Financial Policy Capital Budget & Financial Plan

Resolution Number 2026-
Effective for the FY26 and FY27 Budget 06/02/2026
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Capital Budget & Financial Plan

Purpose:

To promote fiscal responsibility in the funding of projects as adopted by the Board through the budget process and prepared work plans related to capital planning and infrastructure aligned with the objectives and level of service addressed in the "Comprehensive Plan 2019-2040, Capital Improvements Element (CIE)". The following financial policy is established for Alachua County's Capital Budget and Financial Plan (CBFP). As a matter of general policy, the goals of the CBFP are to:

1. Prioritize and align funding to create capital and infrastructure project budgets.
2. Properly identify and record capital assets related to the physical and economic development of the community.
3. Promote financial stability and focus attention on the County's long-term financial capacity to meet capital needs.
4. Recommend funding mechanisms and long-term financing of infrastructure.
5. Effectively communicate the County's priorities and plans for undertaking capital projects to internal and external stakeholders, including Citizens, County staff, Constitutional Officers, and Judicial Officers.

Formulation:

Process

The CBFP consists of cross departmental activities designed to identify, plan, finance, and undertake acquisition of long-lived capital assets necessary to meet service level goals and objectives as identified in the CIE. The CBFP functions as:

1. A multi-year projection of the County's major capital needs.
2. A formal mechanism for decision making related to planning and budgeting for major capital acquisitions.
3. A link to the County's long-range plans concerning the economic and physical development of the community, and the provision of public services.
4. A financial management tool identifying future financing requirements for major capital acquisitions over the planning period.
5. A communications device for reporting to internal and external stakeholders the County's capital priorities, and plans for implementing capital projects.

The major output of the program is the annually updated Capital Budget. The CBFP plans for the allocation of existing and anticipated financial resources to replace, renew, expand, or acquire new capital stock, facilities, and infrastructure. The CBFP is a five (5) year funding plan identifying the priority, scheduling, and financing of major capital projects to be undertaken over the planning period. The CBFP represents a management and financial plan to guide capital financing and acquisition activities and is subject to annual review and modification by County staff, and approval by the Board of County Commissioners as part of the budget process.

Definition Statement of a Capital Project

Notwithstanding the definition of capital items and fixed assets established for capital budgeting and accounting, capital projects shall be defined for the purposes of the CBFP as follows:

A capital project is an outlay that results in or contributes to the acquisition of or addition to a capital asset with an anticipated cost equal to or exceeding one hundred and fifty thousand dollars ($150,000) **and** with an anticipated useful life equal to or exceeding ten (10) years. This definition includes, but is not limited to, capital projects undertaken to:

1. Acquire new or expand existing physical facilities or infrastructure.
2. Acquire large scale renewal, improvement, or replacement of physical facilities or infrastructure that is not routine maintenance. Renewal and improvement expenditures are those that improve an asset’s productivity, significantly extend its useful life, change the character of the asset, or be an element of the larger project which enhances or contributes to its functionality.
3. Acquire major pieces of equipment, vehicles, and other capital stock, including expenditures when aggregated or consolidated into a single project meet both criteria set forth above.
4. Procure engineering or architectural studies and services related to public improvements.
5. Acquire land or make improvements to land.
6. If improvements extend the useful life of the asset the improvement shall be considered and evaluated to determine inclusion.

Projects meeting the above definition shall be eligible for consideration and inclusion in the annually updated CBFP. All expenditures meeting the criteria for fixed assets as defined by the County’s Fixed Asset Policy shall continue to be budgeted and accounted for as capital expenditures, however, will not be eligible for inclusion in the CBFP unless they meet the above definition of a capital project. Staff with questions regarding the definition of a capital project should contact the Office of Management and Budget.

CBFP Development Responsibility

The Office of Management and Budget shall have lead responsibility in coordinating the tasks and activities, necessary to successfully develop and administer the CBFP, including but not limited to establishing policies, procedures, schedules, and deadlines for formulation, defining roles and responsibilities of participants, obtaining relevant and reliable documentation and information for capital projects, establishing project evaluation criteria and rating systems, developing the Capital Budget and Financial Plan document for governing body approval, and monitoring implementation of capital planning efforts.

