



# A PUBLIC GUIDE TO INFRASTRUCTURE FY 2023 ADOPTED CIP BUDGET

The City of

**SAN DIEGO**



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# A Public Guide to Infrastructure

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## List of Abbreviations

ADA	Americans with Disabilities Act
AMD	Asset Managing Departments
CAP	Climate Action Plan
CDBG	Community Development Block Grant
CEF	Climate Equity Fund
CEQA	California Environmental Quality Act
CIP	Capital Improvements Program
CIP Outlook	Capital Infrastructure Planning Outlook
CIPRAC	Capital Improvements Program Review and Advisory Committee
CPC	Community Planners Committee
DIF	Development Impact Fees
EAM	Enterprise Asset Management System
E&CP	Engineering & Capital Projects
FBA	Facilities Benefits Assessment
FY	Fiscal Year
GO Bond	General Obligation Bond
IBA	Office of the Independent Budget Analyst
IJA	Infrastructure Innovation and Jobs Act
IRA	Inflation Reduction Act
JOC	Job Order Contract
MACC	Multiple Award Construction Contracts
PCC	Project Controls Committee
SCP	Strategic Capital Projects Department
SLS	Service Level Standards
SRF	State Revolving Fund loan
WIFIA	Water Infrastructure Finance Innovation Act



Mission Beach and Bay



# A Public Guide to Infrastructure

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## Introduction

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 on the City of San Diego (City). Our Office developed this guide to assist the public in understanding the capital planning and budgeting process and the numerous infrastructure-related challenges facing the City. This foundation of knowledge on infrastructure will help residents become involved and to provide thoughtful input on the City's Five-Year Capital Infrastructure Planning Outlook (CIP Outlook) and annual Capital Improvement Program (CIP) Budget.

Note that this Guide can be used in conjunction with [A Public Guide to the Budget](#), which is designed by our Office to help interested residents gain a better understanding of the City's Fiscal Year (FY) 2023 Adopted Budget and the process by which the annual operating budget is developed each year. These documents are updated annually to reflect changes to the CIP Outlook as well as CIP and operating budget processes. For additional information regarding the City's annual budget and other important topics, contact our office at:



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## What is Infrastructure?

Public infrastructure in the United States is a complex network of public works such as roads, bridges, airports, parks, facilities, and water utilities. Much of the nation's infrastructure is owned and maintained by state and local governments, representing a significant investment vital to public health, quality of life, productivity, competitiveness, and the economy. For many years, state and local governments have faced tight financial constraints with many priorities competing for limited resources, leading to underinvestment in infrastructure. As a result, many local governments are now challenged with aging and deteriorating assets and a backlog of deferred projects.

Different entities are responsible for installing and maintaining the infrastructure that they own and operate, within their boundaries or jurisdictions. The City owns and manages 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 assets owned or managed by the City are shown in the box on the right. Many City departments, such as Transportation, Stormwater, and Public Utilities, maintain and operate these assets.

### Infrastructure Owned and/or Managed by the City of San Diego

- ◆ Airports (Montgomery-Gibbs and Brown Field)
- ◆ Bikeways
- ◆ Bridges
- ◆ General facilities
- ◆ Homeless shelters
- ◆ Libraries
- ◆ Parks and recreation facilities
- ◆ Police, fire, and lifeguard facilities
- ◆ Most sidewalk improvements
- ◆ Storm drains and flood control
- ◆ Street improvements
- ◆ Streetlights and traffic signals
- ◆ Water and sewer facilities and pipelines

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Other entities in the San Diego region also own and manage infrastructure assets. For example, the trolley, local rail, and bus systems are owned, operated, and maintained by the Metropolitan Transit System (MTS). The County of San Diego, the State of California, the and United States federal governments also have responsibility for assets within the City of San Diego, including facilities, bridges, roads, and highways.

## How to report potholes, graffiti, and other issues with public infrastructure.

The City's [Get It Done](#) app enables the public to report potholes, streetlights, graffiti, and other issues. One benefit is that people don't need to know which department handles issues, and they can just use the app to make and track reports. For graffiti specifically, the [Get It Done](#) team also sends images to the regional Graffiti Tracker system, which can assist with prosecuting offenders.

The [Get It Done FAQ](#) also has some useful information, and this includes articles on reporting issues on assets not owned by the City, such as:

- [How do I report a problem with a bus or a trolley stop?](#)
- [How do I report an issue with \(or contact\) the San Diego International Airport?](#)
- [Out of San Diego Area](#) (links to Caltrans, nearby Cities, San Diego Bay/Port, and Trolley/Bus Stops)
- [How do I report an issue to the Port of San Diego?](#)
- [How do I report litter or another issue with a freeway?](#)



Downtown San Diego

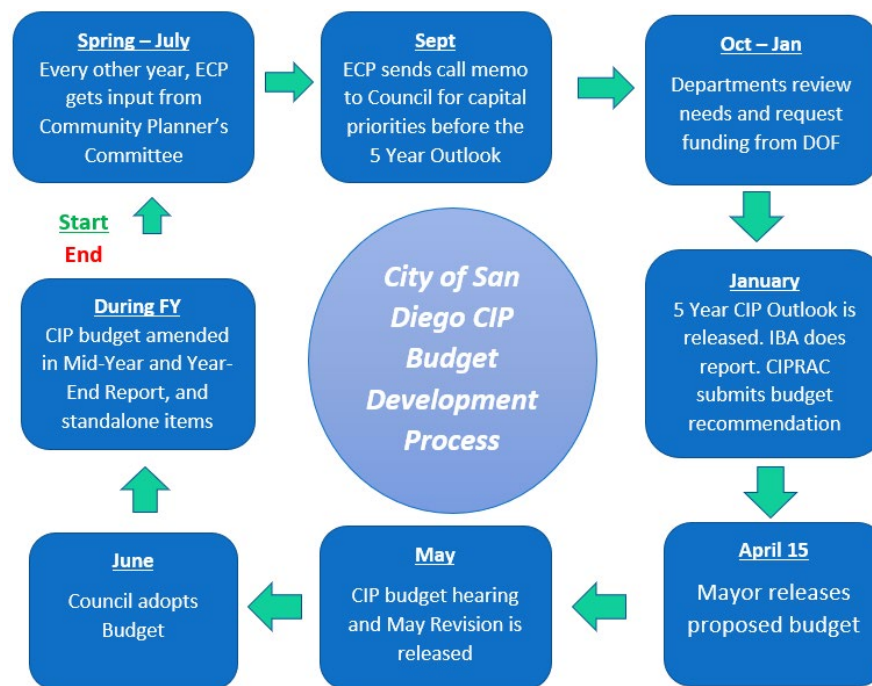
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## The City's CIP Budget Process

The City of San Diego's fiscal year runs from July 1 through June 30. As shown in the following figure, the budget process typically begins in November with the release of the Five-Year Financial Outlook and concludes in June with the Council's adoption of the Budget Resolution and the Appropriation Ordinance. The Five Year Capital Infrastructure Planning Outlook (CIP Outlook) is developed to closely follow the annual release of the City's [Five-Year Financial Outlook](#) to assist in accurately forecasting future available funding for capital projects and is generally released in January/February. The Mayor, City Council, City staff, Office of the IBA, and residents of San Diego all play a significant role in the formation of the budget.

### The City Must Have a Balanced Budget

- ◆ The City is required by law to balance its budget each year. The budget is monitored throughout the year to determine whether the city is spending more or less than its revenues.
- ◆ The City then adjusts its spending to ensure that at the end of the year there are sufficient resources to cover the expenditures and the budget is in balance.



## The Five-Year Capital Infrastructure Planning Outlook (CIP Outlook)

A capital improvement plan provides an overall perspective to enable decision-makers and other stakeholders, including citizens, to take a long-range view of future capital needs, projects, priorities, and available funding. The City's long-range plan is called the [CIP Outlook](#). It provides a five-year citywide assessment of infrastructure needs and outlines the proposed capital priorities in compliance with the City Charter. The first year of the CIP Outlook serves as the basis for the development of the annual Capital Improvement Program (CIP) budget.

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The most recent CIP Outlook is the City's ninth; the first was issued in January 2015, and covered FY 2016-2020. A long-term capital plan was first recommended by the City Auditor in its June 2011 [performance review of the CIP](#), to provide an overall citywide perspective on asset and funding needs to support informed financial decisions on infrastructure investments.

**The CIP Outlook is a planning tool to identify all current and future capital needs and available funding within the five-year outlook period. However, as shown in the current CIP Outlook, the City's capital needs far exceed available funding, and the Mayor and Council must therefore make strategic decisions regarding capital infrastructure investments during the annual CIP budget process. Absent new resources, many needs identified in the CIP Outlook will remain unfunded.**

## Government Financial Officers Association (GFOA)

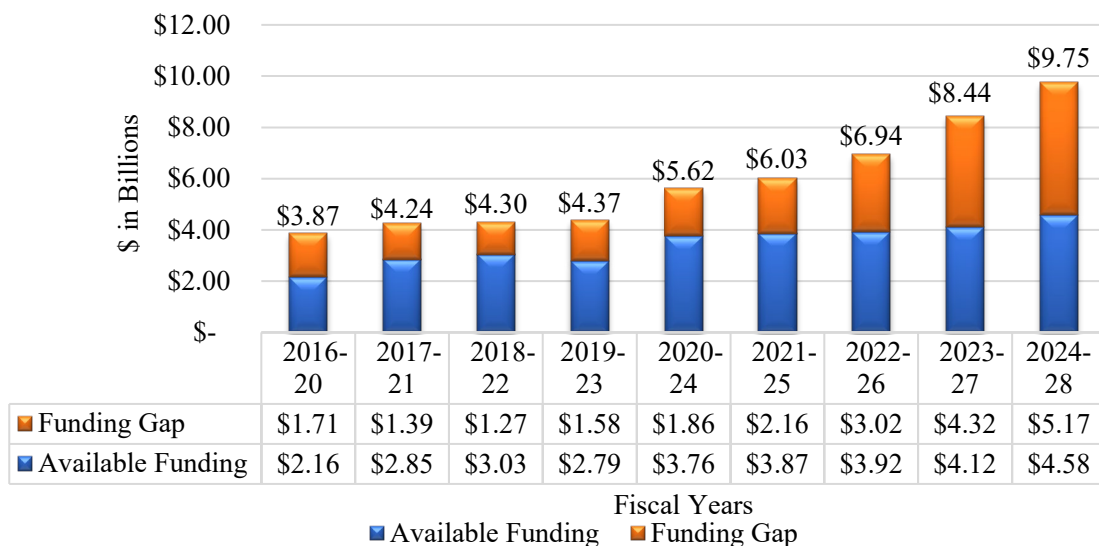
- ♦ Capital facilities and infrastructure are important legacies that serve current and future generations.
- ♦ It is extremely difficult for governments to address the current and long-term needs of their citizens without a sound multi-year capital plan that clearly identifies capital needs, funding options, and operating budget impacts.

## Highlights of the FY 2024-28 CIP Outlook



The [FY 2024-2028 CIP Outlook](#) (released in January 2023) estimates total capital needs of \$9.75 billion from FY 2024 to FY 2028 and the projected funding available to support these needs of \$4.58 billion. This results in a \$5.17 billion funding gap, which increased by 20% since the prior year's Outlook. As shown in the table below, this is the largest year-over-year increase in the funding gap since this report was first created. For a detailed analysis and our Office's conclusions and recommendations, see [IBA Review of the FY 2024-2028 Five-Year CIP Outlook](#)

## Year-over-Year Total Needs, Funding, and Gap for Nine CIP Outlooks



Note: The methodology to develop the CIP Outlook has evolved over the years, and expenditure and revenue assumptions may vary by Outlook Period.



