

<i>City of Commerce</i>	Public Works and Development Services	SOP	101
Capital Improvement Program – Prioritization Policy		Version No.	1.0
		Effective	05/19/15

Purpose

The City of Commerce’s (City) Capital Improvement Program (CIP) strives to reflect the goals of systematically planning, scheduling, managing, monitoring, and financing capital projects to ensure cost-effectiveness and conformity with established policies. The CIP guides the funding and construction of all public improvements constructed by the City, including roads, water lines, parks, and municipal buildings. The CIP reflects a balance between capital replacement projects that repair, replace, or enhance existing facilities, equipment or infrastructure and capital facility projects that significantly expand or add to the City’s existing fixed assets. Attention will be given to the utilization of resources and grants in a manner that will maximize the City’s capacity to complete the capital improvements.

This policy can be used as a guide for staff and City Council to prioritize capital improvement projects. The policy should be used as the exclusive methodology for ranking the needs and merits of projects. This policy will identify all funding sources and asset categories. The prioritization process will be utilized for analytical comparison of the costs and benefits of individual projects and will be used to evaluate projects against one another on their relative merits.

I. Capital Improvement Program (CIP) Defined

The City of Commerce’s (City) Capital Improvement Program (CIP) is defined as the City’s short-range financial plan for the repair and/or construction of municipal infrastructure, with a focus on sustainability that will help the City meet current and future fiscal and environmental needs. CIP includes most projects that involve non-annual maintenance and/or repairs over Fifty Thousand Dollars (\$50,000). The term infrastructure in this Council Policy refers to capital assets within the City’s span of responsibility and includes but is not limited to, streets and related right-of-way features, storm water and drainage systems, water and sewer systems, public buildings and facilities such as libraries, parks, recreation and community centers, and public safety and transit facilities. Capital investments are not only necessary for the construction of all parts of municipal infrastructure to ensure the long-term functionality and useful life of the City’s infrastructure, but can also act as a catalyst to stimulate economic development.

II. The Importance of Infrastructure

Well maintained infrastructure can help stimulate the City's economic prosperity. A well planned CIP and well maintained infrastructure can be a tool that motivates private investment within the City's residential, commercial, and industrial neighborhoods. For example, well maintained streets and efficiently timed traffic signals provide for quick and safe delivery of commercial goods and services, as well as providing more comfortable travel experience for motorists. Additionally, the quality of neighborhood infrastructure will directly determine the livability of a residential neighborhood, and the ability to sustain and grow business in commercial and industrial areas. 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 services that can be provided within the public and private sectors.

Infrastructure can also have an effect on the quality of life in residential neighborhoods. Infrastructure should allow fair, transparent, and equitable services to all. Prioritizing CIP projects that create infrastructure that directly affect residents should take into consideration social, economic, and geographic disadvantaged communities or communities that have low levels of access and or use of City services.

III. CIP Request List

CIP projects are generated from a request list and implemented through interdepartmental cooperation. The requests are generated from various departments, the City Administrator, as well as the City Council. At times CIP projects are implemented through partnership with private development. Furthermore, there are some funding sources, such as Gas Tax, Proposition 1B, and Highway Safety Improvement Program (HSIP), which have restricted use provisions which must be taken into consideration as part of the developing the budget for certain projects within the CIP. Funding for CIPs can come from multiple sources, including various grants, CIP allocation from General Funds, Measure AA, State, Federal or Regional Funding sources, and in some cases private development funds. Annually each department develops a request list based on information provided by elected officials, community based organizations, residents, operations and maintenance staff, and other stakeholders.

CIP requests are compiled due to the need to repair, replace, improve, or construct a new facility, road, or other infrastructure based on failing condition, lack of a facility, excessive use or maintenance, or health and safety issues. The needs are usually divided into categories and the needs are evaluated and appropriately grouped for consideration as part of the proposals for the new fiscal year CIP budget submittal. Prior to initiating a planning phase, all projects competing for funding, and being submitted for budget consideration, will undergo project ranking as outlined in this policy. The CIP project is reassessed in detail during the planning phase, and if needed, reprioritized based on the updated scope, cost, schedule and available funding.

