

FISCAL YEAR 2018

Capital Improvements Program



The City of
SAN DIEGO

PROPOSED BUDGET

MAYOR KEVIN L. FAULCONER

Capital Improvements Program

The Fiscal Year 2018 Proposed Capital Improvements Program (CIP) Budget is \$445.4 million. This budget allocates existing funds and anticipated revenues to both new and continuing projects in the City's \$8.19 billion multi-year CIP. The allocation of funds is based upon an analysis of available funding sources as well as a review of project needs and priorities. The City's CIP needs often outweigh available resources; therefore, the Proposed CIP budget is constrained by the availability of funds. The Fiscal Year 2018 Proposed CIP budget, as summarized in **Table 1** below, is funded by a variety of sources, including water and sewer enterprise funds, TransNet, development impact fees and park improvement funds. Further details on these funding sources and the specific projects included in the Proposed CIP Budget can be found in Volume III of the Fiscal Year 2018 Proposed Budget.



Table 1: Fiscal Year 2018 Proposed CIP Budget

| Funding Source | FY2018 Proposed Budget | Percent of Total CIP Budget |
|----------------------------------|---------------------------|--------------------------------|
| Antenna Lease Fund | \$ 300,000 | 0.07% |
| Development Impact Fees | 10,749,079 | 2.41% |
| Environmental Growth Funds | 1,927,365 | 0.43% |
| Golf Course Enterprise Fund | 5,500,000 | 1.23% |
| Infrastructure Fund | 2,730,000 | 0.61% |
| Lease Purchase Fund | 1,018,572 | 0.23% |
| Library System Improvement Fund | 1,884,482 | 0.42% |
| Maintenance Assessment Districts | 450,000 | 0.10% |
| Mission Bay Improvements Fund | 6,825,570 | 1.53% |
| Refuse Disposal Fund | 13,000,000 | 2.92% |
| Regional Park Improvements Fund | 3,675,307 | 0.83% |
| Sewer Funds | 135,787,104 | 30.48% |
| TransNet Funds | 19,187,459 | 4.31% |
| Trench Cut/Excavation Fee Fund | 2,000,000 | 0.45% |
| Water Fund | 240,399,173 | 53.97% |
| Grand Total | \$ 445,434,111 | |

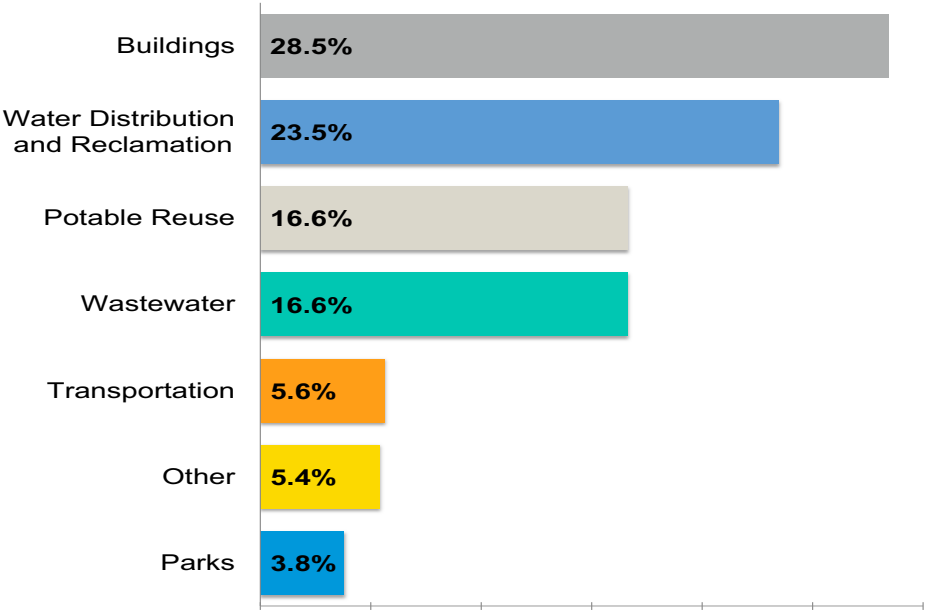
An additional \$316.5 million of funding is anticipated to be received during Fiscal Year 2018. This anticipated funding is not included in the Proposed Budget amount of \$445.4 million because the funding sources either require additional City Council approval, such as Facilities Benefit Assessments and grants, or the funding sources are more tentative and staff will request City

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Council approval to appropriate when the funds have been received. Anticipated funding includes a variety of funding such as donations, grants, developer funding, and Facilities Benefit Assessments.

