

Budget Development Process - Capital

Capital budgets look to the future and support long-term outlays for fixed assets and equipment. A capital budget differs from an operating budget in that it is inclusive of multiple years – the multi-year capital plan – whereby an operating budget generally covers a span of 12 months.

When developing your departmental capital budget you need to define departmental capital and financial goals. Take into consideration that there may not be enough money to fund every capital project on your departmental wish list. Develop an evaluation criterion for assigning priorities. For example, a need may be measured by the current condition or use of a facility or equipment. Alternatively, consideration for a project might be based on health and public safety issues, or overall benefit to the community. Whatever the determining factor, you need to work with your department in setting and aligning your capital priorities with your departmental needs.

When formulating your FY 2014-15 Proposed Budget and Multi-Year Capital Plan you need to be sure and identify your revenue sources; provide an accurate assessment of your expenditure needs; in other words, cash flow projections are essential in identifying how projects will be funded and the timing of revenues (such as financing). Prioritize your projects according to your departmental and/or community needs, business plan, or strategic alignment; and lastly identify any operational impact as a result. The Capital Projects Budget Submission Module (Appendix H) is your step-by-step resource guide on how to enter, delete, change, and retrieve information using the Capital Improvements Information System (CIIS). Understanding how to use and enter information in CIIS is extremely important, if you are tasked with developing your department's FY 2014-15 Proposed Budget and Multi-Year Capital Plan.



Important

When developing your department's FY 2014-15 capital budget it is important that you also include your department's five-year capital project outlook as well too. Knowing what capital projects a department has planned assists us better in identifying revenue needs for the future.

The Timeline



Important

Departmental Capital Improvement Plan (CIP) submissions must be completed and entered into the Capital Projects Budget Module in CIIS by Friday, February 28, 2014

It is essential to the resource allocation plan process that departments adhere to the schedule for submitting their completed Capital Budget plan. If an unforeseen circumstance arises and your department is not able to complete their capital submission as required, please advise your OMB budget analyst as soon as possible.

Once your departmental CIP has been completed, please contact your OMB Budget Analyst and the OMB Capital Coordinator accordingly so that they can begin the initial review process.



Important

Each departmental CIP submission will be reviewed with the department and will be discussed at the department's scheduled resource allocation meeting

CIP submissions will be viewed in relation to the department's operating submission and business plan. Specific attention will be given to those requests for funding from the Capital Outlay Reserve (COR).

All technology projects \$50,000 or greater must be evaluated through the IT Governance Committee in order to be considered for funding. (For more information, please refer to Appendix I)



Important

Departments will be kept up-to-date, by their OMB Budget Analyst, as final decisions are made toward the end of the FY 2014-15 budget planning process and book production are in the finalizing stages.

Key Dates

Wednesday, December 18, 2013: CIIS opens for departments

Wednesday, January 15, 2014: Notice of intent to submit IT Business Case

Friday, February 28, 2014: Departmental Budget submissions are due

Friday, March 7, 2014: IT Business Case due to Investment Review Committee (IRC)

Start with the Revenue Sources

To start the process, begin by identifying the revenue sources that are available to your department for those capital projects that are to be included in the Department's FY 2014-15 Proposed Budget and Multi-Year Capital Plan. By revenue source, estimate the new revenues that are anticipated for FY 2014-15 and the amount of carryover anticipated at the end of FY 2013-14. Both of these amounts should be justifiable based on prior year amounts (or have a logical reason for departing from prior year amounts). This procedure should be repeated for each available funding source.

Enterprise funds should show transfers from operating accounts as capital revenues. Operating and capital budgets will be viewed together in these instances.

If there is no funding source identified for a project, use the Capital Outlay Reserve (COR) as the funding source.

Estimate Expenses

In many cases, departments will need to prepare a "high level" estimate of project expenses and timelines until a formal estimate is completed. OMB understands that estimates change over time. Nonetheless, departments should use all available information (including recent bidding experience, other departments' experiences, trade publications, and institutional knowledge) to arrive at reasonably accurate estimates for capital projects. Part of the effort in estimating

capital project costs is the estimation of expenditures by fiscal year. Departments should not anticipate allocating more funds than they need to a particular capital project other than what they can reasonably expect to spend in a given fiscal year.

