

A CITIZEN'S GUIDE TO INFRASTRUCTURE

Office of the Independent Budget Analyst



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The City of
SAN DIEGO

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Citizen’s Guide to Infrastructure

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List of Abbreviations

ADA	Americans with Disabilities Act
AMD	Asset Managing Departments
CAP	Climate Action Plan
CDBG	Community Development Block Grant
CEF	Climate Equity Fund
CEQA	California Environmental Quality Act
CIP	Capital Improvements Program
CIP Outlook	Capital Infrastructure Planning Outlook
CIPRAC	Capital Improvements Program Review and Advisory Committee
CPC	Community Planners Committee
DIF	Development Impact Fees
EAM	Enterprise Asset Management System
E&CP	Engineering & Capital Projects
FBA	Facilities Benefits Assessment
FY	Fiscal Year
GO Bond	General Obligation Bond
IBA	Office of the Independent Budget Analyst
IJA	Infrastructure Innovation and Jobs Act
JOC	Job Order Contract
MACC	Multiple Award Construction Contracts
PCC	Project Controls Committee
SCP	Strategic Capital Projects Department
SLS	Service level Standards
SRF	State Revolving Fund loan
WIFIA	Water Infrastructure Finance Innovation Act



Mission Beach and Bay

Citizen's Guide to Infrastructure

Introduction

The mission of the Office of the Independent Budget Analyst (IBA) is to provide clear, objective, and unbiased analysis and advice to the City Council and the public regarding all legislative items bearing financial and policy impacts to the City of San Diego (City). Our Office developed this guide to assist the public in understanding the capital planning and budgeting process and the numerous infrastructure-related challenges facing the City. This foundation of knowledge on infrastructure will help residents become involved and to provide thoughtful input on the City's Five-Year Capital Infrastructure Plan Outlook (CIP Outlook) and annual Capital Improvement Program (CIP) Budget.

Note that this Guide can be used in conjunction with our [Citizen's Guide to the Budget](#), which is designed to help interested residents gain a better understanding of the City's Fiscal Year (FY) 2022 Adopted Budget, and the process by which the annual operating budget is developed each year. These documents are updated annually to reflect changes to the CIP Outlook as well as CIP and operating budget processes. For additional information regarding the City's annual budget and other important topics, contact our office at:



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What is Infrastructure?

Public infrastructure in the United States is a complex network of public works such as roads, bridges, airports, parks, facilities, and water utilities. Much of the nation's infrastructure is owned and maintained by state and local governments, representing a significant investment vital to public health, quality of life, productivity, competitiveness, and the economy. For many years, state and local governments have faced tight financial constraints with many priorities competing for limited resources, leading to underinvestment in infrastructure. As a result, many local governments are now challenged with aging and deteriorating assets and a backlog of deferred projects.

Different entities are responsible for installing and maintaining the infrastructure that they own and operate, within their boundaries or jurisdictions. The City owns and manages the basic physical structures, systems, and facilities needed to provide critical services to the community such as sidewalks, streets, parks, fire stations, police facilities, and water and wastewater systems. Infrastructure assets owned or managed by the City are shown in the box on the right. Many City departments, such as Transportation, Stormwater, and Public Utilities, maintain and operate these assets.

Infrastructure Owned and/or Managed by the City of San Diego

- ◆ Airports (Montgomery-Gibbs and Brown Field)
- ◆ Bikeways
- ◆ Bridges
- ◆ General facilities
- ◆ Homeless Shelters
- ◆ Libraries
- ◆ Parks and recreation facilities
- ◆ Police, fire, and lifeguard facilities
- ◆ Most sidewalk improvements
- ◆ Storm drains and flood control
- ◆ Street improvements
- ◆ Streetlights and traffic signals
- ◆ Water and sewer facilities and pipelines

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Other entities in the San Diego region also own and manage infrastructure assets. For example, the trolley, local rail, and bus systems are owned, operated, and maintained by the Metropolitan Transit System (MTS). The County of San Diego, State of California, and United States federal governments also have responsibility for assets within the City of San Diego, including facilities, bridges, roads, and highways.

How to report potholes, graffiti, and other issues with public infrastructure.

The City's [Get It Done](#) app enables the public to report potholes, streetlights, graffiti, and other issues. One benefit is that people don't need to know which department handles issues, and they can just use the app to make and track reports. For graffiti specifically, the [Get It Done](#) team also send images to the regional Graffiti Tracker system, which can assist with prosecuting offenders.

The [Get It Done FAQ](#) also has some useful information, and this includes articles on reporting issues on assets not owned by the City, such as:

- [How do I report a problem with a bus or a trolley stop?](#)
- [How do I report an issue with \(or contact\) the San Diego International Airport?](#)
- [Out of San Diego Area](#) (links to Caltrans, nearby Cities, San Diego Bay/Port, and Trolley/Bus Stops)
- [How do I report an issue to the Port of San Diego?](#)
- [How do I report litter or another issue with a freeway?](#)



Get It Done SD

Simple and easy to connect with the City:

- Report non-emergency problems
- Schedule appointments
- Obtain information

sandiego.gov/get-it-done
or download your mobile app today!

"Get It Done San Diego"

Download on the App Store | GET IT ON Google play

Icons: Litter, Car, Bicycle, Plant, Car, USA



Downtown San Diego

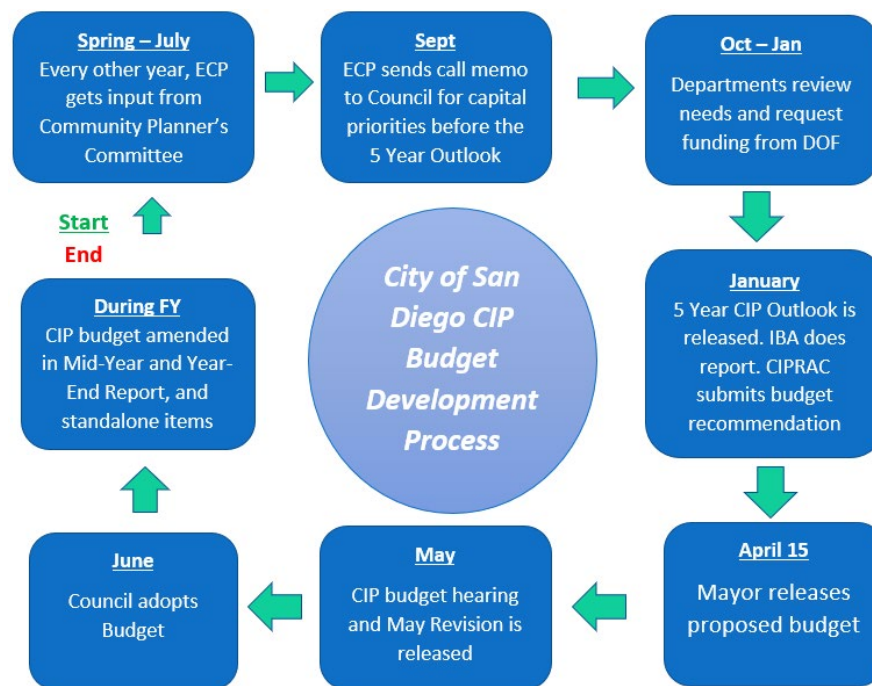
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The City's CIP Budget Process

The City of San Diego's fiscal year runs from July 1 through June 30. As shown in the following figure, the budget process typically begins in November with the release of the Five-Year Financial Outlook and concludes in June with Council's adoption of the Budget Resolution and the Appropriation Ordinance. The Five Year Capital Infrastructure Planning Outlook (CIP Outlook) is developed to closely follow the annual release of the City's [Five-Year Financial Outlook](#) to assist in accurately forecasting future available funding for capital projects and is generally released in January/February. The Mayor, City Council, City staff, Office of the IBA, and residents of San Diego all play a significant role in the formation of the budget.

The City Must Have a Balanced Budget

- ◆ The City is required by law to balance its budget each year. The budget is monitored throughout the year to determine whether the city is spending more or less than its revenues.
- ◆ The City then adjusts its spending to ensure that at the end of the year there are sufficient resources to cover the expenditures and the budget is in balance.



The Five-Year Capital Infrastructure Planning Outlook (CIP Outlook)

A capital improvement plan provides an overall perspective to enable decisionmakers and other stakeholders, including citizens, to take a long-range view of future capital needs, projects, priorities, and available funding. The City's long-range plan is called the [CIP Outlook](#). It provides a five-year citywide assessment of infrastructure needs and outlines the proposed capital priorities in compliance with the City Charter. The first year of the CIP Outlook serves as the basis for development of the annual Capital Improvement Program (CIP) budget.

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The most recent CIP Outlook is the City's eighth; the first was issued in January 2015, and covered FY 2016-2020. A long-term capital plan was first recommended the City Auditor in its June 2011 [performance review of the CIP](#), to provide an overall citywide perspective on asset and funding needs to support informed financial decisions on infrastructure investments.

The CIP Outlook is a planning tool to identify all current and future capital needs and available funding within the five-year outlook period. However, as shown in the current CIP Outlook, the City's capital needs far exceed available funding, and the Mayor and Council must therefore make strategic decisions regarding capital infrastructure investments during the annual CIP budget process. Absent new resources, many needs identified in the CIP Outlook will remain unfunded.

Government Financial Officers Association (GFOA)

- ◆ Capital facilities and infrastructure are important legacies that serve current and future generations.
- ◆ It is extremely difficult for governments to address the current and long-term needs of their citizens without a sound multi-year capital plan that clearly identifies capital needs, funding options, and operating budget impacts.

Highlights of the FY 2023-27 CIP Outlook



The [FY 2023-2027 CIP Outlook](#) (released in February 2022) estimates total capital needs of \$8.44 billion from FY 2023 to FY 2027, and projected funding available to support these needs of \$4.12 billion. This results in a \$4.32 billion funding gap, which increased by 43.1% since the prior year Outlook. This is the largest year-over-year increase in the funding gap since this report was first created. For a detailed analysis and our Office's conclusions, see [IBA Review of the FY 2023-2027 Five-Year CIP Outlook](#).

Capital projects are categorized as either priority or discretionary in the CIP Outlook to provide a level of ranking or urgency. Priority needs address life, safety, and have legally mandated needs, such as stormwater flood control and green infrastructure needs to meet Clean Water requirements. Discretionary projects are the remaining infrastructure needs, such playgrounds, parking lots, and comfort stations. Note that some needs classified as discretionary may also need to be addressed to prevent reactive or emergency repairs which can be significantly more expensive for the City.

Categories of Capital Needs

Priority:

- ◆ Address life, safety, regulatory requirements, and legal mandates.
- ◆ Could impact the core operation of a critical facility or asset.
- ◆ Any Mayor and Council priority.

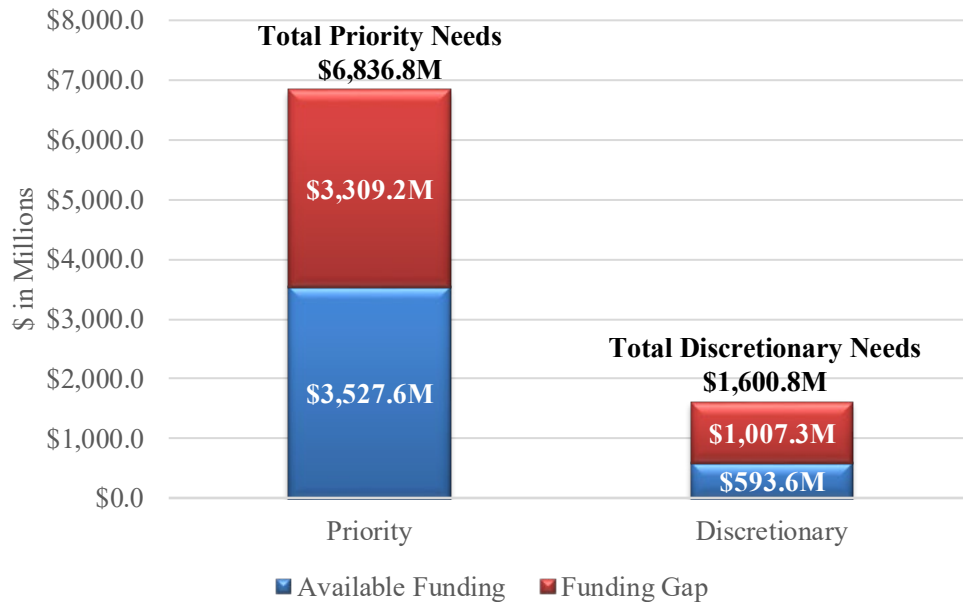
Discretionary:

All remaining infrastructure needs that allow the City to meet and exceed its services to the community to enhance the overall quality of life.

The following figure shows total priority and discretionary needs, funding, and the funding gap projected in the CIP Outlook as well as percentages of each. From the prior Outlook (FY 2022-26), the funding gap for priority needs of \$3.31 billion has increased by \$1.00 billion.

