

## 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 2015, 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**.

### Capital Improvements Program by Funding Source

Funding Source	Prior Fiscal Years	FY2017 Adopted	Future Fiscal Years	Funding Source Total
Airport Funds	\$ 10,071,306	\$ -	\$ -	\$ 10,071,306
Antenna Lease Fund	1,000,000	-	-	1,000,000
Bond Financing	11,288,353	-	22,321,570	33,609,923
Bus Stop Capital Improvement Fund	587,775	-	300,000	887,775
Capital Outlay - Land Sales	18,497,220	-	-	18,497,220
Capital Outlay - Other	2,584,487	-	-	2,584,487
Capital Outlay - Police Decentralization Land Sales	822,864	-	-	822,864
Convention Center Funds	1,732,728	-	-	1,732,728
Deferred Capital Projects Bonds	234,772,747	-	270,000,000	504,772,747
Developer Funding	17,093,601	13,385,354	4,968,000	35,446,955
Development Impact Fees	111,773,328	1,889,600	5,100,000	118,762,928
Donations	79,062,820	-	11,500,000	90,562,820
EDCO Community Fund	-	675,000	-	675,000
Energy Conservation Program Fund	3,055,331	300,000	-	3,355,331
Environmental Growth Funds	6,373,347	2,431,373	7,965,480	16,770,200
Facilities Benefit Assessments	300,870,162	1,400,000	198,718,286	500,988,448
Federal Grants	62,155,030	-	106,163,548	168,318,578
Fiesta Island Sludge Mitigation Fund	10,975	-	-	10,975

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### Capital Improvements Program by Funding Source

Funding Source	Prior Fiscal Years	FY2017 Adopted	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	6,949,212	-	-	6,949,212
General Fund	80,962,280	12,025,000	59,453,985	152,441,265
Golf Course Enterprise Fund	23,996,990	500,000	9,500,000	33,996,990
Infrastructure Improvement Funds	283,044	-	200,000	483,044
Lease Purchase Fund	-	8,883,932	1,098,481	9,982,413
Library System Improvement Fund	11,191,864	155,605	-	11,347,469
Maintenance Assessment Districts	6,753,915	580,000	-	7,333,915
Mission Bay Improvements Fund	19,953,555	6,157,723	31,631,380	57,742,658
Mission Trails Regional Park Fund	1,620,369	-	-	1,620,369
Non-CIP Funds	30,000	-	-	30,000
OneSD/ERP Funding	6,216,800	-	-	6,216,800
Other Funding	122,891,383	-	-	122,891,383
Other Grants	1,092,417	-	-	1,092,417
Park Service District Funds	3,946,213	-	-	3,946,213
Proposition 42 Replacement - Transportation Relief Fund	17,713,545	-	-	17,713,545
QUALCOMM Stadium Fund	1,916,720	-	3,000,000	4,916,720
Recycling Fund	1,200,000	820,000	-	2,020,000
Redevelopment Funding	47,379,594	-	-	47,379,594
Refuse Disposal Fund	27,581,456	-	-	27,581,456
Regional Park Improvements Fund	15,426,320	2,500,000	7,100,000	25,026,320
Regional Transportation Congestion Improvement Program	16,840,719	-	-	16,840,719
San Diego Unified School District	20,641,657	-	-	20,641,657
Sea World Traffic Mitigation Fund	10,400,000	-	-	10,400,000
Sewer Funds	466,734,323	168,695,179	559,994,469	1,195,423,971
State Grants	53,468,679	-	3,269,256	56,737,935
Sunset Cliffs Natural Park Fund	876,000	-	-	876,000
TransNet - Extension Bikeways	2,037,298	-	-	2,037,298
TransNet Funds	160,248,412	19,030,491	85,950,589	265,229,492
Trench Cut/Excavation Fee Fund	3,810,539	3,758,329	6,000,000	13,568,868
Unidentified Funding	-	-	1,815,315,521	1,815,315,521
Utilities Undergrounding Program Fund	85,688,979	-	-	85,688,979
Water Fund	416,019,712	177,808,899	1,342,824,524	1,936,653,135
<b>Total</b>	<b>\$ 2,498,391,097</b>	<b>\$ 420,996,485</b>	<b>\$ 4,552,375,089</b>	<b>\$ 7,471,762,671</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**.

