

PALM BEACH COUNTY CAPITAL IMPROVEMENT PROGRAM

Palm Beach County (the County) provides the needed and desired urban services to the public. In order to provide these services, the County must furnish and maintain capital facilities and equipment, such as the airports, roads, and parks. The Capital Improvement Program (CIP) is an estimated schedule of funding necessary to acquire or construct these needed improvements over the next five year period, with the initial year reflecting the approved budget for FY 2008.

The CIP, Fiscal Years 2008 - 2012, is the vehicle by which the County plans for the provision of capital facilities and projects. The CIP outlines the budget plans for facilities to support the levels of service (LOS) as defined in the Comprehensive Plan. It also outlines new funds, including capital reserves, available for capital projects, including projects that were previously approved by the Board but not yet completed.

COMPREHENSIVE PLAN

Palm Beach County adopted a Comprehensive Plan (the Plan) in 1989, which provided the framework for land use changes within the unincorporated area, as well as mechanisms and standards through which changes could occur. The basic concept of the Plan was to permit the development at urban densities in those areas where urban services could be provided efficiently and economically, and to prevent urban density development in areas which were not planned for the extension of urban services.

In 1991 the County revised its Comprehensive Plan as required by the Local Government Comprehensive Planning and Land Development Act, Chapter 163 Florida Statutes (Growth Management Act). The Plan was further amended in 1999 with the adoption of the Managed Growth Tier System for the Land Use Element. The County's Comprehensive Plan is based on an overall goal of maintaining a high quality of life in the County. The Managed Growth Tier System recognizes the diverse communities within the County that share common characteristics. Each of these communities requires specific policies to create and maintain quality livable communities and lifestyle choices for current residents, future generations and visitors. The mechanisms and means for attaining this goal have been incorporated into the elements of the Comprehensive Plan. The Plan contains, but is not limited, to the following fifteen (15) Comp Plan Elements:

Required Elements:

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| 1. Future Land Use Element LUE | 7. Coastal Management Element CME |
| 2. Transportation Element TE | 8. Intergovernmental Coordination Elem IGCE |
| 3. Housing Element HE | 9. Capital Improvement Element CIE |
| 4. Utility Element UE | |
| Includes infrastructure for Sanitary Sewer, Potable Water, Solid and Hazardous Waste, and Drainage. | <u>Optional Elements:</u> |
| 5. Recreation and Open Space Elem ROSE | 10. Health & Human Services Elem HHSE |
| 6. Conservation Element CE | 11. Public School Facilities Element PSFE |
| includes Aquifer Recharge | 12. Economic Element EE |
| | 13. Fire Rescue Element FRE |
| | 14. Library Services Element LSE |
| | 15. Historic Preservation Element HPE |

PALM BEACH COUNTY CAPITAL IMPROVEMENT PROGRAM

The Growth Management Act requires the County to establish levels of service standards for facilities, which are to be included in the individual elements of the Comprehensive Plan. The Capital Improvement Element (CIE) of the Comprehensive Plan contains the policies that address the minimum levels of service (LOS) for each element. The CIE demonstrates the funding required to provide public facilities needed to serve developments for which development orders were issued prior to adoption of the Comprehensive Plan and to be issued concurrent with the impacts of future development.

The CIE evaluates the need for public facilities as identified in the individual elements, estimates the cost of improvements, analyzes the fiscal capability of the County to finance and construct the improvements, and provides a schedule for the funding and construction of the improvements. The CIE implements the provisions of the Plan primarily by:

- ▶ Establishing a system of examining and assigning priorities to the needs of the County, thereby assuring that the most essential improvements are provided first.
- ▶ Coordinating the timing and location of capital improvements among County agencies to maximize the benefit of public expenditures.
- ▶ Coordinating financial planning, allowing maximum benefit from available public funds.
- ▶ Providing cost information on a timely basis for the evaluation and formulation of alternative financing programs.
- ▶ Providing for an equitable distribution of public improvements throughout the County.

The CIE includes new capital projects and new programs which support the minimum LOS in the other elements. Projected revenues were compared to the projected funding requirements to demonstrate the fiscal feasibility of the Plan. Each year the CIE will be updated through the budget process. If the budget adopted by the Board each year supports the LOS called for in the Plan, the Plan will be updated accordingly. At any time the Board adopts a budget which does not support the LOS in the Plan, an amendment to the Plan must be prepared by the County and submitted to the Florida Department of Community Affairs (DCA).

