

**Policy Committee  
Government Center Complex  
Large Conference Room, Building A**

**Aug.15, 2013 - 4 p.m.**

**1. Roll Call**

**2. Minutes**

A. June 12, 2013

**3. Old Business**

**4. New Business**

A. Review of the CIP Ranking Process

**5. Adjournment**

## MEMORANDUM

DATE: August 15, 2013  
TO: Policy Committee  
FROM: Luke Vinciguerra, Planner  
SUBJECT: Review of the CIP Ranking Process

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### Background

In 2010, the Policy Committee in conjunction with staff revised the methodology to review and rank proposed Capital Improvement Program (CIP) projects. The Committee developed a process that scores potential projects based on several different criteria ranging from quality of life to public health and safety with an emphasis on how they relate to the Comprehensive Plan: the closer the project supports the strategies recommended in the Comprehensive Plan, the higher the score. The Committee's collective scores for each project are then forwarded to the Board of Supervisors.

During the FY 2014 CIP review, Committee members expressed interest in how operating costs of individual projects were represented in the project request form and whether or not those costs should be factored in the project scoring and recommendations to the Board. As follow-up, staff has taken these steps:

- shared the *Code of Virginia* section on Capital Improvements Programs with the Policy Committee to provide the legal background;
- identified a number of potential changes and process improvements; and
- invited Mr. John McDonald, Financial and Management Services Director, to attend the next Policy Committee meeting as the Committee discusses this issue.

### Legal Background

*§ 15.2-2239. Local planning commissions to prepare and submit annually capital improvement programs to governing body or official charged with preparation of budget.*

*A local planning commission may, and at the direction of the governing body shall, prepare and revise annually a capital improvement program based on the comprehensive plan of the locality for a period not to exceed the ensuing five years. The commission shall submit the program annually to the governing body, or to the chief administrative officer or other official charged with preparation of the budget for the locality, at such time as it or he shall direct. The capital improvement program shall include the commission's recommendations, and estimates of cost of the facilities and life cycle costs, including any road improvement and any transportation improvement the locality chooses to include in its capital improvement plan and as provided for in the comprehensive plan, and the means of financing them, to be undertaken in the ensuing fiscal year and in a period not to exceed the next four years, as the basis of the capital budget for the locality. In the preparation of its capital budget recommendations, the commission shall consult with the chief administrative officer or other executive head of the government of the locality, the heads of departments and interested citizens and organizations and shall hold such public hearings as it deems necessary.*

### Potential Changes

Staff has identified a number of potential improvements to address the issue of operating expenses in the CIP review. To more closely align the Policy Committee's CIP review process with the Board of Supervisors' expectations, staff recommends shifting operating expenses from the rankings to the comments section (see attachments 1 and 2) and adding a corresponding section documenting roles in the process. To improve applicants' understanding of the forms, staff suggests adding a note directing applicants to the instructions sheet for guidance, including an explanation of operating expenses directly on the form, and reordering the form to group all of the information to be used in the spreadsheets and rankings first and non-ranked information second (see attachment 3).

### Recommendation

Staff recommends the Policy Committee consider the potential changes to the CIP ranking process at its meeting. Any revisions to the process and forms will be initiated with the next CIP review process (FY 15 budget).

### Attachments:

1. Revised CIP Ranking Process
2. Revised CIP Ranking Criteria Scoring Sheet
3. Revised CIP Project Request Form

## CAPITAL IMPROVEMENT PROGRAM RANKING CRITERIA PROCESS James City County Planning Commission

### SUMMARY

The Capital Improvement Program (“CIP”) is the process for evaluating, planning, scheduling, and implementing capital projects. The CIP supports the objectives of the Comprehensive Plan through the sizing, timing, and location of public facilities such as buildings, roads, schools, park and recreation facilities, water, and sewer facilities. While each capital project may meet a specific need identified in the Comprehensive Plan or other department or agency plan, all capital plans must compete with other projects for limited resources, receive funding in accordance with a priority rating system and be formally adopted as an integral part of the bi-annual budget. Set forth below are the steps related to the evaluation, ranking, and prioritization of capital projects.

### A. DEFINITION

The CIP is a multi-year flexible plan outlining the goals and objectives regarding public capital improvements for James City County (“JCC” or the “County”). This plan includes the development, modernization, or replacement of physical infrastructure facilities, including those related to new technology. Generally a capital project such as roads, utilities, technology improvements, and county facilities is nonrecurring (though it may be paid for or implemented in stages over a period of years), provides long term benefit and is an addition to the County’s fixed assets. Only those capital projects with a total project cost of \$50,000 or more will be ranked. Capital maintenance and repair projects will be evaluated by departments and will not be ranked by the Policy Committee.

