CITY OF SAN DIEGO
FISCAL YEAR
2008 ANNUAL BUDGET

Capital Improvements Program

Capital Improvements Program

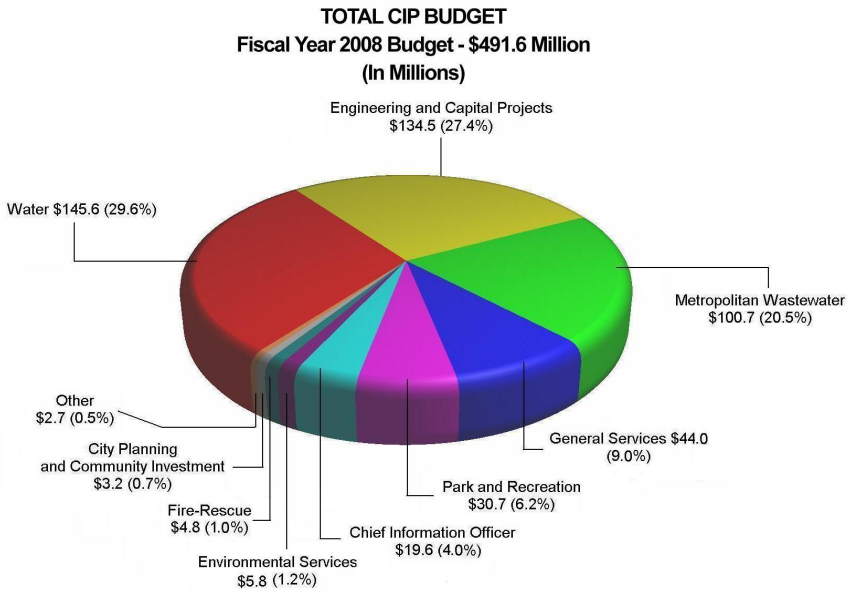
The Capital Improvements Program (CIP) budget supports construction projects, such as the development of park land, the construction of sewer pump plants, the acquisition of land for City use, the installation of traffic signals or street lighting systems, and the construction and remodeling of City facilities. These funds are derived from various sources, including sewer and water fees, a one half-cent local sales tax for transportation improvements (TransNet), development impact fees, and State and federal grants. The issuance of bonds is typically made for large and costly projects such as sewer treatment plants and pump stations.

The Fiscal Year 2008 Annual CIP Budget totals $491.6 million. This is an increase of $197.9 million or 67.4 percent from the Fiscal Year 2007 Annual CIP Budget of $293.7 million. The increase in the Fiscal Year 2008 Annual CIP Budget is primarily due to an increase in water and sewer projects, which will fund State and federal mandates as well as other project needs. On February 26, 2007, the City Council approved water and sewer rate increases. The water rates will increase 6.5 percent in fiscal years 2008-2011. Sewer rates will increase 8.75 percent in May 2007, 8.75 percent in May 2008, 7 percent in May 2009, and 7 percent in May 2010. The revenues generated from these rate increases are projected to fund $585.0 million worth of water and sewer projects over this period of time.

A second large increase to the total capital budget is due to the addition of $10.0 million of new funding budgeted in CIP projects to meet the requirements for the Americans with Disabilities Act (ADA). ADA improvement projects may include architectural barrier removal (i.e., curb cuts), facility retrofitting, and sidewalk improvements.

Overview of the Fiscal Year 2008 Annual CIP Budget

The following chart and table show the total Fiscal Year 2008 Annual CIP Budget by department. The CIP Budget identifies $4.3 billion in total projected CIP project costs through Fiscal Year 2018. In the Fiscal Year 2008 Annual CIP Budget, water and sewer projects account for 50.1 percent of the budget while Park and Recreation projects account for 6.2 percent of the total.



