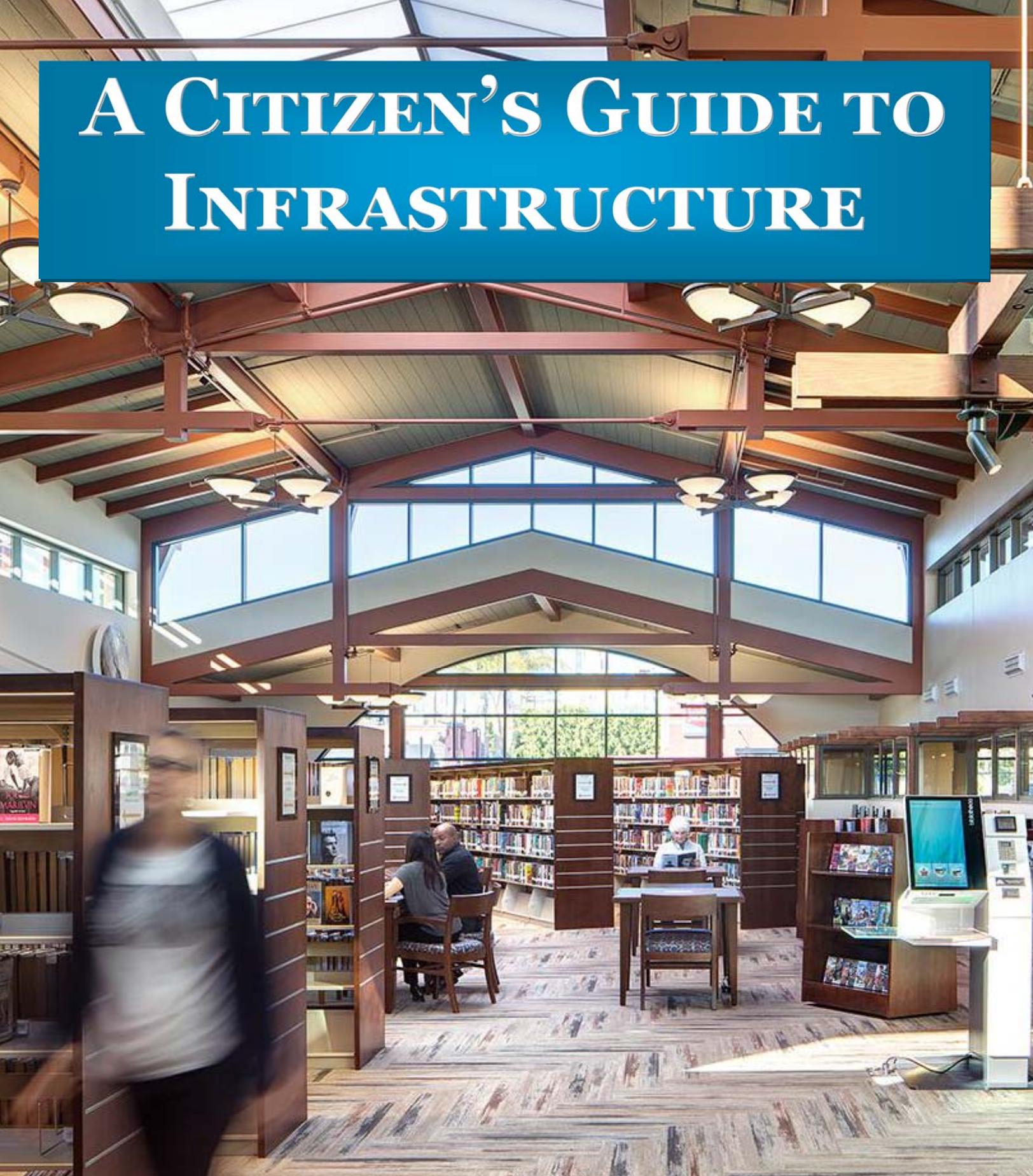


A CITIZEN'S GUIDE TO INFRASTRUCTURE

The image shows the interior of a modern library. The ceiling is high and features a complex wooden truss system with exposed beams and several circular pendant lights. Large, multi-paned windows are set into the vaulted ceiling, allowing natural light to fill the space. The floor is made of wide-plank wood. In the foreground, a person is blurred as they walk past. In the background, several people are seated at tables, reading or using computers. Bookshelves filled with books line the walls, and a digital display kiosk is visible on the right side.

OFFICE OF THE INDEPENDENT BUDGET ANALYST

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Cover image: Interior of Mission Hills-Hillcrest/Knox Library recently opened on January 26, 2019. The library itself is 15,000 square feet, has achieved LEED Gold Certification and is triple the size of the original library which was built in 1961.

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List of Abbreviations

ADA	Americans with Disabilities Act
AMP	Asset Management Planning
CDBG	Community Development Block Grant
CEQA	California Environmental Quality Act
CIP	Capital Improvements Program
CIPRAC	Capital Improvements Program Review and Advisory Committee
CPC	Community Planners Committee
CPG	Community Planning Group
DC	Deferred Capital
DCCO	Deputy Chief Operating Officer
DIF	Development Impact Fees
EAM	Enterprise Asset Management
FBA	Facilities Benefits Assessment
FM	Financial Management Department
FY	Fiscal Year
GO Bond	General Obligation Bond
IAM	Infrastructure Asset Management
IBA	Office of the Independent Budget Analyst
JOC	Job Order Contract
MACC	Multiple Award Construction Contracts
PCC	Project Controls Committee
PFFP	Public Facilities Financing Plan
PWD	Public Works Department
TSW	Transportation & Storm Water Department

Executive Summary: Quick Look at Infrastructure

The mission of the Office of the Independent Budget Analyst (IBA) is to provide clear, objective and unbiased analysis and advice to the City Council and the public regarding all legislative items bearing financial and policy impacts to the City of San Diego. Our Office developed this guide to provide a solid foundation of knowledge about the City of San Diego's infrastructure issues and Capital Improvements Program (CIP) for interested citizens. With this foundation, residents can become involved in, and provide thoughtful input on, new and existing capital improvement projects.

Note that this Guide can be used in conjunction with our [Citizen's Guide to the Budget](#), which provides information about the City's adopted budget and the process by which the annual operating budget is developed each year. These documents will be updated annually to reflect changes to the CIP and operating budget processes. For additional information, please visit our website www.sandiego.gov/iba, email sdiba@sandiego.gov, or call (619) 236-6555.

Guide Overview

The following two pages provide a high-level summary of the four major steps in the process of how infrastructure needs become projects implemented through the City's CIP. The remainder of the Executive Summary provides an overview of this process with additional context. The rest of the guide provides detailed information on each of the four steps and supplemental information, such as important resources and frequently asked questions.

Introduction: What is Infrastructure?

Infrastructure is the basic physical structures, systems, and facilities needed to provide critical services to the community such as sidewalks, streets, parks, fire stations, police facilities, and water and wastewater systems. Infrastructure impacts the public health, safety, and quality of life of San Diego neighborhoods, businesses, and visitors.

Different entities are responsible for installing and maintaining the infrastructure that they own and operate, within their boundaries or jurisdiction. For example, the City of San Diego is responsible for maintaining assets such as storm drains, streets, facilities, and the other items listed in the box on the right. Multiple City departments own or maintain these assets, known as asset-managing departments. The City is not responsible for the trolley, rail, or bus systems which are owned and operated by the Metropolitan Transit System—a California public agency. The County of San Diego, State of California, and U.S. governments also have responsibility for assets within the City of San Diego, including respective facilities, roads, and highways.

Infrastructure within the City's Area of Responsibility:

- ◆ Compliance with the Americans with Disabilities Act (ADA)
- ◆ Airports
- ◆ Bikeways
- ◆ Bridges
- ◆ General facilities
- ◆ Libraries
- ◆ Parks and recreation facilities
- ◆ Police, fire, and lifeguard facilities
- ◆ Most sidewalk improvements
- ◆ Storm drainage and flood control facilities
- ◆ Street improvements
- ◆ Street lights and traffic signals
- ◆ Water and sewer facilities and pipelines

Executive Summary: Quick Look at Infrastructure

Identifying Projects for the CIP Budget	Identifying Funding and Prioritizing Projects
<p>Asset-managing departments that operate, manage, or maintain assets—such as Public Utilities, Transportation & Storm Water, and Parks & Recreation—are responsible for identifying needed capital projects.</p> <p>How staff identify projects Department staff generally identify needed CIP projects based on one or more of the following:</p> <ul style="list-style-type: none"> • Policy direction from Mayor and City Council • Legal requirements or mandates • Plans that guide implementation of Citywide, regional, departmental, and/or community goals • Formal assessments of the condition of assets, and systems that use this information to identify the best approach for addressing needs • Department staff assessments of needs based on experience, repair and maintenance records, and observations • City Council priorities and requests • Public input through City Councilmembers, planning or advisory committees, and/or budget hearings <p>Public Input In 2013, the City developed a process to obtain public input on community infrastructure needs and priorities through the Community Planners Committee (<u>Council Policy 000-32</u>). The committee is comprised of the chairs of individual community planning groups and have a long-standing history of advising the City on Citywide matters.</p> <p>Asset-managing departments and the Public Works Department (PWD) also work with the community to address needs.</p>	<p>Identifying Funding – The City’s General Fund is not a primary source of funding for the CIP. Asset-managing department staff—working with the Mayor, City Council, and appropriate City departments—identify funding for proposed projects, but must do so within several constraints:</p> <ul style="list-style-type: none"> • Needs greatly exceed available resources so there are competing priorities for limited funds • Many of the funding sources for capital improvement projects have restrictions on how they can be spent, including: <ul style="list-style-type: none"> • on a specific project type, such as water system or transportation, and/or • within a certain community or geographical area <p>As a result, there has been relatively little discretionary funding available, and the CIP budget is largely driven by available funding sources.</p> <p>Prioritizing Projects – Asset-managing department staff provide a ranking for each project based on <u>Council Policy 800-14</u> which includes guidelines and weighted factors, such as:</p> <ul style="list-style-type: none"> • Risk to health and safety • Asset condition and impact of deferring the project • Community investment • Funding availability • Project readiness <p>PWD staff refine the priority score during the preliminary stage of project implementation.</p> <p>CIP projects typically do not compete across different project types, funding sources, or project implementation phases.</p>

