

Proposed Capital Budget Process

We propose that the board mandate a Capital Review Group (CRG), whose work is time-limited, each year. In 2021, CRG will submit its recommendations to the board by March 1, so the board can consider them for presentation at the Annual Meeting of the Congregation in May. CRG will convene to **update and revise the multi-decade Capital Plan**, including what the priorities are for the following year. This includes making light revisions and adjustments, striking items already done, revising cost estimates as needed, and ensuring the plan remains fit to keep the buildings and grounds in working order. In some years, though not this one, CRG's Capital Plan Review can include a significant revision to the capital plan (e.g. surfacing repair vs restore decisions and including some restorations), including one tied to new capital fund-raising beyond any Capital Campaign underway at the time.

We propose the initial group be co-chaired by the Chair or Co-Chair of the Capital Campaign (Tom) and a representative of the Finance Committee (Lee), and include two Subject Matter Experts (Chris and Gait) and the Chair of the Facilities Committee (Liz). The existing board liaison to the Capital Reserve Fund - who currently lacks a group (s)he is liaison to - would become liaison to this group. Board liaisons to the Capital Campaign, to the Director of Facilities, and to the Facilities Committee are invited to take part in CRG. In the event CRG has an even number of members, CRG will endeavor to add or, failing that, remove one.

CRG would own review and revision of the capital budget before the board takes ownership of it, which in turn precedes the board presenting it to the congregation for vote. Because of that sequence of ownership handoffs (from CRG to board to congregation), CRG will report to the board. So the board will mandate its existence, like the board has mandated Share the Plate. Also like Share the Plate, we propose to subject additional members of CRG to board approval. CRG deliberations will be governed by a process for reaching consensus.

We envision the output of this exercise as a revised multi-decade Capital plan. The first year of that plan, which would be the following congregation year, would thus be the next annual capital budget, subject to congregational approval, alongside the following congregation year operating budget.

The revised Capital Plan will inform how large the Capital Reserve Fund needs to be. Finance would ensure the envisioned spending throughout the period of the Capital Plan is consistent with current and expected funding of the Capital Reserve Fund. That could include adjusting the timing and targets of Capital Campaigns. Finance would also ensure that in any decision that affects the Capital Plan, such as a decision to repair vs. restore, the long-term economics of the competing options are represented accurately and appropriately.

While the board owns the plan (i.e., after CRG handoff to the board but before congregation vote), the board may add items to, remove items from, or modify items in it. Such changes could impact fundraising timings and targets, which we expect the board to consider when deciding on them.

Since Finance and the Treasurer track our actuals vs the plan, in the operating and capital budgets, this group need not do that. So CRG's work, unlike Finance's, can be time limited. For now, we suggest the group convene annually, though we expect the frequency to drop over time.

In 2020-21, we also ask CRG to examine our process for soliciting bids and executing work on major repairs which merit our seeking external vendors, and to commit guidelines to writing - in a form that staff, congregants, and vendors will understand - for the board to consider. We envision the guidelines would

address initiation of bidding, review of vendor references, oversight of the work, setting up of timelines, and keeping records for posterity. The CRG will submit the revised guidelines to the board by April 1, 2021.