



CITY OF SAN DIEGO

PROPOSED BUDGET



FY: 2016

Capital Improvements Program

Capital Improvements Program

The Fiscal Year 2016 Proposed Capital Improvements Program (CIP) Budget is \$338.3 million. This budget allocates existing funds and anticipated revenues to both new and continuing projects in the City's \$7.77 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 Proposed CIP budget is constrained by the availability of funds. The Fiscal Year 2016 Proposed CIP budget, as summarized in **Table 1** below, is funded by a variety of sources, including water and sewer enterprise funds, TransNet, development impact fees and facilities benefit assessments. Further details on these funding sources and the specific projects included in the Proposed CIP Budget can be found in Volume III of the Fiscal Year 2016 Proposed Budget.



Table 1: Fiscal Year 2016 Proposed CIP Budget

Funding Source	FY2016 Proposed Budget	Percent of Total CIP Budget
Bus Stop Capital Improvement Fund	\$ 60,000	0.02%
Development Impact Fees	17,831,000	5.27%
Environmental Growth Funds	3,284,250	0.97%
Facilities Benefit Assessments	12,566,887	3.72%
Gas Tax Fund	5,000,000	1.48%
General Fund	29,329,579	8.67%
Maintenance Assessment Districts	125,000	0.04%
Mission Bay Improvements Fund	6,296,250	1.86%
OneSD/ERP Funds	5,116,800	1.51%
Regional Park Improvements Fund	2,500,000	0.74%
Sewer Funds	113,290,243	33.49%
TransNet Funds	18,829,521	5.57%
Utilities Undergrounding Program Fund	5,000,000	1.48%
Water Fund	119,042,027	35.19%
Grand Total	\$ 338,271,557	

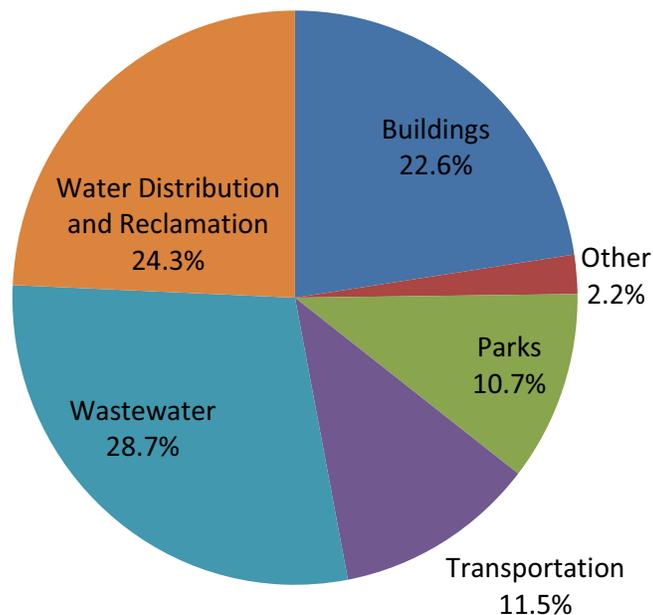
An additional \$192.0 million of funding is anticipated to be received during Fiscal Year 2016. This anticipated funding is not included in the Proposed Budget amount of \$338.3 million because the funding sources either require additional City Council approval, such as debt financing and grants, or the funding sources are more tentative and 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, developer funding, and Facilities Benefit Assessments, as well as bond proceeds

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from the infrastructure capital financing for \$120.0 million previously authorized by the City Council and anticipated to be available in Fiscal Year 2015.

The Fiscal Year 2015 Proposed CIP Budget of \$338.3 million will support various types of projects, as displayed in **Figure 1** below, such as water and sewer facilities, buildings, and transportation projects. Because the allocation of resources is primarily driven by the availability of funds, the distribution of the Proposed CIP Budget is concentrated on those project types with dedicated funding sources. The Water and Sewer Funds account for the majority of the Proposed CIP Budget and support water and wastewater project types. In addition, 62.8 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, which may also fund transportation components of other project types in the right-of-way. Landfills, airports, and golf project types are funded by enterprise funds. Parks, 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 2016 Proposed Budget by Project Type



The City's multi-year CIP includes assets which are maintained and operated by a variety of City departments, as shown in **Table 2** below. The largest funding allocation in the Fiscal Year 2016 Proposed CIP Budget is for the Public Utilities Department's projects, receiving \$237.4 million, or 70.2 percent, of the Proposed CIP Budget. The next largest portion is for the Transportation & Storm Water Department's projects, with \$43.2 million, or 12.8 percent, of the Proposed 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.

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Table 2: Multi-Year CIP

Department	Prior Years	FY2016 Proposed	Future Years	Total
Airports	\$ 17,574,336	\$ -	\$ 12,000,000	\$ 29,574,336
Environmental Services	95,779,268	900,000	900,000	97,579,268
Fire-Rescue	60,179,301	11,353,100	128,691,995	200,224,396
Library	214,122,972	455,000	96,436,507	311,014,479
Office of the Chief Operating Officer	523,000	-	477,000	1,000,000
Park & Recreation	206,204,992	34,772,387	182,515,453	423,492,832
Police	7,400,070	5,145,132	12,419,286	24,964,488
Public Utilities	952,336,980	237,449,070	2,561,834,524	3,751,620,574
Public Works - General Services	63,091,286	5,025,986	143,169,181	211,286,453
QUALCOMM Stadium	2,646,689	-	3,750,000	6,396,689
Special Promotional Programs	3,232,728	-	536,214,585	539,447,313
Transportation & Storm Water	739,496,622	43,170,882	1,387,364,293	2,170,031,797
Grand Total	\$ 2,362,588,243	\$ 338,271,557	\$ 5,065,772,824	\$ 7,766,632,624

The Fiscal Year 2016 Proposed CIP Budget will add \$338.3 million to the City's \$7.77 billion multi-year CIP. City Council previously approved \$2.36 billion towards projects that are continuing from previous fiscal years. An estimated \$5.07 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 of the City's unfunded CIP needs or new projects which may be added in future years.

Priority Scores are given to projects as a way to compare them to other similar projects of the same project type within the Capital Improvement Program (CIP). Council Policy 800-14, Prioritizing CIP Projects, updated in November 2013, 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-owning 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 2016 Proposed Budget.

Multi-Year CIP Plan

Buildings, infrastructure, technology, and major equipment are the physical foundation for providing services to the City's constituents. 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. In addition, the CIP Audit of 2011 elaborated on how important it was for the City to implement a comprehensive multi-year plan in addition to the annual CIP budget. A prudent multi-year capital plan will identify and prioritize expected needs based on a community's strategic plan, establish

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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.

To this end, the Public Works Department released Report No: 15-008, Multi-Year Capital Planning Report (MYCP), on January 16, 2015. The MYCP is the first ever consolidated CIP plan which presents a comprehensive overview of the City's MYCP including current driving factors, reviews of services level standards, a discussion of condition assessment impacts, and a cost analysis which spans over multiple fiscal years. The MYCP will be released on an annual basis and will be used as a guide in developing the City's Annual Capital Improvement Program Budget.