

Capital Improvements Program

Funding Sources

Funding Sources

The Capital Improvements Program (CIP) uses a variety of funding sources to support projects. This section outlines some of the more common funding sources used in the CIP.

Bond Financing

Bond financing is a long-term borrowing tool used to meet the City's cash flow needs and to provide funds for capital projects. In Fiscal Years 2009, 2012, 2013, and 2015, the City Council approved financing to provide funding for ongoing and deferred capital projects throughout the City. The list of deferred capital projects includes improvements to General Fund streets, buildings, and storm drain infrastructure.

Capital Outlay

Capital Outlay Funds are used exclusively for the acquisition, construction, and completion of permanent public improvements or real property; replacement or reconstruction of public facilities; and other improvements of a permanent character. Repair or maintenance expenditures cannot be made from the Capital Outlay Funds. Revenue for the Capital Outlay Fund is derived primarily from the sale of City-owned property per Section 77 of the San Diego City Charter. In addition, San Diego City Ordinance No. 12685 (New Series) further specifies that all proceeds from sales or leases of the Pueblo Lands of San Diego be utilized to finance police substations and other permanent improvements for police purposes.

Development Impact Fees

Development Impact Fees (DIF) are collected to mitigate the impact of new development in urbanized communities that are near build-out. The amount of DIF is based on a portion of the financing needed for identified public facilities. Property being developed is assessed the fee(s) at the time the building permit is issued.

Donations and Developer Funding

Projects may be funded by contributions and/or donations from private sources, such as residents, developers, private organizations, and businesses. Contributions by developers and vendors may be reimbursed with City funds in future years.

Enterprise Funds

Enterprise Funds account for specific services that are funded directly by fees and charges to users. These include the services provided by Public Utilities, Environmental Services, Airports, and Golf Courses. These funds are intended to be fully self-supporting and are not typically subsidized by any general revenue or taxes. Within each Enterprise Fund, budgets are developed which are sufficient to fund current year operations and maintenance expenses, as well as provide

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for current and future years' upgrade, replacement, and expansion-related capital construction requirements.

Facilities Benefit Assessments

Facilities Benefit Assessments (FBAs) 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.

General Fund

The General Fund is the City's main operating fund that pays for basic City 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 allocated from the operating budget of General Fund departments.

Grants

Some projects are entirely or partially funded by grants and reimbursements from the State and federal government and other agencies. The receipts of certain grants and reimbursements typically follow the award of contracts; therefore, other City funding is programmed for front-end financing of the total estimated project costs. Grant funding includes State and federal grants and grants from proceeds from State bond issuances. For example, Community Development Block Grant (CDBG) funding is programmed in accordance with Council Policy 700-02, Community Development Block Grant Program (CDBG). CIP priorities are developed irrespective of whether or not CDBG funding is to be received by the City. CDBG funding is to be used to supplement the City's CIP program and not as a substitute for other City funding.

Infrastructure Fund

The Infrastructure Fund is used exclusively for "the acquisition of real property, construction, reconstruction, rehabilitation, repair and maintenance of infrastructure," including the associated financing and personnel costs. The Infrastructure Fund was established by Section 77.1 of Article VII of the City Charter to be a dedicated source of revenue to fund General Fund infrastructure projects. The amount of revenue received by the fund is determined based on a formula that accounts for growth in major General Fund revenues and reductions in pension costs.

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Internal Service Funds

Internal Service Funds are established for the financing of goods or services provided by one City department to another City department on a cost-reimbursement basis. Examples of Internal Service Funds used in the CIP budget are the Energy Conservation Program Fund and the Fleet Services Internal Service Fund.

Maintenance Assessment Districts

Maintenance Assessment Districts (MADs) are established by the City of San Diego as a means of providing property owners with the opportunity to assess themselves to pay for enhanced improvements, maintenance, services, and activities. Certain projects requested by a district may be capital in nature and are funded by the specific MAD. MAD budgets are developed with sufficient funding for current year maintenance and capital projects.

