

# Capital Improvements Program Funding Sources

## 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.

### Climate Equity Fund

The Climate Equity Fund (CEF) was recently created by Resolution 313454 in March 2021 to help underserved communities effectively respond to the impacts of climate change. CEF revenues are received from a portion of the gas and electric franchise fees. CEF projects must have an impact on reducing greenhouse gas emissions, enhancing safety in the public right-of-way, relieving congestion, or achieve other climate equity concerns and be located in a disadvantaged community located within an area that scores between 0 and 60 on the Climate Equity Index. The Climate Equity Index is a tool that measures the level of access to opportunity residents have within a census tract.

### Development Impact Fees

In urbanized communities which are near buildout, as defined in the City's General Plan, Development Impact Fees (DIF) are collected to mitigate the impact of new development through provisions of a portion of the financing needed for public facilities identified in the Impact Fee Study, and to maintain existing levels of service for that community. Upon determination of the community buildout population, the estimated cost to construct the facilities is divided amongst residential and nonresidential development.

### 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 (PFFP). 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.

### Gas Tax Fund

The Gas Tax Fund collects revenue resulting from a tax on the sale of gasoline. The City's share of gas tax revenue is based on a formula that takes into account vehicle registration, assessed property valuation, and population. The funding generated is used to perform citywide repairs and restoration to existing roadways, reduce congestion, improve safety, and provide for the construction of assets within the public right-of-way. The Gas Tax Fund includes a Maintenance of Effort (MOE) provision which establishes minimum base levels of discretionary funds spending annually on the maintenance and improvement of public right-of-way in order to continue to receive funding.

### 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 contributed from the operating budget of General Fund departments.

### Golf Course Enterprise Funds

The Golf Course Enterprise Funds support the City's three municipal golf courses: Balboa Park, Mission Bay and Torrey Pines. These funds receive revenue from the operations of the golf courses, which are in turn used to fund capital projects that improve and/or maintain the condition of the courses.

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### Infrastructure Fund

The Infrastructure Fund is used exclusively for “the acquisition of real property, construction, reconstruction, rehabilitation, repair and maintenance of infrastructure,” including the associated financing and personnel costs. The Infrastructure Fund was established by Section 77.1 of Article VII of the City Charter to be a dedicated source of revenue to fund General Fund infrastructure costs. Generally, the amount of revenue received by the fund is determined based on a formula that accounts for growth in major General Fund revenues and reductions in pension costs.

### Mission Bay Park and San Diego Regional Parks Improvement Funds

Mission Bay rents and concessions revenue is allocated to the Mission Bay Park and San Diego Regional Parks Improvement Funds in accordance with the San Diego City Charter, Article V, Section 55.2. The funds in the Mission Bay Park Improvement 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 San Diego Regional Parks Improvement 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 Balboa Park, Chicano Park, Chollas Lake Park, Mission Trails Regional Park, Otay River Valley Park, Presidio Park, San Diego River Park, open space parks, and coastal beaches and contiguous coastal parks.

### Mission Trails Regional Park Fund

The Mission Trails Regional Park Fund mainly consists of rent monies from a variety of different leases for the communication facilities on Cowles Mountain. Funds are to be used for capital improvements in the Mission Trails Regional Park.

### Parking Meter Districts

Parking Meter District revenues shall be used to address parking supply and mobility issues. Improvement and activities that increase the availability, supply, and effective use of parking to residents, visitors and employees within the area in which the meter is located will be the primary focus of expenditures of the funds.

### Recycling Fund

The Recycling Fund is an enterprise fund that supports the City's recycling programs, receiving revenue from a variety of fees associated with recycling.

### Refuse Disposal Fund

Refuse Disposal Fund is an enterprise fund that is used to operate the City's Miramar Landfill and maintain the City's inactive landfills. Most of the capital projects supported by this fund are focused on ensuring regulatory compliance at these landfills. Projects are funded and prioritized based on deferred capital and regulatory requirements.