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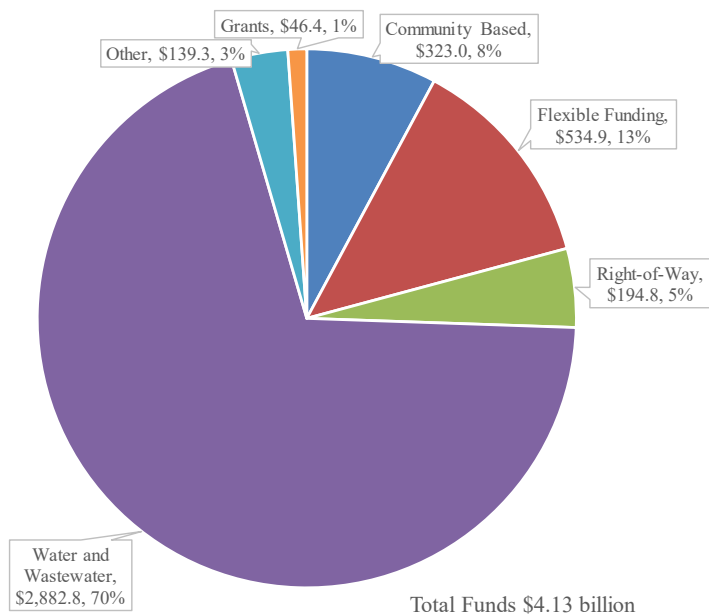
CIP Outlook – Priority and Discretionary Needs, Available Funding, and Funding Gap



When discussing CIP funding sources, there are two important related concepts – whether an asset (1) is enterprise funded or reliant on the General Fund and (2) has use restrictions. An enterprise asset is self-supporting with a dedicated funding source generated from fees or rates charged to customers using the asset; as an example, as water and wastewater rate revenue can only be used to support water and wastewater assets. In contrast, non-enterprise assets such as stormwater and parks do not have a dedicated funding source and must compete for the City’s limited General Fund resources.

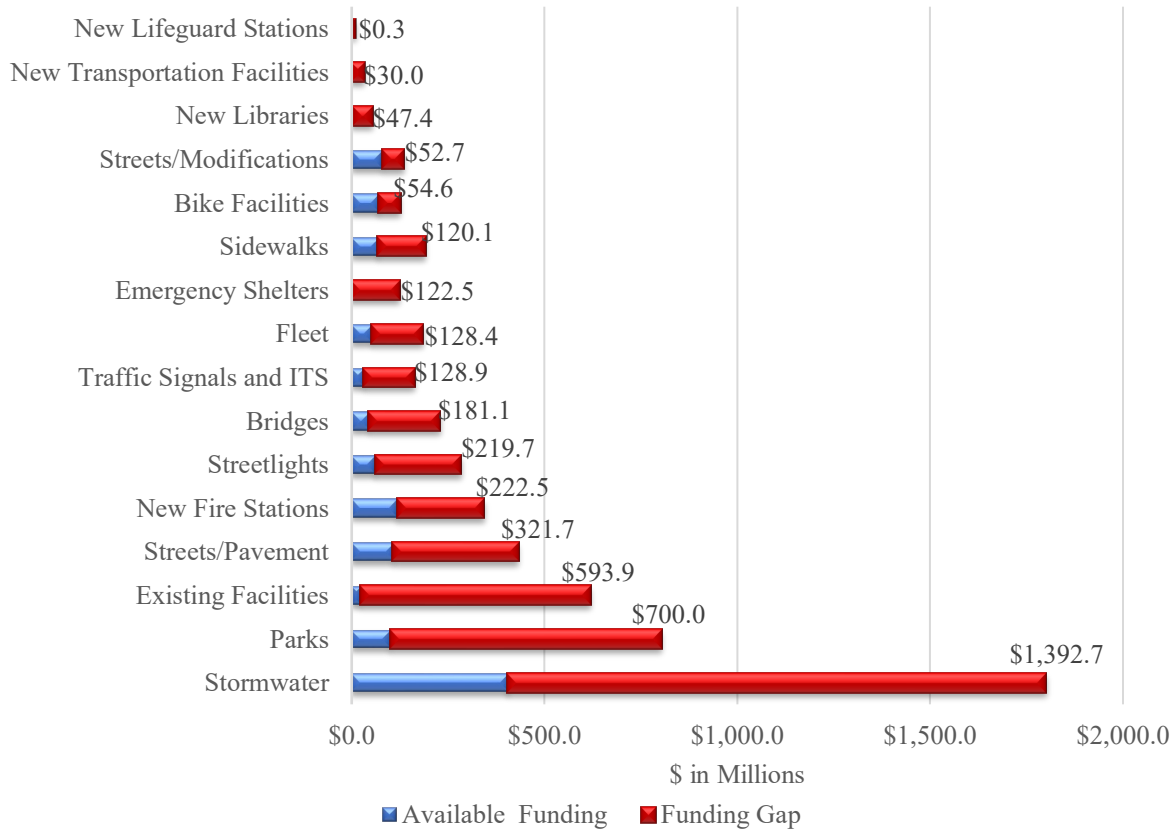
FY 2023-27 CIP Outlook by Funding Source

The figure on the right shows the vast majority of available funding over the next five years - 70% - is from the water and wastewater funds. The City’s \$4.3 billion funding gap is largely attributed to non-enterprise funded assets. The following figure shows the projected funding gap by asset type. Stormwater represents \$1.39 billion or 32.3% of the total funding gap which is twice the next highest of Parks with \$700.0 million or 16%.



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CIP Outlook – Total Needs, Available Funding, and Funding Gap by Asset Type



The significant funding gap is largely due to many priorities competing for limited resources and a lack of sufficient new or dedicated funding sources. This leads to ongoing deferral of needed projects, and results in continued aging and deterioration of existing assets. This ultimately further increases costs. Without a financing strategy that includes new revenue, the City will continue to defer capital needs, which will result in the inefficient use of the limited existing funds. For example, deferring storm water capital needs has resulted in 31 emergency projects totaling about \$63 million over the past three years (FY 2019-21).

Key Conclusions and Takeaways from Our Review of the CIP Outlook

Several of our key conclusions and takeaways from our [Review of the CIP Outlook](#) are highlighted throughout this Guide:

- The CIP Outlook has been enhanced and expanded to include more asset types which we believe is a positive step and should be continued to reflect key current infrastructure needs.
- Departmental Asset Management practices, such as condition assessments and establishing Service Level Standards (SLS), provide a sound basis for identifying capital needs.
- As departments are increasingly using these practices and have learned more about the state of their assets, the City has developed a well-supported understanding of many of its capital needs.
- As a result, the City is in a good position to (1) compete for unprecedented federal Infrastructure Innovation and Jobs Act (IIJA) Funds and (2) develop a financing and project delivery strategy to close the remaining funding gap.

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The Capital Improvements Program (CIP) Budget



A budget represents an organization's forecast of the revenues it will receive and expenditures it will incur in the upcoming year. Since state and local governments are required to balance their budgets, the City's annual budget is used to match identified needs with available revenue. Like many large cities, the City of San Diego's budget includes an operating budget and a [Capital Improvements Program \(CIP\) budget](#) (included as Volume III in the annual Budget release). The operating budget provides an outline of how the monies coming into the City will be spent to operate and maintain City functions and services, including public safety and parks and recreation.

In contrast, the CIP budget allocates available revenue for capital projects to rehabilitate, enhance, or expand existing infrastructure as well as to build new public assets. The City separates the CIP budget from the operating budget because capital infrastructure projects are generally large and expensive, take multiple years to complete, and are supported by financing sources outside of the City's General Fund (the main funding source for core City functions and services included in the operating budget). The box to the right describes the differences between capital projects, which are funded through the CIP budget, and maintenance and repair projects, which are funded out of departments' operating budgets.

Capital Projects Versus Maintenance & Repair

- ◆ Capital projects provide tangible, long-term improvements, such as constructing a new or expanding an existing library, replacing aging water pipes, or installing a new roof.
- ◆ Maintenance includes ongoing upkeep and repairs such as patching a roof or painting a building. Maintenance is not part of the CIP budget, and many of the funding sources used for capital projects cannot be used for maintenance. Instead, maintenance is generally funded by the City's General Fund and other sources like the TransNet Fund for street maintenance projects.

Because capital projects take multiple years to complete, the CIP is a rolling budget, meaning it includes funding from previous years, the current year budget, and funds needed for future years. The City is limited by the amount of resources available, therefore, the CIP budget aids officials in determining which objectives have the highest priority, will meet the greatest needs, and produce the greatest positive impact in the community.

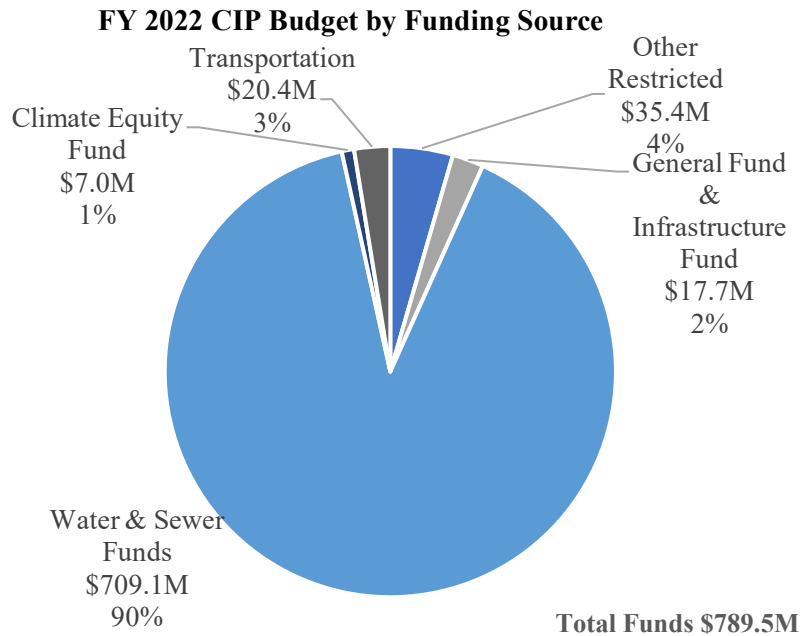
Highlights of the FY 2022 Adopted CIP Budget

The [FY 2022 Adopted CIP Budget](#) (approved by City Council and adopted by Mayor Gloria in June 2021) allocates \$789.5 million of existing funds and anticipated revenues to both new and continuing projects in the City's \$11.4 billion multi-year CIP. City Council previously approved \$4.2 billion towards projects continuing from previous fiscal years. An estimated \$6.4 billion of additional funding will be needed in future years to complete the projects currently in the CIP and fund annual ongoing capital expenditures, such as road resurfacing and pipe replacements. The

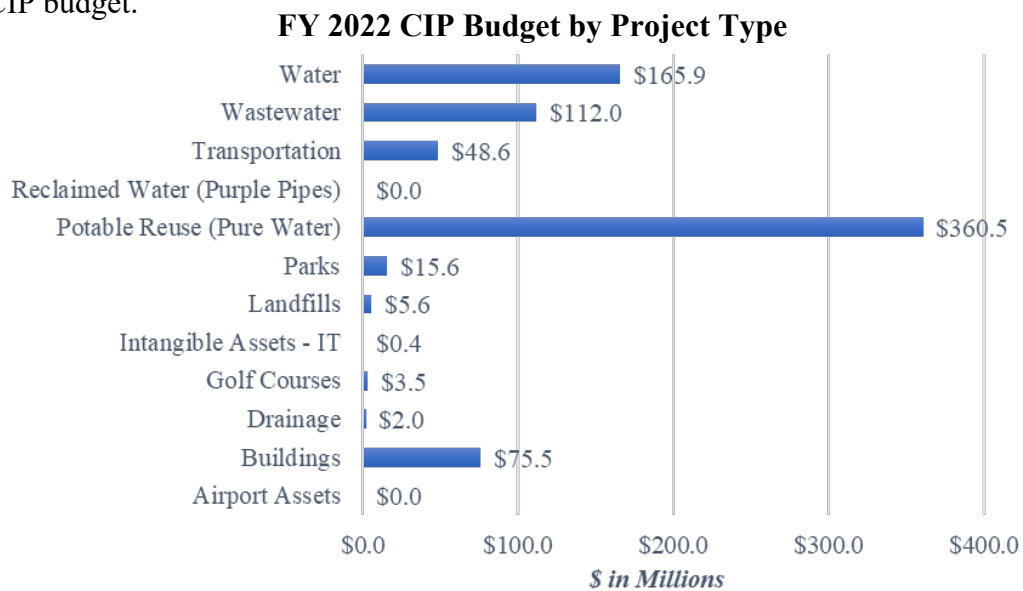
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CIP budget includes a compilation of 1,366 projects, some of which are standalone projects and others are grouped together into annual allocations.¹ For a detailed analysis and our Office's conclusions, see [IBA Review of the FY 2022 Proposed Budget](#).

The allocation of resources in the CIP budget is primarily driven by the availability of funds. As shown in the figure on the right, the Water and Sewer Funds



account for \$709.1 million or 90% of available revenues and can only be used to support water and wastewater projects. Transportation funding primarily includes TransNet and gas taxes and is \$20.4 million or 3% of the total FY 2022 CIP budget funding. The Other Restricted category includes the landfill, airport, and golf projects which are funded by enterprise funds. Only 2% of the budget (General Fund and Infrastructure Fund) can be used for any asset type. For example, parks, stormwater, and other building projects, such as police, fire, and library buildings, compete for these scarce resources. The following figure shows the FY 2022 CIP Budget by project type. The Pure Water Project Phase 1 (also known as Potable Reuse) is \$360.5 million or 46% of the total FY 2022 CIP budget.



¹ Annual allocations are composed of smaller projects that provide ongoing repair and replacements of certain asset types, such as streets and traffic signals.

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As Part of the Pure Water project, Public Utilities plans to complete construction on the early site work at the North City Water Reclamation Plant and North City Pure Water Facility in FY 2022 and advertise and award the remaining Phase I construction contracts. The box to the right provides more information on [Pure Water San Diego](#).

Outside of Pure Water, Water and Wastewater projects account for \$278 million or 32% of the total CIP budget, for example this includes projects for water and sewer main replacements and a large diameter water transmission pipeline. Buildings account for \$75.5 million (or 9.6%) of the total CIP budget; however, 92.2 % of this is for buildings that are maintained and operated by the Public Utilities Department and funded by the Water and Sewer Funds. Transportation projects account for \$48.6 million or 6.2% of the total and include roadways, traffic signals, sidewalks, bridges, and bicycle facilities.