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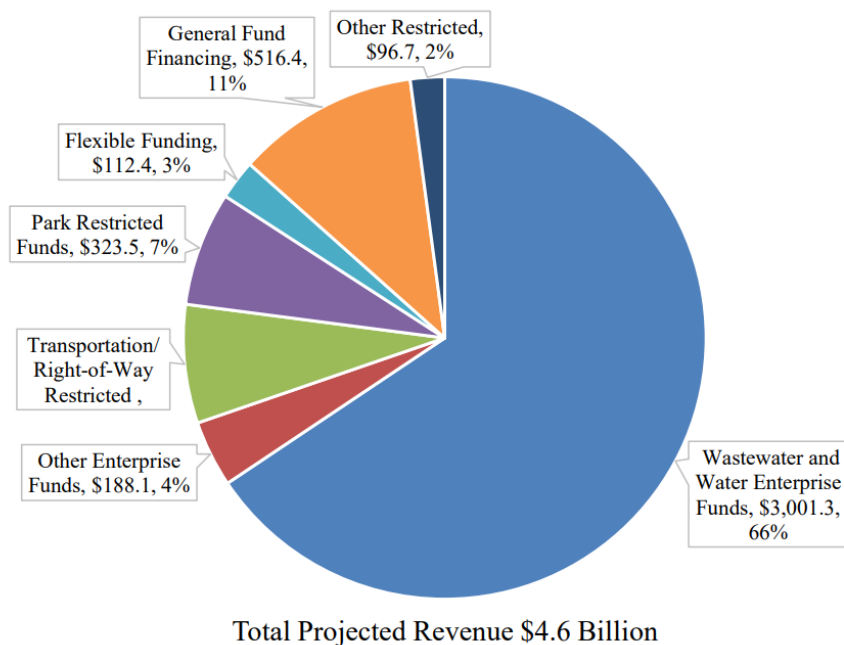
The FY 2024-28 CIP Outlook was developed using a different approach than in previous years and does not provide priority and discretionary needs categories including some key information that had been included in previous Outlooks.

## Projected Funding and Restrictions on Use

To fund CIP projects and meet capital needs, a variety of ongoing and one-time funding sources are appropriated based on DOF's specific fiscal year revenue forecasts. The available funding is from various sources, many of which have specific spending restrictions. When discussing CIP funding sources, there are two important related concepts – whether an asset (1) is enterprise funded or reliant on the General Fund and (2) has use restrictions. An enterprise asset is self-supporting with a dedicated funding source generated from fees or rates charged to customers using the asset; as an example, water and wastewater rate revenue can only be used to support water and wastewater assets. In contrast, non-enterprise assets such as stormwater and parks do not have a dedicated funding source and must compete for the City's limited General Fund resources.

The following figure shows projected funding from various sources in the CIP Outlook, broken out by the use restrictions of those funding sources. As in previous years water and wastewater restricted funding accounts for a significant majority (\$3.0 billion or 66%) of projected funding. Flexible funding sources which generally have few or no restrictions on use account only for \$112.4 million or 3% of total funding over the Outlook period.

**FY 2024-28 CIP Outlook by Funding Source**

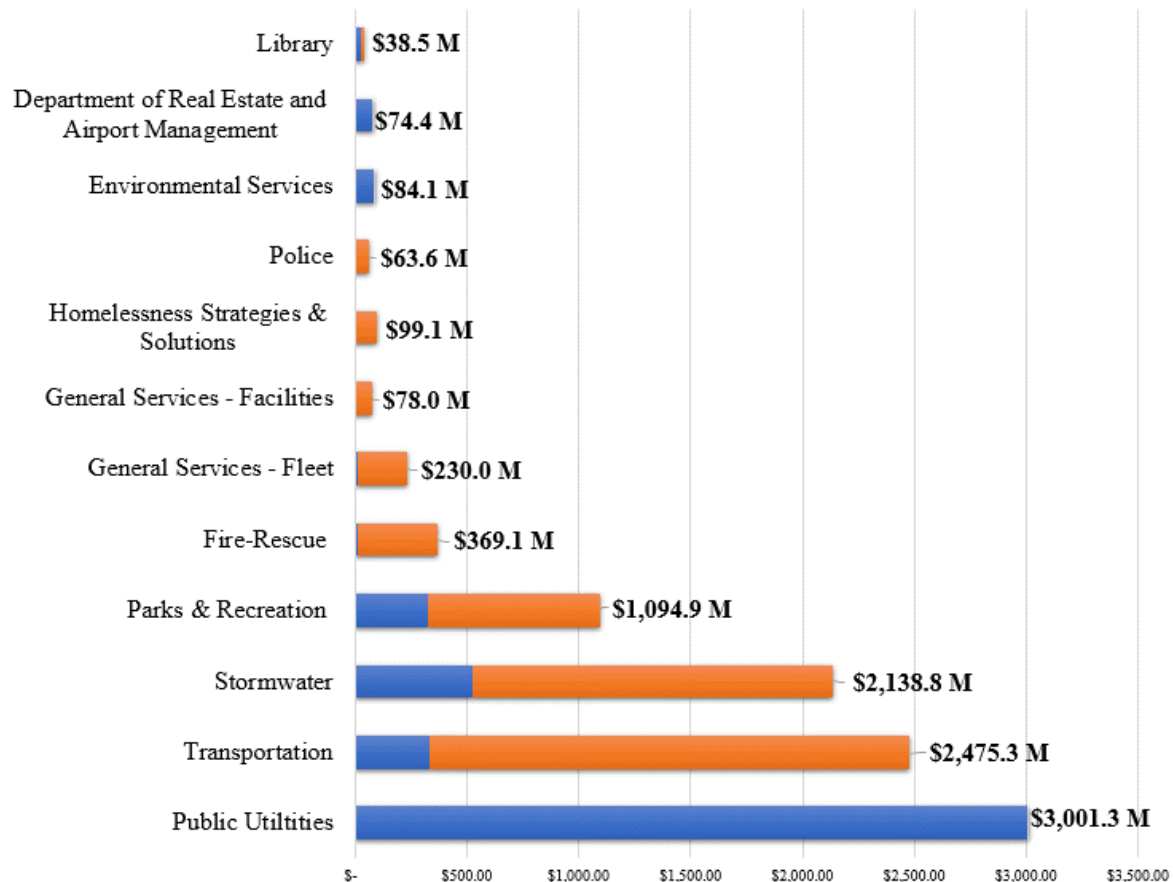


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## Funding Gap by Asset Managing Department

The CIP Outlook projects that all enterprise assets will be fully funded, and the \$5.2 billion total funding gap is entirely attributed to General Fund assets. The following figure shows the projected funding gap by the department. Transportation represents the largest funding gap with \$2.1 billion, followed by Stormwater with \$1.6 billion, and Parks with \$771.4 million.

### Total Needs, Available Funding, and Funding Gap by Asset Managing Department



	Public Utilities	Transportation	Stormwater	Parks & Recreation	Fire-Rescue	GSD - Fleet	GSD - Facilities	HSS	Police	ESD	DREAM	Library
Total Funding	\$3,001.3	\$335.8	\$522.3	\$323.5	\$12.9	\$15.3	\$0.0	\$0.0	\$0.0	\$84.1	\$74.4	\$27.6
Funding Gap	\$0.0	\$2,139.5	\$1,616.5	\$771.4	\$356.2	\$214.7	\$78.0	\$99.1	\$63.6	\$0.0	\$0.0	\$10.9

The significant funding gap is largely due to competing priorities for limited resources and a lack of sufficient new or dedicated funding sources for capital infrastructure. This has led to the ongoing deferral of needed projects and resulted in continued aging and deterioration of existing assets, which ultimately increases costs. This also has resulted in the City spending funds on emergency repairs when assets fail. Without a financing strategy that includes new revenue, the City will continue to defer capital needs, which will result in the inefficient use of the limited existing funds.

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## The Capital Improvements Program (CIP) Budget



A budget represents an organization's forecast of the revenues it will receive and expenditures it will incur in the upcoming year. Since state and local governments are required to balance their budgets, the City's annual budget is used to match identified needs with available revenue. Like many large cities, the City of San Diego's budget includes an operating budget and a [Capital Improvements Program \(CIP\) budget](#) (included as Volume III in the annual Budget release). 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, enhance, or expand existing infrastructure as well as to build new public assets. The City separates the CIP budget from the operating budget because capital infrastructure projects are generally large and expensive, take multiple years to complete, and are supported by financing sources outside of the City's General Fund (the main funding source for core City functions and services included in the operating budget). 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.

**Because capital projects take multiple years to complete, the CIP is a rolling budget, meaning it includes funding from previous years, the current year's budget, and funds needed for future years. The City is limited by the amount of resources available, therefore, the CIP budget aids officials in determining which objectives have the highest priority, will meet the greatest needs, and produce the greatest positive impact in the community. Highlights of the FY 2023 Adopted CIP Budget**

The [FY 2023 Adopted CIP Budget](#) (approved by City Council and adopted by Mayor Gloria in June 2022) allocates \$834.1 million of existing funds and anticipated revenues to both new and continuing projects in the City's \$17.2 billion multi-year CIP. City Council previously approved \$5.0 billion towards projects continuing from previous fiscal years. An estimated \$11.4 billion of additional funding will be needed in future years to complete the projects currently in the CIP and

### Capital Projects Versus Maintenance & Repair

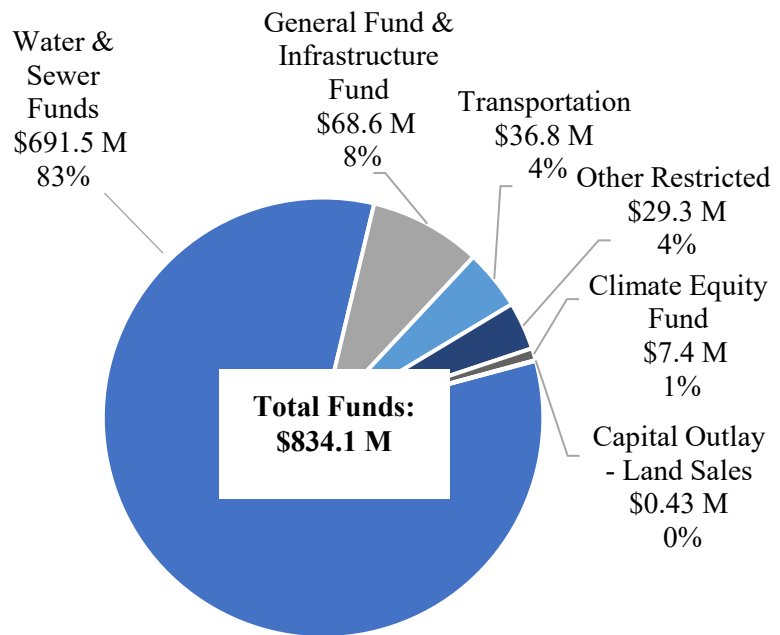
- ♦ Capital projects provide tangible, long-term improvements, such as constructing a new or expanding an existing library, replacing aging water pipes, or installing a new roof.
- ♦ Maintenance includes ongoing upkeep and repairs such as patching a roof or painting a building. Maintenance is not part 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 TransNet Fund for street maintenance projects.

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fund annual ongoing capital expenditures, such as road resurfacing and pipe replacements. The CIP budget includes a compilation of 1,305 projects, some of which are standalone projects and others are grouped together into annual allocations.<sup>1</sup> For a detailed analysis and our Office's conclusions, see the [IBA Review of the FY 2023 Proposed Budget](#).

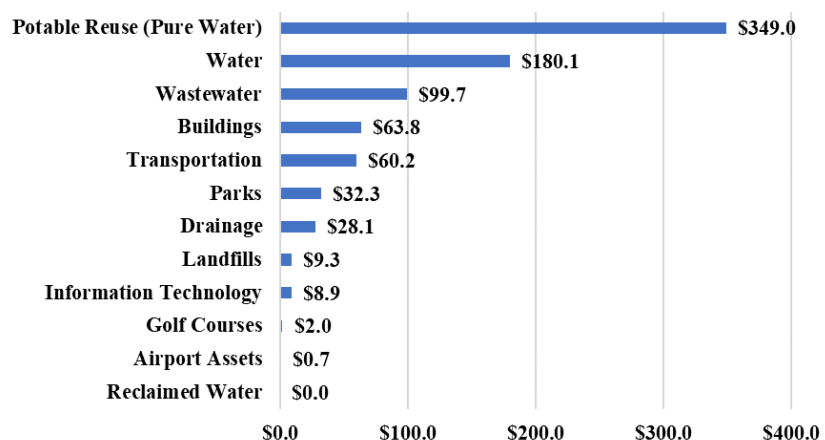
The allocation of resources in the CIP budget is primarily driven by the availability of funds. As shown in the figure to the right, the Water and Sewer Funds account for \$691.5 million, or 83% of available revenues, and are used to support water and wastewater projects, including the Pure Water project. Transportation funding primarily includes TransNet and gas taxes and is \$36.8 million or 4% of the total FY 2023 CIP budget funding. The Other Restricted category includes the landfill, airport, and golf projects which are funded by enterprise funds. Only 8% of the budget (General Fund and Infrastructure Fund) can be used for any asset type. For example, parks, stormwater, and other building projects, such as police, fire, and library buildings, compete for these scarce resources. The figure above shows the FY 2023 CIP Budget by project type.

