



DRAFT BUDGET

MAYOR TODD GLORIA

VOLUME 1 Capital Improvements Program



HOUSING | PROTECT & ENRICH | INFRASTRUCTURE | SUSTAINABILITY | PROSPERITY

Capital Improvements Program

Capital Improvements Program

The Fiscal Year 2026 Draft Capital Improvements Program (CIP) Budget is \$845.9 million. This budget allocates existing funds and anticipated revenues to both new and continuing projects in the City's \$22.93 billion multi-year CIP. The allocation of funds is based on an analysis of available funding sources and a review of project needs and priorities. Since the City's CIP needs outweigh available resources, the Draft CIP budget is constrained by the availability of funds.

The Fiscal Year 2026 Draft CIP budget, as summarized in **Table 1 – Fiscal Year 2026 Draft CIP Budget**, is funded by various sources, including water and sewer enterprise funds, TransNet, Gas Tax, bond financing, and park improvement funds.

Further details on all funding sources and the specific projects are included in the Draft CIP Budget which can be found in Volume III of the Fiscal Year 2026 Draft Budget.



Table 1 - Fiscal Year 2026 Draft CIP Budget

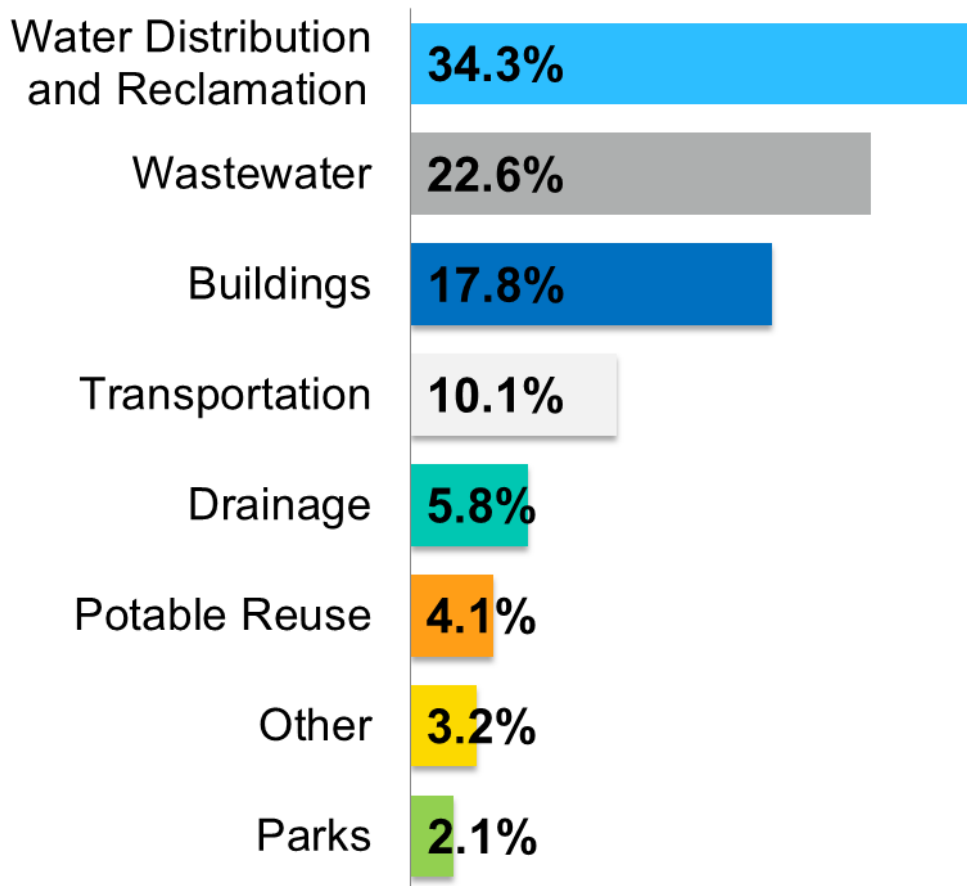
Funding Source		FY 2026	Percent of Total
		Draft Budget	CIP Budget
Airport Funds	\$	1,500,000	0.18%
Bond Financing		95,800,000	11.32%
Capital Outlay - Other		250,000	0.03%
Development Impact Fees		3,510,488	0.41%
Enhanced Infrastructure Financing District Fund		6,509,000	0.77%
Facilities Benefit Assessments		2,518	0.00%
Mission Bay Park Improvement Fund		13,177,782	1.56%
OneSD/ERP Funding		3,100,000	0.37%
Other Funding		1,178,174	0.14%
Refuse Disposal Fund		2,600,000	0.31%
Regional Transportation Congestion Improvement Program		5,438,779	0.64%
San Diego Regional Parks Improvement Fund		7,095,729	0.84%
Sewer Funds		286,387,476	33.85%
TransNet Funds		25,163,724	2.97%
Trench Cut/Excavation Fee Fund		2,470,000	0.29%
Utilities Undergrounding Program Fund		7,133,298	0.84%
Water Fund		384,632,138	45.47%
Grand Total	\$	845,949,106	

An additional \$251.4 million of funding is anticipated to be budgeted during Fiscal Year 2026. This anticipated funding is not included in the Draft CIP Budget amount of \$845.9 million because the funding sources either require additional City Council approval or are tentative funding sources. City Council approval will be requested to appropriate when funds are received. Anticipated funding includes a variety of sources such as donations, grants, debt financing, developer funding, Development Impact Fees (DIF), and Facilities Benefit Assessments (FBA).

