

Summary of Article 5: Creation of a Capital Purpose Fund through a Special Act

Article 5 on the warrant will:

- Create a special Capital Purpose Fund that may only be expended for particular capital purposes
- Create an automatic funding source for the fund
- Establish rules about how the special fund revenues may be expended, and
- Create an automatic, gradual funding source for the regular stabilization account.

The following are important considerations for this article:

- This article has been developed by the Finance Committee, Board of Selectmen, and Capital Improvement Planning Committee.
- Unlike the regular, existing stabilization account which is typically used only for emergencies, the fund created by this article is expected to have money flowing in (from industrial park taxes) and flowing out (for capital expenses) with regularity.
- It will allow the town to effectively and proactively plan for future capital expenses with a predictable and dedicated revenue source.
- For this article, the definition of capital purpose is an asset or project with a useful life of 5 years or more and a cost of \$10,000 or more including payment of debt on capital projects. Annual operating expenses are not capital expenses. Some examples are vehicle purchases; building repair, replacement, or construction; acquisition of land; and/or acquiring new equipment.
- This fund will be established by a Home Rule Petition process, which requires the approval of the State legislature following Town Meeting approval. Town Meeting can't modify the Act once it is approved, however it can be modified by going through the Home Rule process.
- The source of revenue for the fund is tax revenue from 8 specific parcels of industrially zoned land, including Sysco. These 8 parcels are called the 'Development Parcel.'
- A portion of the revenue from the Development Parcel is first used to gradually top off and maintain the existing stabilization account at 10% of total tax revenues. When the 10% goal is reached, minimal revenues will need to be added year to year to maintain 10%. All other town tax revenue is handled as it always has been.
- After funds are taken from the Development Parcel revenue to fund stabilization, the remaining funds from that parcel are split with 35% going to the Capital Purpose Fund and 65% going to the general fund.
- Money is spent from the Capital Purpose Fund as follows: under \$25,000 total project cost by a positive vote of the Finance Committee, Board of Selectmen, and Capital Improvement Planning Committee with no Town Meeting vote required; over \$25,000, a positive vote of the Finance Committee, Board of Selectmen, and Capital Improvement Planning Committee and a 2/3 vote of Annual Town Meeting are required. No one committee can spend money from the fund by itself.
- There is a provision that should revenue from the Development Parcel drop below \$1,000,000, none of the provisions of the Act apply; this protects budgets should revenue from these parcels steeply decline in some unforeseen way.
- Becomes effective in FY 2014, no impact on this year's budget