### B. PURPOSE

The purpose of the CIP ranking system is to establish priorities for the 5-year CIP plan (“CIP plan”), which outlines the projected capital project needs. This CIP plan will include a summary of the projects, estimated costs, schedule and recommended source of funding for each project where appropriate. The CIP plan will prioritize the ranked projects in each year of the CIP plan. However, because the County’s goals and resources are constantly changing, this CIP plan is designed to be re-assessed in full bi-annually, with only new projects evaluated in exception years, and to reprioritize the CIP plan annually.

### C. RANKINGS

Capital projects, as defined in paragraph A, will be evaluated according the CIP ranking criteria. A project’s overall score will be determined by calculating its score against each criterion. The scores of all projects will then be compared in order to provide recommendations to the Board of Supervisors. The components of the criteria and scoring scale will be included with the recommendation. The operating budget will not be used as part of the project consideration; however, recommendations regarding the budget may be passed onto the Board of Supervisors in narrative form.

### D. ROLES

The role of the Policy Committee in reviewing CIP projects is to evaluate how non-maintenance CIP requests relate to the Comprehensive Plan. Specifically, the Committee will evaluate how proposed projects further the goals in the Comprehensive Plan and what, if any, strategies or

actions are met if the proposed project is implemented, with weight given toward those projects which do so most effectively and efficiently. Using the Criteria Weighing Sheet, the Committee will rank the proposed projects and compile a list of the ten highest scoring projects. This list will then be forwarded first to the Planning Commission for comment and/or endorsement and then to the Board of Supervisors.

The Board of Supervisors will make final decisions regarding the Capital Improvement Program as part of its deliberations and adoption of the County's annual budget. As such, the Board may consider the projects' affordability, in consultation with County Administration and in keeping with the fiscal goals and funding limits of the County as more fully described in Section E below, as well as the recommendations of the Policy Committee and the Planning Commission.

#### **DE. FUNDING LIMITS**

On an annual basis, funds for capital projects will be limited based on the County's financial resources including tax and other revenues, grants and debt limitations, and other principles set forth in the Board of Supervisors' Statement of Fiscal Goals:

- general obligation debt and lease revenue debt may not exceed 3% of the assessed valuation of property,
- debt service costs are not to exceed 10-12% of total operation revenues, including school revenue, and
- debt per capita income is not to exceed \$2,000 and debt as a percentage of income is not to exceed 7.5%.

Such limits are subject to restatement by the Board of Supervisors at their discretion. Projects identified in the CIP plan will be evaluated for the source or sources of funding available, and to protect the County's credit rating to minimize the cost of borrowing.

#### **EF. SCHEDULING OF PROJECTS**

The CIP plan schedules will be developed based on the available funding and project ranking and will determine where each project fits in the 5 year plan.

## CIP RANKING CRITERIA

### Project Ranking By Areas of Emphasis

**1. Quality of Life (20%)** - Quality of life is a characteristic that makes the County a desirable place to live and work. For example, public parks, water amenities, multi-use trails, open space, and preservation of community character enhance the quality of life for citizens. A County maintenance building is an example of a project that may not directly affect the citizen's quality of life. The score will be based on the considerations, such as:

- A. Is the project in conformance with and supportive of the goals, strategies and actions set forth in the Comprehensive Plan?
- B. Does the project support objectives addressed in a County sponsored service plans, master plans, or studies?
- C. Does the project relate to the results of the citizen survey, Board of Supervisors policy, or appointed committee or board?
- D. Does the project increase or enhance educational opportunities?
- E. Does the project increase or enhance recreational opportunities and/or green space?
- F. Will the project mitigate blight?
- G. Does the project target the quality of life of all citizens or does it target one demographic? Is one population affected positively and another negatively?
- H. Does the project preserve or improve the historical, archeological and/or natural heritage of the County? Is it consistent with established Community Character?
- I. Does the project affect traffic positively or negatively?
- J. Does the project improve, mitigate, and / or prevent degradation of environmental quality (e.g. water quality, protect endangered species, improve or reduce pollution including noise and/or light pollution)?

**Scoring Scale:**

1	2	3	4	5	6	7	8	9	10
The project does not affect or has a negative affect on the quality of life in JCC.				The project will have some positive impact on quality of life.					The project will have a large positive impact on the quality of life in JCC.