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The Fiscal Year 2026 Draft CIP Budget will support various types of projects, as displayed in **Figure 1 - Fiscal Year 2026 Draft CIP Budget by Project Type** below, such as water and wastewater, buildings, and transportation projects. Since the allocation of resources are primarily driven by the availability of funds, the distribution of the Draft CIP Budget is concentrated on those project types with dedicated funding sources. The Water and Sewer Enterprise Funds account for the majority of the Draft CIP Budget and support water and wastewater project types. In addition, 93.4 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 Enterprise Funds. Transportation projects are primarily funded by TransNet, gasoline taxes, and debt financing; these funding sources may also fund transportation components of other project types in the right-of-way, such as certain stormwater projects. Landfill, airport, and golf course project types are funded by their respective enterprise funds. Parks, stormwater, and other building projects, such as police, fire-rescue, and library buildings, compete for scarce resources, including Development Impact Fees and the City's General Fund.

Figure 1 - Fiscal Year 2026 Draft CIP Budget by Project Type



Figures may not foot due to rounding.

The City's multi-year CIP includes assets that are maintained and operated by a variety of City departments and asset-managing sections, as shown in **Table 2 - Multi-Year CIP by Department**. The largest funding allocation in the Fiscal Year 2026 Draft CIP Budget is for the Public Utilities Department's projects, receiving \$664.8 million, or 78.6 percent, of the Draft CIP Budget. The next largest portion is for the Transportation

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Department's projects, with \$85.8 million, or 10.1 percent, of the Draft CIP Budget. The 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.

Table 2 - Multi-Year CIP by Department

Department	Prior Year	FY 2026 Draft	Future Years	Total
Citywide	\$ 35,999,768	\$ 5,500,000	\$ 685,761,432	\$ 727,261,200
Department of Information Technology	28,382,518	9,340,000	138,140,000	175,862,518
Economic Development	11,395,187	1,500,000	62,219,409	75,114,596
Environmental Services	121,474,820	2,600,000	20,811,642	144,886,462
Fire-Rescue	90,681,747	2,000,000	148,744,883	241,426,630
General Services	68,287,646	1,400,000	112,314,543	182,002,189
Homelessness Strategies and Solutions	5,480,543	-	480,000	5,960,543
Library	90,275,999	5,947,892	54,028,808	150,252,699
Parks & Recreation	729,227,027	18,273,511	477,399,593	1,224,900,131
Police	12,000,000	-	5,800,000	17,800,000
Public Utilities	4,593,877,350	664,779,614	6,693,633,530	11,952,290,494
Stormwater	774,913,268	48,834,929	3,427,683,019	4,251,431,216
Transportation	1,291,358,053	85,773,160	2,404,089,151	3,781,220,364
Grand Total	\$ 7,853,353,927	\$ 845,949,106	\$ 14,231,106,010	\$ 22,930,409,043

The Fiscal Year 2026 Draft CIP Budget will add \$845.9 million to the City's \$22.93 billion multi-year CIP, which is approximately a \$104.0 million decrease from the Fiscal Year 2025 Adopted Budget. The City Council approved approximately \$7.9 billion for projects in prior fiscal years. Furthermore, an estimated \$14.23 billion of additional funding will be needed in future fiscal years to complete the projects currently in the City's CIP and to fund annual ongoing capital expenditures, such as road resurfacing and pipe replacements. The City's Multi-Year CIP does not include all the City's unfunded CIP needs or new projects that may be added in future years.

Priority scores are given to projects to compare them to other similar projects of the same project type within the CIP Budget. [Council Policy 800-14](#), Prioritizing CIP Projects, outlines the process for scoring and prioritizing projects. This policy was last updated in December 2022 to include factors that must be considered when adding projects to the annual Capital Improvements Program budget. Updates to the Council Policy ensure that the guiding principles of the City's recently adopted policies—the Parks Master Plan, Climate Action Plan, and Build Better San Diego Initiative—are incorporated into the City's delivery of needed neighborhood developments and infrastructure investments. The goal is to establish a capital planning prioritization process to optimize the use of available resources for projects and guide an objective methodology used to produce equal and equitable outcomes. This policy provides guidelines and procedures to maintain consistency in application across all asset-managing 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 2026 Draft Budget.

Five-Year Capital Infrastructure Planning Outlook

Buildings, infrastructure, technology, and major equipment are the physical foundation for providing services to the City's residents. Therefore, the procurement, construction, and maintenance of capital assets are a critical activity of the City. Careful planning involves an ongoing review of the City's capital

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needs and funding programs to develop a cohesive 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.

In January 2025, the Engineering & Capital Projects Department released the [Fiscal Year 2026-2030 Five-Year Capital Infrastructure Planning Outlook](#) (CIP Outlook) report. The CIP Outlook presents a comprehensive overview of the City's CIP including current driving factors, reviews of service level standards, a discussion of condition assessment impacts, and a cost analysis which spans over multiple fiscal years. The CIP Outlook is released annually and is used as a guide in developing the City's Annual Capital Improvements Program Budget.