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COMMITTEE ACTION SHEET

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05/27

COUNCIL DOCKET OF		<u>5/27/08</u>	
<input type="checkbox"/> Supplemental	<input type="checkbox"/> Adoption	<input checked="" type="checkbox"/> Consent	<input type="checkbox"/> Unanimous Consent
			Rules Committee Consultant Review

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Capital Improvement Program Prioritization Policy

Reviewed Initiated By Budget On 2/20/08 Item No. 2

RECOMMENDATION TO:

Forward and recommend the proposed amendments to Council Policy 800-14, to the full City Council.

VOTED YEA: Atkins, Faulconer, Frye, Madaffer

VOTED NAY:

NOT PRESENT: Hueso

CITY CLERK: Please reference the following reports on the City Council Docket:

REPORT TO THE CITY COUNCIL NO.

COUNCIL COMMITTEE CONSULTANT ANALYSIS NO.

OTHER:

Engineering and Capital Projects Department's February 20, 2008, report; Draft of Council Policy No. 800-14

COUNCIL COMMITTEE CONSULTANT *Deborah Bankhead*

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05/27THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

REPORT NO:

DATE ISSUED: February 20, 2008
ATTENTION: Budget & Finance Committee
SUBJECT: CIP Prioritization Policy
REFERENCE: None

REQUESTED ACTION:

Council Policy adoption.

STAFF RECOMMENDATION:

Approve changes to Council Policy 800-14.

BACKGROUND

On November 14, 2007, in a presentation to the Budget & Finance Committee, Engineering & Capital Projects (E&CP) Department introduced the Mayor's proposed process for prioritizing CIP projects, and proposed modifying Council Policy 800-14 "Prioritizing Transportation and Drainage CIP Projects" to include all City of San Diego's Capital Improvement Program (CIP) projects. The Budget & Finance Committee supported the proposal and instructed E&CP to return with a draft modified Council Policy. E&CP has modified the Council Policy as outlined in this report. With the Budget & Finance Committee's approval of the presented changes, E&CP will seek Council adoption of the modified policy and begin its implementation.

PURPOSE

The purpose of this amended CIP prioritization policy is to establish an objective process for ranking CIP projects in order to allow decision-makers a basis for choosing the most compelling projects for implementation. This process allows for the analytical comparison of the costs and benefits of individual projects, as well as an opportunity to evaluate projects against one another on their relative merits. Ideally, it should provide a citywide perspective, explore various financing options, and facilitate project coordination. All projects being considered for funding will be prioritized in accordance with the guidelines of this policy. It is proposed that this single CIP prioritization policy address all funding sources and asset classes, including enterprise funded projects (golf, airports, water, sewer and landfill) and transportation and drainage projects. Council Policy 800-14, which is the current prioritization policy addressing only transportation

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and drainage CIP projects, was adopted on January 19, 2006 and will be superseded by this policy. The goal of this CIP prioritization policy is to establish a capital-planning process that ultimately leads to policy decisions that optimize the use of available resources, resulting in the maximum benefit from the projects delivered.

BEST PRACTICES

Best practices were researched and incorporated to the maximum degree practical. For a number of years, the City of San Diego has participated in the California Multi-Agency Capital Improvement Projects Benchmarking Study, which involves the six major cities in California. This Benchmarking Study has identified common best management practices recommended for effective planning of capital projects. These practices have been incorporated in this policy. Furthermore, the Government Finance Officers Association's recommended best management practices were considered in the development of this CIP prioritization policy. Appendix A contains detailed information on CIP prioritization best practices.

PROPOSED REVISIONS TO COUNCIL POLICY 800-14

A. Project Funding

The proposed CIP prioritization policy will govern all CIP projects; many of which are funded out of restricted funding sources. Therefore, the proposed CIP prioritization policy *requires that projects within restricted funding categories will compete only with projects within the same funding category.* For example, water system CIP projects are funded with enterprise funds paid by water ratepayers. All water CIP projects will be prioritized in accordance with the prioritization policy, but will not compete for funding with projects not funded by Water Enterprise funds.

The following is a partial listing of some of the restricted funding categories:

1. Community Development Block Grants
2. Developer Impact Fees
3. Enterprise Funds (Airport, Environmental Services, Golf, Metropolitan Wastewater, and Water)
4. Facilities Benefit Assessments
5. Grants
6. State and Federal Funds
7. TransNet Funds

Projects that are not within a restricted funding category will compete within capital outlay funds/general obligation funds in accordance with this CIP prioritization policy. Although capital needs from these restricted funds or revenue-producing departments are often separate from the General Fund, the capital investments of all City departments should be planned together to allow better coordination of capital projects in specific parts of the City and over time. Citywide coordination of capital project planning can

increase the cost-effectiveness of the City's capital programs by allowing more efficient infrastructure investments.

B. Project Categories

The proposed amended CIP prioritization policy will govern all CIP project types, no longer just Transportation Projects. To ensure that the comparison is conducted between similar types of projects, the CIP projects will be separated into categories according to the predominant type of asset in the project. The project categories will include:

- Transportation facilities, with the following project subcategories:
 - New roads, roadway widening, and roadway reconfigurations
 - Street enhancements including medians and streetscape
 - Bridge replacement, retrofit and rehabilitation
 - Bicycle facilities (all classifications)
 - Pedestrian facilities including sidewalks but not curb ramps
 - Pedestrian accessibility improvements including curb ramps
 - Street lighting including mid-block and intersection safety locations
 - New traffic signals
 - Traffic signal upgrades and modifications
 - Traffic signal interconnections and other signal coordination work
 - Traffic calming, flashing beacons, and other speed abatement work
 - Guardrails, barrier rails, and other structural safety enhancements
 - Erosion control, slope stabilization, and retaining walls supporting transportation facilities.
- Facilities and structures, with the following project subcategories:
 - Police facilities and structures
 - Fire facilities and structures
 - Libraries
 - Park & Recreation facilities and structures
 - Community support facilities and structures
 - Water department facilities and structures (e.g., treatment plants, pump stations, reservoirs, dams, standpipes)
 - Metropolitan Wastewater department facilities and structures (e.g., treatment plants - and pump stations)
 - Operations facilities and structures (e.g., maintenance shops and offices)
 - Other City facilities and structures
- Parks and open space
- Golf courses
- Airport assets
- Water distribution systems
- Wastewater collection systems
- Reclaimed water system
- Landfills and supporting facilities and structures
- Storm drain systems including pipes, channels, BMPs and pump stations
- Flood control systems

Capital Improvement Program budgets will reflect project allocations according to these categories. These project categories will include resource allocation for all project components, including environmental mitigation, property acquisition, and other activities, necessary to complete the project.

C. Prioritization Factors

New prioritization factors are proposed in the amended CIP prioritization policy for all non-transportation projects (See Section B. Project Categories). The following are the key prioritization factors (listed in order of importance):

1. **Health & Safety Effects:** This criterion will include an assessment of the degree to which the project improves health and safety factors associated with the infrastructure asset. For example, projects that result in the reduction in accidents, improved structural integrity, and mitigation of health hazards would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
2. **Regulatory or mandated requirements:** This criterion will include an assessment of the degree to which the project is under a regulatory order or other legal mandates. For example, projects that are required by consent decrees, court orders, and other legal mandates would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
3. **Implication of Deferring the Project:** This criterion will include an assessment of the consequences of delaying a project. For example, projects that would have significantly higher future costs, negative community impacts, or negative public perception, should they be deferred, would score higher. The evaluation of this criterion will constitute fifteen percent (15%) of the project's total score.
4. **Annual recurring cost or increased longevity of the capital asset:** This criterion will include an assessment of the degree to which the project reduces operations and maintenance expenditures by the City. For example, a roof replacement project that reduces both maintenance requirements and energy consumption or a storm drain replacement project that reduces the need for periodic cleaning would score higher. On the other hand, a new library that increases maintenance, energy and staffing costs would score lower. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.
5. **Community Investment:** This criterion will include an assessment of the degree to which the project contributes toward economic development and revitalization efforts. For example, a project within an approved Redevelopment Area or Community Development Block Grant eligible area would score higher. The

evaluation of this criterion will constitute ten percent (10%) of the project's total score.

6. **Implementation:** This criterion will include an assessment of the degree to which the project is in compliance with the General Plan, Community Plan, or approved City-wide master plan. An assessment of other issues involved in completing the project (e.g., significant environmental issues, project complexity, and level of public support) will also be included in this criterion. For example, projects that would benefit the City of Villages Strategy, further smart growth, or receive overwhelming support from the community would score higher. The evaluation of this criterion will constitute five percent (5%) of the project's total score.
7. **Project Cost and Grant Funding Opportunity:** This criterion will include an assessment of the amount of funding needed to complete the current project phase and the entire project, and shall also include assessment of the amount of City funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project that would bring grant funds from an outside agency into the City would score higher, while a project that relies only on City funds would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.
8. **Project Readiness:** This criterion will include an assessment of the time required for a project to complete its current project phase (i.e., planning, design or construction). For example, a project with a completed environmental document or community outreach would score higher, while a highly complex project requiring longer design time would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.

EXISTING POLICY REQUIREMENTS TO REMAIN UNCHANGED

A. Project Phases

The requirement expressed in the existing Council Policy 800-14 that the prioritization is conducted between projects with a similar level of completion will remain. All CIP projects will be separated into the following standard phases of project development within each project category:

1. **Planning** - includes development of a feasibility study, detailed scope, and budget.
2. **Design** - includes development of the environmental document, construction plans and specifications, and detailed cost estimate.
3. **Construction** - includes site preparation, utilities placement, equipment installation, construction, reconstruction, and environmental mitigation.

B. Prioritization Factors

The Prioritization Factors expressed in the existing Council Policy 800-14 for transportation projects (See Section B. Project Categories) will remain. The following key prioritization factors will be used in lieu of the above factors:

1. **Health & Safety:** This criterion will include an assessment of the degree to which the project improves the safety of the public using the facility. This criterion also includes an assessment of the degree that a project is under a regulatory order or other legal mandates relating to public safety. For example, projects that result in reduction in traffic accidents, improved seismic safety rating of a bridge, upgrade of an undersized storm drain to address flooding problems, and reduction of response times by emergency vehicles would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
2. **Capacity & Service (Mobility):** This criterion will include an assessment of the degree to which the project improves the ability of the transportation system to move people under all modes of travel including vehicle, transit, bicycle, and pedestrian usage. This criterion will also include an assessment of the degree to which the project improves the overall connectivity and reliability of the City's transportation and drainage system. For example, projects that reconfigure intersections to reduce delays, improve a parallel road to bypass a congested intersection, and interconnect traffic signals to reduce travel time along a congested corridor would score higher. The evaluation of this criterion will constitute twenty percent (20%) of the project's total score.
3. **Project Cost and Grant Funding Opportunity:** This criterion will include an assessment of the amount of funding needed to complete the current project phase and the entire project, and shall also include assessment of the amount of City funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project that would bring grant funds from an outside agency into the City would score higher, while a project that relies only on City funds would score lower. The evaluation of this criterion will constitute twenty percent (20%) of the project's total score.
4. **Revitalization, Community Support & Community Plan Compliance:** This criterion will include an assessment of the degree to which the project is in compliance with the General Plan, Community Plan, Regional Transportation Plan, or an approved City-wide master plan. This criterion shall also include an assessment of the degree to which the project is officially supported by the Community Planning Group(s), the Councilmember(s), or a Regional Agency (such as SANDAG). This criterion shall also include an assessment of the degree to which the project contributes towards economic development and revitalization efforts. For example, projects that benefits a pilot village in the City of Villages strategy or furthers smart growth, implements a portion of the City-wide master plan or corridor study, has overwhelming and documented support from the

community, implements a portion of an approved Redevelopment Area infrastructure plan, and provides transportation facilities for a Community Development Block Grant eligible area would score higher. The evaluation of this criterion will constitute fifteen percent (15%) of the project's total score.

5. **Multiple Category Benefit:** This criterion will include an assessment of the degree to which the project provides highly rated facilities for multiple project categories (see Section IV.A for project categories). For example, a roadway project that also provides for the replacement of a deteriorated storm drain, a streetscape project that also provides street lighting at critical intersections, and a bikeway project that provides slope stabilization at an area of known erosion problems would score higher. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.
6. **Annual recurring cost or increased longevity of the capital asset:** This criterion will include an assessment of the degree to which the project reduces operations and maintenance expenditures by the City. For example, a roof replacement project that reduces both maintenance requirements and energy consumption or a storm drain replacement project that reduces the need for periodic cleaning would score higher. On the other hand, a new library that increases maintenance, energy and staffing costs would score lower. The evaluation of this criterion will constitute five percent (10%) of the project's total score.
7. **Project Readiness:** This criterion will include an assessment of the time required for a project to complete its current project phase (i.e., planning, design or construction). For example, a project with a completed environmental document or community outreach would score higher, while a highly complex project requiring longer design time would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.

