

Town of Brooklyn **Capital Funding Program**

INTRODUCTION

The Brooklyn Board of Finance has adopted these program guidelines (“guidelines”) to provide a consistent and objective procedure for allocating town resources through a Capital Funding Program (“CFP”) to qualified applicants. These guidelines were introduced by the Board of Finance on January 15, 2003, discussed and modified on February 19 & March 19, 2003, and approved by the Board of Finance on March 19, 2003.

I. CAPITAL FUNDING PROGRAM SUMMARY

Overview

One of the responsibilities of the Board of Finance is to approve capital expenditures within the operations of the town government. In an effort to meet this responsibility, provide for a range of opinion on numerous requests, and reach a priority order of funding for proposed expenditures, the Board of Finance will utilize the CFP process to delegate responsibility for screening proposals to a sub-committee which includes various town leaders and townspeople at large. As a sub-committee of the Board of Finance, it is preferred that all requests for funding shall be presented through the CFP unless otherwise subject to exception as outlined below. To effectively delegate these responsibilities which will result in funding recommendations to the Board of Finance, the following program guidelines have been created.

These guidelines for the CFP have been developed to provide a framework and order to the process by which the Town of Brooklyn may allocate resources within the Town’s annual budget for capital expenditures. These guidelines will outline the funding process for capital funds along with the criteria to be used during the evaluative process.

The Board of Selectmen will request applications for funding requests in advance of the Town’s annual budget process. The CFP review committee will review all funding applications and assess the purpose, merit, and feasibility of the requests. Upon assessing these requests against the criteria outlined in these guidelines, this committee will rank the application in recommended priority order of funding and present this recommendation to the Board of Selectmen with a copy to the Board of Finance.

The Selectmen will review this recommendation and decide which funding requests should be included in the town’s annual budget. The funding recommendations will be present to the general public during the Town’s budget hearing process. Final recommendations will be approved by the Board of Finance and included with the final budget presentation at a Town Meeting.

Program Objectives

The objective of the CFP will be to provide a accessible route to capital in order to fund well-conceived, rational, and meritorious proposals which will provide substantial benefits, of a tangible or intangible nature, to the citizenry and communities within the Town of Brooklyn.

The purposes for funding requests may be varied. Examples of funding requests may include, but shall not be limited to:

- The acquisition or replacement of capital equipment;
- The acquisition of real estate as open space preservation or as a site of strategic importance;
- The correction of an item(s) with health or safety implications;
- The addressing of a request for a reasonable accommodation under the Americans with Disabilities Act (ADA);
- The limit potential legal/litigation exposure for the Town;
- The funding of predevelopment/feasibility costs for a Town project;
- State- or federally-mandated expenditures and capital needs;

Eligibility

Any active town board, individually or in a joint venture with an outside organization or agency, is eligible to request funding through the CFP. In cases where a partnership or joint venture exists, the nature, extent, objective, compensation within and the terms of dissolution should be presented or available upon request.

The Amount of Capital Funding Available

The Board of Finance will determine the amount of capital funding available in a given year prior to any application cycles. This amount will be an estimation by the Board based upon the financial condition of the Town, the priority identified in the Town's 5-year capital plan, the budget outlook for the prospective budget year and the overall need for funding to assure that practical funding requirements are met. The amount of available capital may be adjusted accordingly throughout the budget process but the final capital amount for any budget shall be identified in the recommendation for adoption at the town meeting.

Least Amount of Funding Necessary for Feasibility

As a public resource, funding through the CFP should be considered "scarce". As such, it is incumbent upon CFP review committee, the Selectmen and the Board of Finance to evaluate the amount of funding needed for the project at three specific times:

1. at the time of application by the CFP review committee;
2. at the time of the budget presentation at the town meeting;
3. and at the time of project completion or cost certification to the Board of Finance

The purpose of this provision is to ensure that, as the scope of a purchase or project becomes more refined, the amount of the funding required is still necessary. From the time of approval to the time of expenditure, other funds, either through grants or fundraising may have diminished the need for program funds. In such cases, recipients should return excess funds to the Town.

