

**SUBJECT: PRIORITIZING CAPITAL IMPROVEMENT PROGRAM PROJECTS**

**POLICY NO.:**

**EFFECTIVE DATE:**

**Capital Improvement Program (CIP) Defined**

Durham County's Capital Improvement Program (CIP) is defined as the County's financial plan for constructing and maintaining its capital assets. Capital improvements include adding permanent structures, structural changes, or restore County's assets to enhance their value, prolong their useful life, or adapt them to new uses. The County's assets span various categories, including stormwater and drainage systems, water and sewer systems, public buildings (such as libraries, administration, vehicle repair facilities, public safety facilities (such as the Sheriff's Office and emergency management facilities, etc.) and system replacements (i.e. HVAC systems, Security systems, Information Technology systems) that affect business operations.

**The Importance of Infrastructure**

The importance of quality infrastructure cannot be overstated. Without functioning infrastructure, the County's critical daily functions, community safety, nor economic prosperity cannot be sustained. The quality of County infrastructure directly determines the livability of the County's residents. The community's health, safety, prosperity, and natural environment all depend on the availability of quality infrastructure. Decisions about capital investments affect the availability and quality of most government services and many private services.

Infrastructure connects residents to employment, healthcare, social services, and education opportunities via extensive transportation, water, sewer, and telecommunication networks. Ongoing investments will enhance the quality of life for every neighborhood and the entire community. In addition to legal mandates, the prioritization of CIP projects should also consider life safety, unfunded Federal and/or State environmental mandates, social, economic, and geographic factors and include evaluation factors to help ensure historically marginalized communities structurally do not continue to be excluded communities, as defined below, and reduce or eliminate disparities.

## **Definitions**

**Life Safety** means a situation or infrastructure that is intended to protect but may currently or imminently threaten the public health, welfare, or safety; or the design and operating features of a building that provide its occupants with a reasonable level of safety during fires and other emergencies.

**Mandates** are an official order or commission to do something or the authority to carry out a policy or course of action (i.e. State law, Federal law, Building Code)

A **Structurally Excluded Community** is defined as one of the following:

- Documented low levels of access to or use of County services and programs.
- Disparities preventing individuals or communities from fully participating in the County's economic, social, and political life.
- Historic racialized policies and practices that have maintained unfair racial outcomes due to institutional racism.

**Equality** is defined as every person, family, neighborhood, or community being given the same resources and opportunities without recognizing that each has different circumstances.

**Equity** is defined as eliminating institutional racism and systemic disparities, providing everyone with equitable access to opportunities

**Asset Managing Departments (AMD)**

**Asset Management Planning Program (AMP) software**

## **Purpose**

This policy establishes a guide for the Capital Improvement Program Review and Advisory Committee (CIPRAC) to follow in developing the CIP. The goal is to establish a capital planning prioritization process to optimize the use of available resources for projects and guide an objective methodology 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 recommendations in prioritizing projects should be the primary factor in the County Board of Commissioners allocating available resources in the bi-annual CIP budget process. This CIP

prioritization policy covers all departments, including enterprise funded departments (wastewater treatment and environmental services) and non-enterprise funded departments (buildings, information technology, and major facility projects). The prioritization process shall be utilized to compare the costs and benefits of each project and to evaluate projects against each other. The methodology for prioritization will guide an objective process to remove subjectivity and biases as departments categorize equal and equitable investments to maintain all County assets.

Having a formal, objective evaluation process to prioritize projects will also assist the County in more effectively using grant funding when available for CIP projects. Often, grant programs emphasize a project having the design and other pre-construction activities completed before applying for construction financing.

### **Ten-Year Capital Infrastructure with Fiscal Planning Outlook of 5-Years**

At the start of each calendar year, the subsequent 5 years of the 10- Year CIP Outlook shall be reviewed, established and confirmed. The 5-Year CIP Outlook is developed from the following sources:

1. The Asset Management Planning Program (AMP) software that identifies needs based on a calculated risk assessment and operational maintenance strategies developed an Asset Managing Departments (AMD). *At this time this program is not available for all departments.*
2. Adopted plans and policies, including but not limited to Ordinances, the County Code, the Strategic Plan, and the Climate Action Plan.
3. Various facility assessments, feasibility studies and others including the updates to the Space Needs Analysis and Facility Masterplan that is currently updated biannually to determine space needs for operations, administration, storage, and parking where applicable.
4. Input from the Board of County Commissioners.
5. Ongoing public and Staff input.