Mission Bay Park and San Diego Regional Parks Improvement Funds

Mission Bay rents and concessions revenue is allocated to the Mission Bay Park and San Diego Regional Parks Improvement Funds in accordance with the San Diego City Charter, Article V, Section 55.2. The funds in the Mission Bay Park Improvement Fund may only be expended in Mission Bay Park for permanent or deferred capital improvements of existing facilities, as well as to improve environmental conditions consistent with the Mission Bay Park Master Plan. The funds in the San Diego Regional Parks Improvement Fund may only be expended for permanent or deferred capital improvements in San Diego's regional parks. The City of San Diego's regional parks include Balboa Park, Chicano Park, Chollas Lake Park, Mission Trails Regional Park, Otay River Valley Park, Presidio Park, San Diego River Park, open space parks, and coastal beaches and parks.

Special Revenue Funds

Special Revenue Funds account for revenue received for specifically identified purposes. Examples of Special Revenue Funds used in the CIP budget are the Environmental Growth Fund, Fire/ Emergency Medical Services Transport Fund, Gas Tax Fund, Bus Stop Capital Improvement Fund, Library System Improvement Fund, Sunset Cliffs Natural Park Fund, and OneSD/ERP Support Funds.

TransNet Funds

TransNet, a one-half cent local sales tax, is used for traffic congestion relief and transportation improvements. In addition to roadway enhancements, TransNet Funds are utilized for bikeway and pedestrian projects. TransNet includes a Maintenance of Effort (MOE) provision to guarantee that the City spends a certain amount of discretionary funds on the maintenance and improvement of the public right-of-way. The City utilizes TransNet cash for projects as much as possible in an

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attempt to minimize the issuance of bonds due to added costs of debt service. 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. In an attempt to further minimize debt service costs, the issuance of TransNet Commercial Paper may be utilized when feasible.

Utilities Undergrounding Program Fund

This fund provides for the undergrounding of City utilities. San Diego Gas & Electric (SDG&E), AT&T, and the cable companies all contribute funds for the purpose of undergrounding overhead facilities. This amount is deposited with the City to be used solely for the undergrounding of electrical lines and associated activities.

A complete list of funding sources in the CIP and their budgets are provided below in **Table 1**.

Table 1: Capital Improvements Program by Funding Source

Funding Source	Prior Fiscal Years	FY 2018	Future Fiscal Years	Funding Source Total
Airport Funds	\$ 9,018,867	\$ -	\$ -	\$ 9,018,867
Antenna Lease Fund	950,000	300,000	-	1,250,000
Bond Financing	26,440,386	-	39,000,000	65,440,386
Bus Stop Capital Improvement Fund	111,872	-	300,000	411,872
Capital Outlay - Land Sales	24,187,425	1,500,000	-	25,687,425
Capital Outlay - Other	4,676,212	-	-	4,676,212
Capital Outlay - Police Decentralization Land Sales	1,012,864	-	-	1,012,864
Convention Center Funds	1,732,727	-	-	1,732,727
Deferred Capital Projects Bonds	207,845,503	-	269,152,884	476,998,387
Developer Funding	32,437,488	-	6,872,326	39,309,814
Development Impact Fees	124,202,504	21,572,366	250,000	146,024,870
Donations	89,062,819	-	31,500,000	120,562,819
EDCO Community Fund	760,000	-	460,000	1,220,000
Energy Conservation Program Fund	3,300,975	-	-	3,300,975
Energy Upgrades CEC Loan Fund	-	-	30,273,755	30,273,755
Environmental Growth Funds	8,759,726	1,927,365	6,174,498	16,861,589
Facilities Benefit Assessments	299,715,665	10,950,000	185,965,467	496,631,132
Federal Grants	71,777,100	-	145,075,254	216,852,354
Fleet Services Internal Service Fund	3,367,028	-	-	3,367,028
Gas Tax Fund	6,949,212	-	6,688,820	13,638,032
General Fund	83,555,091	-	-	83,555,091
Golf Course Enterprise Fund	21,707,729	5,500,000	-	27,207,729