Executive Summary: Quick Look at Infrastructure

Budgeting for the CIP		Implementation of Projects in the Approved CIP Budget
July-October	PWD, in coordination with asset-managing departments, reviews the status of CIP projects and community needs.	<p>PWD is primarily responsible for the implementation and management of approved projects in the CIP budget. In a few cases (e.g. if a department has specialized needs), the asset-managing department will manage the project.</p> <p>Capital improvement projects are frequently large, expensive, and take multiple years to complete.</p> <p>Project Implementation Phases</p>  <pre> graph TD A[Project Initiation] --> B[Planning/Pre-Design] B --> C[Design] C --> D[Construction Bid & Award] D --> E[Construction] E --> F[Post-Construction] </pre>
October – January	<p>Councilmembers submit priority CIP projects. Asset-managing departments identify needs based on the Five-Year Capital Infrastructure Planning Outlook (Capital Outlook) and prioritize projects according to Council policy. Departments submit proposed projects and requested funding to the Department of Finance (DOF). DOF confirms availability of requested funds.</p> <p>The Capital Outlook is updated to reflect the City’s capital needs. It is presented to the Committee on Infrastructure and City Council.</p> <p>The Capital Improvement Program Review and Advisory Committee (CIPRAC) reviews proposed projects and funding requests, may make adjustments, and submits for Mayor’s approval.</p>	
January–March	DOF works with asset-managing departments to prepare the proposed budget.	<p>Monitoring and Oversight – Per CIP streamlining and transparency initiatives, PWD staff report on the state of the CIP twice per year, and are available to present to committees or the full Council upon request.</p>
April 15	Mayor releases the proposed budget to the public.	
May	City Council holds public budget hearings, including a separate hearing for the CIP. Council may recommend changes to the proposed budget. Mayor’s May Revision to proposed budget is released.	
June	City Council reviews final changes and approves budget.	
July 1	New Fiscal Year begins.	

Executive Summary: Quick Look at Infrastructure

Getting Infrastructure Projects Approved and Implemented: the CIP Process

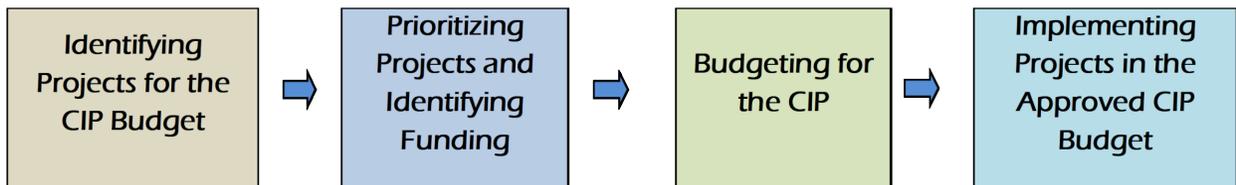
The CIP is composed of over 1,400 projects and associated funding needed to implement these projects over multiple years. The CIP serves as a long-range plan for capital projects that provide tangible, long-term improvements or additions of a fixed or permanent nature, such as a new or expanded library, replacement of aging water pipes, or rehabilitating existing structures. Decisions made regarding the CIP are generally large and expensive, and the assets will likely be used by the public for decades. The box to the right describes the differences between capital projects, which are funded through the CIP budget, and maintenance and repair projects, which are funded out of departments' operating budgets.

Capital Projects Versus Maintenance & Repair:

- ◆ Capital projects provide tangible, long-term improvements, such as: constructing a new or expanding an existing library; replacing aging water pipes; or installing a new roof.
- ◆ Maintenance includes ongoing upkeep and repairs such as patching a roof or painting a building. Maintenance is not part of the CIP budget, and many of the funding sources used for capital projects cannot be used for maintenance. Instead, maintenance is generally funded by the City's General Fund and other sources like the Gas Tax Fund for street maintenance projects.

The City's CIP process, or how an infrastructure need becomes a CIP project and ultimately a capital asset, is complex—it involves various players, funding sources, and asset types. The process generally includes the key steps below, which are outlined in more detail in pages 10 through 26 of this guide.

Identifying Infrastructure Needs



Identifying infrastructure needs for existing and new assets is a joint effort between City staff and City residents. City staff from departments that operate, manage, or maintain infrastructure assets have the expertise to identify capital needs. They are also aware of the Mayor's and the City Council's policy direction, and have an understanding of related legal requirements.

In addition, the City has implemented a software solution called Enterprise Asset Management (EAM), to improve the City's management of infrastructure assets and further enhance the City's ability to identify and prioritize needs. This system is discussed in more detail on page 11.

Infrastructure needs are also identified through various mid- and long-range plans which incorporate public input. City staff also work with communities to identify needed public infrastructure which is included in community plans — policy documents that guide development. The general public can also identify certain capital needs by using the City's Get It Done App to report problems

Executive Summary: Quick Look at Infrastructure

to streets, sidewalks, lights, and storm drains when they encounter them.

Since the City's infrastructure ultimately benefits the public, community input is critical for effective implementation of the CIP. Public input is important to understand desired levels of service for public infrastructure and community priorities. The City has developed a process to solicit public input on infrastructure needs and priorities through the Community Planners Committee which occurs every other year. Feasible project recommendations are sent to asset-managing departments and prioritized among other identified capital needs to be considered for inclusion in the City's long-term capital planning discussed below and the development of the CIP Proposed Budget.

Infrastructure Needs Exceed Funding

In January 2019, the City released the [Fiscal Year 2020–2024 Five-Year Capital Infrastructure Planning Outlook](#) (Capital Outlook), which identified capital needs and funding sources over the next five years. This long-term planning helps the City better manage its infrastructure needs and communicate these needs to the City Council and public. The Capital Outlook includes updates on the condition of the City's assets and service level standards, which are critical components in determining Citywide capital needs, as well as prioritizing funding.

This year's Capital Outlook identified \$5.62 billion in capital needs, and \$3.76 billion in identified funding for capital projects through FY 2024. This leaves a gap of approximately \$1.86 billion in funding over the five-year period. This gap is attributed to capital needs that require support from the City's General Fund¹, the City's main operating fund, which is also used to provide core community services, such as public safety and parks and recreation. This underscores the need for long-term planning so that optimal prioritization of resources can occur. Assets primarily funded by enterprise funds (e.g. water and wastewater infrastructure) are self-supporting as they receive revenue from fees and charges for services that are generated by those departments' operations. Therefore, these assets do not have to compete with other high capital priorities for funding.

The following table provides a summary from the Capital Outlook of total projected needs over the next five fiscal years, identified funding, and the estimated funding gap for each fiscal year.

Budgeting for the CIP and Implementation of Approved Projects

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
Capital Needs	\$ 1,248.3	\$ 1,330.1	\$ 1,155.3	\$ 972.8	\$ 917.4	\$ 5,624
Identified Funding	983.3	978.5	808.2	562.3	427.5	3,760
Gap	\$ 265.0	\$ 351.6	\$ 347.1	\$ 410.5	\$ 489.9	\$ 1,864

The Capital Outlook serves as the basis and guide for developing the City's annual CIP budget. Consistent with Section 69 of the City Charter, the Mayor releases the proposed budget by April 15. In May the City Council holds public hearings to evaluate the proposed budget and allow for public engagement on budget issues. A budget hearing is specifically held to discuss the CIP budget, individual projects, and the overall status of the CIP.

In June 2019, the City Council adopted, and the Mayor approved, a CIP budget for FY 2020 of

¹ Examples include: streets and streetlights, fire stations, and park and recreation facilities

Executive Summary: Quick Look at Infrastructure

\$710.8 million. This provides needed funding to 81 projects, of which eight are new for the 2020 fiscal year. It is important to emphasize that capital improvement projects take multiple years to implement. Significant funding has already been appropriated in previous years for the CIP's existing projects (\$3.70 billion), and additional funding will be required in future years to complete these projects (roughly \$5.14 billion).

To maximize efficient use of resources, the City has taken steps to streamline the project implementation process while also improving transparency of the CIP. Continuous internal monitoring of how projects are being implemented and the overall program's cash flow has led to efficiencies that have improved the allocation of the City's resources and timely delivery of CIP projects. Implementing complementary transparency measures, such as increased reporting, staff presentations to the City Council on the status of the CIP, and making project information more accessible has been critical in allowing the City Council and the public to provide oversight of the CIP.

Roles of Those Involved in the CIP Process

Along with the Mayor and City Council, many City departments and organizations are responsible for various aspects of the CIP process:

DCOO for Infrastructure/Public Works – The City's Deputy Chief Operating Officer (DCOO) for Infrastructure/Public Works is responsible for managing the City's infrastructure and related services. The DCOO oversees the day-to-day operations of the Infrastructure/Public Works Branch, which includes the following departments and programs:

- ◆ Environmental Services
- ◆ Public Utilities
- ◆ Public Works
- ◆ Transportation & Storm Water

Mayor – Provides policy direction for identifying and prioritizing capital improvement projects, and proposes an annual CIP budget.

City Council – Identifies CIP projects working with their constituents, and makes changes to the proposed budget as necessary; holds public budget hearings and provides recommendations to the Mayor; approves the CIP budget and provides oversight and monitoring of projects through updates to the Active Transportation and Infrastructure Committee; and works with the Mayor to develop funding options, and multi-year funding plans.

Asset-managing Departments and Divisions – Own, operate, manage, and maintain capital assets. The departments and divisions also identify and prioritize projects, and work with the Mayor, City Council, and other departments to find funding for needed CIP projects. Projects not considered to be attributable to a single asset-managing department falls under the Citywide Departmental CIP. This is composed of various projects which provides benefits across the City of San Diego and in-

Executive Summary: Quick Look at Infrastructure

cludes projects related to fleet operations, EAM, information technology, the stadium, and the Convention Center.

