

Capital Improvements Program

Funding Sources

The Capital Improvements Program (CIP) uses a variety of funding sources to support projects. This section outlines some of the more common funding sources used in the CIP.

Bond Financing

Bond financing is a long-term borrowing tool used to meet the City's cash flow needs and to provide funds for capital projects. In Fiscal Years 2009, 2012, 2013, and 2014, the City Council approved financing to provide funding for ongoing and deferred capital projects throughout the City. The list of deferred capital projects includes improvements to General Fund streets, buildings, and storm drain infrastructure.

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 Fund is derived primarily from the sale of City-owned property but may also come from other sources per Section 77 of the San Diego City Charter. In addition, San Diego City Ordinance No. 12685 (New Series) further specifies that all proceeds from sales or leases of the Pueblo Lands of San Diego be utilized to finance police substations and other permanent improvements for police purposes.

Development Impact Fees

Development Impact Fees (DIFs) are collected to mitigate the impact of new development in urbanized communities that are near build-out. The amount of 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 and Developer Funding

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 with 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 Public Utilities, Environmental Services, Airports, and Golf Courses. 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 (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.

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General Fund

The General Fund is the City's main operating fund that pays for basic City services that use most of the City's tax revenue, such as public safety, parks, and library services. The General Fund is also supported by fees from licenses and permits, fines, and investment earnings. Some allocations to the CIP budget are allocated from the operating budget of General Fund departments.

Grants

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 typically follow the award of contracts; therefore, other 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. For example, Community Development Block Grant (CDBG) funding is programmed in accordance with Council Policy 700-02, Community Development Block Grant Program (CDBG). 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.

Internal Service Funds

Internal Service Funds are established for the financing of goods or services provided by one City department to another City department on a cost-reimbursement basis. Examples of Internal Service Funds used in the CIP budget are the Energy Conservation Program Fund and the Fleet Services Internal Service Fund.

Maintenance Assessment Districts

Maintenance Assessment Districts (MADs) are established by the City of San Diego as a means of providing property owners with the opportunity to assess themselves to pay for enhanced improvements, maintenance, services, and activities. Certain projects requested by a district may be capital in nature and are funded by the specific MAD. MAD budgets are developed with sufficient funding for current year maintenance and capital projects.

Mission Bay and Regional Park Improvements Funds

Mission Bay rents and concessions revenue is allocated to the Mission Bay and Regional Park Improvements Funds in accordance with the San Diego City Charter, Article V, Section 55.2. The funds in the Mission Bay Improvements 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 Regional Park Improvements 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 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.

Park Service District Funds

Park Service District Funds were established by the City of San Diego for park and recreation purposes. Proceeds from these funds are to be used for park and recreational facilities within the district areas from which the funds were collected. Funds may be used for the purchase of land and construction of facilities; purchase of previously constructed facilities; rehabilitation of existing park facilities or purchase of new equipment when such rehabilitation or purchase allows for expanded uses; and to reimburse those who have donated land or constructed improvements. Park Service District Funds no longer collect revenues and have been replaced by Facilities Benefit Assessments and Development Impact Fees which now include a park component.

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Special Revenue Funds

Special Revenue Funds account for revenue received for specifically identified purposes. Examples of Special Revenue Funds used in the CIP budget are the Environmental Growth Fund, Fire/Emergency Medical Services Transport Fund, QUALCOMM Stadium Fund, Bus Stop Capital Improvement Fund, and Trench Cut/Excavation Fee Fund.

TransNet Funds

TransNet, a one-half cent local sales tax, is used for traffic congestion relief and transportation improvements. In addition to roadway enhancements, TransNet Funds are utilized for bikeway and pedestrian projects. TransNet includes a Maintenance of Effort (MOE) provision 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.

Utilities Undergrounding Program Fund

This fund provides for the undergrounding of City utilities. San Diego Gas & Electric (SDG&E), AT&T, and the cable companies all contribute funds for the purpose of undergrounding overhead facilities. This amount is deposited with the City to be used solely for the undergrounding of electrical lines and associated activities.

