

Capital Improvements Program Fiscal Year 2010 Summary

The Capital Improvements Program (CIP) Budget allocates existing funds and anticipated revenues to rehabilitate, restore, improve, enhance, and increase the City's capital facilities. This budget supports the design and construction of a wide range of infrastructure improvement projects and other significant capital infrastructure investments. Projects include the development of park land, construction of water and sewer facilities, acquisition of land for City use, installation of traffic signals or street lighting systems, seismic retrofit of bridges, improvement of street and drainage systems, construction or renovation of City facilities, and acquisition of information technology infrastructure. These funds are derived from various sources, including sewer and water fees, a one half-cent local sales tax for transportation improvements (TransNet and TransNet Extension), development impact fees, sale of City-owned property, and State and federal grants. The issuance of bonds is typically made for large and costly projects such as sewer and water treatment plants, pump stations, and pipe replacement or rehabilitation; and capital projects to address deferred maintenance.

Overview of the Fiscal Year 2010 Proposed CIP Budget

The Fiscal Year 2010 Proposed CIP Budget totals \$480.7 million. This is a reduction of \$106.3 million or 18.1 percent from the Fiscal Year 2009 Annual CIP Budget of \$587.0 million. The reduction between Fiscal Years 2009 and 2010 is primarily due to one-time financing and Proposition 1B funds included in the Fiscal Year 2009 Annual CIP Budget for capital deferred maintenance.

Deferred maintenance and Americans with Disabilities Act (ADA) obligations are two of the eight significant areas identified in the Five-Year Financial Outlook. The Proposed CIP Budget includes \$11.8 million for facilities deferred maintenance capital projects, funded by proceeds from land sales, to continue efforts to address the City's estimated \$800-900 million backlog of deferred maintenance needs. This is in addition to the \$129.7 million of funding that was approved in the Fiscal Years 2008 and 2009 Annual CIP Budgets for facilities, streets, storm drains, and sidewalk capital deferred maintenance projects. The funding appropriated in prior years includes \$102.2 million of the bond financing for capital deferred maintenance projects that was received in March 2009. The Proposed CIP Budget also includes \$11.1 million for ADA improvements funded by proceeds from land sales and Community Development Block Grants (CDBG), which is in addition to the \$23.3 million of funding approved in Fiscal Years 2008 and 2009.

Water and sewer projects in the Fiscal Year 2010 Proposed CIP Budget are funded by water and sewer rates. On February 26, 2007, City Council approved water and sewer rate increases. Water rates will increase 6.5 percent each year through Fiscal Year 2011. Sewer rates increased 8.75 percent in May 2007 and May 2008 and will increase 7 percent in May 2009 and May 2010. The revenues generated from these rate increases are projected to fund \$585.0 million of water and \$648.0 million of sewer projects over this time period. In addition, the Fiscal Year 2010 Proposed CIP Budget includes \$28.1 million of TransNet Extension cash and commercial paper funding for transportation projects.

The following table shows the total Fiscal Year 2010 Proposed CIP Budget by department. The most significant change in the CIP Budget is due to the \$77.5 million of one-time bond financing and the \$15.4 million of Proposition 1B funds that were included in the Engineering and Capital Projects, General Services and Storm Water Departments' Fiscal Year 2009

Capital Improvements Program Fiscal Year 2009 Summary

Annual CIP Budgets for deferred maintenance capital projects. Bond financing for capital deferred maintenance needs was received in March 2009 and will fund the \$102.2 million of bond financing previously appropriated in deferred maintenance capital projects in Fiscal Years 2008 and 2009.