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The significant increases in the Fiscal Year 2008 Annual CIP Budget are in the Metropolitan Wastewater and Water Departments for water and sewer projects. The CIP budget is lower in Fiscal Year 2008 for the Engineering and Capital Projects Department since there is less grant funding of approximately $26.1 million from Highways and Bridge Replacement and Congestion Mitigation and Air Quality grants. A reduction in Library Department projects is due to the City's inability to enter the public bond market as of the end of Fiscal Year 2007.

FISCAL YEAR 2008 ANNUAL CIP BUDGET BY DEPARTMENT COMPARED TO FISCAL YEAR 2007			
DEPARTMENT	**FY 2007 BUDGET**	**FY 2008 BUDGET**	**CHANGE BETWEEN FY 07 - FY 08**
City Planning and Community Investment [1]	$ 3,226,326	$ 3,233,949	$ 7,623
Development Services	$ -	$ 150,000	$ 150,000
Engineering and Capital Projects	$ 139,953,148	$ 134,533,162	$ (5,419,986)
Environmental Services	$ 6,457,000	$ 5,823,000	$ (634,000)
Fire-Rescue	$ 9,519,291	$ 4,776,346	$ (4,742,945)
General Services	$ 1,950,000	$ 44,020,774	$ 42,070,774
Library	$ 30,277,092	$ -	$ (30,277,092)
Metropolitan Wastewater	$ 39,520,884	$ 100,678,956	$ 61,158,072
Office of the Chief Information Officer	$ 1,250,000	$ 19,624,548	$ 18,374,548
Park and Recreation	$ 28,715,645	$ 30,670,251	$ 1,954,606
Police	$ -	$ -	$ -
Real Estate Assets[2]	$ 1,750,000	$ 2,550,000	$ 800,000
Water	$ 31,052,107	$ 145,575,252	$ 114,523,145
TOTAL	**$ 293,671,493**	**$ 491,636,238**	**$ 197,964,745**

(1) As a result of restructuring, the Fiscal Year 2007 CIP Budget for Community and Economic Development is now under the City Planning and Community Investments Department.

(2) The budget for the Airports Division of the Real Estate Assets Department was included as part of the General Services Department's CIP budget in Fiscal Year 2007. In addition, QUALCOMM Stadium is now part of the Real Estate Assets Department.

Highlights of the Fiscal Year 2008 Annual CIP Budget by Department

For additional information on budgeted capital projects, please refer to the individual department sections in Volume III of the Fiscal Year 2008 Annual Budget.

City Planning and Community Investments

The Department's Fiscal Year 2008 Annual CIP Budget is $3.2 million. Downtown parking projects account for $1.5 million.

Engineering and Capital Projects

The Department's Fiscal Year 2008 Annual CIP Budget is $134.5 million. This includes $58.6 million from the Undergrounding Surcharge Fund. These funds are used in part for the utilities undergrounding of new projects, for underground conversion projects to augment the California Public Utilities Commission Rule 20A, and for projects that affect City-owned street lighting and resurfacing of roadways associated with the undergrounding of utilities. Other significant allocations of the Department's CIP budget include:

- $7.7 million for improvements to the Palm Avenue/Interstate 805 Interchange
- $6.0 million for Camino del Sur – Carmel Mountain Road
- $4.5 million for Carroll Canyon Road – Sorrento Valley Road to Scranton Road

Environmental Services

The Department's Fiscal Year 2008 Annual CIP Budget is $5.8 million. Overall, this budget has decreased $634,000 from Fiscal Year 2007. The net decrease is related to a decrease of $2.0 million in the West Miramar Phase II project due to the anticipated completion of the last module at the Miramar Landfill, an increase of $916,000 in the Underground Hazardous Materials Storage Tanks project, and an increase of $450,000 in the Citywide Energy Improvements project.

