

**TO:** ALL COUNTY PERSONNEL  
**FROM:** VERDENIA C. BAKER  
COUNTY ADMINISTRATOR  
**PREPARED BY:** OFFICE OF FINANCIAL MANAGEMENT & BUDGET (OFMB)  
**SUBJECT:** CAPITAL PROJECT MANAGEMENT OVERSIGHT  
**PPM #:** CW-F-054

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**ISSUE DATE**

April 29, 2025

**EFFECTIVE DATE**

April 29, 2025

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**PURPOSE:**

To establish policy regarding initiation and management oversight of capital projects, defining relevant terms, designating responsibilities, outlining process and identifying the types of projects covered by the policy.

**UPDATES:**

Future updates to this PPM are the responsibility of the Director of OFMB.

**AUTHORITY:**

- Palm Beach County Administrative Code, Sections 304 and 311, as may be amended
- PPM # CW-F-062, Construction Work-in-Progress (CWIP) Accounting Policies, as may be amended
- PPM # CW-F-050, Change Order and Consultant Services Authorization Authority for Construction, Engineering and Architectural Contracts, as may be amended

**DEFINITIONS:**

Refer to **Attachment A** for a listing of definitions related to this PPM.

**POLICY:**

- I. Consideration of a Capital Project Proposal will be made within the context of the adopted Comprehensive Plan and in consideration of the long-term benefits/impacts of each project and the relationship of each project to the full Capital Improvement Program. Accordingly, each Capital Project is subject to this policy without regard to funding source. Capital projects with estimated total costs below \$250,000, and capital maintenance projects will be subject to the same policies and procedures although with reduced documentation requirements. Accounting policy and procedures for Capital Projects are specified in PPM# CW-F-062 CWIP.
  
- II. The County Administrator or Management Team will review all Capital Project Proposal and make recommendations regarding those projects to the Board of County Commissioners (BCC). The review will consider such factors as cost, proposed funding source, impact on other County departments, impact on service delivery, consistency with adopted comprehensive plans, operating costs after completion, urgency of need and relative priority when considered with other projects competing for funding.

OFMB will provide staff to coordinate Capital Project Proposals. Other County staff may be called upon as necessary to provide technical support.

Capital Project Proposals will generally be considered during the annual budget process. This review will focus on all projects proposed for inclusion in the adopted Capital Improvements Program.

- III. Projects may be funded from several eligible sources as necessary. When a Capital Project has funding from several sources, the most restricted funding source will be spent first. (For example, a road project may be funded from gas taxes and impact fees. The impact fee funding would be spent first before any gas tax funding was spent.)

Funding for Capital Projects that are renewal/replacement projects shall be reviewed annually; and annual appropriations for such renewal/replacement projects shall be segregated into separate and distinct cost centers (Units) each year.

## **PROCEDURE:**

### **I. Project Proposal.**

The Operational Department, after coordination with the Project Managing Department, if different, will complete and forward a project proposal with any supporting documentation to OFMB. Capital Project Proposals which have been recommended for approval by the Management Team will be forwarded to the BCC for final approval and funding (funding for Capital Projects included in later years of the CIP will be considered during the annual budget process for the year the Capital Project is scheduled). This may be done during the annual budget process or at an interim date as appropriate. Capital Project Proposals submitted during the annual budget process will be done in compliance with the annual budget instructions issued by the Budget Division of OFMB.

Capital Projects may also be initiated outside of this process by direction of the BCC or County Administration if deemed appropriate by them due to time constraint, public interest, etc.

### **II. Project Funding.**

The Operational Department will be responsible for suggesting a funding source for each project. The suggested funding source will be reviewed by OFMB and recommendation forwarded to the Management Team. All funding proposals using impact fees shall be reviewed by the Impact Fee Coordinator prior to the Operational Department including the request in their CIP. Operational Departments are responsible for obtaining this approval. In addition, the Impact Fee Manager shall have access to the CIP system, to ensure that only projects approved in advance are included in the CIP. The Impact Fee Manager shall notify the Budget Division of any discrepancies during the Budget Process in April of each year.