Fiscal Year 2010 Proposed CIP Budget by Department Compared to Fiscal Year 2009

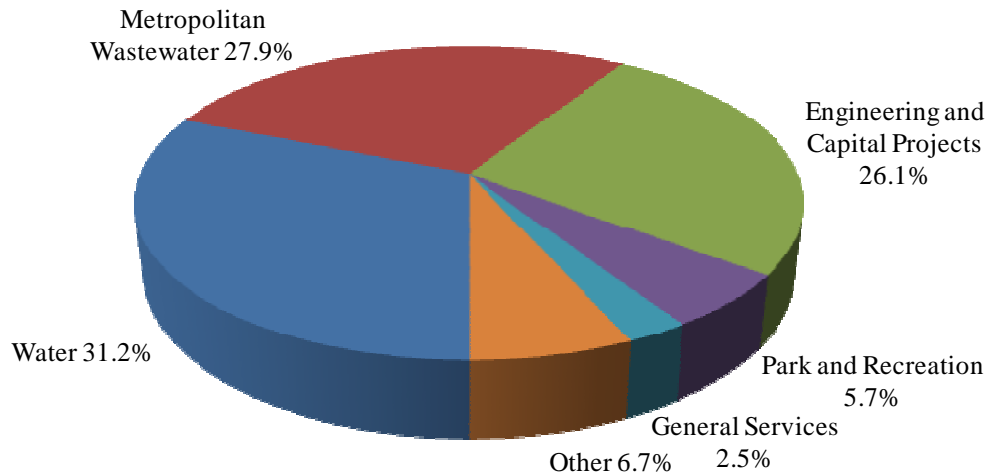
Department	FY 2009	FY 2010 PROPOSED	CHANGE BETWEEN FY09 - FY10
Airports	\$ 2,400,000	\$ 1,800,000	\$ (600,000)
City Planning and Community Investment	\$ 1,894,000	\$ 5,500,000	\$ 3,606,000
Engineering and Capital Projects	\$ 151,885,792	\$ 125,274,218	\$ (26,611,574)
Environmental Services	\$ 6,607,194	\$ 7,502,194	\$ 895,000
Fire-Rescue	\$ 21,000	\$ 4,100,000	\$ 4,079,000
General Services	\$ 84,812,544	\$ 12,150,000	\$ (72,662,544)
Library	\$ 600,000	\$ 1,410,000	\$ 810,000
Metropolitan Wastewater	\$ 103,118,352	\$ 134,080,636	\$ 30,962,284
Office of the Chief Information Officer	\$ 3,341,763	\$ -	\$ (3,341,763)
Park and Recreation	\$ 34,629,253	\$ 27,347,873	\$ (7,281,380)
QUALCOMM Stadium	\$ 750,000	\$ 750,000	\$ -
SAP Support	\$ 6,825,624	\$ 9,874,376	\$ 3,048,752
Storm Water	\$ 12,205,000	\$ 1,139,149	\$ (11,065,851)
Water	\$ 177,869,077	\$ 149,776,309	\$ (28,092,768)
TOTAL	\$ 586,959,599	\$ 480,704,755	\$ (106,254,844)

As reflected in the following chart, water and sewer projects account for 59.1 percent of the total Fiscal Year 2010 Proposed CIP Budget. Facilities and transportation projects account for 28.6 percent while library and park and recreation projects account for 6.0 percent. The CIP Budget identifies \$7.0 billion in total projected CIP project costs through Fiscal Year 2020 for continuing¹, new and future projects. Of this amount, \$1.9 billion is currently unidentified funding, including \$297.8 million in projects that are unfunded.

¹ Note: Continuing (or prior year) project costs for annual allocation projects are not included in the CIP Budget.

Capital Improvements Program Fiscal Year 2010 Summary

Fiscal Year 2010 Proposed CIP Budget - \$480.7 Million



Highlights of the Fiscal Year 2010 Proposed 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 2010 Proposed Budget.

Airports

The Department's Fiscal Year 2010 Proposed CIP Budget is \$1.8 million. Projects for Brown and Montgomery Field are funded by a variety of sources, including revenue from leases, parking fees, landing fees, fuel flowage fees, and Federal Aviation Administrative (FAA) grants.

City Planning and Community Investments

The Department's Fiscal Year 2010 Proposed CIP Budget is \$5.5 million, all of which is for downtown parking projects.

Engineering and Capital Projects

The Department's Fiscal Year 2010 Proposed CIP Budget is \$125.3 million. This includes \$48.9 million from the Undergrounding Surcharge Fund for new projects for utilities undergrounding, for City-owned street lighting and resurfacing of roadways impacted by the undergrounding of utilities, and to augment funding for underground conversion projects associated with the California Public Utilities Commission Rule 20A. In Fiscal Year 2010, approximately 18 miles of dry utilities will be placed underground. Other significant allocations of the Department's CIP Budget include:

- \$14.6 million for Genesee Avenue – Widen Interstate 5 Crossing
- \$12.3 million for Carroll Canyon Road – Sorrento Valley Road to Scranton Road
- \$11.1 million for ADA improvements
- \$3.5 for North Torrey Pines Road – Genesee Avenue to Torrey Pines Science Park
- \$2.5 million for State Route 163 and Friars Road

Capital Improvements Program

Fiscal Year 2009 Summary

- \$2.0 million for Sea World Drive Widening and Interstate 5 Interchange Improvements
- \$2.0 million for Talbot Street Slope
- \$1.5 million for traffic signals
- \$1.1 million for Otay Truck Route Widening
- \$1.1 million for 25th Street Renaissance Project
- \$1.1 million for Aldine Drive and Fairmount Avenue – Slope Restoration
- \$630,000 for University Avenue at Alabama Street Bicycle and Pedestrian Safety Improvements

Environmental Services

The Department's Fiscal Year 2010 Proposed CIP Budget is \$7.5 million. Major projects for Fiscal Year 2010 include:

- \$2.1 million for South Miramar Landfill Slopes
- \$1.8 million for Future Waste Management Disposal and Processing Facilities
- \$800,000 for South Chollas Landfill – Improvements
- \$480,000 for West Miramar Phase II – Landfill Gas System

Fire-Rescue

The Department's Fiscal Year 2010 Proposed CIP Budget is \$4.1 million. This includes \$3.0 million of Development Impact Fees for Fire Station 45 in Mission Valley.

