

CAPITAL BUDGET COMMITTEE

The Capital Budget Committee is established by Article 13 of the Town by-laws. According to this by-law "It shall be the duty of the Committee annually to prepare a capital report showing, for each six years hence following a list of those public improvements and non-recurring major equipment needs which, in its opinion, represent the most necessary enhancement projects or purchases to be undertaken by the Town during each such year. The report shall include the probable cost of each such improvement or purchase and the Committee's recommendations as to the method of financing them." For the past 25 or more years, the committee has defined a "major equipment need" as one costing \$10,000 or more per item. It was the intent of the Capital Budget Committee in 1984 to increase this threshold to \$12,500. This did not happen, mainly due to a major increase in funding of the capital budget (it appeared to be a moot point). In today's dollars, this threshold would be closer to \$25,000.

The Capital Budget Committee consists of seven members, of whom three are appointed by the Moderator and the other four are the chairman (or a member appointed by the chairman) of the Board of Selectmen, the Warrant Committee, the Planning Board, and the School committee. The current members of the committee are Mark Clark, John Conte, and Anne Marie Mahoney, all Moderator Appointments, and Board representatives Angelo Firenze (Board of Selectmen), Patricia Bruschi (Warrant Committee), Jennifer Fallon (Planning Board), and John Bowe (School Committee). Patricia Bruschi currently serves as chair, and Mark Clark serves as secretary.

For FY 2007, the Committee initially received requests for \$14,247,785 in capital expenditures. Of this amount, \$323,754 was to be funded by the Chapter 90 funds, \$1,736,844 was to be funded by the enterprise funds (sewer and water), and \$3,822,000 was proposed to be funded from the NESWC Stabilization Fund for Incinerator Site Remediation. This left \$9,146,209 of requests to be funded from general tax.

A brief explanation of the Incinerator Site Remediation Fund follows. This fund resulted from the dissolution of the North East Solid Waste Committee (NESWC). It is the intent of the Board of Selectmen and Warrant Committee to use this money to fund the capping and any necessary environmental clean-up of the former incinerator site. Because the Town was not ready to expend the entire amount, a Special Town Meeting in April 2006 moved the entire sum into a Stabilization Fund so that it could earn interest until the Ash Landfill project at the incinerator needs the funds.

The Capital Budget Committee regularly receives just over \$2 million from the General Fund to spend on the many requests. In response to the intent of an override in 2001, \$1 million of this is used for pavement management in the ongoing effort to improve the condition of the roads. This leaves just over \$1 million to fund all the remaining requests.

While we are grateful for the funding which has been made available in prior years, we continue to hope for the financial resources to fund all the ongoing capital requirements at an annual rate of \$3 million or more. In the meantime, the annual capital budget appropriation at its current level must be considered non-discretionary, and not as a source of funds to balance the operating budget.

The Capital Budget Committee spent a great deal of time in 2006 trying to identify which of the submitted requests met the definition of "capital". In recent years, many requests have been creeping into the capital budget request list that had formerly been funded by operating funds. Many departments began the practice of "bundling" items such as computers to reach the \$10,000 threshold (individual items might not cost \$10,000, but together a group of them did). Also, many items that were clearly maintenance issues began appearing on the list. The capital budget was never intended to support these items.

Until about 6 years ago, there was a line item in all Town-side departmental budgets called "Capital Outlay" which was used to fund small items such as furniture, computers, carpet replacement etc. As budget constraints got tighter, these items began to be eliminated from operating budgets until now, when this line item does not even exist. Also, until the mid to late 1990s, the School Department budget supported all requests with the exception of major renovation and some in-ground oil tank items. The school operating budget contained sections for both Major Maintenance and Minor Maintenance. Again, as funding became tighter, the School Department began to request some items through the capital budget (items that used to be part of major maintenance).

Clearly departments have a need to renew, replace, or add equipment and other items that are part of normal operations. In order to get some of the things that they felt they needed, departments began to look

to the capital budget to help with this. In most cases, the items did not rise to level that they were funded by the capital budget, and so the needs went unmet.

