement and Weights and Measures.
- Public Works:** Functions that provide for the service of Town parks and fields, solid or hazardous waste disposal, recycling efforts, maintenance of Town and school facilities, and internal operations.
- Stormwater:** Functions that provide for the treatment and or management of stormwater.
- Transportation Network:** Functions that provide for the management, travel, support of private and public transportation. This includes roads, bridges, sidewalks, parking lots, road and pedestrian intersections, bicycle paths, movement, and buses.
- Wastewater Resources:** Functions that provide for the management or treatment of sanitary sewers.
- Water Resources:** Functions that provide for the supply, treatment, and distribution of clean water.
- Other:** Functions not otherwise falling into one of the above categories. Please explain under the **Project Description and Considerations** section of the capital form.
7. **Project Cost:** Enter the dollar amount requested for each cost element. The amount to be enter is the total to complete the project. The total of the elements should equal the amount that is requested for funding for the requested fiscal year (refer to #2). The requested amount is to include cost of the equipment, components and/or accessories, and incidental expenses. Incidental expenses may include items such as training, maintenance contract, start-up supplies, etc. The amount should also include acquisition, delivery, set up, and any other related costs required to procure and receive the equipment. Requests for building, facility, or infrastructure improvements are to include the costs to complete the requested project. If the request is for a study, then only the cost to perform the study is necessary; however, if the request is to replace a roof, both the engineering and construction costs are to be included in the request. Any extraordinary expense included in a request must be disclosed under the Project Description and Considerations section at the end of the form. Provide a dollar breakdown of the estimated cost for the request by the identified components.
- ✓ Planning/Design – are costs for consultants, professional services, materials and other resources required to develop a long range plan related to capital investment or for professional services in the development of architectural and engineering documents, consulting services, design services, permitting assistance, contract management, inspectional services, and other associated services. The cost for a feasibility study should be reported under this line.
 - ✓ Land – are costs for the purchase of real estate or the rights to use property (easements).
 - ✓ Site Preparation – are costs for land improvements.
 - ✓ Construction Expenses – are the costs for the construction, including but not limited to, construction, restoration, labor and materials, indirect costs, but not so-called "soft costs".

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- ✓ Construction Management – are cost for construction management services.
- ✓ Equipment – are costs for items such as office and school furniture, specialty items, construction and maintenance equipment, and vehicles. This would be for purchases which are usually stand-alone requests.
- ✓ FF&E (Furniture, Fixtures, and Equipment) – are costs for such items acquired as part of a building or infrastructure improvement project but are not part of the construction costs. The supplies and materials that are used as part of the site work or construction are to be reported on those lines respectively.
- ✓ Technology - are the costs for capital investment in stand-alone technology systems which are not part of a building or infrastructure construction project that would routinely be provided by the construction contractor and reported under construction costs.
- ✓ Other Expenses – this would be used to report other expenses that do not fall under one of the other expense lines or an expense. Example, if a project is proposed to be financed by debt, the total project budget should be multiplied by .05 and the calculated result (rounded to the nearest thousand, but not less than \$5,000) should be included in other expenses. Any project contingency would be entered on this line.

8. **Budget Impact:** Indicate the estimated annual impact on the operating budget from the drop down list.
- The project will generate revenue in excess of cost
 - The project should reduce the operating expenses
 - May increase annual operating expenses by less than \$5,000
 - May increase annual operating expenses by more than \$5,000
 - May increase annual operating expenses by more than \$25,000
 - May increase annual operating expenses by more than \$50,000
 - May increase annual operating expenses by more than \$100,000
9. **Project Cost Source:** Indicate the primary factor used to determine the estimated project cost from the drop down list. Was the estimated cost determined by use of a paid consultant or engineer, in-house (staff), industry references, or from another source? Other sources may include a fixed price per unit multiplied by the number of units, or based on prior bids (contracts), construction industry reference guides, formula driven by project size (square footage multiplied by price per square foot), consultant or design specification documents, etc. Disclose the methods under the Project Description and Considerations section.
- Current Contract
 - Hired Consultant
 - Industry References
 - In-House Estimate
 - No Estimate Has Been Determined
10. **Total New FTE's:** Indicate the full time equivalent (FTE) number of employees that would be added if the requested project is funded. If no additional FTE's will result, enter "0". This relates to question 14.
11. **Parameters:** Review and answer the questions regarding the capital request by marking selecting the drop down list to the right of the question under the Response column. Please provide responses to the following questions (any **YES** response **must** be explained under **Project Description and Considerations** section of the form):
1. *Are there any costs to bid, design, construct, purchase, install, implement, or otherwise complete the project which are **NOT** included in this request?*
 2. *Are there recommendations or costs identified by other departments which are **NOT** factored into the request? **You are required to consult with the managers of the other Town and/or School departments before answering this question.***
 3. *Does this project require any permitting by any Town or State agency? **Please indicate any Town boards and committees and or state agencies that permits or approvals must be obtained in order to commence with the project.***
 4. *If funded, will this project require ongoing assistance from vendors at an additional expense to the Town which is **NOT** already budgeted? **Examples include maintenance agreements, supplies, licensing rights, etc.***

