

A. Attendance at Meetings

If an appointed board or committee member is absent from three (3) consecutive meetings, the appointing authority may consider the seat vacant and proceed to fill the position with another candidate in the manner provided by statute or by-law.

B. Capital Program Committee (*Amended STM 6/18/02 Art. 8*)

A Committee, known as the Capital Program Committee, shall be established, composed of one member appointed by the Finance Committee, one member appointed by the Planning Board, one member by the Moderator, and three members to be appointed by the Selectmen. The members from the Finance Committee and the Planning Board and the Moderator shall be appointed for one-year terms. The other members shall be appointed for three-year terms such that one will expire each year. The Town Accountant shall be an ex-officio member without right of vote. A member who ceases to reside in the Town shall resign. A vacancy shall be filled for the unexpired term in the manner of the original appointment. The Committee shall choose its own officers.

1. Preparation

The Capital Program Committee shall, in conjunction with the Board of Selectmen through its Town Administrator, annually prepare a capital improvement program at least thirty days prior to the date for submission of the operating budget; unless some other time is provided by by-law.

2. Contents

The capital improvement plan shall include:

- a. A clear summary of its contents;
- b. An itemization of all capital improvements, including those of the school department, proposed to be undertaken during the next five fiscal years with supporting data;
- c. Cost estimates, method of financing, and recommended time schedules; and,
- d. The estimated annual cost of operating and maintaining the facilities included.

3. Public Hearing

The Capital Program Committee shall publish in a newspaper of general circulation in the town a summary of the capital improvement plan and a notice stating:

- a. The times and places where entire copies of the capital improvement plan are available for inspection by the public; and,
- b. The date, time and place not less than fourteen days after such publication, when a public hearing on said plan will be held by the Committee.

4. Adoption

At any time after the public hearing but before the first day of the Town Meeting, the Capital Program Committee shall by resolution adopt the capital improvement plan with or without amendment, provided that each amendment must be voted separately and that any increase in the capital improvement plan as submitted must clearly identify the method of financing proposed to accomplish this increase.

5. Authority to Promulgate a Capital Improvement Fund Policy and Debt Policy

The Capital Program Committee shall consult with the Board of Selectmen, Town Administrator, Finance and Advisory Committee, Town Accountant, and Town Treasurer in the establishment of a Capital Improvement Fund Policy and Debt Policy.

C. Clerks to Boards and Committees

Each board or committee of the Town of Oak Bluffs shall elect its own clerk or secretary and not necessarily from its own membership.

D. Residency Requirement

On any Committee, Board or Commission that the members are appointed to serve, the member who is appointed shall be a resident of the Town; such appointment will become null and void and the office post will become vacant if the residency requirement is not met per the terms of this by-law. This by-law shall not apply to employees who work for the Town in regular, paid positions.

E. Terms of Committee Members

Unless otherwise provided by law, all appointed Boards/Committees shall have a term commencing July 1 with all appointments to these Boards/Committees being made within two (2) weeks prior to the commencement date of July 1.

F. Auditors

At the Annual Town Meeting next following the adoption of these by-laws there shall be chosen by ballot a Board of Auditors consisting of three persons.

SECTION 4:

4) Capital Planning Policy

4.1 Introduction

This policy outlines the guidance for planning, reviewing, and coordinating capital improvements that maintain the Town's infrastructure and value of its capital assets.

4.2 Policies:

The Capital Program Committee, with additional information available at the Town's website- <https://www.oakbluffsma.gov/172/Capital-Program-Committee>, prepares an annual Capital Improvement plan and consults with other Town departments, committees, boards, and individuals regarding Capital Improvement Fund Policy and Debt Policy. The Town Administrator oversees the capital improvement program with the Capital Program Committee using the following guidelines and policies

- A. The Capital Improvement Plan includes capital projects from all Town departments although in some cases the capital spending may be governed by boards other than the Board of Selectmen. These projects are for tangible assets or projects estimated to cost over \$25,000 and are expected to have five or more years of useful life. Other projects may be included at the discretion of the Capital Program Committee. Examples may include:
- Real property purchases, construction, or equipment
 - Major improvements to physical infrastructure
 - Planning or feasibility studies for potential capital projects
 - Bulk purchases of similar items (i.e. furniture or software) whose aggregate total costs exceed the capital threshold and whose life expectancy is five or more years.
- B. To support the Capital Improvement Plan, the Town Administrator or designee, will annually, or more frequently if needed, update and maintain a detailed inventory of all capital assets, which includes dates built, acquired, or improved, original cost, current conditions, remaining lifespan, or other relevant information.
- C. As part of the annual budget process, the Town Administrator will solicit capital project requests from department heads for evaluation. The Town Administrator, with the Capital Program Committee, will then evaluate and prioritize the requests considering, but not limited to, the following:
- Supports adopted plans or goals
 - Improves public health or safety
 - Stabilizes or reduces operating costs
 - Maintains or improves productivity or standard of service
 - Maintains or extends useful life of asset
 - Becomes required by state or federal law
 - Is supported by outside revenue sources



