Attachment A – Capital Improvement Program Process Concepts

Following the adoption of the FY 17/18 CIP in June, RMA staff reviewed lessons learned and discussed ways to improve the process. The following proposals are recommended or possible updates for the FY 18/19 CIP.

1) Scoring Criteria Categories

The scoring criteria is used by RMA to rank unfunded or partially funded projects that a department wants to include in the upcoming fiscal year. Projects may be eligible for different funds based on the type of work to be done and the submitting department. For FY 17/18, the CIC supported RMA's creation of a seven-factor scoring criteria for all projects. For FY 18/19, RMA has considered comments by departments and the CIC, and revised the scoring criteria system. The criteria still consists of seven factors, which have been revised to better evaluate the impact of a project on the County. Below is a summary of the proposed changes:

- The **Law or Mandate** category will be removed since any mandated projects must be completed and are not optional. It will be replaced with the Infrastructure/Systems Function category, which will score a project's impact on the level of service for the County. Projects that benefit both internal and external customers will be considered.
- **Economic/Community Impact** will be renamed Community Impact to emphasize the importance of the size of population served by the project. Projects that provide a benefit to a larger portion of the County or the County as a whole will score higher.
- **Project Readiness** will include a reference to the accuracy of the cost estimate for a project.
- **Annual Operating & Maintenance Cost/Cost Avoidance** will now factor in projects that help reduce or eliminate other more expensive projects.
- **Sustainability and Conservation** will be renamed Sustainability and Regulatory Compliance. Scoring will be based on the number of specific Federal, State and Local compliance categories the project meets, including ADA compliance.
- **Funding Availability** will be renamed Funding Status. It will score projects based on the amount of other funding sources budgeted for the project, and whether or not the project is in progress. This gives priority to projects already underway.

The following are updated descriptions for each scoring category:

Critical to Life/Health, Environment, Safety and Security
I. The project reduces or eliminates risk to public health and safety. These risks may include:
   a) Increase in accidents or high risk of injury to the public. Number of people and area affected are taken into consideration.
   b) Condition and reliability of County infrastructure. Infrastructure in its present state increases risk to public health and safety, the environment, or presents a security risk to County systems.

c) Environmental concerns including long-term damage or contamination of resources.
d) Public health and safety including air and water quality and reduction in risk from fire, earthquake, floods and other disasters.

Infrastructure/Systems Function

I. The project provides an upgrade or replacement to a County system that performs a critical function. Project should describe the role in maintaining County services and how is serves the public and/or internal customers. This factor considers the current state and expected change in the level of service (LOS) provided.

Community Impact

I. Effect the project will have on the County economy and/or community. The population affected by the projects is weighted heavily in determining the community impact.
a) The project will promote economic growth and attract new jobs and business opportunities.
b) Project will result in a positive impact on a portion of the County population.

Project Readiness

I. Assessments, environmental studies and other prerequisite documentation is complete. Project scope is well developed. Level of cost estimate accuracy is factored in to score.

Annual Operating & Maintenance Cost/Cost Avoidance

I. The project will extend life expectancy of current assets and avoids significant future repair and/or replacement costs. Project will prevent the need for other costlier projects.

Sustainability and Regulatory Compliance

I. Project meets or exceeds one or more of the following: ADA compliance, Monterey County Municipal Climate Action Plan (MCAP), Applicable Federal, State or Local directives.

Funding Status

I. Factors in the amount of funding currently allocated to the project. Gives priority to projects that are partially funded to allow work to be completed.

2) Weighted Scores

During review of the FY 17/18 CIP, departments commented that certain types of projects would never score high based on the weights given to each scoring factor. It was recognized in reviewing the scoring outcomes from FY 17/18 that certain projects such as equipment purchases or software upgrades would have difficulty competing directly against projects such as roads, bridges or buildings. To maintain the continuity of scoring while still accounting for the variety in project types, a revised scoring weight system is proposed. Capital projects fall under one of twelve different categories. These categories will be grouped together by similar types. The scoring factors remain the same for all projects, but points will be weighted based on the more applicable factors for each category. The proposed weighted scores are detailed below. Various thresholds are set for each factor to provide guidance on how to score projects. For example, in the Community Impact factor, a project with a small effect would only score 5 points while a project that benefits the entire County would score the maximum number of points for that category.