IMPLEMENTATION PROCESS

The implementation process expressed in the existing Council Policy 800-14 will remain with only minor modifications necessary to include all CIP projects. The implementation process is as follows:

- A. Using the project categories (funding & project), phases, and criteria, the Mayor shall develop a prioritization score for each CIP project. The Mayor shall then rank all CIP projects within their respective categories (funding & project) and phases according to their project score.
- B. The resultant ranking list for each category and phase of CIP projects shall be reported by the Mayor to the Council as part of the annual CIP budget, with recommendations for funding within the list.

- C. Upon approval of the CIP budget by the Council, the Mayor shall pursue the completion of each project phase according to the priority ranking resulting from this prioritization process up to the total amounts authorized by Council for each project category. The Mayor shall also utilize the resultant priority ranking for the pursuit of all outside grant funding opportunities.
- D. The Mayor will update the priority score as the conditions of each project change or as other new information becomes available. When changes occur that would alter a project's priority ranking, the revised priority list will be revised. The City Council will receive an informational brief of changes to the priority list at mid-year, and the annual update of the list will be part of the budget process. Similarly, resources will not be withdrawn from a project prior to the completion of its current phase, unless reallocation is authorized by the annual appropriation ordinance or approved by Council.
- E. Implementation of this Council Policy is not intended to release or alter the City's current or future obligations to complete specific CIP projects by specified deadlines, as may be imposed by court order, or order of any federal, state or local regulatory agency.

FISCAL CONSIDERATIONS: None.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None.



Patti Boekamp
Engineering & Capital Projects Department Director



David Jarrell
Deputy Chief of Public Works

Attachments:

- Appendix A. CIP Prioritization Best Practices
- Appendix B. Proposed Amended Council Policy 800-14, Prioritizing CIP Projects
- Appendix C. Markup version of Proposed Amended Council Policy 800-14, Prioritizing CIP Projects

CIP PRIORITIZATION BEST PRACTICES

The California Multi-Agency Capital Improvement Projects Benchmarking Study, which involved the six major cities in California, identified common best management practices that are recommended for effective planning of capital projects. These best practices include the following:

1. A defined Council-approved project prioritization system is in place
2. Project feasibility studies are completed before the final scope and budget are defined
3. Capital projects are well-defined with respect to scope and budget only at the end of the planning phase
4. Each capital project has a master schedule that identifies the proposed start and finish dates
5. Projects listed in the comprehensive Capital Improvement Program have assigned staff resources
6. Projects are shown on a geographical information system

The Government Finance Officers Association (GFOA) has recommended best management practices to consider when developing a CIP prioritization policy. These principles (from GFOA's "Recommended Practice, Multi-Year Capital Planning", 2006) include:

1. Identifying needs - The first step in capital planning is identifying needs. Using information including development projections, strategic plans, comprehensive plans, facility master plans, regional plans, and citizen input processes, governments should identify present and future service needs that require capital infrastructure investments or recapitalization. In this process, attention should be given to:

- a. Capital assets that require repair, maintenance, or replacement that, if not addressed, will result in higher costs in future years
- b. Infrastructure improvements needed to support new development or redevelopment
- c. Projects with revenue-generating potential
- d. Improvements that support economic development
- e. Changes in policy or community needs

2. Determination of costs - The full extent of project costs should be determined when developing the multi-year capital plan. Cost issues to consider include:

- a. The scope and timing of a planned project should be well defined in the early stages of the planning process
- b. Agencies should identify and use the most appropriate approaches, including outside assistance, when estimating project costs and potential revenues

- c. For projects programmed beyond the first year of the plan, agencies should adjust cost projections based on anticipated inflation
- d. Ongoing operating cost associated with each project should be quantified, and the sources of funding for those costs should be identified
- e. A clear estimate of all major components required to implement a project should be outlined, including land acquisition needs, design, construction, contingency, environmental mitigation, and post-construction operations and maintenance
- f. Recognize the non-financial impacts of the project on the community.

3. Prioritize capital requests - Governments are continually faced with extensive capital needs and limited financial resources. Therefore, prioritizing capital project requests is a critical step in the capital plan preparation process. When evaluating project submittals, governments should:

- a. Reflect the relationship of project submittals to financial and governing policies, plans and studies
- b. Allow submitting agencies to provide an initial prioritization
- c. Incorporate input and participation from major stakeholders and the general public
- d. Adhere to legal requirements and/or mandates
- e. Anticipate the operating budget impacts resulting from capital projects
- f. Re-evaluate capital projects approved in previous multi-year capital plans
- g. Use a rating system to facilitate decision-making

4. Develop financing strategies - GFOA recognizes the importance of establishing a viable financing approach for supporting the multi-year capital plan. Financing strategies should align with expected project requirements while sustaining the financial health of the organization. Governments undertaking a capital financing plan should:

- a. Anticipate expected revenue and expenditure trends, including their relationship to multi-year financial plans.
- b. Prepare cash flow projections of the amount and timing of the capital financing
- c. Continue compliance with all established financial policies
- d. Recognize appropriate legal constraints
- e. Consider and estimate funding amounts from all appropriate funding alternatives
- f. Ensure reliability and stability of identified funding sources
- g. Evaluate the affordability of the financing strategy, including the impact on debt ratios, taxpayers, and others

COUNCIL POLICY**APPENDIX B**

SUBJECT: PRIORITIZING CIP PROJECTS
POLICY NO: 800-14
EFFECTIVE DATE:

BACKGROUND:

The commitment of resources to the (CIP) projects within the City has traditionally not had the benefit of a comprehensive evaluation to determine overall needs so that projects can be ranked in priority order, and efficiently funded. This approach may have unintentionally limited the overall effectiveness of available CIP resources by providing projects with less funding than needed to accomplish major project requirements, such as planning and design. This has limited the City's ability to compete for outside grant funding, since grant programs often place emphasis on having the design and associated activities completed.

PURPOSE:

The purpose of this policy is to establish an objective process for ranking CIP projects to allow decision-makers to have a basis for choosing the most compelling projects for implementation. This prioritization process will allow for the analytical comparison of the costs and benefits of individual projects, as well as an opportunity to evaluate projects against one another on their relative merits. Ideally, it will provide a citywide perspective, explore various financing options, and facilitate project coordination. All projects being considered for funding will be prioritized in accordance with the guidelines of this policy. It is proposed that this single CIP prioritization policy address all funding sources and asset classes, including enterprise funded projects (golf, water, sewer, airport facilities, undergrounding and landfill) and transportation and drainage projects. The goal of this policy is to establish a capital-planning process that ultimately leads to policy decisions that optimize the use of available resources, resulting in the maximum benefit from the projects delivered.

IMPLEMENTATION:

In order to implement a prioritization system, there must be an understanding of the constraints associated with each project's funding source(s), asset type (project category), or phase of development. Projects will not compete across the different funding sources, the different project categories, or the different project phases – however projects within each of these areas will be evaluated according to the guidelines outlined below.

A. Project Funding

Projects within restricted funding categories will compete only with projects within the same funding category. Prioritization within these restricted funding categories will occur in accordance with this CIP prioritization policy. For example, water system CIP projects are

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funded with enterprise funds paid by water ratepayers. All water CIP projects will be prioritized in accordance with the prioritization policy, but will not compete for funding with projects not funded by Water Enterprise funds.

The following is a partial listing of restricted funding categories:

1. Community Development Block Grants
2. Developer Impact Fees
3. Enterprise Funds (Airport, Environmental Services, Golf, Utilities Undergrounding, Metropolitan Wastewater, and Water)
4. Facilities Benefit Assessments
5. Grants
6. State and Federal Funds
7. TransNet Funds

Projects that are not within a restricted funding category will compete within capital outlay funds/general obligation funds in accordance with this CIP prioritization policy. Although capital needs from the restricted funds or revenue-producing departments are often separate from the General Fund, the capital investments of all City departments should be planned together to allow better coordination of capital projects in specific parts of the City over time. Citywide coordination of capital project planning can increase the cost-effectiveness of the City's capital programs by allowing more efficient infrastructure investments.

B. Project Categories

To ensure that the comparison is conducted between similar types of projects, the CIP projects shall be separated into categories according to the predominant type of asset in the project.

Project categories shall include:

- Transportation facilities, with the following project subcategories:
 - New Roads, Roadway Widening, and Roadway Reconfigurations.
 - Street Enhancements including medians and streetscape.
 - Bridge Replacement, Retrofit, and Rehabilitation.
 - Bicycle Facilities (all classifications).
 - Pedestrian Facilities including sidewalks but not curb ramps.
 - Pedestrian Accessibility Improvements including curb ramps.
 - Street Lighting including mid-block and intersection safety locations.
 - New Traffic Signals.
 - Traffic Signal Upgrades and Modifications.
 - Traffic Signal Interconnections and other signal coordination work.
 - Traffic Calming, Flashing Beacons, and other speed abatement work.
 - Guardrails, Barrier Rails, and other structural safety enhancements.
 - Erosion control, slope stabilization, and retaining walls supporting transportation facilities.
- Facilities and structures, with the following project subcategories:
 - Police facilities and structures

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- Fire facilities and structures
- Libraries
- Park & Recreation facilities and structures
- Community support facilities and structures
- Water department facilities and structures (e.g., treatment plants, pump stations, reservoirs, dams, standpipes)
- Metropolitan Wastewater department facilities and structures (e.g., treatment plants - and pump stations)
- Operations facilities and structures (e.g., maintenance shops and offices)
- Other City facilities and structures
- Parks and open space
- Golf courses
- Airport assets
- Water distribution systems
- Wastewater collection systems
- Reclaimed water system
- Landfills and supporting facilities and structures
- Storm drain systems including pipes, channels, Best Management Practices (BMPs) and pump stations
- Flood control systems

CIP budgets shall reflect project allocations according to these categories. These project categories shall include resource allocation for all project components, including environmental mitigation, property acquisition, and all other activities necessary to complete the project.

C. Project Phases

To ensure that the prioritization is conducted between projects with a similar level of completion, all CIP projects shall be separated into the following standard phases of project development within each project category:

1. Planning - includes development of a feasibility study, detailed scope, and budget.
2. Design - includes development of the environmental document, construction plans and specifications, and detailed cost estimate.
3. Construction - includes site preparation, utilities placement, equipment installation, construction, and environmental mitigation.

To initiate an effective capital project process, a revolving fund will be established for capital planning, to allow improved development of the scope, feasibility and funding requirements of projects prior to them becoming a CIP. The implementation of a capital planning process will result in better information, planning, and analysis of proposed capital projects. A goal of 5% is established as the minimum of CIP resources allocated to projects in the Planning phase.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICYD. Prioritization Factors

The City must prioritize capital needs to assist in the determination of which projects will receive available funding and resources, and/or compete for bond funding based on criteria that is aligned with *Departmental priorities, the Mayor's long-term plans, and City Council's objectives.*

For all non-transportation projects (See Section B. Project Categories), the following are the prioritization factors (listed in order of importance):

1. **Health & Safety Effects:** This criterion will include an assessment of the degree to which the project improves health and safety factors associated with the infrastructure asset. For example, projects that result in the reduction in accidents, improved structural integrity, and mitigation of health hazards would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
2. **Regulatory or mandated requirements:** This criterion will include an assessment of the degree to which the project is under a regulatory order or other legal mandates. For example, projects that are required by consent decrees, court orders, and other legal mandates would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
3. **Implication of Deferring the Project:** This criterion will include an assessment of the consequences of delaying a project. For example, projects that would have significantly higher future costs, negative community impacts, or negative public perception, should they be deferred, would score higher. The evaluation of this criterion will constitute fifteen percent (15%) of the project's total score.
4. **Annual recurring cost or increased longevity of the capital asset:** This criterion will include an assessment of the degree to which the project reduces operations and maintenance expenditures by the City. For example, a roof replacement project that reduces both maintenance requirements and energy consumption or a storm drain replacement project that reduces the need for periodic cleaning would score higher. On the other hand, a new library that increases maintenance, energy and staffing costs would score lower. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.
5. **Community Investment:** This criterion will include an assessment of the degree to which the project contributes toward economic development and revitalization efforts. For example, a project within an approved Redevelopment Area or Community Development Block Grant eligible area would score higher. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.
6. **Implementation:** This criterion will include an assessment of the degree to which the project is in compliance with the General Plan, Community Plan, or approved City-wide

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master plan. An assessment of other issues involved in completing the project (e.g., significant environmental issues, project complexity, and level of public support) will also be included in this criterion. For example, projects that would benefit the City of Villages Strategy, further smart growth, or receive overwhelming support from the community would score higher. The evaluation of this criterion will constitute five percent (5%) of the project's total score.

7. **Project Cost and Grant Funding Opportunity:** This criterion will include an assessment of the amount of funding needed to complete the current project phase and the entire project, and shall also include assessment of the amount of City funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project that would bring grant funds from an outside agency into the City would score higher, while a project that relies only on City funds would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.
8. **Project Readiness:** This criterion will include an assessment of the time required for a project to complete its current project phase (i.e., *planning*, design or construction). For example, a project with a completed environmental document or community outreach would score higher, while a highly complex project requiring longer design time would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.