A. Project Funding

1. Projects within restricted funding categories will be analyzed only with projects within the same funding category. The following are some but not all of the restricted funding categories:
 - a. Community Development Block Grants
 - b. Developer Impact Fees
 - c. Enterprise Funds
 - d. Grants
 - e. State and Federal Funds
 - f. Measure AA Funds

2. Projects that are not within a restricted funding category will compete for capital outlay funds, General Funds or bonds proceeds 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 program by facilitating a holistic approach to infrastructure investments.

B. Asset Categories

To ensure a comparison is conducted between similar types of projects, CIP projects will be separated into categories based on type of asset and funding sources. The following are the asset categories:

1. **Enterprise-Funded Assets and Mandated Programs** – assets or specific services that are funded directly by fees and charges to users. These include the services provided by Public Utilities and Environmental Services.

Water Pipelines and Facilities – Water pipelines, facilities, structures and land management (distribution mains, transmission mains, treatment plants, pump stations, reservoirs/dams, standpipes, wells, and laboratories, land management and administration buildings)

2. **Mobility Assets** – assets that increase mobility options and the functionality of local roadways, streets, sidewalks, and public transport include, but are not limited to:

- a. Bicycle facilities (all classifications)
- a. Bridges (pedestrian and vehicular), including replacement, retrofit, and rehabilitation
- b. Erosion control, slope stabilization, and retaining walls supporting transportation facilities
- c. Roads, roadway widening, roadway reconfigurations, major pavement rehabilitation, and street enhancements including medians and streetscape
- d. Guardrails, barrier rails, traffic calming, flashing beacons, speed abatement work and other structural safety enhancements
- e. Traffic signals, traffic calming, traffic signal interconnections, signal coordination work, and other traffic signal upgrades and modifications
- f. Pedestrian facilities including sidewalks, pedestrian accessibility improvements including curb ramps, street lighting including mid-block and intersection safety location
- g. Transit and multimodal facilities such as bus shelters, train station improvements and park and ride facilities
- h. Sustainable mobility investments such as electric car charging stations

3. **Public Safety Assets** – assets that protect, preserve, and maintain the safety of the community, its environment and property that include:

- a. Sheriff, Fire, and Community Services facilities and structures
- b. Cameras and surveillance
- c. Visibility and lighting improvements
- d. Emergency response facilities

4. **Neighborhood Assets** – assets that improve the quality of life and services in the community both socially and economically. These include but are not limited to:

- a. Libraries
- b. Park and recreation facilities (including all parks, structures, and pools and pool facilities)

- c. Regional sport or event facilities
- d. Community and civic facilities
- e. Public arts and cultural facilities
- f. Community gardens

CIP budgets will reflect project allocations according to the above categories. The project categories will 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 projects are properly prioritized, all CIP projects will be separated into the following phases within each project category:

1. Needs Assessment (Prior to Inclusion in the CIP Budget): This process is for rating and prioritizing a need before the project is submitted for the inclusion to the budget. Departments will group the needs with similar scope, funding sources and functional category, when appropriate, and establish a project score. The proposed project will be scored based on available information of the asset. The score will be used to determine whether or not to include the project into the next fiscal year CIP budget.
2. After CIP Budget: This process will be used for scoring and prioritizing projects that have been approved for inclusion in the CIP budget. The following will be used in the evaluation for ranking:
 - a. Planning and pre-design – includes assessment of the existing condition or absence of the asset, development of a feasibility study and preliminary scope, schedule, and budget
 - b. Design- includes development of construction plans, specifications, environmental document, contract documents, and detailed cost estimate for the CIP project
 - c. Construction – includes site preparation, utilities placement, equipment installation, construction, environmental mitigation and project closeout

