

Municipal Corner – Developing Capital Projects

A capital project is a physical public betterment, maintenance or improvement with a value exceeding \$10,000 that is not recurring on an annual basis. A major capital project goes through several steps: Purpose & Need, Scope & Program, Preliminary Design, and Final Design & Construction.

Stowe has had a history of seeking a one-time allocation for funding major capital projects. The argument for doing so is that no money is spent until you see if the voters want to do the project. The downside is that the feasibility of the project and its cost are not fully understood. This can lead to frustration if people's expectations have been built up and the project is determined not to be feasible or there are significant time delays and/or cost overruns.

In order to overcome this, the Selectboard adopted a Capital Fund Policy that involves the multiple step process outlined above. The first step is to understand the purpose and need. What is it we are trying to accomplish and why? Is it a regulatory requirement, a safety need, a maintenance rehabilitation or replacement requirement of existing infrastructure or a service enhancement? Is it supported by the Town Plan and/or a departmental priority?

The second step is to understand the scope and programming. This is where those initially developing the project ask who, what, when and where? This helps to ensure there is general alignment on the project goals. A project is developed to this level would typically include a conceptual design and cost estimate. It is then submitted to the Selectboard as part of the annual budget process to consider along with other Capital project/expenditure requests. If it is considered a priority by the Selectboard, it is advanced to the voters for consideration as part of the capital budget for preliminary design. At this point, the Selectboard is saying to the voters, we think it is important enough to spend some upfront money to better understand what is required to successfully implement the project and what it is likely to cost.

The preliminary design phase is where we will use qualified personnel and/or consultants to start working on the technical elements of it (e.g. permitting, code issues). This helps to ensure the project is feasible and we understand the cost before asking for construction dollars from the voters. Once the technical and cost issues are better understood, then the Selectboard may ask the voters for money to implement the project, which is the final design and implementation phase.

As a real world example, Public Works along with others have identified the need to replace the village sidewalks (purpose and need). This is the replacement of an existing asset, a safety requirement and a regulatory requirement (Americans with Disabilities Act). It can also contribute to economic development by helping pedestrian movement and providing an attractive village streetscape.

The next step is deciding what sidewalks need replacing, which is almost all of them except for the recently completed Pond Street Sidewalk (e.g. scope and program). If the voters approve the preliminary design, the Town would work through Public Works and/or qualified consultants to understand the technical issues involved (e.g. permitting, code, drainage, bearing and phasing requirements). This will help develop a better understanding of the cost of replacing the

sidewalks. Once this is understood the Selectboard will prioritize the project along with other community goals and potentially ask the voters for funding.

As time permits, the Town will move from a single year capital budget to a multi-year capital program that better illustrates this phasing. Ideally, a project would happen in the year it is programmed, but one of the reasons the Town has a separate capital fund is to recognize that sometimes these projects are complex and take multiple years to develop. It should be understood that we often have multiple affected parties with differing perspectives that have to be reconciled and regulatory agencies that have to be satisfied in order to issue permits. “Nothing is ever as easy as it appears on the surface” and this is certainly true when it comes to capital projects. That is why it is important to prioritize and spend the time upfront on where we devote Stowe’s limited resources to help ensure we hit the mark.