The Fiscal Year 2018 Proposed CIP Budget of \$445.4 million will support various types of projects, as displayed in **Figure 1** below, such as water and sewer facilities, buildings, and transportation projects. Because the allocation of resources is primarily driven by the availability of funds, the distribution of the Proposed CIP Budget is concentrated on those project types with dedicated funding sources. The Water and Sewer Funds account for the majority of the Proposed CIP Budget and support water and wastewater project types. In addition, 95.6 percent of the CIP budget allocation for City buildings is for buildings that are maintained and operated by the Public Utilities Department and are funded by the Water and Sewer Funds. Transportation projects are primarily funded by TransNet, which may also fund transportation components of other project types in the right-of-way. Landfills, airports, and golf project types are funded by enterprise funds. Parks, and other building projects, such as police, fire, and library buildings, compete for scarce resources, including development impact fees and the City’s General Fund.

Figure 1: Fiscal Year 2018 Proposed Budget by Project Type



The City’s multi-year CIP includes assets which are maintained and operated by a variety of City departments, as shown in **Table 2** below. The largest funding allocation in the Fiscal Year 2018 Proposed CIP Budget is for the Public Utilities Department’s projects, receiving \$373.6 million, or 83.9 percent, of the Proposed CIP Budget. The next largest portion is for the Transportation & Storm Water Department’s projects, with \$25.6 million, or 5.7 percent, of the Proposed CIP Budget. This distribution of funding for each department’s projects is primarily dependent upon the availability of funding for the types of assets maintained by each department, combined with the amount, size and condition of those assets.

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Table 2: Multi-Year CIP

| Department | Prior Year | FY2018 Proposed | Future Years | Total |
|---------------------------------|-------------------------|-----------------------|-------------------------|-------------------------|
| Airports | \$ 21,647,814 | - | \$ - | \$ 21,647,814 |
| Citywide | 79,492,909 | 3,395,240 | 577,865,221 | 660,753,370 |
| QUALCOMM Stadium | 4,016,720 | - | - | 4,016,720 |
| Public Utilities | 1,220,994,557 | 373,609,609 | 1,993,350,817 | 3,587,954,983 |
| Public Works - General Services | 19,101,192 | 2,050,000 | 234,217,003 | 255,368,195 |
| Environmental Services | 49,141,392 | 14,230,000 | 13,900,000 | 77,271,392 |
| Transportation & Storm Water | 832,449,838 | 25,560,209 | 1,573,433,401 | 2,431,443,448 |
| Park & Recreation | 322,065,669 | 24,704,571 | 291,358,389 | 638,128,629 |
| Fire-Rescue | 98,630,953 | - | 100,793,571 | 199,424,524 |
| Library | 231,340,115 | 1,884,482 | 63,312,010 | 296,536,607 |
| Police | 14,901,779 | - | 307,148 | 15,208,927 |
| Grand Total | \$ 2,893,782,938 | \$ 445,434,111 | \$ 4,848,537,560 | \$ 8,187,754,609 |

The Fiscal Year 2018 Proposed CIP Budget will add \$445.4 million to the City's \$8.19 billion multi-year CIP. City Council previously approved \$2.90 billion towards projects that are continuing from previous fiscal years. An estimated \$4.85 billion of additional funding will be needed in future years to complete the projects currently in the City's CIP and to fund annual ongoing capital expenses, such as road resurfacing and pipe replacements. The City's CIP does not include all of the City's unfunded CIP needs or new projects which may be added in future years.

Priority Scores are given to projects as a way to compare them to other similar projects of the same project type within the Capital Improvement Program (CIP). Council Policy 800-14, Prioritizing CIP Projects, outlines the process for scoring and prioritizing projects. The policy establishes a capital planning process that ultimately leads to decisions that optimize the use of available resources for projects competing for funding, resulting in the maximum benefit from the projects delivered. This policy takes into account the emergency status of a project, the risk to environment, the sustainability of resources, and provides guidelines and procedures to maintain consistency in application across all asset-owning departments by requiring an asset specific scoring methodology using unique operational needs and an objective scoring tool in prioritizing CIP projects. More details regarding the project prioritization process can be found in the Project Prioritization section of Volume III of the Fiscal Year 2018 Proposed Budget.

Five-Year Capital Infrastructure Planning Outlook

Buildings, infrastructure, technology, and major equipment are the physical foundation for providing services to the City's constituents. Therefore, the procurement, construction, and maintenance of capital assets are a critical activity of the City. Careful planning involves ongoing review of the City's capital needs and funding programs to develop an integrated capital asset management system. A prudent multi-year capital plan will identify and prioritize expected needs based on a community's strategic plan, establish project scope and cost, detail estimated amounts of funding from various sources, and project future operating and maintenance costs that will expand well beyond one year.

On February 1, 2017, the Public Works Department released its Five-Year Capital Infrastructure

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Planning Outlook (CIP Outlook) report. The CIP Outlook presents a comprehensive overview of the City's CIP including current driving factors, reviews of services level standards, a discussion of condition assessment impacts, and a cost analysis which spans over multiple fiscal years. The CIP Outlook will be released on an annual basis and will be used as a guide in developing the City's Annual Capital Improvement Program Budget.