

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. This also includes the use of the Commercial Paper Notes program as an interim source until the issuance of Lease Revenue Bonds to pay off the notes.

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 pur-

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poses, 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.

Enhanced Infrastructure Financing District Fund

Enhanced Infrastructure Financing District (EIFD) is authorized under California Government Code section 53398 to establish enhanced infrastructure financing districts and use specified property tax increment revenue generated within such districts to finance certain infrastructure and community benefit projects. In 2017, City Council set up an EIFD in the Otay Mesa Community Planning Area.

Facilities Benefit Assessments

FBAs were development impact fees that were applied in communities that were identified in the General Plan as Facilities Benefit Assessment communities. FBAs 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. FBAs 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. FBAs 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 per-

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sonnel 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 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.

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Regional Transportation Congestion Improvement Program

The Regional Transportation Congestion Improvement Program (RTCIP) is an element of the TransNet Extension Ordinance requiring the City to collect an exaction for new residential developments. RTCIP Fees are to be spent only on improvement to the Retinal Arterial System (RAS) to mitigate development impact.

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.

Solid Waste Management

The Solid Waste Management Fund is an enterprise fund responsible for providing residential trash, recycling and organic waste recycling collection services to eligible households. The fund receives revenue from user fees established after the passage of Measure B that are collected through tax roll billing.

TOT Convention Center

Measure C was a 2020 citizens' initiative to increase the Transient Occupancy Tax in San Diego. The increased tax supports the expansion of the San Diego Convention Center, create a dedicated funding source for homelessness programs and services, and fund necessary road repairs across the City, through at least Fiscal Year 2061.

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.

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

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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	FY2027	Future Fiscal Years	Funding Source Total
Airport Funds	\$11,237,319	\$ -	\$53,785,583	\$65,022,902
Antenna Lease Fund	1,209,903	-	-	1,209,903
Bond Financing	930,225,674	89,030,000	107,713,378	1,126,969,052
Bus Stop Capital Improvement Fund	648,541	-	1,009,000	1,657,541
Capital Outlay - Land Sales	21,672,459	-	-	21,672,459
Capital Outlay - Other	29,203,304	249,924	-	29,453,228
Climate Equity Fund	20,079,231	450,000	-	20,529,231
Convention Center Funds	1,744,026	-	-	1,744,026
Deferred Capital Projects Bonds	14,001,087	-	-	14,001,087
Developer Funding	27,210,194	1,166,824	-	28,377,018
Development Impact Fees	332,303,581	19,326,879	(2,000,650)	349,629,810
Donations	13,449,650	-	-	13,449,650
EDCO Community Fund	1,495,706	-	-	1,495,706
Energy Conservation Program Fund	45,599	-	-	45,599
Enhanced Infrastructure Financing Distri	26,775,740	9,250,339	33,828,624	69,854,703
Environmental Growth Funds	2,003,333	-	-	2,003,333
Facilities Benefit Assessments	340,577,016	11,170,000	18,292,058	370,039,074
Federal Grants	241,022,804	-	52,957,631	293,980,435
Fiesta Island Sludge Mitigation Fund	4,841,784	-	-	4,841,784
Fleet Services Internal Service Fund	7,148,907	-	-	7,148,907
Gas Tax Fund	45,825,331	5,300,000	-	51,125,331
General Fund	46,802,642	-	730,199	47,532,841
Golf Course Enterprise Fund	29,385,084	-	54,910,000	84,295,084
Infrastructure Fund	25,785,369	-	-	25,785,369
Library System Improvement Fund	2,158,069	-	-	2,158,069
Loans	301,469,970	-	183,306,312	484,776,282
Mission Bay Park Improvement Fund	95,463,925	12,919,752	208,799,908	317,183,585

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Table 1: Capital Improvements Program by Funding Source

Funding Source	Prior Fiscal Years	FY2027	Future Fiscal Years	Funding Source Total
Mission Trails Regional Park Fund	1,604,012	-	-	1,604,012
Non-CIP Funds	8,159,279	-	-	8,159,279
OneSD/ERP Funding	7,060,000	-	178,300,000	185,360,000
Other Funding	76,657,930	8,140,917	-	84,798,847
Other Grants	10,261,731	-	-	10,261,731
Park Service District Funds	1,679,579	-	-	1,679,579
Parking Meter Districts	13,378,043	-	-	13,378,043
Proposition 42 Replacement - Transportat	4,393,891	-	-	4,393,891
Recycling Fund	32,714,400	-	-	32,714,400
Redevelopment Funding	9,798,240	-	-	9,798,240
Refuse Disposal Fund	43,711,591	4,500,000	19,405,400	67,616,991
Regional Transportation Congestion Impro	75,987,844	8,225,980	(166,855)	84,046,969
San Diego Regional Parks Improvement Fun	55,747,445	6,982,397	47,714,562	110,444,404
Sea World Traffic Mitigation Fund	9,951,270	-	-	9,951,270
Sewer Funds	2,149,268,703	306,253,127	2,551,014,282	5,006,536,112
Solid Waste Management	2,232,900	2,132,900	8,000,000	12,365,800
State Grants	197,629,195	-	29,578,297	227,207,492
Sunset Cliffs Natural Park Fund	1,514,215	-	-	1,514,215
TOT Convention Center	21,402,788	18,290,000	79,039,750	118,732,538
TransNet - Extension Bikeways	212,227	-	-	212,227
TransNet Funds	240,000,740	25,758,735	107,758,797	373,518,272
Trench Cut/Excavation Fee Fund	20,863,626	2,470,000	9,880,000	33,213,626
Unidentified Funding	-	-	8,212,169,678	8,212,169,678
Utilities Undergrounding Program Fund	51,779,767	42,751,581	48,850,834	143,382,182
Water Fund	2,897,206,335	283,713,764	4,222,884,932	7,403,805,031
Total	\$8,507,002,000	\$858,083,119	\$16,227,761,720	\$25,592,846,839