### Capital Improvement Projects Unfunded Needs

Project	Page No.	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
El Cuervo Adobe Improvements / <b>S14006</b>	221	53	Medium	\$ 15,368	2.5%
Fire Station No. 22 - Point Loma / <b>S00787</b>	135	81	Medium	400,000	4.7%
Wangenheim Joint Use Facility / <b>S15007</b>	315	59	Medium	279,000	5.2%
El Camino Real to ViaDeLaValle (1/2 mile) / <b>S00856</b>	490	53	Medium	3,200,000	9.3%
San Ysidro Community Park ADA Improvements / <b>S15033</b>	285	68	High	96,550	10.0%
W Mission Bay Dr Bridge Over SD River / <b>S00871</b>	566	70	High	11,220,441	10.2%
Coast Blvd Walkway Improvements / <b>S15001</b>	204	42	Low	66,000	11.5%
Tubman Charter School JU Improvements / <b>S13000</b>	312	31	Low	395,040	14.4%
Pomerado Median Improve-N of R Bernardo / <b>S10035</b>	274	44	Low	200,000	18.2%
Resurfacing of City Streets / <b>AID00005</b>	537	Annual	Annual	96,473,366	22.4%
Guard Rails / <b>AIE00002</b>	498	Annual	Annual	1,338,000	30.2%
Fire Station No. 15 - Ocean Beach Expansion / <b>S13011</b>	133	44	Low	235,000	32.0%
Coastal Erosion and Access / <b>AGF00006</b>	205	Annual	Annual	1,100,000	32.2%
University Avenue Mobility / <b>S00915</b>	562	53	Medium	2,000,000	34.6%
Memorial Comm Pk Playground ADA Upgrades / <b>S16020</b>	242	63	High	690,872	37.1%
Sunset Cliffs Park Drainage Improvements / <b>L14005</b>	294	66	High	5,900,000	51.5%
SR94/Euclid Av Interchange Phase 2 / <b>S14009</b>	542	57	Medium	2,000,000	52.7%
Drainage Projects / <b>ACA00001</b>	488	Annual	Annual	138,609,364	53.7%
SD River Dredging Qualcomm Way to SR163 / <b>S00606</b>	283	69	High	600,000	55.1%
Sidewalk Repair and Reconstruction / <b>AIK00003</b>	547	Annual	Annual	26,688,200	55.5%
Americans with Disabilities Improvements / <b>ABE00001</b>	95	Annual	Annual	41,680,000	56.9%
Palm Avenue Interstate 805 Interchange / <b>S00869</b>	531	53	Medium	10,000,000	57.6%
Street Light Circuit Upgrades / <b>AIH00002</b>	553	Annual	Annual	23,997,000	59.1%
SR 163/Friars Road / <b>S00851</b>	541	61	Medium	76,636,159	60.6%
Skyline Hills Community Park ADA Improve / <b>S15038</b>	288	62	High	750,000	61.6%
Torrey Pines Road Improvement Phase 2 / <b>S15023</b>	556	73	High	1,000,000	62.5%
Interstate 5 Underpass-Bikeway/Ped Conn / <b>S00982</b>	506	66	High	1,116,010	67.6%
Switzer Canyon Bridge Enhancement Prog / <b>S10054</b>	295	47	Low	175,000	70.0%
Canyon Hills Resource Park Improvements / <b>S15006</b>	193	45	Low	4,454,932	72.2%
Keiller Neighborhood Park ADA Improvements / <b>S15030</b>	233	57	Medium	1,287,000	72.4%
City Facilities Improvements / <b>ABT00001</b>	431	Annual	Annual	187,000,000	75.2%
Police Range Refurbishment / <b>S10118</b>	333	81	Medium	6,999,593	78.0%
Southeastern Mini Park Improvements / <b>L16000</b>	291	57	Medium	4,000,000	78.0%
State Route 56 Freeway Expansion / <b>RD14000</b>	551	N/A	N/A	119,000,000	78.3%
State Route 56 Bike Interchanges / <b>S00955</b>	550	90	High	7,222,940	78.6%
North Chollas Comm Park Comfort Station / <b>S00654</b>	260	49	Low	23,961,082	79.4%
Mission Bay Athletic Area Comfort Station Mod / <b>S10021</b>	246	68	High	820,000	79.7%

