

SUBJECT: PRIORITIZING CAPITAL IMPROVEMENT PROGRAM PROJECTS
POLICY NO: 800-14
EFFECTIVE DATE:

Capital Improvement Program (CIP) Defined

The City of San Diego's Capital Improvement Program (CIP) is defined as the City's financial plan for the construction of the City's capital improvements. Capital improvements are the addition of a permanent structure, structural change, or the restoration of the City's assets that will either enhance the asset's overall value, prolong its useful life, or adapt it to new uses. The City's assets span a wide variety of categories that include: streets and related right-of-way features; storm water and drainage systems; water and sewer systems; public buildings such as libraries, parks, recreational and community centers; and public safety facilities such as police, fire and lifeguard stations. Capital investments are necessary for the construction of all parts of the City's infrastructure.

The Importance of Infrastructure

The importance of quality infrastructure cannot be overstated. Without functioning infrastructure, the City's economic prosperity cannot be sustained. The quality of neighborhood infrastructure will directly determine the livability of the City's neighborhoods. The community's health, safety, and natural environment all depend on available and quality infrastructure. Decisions about capital investments affect the availability and quality of most government services, as well as many private services.

Infrastructure connects residents to opportunities for employment, healthcare, and education via extensive transportation, power, water, and telecommunication networks. Ongoing investments will enhance the quality of life for each and every neighborhood. In addition to legal mandates, the prioritization of CIP projects should also consider social, economic, and geographic factors to prioritize *Structurally Excluded Communities*, as defined below, and eliminate disparities. The below terms are used to inform the intent of the policy.

Definitions

A *Structurally Excluded Community* is defined as one of the following:

1. A defined neighborhood, census tract, or Council District having documented low levels of access to City services or use of City services and programs.
2. A defined neighborhood, census tract, or Council District where established indicators suggest disparities are preventing individuals or communities from participating fully in the economic, social, and political life of the City.
3. A defined neighborhood, census tract, or Council District impacted by historic racialized policies and practices that have maintained unfair racial outcomes due to institutional racism.

Equality is defined as each individual, family, neighborhood, or community being given the same resources and opportunities without recognition that each person has different circumstances.

Equity is defined as what occurs when we eliminate institutional racism and systemic disparities, providing everyone with equitable access to opportunity and resources to thrive, no matter where they live or how they identify.

Purpose of this Policy

This policy establishes a guide for the Capital Improvements Program Review and Advisory Committee (CIPRAC) to follow in its development of the CIP program. This policy's goal is to establish a capital planning prioritization process to optimize the use of available resources for projects and guide an objective methodology used to produce equal and equitable outcomes.

CIPRAC shall use this policy as the exclusive methodology for ranking the relative needs and merits of CIP projects. This CIPRAC recommendation in prioritizing projects should be the primary factor in the Mayor and City Council allocating available resources in the annual budget processes. This CIP prioritization policy covers all departments, including enterprise departments (water, sewer, airport facilities, and landfill facilities), and non-enterprise funded departments (parks, transportation, drainage, buildings, and major facility projects). The prioritization process shall be utilized to compare the costs and benefits of each individual project, as well as to evaluate projects against each other. The methodology for the prioritization will guide an objective process to remove subjectivity and biases as Departments are categorizing equal and equitable investments to maintain all City assets.

Additionally, having a formal objective evaluation process that is used to prioritize projects will assist the City in more effectively using grant funding for CIP projects. Often grant programs emphasize a project having the design and other pre-construction activities completed prior to application for construction financing.

Five-Year Capital Infrastructure Planning Outlook (5 - Year CIP)

At the start of each calendar year, the 5-Year CIP Outlook establishes the CIP program plan for the next five fiscal years. The 5-Year CIP is developed from the following sources: (1) the Asset Management Planning Program software (AMP) that identifies needs based on a calculated risk assessment and operational maintenance strategies developed by the asset managing departments (AMD); (2) input from City Council; (3) adopted plans and policies, including but not limited to Ordinances, the Municipal Code, the General Plan, Community Plans, Mobility Plans, and the Parks Master Plan, the Climate Action Plan, and Climate Resilient SD; and (4) ongoing public input. Needs are prioritized using the AMD's unique strategies for each asset type, for inclusion in the 5-Year CIP.

