

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, Gas Tax Fund, QUALCOMM Stadium Fund, Bus Stop Capital Improvement Fund, Library System Improvement Fund, Sunset Cliffs Natural Park Fund, and OneSD/ERP Support Funds.

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	FY2016 Proposed	Future Fiscal Years	Funding Source Total
Airport Funds	\$ 11,230,758	\$ -	\$ 12,000,000	\$ 23,230,758
Antenna Lease Fund	500,000	-	400,000	900,000
Bond Financing	51,000	-	-	51,000
Bus Stop Capital Improvement Fund	491,828	60,000	286,080	837,908
Capital Outlay - Land Sales	21,378,430	-	-	21,378,430
Capital Outlay - Other	3,805,043	-	-	3,805,043
Capital Outlay - Police Decentralization Land Sales	1,822,864	-	-	1,822,864
Convention Center Funds	1,732,728	-	-	1,732,728
Deferred Capital Projects Bonds	144,125,076	-	390,000,000	534,125,076
Developer Funding	8,932,744	-	22,005,184	30,937,928
Development Impact Fees	79,876,236	17,831,000	10,225,000	107,932,236
Donations	74,135,045	-	18,542,564	92,677,609
Energy Conservation Program Fund	4,441,626	-	-	4,441,626
Energy Upgrades CEC Loan Fund	5,948,217	-	-	5,948,217
Environmental Growth Funds	3,205,926	3,284,250	625,048	7,115,224
Facilities Benefit Assessments	277,661,405	12,566,887	174,667,682	464,895,974
Federal Grants	68,684,627	-	123,982,460	192,667,087
Fiesta Island Sludge Mitigation Fund	250,000	-	-	250,000

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Funding Source	Prior Fiscal Years	FY2016 Proposed	Future Fiscal Years	Funding Source Total
Fire/Emergency Medical Services Transport Fund	400,000	-	-	400,000
Fleet Services Internal Service Fund	2,367,028	-	-	2,367,028
Gas Tax Fund	1,949,212	5,000,000	-	6,949,212
General Fund	56,739,458	29,329,579	69,929,537	155,998,574
Golf Course Enterprise Fund	23,908,795	-	11,500,000	35,408,795
Habitat Acquisition Fund	67,315	-	-	67,315
Infrastructure Improvement Funds	308,044	-	-	308,044
Library System Improvement Fund	10,881,483	-	-	10,881,483
Maintenance Assessment Districts	7,849,753	125,000	(600,404)	7,374,349
Mission Bay Improvements Fund	13,334,519	6,296,250	26,984,789	46,615,558
Mission Trails Regional Park Fund	1,252,829	-	-	1,252,829
OneSD/ERP Funding	1,100,000	5,116,800	4,261,902	10,478,702
Other Funding	151,079,570	-	-	151,079,570
Other Grants	2,374,033	-	-	2,374,033
Park Service District Funds	3,728,514	-	332,559	4,061,073
Proposition 42 Replacement - Transportation Relief Fund	18,363,521	-	-	18,363,521
QUALCOMM Stadium Fund	2,646,689	-	3,750,000	6,396,689
Recycling Fund	1,200,000	-	-	1,200,000
Redevelopment Funding	28,033,592	-	(1,300,000)	26,733,592
Refuse Disposal Fund	73,469,943	-	-	73,469,943
Regional Park Improvements Fund	15,200,402	2,500,000	10,000,000	27,700,402
Regional Transportation Congestion Improvement Program	11,900,360	-	-	11,900,360
San Diego Unified School District	20,641,657	-	-	20,641,657
Sea World Traffic Mitigation Fund	4,000,000	-	-	4,000,000
Sewer Funds	496,694,087	113,290,243	1,194,810,653	1,804,794,983
State Grants	65,297,855	-	3,802,564	69,100,419
Sunset Cliffs Natural Park Fund	876,000	-	-	876,000
TransNet - Extension Bikeways	3,806,048	-	-	3,806,048
TransNet Funds	169,405,544	18,829,521	87,058,197	275,293,262
Trench Cut/Excavation Fee Fund	4,000,000	-	-	4,000,000
Unidentified Funding	-	-	1,527,749,072	1,527,749,072
Utilities Undergrounding Program Fund	81,179,960	5,000,000	20,000,000	106,179,960
Water Fund	380,258,477	119,042,027	1,354,759,937	1,854,060,441
Total	\$ 2,362,588,243	\$ 338,271,557	\$ 5,065,772,824	\$ 7,766,632,624

