

# THE PUBLIC'S GUIDE TO INFRASTRUCTURE & FY 2024 ADOPTED CIP BUDGET

The City of

**SAN DIEGO**

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## Introduction

# Introduction

The mission of the Office of the Independent Budget Analyst (IBA) is to provide clear, objective, and unbiased analysis and advice to the City Council and the public regarding all legislative items bearing financial and policy impacts on the City of San Diego (City). Our Office developed this guide to assist the public in understanding the capital planning and budgeting process and the numerous infrastructure-related challenges facing the City. This foundation of knowledge on infrastructure will help residents become involved and to provide thoughtful input on the City's Five-Year Capital Infrastructure Planning Outlook (CIP Outlook) and annual Capital Improvement Program (CIP) Budget.

Note that this Guide can be used in conjunction with [The Public's Guide to the Budget](#), which is designed by our Office to help interested residents gain a better understanding of the City's Fiscal Year (FY) 2024 Adopted Budget and the process by which the annual operating budget is developed each year. These documents are updated annually to reflect changes to the CIP Outlook as well as CIP and operating budget processes and are now being provided in English and Spanish. For additional information regarding the City's annual budget and other important topics, contact our office at:



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## What is Infrastructure?

Public infrastructure in the United States is a complex network of public works such as roads, bridges, airports, parks, facilities, and water utilities. Much of the nation's infrastructure is owned and maintained by state and local governments, representing a significant investment vital to public health, quality of life, productivity, competitiveness, and the economy. For many years, state and local governments have faced tight financial constraints with many priorities competing for limited resources, leading to underinvestment in infrastructure. As a result, many local governments are now challenged with aging and deteriorating assets and a backlog of deferred projects.

Different entities are responsible for installing and maintaining the infrastructure that they own and operate, within their boundaries or jurisdictions. The City owns and manages the basic physical structures, systems, and facilities needed to provide critical services to the community such as sidewalks, streets, parks, fire stations, police facilities, and water and wastewater systems. Infrastructure assets owned or managed by the

### Infrastructure Owned and/or Managed by the City of San Diego

- ◆ Airports (Montgomery-Gibbs and Brown Field)
- ◆ Bikeways
- ◆ Bridges
- ◆ General facilities
- ◆ Homeless shelters
- ◆ Libraries
- ◆ Parks and recreation facilities
- ◆ Police, fire, and lifeguard facilities
- ◆ Most sidewalk improvements
- ◆ Storm drains and flood control
- ◆ Street improvements
- ◆ Streetlights and traffic signals
- ◆ Water and sewer facilities and pipelines



# Introduction

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City are shown in the box above and to the right. Many City asset managing departments (AMDs), such as Transportation, Stormwater, and Public Utilities, maintain and operate these assets.

Other entities in the San Diego region also own and manage infrastructure assets. For example, the trolley, local rail, and bus systems are owned, operated, and maintained by the Metropolitan Transit System (MTS). The County of San Diego, the State of California, and United States federal governments also have responsibility for assets within the City of San Diego, including airports, facilities, bridges, roads, and highways.

## *How to report potholes, graffiti, and other issues with public infrastructure.*

The City's [Get It Done](#) app enables the public to report potholes, streetlights, graffiti, and other issues, as well as to schedule appointments. One benefit is that people don't need to know which department handles issues, and they can just use the app to make and track reports. For graffiti specifically, the [Get It Done](#) team also sends images to the regional Graffiti Tracker system, which can assist with prosecuting offenders.