For transportation projects (See Section B. Project Categories), the following key prioritization factors will be used in lieu of the above factors:

1. **Health & Safety:** This criterion shall include an assessment of the degree to which the project improves the safety of the public using the facility. This criterion also includes an assessment of the degree that a project is under a regulatory order or other legal mandates relating to public safety. For example, projects that result in reduction in traffic accidents, improved seismic safety rating of a bridge, upgrade of an undersized storm drain to address flooding problems, and reduction of response times by emergency vehicles would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
2. **Capacity & Service (Mobility):** This criterion shall include an assessment of the degree to which the project improves the ability of the transportation system to move people under all modes of travel including vehicle, transit, bicycle, and pedestrian usage. This criterion will also include an assessment of the degree to which the project improves the overall connectivity and reliability of the City's transportation system. For example, projects that reconfigure intersections to reduce delays, improve a parallel road to bypass a congested intersection, and interconnect traffic signals to reduce travel time along a congested corridor would score higher. The evaluation results of this criterion shall constitute twenty percent (20%) of a project's total score.

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3. **Project Cost and Grant Funding Opportunity:** This criterion shall include an assessment of the amount of funding needed to complete the current project phase and the entire project, and shall also include assessment of the amount of City funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project that would bring grant funds from an outside agency into the City would score higher, while a project that relies only on City funds would score lower. The evaluation of this criterion shall constitute twenty percent (20%) of the project's total score.
4. **Revitalization, Community Support & Community Plan Compliance:** This criterion shall include an assessment of the degree to which the project is in compliance with the General Plan, Community Plan, Regional Transportation Plan, or an approved City-wide master plan. This criterion shall also include an assessment of the degree to which the project is officially supported by the Community Planning Group(s), the Councilmember(s), or a Regional Agency (such as SANDAG). This criterion shall also include an assessment of the degree to which the project contributes towards economic development and revitalization efforts. For example, projects that benefits a pilot village in the City of Villages strategy or furthers smart growth, implements a portion of the City-wide master plan or corridor study, has overwhelming and documented support from the community, implements a portion of an approved Redevelopment Area infrastructure plan, and provides transportation facilities for a Community Development Block Grant eligible area would score higher. The evaluation results of this criterion shall constitute fifteen percent (15%) of a project's total score.
5. **Multiple Category Benefit:** This criterion shall include an assessment of the degree to which the project provides highly rated facilities for multiple project categories (see Section B for project categories). For example, a roadway project that also provides for the replacement of a deteriorated storm drain, a streetscape project that also provides street lighting at critical intersections, and a bikeway project that provides slope stabilization at an area of known erosion problems would score higher. The evaluation of this criterion shall constitute ten percent (10%) of the project's total score.
6. **Annual recurring cost or increased longevity of the capital:** This criterion shall include an assessment of the degree to which the project reduces operations and maintenance expenditures by the City. For example, a roof replacement project that reduces both maintenance requirements and energy consumption or a storm drain replacement project that reduces the need for periodic cleaning would score higher. On the other hand, a new library that increases maintenance, energy and staffing costs would score lower. The evaluation results of this criterion shall constitute ten percent (10%) of a project's total score.
7. **Project Readiness:** This criterion shall include an assessment of the time required for a project to complete its current project phase (i.e., planning, design or construction). For example, a project with a completed environmental document or community outreach would score higher, while a highly complex project requiring longer design time would

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score lower. The evaluation results of this criterion shall constitute five percent (5%) of a project's total score.

E. Implementation Process

1. Using the project categories (*funding & project*), phases, and criteria, the Mayor shall develop a prioritization score for each CIP project. The Mayor shall then rank all CIP projects within their respective categories (*funding & project*) and phases according to their project score. In case of ties, the Mayor shall evaluate the overall infrastructure deficiency within the communities for each project as the deciding factor.
2. The resultant ranking list for each category and phase of CIP projects shall be reported by the Mayor to the Council as part of the annual CIP budget, with recommendations for funding within the list.
3. Upon approval of the CIP budget by the Council, the Mayor shall pursue the completion of each project phase according to the priority ranking resulting from this prioritization process up to the total amounts authorized by Council for each project category. The Mayor shall also utilize the resultant priority ranking for the pursuit of all outside grant funding opportunities.
4. The Mayor will update the priority score as the conditions of each project change or other new information becomes available. For instance, if grant funding becomes available for a lower ranked project, the priority score would be re-evaluated with this new information. When changes occur that would alter a project's priority ranking, the priority list will be revised. The City Council will receive an informational brief of changes to the priority list at mid-year, and the annual update of the list will be part of the budget process. Similarly, resources shall not be withdrawn from a project prior to the completion of its current phase, unless reallocation is authorized by the annual appropriation ordinance or approved by Council.
5. Implementation of this Council Policy is not intended to release or alter the City's current or future obligations to complete specific CIP projects by specified deadlines, as may be imposed by court order, or order of any federal, state or local regulatory agency.

HISTORY:

Adopted by Resolution No. R-_____ [date]

COUNCIL POLICY

APPENDIX C

SUBJECT: PRIORITIZING TRANSPORTATION AND DRAINAGE CIP
PROJECTS
POLICY NO: 800-14
EFFECTIVE DATE: January 19, 2006

- ~~Highlighted~~ texts are additions to the current policy
- Stricken texts are text removed from current policy

BACKGROUND:

The City of San Diego's Capital Improvement Program (CIP) is implemented through an interrelationship of client departments, service departments, new and redevelopment, and multiple funding sources. Capital investments are necessary for the construction of all parts of municipal infrastructure. Major infrastructure within the City's area of responsibility includes streets and related right-of-way features; storm water and drainage systems; water and sewer systems; public buildings such as libraries; recreational and community centers, police and fire stations, and lifeguard facilities; and parks. Decisions about capital investments affect the availability and quality of most government services. The municipal infrastructure is often taken for granted, yet it is vital to the city's economy, with implications for health, safety, and quality of life.

The commitment of resources to the ~~Transportation and Drainage Capital Improvements Program~~ (CIP) projects within the City has traditionally not had the benefit of a comprehensive evaluation to determine overall needs so that projects can be ranked accordingly in priority order, and efficiently funded. This approach has may have unintentionally limited the overall effectiveness of available ~~transportation and drainage~~ CIP resources by providing projects with fewer resources less funding than is needed to accomplish major project requirements milestones, such as the planning and design phases of a project. This has limited the City's ability to compete for outside grant funding, since these grant programs often place emphasis on having the design and the associated activities completed.

PURPOSE:

The purpose of this policy is to establish an objective process for evaluating transportation and drainage CIP projects with respect to the overall needs of the City's transportation system. The resultant ranking of transportation CIP projects would be used for allocation of all transportation resources including funding and staff, as well as in the pursuit of grant funding opportunities. The goal is to maximize available resources so projects are completed effectively and efficiently, resulting in more projects delivered citywide.

The purpose of this policy is to establish an objective process for ranking CIP projects to allow decision-makers to have a basis for choosing the most compelling projects for implementation. This prioritization process will allow for the analytical comparison of the costs and benefits of

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individual projects, as well as an opportunity to evaluate projects against one another on their relative merits. Ideally, it will provide a citywide perspective, explore various financing options, and facilitate project coordination. All projects being considered for funding will be prioritized in accordance with the guidelines of this policy. It is proposed that this single CIP prioritization policy address all funding sources and asset classes, including enterprise funded projects (golf, water, sewer, airport facilities, undergrounding and landfill) and transportation and drainage projects. The goal of this policy is to establish a capital planning process that ultimately leads to policy decisions that optimize the use of available resources, resulting in the maximum benefit from the projects delivered.

IMPLEMENTATION:

In order to implement a prioritization system, there must be an understanding of the constraints associated with each project's funding source(s), asset type (project category), or phase of development. Projects will not compete across the different funding sources, the different project categories, or the different project phases – however projects within each of these areas will be evaluated according to the guidelines outlined below.

A. Project Funding

Projects within restricted funding categories will compete only with projects within the same funding category. Prioritization within these restricted funding categories will occur in accordance with this CIP prioritization policy. For example, water system CIP projects are funded with enterprise funds paid by water ratepayers. All water CIP projects will be prioritized in accordance with the prioritization policy, but will not compete for funding with projects not funded by Water Enterprise funds.

The following is a partial listing of restricted funding categories:

1. Community Development Block Grants
2. Developer Impact Fees
3. Enterprise Funds (Airport, Environmental Services, Golf, Utilities, Undergrounding, Metropolitan Wastewater, and Water)
4. Facilities Benefit Assessments
5. Grants
6. State and Federal Funds
7. TransNet Funds

Projects that are not within a restricted funding category will compete within capital outlay funds/general obligation funds in accordance with this CIP prioritization policy. Although capital needs from the restricted funds or revenue-producing departments are often separate from the General Fund, the capital investments of all City departments should be planned together to allow better coordination of capital projects in specific parts of the City over time. Citywide coordination of capital project planning can increase the cost-effectiveness of the City's capital programs by allowing more efficient infrastructure investments.

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B. Project Categories

~~In order~~ To ensure that the comparison is conducted between similar types of projects, ~~the all~~ ~~transportation and drainage~~ CIP projects shall be separated into categories according to the ~~most~~ predominant type of ~~asset facility~~ in the project. Project categories shall include:

- Transportation facilities, with the following project subcategories:
 - New Roads, Roadway Widening, and Roadway Reconfigurations.
 - Street Enhancements including medians and streetscape.
 - Bridge Replacement, Retrofit, and Rehabilitation.
 - Bicycle Facilities (all classifications).
 - Pedestrian Facilities including sidewalks but not curb ramps.
 - Pedestrian Accessibility Improvements including curb ramps.
 - Street Lighting including mid-block and intersection safety locations.
 - New Traffic Signals.
 - Traffic Signal Upgrades and Modifications.
 - Traffic Signal Interconnections and other signal coordination work.
 - Traffic Calming, Flashing Beacons, and other speed abatement work.
 - Guardrails, Barrier Rails, and other structural safety enhancements.
 - ~~Drainage including pipes, channels, and storm water pump stations.~~
 - Erosion control, slope stabilization, and retaining walls supporting transportation facilities.
 - ~~Other miscellaneous transportation and drainage facilities.~~
- ~~Facilities and structures, with the following project subcategories:~~
 - ~~Police facilities and structures~~
 - ~~Fire facilities and structures~~
 - ~~Libraries~~
 - ~~Park & Recreation facilities and structures~~
 - ~~Community support facilities and structures~~
 - ~~Water department facilities and structures (e.g., treatment plants, pump stations, reservoirs, dams, standpipes)~~
 - ~~Metropolitan Wastewater department facilities and structures (e.g., treatment plants and pump stations)~~
 - ~~Operations facilities and structures (e.g., maintenance shops and offices)~~
 - ~~Other City facilities and structures~~
- Parks and open space
- Golf courses
- Airport assets
- Water distribution systems
- Wastewater collection systems
- Reclaimed water system
- Landfills and supporting facilities and structures
- Storm drain systems including pipes, channels, Best Management Practices (BMPs) and pump stations

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- Flood control systems

~~CIP budgets~~ All Transportation and Drainage Capital Improvement Program budgets shall reflect project allocations according to these categories. These project categories shall include resource allocation for all project components, including environmental mitigation, property acquisition, and all other activities necessary to complete the project.

C. Project Phases

~~In order~~ To ensure that the ~~comparison~~ prioritization is conducted between projects with a similar level of completion, all ~~transportation and drainage~~ CIP projects shall be separated into the following standard phases of project development within each project category:

1. Planning - ~~including a~~ includes development of a feasibility study, detailed scope, and budget.
2. Design - ~~including a~~ includes development of the environmental document, construction plans and specifications, and detailed cost estimate.
3. Construction - ~~including~~ includes site preparation, utilities placement, equipment installation, construction, and environmental mitigation ~~construction contingencies~~.

~~To ensure a continuous development of CIP projects and prepare for grant opportunities, a minimum of five percent (5%) of transportation resources shall be allocated to projects in the Planning phase and a minimum of thirty percent (30%) to projects in the design phase.~~

To initiate an effective capital project process, a revolving fund will be established for capital planning, to allow improved development of the scope, feasibility and funding requirements of projects prior to them becoming a CIP. The implementation of a capital planning process will result in better information, planning, and analysis of proposed capital projects. A goal of 5% is established as the minimum of CIP resources allocated to projects in the Planning phase.

D. Prioritization Factors Project Criteria

The City must prioritize capital needs to assist in the determination of which projects will receive available funding and resources, and/or compete for bond funding based on criteria that is aligned with Departmental priorities, the Mayor's long-term plans, and City Council's objectives.

For all non-transportation projects (See Section B. Project Categories), the following are the prioritization factors (listed in order of importance):

1. **Health & Safety Effects:** This criterion will include an assessment of the degree to which the project improves health and safety factors associated with the infrastructure asset. For example, projects that result in the reduction in accidents, improved structural integrity, and mitigation of health hazards would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.

