

# Capital Improvements Program

## 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 used to support General Fund asset type projects, such as fire stations, libraries, parks, road improvements, and storm drain improvements, through the issuance of Lease Revenue Bonds. Impacts on the City's Debt Ratios, as defined in the City's Debt Policy, are evaluated when considering the use of debt financing supported by the General Fund. Generally, annual debt service as a percentage of general fund revenues should remain under 10.0 percent. When combined with pension and other post-employment benefits costs the percentage should remain under 25.0 percent.

### Capital Outlay

Capital Outlay Funds are used exclusively for the acquisition, construction, and completion of permanent public 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 but may also come from other sources 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.

### Climate Equity Fund

The Climate Equity Fund (CEF) was created by [Resolution 313454](#) in March 2021 to help underserved communities effectively respond to impacts of climate change. CEF revenues are received from a portion of the gas and electric franchise fees. CEF projects must have an impact on reducing greenhouse gas emissions, enhancing safety in the public right-of-way, relieving congestion, or achieving other climate equity concerns and be in a disadvantaged community located within an area that scores between 0 and 60 on the Climate Equity Index. The Climate Equity Index is a tool that measures the level of access to opportunity residents have within a census tract.

### Development Impact Fees

Development Impact Fees (DIF) are fees charged to projects to cover all or a portion of the cost of new public facilities needed to serve the new development. The City then uses the DIF funds collected from all new developments to design and construct the infrastructure needed to serve the City's new growth. All DIFs must be expended for the purpose for which it was collected in accordance with the California Mitigation Fee Act (California Government Code section 66000 et seq.). Prior to 2021, all DIFs were community-specific, meaning that they could only be used for specific facilities identified in community-specific Public Facilities Financing Plans (PFFP) or Impact Fee Studies (IFS). The PFFPs or IFS documents were used as the nexus studies that formed the basis for the amount of the applicable DIF. Beginning in 2021, with the adoption of a Citywide Park DIF, and then in 2022, with the adoption of a Citywide Mobility DIF, Citywide Fire DIF, and Citywide Library DIF, separate nexus studies have been prepared as the basis for each new Citywide DIF. Citywide DIF funds must be utilized and expended as outlined in each of the nexus studies. Community-specific DIF will continue to be expended in accordance with the community specific PFFPs and IFS documents and the Mitigation Fee Act requirements. Citywide DIF can now be used for expanded purposes, including providing additional needed funds for projects identified in community-specific documents to help close the gap between remaining community-specific funds and infrastructure needs.

# Capital Improvements Program

## Funding Sources

### Facilities Benefit Assessments

FBA's were development impact fees that were applied in communities that were identified in the General Plan as Facilities Benefit Assessment communities. FBA's were imposed in accordance with the City's Facilities Benefit Assessment Ordinance, which was repealed by the City Council in 2016 by San Diego Ordinance No. 20627. FBA's were intended to ensure that greenfield development paid all of the costs of the infrastructure needed to serve these new communities. As development trends have shifted toward infill development, more nuanced methodologies became necessary to address the City's growing population. FBA's generally provided up to 100% of funds for public facilities projects identified in the respective community's Public Facilities Financing Plan (PFFP). The dollar amount of the assessment was based upon the cost of each public facility distributed over the community.

### Gas Tax Fund

The Gas Tax Fund collects revenue resulting from a State tax on the sale of gasoline. The City's share of gas tax revenue is based on a formula that considers vehicle registration and population. The funding generated is used to perform citywide repairs and restoration to existing roadways, reduce congestion, improve safety, and provide for the construction of assets within the public right-of-way. The Gas Tax Fund includes a Maintenance of Effort (MOE) provision which establishes minimum base levels of discretionary funds spending annually on the maintenance and improvement of public right-of-way to continue to receive funding.

### 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 contributed from the operating budget of General Fund departments.

### Golf Course Enterprise Funds

The Golf Course Enterprise Funds support the City's three municipal golf courses: Balboa Park, Mission Bay and Torrey Pines. These funds receive revenue from the operations of the golf courses, which are in turn used to fund capital projects that improve and/or maintain the condition of the courses.

### 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 the City Charter, Article VII, Section 77.1 to be a dedicated source of revenue to fund General Fund infrastructure costs. Generally, 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.

### Loans

Loans are a form of financing used to support specific projects or a specific group of assets, such as storm drain improvements. These loans can be used on both General Fund and Non-General Fund assets. Typical loans that the City uses are State Revolving Fund (SRF) loans, Water Infrastructure Finance and Innovation Act (WIFIA) loans, and California Infrastructure and Economic Development Bank (IBank) loans.