The [Get It Done FAQ](#) also has some useful information. Articles are available in English and Spanish, and includes guidance for reporting issues on assets not owned by the City, such as:

- [How do I report an issue with the trolley or bus?](#)
- [How do I report an issue with \(or contact\) the San Diego International Airport?](#)
- [How do I report an issue to the Port of San Diego?](#)
- [How do I report litter or another issue with a freeway?](#)
- [Out of San Diego Area](#) (links to Caltrans, nearby Cities, San Diego Bay/Port, and Trolley/Bus Stops)



**Get It Done** SD

Simple and easy to connect with the City:

- Report non-emergency problems
- Schedule appointments
- Obtain information

[sandiego.gov/get-it-done](http://sandiego.gov/get-it-done)  
or download your mobile app today!  
"Get It Done San Diego"

Download on the App Store | GET IT ON Google play

Icons: Recycling, Car, Bicycle, Plant, Water, USA AIRPORT



Downtown San Diego

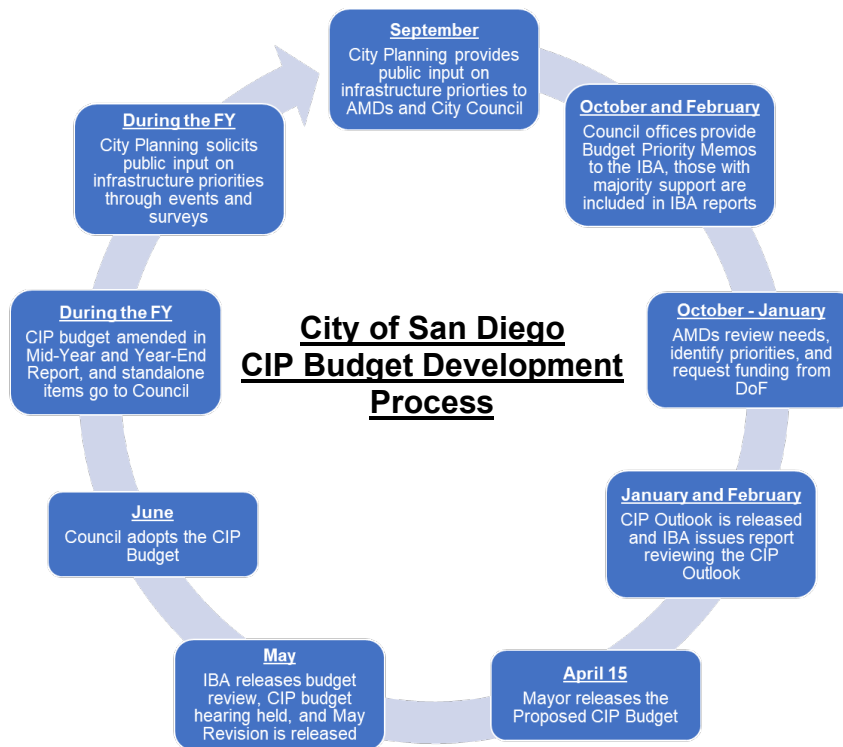
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## The City's CIP Budget Process

The City of San Diego's fiscal year (FY) runs from July 1 through June 30. As shown in the following figure, the budget process typically begins in September with City Planning providing public input on infrastructure priorities to asset managing departments (AMDs) and City Council and concludes in June with the Council's adoption of the Budget Resolution and the Appropriation Ordinance. The CIP Outlook is developed to closely follow the annual release of the City's [Five-Year Financial Outlook](#) to assist in accurately forecasting future available funding for capital projects and is generally released in January. The Mayor, City Council, City staff, Office of the IBA, and residents of San Diego all play a significant role in the formation of the budget.

**The City Must Have a Balanced Budget**

- ◆ The City is required by law to balance its budget each year. The budget is monitored throughout the year to determine whether the City is spending more or less than its revenues.
- ◆ The City then adjusts its spending to ensure that at the end of the year there are sufficient resources to cover the expenditures and the budget is in balance.



### The Five-Year Capital Infrastructure Planning Outlook

A capital improvement plan provides an overall perspective to enable decision-makers and other stakeholders, including members of the public, to take a long-range view of future capital needs, projects, priorities, and available funding. The City's long-range plan is called the [CIP Outlook](#). It provides a five-year citywide assessment of infrastructure needs and outlines the proposed capital priorities in compliance with the City Charter. The first year of the CIP Outlook serves as the basis for the development of the annual CIP budget.

