

Norway's Capital Investment Program

1. INTRODUCTION:

The voters of the Town of Norway have long endorsed the concept of saving for the future. By implementing the CIP, a formal program is created that sets money aside on a regular basis for all municipal vehicle replacement and funding of all capital municipal projects for that funds will be available for large future town needs according to a planned schedule.

The CIP allows Norway to pay cash when it is in the Town's best interest or deal from a position of strength when it is advantageous to bond capital purchases or enter into lease-purchase agreements by prioritizing and anticipating purchases and putting money aside to facilitate negotiating the best financial deal for the Town.

Raiding the Undesignated Fund Balance (UFB) is not always the appropriate way to fund any capital purchase. Good municipal business practice dictates that our UFB should be maintained somewhere within the range of \$1,100,000 to \$1,500,000. in order that we will have two or three months of expenses on hand at all times. To withdraw money from the UFB to fund reserve accounts when the balance is below \$1,100,000 is not in the Town's best interests. Norway now maintains a UFB of more than three (3) times our highest monthly expenditures, and should continue to do so.

2. DEFINITIONS:

Items included in Norway CIP shall include any capital expenditure in excess of \$7,500.00 and having a useful life of three years or longer. (Occasionally one-time projects with no other home are listed in the capital budget.)

The CIP will include:

- A list of proposed vehicles, items and projects;
- A prioritization of the vehicles and the year each vehicle will be replaced;
- A prioritization of the item or project and the year each will be implemented;
- The amount to be expended in each year and the proposed method of financing.

The Scheduling Basis for the CIP will consider:

- The justified need for the projects;
- The Town's ability to pay for the improvements;
- The importance of the project in comparison with other Town needs.

The CIP will be presented to the community as follows:

- Each year, the plan is updated and presented to the Budget Committee and Select-board for approval;
- Final authorization for each CIP expenditure is granted by a majority vote at Town Meeting.

3. EXPECTED BENEFITS:

- Large expenditures can be anticipated in advance rather than being put off until the need becomes critical or an emergency;
- Project coordination may reduce costs through combining projects to increase competitive pricing;
- Projects can be assessed based on their need for employee and public safety, occupational health, vital document preservation, or infrastructure improvement;
- Projects can be timed to capitalize on marketplace opportunities;
- Critical needs concerning ADA, fire safety, and public safety can be addressed in a scheduled planned manner;
- A successful CIP results in a more efficient governmental administration;
- The CIP process is a tool to supplement the Town's Comprehensive Plan and to anticipate the needs of Town growth and development;
- The existence of a CIP enhances a community's ability to utilize appropriate state and federal funding.

4. NOMINATIONS FOR INCLUSION IN THE PLAN:

The CIP process begins with the nomination for vehicles, items and projects to be added to the CIP list. Nominations are collected and/or made by the Town manager and can be made by any department head or citizen. Nomination forms are attached as Appendices A and B. Forms must include information describing the vehicle, item or project, the justification for adding it to the CIP list, the estimated cost and estimated year that it would be purchased. Cost estimates must be based on bids from at least three (3) vendors or suppliers; these may be informal or oral bids.

Replacement dates are established for all Town vehicles and equipment (Appendix C), and both the replacement and the funding for those replacements adhered to regularly. All vehicles on the Vehicle List are prioritized and at least to the level of their levelized replacement cost (cost of replacement/years to replacement) identified. Appendix C also lists replacement life for capital items and projects. Items on the Capital Items and Project list are each listed, starting with the highest priority item on the list and continuing down the list as funds allow.

In January each year the Town Manager and Department heads will update requests for vehicles, items and projects already on the CIP list from previous years. Cost estimates, planned implementation dates and other information may be updated to reflect new information, inflation, etc. This information will be reviewed by the select-board in February and forwarded to the Budget Committee in March once updates have been approved.

A vehicle, item or project on the CIP list that has never been funded may be removed by action of the select-board. A vehicle, item or project on the CIP list that has been partially funded may also be removed by vote of the select-board and any funds moved to the UFB and/or re-appropriated by town meeting.

- **Role of the Roads Committee:** Road projects, repaving and major repair work are first reviewed by the Roads Committee in January and its recommendations placed into the CIP by

the Town Manager.