D. Prioritization Factors

Based on the prioritization factors listed below, departments will prioritize capital needs and projects for available budgetary resources. The seven (7) Prioritization Factors that will be used for scoring projects are as follows:

1. **Risk to Health, Safety and Environment**

2. **Asset Condition, Annual Recurring Cost and Asset Longevity**
3. **Community Investment and Economic Prosperity**
4. **Sustainability and Conservation**
5. **Funding Availability**
6. **Project Readiness**
7. **Department Support**

Before utilizing these prioritization factors each department will incorporate the following considerations as the basis for ranking:

- a. Identify the minimum level of service expected from the proposed projects and use such service level as a baseline for scoring
- b. Identify operation and maintenance goals that are realistic and reasonable
- c. Maintain a basic infrastructure and facility program that will be used to identify facilities needing improvements
- d. Maintain a basic infrastructure and facilities program that will be used to identify city and neighborhood asset deficits
- e. Create a multi-year (ideally five-year) Capital Improvement Program that will be maintained and assessed annually
- f. Create and maintain a database of needs and CIP projects list with priority ranking system consistent among all departments
- g. Designate a staff to score the needs, monitor the status of each need and maintain and manage the needs list for stakeholders review and input

IV. Prioritization Factors

1. Risk to Health, Safety, and Environment and Regulatory or Mandated Requirements:

- a. **Risks** - Project avoids or minimizes the risk to health, safety, and environment associated with the infrastructure based on conditions assessment of the asset or lack of an asset, that may include the age, size, material, capacity, and history of failure of the infrastructure
- b. **Urgency** - Urgency of the project to reduce the potential hazards to the public, property and environment
- c. **Legal Mandate** - Project is required by legal mandate or consent decree
- d. **Regulatory** - Project is required by other regulatory requirements
- e. **Court Ordered** - Project is necessary to comply with court orders and settlements or avoids plausible legal claims
- f. **Planning Documents** - Project complies with General Plan, Community Plan, Regional and/or approved City-wide master plan or Green Zones Implementation Plan

- g. **Improves ADA** - Improves the path-of-travel within an existing facility to bring it current to Americans with Disabilities (ADA) standards
- h. **Public Safety** - this factor will also evaluate the potential in reducing the risks to the staff's health and safety minimizing the failure or maintenance of the existing deficient infrastructure
- i. **Emergency** - Emergency construction and/or repairs

For example, scoring projects higher that result in;

- i. Reduction in accidents, main breaks, sewer spills and flooding problems
- ii. Improved structural integrity and reliability of infrastructure
- iii. Mitigation of health and environmental hazards
- iv. Fewer or less severe mobility related accidents
- v. Reducing emergency response times to minimum operational standards
- vi. Addressing consent decrees, court orders, settlements and/or other legal mandates
- vii. Compliance with the community plan or Green Zones Implementation Plan

2. **Asset Condition, Annual Recurring Cost and Asset Longevity:**

- a. **Deficient Services** - Existing conditions and capacity to meet the basic level of services is deficient
- b. **Standard Conditions** - Avoids potential failure due to standard conditions
- c. **Overall Reliability** - The project improves the overall reliability of the capital asset and infrastructure system
- d. **Major Delay Implications** - There are major implications of delaying the project such as significant future cost, or negative community impacts
- e. **Reduce Operations and Maintenance** - The extent to which the project reduces City operations and maintenance expenditures
- f. **Increase Useful Life** - The project increases the longevity of the capital asset or extends the useful life of the asset in the long term

For example, scoring projects higher that result in:

- i. Reducing frequency and cost of repairs and bring the facility to current standards
- ii. Reducing both maintenance requirements and energy consumption or the need for periodic cleaning