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Funding Source	Prior Fiscal Years	FY 2018	Future Fiscal Years	Funding Source Total
Infrastructure Fund	-	11,386,545	61,315,567	72,702,112
Infrastructure Improvement Funds	7,651	-	-	7,651
Lease Purchase Fund	8,883,932	1,018,572	-	9,902,504
Library System Improvement Fund	11,403,162	1,884,482	-	13,287,644
Maintenance Assessment Districts	4,980,991	450,000	-	5,430,991
Mission Bay Park Improvement Fund	30,117,637	6,825,570	31,708,932	68,652,139
Mission Trails Regional Park Fund	1,567,126	-	-	1,567,126
OneSD/ERP Funding	6,187,815	-	-	6,187,815
Other Funding	58,938,200	670,981	-	59,609,181
Other Grants	1,052,416	-	-	1,052,416
Park Service District Funds	4,984,724	-	-	4,984,724
Proposition 42 Replacement - Transportation Relief Fund	15,970,906	-	-	15,970,906
Recycling Fund	2,020,000	-	-	2,020,000
Redevelopment Funding	88,763,871	-	-	88,763,871
Refuse Disposal Fund	33,106,677	13,000,000	13,900,000	60,006,677
Regional Transportation Congestion Improvement Program	30,015,719	-	-	30,015,719
San Diego Regional Parks Improvement Fund	17,746,374	3,675,307	9,000,000	30,421,681
San Diego Unified School District	20,641,657	500,000	-	21,141,657
Sea World Traffic Mitigation Fund	10,400,000	-	-	10,400,000
Sewer Funds	574,794,835	130,212,336	653,572,267	1,358,579,438
Stadium Fund	1,534,053	-	-	1,534,053
State Grants	52,182,960	-	4,700,000	56,882,960
Sunset Cliffs Natural Park Fund	520,692	-	240,000	760,692
TransNet - Extension Bikeways	2,037,298	-	-	2,037,298
TransNet Funds	164,691,441	19,187,459	86,270,256	270,149,156
Trench Cut/Excavation Fee Fund	7,908,541	2,000,000	8,000,000	17,908,541
Unidentified Funding	-	-	1,762,372,149	1,762,372,149
Utilities Undergrounding Program Fund	84,620,689	-	5,000,000	89,620,689
Water Fund	596,771,413	243,082,290	1,337,274,090	2,177,127,793
Total	\$ 2,853,421,992	\$ 475,643,273	\$ 4,695,066,265	\$ 8,024,131,530

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Unidentified Funding

Some projects may lack sufficient identified funding to complete the project. These projects display an “unidentified funding” amount in the project pages. Each project with an unidentified amount is summarized in each department's Unfunded Needs List. A complete list of all projects with unidentified funding is provided below in **Table 2**.

Table 2: Capital Improvement Projects Unfunded Needs

Project	PageNo	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
N Torrey Pines Rd Bridge/ Los Penasquitos / S00935	503	56	Medium	\$ 100,000	0.7 %
Coastal Erosion and Access / AGF00006	218	Annual	Annual	100,000	2.4 %
Mohnike Adobe and Barn Restoration / S13008	262	62	High	99,880	3.1 %
EB Scripps Pk Comfort Station Replacement / S15035	230	43	Low	139,621	5.0 %
Children's Park Improvements / S16013	213	47	Low	300,000	7.7 %
El Camino Real to ViaDeLaValle (1/2 mile) / S00856	478	53	Medium	3,200,000	9.1 %
W Mission Bay Dr Bridge Over SD River / S00871	542	70	High	14,977,153	10.3 %
California Tower Seismic Retrofit / L12003	196	68	High	600,000	12.9 %
Guard Rails / AIE00002	486	Annual	Annual	713,000	14.1 %
Pomerado Median Improve-N of R Bernardo / S10035	282	44	Low	200,000	18.0 %
Fire Station No. 15 - Ocean Beach Expansion / S13011	141	44	Low	160,000	18.8 %
Balboa Pk Bud Kearns Aquatic Complex Imp / S17000	193	57	Low	280,000	18.9 %
Fairbrook Neighborhood Park Development / S01083	236	N/A	N/A	1,000,000	20.0 %
Torrey Highlands NP Upgrades / S16036	309	58	Medium	235,078	23.6 %
East Fortuna Staging Area Field Stn Bldg / S14016	228	73	High	1,361,839	23.7 %
Mission Trails RP Cowles Mountain Trail / S10065	259	20	Low	100,000	25.0 %
Torrey Meadows Drive Overcrossing / S10015	532	46	Low	3,885,000	29.9 %
Egger/South Bay Community Park ADA Improvements / S15031	231	36	Low	840,886	34.5 %
Drainage Projects / ACA00001	477	Annual	Annual	100,589,181	42.3 %
City Facilities Improvements / ABT00001	433	Annual	Annual	131,674,833	48.8 %
Sunset Cliffs Park Drainage Improvements / L14005	301	66	High	5,760,000	50.3 %
Los Penasquitos Cyn Preserve STRl Restor / S13014	248	35	Low	500,000	51.0 %
Mission Trails RP Trail Realignment / S10066	261	20	Low	115,000	53.5 %
SD River Dredging Qualcomm Way to SR163 / S00606	293	69	Medium	600,000	55.1 %
Sidewalk Repair and Reconstruction / AIK00003	519	Annual	Annual	27,635,000	55.3 %
Villa Monserate Neighborhood Park Upgrades / S16048	319	58	Medium	1,265,100	61.6 %
Street Light Circuit Upgrades / AIH00002	529	Annual	Annual	13,500,000	65.3 %
Palm Avenue Interstate 805 Interchange / S00869	509	53	Medium	14,500,000	66.3 %
Scripps Miramar Ranch Library / S00811	169	59	Low	3,324,400	66.5 %

