



# ADOPTED 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 Adopted Capital Improvements Program (CIP) Budget is \$843.7 million. This budget allocates existing funds and anticipated revenues to both new and continuing projects in the City's \$22.67 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 Adopted CIP budget is constrained by the availability of funds.

The Fiscal Year 2026 Adopted CIP budget, as summarized in **Table 1 - Fiscal Year 2026 Adopted 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 Adopted CIP Budget which can be found in Volume III of the Fiscal Year 2026 Adopted Budget.



**Table 1 - Fiscal Year 2026 Adopted CIP Budget**

| Funding Source   | FY 2026<br>Adopted Budget | Percent of Total<br>CIP Budget |
|--|---------------------------|--------------------------------|
| Airport Funds  | \$ 1,500,000              | 0.18%                          |
| Bond Financing   | 100,300,000               | 11.89%                         |
| Bus Stop Capital Improvement Fund                      | 120,000                   | 0.01%                          |
| Capital Outlay - Other                                 | 250,000                   | 0.03%                          |
| Climate Equity Fund                                    | 2,400,000                 | 0.28%                          |
| Development Impact Fees                                | 8,843,554                 | 1.05%                          |
| Enhanced Infrastructure Financing District Fund        | 6,509,000                 | 0.77%                          |
| Facilities Benefit Assessments                         | 252,518                   | 0.03%                          |
| General Fund   | 200,000                   | 0.02%                          |
| Library System Improvement Fund                        | 10,000                    | 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  | 270,441,323               | 32.05%                         |
| TransNet Funds   | 25,163,724                | 2.98%                          |
| Trench Cut/Excavation Fee Fund                         | 4,470,000                 | 0.53%                          |
| Uncategorized  | 2,232,900                 | 0.26%                          |
| Utilities Undergrounding Program Fund                  | 8,433,298                 | 1.00%                          |
| Water Fund   | 380,027,138               | 45.04%                         |
| <b>Grand Total</b>                                     | <b>\$ 843,743,919</b>     |                                |

