

**COUNTY OF RIVERSIDE, CALIFORNIA
BOARD OF SUPERVISORS POLICY**

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Policy:

The Capital Improvement Program (CIP) is a method for providing the Board of Supervisors with a comprehensive document containing immediate and long term capital needs with their financing and budget requirements. The CIP will be used for planning of new public works projects pertaining to county facilities, major facility expansions and purchases of large capital assets. The CIP will be the central vehicle for all major capital projects within the county. This policy applies to departments, agencies, districts and authorities governed by the Board of Supervisors unless specifically exempted by the Board. Except for office construction, expansion, or real property acquisition, this policy is not intended for capital projects carried out in the normal course of business by the Riverside County Flood and Water Conservation District, Regional Parks and Open Space District, Transportation and Land Management Agency (TLMA), Housing Authority, and the Waste Management Department. These agencies and districts must adhere to specific state and federal statutes for their public works projects.

It is the intent of this policy to be consistent with the provisions of Board Policy A-69 "Best Practices in Contract Management", Board Policy H-7 "Selection of Architectural, Engineering and Real Estate Related Services," B-11 "Award of Public Works Contracts Pertaining to County Facilities and Certain Other Improvements," California Government Code Sections 25502.5(a) 4526, Uniform Public Construction Cost Accounting Act (UPCCA) procedures, Federal Clean Water Act, State of California Porter-Cologne Water Quality Control Act, other applicable state codes, and ordinances, resolutions or policies of the county which may govern the approval of projects and contracts for acquisition of land or structures, construction, alteration, repair or improvement of county facilities.

I. Definitions

- A. A "Capital Improvement Project" shall mean a tangible fixed asset or public works project pertaining to a county facility project of significant value that extends beyond the current year. With respect to policy B-22, "Significant Value", as herein described, shall include the professional facilities services and its associated capital improvements, including but not limited to: master planning for county facilities, acquisition of land for a county facility, acquisition of buildings, construction or expansion of county facilities, fixed assets, or enhancements to county facilities -- that will be used, occupied or owned by a county entity, with a combined project value over \$100,000; major leases OR any county facilities project requiring new net county cost.

- B. "Major Lease" shall mean any lease where the value of the asset to be leased is at least \$1,000,000 or the term of the lease is greater than five (5) years.

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- C. "Capital Improvement Budget" (CIB) shall mean a listing of capital projects, their funding sources and construction schedules, being recommended for approval by the Board of Supervisors during annual budget deliberations.
- D. "County Department(s)" shall mean all departments, agencies, districts and authorities that are governed by the Riverside County Board of Supervisors, except those departments exempted above, or other appropriate approving board.
- E. "Managing Department" shall mean the designated department managing the project and having authorization to procure professional facilities services pursuant to Board Policy H-7.
- F. Project value shall mean the sum of public works contract(s) which prescribe the work or services pertaining to a county facility. Contracts may not be split or separated into smaller work orders or projects for the purpose of diminishing the project value.
- G. "Program Document" shall mean a written assessment and description of core space requirements that make up the capital improvement project. The Program Document establishes the project scope, size, and funding need.
- H. The Capital Project Review Committee shall mean the committee formed by approval of the Board of Supervisors in November 2006 to provide cost oversight and review of any change order or need which results in a particular project exceeding the 10% contingency established in the project budget.

II. Capital Improvement Plan Policy

- A. The guiding strategy of the CIP will be to allow the County of Riverside to fully account and plan for such capital projects that will have a major impact to the county's annual budget, future staffing levels and service to the public. The CIP will allow the county to anticipate and plan for its future capital needs, as well as prioritize multiple projects to maximize the use of the county's limited capital funds.
- B. Capital improvement projects shall not be separated from the costs of their associated professional services, including but not limited to architectural, landscape design, engineering, geotechnical services, water quality management, construction management, labor compliance, real estate, materials testing and inspection, environmental assessment **or other specialty professional services.**

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Instead, the costs of the construction or improvements as well as the cost for professional facilities services shall be combined and submitted together to determine total project value.