Asset Categories

An AMD will assess and plan projects according to the department's needs. CIP projects shall have well defined scopes of work for the proposed improvements. To better compare projects, CIPs are separated into categories according to the predominant type of asset and funding source. Project categories shall include the following asset categories:

1. **Parks and Recreation Assets**

Assets that improve the quality of life and services in the community both socially and economically. These include, but are not limited to, community support facilities and structures such as:

- a. Parks and recreation facilities (e.g. mini and miscellaneous parks, neighborhood parks, and open space) including structures and pools;
- b. Regional sport or event facilities;
- c. Community and civic facilities;
- d. Public art and cultural facilities;
- e. Community gardens;
- f. Ancillary buildings and facilities;
- g. Golf courses; and
- h. Any other improvements that increase recreational opportunities throughout the City.

2. **Library Assets**

Assets that improve the quality of life and services in the community both socially and economically which include:

- a. Libraries (community rooms, conference rooms, and study rooms);
- b. Learning Centers; and
- c. IDEA Labs.

3. **Mobility Assets**

Assets that increase and enhance mobility options for City-wide safety, supporting Vision Zero and with an increased focus on *equity*:

- a. Streets;
- b. Sidewalks;
- c. Bicycle facilities (all classifications);
- d. Bridges (pedestrian and vehicular), including replacement, retrofit, and rehabilitation;
- e. Erosion control and slope stabilization works, and retaining walls supporting mobility facilities;

- f. Guardrails, barrier rails, traffic calming, flashing beacons, speed abatement work and other structural safety enhancements;
- g. Traffic signals, traffic signal interconnections, signal coordination work, and other traffic signal upgrades and modifications;
- h. Complete Streets and Traffic Calming;
- i. Street enhancements including medians and streetscape; and
- j. Accessibility improvements including curb ramps, street lighting including mid-block and intersection safety location.

4. Public Safety and General Service Facilities

Assets that protect, preserve and maintain the safety of the community, its environment and property as well as the City's general service facilities and structures including:

- a. Lifeguard facilities and structures;
- b. Fire facilities and structures;
- c. Police facilities and structures; and
- d. General Service Facilities and Structures (e.g. City Administration Building, etc.).

5. Enterprise and Fee Funded Assets

Assets or specific services that are funded directly by fees and charges to users. These include the services provided by [Public Utilities](#), [Environmental Services](#), and [Airports](#). This category also includes assets or services that are required by legal mandate or consent decree.

- a. Airport Facilities;
- b. Utility Undergrounding Projects;
- c. Environmental Services Facilities - landfills and supporting facilities and structures;
- d. Wastewater Pipelines and Facilities - wastewater pipelines, facilities and structures (interceptors, mains, trunk sewers, treatment plants, pump stations, laboratories, land management, reclaimed water, and administration buildings); and
- e. Water Pipelines and Facilities - water, facilities, structures and land management (distribution mains, transmission mains, treatment plants, pump stations, reservoirs/dams, standpipes, wells, laboratories, land management and administration buildings).

6. Flood Resiliency and Water Quality

Assets that improve San Diego's watersheds through stormwater quality and flood control asset or services. These include the services provided by:

- a. Conveyances (Stormdrain pipes, channels, ditches, and culverts);
- b. Structures (Inlets, outlets, cleanouts, and energy dissipaters);
- c. Pump Stations;
- d. Levees; and
- e. Green Infrastructure (Structural BMPs).

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.

Project Funding

1. Restricted Funding

Projects that exclusively use funding with external restrictions on how the money can be spent (“Restricted Funding”) will only be prioritized with other projects in the same asset category with the same funding restrictions. Each restricted funding category will have its own CIP prioritization. For example, water CIP projects will compete with other water CIP projects for funding but will not compete with wastewater CIP projects for funding, even though both water and wastewater assets are within the Enterprise and Fee Funded Assets category.

The following is a partial list of restricted funding categories:

- a. Enterprise Funds (Airport, Environmental Services, Golf, Wastewater and Water);
- b. Facilities Benefit Assessments;
- c. Utility Undergrounding Funds;
- d. State and Federal Grants;
- e. Regional Parks and Mission Bay Improvement Funds;
- f. TransNet Funds;
- g. Enhanced Infrastructure Financing Districts; and
- h. Climate Equity Funds.