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5. *Is specialized training or annual licensing required that the Town will need to pay in order to use the asset?*
6. *Is this a project for which an Initial Eligibility Project Application can be filed with the Community Preservation Committee (CPC)?*
7. *Is this a request in response to a Court, Federal, or State order? Please identify the order, regulation, law, etc.*
8. *Is this a request in response to a documented public health or safety condition? Please explain what the health or safety issue is and how was it documented.*
9. *Is this a request to improve or make repairs to extend the useful life of a building?*
10. *Is this a request to purchase apparatus/equipment that is intended to be permanently installed at the location of its use? Please consult with the Public Works Department before submitting a request to ensure that the request does not conflict with other requests.*
11. *Is this a request to repair or otherwise improve public property which is **NOT** a building or infrastructure? Examples include a playing field renovation, walking trail upgrade, a municipal parking lot, etc.*
12. *Will any other department be required to provide assistance in order to complete the project? This would be for services, financial assistance, or staff that would not usually be required of the department in carrying out its primary responsibilities. This would be beyond standard administrative or regulatory requirements of a department, i.e., bid preparation, contract execution, issuance of a building permit, etc.*
13. *If funded, will this project increase the operating expense for any other department?*
14. *If funded, will additional permanent staff be required? Full time and/or part time. You must also state the number of FTE's (refer to #10).*

12. **Project Description and Considerations:** Describe the specific project you are proposing, its location, what type of work will be done; or if the request is for equipment explain the purpose and use of the item(s). Routine acquisitions may be briefer than a request to increase or introduce new equipment or a project that is new, unexpected, or extraordinary. Indicate whether the purpose of the project is to maintain, replace, enhance, or expand Town facilities or infrastructure. Clearly state whether the project is an acquisition, new construction, or renovation to an existing asset. Provide statistical data and reference any reports and/or studies that provide additional information as to the need, condition or cost. Provide the size and scope of the project, such as the square footage to be renovated in a building or the length of the roadway to be reconstructed. Multi-year and high dollar requests will require more information and specifics. Explain what alternative solutions have been examined, if any. If there is special funding available for the project (i.e., grant, state funding, donation,) please explain how the funds will be obtained and who will secure the funds. Your explanations for affirmative responses to the parameter questions are to be detailed in this section. Explain what the impact may be if the project is not funded.

This information is expected to provide the narrative that is provided to Town Meeting in the warrant. Write for the layperson who may not be familiar with the history, purpose, or terminology. Do not use uncommon abbreviations or acronyms in your narrative without an explanation of its meaning.

13. **Additional Project Description and Considerations:** This is an additional text box to provide information if the prior page text box was insufficient to provide all the information. Project requests of an extraordinary nature will very likely require additional information than just a basic project description and the clarifications to your yes responses under the parameter section. You will probably need to use this section if the request is to acquire land or buildings, to newly construct or add to an existing building or facility or will increase the annual operating costs by \$50,001 or more. Please contact the Assistant Town Manager/Director of Finance to assist you in the preparation of items. Projects with an estimated annual budgetary impact of \$50,000 or more will require a detailed explanation of those costs. This would be supplied under the supplemental information box. These would be costs not currently in place or required. Provide the estimated additional full time equivalent (FTE) staff to operate and/or support the facility requested and the costs for any temporary personnel. For indirect costs contact the Finance Department for the appropriate factor. Provide an estimated cost for contracted services, supplies, and materials, and ongoing equipment needs for the project. Include an estimated impact on energy costs. Provide an estimate of any revenue that may be generated to offset operating and maintenance expenses (not the capital costs) that would be incurred if the project is approved. The revenue must be new or additional, which otherwise would not be generated if the project was not undertaken. Identify the revenue types and the amount expected year to year. Please explain the analysis involved in preparing the revenue estimates. List any restrictions on the usage of the funds.