**FY 2023 CIP Budget by Funding Source**



The Pure Water Project Phase 1 (also known as Potable Reuse) is \$349.0 million or 42% of the total FY 2023 CIP budget. The box on the following page provides more information on [Pure Water San Diego](#).

**FY 2023 Adopted CIP Budget by Asset Type**  
\$ in Millions



<sup>1</sup> Annual allocations are composed of smaller projects that provide ongoing repair and replacements of certain asset types, such as streets and traffic signals.



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Outside of Pure Water, Water and Wastewater projects account for \$279.8 million or 34% of the total CIP budget, for example, this includes projects for water and sewer main replacements and large-diameter water transmission pipeline. Buildings account for \$63.8 million (or 7.6%) of the total CIP budget. Transportation projects account for \$60.2 million or 7.2% of the total and include roadways, traffic signals, sidewalks, bridges, and bicycle facilities.

Stormwater accounts for less than 4% of the FY 2023 CIP budget, but has the highest unfunded needs in the CIP Outlook of \$1.4 billion over the FY 2023-2027 period (unfunded need by asset was not released in the FY2024-FY2023 Outlook). Ongoing deferral of needed projects results in continued aging and deterioration of existing assets, and further increases costs.<sup>2</sup> The photo below shows a failed City stormwater pipe.

Anticipated funding is not included in the CIP budget if the funding sources either require additional City Council approval, or the funding sources are more tentative. Staff will request City Council approval to appropriate when the funds have been received.



[Pure Water San Diego](#) is the City of San Diego's phased, multi-year program that will provide nearly half of San Diego's water supply locally by the end of 2035. The Pure Water San Diego Program will use proven water purification technology to clean recycled water to produce safe, high-quality drinking water. The Program offers a cost-effective investment for San Diego's water needs and will provide a reliable, sustainable water supply.

Pure Water is a 20-year (2015-2035) project funded by the water and wastewater enterprise funds, is projected to provide a total of 83 million gallons per day, and includes two phases:

- ◆ Phase 1 (North City) is under construction and is designed to deliver 30 million gallons per day of purified water into the City's potable (drinking) water system by FY 2027
- ◆ Phase 2 (Central Area) is in the planning stage and is designed to deliver 53 million gallons per day by 2035.



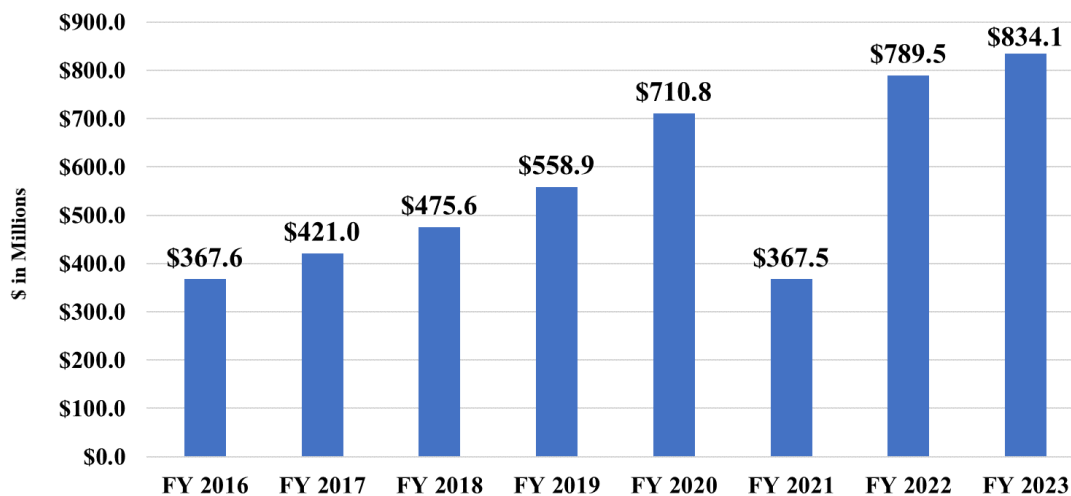
<sup>2</sup> On March 15, 2022, Council authorized the City to implement Water Infrastructure Finance Innovation Act (WIFIA) Loans of \$359 million over 5 years to finance eligible Stormwater projects (to be repaid by the General Fund.) For more information, see our [Review of the FY 2023-27 CIP Outlook](#) (Attachment1).

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## CIP Budget Growth

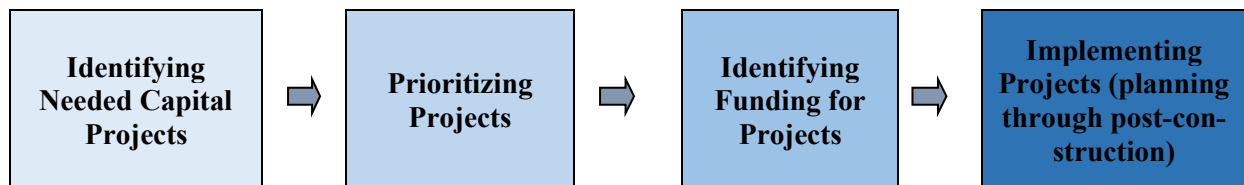
The size of the City's annual CIP portfolio has grown significantly over previous years, as shown in the following figure. Since 2016 (the first year of the CIP Outlook), the City's CIP budget has increased by 126.9% from \$367.6 million to \$834.1 million in FY 2023. Since the prior year (FY 2022), the CIP has increased by 5.7%. The CIP budget decreased by 49.5% from FY 2020 to FY 2021, primarily due to delays with the Pure Water Project which added no additional funding in FY 2020. These delays, which were due to litigation, have since been resolved. As the CIP portfolio has grown, the City's capacity to deliver these projects is very important (discussed in more detail in the Implementing Capital Projects section of this Guide).

**Year-Over-Year Total CIP Budget**



## The CIP Process

The City's process for how an infrastructure need becomes a CIP project and ultimately a capital asset is complex and involves various departments, funding sources, and asset types. The process generally includes the following key steps, and we discuss each step in more detail in the following sections of the Guide. The process generally includes:



## Identifying Needed Capital Projects

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City staff from Asset-managing departments (AMDs) that operate, manage, or maintain infrastructure assets—such as Public Utilities, Transportation, Stormwater, and Parks & Recreation—have knowledge, experience, and expertise to identify capital needs as well as an understanding of related legal requirements. Therefore, AMD staff are responsible for identifying needed capital projects to be included in the CIP Outlook and budget in coordination with the City’s Capital Improvements Program Review and Advisory Committee (CIPRAC) and input from various stakeholders. AMD staff generally identify needed CIP projects based on one or more of the factors or input discussed in more detail in the following sections.

- Direction from the Mayor and City Council
- Preservation of Public Safety
- Legal Requirements or Mandates
- Data-Driven Asset Management Practices
- City Plans
- Community Input

## CIPRAC

- ♦ The Capital Improvements Program Review and Advisory Committee (CIPRAC) is an internal decision-making body largely made up of senior-level AMD staff. It reviews projects and priority ranking scores submitted by AMDs during the budget process and makes project recommendations to the Mayor for inclusion in the CIP budget.

## Direction from the Mayor and City Council

Direction is provided to staff by the Mayor as well as through formal policies, reports, and plans adopted by the City Council. The City Council also communicates priorities through [Council Budget Priorities](#) and requests.

## Preservation of Public Safety

Preservation of public safety is one of the top priorities for the City. E&CP has an emergency response section that 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

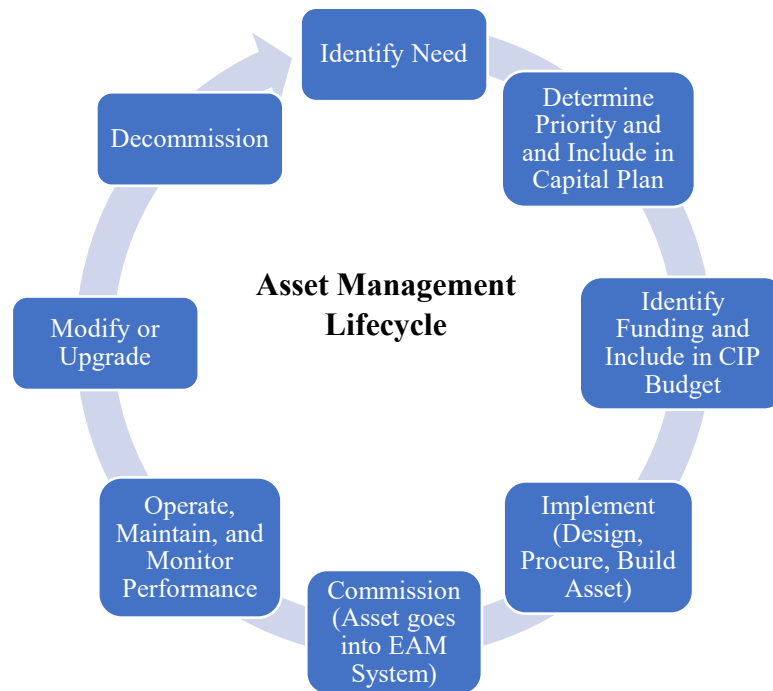
The City faces a wide range of mandates from federal, state, and regional regulatory agencies regarding asset design and attributes, most of which have consequences if the mandate is unmet. Many of these legal mandates regulate a specific standard, such as water and air quality rules, to preserve and maintain public health or to protect the environment. Others exist to protect civil rights, such as the Americans with Disability Act (ADA) accessibility standards that provide access to the City’s programs and services for persons of all abilities. The City’s failure to meet these requirements could result in substantial fines or exposure to litigation.

## Data-Driven Asset Management Practices

Data-driven Asset Management practices play an important role in helping to effectively plan for investments in infrastructure. Asset Management is a recommended best business practice for effectively and sustainably managing assets at a desired level of service for the lowest lifecycle cost. Similar to maintenance on your car, like getting the oil changed every 3,000-5,000 miles, infrastructure assets have predictive and preventive maintenance strategies to support effective lifecycle

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management from acquisition to disposition. Conducting ongoing planned preventative and predictive maintenance is critical for optimizing the life of capital assets in the most cost-effective manner. When ongoing maintenance is not fully funded, it contributes to deferred maintenance and capital needs, raises risks of asset depreciation to the public, and increases repair and replacement costs.<sup>3</sup> The City's Asset Management Lifecycle process is shown in the following figure.



The City also has a [Strategic Asset Management Plan \(SAMP\)](#) which was issued in June 2018 that provides Asset Management objectives, strategy, and policy as well as guiding departmental Asset Management plans and programs. The SAMP also provided 27 action items that were needed to achieve the objectives and ensure investments the City made in EAM were fully realized. The 2018 SAMP helped position the City to holistically prioritize infrastructure investments while also creating more transparency and collaborations through restructuring new roles and responsibilities.

The following sections include more details on departmental data-driven Asset Management practices that provide a sound basis for identifying capital needs, such as using an Enterprise Asset Management system (EAM) to support work management and planning, establishing Service Level Standards (SLS), and conducting condition assessments.

For more information, see our [Review of Asset Management Practices and Use of the EAM System](#), where we provide an update on citywide practices, including an assessment of the status of the 27 recommendations from the SAMP; the extent to which EAM is being utilized by the six departments/divisions that implemented the system in 2018; and key ongoing Asset Management initiatives.

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<sup>3</sup> While capital repair, rehabilitation, or replacement are eligible to be in the CIP budget, maintenance is considered to be an operational cost typically funded by the AMD's operating budget or other non-capital funding sources.



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## Enterprise Asset Management System (EAM)

Given the significant amount of information and data needed for effective and sustainable management of infrastructure assets for a large City like San Diego, an Asset Management system is required to support work management and planning to maximize investment strategies. The City's primary Asset Management system is called Enterprise Asset Management system (EAM). EAM Phase 1 replaced 28 other departmental applications when it went live in 2018. Six departments/groups currently use EAM: (1) Information Technology/Wireless Communications; (2) E&CP; (3) General Services/Facilities Services Division; (4) Public Utilities; (5) Stormwater, and (6) Transportation.<sup>4</sup> The Department of Information Technology anticipates expanding this system to additional departments (EAM Phase 2) in future years.