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2. **Regulatory or mandated requirements:** This criterion will include an assessment of the degree to which the project is under a regulatory order or other legal mandates. For example, projects that are required by consent decrees, court orders, and other legal mandates would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
3. **Implication of Deferring the Project:** This criterion will include an assessment of the consequences of delaying a project. For example, projects that would have significantly higher future costs, negative community impacts, or negative public perception, should they be deferred, would score higher. The evaluation of this criterion will constitute fifteen percent (15%) of the project's total score.
4. **Annual recurring cost or increased longevity of the capital asset:** This criterion will include an assessment of the degree to which the project reduces operations and maintenance expenditures by the City. For example, a roof replacement project that reduces both maintenance requirements and energy consumption or a storm drain replacement project that reduces the need for periodic cleaning would score higher. On the other hand, a new library that increases maintenance, energy and staffing costs would score lower. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.
5. **Community Investment:** This criterion will include an assessment of the degree to which the project contributes toward economic development and revitalization efforts. For example, a project within an approved Redevelopment Area or Community Development Block Grant eligible area would score higher. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.
6. **Implementation:** This criterion will include an assessment of the degree to which the project is in compliance with the General Plan, Community Plan, or approved City-wide master plan. An assessment of other issues involved in completing the project (e.g., significant environmental issues, project complexity, and level of public support) will also be included in this criterion. For example, projects that would benefit the City of Villages Strategy, further smart growth, or receive overwhelming support from the community would score higher. The evaluation of this criterion will constitute five percent (5%) of the project's total score.
7. **Project Cost and Grant Funding Opportunity:** This criterion will include an assessment of the amount of funding needed to complete the current project phase and the entire project, and shall also include assessment of the amount of City funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project that would bring grant funds from an outside agency into the City would score higher, while a project that relies only on City funds would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.

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8. **Project Readiness:** This criterion will include an assessment of the time required for a project to complete its current project phase (i.e., planning, design or construction). For example, a project with a completed environmental document or community outreach would score higher, while a highly complex project requiring longer design time would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.

For transportation projects (See Section B, Project Categories), the following key prioritization factors will be used in lieu of the above factors:

For the evaluation of the relative importance of each project, the following criteria and weighting shall be used:

1. **Health & Safety:** This criterion shall include an assessment of the degree that to which the project improves the safety of the public using the facility. This criterion also includes an assessment of the degree that a project is under a regulatory order or other legal mandates relating to public safety. For example, projects that result in reduction in traffic accidents, improved seismic safety rating of a bridge, upgrade of an undersized storm drain to address flooding problems, and reduction of response times by emergency vehicles would score higher. Examples of such projects include:

1. ~~Modifying a roadway where a significant number of accidents have occurred.~~
2. ~~Improving the seismic safety rating of a bridge.~~
3. ~~Upgrading an undersized storm drain, where significant flooding problems have occurred.~~
4. ~~A project that reduces response times by emergency vehicles.~~
5. ~~A legal order to complete a project by a certain date.~~

The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.

2. **Capacity & Service (Mobility):** This criterion shall include an assessment of the degree to which the project improves the ability of the transportation system to move people under all modes of travel including vehicle, transit, bicycle, and pedestrian usage. This criterion will also include an assessment of the degree to which the project improves the overall connectivity and reliability of the City's transportation and drainage system. For example, projects that reconfigure intersections to reduce delays, improve a parallel road to bypass a congested intersection, and interconnect traffic signals to reduce travel time along a congested corridor would score higher. Examples of such projects include:

1. ~~Reconfiguration of an intersection to reduce delays.~~
2. ~~Improvement of parallel road to bypass a congested intersection or provide an alternative route.~~
3. ~~Traffic Signal Interconnection that reduces travel times along a congested corridor.~~
4. ~~Transit facilities such as priority signals that speed up high usage bus routes.~~

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The evaluation results of this criterion shall constitute twenty percent (20%) of a project's total score.

3. **Project Cost and Grant Funding Opportunity:** This criterion shall include an assessment of the amount of funding needed to complete the current project phase and the entire project, and ~~This criterion~~ shall also include assessment of the amount of City funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project that would bring grant funds from an outside agency into the City would score higher, while a project that relies only on City funds ~~City-wide discretionary funds (TransNet, etc)~~ would score lower. ~~A project that requires a higher amount of City funding would score lower.~~ The evaluation results of this criterion shall constitute twenty percent (20%) of the project's total score.
4. **Revitalization, Community Support & Community Plan Compliance:** This criterion shall include an assessment of the degree to which the project is in compliance with the General Plan, Community Plan, Regional Transportation Plan, or an approved City-wide master plan. This criterion shall also include an assessment of the degree to which the project is officially supported by the Community Planning Group(s), the Councilmember(s), or a Regional Agency (such as SANDAG). This criterion shall also include an assessment of the degree to which the project contributes towards economic development and revitalization efforts. For example, projects that benefits a pilot village in the City of Villages strategy or furthers smart growth, implements a portion of the City-wide master plan or corridor study, ~~has overwhelming and documented support from the community or the region,~~ implements a portion of an approved Redevelopment Area infrastructure plan, and provides transportation facilities for a Community Development Block Grant (CDBG) eligible area would score higher. The evaluation results of this criterion shall constitute fifteen percent (15%) of a project's total score.
5. **Multiple Category Benefit:** This criterion shall include an assessment of the degree to which the project provides highly rated facilities for multiple project categories (see Section B for project categories). For example, a roadway project that also provides for the replacement of a deteriorated storm drain, a streetscape project that also provides street lighting at critical intersections, and a bikeway project that provides slope stabilization at an area of known erosion problems would score higher. The evaluation of this criterion shall constitute ten percent (10%) of the project's total score.
6. **Annual recurring cost or increased longevity of the capital asset Reduces Maintenance Cost:** This criterion shall include an assessment of the degree to which the project reduces operations and maintenance expenditures by the City. For example, a roof replacement project that reduces both maintenance requirements and energy consumption or a storm drain replacement project that reduces the need for periodic cleaning would score higher. On the other hand, a new library that increases maintenance, energy and staffing costs would score lower.

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1. ~~A roadway widening project that replaces an area of pavement in poor condition would score higher.~~
2. ~~A roadway widening project that installs a highly rated traffic signal would score higher.~~
3. ~~A project with equipment that requires frequent maintenance would score lower.~~

~~A project with special maintenance needs (decorative pavement, landscaping, artwork, etc) whose costs are covered by a secured outside funding source such as Maintenance Assessment District would not be affected by this criterion.~~ The evaluation results of this criterion shall constitute ~~ten~~ five percent (5% ~~10%~~) of a project's total score.

7. **Project Readiness:** This criterion shall include an assessment of the time required for a project to complete its current project phase (see Section 2 of project phases i.e., planning, design or construction). For example, a project with a completed environmental document or community outreach would score higher, while a highly complex project requiring longer design time would score lower.

1. ~~A project that requires a policy change to implement would score lower for any phase.~~
2. ~~A project that has all of its maintenance needs secured would score higher for construction.~~
3. ~~A project that completed the previous phase for more than a year would score higher for any phase.~~

The evaluation results of this criterion shall constitute five percent (5%) of a project's total score.

E. Implementation Process

1. Using the project categories (funding & project), phases, and criteria, the Mayor shall develop a prioritization score for each CIP project that ~~proposes to utilize City wide transportation and drainage resources.~~ The Mayor shall then rank all CIP projects within their respective categories (funding & project) and phases according to their project score. In case of ties ~~project scores~~, the Mayor shall evaluate the overall infrastructure deficiency within the City communities for each project as the deciding factor.
2. The resultant ranking list for each category and phase of ~~transportation and drainage~~ CIP projects shall be reported by the Mayor to the Council as part of the annual CIP budget, with recommendations for funding ~~for each project within the list.~~ ~~Each project category shall contain a contingency of at least 15% of the total category allocations.~~
3. Upon approval of the CIP budget by the Council, the Mayor shall pursue the completion of each project phase according to the priority ranking resulting from this prioritization process up to the total amounts authorized by Council for each project category. The

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Mayor shall also use utilize the resultant priority ranking for the pursuit of all outside grant funding opportunities.

4. The Mayor will update the priority score as the conditions of each project change or other new information becomes available. For instance, if grant funding becomes available for a lower ranked project, the priority score would be re-evaluated with this new information. When changes occur that would alter a project's priority ranking, the priority list will be revised ~~be reported to the Council, prior to allocating additional resources to any projects whose rankings are affected.~~ The City Council will receive an informational brief of changes to the priority list at mid-year, and the annual update of the list will be part of the budget process. . Similarly, resources shall not be withdrawn from a project prior to the completion of its current phase, unless ~~a revised priority list is presented to~~ reallocation is authorized by the annual appropriation ordinance or approved by Council.
5. Implementation of this Council Policy is not intended to release or alter the City's current or future obligations to complete specific CIP projects by specified deadlines, as may be imposed by court order, or order of any federal, state or local regulatory agency.

HISTORY:

Adopted by Resolution No. R- _____ [date]

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THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: May 21, 2008 REPORT NO: 08-082
ATTENTION: City Council
Agenda of May 27, 2008
SUBJECT: Amendments to Council Policy 800-14 for Prioritizing all CIP Projects
REFERENCE: None

REQUESTED ACTION:

Council Policy adoption.

STAFF RECOMMENDATION:

Approve amendments to Council Policy 800-14.

BACKGROUND

On November 14, 2007, in a presentation to the Budget & Finance Committee, Engineering & Capital Projects (E&CP) Department introduced the Mayor's proposed process for prioritizing CIP projects, and proposed modifying Council Policy 800-14 "Prioritizing Transportation and Drainage CIP Projects" to include all City of San Diego's Capital Improvement Program (CIP) projects. The Budget & Finance Committee supported the proposal and instructed E&CP to return with a draft modified Council Policy. On February 20, 2008 E&CP returned with the modified Council Policy which the Budget & Finance Committee approved. The following report describes the changes that the proposed revised Council Policy 800-14 would implement.

PURPOSE

The purpose of this amended CIP prioritization policy is to establish an objective process for ranking CIP projects, allow for the analytical comparison of the costs and benefits of individual projects, as well as provide an opportunity to evaluate projects against one another on their relative merits. Ideally, it should provide a citywide perspective, explore various financing options, and facilitate project coordination. All projects being considered for funding will be prioritized in accordance with the guidelines of this policy. It is proposed that this single CIP prioritization policy address all funding sources and asset classes, including enterprise funded projects (golf, airports, water, sewer and landfill) and transportation and drainage projects. Council Policy 800-14, which is the current prioritization policy addressing only transportation and drainage CIP projects, was adopted on January 19, 2007 and will be superseded by this policy. The goal of this CIP prioritization policy is to establish a capital-planning process that ultimately leads to policy decisions that optimize the use of available resources, resulting in the maximum benefit from the projects delivered.

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BEST PRACTICES

Best practices were researched and incorporated to the maximum degree practical. For a number of years, the City of San Diego has participated in the California Multi-Agency Capital Improvement Projects Benchmarking Study, which involves the six major cities in California. This Benchmarking Study has identified common best management practices recommended for effective planning of capital projects. These practices have been incorporated in this policy. Furthermore, the Government Finance Officers Association's recommended best management practices were considered in the development of this CIP prioritization policy. Appendix A contains information on CIP prioritization best practices.

PROPOSED REVISIONS TO COUNCIL POLICY 800-14

A. Project Funding

The proposed CIP prioritization policy will govern all CIP projects; many of which are funded out of restricted funding sources. Therefore, the proposed CIP prioritization policy requires that projects within restricted funding categories will compete only with projects within the same funding category. For example, water system CIP projects are funded with enterprise funds paid by water ratepayers. All water CIP projects will be prioritized in accordance with the prioritization policy, but will not compete for funding with projects not funded by Water Enterprise funds.

The following is a partial listing of some of the restricted funding categories:

1. Community Development Block Grants
2. Developer Impact Fees
3. Enterprise Funds (Airport, Environmental Services, Golf, Metropolitan Wastewater, and Water)
4. Facilities Benefit Assessments
5. Grants
6. State and Federal Funds
7. TransNet Funds

Projects that are not within a restricted funding category will compete within capital outlay funds/general obligation funds in accordance with this CIP prioritization policy. Although capital needs from these restricted funds or revenue-producing departments are often separate from the General Fund, the capital investments of all City departments should be planned together to allow better coordination of capital projects in specific parts of the City and over time. Citywide coordination of capital project planning can increase the cost-effectiveness of the City's capital programs by allowing more efficient infrastructure investments.