Project Requests and Consideration

The basis of project identification will mainly be formulated from the Board approved or adopted "Master Plans" for County Facilities, Transportation, Parks and Recreation and Conservation Lands. To evaluate the merits of capital project requests and to allow each project due process in evaluations, capital projects proposed during the annual CBFP process shall be accompanied, at a minimum, by the following information:

1. Project Title, Physical Description, and Definition of Scope
2. Demonstration/Justification of Need – Classification of Asset & Service Expectations
3. Alignment with Level of Service in the CIE
4. Project Schedule
5. Capital Cost Estimate
6. Statement of Impact on the Operating Budget
7. Relationship to other Planned Projects
8. Project's Department Rank Priority
9. Recommended/Anticipated Funding Sources

The Office of Management and Budget shall establish forms, instructions, deadlines, and procedures for project submittal and review.

Service Expectations

A. Desired level of service of the asset. This includes the desired life span, functionality, and efficiency.
B. Required or desired components, amenities and enhancements of the asset or components of the asset. This includes sustainability enhancements, energy conservation measure, or certification requirements.
C. Identify options to augment life span or use consistent with the desired efficiency or level of service. This includes reviewing options for replacement, renovation, repair, or rehabilitation of the asset to meet desired service level, based on the cost of effectiveness of those options.

Needs Determination and Prioritization

Through a review of the condition assessment, level of service needs, and Board direction, each department can identify their needs and prioritize these needs for consideration in developing the Capital Budget and Financial Plan.

Project Prioritization:

Step #1: Policy considerations for each asset.

The objective of this step is to determine the priority of asset improvements necessary and how they are affected by or are related to other assets. This is also the point to review potential policy updates that would drive changes to the asset or improvement considerations, such as location, energy efficiency, or relationship to other assets.

- Are there required system needs, improvements, or enhancements needed to meet code and legal requirements?
- Are there improvements, renovations, rehabilitation, or enhancements needed to meet the desired level of service to be provided by the asset?
- Are the ancillary or interrelated systems or assets to be considered?
- What is the mission critical systems or back up needs associated with the asset?

Step #2: Classification of Asset

Classify assets according to the following:

ADEQUATE: There is a high level of confidence that the asset is performing as designed and is reasonably meeting original design or engineering parameters and industry standards. There is limited to no probability that any degraded conditions are affecting operations or resulting in a loss of service.

PROBABLY ADEQUATE: The system is still performing and generally achieving the desired outcomes and level of service, but may not be meeting the design or engineering parameters. There is limited to low probability that any degraded conditions are resulting in significant loss of efficiency or degradation in level of service.

PROBABLY INADEQUATE: There is low level of confidence the system is performing as designed and as originally intended. Even though the asset is performing, it is not to the desired efficiency or level of service. The asset does not meet current design or engineering standards or parameters. The asset is resulting in inefficient operations and degradation of level of service.

INADEQUATE: There is a high level of confidence that the asset will not perform as designed or originally intended. The asset is not performing regularly and requires attention to address repeated deficiencies. The asset does not meet current design or engineering standards or parameters. The asset is resulting in inefficient operation and degradation of level of service.

FAILED: The asset is not operational or is operating without any sustainable predictability. The asset experiences regular and random loss of operation and does not meet any current design or engineering parameters.

Step #3: Develop Cost Estimates

The goal is to develop the most accurate cost estimate for the project as possible, considering all aspects of delivering project from inception to completion of the project. This project estimate would include all necessary design, property needs, construction, and project support. The cost estimate should be itemized by component by the best method possible and address project synergies, interdependence, and interaction of critical asset types.

There are many factors to developing an estimate, including but not limited to architecture/engineering design estimates, unit cost, historical background for similar projects, as well as inflation and other economic factors. All relevant information known and available should be used to validate the cost estimate.

Step #4: Funding and Program Development

Funding options should be developed with the goal of optimizing the number of priority projects to be completed during the funded year. The funding should be identified and applied to project priorities to the extent the funds are available.

Program development for the next fiscal year shall start during the first/second quarter of the current fiscal year. Staff will review all projects underway or planned to be underway during the current fiscal year, as well as all anticipated projects in the next fiscal year proposed for adoption and the four years that follow the proposed year.