2. Development Impact Fees and Facilities Benefit Assessments

Community specific Development Impact Fees (DIF) and Facilities Benefit Assessments (FBA) shall be prioritized prior to appropriating or expending Citywide DIF in each community. The City will prioritize DIF when needed to leverage existing community based DIF and FBA funds to speed delivery of identified projects.

3. Non-Restricted Funding

Projects that use a combination of either restricted and non-restricted funding, or those that exclusively use non-restricted funding sources will compete for Capital Outlay, Infrastructure, General Fund, or General Fund Bond Proceeds in accordance with this CIP prioritization policy.

Although capital needs and drivers from the Enterprise Asset Departments are often separate from the needs and drivers of the General Fund Asset Departments, the capital investments of all City departments should be planned together to allow better coordination of capital projects throughout the City over time. Citywide coordination of capital project planning can increase the cost-effectiveness of the City's capital programs by facilitating a holistic approach to infrastructure investments.

Policies and Plans

This policy incorporates guidance from other City policies and plans, including but not limited to:

1. **Build Better SD**

A citywide infrastructure funding and planning initiative to support the City of San Diego's *equity*, access, conservation, and sustainability goals which prioritizes the delivery of:

- a. Effective fire and emergency response infrastructure;
- b. Safe and enjoyable spaces to gather;
- c. Travel via all modes; and
- d. Immersive and interactive libraries.

2. **Climate Action Plan**

The community-wide goal of net zero greenhouse gas (GHG) emissions by 2035. The Climate Equity Index scores each census tract by assessing various environmental, socioeconomic, mobility, health, and housing indicators. The Climate Equity Index also prioritizes climate investments that address historical inequities in Communities of Concern. The City's GHG reductions will be met by:

- a. Decarbonization of the Built Environment;
- b. Access to Clean and Renewable Energy;
- c. Mobility and Land Use;
- d. Circular Economy and Healthy Communities;
- e. Resilient Infrastructure and Healthy Ecosystems; and
- f. Emerging Climate Solutions.

3. **Parks Master Plan**

Bringing the many benefits of great parks and recreational opportunities to all City residents and visitors by addressing thirteen key policy areas:

- a. Parks & Programming;
- b. Equity;
- c. Access;
- d. Activation;
- e. Co-Benefits;
- f. Community Building;
- g. Mobility as Recreation;
- h. Arts and Culture;
- i. Conservation Sustainability and Resilience;
- j. Partnerships;
- k. Operations and Maintenance;
- l. Regional Parks; and
- m. Funding.

4. Mobility Plans

Developing and employing innovative, multifaceted best practices for a balanced, multi-modal transportation network to improve personal mobility, reduce the number of vehicle trips during peak congestion periods, and increase the safety and efficiency of our transportation system for all users.

Required Information

AMDs shall prioritize capital needs and projects using the factors listed below. This policy provides general guidance and examples for each prioritization factor. More detailed and objective scoring criteria will be developed in coordination with AMDs based on relevant asset type and available data.

Before utilizing these prioritization factors, each AMD shall gather and maintain the following information:

1. Identify the minimum level of service expected from the proposed projects, which will be used as a baseline for scoring.
2. Operational and maintenance goals that are realistic and sustainable.
3. Disparities within *Structurally Excluded Communities*.
4. Basic infrastructure and facility data sufficient to identify City asset deficits as required in the General Plan, community plans, master plans, the Americans with Disabilities Act (ADA) Transition Plan, or the current open and unfunded ADA complaints list.
5. Basic assessment data (AMP) sufficient to identify new assets needed to meet a

- service standard or existing assets needing improvement.
- 6. A five-year capital infrastructure planning outlook that is maintained and assessed annually.
- 7. A database of needs with priority scoring system consistent among all other AMDs.
- 8. For assets currently in AMP, update and maintain the database of needs and prioritizations.
- 9. Add additional asset categories to AMP as datasets are available.