- **Roles of the Budget Committee and Select-board:** The Board of Selectmen will review the manager's recommendations for an updated Capital Improvement Budget during February of each year and will approve, deny, or remand nominations back to the manager for more information. Those nominations approved will be forwarded to the Budget Committee as part of the manager's budget in March of each year. (The manager presents the operating budget to the select-board and budget committee on the first Thursday of April each year.)

The Budget Committee has up to 25 members appointed by the Select-board. The Budget Committee's and Select-board's review process involves analyzing each item or project with regard to its effect on the quality of municipal services, impact on the tax rate, and on future operating budgets in the context of a long-term projection for capital expenditures based on requests presented to the select-board and approved by them, considering the life expectancy of each vehicle, piece of equipment, or project.

The Budget Committee is tasked with prioritizing items on the CIP lists and making other recommendations to the select-board. A workshop will be held between the Budget Committee and the select-board to discuss the Manager/Select-board's recommendations as part of the annual budget process, in March each year. The Select-board and Budget Committee then individually develop funding recommendations for the CIP list as part of the municipal budget process that begins in April. The CIP funding recommendations are then included in the budget that is presented to the town for approval at Town meeting. Taxpayers can reduce, increase or accept funding for items on the CIP lists presented by the two groups.

5. YEARLY SCHEDULE for Review of the CIP

January:

1. New CIP requests can be made by any citizen
2. CIP items reviewed by Town Manager and Department Heads
3. Roads Committee prioritizes road project recommendations

February:

5. Manager presents CIP to the Select-board
6. Select-board reviews recommendations, finalizes estimates and priorities and give the CIP back to the Manager to submit to the Budget Committee

March:

7. CIP Committee and Selectmen workshop to review CIP lists and recommendations.

April:

8. Manager presents the operating budget to the Select-board and Budget Committee

May:

9. Budget Committee and Select-board finalize respective CIP funding recommendations for the Town meeting

June:

10. Final approval by voters at annual Town meeting

6. EVALUATION CRITERIA:

- Is this item mandated by law?
- Is this item necessary for public safety or health?
- Is the project affordable, and what is its effect on the tax rate?
- Is this item necessary to better provide an existing and/or vital service?
- Does this item preserve the Town's character, natural environment or history?
- Is positive action on this item in the Town's best financial interest? (i.e. does it help avoid larger long-term cost?)
- Does positive action on the item commit the town to associated costs for its maintenance in the future?
- Is the project realistic for the Town of Norway? (How many people are affected?)
- Does the project have general public support and support of those most affected?
- Is the project part of a larger plan or goal for the Town?
- Does positive action on the item create jobs, increase real estate values and/or expand the tax base?

TOWN OF NORWAY
CAPITAL ITEM OR PROJECT REQUEST
Requests can be submitted by ANY Norway Resident

Department Name: _____

Date: _____

Submitted By: _____

Title: _____

Project Title: _____

Project Description:

Justification for request & description of alternatives considered-
(How does this item fit the evaluation criteria?)

Estimated Cost: _____.

(Estimated Cost must include engineering, surveying, architectural design and other professional services. Please list each separately.)

Potential Funding Source(s):

Amount in Capital Reserve at end of current Fiscal Year: _____

Estimated recurring costs of project if funded: _____

Year Needed: _____

Department Priority: _____

Appendix B

TOWN OF NORWAY
CAPITAL VEHICLE REQUEST
*Requests can be submitted by the Board of Selectmen,
the Town Manager, or a Town Department Head*

Department Name: _____ **Date:** _____

Submitted By: _____ **Title:** _____

Vehicle Title: _____

Vehicle Description: _____

Hours/Miles now on vehicle being replaced: _____

Hours/Miles at replacement on vehicle being replaced: _____

Justification for request & description of alternatives considered:

Estimated Cost Now: _____

Potential Funding Source(s):

Amount in Capital Reserve at close of current Fiscal Year: _____

Year Needed: _____ **Department Priority:** _____

Appendix C

REPLACEMENT SCHEDULE

Computer Equipment	5 years
Light Trucks	7 years
Road Surfaces	8-12 years
Excavator/Backhoe	12 years
Plow Trucks	15 years
Fire Engine Trucks	22 years
Fire Tank Trucks	24 years
Metal Roofs	30 years
Bridges	50 years
Road Improvements	Indefinite