**2. Infrastructure (20%)** – This element relates to infrastructure needs such as schools, waterlines, sewer lines, waste water or storm water treatment, street and other transportation facilities, and County service facilities. High speed, broadband or wireless communication capabilities would also be included in this element. Constructing a facility in excess of facility or service standards would score low in this category. The score will be based on considerations such as:

- A. Is the project in conformance with and supportive of the goals, strategies and actions set forth in the Comprehensive Plan?
- B. Does the project support objectives addressed in a County sponsored service plan, master plan, or study?
- C. Does the project relate to the results of a citizen survey, Board of Supervisors policy, or appointed committee or board?
- D. Is there a facility being replaced that has exceeded its useful life and to what extent?
- E. Do resources spent on maintenance of an existing facility justify replacement?
- F. Does this replace an outdated system?

- G. Does the facility/system represent new technology that will provide enhance service?
- H. Does the project extend service for desired economic growth?

**Scoring Scale:**

1	2	3	4	5	6	7	8	9	10
The level of need is low				There is a moderate level of need					The level of need is high, existing facility is no longer functional, or there is no facility to serve the need

**3. Economic Development (15%)** – Economic development considerations relate to projects that foster the development, re-development, or expansion of a diversified business/industrial base that will provide quality jobs and generate a positive financial contribution to the County. Providing the needed infrastructure to encourage redevelopment of a shopping center would score high in this category. Reconstructing a storm drain line through a residential neighborhood would likely score low in the economic development category. The score will be based on considerations such as:

- A. Is the project in conformance with and supportive of the goals, strategies and actions set forth in the Comprehensive Plan?
- B. Does the project support objectives addressed in a County sponsored service plan, master plan, or study?
- C. Does the project relate to the results of a citizen survey, Board of Supervisors policy, or appointed committee or board?
- D. Does the project have the potential to promote economic development in areas where growth is desired?
- E. Will the project continue to promote economic development in an already developed area?
- F. Is the net impact of the project positive? (total projected tax revenues of economic development less costs of providing services)
- G. Will the project produce desirable jobs in the County?
- H. Will the project rejuvenate an area that needs assistance?

**Scoring Scale:**

1	2	3	4	5	6	7	8	9	10
Project will not aid economic development				Neutral or will have some aid to economic development					Project will have a positive impact on economic development

**4. Health/Public Safety (15%)** - Health/public safety includes fire service, police service, safe roads, safe drinking water, fire flow demand, sanitary sewer systems and flood control. A health clinic, fire station or police station would directly impact the health and safety of citizens, scoring high in this category. Adding concession stands to an existing facility would score low in this category. The score will be based on considerations such as:

- A. Is the project in conformance with and supportive of the goals, strategies and actions set forth in the Comprehensive Plan?
- B. Does the project support objectives addressed in a County sponsored service plan, master plan, or study?

- C. Does the project relate to the results of a citizen survey, Board of Supervisors policy, or appointed committee or board?
- D. Does the project directly reduce risks to people or property (i.e. flood control)?
- E. Does the project directly promote improved health or safety?
- F. Does the project mitigate an immediate risk?

**Scoring Scale:**

1	2	3	4	5	6	7	8	9	10
Project has no or minimal impact on health/safety				Project has some positive impact on health/safety					Project has a significant positive impact on health/safety

~~**5. Impact on Operational Budget (10%)** – Some projects may affect the operating budget for the next few years or for the life of the facility. A fire station must be staffed and supplied; therefore it has an impact on the operational budget for the life of the facility. Replacing a waterline will not require any additional resources from the operational budget. The score will be based on considerations such as:~~

- ~~A. Is the project in conformance with and supportive of the goals, strategies and actions set forth in the Comprehensive Plan?~~
- ~~B. Does the project support objectives addressed in a County sponsored service plan, master plan, or study?~~
- ~~C. Does the project relate to the results of a citizen survey, Board of Supervisors policy, or appointed committee or board?~~
- ~~D. Will the new facility require additional personnel to operate?~~
- ~~E. Will the project lead to a reduction in personnel or maintenance costs or increased productivity?~~
- ~~F. Will the new facility require significant annual maintenance?~~
- ~~G. Will the new facility require additional equipment not included in the project budget?~~
- ~~H. Will the new facility reduce time and resources of city staff maintaining current outdated systems? This would free up staff and resources, having a positive effect on the operational budget.~~
- ~~I. Will the efficiency of the project save money?~~
- ~~J. Is there a revenue generating opportunity (e.g. user fees)?~~
- ~~K. Does the project minimize life cycle costs?~~