The Office of ADA (Americans with Disabilities Act) Compliance and Accessibility — Responsible for ensuring that every City-operated or funded facility, benefit, program, service, and activity is accessible and usable by people with disabilities in accordance with all federal, State, and local laws, including the ADA.

Department of Finance (DOF)— Reviews project funding requests, confirms availability of funds, and develops the CIP budget. The DOF also ensures that funds are available prior to contract expenditures, and capitalizes assets when projects are complete.

Office of the Independent Budget Analyst (IBA) — Reviews and advises Council on the Capital Outlook, the annual proposed CIP budget, and other legislative items that require Council approval. The IBA is also a resource to the Active Transportation and Infrastructure Committee.

Public Works Department— Implements and manages approved projects in the CIP budget. This includes project initiation, planning, design, construction bid and award, construction, and post-construction.

Planning Department — Updates General, Community, and Development Impact Fee Plans (which are plans that establish an impact fee and includes needed infrastructure to implement the corresponding Community Plan); identifies available funding from developer fees; and issues building, environmental, and other permit reviews.

Purchasing & Contracting Department's Equal Opportunity Contracting Program — Enhances diversity and safeguards against discrimination in City contracts. It also manages the City's Small Local Business Enterprise Program which supports the City's policy to encourage greater contract participation by Small Local Business Enterprises.

The Mayor's CIP Review and Advisory Committee (CIPRAC) — Reviews proposed projects and project prioritization from a Citywide perspective, and forwards budget recommendations for the Mayor's approval. CIPRAC primarily includes senior-level officials from asset-managing departments.

Asset-Managing Departments and Divisions:

- Airports
- Environmental Services
- Fire-Rescue
- Library
- Parks & Recreation
- Petco Park
- Police
- Public Utilities
- Real Estate Assets—Facilities Services
- Sustainability
- Transportation & Storm Water

Identifying Projects for the CIP Budget

The process for identifying needed capital improvements projects for the CIP budget is largely based on the City's five-year Capital Outlook. The Capital Outlook is updated annually, and includes new project needs and data collected from assessments of the condition of the City's assets. Questions concerning various infrastructure projects can be directed to the asset-managing departments. Contact information for each department is located on page 30 of this report.

How do department staff identify needed CIP projects?

Department staff generally identify needed CIP projects based on one or more of the following:

- Policy direction from the Mayor and City Council
- Legal requirements or mandates
- Preservation of public safety
- Americans with Disabilities Act (ADA) requirements
- Mid- and long-range plans that guide implementation of Citywide, regional, departmental, and/or community goals
- Condition assessments (a key component of asset management, discussed below)
- Unfunded department needs lists
- Staff assessments based on maintenance and repair records, observations, and experience
- City Council priorities and requests
- Public input through Councilmembers, community planning or advisory committees, public comment at budget hearings, and problems reported by the public via the City's Get It Done App or other communications

The section below provides more detail on selected points listed above.

Policy Direction from the Mayor and City Council – Direction is provided to staff by the Mayor and through formal policies, reports, plans, and actions adopted by the City Council.

Preservation of Public Safety – Preservation of public safety is one of the top priorities for the City. The Public Works department has an emergency response section which handles CIP projects related to reducing risks to public health, safety, and the environment. This includes but is not limited to sinkholes caused by storm drains, replacement of fire alarm systems, sewer main breaches, and cave ins.

Legal Requirements or Mandates – Many CIP projects must be carried out to comply with laws and regulations, such as the Clean Water Act, or may be mandated in legal agreements. For example, the City is currently operating under a compliance order from the California Department of Public Health that requires certain water projects.

Mid- and Long-Range Plans – Various City plans include infrastructure needs and goals, and guide staff in identifying needed projects as discussed in more detail on page 14. These include the City's General Plan; Community and Development Impact Fee plans; department multi-year plans; and various other Citywide, regional, and asset-specific plans.

Identifying Projects for the CIP Budget

Asset Management – Asset management is a recommended practice for effectively and sustainably managing assets at a desired level of service for the lowest life cycle cost. An asset management system tracks information needed to answer key questions presented in the box to the right. The City currently employs an EAM system. The system allows staff to obtain information on City assets such as cost, schedule, maintenance history, and geographic location. This data allows staff to determine if a project or replacement of an existing asset is necessary and allows the Asset Managing Departments (AMD) to categorize work as a priority or non-priority. Assets currently included in the system consist of wastewater mains, water distribution mains, water transmission mains, streets, bridges, facilities, storm drain pipes, and pressure regulating valves. The following facility types were also recently included as part of facilities data: Library, Police, Park & Recreation buildings, and Fire-Rescue. EAM is currently being used by Public Utilities, Transportation and Storm Water, Real Estate Assets, and Department of Information Technology (wireless section), and will rollout into six additional departments as funding becomes available.

Key Asset Management Questions:

1. What is the current state of the City's assets?
2. What is the required level of service?
3. Which assets are critical to sustained performance?
4. What are the best operations and maintenance and CIP investment strategies?
5. What is the best long-term funding strategy?

Condition Assessments – Like cities across the country, San Diego has recognized for many years that it faces significant deferred capital needs; however, the magnitude of the problem has not been known. In response, a series of condition assessments for City facilities, streets, sidewalks, and parks have been conducted. The assessments completed to date have begun to provide the first reliable information on the City's unmet deferred capital needs and funding gaps.

In addition to identifying capital needs, conducting condition assessments is a critical step in effectively managing capital assets. By having an inventory of all the City's assets and information on their location and their condition, the City can determine the level at which these assets should be maintained and at what cost.

The next few paragraphs provide information on the current status of condition assessments.²

Facilities – Between FY 2014 and FY 2016, the City conducted facilities condition assessments of 693 leased and non-leased City buildings that are supported by the General Fund. The assessment resulted in a need to invest an estimated \$828.7 million to restore and raise the buildings to achieve a condition rating of "good" as defined by the Council-approved facility condition index. This estimate does not include funding to make any necessary facility upgrades and expansions, or to address seismic or accessibility deficiencies. These additional costs will be addressed in an asset management plan being developed for the City's facilities once available funding has been identified. For more information about the facilities condition assessments, refer to [City Council Report No. 16-014](#), [City](#)

² Additional information on the current status of the City's facility condition assessments can be found in the [Fiscal Year 2020-2024 Five-Year capital Infrastructure Planning Outlook](#).

Identifying Projects for the CIP Budget

[Council Report No. 16-105](#), and [IBA Review of General Fund Facilities Condition Assessment and Proposed Service Level Standards](#).

Park Assets – The City’s park system includes nearly 40,000 acres of developed parks and undeveloped open space. Between FY 2014 and FY 2016, an assessment of the condition of 76 out of the City’s 249 developed parks was conducted. This assessment was limited to the condition of park amenities, which include assets such as playgrounds, playing fields, courts, parking lots, and roads. The assessment estimated that \$24.8 million is necessary to bring these amenities to “good condition,” as defined by a condition index developed by the City. This index is consistent with the index used for facilities. Like the facilities condition assessment, this estimate does not include costs for needed park amenity upgrades or expansions.

The Parks and Recreation Department recently completed the condition assessments on the remaining developed park amenities at the end of FY 2019, and anticipates to expand assessments to include joint use and open space parks, as well as irrigation systems, after FY 2020. Condition assessment data will also be included in the update of the Parks Master Plan which is estimated to be completed in FY 2020.

Water and Wastewater Assets – The City’s water and wastewater systems provide a reliable water supply and wastewater collection and treatment. They contain about 3,300 miles of water pipelines, 3,100 miles of sewer pipelines, and pump stations, storage facilities, and treatment plants. The Public Utilities Department (PUD) implements numerous condition assessments of its water and wastewater infrastructure.

Due to their differing characteristics, PUD conducts ongoing condition assessments for water and sewer pipelines on separate tracks. Water pipelines are assessed in groups over a five year period, largely guided by age. For sewer pipelines, PUD assesses about 50-60 miles per fiscal year. The results of two condition assessments of several water and wastewater assets are anticipated to become available between FY 2021 and FY 2022.

Sidewalks – The City maintains about 4,600 miles of sidewalks. Transportation & Storm Water (TSW) completed an inventory and assessment of the condition of the City’s sidewalk network in FY 2015. The sidewalk assessment identified many significant sidewalk deficiencies and identified 700 miles of non-existent sidewalks. The total cost estimated at the time of the assessment to address all deficiencies for existing sidewalks was approximately \$52.7 million. For FY 2020, the total cost to address the remaining identified locations (the FY 2015 assessed locations, plus additional slicing/replacement locations discovered since the time of assessment), is estimated to be between \$90 million to \$100 million.

State law³ places the responsibility to maintain sidewalks in a safe condition largely on the adjacent property owner. However, [Council Policy 200-12](#) shifted much of this responsibility to the City. In addition, when the responsibility to replace sidewalks falls upon adjacent property owners (unless they caused the damage to the sidewalk), the City offers a cost sharing program to help offset these costs.

³California Streets and Highways Code Section 5610

Identifying Projects for the CIP Budget

Streets – The City maintains about 3,000 miles of streets. On April 21, 2015, the City Council approved the Mayor’s Five-Year Street Pavement Repair Program, which proposed 1,000 miles of street repairs over the next five years and an increase in the Overall Condition Index (OCI) of streets to 70 over the next ten years. An OCI of 70 represents the threshold at which streets are considered to be in good condition on a scale of 0 to 100.⁴

The City completed a pavement condition assessment in 2016 which indicated that the City’s streets have an average OCI of 72. The assessment also determined that 60 percent of streets are in good condition, 34 percent are in fair condition, and 6 percent are in poor condition.

TSW has a goal of assessing street pavement condition once every four years. It also has a long-term goal of maintaining an average OCI of 70 or above for its street network. The FY 2020 Adopted Budget provides a total of \$79.9 million which supports 430 miles of street repair and maintenance. This allocation has already put the City well beyond the Mayor’s goal of 1,000 miles of street repair completed in FY 2019.