A complete list of funding sources in the CIP and their budgets are provided below in **Table 1**.

Table 1: Capital Improvements Program by Funding Source

Funding Source	Prior Fiscal Years	FY2015 Proposed	Future Fiscal Years	Funding Source Total
Airport Funds	\$ 12,492,379	\$ -	\$ 12,000,000	\$ 24,492,379
Bond Financing	2,451,000	-	1,800,000	4,251,000
Bus Stop Capital Improvement Fund	391,828	100,000	150,000	641,828
Capital Outlay - Land Sales	24,624,823	-	-	24,624,823
Capital Outlay - Other	3,837,090	-	-	3,837,090
Capital Outlay - Police Decentralization Land Sales	1,822,864	-	-	1,822,864
Convention Center Funds	1,732,728	-	514,050,000	515,782,728
Deferred Capital Projects Bonds	161,772,195	-	288,320,000	450,092,195
Developer Funding	4,810,229	-	5,272,000	10,082,229
Development Impact Fees	60,328,944	17,438,834	1,952,991	79,720,769
Donations	77,119,573	-	18,994,000	96,113,573
Energy Conservation Program Fund	3,141,626	-	-	3,141,626
Energy Upgrades CEC Loan Fund	6,078,217	-	-	6,078,217
Environmental Growth Funds	3,692,146	-	-	3,692,146
Facilities Benefit Assessments	288,915,295	23,191,197	154,174,521	466,281,013
Federal Grants	67,677,437	-	126,664,076	194,341,513
Fiesta Island Sludge Mitigation Fund	670,000	-	-	670,000
Fire/Emergency Medical Services Transport Fund	400,000	-	-	400,000
Fleet Services Internal Service Fund	1,025,000	1,654,028	(269,695)	2,409,333

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Table 1: Capital Improvements Program by Funding Source

Funding Source	Prior Fiscal Years	FY2015 Proposed	Future Fiscal Years	Funding Source Total
Gas Tax Fund	12,740,123	-	-	12,740,123
General Fund	43,568,155	5,834,000	24,056,668	73,458,823
Golf Course Enterprise Fund	13,733,795	2,625,000	18,250,000	34,608,795
Habitat Acquisition Fund	4,064,205	-	-	4,064,205
Infrastructure Improvement Funds	415,273	-	-	415,273
Library System Improvement Fund	15,927,728	-	-	15,927,728
Maintenance Assessment Districts	8,661,329	575,000	680,000	9,916,329
Mission Bay Improvements Fund	7,942,388	2,943,383	40,260,615	51,146,386
Mission Trails Regional Park Fund	752,829	-	-	752,829
OneSD/ERP Funding	1,100,000	-	-	1,100,000
Other Funding	430,407,880	-	198,000	430,605,880
Other Grants	19,902,933	-	-	19,902,933
Park Service District Funds	3,069,966	704,652	-	3,774,618
Proposition 42 Replacement - Transportation Relief Fund	2,288,276	1,907,720	-	4,195,996
QUALCOMM Stadium Fund	2,025,356	750,000	3,750,000	6,525,356
Recycling Fund	-	1,200,000	-	1,200,000
Redevelopment Funding	28,970,570	-	-	28,970,570
Refuse Disposal Fund	73,469,943	-	-	73,469,943
Regional Park Improvements Fund	16,370,283	-	13,250,000	29,620,283
Regional Transportation Congestion Improvement Program	2,155,000	3,549,927	2,150,073	7,855,000
San Diego Association of Governments	39,510,877	-	-	39,510,877
San Diego Unified School District	20,500,000	-	-	20,500,000
Sea World Traffic Mitigation Fund	4,000,000	-	-	4,000,000
Sewer Funds	477,192,491	113,848,208	364,157,463	955,198,162
State Grants	69,097,572	-	3,294,672	72,392,244
TransNet - Extension Bikeways	4,698,520	-	-	4,698,520
TransNet Funds	160,100,335	19,529,330	49,001,836	228,631,501
Trench Cut/Excavation Fee Fund	2,000,000	2,000,000	-	4,000,000
Unidentified Funding	-	-	1,205,084,474	1,205,084,474
Utilities Undergrounding Program Fund	86,290,410	-	-	86,290,410
Water Fund	375,548,913	99,801,601	711,083,830	1,186,434,344
Total	\$ 2,649,488,520	\$ 297,652,880	\$ 3,558,325,524	\$ 6,505,466,924