**Scoring Scale:**

1	2	3	4	5	6	7	8	9	10
Project will have a negative impact on budget				Project will have neutral impact on budget					Project will have positive impact on budget or life-cycle costs minimized

~~**65. Regulatory Compliance (1015%)** – This criterion includes regulatory mandates such as sewer line capacity, fire flow/pressure demands, storm water/creek flooding problems, schools or prisons. The score will be based on considerations such as:~~

- ~~A. Does the project addresses a legislative, regulatory or court-ordered mandate? (0- 5 years)~~
- ~~B. Will the future project impact foreseeable regulatory issues? (5-10years)~~



- C. Does the project promote long-term regulatory compliance (>10 years)
- D. Will there be a serious negative impact on the county if compliance is not achieved?
- E. Are there other ways to mitigate the regulatory concern?

**Scoring Scale:**

1	2	3	4	5	6	7	8	9	10
Project serves no regulatory need				Project serves some regulatory need or serves a long-term need					Project serves an immediate regulatory need

**76. Timing/Location (4015%)** - Timing and location are important aspects of a project. If the project is not needed for many years it would score low in this category. If the project is close in proximity to many other projects and/or if a project may need to be completed before another one can be started it would score high in this category. The score will should be based on considerations such as:

- A. Is the project in conformance with and supportive of the goals, strategies and actions set forth in the Comprehensive Plan?
- B. Does the project support objectives addressed in a County sponsored service plan, master plan, or study?
- C. Does the project relate to the results of a citizen survey, Board of Supervisors policy, or appointed committee or board?
- D. When is the project needed?
- E. Do other projects require this one to be completed first?
- F. Does this project require others to be completed first? If so, what is magnitude of potential delays (acquisition of land, funding, and regulatory approvals)?
- G. Can this project be done in conjunction with other projects? (E.g. waterline/sanitary sewer/paving improvements all within one street)
- H. Will it be more economical to build multiple projects together (reduced construction costs)?
- I. Will it help in reducing repeated neighborhood disruptions?
- J. Will there be a negative impact of the construction and if so, can this be mitigated?
- K. Will any populations be positively/negatively impacted, either by construction or the location (e.g. placement of garbage dump, jail)?
- L. Are there inter-jurisdictional considerations?
- M. Does the project conform to Primary Service Area policies?
- N. Does the project use an existing County-owned or controlled site or facility?
- O. Does the project preserve the only potentially available/most appropriate, non-County owned site or facility for project's future use?
- P. Does the project use external funding or is a partnership where funds will be lost if not constructed.

**Scoring Scale:**

1	2	3	4	5	6	7	8	9	10
No critical timing or location issues				Project timing OR location is important					Both project timing AND location are important

**87. Special Consideration (no weighting- if one of the below categories applies, project should be given special funding priority) –** Some projects will have features that may require that the County undertake the project immediately or in the very near future. Special considerations may include the following (check all applicable statement(s)):

A.	Is there an immediate legislative, regulatory, or judicial mandate which, if unmet, will result in serious detriment to the County, and there is no alternative to the project?	
B.	Is the project required to protect against an immediate health, safety, or general welfare hazard/threat to the County?	
C.	Is there a significant external source of funding that can only be used for this project and/or which will be lost if not used immediately (examples are developer funding, grants through various federal or state initiatives, and private donations)?	





# CIP Project Request Form

Please reference the document titled "INSTRUCTIONS FOR COMPLETING CAPITAL IMPROVEMENTS PROJECTS (CIP) REQUESTS" for guidance on the application.

Capital Projects - New or Expansion

Capital Maintenance - Projects that are neither New nor Expansion

Project Title \_\_\_\_\_

Location \_\_\_\_\_

Date \_\_\_\_\_

Department \_\_\_\_\_

Employee Submitting Request \_\_\_\_\_

Included in Board's Current Adopted CIP? Yes  No

**Proposed Schedule/Cost**

Date Improvements Begin \_\_\_\_\_

Date Improvements Completed \_\_\_\_\_

Design/Engineering Cost \_\_\_\_\_

Construction Cost \_\_\_\_\_

Equipment/Hardware Cost \_\_\_\_\_

Software Cost \_\_\_\_\_

Other \_\_\_\_\_

**TOTAL COST** \_\_\_\_\_

<u>Dollars in Thousands</u>	<u>Previous Funding</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Total</u>
Capital Budget	_____	_____	_____	_____	_____	_____	_____

**Justification/Explanation:** (Submit additional material as needed, including copies of engineering or feasibility studies; if not Capital Maintenance, please complete the following questionnaire.)

