

## **Town Article 20 – Establish a 2020 One-Time or Cyclic Procurement Capital Reserve Fund**

This warrant article is to establish a Capital Reserve Fund (CRF) for one-time or cyclical operational budget needs and to set aside and appropriate \$154,400 from the Unassigned Fund Balance for that CRF. (1) For example, Presidential elections are an expense incurred every four years. Setting aside money to cover this periodic, foreseeable expense avoids including these costs in the Operational Budget every fourth year. In addition to the Presidential election costs this year, other 2020 one-time or cyclic operational budget needs have been identified: replacing the Town telecommunication system; updating property assessment software; Town re-evaluation; Town energy efficiency (building energy conversion); and legal expenses/settlements.

The funds used to cover these items will be from the unexpended funds from the previous year's Operational Budget that would have gone into the Unassigned Fund Balance Excess Revenues, and no part of the funding is coming from future taxation. There is no new tax impact.

**A YES vote** creates a One-Time or Cyclic Procurement CRF and sets aside \$154,400 to cover specific cyclical costs in 2020.

**A NO vote** means that the cyclical or one-time costs identified would have to come from the Operational Budget in the year of the expense instead of from fund balance. (2)

### **Reasons why some voters might vote yes:**

- To plan ahead for one-time or cyclical expenses by setting aside money in a CRF.
- To fund a new CRF from the Unassigned Fund Balance.

### **Reasons why some voters might vote no:**

- Prefer to pay for these one-time or cyclic expenses through the Operational Budget.
- Do not support some of the one-time or cyclic expenses offered as examples.

### **References:**

1. The stated intention for this new CRF is designed to stabilize the Town's budget and offset the tax impact of the Operational Budget. *2020 Warrant Article Overview, Deliberative Version.*
2. As a result of a NO vote, the 2020 budget would be underfunded by \$154,400, which would have to be taken out of other budget line items. Town Manager Joe Ilsley in an email, 1/29/20.