CAPITAL IMPROVEMENT POLICIES

The County has established the following fiscal policies regarding the CIP to facilitate management actions on financial decisions and to demonstrate compliance with applicable Florida Statutes:

Capital Improvement Policies:

1. The County's Comprehensive Plan shall identify the capital needs of the community and state how those needs will be funded. The County's CIP shall be developed based on the elements of the Comprehensive Plan.
2. The County will develop a Five-Year Capital Improvement Program as part of the annual budget process, and will make all capital improvements in accordance with the adopted Annual County Budget.

PALM BEACH COUNTY
CAPITAL IMPROVEMENT PROGRAM

3. The County will annually update its long-range financial forecasting system that will include projections of revenues, expenditures and future costs, and financing of capital improvements.
4. The County will identify the cash flow needs of all new projects and determine which financing method best meets the cash flow needs of each project.
5. The costs of operating and maintaining all proposed projects will be identified and incorporated into the five-year financial projection for operations.

Debt Policies:

1. Palm Beach County shall use long-term debt financing only for capital improvements that provide long-term benefits to the community.
2. The County shall ensure long-term debt is soundly financed by:
 - a. Conservatively projecting the revenue sources that will be utilized to pay the debt; and
 - b. Financing the improvement over a period not greater than the useful life of the improvement.
3. The County will regularly analyze total indebtedness including underlying and overlapping debt as part of its analysis of financial conditions.
4. Total general obligation debt will not exceed 5 percent of the County's total assessed valuation of taxable property.
5. Overall net debt shall be maintained below \$1,200 per capita.
6. Debt service payments on net debt, exclusive of self-supporting debt, as a percentage of general government expenditures shall not exceed 10 percent.
7. The County shall use special assessments, revenue and self supporting bonds instead of general obligation bonds, where possible.
8. The County will include debt service payments and reserve requirements for all debt currently outstanding and for all proposed debt issues in its annual budgets and long-range forecasts.

Development of the Capital Improvement Program

Only projects that meet the definition of a capital improvement are included in the CIP. Capital facilities are considered to be any governmental expenditure for the acquisition of land, or the construction and installation of facilities, which are expected to be in service over a considerable period of time, usually more than one year. Capital project improvements are relatively large scale, nonrecurring projects that may require multi-year financing. Examples of typical capital improvements are as follows:

PALM BEACH COUNTY
CAPITAL IMPROVEMENT PROGRAM

- a. Road construction and improvements.
- b. New and expanded physical facilities for the community.
- c. Large scale rehabilitation or replacement of existing facilities.
- d. Purchase of pieces of equipment which have a relatively long period of use.
- e. The cost of engineering or architectural studies and services relative to the improvement.
- f. The acquisition of land for a community facility such as a park, road, library, airport, etc.

Further, expenditures for renewal and replacement that extend the useful life of an asset beyond one year are included in the CIP. Examples include road resurfacing, and roof replacement. Expenditures for maintenance and repairs, and recurring expenditures for small capital items are included in the Operating budget.

CAPITAL IMPROVEMENT PROGRAM FORMS

Each year, the CIP is prepared from project requests submitted on Capital Improvement Program forms by the various departments and agencies of the County. Each completed form reflects the project description/ justification, cost and funding projections, annual operating cost projections (if any), and Comprehensive Plan consistency and compliance. Concurrently, with the preparation of the project requests, information concerning the financial resources available to the County are prepared by the Office of Financial Management and Budget (OFMB).

RESPONSIBILITIES IN PROGRAM PREPARATION AND IMPLEMENTATION

The CIP, by virtue of its comprehensive character, involves the full realm of County operations; Departments, Agencies and the Board of County Commissioners (BCC) who must coordinate their actions to accomplish a successful program for improving the community.

The Operating Departments play the key role in the initial stages of capital programming. By virtue of their technical knowledge and experience in their individual fields, it becomes the responsibility of the department heads and management to initiate project requests formulated into a program that indicates the need of each project, as well as its relative importance in the department's mission.

OFMB provides information concerning the County's past, present and future financial resources; and prepares and distributes the package utilizing departments' and agencies' submitted project requests. During the development of the CIP, OFMB assists in the review and evaluation of project requests and guides the administration of the program through its function of budget control and formulating changes in fiscal policies.

