

COUNCIL POLICY

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

Capital Improvements Program (CIP) Defined

The City of San Diego's Capital Improvements Program (CIP) is the City's financial plan for the construction of the City's capital improvements. Capital improvements are the addition of a permanent 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 has a span of assets to include, but is not limited to: 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 is the backbone to connecting opportunities for employment, healthcare, and education via extensive transport, power, water, and telecommunication networks. Ongoing investments will enhance the quality of life for every neighborhood. In addition to legal mandates, the prioritization of CIP projects that create or expand infrastructure should also take into consideration social, economic, and geographic factors to prioritize Structurally Excluded Communities and eliminate disparities. The below terms are used to inform the intent of the policy.

A Structurally Excluded Community is defined as the following:

- A defined neighborhood, census tract, or Council District having documented low levels of access to City services or use of City services and programs.

COUNCIL POLICY

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

- 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.
- 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 the following:

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

Equity is defined as the following:

- Equity 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. The CIPRAC recommendation of priority projects should be the primary factor in 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 evaluate projects against each other. The methodology for the prioritization will guide an objective process to

COUNCIL POLICY

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

remove subjectivity to remove biases as Departments are categorizing equal and equitable investments to maintain all City assets.

A formal objective evaluation process is used to rank projects according to their priority to allow the City to effectively tap into outside 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 5 fiscal years. The 5-Year CIP is developed from the following sources: (1) the Asset Management Planning Program software (AMP) will identify 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, Municipal Code, the General Plan, Community Plans, Mobility Plans, and the Parks Master Plan; (4) the Climate Action Plan, (5) Climate Resilient SD; and (5) ongoing public input. Needs are prioritized using the AMDs unique strategies for each asset type, for inclusion in the 5-Year CIP.

A. 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/or funding source. Project categories shall include the following 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:

COUNCIL POLICY

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

- a. Park and recreation facilities (e.g., community parks, neighborhood parks, mini and miscellaneous parks, regional parks, and open space) including structures and aquatic complexes)
 - 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
 - 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, study rooms)
 - b. Learning Centers
 - c. IDEA Labs
3. **Transportation Assets** – assets that increase and enhance mobility options for city-wide safety, supporting vision zero and with an increased focus on equity:
- a. Street Resurfacing
 - b. Sidewalks that are missing or in need of replacement
 - c. Bicycle facilities (all classifications)
 - d. Bridges (pedestrian and vehicular), including replacement, retrofit, and rehabilitation
 - e. Erosion control, slope stabilization, and retaining walls supporting transportation facilities
 - f. Guardrails, barrier rails, traffic calming, flashing beacons, speed abatement work and other structural safety enhancements
 - g. Traffic signals and signage, traffic calming, traffic signal interconnections, signal coordination work, and other traffic signal upgrades and modifications

COUNCIL POLICY

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

- h. Roadway capacity and widening, and street enhancements including medians and streetscape
 - i. 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
 - 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; and include:
 - a. Airport Facilities
 - b. Utility Undergrounding
 - c. Environmental Services Facilities – landfills and supporting facilities and structures
 - d. Wastewater Pipelines and Facilities – wastewater pipelines, facilities and structures (e.g., interceptors, mains, trunk sewers, treatment plants, pump stations, laboratories, land management, reclaimed water, aimed water and administration buildings)
 - e. Water Pipelines and Facilities – water, facilities, structures and land management (e.g., 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 stormwater quality control and flood control asset or services. These include the services provided by:

COUNCIL POLICY

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

- a. Conveyance (Stormdrain pipes, channels, ditches, culverts)
- b. Structures (Inlets, outlets, cleanouts and energy dissipaters)
- c. Pump Stations
- d. Levees
- 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.

Other categories not included in this policy are Department of IT.

B. Project Funding

1. Restricted Funding

Projects that exclusively use funding with external restrictions on how the money will be spent (“Restricted Funding”) will only be prioritized with other projects 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-Funded Assets Category.

The following is a partial listing 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
- h. Climate Equity Funds

COUNCIL POLICY

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

2. Development Impact Fees

Community specific development impact fees (DIF) shall be prioritized prior to appropriating or expending Citywide DIF in each community. The City will prioritize Citywide DIF when needed to leverage existing community-based DIF funds to speed delivery of identified projects.

3. Non-restricted Funding

Projects that either use a combination of 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.

C. Required Information

This policy shall reflect guidance from other City Policies and Plans such as:

- a) **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 and travel via all modes
 - c. Immersive and interactive libraries
- b) **Climate Action Plan** – The community-wide goal of net zero greenhouse gas (GHG) emissions by 2035. 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:

COUNCIL POLICY

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

- a. Decarbonization of the Built Environment
 - b. Access to Clean & Renewable Energy
 - c. Mobility & Land Use
 - d. Circular Economy & Healthy Communities
 - e. Resilient Infrastructure and Healthy Ecosystems
 - f. Emerging Climate Solutions
- c) Parks Master Plan – Bringing the many benefits of great parks and recreational opportunities to all City residents and visitors by addressing 13 key policy areas; Parks & Programming, Equity, Access, Activation, Co-Benefits, Community Building, Mobility as Recreation, Arts & Culture, Conservation Sustainability & Resilience, Partnerships, Operations & Maintenance, Regional Parks, Funding.
- d) Mobility Plans – Mobility Planning develops and employs innovative, multifaceted best practices to develop a balanced, multi-modal transportation network to improve personal mobility, reduce the number of vehicle commute trips during peak congestion periods, and increase the safety and efficiency of our transportation system for all users.