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Capital Request Detail							
Project Title	(Refer to Instruction #1)			Fiscal Year	(Refer to #2)	Request Status	(Refer to #3)
Project Phase	(Refer to #4)	Planning/Design	(Refer to #7)	Construction	(Refer to #7)	FF&E	(Refer to #7)
Useful Life	(Refer to #5)	Land	(Refer to #7)	Construction Management	(Refer to #7)	Technology	(Refer to #7)
Primary Function	(Refer to #6)	Site Preparation	(Refer to #7)	Equipment	(Refer to #7)	Other Expenses	(Refer to #7)
Budget Impact	(Refer to #8)		Project Cost Source		(Refer to #9)	Project Cost	\$0
Parameters						Response	
1. Are there any costs to bid, design, construct, purchase, install, implement, or otherwise complete the project which are NOT included in this request?							(Refer to #11)
2. Are there recommendations or costs identified by other departments which are NOT factored into the request?							(Refer to #11)
3. Does this project require any permitting by any Town or State agency?							(Refer to #11)
4. If funded, will this project require ongoing assistance from vendors at an additional expense to the Town which is NOT already budgeted?							(Refer to #11)
5. Is specialized training or annual licensing required that the Town will need to pay in order to use the asset?							(Refer to #11)
6. Is this a project for which an Initial Eligibility Project Application can be filed with the Community Preservation Committee (CPC)?							(Refer to #11)
7. Is this a request in response to a Court, Federal, or State order?							(Refer to #11)
8. Is this a request in response to a documented public health or safety condition?							(Refer to #11)
9. Is this a request to improve or make repairs to extend the useful life of a building?							(Refer to #11)
10. Is this a request to purchase apparatus/equipment that is intended to be permanently installed at the location of its use?							(Refer to #11)
11. Is this a request to repair or otherwise improve public property which is NOT a building or infrastructure?							(Refer to #11)
12. Will any other department be required to provide assistance in order to complete the project?							(Refer to #11)
13. If funded, will this project increase the operating expense for any other department?							(Refer to #11)
14. If funded, will additional permanent staff be required, and if so what is the total number of FTE's?					Total New FTE's	(Refer to #10)	(Refer to #11)
Project Description and Considerations							

(Refer to #12)

Additional Description and Considerations

(Refer to #13)

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Vehicle Request
CIP-VR Form
This is an Excel Form
Instructions

1. **Assigned:** Indicate Department/Division which the vehicle is assigned from the drop down list.
2. **Unit #:** Type in the Town assigned unit number of the current vehicle.
3. **Year:** Type in the model year of the current vehicle.
4. **Make:** Type in the make of the current vehicle.
5. **Model:** Type in the model of the current vehicle.
6. **Fuel Type:** Indicate the type of fuel used by the current vehicle from the drop down list: Diesel, Electric, Gasoline, Hybrid, Not Applicable, or Solar. If the vehicle has no fuel source, e.g., a trailer you would select "Not Applicable".
7. **Plate #:** Type in the vehicle registration number (license plate) of the current vehicle.
8. **VIN:** Type in the vehicle identification number (VIN) of the current vehicle.
9. **License:** Indicate the type of license required to operate the current vehicle from the drop down list.
 - Class A:** Any combination of vehicles with a Gross Combination Vehicle Weight Rating (GCWR) of 26,001 lbs. or more provided the Gross Vehicle Weight Rating (GVWR) of the vehicle(s) being towed is in excess of 10,000 lbs., except a school bus. With a Class A license and the appropriate endorsements, a driver may operate any vehicle covered within Classes B and C.
 - Class B:** Any single vehicle with a GVWR of 26,001 lbs. or more, or any such vehicle towing another vehicle not in excess of 10,000 lbs. GVWR, except a school bus. With a Class B license and appropriate endorsements, a driver may operate any vehicle covered within Class C.
 - Class C:** Any vehicle that is either less than 26,001 lbs. GVWR or any such vehicle towing a vehicle not in excess of 10,000 lbs. GVWR or a vehicle placarded for hazardous materials or designed to transport 16 or more persons, including the operator, except a school bus.
 - Class D:** Any single vehicle or combination except a semitrailer unit, truck trailer combination, tractor, or truck having a registered gross weight in excess of 26,000 lbs., a bus, or a school bus.
 - Class M:** Motorcycle. If operator has a Class D license, he or she may opt for a Class M endorsement on their driver's license.
 - License Not Required:** A driver's license is not required to operate the identified vehicle.
10. **Mileage:** Enter the present mileage of the vehicle, if unknown type "NA".
11. **Hours:** Enter the present number of hours that the vehicle has been in operation (engine hours), if unknown type "NA".