Public Input – Citizens can provide input on needed CIP projects through various avenues, including:

- Reporting a problem through the City’s Get It Done App www.sandiego.gov/form/get-it-done-homepage
- Contacting your City Councilmember www.sandiego.gov/citycouncil;
- Contacting staff from the applicable asset-managing department (shown on page 30);
- Attending meetings or contacting representatives from community planning, recreation committees, and other groups www.sandiego.gov/planning/involved/; and
- Participating in the public outreach process aimed to gather input on community infrastructure needs and priorities through the Community Planners Committee ([City Council Policy 000-32](#)).

⁴ The OCI takes into account pavement distresses (e.g. potholes and cracking) and the roughness of the road . The *higher* the OCI score, the better the condition of the pavement. Conversely, the *lower* the facility condition index and park condition index score, the better the condition of the asset.

Identifying Projects for the CIP Budget

Infrastructure Planning in the City of San Diego

General Plan

The General Plan provides a long-term vision and comprehensive policy framework for how the City should grow and develop, provide public infrastructure and services, and improve the quality of life for San Diegans. The General Plan provides policy direction upon which land use decisions are made.

The Plan includes an introductory Strategic Framework section and the following elements: Land Use and Community Planning; Mobility; Urban Design; Economic Prosperity; Public Facilities, Services & Safety; Recreation; Conservation; Noise; and Historic Preservation. Though it is part of the Plan, the Housing Element is provided as a separate document due to the need for more frequent updates in accordance with state law.

Community Plans

Community plans are long-range policy documents for specific geographic areas within the City that refine Citywide goals and policies in the General Plan to address unique local issues. The City's 52 community plans are components of the City's General Plan. Community plans provide land use designations, assign density ranges, and contain guidelines and recommendations for future community development. They also identify public infrastructure needed to serve the existing community and anticipated new growth based on the community's vision and policies in the City's General Plan.

Development Impact Fee Plans — The infrastructure needed to implement the community plan is included in a development impact fee (DIF) plan. Development impact fees are imposed on new development projects as a one-time fee typically at building permit issuance to mitigate the impact of the new development on public facilities. Impact fee revenues are one of numerous City funding sources used to fund capital improvement projects.

Plan Updates – DIF plans are often updated as part of the community plan update process. These updates are intended to reflect revised policies, growth projections and strategies and supporting infrastructure needs. This public facilities planning effort ultimately yields an impact fee structure that is proportionate with current costs of facilities, growth projections, and could result in impact fee adjustments. Impact fees in the city are identified by two labels with different methodologies which are discussed below:

Development Impact Fees (DIF)	Facilities Benefit Assessment (FBA)
Development Impact Fees, or DIFs are applied and collected in urbanized communities that are at or near full community development.	Facilities Benefit Assessments, or FBAs, are applied and collected in urbanizing communities where traditionally the cost burden of needed improvements has been applied to only future development.

Important Facts

- The City currently prepares two types of DIF plans, each representative of a different impact fee methodology: Public Facilities Financing Plan (PFFP) and Impact Fee Study (IFS). These documents identify a program of public facilities needed to serve each community in order to comply with the General Plan and respective community plan.
- DIF plans may contain both detailed and general descriptions of planned facilities or public improvements by asset type. This information helps satisfy the legal requirements, but is not intended to supersede the actual City Capital Improvements Program (CIP), annual capital budget or project detail. The DIF plans serve as a vehicle to impose a fee that provides a valuable funding source for the City CIP to provide the public facilities described in both community plans and DIF plans.
- Impact fee revenues cannot be used for maintenance, repairs, or the operation of facilities.

Identifying Funding and Prioritizing Projects

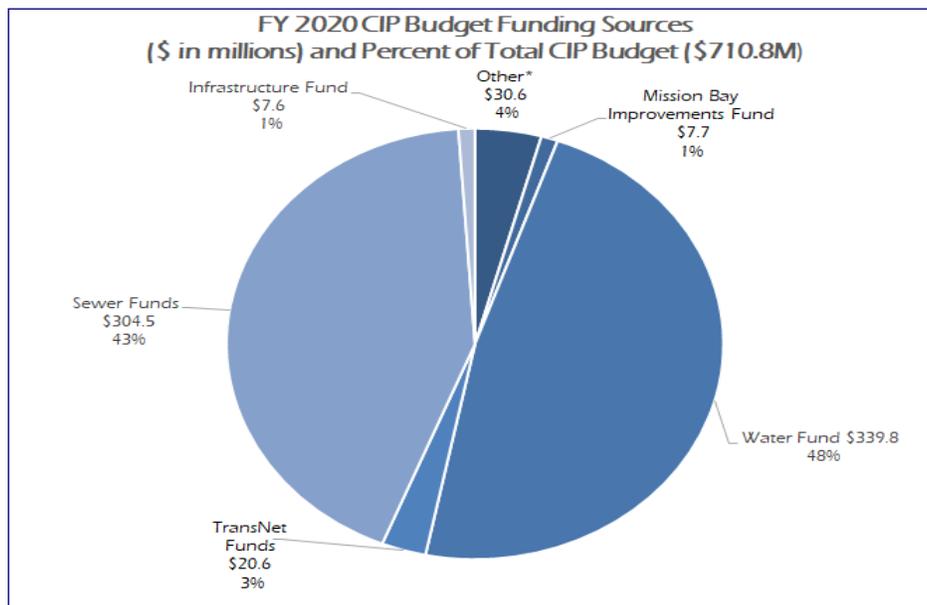
Once priority projects are identified, asset-managing department staff work with the Mayor, City Council, and appropriate City departments, such as the Department of Finance (DOF) and Debt Management, to identify funding. However, they must do so within two major constraints:

CIP FUNDING

- Due to limited available funding, the majority of the CIP budget includes funding for ongoing projects rather than new projects.
- The City also tries to align appropriations with cash flows needed for the fiscal year. CIP budget monitoring reports issued biannually allows budgets to be adjusted based on updated costs.

1. The City's infrastructure needs greatly exceed available resources. The most recent Capital Outlook, issued in January 2019, identified \$5.62 billion in capital needs, and \$3.76 billion in available funding for capital projects through FY 2024. This leaves a gap of approximately \$1.86 billion in needed funding. This funding gap is attributed to assets that are not self-supporting and rely upon the General Fund — the City's main operating fund.
2. Due to competing priorities in the operating budget and the significant costs of capital projects, the CIP cannot rely heavily on the General Fund. Instead, capital improvements projects are primarily funded from various sources that often have specific spending restrictions, such as the type of the project, geographic location, and contractual obligation. More information on the different types of funding sources can be found in pages 16 to 20 of this guide:

As a result of these restrictions, there is relatively little discretionary funding available and some asset types or departments have more funds than others. For example, as shown in the pie chart below, Public Utilities resources (Sewer and Water Funds) make up about 91 percent of the total FY 2020 Adopted CIP Budget. These funds are supported by water and sewer rates and can only be used for capital improvements to the City's water and sewer systems.



*Other sources include: Development Impact Fees and FBA, Fleet Services Internal Service Fund, Gas Tax Fund, General Fund, Golf Course Enterprise Fund, Mission Trails Regional Park Fund, Recycling Fund, Refuse Disposal Fund, San Diego Regional Park Improvements Fund, Trench Cut/Excavation Fee Fund, Utilities Undergrounding Program Fund

Identifying Funding and Prioritizing Projects

The table below describes the various funding sources supporting the FY 2020 Adopted CIP Budget. In addition, it should be noted that the City anticipates receiving an additional \$191.1 million above the adopted budget amount, during FY 2020. These sources include debt financing, FBA, and grants.

FY 2020 CIP FUNDING SOURCES			
FUNDING SOURCE	DESCRIPTION & RESTRICTIONS	FY 2020 Budget	Percent of Total CIP Budget ⁵
Development Impact Fees and FBA	Fees assessed to mitigate the impacts of development on a community. These funds must remain in the same community that they were assessed in to expand existing or build new City facilities in order to support the increased population.	48,500	0.01%
Fleet Services Internal Service Fund	Funded by other City departments for vehicle and motorized equipment provided by Fleet Operations. Funding in the CIP budget partially supports software upgrades which are eligible for capitalization	1,270,598	0.18%
Gas Tax Fund	Revenue resulting from a tax on the sale of gasoline	4,156,286	0.58%
General Fund	Revenue from taxes that support the City's core services. Funding in the CIP budget is used to support information technology projects eligible for capitalization	6,058,000	0.85%
Golf Course Enterprise Fund	Enterprise funds that receive revenue from the 3 City owned and operated golf courses. These funds are used for capital projects that improve and/or maintain the condition of these courses.	3,000,000	0.42%
Infrastructure Fund	Voter-approved ballot measure in June 2016. Until 2043, this measure redirects General Fund revenue, pursuant to a formula, and establishes a dedicated funding source to fund infrastructure projects for assets that rely on General Fund support	7,600,622	1.07%
Mission Bay Improvements Fund	This fund receives revenue from Mission Bay rents and concessions. These funds may only be spent for capital improvements within Mission Bay Park.	7,734,786	1.09%
Mission Trails Regional Park Fund	This fund consists of rent monies from a variety of different leases for the communication facilities on Cowles Mountain. These funds can only be used for capital improvements in the Mission Trails Regional park	195,332	0.03%
Recycling Fund	Revenue from a variety of fees associated with recycling. Funding in the CIP budget is used to partially support upgrades to a City information technology system	1,100,000	0.15%

⁵ Percentage may not total due to rounding.