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### Capital Improvement Projects Unfunded Needs

Project	Page No.	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Martin Luther King Jr. Promenade / <b>S13020</b>	516	15	Low	1,005,000	81.7%
Rolando Joint Use Facility Development / <b>S15029</b>	281	64	High	1,870,000	83.1%
Home Avenue Fire Station / <b>S14018</b>	145	83	High	10,000,000	83.3%
Olive Grove Community Park / <b>S15028</b>	264	65	High	2,175,535	83.7%
La Media Road Improvements / <b>S15018</b>	510	85	High	32,891,110	84.0%
NTC Aquatic Center / <b>S10000</b>	259	56	Low	8,000,000	84.3%
Children's Park Improvements / <b>S16013</b>	202	47	Low	3,300,000	84.6%
Coastal Rail Trail / <b>S00951</b>	481	72	High	18,425,629	85.8%
Fire-Rescue Air Operations Facility / <b>S15012</b>	144	78	Medium	10,851,919	86.8%
North Pacific Beach Lifeguard Station / <b>S10119</b>	148	83	High	6,319,967	87.1%
San Carlos Branch Library / <b>S00800</b>	166	N/A	N/A	18,304,201	88.9%
Fire Station No. 39 Replacement / <b>S17002</b>	137	60	Low	8,520,000	90.9%
Golf Course Drive Improvements / <b>S15040</b>	226	50	Medium	1,820,977	91.0%
Fire Station No. 51 - Skyline Hills / <b>S14017</b>	142	83	High	12,312,000	92.5%
Fire Station No. 07 - Barrio Logan / <b>S15013</b>	131	85	High	11,150,000	92.9%
Mission Beach Brdwalk Bulkhead Phased / <b>L14004</b>	522	78	High	9,257,000	93.9%
Beyer Park Development / <b>S00752</b>	189	41	Low	11,196,000	94.2%
Install T/S Interconnect Systems / <b>AIL00002</b>	504	Annual	Annual	161,060,453	94.8%
Egger/South Bay Community Park ADA Improvements / <b>S15031</b>	219	36	Low	2,329,886	95.5%
Kensington/Normal Heights Library / <b>S00795</b>	160	49	Low	2,246,530	95.7%
Sea World Dr/I5 Interchange Improvement / <b>S00888</b>	546	74	High	116,163,109	96.7%
Scripps Miramar Ranch Library / <b>S00811</b>	169	59	Low	1,090,400	96.8%
College Area Fire Station / <b>S16015</b>	128	64	High	11,730,000	97.8%
Ocean Beach Branch Library / <b>S00806</b>	163	62	Low	7,864,860	98.2%
Kumeyaay Lakes Berm Restoration and Dredg / <b>S00655</b>	235	27	Low	9,840,000	98.4%
Rancho Bernardo Library / <b>S00812</b>	165	62	Low	3,467,682	98.9%
Fire Station No. 54 - Paradise Hills / <b>S00785</b>	143	81	Medium	11,916,346	99.3%
Convention Center Phase III Expansion / <b>S12022</b>	98	N/A	N/A	514,050,000	99.4%
Ocean Beach Lifeguard Station / <b>S10121</b>	149	79	Medium	4,550,000	99.8%
<b>Total</b>				<b>\$ 1,815,315,521</b>	