Stormwater and facilities account for less than 1% of the FY 2022 CIP budget but have highest unfunded needs in the CIP Outlook of \$1.4 billion over the Outlook period. Ongoing deferral of needed projects results in continued aging and deterioration of existing assets, and further increases costs.² The photo below shows a failed City stormwater pipe.



Pure Water San Diego

[Pure Water San Diego](#) is the City of San Diego's phased, multi-year program that will provide nearly half of San Diego's water supply locally by the end of 2035. The Pure Water San Diego Program will use proven water purification technology to clean recycled water to produce safe, high-quality drinking water. The Program offers a cost-effective investment for San Diego's water needs and will provide a reliable, sustainable water supply.

Pure Water is a 20-year (2015-2035) project funded by the water and wastewater enterprise funds, is projected to provide a total of 83 million gallons per day, and includes two phases:

- ◆ Phase 1 (North City) is under construction and is designed to deliver 30 million gallons per day of purified water into the City's potable (drinking) water system by 2025, and
- ◆ Phase 2 (Central Area) is in the planning stage and is designed to deliver 53 million gallons per day by 2035.

An additional \$257.4 million of funding is anticipated to be received during FY 2022, such as such as donations, grants, debt financing, developer funding, and impact fees. This funding is not included in the CIP budget because the funding sources either require additional City Council approval, or the funding sources are more tentative, and staff will request City Council approval to appropriate when the funds have been received.

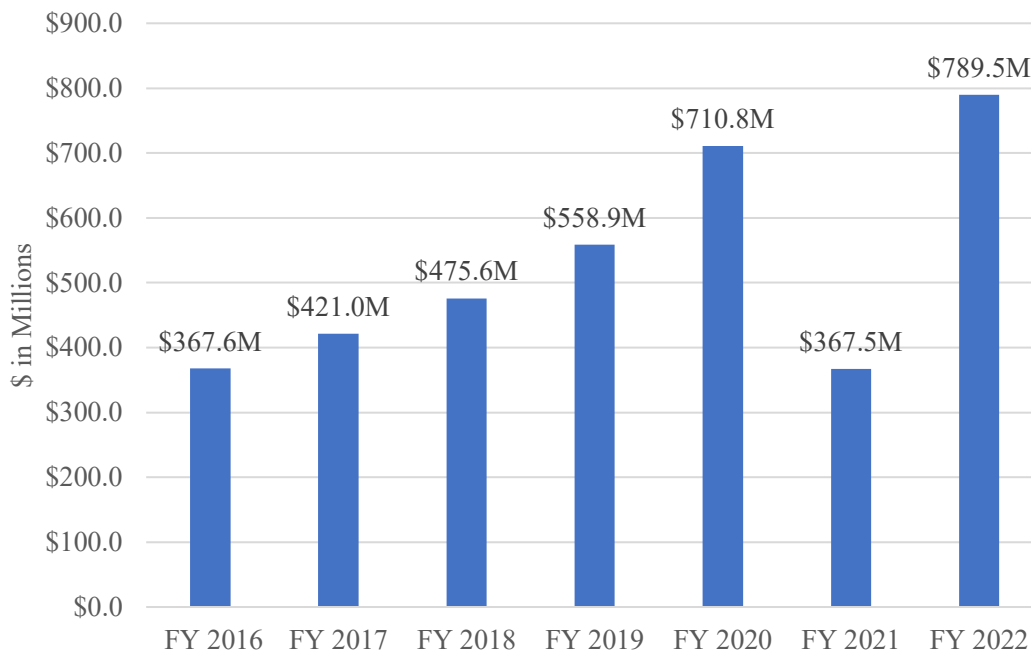
² On March 15, 2022, Council authorized the City to implement Water Infrastructure Finance Innovation Act (WIFIA) Loans of \$359 million over 5 years to finance eligible Stormwater projects (to be repaid by the General Fund.) For more information, see our [Review of the FY 2023-27 CIP Outlook](#) (Attachment1).

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CIP Budget Growth

The size of the City's annual CIP portfolio has grown significantly over previous years, as shown in the following figure. Since 2016 (the first year of the CIP Outlook), the City's CIP budget has increased by 114.8% from \$367.6 million to \$789.5 million in FY 2022. Since the prior year (FY 2021), the CIP had a similar increase. The CIP budget decreased by 49.5% from FY 2020 to FY 2021, primarily due to delays with the Pure Water Project which added no additional funding in FY 2020. These delays, which were due to litigation, have since been resolved. As the CIP portfolio has grown, the City's capacity to deliver these projects is very important (discussed in more detail in the Implementing Capital Projects section of this Guide).

Year-Over-Year Total CIP Budget

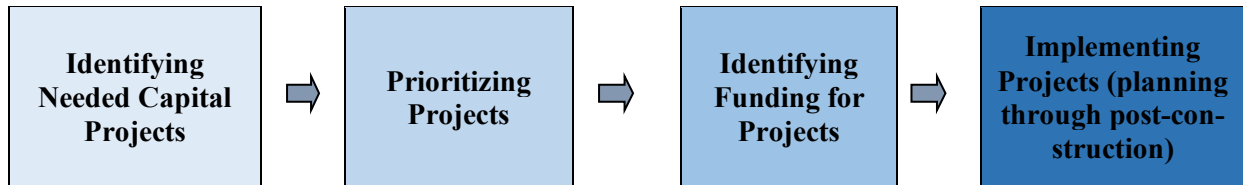


Construction on Pure Water Phase 1 – North City Water Reclamation Plant

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The CIP Process

The City's process for how an infrastructure need becomes a CIP project and ultimately a capital asset, is complex and involves various players, funding sources, and asset types. The process generally includes the following key steps, and we discuss each step in more detail in the following sections of the Guide. The process generally includes:



Identifying Needed Capital Projects

City staff from Asset-managing departments (AMDs) that operate, manage, or maintain infrastructure assets—such as Public Utilities, Transportation, Stormwater, and Parks & Recreation—have knowledge, experience, and expertise to identify capital needs as well as an understanding of related legal requirements and Mayoral and Council direction. Therefore, AMD staff are responsible for identifying needed capital projects to be included in the CIP Outlook and budget in coordination with the City's Capital Improvements Program Review and Advisory Committee (CIPRAC), its subcommittee the Project Control Committee (PCC), and input from various stakeholders. AMD staff generally identify needed CIP projects based on one or more of the factors or input discussed in more detail in the following sections.

- Direction from the Mayor and City Council
- Preservation of Public Safety
- Legal Requirements or Mandates
- Data Driven Asset Management Practices
- City Plans
- Community Input

Direction from the Mayor and City Council

Direction is provided informally to staff by the Mayor as well as through formal policies, reports, and plans adopted by the City Council. The City Council also communicates priorities through [Council Budget Priorities](#) and requests.

Preservation of Public Safety

Preservation of public safety is one of the top priorities for the City. E&CP has an emergency response section which handles CIP projects related to reducing risks to public health, safety, and the environment. This includes but is not limited to sinkholes caused by storm drains, replacement of fire alarm systems, sewer main breaches, and cave ins.

Legal Requirements or Mandates

The City faces a wide range of mandates from federal, state, and regional regulatory agencies

CIPRAC and the PCC

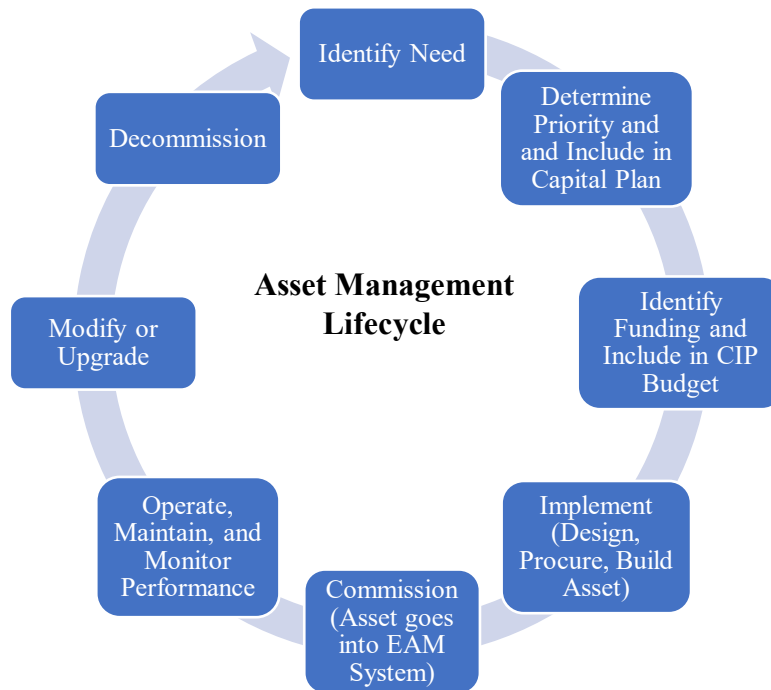
- ◆ The Capital Improvements Program Review and Advisory Committee (CIPRAC) is an internal decision-making body largely made up of senior-level AMD staff. It reviews projects and priority ranking scores submitted by AMDs during the budget process and makes project recommendations to the Mayor for inclusion in the CIP budget.
- ◆ The Project Controls Committee (PCC) is a subcommittee of CIPRAC which provides a preliminary review of projects prior to the CIPRAC review process.

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regarding asset design and attributes, most of which have consequences if the mandate is unmet. Many of these legal mandates regulate a specific standard, such as water and air quality rules, to preserve and maintain public health or to protect the environment. Others exist to protect civil rights, such as Americans with Disability Act (ADA) accessibility standards that provide access to the City’s programs and services for persons of all abilities. The City’s failure to meet these requirements could result in substantial fines or exposure to litigation.

Data-Driven Asset Management Practices

Data-driven Asset Management practices play an important role in helping to effectively plan for investments in infrastructure. Asset Management is a recommended best business practice for effectively and sustainably managing assets at a desired level of service for the lowest lifecycle cost. Similar to maintenance on your car, like getting the oil changed every 3,000-5,000 miles, infrastructure assets have predictive and preventive maintenance strategies to support effective lifecycle management from acquisition to disposition. Conducting ongoing planned preventative and predictive maintenance is critical for optimizing the life of capital assets in the most cost-effective manner. When ongoing maintenance is not fully funded, it contributes to deferred maintenance and capital needs, raises risks of asset depreciation to the public, and increases repair and replacement costs.³ The City’s Asset Management Lifecycle process is shown in the following figure.



The following sections include more details on departmental data-driven Asset Management practices that provide a sound basis for identifying capital needs, such as using an Enterprise Asset Management system (EAM) to support work management and planning, establishing Service Level Standards (SLS), and conducting condition assessments.

³ While capital repair, rehabilitation, or replacement are eligible to be in the CIP budget, maintenance is considered to be an operational cost typically funded by the AMD’s operating budget or other non-capital funding sources.

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Enterprise Asset Management System (EAM)

Given the significant amount of information and data needed for effective and sustainable management of infrastructure assets for a large City like San Diego, an Asset Management system is required to support work management and planning to maximize investment strategies. The City's primary Asset Management system is called Enterprise Asset Management system (EAM). EAM Phase 1 replaced 28 other departmental applications when it went live in 2018. Six departments/groups currently use EAM: (1) Information Technology/Wireless Communications; (2) E&CP; (3) General Services/Facilities Services Division; (4) Public Utilities; (5) Stormwater, and (6) Transportation.⁴ The Department of Information Technology anticipates expanding this system to additional departments (EAM Phase 2) in future years.

Key Features of the EAM System include:

- An automated, real-time work management system that provides key asset information, such as asset condition, to support planning, scheduling, and execution of maintenance and repairs.
- Mobile, map-based tablets used by workers in the field which enables paperless reporting and access to maintenance history and other key asset information.
- Asset Management Planning (AMP), a tool that enables risk-based analysis, prioritization, and long-term capital planning. The map-based component of the tool enables E&CP staff to plan work on co-located assets in a bundled project and reduce multiple digging up of streets.
- Accurate, detailed analytics and reporting.

Service Level Standards (SLS)

Service Level Standards (SLS) provide a defined level of quality and reliability for the delivery of an asset against which service performance may be measured. A successful Asset Management program achieves targeted service levels at the lowest cost and risk. Establishing SLS helps staff to focus efforts and resources, communicate service expectations and choices, and provide support for budget requests. These goals usually fall into four major categories,

1. Reliability – Continuous, uninterrupted service to customers. Examples include targets and limits for unplanned events, crew dispatching times, and outage duration.
2. Quality – Commitment to deliver high-caliber products/services. Examples include targets for water odor, taste, color, and pressure.
3. Customer Service – Commitment to respond to customer needs in a courteous and timely manner. Examples include standards for complaint handling, new service connections, and call center wait times.
4. Regulatory – Reliability and quality targets mandated by regulators and legislators. Examples include U.S. Environmental Protection Agency (EPA) standards and consent decree compliance.

⁴ Assets currently included in EAM include: wastewater mains, water distribution mains, water transmission mains, streets, bridges, facilities, storm drainpipes, and pressure regulating valves. The following facility types were also included as part of facilities data: Library, Police, Park & Recreation buildings, and Fire-Rescue.

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Many of the City’s existing SLS were established by federal, state, and regional regulations, laws, and industry standards. Additionally, General and Community Plans help to inform public infrastructure requirements and needs. These goals reflect accepted infrastructure requirements such as increased park space, access to public safety, improved traffic patterns, and public safety facilities. The [Table 5 of the FY 2023-27 CIP Outlook](#) provides infrastructure assets and the basis for each (such as plans, regulations, etc.).

Condition Assessments

Conducting condition assessments is a critical tool in effectively managing infrastructure assets. Condition assessments provide information on the state of assets, such as age and type and frequency of usage, to provide a rating and determine remaining useful life. This information provides valuable insight into the nature and timing of possible failure. By having an inventory of all the City’s assets and information on their location and current condition in EAM, AMD staff can make well-supported decisions on what maintenance and capital projects are needed to achieve SLS. One of our key conclusions on the FY 2023-27 CIP Outlook is that the City has developed a well-supported understanding of many of its capital needs and funding gap as AMD staff have learned more about the state of their assets. This puts the City in a good position for the next step, that is, to identify funding for needed projects.