### **III. Changes in Project Scope.**

All requests for Changes in Project Scope which require funding beyond that which was appropriated in the budgeted Capital Project will require the approval of the Management Team and the BCC following the procedure for approval of a Capital Project. Changes in Project Scope that are funded from within the budgeted Capital Project will be authorized pursuant to PPM #CW-F-050.

#### **IV. Project monitoring.**

The Project Managing Department is responsible for providing status reports for each project as requested, with copy to the Operational Department. The status report will include such things as compliance with the established schedule, upcoming milestones, major problems encountered, reasons for delays and financial information.

A Capital Project Status report (CP Status) shall be prepared periodically. The CP Status will contain detailed information about capital reserve activity, capital reserve balances, cash availability of impact fees, projected allocations of impact fees, and aging analysis of impact fees. In addition, significant County contracting activity and contract completions will be reported.

The CP Status report will contain a section which highlights Capital Projects which have been funded and have had no activity for six months or longer. Project Managing Departments will review the inactive project listing and report to OFMB, within 60 days of report issuance, which projects may be closed out, and which projects should remain funded and why the funding should be retained.

The CP Status report can be found at the below link:  
<https://discover.pbcgov.org/ofmb/budget/Pages/default.aspx>

#### **V. Project Close-Out**

##### **Recording of Fixed Assets**

The Project Managing Department, together with the Operational Department is responsible for submitting the final “application of payment” for approval and appropriate coding, and notifying the Fixed Asset Management Office (FAMO), in writing, when any Capital Project, other than a renewal/replacement project, has achieved Final completion by filing a “CWIP Transmittal Memo” form (see Attachment A of PPM# CW-F-062). If Contract Review Committee approval is required for final payment, the Project Managing Department shall ensure that documentation required for such approval is submitted timely.

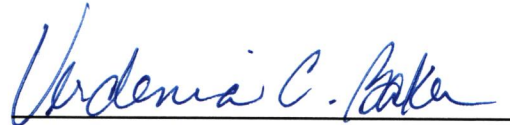
FAMO will capitalize the appropriate assets by transferring the accumulated data from the CWIP categories relying on project expenditure records posted to the County’s centralized financial management system. When the asset capitalization process is complete, FAMO will periodically forward a completed project summary report to the Budget Division of OFMB.

For Capital Projects which are renewal/replacement projects, no CWIP Transmittal Memo is required and the renewal/replacement project will only be considered to have achieved Final Completion when the budget has been exhausted, either by expenditure or de-appropriation.

## Residual Funds

Within 60 days of Final Completion the Project Managing Department will notify OFMB that Residual Funds exist. OFMB shall ensure that the amount of Residual Funds reported by the Project Managing Department equal that on the CWIP Transmittal and promptly transfer ("Sweep") the Residual Funds to the appropriate reserve accounts and report same in the Capital Project Status report, unless the Project Managing Department has obtained approval from the County Administrator to use Residual Funds for funding another approved Capital Project occurring in the same building and benefitting the same user. Under no circumstance shall Residual Funds be used on a Capital Project that has not been approved by the BCC.

A Capital Project which has been closed-out can incur unanticipated costs which should be charged to the project account. If funds which were previously swept from the project account still remain in reserves, OFMB may administratively reestablish sufficient budget within previous authorized funding to cover the new charges.



**VERDENIA C. BAKER**  
**COUNTY ADMINISTRATOR**

### **Supersession History:**

1. PPM # CW-F-054, effective 09/24/2002
2. PPM # CW-F-054, effective 05/01/2006
3. PPM # CW-F-054, effective 05/20/2011
4. PPM # CW-F-054, effective 05/27/2016
5. PPM # CW-F-054, effective 11/13/2019

## ATTACHMENT A

### DEFINITIONS

**Capital Improvements Program (CIP)** –A plan that describes the capital projects proposed for the current budget year and the next four years and identifies the revenue sources projected to fund the projects.