Key Features of the EAM System include:

- An automated, real-time work management system that provides key asset information, such as asset condition, to support planning, scheduling, and execution of maintenance and repairs.
- Mobile, map-based tablets used by workers in the field which enables paperless reporting and access to maintenance history and other key asset information.
- Asset Management Planning (AMP), a tool that enables risk-based analysis, prioritization, and long-term capital planning. The map-based component of the tool enables E&CP staff to plan work on co-located assets in a bundled project and reduce multiple digging up of streets.
- Accurate, detailed analytics and reporting.

## Service Level Standards (SLS)

Service Level Standards (SLS) provide a defined level of quality and reliability for the delivery of an asset against which service performance may be measured. A successful Asset Management program achieves targeted service levels at the lowest cost and risk. Establishing SLS helps staff to focus efforts and resources, communicate service expectations and choices, and provide support for budget requests. These goals usually fall into four major categories,

1. Reliability – Continuous, uninterrupted service to customers. Examples include targets and limits for unplanned events, crew dispatching times, and outage duration.
2. Quality – Commitment to delivering high-caliber products/services. Examples include targets for water odor, taste, color, and pressure.
3. Customer Service – Commitment to respond to customer needs in a courteous and timely manner. Examples include standards for complaint handling, new service connections, and call center wait times.
4. Regulatory – Reliability and quality targets mandated by regulators and legislators. Examples include U.S. Environmental Protection Agency (EPA) standards and consent decree compliance.

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<sup>4</sup> Assets currently included in EAM include: wastewater mains, water distribution mains, water transmission mains, streets, bridges, facilities, storm drainpipes, and pressure regulating valves. The following facility types were also included as part of facilities data: Library, Police, Park & Recreation buildings, and Fire-Rescue.

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Many of the City's existing SLS were established by federal, state, and regional regulations, laws, and industry standards. Additionally, General and Community Plans help to inform public infrastructure requirements and needs. These goals reflect accepted infrastructure requirements such as increased park space, access to public safety, improved traffic patterns, and public safety facilities. The table below ([from the FY2023-27 CIP Outlook](#)) provides infrastructure assets and the basis for each.

Capital Asset Type	Current Service Level Standard Source
Airports	Federal Aviation Administration and Industry Standards
Bicycle Facilities	San Diego Bicycle Master Plan
Bridges	CALTRANS inspection reports
Civic, Cultural and Community Centers	Facility Condition Index (FCI)
Disabled Access	Federal, State and Local Regulations and Laws
Fire Stations	General Plan, FCI, Fire Department Standard of Response Coverage
Golf Courses	Five-Year Golf Plan, 2012
Libraries	General Plan, Library Master Plan, FCI, and American Library Association Guidelines
Lifeguard Stations	General Plan, FCI and Department Standards
Parks	Parks Master Plan, Park Amenity Condition Assessment
Police Stations	General Plan, FCI, Industry Standards, and Department Standards
Recreation Centers	General Plan, FCI and Department Standards
Sidewalks	Community Plans, Mobility Plans, and Transportation Needs List

## Condition Assessments

Conducting condition assessments is a critical tool in effectively managing infrastructure assets. Condition assessments provide information on the state of assets, such as age and type, and frequency of usage, to provide a rating and determine remaining useful life. This information provides valuable insight into the nature and timing of possible failure. By having an inventory of all the City's assets and information on their location and current condition in EAM, AMD staff can make well-supported decisions on what maintenance and capital projects are needed to achieve SLS.

The following table provides information on the status of condition assessments that the City has been conducting for facilities, streets, sidewalks, developed parks, and water and wastewater assets, over the past 10 years. Note that condition assessments for General Fund facilities include City administration buildings, police, fire stations and lifeguard stations, libraries, recreation centers, and park facilities.

## A Public Guide to Infrastructure

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As discussed in the table, each asset type generally has a condition scale of 0-100, but the meaning varies based on the asset. For example, the *higher* the pavement's overall Condition Index (OCI) score, the better the condition of the pavement. Conversely, the *lower* the Facility Condition Index (FCI) and Park Condition Index (PCI) scores, the better the condition of the asset.

Condition assessment data are generally housed within EAM. As AMD staff use this system to record maintenance and repairs, this helps to keep asset data accurate and up to date.



Ocean Beach Lifeguard Station

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Asset-Type/s	Condition Assessment Status
Facilities – General Fund	The City conducted facilities condition assessments from FY 2014-16, including 693 leased and non-leased City buildings that are supported by the General Fund. The assessment resulted in \$828.7 million in needed capital projects to achieve a Facility Condition Index (FCI) rating of “good.” The <i>lower</i> the FCI score, the better the condition of the asset. This estimate does not include funding to make any necessary facility upgrades and expansions, or to address seismic issues. For more information, see <a href="#">City Council Report No. 16-105</a> , and <a href="#">IBA Review of General Fund Facilities Condition Assessment and Proposed Service Level Standards</a> .
Facilities – Park and Recreation	Parks and Recreation facilities are included in the General Fund Facilities above. Also, conditions assessment of facilities in Balboa Park were conducted in FY 2016 (Balboa Park Amenity Condition Assessment). For more information, see the: <a href="#">FY 2016 Balboa Park Amenity Condition Assessment Report and Proposed Service Level</a>
Facilities – Public Utilities	The City conducted a condition assessment of Public Utilities facilities in FY 2014-15, including City-occupied facilities and leased facilities. General Services Department/Facilities Services requested funding for a new assessment as part of FY 2024 budget submissions.
Facilities – Libraries	Phase 2 of the Library Master Plan is currently underway and anticipated to include a condition assessment of all library facilities and be completed in Fiscal Year 2024
Developed Park Amenities	The City’s park system includes nearly 40,000 acres of developed parks and undeveloped open space. The City conducted a condition assessment of 76 of its 249 developed parks in FY 2014-16, limited to the condition of park assets, such as playgrounds, playing fields, courts, parking lots, and roads. The assessment estimated \$24.8 million is necessary to bring these amenities to “good condition,” as defined by a Park Condition Index (PCI) developed by the City (consistent with the facilities index – FCI). Like the FCI, the <i>lower</i> the PCI score, the better the condition of the asset. This estimate does not include needed park amenity upgrades or expansions.  The City completed the condition assessments on the remaining developed park amenities at the end of FY 2019, but does not include joint-use, open space parks, and irrigation systems. Condition assessment data was included in the update of the Parks Master Plan. For more information, see <a href="#">Park Amenity Assessment: Cumulative Report</a> and <a href="#">Balboa Park Condition Assessments: General Fund Facilities, Water &amp; Sewer Assets, and Park Sites</a> .
Sidewalks	The City maintains about 4,600 miles of sidewalks. The City completed an inventory and assessment of the condition of its sidewalk network in FY 2014-15. The sidewalk assessment identified (1) \$52.7 million was needed to repair and replace 86,000 existing sidewalk deficiencies and (2) 700 miles of non-existent sidewalks.  Since the assessment, an additional 23,000 damaged locations have been identified and about 60,000 locations have been funded for repair. The Department estimates the total number of known remaining sidewalk deficiencies to be approximately 60,000. The cost to address all current CIP sidewalk deficiencies within 10 years is \$12.0 million annually, in current year dollars. Note that FY 2023 is considered to be year one, since sidewalk funding has been non-existent/extremely small since the condition assessment concluded.  State law (California Street & Highways Code, Section 5610) places the responsibility to maintain sidewalks in a safe condition



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Asset-Type/s	Condition Assessment Status
	largely on the adjacent property owner. However, <a href="#">Council Policy 200-12: Sidewalk Maintenance Policy</a> , 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.
Streets	<p>The City maintains about 3,000 miles of streets. The Mayor’s Five-Year Street Pavement Repair Program (approved by Council in 2015) 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 which represents “good” condition (on a scale of 1-100) over the next ten years. The OCI takes into account pavement distresses (such as potholes and cracking) and the roughness of the road. The <i>higher</i> the OCI score, the better the condition of the pavement. Conversely, the <i>lower</i> the FCI and PCI scores, the better the condition of the asset.</p> <p>The City completed a pavement condition assessment in 2016 which indicated that the City’s streets have an average OCI of 72. The assessment determined that of the City’s streets: 60% are in good condition, 34% are in fair condition, and 6% are in poor condition.</p> <p>The Transportation Department has a goal of assessing street pavement conditions once every four years to reflect current asset condition. A new assessment is planned to begin in winter 2023, and until that is completed the actual OCI is not known.</p>
Water and Wastewater	<p>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, pump stations, storage facilities, and treatment plants. The Public Utilities Department conducts condition assessments for many of its water and wastewater infrastructure assets.</p> <p>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. The condition assessment report for the FY 2015-22 Water Pipelines is anticipated to be completed by FY 2022. FY23 to FY27</p> <p>For sewer pipelines, PUD assesses about 50-60 miles per fiscal year. The report for the FY 2021-26 Sewer mains CCTV and Assessment is anticipated to be completed by FY 2026. And the FY 2022-23 Trunk Sewer Condition Assessment report is anticipated to be completed by FY 2023.</p> <p>Public Utilities is also assessing Dams and Outlet Towers with the condition assessment report anticipated to be completed by FY 2027.</p>

# A Public Guide to Infrastructure

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## City Plans

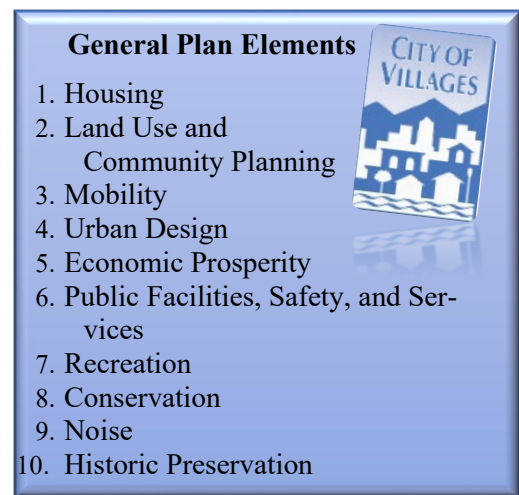
Various City plans provide strategic goals, policy guidance, outline infrastructure needs and objectives, and help guide staff in identifying needed capital projects, as discussed in the following sections. Note, needed infrastructure is also identified through various state and regional plans, such as the Regional Transportation Improvement Plan.

### Strategic Plan

The City launched a new [Strategic Plan](#) in January 2022 that identifies the City's vision, mission, operating principles, and priority areas of focus for 2022 and beyond. The plan outlines the specific outcomes, expected results, and related strategies on which City leaders and employees will work collaboratively to deliver community needs. To support transparency, the plan includes an online dashboard to keep the public updated on different areas of progress over time. This includes goals and stats for [Advanced Mobility and Infrastructure](#).

### The General Plan

The [General Plan](#) provides a long-term vision and strategic framework for how the City should grow and develop, provide public infrastructure and services, and improve the quality of life for San Diegans. It is comprised of 10 elements that provide a comprehensive slate of citywide policies and further the City of Villages smart growth strategy for growth and development. The elements are shown in the box to the right.



### Community Plans

[Community Plans](#) work together with the General Plan to provide location-based policies and recommendations in the City's 52 community planning areas. Community plans refine the General Plan's citywide policies, designate land uses and housing densities, and provide additional site-specific recommendations as needed. They also identify the public infrastructure needed to serve the existing community and anticipated new growth based on the community's vision and policies in the General Plan.

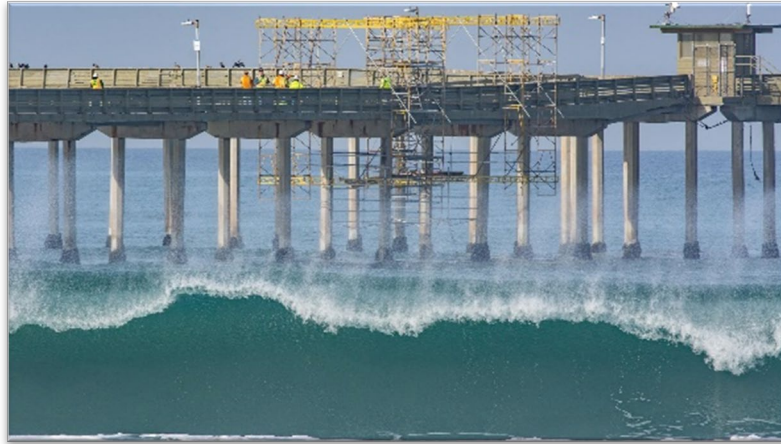
### Development Impact Fee (DIF) Plans

Development Impact Fees (DIF) are assessed to ensure the impact of new development is mitigated through appropriate fees. Starting October 21, 2022, [three new Citywide DIFs](#) for Fire-Rescue, Library, and Mobility were updated to replace the over-assessment methodology that was based on community-specific DIFs. Citywide Fire-Rescue, Library, and Mobility DIFs will replace their respective component of Community Planning Area-based DIFs, and will be applied to residential and non-residential developments at final inspection except in the instance where the Citywide DIF would result in an increase from any other applicable component of the specific DIF until June 30, 2023.