Prioritization Factors

Below is a list of prioritization factors that the AMD shall apply to each project according to the scoring weight given to each factor based on the type of project:

1. Legal Compliance and Risk to Health, Safety and Environment

The factors below shall be considered in the scoring of this prioritization factor:

- a. Project avoids or minimizes the risk to health, safety, and the environment associated with the infrastructure based on a condition assessment of the asset, or the lack of an asset, which may include the age, size, material, capacity, and history of failure of the infrastructure, through:
 - i. Reduction in accidents, main breaks, sewer spills, or flooding;
 - ii. Improved structural integrity and reliability of infrastructure;
 - iii. Mitigation of health and environmental hazards;
 - iv. Vision Zero safety improvements toward eliminating fatalities and severe injuries related to mobility;
 - v. Increased resiliency to the effects of climate hazards;
 - vi. Reduced emergency response times to minimum operational standards;
 - vii. Consent decrees, court orders, settlements and/or other legal mandates being addressed;
 - viii. Reduced potential hazards to the public property and the environment related to urgent conditions; and
 - ix. Increased compliance with state or federal law.
- b. The urgency of the project to reduce the potential hazards to the public, property, and environment.

- c. The extent to which the project minimizes liability for failure to comply with state or federal law (e.g. Department of Health and Environmental Protection Agency requirements or Title II of the Americans with Disabilities Act requirements).

2. Asset Condition and Level of Service

The following factors shall be considered in assigning a score to this prioritization factor:

- a. The existing asset fails to meet the basic level of service, as defined by each AMD and the project addresses substandard asset conditions.
- b. Project serves areas with higher population densities and areas experiencing the most growth.
- c. Project improves the overall reliability of the capital asset and infrastructure system and extends the useful life of the asset.
- d. Project reduces maintenance expenditures and delay will result in significant future costs.
- e. Project addresses an infrastructure or facility deficiency identified in a General Plan, Community Plan, Mobility Plan, Regional Transportation Plan, or master plan, such as the Parks Master Plan, Climate Resilient SD, or the Climate Action Plan.

3. Equal and Equitable Community Investment

The following factors shall be considered in scoring this prioritization factor:

- a. Project contributes to economic development and revitalization efforts in *Structurally Excluded Communities* that prevent displacement, increase rates of homeownership and affordable housing, reduce residential vacancy levels, raise rates of self-employment, and increase presence of community building organizations.
- b. Project reduces or avoids negative impacts to the community when infrastructure is out of service.
- c. Project benefits *Structurally Excluded Communities*.
- d. Project addresses disparities in *Structurally Excluded Communities* that enhance neglected assets, services and response time in Public Safety (Fire and Police response time), and general service facilities.
- e. Project is located in a census tract that is deemed eligible for Community Development Block Grant (CDBG) funds, in a Promise Zone or a historically *Structurally Excluded Community* or located in a Community of Concern identified per the Climate Equity Index.
- f. Project improves access for people of all ages and abilities.

4. Sustainability and Conservation

The following factors shall be considered in scoring this prioritization factor:

- a. Project benefits Communities of Concern identified by the Climate Equity Index.
- b. Project advances the Climate Action Plan goal of net zero greenhouse gas emissions by 2035.
- c. Project promotes climate resiliency by reducing heat island effect, increasing natural habitat, increasing trees and green spaces, improving water quality, or increasing independence for local energy or water resources.
- d. Project improves the health of the community and natural environment by using sustainable designs with improved regional air quality and reduced greenhouse gas emission that contributes to climate change.
- e. Project reduces auto-dependency and promotes other modes of transportation such as walking, bicycling and public transportation.
- f. Project promotes infill development, open space and land-form preservation, habitat protection and biological diversity, or enhanced urban runoff management.
- g. Project results in electrification/decarbonization of municipal facility and/or fleet (i.e. EV fleet charging infrastructure) consistent with the Zero Emissions Municipal Buildings & Operations Policy.
- h. Project results in greener neighborhoods and reduces or avoids the potential public exposure to pollutants, contamination and other hazards to public health and environment.

If a project scores zero for Factor 4, project will be sent back to Asset Managing Department for reevaluation.

5. Funding Availability

The following factors shall be considered in scoring this prioritization factor:

- a. Projects with high likelihood to receive funding (grant funds or cost sharing from outside entities) shall receive a higher score.
- b. Projects that have an identified funding source will be scored higher than those that do not.
- c. Projects that require funding to complete an ongoing phase will be scored higher than those that need funding for the next phase of the project.

6. Project Readiness

The following factors will be considered in scoring this prioritization factor:

- a. Project scores will increase as the project lifecycle progresses. For example, a project in construction will be scored higher than a project in planning.
- b. Projects that can be delivered the most expeditiously will be scored higher than projects that have unresolved complex environmental issues or legal challenges.