Tip:



Once these estimates have been completed, revenues and expenses should be compared. The easiest way to accomplish this is by listing all projects by revenue source in an Excel spreadsheet, by year. By doing this, a clear picture is presented to OMB and the Department as to whether or not there is a funding surplus or shortfall within each departmental funding source

If it is clear that a project will not be completed in the current fiscal year, the funding will need to be re-appropriated in the next fiscal year, even if it has been appropriated already.

Prioritize



Important:

If there is a funding shortfall within any given funding source, departments must prioritize the projects that can and should be done in any given fiscal year. Even if there is a funding surplus, departments will need to prioritize those projects that can and should be done and in which order they should be completed

Programming Revenue

When allocating revenue to milestones, it is important to program revenues classified as “Pay As You Use” first and “Pay As You Go” last.

Pay As You Use revenues are typically:

- Bonds
- Grants
- Federal Reimbursements
- State Funds

Pay As You Go revenues are typically:

- Departmental Operating Revenues
- Capital Outlay Reserve (COR)
- Fuel Taxes
- Interest Earnings



Important:

Bond and grant revenues should be reflected in the year that proceeds are realized.

Definitions

Capital Project: A project which results in the acquisition or addition of permanent fixed assets such as land, buildings, public infrastructure, building improvements, and equipment. The project should be at least \$5,000 and have a usable life of at least five (5) years.

Funded Project: A capital project for which funding has been identified and for which some activity is expected between October 1, 2014 and September 30, 2020. Proprietary departments that periodically issue revenue bonds and have revenue streams sufficient to cover future debt obligations should assume future revenue bond projects are funded. Departments that can realistically anticipate continued grant funding should do so and program future year grant revenues for funded projects.

Capital Outlay Reserve (COR) Request: A request for funding from the COR for a capital project. The COR is an annual pay as you go set-aside partially funded from the General Fund operating budget and used to fund needed capital improvement projects. Funding requests should be for FY 2014-15 and should be included as a funded project. Approved COR funding requests will be included in the proposed capital budget as funded projects. Certain disapproved requests may be included in the CIP as unfunded projects in a separate section of the proposed CIP.

Technology Projects: All technology projects must be evaluated through the IT Governance Committee in order to be considered for funding.

Unfunded Project: A capital project for which no funding has been identified that can be completed within the same time frame as the funded projects (between now and FY 2019-20).

New Project: A capital project that is not in the current fiscal year's (FY 2013-14) CIP.

Sustainability Category Definitions

In continuing with the County's efforts to reflect sustainability initiatives, the following categories and definitions are to be used as a guide when labeling a project *sustainable*.

Sustainability Categories	Explanation
LEED or Other Green Building Certification	Facility that has undergone a certification process for sustainability (design and construction, existing building operations and maintenance). U.S. Green Building Council, Green Globes, Florida Green Building Council and EPA Energy Star Portfolio Manager rating systems for buildings are among the potential applicable building certifications.
Energy Efficiency (Electricity and Fuel)	Activities and capital investments that contribute to increased electricity use efficiency and/or improved fuel efficiency (e.g. cool roofs; higher efficiency heating, ventilation, and air conditioning systems; lighting retrofits; energy and building management systems; purchase of hybrid vehicles; GPS-based idling-tracking systems for service vehicles; etc.)
Renewable Energy Feature/System	Includes solar photovoltaic, wind, geothermal, solar-thermal, co-generation (waste recovery) and other renewable energy projects or systems tied to facilities.
Innovative Water/Wastewater Feature and Approaches	Use of or programs to encourage the use of alternative and innovative water/wastewater approaches including but not limited to substitution of chemical treatment processes with biological processes, rainwater harvesting (e.g. cisterns), use of grey water systems, energy efficient reclaimed water technology or other water and/or energy conserving approach.
Climate Change Adaptation	Activities/capital investments that improve our understanding of our vulnerability to climate change impacts or help us to reduce or adapt to these impacts.
Other Climate Change Mitigation	Any activity that reduces/avoids Green House Gas emissions that is not an energy efficiency activity/capital investment. The planting of new and additional trees that sequester carbon is also considered a climate change mitigation strategy.
Other Sustainability	Activities that improve the integrated bottom line of economy, environment and quality of life and don't contribute to the deterioration of aspects of this integrated bottom-line.