### 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

# Capital Improvements Program

## Funding Sources

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 Creek 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 contiguous coastal parks.

### **Mission Trails Regional Park Fund**

The Mission Trails Regional Park Fund mainly consists of rent monies from a variety of different leases for the communication facilities on Cowles Mountain. Funds are to be used for capital improvements in the Mission Trails Regional Park.

### **Parking Meter Districts**

Parking Meter District revenues shall be used to address parking supply and mobility issues. Improvements and activities that increase the availability, supply, and effective use of parking to residents, visitors, and employees within the area in which the meter is located will be the primary focus of expenditures of the funds.

### **Recycling Fund**

The Recycling Fund is an enterprise fund that supports the City's recycling programs and infrastructure, receiving revenue from a variety of fees associated with recycling.

### **Refuse Disposal Fund**

Refuse Disposal Fund is an enterprise fund that is used to operate the City's Miramar Landfill and maintain the City's inactive landfills. Most of the capital projects supported by this fund are focused on ensuring regulatory compliance at these landfills. Projects are funded and prioritized based on deferred capital and regulatory requirements.

### **Sewer Funds**

Sewer Funds are enterprise funds that support the Municipal and Metropolitan Sewer Systems. Funding for sewer capital projects is provided by sewer rates and grants. Projects utilize a variety of financing strategies, including pay-as-you-go cash financing, bond financing, and state revolving fund loans.

### **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 which establishes minimum base levels of discretionary funds spending annually on the maintenance and improvement of the public right-of-way to continue to receive funding. The City utilizes TransNet cash for projects as much as possible to minimize the issuance of bonds which increases the costs of funding the project. 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. The issuance of TransNet Commercial Paper may be utilized when feasible to further reduce debt service costs.

### **Trench Cut/Excavation Fee Fund**

Pavement deterioration studies show that pavement excavations will significantly degrade and shorten pavement life. Street Damage Fees are collected from excavators to recover the increased repaving and reconstruction costs incurred by the City because of trenching. The Streets Preservation Ordinance, adopted in January 2013, established fees that depend on the size of the trench, the age of the pavement, and the type of utility.

# Capital Improvements Program

## Funding Sources

### 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.

### Water Fund

The Water Fund is an enterprise fund that supports the City's Water System. Funding for water capital projects is provided by water rates and grants. Projects utilize a variety of financing strategies, including pay-as-you-go cash financing, bond financing, commercial paper, and state revolving fund loans.

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 2026	Future Fiscal Years	Funding Source Total
Airport Funds	\$ 11,395,187	\$ 1,500,000	\$ 62,219,409	\$ 75,114,596
Antenna Lease Fund	1,209,903	-	-	1,209,903
Bond Financing	862,613,242	95,800,000	78,732,475	1,037,145,717
Bus Stop Capital Improvement Fund	387,432	-	1,228,000	1,615,432
Capital Outlay - Land Sales	21,952,768	-	571,331	22,524,099
Capital Outlay - Other	29,896,407	250,000	227,470	30,373,877
Capital Outlay - Police Decentralization Land Sales	1,157,990	-	-	1,157,990
Climate Equity Fund	18,075,275	-	-	18,075,275
Convention Center Funds	1,744,026	-	-	1,744,026
Deferred Capital Projects Bonds	14,293,127	-	-	14,293,127
Developer Funding	27,210,194	-	-	27,210,194
Development Impact Fees	291,375,822	3,510,488	34,952,970	329,839,280
Donations	9,918,632	-	10,788,700	20,707,332
EDCO Community Fund	1,295,706	-	-	1,295,706
Energy Conservation Program Fund	45,610	-	-	45,610
Enhanced Infrastructure Financing District Fund	18,172,304	6,509,000	32,754,141	57,435,445
Environmental Growth Funds	1,993,939	-	9,394	2,003,333
Facilities Benefit Assessments	344,558,831	2,518	8,564,298	353,125,647
Federal Grants	217,198,500	-	88,094,678	305,293,178
Fiesta Island Sludge Mitigation Fund	4,841,784	-	-	4,841,784
Fleet Services Internal Service Fund	8,148,907	-	-	8,148,907
Gas Tax Fund	49,434,663	-	-	49,434,663
General Fund	63,697,452	-	(1,388,497)	62,308,955
Golf Course Enterprise Fund	30,906,278	-	54,910,000	85,816,278