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12. **Reading Date:** Enter the date that the mileage/hours were read. The date MUST be provided.
13. **Expiration:** Enter the month and year that the current vehicle inspection sticker expires. This is the state mandated inspection.
14. **Disposal Intentions:** Indicate what the department's intentions are for the current vehicle from the drop down list:
Auction/Trade = the request is to sell the vehicle at auction or use it as trade when acquiring the replacement vehicle. The final decision is made by the Finance Department so the Department should not assume any credit or reduction in price resulting from a trade. The estimated price should be based on no trade.
Not Applicable = "Not Applicable" should be selected when there is no current vehicle related to this request.
Retain = the request is to retain the current vehicle in its present capacity; meaning that the department will increase the number of vehicles in regular use by the department.
Scrap = the request is that the vehicle should be disposed as scrap; it is unsafe for use or of limited value.
Transfer = the request is to transfer the vehicle to another department for use.
Pool Vehicle = the request is to retain the current vehicle to be used as a pool vehicle by the Town.
15. **Primary Functions:** Describe the primary functions (daily operations) that the requested vehicle will provide for the department and why the vehicle is needed. What other options did the department factor before making this request? Include information that will be helpful in determining why the request is being made and why you think the vehicle needs to be purchased.
16. **Funding Year:** Indicate the fiscal year for which funding is being requested from the drop down list.
17. **Funding Amount:** Enter the funding amount requested. The form has been designed to calculate an estimate based on current pricing that you should use.
18. **Vehicle Type:** Indicate the type of vehicle being requested from the drop down list:
- Automobile**
 - Delivery Vehicle**
 - Emergency Response**
 - Flat Bed Truck**
 - Heavy Truck** (trucks with a Gross Vehicle Weight (GVW) of 6,000 pounds or more)
 - Light Truck** (trucks with a Gross Vehicle Weight (GVW) less than 6,000 pounds)
 - Motorcycle**
 - Passenger Van**
 - School Bus**
 - Snow and Ice Equipment** (this selection is for vehicles that are just meant for snow and ice removal, not vehicles that may be used in snow and ice removal operations)
 - SUV** (Sport Utility Vehicle)
 - Tractor**
 - Trailer**
 - Van** (which is not designed for passenger transport)
19. **Make:** Type in the anticipated make of the requested vehicle.

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20. **Model:** Type in the anticipated model of the requested vehicle.
21. **Current Cost of Vehicle:** Type in the cost of the vehicle (not including attachments and special equipment which are required for the intended purpose but are not provided by the vehicle manufacturer). **The cost should be current prices (2021).** This figure and any amounts for special equipment and/or other costs will be used to calculate the estimated amount to be requested for the funding year. The estimated cost of the equipment has been calculated and is shown by fiscal year in the “Estimated Cost by Fiscal Year” column to the right). Please attach the documentation which shows how the current cost was determined.
22. **Special Equipment:** Describe any added equipment or special preparation which is required before the vehicle could be operational for the intended use. The additional cost to purchase and install/apply is to be disclosed in this box with the amount entered in the box to the right (refer to #23). Please attach the documentation which shows how the current cost was determined.
23. **Special Equipment Cost:** Enter the current cost of the special equipment identified to the left (refer to #22).
24. **Other Cost:** Describe any other expense related to this request which is not included in the vehicle price (refer to #21) or the special equipment costs (refer to #22 and #23) and enter the cost to the right. Examples include, but not limited to, insurance coverage for the first year, additional paint and decal work, decommissioning costs for the asset being retired.
25. **Other Cost Amount:** Enter the other cost amount identified to the left (refer to #24).