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Unidentified Funding

Some projects may lack sufficient identified funding to complete the project. These projects display an “unidentified funding” amount in the project pages. Each project with an unidentified amount is summarized in each department’s Unfunded Needs List. A complete list of all projects with unidentified funding is provided below in **Table 2**.

Table 2: Capital Improvement Projects Unfunded Needs

Project	Page No.	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Tierrasanta CP Sports Field Lighting / S11011	327	91	High	\$ 50,000	4.7%
West Mission Bay Drive Bridge Over San Diego River / S00871	664	70	High	8,000,000	6.7%
Children's Pool Lifeguard Station / S00644	129	93	High	350,000	8.4%
Fire Station No. 38 - Mira Mesa Remodel / S10006	138	81	Medium	80,000	11.0%
Open Space Improvements / AGG00001	291	Annual	Annual	300,000	11.4%
Cabrillo Heights NP Improvements / S00763	208	62	Medium	165,000	19.6%
Trail for All People / S13001	337	54	Medium	98,700	26.0%
Old Otay Mesa Road- Westerly / S00870	605	66	High	2,458,948	28.1%
Pacific Breezes (Ocean View Hills) CP / S00649	294	62	Medium	5,030,000	29.9%
Wightman Street Neighborhood Park / S00767	350	49	Medium	969,366	30.4%
Crest Canyon Neighborhood Park / S15005	228	8	Low	135,000	32.9%
Chollas Lake Pk Playground Improvements / S14002	222	40	Low	511,000	34.1%
Cowles Mountain Access Rd Rehabilitation / S14001	227	48	Medium	15,000	37.5%
Environmental Services Operations Yard Improvement / AFA00003	111	Annual	Annual	275,000	45.0%
San Ysidro Branch Library / S00802	175	62	Low	5,885,000	48.3%
Riviera Del Sol Neighborhood Park / S00999	309	73	High	3,374,640	48.7%
Silver Wing NP Sports Field/Lighting / S11051	316	74	High	600,000	50.0%
Sefton Field Improvements / S01012	315	27	Low	500,000	50.0%
El Cajon Boulevard Streetscape Improvements / S00826	243	46	Medium	1,269,800	51.2%
Police Range Refurbishment / S10118	363	N/A	N/A	3,776,593	54.0%
Hidden Trails Neighborhood Park / S00995	253	16	Low	2,920,000	54.7%
Resurfacing of City Streets / AID00005	618	Annual	Annual	249,306,331	55.0%
Otay Mesa Truck Route Phase 4 / S11060	606	43	Medium	9,350,000	55.5%
City Facilities Improvements / ABT00001	480	Annual	Annual	92,922,981	56.2%
Del Mar Mesa Southern Multi-Use Trail / S00889	238	19	Low	150,000	57.6%
Drainage Projects / ACA00001	552	Annual	Annual	137,540,433	58.1%
State Route 163/Friars Road / S00851	638	61	High	77,086,159	61.2%
State Route 56 Bike Interchanges / S00955	639	90	High	7,222,940	61.4%
Chicano Park ADA Upgrades / S13003	220	57	Medium	1,541,697	61.6%
Switzer Canyon Bridge Enhancement Prog / S10054	320	38	Low	175,000	63.6%
Interstate 5 Underpass - Bikeway/Ped Connector / S00982	576	66	High	1,116,010	67.6%
Sunset Cliffs Natural Pk Hillside Imp Presrv / S10091	319	58	Medium	2,900,000	69.1%
Canyon Hills Resource Park Improvements / S15006	211	45	Medium	4,454,932	72.2%
Fire Station No. 01 - Downtown / S00786	131	N/A	N/A	1,482,884	74.1%
Coastal Erosion and Access / AGF00006	225	Annual	Annual	2,400,000	74.5%
Mohnike Adobe and Barn Restoration / S13008	278	62	Medium	1,550,000	75.6%