For projects underway or planned for the current fiscal year, a review of funding necessary to complete the project will be conducted, resulting in positive or negative funding adjustments for each project. Once a project is underway, the project progress and cash flow should be monitored, allowing for funding adjustments. Adding to the overall scope of the project because of available funding reviews is not permitted without County Manager, or County Manager Designee or Board of County Commissioner approval.

Each review period, the proposed year and the following four years will be programmed and fiscally balanced for the proposed fiscal year, as well as for the 5-year funding program.

Project estimates will be programmed by phase of the project (i.e., design, property/rights of way, construction, and project support) for the year the funds are to be anticipated to be needed.

The current year and proposed year estimate will be based on the best estimation available at the time. The last four planned years of the Capital Budget and Financial Plan will also be programmed with the best estimation available for the year being programmed. Consideration should be given to the change in costs expected due to the date of the project phase.

During the Board's budget workshops, staff will present the proposed fiscal year to be adopted and the planned projects for the next four years. The Board's review will result in adopting or revising staff recommendations for the proposed fiscal year as part of the budget approval in September of each year.

Other considerations in developing the CBFP include:

1. Capital expenditures for court-related facility needs should be funded first from revenue generated through the collection of a traffic citation surcharge as provided for by Florida Statute 318.18(13)(a) and Section 123.20 of the Alachua County Code. Revenues from this surcharge may also be used to fund Court Facilities, including office space leases and utilities.

2. The County shall utilize a combination of debt and pay-as-you-go financing for capital projects. The funding mechanism for each project will be determined and included in the CBFP, and the annual budget.

3. The Financial Oversight Committee, consisting of the Assistant County Manager for Budget and Fiscal Services, Assistant County Manager for Public Services and Community Development, Budget Manager from OMB, Fiscal Manager, Facilities Management Director, an attorney from the County Attorney's office and financial staff representatives from the Clerk of the Court's office, Tax Collector's office, Sheriff's Office, and Judicial Offices, will review the CBFP for financial feasibility and funding availability.

4. Project Budgeting
   In addition to the actual cost of a project, the following budgets shall be included:

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A. Energy and Water Considerations for Capital Projects
   I. Energy usage and costs shall be considered as part of the life cycle analysis required for capital project decisions by the County.
   II. An energy and water conservation component shall be included for consideration by the Board.
   III. Energy components shall include:
      1. Energy conservation power down plans that ensure all unnecessary energy consumption ends after business hours.
      2. Building envelope weatherization where possible
      3. Efficiency improvements to the building equipment and machinery
      4. Renewable energy additions for all new county construction and where possible existing buildings
      5. Water conservation and efficiency improvements

B. Art in Public Places
   I. Art in Public Places funds will be used in accordance with Alachua County Code Chapter 29.
   II. Any original construction, acquisition, or major renovation of a County building, facility, park, or space (excluding transportation and land conservation projects) of at least $300,000 shall include in its budget 1%, up to $100,000, of the construction costs for architectural enhancements, special landscape treatments, paintings, sculpture, engravings, murals, mobiles, photographs, drawings and/or works in fabric for the project.
   III. The County will use the Alachua County Arts Council to assist in the selection of art from capital projects of $1.0 million and above. For projects under $1.0 million, staff may make recommendations consistent with Alachua County Code Chapter 29. The Board may make the final selection from those options presented or any option upon its own motion.

C. Project Audit
   I. A construction manager-at-risk contract audit shall be performed on all capital projects with budgets of $5 million or more.
   II. A contract audit for unit cost bids shall be performed on all capital projects with a budget of $5 million or more.
   III. Cost of the audit shall be included in the project's budget.
   IV. Audits will be conducted in coordination with the Office of Management & Budget upon completion.

Step #5: Updates

The Office of Management and Budget will report an updated summary to the Board on a quarterly basis.

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Annual Capital Budget:

The CBFP represents the County's multi-year projection of capital needs and is a picture of future financing requirements, plans, and project scheduling. The CBFP does not impart spending authority for capital projects, but rather constitutes the primary basis upon which the annual capital budget is formulated. While the CBFP is a management plan, the annual capital budget is the current year spending authorization for capital expenditures, including capital projects identified in the CBFP.

The following policies apply to the relationship between the CBFP and the annual capital budget, and the formulation of the annual capital budget:

1. The County shall enact an annual capital budget based on capital project priorities and schedules as established in the multi-year CBFP.
2. The annual capital budget shall be developed and adopted concurrently with the annual operating budget. Operating impacts of capital expenditures shall be projected and included in operating budget forecasts.