Identifying Funding and Prioritizing Projects

FY 2020 CIP FUNDING SOURCES (CONTINUED)			
FUNDING SOURCE	DESCRIPTION & RESTRICTIONS	FY 2020 Budget	Percent of Total CIP Budget
Refuse Disposal Fund	Funds generally used to operate the Miramar Landfill, maintain the City's inactive landfills, and ensure regulatory compliance	4,300,000	0.60%
San Diego Regional Park Improvements Fund	This fund receives revenue from Mission Bay rents and concessions. These funds may only be used for capital improvements in the City's regional parks.	3,500,000	0.49%
Sewer Funds	Enterprise funds that receive revenue from a variety of sources, including sewer rates, bond financing, state revolving fund loans and grants. These funds are used for Environmental Protection Agency (EPA) Consent Decree projects and projects that meet the requirements of the Clean Water Act, as well as to replace and/or rehabilitate the aging sewer system infrastructure.	304,465,573	42.83%
TransNet Funds	This fund receives a one-half cent local sales tax that can only be used for projects in the City's right-of-way which include roadway improvements, bicycle facilities, bridges, pedestrian facilities and traffic signals.	20,589,394	2.90%
Trench Cut/Excavation Fee Fund	The City collects fees from excavators to recover the costs associated with repaving and reconstruction due to trench cuts and pavement excavations.	2,000,000	0.28%
Utilities Undergrounding Program Fund	Revenue received from a surcharge collected by San Diego Gas & Electric on electric bills for the undergrounding of utilities	5,000,000	0.70%
Water Fund	Enterprise funds that receive revenue from a variety of sources, including water rates, bond financing, state revolving fund loans and grants. These funds are used to support capital projects that support the City's Water System and to meet State and federal requirements.	339,793,064	47.80%
Total		\$ 710,812,155	100.0%

Identifying Funding and Prioritizing Projects

Other Funding Sources

In addition to the funding sources being used in FY 2020, the City relies on other sources to fund capital improvement projects based on their availability. Some of these sources have restrictions on how they can be used.

Federal and State Grants—The federal and state governments provide grants for capital improvements projects. For example, the U.S. Department of Housing and Urban Development provides funds each year through the Community Development Block Grant (CDBG) Program to benefit low and moderate income citizens through improvements to local communities. These improvements cover a wide variety of eligible activities such as public services, community/economic development, and capital improvement. Funding for capital improvement may be used for public facilities and public improvements, including neighborhood facilities, fire stations, libraries, water and sewer facilities, parks, streets, and sidewalks. These funds also have certain restrictions on how they can be spent, such as they cannot be used for operating or maintaining public facilities or public improvements, and capital improvement projects using CDBG funds must be completed within 24 months.

CDBG Program

The City's FY 2020-2024 Consolidated Plan outlines the City's goals, objectives, and priorities for allocating CDBG funds.

The City uses an email distribution list in order to keep interested parties informed about the CDBG allocation process. If you would like to be included in this list, please send a message to CDBG@sandiego.gov stating "please add me to the list" and provide your e-mail address.

The City has \$47.9 million in CDBG funding available for allocation in FY 2020, of which \$4.6 million is designated for a Parks & Recreation CIP project in the Southeastern San Diego community.

Municipal Bonds—State and local governments often issue bonds to finance public works projects. Bond proceeds may be used to construct, acquire, or make improvements to capital infrastructure, but cannot be used to operate or maintain public projects. Two types of municipal bonds are most commonly used to finance public infrastructure in California—lease revenue bonds and general obligation (GO) bonds. The difference between the two is the source of repayment for the bonds. Repayment includes the principal and interest on the bond.

Lease Revenue Bonds—The City has primarily used this type of bond to finance infrastructure projects in recent years. Generally, lease revenue bonds involve creating a public facility lease between the City and a public entity, for a nominal rent. The public entity issues the bonds to be paid over a 30 year period. It then leases back that same facility to the City at a rate sufficient to cover the principal and interest payments on the bonds. The City's General Fund is responsible for making the annual lease payments to the public entity. These lease obligations do not constitute indebtedness under the State constitutional debt limitation, and are therefore not subject to voter approval which requires two-thirds majority vote. It is important to note that because lease payments are made from the City's General Fund, each time the City issues this type of bond, it adds another 30 year long-

Identifying Funding and Prioritizing Projects

term payment obligation to the General Fund.

The City has relied on lease revenue bonds as a major funding source for infrastructure supported by the General Fund. Between FY 2010 and FY 2015 the City issued lease revenue bonds for deferred capital (DC)

UPDATE ON DEFERRED CAPITAL BOND SPENDING (as of October 1, 2019)					
Year Issued	Bond	Total	Encumbered	Expended	Remaining Funds
FY 10	DC 1	\$ 103,298,000	\$ -	\$ 103,298,000	\$ -
FY 12	DC 2	75,000,000	-	75,000,000	-
FY 13	DC 2A	35,000,000	-	35,000,000	-
FY 15	DC 3A	68,880,290	-	68,880,290	-
FY 15	DC 3B	51,119,710.00	-	51,119,710.00	-

needs totaling \$333.3 million, known as DC 1, DC 2, DC 2A, DC3A, and DC3B. The table above shows the deferred capital lease revenue bonds the City has issued to date. As of October 1, 2019, all deferred capital bond proceeds have been fully expended.

The City is currently using a different financing option to support General Fund assets for the next by issuing commercial paper notes. Commercial paper is a short-term financing mechanism that allows

UPDATE ON COMMERCIAL PAPER SPENDING (as of October 1, 2019)			
Total	Encumbered	Expended	Remaining Funds
\$ 87,873,470	\$ 13,433,291	\$ 26,790,691	\$ 47,649,488

the City to borrow when funds are needed for projects instead of issuing the full amount of project costs

upfront using long-term bonds. Borrowing funds when they are needed reduces interest costs paid. On May 15, 2018 the City Council approved the authority to issue and expend \$80 million in commercial paper note proceeds on CIP projects that need funding in order to be completed, and other priority projects. An additional \$7.9 million was approved for improvements to one City-owned building. Longer-term bonds will be issued to repay commercial paper notes, which is currently estimated for FY 2021.

General Obligation (GO) Bonds—GO bonds offer the City a possible alternative to the use of lease revenue bonds. When a city issues GO bonds, the bonds are secured by the city’s promise to levy additional property tax sufficient to pay annual principal and interest on the bonds. Since GO bonds require an increase in property tax, they must achieve two-thirds voter approval. They are also typically the least expensive type of debt available to municipalities. Because interest rates on GO bonds are slightly lower than interest rates for lease revenue bonds, the city can reduce financing costs for capital improvement projects by using GO bonds. Given the magni-

GO BOND PROGRAMS IN OTHER CITIES

Cities like San Francisco, San Antonio, Phoenix, and Austin have used multi-year GO bond programs to finance capital improvements for streets, parks, public buildings, such as libraries and fire stations, and other types of infrastructure. In these cities, bond oversight committees, task forces, and community forums have been used to engage citizens, develop community priorities, and provide independent oversight of bond fund spending. For more information, please view the IBA’s report (15-26): [Comparative Information about other Cities’ Bond and Revenue Measures](#).

Identifying Funding and Prioritizing Projects

tude of the City of San Diego’s infrastructure funding gap, GO bonds may need to be considered in the future.

Project Prioritization and CIPRAC

Because the City’s infrastructure needs exceed available funding, department staff must prioritize capital improvements projects. Asset-managing department staff provide a ranking for each project based on the prioritization factors and corresponding scoring weights listed in the table below, per [Council Policy 800-14](#).

Priority Ranking Factors (Council Policy 800-14)

Given the funding constraints previously discussed, CIP projects typically do not compete across different project categories⁶, funding sources, or project phases. CIPRAC reviews projects and the ranking scores that were submitted by asset-managing departments. In rare cases when there is available discretionary funding or projects’ ranking scores are tied, CIPRAC assesses the needed projects and proposes which project(s) should receive the funding and submits these recommendations to the Mayor for inclusion in the proposed budget. CIPRAC makes an effort to assign available funds to projects that will allow a partially funded project to be completed.

Factors	Enterprise-Funded Assets and Mandated Programs	Mobility Assets	Public Safety Assets	Neighborhood Assets
Risk to Health, Safety and Environment, and Regulatory or Mandated Requirements	25%	20%	15%	10%
Asset Condition, Annual Recurring Costs, and Asset Longevity	20%	20%	20%	15%
Community Investment & Economic Prosperity	20%	20%	10%	25%
Level & Quality of Service	10%	20%	30%	20%
Sustainability & Conservation	10%	5%	5%	10%
Funding Availability	5%	5%	10%	5%
Project Readiness	5%	5%	5%	5%
Multiple Category Benefit & Bundling Opportunities	5%	5%	5%	10%
Total	100%	100%	100%	100%

⁶ Project categories include: enterprise-funded assets such as City golf courses; mandated programs required by legal mandate or consent decree; mobility assets such as bridges; public safety assets such as police facilities; and neighborhood assets such as libraries.

Budgeting for the CIP

Budget Overview

A budget represents an organization's forecast of the revenues it will receive and expenditures it will incur in the upcoming year. Similar to many large cities, the City of San Diego's budget includes an operating budget and a CIP budget. The operating budget provides an outline of how the monies coming into the City will be spent to operate and maintain City functions and services, including public safety and parks and recreation. In contrast, the CIP budget allocates available revenue for capital projects

to rehabilitate, improve, or build new public infrastructure, such as streets, libraries, parks, and water pipes. Cities separate the CIP budget because capital infrastructure projects are generally large and expensive, take multiple years to complete, and require special financing sources outside of the City's General Fund.



CIP Budget Process

The annual CIP budget is the City's mechanism for getting projects approved and implemented. The City's annual budget is developed over several months and follows the guidelines and timeline established by the City Charter and [City Council Budget Policy 000-02](#). Although developed in conjunction with the operating budget, the CIP budget process generally begins earlier than that of the operating budget. In previous years, the CIP budget process was initiated with:

- The Public Works Department reviewing the status of ongoing CIP projects, and
- Asset-managing departments identifying and prioritizing their capital needs.

Page 5 in the Executive Summary includes a CIP budget calendar for a typical fiscal year.

The budget is proposed by the Mayor with input from the City Council and the public, and adopted by the City Council by June 15th of each year.

The FY 2020 Adopted CIP Budget

The CIP Budget includes funding for: (1) projects started in previous years that are ongoing in FY 2020, and (2) new projects starting in FY 2020. The table on the following page shows funds included in the FY 2020 Adopted CIP Budget, as well as the entire program (including prior and future year funding) by department or division.

