May 2, 2025

John W. "Bill" Sheehan
19 Laurel Crest Dr.
Waterford, CT 06385

Glenn Patterson
7 Leary Dr.
Waterford, CT 06385

Mr. Paul Goldstein
Moderator
Waterford Representative Town Meeting
15 Rope Ferry Road
Waterford, CT 06385

Mr., Goldstein

According to the Agenda of the Representative Town Meeting (RTM) for the Annual Budget Hearing and Special Meeting, the RTM will be considering a resolution for a pilot program for approved Capital Projects within the FY26 budget.

Rather than approving that resolution, in our capacity as individual members of the Board of Finance (BOF), we propose that the RTM send to a Standing Committee (possibly the Legislative and Administration Committee) the attached proposed change to the Code of Ordinances.

There is sufficient time between now and the FY2027 budget to pass the proposed ordinance and be ready in the FY2027 budget to have the best of both the designation procedure and the direct appropriation procedure.

We are sending this letter and proposed ordinance as individual members of the Board of Finance and not as a request or recommendation of the BOF.

Sincerely,

J. W. Sheehan

Glenn Patterson.

Copy to (with encl): Town Clerk Campo
First Selectman Brule

Proposed Ordinance Change for Capital Funds

3.04.020 - Reserve fund for capital and nonrecurring expenditures *and Current Capital Fund* established.

1. There is created a reserve fund for capital and nonrecurring expenditures.

a. The Reserve fund for capital and nonrecurring expenditures will have two types of funding- Appropriated and Designated.

1) If the expenditure requires accumulating funding over multiple years, the annual funding will be designated for the project After the total funds needed for the expenditure are accumulated, the funds will be appropriated by action of the Board of Selectmen, the Board of Finance, and the Representative Town Meeting.

2) If the expenditure is well-defined and funding is complete in the initial request, the Board of Selectmen, the Board of Finance and the Representative Town Meeting shall appropriate the funds at the initial presentation.

3) If the expenditure is not well defined in the initial presentation, it will be designated and the Department or Board will have to return to the BOS, BOF, and RTM to become appropriated. This is likely to occur for an expenditure proposed in the First Selectman's Capital Plan.

b. The Current Capital Fund is established for expenditures that are expected to be completed in the Fiscal Year Proposed and funding will be considered appropriated when approved by the Board of Selectmen, Board of Finance, and Representative Town Meeting.

1) If the expenditure is not complete in the fiscal year proposed, It should be transferred to the Reserve fund for capital and nonrecurring Fund by action by the Board of Selectman, Board of Finance, and Representative Town Meeting before the end of the fiscal year.

2) If the expenditure is not complete in the fiscal year proposed and it is not transferred to the Reserve Fund, the remaining expenditure will be transferred to the Unassigned Fund Balance of the General Fund at the end of the fiscal year. If all that remains of the expenditure is final invoicing and payment then the funds may be encumbered to make those final payments in the next fiscal year.

b. The Board of Finance shall review the progress of projects in both funds quarterly.

c. Funds left after the completion of the expenditure shall be returned to the Unassigned Fund Balance of the General Fund if from the Current Capital Fund and to the Undesignated fund

Balance of the Capital and Nonrecurring Fund if from the Reserve fund for capital and nonrecurring expenditures.

2. *Implementation*

    a. *This ordinance change will be effective with the fiscal year 2027 budget.*

    b. *In June 2026 the Board of Finance will transfer any outstanding projects from the Capital Improvement Fund to the Capital Nonrecurring Expenditure Fund.*

    c. *The Capital Improvement Fund will be renamed the Current Year Capital Fund.*