

# 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.

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### 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

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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.

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### 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	\$ 9,737,319	\$ 1,500,000	\$ 62,219,409	\$ 73,456,728
Antenna Lease Fund	1,209,903	-	(3,282)	1,206,621
Bond Financing	841,361,690	100,300,000	82,225,346	1,023,887,036
Bus Stop Capital Improvement Fund	387,432	120,000	1,228,000	1,735,432
Capital Outlay - Land Sales	21,504,935	-	-	21,504,935
Capital Outlay - Other	30,140,877	250,000	-	30,390,877
Capital Outlay - Police Decentralization Land Sales	1,157,990	-	-	1,157,990
Climate Equity Fund	17,847,943	2,400,000	-	20,247,943
Convention Center Funds	1,744,026	-	-	1,744,026
Deferred Capital Projects Bonds	14,001,087	-	-	14,001,087
Developer Funding	27,210,194	-	-	27,210,194
Development Impact Fees	314,491,186	8,843,554	11,368,223	334,702,963
Donations	10,171,888	-	3,000,000	13,171,888
EDCO Community Fund	1,295,706	-	-	1,295,706
Energy Conservation Program Fund	45,610	-	-	45,610
Enhanced Infrastructure Financing District Fund	20,266,740	6,509,000	30,663,705	57,439,445
Environmental Growth Funds	2,003,333	-	-	2,003,333
Facilities Benefit Assessments	338,409,297	252,518	4,794,243	343,456,058
Federal Grants	213,498,425	-	73,388,561	286,886,986
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	45,901,295	-	-	45,901,295
General Fund	56,450,105	200,000	(1,441,917)	55,208,188
Golf Course Enterprise Fund	29,285,084	-	54,910,000	84,195,084

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

Funding Source	Prior Fiscal Years	FY 2026	Future Fiscal Years	Funding Source Total
Infrastructure Fund	38,582,446	-	-	38,582,446
Library System Improvement Fund	2,140,267	10,000	-	2,150,267
Loans	301,334,461	-	135,681,754	437,016,215
Maintenance Assessment Districts	450,000	-	-	450,000
Mission Bay Park Improvement Fund	101,789,097	13,177,782	60,973,837	175,940,716
Mission Trails Regional Park Fund	2,004,012	-	-	2,004,012
Non-CIP Funds	8,159,279	-	-	8,159,279
OneSD/ERP Funding	3,960,000	3,100,000	-	7,060,000
Other Funding	78,177,893	1,178,174	3,250,000	82,606,067
Other Grants	11,072,274	-	9,732,529	20,804,803
Parking Meter Districts	14,851,580	-	826,552	15,678,132
Park Service District Funds	1,674,324	-	-	1,674,324
Proposition 42 Replacement - Transportation Relief Fund	4,416,160	-	-	4,416,160
Recycling Fund	32,714,400	-	-	32,714,400
Redevelopment Funding	9,798,240	-	-	9,798,240
Refuse Disposal Fund	39,996,507	2,600,000	20,011,642	62,608,149
Regional Transportation Congestion Improvement Program	70,264,518	5,438,779	-	75,703,297
San Diego Regional Parks Improvement Fund	47,512,728	7,095,729	22,984,574	77,593,031
Sea World Traffic Mitigation Fund	9,949,170	-	-	9,949,170
Sewer Funds	1,912,289,698	270,441,323	2,370,720,498	4,553,451,519
Solid Waste Management	-	2,232,900	-	2,232,900
State Grants	198,616,945	-	11,764,317	210,381,262
Sunset Cliffs Natural Park Fund	1,349,835	-	-	1,349,835
TransNet - Extension Bikeways	212,227	-	-	212,227
TransNet Funds	222,802,284	25,163,724	101,607,449	349,573,457
Trench Cut/Excavation Fee Fund	16,289,102	4,470,000	9,880,000	30,639,102
Unidentified Funding	-	-	6,588,768,925	6,588,768,925
Utilities Undergrounding Program Fund	38,970,453	8,433,298	81,466,702	128,870,453
Water Fund	2,581,973,041	380,027,138	4,324,490,544	7,286,490,723
<b>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>