### Sewer Funds

Sewer Funds are enterprise funds that support the Municipal and Metropolitan Sewer Systems. Funding for sewer capital projects is provided by sewer rates and grants. Projects utilize a variety of financing strategies, including pay-as-you-go cash financing, bond financing, and state revolving fund loans.

### 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 which establishes minimum base levels of discretionary funds spending annually on the maintenance and improvement of the public

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right-of-way in order to continue to receive funding. The City utilizes TransNet cash for projects as much as possible to minimize the issuance of bonds which increases the costs of funding the project. 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. The issuance of TransNet Commercial Paper may be utilized when feasible to further reduce debt service costs.

## Trench Cut/Excavation Fee Fund

Pavement deterioration studies show that pavement excavations will significantly degrade and shorten pavement life. Street Damage Fees are collected from excavators to recover the increased repaving and reconstruction costs incurred by the City as a result of trenching. In conjunction with the Streets Preservation Ordinance adopted in January 2013, Council approved a graduated increase in fees towards full cost recovery. Fees depend on the size of the trench, the age of the pavement, and the type of utility.

## 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.

## Water Fund

The Water Fund is an enterprise fund that supports the City's Water System. Funding for water capital projects is provided by water rates and grants. Projects utilize a variety of financing strategies, including pay-as-you-go cash financing, bond financing, commercial paper, and state revolving fund loans.

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	FY 2022	Future Fiscal Years	Funding Source Total
Airport Funds	\$ 4,216,494	\$ -	\$ -	\$ 4,216,494
Antenna Lease Fund	1,278,013	-	-	1,278,013
Bond Financing	126,091,676	-	350,868,766	476,960,442
Bus Stop Capital Improvement Fund	4,942	-	866,000	870,942
Capital Outlay - Land Sales	35,363,366	-	-	35,363,366
Capital Outlay - Other	22,771,335	-	-	22,771,335
Capital Outlay - Police Decentralization Land Sales	71,143	-	-	71,143
Convention Center Funds	1,744,026	-	-	1,744,026
Deferred Capital Projects Bonds	86,317,092	-	-	86,317,092
Developer Funding	34,761,854	-	2,800,298	37,562,152
Development Impact Fees	163,626,610	-	3,832,770	167,459,380
Donations	12,319,579	-	3,600,000	15,919,579
EDCO Community Fund	1,010,185	-	-	1,010,185
Energy Conservation Program Fund	658,594	-	1,000,000	1,658,594
Energy Upgrades CEC Loan Fund	30,273,755	-	-	30,273,755
Enhanced Infrastructure Financing District Fund	369,048	-	1,827,500	2,196,548
Environmental Growth Funds	8,238,538	-	-	8,238,538

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**Table 1: Capital Improvements Program by Funding Source**