The following table provides information on the status of condition assessments that the City has been conducting for facilities, streets, sidewalks, developed parks, and water and wastewater assets, over the past 10 years. Note that condition assessments for General Fund facilities include City administration buildings, police, fire stations and lifeguard stations, libraries, and recreation centers and park facilities.

As discussed in the table, each asset type generally has a condition scale of 0-100, but the meaning varies based upon the asset. For example, the *higher* the pavement Overall Condition Index (OCI) score, the better the condition of the pavement. Conversely, the *lower* the Facility Condition Index (FCI) and Park Condition Index (PCI) scores, the better the condition of the asset.

Condition assessment data are generally housed within EAM. As AMD staff use this system to record maintenance and repairs, this helps to keep asset data accurate and up to date.



Ocean Beach Lifeguard Station

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Asset-Type/s	Condition Assessment Status
Facilities – General Fund	The City conducted facilities condition assessments from FY 2014-16, including 693 leased and non-leased City buildings that are supported by the General Fund. The assessment resulted in \$828.7 million in needed capital projects to achieve a Facility Condition Index (FCI) rating of “good.” The <i>lower</i> the FCI score, the better the condition of the asset. This estimate does not include funding to make any necessary facility upgrades and expansions, or to address seismic issues. For more information, see City Council Report No. 16-105 , and IBA Review of General Fund Facilities Condition Assessment and Proposed Service Level Standards .
Facilities – Park and Recreation	Parks and Recreation facilities are included in the General Fund Facilities above. Also, conditions assessment of facilities in Balboa Park were conducted in FY 2016 (Balboa Park Amenity Condition Assessment). For more information, see the: FY 2016 Balboa Park Amenity Condition Assessment Report and Proposed Service Level
Facilities – Public Utilities	The City conducted a condition assessment of Public Utilities facilities in FY 2014-15, including City-occupied facilities and leased facilities.
Developed Park Amenities	The City’s park system includes nearly 40,000 acres of developed parks and undeveloped open space. The City conducted a condition assessment of 76 of its 249 developed parks in FY 2014-16, limited to the condition of park assets, such as playgrounds, playing fields, courts, parking lots, and roads. The assessment estimated \$24.8 million is necessary to bring these amenities to “good condition,” as defined by a Park Condition Index (PCI) developed by the City (consistent with the facilities index – FCI). Like the FCI, the <i>lower</i> the PCI score, the better the condition of the asset. This estimate does not include needed park amenity upgrades or expansions. The City completed the condition assessments on the remaining developed park amenities at the end of FY 2019, but does not include joint-use, open space parks, and irrigation systems. Condition assessment data was included in the update of the Parks Master Plan. For more information, see Park Amenity Assessment: Cumulative Report and Balboa Park Condition Assessments: General Fund Facilities, Water & Sewer Assets, and Park Sites .
Sidewalks	The City maintains about 4,600 miles of sidewalks. The City completed an inventory and assessment of the condition of the its sidewalk network in FY 2014-15. The sidewalk assessment identified (1) \$52.7 million was needed to repair and replace 86,000 existing sidewalk deficiencies and (2) 700 miles of non-existent sidewalks. Since the assessment, an additional 23,000 damaged locations have been identified and about 60,000 locations have been funded for repair. The Department estimates the total number of known remaining sidewalk deficiencies to be approximately 60,000. The cost to address all current CIP sidewalk deficiencies within 10 years is \$12.0 million annually, in current year dollars. Note that FY 2023 is considered to be year one, since sidewalk funding has been non-existent/extremely small since the condition assessment concluded. State law (California Street & Highways Code, Section 5610) places the responsibility to maintain sidewalks in a safe condition largely on the adjacent property owner. However, Council Policy 200-12: Sidewalk Maintenance Policy , shifted much of this responsibility to the City. In addition, when the responsibility to replace sidewalks falls upon adjacent property owners (unless they caused the damage to the sidewalk), the City offers a cost sharing program to help offset these costs.

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Asset-Type/s	Condition Assessment Status
Streets	<p>The City maintains about 3,000 miles of streets. The Mayor’s Five-Year Street Pavement Repair Program (approved by Council in 2015) proposed 1,000 miles of street repairs over the next five years and an increase in the Overall Condition Index (OCI) of streets to 70 which represents “good” condition (on a scale of 1-100) over the next ten years. The OCI takes into account pavement distresses (such as potholes and cracking) and the roughness of the road. The <i>higher</i> the OCI score, the better the condition of the pavement. Conversely, the <i>lower</i> the FCI and PCI scores, the better the condition of the asset.</p> <p>The City completed a pavement condition assessment in 2016 which indicated that the City’s streets have an average OCI of 72. The assessment determined that of the City’s streets: 60% are in good condition, 34% are in fair condition, and 6% are in poor condition.</p> <p>The Transportation Department has a goal of assessing street pavement conditions once every four years to reflect current asset condition. The Department received \$700,000 in one-time funding in the FY 2022 budget for a new condition assessment, but this was delayed as staff are assessing adjusting the scope to potentially include LiDAR⁵ and other assets types, such as signage. Based on the current timeline for the assessment and since one-time funds do not carryover to following fiscal years, the Department likely will be requesting additional funds for FY 2023.</p>
Water and Wastewater	<p>The City’s water and wastewater systems provide a reliable water supply and wastewater collection and treatment. They contain about 3,300 miles of water pipelines, 3,100 miles of sewer pipelines, and pump stations, storage facilities, and treatment plants. The Public Utilities Department conducts condition assessments for many of its water and wastewater infrastructure assets.</p> <p>Due to their differing characteristics, PUD conducts ongoing condition assessments for water and sewer pipelines on separate tracks. Water pipelines are assessed in groups over a five-year period, largely guided by age. The condition assessment report for the FY 2015-22 Water Pipelines is anticipated to be completed by FY 2022. FY23 to FY27</p> <p>For sewer pipelines, PUD assesses about 50-60 miles per fiscal year. The report for the FY 2021-26 Sewer mains CCTV and Assessment is anticipated to be completed by FY 2026. And the FY 2022-23 Trunk Sewer Condition Assessment report is anticipated to be completed by FY 2023.</p> <p>Public Utilities is also assessing Dams and Outlet Towers with the condition assessment report anticipated to be completed by FY 2027.</p>

⁵ LiDAR (Light Detection and Ranging) is a remote sensing method that uses light in the form of a pulsed laser to measure ranges (variable distances) to the Earth. This technology is increasingly being used for conducting condition assessments for a variety of infrastructure assets.

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City Plans

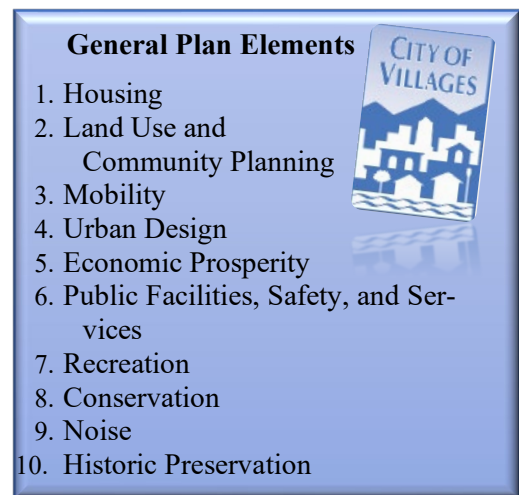
Various City plans provide strategic goals, policy guidance, outline infrastructure needs and objectives, and help guide staff in identifying needed capital projects, as discussed in the following sections. Note, needed infrastructure is also identified through various state and regional plans, such as the Regional Transportation Improvement Plan.

Strategic Plan

The City launched a new [Strategic Plan](#) in January 2022 that identifies the City's vision, mission, operating principles, and priority areas of focus for 2022 and beyond. The plan outlines the specific outcomes, expected results, and related strategies on which City leaders and employees will work collaboratively to deliver community needs. To support transparency, the plan includes an online dashboard to keep the public updated on different areas of progress over time. This includes goals and stats for [Advanced Mobility and Infrastructure](#).

The General Plan

The [General Plan](#) provides a long-term vision and strategic framework for how the City should grow and develop, provide public infrastructure and services, and improve the quality of life for San Diegans. It is comprised of 10 elements that provide a comprehensive slate of citywide policies and further the City of Villages smart growth strategy for growth and development. The elements are shown in the box to the right.



Community Plans

[Community Plans](#) work together with the General Plan to provide location-based policies and recommendations in the City's 52 community planning areas. Community plans refine the General Plan's citywide policies, designate land uses and housing densities, and provide additional site-specific recommendations as needed. They also identify public infrastructure needed to serve the existing community and anticipated new growth based on the community's vision and policies in the General Plan.

Development Impact Fee (DIF) Plans

Development Impact Fees (DIF) are assessed to ensure the impact of new development is mitigated through appropriate fees. The City currently has [DIF Plans](#) in each of the various communities that are intended to identify a program of public facilities needed to serve each community (and comply with the General Plan and respective community plan). The DIF Plans serve as a vehicle to assess a fee that provides a valuable funding source for the CIP to provide the public facilities described in both community plans and DIF Plans. These plans may contain both detailed and general descriptions of planned facilities or public improvements by asset type.⁶ Discussed in more detail in the Identifying Funding section of this guide, DIF revenue cannot be used for maintenance, repairs, or the operation of facilities, and can only be used for the purpose in which they were collected.

⁶ This information is used as the basis for the legal justification for the amount of the impact fee but is not intended to supersede the actual CIP budget or project detail.

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The City currently prepares two types of DIF Plans which differ based on methodology for calculating the fee, including the (1) Public Facilities Financing Plan and (2) Impact Fee Study.



Ocean Beach Pier Improvements

Climate Action Plan (CAP)

The City's new [Climate Action Plan \(CAP\)](#) is one part of its comprehensive, coordinated approach to addressing climate change, known as Our Climate, Our Future. This currently includes Climate Resilient SD, the Municipal Energy Strategy, Building Decarbonization efforts, Blueprint SD and climate equity initiatives.



The CAP (currently in draft) establishes a community-wide goal of net zero by 2035, committing San Diego to an accelerated trajectory for greenhouse gas reductions. CAP has a goal of decarbonizing San Diego's buildings and support the re-envisioning of San Diego's transportation landscape. The City intends to lead by example by modernizing operations and mitigating the City's carbon footprint. As the CAP is adopted, next steps will include an implementation plan, annual reporting, continuing updates and allocating needed budget. The implementation plan will help to identify capital projects needed to achieve net zero climate goals.

Vision Zero Strategic Plan

Vision Zero is a strategy to eliminate all traffic fatalities and severe injuries associated with transportation. The City officially adopted Vision Zero in 2015, and issued a [Vision Zero Strategic Plan](#) in 2020 that provides a framework for improving road safety for all users, especially the most vulnerable and achieving zero traffic related fatalities and severe injuries by 2025. A key strategic action outlined in the plan is to budget and build capital improvements, with increased focus on communities of concern. These projects include sidewalks, bikeways, new signals, signal modifications, streetlights, traffic calming and median installation. The annual CIP Budget provides a description of budgeted Vision Zero projects.

Mobility Plan

The City's [Mobility Action Plan](#) is aligned with Vision Zero and provides a vision to San Diego's Transportation Network that focuses on maintaining and expanding efficient, safe and convenient transportation options for all San Diegans. The plan is now known as the Mobility Master Plan

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and it is being redone over the next three years (beginning in FY 2022). Similar to Vision Zero, the revised Mobility Master Plan will identify needed capital projects to support safe transportation options.

Community Input

Since the City's infrastructure ultimately benefits the public, community input is critical for effective implementation of the CIP. Public input is important to understand desired service levels for public infrastructure as well as community priorities. The City has developed a process to solicit public input on infrastructure needs and priorities every other year through the Community Planners Committee (CPC).⁷ This community-input process is formalized in [Council Policy 000-32: Neighborhood Input on Infrastructure Needs and Priorities](#). Once input is provided, feasible project recommendations are sent to AMDs and prioritized among other identified capital needs to be considered for inclusion in the City's long-term capital plan (the CIP Outlook), and development of the CIP Proposed Budget.



How members of the public can provide input on the needed infrastructure projects.

- ◆ The City of San Diego is hosting online events and has a survey to gather public input concerning how the City prioritizes funding and resources for numerous CIP projects. The deadline to take the survey is March 31, 2022. Take the survey at this link: https://www.opentownhall.com/portals/450/Issue_11559
- ◆ Reach out to your City Councilmember Council offices www.sandiego.gov/citycouncil (also, see page 34 of this Guide). Councilmembers submit their CIP priorities each year in early October and Budget Priorities Memos to the IBA in mid-January.
- ◆ Attend meetings or contact representatives from community planning, recreation committees, and other groups www.sandiego.gov/planning/involved/. Community Planning Groups submit their CIP priorities in early October every other year through the CPC (this last occurred in October 2021). Giving them your feedback helps them to decide and prioritize which projects to request.
- ◆ Attend budget hearings to speak or submit public comment. The City Council hosts Budget Review hearings each year in May following the release of the Mayors Proposed Budget in April. These hearings represent the opportunity to revise the proposed budget, and the City Council makes recommendations based off of public comments.
- ◆ Contacting staff from the applicable AMDs (see page 36 for contact information).
- ◆ Report infrastructure issues through the [Get It Done](#) app.

⁷ The CPC is comprised of the chairs of individual community planning groups and has a long-standing history of advising the City on Citywide matters.