B. Project Categories

The proposed amended CIP prioritization policy will govern all CIP project types. To ensure that the comparison is conducted between similar types of projects, the CIP projects will be separated into categories according to the predominant type of asset in the project. The project categories will include the below alphabetically listed asset types:

- **Airport Assets**
- **Buildings** - Facilities and structures, with the following project subcategories:
 - Community support facilities and structures
 - Fire facilities and structures
 - Libraries
 - Metropolitan Wastewater department facilities and structures (e.g., treatment plants - and pump stations)
 - Operations facilities and structures (e.g., maintenance shops and offices)
 - Other City facilities and structures
 - Park & Recreation facilities and structures
 - Police facilities and structures
 - Water department facilities and structures (e.g., treatment plants, pump stations, reservoirs, dams, standpipes)
- **Drainage** - Storm drain systems including pipes, channels, Best Management Practices (BMPs) and pump stations
- **Flood Control Systems**
- **Golf Courses**
- **Landfills** - Landfills and supporting facilities and structures
- **Parks** - Parks and open space
- **Reclaimed Water System**
- **Transportation** - Transportation facilities, with the following project subcategories:
 - Bridge Replacement, Retrofit, and Rehabilitation.
 - Bicycle Facilities (all classifications).
 - Erosion control, slope stabilization, and retaining walls supporting transportation facilities.
 - Guardrails, Barrier Rails, and other structural safety enhancements.
 - New Traffic Signals.
 - New Roads, Roadway Widening, and Roadway Reconfigurations.
 - Pedestrian Facilities including sidewalks but not curb ramps.
 - Pedestrian Accessibility Improvements including curb ramps.
 - Street Enhancements including medians and streetscape.
 - Street Lighting including mid-block and intersection safety locations.
 - Traffic Calming, Flashing Beacons, and other speed abatement work.
 - Traffic Signal Interconnections and other signal coordination work.
 - Traffic Signal Upgrades and Modifications.
- **Wastewater** - Wastewater collection systems
- **Water** - Water distribution systems

Capital Improvement Program budgets will reflect project allocations according to these categories. These project categories will include resource allocation for all project components, including environmental mitigation, property acquisition, and other activities, necessary to complete the project.

C. Prioritization Factors

New prioritization factors are proposed in the amended CIP prioritization policy for all non-transportation projects (See Section B. Project Categories). The following are the key prioritization factors (listed in order of importance):

1. **Health & Safety Effects:** This criterion will include an assessment of the degree to which the project improves health and safety factors associated with the infrastructure asset. For example, projects that result in the reduction in accidents, improved structural integrity, and mitigation of health hazards would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
2. **Regulatory or mandated requirements:** This criterion will include an assessment of the degree to which the project is under a regulatory order or other legal mandates. For example, projects that are required by consent decrees, court orders, and other legal mandates would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
3. **Implication of Deferring the Project:** This criterion will include an assessment of the consequences of delaying a project. For example, projects that would have significantly higher future costs, negative community impacts, or negative public perception, should they be deferred, would score higher. The evaluation of this criterion will constitute fifteen percent (15%) of the project's total score.
4. **Annual recurring cost or increased longevity of the capital asset:** This criterion will include an assessment of the degree to which the project reduces operations and maintenance expenditures by the City. For example, a roof replacement project that reduces both maintenance requirements and energy consumption or a storm drain replacement project that reduces the need for periodic cleaning would score higher. On the other hand, a new library that increases maintenance, energy and staffing costs would score lower. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.
5. **Community Investment:** This criterion will include an assessment of the degree to which the project contributes toward economic development and revitalization efforts. For example, a project within an approved Redevelopment Area or Community Development Block Grant eligible area would score higher. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.

6. **Implementation:** This criterion will include an assessment of the degree to which the project is in compliance with the General Plan, Community Plan, or approved City-wide master plan. An assessment of other issues involved in completing the project (e.g., significant environmental issues, project complexity, and level of public support) will also be included in this criterion. For example, projects that would benefit the City of Villages Strategy, further smart growth, or receive overwhelming support from the community would score higher. The evaluation of this criterion will constitute five percent (5%) of the project's total score.
7. **Project Cost and Grant Funding Opportunity:** This criterion will include an assessment of the amount of funding needed to complete the current project phase and the entire project, and shall also include assessment of the amount of City funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project that would bring grant funds from an outside agency into the City would score higher, while a project that relies only on City funds would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.
8. **Project Readiness:** This criterion will include an assessment of the time required for a project to complete its current project phase (i.e., planning, design or construction). For example, a project with a completed environmental document or community outreach would score higher, while a highly complex project requiring longer design time would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.

EXISTING POLICY REQUIREMENTS TO REMAIN UNCHANGED

A. Project Phases

The requirement expressed in the existing Council Policy 800-14 that the prioritization is conducted between projects with a similar level of completion will remain. All CIP projects will be separated into the following standard phases of project development within each project category:

1. **Planning** - includes development of a feasibility study, detailed scope, and budget.
2. **Design** - includes development of the environmental document, construction plans and specifications, and detailed cost estimate.
3. **Construction** - includes site preparation, utilities placement, equipment installation, construction, reconstruction, and environmental mitigation.

B. Prioritization Factors

The Prioritization Factors expressed in the existing Council Policy 800-14 for transportation projects (See Section B. Project Categories) will remain. The following key prioritization factors will be used in lieu of the above factors:

1. **Health & Safety:** This criterion will include an assessment of the degree to which the project improves the safety of the public using the facility. This criterion also includes an assessment of the degree that a project is under a regulatory order or other legal mandates relating to public safety. For example, projects that result in reduction in traffic accidents, improved seismic safety rating of a bridge, upgrade of an undersized storm drain to address flooding problems, and reduction of response times by emergency vehicles would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
2. **Capacity & Service (Mobility):** This criterion will include an assessment of the degree to which the project improves the ability of the transportation system to move people under all modes of travel including vehicle, transit, bicycle, and pedestrian usage. This criterion will also include an assessment of the degree to which the project improves the overall connectivity and reliability of the City's transportation and drainage system. For example, projects that reconfigure intersections to reduce delays, improve a parallel road to bypass a congested intersection, and interconnect traffic signals to reduce travel time along a congested corridor would score higher. The evaluation of this criterion will constitute twenty percent (20%) of the project's total score.
3. **Project Cost and Grant Funding Opportunity:** This criterion will include an assessment of the amount of funding needed to complete the current project phase and the entire project, and shall also include assessment of the amount of City funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project that would bring grant funds from an outside agency into the City would score higher, while a project that relies only on City funds would score lower. The evaluation of this criterion will constitute twenty percent (20%) of the project's total score.
4. **Revitalization, Community Support & Community Plan Compliance:** This criterion will include an assessment of the degree to which the project is in compliance with the General Plan, Community Plan, Regional Transportation Plan, or an approved City-wide master plan. This criterion shall also include an assessment of the degree to which the project is officially supported by the Community Planning Group(s), the Councilmember(s), or a Regional Agency (such as SANDAG). This criterion shall also include an assessment of the degree to which the project contributes towards economic development and revitalization efforts. For example, projects that benefits a pilot village in the City of Villages strategy or furthers smart growth, implements a portion of the City-wide master plan or corridor study, has overwhelming and documented support from the community, implements a portion of an approved Redevelopment Area infrastructure plan, and provides transportation facilities for a Community Development Block Grant

eligible area would score higher. The evaluation of this criterion will constitute fifteen percent (15%) of the project's total score.

5. **Multiple Category Benefit:** This criterion will include an assessment of the degree to which the project provides highly rated facilities for multiple project categories (see Section IV.A for project categories). For example, a roadway project that also provides for the replacement of a deteriorated storm drain, a streetscape project that also provides street lighting at critical intersections, and a bikeway project that provides slope stabilization at an area of known erosion problems would score higher. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.
6. **Annual recurring cost or increased longevity of the capital asset:** This criterion will include an assessment of the degree to which the project reduces operations and maintenance expenditures by the City. For example, a roof replacement project that reduces both maintenance requirements and energy consumption or a storm drain replacement project that reduces the need for periodic cleaning would score higher. On the other hand, a new library that increases maintenance, energy and staffing costs would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.
7. **Project Readiness:** This criterion will include an assessment of the time required for a project to complete its current project phase (i.e., planning, design or construction). For example, a project with a completed environmental document or community outreach would score higher, while a highly complex project requiring longer design time would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.

IMPLEMENTATION PROCESS

The implementation process expressed in the existing Council Policy 800-14 will remain with only minor modifications necessary to include all CIP projects. The implementation process is as follows:

- A. Using the project categories (funding & project), phases, and criteria, the Mayor shall develop a prioritization score for each CIP project. The Mayor shall then rank all CIP projects within their respective categories (funding & project) and phases according to their project score.
- B. The resultant ranking list for each category and phase of CIP projects shall be reported by the Mayor to the Council as part of the annual CIP budget, with recommendations for funding within the list.
- C. Upon approval of the CIP budget by the Council, the Mayor shall pursue the completion of each project phase according to the priority ranking resulting from this prioritization process up to the total amounts authorized by Council for each project category. The Mayor shall also utilize the resultant priority ranking for the pursuit of all outside grant funding opportunities.

- D. The Mayor will update the priority score as the conditions of each project change or as other new information becomes available. When changes occur that would alter a project's priority ranking, the revised priority list will be revised. The City Council will receive an informational brief of changes to the priority list at mid-year, and the annual update of the list will be part of the budget process. Similarly, resources will not be withdrawn from a project prior to the completion of its current phase, unless reallocation is authorized by the annual appropriation ordinance or approved by Council.
- E. Implementation of this Council Policy is not intended to release or alter the City's current or future obligations to complete specific CIP projects by specified deadlines, as may be imposed by court order, or order of any federal, state or local regulatory agency.

FISCAL CONSIDERATIONS:

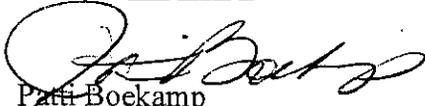
The policy would have a moderate fiscal impact for implementation.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

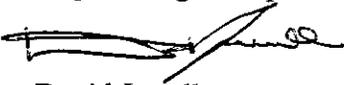
Council Resolution Number 302291 (Council Policy 800-14 Prioritizing Transportation and Drainage CIP Projects) was adopted on January 16, 2007. On November 14, 2007, the Budget & Finance Committee was given a presentation on the concept of developing a CIP prioritization system for all of the project asset types, and on February 20, 2008, the Budget & Finance Committee was given the proposed amendments to Council Policy 800-14, which it approved with input.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None.



Patti Boekamp
Engineering & Capital Projects Department Director



David Jarrell
Deputy Chief of Public Works

Attachments:

- Appendix A. CIP Prioritization Best Practices
- Appendix B. Proposed Amended Council Policy 800-14, Prioritizing CIP Projects
- Appendix C. Markup version of Proposed Amended Council Policy 800-14, Prioritizing CIP Projects

CIP PRIORITIZATION BEST PRACTICES

The California Multi-Agency Capital Improvement Projects Benchmarking Study, which involved the six major cities in California, identified common best management practices that are recommended for effective planning of capital projects. These best practices include the following:

1. A defined Council-approved project prioritization system is in place
2. Project feasibility studies are completed before the final scope and budget are defined
3. Capital projects are well-defined with respect to scope and budget only at the end of the planning phase
4. Each capital project has a master schedule that identifies the proposed start and finish dates
5. Projects listed in the comprehensive Capital Improvement Program have assigned staff resources
6. Projects are shown on a geographical information system

The Government Finance Officers Association (GFOA) has recommended best management practices to consider when developing a CIP prioritization policy. These principles (from GFOA's "Recommended Practice, Multi-Year Capital Planning," 2006) include:

1. Identifying needs - The first step in capital planning is identifying needs. Using information including development projections, strategic plans, comprehensive plans, facility master plans, regional plans, and citizen input processes, governments should identify present and future service needs that require capital infrastructure investments or recapitalization. In this process, attention should be given to:

- a. Capital assets that require repair, maintenance, or replacement that, if not addressed, will result in higher costs in future years
- b. Infrastructure improvements needed to support new development or redevelopment
- c. Projects with revenue-generating potential
- d. Improvements that support economic development
- e. Changes in policy or community needs

2. Determination of costs - The full extent of project costs should be determined when developing the multi-year capital plan. Cost issues to consider include:

- a. The scope and timing of a planned project should be well defined in the early stages of the planning process
- b. Agencies should identify and use the most appropriate approaches, including outside assistance, when estimating project costs and potential revenues
- c. For projects programmed beyond the first year of the plan, agencies should adjust cost projections based on anticipated inflation

- d. Ongoing operating cost associated with each project should be quantified, and the sources of funding for those costs should be identified
- e. A clear estimate of all major components required to implement a project should be outlined, including land acquisition needs, design, construction, contingency, environmental mitigation, and post-construction operations and maintenance
- f. Recognize the non-financial impacts of the project on the community.

3. Prioritize capital requests - Governments are continually faced with extensive capital needs and limited financial resources. Therefore, prioritizing capital project requests is a critical step in the capital plan preparation process. When evaluating project submittals, governments should:

- a. Reflect the relationship of project submittals to financial and governing
- b. policies, plans and studies b. Allow submitting agencies to provide an initial prioritization
- c. Incorporate input and participation from major stakeholders and the general
- d. public
- e. Adhere to legal requirements and/or mandates
- f. Anticipate the operating budget impacts resulting from capital projects
- g. Re-evaluate capital projects approved in previous multi-year capital plans g. Use a rating system to facilitate decision-making

4. Develop financing strategies - GFOA recognizes the importance of establishing a viable financing approach for supporting the multi-year capital plan. Financing strategies should align with expected project requirements while sustaining the financial health of the organization. Governments undertaking a capital financing plan should:

- a. Anticipate expected revenue and expenditure trends, including their relationship to multi-year financial plans.
- b. Prepare cash flow projections of the amount and timing of the capital
- c. Financing
- d. Continue compliance with all established financial policies
- e. Recognize appropriate legal constraints
- f. Consider and estimate funding amounts from all appropriate funding
- g. Alternatives
- h. Ensure reliability and stability of identified funding sources
- i. Evaluate the affordability of the financing strategy, including the impact on
- j. debt ratios, taxpayers, and others

000521

COUNCIL POLICY**APPENDIX B**

SUBJECT: PRIORITIZING CIP PROJECTS
POLICY NO: 800-14
EFFECTIVE DATE:

BACKGROUND:

The City of San Diego's Capital Improvement Program (CIP) is implemented through an interrelationship of client departments, service departments, new and redevelopment, and multiple funding sources. Capital investments are necessary for the construction of all parts of municipal infrastructure. Major infrastructure within the City's area of responsibility includes streets and related right-of-way features; storm water and drainage systems; water and sewer systems; public buildings such as libraries, recreational and community centers, police and fire stations, and lifeguard facilities; and parks. Decisions about capital investments affect the availability and quality of most government services. The municipal infrastructure is often taken for granted, yet it is vital to the city's economy, with implications for health, safety, and quality of life.