TOWN OF OAK BLUFFS FINANCIAL POLICY MANUAL

- D. The Town Administrator, or designee, updates the five year capital improvement plan and shall include supported data as needed and in collaboration with all town departments and boards. A public hearing about the proposed capital plan is conducted before a final plan is adopted each year.
- E. Capital Improvement projects may be funded by short term or long term debt as may be appropriate. Throughout the year the Finance Director/Town Accountant will monitor active capital projects to ensure they remain funded and will report such information to the Town Administrator. The following financial considerations shall be considered, but not limited to, the following:
- Special revenue sources such as grants or trust funds
 - Short term debt may be used to fully finance purchases with useful lifespans of less than 10 years
 - Major capital project may be accomplished through capital or debt exclusions
 - Capital projects for Enterprise funds may be financed through user fees or other cost sharing ratios as agreed and included in the Indirect Cost Allocation.
- F. Close outs of capital projects should occur within six months of completion or discontinuation. As they are closed out, the Finance Director/Town Accountant shall work with the Town Administrator to close out the project in accordance with applicable laws and regulations.
- G. The Capital Program Committee consists of 3 members appointed by the Board of Selectmen, 1 appointed by the Finance and Advisory Committee, 1 appointed by the Planning Board, and 1 appointed by the Town Moderator. The Town Administrator is a non-voting ex officio member as is the Town Accountant (Town By-Law).

SECTION 6:

6) Debt Management Policy

6.1 Introduction:

Debt is an effective way to finance capital improvements or to even out short-term revenue flows. For certain capital projects with a long useful life, debt financing is an equitable financing strategy that allows current and future beneficiaries of a capital investment to share in the cost of that improvement. Unlike most personal or private debt, towns have access to capital at very competitive tax exempt rates.

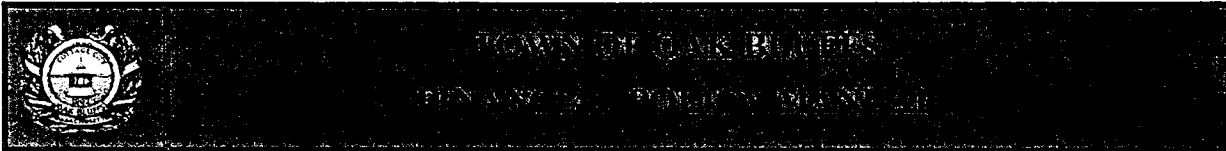
Properly managed debt helps to preserve the Town's credit rating, provides flexibility in current and future operating budgets, and provides the Town with long-term assets that maintain or improve our quality of life.

However, credit rating agencies consider debt service exceeding 20% of net operating revenues as a potential problem. Dramatic increases in debt service also indicate potential problems unless revenue sources increase to keep pace with these additions to fixed costs. Policies to limit our debt service to appropriate levels should allow for new projects as old capital projects near the end of their useful life and for the growth of revenues to finance new capital needs.

6.2 Policy

With the aforementioned concepts in mind, the Board of Selectmen have adopted, but are not limited to, the following debt management policies, procedures, and guidelines all of which shall be kept up to date and amended as circumstances, such as regulatory changes, technology, and best practices dictate.

- A. The requirements for debt financing shall be an expenditure of at least \$100,000 and a useful life in excess of five (5) years for only those projects not able to be financed from current revenues.
- B. Long-term debt will only be issued for objects or purposes authorized by state law.
- C. The term of long-term debt generally shall not exceed the expected useful life of the capital asset being financed. Long-term debt should not be incurred without a clear identification of its financing sources. State law strictly regulates both the purposes for which cities and towns can borrow and the time periods for which these borrowings can occur.
- D. General Fund debt service, exclusive of debt funded from dedicated revenues raised via voter-approved debt exclusions, will not exceed 10% of General Fund revenues.
- E. The Town will generally maintain a long-term debt schedule in the General Fund so that at least 50% of outstanding principal will be paid within 10 years.



- F. Debt limits established by law and policy will be monitored and calculated at least once each year and whenever otherwise appropriate.
- G. Selectmen specific General Fund debt management goals subject to change as new circumstances arise:
- H. Enterprise Funds: Some municipal services, such as utilities (i.e. sewers) are activities supported by rate payers and accounted for separately as enterprise funds. These activities typically operate with infrastructure assets which have a very long useful life. Some components of this infrastructure may have life expectancy of at least 50 years. For these activities the following policies apply:
- Analysis of the predictability and reliability of rate revenues will be completed to determine feasibility of supporting repayment of contemplated debt. Enterprise operations should expect to support its own debt service, unless subsidized from the general fund approved as part of the financing mechanism.
 - Given the long-term nature of utility infrastructure investments, long-term debt maturities exceeding those expected for other facilities are permitted. Factors to be considered in this determination should include: cost of borrowing; interest rates; stability and reliability of rate revenue; expected life of the improvement; and taxpayer equity issues.