Funding Source	Prior Fiscal Years	FY 2022	Future Fiscal Years	Funding Source Total
Facilities Benefit Assessments	349,906,088	-	31,400,092	381,306,180
Federal Grants	197,793,588	-	53,518,194	251,311,782
Fiesta Island Sludge Mitigation Fund	4,841,784	-	-	4,841,784
Fleet Services Internal Service Fund	4,383,802	-	-	4,383,802
Gas Tax Fund	40,752,242	-	-	40,752,242
General Fund	62,045,685	5,421,600	-	67,467,285
Golf Course Enterprise Fund	33,139,103	3,510,000	-	36,649,103
Habitat Acquisition Fund	625,000	-	(625,000)	-
Infrastructure Fund	34,170,745	-	-	34,170,745
Infrastructure Improvement Funds	1,496	-	-	1,496
Library System Improvement Fund	1,886,256	-	227,225	2,113,481
Maintenance Assessment Districts	1,861,814	20,000	-	1,881,814
Mission Bay Park Improvement Fund	56,911,173	-	26,000,000	82,911,173
Mission Trails Regional Park Fund	1,732,093	-	-	1,732,093
Non-CIP Funds	300,000	-	-	300,000
OneSD/ERP Funding	349,679	-	-	349,679
Other Funding	51,333,498	-	22,025,993	73,359,491
Other Grants	3,150,529	-	-	3,150,529
Parking Meter Districts	7,053,043	-	-	7,053,043
Park Service District Funds	4,437,974	-	-	4,437,974
Proposition 42 Replacement - Transportation Relief Fund	13,977,124	-	-	13,977,124
Recycling Fund	16,000,000	814,400	-	16,814,400
Redevelopment Funding	8,952,109	-	-	8,952,109
Refuse Disposal Fund	42,763,255	-	800,000	43,563,255
Regional Transportation Congestion Improvement Program	48,563,759	-	-	48,563,759
San Diego Regional Parks Improvement Fund	28,334,261	-	21,331,492	49,665,753
San Diego Unified School District	500,000	-	-	500,000
Sea World Traffic Mitigation Fund	10,987,156	-	-	10,987,156
Sewer Funds	1,047,564,236	321,162,358	822,235,049	2,190,961,643
State Grants	36,274,786	-	34,377,952	70,652,738
Sunset Cliffs Natural Park Fund	933,702	100,000	-	1,033,702
TransNet - Extension Bikeways	212,227	-	-	212,227
TransNet Funds	188,340,825	21,469,504	95,104,749	304,915,078
Trench Cut/Excavation Fee Fund	16,951,167	2,000,000	8,000,000	26,951,167
Unidentified Funding	-	-	3,865,641,624	3,865,641,624
Utilities Undergrounding Program Fund	56,709,450	5,000,000	40,000,000	101,709,450
Water Fund	1,494,407,942	387,988,939	1,153,348,061	3,035,744,942
<b>Total</b>	<b>\$ 4,397,263,843</b>	<b>\$ 747,486,801</b>	<b>\$ 6,538,180,765</b>	<b>\$ 11,682,931,409</b>

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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
Sunset Cliffs Natural Pk Hillside Imp Preserv Phas / L16001	232	72	High	\$ 5,769	0.10 %
Guard Rails / AIE00002	390	Annual	Annual	20,000	0.50 %
SR94/Euclid Av Interchange Phase 2 / S14009	418	57	Medium	300,000	4.40 %
El Camino Real to ViaDeLaValle (1/2 mile) / S00856	386	82	High	3,131,838	6.30 %
La Media Road Improvements / S15018	395	77	High	2,889,262	6.80 %
Olive Grove Community Park ADA Improve / S15028	212	65	High	299,369	8.00 %
Hickman Fields Athletic Area / S00751	195	60	Medium	1,000,000	9.50 %
Egger/South Bay Community Park ADA Improvements / S15031	190	60	Medium	503,855	11.10 %
Ocean Beach Pier Improvements / S20011	211	47	Low	5,564,000	23.50 %
Beyer Park Development / S00752	168	51	Low	5,752,493	29.60 %
Traffic Signals - Citywide / AIL00004	427	Annual	Annual	6,841,000	31.50 %
Traffic Signals Modification / AIL00005	428	Annual	Annual	7,721,000	31.90 %
Rancho Bernardo CP Improvements / L20000	218	61	Medium	496,737	38.20 %
Otay Mesa Truck Route Phase 4 / S11060	404	66	Medium	10,630,702	38.70 %
Traffic Calming / AIL00001	426	Annual	Annual	7,060,000	42.80 %
Median Installation / AIG00001	399	Annual	Annual	9,750,000	43.80 %
Street Resurfacing and Reconstruction / AID00005	422	Annual	Annual	264,466,228	45.00 %
Chollas Creek Oak Park Trail / S20012	182	85	High	700,000	45.10 %
Bridge Rehabilitation / AIE00001	369	Annual	Annual	15,011,333	45.50 %
Sidewalk Repair and Reconstruction / AIK00003	415	Annual	Annual	39,873,000	49.60 %
SD River Dredging Qualcomm Way to SR163 / S00606	227	69	Medium	1,000,000	52.30 %
Ocean Beach Branch Library / S20015	146	62	Low	4,448,511	52.30 %
Canon Street Pocket Park / S16047	170	58	Medium	1,350,909	52.60 %
Drainage Projects / ACA00001	344	Annual	Annual	217,200,564	53.10 %
Mohnike Adobe and Barn Restoration / S13008	206	62	Medium	1,583,973	58.70 %
City Heights Sidewalks and Streetlights / S19005	380	91	High	1,500,000	60.00 %
Dennerly Ranch Neighborhood Park / S00636	186	47	Low	13,203,803	61.10 %
Junipero Serra Museum ADA Improvements / S15034	199	60	Medium	1,464,461	63.40 %
Fire-Rescue Air Operations Facility / S15012	131	78	Medium	18,382,448	67.00 %
Golf Course Drive Improvements / S15040	194	52	Low	3,711,439	70.80 %
State Route 56 Freeway Expansion / RD14000	419	N/A	N/A	90,000,000	72.80 %
Street Light Circuit Upgrades / AIH00002	421	Annual	Annual	21,589,000	75.50 %
Palm Avenue Interstate 805 Interchange / S00869	405	53	Low	29,813,578	76.60 %
Fleet Operations Facilities / L14002	100	84	High	7,034,151	77.00 %