- **"Prior Years"** includes a total of approximately \$3.70 billion for ongoing CIP projects that were approved by the City Council in prior-year CIP budgets. This amount includes both funding that has been expended or designated for a specific purpose (i.e. encumbered) and carryover funding (i.e. continuing appropriations).
- **"FY 2020 Adopted Budget"** includes a total of \$710.8 million added to the CIP budget for mostly existing projects as well as ongoing projects.

Budgeting for the CIP

- “Future Years” reflects approximately \$5.14 billion in funding that is estimated to be needed to complete projects.
- The “Total” of approximately \$9.55 billion represents the City’s past, present, and future commitment for implementing approved CIP projects.

Department or Division	Prior Years	FY 2020 Adopted Budget	Future Years	Total
Airports	\$ 19,213,963	\$ -	\$ -	\$ 19,213,963
Citywide	54,848,945	1,528,598	691,238,385	747,615,928
Department of Information Technology	501,679	-	-	501,679
Environmental Services	81,028,879	3,550,000	4,600,000	89,178,879
Fire-Rescue	119,287,710	-	56,187,695	175,475,405
Library	63,046,068	798,500	29,868,800	93,713,368
Parks & Recreation	455,647,904	19,527,951	128,610,643	603,786,498
Police	18,585,096	-	-	18,585,096
Public Utilities	1,761,350,819	644,258,637	2,179,624,343	4,585,233,799
Real Estate Assets - Facilities Services	39,251,746	3,064,500	87,401,000	129,717,246
Sustainability	31,732,349	-	2,000,000	33,732,349
Transportation & Storm Water	1,056,412,452	38,083,969	1,961,880,908	3,056,377,329
Total	\$ 3,700,907,610	\$ 710,812,155	\$ 5,141,411,774	\$ 9,553,131,539

Implementation of CIP Projects

Project implementation includes management and oversight of projects from initiation through project completion. For efficiency purposes, the implementation and management of CIP projects is centralized in the Public Works Department.

Following approval of the budget, project implementation will move to the next phase for ongoing projects, and new projects will be initiated. The project implementation phases generally depend on the contracting method used. The City uses the “Design-Bid-Build” method for the majority of its CIP projects. This method generally entails either designing the project in-house or hiring a consultant for design, and then going through the bid and award process for the construction contract. The implementation phases for this method are shown on the following page.

The City also uses other contracting methods when appropriate, such as:

- 1) *Design-Build*, where the City hires a design and contractor team to design and construct a project under one contract;
- 2) *Multiple Award Construction Contracts (MACC)*, for as-needed design and construction projects where a shortlist of pre-qualified design-build teams compete and bid on projects that are similar in scope or asset type without the need to conduct a full open solicitation. These types of contracts are designed to reduce costs and time by streamlining the bidding and contract award processes. Projects, or task orders, under the contract cannot exceed \$30 million and the cumulative amount of task orders cannot exceed \$100 million without Council approval;
- 3) *Job Order Contracting* for as-needed construction-only projects not contemplated at the time of contract award. Projects are authorized through task orders up to \$5 million for pipeline and pavement work, and \$1 million for all other work. The cumulative amount of task orders may not exceed \$30 million without Council approval; and
- 4) *Emergency Contracting*, where Council is notified of an emergency and prequalified contractors are awarded contracts without advertisement and competition.

Choosing the right procurement process depends on a number of factors, such as the complexity of the project, its schedule, and available cash flow.

PROJECT IMPLEMENTATION

- CIP projects are generally large and expensive, and take multiple years to complete.
- The Public Works Department is generally not involved in identifying capital needs or funding—this is primarily the responsibility of asset-managing departments (e.g. Parks & Recreation, and Transportation & Storm Water), in concert with the Mayor, City Council, Department of Finance and other City departments. Public Works’ role is to implement projects once they have been approved in the CIP budget.
- Original estimated costs of CIP projects and priority scores are revised, as necessary, by Public Works during the design phase when the project scope is refined, and more detailed information is known on environmental and historical impacts and other issues.
- Public Works launched a CIP website that provides information on ongoing CIP projects via an interactive map: <https://www.sandiego.gov/cip/>

Implementation of CIP Projects

Project Initiation

Asset-managing departments determine preliminary scope of project, confirm funds, and submit to Public Works



Planning/Pre-Design

Public Works develops the preliminary scope of work, as well as cost and schedule estimates; conducts needed research, surveys, and preliminary reviews; refines the priority score of project; and confirms funds



Design

Public Works conducts design studies, investigations, and calculations; develops final construction plans, specifications, and engineer's estimates and related construction costs; conducts community outreach and notification; performs constructability review and related studies; and acquires needed land or easement



Construction Bid & Award

Public Works determines contract specifications, advertises projects for construction bids, conducts technical evaluation committee, and selects most responsive and responsible bidder



Construction

Public Works oversees construction of project; performs quality assurance and control; tests construction materials; and manages project scope, cost, and schedule. Asset-managing department attends final walk-through



Post-Construction

Public Works conducts warranty inspections; files project plans and drawings with the City's Permit Records and Mapping Section; and provides long-term monitoring and reporting of environmental mitigation. The Department of Finance capitalizes the asset

Implementation of CIP Projects

Enhancements to Project Implementation

CIP Streamlining and Transparency – Public Works led an initiative to streamline the process of authorizing contracts and allocating resources, and to increase transparency of the CIP. The initiative, approved by the City Council in 2012, resulted in changes to the Municipal Code and the development of [City Council Transparency Policy \(000-31\)](#). The department continues to identify ways processes can be streamlined. Additional proposals will be considered by Council in FY 2020.

Streamlining mechanisms that have been implemented include:

- Increasing the City Council’s approval thresholds for various types of contracts and agreements.
- Not requiring projects approved in the CIP budget to go back to Council to approve the award of a consultant or construction contract, unless requested, thereby reducing project delays.
- Authorizing Public Works to use Multiple Award Construction Contracts (MACCs), implementation of batch/options contracting (batches projects with similar scopes together in one contract); and increased use of Job Order Contracts. These measures increase the flexibility of available CIP delivery methods, reduce time associated with procurement, and expedite project implementation.
- Community input for the selection of design-build teams early in the design phase of the project to avoid cost overruns and project delays.
- Developing standard designs for public restrooms (comfort stations), fire stations, and shade structures to allow projects move forward more efficiently.

Methods to increase transparency include:

- Providing additional project information in the published CIP budget document.
- Dedicating a City Council budget hearing specifically for the CIP.
- Public Works reporting on the state of the CIP to the City Council semi-annually and being available to present to committees or the full Council upon request.
- Public Works maintaining a [CIP Website](#) with project information.

Implementation of CIP Projects

Additionally, beginning in December 2015, the Department of Finance has produced the semi-annual CIP Budget Monitoring Reports which provide updates on the City's CIP cash management process improvements,⁷ to enhance timely completion of CIP projects. Cash management improvements include:

- A CIP budget review process where capital projects' budgets are reviewed to identify excess funds that can be reallocated to other projects. This results in a consolidated request from departments to adjust project budgets and reduces staff time in preparing individual Council requests.
- A CIP budget monitoring process that closely tracks several significant CIP funds to better manage budget and cash across the entire capital program.
- A commercial paper borrowing program to be used as a short-term financing tool for capital assets that are not self-supported from fees and charges to users (e.g. streets, storm water, and City facilities). Borrowing funds when they are needed reduces interest costs paid.

⁷ More information on Public Works and Department of Finance's streamlining and cash management process improvements can be viewed in IBA reports 15-11: [IBA Review of the Mayor's Five-Year Process Improvement and Streamlining for Capital Improvement Program Delivery](#), and 15-12: [IBA Review of the Mayor's Capital Improvements Program \(CIP\) Cash Management Process Improvements](#).

Accountability and Oversight

City Council

As the Legislative Branch of government, the City Council is responsible for setting policy direction; enacting, reviewing, and modifying legislation as appropriate; and adopting the annual budget. The Legislative Branch provides a check and balance to the City's Executive Branch, with the Mayor serving as the Chief Executive Officer. As part of the CIP streamlining measures adopted by the City Council in March 2012, Public Works staff report to the City Council on the status of the CIP biannually. Staff is also available to present to committees or the full Council upon request.

In addition to the Active Transportation & Infrastructure Committee, the Budget and Government Efficiency, Budget Review, and Audit Committees are specifically charged with overseeing major components of the City's financial operations. The committee structure includes nine Council committees to help Councilmembers analyze specific legislative matters in a focused and efficient manner. All of the Council committees are listed in the above box, and a select few are discussed below. Additional information including council committee meetings and the agenda can be found at the [Office of the City Clerk](#).

The Nine Council Committees

1. Active Transportation & Infrastructure
2. Audit
3. Budget & Government Efficiency
4. Budget Review
5. Economic Development & Intergovernmental Relations
6. Environment
7. Land Use & Housing
8. Public Safety & Livable Neighborhoods
9. Rules

Active Transportation & Infrastructure Committee

The Active Transportation & Infrastructure Committee focuses on the Capital Improvement Program (CIP), the annual update of the Capital Outlook, CIP budget monitoring, asset management, additional streamlining opportunities, infrastructure financing strategies, and community CIP hearings, among other related topics.

Budget & Government Efficiency Committee

The Budget and Government Efficiency Committee's responsibilities include the annual budget, financial reports, purchasing and contracting, and equal opportunity contracting, among other issues.

Budget Review Committee

The Budget Review Committee is responsible for the annual budget development process. During public budget hearings held in May, Councilmembers may request that specific projects be brought back to Council prior to awarding contracts. These committee meetings also allow members of the public to ask questions of City staff, provide input to committee members relating to the annual budget, and provide an opportunity for the Council to thoroughly analyze any budget issues.

Important Resources

CIP Website

The Public Works Department maintains a website that includes information about the Capital Improvements Program (CIP), including project information, and bid and contracting opportunities. Visit www.sandiego.gov/cip for more information.