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

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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	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Junipero Serra Museum ADA Improvements / S15034	57	Medium	\$2,423	0.04%
East Village Green Phase 1 / S16012	69	High	113,000	0.13%
Rancho Bernardo CP Improvements / L20000	35	Low	125,593	1.01%
Palm Avenue Interstate 805 Interchange / S00869	78	High	615,000	1.16%
Howard Lane Improvements / L24003	54	Medium	153,000	2.37%
Traffic Calming / AIL00001	Annual	Annual	1,071,090	7.30%
Normal Street Promenade / S22012	55	Medium	2,800,000	8.86%
Ocean Beach Branch Library / S20015	53	Low	1,700,000	11.76%
Bus Stop Improvements / AID00007	Annual	Annual	349,224	17.40%
Black Mountain Ranch Park Ph2 / RD21001	47	Medium	2,513,425	18.55%
De Anza Natural General Development Plan / P27001	23	Low	1,000,000	25.00%
Emerald Hills Neighborhood Park Phase 1 / S25002	74	High	1,659,573	25.69%
Sunset Cliffs Park Drainage Improvements / L14005	43	Low	3,687,989	29.06%
Police Range Refurbishment Phase II / S18005	56	Low	5,800,000	32.58%
Barrio Logan Roundabouts / L24005	65	Medium	1,726,000	37.41%
Mission Beach Lifeguard Station / L25001	100	High	12,600,000	41.58%
Traffic Signals Modification / AIL00005	Annual	Annual	25,207,330	42.19%
North Chollas CP Improvements / L22004	55	Medium	12,807,000	56.67%
Villa La Jolla SD System Lining / S26001	84	Medium	33,273,593	59.15%
Bicycle Facilities / AIA00001	Annual	Annual	80,858,116	59.84%
Median Installation / AIG00001	Annual	Annual	37,628,323	60.12%
Traffic Signals - Citywide / AIL00004	Annual	Annual	55,060,889	61.57%
Street Resurfacing and Reconstruction / AID00005	Annual	Annual	851,744,788	63.40%
City Facilities Improvements / ABT00001	Annual	Annual	86,704,940	64.10%
Park Improvements / AGF00007	Annual	Annual	124,989,873	67.95%
Caliente Avenue (OM T11.5) / RD26001	66	Medium	5,200,000	71.23%
Flood Resilience Infrastructure / ACA00001	Annual	Annual	2,322,902,528	73.06%
Street Light Circuit Upgrades / AIH00002	Annual	Annual	62,346,996	75.09%
New Walkways / AIK00001	Annual	Annual	127,606,404	78.06%
Sidewalk Repair and Reconstruction / AIK00003	Annual	Annual	149,956,770	79.19%
Citywide Energy Improvements / ABT00003	Annual	Annual	43,980,690	79.53%
San Carlos Branch Library / S00800	76	Medium	38,425,388	80.89%
Install T/S Interconnect Systems / AIL00002	Annual	Annual	81,370,547	82.65%

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Table 2: Capital Improvement Projects Unfunded Needs

Project	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Beyer Blvd (OM T8) / RD26000	66	Medium	42,584,340	83.34%
La Media Improv-Siempre Viva to Truck Rte / S22006	75	High	14,902,325	84.32%
Fairmount Avenue Fire Station / S14018	78	Medium	24,272,205	86.69%
Sunset Cliffs Seawall Improvement / S23006	45	Low	28,767,206	88.28%
Pump Station G & 17 Full Improvement / S24006	95	High	65,839,690	88.59%
Fire-Rescue Air Ops Facility - PH II / S18007	57	Low	37,989,629	88.85%
Chollas Creek Restoration 54th St & Euclid Ave / S22009	82	Medium	32,006,493	90.47%
Pump Station D Upgrade / S22015	65	Medium	59,347,299	90.48%
North Pacific Beach Lifeguard Station / S10119	76	Medium	12,205,178	92.82%
Via de la Valle Upgrades & Improvements / RD11001	45	Low	32,838,638	93.70%
Fire Station No. 51 - Skyline Hills / S14017	81	High	29,305,000	93.76%
Stormwater Green Infrastructure / ACC00001	Annual	Annual	2,118,415,109	94.40%
Ocean Beach Pier Replacement / L22001	49	Medium	180,713,000	95.13%
Mission Bay Upland Habitat Expansion / S27008	40	Low	21,598,616	95.57%
Alvarado Canyon Rd Realignment Project / S22005	69	Medium	61,868,954	96.22%
Upper Auburn Creek Revitalization Project / S22008	88	High	84,920,840	96.76%
Installation of City Owned Street Lights / AIH00001	Annual	Annual	417,606,276	96.83%
NTC Aquatic Center / L23002	32	Low	59,451,563	99.09%
Convention Center Phase III Expansion / S12022	59	Low	681,640,478	99.51%
Fire Station No. 54 - Paradise Hills / S00785	76	Medium	29,916,347	99.72%
Total			\$8,212,169,678	