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**Table 2: Capital Improvement Projects Unfunded Needs**

Project	Page No	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
New Walkways / AIK00001	402	Annual	Annual	85,167,000	77.00 %
Sunset Cliffs Park Drainage Improvements / L14005	233	69	High	6,008,664	77.40 %
Streamview Drive Improvements Phase 2 / S18000	420	67	Medium	12,559,900	82.30 %
NTC Aquatic Center / S10000	209	56	Low	8,000,000	84.30 %
Chollas Lake Improvements / L18001	183	65	High	4,700,000	84.70 %
City Facilities Improvements / ABT00001	333	Annual	Annual	436,689,708	86.40 %
Bicycle Facilities / AIA00001	368	Annual	Annual	124,139,000	86.60 %
Fire Station No. 49 - Otay Mesa / S00784	127	81	Medium	20,000,000	88.60 %
Watershed CIP / ACC00001	347	Annual	Annual	1,043,016,216	88.90 %
Market St-Euclid to Pitta-Improvements / S16022	397	50	Low	4,976,600	89.40 %
North Pacific Beach Lifeguard Station / S10119	133	83	Medium	6,492,777	89.50 %
Fairmount Avenue Fire Station / S14018	123	83	Medium	20,000,000	89.60 %
San Carlos Branch Library / S00800	148	N/A	N/A	24,506,984	90.60 %
Fire Station No. 51 - Skyline Hills / S14017	129	83	Medium	12,640,957	91.00 %
Install T/S Interconnect Systems / AIL00002	391	Annual	Annual	128,452,000	92.80 %
Village Center Loop Rd-N Carmel Valley Rd / S19002	434	68	Medium	49,200,000	92.80 %
Installation of City Owned Street Lights / AIH00001	392	Annual	Annual	238,713,000	96.30 %
Maple Canyon Storm Drain Upgrade / S20003	346	86	Medium	29,250,000	96.70 %
Sea World Dr/I5 Interchange Improvement / S00888	414	74	High	119,072,571	99.10 %
Fire Station No. 54 - Paradise Hills / S00785	130	81	Medium	16,116,346	99.50 %
Convention Center Phase III Expansion / S12022	97	N/A	N/A	681,640,478	99.50 %
<b>Total</b>				<b>\$ 3,865,641,624</b>	