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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	Page No	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Oak Park Library / S22011	142	86	High	\$ 46,596	0.10%
East Village Green Phase 1 / S16012	179	69	High	500,000	0.60%
Mission Bay Improvements / AGF00004	199	Annual	Annual	1,788,573	1.00%
Fenton Pkwy Ext to Camino Del Rio N / RD23000	363	53	Low	249,924	2.20%
Coastal Rail Trail / S00951	359	82	High	742,862	2.30%
Howard Lane Improvements / L24003	189	54	Medium	153,000	2.40%
Palm Avenue Interstate 805 Interchange / S00869	381	78	High	2,072,440	4.00%
Rancho Bernardo CP Improvements / L20000	215	35	Low	915,224	9.30%
Bus Stop Improvements / AID00007	352	Annual	Annual	307,000	15.00%
Park Improvements / AGF00007	214	Annual	Annual	13,915,732	16.80%
Resource-Based Open Space Parks / AGE00001	217	Annual	Annual	1,500,000	17.80%
Black Mountain Ranch Park Ph2 / RD21001	166	47	Medium	2,513,425	18.60%
Beyer Park Development Phase II / S23008	164	67	High	4,213,591	23.40%
Sunset Cliffs Park Drainage Improvements / L14005	227	43	Low	3,014,060	23.80%
Traffic Calming / AIL00001	392	Annual	Annual	4,408,844	26.80%
El Camino Real to ViaDeLaValle (1/2 mile) / S00856	361	55	Low	25,204,658	27.40%
Montezuma NP Improvements Phase 1 / S25003	201	64	High	883,657	29.50%
Regional Park Improvements / AGF00005	216	Annual	Annual	1,646,152	30.50%
Police Range Refurbishment Phase II / S18005	241	56	Low	5,800,000	32.60%
Federal Blvd Sidewalk Improv& SW Upgrade / RD24000	362	46	Low	640,331	39.00%
Coastal Erosion and Access / AGF00006	177	Annual	Annual	8,900,000	40.60%
Emerald Hills Neighborhood Park Phase 1 / S25002	184	74	High	2,659,574	41.20%
Median Installation / AIG00001	374	Annual	Annual	21,399,525	48.70%
Traffic Signals Modification / AIL00005	394	Annual	Annual	30,004,215	50.50%
Guard Rails / AIE00002	364	Annual	Annual	2,826,905	55.80%
Flood Resilience Infrastructure / ACA00001	324	Annual	Annual	1,061,496,223	58.30%
Junipero Serra Museum ADA Improvements / S15034	192	57	Medium	4,255,369	60.00%
Traffic Signals - Citywide / AIL00004	393	Annual	Annual	46,456,999	60.10%
Street Resurfacing and Reconstruction / AID00005	390	Annual	Annual	704,995,532	60.20%
Marie Widman Memorial Park GDP / P23005	156	38	Low	2,900,000	68.20%

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

Project	Page No	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
North Chollas CP Improvements / L22004	205	55	Medium	15,451,014	68.40%
Fleet Operations Facilities / L14002	129	57	Low	8,324,152	71.00%
Bicycle Facilities / AIA00001	350	Annual	Annual	118,586,692	72.60%
Street Light Circuit Upgrades / AIH00002	389	Annual	Annual	65,494,584	73.10%
City Facilities Improvements / ABT00001	127	Annual	Annual	100,981,842	73.10%
Villa La Jolla SD System Lining / S26001	332	84	High	31,600,000	79.00%
New Walkways / AIK00001	377	Annual	Annual	107,799,147	79.10%
Fire-Rescue Air Ops Facility - PH II / S18007	117	57	Low	18,382,447	79.40%
San Carlos Branch Library / S00800	146	76	Medium	38,425,388	80.90%
La Media Improv-Siempre Viva to Truck Rte / S22006	370	75	High	14,831,849	84.30%
Install T/S Interconnect Systems / AIL00002	365	Annual	Annual	87,622,558	84.80%
Fairmount Avenue Fire Station / S14018	112	78	High	24,272,206	86.70%
Sidewalk Repair and Reconstruction / AIK00003	384	Annual	Annual	204,389,203	87.10%
Beyer Blvd (OM T8) / RD26000	349	66	Medium	44,853,000	87.80%
Alvarado Canyon Rd Realignment Project / S22005	346	69	Medium	35,768,955	89.90%
Pump Station D Upgrade / S22015	326	65	Medium	59,025,000	90.00%
Chollas Creek Restoration 54th St & Euclid Ave / S22009	323	82	Medium	32,006,493	90.50%
Bridge Rehabilitation / AIE00001	351	Annual	Annual	133,755,958	90.70%
North Pacific Beach Lifeguard Station / S10119	119	76	Medium	12,205,178	92.80%
Stormwater Green Infrastructure / ACC00001	329	Annual	Annual	1,732,315,794	93.60%
Via de la Valle Upgrades & Improvements / RD11001	399	45	Low	32,838,638	93.70%
Fire Station No. 51 - Skyline Hills / S14017	115	81	High	29,305,000	93.80%
Ocean Beach Pier Replacement / L22001	209	49	Medium	180,713,000	95.10%
SAP Modernization / T25000	93	N/A	N/A	138,140,000	95.80%
Caliente Avenue (OM T11.5) / RD26001	353	66	Medium	7,038,000	96.40%
Upper Auburn Creek Revitalization Project / S22008	331	88	High	83,967,780	96.70%
NTC Aquatic Center / L23002	207	32	Low	58,044,719	96.70%
Installation of City Owned Street Lights / AIH00001	366	Annual	Annual	421,678,199	96.80%
Convention Center Phase III Expansion / S12022	83	59	Low	681,640,478	99.50%
Fire Station No. 54 - Paradise Hills / S00785	116	76	Medium	29,916,347	99.70%
Sunshine Bernardini Restoration / S24005	330	80	Medium	82,984,893	100.00%
<b>Total</b>				<b>\$ 6,588,768,925</b>	