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Fire-Rescue

The Department's Fiscal Year 2008 Annual CIP Budget is $4.8 million. Projects funded in Fiscal Year 2008 include:

- $4.0 million for Fire Station 47, which serves the Pacific Highlands Ranch community, funded by Facilities Benefit Assessments
- $750,000 for a new fire station that will serve the Otay Mesa and Otay Mesa/Nestor communities funded by the Facilities Benefit Assessment

The Fire and Life Safety Services Facility Improvement Program, approved by Ordinance

O-19054 and Resolution R-296359 in April 2002, is currently unfunded and is contingent upon the City's ability to enter the bond market. The remaining project costs are currently estimated at $92.0 million, of which $61.0 million is for fire projects and $31.0 million is for lifeguard projects. For many of these projects, only planning and other preliminary activities have been performed to date. The total project cost for each fire and lifeguard facility will be revised and the schedule for design and construction will be established once the scope of work is approved and bonds are approved for issuance.

General Services

The Department's Fiscal Year 2008 Annual CIP Budget is $44.0 million. The significant allocations are listed below and the remaining budget is programmed for streets and drainage improvements.

- $24.7 for deferred maintenance, including street resurfacing, storm drain repair and sidewalk repair
- $12.3 million for ADA improvements
- $5.3 million for City facilities improvements, including roof replacements and air conditioning and heating upgrades and replacements

Metropolitan Wastewater

The Department's Fiscal Year 2008 Annual CIP Budget is $100.7 million. The funding for sewer projects is provided by private financing and the sewer rate increase. The Department's CIP budget includes the execution of Federal Consent Decree projects. The major projects for Fiscal Year 2008 include:

- $42.4 million for pipeline repair, replacement, and rehabilitation
- $19.8 million for repair and upgrade of pump stations
- $18.6 million for replacement of trunk sewers
- $7.6 million for repair and upgrade of treatment plants

Office of the CIO

The Department's Fiscal Year 2008 Annual CIP Budget is $19.6 million. This allocation includes $16.3 million for the Enterprise Resource Planning System (ERP) and $3.3 million for the public safety communications project.

Park and Recreation

The Department's Fiscal Year 2008 Annual CIP Budget is $30.7 million. Park and recreation projects are funded by a variety of sources, including Facilities Benefit Assessment Fees, Park Development Fees, Development Impact Fees, State and federal grants, and City funds. Projects for Fiscal Year 2008 include: play area upgrades, joint use fields, roof reconstruction, accessibility improvements, comfort stations, picnic shelters, Balboa Park and Mission Bay Park improvements, sports field and security lighting, and new park development.

Police

The Department has no new CIP project funding for Fiscal Year 2008. The construction of the Northwestern Area Station was completed in Fiscal Year 2007. The facility includes a police command and a light vehicle maintenance facility and will serve the northwest area of the City in Carmel Valley and adjacent community plan areas.

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Water

The Department's Fiscal Year 2008 Annual CIP Budget is $145.6 million and reflects the primary focus on the continued funding of the upgrade and expansion of the water system. The Department's CIP budget ensures a reliable water supply and includes projects contained in the Compliance Order from the California Department of Health Services. These projects will meet the requirements of the federal Safe Drinking Act and ensure the needed rehabilitation of aging infrastructure. The following are major projects for Fiscal Year 2008:

- $44.6 million for the Miramar Water Treatment Plant
- $31.2 million for Water Main Replacements
- $19.2 million for the Otay Water Treatment Plant
- $13.2 million for the Alvarado Water Treatment Plant Expansion
- $5.8 million for the Rancho Peñasquitos Pump Station
- $3.9 million for Security Upgrades

Future Outlook for the City's CIP

The Fiscal Year 2008 Annual CIP Budget increased by $197.9 million or 67.4 percent over Fiscal Year 2007. In addition, the Mayor is committed to funding ADA improvements for City facilities and other infrastructure increasing the budget $10 million over Fiscal Year 2007. An effort is currently under way to prioritize all CIP projects in order to use available funding to address the capital needs of communities within the City.