3. **Community Investment and Economic Prosperity:**
- a. **Economic Development** - The project contributes toward economic development and revitalization efforts
 - b. **Community Impact** - The project reduces or avoids impact to the community when infrastructure fails
 - c. **Underserved Communities** - The project will benefit underserved communities including those with low income households, low community engagement and low mobility or access to transportation systems
 - d. **CDBG** - The Project is located in a census tract that is deemed eligible for Community Development Block Grant (CDBG) funds
 - e. **Affordable Housing Development** - The project is located within half (1/2) mile of an existing affordable housing development
 - f. **Density** - The project benefits communities that have the highest population served per acre
 - g. **Blight** - The project will eliminate blight and/or provide significant aesthetic improvement

For example, scoring projects higher that:

- i. Implement an economic strategy to attract new employment centers or revitalize existing ones in areas where unemployment is above the city median
- ii. are located in CDBG eligible areas
- iii. Construct or renovate a library or other facility that would allow a low-income community to have more access to literacy services and other community services

4. **Sustainability and Conservation:**
- a. **Sustainability** - The project improves the health of the community and natural environment through sustainable designs with improved regional air quality and reduced greenhouse gas emissions that contribute to climate change.
 - b. **Green Zone Plan** - The project is consistent with City Green Zone Implementation Plan
 - c. **Multimodal** - The project facilitates multiple transportation options (including walk-ability, bicycles, and public transportation) and reduces the need for auto-dependency
 - d. **Environmental Protection** - Were appropriate, the project promotes infill development, open space and land form preservation, habitat protection and biological diversity, and enhanced urban runoff management.

- e. **Green Design** - The project incorporates design that meets or exceeds recognized federal and state standards in the field of energy efficiency, such as State of California Title 24 Energy Efficiency Standards and LEED building standards.
- f. **Green Neighborhoods** - The project results in greener neighborhoods and reduces or avoids the potential public exposure to pollutants, contamination and other hazards to public health and environment.

For example, scoring projects higher that:

- i. Utilize renewable or green energy project materials and resources efficiently
- ii. Promote community walk-ability and use of bicycles or public transit
- iii. Promote community use of locally-sourced and environmentally friendly products and services.
Include planting of appropriate trees and other landscaping in street medians or adding park and open space.

5. **Funding Availability:**

- a. **Cost Sharing** - The greater a project leverages City funds against grant funds or cost sharing from outside entities, the greater priority the project will receive
- b. **Funding Needs** - Project's rank is increased based on assessment of the amount of funding needed to complete the current project phase and the entire project
- c. **Secured Grants** - If grant funding has already been secured, the greater priority the project will receive
- d. **Local Bundle** - The project reduces construction cost by potentially bundling with adjacent projects
- e. **Inter-Agency Bundle** - The project provides for partnering or bundling opportunities with other local, state, or federal agencies (leverage resources)

For example, scoring a project higher for:

- i. A roadway project that provides for the replacement a deteriorated storm drain
- ii. A streetscape project that also provides street lighting at critical intersections
- iii. Scoring projects higher that bring grant funds from an outside agency and scoring projects lower that rely solely on City funds.

6. Project Readiness:

- a. **Project Ready** - The project is ready to enter into the phase corresponding to the funding proposed. For example, a design-build project with a completed environmental document will score higher than a design-build project without a complete environmental document.
- b. **Expeditious Delivery** - The project will be scored based upon the delivery method. A project that can be delivered most expeditiously will be preferred.
- c. **Non-Engineering Assessment** - Assessment of non-engineering issues involved in completing the project (significant environmental issues, project complexity, and level of public support). For example, projects with complex environmental issues or known significant legal challenges will be scored lower than projects without said complications.
- d. **Studies and Reports** - The project already has a completed feasibility study and/or preliminary design report
- e. **Multi-Priority Factors** - The project fulfills the prioritization factors described above across multiple scoring categories.

7. Department Support

- a. **Department Priority Project** – Allows Departments to score projects based on the priority need for the Department.

For Example, scoring a project higher (10 points) for having the highest priority and scoring subsequent projects lower for those projects that are less of a priority for the department.