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# A Public Guide to Infrastructure

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Ocean Beach Pier Improvements

## Climate Action Plan (CAP)

The City's [Climate Action Plan \(CAP\)](#) is one part of its comprehensive, coordinated approach to addressing climate change, known as Our Climate, Our Future. The City originally adopted the Climate Action Plan (CAP) in December 2015. The CAP is an organized plan with defined strategies, goals, actions, and targets, with a primary goal of greenhouse gas reduction of 50% by 2035 from measured 2010 baseline amounts.



On August 2, 2022 the City Council adopted the new 2022 CAP, setting a new goal of reaching net zero for greenhouse gas emissions by 2035. The 2022 CAP contains new strategies, measures, and targets that have been updated from the original CAP, and staff has recently released a draft Implementation Plan that includes further information on funding needs, performance metrics, time frame, and implementation pathways. Our Office also developed a new Council Policy, which provides prioritization scores for the various actions contained within the CAP.

## Vision Zero Strategic Plan

Vision Zero is a strategy to eliminate all traffic fatalities and severe injuries associated with transportation. The City officially adopted Vision Zero in 2015, and issued a [Vision Zero Strategic Plan](#) in 2020 that provides a framework for improving road safety for all users, especially the most vulnerable and achieving zero traffic related fatalities and severe injuries by 2025. A key strategic action outlined in the plan is to budget and build capital improvements, with increased focus on communities of concern. These projects include sidewalks, bikeways, new signals, signal modifications, streetlights, traffic calming and median installation. The annual CIP Budget provides a description of budgeted Vision Zero projects.

## Mobility Plan

The City's [Mobility Action Plan](#) is aligned with Vision Zero and provides a vision to San Diego's Transportation Network that focuses on maintaining and expanding efficient, safe and convenient transportation options for all San Diegans. The plan is now known as the Mobility Master Plan and it is currently being updated, with a new draft anticipated in summer 2023. Similar to Vision

# A Public Guide to Infrastructure

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Zero, the revised Mobility Master Plan will identify needed capital projects to support safe transportation options while also reducing mobile sources of emissions and furthering a shift in transportation mode.

## Community Input

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 service levels for public infrastructure as well as community priorities. The City has developed a process to solicit public input on infrastructure needs and priorities every other year through the Community Planners Committee (CPC) in conjunction with publishing an engagement summary report that summarizes community input for project prioritization.<sup>5</sup> This community-input process is formalized in [Council Policy 000-32: Neighborhood Input on Infrastructure Needs and Priorities](#). Once input is provided, feasible project recommendations are sent to AMDs and prioritized among other identified capital needs to be considered for inclusion in the City's long-term capital plan (the CIP Outlook), and development of the CIP Proposed Budget.

The December 2022 update of Council Policy 000-32 expands the level of outreach conducted by the Planning Department. The Planning Department starts the community input process in July to capture neighborhood needs and priorities for the CIP Outlook and budget, with input due on October 1st. The public shall submit recommendations to the City by October 1st of each year to be considered for the upcoming budget fiscal year. Additionally, the Planning Department will provide outreach for and hold at least two public hearings to gain community input with focused engagement in underserved communities.

The Planning Department has also released a survey in March 2023, [Blueprint SD](#), to gather community input about future planning strategies and initiatives. Blueprint SD is a citywide effort to create a clear guide or 'blueprint' on how to grow in a climate-friendly way that also provides more homes for people. The Planning Department is studying multiple policy options to create the largest greenhouse gas (GHG) emissions reductions - and this effort will be informed by community input about how to prioritize strategies to support more San Diegans in a sustainable and equitable manner.

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<sup>5</sup> The CPC is comprised of the chairs of individual community planning groups and has a long-standing history of advising the City on Citywide matters.



# A Public Guide to Infrastructure

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## How members of the public can provide input on the needed infrastructure projects.

- ◆ Respond to the [Blueprint SD Priorities Survey](#).
- ◆ Stay up-to-date on [updates from the Planning Department](#) and respond to future community input surveys.
- ◆ Reach out to your [City Councilmember Council offices](#) (also, see page 34 of this Guide). Councilmembers submit their CIP priorities each year in early October and Budget Priorities Memos to the IBA in September and January.
- ◆ Attend meetings or contact representatives from community planning, recreation committees, and other groups [www.sandiego.gov/planning/involved/](http://www.sandiego.gov/planning/involved/). Community Planning Groups submit their CIP priorities in early October every other year through the CPC (this last occurred in October 2021). Giving them your feedback helps them to decide and prioritize which projects to request.
- ◆ Attend budget hearings to speak or submit public comment. The City Council hosts Budget Review hearings each year in May following the release of the Mayors Proposed Budget in April. These hearings represent the opportunity to revise the proposed budget, and the City Council makes recommendations based off of public comments.
- ◆ Contacting staff from the applicable AMDs (see page 36 for contact information).
- ◆ Report infrastructure issues through the [Get It Done](#) app.

# A Public Guide to Infrastructure

## Prioritizing Capital Projects

In the current environment where the City's infrastructure needs far exceed available funding, AMD staff must prioritize capital projects. [City Council Policy 800-14: Prioritizing Capital Improvement Program Projects](#) provides prioritization factors that are used by AMD staff to rank capital projects. This policy was recently updated in December 2022 to reflect current initiatives and prioritizes. The revised policy provides 7 weighted prioritization factors that are used by Asset Managing Department staff to rank projects based on different asset types.

These factors are summarized in the table to the right. Due to constraints with many available funding sources, CIP projects typically do not compete across different project categories, funding sources, or project phases.<sup>6</sup> Within this update, additional City Policies and Plans such as Build Better SD, Climate Action Plan, Parks Master Plan, and Mobility Plans were integrated in the prioritization matrix. Factor 3, Equal and Equitable Community Investment, was updated with new language on structurally excluded communities, equity, and Equality. Additionally, factor 4, Sustainability and Conservation, was updated to reflect the updated Climate Action Plan 2.0. Finally, there was a separation of asset categories (1) Parks & Recreation, (2) Library and (6) Flood Resiliency and Water Quality.

Factors
1. Legal Compliance and Risk to Health and Safety and Environment
2. Asset Condition and Service Level
3. Equal and Equitable Community Investment
4. Sustainability and Conservation
5. Funding Availability
6. Project Readiness
7. Multi Asset Benefit

The updates to Council Policy 800-14 provide the CIPRAC with additional project ranking methodology that more closely aligns infrastructure prioritization with the City's goals for the equitable and efficient delivery of Capital Projects.

As part of the approval process to fund projects, CIPRAC (and its PCC) reviews projects and the ranking scores that were submitted by AMDs. In rare cases when there is available discretionary funding or projects' ranking scores are tied, CIPRAC assesses the needed projects, proposes which project/s should receive the funding, and submits these recommendations to the Mayor for inclusion in the proposed CIP budget. CIPRAC tries to prioritize available funding to projects that will allow a partially funded project to be completed. E&CP staff refine the priority score during the preliminary stage of project implementation.

The following table provides scoring weights for each prioritization factor per asset category in recognition that different assets serve distinct needs.

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<sup>6</sup> Project categories include enterprise-funded assets such as water and wastewater infrastructure and 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.

# A Public Guide to Infrastructure

## Scoring Weights for Prioritizing Capital Projects

Factors	Parks & Rec and Golf Assets	Library Assets	Mobility Assets	Public Safety & General Service Assets	Enterprise & Fee-Funded Assets	Flood Resiliency & Water Quality Assets
1. Legal Compliance and Risk to Health and Safety and Environment	18	13	25	25	25	25
2. Asset Condition and Service Level	25	25	25	28	25	25
3. Equal and Equitable Community Investment	20	20	20	20	20	20
4. Sustainability and Conservation	25	25	15	15	15	15
5. Funding Availability	5	10	5	5	5	5
6. Project Readiness	5	5	5	5	5	5
7. Multi Asset Benefit	2	2	5	2	5	5

## Identifying Funding for Capital Projects

Once priority projects are identified, AMD staff work with the Mayor, City Council, and appropriate departments, such as the Department of Finance and Debt Management, to identify funding. However, they must do so within two major constraints. First, the City's infrastructure needs greatly exceed available resources. As we discussed earlier in this Guide, this is evidenced by the \$5.2 billion funding gap identified in the [FY 2024-28 CIP Outlook](#) which is for General Fund departments. As a result, there are competing priorities for limited funds.

Second, the available funding is from various sources, many of which have specific restrictions on how they can be spent. The table on the next page provides more information on the different types of funding sources and spending restrictions that were used in the FY 2023 CIP Budget. The use restricted categories are generally based on the type of project and geographic locations. For example, enterprise funds (like airports, golf course, and water and sewer) can only be spent on projects to improve or

### What happens when projects are not funded?

- ◆ Without funding, projects for stormwater, facilities (including those for Police, Fire-Rescue, Park and Recreation, and Library), transportation, and other General Fund assets are deferred, resulting in a significant backlog of deferred projects.
- ◆ The lack of investment in many of these is evidenced by the neglected appearance, increase in asset failure, and need for emergency projects.

# A Public Guide to Infrastructure

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maintain the condition of the assets for which the fees were collected, and Mission Bay Park Improvement Funds or San Diego Regional Parks Improvement Funds can only be used for improvements within the parks.

## **Flexible Funding**

The most flexible funding sources that can be used to fund any General Fund capital project, are the City's General Fund, Infrastructure Fund, and bonds and other financing. Due to competing priorities in the operating budget and the significant costs of capital projects, the CIP cannot rely heavily on the General Fund. However, the General Fund still contributes a significant amount of funding for CIP projects, because it funds the debt service payments for the City's lease revenue bonds.

The Infrastructure Fund in the FY 2024-28 CIP Outlook includes \$111.9 million for capital projects for bridges, existing facilities, fleet, new fire stations, new lifeguard stations, parks, sidewalks and stormwater.<sup>7</sup> Due to revenue shortfalls in the prior fiscal years associated with the COVID-19 pandemic, contributions were not made to the Infrastructure Fund in FY 2020 and 2021. The City's economic recovery from the pandemic is expected to result in the City resuming its contributions to the Infrastructure Fund over the Outlook period.

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<sup>7</sup> As adopted by Voters in 2016 as Proposition H, the Infrastructure Fund receives a portion of growth in major General Fund revenues and dedicates those amounts to support City infrastructure.