# The City's CIP Budget Process

The most recent CIP Outlook is the City's ninth; the first was issued in January 2015.<sup>1</sup> The CIP Outlook is a planning tool to identify all current and future capital needs and available funding within the five-year outlook period. However, as discussed in the next section, the City's capital needs far exceed available funding, and the Mayor and Council must therefore make strategic decisions regarding capital infrastructure investments during the annual CIP budget process. Absent new resources, many needs identified in the CIP Outlook will remain unfunded.

## Government Financial Officers Association (GFOA)

- ◆ Capital facilities and infrastructure are important legacies that serve current and future generations.
- ◆ It is extremely difficult for governments to address the current and long-term needs of their citizens without a sound multi-year capital plan that clearly identifies capital needs, funding options, and operating budget impacts.

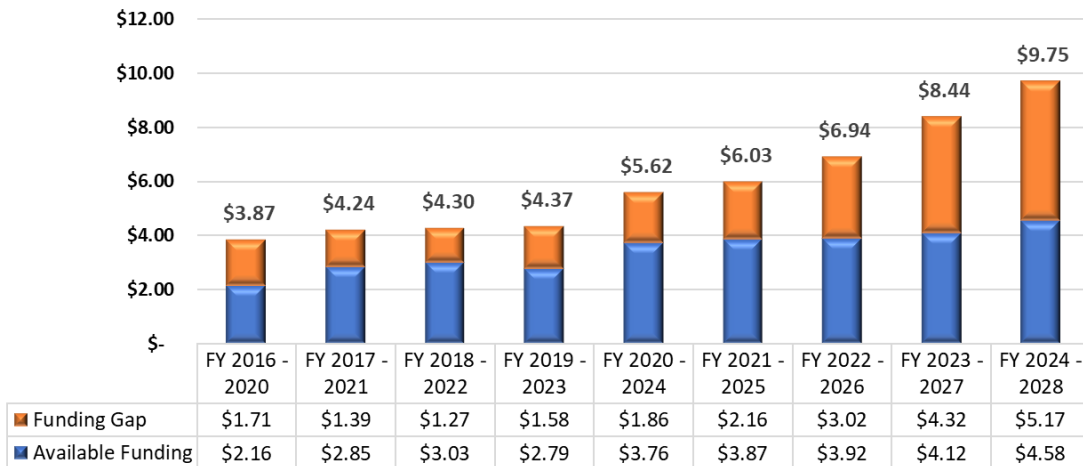
## Highlights of the FY 2024-2028 CIP Outlook



The [FY 2024-2028 CIP Outlook](#) (released in January 2023) estimates total capital needs of \$9.75 billion from FY 2024 to FY 2028 and the projected funding available to support these needs of \$4.58 billion. This results in a \$5.17 billion funding gap, which increased by 19.8% since the prior year's Outlook. As shown in the table below, this is the largest year-over-year increase in the funding gap since this report was first created. We note that the FY 2024-2028 CIP Outlook was developed using a different approach than in previous years and does not provide some key information

that had been included in previous Outlooks. For a detailed analysis and our Office's conclusions and recommendations, see [IBA Review of the FY 2024-2028 Five-Year CIP Outlook](#).

**Year-Over-Year Total Needs, Funding, and Gap for Existing CIP Outlooks**  
(\$ in billions)



Note: The methodology to develop the CIP Outlook has evolved over the years, and expenditure and revenue assumptions may vary by Outlook Period.

<sup>1</sup> A long-term capital plan was first recommended in the City Auditor's June 2011 [performance review of the CIP](#).