In 2006 the Capital Budget Committee brought this whole topic to the Warrant Committee and made 3 recommendations. First, there needs to be a dependable stream of money separate from the capital budget and the "normal" operating budgets which will support technology purchases, whether new equipment or replacement. Software license renewals would also fall into this category. Second, the Town (General Government and Schools) needs to place more emphasis on maintenance and see that it is properly funded. It is not right to defer maintenance and let facilities or equipment fall into such disrepair that they then require replacement, thus qualifying for capital funds. Third, the "Capital Outlay" and "Major Maintenance" lines need to be restored and funded in the operating budgets. The capital budget needs to be for major and nonrecurring items. The Warrant committee was very supportive of this position and has asked the Town Administrator to try to find a way to fund these things through the operating budgets.

During the spring of 2006, the Capital Budget Committee conducted its annual process of reviewing departmental capital funding requests. At the May 22 continuation of Annual Town Meeting, the Capital Budget Committee recommended the expenditure of \$2,185,600 outside of water and sewer enterprise capital funding.

The following is the table of items voted for capital expenditures during 2006:

Source of Funds

Borrowing Town (Article 5, STM 4/26/06)	811,000
Borrowing Belmont Municipal Light Department (Article 5, STM 4/26/06)	300,000
	1,111,000

Uses of Funds

ERP Financial Software & equipment (Article 5, STM 4/26/06)	1,111,000
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Source of Funds

Unreserved Fund Balance (Free Cash) (Article 6, STM 4/26/06)	60,000
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Uses of Funds

Redundant Fiber Optic Network (Article 6, STM 4/26/06)	60,000
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Source of Funds

Borrowing (Article 7, STM 4/26/06)	60,000
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Uses of Funds

Increase authorization for Highland Cemetery (Article 7, STM 4/26/06)	60,000
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Source of Funds

Chapter 90 (Article 9, ATM 4/24/06)	647,292
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Use of Funds

Improvement & Construction of Highways (Article 9, ATM 4/24/06)	647,292
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Source of Fund

Capital Endowment Fund (Article 3, ATM 5/22/06)	100,000
General Tax (Article 11, ATM 5/22/06)	1,935,600
	2,035,600

Uses of Funds

Public Safety

Police Phone System, Article 11	40,000
Police Communications Console, Article 11	95,000
Fire Pumper, Article 11	147,000
Ambulance Replacement, Article 11	195,000
Fire Staff Vehicle, Article 11	37,000

Public Works

DPW Refurbish Snow fighter, Article 11	14,300
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DPW Replace Pickup, Article 11		25,100	
DPW Replace Snowblades, Article 11		26,200	
Building Services			
Bldg Roof Replacement & Bricks, Article 11		200,000	
Town Hall Stained Glass Windows, Article 11		30,000	
School			
Building Envelop Study, Article 11		50,000	
Burbank Masonry, Article 11		50,000	
Elementary School Phone System, Article 11		35,000	
BHS Driveway Lighting, Article 11		75,000	
Information Technology			
IT GIS Printer Copier, Article 11		16,000	
Community Development			
Pavement Management, Article 11		1,000,000	
		2,035,600	
Source of Funds			
Water Receipts (Article 12, ATM 4/24/06)	781,022		
Use of Funds			
Water main replacement program		647,322	
GIS System		58,000	
Replace 35,000 GVW Dump Truck		75,700	
		781,022	
Source of Funds			
Sewer Receipts (Article 12, ATM 4/24/06)	174,800		
Use of Funds			
Conversion of sanitary & storm drain info to electronic format		19,600	
Replace street sweeper		130,400	
Replace administrative vehicle		24,800	
		174,800	
Source of Fund			
Ash Landfill Stabilization Fund (Article 11, ATM 5/22/06)	150,000		
Use of Funds			
Ash Landfill Engineering (Article 11, ATM 5/22/06)		150,000	
Source of Funds			
Chapter 90 (Article 10, STM 11/13/06)	148,387		
Use of Funds			
Sidewalks (Article 10, STM 11/13/06)		148,387	
	5,168,101	5,168,101	

We would like to thank Barbara Hagg, Town Accountant, and Frank Martin, Assistant Town Accountant for all their assistance in the past year.

Respectfully submitted,
Patricia Bruschi, Chairman