- C. The CIP team, chaired by the Executive Office and consisting of Facilities Management/Economic Development Agency, and Information Technology staff, is designated to oversee the stewardship of the CIP.
- D. The CIP team will develop a multi-year Capital Improvement Program (CIP) with a time horizon of five to ten years listed annually.
- E. The CIP team will develop a capital improvement budget annually.
- F. The CIP team will coordinate the development of the capital improvement program with the annual update of the public facilities needs list. The needs list will include those projects that may be partially or fully funded through the collection of development impact fees.
- G. The CIP team will coordinate the development of the capital improvement program and the capital improvement budget with the development of the county annual operating budget.
- H. The CIP team will coordinate the development of the quarterly CIP report with the development of the county quarterly budget report.
- I. The CIP team shall work with county departments to identify and use the least costly method of financing for all capital improvements.
- J. All capital improvements must be a component of the CIP before any county department can submit a grant or issue an RFP related to the capital improvement.
- K. All capital improvement projects underway must be reviewed at various stages and approved by the CIP team before submittal to the Board of Supervisors or appropriate authorizing board for approval.
- L. Unfunded or partially funded capital improvement projects may not incur costs beyond the funding amounts committed by Board action. These projects may not proceed until further funding is identified by the Executive Office.

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III. Capital Improvement Plan Process

- A. The CIP team will issue an annual call for projects to all county departments. The annual call will include requests for county facility projects including but not limited to: master planning for county facilities, acquisition of land for a county facility, acquisition of buildings, construction or expansion of county facilities, fixed assets requiring general funds or enhancements to county facilities, and their associated professional facilities services -- that will be used, occupied or owned by a county entity, with a combined total value over \$100,000; major leases and changes/revisions to current projects on the CIP list; OR any county facilities project requiring new net county cost.
- B. County departments will revise/add to their CIP list covering the next five fiscal years and provide an initial justification for new projects, which will include preliminary and/or future staff needs, anticipated space needs and funding sources.
- C. The CIP team will review all submittals by departments, which will include prioritizing and compiling the projects into a multi-year CIP. During the review, the CIP team may consult with the county departments, and Executive Office analysts, to review costs, identify funding sources, analyze space needs and determine applicability to the CIP plan.
- D. The CIP team will prepare a proposed multi-year CIP for the Board of Supervisors. After review by the Board of Supervisors, any changes requested will be incorporated into the proposed multi-year CIP.
- E. The CIP team will update and present the multi-year CIP annually to the Board of Supervisors as a companion document to the county annual operating budget. The multi-year CIP document will make recommendations for department priority projects to the Board based upon available funding.

IV. Project Priority

A. Evaluation:

The following are some of the considerations that will be used by the CIP team for evaluation of projects to be included in the multi-year CIP:

- Health and safety considerations regarding the project;
- Agency/department's input regarding phasing and sequencing resulting from

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- contingent events;
- Type and level of mandate regarding service provision;
- Impact and overall level of benefit to the county CIP and the county's citizens;
- Outside (state, federal or other) funding for projects;
- Program alternatives, if any;
- Cost effectiveness of program alternatives, where applicable;
- Estimated costs of project;
- If appropriate, information on service demands (e.g. caseloads) may be considered for particular projects;
- Other considerations not identified and which may be applicable to a specific project.

B. Prioritization:

The CIP team will evaluate county department project priorities and make recommendations to the Board based on a priority ranking as follows:

Priority I – Imperative: Projects that cannot reasonably be postponed without harmful or otherwise unacceptable consequences.

Priority II – Essential: Projects meeting clearly demonstrated needs or objectives.

Priority III – Important: Projects benefiting the community that could be delayed without impairing basic services.

Priority IV – Desirable: Projects that would benefit the community but are not included in the plan because of funding limitations.

V. Roles and Responsibilities

A. Capital Improvement Program Team

1. The CIP team will have the lead responsibility for coordinating the capital needs requests for all county departments, for preparing a multi-year CIP, a capital improvement budget (CIB), and a quarterly CIP report.
2. The CIP team will assist county departments in identifying appropriate funding sources for the projects.

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3. The CIP team shall be responsible for prioritizing each project listed in the CIP based on the project priority ranking outlined in IV. B. above.
4. The CIP team will be responsible for developing an order of magnitude cost range for those projects included in the CIP that have been assigned a CIP Priority I (one) ranking.
5. The CIP team will verify estimates of project construction costs, operating and maintenance costs, and departmental staffing costs submitted by county departments.

