

**TOWN OF STOWE
GENERAL FUND
CAPITAL FUND POLICY**

1. **PURPOSE OF POLICY:** The purpose of this policy is to acknowledge the Board's commitment to investing in our municipal infrastructure by capital planning, to unify the capital planning process and to outline the process for doing so.

It is recognized that local option taxes are a tax on business activity and that tourism is a major component of Stowe's economy. Therefore, the local option taxes on rooms, meals and alcohol will be dedicated to support the General Fund Capital Fund and consideration will be given to projects that benefit guests as well as residents.

2. **PURPOSE OF CAPITAL PLANNING:** Capital planning is undertaken to identify - major infrastructure maintenance requirements or improvements to the Stowe's physical infrastructure and to schedule them in order of priority. The scheduling should take into consideration the Town Plan as well as the availability of financial and human resources. It should also recognize the time it takes to plan and implement capital projects. Proper capital planning facilitates control of Stowe's tax rate, helps avoid deferred maintenance, sudden changes in its debt service requirements, and enhances its credit rating.

3. **DEFINITIONS:**

A. **Capital Project** - A physical public betterment, maintenance or improvement involving a facility, a parcel of land, vehicle or piece of major equipment with a value exceeding \$10,000 that is not recurring on an annual basis.

B. **Capital Budget** – A prioritized listing of capital projects to be undertaken in a fiscal year, the estimated cost of each project, the method of financing, and tax requirements.

C. **Capital Program** - A prioritized listing of capital projects to be undertaken over the next five fiscal years, the estimated cost of each project, the method of financing, and tax requirements.

D. **General Capital Fund** – Except for vehicles, it is the fund to account for financial resources to acquire or construct large capital facilities or assets, other than those accounted for in enterprise or trust funds.

E. Debt – Long term bonded debt or long term note that financially obligates the Town of Stowe beyond one year paid for through the General Fund.

4. PROJECT DEVELOPMENT:

Projects may be submitted to the Manager and/or Selectboard from any department head, citizen, local government board or commission, other levels of government, business or organization. Generally major capital projects will go through multi-stage funding and development process (project definition, conceptual / preliminary design, final design and implementation). Any building project that involves a substantive exterior alteration to a historic building and / or is a building in the historic district shall receive feedback from the Historic Preservation Commission during the project development.

5. PREPARATION OF CAPITAL BUDGET & PROGRAM:

In September of each year the Manager shall request from Department Heads and Planning Commission any capital requests to be considered for incorporation into the Capital Budget and Program. During the month of October the Manager shall develop a draft Capital Budget. In accordance with the Town Charter, the Manager shall submit the capital budget and program to the Selectboard at least fifty days before the annual town meeting or as otherwise directed by the Selectboard.

5. **CONTENTS OF CAPITAL BUDGET & PROGRAM:** In accordance with the Stowe Town Charter, the Capital Budget and Program shall show the anticipated capital expenditures, financing and tax requirements. More specifically, it shall include, but not be limited to the following:

A. A clear general summary of its contents including the overall tax requirements;

B. A list of all capital improvements which are proposed to be undertaken during the upcoming year and the upcoming five fiscal years, with appropriate supporting information as to the necessity for such improvements;

C. Cost estimates, method of financing and recommended time schedules for each such improvement; and

D. The estimated annual cost of operating and maintaining the facilities to be constructed or acquired.

E. An indication on how the project relates to the Stowe Town Plan.

F. A schedule of existing debt service obligations that are paid with general funds.

5. **REVENUES**

The Selectboard will use local option taxes and may also use property taxes, fund balance, grant money, or other sources of revenue in accordance with State law to support the General Fund Capital Plan.

6. **WITHDRAWALS:** The Selectboard may warn a vote on capital projects at an annual or special meeting. However, by doing this, the Selectboard does not waive their right to make withdrawals from capital funds without voter approval. The Selectboard also reserves the right to modify or cancel capital projects.

7. **AUDIT:** All capital - funds and projects shall be audited annually as part of the comprehensive audit required by the Town Charter.

Under Seal of the Town, received, recorded and filed on this the _____ day of _____, 2010 by:

Office of the Town Clerk