



CITY OF FRAMINGHAM
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MEMORANDUM

TO: Division Heads, School Department
FROM: Mary Ellen Kelley, Chief Financial Officer
Jennifer Pratt, Asst. CFO/CPO
DATE: August 26, 2020
RE: FY2022-FY2026 Capital Budget Instructions
CC: Mayor Yvonne Spicer, Thatcher Kezer III, COO, Superintendent Robert Trembley

Introduction:

The FY2022 – FY2026 Capital Improvement Plan (CIP) preparation process is officially open. The CIP is due to the City Council on November 1, 2020. As we did last year, the entire package will be submitted electronically.

All Divisions and the School Department are required to submit their FY22-FY26 Capital Improvement Plan with all supporting material attached to each project for FY2022 in Smartsheet by **Tuesday, September 29, 2020.**

The Capital Improvement Plan consists of two parts – the immediate term FY22 Budget and the longer-range capital improvement plan through FY2026. All CIP data will be housed on Smartsheet again this year. All existing capital information must be reviewed and updated. Divisions are required to review their previous capital submissions; modify, cancel, delete or add requests as appropriate. All project information must be entered in Smartsheet for a capital project submission to be considered complete.

The cost of capital projects compete annually for the same pool of dollars as your operating budget. The balancing act every year is how much of that pool of revenue is consumed by the cost of annual payments on our debt. The COVID pandemic has created a number of operational restrictions: social distancing; providing and wearing masks, and providing work sites with handwashing stations, etc. This adds cost and time to a number of the capital investment projects that are part of the long-range CIP. The pandemic has also limited the revenue generation, especially for department revenues related to fees and programs and water and sewer rate revenue coming from restaurants and other commercial buildings that have been temporarily vacant. We need to take these impacts into account when making the recommendations for the

FY22 capital budget part of the Capital Improvement Plan (CIP). To save you time and effort the CFO's office suggests Divisions submit no more than six (6) projects for FY22 per Department within your Division. This will reduce the substantial amount of background material, time and expense in preparing lower priority project submissions that are not affordable in the FY22 Capital Improvement Plan. This doesn't mean everything you submit will be approved; the evaluation and review of projects to be recommended will take place as usual.

Jennifer Pratt will send you an updated invitation to Smartsheet later today. You will have access to the Capital Improvement Plan information previously submitted in Smartsheet. This information includes FY2021 requests not approved or deferred to a future year. As in recent years, departments should have ten years of data from the internal long range capital plan entered into the CIP Smartsheet. For those departments that have a 20+ year capital plan, continue to maintain your database, but enter ten years of data into the CIP Smart sheet. Before you create new capital project requests, please review projects that have been carried forward to determine if you would like to revise and re-submit or modify them for the FY2022-FY2026 Capital Improvement Plan.

The CFO's office will work with Division Heads and the Mayor to prepare the final Capital Improvement Plan.

The justifications and supporting material that you include in your submissions for FY2022 projects are critical to the decision of approval or deferral. The Mayor will receive a complete capital background package and will then make their recommendation to the City Council. This information must be **complete** at the time of submission. The impact of debt service related to capital projects on a very limited operating budget means that only the most necessary projects get approved. Projects will not be recommended by the CFO to the Mayor if the background material is incomplete.

Any project within a City-owned building should be coordinated through the Facilities Division and submitted in cooperation with Jim Paolini. All technology requests must be reviewed by Technology Services Director Carly Melo prior to submission.

The Administration will have to report the status of all current capital authorizations as we have every year. The report from last year will be posted in the FramStat folder for you to access and update. Please update directly on the excel spreadsheet. For projects that have been completed, please enter COMPLETE in red font in the progress column. You only need to enter information in the Project Progress/Status column. This specific report is not due until October 15, 2020. Please submit your updates to Margaret Ottaviani at mro@framinghamma.gov. More discussion can happen at the FramStat meetings regarding project progress.

Capital Project Definition

A capital project asset is generally defined as having a useful life of five years or greater and a value of \$25,000 or greater. A capital project that does not meet these thresholds should be included as part of a Department's annual operating budget request.

To include a capital project within an operating budget request, which meets or exceeds the thresholds above may distort the operating budget of the requesting department, especially for

smaller departments. To include a capital project within a capital budget request, which does not meet the thresholds above, may result in the city borrowing funds for a term that exceeds the useful life of the asset being acquired. The CFO's office may make recommendations to request a project as part of the operating budget rather than the capital budget.

Evaluation of Capital Project Requests

The criteria used in evaluating capital project requests will focus on the following:

- The project is required to comply with State and/or Federal handicapped accessibility standards;
- The project is necessary to protect the health and safety of residents or city employees;
- The project is necessary to maintain an existing capital facility or equipment used in providing city services;
- The priority established for the project by the requesting department;
- The project was requested in the prior year(s) capital plan; or,
- Source of funding (general fund versus grant funding).

Only those projects proposed for funding in FY2022 will be evaluated in detail, using the criteria above. Projects proposed for FY22-27 are required by the Charter, so it is required to identify, describe and estimate the cost for capital projects through FY2026. The Smartsheet database can house data through FY32; if your capital plan extends out that far, please enter the data. They reflect your assessment of your Division's future capital needs, are an indication of the importance of the project to your operation, and will be valuable in informing stakeholders of future capital needs. If you know adjustments either to scope or cost are required, and have updates that differ from what is currently included, please make those changes.

Procedures for Submitting Requests:

The procedures used for submitting capital projects are as follows:

- All written estimates or pricing need to be dated. All FY22 Capital requests that have "other" for the "basis for estimate" will not be considered for the first year of the capital plan (FY2022).
- Enterprise Funds (Water, Sewer) will be considered their own "divisions" and not combined with the general fund departmental operations. In other words, they are not competing with other departmental requests for the same debt service dollars.

Training in the use of capital budgeting database Smartsheet is available as needed. If you need assistance, please contact the CFO's Office via email at jap@framinghamma.gov or mro@framinghamma.gov or by phone (508) 532-5425 or at IP extension 4425 or 4427.

Accessing the Capital Budget Data Base Smartsheet:

The login and password for Smartsheet remain the same as last year. If you cannot login or require additional user logins please contact the CFO's Office via email at

jap@framinghamma.gov or mro@framinghamma.gov or by phone at IP extension 4425 or 4427/phone (508) 532-5425.

Procedure for Resubmitting Previous Capital Budget Requests:

Prior requests that were deferred from FY2021 to FY2022 or future years, and projects previously entered through FY2030 are reflected in Smartsheet. You are required to enter updated financial information and provide new quotes for all FY2022 requests.

All Divisions and the School Department are required to submit their FY22-FY26 Capital Improvement Plan with all supporting material attached to each project in Smartsheet by **Tuesday, September 29, 2020. All backup documents for projects such as quotes, pictures, etc., should be attached to requests in the Smartsheet. This will allow the CFO and the Mayor sufficient time to finalize their recommendations for the City Council. Requests that are not complete or received without the appropriate documentation will NOT be considered. Thank you very much for your attention to this important project. Should you have any questions or need assistance, please do not hesitate to contact the CFO's Office at 508-532-5425 or via email to Mary Ellen or Jen.**