

The City of
SAN DIEGO



FISCAL YEAR 2018
CAPITAL IMPROVEMENTS PROGRAM
MID-YEAR BUDGET MONITORING REPORT



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INTRODUCTION

The Fiscal Year 2018 Capital Improvements Program (CIP) Mid-Year Budget Monitoring Report presents a semi-annual update on the City's CIP cash management process improvements and other CIP streamlining efforts. This includes an update on the status of internal process improvements, as well as a request for City Council action that supplements the City's capital budgeting and internal monitoring processes.

Included in this report are details of the \$100 million in requested City Council approvals for new budget appropriations, reallocations of funds, and other CIP project savings resulting from the City's continued cash management and streamlining efforts:

- **CIP Budget Review:** This process has saved an estimated 415 staff hours and resources by consolidating 83 actions into one semi-annual request. \$100 million of funds will be released to fund balance and/or made available for priority projects, subject to Council approval. These requests include:
 - Expedited appropriation of \$66 million from fund balance to projects.
 - Reallocation of \$34 million in excess funding to priority projects.
 - Accelerated de-appropriation of \$1 million in excess funding to fund balance.
- **CIP Budget Monitoring:** Provides an update on several significant CIP funds.
- **Commercial Paper Program:** Provides a status update on the commercial paper program, including the Public Utilities program began in Fiscal Year 2017 and a General Fund program that will be established in Fiscal year 2018.
- **Encumbrance of Future Revenue:** Provides a status update on the encumbrance process improvement, including the release of \$2.9 million in otherwise encumbered funds.
- **Pooled Project Contingencies:** Provides a status update on the Public Utilities pilot project that began in Fiscal Year 2017.

Requests for City Council action to adjust CIP project budgets are summarized in Attachment I. Additionally, City Council approval is requested for the items summarized in attachment II, which includes the following:

- Authority to amend the TransNet Regional Transportation Improvement Program (RTIP) to allow for reallocations of TransNet funding
- Authority to add projects to the CIP, close CIP projects, and rename projects
- Authority to transfer projects and sub-projects between annual allocations

CASH MANAGEMENT INITIATIVES

Effective cash management allows for reallocation of idle funds to higher priority projects and assures that flow of funds is not an impediment to the effective execution of priority Capital Improvement Program (CIP) projects. FM has provided a semi-annual report to the City Council on the status of these process improvements since Fiscal Year 2016.

The Fiscal Year 2018 CIP Mid-Year Budget Monitoring Report includes updates on the results of the cash management process improvements. It also includes a request for City Council approval of new budget appropriations, reallocations of funds, and other CIP project changes.

CIP Budget Review

Since Fiscal Year 2016, FM has provided asset managing departments with an opportunity to include all needed CIP City Council actions on one consolidated semi-annual report. This provides significant time and resource savings citywide.

By consolidating these 84 separate actions in this report, the departments have significantly reduced the staff time required to route individual Council actions. As an internal performance metric, FM has estimated the time savings provided by the Semi-Annual CIP Budget Review. For this report alone, FM estimates that 415 hours of staff time have been saved and re-allocated to other priority projects.

CIP Budget Adjustment Requests

Table 1 summarizes the CIP Budget Adjustment requests by the categories outlined in the report.

Table 1: Summary of CIP Budget Adjustment Requests (\$ millions)

Action	Decreasing CIP Adjustments	Increasing CIP Adjustments	Net Change in CIP
Appropriation Adjustment	\$ (964,885)	\$ 66,161,124	\$ 65,196,239
Transfers within the CIP	(33,928,309)	33,928,309	-
Transfers from Operations	-	835,795	835,795
Total	\$ (34,893,194)	\$ 100,925,228	\$ 66,032,034

Details, including a justification for each request, are included in the tables in Attachment I. In Summary, there are four types of budget adjustments being requested:

- Increasing Appropriation: addition of new budgeted funds to a project from fund balance
- Decreasing Appropriation: return of budgeted funds from a project back to fund balance
- Transfer in the CIP: moving budgeted funds between CIP projects
- Transfer from Operations: moving budgeted funds between the Operating Budget and the CIP Budget

All CIP Budget Adjustment requests are detailed in Attachment I.

Of the \$66 Million in increasing appropriations, 85% of the funding came from three sources:

- \$12.7 million from Golf Course Enterprise Funds
- \$19.6 million from Developer Fees
- \$23.9 million from Water Enterprise Funds

Of the \$33 Million in appropriation transfers, 87% of the actions came from three funding sources:

- \$1.4 million from Refuse Enterprise Funds
- \$1.6 million from Developer Fees
- \$25.8 million from Water and Sewer Enterprise Funds

As in previous monitoring reports, enterprise funding continues to represent the majority of the budget adjustments requested in the semi-annual CIP actions.

Additional Approvals Requested

In addition to the requested CIP budget adjustments, City Council is requested to approve CIP adjustments related to the expenditure of funds and the addition of projects to the CIP. These requests are summarized below and detailed in Attachment II:

- Approval to amend the TransNet Regional Transportation Improvement Program (RTIP);
- Approval to amend the CIP by adding projects, closing projects, renaming projects, and transfer sublets amongst annual allocations.

CIP Budget Monitoring

FM, Public Works, and the CIP asset managing departments have put additional focus on the monitoring of the CIP expenditures over the last several fiscal years. These efforts have focused on providing improved cash management of CIP funds. This has been achieved by increasing coordination between technical project managers and financial support staff in Public Works, FM, Comptrollers and Debt Management. The following sections provide updates on the status of these ongoing efforts, which include updates on key CIP funds.

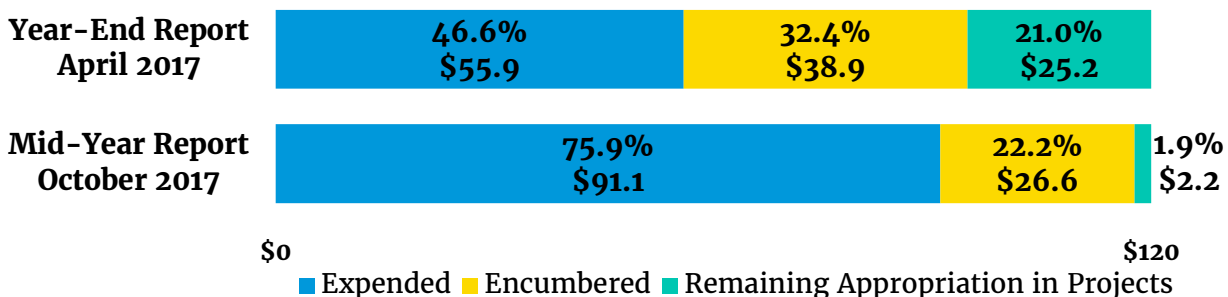
Lease Revenue Bonds Update

The City has issued tax exempt lease revenue bonds to finance General Fund capital improvements, including deferred capital needs. Projects have included streets, storm water, and General Fund facilities. Spending of tax-exempt lease revenue bond proceeds are prioritized to meet IRS guidelines that approximately 85% of these funds be spent within three years of issuance.