# Capital Improvements Program Funding Sources

**Table 1: Capital Improvements Program by Funding Source**

Funding Source	Prior Fiscal Years	FY 2026	Future Fiscal Years	Funding Source Total
Infrastructure Fund	42,053,336	-	500,000	42,553,336
Library System Improvement Fund	2,082,855	-	57,411	2,140,266
Loans	265,110,226	-	141,089,774	406,200,000
Maintenance Assessment Districts	889,721	-	-	889,721
Mission Bay Park Improvement Fund	99,962,673	13,177,782	60,973,837	174,114,292
Mission Trails Regional Park Fund	2,004,012	-	-	2,004,012
Non-CIP Funds	8,135,372	-	-	8,135,372
OneSD/ERP Funding	3,960,000	3,100,000	-	7,060,000
Other Funding	72,595,024	1,178,174	5,655,530	79,428,728
Other Grants	11,072,274	-	-	11,072,274
Parking Meter Districts	14,851,580	-	826,552	15,678,132
Park Service District Funds	1,664,046	-	-	1,664,046
Proposition 42 Replacement - Transportation Relief Fund	5,323,779	-	-	5,323,779
Recycling Fund	33,014,400	-	-	33,014,400
Redevelopment Funding	9,444,200	-	-	9,444,200
Refuse Disposal Fund	44,278,447	2,600,000	22,053,876	68,932,323
Regional Transportation Congestion Improvement Program	68,829,088	5,438,779	(8,428,461)	65,839,406
San Diego Regional Parks Improvement Fund	45,168,244	7,095,729	22,471,933	74,735,906
Sea World Traffic Mitigation Fund	10,987,156	-	-	10,987,156
Sewer Funds	1,949,605,986	286,387,476	2,391,736,269	4,627,729,731
State Grants	194,935,569	-	13,621,550	208,557,119
Sunset Cliffs Natural Park Fund	1,349,835	-	-	1,349,835
TransNet - Extension Bikeways	212,227	-	-	212,227
TransNet Funds	228,692,060	25,163,724	102,539,101	356,394,885
Trench Cut/Excavation Fee Fund	17,197,716	2,470,000	9,880,000	29,547,716
Unidentified Funding	-	-	6,691,519,036	6,691,519,036
Utilities Undergrounding Program Fund	39,879,404	7,133,298	81,466,702	128,479,404
Water Fund	2,648,530,715	384,632,138	4,323,478,531	7,356,641,384
<b>Total</b>	<b>\$ 7,853,353,927</b>	<b>\$ 845,949,106</b>	<b>\$ 14,231,106,010</b>	<b>\$ 22,930,409,043</b>

# Capital Improvements Program

## Funding Sources

### 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	Page No	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Ocean Beach Branch Library / S20015	182	53	Low	\$ 10,000	0.10%
East Village Green Phase 1 / S16012	225	69	High	500,000	0.60%
Howard Lane Improvements / L24003	235	54	Medium	61,100	1.00%
Mission Bay Improvements / AGF00004	244	Annual	Annual	1,788,573	1.00%
OM T-11.1 Caliente Avenue / RD23009	443	73	High	40,000	1.30%
La Jolla Streetscape / RD24002	432	29	Low	15,000	1.50%
Fenton Pkwy Ext to Camino Del Rio N / RD23000	426	53	Medium	250,000	2.20%
Palm Avenue Interstate 805 Interchange / S00869	445	78	High	2,072,440	4.00%
Scripps Miramar Ranch Library / S00811	186	40	Low	530,000	4.80%
Citywide Homeless Shelters / L24002	167	65	Medium	480,000	9.70%
Hidden Trails Neighborhood Park / S00995	234	44	Low	1,264,034	10.10%
Bus Stop Improvements / AID00007	415	Annual	Annual	307,000	16.00%
Park Improvements / AGF00007	258	Annual	Annual	13,915,732	17.00%
Black Mountain Ranch Park Ph2 / RD21001	212	47	Medium	2,513,425	18.60%
Resource-Based Open Space Parks / AGE00001	261	Annual	Annual	1,500,000	19.90%
Sunset Cliffs Park Drainage Improvements / L14005	271	43	Low	2,644,158	21.50%
Solana Highlands NP-Comfort Station Development / S16032	266	45	Low	1,502,600	25.80%
El Camino Real to ViaDeLaValle (1/2 mile) / S00856	424	55	Medium	25,204,658	27.40%
Traffic Calming / AIL00001	457	Annual	Annual	4,699,712	29.60%
Regional Park Improvements / AGF00005	260	Annual	Annual	1,646,152	31.70%
Police Range Refurbishment Phase II / S18005	289	56	Low	5,800,000	32.60%
Rancho Bernardo CP Improvements / L20000	259	35	Low	3,239,135	33.40%
Federal Blvd Sidewalk Improv& SW Upgrade / RD24000	425	46	Low	640,331	39.00%
Coastal Erosion and Access / AGF00006	223	Annual	Annual	8,900,000	40.60%
Grove Neighborhood Park / S22002	232	62	High	4,269,979	42.50%
Linda Vista Library Patio Improv / S24007	180	76	Medium	500,000	43.50%
Median Installation / AIG00001	438	Annual	Annual	22,079,332	50.10%
John Baca Park / S22004	237	80	High	2,653,366	53.10%
Traffic Signals Modification / AIL00005	459	Annual	Annual	32,501,429	54.70%
Guard Rails / AIE00002	428	Annual	Annual	3,380,905	57.10%
Street Resurfacing and Reconstruction / AID00005	455	Annual	Annual	705,175,841	59.40%

