



City of Riverside
MULTI-YEAR CAPITAL PLANNING FISCAL POLICY
Approved by the City Council on March 20, 2018

PURPOSE:

A Capital Plan (Capital Improvement Program) is a multi-year financial plan that lists and describes capital projects a local government plans to undertake, indicates how projects will be funded and projects the effect of the plan on key financial variables.

A Capital Project results in the acquisition or increased value of a capital asset (e.g. land, land improvements, infrastructure and equipment, etc.).

The Government Finance Officers Association (GFOA) recommends that state and local governments prepare and adopt comprehensive, fiscally sustainable, multi-year capital plans. A multi-year capital plan is intended to identify and prioritize expected capital needs based on strategic priorities and operational needs, establish project scope and cost, detail estimated amounts of funding from various sources, and project future operating and maintenance costs.

POLICY:

The City shall adopt a multi-year Capital Plan spanning at least five years in conjunction with the biennial budget and five-year financial planning processes. The Capital Plan should include all of the City's planned capital projects. To qualify as a capital project, the asset or improvement should have: 1) monetary value (cost) of at least \$20,000; and 2) useful life of at least 10 years.

The Capital Plan should incorporate the following elements as relevant and appropriate:

- a. Assessment of the physical condition of existing capital assets;
- b. Economic development projections, strategic plans, comprehensive plans, facility master plans and regional plans, including changes in federal, state, and county policy and regulations;
- c. Prioritization of capital needs based on established policy; and
- d. Financial strategies and sources of funding: 1) for the acquisition or improvements associated with the project, and 2) for the subsequent annual operation and maintenance costs of the capital asset throughout its life.



City of Riverside
PRIORITIZATION OF CAPITAL IMPROVEMENT PROJECTS
FISCAL POLICY

Approved by the City Council on March 20, 2018

PURPOSE:

The Government Finance Officers Association (GFOA) recommends that state and local governments establish an objective process for prioritizing capital improvement projects, to give decision-makers a basis for choosing the most compelling projects for funding and implementation.

POLICY:

The City shall adopt an objective process of prioritizing capital improvement projects to ensure consistency with the General Plan, and in conjunction with the biennial budget process or otherwise as capital funding becomes available, using the following factors:

1. Risk to Health, Safety and Environment:
 - a. Avoids or minimizes the risk to health, safety and environment associated with the infrastructure based on condition assessment of the asset, or the lack of an asset, that may include the age, size, material, capacity, and history of failure of the infrastructure; and
 - b. Urgency of the project to reduce the potential hazards to the public, property and environment.
2. Regulatory or Mandated Requirements:
 - a. By legal mandate or consent decree;
 - b. By other regulatory requirements (project specific or programmatic), and
 - c. Must comply with court orders and settlements or avoids plausible legal claims.
3. Asset Condition, Annual Recurring Costs and Asset Longevity:
 - a. Existing conditions and capacity to meet the basic level of service is deficient;
 - b. Avoids potential failure due to substandard conditions;
 - c. Improves the overall reliability of the capital asset and infrastructure system;
 - d. Major implications of delaying the project such as significant future costs, or negative community impacts;
 - e. Extent to which reduces City operations and maintenance expenditures; and
 - f. Increases the longevity of the capital asset or extends the useful life of the asset in the long term.

4. Community Investment and Economic Prosperity:
 - a. Contributes toward economic development and revitalization efforts;
 - b. Reduces or avoids impacts to the community when infrastructure fails;
 - c. Benefits under-served communities including those with low income households, low community engagement and low mobility or access to transportation systems; and
 - d. Located in a census tract that is deemed eligible for Community Development Block Grant (CDBG) funds.
5. Level and Quality of Service:
 - a. Improves existing conditions and capacity to meet the minimum level and quality of services that is deficient;
 - b. Addresses an infrastructure or facility deficit identified in a community plan; and
 - c. Addresses the need to install new facilities or improve existing facilities to provide access to City services
6. Sustainability and Conservation:

Improves the health of the community and natural environment through sustainable designs with improved regional air quality and reduced greenhouse gas emission that contributes to climate change.
7. Funding Availability:

Rank is increased based on assessment of the amount of funding needed to complete the current project phase and the entire project.
8. Project Readiness:
 - a. Ready to enter the phase corresponding to the funding proposed;
 - b. Delivered most expeditiously shall be preferred; and
 - c. Complex environmental issues or known significant legal challenges shall be scored lower than projects without said complications.
9. Multiple Category Benefit and Bundling Opportunities:
 - a. Fulfills the prioritization factors described above across multiple scoring categories;
 - b. Reduces construction costs by potentially bundling with adjacent projects; and
 - c. Provides for partnering or bundling opportunities with other local, state, or federal agencies (e.g. leverages shared resources).

Implementation of this Policy is not intended to release or alter the City's current or future obligations to complete specific capital improvement projects by specified deadlines, as may be imposed by court order, or order of any federal, state or local regulatory agency.