Department Priority Number \_\_\_\_\_

Out of how many submittals? \_\_\_\_\_

<u>Budget – By Year</u>							
<i>Budget for on-going operating costs to support or maintain the project once the project is completed (i.e., life cycle costs).</i>							
Inc (Dec) in Revenues	_____	_____	_____	_____	_____	_____	_____
Dec (Inc) in Spending	_____	_____	_____	_____	_____	_____	_____

**Evaluation Questions for Capital Projects – Not Necessary for Capital Maintenance**

*For Scoring Sheet*

Questions	Y	N	Comments/Supporting Details
1. Is the project in conformance with and supportive of the goals, strategies and actions set forth in the Comprehensive Plan?			
2. Does the project support objectives addressed in a County sponsored service plans, master plans, or studies?			
3. Does the project relate to the results of the citizen survey, Board of Supervisors policy, or appointed committee or board?			
4. Does the project increase or enhance educational opportunities?			
5. Does the project increase or enhance recreational opportunities and/or green space?			
6. Will the project mitigate blight?			
7. Does the project target the quality of life of all citizens or does it target one demographic? Is one population affected positively and another negatively?			
8. Does the project preserve or improve the historical, archeological and/or natural heritage of the County? Is it consistent with established Community Character?			
9. Does the project affect traffic positively or negatively?			
10. Does the project improve, mitigate, and/or prevent degradation of environmental quality (e.g. water quality, protect endangered species, improve or reduce pollution including noise and/or light pollution)?			
11. Is there a facility being replaced that has exceeded its useful life and to what extent?			
12. Do resources spent on maintenance of an existing facility justify replacement?			
13. Does this replace an outdated system?			
14. Does the facility/system represent new technology that will provide enhanced service?			
15. Does the project extend service for desired economic growth?			
16. Does the project have the potential to promote economic development in areas where growth is desired?			

Questions	Y	N	Comments/Supporting Details
17. Will the project continue to promote economic development in an already developed area?			
18. Is the net impact of the project positive? (total projected tax revenues of economic development less costs of providing services)			
19. Will the project produce desirable jobs in the County?			
20. Will the project rejuvenate an area that needs assistance?			
21. Does the project directly reduce risks to people or property (i.e. flood control)?			
22. Does the project directly promote improved health or safety?			
23. Does the project mitigate an immediate risk?			
24. Will there be a serious negative impact on the County if compliance is not achieved?			
25. Are there other ways to mitigate the regulatory concern?			
26. When is the project needed?			
27. Do other projects require this one to be completed first?			
28. Does this project require others to be completed first? If so, what is magnitude of potential delays (acquisition of land, funding, and regulatory approvals)?			
29. Can this project be done in conjunction with other projects? (E.g. waterline/sanitary sewer/paving improvements all within one street)			
30. Will it be more economical to build multiple projects together (reduced construction costs)?			
31. Will it help in reducing repeated neighborhood disruptions?			
32. Will there be a negative impact of the construction and if so, can this be mitigated?			
33. Will any populations be positively/negatively impacted, either by construction or the location (e.g. placement of garbage dump, jail)?			
34. Are there inter-jurisdictional considerations?			
35. Does the project conform to Primary Service Area policies?			
36. Does the project use an existing County-owned or controlled site or facility?			

Questions	Y	N	Comments/Supporting Details
37. Does the project preserve the only potentially available/most appropriate, non-County owned site or facility for project's future use?			
38. Does the project use external funding or is a partnership where funds will be lost if not constructed?			
39. Is there an immediate legislative, regulatory, or judicial mandate which, if unmet, will result in serious detriment to the County, and there is no alternative to the project?			
40. Is the project required to protect against an immediate health, safety, or general welfare hazard/threat to the County?			
41. Is there a significant external source of funding that can only be used for this project and/or which will be lost if not used immediately (examples are developer funding, grants through various federal or state initiatives, and private donations)?			

***For Additional Consideration***

Questions	Y	N	Comments/Supporting Details
42. Will the new facility require additional personnel to operate?			
43. Will the project lead to a reduction in personnel or maintenance costs or increased productivity?			
44. Will the new facility require significant annual maintenance?			
45. Will the new facility require additional equipment not included in the project budget?			
46. Will the new facility reduce time and resources of County staff maintaining current outdated systems? This would free up staff and resources, having a positive effect on the operational budget.			
47. Will the efficiency of the project save money?			
48. Is there a revenue generating opportunity (e.g. user fees)?			

**Signatures**

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Department Director Signature

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Department Director Printed Name

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County Administrator or CEO Signature

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County Administrator or CEO Printed Name