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Prioritizing Capital Projects

In the current environment where the City’s infrastructure needs far exceed available funding, AMD staff must prioritize capital projects. [City Council Policy 800-14: Prioritizing Capital Improvement Program Projects](#) provides prioritization factors that are used by AMD staff to rank capital projects. These eight factors are summarized in the following table. Due to constraints with many available funding sources, CIP projects typically do not compete across different project categories, funding sources, or project phases.⁸ Note, as part of its CIP Streamlining measures, E&CP plans to update Council Policy 800-14 in 2022. For example, the Department plans to modify the definition of Factor 3 (Community Investment and Economic Prosperity) to increase evaluation for Equity using the Climate Equity Index. E&CP also plans to increase the value weight of Factor 5 (Sustainability and Conservation).

As part of the approval process to fund projects, CIPRAC (and its PCC) reviews projects and the ranking scores that were submitted by AMDs. In rare cases when there is available discretionary funding or projects’ ranking scores are tied, CIPRAC assesses the needed projects, proposes which project/s should receive the funding, and submits these recommendations to the Mayor for inclusion in the proposed CIP budget. CIPRAC tries to prioritize available funding to projects that will allow a partially funded project to be completed. E&CP staff refine the priority score during the preliminary stage of project implementation.

Factors	Enterprise-Funded Assets and Mandated Programs	Mobility Assets	Public Safety Assets	Neighborhood Assets
1. Risk to Health, Safety and Environment, and Regulatory or Mandated Requirements	25%	20%	15%	10%
2. Asset Condition, Annual Recurring Costs, and Asset Longevity	20%	20%	20%	15%
3. Community Investment and Economic Prosperity	20%	20%	10%	25%
4. Level and Quality of Service	10%	20%	30%	20%
5. Sustainability and Conservation	10%	5%	5%	10%
6. Funding Availability	5%	5%	10%	5%
7. Project Readiness	5%	5%	5%	5%
8. Multiple Category Benefit and Bundling Opportunities	5%	5%	5%	10%
Total	100%	100%	100%	100%

⁸ Project categories include enterprise-funded assets such as water and wastewater infrastructure and City golf courses; mandated programs required by legal mandate or consent decree; mobility assets such as bridges; public safety assets such as police facilities; and neighborhood assets such as libraries.

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Identifying Funding for Capital Projects

Once priority projects are identified, AMD staff work with the Mayor, City Council, and appropriate departments, such as the Department of Finance and Debt Management, to identify funding. However, they must do so within two major constraints. First, the City's infrastructure needs greatly exceed available resources. As we discussed earlier in this Guide, this is evidenced by the \$4.3 billion funding gap identified in the [FY 2023-27 CIP Outlook](#) which is primarily for General Fund departments. As a result, there are competing priorities for limited funds.

Second, the available funding is from various sources, many of which have specific restrictions on how they can be spent. The table on the next page provides more information on the different types of funding sources and spending restrictions that were used in the FY 2022 CIP Budget.⁹ The use restricted categories are generally based on the type of project and geographic locations. For example, enterprise funds (like airports, golf course, and water and sewer) can only be spent on projects to improve or maintain the condition of the assets for which the fees were collected, and Mission Bay Park Improvement Funds or San Diego Regional Parks Improvement Funds can only be used for improvements within the parks.

What happens when projects are not funded?

- ◆ Without funding, projects for stormwater, facilities (including those for Police, Fire-Rescue, Park and Recreation, and Library), transportation, and other General Fund assets are deferred, resulting in a significant backlog of deferred projects.
- ◆ The lack of investment in many of these is evidenced by the neglected appearance, increase in asset failure, and need for emergency projects.

Flexible Funding

The most flexible funding sources that can be used to fund any General Fund capital project, are the City's General Fund, Infrastructure Fund, and bonds and other financing. Due to competing priorities in the operating budget and the significant costs of capital projects, the CIP cannot rely heavily on the General Fund. However, the General Fund still contributes a significant amount of funding for CIP projects, because it funds the debt service payments for the City's lease revenue bonds.

The Infrastructure Fund in the FY 2023-27 CIP Outlook includes \$159.3 million for capital projects for bridges, existing facilities, fleet, new fire stations, new lifeguard stations, parks, sidewalks and stormwater.¹⁰ Due to revenue shortfalls in the prior two fiscal years associated with the COVID-19 pandemic, contributions were not made to the Infrastructure Fund in FY 2020 and 2021. The City's economic recovery from the pandemic is expected to result in the City resuming its contributions to the Infrastructure Fund over the Outlook period.

⁹ No Mission Bay Park Improvement Funds or San Diego Regional Parks Improvement Funds are included in the Proposed CIP Budget. Contributions from these funds to the CIP are done in arrears. Declines in revenue from Mission Bay lessees in FY 2021 due to COVID-19 prevented transfers into the funds (the City Charter requires revenues to reach a certain threshold before transfers to the CIP may occur).

¹⁰ As adopted by Voters in 2016 as Proposition H, the Infrastructure Fund receives a portion of growth in major General Fund revenues and dedicates those amounts to support City infrastructure.

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Funding Source	Description & Restrictions	FY 2022 CIP Budget	Percent of Total
Climate Equity Fund (CEF)	The CEF was recently created (by Resolution 313454) in March 2021 to help underserved communities effectively respond to impacts of climate change. CEF revenues are received from a portion of the gas and electric franchise fees. CEF projects must have an impact on reducing greenhouse gas emissions, enhancing safety in the public right-of-way, relieving congestion, or achieve other climate equity concerns and be located in a disadvantaged community located within an area that scores between 0 and 60 on the Climate Equity Index. ¹¹	\$6,965,178	0.88%
Development Impact Fees (DIF)	In urbanized communities which are near buildout, as defined in the City's General Plan, DIF are collected to mitigate the impact of new development through provisions of a portion of the financing needed for public facilities identified in the Impact Fee Study, and to maintain existing levels of service for that community. Upon determination of the community buildout population, the estimated cost to construct the facilities is divided amongst residential and nonresidential development.	\$10,231,420	1.30%
Enhanced Infrastructure District Financing Fund	This Fund (authorized under California Government Code section 53398) established enhanced infrastructure financing districts and use specified property tax increment revenue generated within such districts to finance certain infrastructure and community benefit projects. In 2017, City Council set up an Enhanced Financing District in the Otay Mesa Community Planning Area.	\$727,500	0.09%
Facilities Benefit Assessments (FBA)	FBA's provide 100 percent of funding for public facilities projects that service a designated area of benefit and are identified in the Public Facilities Financing Plan. The dollar amount of the assessment is based upon the cost of each public facility equitably distributed over a designated area of benefit in the community planning area. Assessments are recorded as liens with the County Assessor's Office. Property being developed is assessed at the time the building permit is issued. The amount of the assessment is determined by the type and size of the development.	\$9,580,000	1.21%
General Fund	The General Fund is the main operating fund that pays for basic services that use most of the City's tax revenue, such as public safety, parks, and library services. The General Fund is also supported by fees from licenses and permits, fines, and investment earnings. Some allocations to the CIP budget are contributed from the operating budget of General Fund departments.	\$7,716,600	0.98%
Golf Course Enterprise Fund	These Funds support the City's three municipal golf courses: Balboa Park, Mission Bay and Torrey Pines, and receive revenue from course operations, which are in turn used to fund capital projects that improve and/or maintain the condition of the courses.	\$3,510,000	0.44%
Infrastructure Fund	Prop H was a voter-approved ballot measure in June 2016. Until 2043, this measure redirects General Fund revenue, pursuant to a formula, and establishes a dedicated funding source to fund infrastructure projects for assets that rely on General Fund support.	\$10,000,000	1.27%
Other Funding	This includes the following Funds with small levels of funding: Antennae Lease, Fleet Services Internal Services, Maintenance Assessment District, Other (State Routes 209 & 274 Coop with State restricted funding), Prop 42 Replacement - Transportation Relief, Recycling, and Sunset Cliffs Natural Park.	\$2,058,855	0.26%

¹¹ The Climate Equity Index is a tool that measures the level of access to opportunity residents have within a census tract.

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Funding Source	Description & Restrictions	FY 2022 CIP Budget	Percent of Total
Parking Meter Districts	These revenues are used to address parking supply and mobility issues. The primary focus of expenditures are improvements that increase the availability, supply, and effective use of parking to residents, visitors, and employees within the area in which the meter is located.	\$1,225,000	0.16%
Regional Transportation Improvement Program	This is a multi-billion-dollar, multi-year program of proposed major transportation projects in the San Diego Region. Transportation projects funded with federal, state and TransNet, the San Diego transportation sales tax program must be included in an approved Regional Transportation Improvement Plan. The programming of locally funded projects may also be programmed at the discretion of SANDAG.	\$1,075,287	0.14%
Sewer Funds	Sewer Funds are enterprise funds that support the Municipal and Metropolitan Sewer Systems projects that meet the requirements of the Clean Water Act, as well as to replace and/or rehabilitate the aging sewer system infrastructure. Funding for sewer capital projects is provided by sewer rates and grants. Projects utilize a variety of financing strategies, including pay-as-you-go cash financing, bond financing, and state revolving fund loans.	\$321,697,358	40.75%
TransNet Funds	This fund receives a one-half cent local sales tax that can only be used for projects in the City's right-of-way which include roadway improvements, bicycle facilities, bridges, pedestrian facilities and traffic signals. The City utilizes TransNet cash for projects as much as possible to minimize the issuance of bonds which increases the costs of funding the project. ¹²	\$20,369,504	2.58%
Trench Cut/Excavation Fee Fund	The City collects fees from excavators to recover the costs associated with repaving and reconstruction due to trench cuts and pavement excavations.	\$2,000,000	0.25%
Utilities Undergrounding Program Fund	Revenue received from a surcharge collected by San Diego Gas & Electric on electric bills for the undergrounding of utilities.	\$5,000,000	0.63%
Water Fund	The Water Fund is an enterprise fund that supports the City's Water System and to meet State and federal requirements. Funding for water capital projects is provided by water rates and grants. Projects utilize a variety of financing strategies, including pay-as-you-go cash financing, bond financing, commercial paper, and state revolving fund loans.	\$387,368,939	49.06%
Total		\$789,525,641	100.0%

¹² TransNet Commercial Paper is a borrowing tool that can be used to raise cash needed to cover cash-flow deficits and is generally viewed as a lower-cost alternative to bank loans. The issuance of TransNet Commercial Paper may be utilized when feasible to further reduce debt service costs.

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Development Impact Fees (DIF)

Another significant resource for General Fund assets is community-based funding. Impact Fees are imposed on new development projects as a one-time fee typically at building permit issuance to provide a share of the cost of needed public facilities to serve new development.¹³ The FY 2023-27 CIP Outlook includes total revenues of \$323.0 million during the Outlook period (for both FBA and DIF). Historically, impact fees have been referred to as either an FBA or DIF based on the community, and revenue must be spent on specific projects in the community where the development occurred.¹⁴

Due to the largely built out nature of the City and changes in State law requirements, the City's goal is to transition to the collection solely of DIF across the City based on asset type. For example, the Parks Master Plan was adopted by City Council in August 2021 and this initiative introduced a new citywide Parks DIF to replace the community specific fees. The Citywide Park DIF will allow for future fees to be collected and spent where the greatest need for parks exist Citywide rather than being restricted to the community plan area where the fee was collected. As noted in the CIP Outlook, the Citywide Park DIF will be shown as a different funding source than the traditional community based DIF in future reports. However, this will only apply to newly generated DIF revenue, and existing DIF balances will still carry their earlier restrictions.

The Planning Department is currently working on a new initiative called [Build Better SD](#) which will transition to citywide DIFs for remaining asset types (Mobility, Fire and Libraries).

Other Important Funding Sources

In addition to the funding sources being used in FY 2022, the City relies on other sources to fund capital improvement projects, based on their availability. Some of these sources also have restrictions on how they can be used.

Federal and State Grants and Loans

Federal and state grant and loan programs are important sources of funds for infrastructure projects. Several grant and loan programs used by the City are discussed in the following section. Also, [Appendix E of the FY 2023-27 CIP Outlook](#) provides information on federal and state grant funding previously used for capital projects.

Community Development Block Grants (CDBG) – In FY 2022, the City has \$5,439,000 for capital projects from the U.S. Department of Housing and Urban Development's annual CDBG Program. The City's Economic Development Department plans to take a request for FY 2023 CDBG-funded CIP projects to City Council by the end of April 2022. This program is intended to benefit low- and moderate-income citizens through improvements to local communities, such as public services, community/economic development, and capital improvement. CDBG funding for capital improvement may be used for public facilities and improvements, for example, to neighborhood facilities, fire stations, libraries, parks, streets, and sidewalks. CDBG funds cannot be used for operating or maintaining public facilities or public improvements, and projects using these funds must be completed within 24 months. The City's CDBG Program guidance is outlined in

¹³ Communities that were newly developing were FBA communities, whereas urbanized communities were DIF communities.

¹⁴ Plans that identify needed new public infrastructure for each community include Impact Fee Studies and Public Facilities Financing Plans.

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[Council Policy 700-02](#). For more information on the program or to see a list of projects, visit: https://www.sandiego.gov/sites/default/files/fy2022cosdaap_b1.pdf (CIPs can be found on pages 7-8 of 15).

California State Revolving Fund (SRF) Loan Program – The SRF program provides relatively low borrowing costs and flexible repayment terms for loans for infrastructure projects. The FY 2022 CIP includes \$20.2 million for Pure Water Phase 1 (wastewater).

Water Infrastructure Finance Innovation Act (WIFIA) Loans – The WIFIA program is a federal credit program administered by the U.S. Environmental Protection Agency (EPA). The program is designed to promote improved water, wastewater, and stormwater infrastructure. Similar to other Federal credit programs, funds are sourced from the U.S. Treasury and utilize the EPA as the conduit lender. The FY 2023-27 CIP Outlook includes:

- \$270.4 million in WIFIA funding for Pure Water Phase 1, and
- \$294 million in WIFIA funding to finance stormwater capital projects.