Documents

[City of San Diego FY 2020 Adopted Budget](#): In June 2019, the City of San Diego approved the FY 2020 Budget, which began on July 1, 2019. The FY 2020 Adopted Budget and past year's budgets can be found on the Department of Finance's website at www.sandiego.gov/finance/annual.

[City Council Budget Policy 000-02](#): This policy establishes guidelines and standards relating to the operating and CIP budgets, budgetary controls, and revenues and expenditures.

[City Council Project Prioritization Policy 800-14](#): This policy establishes an objective process for ranking CIP projects. Asset-managing departments utilize this policy when ranking their needs lists before submitting them to CIPRAC.

[City Council Transparency Policy 000-31](#): This policy enhances transparency by improving access to information related to the CIP. It also establishes a framework to make information about the CIP readily available to interested parties.

[City Council Community Planners Committee Policy 600-09](#): This policy establishes a citizens' organization that serves in an advisory capacity to the City regarding matters related to the General Plan and the various community plans.

[City Council Community Planning Groups Policy 600-24](#): This policy identifies responsibilities and establishes minimum operating procedures governing the conduct of planning groups when they operate in their officially recognized capacity.

[City Council Policy on Neighborhood Input on Infrastructure Needs and Priorities 000-032](#): This policy formalizes the role and process for neighborhood input on infrastructure needs and priorities, for consideration in the City's CIP budget and the Capital Outlook.

Infrastructure-Related Reports from the Office of the IBA

For a complete report listing visit: www.sandiego.gov/iba/reports/infrastructure

City Contacts

Mayor's Office

The Mayor serves as the City's Chief Executive Officer. Through the Chief Operating Officer, the Office oversees the City's daily operations, and implements programs and initiatives to carry out the City's policy objectives. The Mayor is also responsible for proposing the City's annual budget by April 15th of each year, revising it as appropriate after input from the public and City Council through the May budget hearings, and producing the final adopted budget that is approved by the City Council

Important Resources

in June. To contact the Office of the Mayor, call 619-236-6330, email kevinfaulconer@sandiego.gov or visit the Office's website at www.sandiego.gov/mayor.

Public Works Department

Once a capital project is approved, Public Works is the department that implements, manages, and oversees the project throughout the process. To learn more about specific capital projects, please call 619-533-4207, email engineering@sandiego.gov, or visit www.sandiego.gov/cip.

Office of the Independent Budget Analyst (IBA)

The mission of the IBA is to provide clear, objective, and unbiased analysis and advice to the City Council and the public regarding all legislative items bearing financial and policy impacts to the City of San Diego. IBA reports are made available to the public and are presented to the City Council during Council meetings, budget hearings, and committee meetings. To contact the Office of the IBA, please call 619-236-6555, email sdiba@sandiego.gov, or visit the Office's website at www.sandiego.gov/iba.

Asset-managing Department Contacts

In addition to the Public Information Officers who are assigned to some of the departments to provide information about CIP projects, asset-managing departments may also be contacted by interested parties with questions or project input. The table on the following page includes contact information for these specific departments and divisions.

Community Groups, Committees, and Districts

Community Planners Committee (CPC)

The CPC was created to ensure communication between the various Community Planning Groups, and to solicit public input on Citywide issues. The chairperson of each Community Planning Group is designated to act as their community's representative to the CPC. To access CPC meeting agendas, minutes, and additional information please visit: www.sandiego.gov/planning/community/cpc.

Community Planning Groups (CPGs)

Community Planning Groups act as a formal mechanism for community input in the CIP decision-making process. They give citizens an opportunity to suggest projects to the City Council, the Planning Commission, asset-managing departments, and other decision makers. For more information about the City's CPGs visit: www.sandiego.gov/planning/community/cpg.

Parks & Recreation Boards and Committees

Park and Recreation Committees act as vehicles for public input to the Park & Recreation Board, which makes recommendations to City Council via Council or committee meetings. For more information please visit: www.sandiego.gov/park-and-recreation/general-info/boards.

Important Resources

Asset-managing Department Contacts

Responsible Department or Division	Capital Infrastructure Assets	Website	Contacts	
			For capital needs	For ongoing CIP projects
ADA Compliance & Accessibility	ADA Compliance & Accessibility	www.sandiego.gov/adacompliance/	Division Contact: (619) 236-5979; adacompliance@sandiego.gov	619- 533-4207 engineering@sandiego.gov
Airports Division	Brown & Montgomery Fields	www.sandiego.gov/airports	Brown: 619-424-0455 Montgomery: 858-573-1440	
Environmental Services Department	Landfills (Active & Inactive); Energy Efficient Programs for	www.sandiego.gov/environmental-services	Hasan Yousef 858-573-1214 HYousef@sandiego.gov	
Fire-Rescue Department	Fire and lifeguard stations and related facilities	www.sandiego.gov/fire	Michelle Yamamoto 619-533-4303; MYamamoto@sandiego.gov	
Library Department	Central Library and 35 branch libraries	www.sandiego.gov/public-library	Misty Jones 619-236-5843; MNJones@sandiego.gov	
Park & Recreation Department	Golf courses, parks, playgrounds, recreation centers, and swimming pools	www.sandiego.gov/park-and-recreation	Andrew Field 619-235-1110; AField@sandiego.gov	
Planning Department	Developer built projects	https://www.sandiego.gov/planning/	Reza Taleghani 619-533-3673 RTaleghani@sandiego.gov	
Police Department	Police stations, firing ranges, and related facilities	www.sandiego.gov/police	Kyle Meaux, 619-531-2221 KMeaux@pd.sandiego.gov	
Public Utilities Department	Water and sewer pipelines, pump stations, treatment centers, reservoirs and related facilities	www.sandiego.gov/publicutilities	Surraya Rashid 858-654-4112; SRashid@sandiego.gov	
Public Works-General Services Department	Upgrades and capital repairs to City facilities, such as HVAC replacement and roof repairs	www.sandiego.gov/publicworks/about/genvs	Hotline 619-533-4207	
Real Estate Assets Department	City-owned real estate such as the City Concourse & Parkade	www.sandiego.gov/real-estate-assets	Division Contact: 619-236-6020	
Transportation & Storm Water Department	Bikeways, Streets, Sidewalks, Street Lights, Traffic Signals; and storm drains, pipes, and outfalls	www.sandiego.gov/planning/programs/mobility www.sandiego.gov/stormwater	Bill Harris 858-541-5354 BillHarris@sandiego.gov	

Important Resources

City Council Offices

District 1

Council President Pro Tem Barbara Bry

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District 2

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District 3

Councilmember Chris Ward

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District 4

Councilmember Monica Montgomery

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District 5

Councilmember Mark Kersey

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District 6

Councilmember Chris Cate

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District 7

Councilmember Scott Sherman

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Phone: (619) 236-6677

District 8

Councilmember Vivian Moreno

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San Diego, CA 92101

Email: vivianmoreno@sandiego.gov

Phone: (619) 236-6688

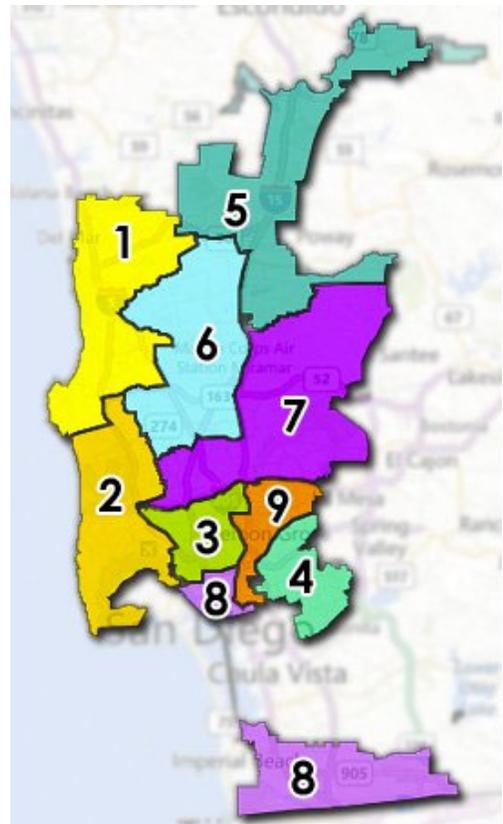
District 9

Council President Georgette Gómez

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Phone: (619) 236-6699



Updated: 10/02/2019

Frequently Asked Questions

What is the difference between the City's operating budget and the CIP budget?

The operating budget provides an outline of how the monies coming into the City will be spent to operate and maintain City functions and services, including public safety and parks and recreation. The operating budget is primarily supported by the General Fund and is used for day-to-day recurring operating expenses for City services and functions. In contrast, the CIP budget allocates available revenue for capital projects to rehabilitate, improve, or build new public infrastructure, such as streets, libraries, and parks. The CIP is funded by various sources that often have restrictions on how they can be spent.

Is the CIP budget a multi-year plan?

No. The FY 2020 CIP budget provides one year of funding for the City's multi-year program. The Capital Improvements Program is a long-range plan for all individual capital improvement projects and funding sources. However, the budget publication displays the budget for the upcoming fiscal year and estimated future costs for completing projects, but the out years are not included in the Appropriations Ordinance, or bound by law. However, the Five-Year Capital Infrastructure Planning Outlook (Capital Outlook) is a multi-year planning tool that identifies known capital needs and funding sources over the next five years. It is released annually and is used as a guide in developing the City's annual CIP budget.

Can the City use more funds from the General Fund for CIP projects?

Because the General Fund is the primary funding source for basic City services, and those funds are limited, the General Fund has historically only been used for a small portion of the most urgent capital projects that do not have any other available funding sources. However, voters approved Propositions H in June 2016 which diverts revenue that would have otherwise gone into the General Fund to the Infrastructure Fund. This is a flexible funding source to support infrastructure needs that do not have a dedicated funding source. Additional General Fund appropriated for CIP projects could result in a decrease in funding for other basic City services.

How can I determine if a project is capital in nature?