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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
Crest Canyon Neighborhood Park / S15005	213	46	Medium	\$ 5,000	1.2%
Pacific Breezes (Ocean View Hills) CP / S00649	282	62	High	350,000	2.1%
Mohnike Adobe and Barn Restoration / S13008	267	62	High	100,000	3.9%
W Mission Bay Dr Bridge Over SD River / S00871	626	70	High	9,386,070	7.7%
Fire Station No. 38 - Mira Mesa Remodel / S10006	127	81	Medium	80,000	8.6%
El Camino Real to ViaDeLaValle (1/2 mile) / S00856	535	53	Medium	3,200,000	9.7%
Open Space Improvements / AGG00001	279	Annual	Annual	300,000	12.4%
California Tower Seismic Retrofit / L12003	195	N/A	N/A	500,000	15.3%
Resurfacing of City Streets / AID00005	591	Annual	Annual	101,236,753	21.4%
Chicano Park ADA Upgrades / S13003	204	57	Medium	601,697	24.0%
Valencia Park Acquisition & Development / S11103	329	N/A	N/A	344,000	26.3%
Midway Street Bluff Repair / S12005	566	80	High	92,000	28.7%
Riviera Del Sol Neighborhood Park / S00999	294	73	High	2,174,640	31.4%
Pacific Beach Curb Ramp Barrier Removal / S11048	581	62	High	124,000	33.5%
Tierrasanta Library Expansion / S15011	168	60	Low	295,000	38.1%
Sunset Cliffs Natural Pk Hillside Imp Presrv / S10091	307	58	Medium	1,800,000	42.9%
San Ysidro Branch Library / S00802	165	62	Low	5,885,000	48.3%
Sefton Field Improvements / S01012	301	27	Low	500,000	50.0%
El Cajon Blvd Streetscape Improvements / S00826	229	46	Medium	1,269,800	50.2%
City Facilities Improvements / ABT00001	460	Annual	Annual	87,392,981	51.8%
Drainage Projects / ACA00001	533	Annual	Annual	144,700,433	56.2%
Switzer Canyon Bridge Enhancement Prog / S10054	309	38	Low	175,000	63.6%
SR 163/Friars Road / S00851	597	61	High	77,086,159	64.4%
Interstate 5 Underpass-Bikeway/Ped Conn / S00982	553	66	High	1,116,010	67.6%
San Ysidro Community Park ADA Improvements / S15033	300	38	Low	2,122,796	70.9%
Canyon Hills Resource Park Improvements / S15006	197	45	Low	4,454,932	72.2%
Gamma Street Mini-Park ADA Improvements / S15032	235	57	Medium	1,259,419	73.7%
Coastal Erosion and Access / AGF00006	210	Annual	Annual	2,400,000	74.5%
Fire Station No. 48 - Black Mountain Ranch / S15015	130	71	Low	9,080,000	77.1%
State Route 56 Freeway Expansion / RD14000	608	N/A	N/A	119,000,000	77.3%
Police Range Refurbishment / S10118	351	N/A	N/A	6,999,593	78.0%
ADA Improvements & Expansion of Paradise Senior Ce / S15002	187	62	Low	2,590,554	78.7%
State Route 56 Bike Interchanges / S00955	607	90	High	7,222,940	79.0%
Mission Bay Athletic Area Comfort Station Mod / S10021	258	68	High	820,000	79.7%
Martin Luther King Jr. Promenade / S13020	252	15	Low	1,005,000	81.7%
Olive Grove Community Park / S15028	277	52	Medium	2,061,305	83.0%
Home Avenue Fire Station / S14018	136	83	Medium	10,000,000	83.3%

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Project	Page No.	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Street Light Circuit Upgrades / AIH00002	610	Annual	Annual	33,347,000	83.3%
Rolando Joint Use Facility Development / S15029	295	52	Medium	1,916,399	83.5%
La Media Road Improvements / S15018	560	85	High	32,891,110	84.0%
Coastal Rail Trail / S00951	525	72	High	18,425,629	84.1%
Children's Park Improvements / S16013	205	47	Medium	3,300,000	84.6%
Keiller Neighborhood Park ADA Improvements / S15030	245	57	Medium	654,000	85.6%
North Pacific Beach Lifeguard Station / S10119	140	83	Medium	6,185,444	89.3%
San Carlos Branch Library / S00800	163	N/A	N/A	18,459,805	89.6%
Chollas Community Park / S00654	206	49	Medium	27,183,356	90.1%
Fire-Rescue Air Operations Facility / S15012	135	78	Medium	11,391,900	91.1%
Golf Course Drive Improvements / S15040	236	50	Medium	1,830,000	91.5%
Fire Station No. 51 - Skyline Hills / S14017	133	83	Medium	11,000,000	91.7%
Fire Station No. 07 - Barrio Logan / S15013	122	85	High	11,150,000	92.9%
Sixth Avenue Playground Improvements / S00616	303	65	High	1,880,000	94.0%
North Park Library / S00798	157	49	Low	13,352,782	95.0%
Egger/South Bay Community Park ADA Improvements / S15031	228	36	Low	2,329,886	95.5%
Kensington/Normal Heights Library / S00795	154	49	Low	2,246,530	95.7%
Sea World Dr/I5 Interchange Improvement / S00888	603	74	High	116,163,109	96.7%
Scripps Miramar Ranch Library / S00811	166	59	Low	1,090,400	96.8%
College Area Fire Station / S16015	118	65	Low	11,730,000	97.8%
Ocean Beach Branch Library / S00806	158	62	Low	7,864,860	98.2%
Beyer Park Development / S00752	193	12	Low	11,676,000	98.2%
Kumeyaay Lakes Berm Restoration and Dredg / S00655	246	27	Low	9,840,000	98.4%
Rancho Bernardo Library / S00812	162	62	Low	3,467,682	98.9%
Paradise Hills Library / S00810	161	62	Low	8,866,448	99.2%
Fire Station No. 54 - Paradise Hills / S00785	134	81	Medium	11,011,065	99.2%
Convention Center Phase III Expansion / S12022	479	N/A	N/A	516,767,272	99.4%
Convention Center Sails Pavilion / L15000	480	76	Medium	19,447,313	99.5%
Ocean Beach Lifeguard Station / S10121	141	79	Medium	4,550,000	99.8%
Total				\$ 1,527,749,072	