Cost Certification

Each recipient of CFP funds will be required, upon completion of a purchase or project, will be required to certify the source and value of other subsidies and funding for the proposal along with all costs associated with the capital request. This cost certification should be presented to the Board of Finance for review and acceptance. As stated earlier, surplus funds, which occur either from a lower than expected cost or higher than expected grants or subsidies, should be returned to the town.

In addition, this certification will be used to calculate the town's equity interest. The equity interest of the town shall be calculated as the amount of CFP funds used for a purchase plus any other town-related funds, divided by the total cost of the purchase or project.

Sale or Disposition

The sale or disposition of item(s), over a threshold of \$1,000 and which was initially funded through the CFP, may be subject to a recapture of funds upon sale or disposition.

Example: The Town's equity interest in a particular piece of equipment is 90%--meaning the CFP paid 90% of the purchase cost and an outside grant covered the remaining 10%. Upon sale or disposition of the equipment, 90% of the sale proceeds should be returned to the Town. If this provision conflicts with program requirements of other grants or subsidies being used, the Selectmen shall have the latitude to waive this requirement.

Funding Process Exceptions

The Town of Brooklyn reserves the right to fund proposals outside of the CFP funding process in cases where:

- A previously approved project requires supplemental funding.
- When an unexpected action is required at a time outside of the CFP process.
- When a health, safety, or liability action is needed.

In any case, the proposed action or expenditure will bear the scrutiny of Board of Selectmen, Board of Finance, and possibly a Town Meeting review.

Waiting List

No formal waiting list will exist for projects recommended for funding by the CFP review committee which are unfunded by either the Board of Selectmen or the Board of Finance. It is

possible that proposals with significant merit will be placed on the Town's 5-year capital plan. Proposals on a capital plan will be subject to review each year to ensure that the proposal has retained priority over other proposals.

Any item on the 5-year capital plan scheduled for funding in the current year must be reviewed and ranked by the CFP review committee and recommended for funding.

Appeals

In instances when applicants may disagree or are otherwise unsatisfied with the priority ranking recommendations of the CFP Review Committee or the Board of Selectmen, appeals may be made directly to the Board of Finance. Requests shall be submitted in writing to the attention of the Chair of the Board of Finance for placement on the next available meeting agenda. Any motion for appeal would require a majority vote of the board for reconsideration. Any decision subsequent to this vote shall be considered final and subject to the reservations of right as stated below.

Reservations of Right

Notwithstanding anything contained herein, the Town of Brooklyn reserves the right to delay, suspend or rescind any funding due to a material change in the context of a request for funding or due to a material change in the financial condition or outlook for the Town. Any such rescissions shall be in writing and provided to the applicant.

No recommendation for funding will be considered or construed as an entitlement by the applicant.

Neither the Town of Brooklyn nor its agents, representatives, Board Members, or employees shall be liable for any matters arising out of, or in relation to, a funding from the CFP.

II. APPLICATION, RANKING PROCESS, & REVIEW CRITERIA

Application Process

All applicants shall provide a signed application that shall generally be in narrative form. The applicant is free to describe the proposed action as well as address how the proposal meets the criteria as outlined in these guidelines. Documentation that supports or verifies claims made in the application may also be submitted. Financial analysis that supports an action is also encouraged.

CFP Review Committee

The CFP Review Committee will be made up of six members: one member of the Board of Finance, one member of the Board of Selectmen, one member of the Board of Education, and three at large members of the community provided they are electors of the Town. The Board of Finance will have the responsibility of selecting these at large members. In doing so, the Board of Finance shall exercise great care to ensure that chosen members will provide the appearance of a lack of fairness and/or diversity in the composition of the committee.

The purpose of the CFP review committee will be to evaluate all funding request proposals in conjunction with the stated objective and criteria as outlined. The committee will then rank all proposals in priority order of funding as to which best meet the Town's financial and service needs.

This ranking will culminate with a recommendation of funding to the Board of Selectmen.

Funding Order

The Board of Selectmen shall have the discretion to select those proposals from the recommendation of the CFP committee. If adequate resources do not exist to fund a particular item, a recommendation may be made to fund another item from the ranking for which resources exist. Any deviation from the priority order established by the CFP committee must be substantiated in writing to the Board of Finance.

