



Office of the Independent Budget Analyst

**Capital Improvement Program:
The Citizen's Guide
And Improvement Efforts**

Presentation to the

Chamber of Commerce

Infrastructure, Land Use, and Housing Committee

October 16, 2012



Introduction

- Citizen's Guide to the Capital Improvements Program (CIP)
- Recent and Ongoing Efforts to Improve the CIP
- Next Steps: Developing a Multi-year Capital Improvements Plan



Citizen's Guide – Overview

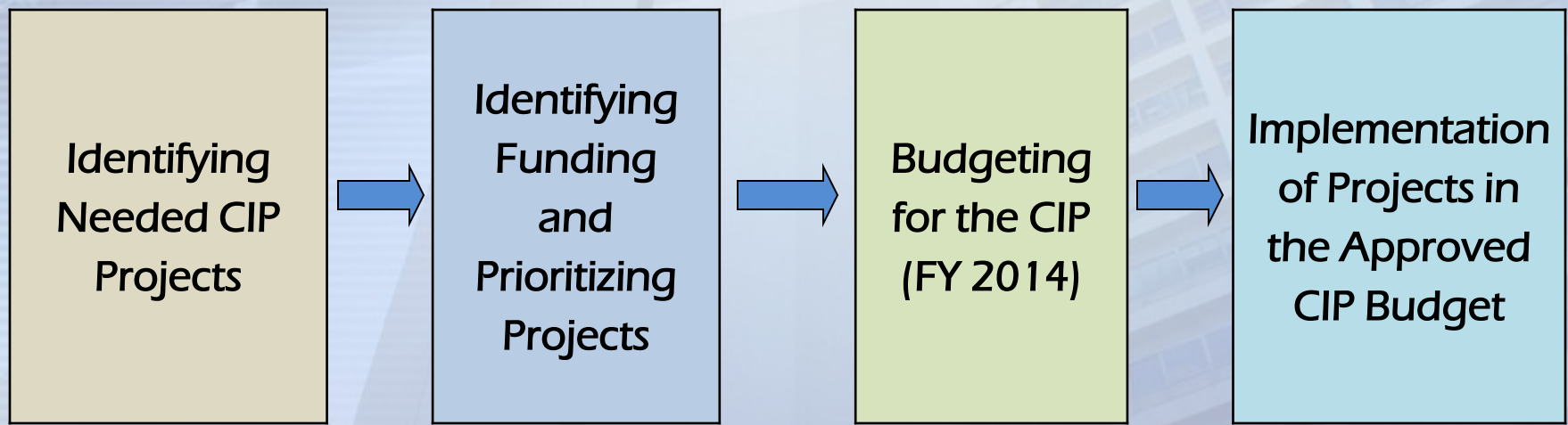
- Our office developed the Citizen's Guide to the Capital Improvement Program to provide a solid foundation of knowledge on the CIP.
- This Guide can be used in conjunction with our [Citizen's Guide to the City's Operating Budget](#) which provides an outline of how the monies coming into the City will be spent to operate and maintain City functions and services.
- The Guide to the CIP includes both a full version and a Quick Look or summary version and can be found on our website: <http://www.sandiego.gov/iba/>.



Along with the Mayor and City Council, many City departments and organizations are

Citizen's Guide – 4 Keys to Understanding the CIP

1. The City's CIP is a complex process and generally includes:





Citizen's Guide – 4 Keys to Understanding the CIP

2. Many City Department and organizations are responsible for various aspects of the CIP process, including:
 - Asset-owning departments
 - Financial Management
 - CIP Review and Advisory Committee (CIPRAC)
 - Public Works-Engineering & Capital Projects (E&CP)
- The overall CIP process is decentralized and the City does not have one leader or department that provides coordination and oversight.



Citizen's Guide – 4 Keys to Understanding the CIP

3. The CIP has significant funding constraints:
 - The General Fund is not a primary source of funding, because it is used to fund the City's core community services.
 - Infrastructure needs exceed available resources so the City has competing priorities for limited resources.
 - The CIP is funded from various sources that often have specific restrictions on how they can be used.

➤As a result, there is relatively little discretionary funding and some departments have more available funding than others.



Citizen's Guide – 4 Keys to Understanding the CIP

4. The annual CIP budget process is the City's mechanism for getting projects approved and implemented.
 - The majority of the CIP budget has funded ongoing projects and only a only a small portion has been available to begin new projects.
 - Given funding constraints and competing priorities, the City has a significant backlog of deferred capital projects.

➤ The CIP budget includes ongoing projects and new projects started in the current fiscal year, but does not include new projects starting in later fiscal years or all unfunded needs.



Recent Improvement Efforts

- **Development and Approval of Five-Year Deferred Capital Funding Plan** – Two bonds worth about \$175 million have been issued so far to fund deferred capital projects.
- **Restructured Contracting Function for Construction and Consultants to Public Works Department** – The time for contract bid and award has been reduced from 6-8 months to 2-3 months.
- **CIP Streamlining and Transparency Improvements**
 - Are anticipated to trim an additional 3 to 12 months off of the life cycle of each project.



Ongoing Improvement Efforts

- Revision of [Council Policy for Prioritizing CIP Projects \(800-14\)](#) – Based on lessons learned from the application of the ranking factors and recommendations from the Office of the City Auditor reports on the CIP, City staff are planning to propose revisions to these ranking factors in the next few months.
- Public Outreach to Obtain Input for the FY 2014 CIP Budget through the Community Planners Committee (CPC) – E&CP is leading this effort which began in August 2012 and is currently under way.



Challenges Highlight the Value of a Multi-Year Capital Plan

Staff can more effectively:

- Plan to address community needs over five-years rather than in an annual budget.
- Plan for projects that will implement the visions, policies, and guidelines set forth in the General and community plans.
- Link existing multi-year plans to decrease duplication and identify Citywide deficiencies or gaps.
- Look for financing opportunities in advance to identify needed funding for projects, such as applying for grants.



Next Steps: Multi-Year CIP Plan

Steps to developing a Multi-year Capital Plan:

1. Pulling together existing multi-year plans, such as Deferred Capital and TransNet Plans.
2. Identifying Citywide infrastructure needs and priorities
 - Optimally, priorities should be driven by desired service levels and asset conditions—this is known as Asset Management.
 - Some departments have established desired service levels, assessed the condition of their assets, and developed plans that prioritize projects, but many departments lack resources for this purpose.



Next Steps: Multi-Year CIP Plan

3. Estimating the investment required to meet those priorities;
4. Projecting revenue from existing funding sources;
5. Identifying other funding opportunities, like grants; and
6. Developing a financing strategy to address remaining unfunded priorities.



Conclusion

- As San Diego continues to deal with budgetary and resource constraints, competing priorities, and an increasing backlog of deferred capital projects, development of a Multi-year Capital Plan is an important next step for outlining an infrastructure improvement and financing strategy.
- Public involvement and support in an infrastructure improvement strategy is vital to its success—both in providing input on community needs and priorities and helping to identify and support future financing efforts so that Citywide and community goals can be achieved.



QUESTIONS ?

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