Needs are prioritized using AMD's unique strategies for each asset type for inclusion in the 10-Year CIP plan.

### **Asset**

An AMD will assess and plan projects according to the End Users. 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 funding source. Project categories shall include the following asset categories:

**Buildings and Recreation 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:

- County sport, Civic, Community, or event facilities.
- Public art and cultural facilities
- Public buildings and facilities (these include administrative, storage, operational, and parking facilities)
- Any other improvements that increase recreational opportunities throughout the County

**Library Assets** that improve the quality of life and services in the community both socially and economically, including:

- Libraries (community rooms, conference rooms, and study rooms)
- Learning centers

**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 County's general service facilities and structures, including:

- EMS/EM facilities and structures.
- Sheriff facilities and structures
- General Service facilities and structures (County Administration Building, Fleet facilities, storage, and parking structures etc.)

**Enterprise and Fee-Funded Assets** or specific services funded directly by fees and charges to users. These include the services provided by Public Services and Environmental Services. This category also includes assets or services required by legal mandate or consent decree.

- Environmental services facilities – solid waste convenience sites and supporting facilities and structures.
- Wastewater pipelines and facilities - wastewater pipelines, facilities, and structures (interceptors, mains, trunk sewers, treatment plants, lift stations, laboratories, land management, reclaimed water, and administration buildings)

**Flood Resiliency and Water Quality** Assets that improve the County's watersheds through stormwater quality and flood control assets or services. These include the services provided by:

- Conveyances (channels, ditches,)
- Structures (inlets, outlets, cleanouts, and energy dissipaters)
- Pump stations.
- Levees
- Green infrastructure

These project categories shall include resource allocation for all project components, including environmental mitigation, property acquisition, and all other activities necessary to complete and maintain the projects undertaken.

### **Project Funding**

**Restricted Funding** Projects that exclusively use funding with external restrictions on how the money can be spent ("restricted funding") will only be prioritized with other projects in the same asset category with the same funding restrictions. Each restricted funding category will have its own CIP prioritization. For example, stormwater CIP projects will compete with other stormwater CIP projects for funding but will not compete with wastewater CIP projects for funding, even though both stormwater and wastewater assets are within the Enterprise and Fee-Funded Assets category.

The following is a partial list of restricted funding categories:

- Enterprise funds (environmental services and wastewater)
- Facilities benefit assessments.
- State and federal grants
- Enhanced infrastructure
- Climate equity funds

**Non-Restricted Funding** Projects that use a combination of either 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 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 County departments should be considered together

where possible to allow better coordination of capital projects throughout the County over time. Such planning and consideration should not create delays in provision of time-critical enterprise-funded infrastructure. Countywide coordination of capital project planning can increase the cost-effectiveness of the County's capital programs by facilitating a holistic approach to infrastructure investments. A quarterly capital assessment meeting should be held for all parties vested in the CIP program.

### **Policies (DPS – over 45% County Related)**

This policy incorporates guidance from other County policies and plans, including but not limited to:

**Build Better** A countywide infrastructure funding and planning initiative to support Durham County's equity, access, conservation, and sustainability goals, which prioritizes the delivery of:

- Effective fire and emergency response infrastructure
- Safe and enjoyable spaces to gather our community.
- Travel via all modes.
- Immersive and interactive libraries.

**Climate Action Plan** The countywide goal of net zero greenhouse gas (GHG) emissions by 2050. The Climate Equity Index (CEI) scores each census tract by assessing various environmental, socioeconomic, mobility, health, and housing indicators. The CEI also prioritizes climate investments that address historical inequities in Communities of Concern. The County's GHG reductions will be met by:

- Decarbonization of the built environment
- Access to clean and renewable energy
- Mobility and land use
- Circular economy and healthy communities
- Resilient infrastructure and healthy ecosystems
- Emerging climate solutions

**Mobility Plans** Developing and employing innovative, multifaceted best practices for a balanced multi-modal transportation network to improve personal mobility, reduce the number of vehicle trips during peak congestion periods, and increase the safety and efficiency of our transportation system for all users.

## Required Information

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

Before utilizing these prioritization factors, each AMD shall identify and maintain the following information:

- The minimum level of service expected from the proposed project, which will be used as a baseline for scoring.
- Operational and maintenance goals that are realistic and sustainable.
- Disparities within Structurally Excluded Communities.
- Basic infrastructure and facility data sufficient to identify County asset deficits as required 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 if available.
- Basic assessment data (AMP) sufficient to identify new assets needed to meet a service standard or existing assets needing improvement.
- A five-year capital infrastructure planning outlook that is maintained and assessed by-annually.
- A database of needs with a priority scoring system consistent among all other AMDs.
- For assets currently in AMP, update and maintain the database of needs and prioritizations.
- Add additional asset categories to AMP as datasets are available.