Public Works, the Finance Branch, and the asset managing departments hold monthly meetings to monitor the status of expenditures in the City's lease revenue bond proceeds. Through these meetings, staff reviews the status of the projects funded with lease revenue bonds to ensure that they are spent down in accordance with the bond expenditure requirements and utilize best cash management practices. As authorized by the Fiscal Year 2018 Appropriation Ordinance (Section 2.C.7), bond proceeds are reallocated between projects where the reallocation does not result in a net increase to project budgets. This authority has allowed staff to prioritize spending of this time-sensitive funding over other, less restrictive, funding sources.

Only the Lease Revenue Bonds Series 2015 A and B issued in April of Fiscal Year 2015 (DC3 bonds) have unspent proceeds. **Figure 1** shows the changes since the CIP Year-End Monitoring Report:

**Figure 1: Financial Snapshot of DC3 Bonds
(\$ millions)**



As of October 31, 2017:

- \$28.2 million of the DC3 bonds proceeds are left encumbered or appropriated in projects, which represents 24.1% of the bond issuance amount of \$120 Million.
- Monthly expenditures have averaged \$5.8 million since April 2017 for a total of \$35.2 million spent over the past six months.
- The City is still on track to exceed the 85 percent expenditure benchmark (\$102 million expended) for DC3 by April 2018.

Staff will continue to monitor trends to ensure that expenditures are on track for timely spend down of bond proceeds.

Future financing could take the form of a combination of strategies including lease revenue bonds and/or commercial paper, which is described in further detail in the commercial paper section of this report. The timing of future financings will be determined by the sustained monitoring of the City’s CIP. This includes the monitoring spend down of DC3 bonds evaluating the cost of borrowing verses and considering the use of other less restricted funds such as General Fund and Capital Outlay.

TransNet Update

Beginning in Fiscal Year 2016, FM began providing periodic updates on the expenditure trends for TransNet Funds. These funds derive revenue from a one-half cent local sales tax, and must be used for improvements to the City right-of-way.

Table 2 summarizes the cash flow estimates for the TransNet Funds through the end of Fiscal Year 2018.

Table 2: TransNet Extension Fund Balance Estimate (\$ millions)

	Fiscal Year 2016 Actual	Fiscal Year 2017 Actual	Fiscal Year 2018 Estimate
Fund Balance at SANDAG (July 1, Beginning of Fiscal Year)	\$ 55.5	\$ 37.9	\$ 33.3
Revenue	30.8	31.9	32.5
Disbursement:	(48.7)	(37.0)	(35.2)
Congestion Relief	(39.2)	(27.4)	(25.2)
Admin & Maintenance	(9.5)	(9.6)	(9.9)
Fund Balance at SANDAG (June 30, End of Fiscal Year)	\$ 37.6	\$ 32.8	\$ 30.6
Interest Earned (SANDAG)	0.3	0.5	

The Transportation & Storm Water Department currently estimates that the TransNet Extension cash balance held at SANDAG will be approximately \$30.6 million by June 30, 2018. This will be approximately one year's worth of TransNet revenue remaining on deposit with SANDAG and represents a decrease of \$24.9 million, or a 44% reduction in fund balance when compared to the TransNet Extension Fund Balance of \$55.5 million on June 30, 2015.

As a result of the progress the City has made in reducing fund balance held on deposit at SANDAG, the City is above the monitoring thresholds for TransNet expenditures set by the TransNet Independent Taxpayer Oversight Committee (ITOC). As of September 30, 2017, the City of San Diego has expended approximately 80.6% of cumulative TransNet Extension funds received from Fiscal Year 2008 to Fiscal Year 2018.

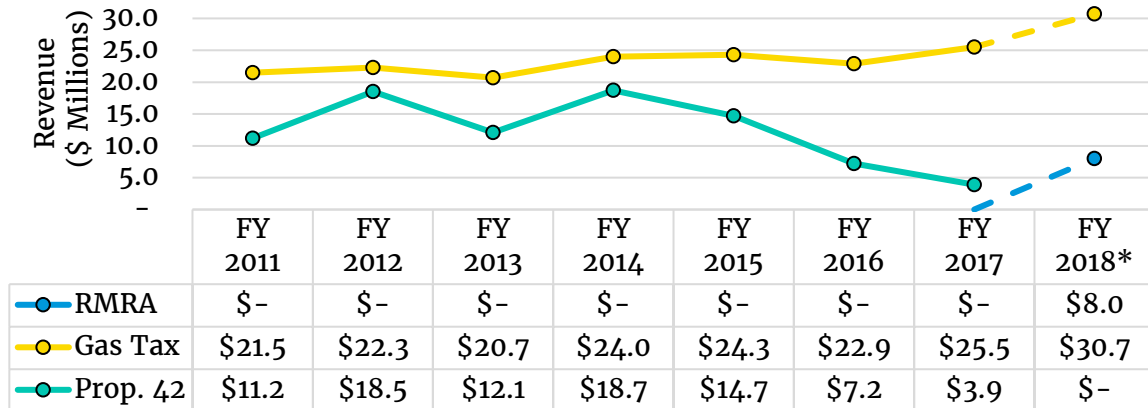
Other Major CIP Funds

In addition to TransNet, there are six other general CIP funding sources that represent 10% of the continuing CIP budget. These funds can be categorized as funds that focus on improvements to public right-of-way and funds that have an unrestricted general use. The three major funding sources for projects in the public right-of-way are Gas Tax, Proposition 42 Replacement Gas Tax (Prop 42), and the Road Maintenance and Rehabilitation Account (RMRA). The three more flexible funding sources in the CIP are the Capital Outlay Fund, the Infrastructure Fund and the General Fund Contributions to the CIP.

On April 28, 2017 Governor Brown signed SB1: Road Repair and Accountability Act. This bill, among other changes, increased fuel taxes beginning on November 1, 2017 and stabilized the Prop 42 rate at its FY 2011 level beginning on July 1, 2019. Starting in Fiscal Year 2019, new Prop 42 revenue has been combined with the traditional gas tax revenue in the Gas Tax Fund and the new gas taxes from SB 1 (RMRA) will be deposited in a separate fund due to enhanced reporting requirements for those funds.