The commitment of resources to the CIP projects within the City has traditionally not had the benefit of a comprehensive evaluation to determine overall needs so that projects can be ranked in priority order, and efficiently funded. This approach may have unintentionally limited the overall effectiveness of available CIP resources by providing projects with less funding than is needed to accomplish major project requirements, such as planning and design. This has limited the City's ability to compete for outside grant funding, since grant programs often place emphasis on having the design and associated activities completed.

PURPOSE:

The purpose of this policy is to establish a process that allows for the analytical comparison of the costs and benefits of individual projects, as well as provide an opportunity for the evaluation of projects against one another on their relative merits. Ideally, it will provide a citywide perspective, explore various financing options, and facilitate project coordination. All projects being considered for funding will be prioritized in accordance with the guidelines of this policy. It is proposed that this single CIP prioritization policy address all funding sources and asset classes, including enterprise funded projects (golf, water, sewer, airport facilities, undergrounding and landfill) and transportation and drainage projects. The goal of this policy is to establish a capital-planning process that ultimately leads to policy decisions that optimize the use of available resources, resulting in the maximum benefit from the projects delivered.

IMPLEMENTATION:

In order to implement a prioritization system, there must be an understanding of the constraints associated with each project's funding source(s), asset type (project category), or phase of development. Projects will not compete across the different funding sources, the different

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project categories, or the different project phases – however projects within each of these areas will be evaluated according to the guidelines outlined below.

A. Project Funding

Projects within restricted funding categories will compete only with projects within the same funding category. Prioritization within these restricted funding categories will occur in accordance with this CIP prioritization policy. For example, water system CIP projects are funded with enterprise funds paid by water ratepayers. All water CIP projects will be prioritized in accordance with the prioritization policy, but will not compete for funding with projects not funded by Water Enterprise funds.

The following is a partial listing of restricted funding categories:

1. Community Development Block Grants
2. Developer Impact Fees
3. Enterprise Funds (Airport, Environmental Services, Golf, Utilities Undergrounding, Metropolitan Wastewater, and Water)
4. Facilities Benefit Assessments
5. Grants
6. State and Federal Funds
7. TransNet Funds

Projects that are not within a restricted funding category will compete within capital outlay funds/general obligation funds in accordance with this CIP prioritization policy. Although capital needs from the restricted funds or revenue-producing departments are often separate from the General Fund, the capital investments of all City departments should be planned together to allow better coordination of capital projects in specific parts of the City over time. Citywide coordination of capital project planning can increase the cost-effectiveness of the City's capital programs by allowing more efficient infrastructure investments.

B. Project Categories

To ensure that the comparison is conducted between similar types of projects, the CIP projects shall be separated into categories according to the predominant type of asset in the project. Project categories shall include the below alphabetically listed asset types:

- **Airport Assets**
- **Buildings** - Facilities and structures, with the following project subcategories:
 - Community support facilities and structures
 - Fire facilities and structures
 - Libraries
 - Metropolitan Wastewater department facilities and structures (e.g., treatment plants - and pump stations)
 - Operations facilities and structures (e.g., maintenance shops and offices)
 - Other City facilities and structures

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- Park & Recreation facilities and structures
- Police facilities and structures
- Water department facilities and structures (e.g., treatment plants, pump stations, reservoirs, dams, standpipes)
- **Drainage** - Storm drain systems including pipes, channels, Best Management Practices (BMPs) and pump stations
- **Flood Control Systems**
- **Golf Courses**
- **Landfills** - Landfills and supporting facilities and structures
- **Parks** - Parks and open space
- **Reclaimed Water System**
- **Transportation** - Transportation facilities, with the following project subcategories:
 - Bicycle Facilities (all classifications).
 - Bridge Replacement, Retrofit, and Rehabilitation.
 - Erosion control, slope stabilization, and retaining walls supporting transportation facilities.
 - Guardrails, Barrier Rails, and other structural safety enhancements.
 - New Roads, Roadway Widening, and Roadway Reconfigurations.
 - Street Enhancements including medians and streetscape.
 - New Traffic Signals.
 - Pedestrian Accessibility Improvements including curb ramps.
 - Pedestrian Facilities including sidewalks but not curb ramps.
 - Street Lighting including mid-block and intersection safety locations.
 - Traffic Calming, Flashing Beacons, and other speed abatement work.
 - Traffic Signal Interconnections and other signal coordination work.
 - Traffic Signal Upgrades and Modifications.
- **Wastewater** - Wastewater collection systems
- **Water** - Water distribution systems

CIP budgets shall reflect project allocations according to these categories. These project categories shall include resource allocation for all project components, including environmental mitigation, property acquisition, and all other activities necessary to complete the project.

C: Project Phases

To ensure that the prioritization is conducted between projects with a similar level of completion, all CIP projects shall be separated into the following standard phases of project development within each project category:

1. Planning –includes development of a feasibility study, detailed scope, and budget.
2. Design - includes development of the environmental document, construction plans and specifications, and detailed cost estimate.
3. Construction - includes site preparation, utilities placement, equipment installation, construction, and environmental mitigation.

To initiate an effective capital project process, a revolving fund will be established for capital planning, to allow improved development of the scope, feasibility and funding requirements of projects prior to them becoming a CIP. The implementation of a capital planning process will result in better information, planning, and analysis of proposed capital projects. A goal of 5% is established as the minimum of CIP resources allocated to projects in the Planning phase.

D. Prioritization Factors

The City must prioritize capital needs to assist in the determination of which projects will receive available funding and resources, and/or compete for bond funding based on criteria that is aligned with Departmental priorities, the Mayor's long-term plans, and City Council's objectives.

For all non-transportation projects (See Section B. Project Categories), the following are the prioritization factors (listed in order of importance):

1. **Health & Safety Effects:** This criterion will include an assessment of the degree to which the project improves health and safety factors associated with the infrastructure asset. For example, projects that result in the reduction in accidents, improved structural integrity, and mitigation of health hazards would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
2. **Regulatory or mandated requirements:** This criterion will include an assessment of the degree to which the project is under a regulatory order or other legal mandates. For example, projects that are required by consent decrees, court orders, and other legal mandates would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
3. **Implication of Deferring the Project:** This criterion will include an assessment of the consequences of delaying a project. For example, projects that would have significantly higher future costs, negative community impacts, or negative public perception, should they be deferred, would score higher. The evaluation of this criterion will constitute fifteen percent (15%) of the project's total score.
4. **Annual recurring cost or increased longevity of the capital asset:** This criterion will include an assessment of the degree to which the project reduces operations and maintenance expenditures by the City. For example, a roof replacement project that reduces both maintenance requirements and energy consumption or a storm drain replacement project that reduces the need for periodic cleaning would score higher. On the other hand, a new library that increases maintenance, energy and staffing costs would score lower. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.
5. **Community Investment:** This criterion will include an assessment of the degree to which the project contributes toward economic development and revitalization efforts. For example, a project within an approved Redevelopment Area or Community

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Development Block Grant eligible area would score higher. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.

6. **Implementation:** This criterion will include an assessment of the degree to which the project is in compliance with the General Plan, Community Plan, or approved City-wide master plan. An assessment of other issues involved in completing the project (e.g., significant environmental issues, project complexity, and level of public support) will also be included in this criterion. For example, projects that would benefit the City of Villages Strategy, further smart growth, or receive overwhelming support from the community would score higher, while projects that would significantly impact the environment and trigger high mitigation requirements would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.
7. **Project Cost and Grant Funding Opportunity:** This criterion will include an assessment of the amount of funding needed to complete the current project phase and the entire project, and shall also include assessment of the amount of City funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project that would bring grant funds from an outside agency into the City would score higher, while a project that relies only on City funds would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.
8. **Project Readiness:** This criterion will include an assessment of the time required for a project to complete its current project phase (i.e., planning, design or construction). For example, a project with a completed environmental document or community outreach would score higher, while a highly complex project requiring longer design time would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.

For transportation projects (See Section B. Project Categories), the following key prioritization factors will be used in lieu of the above factors:

1. **Health & Safety:** This criterion shall include an assessment of the degree to which the project improves the safety of the public using the facility. This criterion also includes an assessment of the degree that a project is under a regulatory order or other legal mandates relating to public safety. For example, projects that result in reduction in traffic accidents, improved seismic safety rating of a bridge, upgrade of an undersized storm drain to address flooding problems, and reduction of response times by emergency vehicles would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
2. **Capacity & Service (Mobility):** This criterion shall include an assessment of the degree to which the project improves the ability of the transportation system to move people under all modes of travel including vehicle, transit, bicycle, and pedestrian usage. This criterion will also include an assessment of the degree to which the project improves the

overall connectivity and reliability of the City's transportation system. For example, projects that reconfigure intersections to reduce delays, improve a parallel road to bypass a congested intersection, and interconnect traffic signals to reduce travel time along a congested corridor would score higher. The evaluation results of this criterion shall constitute twenty percent (20%) of a project's total score.

3. **Project Cost and Grant Funding Opportunity:** This criterion shall include an assessment of the amount of funding needed to complete the current project phase and the entire project, and shall also include assessment of the amount of City funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project that would bring grant funds from an outside agency into the City would score higher, while a project that relies only on City funds would score lower. The evaluation of this criterion shall constitute twenty percent (20%) of the project's total score.
4. **Revitalization, Community Support & Community Plan Compliance:** This criterion shall include an assessment of the degree to which the project is in compliance with the General Plan, Community Plan, Regional Transportation Plan, or an approved City-wide master plan. This criterion shall also include an assessment of the degree to which the project is officially supported by the Community Planning Group(s), the Councilmember(s), or a Regional Agency (such as SANDAG). This criterion shall also include an assessment of the degree to which the project contributes towards economic development and revitalization efforts. For example, projects that benefits a pilot village in the City of Villages strategy or furthers smart growth, implements a portion of the City-wide master plan or corridor study, has overwhelming and documented support from the community, implements a portion of an approved Redevelopment Area infrastructure plan, and provides transportation facilities for a Community Development Block Grant eligible area would score higher. The evaluation results of this criterion shall constitute fifteen percent (15%) of a project's total score.
5. **Multiple Category Benefit:** This criterion shall include an assessment of the degree to which the project provides highly rated facilities for multiple project categories (see Section B for project categories). For example, a roadway project that also provides for the replacement of a deteriorated storm drain, a streetscape project that also provides street lighting at critical intersections, and a bikeway project that provides slope stabilization at an area of known erosion problems would score higher. The evaluation of this criterion shall constitute ten percent (10%) of the project's total score.
6. **Annual recurring cost or increased longevity of the capital asset:** This criterion shall include an assessment of the degree to which the project reduces operations and maintenance expenditures by the City. For example, a roadway widening project that replaces an area of pavement in poor condition or that installs a highly rated traffic signal would score higher, while a project with equipment that requires frequent maintenance would score lower. The evaluation results of this criterion shall constitute five percent (5%) of a project's total score.

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7. **Project Readiness:** This criterion shall include an assessment of the time required for a project to complete its current project phase (i.e., planning, design or construction). For example, a project with a completed environmental document or community outreach would score higher, while a highly complex project requiring longer design time or significant environmental mitigation would score lower. The evaluation results of this criterion shall constitute five percent (5%) of a project's total score.

E. Implementation Process

1. Using the project categories (funding & project), phases, and criteria, the Mayor shall develop a prioritization score for each CIP project. The Mayor shall then rank all CIP projects within their respective categories (funding & project) and phases according to their project score. In case of ties, the Mayor shall evaluate the overall infrastructure deficiency within the communities for each project as the deciding factor.
2. The resultant ranking list for each category and phase of CIP projects shall be reported by the Mayor to the Council as part of the annual CIP budget, with recommendations for funding.
3. Upon approval of the CIP budget by the Council, the Mayor shall pursue the completion of each project phase according to the priority ranking resulting from this prioritization process up to the total amounts authorized by Council for each project category. The Mayor shall also utilize the resultant priority ranking for the pursuit of all outside grant funding opportunities.
4. The Mayor will update the priority score as the conditions of each project change or other new information becomes available. For instance, if grant funding becomes available for a lower ranked project, the priority score would be re-evaluated with this new information. When changes occur that would alter a project's priority ranking, the priority list will be revised. The City Council will receive an informational brief of changes to the priority list at mid-year, and the annual update of the list will be part of the budget process. Similarly, resources shall not be withdrawn from a project prior to the completion of its current phase, unless reallocation is authorized by the annual appropriation ordinance or approved by Council.
5. Implementation of this Council Policy is not intended to release or alter the City's current or future obligations to complete specific CIP projects by specified deadlines, as may be imposed by court order, or order of any federal, state or local regulatory agency.