## Prioritization Factors

Below is a list of prioritization factors that the AMD shall apply to each project according to the scoring weight given to each factor based on the type of project:

**1. Legal Compliance and Risk to Health, Safety, and Environment** The factors below shall be considered in the scoring of this prioritization factor:

- Project avoids or minimizes the risk to health, safety, and the environment associated with the infrastructure based on a condition assessment of the asset or the lack of an asset, which may include the age, size, material.
- Reduction in accidents, main breaks, sewer spills, or flooding.
- Improved structural integrity and reliability of infrastructure.

- Mitigation of health and environmental hazards.
- Increased resiliency to the effects of climate hazards.
- Reduced emergency response times to minimum operational standards.
- Consent decrees, court orders, settlements, and/or other legal mandates being addressed.
- Reduced potential hazards to the public, property, and the environment related to urgent conditions.
- Increased compliance with state or federal law.

The urgency of the project to reduce potential hazards to the public, property, and the environment.

The extent to which the project minimizes liability for failure to comply with state or federal law (e.g., NCDEQ, NCDEMLR, Department of Health, and Environmental Protection Agency requirements or Title II of the Americans with Disabilities Act requirements, etc.).

**2. Asset Condition and Level of Service** The following factors shall be considered in assigning a score to this prioritization factor:

- The existing asset fails to meet the basic level of service as defined by each AMD and the project addresses substandard asset conditions.
- Project serves areas with higher population densities and areas experiencing the most growth.
- Project improves the overall reliability of the capital asset and infrastructure system and extends the useful life of the asset.
- Project reduces maintenance expenditures and delay will result in significant future costs.
- Project addresses an infrastructure or facility deficiency identified in a General Plan, Community Plan, Mobility Plan, Regional Transportation Plan, or master plan such as the Climate Resilient, or the Climate Action Plan.

**3. Equal and Equitable Community Investment** The following factors shall be considered in scoring this prioritization factor:

- Project contributes to economic development and revitalization efforts in Structurally Excluded Communities that prevent displacement, increase rates of homeownership and affordable housing, reduce residential vacancy levels, raise rates of self-employment (specifically for historically



marginalized communities) and increase the presence of community-building organizations.

- Project reduces or avoids negative impacts on the community, particularly historically marginalized communities.
- Project benefits Structurally Excluded Communities with clearly pre-defined outcomes and goals.
- Project addresses disparities in Structurally Excluded Communities that enhance neglected assets, services, and response time in Public Safety (Fire and Police) and general service facilities.
- Project improves access for people of all ages and abilities identities, and countries of origin.

**4. Sustainability and Conservation** The following factors shall be considered in scoring this prioritization factor:

- Project benefits Communities of Concern identified by the departments.
- Project advances the Renewable Energy Resolution of net zero GHG emissions by 2050.
- Project promotes climate resiliency by reducing the heat island effect, increasing natural habitat, increasing trees and green spaces, improving water quality, or increasing independence for local energy or water resources.
- Project improves the health of the community and natural environment by using sustainable designs with improved regional air quality and reduced GHG emissions that contribute to climate change.
- Project reduces auto-dependency and promotes other modes of transportation such as walking, bicycling, and public transportation.
- Project promotes infill development, open space and land-form preservation, habitat protection and biological diversity, or enhanced urban runoff management.
- Project improves the resiliency and redundancy of critical utility operations to provide increased environmental protections.
- Project results in the electrification/decarbonization of municipal facilities and/or fleet (EV fleet charging infrastructure, etc.) consistent with the Zero Emissions County Buildings & Operations Policy.
- Project results in greener neighborhoods and reduces or avoids potential public exposure to pollutants, contamination, and other hazards to public health and the environment.

If a project scores zero for Factor 4, the project will be sent back to the Asset Managing Department for reevaluation.

**5. Funding Availability** The following factors shall be considered in scoring this prioritization factor:

- Projects with a high likelihood of receiving funding (grant funds or cost sharing from outside entities) shall receive a higher score i.e. co-located Public Safety/Service and other facilities are examples of projects in this category.
- Projects that have an identified funding source will be scored higher than those that do not.
- Projects that require funding to complete an ongoing phase will be scored higher than those that need funding for the next phase of the project.

