



THE CITY OF SAN DIEGO

## REPORT TO THE CITY COUNCIL

DATE ISSUED: July 25, 2012

REPORT NO.: 12-094

ATTENTION: BUDGET AND FINANCE COMMITTEE

SUBJECT: Proposed Amendments to the CIP Prioritization Policy

REQUESTED ACTION: Informational Only

### **BACKGROUND:**

The purpose of Council Policy 800-14 is to establish an objective process for ranking Capital Improvements Program (CIP) projects to give decision-makers a basis for choosing the most compelling projects for implementation. It provides guidelines and weighted factors for the scoring and ranking of all of the asset types in the CIP.

The original Council Policy 800-14 was adopted on January 19, 2006 and addressed prioritization guidelines for transportation and drainage CIP projects only. Subsequently, the Council Policy was amended on February 20, 2008 to include all City of San Diego's CIP projects.

This single CIP prioritization policy addresses all funding sources and asset categories, including enterprise funded projects (golf, water, sewer, airport facilities, stadium and landfill facilities), parks, transportation, drainage, buildings and major facilities projects.

The policy currently provides two sets of weighted factors; one set of weighted factors for Transportation and another set of weighted factors for Non-Transportation CIP projects.

#### **Transportation Factors & Weighted Score Values:**

- 1) Health & Safety (25%)
- 2) Capacity & Service (Mobility) (20%)
- 3) Project Cost and Grant Funding Opportunity (20%)
- 4) Revitalization, Community Support & Community Plan Compliance (15%)
- 5) Multiple Category Benefit (10%)
- 6) Annual recurring cost or increased longevity of the capital asset (5%)
- 7) Project Readiness (5%)

#### **Non-Transportation Factors & Weighted Score Values:**

- 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%)

The policy states that CIP projects will not compete across the different project categories, the different funding sources, or the different project phases (planning, design construction) – however projects within each of these areas will compete for funding.

The existing Council Policy is attached here as Exhibit A.

PURPOSE OF PROPOSED CHANGES:

While the current council policy is effective in ranking the City’s active CIPs, there have since been lessons learned from its application, and areas of beneficial improvement communicated by various stakeholders as well as by the 2011 CIP and Public Utilities Department audits. These proposed changes would make this tool even more practical and objective for staff to follow for the scoring and ranking of new CIP’s.

SUMMARY OF PROPOSED CHANGES:

The following is a summary of the recommended improvements:

1. Consolidate and simplify the Categories for all CIP Asset Types by reducing the asset type categories from 17 to 8 categories, as follows:
  1. Airport Facilities
  2. Environmental Services
  3. Buildings & Major Facilities
  4. Park & Recreation Facilities
  5. Water - Pipelines & Facilities
  6. Wastewater - Pipelines & Facilities
  7. Transportation Facilities
  8. Drainage Facilities
2. Consolidate the Scoring Factors for Transportation & Non-Transportation CIP’s so that there is one set of weighted values for all asset types.
3. Provide further scoring guidelines and consideration for the evaluation of:
  - i. Risk to Environment
  - ii. Sustainability of Resources
4. Allow for more simplified scoring at the planning phase (when information about a project is least available) versus the more detailed prioritization evaluation done at the design and construction phases.

5. Allow for the default high scoring of emergency declared CIP projects.

6. Ensure that, during implementation, scoring tools consider the unique needs of the different asset types while maintaining conformance to the overarching scoring guidelines in the Council Policy.

#### CONTINUED STAKEHOLDER OUTREACH

Through several meetings, staff has solicited input for improvements to the Council Policy from the following stakeholders:

- City of San Diego's Asset Owning Departments
- City of San Diego's Capital Improvements Program Review Advisory Committee (CIPRAC)
- Independent Rates Oversight Committee (IROC)

Over the months of July through September, staff will also be meeting with the following committees and any others that the Budget & Finance Committee recommends, to further obtain input on additional recommendations for changes:

- Community Budget Alliance (CBA)
- Center on Policy Initiatives (CPI)

From this effort, staff will collect and incorporate the public's comments into a proposed final Council Policy that would be submitted to Budget and Finance Committee for action in September 2012. If approved at that time, the Council Policy would be forwarded to full Council Committee for adoption in October 2012. Once adopted, the amended council policy will be applied to the new projects submitted as part of the FY 2014 Budget.

#### PROPOSED TIMELINE FOR IMPLEMENTATION:

In order for the amended council policy to apply to the ranking of the new CIP projects being added to the FY 2014 Budget, Council would need to approve it by October 2012. The following is the proposed timeline:

July 2012	Budget & Finance Committee (Informational)
August - September 2012	Public Outreach
September 2012	Incorporate Public Comment Budget & Finance Committee (Action)
October 2012	Council Adoption
November - December 2012	Apply amended CP800-14 on new CIP's for FY 2014 Budget

**CONCLUSION:**

We would like to solicit your input and that of the public on the proposed improvements to the City Council Policy 800-14. We believe these revisions will provide better consistency across all asset types, objectivity and ease of application.



Tony Heinrichs  
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Attachments: Exhibit A - Council Policy 800-14

cc: CIPRAC Membership