Infrastructure Innovation and Jobs Act (IIJA)

The recently passed federal Infrastructure Investment and Jobs Act (IIJA) is not included in the FY 2023-27 CIP Outlook, but it is expected to provide an *unprecedented possibility for significant infrastructure funding* to address the City's deferred capital backlog and could fund key water, stormwater, and transportation projects in future CIP Outlooks. IIJA, considered to be a once in a generation infrastructure funding opportunity, was signed into law on November 15, 2021 and will provide an estimated \$1.2 trillion nationwide over the next ten years, with the State of California estimated to receive \$46.6 billion over the next ten years.

The City will receive IIJA formula-based funds allocated through the State of California. In addition, City staff are currently assessing both internal and regional opportunities to develop an effective strategy to apply for competitive funds (like grants and favorable loan programs) so that the City is not competing against its regional partners. Also, a Regional Infrastructure Implementation Working Group was formed shortly after IIJA was approved, which includes the City or San Diego, other cities in the area, and regional partners like SANDAG. This group has identified 19 priority infrastructure projects for potential IIJA funding, including a new border crossing, central transit hub near the airport, and water recycling projects.

Given that the City has a well-supported understanding of needs for many assets, it is in a good position to compete for IIJA funds and to develop a financing strategy and project delivery plan to address any remaining funding gap. The ultimate goal is to have a citywide holistic view of needs and gaps so the City can determine how to address its infrastructure more broadly including identifying new funding sources. After the City determines what needs will be funded with IIJA, it should consider other creative options for remaining asset needs, like General Obligations bond programs and Public, Private Partnerships (P3), discussed in more detail in the following section of this Guide. Without a financing strategy, however, the City will continue to defer capital needs, assets will further age and deteriorate, and risks of assets failing will increase, which will result in the inefficient use of limited funds.

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On March 15, 2022, Council authorized the City to implement WIFIA Loans of \$359 million over 5 years (FY 2023-27) to finance eligible Stormwater projects. The Stormwater Department prepared a CIP proposal for a WIFIA application incorporating approximately 100 capital projects totaling \$733 million for critical stormwater needs with expenditures anticipated to occur over the next 5 years. The maximum amount that the EPA will finance through WIFIA Loans is 49% of eligible programmatic costs of \$733 million, which results in \$359 million in project proceeds. Therefore, the City will need to utilize other funding sources (pay-go funds, SRF loans, IJIA funding, lease revenue bonds and commercial paper) to pay for the remaining 51% of eligible costs (\$374 million). Stormwater capital projects funded by WIFIA will be appropriated through subsequent actions or the annual CIP budget. For more information on stormwater capital needs and financing, see [Attachment 1 of our Review of the FY 2023-27 CIP Outlook](#).

Bond Programs and Other Financing

State and local governments often issue bonds to finance public works projects. Bond proceeds may be used to construct, acquire, or make improvements to capital infrastructure, but cannot be used to operate or maintain public projects. The most used bonds to finance public infrastructure in California are lease revenue bonds and general obligation (GO) bonds. The difference between the two is the source of repayment (for principal and interest) on the bonds.

Lease Revenue Bonds – The City has primarily used lease revenue bond to finance infrastructure projects that otherwise lack dedicated funding sources.¹⁵ A revenue bond guarantees repayment solely from revenue generated by a specified entity associated with the purpose of the bonds, rather than from a tax increase requiring a two-thirds majority vote.¹⁶ Revenue bonds may carry a slightly higher interest rate because the revenue source is perceived to be slightly less secure than that of GO bonds, which are considered the most secure type of municipal bonds. Revenue bonds are typically issued for a term of 20 to 30 years. Since debt service payments are made from the General Fund, each time the City issues this type of bond, it adds a long-term obligation to the General Fund.

Commercial Paper Notes – The City also uses a short-term financing mechanism that allows it to borrow when funds are needed for projects instead of issuing the full amount of debt for all project costs upfront (as is the case with bond programs). Borrowing funds when they are needed reduces related interest costs. However, it is important to note that commercial paper notes ultimately need to be paid down/taken out, and this is usually done with long-term debt like lease revenue bonds. The following table provides an update on commercial paper issuances for capital projects. The City Council approved the expenditure of \$160.4 million in commercial paper and lease revenue bond proceeds for various priority CIP projects in August 2021. The City will begin to spend these funds in FY 2022 and continue to expend over the next few fiscal years.

¹⁵ The City has relied on lease revenue bonds as a major funding source for infrastructure supported by the General Fund. Between FY 2010 and FY 2015 the City conducted five lease revenue bonds issues for deferred capital needs totaling \$333.3 million, and all related bond proceeds have been fully expended.

¹⁶ Generally, lease revenue bonds involve creating a public facility lease between the City and a public entity, for a nominal rent. The public entity issues the bonds to be paid over a 30-year period. It then leases back that same facility to the City at a rate sufficient to cover the principal and interest payments on the bonds. The City's General Fund is responsible for making the annual lease payments to the public entity. These lease obligations do not constitute indebtedness under the State constitutional debt limitation and are therefore not subject to voter approval which requires two-thirds majority vote.

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Commercial Paper Update (as of February 2022)

\$ in Millions

Issuance Dates	Total Amount	Encumbered	Expending	Remaining
May and August 2018	\$88.5	\$4.1	\$80.1	\$3.6
August 2021	\$160.4	-	-	-

Note: Totals may not round due to rounding. Also, the total amount includes the cost of borrowing.

General Obligation (GO) Bonds – GO bonds provide an alternative to lease revenue bonds. GO bonds are secured by the City’s promise to levy additional property tax sufficient to pay annual principal and interest on the bonds. Since GO bonds require an increase in property tax, they must achieve two-thirds voter approval. They are also typically the least expensive type of debt available to municipalities and, therefore, can reduce financing costs for CIP projects, and have been highly successful in San Francisco and Los Angeles. For more information, see [IBA Report 15-26: Comparative Information about other Cities’ Bond and Revenue Measures](#). Given the magnitude of the City of San Diego’s infrastructure funding gap, GO bonds may need to be considered in the future.

Public-Private Partnerships (P3) – A P3 is when a public agency partners with one or more private entities to share responsibility and risks for the completion, management and/or financing of a public project, such as public transportation networks, parks and convention centers. P3s are considered another source of funding for infrastructure projects that does not require tax increases (although may require user fees, depending on the project). These partnerships differ from standard procurement practice wherein the public sponsor controls each phase (design, construction, finance, operation and maintenance) of the project. In a P3, a single private entity (which may be a consortium of several companies) assumes responsibility for multiple phases, accepting long-term risks in return for prospective rewards. For example, transportation P3s often feature user fees or tolls. Note, projects funded with traditional government resources also may include user fees or tolls.

Implementing Capital Projects

Executing the CIP portfolio is complex due to the volume and variety of funding sources, asset types, and project delivery methods. For efficiency purposes, the implementation and management of approved CIP projects is centralized in E&CP. Note, E&CP has a CIP website that provides information on ongoing CIP projects via an interactive map: <https://www.sandiego.gov/cip/projectinfo>.

The City also has a newly created department, the Department of Strategic Capital Projects (SCP), that will provide engineering, project management, and construction management for complex, unique, and large capital projects that are beyond the capabilities of E&CP. Initial programs and projects for SCP are shown in the box to the right.

SCP Programs and Projects

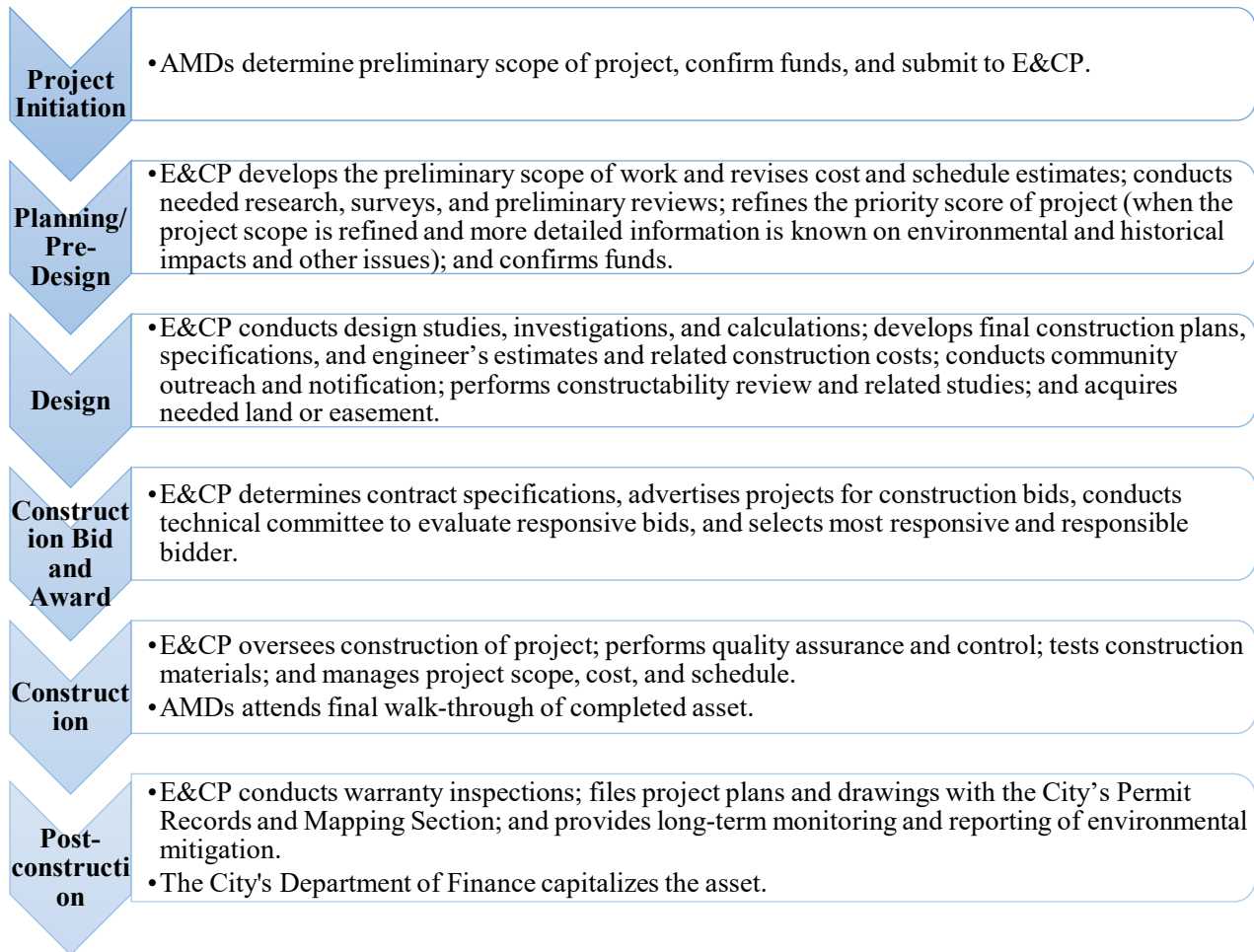
- ◆ Water and Sewer
 - Pure Water Phase 1
 - Pure Water Phase 2
 - Lake Hodges Dam
- ◆ Stormwater
- ◆ Transportation and Mobility
- ◆ Climate Sustainability and Energy
- ◆ Buildings and Structures
 - Kearney Mesa Repair Facility
 - OB Pier

Project implementation includes management and oversight of projects from initiation through project completion. Following approval of the budget, project implementation will move to the

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next phase for ongoing projects, and new projects will be initiated. The project implementation phases generally depend on the contracting method used. Choosing the right procurement process depends on several factors, such as the complexity of the project, schedule, and available cash flow. The City uses a Design-Bid-Build method for most of its capital projects. This method generally entails either designing the project in-house or hiring a consultant for design, and then going through the bid and award process for the construction contract. The implementation phases for this method are shown the following figure.

Implementation Phases for Design-Bid-Build Contracting Method



The City also uses other contracting methods, especially in recent years, to provide more efficiency and flexibility. This includes Emergency Contracts to enable the City to respond quickly in urgent situations. It also includes Job Order Contracting (JOC) and Multiple Award Construction Contracts (MACC). These alternative methods are summarized in the following table.

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Contracting Method	Description
Design-Build	A design and contractor team are hired to design and construct a project under one contract.
Emergency Contracting	Council is notified in case of an emergency and prequalified contractors are awarded contracts without advertisement and competition to enable staff to respond quickly in urgent situations.
Job Order Contracting (JOC)	JOCs are used for as-needed construction-only projects not contemplated at the time of contract award. Projects are authorized through task orders up to \$5 million for pipeline and pavement work, and \$1 million for all other work. The cumulative amount of task orders may not exceed \$30 million without Council approval. E&CP has expanded the use of JOCs to increase the flexibility of available CIP delivery methods and provide for improved reliability as well as increased capacity.
Multiple Award Construction Contracts (MACC)	MACCS are used for as-needed design and construction projects where a shortlist of pre-qualified design-build teams compete and bid on projects that are similar in scope or asset type without the need to conduct a full open solicitation. These types of contracts are designed to reduce costs and time by streamlining the bidding and contract award processes. Projects, or task orders, under the contract cannot exceed \$30 million and the cumulative amount of task orders cannot exceed \$100 million without Council approval. MACC allows project construction to begin sooner than traditional delivery methods.

Capacity to Deliver Projects

To successfully deliver the current CIP and address its growing backlog, the City needs to continue investing in capacity. These investments include ensuring sufficient staff to support grant writing for IIJA and other federal and state opportunities and continuing to make needed changes to salaries, job classifications, etc., to attract and retain needed skills and fill vacant positions in order to deliver funded projects. The CIP Outlook also notes the external capacity challenge, that is, helping to ensure the base of consultants, contractors and vendors is sufficient to support the current and future volume of work due to prospective IIJA funds in the region and/or a Citywide financing plan. City engineering officials are working with local agencies and contracting groups to address this challenge.

