

**Motion to Approve and Implement a Capital Asset Plan (CAP)
to Maintain our RRUUC Building and Equipment**

Background

Previously, the RRUUC Board requested that the Building Committee and the Finance Committee develop a recommendation for funding an affordable Capital Asset Plan (CAP).

In making this recommendation, the Board was guided by the following principles:

1. The Board recognizes the responsibility of the congregation to maintain the structure that houses its activities, and the need to assure the safety, health, and comfort of the many persons using that facility.
2. The Board believes that the best way to do so is to follow a planned and structured program of facility rehabilitation and equipment replacement, emphasizing preventive maintenance designed to avoid equipment and facility failures, rather than repair of items after they fail.
3. The Board accepts the concepts above, as embodied in a twenty-year Capital Improvement Program (CIP) Report, dated April 2010, developed by the Building Committee with consultant assistance.

The Building Committee charter lays the foundation for planning the maintenance, replacement and rehabilitation of the RRUUC building equipment, systems and facilities. In relevant part, the charter provides:

Replace and rehabilitate equipment, systems, and facilities

- Conduct an inventory of the capital assets of the building, including state of repair, expected life, and projected date and cost of replacement or rehabilitation of each asset.
- Create and present to the Board for approval a 20-year building capital replacement and rehabilitation program.
- As part of the annual budget process provide the Board of Trustees through the Finance Committee with an estimate for building capital replacement and rehabilitation for the coming budget year.
- Assure that the building capital replacement and rehabilitation program is implemented, with the advice of and in concert with Congregation committees and staff affected, and consistent with the resources made available.

- Together with Congregation staff, review and update the building capital replacement and rehabilitation program annually to maintain a 20-year projection.

This motion augments that charter by creating a Capital Asset Plan fund to implement the principles of the CIP Report and to require the Building Committee to propose to the Board an annual program of projects to be implemented with monies from the fund and their costs, and to report on the progress made on prior projects.

The Building Committee and Finance Committee have developed a recommendation for CAP funding as a minimal approach to preserving RRUUC assets, as shown in *Table 1: Capital Asset Plan Funding by Fiscal Year*. The Building Committee recognizes that twenty-year projections would become out-of-date within approximately five years and fund projections would need to be re-assessed periodically.

Proposed annual CAP funding will be presented to the Finance Committee as part of the budget process each year, and the process for developing a budget to be approved by the Board remains unchanged. Proposed annual CAP funding will also be presented directly to the Board for review and approval of the Building Committee's annual plan. The Building Committee also would, on a periodic basis, but not less than every five years, update the 20-year plan and present it to the Board for review.

Motion

The Board:

1. Creates a Capital Asset Plan fund, dedicated to maintaining, preserving and improving our RRUUC building and equipment, with continuing twenty-year projections updated at least every five years, and funded subject to the annual Board budget review process. *Table 1: Capital Asset Plan Funding by Fiscal Year* is a guide for the manner in which to fund the proposed plan over the coming years, subject to annual appropriations through the budget process by the Board of Trustees. All unused monies in the fund carry over from one year to another;
2. Will consider as a high priority, and appropriate in the operating budget, subject to the budget approval process, funding for the CAP as recommended annually by the Building Committee in the Capital Asset Program Report;
3. Directs the transfer of \$20,000 during the current fiscal year (2010-2011) from the Buildings and Grounds budget line item to the CAP fund;
4. Will transfer, at the beginning of each fiscal year, funds from existing accounts to the CAP fund, as appropriate, in accord with the Capital Asset Program Report;
5. Will, at the appropriate time, and concurrent with an opportunity for other RRUUC by-law changes, submit for a vote a proposed modification to establish new guidelines regarding amounts to be maintained in the Major Maintenance and Equipment Reserve;

- 6. Directs the Building Committee to provide to the Board an annual Capital Asset Program Report, which shall include the annual proposed expenditure plan of CAP funds, as well as the actual expenditures made and projects accomplished during the previous year, for Board review, approval and action.

Cost Impact

Table 1: Capital Asset Plan Funding by Fiscal Year shows a potential means of funding the CAP for the next seven years. The costs will be reviewed annually and revised as necessary by the Building Committee, and all appropriations and transfers will be made by the Board annually. The CAP report will be presented to the Board for review and approval each year.

This program supplements the annual program of ongoing building and grounds maintenance under the operating budget, which would be reduced by \$20,000 per year from otherwise appropriated levels due to transfer of capital projects to the CAP .

Finance Plan:	(amounts in thousands of dollars)							
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018
New appropriations to CAP	0	10	20	30	40	50	60	60
Transfer from Bldg & Grnds line item to CAP	20	20	20	20	20	20	20	20
From existing capital funds	10	14	15					
From Maintenance Reserve	10	16	15	30	20	10		
Total to CAP	40	60	70	80	80	80	80	80
Balance in existing capital funds account	29	15	0					
Balance in maintenance reserve	157	141	126	96	76	66	66	66

Note: Approval under existing by-laws is \$82K

Table 1: Capital Asset Plan Funding by Fiscal Year

Staffing Impact

Staff impact due to implementation of the CAP is expected to be minimal, and additional staffing is not anticipated. In general, once the CAP is implemented, it is likely that staff time needed to maintain our assets will be decreased because there would be fewer emergencies requiring staff

action, and the Building Committee will assist staff in managing the preventive maintenance program.

Relationship to Mission

The building is the literal foundation of our mission activities. The creation of the Capital Asset Plan provides the direction and funding necessary to keep our building and its systems in good working order without frequent unexpected expenses.

The CAP also creates a program for preserving our valuable RRUUC assets into the future.

Implementing Action

The Board will review for approval and action the Capital Asset Program Report and its recommendations for funding as part of the annual budget process.

The Building Committee will implement planning and reporting into their annual schedule, as directed in this motion.

The Treasurer will direct updates to the accounting system for the CAP fund.

The Board will present for a congregational vote a revision to the by-laws regarding guidelines for establishing the minimum amount to be retained in the Major Maintenance and Equipment Reserve.

On December 15, 2020, the RRUUC Board of Trustees adopted the following items, which were included as part of a capital planning budget resolution, relevant to this policy:

"BOARD ACTION #3: Upon motion and second, the Board approved the following resolution:

Upon consideration of the final report of the Capital Budget Planning Working Group, it is resolved

...

2. In order to ensure proper upkeep of the RRUUC building, the Board recognizes the importance of regular investments in the building in the amount of approximately \$150,000 per year, with funding to be provided by a combination of regular appropriations in each annual budget, periodic capital campaigns, and special appeals.

3. Annual appropriations for capital investment will be set out in a separate line item for the Capital Improvement Fund (referred to as the Capital Asset Fund in RRUUC's bylaws) in each annual budget. The Board establishes the following targets for the capital investment in the budget for future fiscal years: \$20,000 in FY2022, \$40,000 in FY2023, \$60,000 in FY2024, \$80,000 in FY2025. The Board anticipates that regular increases will be appropriate in subsequent years, but without further action subsequent fiscal years should be a contribution of at least \$80,000.

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