Capital Improvements Program
Funding Sources

The Capital Improvements Program (CIP) uses a variety of funding sources to support projects. This section outlines some of the more common funding sources used in the CIP. In addition, Schedule II in the Financial Summary section provides a summary of the CIP by funding source.

Capital Outlay

Capital Outlay Funds are used exclusively for the acquisition, construction, and completion of permanent public improvements or real property; replacement or reconstruction of public facilities; and other improvements of a permanent character. Repair or maintenance expenditures cannot be made from the Capital Outlay Funds. Revenue for the Capital Outlay Funds is derived primarily from the sale of City-owned property but may also come from other sources per Section 77 of the San Diego City Charter.

Community Development Block Grants (CDBG)

Community Development Block Grant (CDBG) funding is programmed in accordance with Council Policy 700-2 (amended November 24, 2009). CIP priorities are developed irrespective of whether or not CDBG funding is to be received by the City. CDBG funding is to be used to supplement the City's CIP program and not as a substitute for other City funding.

Development Impact Fees (DIF)

Development impact fees (DIF) are collected to mitigate the impact of new development in urbanized communities that are near build-out. The amount of the DIF is based on a portion of the financing needed for identified public facilities. Property being developed is assessed the fee(s) at the time the building permit is issued.

Donations

Projects may be funded by contributions and/or donations from private sources, such as residents, developers, private organizations, and businesses. Contributions by developers and vendors may be reimbursed by City funds in future years.

Enterprise Funds

Enterprise funds account for specific services that are funded directly by fees and charges to users. These include the services provided by the Water, Metropolitan Wastewater, Development Services, and Environmental Services Departments, and Airports and Golf Course operations. These funds are intended to be fully self-supporting and are not typically subsidized by any general revenue or taxes. Within each enterprise fund, budgets are developed which are sufficient to fund current year operations and maintenance expenses, as well as provide for current and future years' upgrade, replacement, and expansion-related capital construction requirements.

Facilities Benefit Assessments

Facilities benefit assessments (FBA) 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.

General Fund

Some allocations to the CIP budget are budgeted within the operating budget of General Fund departments.

Grants and Reimbursements

Some projects are entirely or partially funded by grants and reimbursements from the State and federal government and other agencies. The receipts of certain grants and reimbursements follow the award of contracts; therefore, City funding is programmed for front-end financing of the total estimated project costs. Grant funding includes State and federal grants and grants from proceeds from State bond issuances.

Infrastructure Improvement Funds

The Infrastructure Improvement Funds (one each for the Mayor and eight Council Districts) were established as part of the Fiscal Year 2002 Annual Budget. Funding is appropriated in various capital improvement projects for purposes identified by the Mayor or individual Council District.

Mission Bay and Regional Park Improvement Funds

Mission Bay rents and concessions revenue is allocated to the Mission Bay and Regional Park Improvement Funds in accordance with the San Diego City Charter, Article V, Section 55.2. The funds in the Mission Bay Improvement Fund may only be expended in Mission Bay Park for permanent capital improvements and capital deferred maintenance of existing facilities, as well as to improve environmental conditions consistent with the Mission Bay Park Master Plan. The funds in the Regional Parks Improvement Fund may only be expended for capital improvements in San Diego's regional parks. The City of San Diego's regional parks include Chollas Lake Park, Balboa Park, Mission Trails Regional Park, Otay River Valley Park, Presidio Park, San Diego River Park, open space parks, and coastal beaches and parks.

QUALCOMM Stadium Operating Fund

QUALCOMM Stadium, built in 1967, has hosted many entertainment and sporting events. The QUALCOMM Stadium Operating Fund is based on receipts from these events.

TransNet

TransNet is a one-half cent local sales tax that supports countywide traffic congestion relief and transportation improvements. TransNet includes a Maintenance of Effort (MOE) provision to guarantee that the City spends a certain amount of discretionary funds on the maintenance and improvement of the public right-of-way. The City utilizes TransNet cash for projects as much as possible in an attempt to minimize the issuance of bonds due to added costs of debt service. 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. In an attempt to further minimize debt service costs, the issuance of TransNet Commercial Paper may be utilized when feasible.

Unidentified Funding

Some projects may lack identified funding in future fiscal years to complete the project. These projects display an “unidentified funding” amount in the project pages. Each project with an unidentified amount is summarized in each department’s Unfunded Needs List. A complete list of all projects with unidentified funding is provided in Schedule V in the Financial Summary.