Figure 2 provides historical revenue trends for these funding sources.

Figure 2: Gas Taxes Revenue



*FY2018 revenue projections are taken from the Fiscal Year 2018 Adopted Budget.

Table 3 provides updates on cash balance trends for each fund as of October 31, 2018.

Table 3: Fund Balances (\$ millions)¹

Fund Name	Gas Tax ²	Prop 42 ²	RMRA ²
Available Fund Balance as of 6/30/2017 (Unaudited)	\$ 6.2	\$ 16.2	\$ 0.0
Revenues as of 10/31/2017 (Unaudited)	4.5	0.2	0.0 ³
Expenditures/Encumbrances as of 10/31/2017	(10.6)	(7.9)	0.0
<i>Expenditures</i>	(6.4)	(1.9)	0.0
<i>Encumbrances</i>	(4.2)	(6.0)	0.0
Remaining Fund Balance as of 10/31/2017 (Unaudited)	0.1	8.5	0.0

1. Table totals may not add due to rounding.
2. These funds are used in both the Operating and Capital Budget.
3. RMRA funds are not scheduled to be released by the State until January 2018.

The City has shown considerable progress in spending down the balances in the funds and anticipates these trends continuing for the remainder of Fiscal Year 2018. Based on the budgeted revenue and expenses all three funds are expected to be fully expended by the end of the Fiscal Year. These funds support important infrastructure projects and must be spent in the right-of-way, unlike the Capital Outlay Fund and the General Fund Contributions to the CIP Fund which are less restrictive sources of funding

The Capital Outlay Fund and Infrastructure Fund can support acquisition, financing, and construction costs for permanent public improvements across all asset types, whereas funding from General Fund Contributions to the CIP are the least restrictive and can be used for any General Fund purpose. Public Works, the Finance Branch, and the asset managing departments, work together to propose the best uses for these flexible funding sources as part of the CIP budget.

Table 4 provides updates on cash balance trends for each fund as of October 31, 2017.

Table 4: Fund Balances (\$ millions)¹

Fund Name	GF Contrib. to CIP	Capital Outlay ²	Infrastructure Fund ²
Available Fund Balance as of 6/30/2017 (Unaudited)	\$ 52.2	\$ 28.8	\$ 0.0
Revenues as of 10/31/2017 (Unaudited)	0.4	4.3	17.8
Expenditures/Encumbrances as of 10/31/2017	(16.5)	(8.5)	(3.8)
<i>Expenditures</i>	(4.0)	(3.7)	(1.2)
<i>Encumbrances</i>	12.5)	(4.8)	(2.6)
Remaining Fund Balance as of 10/31/2017 (Unaudited)	36.1	24.6	14.0
Adjustment for Police Emergency Vehicle Operations Course (EVOC) project approved per Council Resolution R-310504	0.0	(3.0)	0.0
Adjusted Fund Balance	36.1	21.6	14.0
FY 18 Remaining Appropriated Budget for Projects	36.1	16.5	14.0
Uncommitted Fund Balance	0.0	5.1	0.0

1. Table totals may not add due to rounding

2. These funds are used in both the Operating and Capital Budget

The \$5.1 million in uncommitted Capital Outlay Fund balance has been identified and preliminarily set aside to pay for general fund capital improvement tenant improvements for the 101 Ash Street Building. The specific request to appropriate funding for this project will occur when funds are needed, closer to the expected award date for the construction contract. Given the limited expenditure restrictions, these funds can be utilized by the City to provide cash funding before the launch of a General Fund commercial paper program in keeping with cash management best practices, which is described below in more detail.

Commercial Paper Program

Commercial paper, a short term financing mechanism, allows for “just-in time” borrowing instead of issuing the full amount of the long term bonds upfront. This allows the city to borrow when funds are required (as capital project spending occurs) and reduces the interest costs paid. Commercial paper principal and interest can then be refunded with the proceeds of long-term debt issuances, as needed, at a later date.

Water Utility Commercial Paper Update

The City launched a commercial paper program for the Water Utility in January 2017, with a not to exceed amount of \$250 million to fund the water capital program during Fiscal Year 2017 through 2019. Priority funded projects include pipeline replacement, water storage and transmission components, and the PURE Water program. As of November 1, 2017, \$62.6 million in commercial paper notes are outstanding and the last note issuance was for \$20.1 million at a 1.03% interest rate.

General Fund Commercial Paper

The Finance Branch, Public Works, and the asset managing departments have reviewed General Fund supported capital needs and have the following recommendations for a General Fund Commercial Paper Program:

- That a commercial paper program be brought to City Council for approval in the spring of Fiscal Year 2018 to fund General Fund capital projects.
- That funding goes to active projects that need additional funding in order to be completed, which are prioritized based on cash flow needs, and that no new projects be considered for this issuance of commercial paper.
- That a proposed list of active projects which would potentially use the General Fund commercial paper be brought to the City Council in conjunction with the commercial paper program approvals.
- That the \$500,000 budgeted in Fiscal Year 2018 for anticipated costs and interest expense related to the issuance of General Fund commercial paper be used to support the startup costs associated with the commercial paper program and that those costs be reimbursed when commercial paper is issued.
- That the first commercial paper debt be issued within six months of Council authorization of the General Fund commercial paper program, in the first half of Fiscal Year 2019.

Expenses in the CIP are primarily construction contract costs, which require bids, contract negotiations, contractor set up and finally contractor invoicing before a majority of expenses occur. As a result, there can be a considerable gap between the time when the CIP project needs to have budget authority and when the debt proceeds need to be issued to pay the expenses, which is the reason for the gap between program authorization and issuance of the commercial paper debt. The actual timing of the issue of the notes will be based on the cash flow need, prevailing and expected interest rates, and the rate of spending for other unrestricted CIP funding sources to ensure the lowest cost of funding for the City.

Encumbrance of Future Revenue

FM, the Comptroller's Office, and Public Works are improving the City's process of encumbering funds for construction contracts. Rather than encumbering the entire amount needed for construction contracts, the Comptroller's Office certifies that cash is on hand for the amount needed for the current Fiscal Year, and that additional funds will be available in future fiscal years as needed. The certification of funds is backed by projected reliable source of ongoing revenue.

In Fiscal Year 2018, \$2.9 million has been identified as unencumbered cash that would have otherwise been reserved and sitting in projects for multiple years waiting to be expended. The specific project that made use of this revised policy and released cash for higher priority needs in Fiscal Year 2018 is given below in **Table 5**.