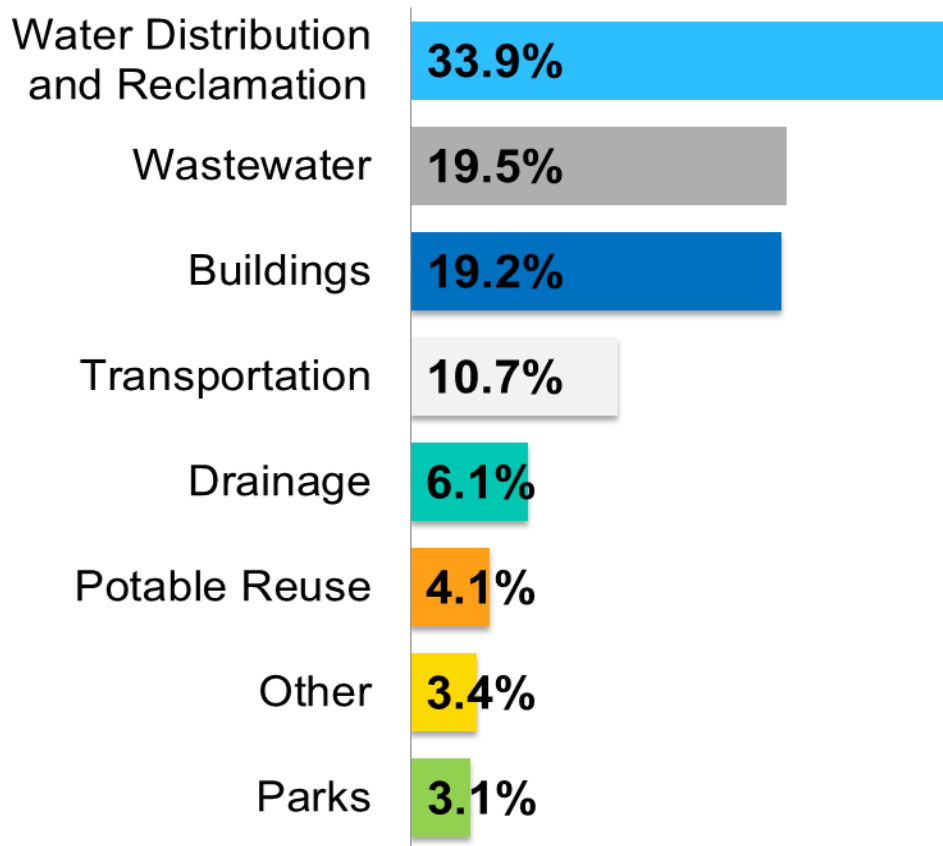


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An additional \$219.6 million of funding is anticipated to be budgeted during Fiscal Year 2026. This anticipated funding is not included in the Adopted CIP Budget amount of \$843.7 million because the funding sources either require additional City 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).

The Fiscal Year 2026 Adopted CIP Budget will support various types of projects, as displayed in **Figure 1 - Fiscal Year 2026 Adopted 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 Adopted CIP Budget is concentrated on those project types with dedicated funding sources. The Water and Sewer Enterprise Funds account for the majority of the Adopted CIP Budget and support water and wastewater project types. In addition, 93.6 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 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 Adopted CIP Budget by Project Type**



Figures may not foot due to rounding.

# Capital Improvements Program

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 Adopted CIP Budget is for the Public Utilities Department's projects, receiving \$644.2 million, or 76.4 percent, of the Adopted CIP Budget. The next largest portion is for the Transportation Department's projects, with \$90.5 million, or 10.7 percent, of the Adopted 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 Adopted       | Future Years             | Total                    |
|---------------------------------------|-------------------------|-----------------------|--------------------------|--------------------------|
| Citywide                              | \$ 40,120,722           | \$ 5,500,000          | \$ 680,198,561           | \$ 725,819,283           |
| Department of Information Technology  | 27,534,656              | 9,540,000             | 138,140,000              | 175,214,656              |
| Economic Development                  | 9,737,319               | 1,500,000             | 62,219,409               | 73,456,728               |
| Environmental Services                | 115,950,646             | 4,832,900             | 20,011,642               | 140,795,188              |
| Fire-Rescue                           | 79,140,747              | 2,000,000             | 144,744,883              | 225,885,630              |
| General Services                      | 64,485,644              | 1,400,000             | 113,305,149              | 179,190,793              |
| Homelessness Strategies and Solutions | 6,160,543               | -                     | (267,471)                | 5,893,072                |
| Library                               | 93,208,507              | 6,487,892             | 51,415,301               | 151,111,700              |
| Parks & Recreation                    | 746,429,183             | 26,508,252            | 470,695,586              | 1,243,633,021            |
| Police                                | 12,000,000              | -                     | 5,800,000                | 17,800,000               |
| Public Utilities                      | 4,488,445,843           | 644,228,461           | 6,693,149,048            | 11,825,823,352           |
| Stormwater                            | 818,857,070             | 51,199,359            | 3,298,212,177            | 4,168,268,606            |
| Transportation                        | 1,260,392,818           | 90,547,055            | 2,386,887,326            | 3,737,827,199            |
| <b>Grand Total</b>                    | <b>\$ 7,762,463,698</b> | <b>\$ 843,743,919</b> | <b>\$ 14,064,511,611</b> | <b>\$ 22,670,719,228</b> |

The Fiscal Year 2026 Adopted CIP Budget will add \$843.7 million to the City's \$22.67 billion multi-year CIP, which is approximately a \$106.2 million decrease from the Fiscal Year 2025 Adopted Budget. The City Council approved approximately \$7.76 billion for projects in prior fiscal years. Furthermore, an estimated \$13.84 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

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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 Adopted 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 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.