Capital improvement projects provide tangible long-term improvements or additions of a fixed or permanent nature; have value; and can be depreciated, such as a new or expanded library, replacement of aging water pipes, or a new streetlight. In contrast, maintenance includes ongoing upkeep and repairs with a short lifecycle, such as patching a roof, planting trees, painting a building, or replacing carpeting. Asset-managing department staff can provide additional clarification, if needed (see contact information on page 31).

What is CIPRAC?

The Capital Improvements Program Review & Advisory Committee (CIPRAC) is an internal decision-making body largely made up of senior-level officials from City asset-managing departments. It reviews projects and corresponding ranking scores submitted by departments during the budget process, and makes project recommendations to the Mayor for inclusion in the Mayor's proposed budget.

Frequently Asked Questions

et. CIPRAC's goal is to ensure that the projects are appropriately ranked from a Citywide perspective, balancing needs and budget with policy objectives. Additionally, the Project Controls Committee (PCC) is a subcommittee of CIPRAC which provides a preliminary review of projects prior to the CIPRAC review process.

Why do certain projects with lower priority scores make it into the budget and receive funding over projects with higher scores?

Generally this occurs as a result of funding availability, and related limitations associated with those funds. For example, Water & Sewer Funds can only be expended for water and sewer projects, thus creating a situation where a low scored water or sewer project may be funded before a higher priority scored park or street project.

How many projects were funded in FY 2020, and how many of those were new projects?

For the FY 2020 CIP budget, 81 projects were provided additional funded of approximately \$710.8 million. Of those 81 projects, eight are new projects. All projects will be completed over multiple years.

How will I know if a project I am interested in is funded?

Projects that are proposed to be funded for the next fiscal year will be released in the Mayor's proposed budget by April 15th of the prior fiscal year.

What happens to projects that do not make it into the CIP Budget?

Asset-managing departments keep track of their unfunded needs, and any feasible project not selected for implementation remains on the department's unfunded needs list to be considered for future funding when available.

How can I follow the progress of an approved capital project?

The CIP website, www.sandiego.gov/cip/projectinfo, provides an updated interactive map and tools for public use that displays information on current capital projects. You may also contact the corresponding project manager listed in Volume 3 of the City's FY 2020 Adopted Budget – Capital Improvements Program found on the Department of Finance's website www.sandiego.gov/finance/annual, contact your Council District's office (see page 31), or contact the asset-managing department (see page 30).

Why would an approved project not have any funding identified for the current fiscal year even though it was identified for funding in previous fiscal years?

Different variables including but not limited to environmental risks, permitting processes, and schedule delays are taken into account when determining and identifying the funding needs for projects each fiscal year which attributes to the shifting of funds within the CIP.

In some cases, funding cannot be identified when needed which can cause projects to be put on hold. The projects are generally shown in the CIP budget as "unfunded" or "underfunded." These

Frequently Asked Questions

projects remain in their current implementation phase until more funding can be identified, or they are removed from the CIP budget.

How is a capital project removed from the CIP budget?

A project comes off of the capital project list (and CIP budget) once it is completed, or through Council approval.

Why do some projects languish without receiving money even though they have been approved as a capital project?

A common cause for this stems from a lack of available or eligible funding. Other issues include that a proposed project is affected by legal or environmental requirements, or a project lacks community support.

Who do I contact regarding questions about a project that is unfunded?

If a project has already been approved and initiated, call 619-533-4207, email engineering@sandiego.gov, or submit an inquiry online at www.sandiego.gov/cip/about/comment. Additionally, Volume 3 of the City's Adopted Budget has a project page on each approved CIP project, including the project manager and his or her contact information: www.sandiego.gov/finance/annual.

Is there available funding throughout the year that is not part of the regular budget to do small capital projects?

No additional planned funding is set aside throughout the fiscal year, but state and federal grants or other opportunities may become available. In addition, the CIP budget includes annual allocations which are essentially pots of monies that may be used to fund smaller CIP projects throughout the fiscal year which have a monetary threshold of \$5 million.

Does the age of a community affect the investments it receives from the City?

The City does not prioritize specific communities over others. However, it is important to note that more established communities will have older assets that may require improvements or replacement. This will increase the priority ranking score of the project.

What qualifies a capital project as an emergency project?

A capital project becomes an emergency project once there is a threat to the lives and safety of the public. For example, the replacement of a failed water main, and the repair of sidewalks, streets, and other public property damaged by the resultant flooding would qualify as an emergency project.

How and when can I provide input into the projects that are selected for next year's CIP process?

Citizens can provide input on needed CIP projects through various avenues, including:

- Reporting a problem as they are encountered through the City's Get It Done App. For more information, visit: www.sandiego.gov/form/get-it-done-homepage
- Contacting your City Councilmember (see page 31) or visit: www.sandiego.gov/citycouncil;

Frequently Asked Questions

- Providing public comment during City Council budget hearings;
- Contacting staff from the applicable asset-managing department (shown on page 30);
- Attending meetings or contacting representatives from the relevant planning groups or committees: www.sandiego.gov/planning/involved/; and
- Provide public input on community infrastructure needs and priorities through the Community Planners Committee ([City Council Policy 000-32](#)).

In order to provide input for the following fiscal year, it is most effective to become involved early in the CIP budget process, *before* the asset-managing departments begin to compile and prioritize their needs lists in September. After the Mayor releases the proposed budget by April 15th, the public also has an opportunity for input through budget hearings that are held in May.

Glossary

Asset Management – A recommended practice for effectively and sustainably managing assets at a desired level of service for the lowest life cycle cost. Asset management provides needed information on existing assets, such as condition and desired level of service, so that City staff can develop optimal strategies for maintenance and rehabilitation or replacement of assets.

Asset-managing Departments and Divisions - These departments and divisions identify, prioritize, and—working with the Mayor, Council, and appropriate City departments—find funding for needed capital improvement projects. Asset-managing departments or divisions include: Airports, Environmental Services, Fire-Rescue, Library, Parks & Recreation, Petco Park, Police, Public Utilities, Public Works-General Services, QUALCOMM Stadium, and Transportation & Storm Water.

Bond - A funding tool representing a written promise to pay a specific sum (face value or principal amount) in the future (maturity date), plus interest. In California, municipal government bonds are only used to finance capital improvements.

Capital Asset - Land, structures, equipment, and intellectual property that have an estimated life of one year or more.

Capital Improvement Project - The construction, purchase, or major renovation of buildings, utility systems, and other facilities, as well as land acquisition and roadway projects.

Capital Improvements Program (CIP) - The long-range plan for all individual capital improvement projects and funding sources. CIP projects are unique construction projects that aim to install new, replace old, or rehabilitate existing infrastructure.

CIP Budget – An annual allocation to CIP projects. It also identifies future funding and needs.

Capital Improvements Program Review and Advisory Committee - A committee comprised of senior-level officials from City departments that reviews proposed CIP projects from a Citywide perspective and forwards proposed budget recommendations for the Mayor's approval and, during the annual budget process, City Council's approval.

Community Plan - Community plans provide land use designations, assign density ranges, and contain detailed policies and guidelines at the community level. They also identify public infrastructure needed to serve the community based on the community's vision, and policies in the City's General Plan.

Deferred Capital (DC) – Needed capital improvements, refurbishment, or expansion to existing facilities that have been put off. Postponing capital projects is generally due to limited available funding, but often will increase the cost of repairs as the condition of facilities, roadways, and other infrastructure worsens.

Development Impact Fees (DIF) – Fees that are collected by community to mitigate the impact of new development. All impact fees are collected, placed in an interest-bearing revenue account, and used within the specific community where they are collected solely for program administrative costs and those capital improvements identified in the applicable community plans and DIF plans. In communities where a DIF is collected the costs are applied to both existing and future development. The resulting effect has been that FBA impact fees are higher and generate more revenue in the city.

Enterprise Funds – Funds established to account for specific services, which are funded directly by

Glossary

fees and charges to users such as water and sewer services. These funds are intended to be self-supporting.

General Fund - The City's main operating fund that pays for basic City services such as police and fire, parks, and library services.

General Obligation (GO) Bond - GO bonds are backed by the full faith and credit of the issuing municipality, including the ability to raise taxes to make debt financing payments. GO bonds require two-thirds voter approval and are typically the least expensive type of debt available to municipalities. Lower rates will significantly reduce the final costs of capital improvement projects as the bonds are paid off over a 20 to 30 year period.

Grant - A contribution by a government or other organization to support a particular function.

Impact Fee Study – A development impact fee plan that establishes the nexus for an impact fee in urbanized communities.

Infrastructure - The basic structures and underlying facilities needed for the functioning of a community and its economy, such as public facilities, streets, roads, bridges, tunnels, parks, storm drains, and water and sewer systems.

Maintenance Assessment District – Property owners within a specified district are assessed for the purpose of financing maintenance of open space areas, street medians, rights-of-way, and in some cases, mini-parks and streetlights.

Maintenance & Repair - The care and upkeep of existing assets, such as resurfacing streets and replacing leaking roofs.

Operating Budget - Authorized expenditures for ongoing municipal services such as public safety, street maintenance, parks, and libraries. The detail of the City of San Diego's operating budget can be found in Volume 2 of the City's annual budget document.

Proposed Budget - The Mayor's recommendation for the City's financial operations, which includes an estimate of proposed expenditures and revenues for a given fiscal year.

Public Facilities Financing Plan (PFFP) – A development impact fee plan that establishes the nexus for an impact fee that was originally designed to fund all community serving public facilities projects.

Revenue Bonds – A revenue bond guarantees repayment solely from revenue generated by a specified entity associated with the purpose of the bonds, rather than from a tax increase. Revenue bonds may carry a slightly higher interest rate because the revenue source is perceived to be slightly less secure than that of GO bonds, which are considered the most secure type of municipal bonds.

Unfunded needs list – A summary of projects with insufficient funding for project completion, which identifies both the amount of funding required and the component of work that is not funded. This information can be found by department in the City's CIP budget document.

Unidentified funding – An amount required for project completion, but for which no funding source has been identified. This information can be found in the City's CIP budget document.