# The City's CIP Budget Process

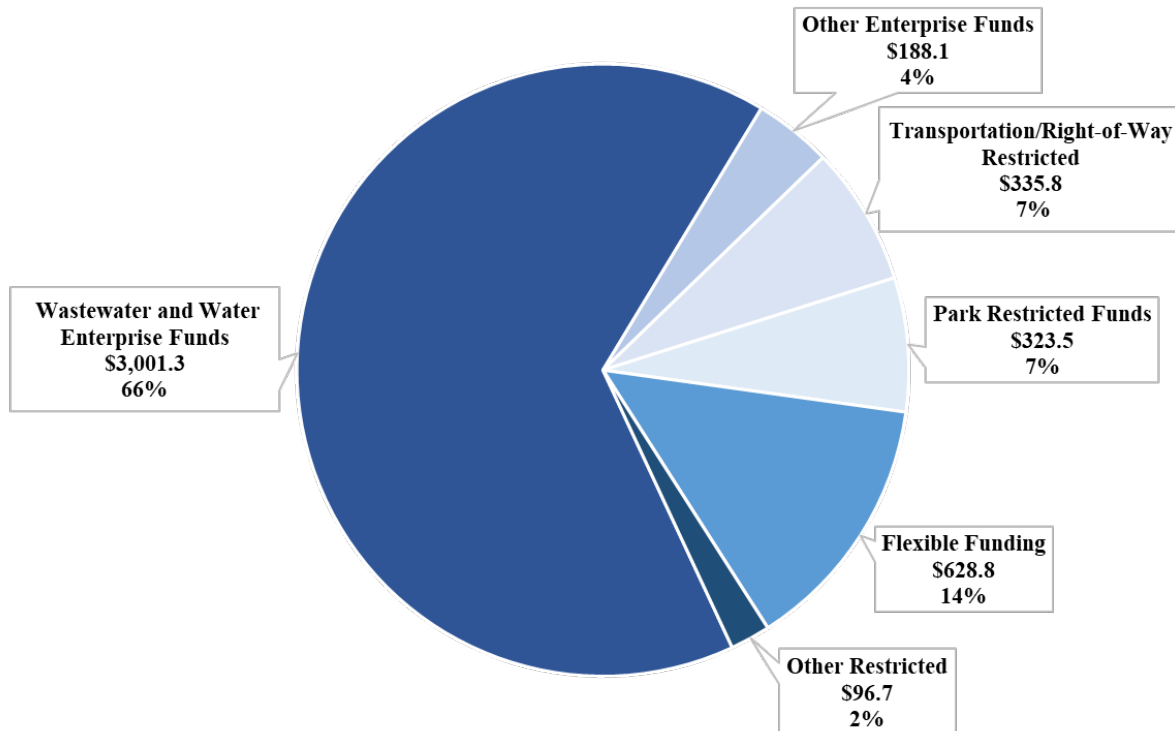
## Projected Funding and Restrictions on Use

To fund CIP projects and meet capital needs, a variety of ongoing and one-time funding sources are appropriated based on the Department of Finance's (DOF) specific fiscal year revenue forecasts. The available funding is from various sources, many of which have specific spending restrictions. When discussing CIP funding sources, there are two important related concepts – whether an asset (1) is enterprise funded or reliant on the General Fund and (2) has use restrictions. An enterprise asset is self-supporting with a dedicated funding source generated from fees or rates charged to customers using the asset; as an example, water and wastewater rate revenue can only be used to support water and wastewater assets. In contrast, non-enterprise assets such as stormwater and parks do not have a dedicated funding source and must compete for the City's limited General Fund resources.

The following figure shows projected funding from various sources in the CIP Outlook, broken out by the use restrictions of those funding sources. As in previous years, water and wastewater restricted funding accounts for a significant majority (\$3.00 billion or 65.6%) of projected funding. Flexible funding sources, which generally have few or no restrictions on use, account for only \$628.8 million or 13.7% of total funding over the Outlook period. The remaining 20.6% of fund sources are restricted for use on certain infrastructure assets like streets and parks.