B. County Departments

1. In consultation with the CIP Team, county departments will be responsible for the development of a long-range capital improvement plan for their department.
2. County departments will be responsible for submitting a prioritized list of current capital needs as well as future needs during the annual call for projects.
3. County departments will be responsible for writing the justification for their projects and including sufficient detail to assist the CIP team in recommending projects to the Board.
4. County departments will be responsible for identifying appropriate funding sources for the project prior to initiating the capital improvement project. (The CIP team will assist as needed).
5. County departments will be responsible for identifying staffing, operating and maintenance costs for each of the projects requested with the assistance of their Executive Office budget analyst prior to initiating the capital improvement project. (Facilities Management/Economic Development Agency will assist with maintenance and utility cost projections).

C. Managing Department

1. The designated managing department is responsible for the management and oversight of its assigned capital facilities projects. The managing department will continuously maintain and make available for reporting and administrative review, a checklist to ensure that all critical tasks are accomplished during the life of a project. Among other things, this list will include the program document, environmental impact report (EIR), life safety approvals, geological testing,

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special site requirements, various inspections, Water Quality Management Plan (WQMP), program verification, architect selection, Americans with Disabilities Act (ADA) review, budget tracking, schedule verification, CIP reviews and approvals, and all construction related tasks.

2. The managing department is responsible for all CIP team reviews and Board approval requirements related to the specific project.
3. The managing department is responsible for referring the project to the CIP team in the event of major changes to the project scope, size, or funding expectations in the approved "In-Principle" Form-11.
4. The managing department is responsible for obtaining county department concurrence on all CIP Board approvals required in Section VIII or when the project financially impacts their department.

VI. Capital Projects Identified Outside the CIP Process

All capital improvements shall go through the capital planning process. When a capital improvement is identified outside the annual CIP process, the requesting county department will submit a request to add the project to the CIP. The request shall be submitted to the CIP team in the same format, with the same information required in the annual call process. The request will be reviewed by the CIP team for consideration of inclusion into the current CIP.

VII. Capital Improvement Budget

- A. The capital improvement budget (CIB) will be prepared by the CIP team for inclusion with adoption of the proposed county operating budget.
- B. The CIB will include identification of the project, order of magnitude cost range, priority, desired occupancy date, funding sources, departmental operating budgets affected and the current fiscal year's estimated costs. The CIB will also include summarized information for future fiscal year's costs and funding sources.

VIII. CIP Approvals

A county department may initiate a CIP project in coordination with a managing department. CIP team review and Board approval is required at the following stages of the project. The managing department shall obtain concurrence from the county department head or its designee on all CIP Board approvals when the project financially

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impacts their department as detailed below:

- “In-Principle Approval”
- “Notice of Intent to Purchase / Authorization to Purchase Real Property”
- Approval of professional facilities services contracts
- Program and schematic design approval
- “Approval of Construction Documents and Authorization for the Clerk of the Board to Advertise for Bids”
- Approval of contract award for construction of the improvements
- Change orders / contract amendments (if necessary)

A. In-Principle Approval

Where the combined costs of construction of the improvements and associated professional services is over \$100,000 **including** major leases and changes/revisions to current projects on the CIP list; OR any county facilities project requiring new net county cost:

The managing department shall submit the scope and funding plan for the public facilities project for review and approval by the county’s capital improvement program (CIP) team prior to or concurrent with “In-Principle” Form 11 approval by the Board of Supervisors.

B. Notice of Intent to Purchase Real Property and Authorization to Purchase Real Property

1. The managing department shall submit the “Notice of Intent or Authorization to Purchase Real Property” for review and approval by the county’s capital improvement (CIP) team prior to or concurrent with the approval by the Board of Supervisors.
2. The “Authorization to Purchase Real Property” Form-11 shall include the estimated purchase price, including an estimate of escrow, closing costs, and transaction fees in the total cost.

C. Approval of Professional Facilities Services Contracts

1. Professional services for architectural, engineering, landscape design, geotechnical services, water quality management, construction management, labor compliance, real estate, materials testing and inspection, environmental

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assessment **or other specialty professional services**, may be selected through two options:

- a. Professional services may be selected from a list of pre-qualified firms established under Board Policy H-7 and shall comply with the limits and contracting authority set forth in California Government Code 25502.5 and shall not exceed the estimated project budget authorized by the Board of Supervisors.
 - b. Public notice of a **project-specific** Request for Qualification/Proposal (RFQ/RFP) may be given to procure professional services that exceed the limitations and contacting authority of California Government Code 25502.5. Such notice will include publication in a newspaper of general circulation within the County and may also be posted on the County web site.
2. All proposed contracts must be reviewed and approved as to form by the County Counsel in compliance with Board Policy A-18.