HISTORY:

Adopted by Resolution No. R-_____ [date]

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000529

APPENDIX C

SUBJECT: PRIORITIZING TRANSPORTATION AND DRAINAGE CIP
PROJECTS
POLICY NO: 800-14
EFFECTIVE DATE: January 19, 2006

- Highlighted texts are additions to the current policy
- Stricken texts are text removed from current policy

BACKGROUND:

The City of San Diego's Capital Improvement Program (CIP) is implemented through an interrelationship of client departments, service departments, new and redevelopment, and multiple funding sources. Capital investments are necessary for the construction of all parts of municipal infrastructure. Major infrastructure within the City's area of responsibility includes streets and related right-of-way features; storm water and drainage systems; water and sewer systems; public buildings such as libraries, recreational and community centers, police and fire stations, and lifeguard facilities; and parks. Decisions about capital investments affect the availability and quality of most government services. The municipal infrastructure is often taken for granted, yet it is vital to the city's economy, with implications for health, safety, and quality of life.

The commitment of resources to the ~~Transportation and Drainage Capital Improvements Program~~ (CIP) projects within the City has traditionally not had the benefit of a comprehensive evaluation to determine overall needs so that projects can be ranked accordingly in priority order, and efficiently funded. This approach ~~has~~ may have unintentionally limited the overall effectiveness of available ~~transportation and drainage~~ CIP resources by providing projects with ~~fewer resources~~ less funding than is needed to accomplish major project requirements ~~milestones~~, such as the planning and design ~~phases of a project~~. This has limited the City's ability to compete for outside grant funding, since ~~these~~ grant programs often place emphasis on having the design and the associated activities completed.

PURPOSE:

~~The purpose of this policy is to establish an objective process for evaluating transportation and drainage CIP projects with respect to the overall needs of the City's transportation system. The resultant ranking of transportation CIP projects would be used for allocation of all transportation resources including funding and staff, as well as in the pursuit of grant funding opportunities. The goal is to maximize available resources so projects are completed effectively and efficiently, resulting in more projects delivered citywide.~~

The purpose of this policy is to establish an objective process for ranking CIP projects to allow decision-makers to have a basis for choosing the most compelling projects for implementation.

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This prioritization process will allow for the analytical comparison of the costs and benefits of individual projects, as well as an opportunity to evaluate projects against one another on their relative merits. Ideally, it will provide a citywide perspective, explore various financing options, and facilitate project coordination. All projects being considered for funding will be prioritized in accordance with the guidelines of this policy. It is proposed that this single CIP prioritization policy address all funding sources and asset classes, including enterprise funded projects (golf, water, sewer, airport facilities, undergrounding and landfill) and transportation and drainage projects. The goal of this policy is to establish a capital-planning process that ultimately leads to policy decisions that optimize the use of available resources, resulting in the maximum benefit from the projects delivered.

IMPLEMENTATION:

In order to implement a prioritization system, there must be an understanding of the constraints associated with each project's funding source(s), asset type (project category), or phase of development. Projects will not compete across the different funding sources, the different project categories, or the different project phases – however projects within each of these areas will be evaluated according to the guidelines outlined below.

A. Project Funding

Projects within restricted funding categories will compete only with projects within the same funding category. Prioritization within these restricted funding categories will occur in accordance with this CIP prioritization policy. For example, water system CIP projects are funded with enterprise funds paid by water ratepayers. All water CIP projects will be prioritized in accordance with the prioritization policy, but will not compete for funding with projects not funded by Water Enterprise funds.

The following is a partial listing of restricted funding categories:

1. Community Development Block Grants
2. Developer Impact Fees
3. Enterprise Funds (Airport, Environmental Services, Golf, Utilities
Undergrounding, Metropolitan Wastewater, and Water)
4. Facilities Benefit Assessments
5. Grants
6. State and Federal Funds
7. TransNet Funds

Projects that are not within a restricted funding category will compete within capital outlay funds/general obligation funds in accordance with this CIP prioritization policy. Although capital needs from the restricted funds or revenue-producing departments are often separate from the General Fund, the capital investments of all City departments should be planned together to allow better coordination of capital projects in specific parts of the City over time. Citywide coordination of capital project planning can increase the cost-effectiveness of the City's capital programs by allowing more efficient infrastructure investments.

B. Project Categories

~~In order~~ To ensure that the comparison is conducted between similar types of projects, the ~~all~~ ~~transportation and drainage~~ CIP projects shall be separated into categories according to the ~~most~~ predominant type of asset facility in the project. Project categories shall include:

- Transportation facilities, with the following project subcategories:
 - New Roads, Roadway Widening, and Roadway Reconfigurations.
 - Street Enhancements including medians and streetscape.
 - Bridge Replacement, Retrofit, and Rehabilitation.
 - Bicycle Facilities (all classifications).
 - Pedestrian Facilities including sidewalks but not curb ramps.
 - Pedestrian Accessibility Improvements including curb ramps.
 - Street Lighting including mid-block and intersection safety locations.
 - New Traffic Signals.
 - Traffic Signal Upgrades and Modifications.
 - Traffic Signal Interconnections and other signal coordination work.
 - Traffic Calming, Flashing Beacons, and other speed abatement work.
 - Guardrails, Barrier Rails, and other structural safety enhancements.
 - ~~○ Drainage including pipes, channels, and storm water pump stations.~~
 - Erosion control, slope stabilization, and retaining walls supporting transportation facilities.
 - ~~○ Other miscellaneous transportation and drainage facilities.~~
- Facilities and structures, with the following project subcategories:
 - Police facilities and structures
 - Fire facilities and structures
 - Libraries
 - Park & Recreation facilities and structures
 - Community support facilities and structures
 - Water department facilities and structures (e.g., treatment plants, pump stations, reservoirs, dams, standpipes)
 - Metropolitan Wastewater department facilities and structures (e.g., treatment plants - and pump stations)
 - Operations facilities and structures (e.g., maintenance shops and offices)
 - Other City facilities and structures
- Parks and open space
- Golf courses
- Airport assets
- Water distribution systems
- Wastewater collection systems
- Reclaimed water system
- Landfills and supporting facilities and structures

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- Storm drain systems including pipes, channels, Best Management Practices (BMPs) and pump stations
- Flood control systems

~~CIP budgets All Transportation and Drainage Capital Improvement Program budgets~~ shall reflect project allocations according to these categories. These project categories shall include resource allocation for all project components, including environmental mitigation, property acquisition, and all other activities necessary to complete the project.

C. Project Phases

~~In order~~ To ensure that the ~~comparison~~ prioritization is conducted between projects with a similar level of completion, all ~~transportation and drainage~~ CIP projects shall be separated into the following standard phases of project development within each project category:

1. Planning – ~~including a~~ includes development of a feasibility study, detailed scope, and budget.
2. Design - ~~including a~~ includes development of the environmental document, construction plans and specifications, and detailed cost estimate.
3. Construction - ~~including~~ includes site preparation, utilities placement, equipment installation, construction, and environmental mitigation ~~construction contingencies~~.

~~To ensure a continuous development of CIP projects and prepare for grant opportunities, a minimum of five percent (5%) of transportation resources shall be allocated to projects in the Planning phase and a minimum of thirty percent (30%) to projects in the design phase.~~

To initiate an effective capital project process, a revolving fund will be established for capital planning, to allow improved development of the scope, feasibility and funding requirements of projects prior to them becoming a CIP. The implementation of a capital planning process will result in better information, planning, and analysis of proposed capital projects. A goal of 5% is established as the minimum of CIP resources allocated to projects in the Planning phase.

D. Prioritization Factors Project Criteria

The City must prioritize capital needs to assist in the determination of which projects will receive available funding and resources, and/or compete for bond funding based on criteria that is aligned with Departmental priorities, the Mayor's long-term plans, and City Council's objectives.

For all non-transportation projects (See Section B. Project Categories), the following are the prioritization factors (listed in order of importance):

1. **Health & Safety Effects:** This criterion will include an assessment of the degree to which the project improves health and safety factors associated with the infrastructure asset. For example, projects that result in the reduction in accidents, improved structural integrity, and mitigation of health hazards would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.

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2. **Regulatory or mandated requirements:** This criterion will include an assessment of the degree to which the project is under a regulatory order or other legal mandates. For example, projects that are required by consent decrees, court orders, and other legal mandates would score higher. The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.
3. **Implication of Deferring the Project:** This criterion will include an assessment of the consequences of delaying a project. For example, projects that would have significantly higher future costs, negative community impacts, or negative public perception, should they be deferred, would score higher. The evaluation of this criterion will constitute fifteen percent (15%) of the project's total score.
4. **Annual recurring cost or increased longevity of the capital asset:** This criterion will include an assessment of the degree to which the project reduces operations and maintenance expenditures by the City. For example, a roof replacement project that reduces both maintenance requirements and energy consumption or a storm drain replacement project that reduces the need for periodic cleaning would score higher. On the other hand, a new library that increases maintenance, energy and staffing costs would score lower. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.
5. **Community Investment:** This criterion will include an assessment of the degree to which the project contributes toward economic development and revitalization efforts. For example, a project within an approved Redevelopment Area or Community Development Block Grant eligible area would score higher. The evaluation of this criterion will constitute ten percent (10%) of the project's total score.
6. **Implementation:** This criterion will include an assessment of the degree to which the project is in compliance with the General Plan, Community Plan, or approved City-wide master plan. An assessment of other issues involved in completing the project (e.g., significant environmental issues, project complexity, and level of public support) will also be included in this criterion. For example, projects that would benefit the City of Villages Strategy, further smart growth, or receive overwhelming support from the community would score higher. The evaluation of this criterion will constitute five percent (5%) of the project's total score.
7. **Project Cost and Grant Funding Opportunity:** This criterion will include an assessment of the amount of funding needed to complete the current project phase and the entire project, and shall also include assessment of the amount of City funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project that would bring grant funds from an outside agency into the City would score higher, while a project that relies only on City funds would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.

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8. **Project Readiness:** This criterion will include an assessment of the time required for a project to complete its current project phase (i.e., planning, design or construction). For example, a project with a completed environmental document or community outreach would score higher, while a highly complex project requiring longer design time would score lower. The evaluation of this criterion will constitute five percent (5%) of the project's total score.

For transportation projects (See Section B. Project Categories), the following key prioritization factors will be used *in lieu of the above factors*:

~~For the evaluation of the relative importance of each project, the following criteria and weighting shall be used:~~

1. **Health & Safety:** This criterion shall include an assessment of the degree that to which the project improves the safety of the public using the facility. This criterion also includes an assessment of the degree that a project is under a regulatory order or other legal mandates relating to public safety. For example, projects that result in reduction in traffic accidents, improved seismic safety rating of a bridge, upgrade of an undersized storm drain to address flooding problems, and reduction of response times by emergency vehicles would score higher. ~~Examples of such projects include:~~

- ~~1. Modifying a roadway where a significant number of accidents have occurred.~~
- ~~2. Improving the seismic safety rating of a bridge.~~
- ~~3. Upgrading an undersized storm drain, where significant flooding problems have occurred.~~
- ~~4. A project that reduces response times by emergency vehicles.~~
- ~~5. A legal order to complete a project by a certain date.~~

The evaluation of this criterion will constitute twenty-five percent (25%) of the project's total score.

2. **Capacity & Service (Mobility):** This criterion shall include an assessment of the degree to which the project improves the ability of the transportation system to move people under all modes of travel including vehicle, transit, bicycle, and pedestrian usage. This criterion will also include an assessment of the degree to which the project improves the overall connectivity and reliability of the City's transportation and drainage system. For example, projects that reconfigure intersections to reduce delays, improve a parallel road to bypass a congested intersection, and interconnect traffic signals to reduce travel time along a congested corridor would score higher. ~~Examples of such projects include:~~

- ~~1. Reconfiguration of an intersection to reduce delays.~~
- ~~2. Improvement of parallel road to bypass a congested intersection or provide an alternative route.~~
- ~~3. Traffic Signal Interconnection that reduces travel times along a congested corridor.~~

COUNCIL POLICY

~~4. Transit facilities such as priority signals that speed up high usage bus routes.~~

The evaluation results of this criterion shall constitute twenty percent (20%) of a project's total score.