Table 5: Encumbrance of Future Revenue (\$ millions)

Project	FY 2019	Total
S00851-SR 163/Friars Road	2.9	2.9
Total	\$ 2.9	\$ 2.9

FM will use the Five Year Capital Infrastructure Planning Outlook as the primary document to identify other reliable revenue sources that could be added to this program in Fiscal Year 2018 and will continue to provide the City Council with updates on this enhanced cash management process as more information becomes available.

Pooled Project Contingencies

Since the beginning of Fiscal Year 2017, the Finance Branch has been working with the Public Utilities and Public Works departments to develop a pilot program for pooled contingencies. By pooling contingency budgets between multiple projects, risk is distributed among multiple projects and overall contingency budgets can be reduced. This pilot program began in Fiscal Year 2017 with the water and sewer main replacements annual allocations. The status of the pooled contingency is reported out internally to City staff on a monthly basis.

The table below provides an update on the projected available cash over the lifetime of the projects included in the pilot program.

Table 6: Pooled Contingency Savings & Projections

Project	Total Construction Cost	5% Contingency	3% Contingency	Available Cash
Sewer Mains	\$ 59,808,568	\$ 2,990,428	\$ 1,794,257	\$ 1,196,171
Water Mains	92,381,324	4,619,066	2,771,440	1,847,626
Total	\$ 152,189,892	\$ 7,609,495	\$ 4,565,697	\$ 3,043,798

Since the Year-End Report, projected net construction costs for water and sewer mains scheduled to be advertised/awarded in Fiscal Year 2018 have increased from \$80.2 million to \$152.2 million. The \$72.0 million net increase is the result of the following factors:

- \$79.0 million increase due to new projects added to the estimate
- \$9.2 million decrease due to projects being removed from the estimate
- \$2.2 million increase due to updated construction cost estimates for specific projects

As a result of the net increase in anticipated construction costs for projects scheduled to be advertised/awarded in FY 2018, there is also an increase in the projected available cash that will be freed up by using the pooled 3% contingency rate rather than an individual 5% contingency rate, from \$1.6 million to \$3.0 million.

As of November 1, 2017, 35 sub-projects have contributed \$2,132,526 to the pool. Because they are all early in the construction phase, only one sub-project has required funding from the pooled contingency in the amount of \$214,598. The current values of the pooled contingency are summarized in the table below.

Table 7: Pooled Contingency Status (November 1, 2017)

Project	Participating Projects	Contributions to Pooled Contingency	Use of Pooled Contingency	Current Pooled Contingency
Sewer Mains	17	\$ 881,944	\$ 214,598	\$ 667,346
Water Mains	18	1,250,582	-	1,250,582
Total	35	\$ 2,132,526	\$ 214,598	\$ 1,917,928

FM will continue to monitor and document the pilot program throughout Fiscal Year 2018 and will return to City Council for options to expand the pooled contingency program beyond water and sewer mains based on the results of the pilot.

CONCLUSION

As a result of the cash management efforts, streamlining initiatives, and requests for City Council action detailed in this report 83 individual actions have been consolidated, saving 415 hours of staff time resulting in \$100 million of new budget appropriations, reallocations of funds, and other CIP project changes.

FM will continue to provide these reports to the City Council on a semi-annual basis to ensure that the cash in the CIP continues to be managed as efficiently and effectively as possible.

ATTACHMENTS

- I. CIP Budget Adjustment Requests
- II. Additional Approvals Requested

CIP Budget Adjustment Requests

Summary

The table below summarizes the CIP budget adjustment requests by the categories outlined in the report. Details including a justification for each request are included in the tables following the summary. There are three types of CIP budget requests included in this report:

- Increasing Appropriation: addition of new budgeted funds to a project from fund balance
- Decreasing Appropriation: return of budgeted funds from a project back to fund balance
- Transfer in the CIP: moving budgeted funds between CIP projects
- Transfer from Operations: moving budget between the Operating Budget and the CIP Budget

Increasing Appropriation

Funded Program	Fund	Amount	Justification
ABT00001 - City Facilities Improvements	400122 - Development Impact Fees	1,105,000.00	Addition of funding will fund expansion of Fire Station 3.
ABT00001 - City Facilities Improvements	400113 - Development Impact Fees	165,919.00	Addition of funding will fund sewer line improvements at Fire Station 23.
S13011 - Fire Station No. 15 - Ocean Beach Expansion	400118 - Development Impact Fees	215,714.00	Addition of funding will allow project to stay on track.
S00788 - Fire Station No. 05 - Hillcrest	400121 - Development Impact Fees	70,000.00	Addition of funding will fully fund the project.
S14018 - Fairmount Avenue Fire Station	400114 - Development Impact Fees	649,938.00	Addition of funding will support the continuation of design.
S18002 - TP South Golf Course Imp Renovation	700043 - Golf Course Enterprise Fund	11,200,000.00	Addition of funding will cover the construction costs for the golf course improvements needed for the US Open.
S11010 - MBGC Irrigation & Electrical Upgrades	700043 - Golf Course Enterprise Fund	1,500,000.00	Addition of funding will cover revised construction estimates.
L16000 - Southeastern Mini Park Improvements	700042 - EDCO Community Fund	160,000.00	Addition of funding shown as anticipated in the FY18 Adopted Budget following receipt of revenue.
L16000 - Southeastern Mini Park Improvements	400120 - Development Impact Fees	650,548.00	Addition of funds reduces the need for CDBG funding for construction.



Funded Program	Fund	Amount	Justification
S15021 - Rolling Hills Neighborhood Park ADA Upgrades	400245 - Developer Funding	30,119.00	Addition of funding will fully fund the project.
S15021 - Rolling Hills Neighborhood Park ADA Upgrades	400106 - Development Impact Fees	146,590.00	Addition of funding will fully fund the project.
S15028 - Olive Grove Community Park ADA Improve	400129 - Development Impact Fees	25,000.00	Addition of funds reduces the unfunded construction costs for this project.
S13000 - Tubman Charter School JU Improvements	400127 - Development Impact Fees	74,000.00	Addition of funds reduces the need for CDBG funding for construction.
S16013 - Children's Park Improvements	400122 - Development Impact Fees	1,200,000.00	Addition of funding will fully fund the project.
S16012 - East Village Green Phase 1	400122 - Development Impact Fees	3,000,000.00	Addition of funding will fully fund phase 1 of the project.
P18001 - North Park Recreation Center Expansion	400110 - Development Impact Fees	91,734.00	Addition of funds to cover increased preliminary engineering costs.
S00751 - Hickman Fields Athletic Area	400259 - Developer Funding	8,863.00	Addition of funds to cover increased construction cost estimates.
S16058 - Chollas Community Park Comfort Station	400109 - Development Impact Fees	100,158.00	Addition of funds to cover increased construction cost estimates.
S00752 - Beyer Park Development	400126 - Development Impact Fees	46,573.00	Addition of funds reduces the unfunded design costs for this project.
S15031 - Egger/South Bay Community Park ADA Improvements	400125 - Development Impact Fees	61,000.00	Addition of funds reduces the unfunded construction costs for this project.
ABT00001 - City Facilities Improvements	400099 - Development Impact Fees	900,000.00	Addition of funding will support preliminary engineering costs for accessibility upgrades at the Rancho Bernardo Community Park Comfort Stations.
ABT00001 - City Facilities Improvements	400107 - Development Impact Fees	31,377.00	Addition of funding will support preliminary engineering costs for accessibility upgrades at the Rancho Bernardo Community Park Comfort Stations.

Funded Program	Fund	Amount	Justification
S16052 - Miramar Landfill Gas Recovery Improvement	700040 - Refuse Disposal Fund	1,100,000.00	In order to meet the requirements of an APCD Stipulated Order, the City must award this construction contract in FY2018. The previously anticipated \$1.0 million request for FY2019 needs to be moved up to the FY2018 mid-year revise. Construction cost estimates have also increased, requiring an additional \$1.5 million in funding, for a total need of \$2.5 million for the FY2018 mid-year adjustment.
S01083 - Fairbrook Neighborhood Park Development	400029 - Park Service District Funds	80,535.00	Addition of funding will support the construction phase of this project.
S18004 - Tierrasanta Sports Field Lighting Phase II	400098 - Development Impact Fees	81,000.00	Addition of funding will fully fund Phase 2 of the project.
S18004 - Tierrasanta Sports Field Lighting Phase II	400211 - Developer Funding	69,000.00	Addition of funding will fully fund Phase 2 of the project.
S16048 - Villa Monserate Neighborhood Park Upgrades	400211 - Developer Funding	201,219.08	Addition of funding will support the construction phase of this project.
ABT00001 - City Facilities Improvements	400209 - Developer Funding	456,910.00	Addition of funding will support the construction of ADA improvements for the Torrey Hills Neighborhood Park Comfort Station.
AGF00007 - Park Improvements	600001 - State Grants	340,000.00	Addition of grant funding for the conversion of Mountain View sports courts into soccer fields, contingent upon a signed and executed grant agreement.
S15021 - Rolling Hills Neighborhood Park ADA Upgrades	200324 - Antenna Lease Fund	150,000.00	Addition of funding will cover higher bids for construction on the project.
S00760 - West Maple Canyon MP	400305 - Other Funding	50,000.00	Addition of funding is needed to cover costs associated with project close out.
AKB00003 - Water Main Replacements	700010 - Water Fund	2,340,838.00	Addition of funding for scheduled project awards.
ABT00008 - Water CIP Emergency Reserve	700010 - Water Fund	3,500,000.00	Addition of funding will replenish available balance for emergency projects.
ABI00001 - Water Treatment Plants	700010 - Water Fund	1,100,000.00	Addition of funding for scheduled project awards.
ABJ00001 - Water Pump Station Restoration	700010 - Water Fund	200,000.00	Addition of funding for scheduled project awards.



Funded Program	Fund	Amount	Justification
ABL00001 - Standpipe and Reservoir Rehabilitations	700010 - Water Fund	5,428,245.00	Addition of funding for scheduled project awards.
AKA00003 - Large Diameter Water Transmission PPL	700010 - Water Fund	2,000,000.00	Addition of funding for scheduled project awards.
S11022 - Upas St Pipeline Replacement	700010 - Water Fund	950,000.00	Addition of funding for pending change order and related cost.
S11025 - Chollas Building	700010 - Water Fund	2,490,119.00	Addition of funding needed due to the project schedule being accelerated.
S12011 - 69th & Mohawk Pump Station	700010 - Water Fund	3,473,965.00	Addition of funds to cover anticipated contract award.
S12014 - Recycled Water Tank Modifications	700010 - Water Fund	100,000.00	Addition of funding needed to cover project contingency.
S12015 - Pacific Beach Pipeline South (W)	700010 - Water Fund	1,000,000.00	Addition of funding needed to cover possible change orders.
S15027 - La Jolla View Reservoir	700010 - Water Fund	1,000,000.00	Addition of funding needed to cover Environmental Impact Report consultant.
S17006 - University Heights Water Tower Seismic Retrofit	700010 - Water Fund	300,000.00	Addition of funding needed due to the anticipation of higher than expected bids.
AIL00001 - Traffic Calming	400211 - Developer Funding	12,000.00	Addition of funding for Rectangular Rapid Flashing Beacons fronting Vista Grande Elementary on Antigua Blvd in Tierrasanta.
S14009 - SR94/Euclid Av Interchange Phase 2	400174 - Regional Transportation Congestion Improvement Program	900,000.00	Addition of RTCIP funding to support the construction phase.
AID00001 - Utilities Undergrounding Program	200218 - Utilities Undergrounding Program Fund	5,000,000.00	Addition of funding in the annual allocation to support projects planned.
AID00005 - Street Resurfacing and Reconstruction	400633 - SR 209 & 274 Co-op With State	908,612.99	Addition of funding in the Street Repair and Reconstruction annual allocation to support paving on Rosecrans Avenue.
AIE00002 - Guard Rails	400156 - --- Prop A - ½% Sales Tax	26,000.00	Addition of TransNet funding for the construction phase of the Ulric Street guard rail project.
ACA00001 - Drainage Projects	400112 - Development Impact Fees	841,084.00	Addition of funding will fully fund design for storm drain pipe replacement in the area.
S00870 - Old Otay Mesa Rd-Westerly	400093 - Facilities Benefit Assessments	200,000.00	Addition of funding for construction costs for the westerly portion of Old Otay Mesa Road.



Funded Program	Fund	Amount	Justification
AIK00003 - Sidewalk Repair and Reconstruction	400099 - Development Impact Fees	97,000.00	Addition of funds will support the construction of curb ramps in the Rancho Bernardo Community.
AIK00001 - New Walkways	400111 - Development Impact Fees	100,000.00	Addition of funding will support the installation of sidewalk on the north side of Date St between 28th St to Granada Ave.
AIK00003 - Sidewalk Repair and Reconstruction	400111 - Development Impact Fees	63,427.00	Addition of funding will support the construction of curb ramps in the Golden Hill Community.
AIK00003 - Sidewalk Repair and Reconstruction	400112 - Development Impact Fees	106,974.00	Addition of funding will support the construction of curb ramps at Redwood and 30th.
AIK00003 - Sidewalk Repair and Reconstruction	400115 - Development Impact Fees	18,000.00	Addition of funding will support the construction of curb ramps at Kemper St. & Kenyon St.
ACA00001 - Drainage Projects	400116 - Development Impact Fees	1,117,000.00	Addition of funding will fully support design and construction of storm drain pipe replacement for Bounty St, Formal Ct, and in open space areas between Horner St and Viar Ave.
AIK00003 - Sidewalk Repair and Reconstruction	400117 - Development Impact Fees	130,000.00	Addition of funding will support the construction of 7 ADA curb ramp improvements in the Pacific Beach Community.
AIK00003 - Sidewalk Repair and Reconstruction	400119 - Development Impact Fees	18,000.00	Addition of funding will support the construction of 2 curb ramps at Leucadia Ave. & Norm St.
AIL00005 - Traffic Signals Modification	400120 - Development Impact Fees	18,500.00	Addition of funding will support the construction of 2 audible signals at National & 36th.
AIK00003 - Sidewalk Repair and Reconstruction	400120 - Development Impact Fees	44,450.00	Addition of funding will support the construction of 6 curb ramps on 35th street.
AIL00005 - Traffic Signals Modification	400121 - Development Impact Fees	37,000.00	Addition of funding will support the construction of 4 audible signals along University Ave.
AIK00003 - Sidewalk Repair and Reconstruction	400121 - Development Impact Fees	75,000.00	Addition of funding will support the construction of 5 curb ramps in the Uptown Community.
S11002 - Hayes Ave Storm Drain	400121 - Development Impact Fees	379,100.00	Addition of funding will fully fund the construction phase of the project.
AIA00001 - Minor Bike Facilities	400122 - Development Impact Fees	5,000,000.00	Addition of funds covers a portion of the cycle track network proposed in the Downtown Mobility Plan adopted by Council in June 2016.
AIL00005 - Traffic Signals Modification	400122 - Development Impact Fees	127,000.00	Addition of funding will support the construction of 6 audible signals.
AIK00003 - Sidewalk Repair and Reconstruction	400122 - Development Impact Fees	152,400.00	Addition of funding will support the design and construction of 3 curb ramps for parking stalls.



Funded Program	Fund	Amount	Justification
AIK00003 - Sidewalk Repair and Reconstruction	400123 - Development Impact Fees	98,250.00	Addition of funding will support the construction of 9 curb ramps in the La Jolla Community.
AIK00001 - New Walkways	400125 - Development Impact Fees	150,000.00	Addition of funding will partially fund design for new sidewalk along Thermal Ave between Donax Ave & Palm Ave.
AIK00001 - New Walkways	400125 - Development Impact Fees	150,000.00	Addition of funding will support the construction of new sidewalk improvements on the west side of Saturn Blvd from Palm Ave to Boundary St; this project will improve pedestrian access to bus stops on Palm Ave.
AIK00003 - Sidewalk Repair and Reconstruction	400125 - Development Impact Fees	100,000.00	Addition of funding will support the construction of 10 curb ramps in the Otay Nestor Community.
AIK00001 - New Walkways	400127 - Development Impact Fees	90,000.00	Addition of funding will support the design and construction of new sidewalk on the west side of 73rd St between El Cajon Blvd and Saranac.
AIK00003 - Sidewalk Repair and Reconstruction	400128 - Development Impact Fees	7,000.00	Addition of funding will support the completion of 3 curb ramps at Main St and SW A St.
AIK00003 - Sidewalk Repair and Reconstruction	400130 - Development Impact Fees	40,683.00	Addition of funding will fully support the construction of 3 curb ramps at Pacific Beach Dr. and Mission Blvd.
AIK00003 - Sidewalk Repair and Reconstruction	400132 - Development Impact Fees	120,000.00	Addition of funding will support the construction of 14 curb ramps in the Serra Mesa Community.
ACA00001 - Drainage Projects	400133 - Development Impact Fees	578,000.00	Addition of funding will support the refurbishment of the cement mortar-lined drainage channel near Industrial Court to prevent flooding of the commercial establishments adjacent to the channel.
AIK00003 - Sidewalk Repair and Reconstruction	400134 - Development Impact Fees	25,950.00	Addition of funding will support the construction of 2 curb ramps on Edmonton Street.
AIL00004 - Traffic Signals - Citywide	400134 - Development Impact Fees	27,079.00	Addition of funding will partially support the design of a traffic signal at Governor Drive and Lakewood Street.
S00851 - SR 163/Friars Road	400196 - Developer Funding	28,250.00	Addition of funding to support the construction phase of the project.
AIK00001 - New Walkways	400864 - Development Impact Fees	456,000.00	Addition of funding will partially support the design of new sidewalks along: Palin St between Euclid Ave and Reynolds St, 54th St from Market St to Santa Margarita and Woodman St between Benson Ave and Cielo Dr.
AIK00003 - Sidewalk Repair and Reconstruction	400864 - Development Impact Fees	55,500.00	Addition of funding will support the construction of 6 curb ramps along Imperial Ave.



Funded Program	Fund	Amount	Justification
AIL00005 - Traffic Signals Modification	400864 - Development Impact Fees	18,500.00	Addition of funding will support the construction of 2 Audible signals at 61st & Skyline.
AID00005 - Street Resurfacing and Reconstruction	200306 - Prop 42 Gas Tax Fund	500,000.00	Swap between Prop 42 Gas Tax Fund and General Fund from Truax Home sale. Proceeds from the Truax House provides full funding for the park, which includes an AIDS Memorial.
S10051 - Olive St Pk Acq Fund	400265 - General Fund	500,000.00	Swap between Prop 42 Gas Tax Fund and General Fund from Truax Home sale. Proceeds from the Truax House provides full funding for the park, which includes an AIDS Memorial.

Decreasing Appropriation

Funded Program	Fund	Amount	Justification
AID00005 - Street Resurfacing and Reconstruction	400265 - General Fund	500,000.00	Swap between Prop 42 Gas Tax Fund and General Fund from Truax Home sale. Proceeds from the Truax House provides full funding for the park, which includes an AIDS Memorial.
S13005 - University Village Park Tot Lot	200324 - Antenna Lease Fund	150,000.00	Reduction of remaining budget in anticipation of the closing of the project.
S13008 - Mohnike Adobe and Barn Restoration	200109 - Environmental Growth Funds	170,000.00	Reduction of funds is needed to address fund balance issues between the EGF subaccounts that were identified as part of the fiscal year close process.
AIH00001 - Installation of City Owned Street Lights	200353 - Redevelopment Funding	52,041.77	Reduction of remaining RDA Bond funding following the closing of Street Lights in Southcrest Redevelopment Area; no other current projects in the annual allocation are eligible for the funding.
AIL00005 - Traffic Signals Modification	400111 - Development Impact Fees	92,842.78	Reduction of remaining DIF funding following the completion of the 30th Street Traffic Signal Modification project; no other existing projects in the annual allocation are eligible for the funding.

Transfer in the CIP

Funded Program (Sending)	Funded Program (Receiving)	Fund	Amount	Justification
S00692 - Skyline Hills Library	S00791 - South Mission Beach Lifeguard Station	400859 - Deferred Capital Projects Bonds	264,671.56	Transfer of funding to cover increased construction costs due to delays caused by litigation. Construction of the library is complete and the project no longer needs the funding. Both project are eligible for deferred capital bond funding.
S00692 - Skyline Hills Library	S00791 - South Mission Beach Lifeguard Station	400265 - General Fund	4,257.93	Transfer of funding to cover increased construction costs due to delays caused by litigation. Construction of the library is complete and the project no longer needs the funding.
S00692 - Skyline Hills Library	S00791 - South Mission Beach Lifeguard Station	200595 - Other Funding	31,070.51	Transfer of funding to cover increased construction costs due to delays caused by litigation. Construction of the library is complete and the project no longer needs the funding.
S00783 - Fire Station No. 17 - Mid-City	S00791 - South Mission Beach Lifeguard Station	400002 - Capital Outlay - Land Sales	500,000.00	Transfer of funding to cover increased construction costs due to delays caused by litigation.
S00783 - Fire Station No. 17 - Mid-City	S00791 - South Mission Beach Lifeguard Station	400265 - General Fund	450,000.00	Transfer of funding to cover increased construction costs due to delays caused by litigation.
AGF00006 - Coastal Erosion and Access	AGF00006 - Coastal Erosion and Access	200391 - Regional Park Improvements Fund	200,000.00	Request Council authority to transfer sublet funding between B17110 and B17029. The RPIF Oversight Committee has already approved this action.



Funded Program (Sending)	Funded Program (Receiving)	Fund	Amount	Justification
ABT00001 - City Facilities Improvements	S18002 - TP South Golf Course Imp Renovation	200391 - Regional Park Improvements Fund	12,184.18	Transfer of funding is needed for the installation of a new water pipe at the Torrey Pines Glider Port. Construction at the golf course will end water service to the Glider Port. Transfer was approved by the RPIF Oversight Committee.
ABT00001 - City Facilities Improvements	S18002 - TP South Golf Course Imp Renovation	200391 - Regional Park Improvements Fund	137,815.82	Transfer of funding is needed for the installation of a new water pipe at the Torrey Pines Glider Port. Construction at the golf course will end water service to the Glider Port. Transfer was approved by the RPIF Oversight Committee.
S00774 - West Miramar Landfill - Phase 2	S16052 - Miramar Landfill Gas Recovery Improvement	700040 - Refuse Disposal Fund	1,400,000.00	In order to meet the requirements of an APCD Stipulated Order, the City must award this construction contract in FY2018. The previously anticipated \$1.0 million request for FY2019 needs to be moved up to the FY2018 mid-year revise. Construction cost estimates have also increased, requiring an additional \$1.5 million in funding, for a total need of \$2.5 million for the FY 2018 mid-year revise. The transfer of S00774 is needed in order to partially fund the project; S00774 has a surplus funding of \$1.4 Million as the project is coming to a close.
ABT00001 - City Facilities Improvements	S16034 - Carmel Del Mar NP Comfort Station-Development	400855 - Development Impact Fees	282,365.90	Transfer funding from the annual to the standalone project to incorporate overlapping work.
S11011 - Tierrasanta CP Sports Field Lighting	S18004 - Tierrasanta Sports Field Lighting Phase II	400098 - Development Impact Fees	73,745.53	Transfer of existing budget to phase 2 of the project.

Funded Program (Sending)	Funded Program (Receiving)	Fund	Amount	Justification
P18000 - Building 619 at NTC - Rec Center	ABT00001 - City Facilities Improvements	400115 - Development Impact Fees	1,163,282.38	Request authority to close P18000 Building 619 at NTC - Rec Center, transfer existing budget and Expenses to a sublet project in facilities annual due to refinement of project scope.
S13004 - Larsen Field ADA Improvements Phase II	S15021 - Rolling Hills Neighborhood Park ADA Upgrades	200324 - Antenna Lease Fund	30,000.00	Addition of funding is needed to cover higher than expected bids for the project.
AJA00002 - Pipeline Rehabilitation	ABP00001 - Pump Station Restorations	700008 - Sewer Funds	2,707,096.00	Transfer of funding between annual allocations to cover higher construction bids for pump stations restorations.
AJA00002 - Pipeline Rehabilitation	AJA00001 - Sewer Main Replacements	700008 - Sewer Funds	2,248,712.00	Transfer of funding between annual allocations to cover higher than expected construction awards.
ALA00001 - PURE Water Program	ABO00001 - Metro Treatment Plants	700009 - Sewer Funds	100,000.00	Transfer of funding between annual allocations based on analysis of projected cash flow needs.
ALA00001 - PURE Water Program	S00315 - Point Loma Grit Processing Improvements	700009 - Sewer Funds	220,000.00	Transfer of funding based on analysis of projected cash flow needs.
ALA00001 - PURE Water Program	S17012 - NCWRP Improvements to 30 mgd	700009 - Sewer Funds	410,000.00	Transfer of funding for additional electrical upgrades.
ALA00001 - PURE Water Program	S17013 - MBC Equipment Upgrades	700009 - Sewer Funds	100,000.00	Transfer of funding to completely fund project design.
ALA00001 - PURE Water Program	AKB00003 - Water Main Replacements	700010 - Water Fund	20,000,000.00	Transfer of funding between annual allocations based on analysis of projected cash flow needs.
AIL00005 - Traffic Signals Modification	AIK00003 - Sidewalk Repair and Reconstruction	400112 - Development Impact Fees	110,000.00	Transfer of funding from the Traffic Signals-Modifications annual allocation to the Sidewalk Repair and Reconstruction annual allocation to correct for a previous budgeting error.
P18007 - Alvarado Road Realignment	ACA00001 - Drainage Projects	400116 - Development Impact Fees	581,351.00	Transfer of funding to the Drainage annual allocation. Funding will be replaced with Developer Funds.



Funded Program (Sending)	Funded Program (Receiving)	Fund	Amount	Justification
ACC00001 - Watershed CIP	S00606 - SD River Dredging Qualcomm Way to SR163	400265 - General Fund	50,000.00	Transfer of funding from watershed annual allocation to cover increased dredging costs.
AIK00003 - Sidewalk Repair and Reconstruction	S15001 - Coast Blvd Walkway Improvements	400265 - General Fund	4,000.00	Transfer of funding from the Sidewalk Repair and Reconstruction annual allocation to the Coast Boulevard Walkway Improvements project for the installation of a new accessible curb ramp.
ACC00001 - Watershed CIP	S00605 - Famosa Slough Salt Marsh Creation	400265 - General Fund	193,041.00	Transfer of funding from the Watershed annual allocation to the Famosa Slough project for post construction needs.
ACA00001 - Drainage Projects	S11002 - Hayes Ave Storm Drain	400265 - General Fund	71,000.00	Transfer of funding from the Drainage annual allocation to the Hayes Storm Drain project to support the design phase.
S11060 - Otay Mesa Truck Route Phase 4	S00870 - Old Otay Mesa Rd	400169 - TransNet Extension	550,000.00	Transfer of funding from Otay Mesa Truck Route Phase 4 to the westerly portion of Old Otay Mesa Road to support construction needs
S00888 - Sea World Drive and I/5 Interchange Improvements	S00871 - W Mission Bay Dr Brdg	200385 - Sea World Traffic Mitigation Fund	0.30	Transfer to W Mission Bay Dr Bridge to fully commit the fund to one project.
ABT00001 - City Facilities Improvements	AIH00002 - SL Circuit Upgrades	400002 - Capital Outlay - Land Sales	175,808.09	Transfer to replace funds used for Emergency Drainage Repair; project will be made whole in commercial paper request.
S14017 - FS51 Skyline Hills	AIH00002 - SL Circuit Upgrades	400002 - Capital Outlay - Land Sales	116,916.30	Transfer to replace funds used for Emergency Drainage Repair; project will be made whole in commercial paper request.

Funded Program (Sending)	Funded Program (Receiving)	Fund	Amount	Justification
S14017 - FS51 Skyline Hills	AIH00002 - SL Circuit Upgrades	400265 - General Fund	462,040.31	Transfer to replace funds used for Emergency Drainage Repair; project will be made whole in commercial paper request.
S14018 - Fairmount Avenue Fire Station	AIH00002 - SL Circuit Upgrades	400265 - General Fund	472,142.56	Transfer to replace funds used for Emergency Drainage Repair; project will be made whole in commercial paper request.
S15038 - Skyline Hills Commun	AIH00002 - SL Circuit Upgrades	400265 - General Fund	106,807.74	Transfer to replace funds used for Emergency Drainage Repair; project will be made whole in commercial paper request.
S11002 - Hayes Ave Storm Drain	S00863 - Georgia Street Bridge Improvements	400169 - TransNet Extension	68,000.00	Transfer of funding to provide liquidity until federal bridge funds are awarded in the Spring of 2018.
S11002 - Hayes Ave Storm Drain	S00863 - Georgia Street Bridge Improvements	400265 - General Fund	282,000.00	Transfer of funding to provide liquidity until federal bridge funds are awarded in the Spring of 2018.
S11060 - Otay Mesa Truck Route Phase 4	S00863 - Georgia Street Bridge Improvements	400169 - TransNet Extension	350,000.00	Transfer of funding to provide liquidity until federal bridge funds are awarded in the Spring of 2018.



Transfer from O&M

Funded Program (Sending)	Funded Program (Receiving)	Fund	Amount	Justification
NON-PROGRAM	AGF00007 - Park Improvements	100000 - General Fund	235,000.00	Transfer of funding from Rec Council funds within the General Fund operating budget to fund the installation of already purchased playground equipment for Doyle Park.
13001865- PTS142570 Alvrd Cyn Rd Rightmt Cond#52	P18007 - Alvarado Road Realignment	200636- Developer Contributions	581,351.00	Addition of restricted developer funding for the design phase of the Alvarado Road project. Existing DIF funding will be transferred in order to fully fund a drainage project.
NON-PROGRAM	AIA00001 - Minor Bike Facilities	100000 - General Fund	19,444.44	Addition of funding received from Deco Bikes in the General Fund operating budget to support the Downtown Complete Streets project.

CIP Budget Adjustment Requests

TransNet

1. That the City of San Diego requests that SANDAG make the following changes to its 2016 POP (“the Amendment”); and
2. That the Mayor, or his designee, is authorized to approve adjustments to *TransNet* funded projects, according to Attachment I, in compliance with SANDAG Board Policy No. 31, Rule #7 and Rule #17; and
3. That pursuant to Section 2(C)(1) of the *TransNet* Extension Ordinance, the City of San Diego certifies that no more than 30 percent of its annual revenues shall be spent on local street and road maintenance-related projects as a result of the Amendment; and
4. That pursuant to Section 4(E)(3) of the *TransNet* Extension Ordinance, the City of San Diego certifies that all new or changed projects, or major reconstruction projects, included in the Amendment and funded by *TransNet* revenues shall accommodate travel by pedestrians and bicyclists, and that any exception to this requirement permitted under the Ordinance and proposed, shall be clearly noticed as part of the City of San Diego’s public hearing process for the Amendment; and
5. That the City of San Diego does hereby certify that all applicable provisions of the *TransNet* Extension Ordinance and SANDAG Board Policy No. 31 have been met; and
6. That the City of San Diego continues to agree to indemnify, hold harmless, and defend SANDAG, the San Diego County Regional Transportation Commission, and all officers and employees thereof against all causes of action or claims to local *TransNet* funded projects.

Add Projects to the CIP

1. Add S18004, Tierrasanta Sports Field Lighting Phase II

Close CIP Projects

1. Close P18000, Building 619 at NTC - Rec Center
2. Close S11008, Mission Hills Historic St Lighting
3. Close S00978, Talmadge Decorative Streetlight Restorat
4. Close S12003, Rancho Penasquitos Towne Centre Park Imp
5. Close S15039, Memorial Community Building Clearance Ac
6. Close S13007, Torrey Hills NP Development
7. Close S10035, Pomerado Rd Median Improvement Sn/o of R Bernardo
8. Close S00726, Mission Beach Boardwalk Bulkhead and associated grant #1000373-2012

Rename CIP Projects

1. Rename S11103 ,Valencia Park Acquisition & Development to La Paz Mini Park
2. Rename S13023, Del Mar Mesa NP Phase II to Elizabeth Rabbit NP Phase II
3. Rename S00760, West Maple Canyon Mini to Waldo Waterman Park

Transfer of Projects between Annual Allocations

1. Transfer up to \$3,500,000 in appropriations, expenditures, and encumbrances from CIP ABT00008 , Annual Allocation - Water CIP Emergency Reserve (B18067, Morena Pipeline Emergency Repl Project), into CIP AKB00003, Water Main Replacements.