V. **Conditions:**

1. Emergency projects will automatically have 100% priority score.
2. The resultant ranking list for each category and phase of needs and CIP projects will be reported to the City Council as part of the annual CIP budget, with recommendations for funding.
3. Upon approval of the CIP budget by the City Council, staff will begin the completion of each project phase according to the priority ranking from this prioritization process up to the total amounts authorized by the City Council for each project category. Outside grant funding opportunities will be pursued for each project per the results of the priority ranking.

4. The priority score will be updated 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 updated list will be part of the completion of its current phase, approved by the City Council.

5. City Administrator, at his/her discretion may provide oversight or make recommendations regarding the priority of projects submitted to the City Council for approval regardless of ranking.

Review of this policy by the appropriate committee will be performed one year after implementation of this policy and bi-annually thereafter to identify additional enhancements.

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.

Exhibit A
Prioritization Factor Scoring Sheet

1. Risk to Health Safety, and Environment and Regulatory or Mandated Requirements:

Scoring in this category assigns points based on the projects ability to avoid or minimize the risk to the health and safety, and environment associated with infrastructure and reduces potential hazards to the public, property or environment and allow for emergency repairs. Projects required by legal mandate, court order, regulatory requirements such as ADA required upgrades, and planning documents would be scored in under this prioritization factor.

Score Scale:

Lowest Risk	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Highest Risk
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2. Asset Condition, Annual Recurring Cost and Asset Longevity:

Scoring in this category is assigned points based on the projects ability to address existing conditions that are deficient in meeting basic service levels and would cause major implications in delaying the project such as increased project cost or negative community impacts. Projects that reduce operations and maintenance and increase useful life of an asset would also be scored under this prioritization factor.

Scoring Scale:

Lowest Deficiency	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Highest Deficiency
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3. Community Investment and Economic Prosperity:

Scoring in this category is based on the projects ability to serve as a catalyst for economic development, have positive impacts on the community, particularly the underserved community including CDBG funded areas, are near affordable housing developments and dense areas and eliminate blight and provide aesthetic improvements.

Scoring Scale:

Lowest Investment	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Highest Investment
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4. Sustainability and Conservation

Scoring in this category assigns points to projects based on the utilization of sustainable designs, renewable or green energy materials, promote community walkability, use of bicycles or public transit, use locally sourced and environmentally friendly products/services, use appropriate drought tolerant landscaping for the area.

Lowest Sustainability	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Highest Sustainability
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5. Funding Availability

Scoring in this category assign points based on the ability to leverage City funds with other funding sources, rather or not grant funding has been obtained or is available for the project and rather projects can be bundled with other projects or other agency projects to reduce cost.

Scoring Scale:

Lowest Leveraging of Funds	1	2	3	4	5	6	7	8	9	10	Highest Leveraging of Funds
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6. Project Readiness

Scoring in this category assigns points based on the ability to begin a project by already completing any preliminary work, reports, or plans needed to begin the phase for which funding is requested.

Scoring Scale:

Project is not Ready	1	2	3	4	5	6	7	8	9	10	Project is Ready
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7. Department Support

Scoring in this category is assigned points based on the Departments priority ranking for all projects in which funds were requested for the Fiscal Year, with the Departments most important project receiving the highest amount of points.

Scoring Scale:

Lowest Department Priority Project	1	2	3	4	5	6	7	8	9	10	Highest Department Priority Project
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**Exhibit B
Overall Project
Prioritization Factor Rating**

Project Name		
Prioritization Factor	Total Prioritization Score	Out of Possible Prioritization Score of:
1. Risk to Health, Safety and Environment		20
2. Asset Condition, Annual Recurring Cost and Asset Longevity		15
3. Community Investment and Economic Prosperity		15
4. Sustainability and Conservation		20
5. Funding Availability		10
6. Project Readiness		10
7. Department Support		10
Total Project Score		100

**Exhibit C
CIP Project Rankings**

Name of Project	Requesting Department	Total Prioritization Score	Amount of Funding Requested
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