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

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

- a. AMDs shall identify the minimum level of service expected from the proposed projects and use said service level as a baseline for scoring.
- b. Identify operational and maintenance goals that are realistic and sustainable.
- c. Identify disparities within Structurally Excluded Communities to prioritize capital and project investments.
- d. Maintain a basic infrastructure and facility program that will be used to identify City asset deficits as identified 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.

COUNCIL POLICY

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

- e. Maintain a basic assessment program (asset management program) that will be used to identify new assets needed to meet a service standard or existing assets needing improvement.
- f. Create a Five-Year Capital Infrastructure Planning Outlook that will be maintained and assessed annually.
- g. Maintain a database of needs with priority scoring system consistent among all other AMDs.
 1. For assets currently in AMP, update and maintain the database of needs and prioritization.
 2. Add additional asset categories to AMP as datasets are available.

D. Prioritization Factors:

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

- a. Project avoids or minimizes the risk to health, safety, and the environment associated with the infrastructure based on condition assessment of the asset, or the lack of an asset. For example, scoring projects higher that result in:
 1. Reduction in accidents, main breaks, sewer spills, or flooding problems
 2. Improved structural integrity and reliability of infrastructure
 3. Mitigation of health and environmental hazards
 4. Vision zero: improve safety toward eliminating fatalities and severe injuries related to mobility
 5. Increased resiliency to the effects of climate hazards
 6. Reducing emergency response times to minimum operational standards
 7. Addressing consent decrees, court orders, settlements and/or other legal mandates
- b. Urgency of the project to reduce the potential hazards to the public, property, and environment.
- c. Project minimizes liability for failure to comply with local, state or federal law. (e.g. Department of Health and Environmental Protection Agency's or American with Disabilities Act Title II "ADA" requirements).

COUNCIL POLICY

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

2. Asset Condition and Level of Service:

- 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 will improve the overall reliability of the asset and infrastructure system and extends the useful life of the asset.
- c. The project will reduce maintenance expenditures and if delayed will cause significant future costs.
- d. Project addresses an infrastructure or facility deficit identified in a General Plan, Community Plan, Mobility Plans, Regional Transportation Plan, and/or adopted Citywide master plan, including but not limited to the Parks Master Plan, Climate Resilient SD, and the Climate Action Plan.

3. Equal and Equitable Community Investment:

- a. Project contributes to economic development and revitalization efforts in Structurally Excluded Communities preventing displacement, increasing higher rates of homeownership and affordable housing, lower levels of residential vacancy, greater rates of self-employment, and presence of community-building organizations.
- b. Project reduces or avoids negative impacts to the community when infrastructure is out of service.
- c. The project will benefit Structurally Excluded Communities including those with low income households, deficient infrastructure, low mobility or access to transportation systems, and environmental and health indicators (groundwater threats, tree coverage, asthma rate etc.).
- d. Project expects to address disparities in Structurally Excluded Communities to enhance neglected assets to enhance services and response time in Public Safety (Fire and Police response time) and General Service Facilities.
- e. The project is located in a census tract that is deemed eligible for Community Development Block Grant (CDBG) funds, Promise Zone or a historically Structurally Excluded Community.
- f. Project improves access for people of all ages and abilities.

4. Sustainability and Conservation:

COUNCIL POLICY

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

- a. Project benefits communities of concern identified per the Climate Equity Index. The Climate Equity Index scores each census tract by assessing various environmental, socioeconomic, mobility, health, and housing indicators.
- b. The project advances the Climate Action Plan and is in line with the community-wide 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 and increasing independence for local energy and water resources.
- d. Project improves the health of the community and natural environment by using sustainable designs that improve the regional air quality and reduced greenhouse gas emissions that contributes to climate change.
- e. Project reduces auto-dependency and promotes other modes of transportation such as walking, bicycles, and public transportation.
- f. Project promotes either infill development, open space and landform preservation, habitat protection and biological diversity, and enhanced urban runoff management.
- g. Project results in electrification/decarbonization of facility and/or fleet (i.e. EV fleet charging infrastructure) adherent to 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.

5. Funding Availability:

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

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

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

6. Project Readiness:

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

7. Multi Asset Benefit:

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

DRAFT

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

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

E. Scoring Weights

The below table provides scoring weights for each prioritization factor per asset category in recognition that different project types 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	Transportation 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 Community Investment	20	20	20	20	20	20
4. Sustainability and Conservation	25	25	15	15	15	15
5. Funding Availability	5	10	5	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 AMD 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 Phases.

COUNCIL POLICY

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

F. Implementation Process

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

1. Stakeholders (including Council, the public, and CPGs) submit a capital need to the AMD.
 - a. Council yearly submittals
 - b. Public input at least every other year
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 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 budget has been approved by City Council, the project will be initiated and funded accordingly.
5. At decision points after project initiation, such as the completion of design and prior to the start of construction, all projects will be reviewed by the Project Manager responsible for completing the project, and priority scores 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.

COUNCIL POLICY

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

Exceptions and Considerations:

1. Emergency projects will automatically have 100% priority score.
2. 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.
3. The Mayor shall also utilize the resultant priority ranking for the pursuit of all outside grant funding opportunities.
4. For projects that have funding shortfalls, the priority scores will be updated and provided to council as part of any proposed financial actions.

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.

G. 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 resulting investments align 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 as per the Climate Equity Index. If the City Council determines that the purpose and intent of this Council Policy are not being achieved based on these reports, this Council Policy shall be updated to include any needed refinements.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

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

HISTORY:

Adopted by Resolution R-302291 – 01/16/2007
Amended by Resolution R-303741 – 05/30/2008
Amended by Resolution R-308535 – 11/13/2013

DRAFT