**6. Project Readiness** The following factors will be considered in scoring this prioritization factor:

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

**7. Multiple Category Benefit and Bundling Opportunities** The following factors will be considered in scoring this prioritization factor:

- Project reduces construction costs by potentially bundling with adjacent projects of other asset types i.e. City/County co-locations and/or multiple facilities on shared sites.
- Project provides for partnering or bundling opportunities with other local, state, or federal agencies (e.g., leverages shared resources).

## **Scoring Weights**

The below table provides scoring weights for each prioritization factor per asset category in recognition that different assets 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.

<b>Factors</b>	<b>Library Assets</b>	<b>Mobility Assets</b>	<b>Public Safety &amp; General Service Assets</b>	<b>Enterprise &amp; Fee-Funded Assets</b>	<b>Flood Resiliency &amp; Water Quality Assets</b>
Legal Compliance and Risk to Health, Safety, and Environment	13	25	25	25	25
Asset Condition and Level of Service	25	25	28	25	25
Equal and Equitable Community Investment	20	20	20	20	20
Sustainability and Conservation	25	15	15	15	15
Funding Availability	10	5	5	5	5
Project Readiness	5	5	5	5	5
Multi Asset Benefit	2	5	2	5	5

For consistent and accurate application of the prioritization factors, each asset department shall develop asset-specific sub-criteria for each factor.

## **Implementation Process**

The following process outlines the steps in prioritizing projects from identifying a need through implementing the project:

1. Stakeholders (including the Board of County Commissioners, Staff SME's (Subject Matter Experts) the public, etc.) submit a capital need per Board of County Commissioners Policy.
  - o Board of County Commissioners yearly submittals
  - o Public input at a minimum of every two years
2. Needs are identified based on County 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 AMD's unique strategies for each asset type for inclusion in the 10-Year CIP.
3. At the start of the budget process for the appropriate fiscal year, the proposed projects are scoped and then scored using Board of County Commissioners Policy XXXXX before being submitted to CIPRAC for review and recommendation to the Board of County Commissioners into the proposed CIP budget.
4. If the Board of County Commissioners approves the CIPRAC's recommendation, the need is submitted as part of the Board of County Commissioners' proposed CIP Budget.
  - o If the Board of County Commissioners rejects a recommended project, the project goes back to AMD for reconsideration for the next budget cycle and adjustment in the 10-Year CIP plan.
5. Once the need is in the Commissioners' proposed CIP Budget and the proposed CIP budget has been approved by the Board of County Commissioners, the next phase of the project will be initiated.
6. At various decision points after project initiation, including but not limited to the completion of design but before the start of construction, a project will be reviewed by the Project Manager responsible for completing the project and the priority score will be adjusted to account for any changes that have occurred since the last scoring opportunity before receiving funding to advance to the next stage in the project lifecycle.

## **Additional Considerations**

- Emergency projects automatically have a 100% priority score.

An emergency project is a project initiated to address an urgent situation that requires immediate action. These projects typically arise from unexpected events or crises, such as natural disasters, critical infrastructure failures, or urgent health and safety concerns. The primary goal is to mitigate the impact of the emergency, restore normal operations, or prevent further damage. Emergency projects often bypass standard procedures to expedite response and resolution.

- For new EMS station projects, the County Standards of Response Coverage report or similar technical public safety report will be prioritized over the final project prioritization score for final funding consideration by the Board of County Commissioners and Durham City Council if appropriate.
- Upon approval of the CIP budget by the Board of County Commissioners, the Staff will pursue the completion of each project phase according to the priority ranking resulting from this prioritization process up to the total amounts authorized by the Board of County Commissioners for each project category.
- The Board of County Commissioners will also utilize the resultant priority ranking for the pursuit of all outside grant funding opportunities.
- For projects that have funding shortfalls, the priority scores will be updated and provided to the Board of County Commissioners as part of any proposed financial action.

Revisions to this Board of Commissioners Policy are not intended to release or alter the County'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.

## **Monitoring and Reporting**

Regular monitoring is critical to ensuring that infrastructure projects are prioritized in a manner consistent with the purpose of this Board of County Commissioners' policy and result in investments aligning with climate equity and strategic plan goals. At least once every two years, the County'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 and community planning area, and a

summary of all CIP-implementing projects. If the purpose and intent of this Board of County Commissioners' policy are not being achieved based on these reports, this policy should be updated to include any needed refinements.

**HISTORY:**

Adopted by Resolution  
Amended by Resolution

DRAFT