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Table 2: Capital Improvement Projects Unfunded Needs

Project	Page No.	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
State Route 56 Freeway Expansion / RD14000	640	N/A	N/A	119,000,000	78.3%
Coast Blvd Walkway Improvements / S15001	224	42	Medium	280,000	78.9%
Mid City Skate Park / S15003	266	10	Low	962,500	79.4%
Mission Bay Athletic Area Comfort Station Mod / S10021	268	68	High	820,000	79.7%
Multiple Species Conservation / S01076	282	N/A	N/A	17,039,472	80.6%
Martin Luther King Jr. Promenade / S13020	263	15	Low	1,005,000	81.7%
Torrey Pines Improvements Phase I / S00613	650	58	High	13,000,000	81.8%
Home Avenue Fire Station / S14018	146	83	Medium	10,000,000	83.3%
ADA Improvements & Expansion of Paradise Senior Ce / S15002	197	62	Medium	2,790,554	84.8%
Pacific Beach Curb Ramp Barrier Removal / S11048	607	62	High	320,000	86.5%
Sea World Drive/Interstate 5 Interchange Imp / S00888	630	74	High	105,438,300	87.7%
McKinley Elementary School JU Improvemts / S12001	264	61	Medium	1,523,000	89.5%
Chollas Community Park / S00654	221	49	Medium	27,183,356	90.1%
San Carlos Branch Library / S00800	173	N/A	N/A	18,599,805	90.3%
Balboa Branch Library / S00808	163	62	Low	6,955,093	90.3%
Sorrento Valley Road & Interstate 5 Interchange / S00914	633	50	Medium	47,000,000	90.9%
Coastal Rail Trail / S00951	544	72	High	19,925,629	91.0%
Street Light Circuit Upgrades / AIH00002	644	Annual	Annual	33,347,000	91.0%
North Pacific Beach Lifeguard Station / S10119	150	83	Medium	6,185,444	91.5%
Fire Station No. 51 - Skyline Hills / S14017	143	83	Medium	11,000,000	91.7%
Fire Station No. 07 - Barrio Logan / S15013	133	85	High	11,150,000	92.9%
Tierrasanta Library Expansion / S15011	178	60	Low	4,090,000	93.0%
Sixth Avenue Playground Improvements / S00616	317	65	High	1,880,000	94.0%
Otay East Branch Library / S10025	170	39	Low	15,000,000	94.4%
North Park Library / S00798	168	49	Low	13,352,782	95.0%
Torrey Pines City Park General Development Plan / S01015	334	N/A	N/A	15,000,000	96.2%
Scripps Miramar Ranch Library / S00811	176	59	Low	1,090,400	96.8%
Crystal Pier Improvements / S11014	230	70	High	11,000,000	97.3%
Beyer Park Development / S00752	205	12	Low	11,676,000	98.2%
Kumeyaay Lakes Berm Restoration and Dredging / S00655	258	27	Low	9,840,000	98.4%
Rancho Bernardo Library / S00812	172	62	Low	3,467,682	98.9%
Kensington/Normal Heights Library / S00795	164	49	Low	2,396,530	99.0%
Fire-Rescue Air Operations Facility / S15012	145	78	Medium	12,375,000	99.0%
Paradise Hills Library / S00810	171	62	Low	8,866,448	99.2%
Fire Station No. 54 - Paradise Hills / S00785	144	81	Medium	11,011,065	99.2%
Ocean Beach Lifeguard Station / S10121	151	79	Medium	4,550,000	99.8%
Total				\$ 1,205,084,474	