3. **Project Cost and Grant Funding Opportunity:** This criterion shall include an assessment of the amount of funding needed to complete the current project phase and the entire project, and ~~This criterion~~ shall also include assessment of the amount of City funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project that would bring grant funds from an outside agency into the City would score higher, while a project that relies only on City funds ~~City-wide discretionary funds (TransNet, etc)~~ would score lower. ~~A project that requires a higher amount of City funding would score lower.~~ The evaluation results of this criterion shall constitute twenty percent (20%) of the project's total score.
4. **Revitalization, Community Support & Community Plan Compliance:** This criterion shall include an assessment of the degree to which the project is in compliance with the General Plan, Community Plan, Regional Transportation Plan, or an approved City-wide master plan. This criterion shall also include an assessment of the degree to which the project is officially supported by the Community Planning Group(s), the Councilmember(s), or a Regional Agency (such as SANDAG). This criterion shall also include an assessment of the degree to which the project contributes towards economic development and revitalization efforts. For example, projects that benefits a pilot village in the City of Villages strategy or furthers smart growth, implements a portion of the City-wide master plan or corridor study, has overwhelming and documented support from the community ~~or the region~~, implements a portion of an approved Redevelopment Area infrastructure plan, and provides transportation facilities for a Community Development Block Grant (CDBG) eligible area would score higher. The evaluation results of this criterion shall constitute fifteen percent (15%) of a project's total score.
5. **Multiple Category Benefit:** This criterion shall include an assessment of the degree to which the project provides highly rated facilities for multiple project categories (see Section B for project categories). For example, a roadway project that also provides for the replacement of a deteriorated storm drain, a streetscape project that also provides street lighting at critical intersections, and a bikeway project that provides slope stabilization at an area of known erosion problems would score higher. The evaluation of this criterion shall constitute ten percent (10%) of the project's total score.

Annual recurring cost or increased longevity of the capital asset Reduces

~~Maintenance Cost:~~ This criterion shall include an assessment of the degree to which the project reduces operations and maintenance expenditures by the City. For example,

~~a storm drain replacement project that reduces the need for periodic cleaning would score higher.~~

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

~~A project with special maintenance needs (decorative pavement, landscaping, artwork, etc) whose costs are covered by a secured outside funding source such as Maintenance Assessment District would not be affected by this criterion. The evaluation results of this criterion shall constitute five percent (5%) of a project's total score.~~

7. **Project Readiness:** This criterion shall include an assessment of the time required for a project to complete its current project phase (see Section 2 of project phases i.e., planning, design or construction). For example, a project with a completed environmental document or community outreach would score higher, while a highly complex project requiring longer design time would score lower.

- ~~1. A project that requires a policy change to implement would score lower for any phase.~~
- ~~2. A project that has all of its maintenance needs secured would score higher for construction.~~
- ~~3. A project that completed the previous phase for more than a year would score higher for any phase.~~

The evaluation results of this criterion shall constitute five percent (5%) of a project's total score.

E. Implementation Process

1. Using the project categories (funding & project), phases, and criteria, the Mayor shall develop a prioritization score for each CIP project that proposes to utilize City-wide transportation and drainage resources. The Mayor shall then rank all CIP projects within their respective categories (funding & project) and phases according to their project score. In case of ties project scores, the Mayor shall evaluate the overall infrastructure deficiency within the City communities for each project as the deciding factor.
2. The resultant ranking list for each category and phase of transportation and drainage CIP projects shall be reported by the Mayor to the Council as part of the annual CIP budget, with recommendations for funding for each project within the list. Each project category shall contain a contingency of at least 15% of the total category allocations.
3. Upon approval of the CIP budget by the Council, the Mayor shall pursue the completion of each project phase according to the priority ranking resulting from this prioritization process up to the total amounts authorized by Council for each project category. The Mayor shall also use utilize the resultant priority ranking for the pursuit of all outside grant funding opportunities.

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4. The Mayor will update the priority score as the conditions of each project change or other new information becomes available. For instance, if grant funding becomes available for a lower ranked project, the priority score would be re-evaluated with this new information. When changes occur that would alter a project's priority ranking, the priority list will be revised ~~be reported to the Council, prior to allocating additional resources to any projects whose rankings are affected.~~ The City Council will receive an informational brief of changes to the priority list at mid-year, and the annual update of the list will be part of the budget process. . Similarly, resources shall not be withdrawn from a project prior to the completion of its current phase, unless ~~a revised priority list is presented to~~ reallocation is authorized by the annual appropriation ordinance or approved by Council.

5. Implementation of this Council Policy is not intended to release or alter the City's current or future obligations to complete specific CIP projects by specified deadlines, as may be imposed by court order, or order of any federal, state or local regulatory agency.

HISTORY:

Adopted by Resolution No. R-_____ [date]

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DOCKET SUPPORTING INFORMATION
CITY OF SAN DIEGO

EQUAL OPPORTUNITY CONTRACTING PROGRAM EVALUATION

DATE:

April 22, 2008

SUBJECT: Amendments to Council Policy 800-14 for Prioritizing all CIP Projects

GENERAL CONTRACTOR INFORMATION

Recommended Contractor: There is no contractor activity associated with this action.

Amount of this Action: None

Funding Source: CIP – Action to prioritize all CIP Projects

SUBCONTRACTOR PARTICIPATION

There is no subconsultant activity associated with this action.

EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE

Equal Opportunity: Not Required

ADDITIONAL COMMENTS

This action requests modifies the existing Council Policy 800-14 (Prioritization of Transportation CIP Projects), to include prioritization of all asset type CIP projects. No changes are proposed to the Transportation projects prioritization process. A list of prioritization criteria is proposed for non-transportation projects.

RLL

000541

REQUEST FOR COUNCIL ACTION
CITY OF SAN DIEGO

1. CERTIFICATE NUMBER
(FOR AUDITOR'S USE ONLY)

N/A 101

TO: CITY ATTORNEY

2. FROM (ORIGINATING DEPARTMENT):
ENGINEERING & CAPITAL PROJECTS

3. DATE: April 8, 2008 05/27

4. SUBJECT: AMENDMENTS TO COUNCIL POLICY 800-14 FOR PRIORITIZING ALL CIP PROJECTS

5. PRIMARY CONTACT (NAME, PHONE, & MAIL STA.)
James Nagelvoort (619-533-3616 MS 612)

6. SECONDARY CONTACT (NAME, PHONE, & MAIL STA.)
Mark Nassar (619-533-3172, MS611)

7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND	DEPT.	ORGANIZATION	OBJECT ACCOUNT	JOB ORDER	C.I.P. NUMBER	AMOUNT	9. ADDITIONAL INFORMATION / ESTIMATED COST:
							None

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIG. DEPT	<i>[Signature]</i>	4/14/08	8	DEPUTY CHIEF	<i>[Signature]</i>	4/15/08
2		APPROVAL SIGNATURES ON FILE		9	COO	- Not required -	
3	EAS			10			
4	EOCP			11	CITY ATTORNEY	<i>[Signature]</i>	4/30/08
5	COUNCIL LIAISON	<i>[Signature]</i>	4/18/08	12	ORIG. DEPT	<i>[Signature]</i>	5/5/08
6	CIP/FM	<i>[Signature]</i>	4/25/08		DOCKET COORD:	<i>[Signature]</i> COUNCIL LIAISON	5/13/08
7	AUDITOR	<i>[Signature]</i>	4/28/08		COUNCIL PRESIDENT	<i>[Signature]</i>	

COUNCIL PRESIDENT SPOB CONSENT ADOPTION
 REFER TO: _____ COUNCIL DATE: 5/27/08

11. PREPARATION OF: RESOLUTIONS ORDINANCE(S) AGREEMENT(S) DEED(S)

1. Adopting the changes to Council Policy 800-14 for Prioritizing Transportation Capital Improvement Program Projects to include all asset type CIP projects.

11A. STAFF RECOMMENDATIONS: **Adopt the resolution**

12. SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION.)

COUNCIL DISTRICT(S): City-wide
COMMUNITY AREA(S): City-wide
ENVIRONMENTAL IMPACT: This activity is not a "project" and is therefore not subject to CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).
HOUSING IMPACT: N/A
OTHER ISSUES: None
ATTACHEMENT: Executive Summary, Report to Council, Marked Proposed Revised Council Policy 800-14, Un-Marked Proposed Revised Council Policy 800-14.

DATE REPORT ISSUED: April 10, 2008 REPORT NO.: N/A (1472)
ATTENTION: Council President and City Council
ORIGINATING DEPT.: Engineering and Capital Projects
SUBJECT: Revised Council Policy 800-14 - Prioritization of CIP Projects
COUNCIL DISTRICTS: City-wide
STAFF CONTACT: James Nagelvoort (533-3616, MS 612)

REQUESTED ACTION:

Adoption of the changes to Council Policy 800-14 (Prioritization of Transportation CIP Projects) to include prioritization of all asset type CIP projects.

STAFF RECOMMENDATION:

Adopt the resolutions.

EXECUTIVE SUMMARY:

This action modifies (and supersedes) the existing Council Policy 800-14 (Prioritization of Transportation CIP Projects), which was adopted on January 19, 2007, to include prioritization of all asset type CIP projects. No changes are proposed to the Transportation projects prioritization process. A list of prioritization criteria is proposed for non-transportation projects. All projects being considered for funding will be prioritized in accordance with the guidelines of this policy. It is proposed that this single CIP prioritization policy address all funding sources and asset classes, including enterprise funded projects (golf, airports, water, sewer and landfill) and transportation and drainage projects.

The goal of this CIP prioritization policy is to establish a capital-planning process that ultimately leads to policy decisions that optimize the use of available resources, resulting in the maximum benefit from the projects delivered. This process allows for the analytical comparison of the costs and benefits of individual projects, as well as an opportunity to evaluate projects against one another on their relative merits. Ideally, it should provide a citywide perspective, explore various financing options, and facilitate project coordination.

Policy Highlights

- Projects will be separated into **Project Categories** according to the predominant type of asset type (*projects will compete only with projects within the same Project Category*).
- Within each of those project categories, all CIP projects will be separated into the following standard **Project Phases** of project development (*projects will compete only with projects within the same Project Phase*):
 - Planning
 - Design
 - Construction
- Additionally, projects within restricted **Funding Categories** will compete only with projects within the same funding category.

EXECUTIVE SUMMARY SHEET

- Prioritization scoring will be done according to the following **Prioritization Factors**:
 - Transportation Projects Prioritization Factors: No changes are proposed to those listed in the original Council 800-14
 - Non-Transportation Projects Prioritization Factors (percentage value is of project's total score):
 1. Health & Safety Effects (25%)
 2. Regulatory or mandated requirements (25%)
 3. Implication of Deferring the Project (15%)
 4. Annual recurring cost or increased longevity of the capital asset (10%)
 5. Community Investment (10%)
 6. Implementation (5%)
 7. Project Cost and Grant Funding Opportunity (5%)
 8. Project Readiness (5%)

FISCAL CONSIDERATIONS:

The policy would have a moderate fiscal impact for implementation.

PREVIOUS COUNCIL COMMITTEE ACTION:

Council Resolution Number 302291 (Council Policy 800-14 Prioritizing Transportation and Drainage CIP Projects) was adopted on January 16, 2007. On November 14, 2007, the Budget & Finance Committee was given a presentation on the concept of developing a CIP prioritization system for all of the project asset types, and on February 20, 2008, the Budget & Finance Committee was given the proposed amendments to Council Policy 800-14, which it approved with input.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

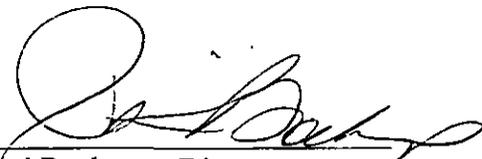
N/A

KEY STAKEHOLDERS:

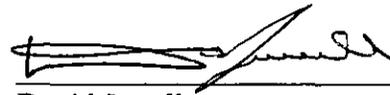
City-wide

EQUAL OPPORTUNITY CONTRACTING:

N/A



Patti Boekamp, Director
Engineering and Capital Projects



David Jarrell,
Deputy Chief Public Works

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE CITY COUNCIL AMENDING
COUNCIL POLICY 800-14 PERTAINING TO PRIORITIZING
CAPITAL IMPROVEMENT PROGRAM PROJECTS.

WHEREAS, on January 19, 2007, the San Diego City Council adopted Council Policy 800-14 which sets forth a process for prioritizing transportation and drainage CIP projects; and

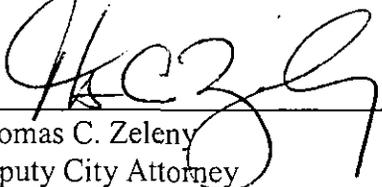
WHEREAS, it is advantageous to adopt a process for prioritizing all CIP projects; NOW,
THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that Council Policy 800-14 titled "Prioritizing CIP Projects" is amended as set forth in the Council Policy filed in the office of the City Clerk as Document No. RR-_____.

BE IT FURTHER RESOLVED, that the City Clerk is instructed to add the Council Policy to the Council Policy Manual.

BE IT FURTHER RESOLVED, that the above activity is not a project and therefore is not subject to the California Environmental Quality Act pursuant to CEQA Guidelines section 15060(c)(3).

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By  _____
Thomas C. Zeleny
Deputy City Attorney

TCZ:mb
04/30/08
Or.Dept:Eng&CP
R-2008-995

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(R-2008-995)

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego,
at its meeting of _____.

ELIZABETH S. MALAND, City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor