



# ADOPTED Budget

FISCAL YEAR **2023**

## VOLUME 1

### Capital Improvements Program



MAYOR TODD GLORIA



HOUSING • PROTECT & ENRICH • INFRASTRUCTURE • SUSTAINABILITY • PROSPERITY



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# Capital Improvements Program

## Capital Improvements Program

The Fiscal Year 2023 Adopted Capital Improvements Program (CIP) Budget is \$834.1 million. This budget allocates existing funds and anticipated revenues to both new and continuing projects in the City's \$17.24 billion multi-year CIP. The allocation of funds is based upon an analysis of available funding sources as well as a review of project needs and priorities. The City's CIP needs often outweigh available resources; therefore, the Adopted CIP budget is constrained by the availability of funds.

The Fiscal Year 2023 Adopted CIP budget, as summarized in **Table 1** below, is funded by a variety of sources, including, but not limited to, Water and Sewer Enterprise Funds, TransNet, Gas Tax, General Fund, Infrastructure Fund, and park improvement funds. Further details on all funding sources and the specific projects included in the Adopted CIP Budget can be found in Volume III of the Fiscal Year 2023 Adopted Budget.



**Table 1: Fiscal Year 2023 Adopted CIP Budget**

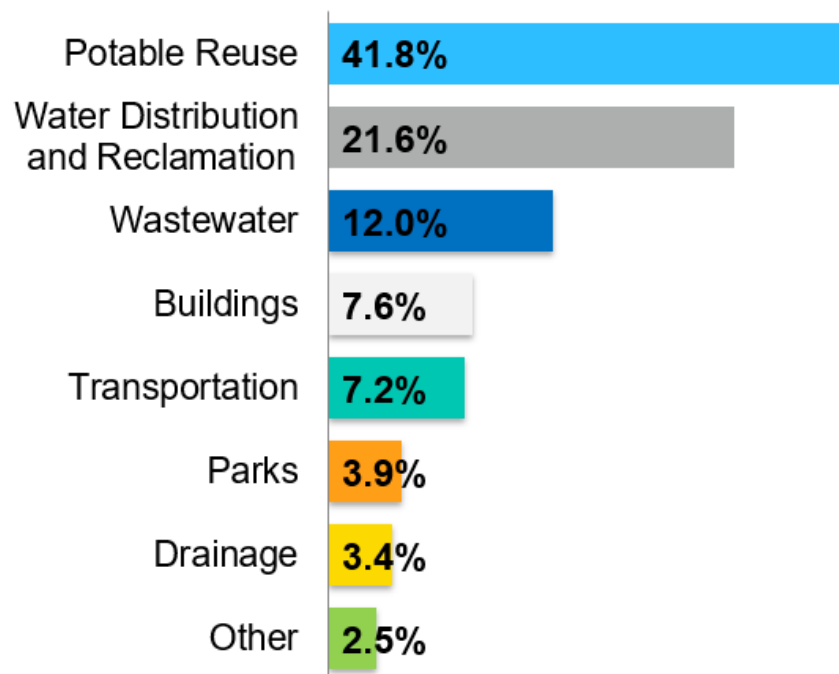
| Funding Source                            | FY 2023<br>Adopted Budget | Percent of Total<br>CIP Budget |
|---|---------------------------|--------------------------------|
| Airport Funds                             | \$ 700,000                | 0.08 %                         |
| Capital Outlay - Land Sales               | 425,000                   | 0.05 %                         |
| Development Impact Fees                   | 471,119                   | 0.06 %                         |
| Facilities Benefit Assessments            | 205,851                   | 0.02 %                         |
| Gas Tax Fund                              | 6,993,631                 | 0.84 %                         |
| General Fund                              | 40,198,276                | 4.82 %                         |
| General Fund - Other                      | 7,404,246                 | 0.89 %                         |
| Golf Course Enterprise Fund               | 2,000,000                 | 0.24 %                         |
| Infrastructure Fund                       | 28,444,223                | 3.41 %                         |
| Mission Bay Park Improvement Fund         | 7,566,612                 | 0.91 %                         |
| Recycling Fund                            | 6,200,000                 | 0.74 %                         |
| Refuse Disposal Fund                      | 3,100,000                 | 0.37 %                         |
| San Diego Regional Parks Improvement Fund | 4,074,329                 | 0.49 %                         |
| Sewer Funds                               | 270,615,618               | 32.44 %                        |
| TransNet Funds                            | 27,832,594                | 3.34 %                         |
| Trench Cut/Excavation Fee Fund            | 2,000,000                 | 0.24 %                         |
| Utilities Undergrounding Program Fund     | 5,000,000                 | 0.60 %                         |
| Water Fund                                | 420,846,792               | 50.46 %                        |
| <b>Grand Total</b>                        | <b>\$ 834,078,291</b>     |                                |

An additional \$243.6 million of funding is anticipated to be budgeted during Fiscal Year 2023. This anticipated funding is not included in the Adopted Budget amount of \$834.1 million because the funding sources either require additional City Council approval or funding sources are more tentative. Staff will request City Council approval to appropriate when the funds have been received. Anticipated funding includes a variety of funding such as donations, grants, debt financing, developer funding, Development Impact Fees (DIF), and Facilities Benefit Assessments (FBA).

# Capital Improvements Program

The Fiscal Year 2023 Adopted CIP Budget will support various types of projects, as displayed in **Figure 1** below, such as water and sewer facilities, buildings, and transportation projects. Since the allocation of resources are primarily driven by the availability of funds, the distribution of the Adopted CIP Budget is concentrated on those project types with dedicated funding sources. The Water and Sewer Funds account for the majority of the Adopted CIP Budget and support water and wastewater project types. In addition, 80.2 percent of the CIP budget allocation for City buildings is for buildings that are maintained and operated by the Public Utilities Department and are funded by the Water and Sewer Funds. Transportation projects are primarily funded by TransNet and gasoline taxes, which may also fund transportation components of other project types in the right-of-way, such as certain stormwater projects. Landfill, airport, and golf project types are funded by their respective enterprise funds. Parks, stormwater, and other building projects, such as police, fire, and library buildings, compete for scarce resources, including development impact fees and the City's General Fund.

**Figure 1: Fiscal Year 2023 Adopted Budget by Project Type**



The City's multi-year CIP includes assets which are maintained and operated by a variety of City departments and asset-managing sections, as shown in **Table 2**. The largest funding allocation in the Fiscal Year 2023 Adopted CIP Budget is for the Public Utilities Department's projects, receiving \$683 million, or 81.8 percent, of the Adopted CIP Budget. The next largest portion is for the Transportation Department's projects, with \$55.7 million, or 6.7 percent, of the Adopted CIP Budget. This distribution of funding for each department's projects is primarily dependent upon the availability of funding for the types of assets maintained by each department, combined with the amount, size and condition of those assets.

**Table 2: Multi-Year CIP**

| Department         | Prior Year   | FY 2023 Adopted | Future Years | Total         |
|--------------------|--------------|-----------------|--------------|---------------|
| Airport Management | \$ 5,273,228 | \$ 700,000      | \$ 5,375,676 | \$ 11,348,904 |
| Citywide           | 36,118,526   | 1,000,000       | 681,640,478  | 718,759,004   |

# Capital Improvements Program

| Department                           | Prior Year              | FY 2023 Adopted       | Future Years             | Total                    |
|--------------------------------------|-------------------------|-----------------------|--------------------------|--------------------------|
| Department of Information Technology | 14,827,569              | 6,409,288             | -                        | 21,236,857               |
| Environmental Services               | 52,435,924              | 9,300,000             | 14,500,000               | 76,235,924               |
| Fire-Rescue                          | 62,677,483              | 2,350,000             | 105,520,182              | 170,547,665              |
| General Services                     | 45,617,411              | 6,245,784             | 801,485,039              | 853,348,234              |
| Library                              | 39,201,654              | 1,500,000             | 53,748,797               | 94,450,451               |
| Parks & Recreation                   | 478,769,615             | 37,768,526            | 805,094,439              | 1,321,632,580            |
| Police                               | 12,000,000              | -                     | 5,800,000                | 17,800,000               |
| Public Utilities                     | 3,072,938,196           | 682,505,622           | 5,468,979,982            | 9,224,423,800            |
| Stormwater                           | 184,150,453             | 28,060,976            | 1,696,253,341            | 1,908,464,770            |
| Sustainability & Mobility            | 12,692,629              | 2,547,500             | 2,485,576                | 17,725,705               |
| Transportation                       | 1,013,132,765           | 55,690,595            | 1,731,925,102            | 2,800,748,462            |
| <b>Grand Total</b>                   | <b>\$ 5,029,835,451</b> | <b>\$ 834,078,291</b> | <b>\$ 11,372,808,612</b> | <b>\$ 17,236,722,354</b> |

The Fiscal Year 2023 Adopted CIP Budget will add \$834.1 million to the City's \$17.24 billion multi-year CIP, which is a \$5.85 billion year-over-year increase from the Fiscal Year 2022 Adopted Budget. The increase is a result of aligning future budget needs with the [Fiscal Year 2023-2027 Five-Year Capital Infrastructure Planning Outlook \(CIP Outlook\)](#). Additionally, City Council previously approved over \$5.03 billion towards projects that are continuing from previous fiscal years. Furthermore, an estimated \$11.37 billion of additional funding will be needed in future years to complete the projects currently in the City's CIP and to fund annual ongoing capital expenses, such as road resurfacing and pipe replacements. The City's CIP does not include all the City's unfunded CIP needs or new projects that may be added in future years.

Priority Scores are given to projects to compare them to other similar projects of the same project type within the CIP Budget. [Council Policy 800-14](#), Prioritizing CIP Projects, outlines the process for scoring and prioritizing projects. The policy establishes a capital planning process that ultimately leads to decisions that optimize the use of available resources for projects competing for funding, resulting in the maximum benefit from the projects delivered. This policy takes into account the emergency status of a project, the risk to environment, the sustainability of resources, and provides guidelines and procedures to maintain consistency in application across all asset-managing departments by requiring an asset specific scoring methodology using unique operational needs and an objective scoring tool in prioritizing CIP projects. More details regarding the project prioritization process can be found in the Project Prioritization section of Volume III of the Fiscal Year 2023 Adopted Budget.

## Five-Year Capital Infrastructure Planning Outlook

Buildings, infrastructure, technology, and major equipment are the physical foundation for providing services to the City's residents. Therefore, the procurement, construction, and maintenance of capital assets are a critical activity of the City. Careful planning involves ongoing review of the City's capital needs and funding programs to develop an integrated capital asset management system. A prudent multi-year capital plan will identify and prioritize expected needs based on a community's strategic plan, establish project scope and cost, detail estimated amounts of funding from various sources, and project future operating and maintenance costs that will expand well beyond one year.

In February 2022, the Engineering & Capital Projects Department released its [Fiscal Year 2023-2027 Five-Year Capital Infrastructure Planning Outlook](#) (CIP Outlook) report. The CIP Outlook presents a comprehensive overview of the City's CIP including current driving factors, reviews of service level standards, a discussion of condition assessment impacts, and a cost analysis which spans over multiple fiscal years. The CIP Outlook is released annually and is used as a guide in developing the City's Annual Capital Improvements Program Budget.



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