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# A Public Guide to Infrastructure

Funding Source	Description & Restrictions	FY 2023 CIP Budget	Percent of Total
<b>Climate Equity Fund (CEF)</b>	The CEF was recently created (by Resolution 313454) in March 2021 to help underserved communities effectively respond to impacts of climate change. CEF revenues are received from a portion of the gas and electric franchise fees. CEF projects must have an impact on reducing greenhouse gas emissions, enhancing safety in the public right-of-way, relieving congestion, or achieve other climate equity concerns and be located in a disadvantaged community located within an area that scores between 0 and 60 on the Climate Equity Index. <sup>8</sup>	\$7,404,246	0.89%
<b>Development Impact Fees (DIF)</b>	In urbanized communities which are near buildout, as defined in the City's General Plan, DIF are collected to mitigate the impact of new development through provisions of a portion of the financing needed for public facilities identified in the Impact Fee Study, and to maintain existing levels of service for that community. Upon determination of the community buildout population, the estimated cost to construct the facilities is divided amongst residential and nonresidential development.	\$471,119	.06%
<b>Facilities Benefit Assessments (FBA)</b>	FBAs provide 100 percent of funding for public facilities projects that service a designated area of benefit and are identified in the Public Facilities Financing Plan. The dollar amount of the assessment is based upon the cost of each public facility equitably distributed over a designated area of benefit in the community planning area. Assessments are recorded as liens with the County Assessor's Office. Property being developed is assessed at the time the building permit is issued. The amount of the assessment is determined by the type and size of the development.	\$205,851	.02%
<b>Gas Tax Fund</b>	The Gas Tax Fund collects revenue resulting from a State tax on the sale of gasoline. The City's share of gas tax revenue is based on a formula that considers vehicle registration and population. The funding generated is used to perform citywide repairs and restoration to existing roadways, reduce congestion, improve safety, and provide for the construction of assets within the public right-of-way. The Gas Tax Fund includes a Maintenance of Effort (MOE) provision which establishes minimum base levels of discretionary funds spending annually on the maintenance and improvement of public right-of-way to continue to receive funding.	\$6,993,631	.84%
<b>General Fund</b>	The General Fund is the main operating fund that pays for basic services that use most of the City's tax revenue, such as public safety, parks, and library services. The General Fund is also supported by fees from licenses and permits, fines, and investment earnings. Some allocations to the CIP budget are contributed from the operating budget of General Fund departments.	\$40,198,276	4.82%
<b>Golf Course Enterprise Fund</b>	These Funds support the City's three municipal golf courses: Balboa Park, Mission Bay and Torrey Pines, and receive revenue from course operations, which are in turn used to fund capital projects that improve and/or maintain the condition of the courses.	\$2,000,000	0.24%
<b>Infrastructure Fund</b>	Prop H was a 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.	\$28,444,223	3.41%

<sup>8</sup> The Climate Equity Index is a tool that measures the level of access to opportunity residents have within a census tract.



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Funding Source	Description & Restrictions	FY 2023 CIP Budget	Percent of Total
<b>Mission Bay Park Improvement Fund</b>	Mission Bay rents and concessions revenue is allocated to the Mission Bay Park and San Diego Regional Parks Improvement Funds in accordance with the San Diego City Charter, Article V, Section 55.2. The funds in the Mission Bay Park Improvement Fund may only be expended in Mission Bay Park for permanent or deferred capital improvements of existing facilities, as well as to improve environmental conditions consistent with the Mission Bay Park Master Plan. The funds in the San Diego Regional Parks Improvement Fund may only be expended for permanent or deferred capital improvements in San Diego's regional parks. The City of San Diego's regional parks include Balboa Park, Chicano Park, Chollas Creek Park, Chollas Lake Park, Mission Trails Regional Park, Otay River Valley Park, Presidio Park, San Diego River Park, open space parks, and coastal beaches and contiguous coastal parks.	\$7,566,612	0.91%
<b>Other Funding</b>	This includes the following Funds with small levels of funding: Airport, Capital Outlay - Land Sales, and the Refuse Disposal Fund.	\$4,225,000	0.51%
<b>Recycling Fund</b>	The Recycling Fund is an enterprise fund that supports the City's recycling programs and infrastructure, receiving revenue from a variety of fees associated with recycling.	\$6,200,000	0.74%
<b>San Diego Regional Parks Improvement Fund</b>	The San Diego Regional Parks Improvements Fund is to be used only for non-commercial public capital improvements for San Diego Regional Parks and park uses. Funding is directly related to the City of San Diego Charter, Article V, Section 55.2 which requires that one-quarter of all lease revenues collected from Mission Bay Park in excess of \$20.0 million, or \$2.5 million (whichever is greater), be allocated to the Regional Parks Improvements Fund to solely benefit San Diego Regional Parks.	\$4,074,329	0.49%
<b>Sewer Funds</b>	Sewer Funds are enterprise funds that support the Municipal and Metropolitan Sewer Systems projects that meet the requirements of the Clean Water Act, as well as to replace and/or rehabilitate the aging sewer system infrastructure. Funding for sewer capital projects is provided by sewer rates and grants. Projects utilize a variety of financing strategies, including pay-as-you-go cash financing, bond financing, and state revolving fund loans.	\$270,615,618	32.44%
<b>TransNet Funds</b>	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. The City utilizes TransNet cash for projects as much as possible to minimize the issuance of bonds which increases the costs of funding the project. <sup>9</sup>	\$27,832,594	3.34%
<b>Trench Cut/Excavation Fee Fund</b>	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	0.24%

<sup>9</sup> TransNet Commercial Paper is a borrowing tool that can be used to raise cash needed to cover cash-flow deficits and is generally viewed as a lower-cost alternative to bank loans. The issuance of TransNet Commercial Paper may be utilized when feasible to further reduce debt service costs.

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Funding Source	Description & Restrictions	FY 2023 CIP Budget	Percent of Total
<b>Utilities Under-grounding Program Fund</b>	Revenue received from a surcharge collected by San Diego Gas & Electric on electric bills for the under-grounding of utilities.	\$5,000,000	0.60%
<b>Water Fund</b>	The Water Fund is an enterprise fund that supports the City's Water System and to meet State and federal requirements. Funding for water capital projects is provided by water rates and grants. Projects utilize a variety of financing strategies, including pay-as-you-go cash financing, bond financing, commercial paper, and state revolving fund loans.	\$420,846,792	50.46%
<b>Total</b>		<b>\$834,078,291</b>	<b>100.0%</b>

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## Development Impact Fees (DIF)

Another significant resource for General Fund assets is community-based funding. Impact Fees are imposed on new development projects as a one-time fee typically at building permit issuance to provide a share of the cost of needed public facilities to serve new development.<sup>10</sup> The FY 2024-28 CIP Outlook includes total revenues of \$351.0 million during the Outlook period. Historically, impact fees have been referred to as either an FBA or DIF based on the community, and revenue must be spent on specific projects in the community where the development occurred.<sup>11</sup>

Due to the largely built out nature of the City and changes in State law requirements, the City's goal is to transition the collection of DIF to allow it to be used across the City, based on asset type. For example, the Parks Master Plan was adopted by City Council in August 2021 and this initiative introduced a new citywide Parks DIF to replace the geography specific fees. The Citywide Park DIF will allow for future fees to be spent where the greatest need for parks exist Citywide rather than being restricted to the community plan area where the fee was collected. As noted in the CIP Outlook, the Citywide Park DIF will be shown as a different funding source than the traditional community based DIF in future reports. However, this will only apply to newly generated DIF revenue, and existing DIF balances will still carry their earlier restrictions.

The City began implementing the Parks for All of Us and [Build Better San Diego](#) Citywide Initiatives with the passage of related ordinances in 2021 and 2022. This included a change from community- or geographic-based DIF where funds must be spent in the community in which development occurs to asset-based Citywide DIF where funds can be spent Citywide for certain assets including: fire stations, libraries and assets that facilitate transportation like bike facilities.

## Other Important Funding Sources

In addition to the funding sources being used in FY 2023, the City relies on other sources to fund capital improvement projects, based on their availability. Some of these sources also have restrictions on how they can be used.

### Federal and State Grants and Loans

Federal and state grant and loan programs are important sources of funds for infrastructure projects. Several grant and loan programs used by the City are discussed in the following section.

***Community Development Block Grants (CDBG)*** – In FY 2023, the City was provided \$5,900,000 for capital projects from the U.S. Department of Housing and Urban Development's annual CDBG Program. This program is intended to benefit low- and moderate-income citizens through improvements to local communities, such as public services, community/economic development, and capital improvement. CDBG funding for capital improvement may be used for public facilities and improvements, for example, to neighborhood facilities, fire stations, libraries, parks, streets, and sidewalks. CDBG funds cannot be used for operating or maintaining public facilities or public improvements, and projects using these funds must be completed within 24 months. The City's CDBG Program guidance is outlined in [Council Policy 700-02](#). For more information on the

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<sup>10</sup> Communities that were newly developing were FBA communities, whereas urbanized communities were DIF communities.

<sup>11</sup> Plans that identify needed new public infrastructure for each community include Impact Fee Studies and Public Facilities Financing Plans.

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program or to see a list of projects, review [Attachment B](#) of the Annual Action Plan for HUD programs (CIPs can be found on pages 7 of 13).

***California State Revolving Fund (SRF) Loan Program*** – The SRF program provides loans with low borrowing costs and interest rates, and flexible repayment terms for infrastructure projects. The FY 2024-28 CIP Outlook includes \$85 million in SRF loans for stormwater.

***Infrastructure Investment and Jobs Act (IIJA)*** - The Infrastructure Investment and Jobs Act (IIJA) (also known as the Bipartisan Infrastructure Law) became federal law in November 2021 and will allocate about \$1.2 trillion nationwide over ten years for transportation and infrastructure spending, with \$550 billion going toward new investments and programs to address energy and power infrastructure, access to broadband internet, water infrastructure, and other projects. The State of California is estimated to receive \$46.6 billion over ten years. The extent to which the City will benefit from this new funding currently is not clear as it primarily is being made available through competitive grants or formula based funding that is passed through the State. While funding may be used primarily for capital projects, it is not limited to only those projects but rather depends on the type of grant.

As part of IIJA, the City will be receiving \$1.18 million dollars in 2023 in one-time funding directly through the Energy Efficiency and Conservation Block Grant program. An effective strategy for evaluating potential grant and other funding opportunities is very important, and the City continues to evaluate internal and regional projects which may be eligible for funding. The City has submitted applications for the following projects (decisions on funding awards are expected in early 2023):

- U.S. Department of Transportation (DOT) Safe Streets and Roads for All Program – \$15 million capital grant for traffic and pedestrian safety improvements along El Cajon Blvd
- U.S. DOT Bridge Investment Program – \$24 million for phase I of the Palm Avenue Interstate-805 project
- National Oceanic and Atmospheric Administration (NOAA) Coastal Habitat Restoration and Resilience Grants for Underserved Communities – \$590,000 for Planning grant for the Chollas Creek Watershed Regional Park Master Plan

***Inflation Reduction Act (IRA)*** - The federal Inflation Reduction Act (IRA) was signed into law in August 2022 and will provide \$385 billion in new energy and climate-related programs over ten years, with the goal of cutting nation-wide carbon emission by an estimated 40% by 2030. The IRA is expected to provide a combination of formula and competitive grant funding opportunities. While analysis of IRA programs and potential funding opportunities that could benefit the City and regional partners is still being conducted, examples of IRA programs that potentially could provide funding opportunities for the City include:

- U.S. DOT Neighborhood Access and Equity Program – \$3 billion in competitive grants, with priority given to disadvantaged communities for projects that improve connectivity/mobility, reduce urban heat, and improve safety, among other things.

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- Environmental Protection Agency (EPA) Environmental and Climate Justice Block Grants – 39 \$3 billion in competitive grants to invest in disadvantaged communities and address disproportionate environmental and public health harms related to pollution and climate change.
- U.S. Department of Energy Latest and Zero Building Energy Code Adoption – \$1 billion to support state and local governments to adopt updated building codes or that meet or exceed zero energy provisions.

***Water Infrastructure Finance Innovation Act (WIFIA) Loans*** –WIFIA is a federal credit program administered by the U.S. Environmental Protection Agency (EPA). The program is designed to promote improved water, wastewater, and stormwater infrastructure. Similar to other Federal credit programs, funds are sourced from the U.S. Treasury and utilize the EPA as the conduit lender. The City has utilized WIFIA loans for water and more recently stormwater projects. The [FY 2024-28 PUD Outlook](#) includes \$340.5 million in WIFIA Funding for the Pure Water project and the FY 2024-28 CIP Outlook includes \$231.2 million in WIFIA funding primarily to finance stormwater projects.

WIFIA loan agreements cover a financing plan for \$733.0 million worth of stormwater projects, with \$359.2 million (49%) coming from the WIFIA program and \$373.8 million (51%) coming from other sources, including additional grants, state loans, or City Lease Revenue Bonds (LRBs). The funding included in the Outlook associated with this plan includes \$231.2 million in WIFIA financing, which in addition to the FY 2023 amount of \$128.0 million represents the entirety of the WIFIA loan.

WIFIA financing is debt that will need to be repaid by the City following the conclusion of the drawdown of funds, which staff estimates would total \$29.5 million (including for WIFIA repayment as well as LRB repayment) by FY 2028 according to the FY 2024-2028 Five-year Financial Outlook. If an additional funding mechanism for stormwater is not secured, these repayments will come from the City General Fund.

## Bond Programs and Other Financing

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. The most used bonds to finance public infrastructure in California are lease revenue bonds and general obligation (GO) bonds. The difference between the two is the source of repayment (for principal and interest) on the bonds.