### FY 2024 - 2028 CIP Outlook by Funding Source

(Total: \$4.58 billion; \$ in millions)



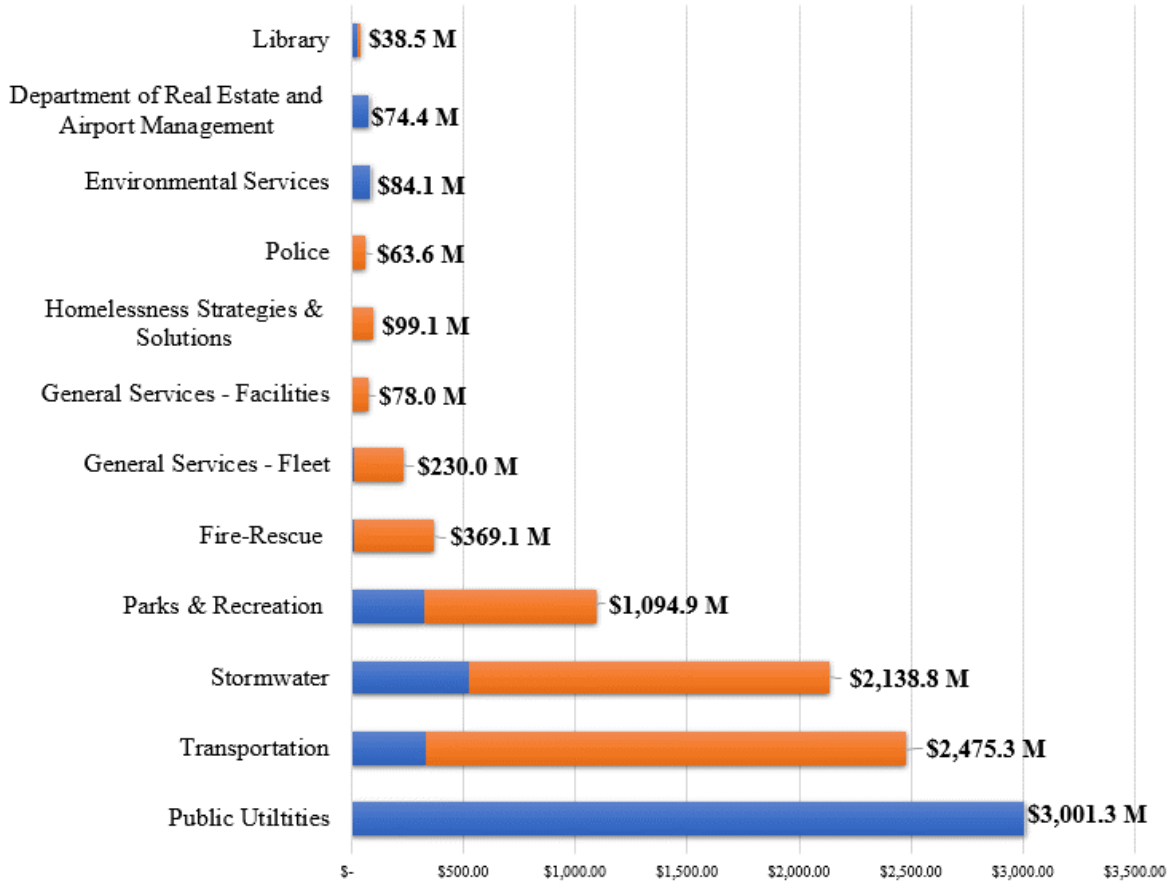


# The City's CIP Budget Process

## Funding Gap by Asset Managing Department

The CIP Outlook projects that all enterprise assets will be fully funded, and the \$5.17 billion total funding gap is entirely attributed to General Fund assets. The following figure shows the projected funding gap by the department. Transportation represents the largest funding gap with \$2.14 billion, followed by Stormwater with \$1.62 billion, and Parks and Recreation with \$771.4 million.