While the City is rebounding from the immediate economic impacts of the COVID-19 pandemic, it may still experience long term impacts from supply chain, inflation, and potential interest rate increases, which are resulting in overall higher costs for projects.

Streamlining Measure to Improve Delivery and Transparency

E&CP is continuously expanding its capacity to manage an increasing CIP program and efficiently manage and deliver capital projects through various streamlining measures. Multiple process improvements to accommodate growth and build organizational capacity in the CIP have been recently implemented and are included in the Appendix C of the [FY 2023-27 CIP Outlook](#). The following table provides the status of the active process improvement efforts which are anticipated to be completed in 2022.

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Streamlining Measure	Description
Consultant Procurement Streamlining	Consultant Procurement Streamlining is an effort to reduce the time required to secure consultant services. This initiative is to increase the Mayoral authority to award consultant contracts and amendments to reduce the amount of Council Actions necessary, saving both time and money.
Inter-Agency Agreement Streamlining	This effort includes amending the Municipal Code to give the Mayor authority to award Cooperative agreements between the City of San Diego and Caltrans. This will reduce the amount of Council Actions necessary, reducing the time and cost needed to execute these agreements.
Construction Contract Streamlining	This effort includes amending the Municipal Code to increase Mayoral authority to award construction contracts and construction change orders. This will reduce the amount of Council Actions necessary and decrease the time it takes to award contracts and staff labor charges.
Transparency Policy Updates	Update City Council Transparency Policy (000-31) as some of the requirements and methods of communication are outdated: <ul style="list-style-type: none"> • Revise to address current capabilities and organizational restructure • Reflect what is captured on the City’s website compared to what is presented at Committee(s) • Incorporate changes to the CIP Outlook requested by Council • Incorporate CIP Construction Semiannual Report presentations at Active Transportation and Infrastructure Committee • Update how consultant contracts, projections, and awards are communicated
CIP Prioritization Council Policy Update	Update Council Policy 800-14 on CIP Prioritization: <ul style="list-style-type: none"> • Redefine Asset Category 1 to include Enterprise Assets only • Separate Asset Category 5 Storm Water • Modify definition of Factor 3 Community Investment and Economic Prosperity with increased evaluation for Equity using the Climate Equity Index and advances economic security for people with disabilities • Increase value weight of Factor 5 Sustainability and Conservation
Project Management Guide	This is an internal effort that creates standard processes for common procedures and centralizes trainings critical to Project Managers. This reference guide will expedite the training of new employees as well as create consistent deliverables. With this Project Management guide, the project delivery process will be more efficient with higher quality deliverables.
Proposed New Customer Service Council Policy	This policy will establish a process for public outreach and provide the public with a means to contact City staff during all phases of the CIP process. This policy is intended to support the City of San Diego’s CIP staff in their effort to respond to the public in a manner that is professional, accessible, responsive, and by providing advanced notices and minimizing/limiting impacts to the businesses and surrounding communities. In addition, the City staff will make every effort to address the needs of the community during all phases of the CIP process where appropriate.

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Accountability and Oversight

Per prior CIP streamlining and transparency initiatives, E&CP staff report on the state of the CIP twice per year and are available to present to committees or the full Council upon request. For more information on State of the CIP and State of Construction, see: <https://www.sandiego.gov/cip/reports>.

City Council

As the legislative branch of government, the City Council is responsible for setting policy direction; enacting, reviewing, and modifying legislation as appropriate; and adopting the annual budget. The legislative branch provides a check and balance to the City's executive branch, with the Mayor serving as the Chief Executive Officer. As you can see on the [City Council Committee website](#), Council has nine standing committees to help members review, discuss and approve legislative matters in a focused and efficient manner. This site also includes information on committee membership (which can change from year to year), meeting dates/times, agendas, and actions. The Active Transportation and Infrastructure (ATI) Committee has the lead on many infrastructure related items, but several other committees also cover infrastructure-related issues and provide oversight for financial operations.

Active Transportation and Infrastructure (ATI) Committee

The ATI Committee's area of responsibility includes the CIP Outlook, CIP budget and budget monitoring, oversight of CIP streamlining, infrastructure finance, Regional Transportation Improvement Program, Asset Management, condition assessment monitoring and implementation, neighborhood input on infrastructure needs and priorities, as well as ADA compliance and accessibility, walkability and bicycle programs. More information on the committee's workplan is available at: https://www.sandiego.gov/sites/default/files/2022_ati_committee_work_plan.pdf.

Environment Committee

The Environment Committee's area of responsibility includes programmatic policy matters related to water, wastewater, and storm water, and parks. Several of these are also related to infrastructure and capital projects, including the Clean Water Program, water management and policy, Pure Water program (including the CIP), energy, multiple species conservation program, regional parks, open space, public utilities, golf, utility undergrounding, franchise agreements, and stormwater management and policy. More information on the committee's workplan is available at: https://www.sandiego.gov/sites/default/files/2022_environment_committee_work_plan.pdf.

Budget and Government Efficiency (BG&E) Committee

The BG&E Committee's responsibilities include the annual budget and budget monitoring, financial reports, purchasing and contracting, and equal opportunity contracting, among other issues.

Budget Review Committee

The Budget Review Committee is responsible for the annual budget development process. During public budget hearings held in May each year, Councilmembers may request that specific projects be brought back to Council prior to awarding contracts. These committee meetings also allow members of the public to ask questions of City staff, provide input to committee members relating to the annual budget, and provide an opportunity for the Council to thoroughly analyze any issues.

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Important Resources and City Contacts

City Council

Council President
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Councilmember
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Council President Pro Tem
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Councilmember
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Councilmember
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Council Member
Jennifer Campbell
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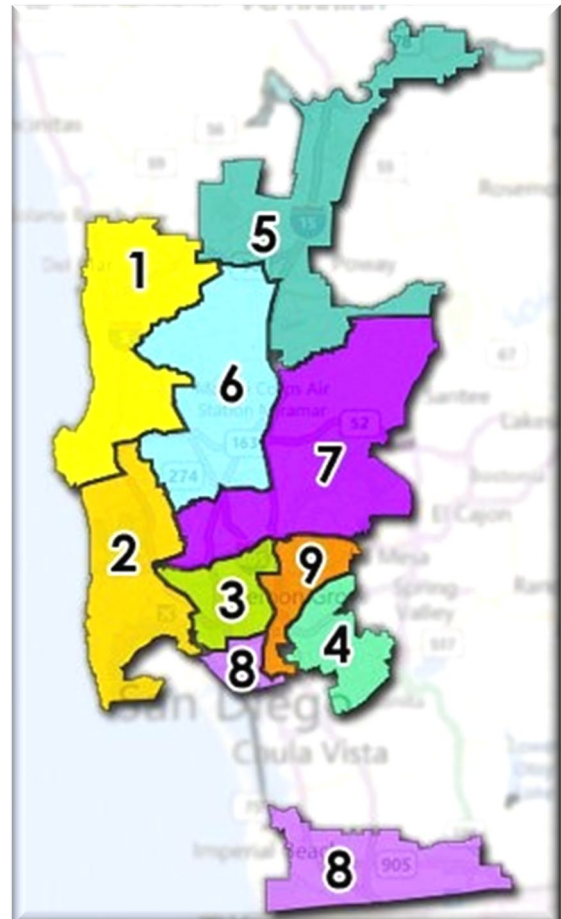
Councilmember
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SLWhitburn@sanidiego.gov



Councilmember
Marni von Wilpert
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MarnivonWilpert@sanidiego.gov



Councilmember
Chris Cate
District 6
619-236-6616
ChrisCate@sanidiego.gov



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The Mayor

The Mayor serves as the City's Chief Executive Officer. Through the Chief Operating Officer, the Office oversees the City's daily operations, and implements programs and initiatives to carry out the City's policy objectives. The Mayor is also responsible for proposing the City's annual budget by April 15th of each year, revising it as appropriate after input from the public and City Council through the May budget hearings, and producing the final adopted budget that is approved by the City Council in June. To contact the Office of the Mayor, call 619-236-6330, email: MayorToddGloria@sandiego.gov or visit the Office's website at www.sandiego.gov/mayor.



Office of the Independent Budget Analyst (IBA)

The mission of the IBA is to provide clear, objective, and unbiased analysis and advice to the City Council and the public regarding all legislative items bearing financial and policy impacts to the City of San Diego. IBA reports are made available to the public and are presented to the City Council during Council meetings, budget hearings, and committee meetings. To contact the Office of the IBA, please call 619-236-6555, email sdiba@sandiego.gov, or visit the Office's website at www.sandiego.gov/iba.

For IBA Infrastructure-Related Reports, visit: www.sandiego.gov/iba/reports/infrastructure.

Community Planners Committee and Community Planning Groups

The Community Planners Committee (CPC) was created to ensure communication between the various Community Planning Groups, and to solicit public input on Citywide issues. The chairperson of each Community Planning Group is designated to act as their community's representative to the CPC. To access CPC meeting agendas, minutes, and additional information please visit: www.sandiego.gov/planning/community/cpc.

Community Planning Groups act as a formal mechanism for community input in the CIP decision-making process. They give citizens an opportunity to suggest projects to the City Council, the Planning Commission, AMDs, and other decision makers. For more information about the City's Community Planning Groups, visit: www.sandiego.gov/planning/community/cpg.

Parks & Recreation Boards and Committees

Park and Recreation Committees act as vehicles for public input to the Park & Recreation Board, which makes recommendations to City Council via Council or committee meetings. For more information please visit: www.sandiego.gov/park-and-recreation/general-info/boards.


Engineering & Capital Projects Department (E&CP)

Once a capital project is approved, E&CP is the department that implements, manages, and oversees the project throughout the process. To learn more about specific capital projects, please call 619-533-4207, email engineering@sandiego.gov, or visit www.sandiego.gov/cip.

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Asset-Managing Department (AMD) Contacts

In addition to the Public Information Officers who are assigned to some of the departments to provide information about CIP projects, asset-managing departments (AMDs) may also be contacted by interested parties with questions or project input. The following table includes contact information for these specific departments and divisions.

Responsible Department or Division	Capital Infrastructure Assets	Website	
ADA Compliance & Accessibility	ADA Compliance & Accessibility	www.sandiego.gov/adacompliance/	
Department of Real Estate Assets & Airports Division	City-owned real estate such as the City Concourse & Parkade Brown Field Municipal Airport & Montgomery-Gibbs Executive Airport	www.sandiego.gov/real-estate-assets	
Engineering & Capital Projects	Oversight of public infrastructure and facilities	https://www.sandiego.gov/ecp/about	
Environmental Services	Landfills (Active & Inactive); Energy Efficient Programs for City Facilities	www.sandiego.gov/environmental-services	
Fire-Rescue	Fire and lifeguard stations and related facilities	www.sandiego.gov/fire	
Library	Central Library and 35 branch libraries	www.sandiego.gov/public-library	
Parks & Recreation	Golf courses, parks, playgrounds, recreation centers, and swimming pools	www.sandiego.gov/park-and-recreation	
Planning	Developer built projects	https://www.sandiego.gov/planning/	
Police	Police stations, firing ranges, and related facilities	www.sandiego.gov/police	
Public Utilities	Water and sewer pipelines, pump stations, treatment centers, reservoirs and related facilities	www.sandiego.gov/publicutilities	
Storm Water	Storm drains, pipes, and outfalls	www.sandiego.gov/stormwater	
Transportation	Bikeways, Streets, Sidewalks, Street Lights, and Traffic Signals	https://www.sandiego.gov/tsw/	

CIP Websites

City of San Diego Strategic Plan Dashboard Visit www.https://performance.sandiego.gov/advance-mobility-and-infrastructure/.

E&CP maintains a website that includes information about the Capital Improvements Program (CIP), including project information, and bid and contracting opportunities. Visit www.sandiego.gov/cip for more information.

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Key Infrastructure-Related Plans, Reports, and Council Policies

[City of San Diego FY 2023 - 2027 Five-Year Capital Infrastructure Planning Outlook](#) was presented on February 17, 2022 to the Active Transportation and Infrastructure (ATI) Committee and to Council on March 8, 2022.

[City of San Diego FY 2022 Adopted Budget](#): In June 2020, the City of San Diego approved the FY 2021 Budget, which began on July 1, 2020. The FY 2021 Adopted Budget and past year's budgets can be found on the Department of Finance's website at www.sandiego.gov/finance/annual.

[City Council Budget Policy 000-02](#): This policy establishes guidelines and standards relating to the operating and CIP budgets, budgetary controls, and revenues and expenditures.

[City Council Project Prioritization Policy 800-14](#): This policy establishes an objective process for ranking CIP projects. Asset-managing departments utilize this policy when ranking their needs lists before submitting them to CIPRAC.

[City Council Asset Management Policy 800-16](#): This Council Policy establishes the overall guidelines and plan steps for Enterprise Asset Management (EAM) in the City of San Diego.

[City Council Transparency Policy 000-31](#): This policy enhances transparency by improving access to information related to the CIP. It also establishes a framework to make information about the CIP readily available to interested parties.

[City Council Community Planners Committee Policy 600-09](#): This policy establishes a citizens' organization that serves in an advisory capacity to the City regarding matters related to the General Plan and the various community plans.

[City Council Community Planning Groups Policy 600-24](#): This policy identifies responsibilities and establishes minimum operating procedures governing the conduct of planning groups when they operate in their officially recognized capacity.

[City Council Policy on Neighborhood Input on Infrastructure Needs and Priorities 000-032](#): This policy formalizes the role and process for neighborhood input on infrastructure needs and priorities, for consideration in the City's CIP budget and the Capital Outlook.

[City Council Policy on Community Development Block Grant Program 700-02](#): This policy establishes the general guidelines by which the City will select and implement activities utilizing CDBG funds.