Scoring Criteria	(SC1) - Bicycle & Pedestrian Facilities, Bridges, Intersection, Roads, Sewer, Solid Waste, Storm Water, Water	(SC2) – Software, Equipment	(SC3) – Building, Housing
Critical to Life/Health, Environment, Safety and Security	25 – Project significantly reduces or eliminates risk. Project directly and primarily addresses risk. 15 – Project partially reduces risk. Project is a secondary contributor in reducing risk. 5 – Project marginally reduces risk. May be an outcome of the project. 0 – Project will not have any discernible impact to health or safety.	15 10 5 0 See descriptions to the Left.	25 See descriptions to the Left. 15 5 0
Infrastructure/ Systems Function	15 – System is critical to County primary function and services. Significantly improves level of service. 5 – System is an added service or benefit the County will provide. Moderate increase in level of service. 0 – System is non-critical, minimal to no increase in service.	25 - System is critical to County primary function and services. 15 - System is critical to a department's primary function and services. 5 - System is a secondary part of department's function. 0 – System is non-critical or optional.	10 See descriptions to the far Left 5 0
Community Impact	15 – Project affects the entire County population. Directly benefits all residents and has a major effect on County economy. 10 – Project affects region a large region or significant portion of the County population, including some industries. 5 – Project affects a small region or portion of the County. 0 – Project is limited to a very specific area of the County and has no noticeable affect outside the immediate location.	10 – Project affects a large region or significant portion of the County population. 5 – Project affects a small region or portion of the County. 0 – Project is limited to a very specific area of the County and has no other noticeable effect.	10 See descriptions to the Left. 5 0
Project Readiness	15 - Design and planning and initial permits are complete. Cost estimate is verified 0% - 5%. 5 - Some plan or design work done or is in progress. Cost estimate is verified at %10 – 20% 0 – No planning or permit work has been done. Cost estimate is %35+	15 See descriptions to the Left. 5 0	20 See descriptions to the Left. 10 0
Operating & Maintenance Cost	10 - Project reduces current or projected costs. 5 - Project has little to no effect on costs. 0 – Project increases costs	15 See descriptions to the Left. 5 0	10 See descriptions to the Left. 5 0
Sustainability and Regulatory Compliance	ADA compliance, Monterey County Municipal Climate Action Plan (MCAP), Applicable Federal, State or Local directives. 15 – Project meets or exceeds more than one of the above. 10 - Project meets one of the above. 0 - Project does not qualify under one of the above.	10 See descriptions to the Left. 5 0	15 See descriptions to the Left. 10 0
Funding Status	10 – Project will be partially in the coming Fiscal Year and/or is in progress. 5 – Project has planned partial funding in future fiscal years and/or has not started. 0 - Project is unfunded.	10 See descriptions to the Left. 5 0	10 See descriptions to the Left. 5 0
Total	100	100	100

3) Department Priority Factor

For FY 17/18, the only score used to rank unfunded projects was the RMA score based on the seven priority factors. This unified review is intended to provide a fair ranking for all department projects. However, departments may have their own internal priority ranking that should be taken into consideration by some means, so that if choosing between two equally scored projects for the same department, the higher priority for that department is selected. One way to accomplish this is to create a department priority factor for the scoring system. After RMA has provided the raw score based on the scoring criteria, an additional factor is calculated into the final score based on the department's own priority ranking. This factor system is based on a concept used by the City of San Diego. A possible factor considered by RMA would be:

Projects Sorted by the Department's Own Priority Ranking	Factor
Top 25% or up to 3rd priority.	1.25
26% through 50% up to 7th priority	1.15
All other projects	1.08

Using this system, if a department submitted 10 projects, projects 1 through 3 would receive the highest 1.25 factor to their raw score. Projects 4 and 5 would receive the 1.15 factor, and projects 6 through 10 would receive the lowest. The rank limitations prevent departments with large numbers of requests from applying the highest factor to a large number of projects. For example, a department with 20 projects submitted for the upcoming fiscal year would by percentage apply the 1.25 factor to 4 projects, however the limit is 3. Using this system, a project assigned to the highest factor would score above a medium or low factor project that had a raw score 5 points greater. A project using the highest factor would also score above a low factor project that had a raw score 10 points greater. No project, regardless of the factor, could score above a project with a raw score of 15 points or greater. The proof of concept is demonstrated with the chart below. As an example, a high factor project with a raw score of 75 would move ahead of a medium or low factor project with a raw score of 80, and a medium factor project of 85.

Factor			Raw Score (RMA)						
			100	95	90	85	80	75	70
	High	1.25	125	119	113	106	100	94	88
	Medium	1.15	115	109	104	98	92	86	81
	Low	1.08	108	103	97	92	86	81	76

4) Funding Sources

Projects are eligible for specific types of funding, depending on the type of work to be done and even the requesting department. For example, Building Use Allowance (BUA) funds are specifically intended for facility maintenance and repair projects for departments that contribute to the County Wide Cost Allocation Plan (COWCAP). For the FY 17/18 CIP, all unfunded projects were listed by score only. Unfunded projects did not identify eligible funding sources. For the FY 18/19 CIP, RMA plans to present unfunded projects by ranking as well as indicate applicable funding.

5) Multiple Reviewers

It has been suggested that multiple reviewers could be used rather than a single RMA reviewer to allow for more variety of input in the scoring process. RMA welcomes comments and suggestions on this proposal.