

Ordinance Concerning the Capital Projects Improvement Fund

There shall be a Capital Improvement fund established to finance all or part of the cost of construction, reconstruction, or acquisition of specific capital improvements or specific capital equipment. Capital improvement means any physical improvement and any related preliminary studies and surveys, lands or rights of lands, furnishings, equipment, machinery or apparatus for any physical improvement having an estimated cost in excess of \$25,000. The term equipment means any equipment, machinery, or apparatus not included in the definition of capital improvement, such as a fire truck, snow removal equipment, highway equipment, generators, and IT equipment having an estimated cost in excess of \$25,000.

The Town Council, as part of the annual operating and budget process, will review the capital projects recommended by the Capital Projects Committee and Town Manager. The Town Manager will recommend a financing plan, based on total project costs, cash flow, projected methods of financing, Capital Improvement fund projections, mill rate and debt service impact on operating budgets. The Town Council will review these factors when developing project priorities and Capital Improvement allocations for the following year.

The Town will use the Capital Improvement fund as the primary funding source for capital projects to be funded on an annual basis. The Town Council shall have a minimum annual appropriation and transfer to the Capital Improvement fund an amount equivalent to 1% of the current adopted annual budget. Further, the Town Council shall have as a general guideline that the Town shall maintain a total Capital Improvement fund balance goal of at least 5% of the current adopted annual budget. In addition, 5% of tax revenue arising from the first full year of new residential and commercial construction, additions to personal property, and tax revenue arising from the expiration of tax abatement and tax fixing agreements, shall be contributed to the Capital Improvement fund. The Town Council may, by an affirmative vote of six or more votes, following a public hearing, elect to appropriate and transfer to the Capital Improvement fund an amount less than 1% of the current adopted annual budget.

Subject to the provisions set forth in Town Charter Section 712, appropriations for capital outlay shall not lapse until the object for which the appropriation was made has been accomplished or no expenditure from or encumbrance of the appropriation has been made for three consecutive fiscal years. The Town Council may transfer funds from the Capital Improvement fund to any other department for which the council may legally appropriate money only following Notice and Public Hearing. The Town Council may reallocate appropriations within the Capital Improvement Fund by Resolution.