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Vehicle Request				
CIP-VR				
Current Vehicle		Requested Vehicle		Estimated Cost by Fiscal Year
Assigned	(Refer to #1)	Funding Year	(Refer to #16)	2023
Unit #	(Refer to #2)	Funding Amount	(Refer to #17)	2024
Year	(Refer to #3)	Vehicle Type	(Refer to #18)	2025
Make	(Refer to #4)	Make	(Refer to #19)	2026
Model	(Refer to #5)	Model	(Refer to #20)	2027
Fuel Type	(Refer to #6)	Current Cost of Vehicle*	(Refer to #21)	2028
Plate #	(Refer to #7)	(Refer to #19)/(Refer to #20)		2029
VIN	(Refer to #8)	(Refer to #22)	(Refer to #23)	2030
License	(Refer to #9)	(Refer to #22)	(Refer to #23)	2031
Mileage	(Refer to #10)	(Refer to #22)	(Refer to #23)	2032
Hours	(Refer to #11)	(Refer to #22)	(Refer to #23)	2033
Reading Date	(Refer to #12)	Subtotal \$0		2034
Expiration	(Refer to #13)	(Refer to #24)	(Refer to #25)	2035
Disposal Intentions	(Refer to #14)	(Refer to #24)	(Refer to #25)	2036
Primary Functions		(Refer to #24)	(Refer to #25)	2037
(Refer to #15)		(Refer to #24)	(Refer to #25)	2038
		Subtotal \$0		2039
		Total Current Cost		2040
		* Vehicle cost for -->		2021

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VEHICLE CONDITION CRITERIA TABLE

Please use the criteria below to assess the vehicle's overall condition. As a rule of thumb, if a vehicle meets the criteria of one or more classifications, the lowest category should be attributed.

EXCELLENT	<p style="text-align: center;">Vehicle is in excellent mechanical condition, has glossy paint and perfect interior</p> <ul style="list-style-type: none"> ✓ Looks new ✓ Excellent mechanical condition ✓ Has not had paint or body work ✓ Shows no rust, no visible wear and tear, stains, no "chips" or "dings" ✓ Engine is clean, has no missing parts and no fluid leaks ✓ Tires exhibit no uneven wear patterns ✓ Has complete and verifiable service records ✓ Has passed annual vehicle and safety emissions inspection
GOOD	<p style="text-align: center;">Vehicle is free of major defects and only has minor visual blemishes</p> <ul style="list-style-type: none"> ✓ Has no major defects ✓ No major mechanical problems ✓ Paint is still shiny, body and interior may have minor blemishes, which should be easily repaired ✓ Has little or no signs of rust and very few visible interior or exterior defects ✓ May or will need reconditioning if re-sold ✓ Tires match and have substantial tread wear left ✓ Has passed annual vehicle and safety emissions inspection
FAIR	<p style="text-align: center;">Vehicle has some mechanical or cosmetic defects but is in safe running condition</p> <ul style="list-style-type: none"> ✓ Reasonable running condition ✓ Has some mechanical or cosmetic defects that need servicing. All issues must be repairable. ✓ Paint, body and/or interior show visual flaws and need work performed by a professional ✓ May have small rust, minor dents ✓ May have defects in the engine or other mechanical systems ✓ Tires may need replacement ✓ Has passed annual vehicle and safety emissions inspection
POOR	<p style="text-align: center;">Vehicle has had severe mechanical and/or cosmetic defects</p> <ul style="list-style-type: none"> ✓ Significant mechanical and/or cosmetic defects ✓ Is in poor running condition ✓ Paint job is faded or missing ✓ Shows excessive rust ✓ May have problems that cannot be readily fixed such as damage frame ✓ Mileage cannot be confirmed ✓ Needs major repair in order to pass annual inspection