PALM BEACH COUNTY **CAPITAL IMPROVEMENT PROGRAM**

The Engineering and Facilities Development & Operations Departments have the following responsibilities in the CIP process:

1. Provide assistance, if needed, in preparation.
2. Receive and review cost projects in the requests.
3. Provide information and assistance to OFMB in the analysis of the County's financial requirements.
4. Prepare and distribute staff's recommendation to the Board with respect to the Five-Year Road Program.
5. Provide assistance to the County Administrator, County Commission and staff in preparing the BCC adopted CIP.

While Departments, Agencies, and Committees play a very significant role in the CIP process, the ultimate success of the program rests with the Board of County Commissioners (Board). Only the Board as elected officials can authorize the expenditure of public funds by adopting the first year of the CIP as that fiscal year's Capital budget. Therefore, the final priorities placed on community needs and the subsequent satisfaction of those needs is a matter of legislative decision and control.

The program recommended by the County Administrator is used by the Board to develop the annual budget that becomes effective October 1st of each year. The first year of the Five-Year CIP is adopted by the Board as the Capital budget with the following four years as estimated future funding requirements. The Board uses the CIP to analyze the County's fiscal capability to finance and construct capital improvements.

PROJECT PRIORITY RANKINGS

Criteria for establishing the prioritization of capital project proposals are established in the Capital Improvement Element of the Comprehensive Plan in Objective 1.4. The criteria address issues such as what category of service such as essential, necessary, or desirable the project will support. Other criteria included in the objective deal with the physical location of the project identified as Coastal High-Hazard areas or Revitalization and Redevelopment Overlay areas.

PALM BEACH COUNTY
CAPITAL IMPROVEMENT PROGRAM

High Hazard Area: Policy restricts use of public funds for infrastructure expansion or improvements in Coastal high-hazard areas unless such funds are necessary to:

1. Provide services to existing development;
2. Provide adequate evacuation in the event of an emergency; or
3. Provide for recreational needs and other appropriate water-dependent uses.

Category of Service the Project Will Support: Following is a list of service categories pursuant to Policy 1.4-b of the Capital Improvement Element:

1. **Essential:** Projects directly related to protecting the immediate health and safety of citizens from an existing or imminent hazard. An example would be a funding request which responds to a danger arising from an imminent bridge failure. Essential services shall be provided throughout the County.
2. **Necessary:** Projects directly related to maintaining the level of service for concurrency items mandated by State law and Fire-Rescue services. Examples include funding requests necessary to meet the minimum level of service standards for concurrency regarding roadway, mass transit, potable water, wastewater, solid waste, storm water protection, recreation/open space, and fire-rescue. Necessary services shall be provided throughout the County.
3. **Desirable:** Projects related to enhancing the desirability of Palm Beach County as a place to live. More specifically, to enhance the quality of life, or maintain physical assets; but not needed to correct imminent health and safety hazards, as well as maintain level of service standards. Examples include funding requests for libraries and roadway beautification.

Revitalization/ Redevelopment Overlay: Policy 1.4 requires that projects designed to correct service and infrastructure deficiencies located within one of the Revitalization and Redevelopment Overlay areas in unincorporated Palm Beach County receive “special consideration” in the establishment of the project priority. Special consideration gives these projects top priority consideration within each category; essential, necessary, desirable.

PALM BEACH COUNTY
CAPITAL IMPROVEMENT PROGRAM

RELATIONSHIPS BETWEEN THE OPERATING AND CAPITAL BUDGETS

There are many features that distinguish Palm Beach County's Operating budget from the Capital budget. The Operating budget includes expenses that are generally of a recurring nature and are appropriated for one year only. It provides for all County services, but does not result in major physical assets for the County. Year to year, changes in the Operating budget are expected to be fairly stable, and represent incremental changes in the cost of doing business, in the size of the County and in the types and levels of service that are provided. Resources for the Operating budget generally come from taxes, user fees, and inter-governmental payments that usually recur from year to year.

The Capital budget, on the other hand, includes one-time costs for projects that may last several years. The projects result in major physical assets for the County. Resources for the Capital budget generally come from bond issues, impact fees, grants and taxes.

In spite of these differences, the Operating and the Capital budgets are closely linked. The most obvious connection is the fact that the Operating budget assumes the cost of maintaining and operating new facilities built under the Capital budget.

Operational needs often drive the Capital budget. For example, major expansion requirements in the FY 2008 Capital budget are jails, roads, public buildings, parks, and airport expansion, which were necessitated by the continued population growth and the County's role in providing these basic services to its citizens.

The following charts and graphs on pages 16 through 19 provide a summary of the FY 2008 to FY 2012 Capital Improvement Program. However, only the FY 2008 budget has been adopted by the Board.