D. Program & Schematic Design Approval

1. The architect or the managing department will prepare a Program Document for the project. This activity will include an assessment of core requirements of the project to keep the project within reasonable scope, size, and funding expectations in the approved "In-Principle" Form-11.
2. The architect, under the direction of the managing department, will develop the schematic drawings for the project. This activity will include a review of the program requirements and a verification of project order of magnitude cost range from the architect. In addition, the anticipated construction schedule will be reviewed.
3. The managing department will submit the completed program document and schematic drawings to the CIP team for review to ensure they are consistent with the approved scope and funding plan in the "In-Principle" Form-11 in VIII.A. The CIP team will review the architect's estimated cost and schedule for the project, and verify funding assumptions and financing strategies.
4. The managing department will prepare a Form 11 to the Board of Supervisors for approval of the program document and completed schematic design drawings and authorization to proceed with the Design Development phase (DD's) and develop Construction Drawings (CD's) and specifications. The refined "order of magnitude cost range" for the project will be included in the

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background information on the Form 11.

5. The managing department will work with the architect during the design development phase of the project. This will include program verification and value engineering to keep the design of the project within the “order of magnitude” cost range. The Executive Office will review and approve (or deny) any significant program or scope changes.
6. Environmental findings are not required to be reviewed by the CIP team but are subject to Board approval if required by the Federal Clean Water Act, State of California Porter-Cologne Water Quality Control Act, or other applicable state and federal laws.
7. The managing department will obtain a cost estimate from the design architect based upon the Construction Drawings (CD’s) and specifications. For projects over \$3 million in cost the managing department will obtain a cost estimate from an independent construction cost estimator and if necessary, will reconcile the estimates.

E. Approval of Construction Documents and Authorization for the Clerk of the Board to Advertise for Bids

1. The managing department will submit completed construction drawings, specifications, and cost estimates will be submitted to the CIP team for review to ensure they are consistent with the program document and schematic design approval Form-11 in VIII.C. The CIP review will include verification of funding sources and cost estimates.
2. The managing department will submit the project to the Board of Supervisors via a Form 11 for approval of construction drawings, specifications, and authorization for the Clerk of the Board to advertise for bids. An estimated project budget will be included in the background information on the Form-11.
3. All formal process bids shall comply with Policy H-7.

F. Approval of Contract Award

A construction company will be chosen from those responding to the RFP per county Board Policy H-7 and B-11. The managing department will submit the selected company and bid amount to the Board of Supervisors or other appropriate authorizing board via a Form 11 for approval. The Form 11 will include a complete

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project budget among the board motions.

G. Change Orders / Contract Amendments

Change orders are generally costly and require an inordinate amount of management effort. Therefore, it is the intent of this policy that change orders be held to a minimum and normally used to deal with unforeseen circumstances and constructability problems. Change orders are not normally to be used for elective changes that are not critical to function or costs.

1. Change orders above the delegated authority of the managing department shall be submitted via a Form-11 for approval by the Board of Supervisors. The CIP team will review and sign off on the Form-11.
2. Change orders exceeding the 10% contingency established in the project budget are subject to review by the Capital Project Review Committee by the referral of the Executive Office. The committee, consisting of two board members, may convene to review such change orders and render final recommendations to the Board of Supervisors to approve or deny the change order request.
3. Amendments to contracts shall comply with Policy H-7.

IX. Construction Administration

- A. For all CIP projects approved and in process, the managing department, will prepare and submit quarterly status reports to the CIP team. It will be the managing department's responsibility to ensure that the quarterly status reports are provided to the CIP team for their respective projects.
- B. The CIP team will prepare and submit a CIP quarterly report as a companion to the county's quarterly budget report.
- C. The CIP team may determine additional reporting requirements depending upon the scope of the project.

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- D. The “Notice of Completion” is a document filed with the Clerk of the Board and approved by the Board of Supervisors when the capital improvement project is substantially complete. The managing department shall submit a courtesy copy to the CIP team for tracking purposes only.

Reference:

Minute Order 3.7 of 08/27/02
Minute Order 3.40 of 11/7/06
Minute Order 3.3 of 04/10/07
Minute Order 3.5 of 06/30/09
Minute Order 3-5 of 07/02/13
Minute Order 3-9 of 12/08/15