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Project	PageNo	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Interstate 5 Underpass-Bikeway/Ped Conn / S00982	490	66	High	1,116,010	67.6 %
Canyon Hills Resource Park Improvements / S15006	198	45	Low	4,454,932	72.2 %
Bay Terrace Senior Center / S16060	194	57	Medium	2,600,000	72.2 %
Olive Grove Community Park ADA Improve / S15028	271	65	High	1,195,000	73.9 %
State Route 56 Freeway Expansion / RD14000	526	N/A	N/A	119,000,000	78.3 %
Martin Luther King Jr. Promenade / S13020	250	15	Low	1,005,000	81.7 %
Market St-Euclid to Pitta-Improvements / S16022	496	84	High	4,569,076	82.0 %
Watershed CIP / ACC00001	543	Annual	Annual	228,878,797	83.1 %
Rolando Joint Use Facility Development / S15029	288	64	High	1,870,000	83.1 %
Fire-Rescue Air Operations Facility / S15012	150	78	Medium	10,601,919	83.2 %
NTC Aquatic Center / S10000	267	56	Low	8,000,000	84.3 %
San Carlos Branch Library / S00800	166	N/A	N/A	17,602,201	85.5 %
Golf Course Drive Improvements / S15040	238	50	Medium	1,740,977	87.0 %
North Pacific Beach Lifeguard Station / S10119	153	83	Medium	6,319,967	87.1 %
Fairmount Avenue Fire Station / S14018	151	86	High	14,000,000	87.5 %
Coastal Rail Trail / S00951	473	72	High	21,425,628	87.6 %
Install T/S Interconnect Systems / AIL00002	488	Annual	Annual	107,176,453	90.5 %
Beyer Park Development / S00752	195	51	Low	11,196,000	91.1 %
Fire Station No. 51 - Skyline Hills / S14017	148	83	Medium	12,312,000	92.5 %
Fire Station No. 07 - Barrio Logan / S15013	139	85	High	11,250,000	93.8 %
Switzer Canyon Bridge Enhancement Prog / S10054	302	47	Low	1,225,000	94.2 %
Sea World Dr/I5 Interchange Improvement / S00888	518	74	High	116,163,109	96.7 %
Streamview Drive Improvements Phase 2 / S18000	528	67	High	7,500,000	98.0 %
Sorrento Valley Rd & I5 Interchange / S00914	521	50	Low	196,147,763	98.1 %
Convention Center Phase III Expansion / S12022	107	N/A	N/A	514,050,000	99.4 %
Fire Station No. 54 - Paradise Hills / S00785	149	81	Medium	13,216,346	99.4 %
Total				\$ 1,762,372,149	



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