Items identified by the Board of Selectmen for funding shall be included in the Town's budget and presented to the Board of Finance prior to a budget hearing. Based on feedback from the Board of Finance and/or Town hearings, final selections will be presented at a Town Meeting.

Review Criteria

As with any capital budgeting plan, the perceived or real benefits to be realized by the people of the Town of Brooklyn must meet or exceed the real or perceived cost to be borne by the citizenry.

Benefits may take place in a variety of forms, as will "costs". However to evaluate all proposals and rank them as to which proposals provide the greatest benefits for the least costs, the following criteria have been developed to outline a selection of needs that, when addressed, will provide some benefit to the Town of Brooklyn.

In light of the program objectives and in consideration of this cost/benefit analysis, the following criteria have also been established for the review:

- I. **Good Standing:** The CFP review committee reserves the right to deny funding to an applicant if the applicant or a partner is not in good standing with regulatory agencies/boards, an ethics board or is otherwise considered uncreditworthy.
- II. **Readiness to Proceed:** Is the applicant ready to proceed with the proposal upon funding or are there long lead times which may necessitate a delay in funding. Is the funding contingent upon the commitment of outside resources to come at a later date?
- III. **Applicant Capacity:** The applicant should be able to demonstrate the necessary skills to achieve success. Does the applicant, its partners, or its board members have the capacity to accomplish what is intended to be accomplished with the funding? Has something of similar scale and complexity been achieved previously?
- IV. **Demonstration of Need:** The applicant should be able to demonstrate or quantify what need or needs have been unmet to date. Will this funding satisfy the replacement of something currently being done? Will this funding help to alleviate some present

exposure to the Town? Will this funding make some other equipment, entity or funding obsolete?

- V. **Site Factors:** The applicant should demonstrate that the item or items: 1) will be in a strategic or prime location; or 2) obtained with the expenditure is/will be appropriate for its location. Is it appropriate for the environment in which it will be located? Will it be necessary to have some proximity to services or distances from neighborhoods?
- VI. **Project Costs:** The applicant should demonstrate reliable costs associated with project. How have costs for the project been complied? Are the costs for the proposal supported by quotations or bids? Does a contract already exist for the service or item? When will the most reliable costs be received? Have consultants been available to evaluate these costs?
- VII. **Financial Analysis:** The applicant should be able to outline a basic financial analysis that should include the a) method of payment; b) estimated cost vs. benefit; and c) cost of operation.
- Method of Payment: Does the size and cost involve lend itself to a one-time payment or would the expenditure require some degree of financing (e.g. bonding or seller financing)?
 - The applicant should demonstrate some type of cost benefit analysis. If the expenditure would largely be based on intangible aspects, something other than a numerical cost/benefit analysis may be appropriate. Otherwise, efforts should be made to outline a Net Present Value (NPV) or Internal Rate of Return (IRR) Analysis along with a Payback Period Analysis. For services, a privatization versus in-house analysis may also be appropriate.
 - Operating or Holding Costs after acquisition should also be outlined. If the acquisition requires an addition/reduction of staff, addition equipment or special servicing, then it should be noted.
- VIII. **Leveraging/Cost Effectiveness:** The applicant should outline whether outside subsidies, grants, fundraising, or other funding will be leveraged with Town funding for acquisition. If grant funding is available for the acquisition, the applicant should attach a copy of the completed grant application and detail past experience and success in obtaining like grants. Proposals that require the least amount of scarce resources would be desirable.
- IX. **Community Impact:** The applicant should demonstrate that the funding would result in a positive community impact. This can be accomplished: 1) with a superior geographic location where a strong need exists; 2) Evidence that funding would coincide or work in concert with a documented community or neighborhood revitalization strategy; and/or 3) by demonstrating that there is strong local support from residents, businesses and/or community groups.

III. MODIFICATION OF PROGRAM GUIDELINES

Based on changes in funding requirements or other criteria, these program guidelines may be subject to modification with a motion and a majority vote of the Board of Finance. Applicants and citizenry should recognize that the Board of Selectmen, the Board of Finance, the CFP review committee and other involved individuals and boards may encounter situations, instances of misuse, as well as conflicts, inconsistencies or ambiguities which have not been foreseen or provided for in these guidelines. As a result, they may be amended in the future to address these situations.