General Services

The Department's Fiscal Year 2010 Proposed CIP Budget is \$12.2 million. This includes \$11.8 million of proceeds from land sales for facilities deferred maintenance capital projects.

Library

The Department's Fiscal Year 2010 Proposed CIP Budget is \$1.4 million of Facilities Benefit Assessment and Development Impact Fee funds to continue work on the Otay East, Balboa, and Ocean Beach Branch Libraries.

Metropolitan Wastewater

The Department's Fiscal Year 2010 Proposed CIP Budget is \$134.1 million. The funding for sewer projects is provided by the sewer rate increase which also supports private financing. The Department's CIP Budget includes the execution of Federal Consent Decree projects. The major projects for Fiscal Year 2010 include:

- \$74.3 million for pipeline repair, replacement, and rehabilitation
- \$39.2 million for replacement of trunk sewers
- \$8.9 million for repair and upgrade of pump stations
- \$5.1 million for repair and upgrade of treatment plants

Park and Recreation

The Department's Fiscal Year 2010 Proposed CIP Budget is \$27.3 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 2010 include: Balboa Park, Mission Bay Park and Mission

Capital Improvements Program Fiscal Year 2010 Summary

Trails Regional Park improvements; play area upgrades; joint use fields; accessibility improvements; comfort stations; picnic shelters; sports field and security lighting; new park development; and golf course improvements and upgrades.

SAP Support

The Department's Fiscal Year 2010 Proposed CIP Budget is \$9.9 million, all of which is for completion of the Enterprise Resource Planning System (ERP).

Storm Water

The Department's Fiscal Year 2010 Proposed CIP Budget is \$1.1 million, all of which is for storm drain repair, replacement and reconstruction.

Water

The Department's Fiscal Year 2010 Proposed CIP Budget is \$149.8 million and reflects the primary focus on continued funding for the upgrade and expansion of the water system. The funding for water projects is provided by the water rates which also support financing for the projects. The Department's CIP Budget supports the infrastructure for a reliable water supply and includes projects contained in the Compliance Order from the California Department of Public Health. These projects will meet the requirements of the federal Safe Drinking Act and provide for the needed rehabilitation of aging infrastructure. The following are major projects planned for Fiscal Year 2010:

- \$43.3 million for water main replacements
- \$37.9 million for Alvarado Water Treatment Plant – Upgrade and Expansion
- \$15.7 million for Miramar Water Treatment Plant – Upgrade and Expansion
- \$9.4 million for the North City Reclamation System
- \$5.9 million for Otay Water Treatment Plant – Upgrade and Expansion
- \$4.9 million for Lower Otay Reservoir – Emergency Outlet Improvements
- \$3.2 million for reclaimed water pipeline extensions
- \$2.7 million for Kearny Mesa Pipeline Upgrade
- \$2.5 million for El Monte Pipeline No. 2
- \$2.5 million for standpipe and reservoir rehabilitations
- \$2.1 million for El Capitan Pipeline No. 2

Future Outlook for the City's CIP

The Mayor is committed to funding ADA improvements and deferred maintenance capital projects for City facilities and other City infrastructure. The Fiscal Year 2010 Proposed CIP Budget of \$480.7 million includes \$22.9 million of funding for capital deferred maintenance and ADA improvements. In accordance with the Five-Year Financial Outlook, the CIP Budget forecasts over \$306.7 million of funding for these capital needs through Fiscal Year 2014. This is in addition to the \$152.9 million of funding approved in Fiscal Years 2008 and 2009 for capital deferred maintenance and ADA improvements.

A CIP prioritization policy (Council Policy 800-14) was adopted for transportation projects in Fiscal Year 2007. The Council Policy was revised in Fiscal Year 2008 to incorporate the prioritization of all capital projects. The Engineering and Capital Projects Department continues to score new projects in accordance with the detailed requirements of the Council

Capital Improvements Program Fiscal Year 2009 Summary

Policy. It is anticipated that prioritization will occur in the upcoming fiscal year for all transportation projects and many of the other types of projects and be used to determine funding allocations for new projects in the Fiscal Year 2011 CIP Budget. Existing projects will continue as scheduled or as funding becomes available without prioritization due to the previous investment of time and funds into these projects.