**Total Needs, Available Funding, and Funding Gap by Asset Managing Department**  
(\$ in millions)

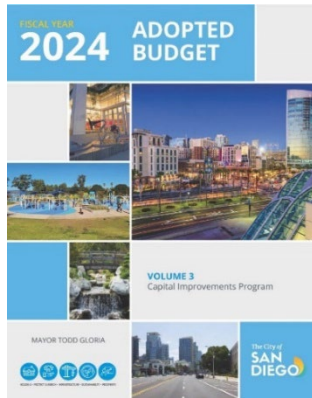


	Public Utilities	Transportation	Stormwater	Parks & Recreation	Fire-Rescue	GSD - Fleet	GSD - Facilities	HSS	Police	ESD	DREAM	Library
Total Funding	\$3,001.3	\$335.8	\$522.3	\$323.5	\$12.9	\$15.3	\$0.0	\$0.0	\$0.0	\$84.1	\$74.4	\$27.6
Funding Gap	\$0.0	\$2,139.5	\$1,616.5	\$771.4	\$356.2	\$214.7	\$78.0	\$99.1	\$63.6	\$0.0	\$0.0	\$10.9

The significant funding gap is largely due to competing priorities for limited resources and a lack of sufficient new or dedicated funding sources for capital infrastructure. This has led to the ongoing deferral of needed projects and resulted in continued aging and deterioration of existing assets, which ultimately increases costs. This also has resulted in the City spending funds on emergency repairs when assets fail. Without a financing strategy that includes new revenue, the City will continue to defer capital needs, which will result in the inefficient use of the limited existing funds.

# The City's CIP Budget Process

## The Capital Improvements Program Budget



A budget represents an organization's forecast of the revenues it will receive and expenditures it will incur in the upcoming year. Since state and local governments are required to balance their budgets, the City's annual budget is used to match identified needs with available revenue. Like many large cities, the City of San Diego's budget includes an operating budget and a [Capital Improvements Program \(CIP\) budget](#) (included as Volume III in the annual Budget release). The operating budget provides an outline of how the monies coming into the City will be spent to operate and maintain City functions and services, including public safety and parks and recreation.

In contrast, the CIP budget allocates available revenue for capital projects to rehabilitate, enhance, or expand existing infrastructure, as well as to build new public assets. The City separates the CIP budget from the operating budget because capital infrastructure projects are generally large and expensive, take multiple years to complete, and are supported by financing sources outside of the City's General Fund (the main funding source for core City functions and services included in the operating budget). The box to the right describes the differences between capital projects, which are funded through the CIP budget, and maintenance and repair projects, which are funded out of departments' operating budgets.

Because capital projects take multiple years to complete, the CIP is a rolling budget, meaning it includes funding from previous years, the current year's budget, and funds needed for future years (together referred to as the multi-year CIP). The City is limited by the amount of resources available, therefore, the CIP budget aids officials in determining which objectives have the highest priority, will meet the greatest needs, and produce the greatest positive impact in the community.

### Capital Projects Versus Maintenance & Repair

- ♦ Capital projects provide tangible, long-term improvements, such as constructing a new or expanding an existing library, replacing aging water pipes, or installing a new roof.
- ♦ Maintenance includes ongoing upkeep and repairs such as patching a roof or painting a building. Maintenance is not part of the CIP budget, and many of the funding sources used for capital projects cannot be used for maintenance. Instead, maintenance is generally funded by the City's General Fund and other sources like the TransNet Fund for street maintenance projects.

## Highlights of the FY 2024 Adopted CIP Budget

The [FY 2024 Adopted CIP Budget](#) allocates \$704.1 million of existing funds and anticipated revenues to both new and continuing projects in the City's \$17.24 billion multi-year CIP. City Council previously approved \$5.83 billion towards projects continuing from previous fiscal years. An estimated \$13.36 billion of additional funding will be needed in future years to complete the projects currently in the CIP and fund annual ongoing capital expenditures, such as road resurfacing and pipe replacements. The CIP budget includes a compilation of 1,304 projects, some of which are standalone projects and others are grouped together into annual allocations, which are composed of smaller projects that provide ongoing repair and replacements of certain asset types, such as streets and traffic signals. For detailed analysis and our Office's conclusions, see the [IBA Review of the FY 2024 Proposed Budget](#).