Transition of a capital project from a planned expenditure in the CBFP to an appropriated one in the annual capital budget shall be achieved through the annual budget process as identified by staff.

Project Financing:

The County recognizes that an effective capital funding strategy requires consideration of a broad mix of funding mechanisms, including but not limited to pay-as-you-go, capital leases, and traditional debt. The County will maintain a balanced mix of financing sources without excessive reliance on any one source, and shall consider the following factors in evaluating the suitability of funding options for projects:

1. Legality
2. Equity
3. Effectiveness
4. Acceptability
5. Affordability
6. Ease of Administration
7. Efficiency

Pay-as-you-go and Pay-as-you-use Financing

Pay-as-you-go financing refers to the use of current financial resources to fund capital projects, including current revenues, fund balances, grants, and donations. Pay-as-you-use financing refers to the issuance of various debt instruments to fund capital projects. In considering which funding method to utilize for projects, the County shall strive to match benefit streams to cost streams as closely as possible over the anticipated useful life of the project and across constituency groups to achieve intergenerational and intra-jurisdictional equity respectively in project financing arrangements.

Regarding intergovernmental grants and private donations, the County will seek to leverage such resources whenever available, provided those capital projects identified are consistent with capital planning and infrastructure plans and County priorities, and whose operating impact have been documented in operating budget forecasts.

When fiscally prudent and funds are available, the County may elect to pay for goods, services, equipment, or capital purchases rather than through long-term financing or installment arrangements. Such decisions should consider overall cost savings, interest avoidance, operational needs, and the County's financial position. Upfront payments shall be made only when sufficient appropriated funds are available, and the expenditure is determined to be in the best financial interest of the County.

Post Project Evaluation:

Capital Inventory

The County shall maintain its capital asset inventory at a level adequate to protect the County's capital investment, avoid disruption of service delivery, and to minimize future maintenance and replacement costs. To that end, the County shall conduct and prepare a capital assets inventory biannually to report on the age, condition, and replacement cost of major capital assets.

Recording and Controlling Capitalizable Assets

The Clerk of the Court has been delegated the responsibility to develop administrative guidelines in determining Capitalization thresholds and proper financial recording of assets. These guidelines include:

1. Capitalization of buildings, infrastructure, and equipment
2. Depreciation methodology and application
3. Procedures for control over items that are not capitalized as identified below
    4. Department Directors shall be responsible for maintaining, updating, performing periodic reviews of, and reporting their department's asset inventory in accordance with established County procedures.

Project Progress Reporting

The Office of Management and Budget (OMB) shall establish procedural guidelines for project progress reporting as part of the annual capital budget and CBFP development processes.

Capital Project Adjustments and Board Reporting

Adjustments to capital projects will be managed through a structured internal procedure, with updates provided to the Board on a quarterly basis. This reporting will include progress updates, budget status, and any changes in scope or scheduling. If new capital projects are proposed during the fiscal year, they will be brought to the Board for review and approval prior to implementation to ensure transparency, alignment with strategic priorities, and proper allocation of resources.

Non-Capital Equipment

Chapter 274, Florida State Chapter 274, Florida Statutes and Florida Administrative Code 69I-73, govern processes and procedures required for Fixed Assets and Property Control in Alachua County. In addition, the Board of County Commissioners has delegated to the Clerk of the Circuit Court (Finance & Accounting) "the authority to declare property surplus to the needs of Alachua County and to dispose of this surplus property in the most cost-effective and efficient manner allowed by law" (Resolution 94-34).

Departmental Responsibilities

Office of Management and Budget will establish procedures and work with department heads to account for all property purchased with their department's funds, and for any property transferred to their department. Department heads are encouraged to assign a property custodian who will be primarily responsible for following all procedures related to the safekeeping and internal control over property assigned to that department including but not limited to conducting the annual inventory, preparing Fixed Asset Location Transfers forms and disposal of surplus.

AS ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS

History:
Resolution 20-42 Dated 06/09/2020
Resolution 23-08 Dated 02/28/2023
Resolution 24-15 Dated 03/12/2024
Resolution 25-11 Dated 04/01/2025
Resolution 25- Dated 08/16/2025
Resolution 26- Dated 04/07/2026