**Capital Project** –The acquisition, construction or rehabilitation of facilities. A Capital Project may involve site acquisition, design and engineering services, construction and equipping of the facility. A renewal/replacement project is a type of Capital Project where the project title will reoccur annually, will contain a series of individual projects which accomplish the same objective for which the renewal/.replacement project was authorized, and with only the specific buildings changing as dictated by need as determined by the Operating Department. A Capital Project will generally have a minimum dollar value of \$25,000 and result in an improvement with a useful life in excess of one year. In general, acquisition of vehicles or equipment will not be considered capital projects, even though the expenditures are capitalized. Equipment acquired as part of a Capital Project will be funded as part of the project but capitalized separately from the Capital Project. Renewal/replacement projects do not include activities that will be capitalized and do not require a single, unique program code or similar project identifier to track related expenditures over multiple fiscal years.

**Capital Project Budget** – The specific amount of appropriations identified in the annual adopted budget, as amended, of the BCC.

**Capital Project Management Oversight** –The process of reviewing and approving Capital Project Proposals, and monitoring and reviewing a Capital Project and its progress through completion.

**Capital Project Proposal** – A proposal submitted by the Operating Department or Project Managing Department to document the Capital Project and request funding consideration.

A Capital Project Proposal will be prepared and submitted using forms prescribed by management. The Capital Project Proposal will be used as the basis for management’s evaluation, and will include sufficient information to allow a reasoned decision on the project including: anticipated costs, phasing, property status, schedule, contingencies, benefits, need and alternatives, if any.

**Change in Project Scope** – A revision of the originally approved and funded Capital Project. For example, an increase from 8,000 to 10,000 square feet for a library represents a scope change. Alternatively, the addition of a new drainage requirement by a permitting agency is not a scope change. If a project was originally approved to be done in phases and the scope of a funded phase is expanded to include a subsequent phase, a Change in Project Scope has occurred. Generally, a Change in Project Scope will result in a change in the estimated project construction cost. A proposal to change a Capital Project’s scope may occur prior to award of a design contract, during the design or during construction. (Reference PPM# CW-F-050).

**Final Completion** – A Capital Project has achieved Final Completion when the approved scope of work has been accomplished. Generally this will mean that the main or primary construction contractor has received final payment. In addition, there should be no outstanding obligations to any other supporting contractor and no reason exists to anticipate that any additional costs will be incurred.

There may be instances where the actual construction has been completed but other elements of the Capital Project remain to be finalized. For example, a road project may have completed construction and still have right of way active in condemnation, or a library construction project may have completed construction but still have interior furnishings and equipment to be provided. In these instances, the Capital Project will be considered to have achieved Final Completion when all activities have been completed.

**Management Team** – The County Administrator’s working group of senior management who will review project proposals.

**Operational Department** – The Operational Department is responsible for operating the capital facility after project completion; and is usually the County department which has proposed a particular Capital Project. The Facilities Development and Operations, Water Utilities, Airports, Environmental Resources Management, and Engineering Departments may be both the Project Managing Department and the Operational Department for the same project.

**Project Manager** – The individual County staff member responsible for a project including reporting significant changes of status to management.

**Project Managing Department** – The County department which provides project management responsibility for a project. In some cases, the Operational Department and the Project Managing Department will be the same. The Facilities Development and Operations Department will be the Project Managing Department for all projects except for those departments which have been designated to manage their own projects. (See Operational Department above.)

**Residual Funds** – The funds remaining in an approved Capital Project budget immediately after Final Completion.

**Substantial Completion** – A Capital Project is considered to have achieved Substantial Completion when the County has determined a facility, or portion of, to be completed to the extent that it can be used for its intended use (e.g. a certificate of completion or occupancy).