***Lease Revenue Bonds*** – The City has primarily used lease revenue bond to finance infrastructure projects that otherwise lack dedicated funding sources.<sup>12</sup> 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 requiring a two-thirds majority vote.<sup>13</sup> Revenue bonds may carry a slightly

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<sup>12</sup> 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 conducted five lease revenue bonds issues for deferred capital needs totaling \$333.3 million, and all related bond proceeds have been fully expended.

<sup>13</sup> 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



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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. Revenue bonds are typically issued for a term of 20 to 30 years. Since debt service payments are made from the General Fund, each time the City issues this type of bond, it adds a long-term obligation to the General Fund.

**Commercial Paper Notes** – The City also uses a short-term financing mechanism that allows it to borrow when funds are needed for projects instead of issuing the full amount of debt for all project costs upfront (as is the case with bond programs). Borrowing funds when they are needed reduces related interest costs. However, it is important to note that commercial paper notes ultimately need to be paid down/taken out, and this is usually done with long-term debt like lease revenue bonds. The following table provides an update on commercial paper issuances for capital projects. The City Council approved the expenditure of \$160.4 million in commercial paper and lease revenue bond proceeds for various priority CIP projects in August 2021. The City will begin to spend these funds in FY 2022 and continue to expend over the next few fiscal years.

## General Fund CIP Debt Update \$ in Millions (as of September 2022)

Asset Type	Authorized Appropriation Amount	Encumbered	Expended	Remaining
Flood Resilience Infrastructure	\$49,522,255	\$15,455,387	\$11,727,648	\$22,339,220
Facilities	23,853,619	1,612,350	2,255,801	19,985,467
Guard Rails	280,000	-	160,000	120,000
Landfill	5,071,600	-	59,749	5,011,851
Citywide Energy	800,000	-		800,000
Parks	36,171,637	9,883,597	1,933,298	24,354,742
Streets	64,390,786	24,940,550	2,558,897	36,891,339
Transportation	20,155,975	24,437	913,923	19,217,615
Green Infrastructure	28,892,842	4,263,997	2,078,960	22,549,886
<b>Total</b>	<b>\$229,138,715</b>	<b>\$56,180,318</b>	<b>\$21,688,276</b>	<b>\$151,270,121</b>

Note: Totals may not round due to rounding. Also, the total amount includes the cost of borrowing. Further details can be found in the [CIP Mid-Year Budget Monitoring Report](#).

**General Obligation (GO) Bonds** – GO bonds provide an alternative to lease revenue bonds. GO 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

be 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.

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achieve two-thirds voter approval. They are also typically the least expensive type of debt available to municipalities and, therefore, can reduce financing costs for CIP projects, and have been highly successful in San Francisco and Los Angeles. For more information, see [IBA Report 15-26: Comparative Information about other Cities' Bond and Revenue Measures](#). Given the magnitude of the City of San Diego's infrastructure funding gap, GO bonds may need to be considered in the future.

**Public-Private Partnerships (P3)** – A P3 is when a public agency partners with one or more private entities to share responsibility and risks for the completion, management and/or financing of a public project, such as public transportation networks, parks and convention centers. P3s are considered another source of funding for infrastructure projects that does not require tax increases (although may require user fees, depending on the project). These partnerships differ from standard procurement practice wherein the public sponsor controls each phase (design, construction, finance, operation and maintenance) of the project. In a P3, a single private entity (which may be a consortium of several companies) assumes responsibility for multiple phases, accepting long-term risks in return for prospective rewards. For example, transportation P3s often feature user fees or tolls. Note, projects funded with traditional government resources also may include user fees or tolls.

## Implementing Capital Projects

Executing the CIP portfolio is complex due to the volume and variety of funding sources, asset types, and project delivery methods. For efficiency purposes, the implementation and management of approved CIP projects is centralized in E&CP. Note, E&CP has a CIP website that provides information on ongoing CIP projects via an interactive map: <https://www.sandiego.gov/cip/projectinfo>.

The City also has a newly created department, the Department of Strategic Capital Projects (SCP), that will provide engineering, project management, and construction management for complex, unique, and large capital projects that are beyond the capabilities of E&CP. Initial programs and projects for SCP are shown in the box to the right.

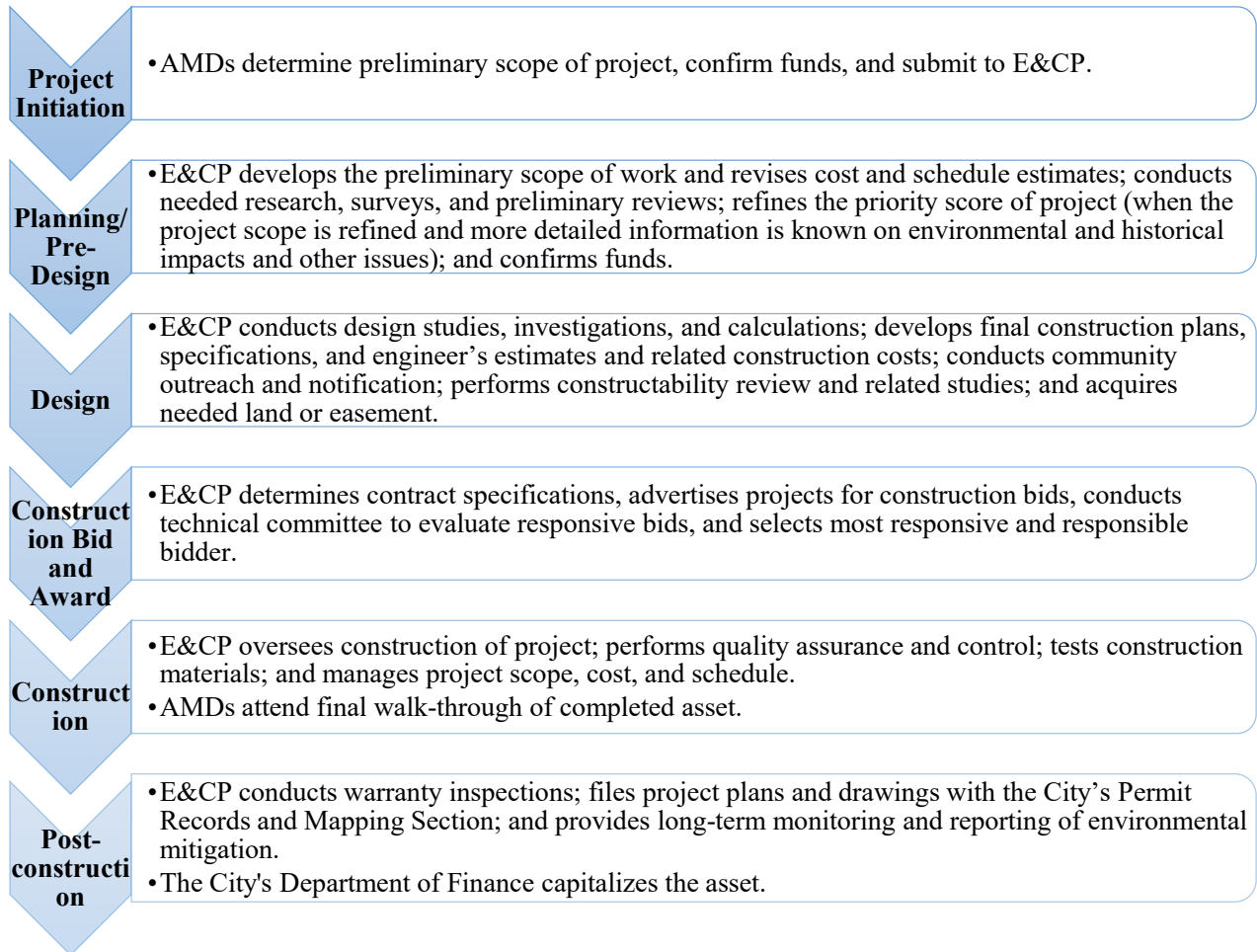
### SCP Programs and Projects

- ◆ Water and Sewer
  - Pure Water Phase 1
  - Pure Water Phase 2
  - Lake Hodges Dam
- ◆ Stormwater
- ◆ Transportation and Mobility
- ◆ Climate Sustainability and Energy
- ◆ Buildings and Structures
  - Kearney Mesa Repair Facility
  - OB Pier

Project implementation includes management and oversight of projects from initiation through project completion. 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. Choosing the right procurement process depends on several factors, such as the complexity of the project, schedule, and available cash flow. The City uses a Design-Bid-Build method for most of its capital 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 the following figure.

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## Implementation Phases for Design-Bid-Build Contracting Method



The City also uses other contracting methods, especially in recent years, to provide more efficiency and flexibility. This includes Emergency Contracts to enable the City to respond quickly in urgent situations. It also includes Job Order Contracting (JOC) and Multiple Award Construction Contracts (MACC). These alternative methods are summarized in the following table.

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Contracting Method	Description
<b>Design-Build</b>	A design and contractor team are hired to design and construct a project under one contract.
<b>Emergency Contracting</b>	Council is notified in case of an emergency and prequalified contractors are awarded contracts without advertisement and competition to enable staff to respond quickly in urgent situations.
<b>Job Order Contracting (JOC)</b>	JOCs are used 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.  E&CP has expanded the use of JOCs to increase the flexibility of available CIP delivery methods and provide for improved reliability as well as increased capacity.
<b>Multiple Award Construction Contracts (MACC)</b>	MACCS are used 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.  MACC allows project construction to begin sooner than traditional delivery methods.

## Capacity to Deliver Projects

To successfully deliver the current CIP and address its growing backlog, the City needs to continue investing in capacity. These investments include ensuring sufficient staff to support grant writing for IIJA and other federal and state opportunities and continuing to make needed changes to salaries, job classifications, etc., to attract and retain needed skills and fill vacant positions in order to deliver funded projects. The CIP Outlook also notes the external capacity challenge, that is, helping to ensure the base of consultants, contractors and vendors is sufficient to support the current and future volume of work due to prospective IIJA funds in the region and/or a Citywide financing plan. While the City is rebounding from the economic impacts of the COVID-19 pandemic, it may still experience long term impacts from supply chain, inflation, and potential interest rate increases, which are resulting in overall higher costs for projects.

To address these challenges, City engineering officials are working to streamline and make capital improvements decision-making process more transparent. The ultimate goal of these efforts is to effectively increase the capacity of the E&CP Department. Streamlining CIP delivery intends to accommodate growth, build organizational capacity, and efficiently manage and deliver capital projects as the City deals with budgetary and resource constraints and aging and deteriorating infrastructure.

In September 2022, several measures were passed by City Council to advance these streamlining efforts including: (i) an ordinance to amend the San Diego City Municipal Code for the streamlining measures (ii) a resolution to amend [Council Policy 000-31: Capital Improvement Program Transparency](#) and (iii) a resolution to create a new Customer Service Council Policy. [IBA Report 22-27](#) offers more details regarding these streamlining efforts.

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## Accountability and Oversight

Per prior CIP streamlining and transparency initiatives, E&CP staff report on the state of the CIP twice per year and are available to present to committees or the full Council upon request. For more information on State of the CIP and State of Construction, see: <https://www.sandiego.gov/cip/reports>.

## 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 you can see on the [City Council Committee website](#), Council has nine standing committees to help members review, discuss and approve legislative matters in a focused and efficient manner. This site also includes information on committee membership (which can change from year to year), meeting dates/times, agendas, and actions. The Active Transportation and Infrastructure (ATI) Committee has the lead on many infrastructure related items, but several other committees also cover infrastructure-related issues and provide oversight for financial operations.

### Active Transportation and Infrastructure (ATI) Committee

The ATI Committee's area of responsibility includes the CIP Outlook, CIP budget and budget monitoring, oversight of CIP streamlining, infrastructure finance, Regional Transportation Improvement Program, Asset Management, condition assessment monitoring and implementation, neighborhood input on infrastructure needs and priorities, as well as ADA compliance and accessibility, walkability and bicycle programs. More information is available in the [2023 ATI Committee Work Plan](#).

### Environment Committee

The Environment Committee's area of responsibility includes programmatic policy matters related to water, wastewater, and storm water, and parks. Several of these are also related to infrastructure and capital projects, including the Clean Water Program, water management and policy, Pure Water program (including the CIP), energy, multiple species conservation program, regional parks, open space, public utilities, golf, utility undergrounding, franchise agreements, and stormwater management and policy. More information is available in the [2023 Environment Committee Work Plan](#).