Capital Budget Preparation

As each department's Capital Budget plan is assembled, the following guidelines should be taken into account:

- One of the emphases of the FY 2014-15 budget development process is to have capital recommendations, just as has been done with operating recommendations, reflect the County's Strategic Plan and the department's individual Business Plans.



Important

All information in CIIS will be shared with the Office of the Commission Auditor (OCA) throughout the process. Staff from OCA may have additional questions or requests for departmental staff based on the information contained therein.

OMB, Bond Administration Division, is responsible for programmatic oversight of the Building Better Communities (BBC) General Obligation Bond Program, and the Miami-Dade Safe Neighborhood Parks (SNP) Bond Program. All departments with projects in either of the BBC or SNP programs must closely coordinate the capital submission with OMB relating to these programs.

- As with prior year submissions, each department's CIP should be consistent with any current strategic capital improvement plans and should be developed hand-in-hand with the Transportation Improvement Plan (TIP), and as noted above, the current schedule of Building Better Communities projects and timelines as programmed, the Comprehensive Development Master Plan, the People's Transportation Plan Pro-Forma, or the Community Development Block Grant Work Plan, or any other plans as adopted by the Board of County Commissioners (such as the Aviation Capital Improvement Program), if applicable.
- The Capital Improvements Element (CIE) of the Comprehensive Development Master Plan will be updated with information from the FY 2014-15 CIP



Important:

It remains critical that the budget information accurately reflects estimates for current year expenses and milestones (e.g., start dates or completion dates) and accurately projects information for next year's budget and for longer-range capital plans

- Complete information should be provided for all capital projects including, but not limited to, designating the County Commission District(s) and Community Council District(s) in which projects are located, the County Commission District(s) that the projects will serve, project start and completion dates, the strategic area, strategic objective, and reasonable estimates of operating impacts of planned capital projects.
- Expenditures in the current fiscal year's capital budget should not be overestimated. Anticipated expenditure levels should be projected realistically. Many departments have traditionally been optimistic regarding expenditures. **Please be realistic with each project.** Revenues should match the years that the funds were/will be appropriated; expenditures should match the years that the funds were/will be expended.
- Anticipated project cash carryover should be realistic and based on a review of actual prior year expenditure and carryover levels. Such a review should help reveal any

unrealistic forecasting. Please be prepared to substantiate estimates of cash carryover into FY 2014-15 as well as anticipated FY 2013-14 and FY 2014-15 project expenditure levels.

- Departments should continue to anticipate and budget for the Business Participation Model charges to pay for services provided by the Small Business Development functions and ISD. **A good rule of thumb is the budget at least the amount charged in the prior fiscal year.**
- Art in Public Places is required for all capital projects in Miami-Dade County, unless otherwise prohibited by funding source other legal restriction. A complete description of the Art in Public Places procedures can be found at the website:

<http://intra.miamidade.gov/managementandbudget/library/procedures/358.pdf>

- For new expenditure commitments, assume five (5) percent inflation each year. If there is a proper reason for assuming a higher or lower percentage, please indicate such in the justification/comments section of that project.
- Capital projects funded through the Community Development Block Grant (CDBG) program appear in the Public Housing and Community Development (PHCD) capital budget as well as the department allocated the funding. Departments should work with PHCD and the appropriate OMB Budget Analyst to ensure that all discrepancies are resolved.

Tip



Departments should contact their OMB Budget Analyst with any questions regarding the process, the system, or style concerns. The list of OMB budget analysts can be found online at the link listed below or by calling 305-375-5143.