# Capital Improvements Program

## Funding Sources

**Table 2: Capital Improvement Projects Unfunded Needs**

Project	Page No	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Flood Resilience Infrastructure / ACA00001	380	Annual	Annual	1,137,539,358	62.20%
Traffic Signals - Citywide / AIL00004	458	Annual	Annual	48,515,202	62.90%
San Carlos Branch Library / S00800	185	76	Medium	31,447,259	66.20%
Marie Widman Memorial Park GDP / P23005	201	38	Low	2,900,000	68.20%
North Chollas CP Improvements / L22004	249	55	Medium	15,451,014	68.40%
SD Humane Society Roof and HVAC Repl / S24014	265	68	Medium	1,200,000	70.60%
Fleet Operations Facilities / L14002	157	57	Low	8,324,152	71.00%
City Facilities Improvements / ABT00001	155	Annual	Annual	100,981,842	72.20%
Bicycle Facilities / AIA00001	413	Annual	Annual	119,024,569	72.90%
Beta St Channel and SD Improvement / S24011	377	86	High	83,574,711	74.70%
Street Light Circuit Upgrades / AIH00002	454	Annual	Annual	65,494,584	78.40%
Villa La Jolla SD System Lining / S26001	389	84	Medium	31,600,000	79.00%
New Walkways / AIK00001	441	Annual	Annual	108,446,398	79.00%
Fire-Rescue Air Ops Facility - PH II / S18007	142	57	Low	18,382,447	79.40%
La Media Improv-Siempre Viva to Truck Rte / S22006	434	75	High	14,831,849	84.30%
Install T/S Interconnect Systems / AIL00002	429	Annual	Annual	87,679,000	84.90%
Sidewalk Repair and Reconstruction / AIK00003	449	Annual	Annual	204,392,937	86.10%
Fairmount Avenue Fire Station / S14018	136	78	High	24,272,206	86.70%
Beyer Blvd (OM T8) / RD26000	412	66	Medium	44,853,000	87.80%
Alvarado Canyon Rd Realignment Project / S22005	409	69	Medium	35,768,955	89.90%
Bridge Rehabilitation / AIE00001	414	Annual	Annual	135,764,110	90.50%
Chollas Creek Restoration 54th St & Euclid Ave / S22009	379	82	Medium	32,681,924	92.40%
North Pacific Beach Lifeguard Station / S10119	144	76	Medium	12,205,178	92.80%
Stormwater Green Infrastructure / ACC00001	386	Annual	Annual	1,729,736,385	93.50%
Via de la Valle Upgrades & Improvements / RD11001	464	45	Low	32,838,638	93.70%
Fire Station No. 51 - Skyline Hills / S14017	140	81	High	29,305,000	93.80%
Ocean Beach Pier Replacement / L22001	254	49	Medium	180,713,000	95.10%
SAP Modernization / T25000	107	N/A	N/A	138,140,000	95.80%
Caliente Avenue (OM T11.5) / RD26001	416	66	Medium	7,038,000	96.40%
Installation of City Owned Street Lights / AIH00001	430	Annual	Annual	421,778,199	96.50%
Upper Auburn Creek Revitalization Project / S22008	388	88	High	83,967,780	96.70%
NTC Aquatic Center / L23002	251	32	Low	58,044,719	96.70%
Convention Center Phase III Expansion / S12022	93	59	Medium	681,640,478	99.50%
Fire Station No. 54 - Paradise Hills / S00785	141	76	Medium	29,916,347	99.70%
Sunshine Bernardini Restoration / S24005	387	80	Medium	82,984,893	100.00%
<b>Total</b>				<b>\$ 6,691,519,036</b>	