### Budget and Government Efficiency (BG&E) Committee

The BG&E Committee's responsibilities include the annual budget and budget monitoring, financial reports, purchasing and contracting, and equal opportunity contracting, among other issues. More information is available in the [2023 B&GE Committee Work Plan](#).

### Budget Review Committee

The Budget Review Committee is responsible for the annual budget development process. During public budget hearings held in May each year, 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 issues.



# A Public Guide to Infrastructure

## Important Resources and City Contacts

### City Council



**Councilmember  
Joe LaCava**

**District 1**

[JoeLaCava@sanidiego.gov](mailto:JoeLaCava@sanidiego.gov)



**Councilmember  
Jennifer Campbell**

**District 2**

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**District 3**

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**Council President Pro Tem  
Monica Montgomery Steppe**

**District 4**

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**Councilmember  
Marni von Wilpert**

**District 5**

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**Councilmember  
Kent Lee**

**District 6**

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**Councilmember  
Raul Campillo**

**District 7**

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**Councilmember  
Vivian Moreno**

**District 8**

[VivianMoreno@sanidiego.gov](mailto:VivianMoreno@sanidiego.gov)



**Council President  
Sean Elo-Rivera**

**District 9**

[SeanEloRivera@sanidiego.gov](mailto:SeanEloRivera@sanidiego.gov)



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# A Public Guide to Infrastructure

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## The Mayor

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 15<sup>th</sup> 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 in June. To contact the Office of the Mayor, call 619-236-6330, email: [MayorToddGloria@sandiego.gov](mailto:MayorToddGloria@sandiego.gov) or visit the Office's website at [www.sandiego.gov/mayor](http://www.sandiego.gov/mayor).



## 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](mailto:sdiba@sandiego.gov), or visit the Office's website at [www.sandiego.gov/iba](http://www.sandiego.gov/iba).

For IBA Infrastructure-Related Reports, visit: [www.sandiego.gov/iba/reports/infrastructure](http://www.sandiego.gov/iba/reports/infrastructure).

## Community Planners Committee and Community Planning Groups

The Community Planners Committee (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](http://www.sandiego.gov/planning/community/cpc).

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, AMDs, and other decision makers. For more information about the City's Community Planning Groups, visit: [www.sandiego.gov/planning/community/cpg](http://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](http://www.sandiego.gov/park-and-recreation/general-info/boards).

## Engineering & Capital Projects Department (E&CP)

Once a capital project is approved, E&CP 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](mailto:engineering@sandiego.gov), or visit [www.sandiego.gov/cip](http://www.sandiego.gov/cip).

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## Asset-Managing Department (AMD) 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 (AMDs) may also be contacted by interested parties with questions or project input. The following table includes contact information for these specific departments and divisions.

Responsible Department or Division	Capital Infrastructure Assets	Website	
Office of ADA Compliance & Accessibility (Sustainability & Mobility Department)	ADA Compliance & Accessibility	<a href="http://www.sandiego.gov/adacompliance/">www.sandiego.gov/adacompliance/</a>	
Department of Real Estate Assets & Airport Management	City-owned real estate such as the City Concourse & Parkade Brown Field Municipal Airport & Montgomery-Gibbs Executive Airport	<a href="http://www.sandiego.gov/real-estate-assets">www.sandiego.gov/real-estate-assets</a>	
Engineering & Capital Projects	Oversight of public infrastructure and facilities	<a href="https://www.sandiego.gov/ecp/about">https://www.sandiego.gov/ecp/about</a>	
Environmental Services	Landfills (Active & Inactive); Energy Efficient Programs for City Facilities	<a href="http://www.sandiego.gov/environmental-services">www.sandiego.gov/environmental-services</a>	
Fire-Rescue	Fire and lifeguard stations and related facilities	<a href="http://www.sandiego.gov/fire">www.sandiego.gov/fire</a>	
Library	Central Library and 35 branch libraries	<a href="http://www.sandiego.gov/public-library">www.sandiego.gov/public-library</a>	
Parks & Recreation	Golf courses, parks, playgrounds, recreation centers, and swimming pools	<a href="http://www.sandiego.gov/park-and-recreation">www.sandiego.gov/park-and-recreation</a>	
Planning	Developer built projects	<a href="https://www.sandiego.gov/planning/">https://www.sandiego.gov/planning/</a>	
Police	Police stations, firing ranges, and related facilities	<a href="http://www.sandiego.gov/police">www.sandiego.gov/police</a>	
Public Utilities	Water and sewer pipelines, pump stations, treatment centers, reservoirs and related facilities	<a href="http://www.sandiego.gov/publicutilities">www.sandiego.gov/publicutilities</a>	
Storm Water	Storm drains, pipes, and outfalls	<a href="http://www.sandiego.gov/stormwater">www.sandiego.gov/stormwater</a>	
Transportation	Bikeways, Streets, Sidewalks, Street Lights, and Traffic Signals	<a href="https://www.sandiego.gov/tsw/">https://www.sandiego.gov/tsw/</a>	

## CIP Websites

City of San Diego Strategic Plan Dashboard Visit [www.https://performance.sandiego.gov/advance-mobility-and-infrastructure/](http://www.https://performance.sandiego.gov/advance-mobility-and-infrastructure/).

E&CP 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](http://www.sandiego.gov/cip) for more information.



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## Key Infrastructure-Related Plans, Reports, and Council Policies

[City of San Diego FY 2024 - 2028 Five-Year Capital Infrastructure Planning Outlook](#) was presented on January 25, 2023 to the Active Transportation and Infrastructure (ATI) Committee and to Council on February 13, 2023.

[City of San Diego FY 2023 Adopted Budget](#): In June 2020, the City of San Diego approved the FY 2021 Budget, which began on July 1, 2020. The FY 2021 Adopted Budget and past year's budgets can be found on the Department of Finance's website at [www.sandiego.gov/finance/annual](http://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 Asset Management Policy 800-16](#): This Council Policy establishes the overall guidelines and plan steps for Enterprise Asset Management (EAM) in the City of San Diego.

[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.

[City Council Policy on Community Development Block Grant Program 700-02](#): This policy establishes the general guidelines by which the City will select and implement activities utilizing CDBG funds.



Coast Sea Cave Emergency Stabilization Project (La Jolla)

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## Frequently Asked Questions (FAQs)

### **What is the difference between the City's operating budget and the Capital Improvements Program (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?**

The annual CIP budget provides one year of funding for the City's multi-year program. However, the budget document shows the budget for the previous fiscal years and estimated future costs for completing projects. The Five-Year Capital Infrastructure Planning Outlook (CIP Outlook) is the City's long-term 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 (AMD) staff can provide additional clarification, if needed (see contact information on page 36).

### **What is Capital Improvements Program Review & Advisory Committee (CIPRAC)?**

CIPRAC is an internal decision-making body largely made up of senior-level officials from City AMDs and supporting departments like the Department of Finance. 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. CIPRAC's goal is to ensure that the projects are appropriately ranked from a Citywide perspective, balancing needs and budget with policy objectives.

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



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Generally, this occurs because of funding availability, and related limitations associated with those funds. For example, Water and 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. While projects are prioritized within project types, funding sources also may be constrained by other factors, such as geographic region or specific contractual agreements. Therefore, projects with low priority scores may receive funding because they are the highest scoring projects that meet the requirements of a particular funding source.

## **How many projects were funded in FY 2023, and how many of those were new projects?**

The Fiscal Year 2023 Adopted CIP Budget includes funding for 93 CIP projects, of which 23 are new this year. Many of the projects are standalones, limited to a single asset or set of assets with a clear scope for project completion, while others are annual allocation projects which receive funding each year to provide for ongoing repair and replacement of a certain asset type. All projects will be completed over multiple years.

## **How will I know if a project I am interested in is actually 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?**

AMDs 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](http://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 2023 Adopted Budget – Capital Improvements Program found on the Department of Finance's website [www.sandiego.gov/finance/annual](http://www.sandiego.gov/finance/annual), contact your Council District's office (see page 34), or contact the asset-managing department (AMD) (see page 36).

## **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 considered 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 projects remain in their current implementation phase until more funding can be identified, or they are removed from the CIP budget. Note, when design is funded but construction is not funded for a while, designs and estimated budgets may need to be redone to reflect currently requirements and costs.

## **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.

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## **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](mailto:engineering@sandiego.gov), or submit an inquiry online at [www.sandiego.gov/cip/about/comment](http://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](http://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. Some of these have an annual monetary threshold, and these vary by asset type.

## **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?**

Check out our list of ways to provide input on page 21 of this Guide. 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 (AMDs) begin to compile and prioritize their needs lists in September. After the Mayor releases the proposed budget by April 15<sup>th</sup>, the public also has an opportunity for input through budget hearings that are held in May.

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## Glossary

**Asset Management** – A recommended best 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, data-driven strategies for maintenance and rehabilitation or replacement of assets.

**Asset-Managing Departments (AMDs)** – These departments and divisions identify needs, prioritize projects, and identify funding for needed capital projects. AMDs include the following departments/divisions: Department of Real Estate and Airport Management, Environmental Services, Fire-Rescue, General Services/Facilities, Library, Parks & Recreation, Police, Public Utilities, Stormwater, Sustainability, and Transportation.

**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 Project** – A capital project is a long-term, capital-intensive investment project with a purpose to build upon, add to, or improve a capital asset. Capital projects are defined by their large scale and large cost relative to other investments that involve less planning and resources.

**Capital Infrastructure Planning Outlook (CIP Outlook)** – The City’s long-range plan is called the [CIP Outlook](#). It provides a five-year citywide assessment of infrastructure needs and outlines the proposed capital priorities in compliance with the City Charter. The first year of the CIP Outlook serves as the basis for development of the annual CIP budget. A long-range plan is important to provide an overall perspective to enable decisionmakers and other stakeholders, including citizens, to take a long-range view of future capital needs, projects, priorities, available funding, and any funding gap.

**Capital Improvements Program (CIP) Budget** – The CIP budget allocates available revenue for capital projects to rehabilitate, enhance, or expand existing infrastructure as well as to build new public assets. The City separates the CIP budget from the operating budget because capital infrastructure projects are generally large and expensive, take multiple years to complete, and are supported by financing sources outside of the City’s General Fund (the main funding source for core City functions and services included in the operating budget). Because capital projects take multiple years to complete, the CIP is a rolling budget, meaning it includes funding from previous years, the current year budget, and funds needed for future years.

**Capital Improvements Program Review and Advisory Committee (CIPRAC)** – 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.

**Commercial Paper** – The City uses a short-term financing mechanism that allows it to borrow when funds are needed for projects instead of issuing the full amount of debt for all project costs upfront (as is the case with bond programs). Borrowing funds when they are needed reduces related

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interest costs. However, it is important to note that commercial paper notes ultimately need to be paid down/taken out, and this is usually done with long-term debt like lease revenue bonds.

**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** – 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)** – Development Impact Fees (DIF) are collected by communities 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 capital improvements identified in the applicable community plans.

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

**Infrastructure Innovation and Jobs Act (IIJA)** – The federal IIJA was signed into law by President Biden on November 15, 2021 and considered to be a once in a generation infrastructure opportunity. It will provide an estimated \$1.2 trillion nationwide over the next ten years, with the State of California estimated to receive \$46.6 billion. The City will receive IIJA formula-based funds allocated through the state of California. In addition, City staff are currently assessing both internal and regional opportunities to develop an effective strategy to apply for competitive funds so that the City is not competing against its regional partners for grants.

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**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.

**Pure Water San Diego** – [Pure Water San Diego](#) is the City of San Diego's phased, multi-year program that will provide nearly half of San Diego's water supply locally by the end of 2035. Pure Water Phase 1 is the largest and most complex capital project undertaken by the City. The Pure Water San Diego Program will use proven water purification technology to clean recycled water to produce safe, high-quality drinking water. The Program offers a cost-effective investment for San Diego's water needs and will provide a reliable, sustainable water supply.

**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.

**Water Infrastructure Finance and Investment Act (WIFIA)** – The WIFIA program is a federal credit program administered by the U.S. Environmental Protection Agency (EPA). The program is designed to promote improved water, wastewater, and stormwater infrastructure. Similar to other Federal credit programs, funds are sourced from the U.S. Treasury and utilize the EPA as the conduit lender.