7. Multiple Category Benefit and Bundling Opportunities

The following factors will be considered in scoring this prioritization factor:

- a. Project reduces construction costs by potentially bundling with adjacent projects of other asset types.
- b. Project provides for partnering or bundling opportunities with other local, state, or federal agencies (e.g. leverages shared resources).

Scoring Weights

The below table provides scoring weights for each prioritization factor per asset category in recognition that different assets serve distinct needs. The Equal and Equitable Community Investment Factor will be consistent across each asset category to establish a shared focus on addressing disparities in *Structurally Excluded Communities*.

Factors	Parks & Rec and Golf Assets	Library Assets	Mobility Assets	Public Safety & General Service Assets	Enterprise & Fee-Funded Assets	Flood Resiliency & Water Quality Assets
1. Legal Compliance and Risk to Health, Safety and Environment	18	13	25	25	25	25
2. Asset Condition and Level of Service	25	25	25	28	25	25
3. Equal and Equitable	20	20	20	20	20	20

Community Investment						
4. Sustainability and Conservation	25	25	15	15	15	15
5. Funding Availability	5	10	5	5	5	
6. Project Readiness	5	5	5	5	5	5
7. Multi Asset Benefit	2	2	5	2	5	5
Total	100	100	100	100	100	100

For consistent and accurate application of the prioritization factors each asset department shall develop asset-specific sub-criteria for each factor. These criteria shall be applied to the AMD's own projects at both the Needs List Phase and the Funding Phase.

Implementation Process

The following process discusses the steps in prioritizing projects from identifying a need through implementing the project.

1. Stakeholders (including Council, the public, and CPGs) submit a capital need per Council Policy 000-32.
 - a. Council yearly submittals; and
 - b. Public input at a minimum of every two years.
2. The needs are identified based on City strategic goals, master plans, community plans, federal and local mandates, and asset strategies driven by condition assessment and level of service targets. The needs are prioritized using the AMDs unique strategies for each asset type, for inclusion in the 5-Year CIP.
3. At the start of the budget process for the appropriate Fiscal Year, the proposed projects are scoped and then scored using Council Policy 800-14, before being submitted to CIPRAC for review and recommendation for Mayoral approval into the proposed annual budget.
 - a. If the Mayor approves the CIPRAC's recommendation, the need is submitted as part of the Mayor's proposed CIP Budget.
 - b. If the Mayor rejects a recommended project, the project goes back to the AMD for reconsideration for next budget cycle, and adjustment in the 5-Year CIP Plan.

4. Once the need is in the Mayor's proposed CIP Budget, and the proposed CIP Budget has been approved by City Council, the first or next phase of the project will be initiated.
5. At various decision points after project initiation, including but not limited to, the completion of design but prior to the start of construction, a project will be reviewed by the Project Manager responsible for completing the project, and the priority score will be adjusted to account for any changes that have occurred since the last scoring opportunity prior to receiving funding to advance to the next stage in the project lifecycle.

Additional Considerations

1. Emergency projects automatically have 100% priority score.
2. For new fire station projects, the Citygate Standards of Response Coverage report, or similar technical public safety report, will be prioritized over the final project prioritization score for final funding consideration by City Council.
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.
4. The Mayor will also utilize the resultant priority ranking for the pursuit of all outside grant funding opportunities.
5. For projects that have funding shortfalls, the priority scores will be updated and provided to Council as part of any proposed financial action.

Revisions to this Council Policy are 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.

Monitoring and Reporting

Regular monitoring is critical to ensuring that infrastructure projects are prioritized in a manner consistent with the purpose of this Council Policy and that result in investments aligning with climate, *equity*, and strategic plan goals. At least once every two years, the City's Engineering & Capital Projects Department shall report on the infrastructure projects included in the CIP Budget in accordance with this Policy. The report will include information such as the number of CIP projects and project costs within each council district and community planning area and a summary of all CAP-implementing projects as well as those within a designated Community of Concern identified in the Climate Equity Index. If the City Council or Mayor determines that

the purpose and intent of this Council Policy are not being achieved based on these reports, this Council Policy should be updated to include any needed refinements.

HISTORY:

Adopted by Resolution R-302291 - 01/16/2007

Amended by Resolution R-303741 - 05/30/2008

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