



Policy Type: Board

Category: Fiscal and Budget

Policy Name: Budgetary Control of Capital Projects - Board Policy 4.14

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4.14 BUDGETARY CONTROL OF CAPITAL PROJECTS (Adopted 1-14-03; Amended 1-13-04; Amended 12-6-05; Amended 12-5-06; Amended 2-26-08)

It is the policy of the Board of Supervisors of Santa Clara County that capital project funds be managed according to the following guidelines.

4.14.1 General Capital Funding Guidelines

County departments shall develop policies and procedures for the budgetary control of capital funds. Guidelines should define the appropriation process; establish appropriate and prohibited uses for capital funds; set guidelines for handling funds at project close and fiscal year-end; and define reporting requirements for capital projects.

4.14.2 Budgetary Control and Reporting of the Facilities and Fleet (FAF) and Santa Clara Valley Medial Center (SCVMC) Capital Funds (Amended 12-7-04)

The Board of Supervisors approves FAF and SCVMC Capital Funds according to the guidelines established in Section 4.11 of this policy.



(A) FAF Capital Fund and Appropriation Categories

FAF Capital funds are typically appropriated by the Board during the annual Capital Budget Process or by subsequent Board actions. Board Capital Funds are appropriated as either Board Identified Programs or as Board Identified Capital Projects.

(1) Board Identified Programs (BIP) - These purpose specific appropriations are maintained in the BIP account until an Administration Identified Capital Project (AICP) is established.

(a) Building Operations Division BIPs including, but not limited to, Life-cycle Infrastructure Investment Program/Deferred Maintenance Backlog (Backlog) and Energy Conservation Programs

(i) These Building Operations AICPs are approved by the Manager of FAF Building Operations Division within the BIPs scope, e.g., Backlog, to address either deferred maintenance backlog or equipment and building system life cycle replacement needs in County-owned facilities.

(ii) There may be leased buildings for which FAF is contractually obligated to provide maintenance and in those cases, Backlog funds may be used in accordance with this policy.

Energy Conservation Funds may also be used in leased buildings.

(b) Capital Programs Division BIPs including, but not limited to, Security Master Plan, American's with Disabilities



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Act/Fire Marshal (ADA/FM), Unanticipated, Planning Programs

- (i) Capital Programs Division AICPs are approved in accordance with the procedures set forth in paragraph 4.14.2.B.1.b and then are managed by the Manager of Capital Programs to address facility needs within the scope of the BIP appropriation.
 - (ii) There may be leased buildings for which FAF determines that enhancements are needed and, in those cases, BIP funds may be used in accordance with this policy, e.g., Security Master Plan improvements.
- (2) Board Identified Capital Projects (BICP) - These are line-item appropriations with a defined project scope.

(B) **Appropriation Guidelines**

- (1) Board Identified Programs (BIP)
 - (a) Building Operations, (i.e., Backlog, Energy Conservation Programs)
 - (i) Building Operations AICP scope must be in alignment with the BIP scope.
 - (ii) The FAF Building Operations Division may commit funds to and move funds between Building Operations AICPs using current year Building Operations BIP Funds only.



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- (iii) Building Operations BIP Funds allocated to an AICP in a prior fiscal year cannot be reallocated to another AICP by FAF. Prior year surplus or uncommitted funds shall be transferred to the appropriate holding account when the AICPs are closed out or the funds are otherwise no longer needed for designated AICPs.

- (b) Capital Programs, AICPs. (i.e., ADA/FM, Security Master Plan Programs)
 - (i) AICP scope must be in alignment with the BIP scope.
 - (ii) The Deputy County Executive, Office of Budget and Analysis (OBA) or designee may approve or augment an AICP up to \$250,000 that is funded entirely from one BIP.
 - (iii) AICP funding approved by OBA may be made in increments as long as the total funding for the AICP does not exceed \$250,000;
 - (iv) AICPs initiated and closed in the same fiscal year shall have unused funds returned to the BIP for reallocation;
 - (v) OBA may approve funding transfers between current-year AICPs within a single BIP.
 - (vi) OBA may augment the funding of a prior year AICP from within the same BIP using current year funding only.



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- (vii) BIP Funds allocated to an AICP in a prior fiscal year cannot be reallocated to another AICP by OBA. Prior year surplus or uncommitted funds shall be transferred to the appropriate holding account when the AICPs are closed out or the funds are otherwise no longer needed for designated AICPs.
 - (viii) AICPs requiring funding from more than one BIP or in an amount greater than \$250,000 must be approved by the Board or its designee. Upon Board action, the AICP is reclassified as a BICP and is subject to the guidelines in Section 4.14.2.B.2 of this policy.
- (2) Board Identified Capital Projects (BICP) - The Board or its designee must approve the following changes to a BICP:
- (a) Total appropriation increases or decreases;
 - (b) Designated line item appropriation increases or decreases (i.e., land purchase); or
 - (c) Significant programmatic scope changes.

(C) **Holding Accounts**

- (1) Board Identified Programs (BIP)
 - (a) For each approved BIP, a single holding account shall be established to receive any and all surplus or uncommitted funds returned from its AICPs that were allocated in any prior fiscal year. This account will be separate from the



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original BIP account. To the extent possible, holding accounts shall identify the year of initial appropriation.

- (b) FAF shall transfer identified surplus or uncommitted prior year funds from AICPs to the designated BIP holding account.
 - (c) The Office of Budget and Analysis should provide recommendations to the Board for future allocations of holding account funds; however, only the Board or its designee may appropriate funds from these holding accounts.
- (2) Board Identified Capital Projects (BICP)
- (a) One single holding account shall be established to receive any and all surplus or uncommitted funds from all BICPs that were allocated in any fiscal year. To the extent possible, holding accounts shall identify the year of initial appropriation.
 - (b) FAF shall transfer identified surplus or uncommitted funds from BICPs to the designated BICP holding account.
 - (c) The Office of Budget and Analysis should provide recommendations to the Board for future allocations of holding account funds; however, only the Board or its designee may appropriate funds from these holding accounts.



(D) Guidelines for Appropriation Management at Fiscal Year End

- (1) FAF shall carry BICP appropriations across fiscal years until completion and closeout of the project; and
- (2) FAF shall carry AICP allocations across fiscal years until completion and closeout of the project; and
- (3) At fiscal year end, current BIP appropriations that are not committed to a project with an established scope and budget shall be transferred to the designated holding account.

(E) Reporting Fund Transfers to the Board

- (1) FAF Building Operations Division shall report all BIP fund transfers annually to the Finance and Government Operations Committee (FGOC). That report shall include the following:
 - (a) Funds allocated to Building Operations AICPs from current year BIPs
 - (b) Funds returned to BIP holding accounts(s)
- (2) FAF Capital Programs Division shall report all BIP (AICP) fund transfers annually to the FGOC, no later than the April meeting, so the Board will have the information during the budget process. That report shall include the following:
 - (a) Funds allocated from current year BIPs to current and prior year AICPs
 - (b) Funds returned to current year BIPs from current year AICPs



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- (c) Funds transferred to the appropriate BIP holding account(s)
- (d) Any funds transferred by the Board, OBA or FAF
- (3) FAF Capital Programs Division shall report all BICP fund transfers annually to the FGOC, no later than the April meeting, so the Board will have the information during the budget process. That report shall include the following:
 - (a) Funds appropriated to BICPs
 - (b) Funds returned to the BICP holding account
 - (c) Funds appropriated from the BICP holding account
- (4) SCVMC shall report all capital project fund transfers annually in the Final Budget document and reconcile this list at the end of the fiscal year during the re-appropriation request to the Board of Supervisors. These reports shall include the following:
 - (a) All projects equivalent to AICPs, including new and re-appropriated projects.
 - (b) At the time of re-appropriation request, a reconciliation of the prior year's Final Budget and the request for re-appropriation.

(F) **Procedures**

FAF and SCVMC shall develop internal procedures to implement this Board policy.



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Related Policies

None.

Related Forms and Information

None.

History

Date	Changes Made
1/30/2014	Policy Uploaded. (Kyle Larson)
2/26/2008	Policy Amended. View legislative file.
12/05/2006	Policy Amended. View legislative file.
12/06/2005	Policy Amended. View legislative file.
12/07/2004	Policy Amended. View legislative file.
1/13/2004	Policy Amended. View legislative file.
1/14/2003	Policy Adopted. View legislative file.