<http://www.miamidade.gov/managementandbudget/library/omb-budget-assignments.pdf>

Requesting Funding from the Capital Outlay Reserve (COR)

Departments are encouraged to submit requests for funding from the COR. If the department's opinion is that a project warrants COR funding, and the project will be initiated during FY 2014-15, it should be included in the funded portion of the departmental capital budget submission. OMB will review each request, and, to the extent funding is available, priority projects will be included in the FY 2014-15 Proposed Budget and Multi-year Capital Plan.

If the project is not funded, it will be moved to the unfunded portion of the capital submission.

As COR requests are prepared, be as specific as possible in defining projects and try to relate the project to the department's strategies for delivering services.

- Describe how the project, if funded, will enhance performance and the furtherance of strategic departmental goals
- Request only as much COR as can be spent within a given fiscal year
- Linkage to the departmental business plan will be critical in this regard



Important

The way to request funding from COR is by including the project as a funded project with COR as the funding source. Treat the project as funded unless otherwise informed.

- Putting a project on the list of unfunded capital projects **does not** request funding from COR
- Sending an email to an OMB Budget Analyst **does not** request funding from COR
- Mentioning the project in your departmental issues **does not** request funding from COR

Tip

The highest consideration will be given to projects that:



- Link to a department's business plan and the County's Strategic Plan
- Cannot be funded from other sources
- Can be spent within the fiscal year in which the funds are allocated
- Have the best business case as presented by the department; this argument should show the impact of this project being funded in measurable terms

Tip



Please include as much information as possible in the "Justifications/Comments" section. There is no limit on the number of characters that can be input in this section.

Information Technology (IT) Governance Process

New information technology capital requests should be vetted and approved through the Information Technology Leadership Council's Investment Review Committee (ITIRC). This year the ITIRC will be sponsoring three IT Investment Review and Business Case Development Workshops to acquaint departmental representatives with the process for submitting business cases for capital IT projects. It is important that these workshops be attended by departmental business, technical, and budget staff. The Workshops will be held on the 18th floor of the Stephen P. Clark Center Room 18-2 on the following dates and times below:

December 23, 2013	11am – 12pm
January 10, 2014	11am – 12pm
January 13, 2014	11am – 12pm

Funding requests for technology projects – regardless of source – must be submitted through the IT Governance Process. The IT Governance Process is the procedure by which all IT capital projects requiring funding of \$50,000 or greater are submitted to the Information Technology Leadership Council (ITLC) for review. On December 13, 2013 you received an e-mail inviting you to attend workshops on December 23 2013, January 10 and 13, 2014 that describe the process for the upcoming fiscal year. All departments with IT projects will be tasked with preparing a detailed business case to include a comprehensive cost benefit analysis. The ITLC will rank the business cases and make preliminary funding recommendations to the IT Executive Steering Committee. Departments are encouraged to contact their OMB Budget Analyst or ITLC representative below for further information. All submissions are due to the ITLC on March 7, 2014.

Contact: Christa Erml-Martinez, ITLC IRC Chair
305-372-6960

For a copy of the IT Business Case Preparation Manual refer to Appendix I or for an electronic version, please click on the SharePoint link below. If you do not have access to the link, please contact the above individual for assistance.

<http://enterprisesharepoint/home/ET014/ITLC/IRC%2020142015/Forms/AllItems.aspx>

Key Dates

December 2013- January 15, 2014:	Identify business need from Business Plan process/Confirm Notice of Intent (NOI)
January 15, 2014:	Complete NOI to submit Business Case and submit to Investment Review Committee (IRC)
February 19, 2014:	Architectural and Standards Review with ITD complete
February 28, 2014:	Funding request entered into CIIS
March 7, 2014:	Departmental Budget submissions are due
March 7 – May 2, 2014:	IRC reviews Business Cases and hears oral presentations
May 16, 2014:	IRC forwards recommendations to the IT Executive Steering Committee
June 2, 2014:	IT Executive Steering Committee provides funding recommendations to OMB