Coast Sea Cave Emergency Stabilization Project (La Jolla)

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Frequently Asked Questions (FAQs)

What is the difference between the City's operating budget and the Capital Improvements Program (CIP) budget?

The operating budget provides an outline of how the monies coming into the City will be spent to operate and maintain City functions and services, including public safety and parks and recreation. The operating budget is primarily supported by the General Fund and is used for day-to-day recurring operating expenses for City services and functions. In contrast, the CIP budget allocates available revenue for capital projects to rehabilitate, improve, or build new public infrastructure, such as streets, libraries, and parks. The CIP is funded by various sources that often have restrictions on how they can be spent.

Is the CIP budget a multi-year plan?

The annual CIP budget provides one year of funding for the City's multi-year program. However, the budget document shows the budget for the previous fiscal years and estimated future costs for completing projects. The Five-Year Capital Infrastructure Planning Outlook (CIP Outlook) is the City's long-term planning tool that identifies known capital needs and funding sources over the next five years. It is released annually and is used as a guide in developing the City's annual CIP budget.

Can the City use more funds from the General Fund for CIP projects?

Because the General Fund is the primary funding source for basic City services, and those funds are limited, the General Fund has historically only been used for a small portion of the most urgent capital projects that do not have any other available funding sources. However, voters approved Propositions H in June 2016 which diverts revenue that would have otherwise gone into the General Fund to the Infrastructure Fund. This is a flexible funding source to support infrastructure needs that do not have a dedicated funding source. Additional General Fund appropriated for CIP projects could result in a decrease in funding for other basic City services.

How can I determine if a project is capital in nature?

Capital improvement projects provide tangible long-term improvements or additions of a fixed or permanent nature; have value; and can be depreciated, such as a new or expanded library, replacement of aging water pipes, or a new streetlight. In contrast, maintenance includes ongoing upkeep and repairs with a short lifecycle, such as patching a roof, planting trees, painting a building, or replacing carpeting. Asset-Managing Department (AMD) staff can provide additional clarification, if needed (see contact information on page 36).

What is Capital Improvements Program Review & Advisory Committee (CIPRAC)?

CIPRAC is an internal decision-making body largely made up of senior-level officials from City AMDs and supporting departments like the Department of Finance and Debt Management. It reviews projects and corresponding ranking scores submitted by departments during the budget process and makes project recommendations to the Mayor for inclusion in the Mayor's proposed budget. CIPRAC's goal is to ensure that the projects are appropriately ranked from a Citywide perspective, balancing needs and budget with policy objectives.

What is the Project Controls Committee (PCC)?

The PCC is a subcommittee of CIPRAC which provides a preliminary review of projects prior to

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the CIPRAC review process.

Why do certain projects with lower priority scores make it into the budget and receive funding over projects with higher scores?

Generally, this occurs because of funding availability, and related limitations associated with those funds. For example, Water and Sewer Funds can only be expended for water and sewer projects, thus creating a situation where a low scored water or sewer project may be funded before a higher priority scored park or street project. While projects are prioritized within project types, funding sources also may be constrained by other factors, such as geographic region or specific contractual agreements. Therefore, projects with low priority scores may receive funding because they are the highest scoring projects that meet the requirements of a particular funding source.

How many projects were funded in FY 2022, and how many of those were new projects?

The Fiscal Year 2022 Adopted CIP Budget includes funding for 86 CIP projects, of which 11 are new this year. Many of the projects are standalones, limited to a single asset or set of assets with a clear scope for project completion, while others are annual allocation projects which receive funding each year to provide for ongoing repair and replacement of a certain asset type. All projects will be completed over multiple years.

How will I know if a project I am interested in is actually funded?

Projects that are proposed to be funded for the next fiscal year will be released in the Mayor's proposed budget by April 15th of the prior fiscal year.

What happens to projects that do not make it into the CIP Budget?

AMDs keep track of their unfunded needs, and any feasible project not selected for implementation remains on the department's unfunded needs list to be considered for future funding when available.

How can I follow the progress of an approved capital project?

The CIP website, www.sandiego.gov/cip/projectinfo, provides an updated interactive map and tools for public use that displays information on current capital projects. You may also contact the corresponding project manager listed in Volume 3 of the City's FY 2022 Adopted Budget – Capital Improvements Program found on the Department of Finance's website www.sandiego.gov/finance/annual, contact your Council District's office (see page 34), or contact the asset-managing department (AMD) (see page 36).

Why would an approved project not have any funding identified for the current fiscal year even though it was identified for funding in previous fiscal years?

Different variables including but not limited to environmental risks, permitting processes, and schedule delays are considered when determining and identifying the funding needs for projects each fiscal year which attributes to the shifting of funds within the CIP. In some cases, funding cannot be identified when needed which can cause projects to be put on hold. The projects are generally shown in the CIP budget as “unfunded” or “underfunded.” These projects remain in their current implementation phase until more funding can be identified, or they are removed from the CIP budget. Note, when design is funded but construction is not funded for a while, designs and estimated budgets may need to be redone to reflect currently requirements and costs.

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How is a capital project removed from the CIP budget?

A project comes off of the capital project list (and CIP budget) once it is completed, or through Council approval.

Why do some projects languish without receiving money even though they have been approved as a capital project?

A common cause for this stems from a lack of available or eligible funding. Other issues include that a proposed project is affected by legal or environmental requirements, or a project lacks community support.

Who do I contact regarding questions about a project that is unfunded?

If a project has already been approved and initiated, call 619-533-4207, email engineering@sandiego.gov, or submit an inquiry online at www.sandiego.gov/cip/about/comment. Additionally, Volume 3 of the City's Adopted Budget has a project page on each approved CIP project, including the project manager and his or her contact information: www.sandiego.gov/finance/annual.

Is there available funding throughout the year that is not part of the regular budget to do small capital projects?

No additional planned funding is set aside throughout the fiscal year, but state and federal grants or other opportunities may become available. In addition, the CIP budget includes annual allocations which are essentially pots of monies that may be used to fund smaller CIP projects throughout the fiscal year. Some of these have an annual monetary threshold, and these vary by asset type.

Does the age of a community affect the investments it receives from the City?

The City does not prioritize specific communities over others. However, it is important to note that more established communities will have older assets that may require improvements or replacement. This will increase the priority ranking score of the project.

What qualifies a capital project as an emergency project?

A capital project becomes an emergency project once there is a threat to the lives and safety of the public. For example, the replacement of a failed water main, and the repair of sidewalks, streets, and other public property damaged by the resultant flooding would qualify as an emergency project.

How and when can I provide input into the projects that are selected for next year's CIP process?

Check out our list of ways to provide input on page 21 of this Guide. To provide input for the following fiscal year, it is most effective to become involved early in the CIP budget process, *before* the asset-managing departments (AMDs) begin to compile and prioritize their needs lists in September. After the Mayor releases the proposed budget by April 15th, the public also has an opportunity for input through budget hearings that are held in May.

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Glossary

Asset Management – A recommended best practice for effectively and sustainably managing assets at a desired level of service for the lowest life cycle cost. Asset Management provides needed information on existing assets, such as condition and desired level of service, so that City staff can develop optimal, data-driven strategies for maintenance and rehabilitation or replacement of assets.

Asset-Managing Departments (AMDs) – These departments and divisions identify needs, prioritize projects, and identify funding for needed capital projects. AMDs include the following departments/divisions: Department of Real Estate and Airport Management, Environmental Services, Fire-Rescue, General Services/Facilities, Library, Parks & Recreation, Police, Public Utilities, Stormwater, Sustainability, and Transportation.

Bond – A funding tool representing a written promise to pay a specific sum (face value or principal amount) in the future (maturity date), plus interest. In California, municipal government bonds are only used to finance capital improvements.

Capital Asset – Land, structures, equipment, and intellectual property that have an estimated life of one year or more.

Capital Project – A capital project is a long-term, capital-intensive investment project with a purpose to build upon, add to, or improve a capital asset. Capital projects are defined by their large scale and large cost relative to other investments that involve less planning and resources.

Capital Infrastructure Planning Outlook (CIP Outlook) – The City's long-range plan is called the [CIP Outlook](#). It provides a five-year citywide assessment of infrastructure needs and outlines the proposed capital priorities in compliance with the City Charter. The first year of the CIP Outlook serves as the basis for development of the annual CIP budget. A long-range plan is important to provide an overall perspective to enable decisionmakers and other stakeholders, including citizens, to take a long-range view of future capital needs, projects, priorities, available funding, and any funding gap.

Capital Improvements Program (CIP) Budget – The CIP budget allocates available revenue for capital projects to rehabilitate, enhance, or expand existing infrastructure as well as to build new public assets. The City separates the CIP budget from the operating budget because capital infrastructure projects are generally large and expensive, take multiple years to complete, and are supported by financing sources outside of the City's General Fund (the main funding source for core City functions and services included in the operating budget). Because capital projects take multiple years to complete, the CIP is a rolling budget, meaning it includes funding from previous years, the current year budget, and funds needed for future years.

Capital Improvements Program Review and Advisory Committee (CIPRAC) – A committee comprised of senior-level officials from City departments that reviews proposed CIP projects from a Citywide perspective and forwards proposed budget recommendations for the Mayor's approval and, during the annual budget process, City Council's approval.

Commercial Paper – The City uses a short-term financing mechanism that allows it to borrow when funds are needed for projects instead of issuing the full amount of debt for all project costs upfront (as is the case with bond programs). Borrowing funds when they are needed reduces related

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interest costs. However, it is important to note that commercial paper notes ultimately need to be paid down/taken out, and this is usually done with long-term debt like lease revenue bonds.

Community Plan – Community plans provide land use designations, assign density ranges, and contain detailed policies and guidelines at the community level. They also identify public infrastructure needed to serve the community based on the community's vision, and policies in the City's General Plan.

Deferred Capital – Needed capital improvements, refurbishment, or expansion to existing facilities that have been put off. Postponing capital projects is generally due to limited available funding, but often will increase the cost of repairs as the condition of facilities, roadways, and other infrastructure worsens.

Development Impact Fees (DIF) – Development Impact Fees (DIF) are collected by communities to mitigate the impact of new development. All impact fees are collected, placed in an interest-bearing revenue account, and used within the specific community where they are collected solely for program administrative costs and capital improvements identified in the applicable community plans.

Enterprise Funds – Funds established to account for specific services, which are funded directly by fees and charges to users such as water and sewer services. These funds are intended to be self-supporting.

General Fund – The City's main operating fund that pays for basic City services such as police and fire, parks, and library services.

General Obligation (GO) Bond – GO bonds are backed by the full faith and credit of the issuing municipality, including the ability to raise taxes to make debt financing payments. GO bonds require two-thirds voter approval and are typically the least expensive type of debt available to municipalities. Lower rates will significantly reduce the final costs of capital improvement projects as the bonds are paid off over a 20 to 30-year period.

Grant – A contribution by a government or other organization to support a particular function.

Impact Fee Study – A development impact fee plan that establishes the nexus for an impact fee in urbanized communities.

Infrastructure – The basic structures and underlying facilities needed for the functioning of a community and its economy, such as public facilities, streets, roads, bridges, tunnels, parks, storm drains, and water and sewer systems.

Infrastructure Innovation and Jobs Act (IIJA) – The federal IIJA was signed into law by President Biden on November 15, 2021 and considered to be a once in a generation infrastructure opportunity. It will provide an estimated \$1.2 trillion nationwide over the next ten years, with the State of California estimated to receive \$46.6 billion. The City will receive IIJA formula-based funds allocated through the state of California. In addition, City staff are currently assessing both internal and regional opportunities to develop an effective strategy to apply for competitive funds so that the City is not competing against its regional partners for grants.

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Maintenance Assessment District – Property owners within a specified district are assessed for the purpose of financing maintenance of open space areas, street medians, rights-of-way, and in some cases, mini-parks and streetlights.

Maintenance & Repair – The care and upkeep of existing assets, such as resurfacing streets and replacing leaking roofs.

Operating Budget – Authorized expenditures for ongoing municipal services such as public safety, street maintenance, parks, and libraries. The detail of the City of San Diego's operating budget can be found in Volume 2 of the City's annual budget document.

Proposed Budget – The Mayor's recommendation for the City's financial operations, which includes an estimate of proposed expenditures and revenues for a given fiscal year.

Public Facilities Financing Plan (PFFP) – A development impact fee plan that establishes the nexus for an impact fee that was originally designed to fund all community serving public facilities projects.

Pure Water San Diego – [Pure Water San Diego](#) is the City of San Diego's phased, multi-year program that will provide nearly half of San Diego's water supply locally by the end of 2035. Pure Water Phase 1 is the largest and most complex capital project undertaken by the City. The Pure Water San Diego Program will use proven water purification technology to clean recycled water to produce safe, high-quality drinking water. The Program offers a cost-effective investment for San Diego's water needs and will provide a reliable, sustainable water supply.

Revenue Bonds – A revenue bond guarantees repayment solely from revenue generated by a specified entity associated with the purpose of the bonds, rather than from a tax increase. Revenue bonds may carry a slightly higher interest rate because the revenue source is perceived to be slightly less secure than that of GO bonds, which are considered the most secure type of municipal bonds.

Unfunded Needs List – A summary of projects with insufficient funding for project completion, which identifies both the amount of funding required and the component of work that is not funded. This information can be found by department in the City's CIP budget document.

Unidentified Funding – An amount required for project completion, but for which no funding source has been identified. This information can be found in the City's CIP budget document.

Water Infrastructure Finance and Investment Act (WIFIA) – The WIFIA program is a federal credit program administered by the U.S. Environmental Protection Agency (EPA). The program is designed to promote improved water, wastewater, and stormwater infrastructure. Similar to other Federal credit programs, funds are sourced from the U.S. Treasury and utilize the EPA as the conduit lender.