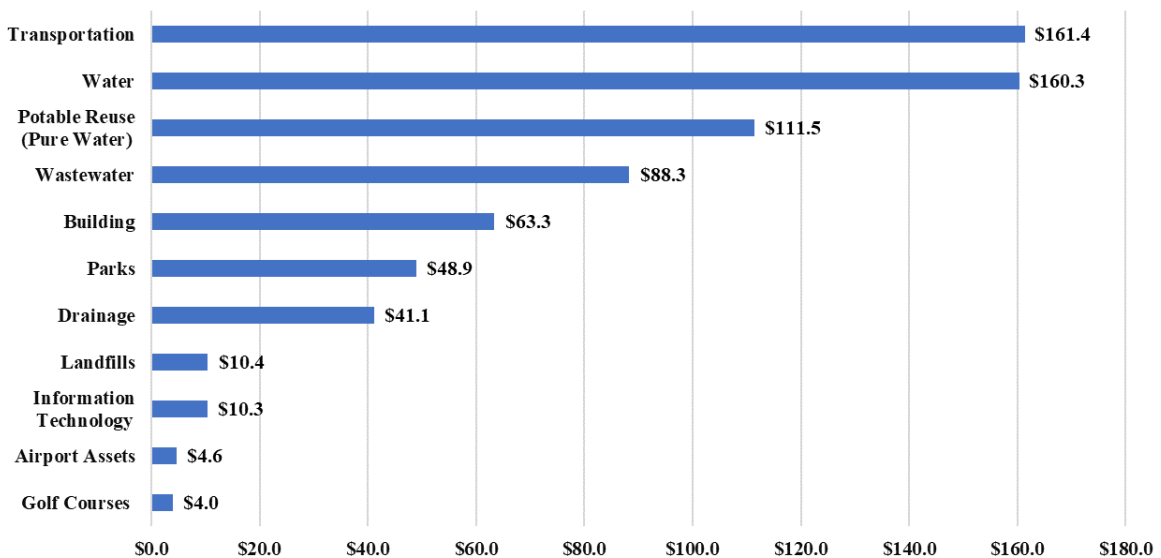
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# The City's CIP Budget Process

The allocation of resources in the CIP budget is primarily driven by the availability of funds. As shown in the figure to the right, the Water and Wastewater account for \$417.2 million, or 59.2% of available revenues, and are used to support water and wastewater projects, including the Pure Water project. Right-of-Way funding primarily includes TransNet and gas taxes and is \$34.1 million, or 4.9% of the total FY 2024 CIP budget funding. Other funding sources include the landfill, airport, and golf projects which are funded by enterprise funds. 21.2% of the budget may be used for any asset type. For example, parks, stormwater, and other building projects, such as police, fire, and library buildings, compete for these scarce resources. The figure below shows the FY 2024 CIP Budget by project type.

**FY 2024 Adopted CIP Budget by Project Type**  
(\$ in millions)



# The City's CIP Budget Process

The Pure Water Project Phase 1 (also known as Potable Reuse) is \$111.5 million or 15.8% of the total FY 2024 CIP budget. The box on the right provides more information on [Pure Water San Diego](#).

Outside of Pure Water, Water and Wastewater projects account for \$248.6 million or 35.3% of the total CIP budget. These include projects for water and sewer main replacements and large-diameter water transmission pipelines. Transportation projects account for \$161.4 million or 22.9% of the total and include roadways, traffic signals, sidewalks, bridges, and bicycle facilities. Transportation has the highest unfunded need of \$2.14 billion, as calculated in our review of the FY 2024-2028 CIP Outlook. Buildings account for \$63.3 million or 9.0% of the total CIP budget.

Stormwater accounts for 5.8% of the FY 2024 CIP budget and has the second highest unfunded needs in the CIP Outlook of \$1.62 billion over the outlook period. Ongoing deferral of needed projects results in continued aging and deterioration of existing assets, and further increases costs.<sup>2</sup>

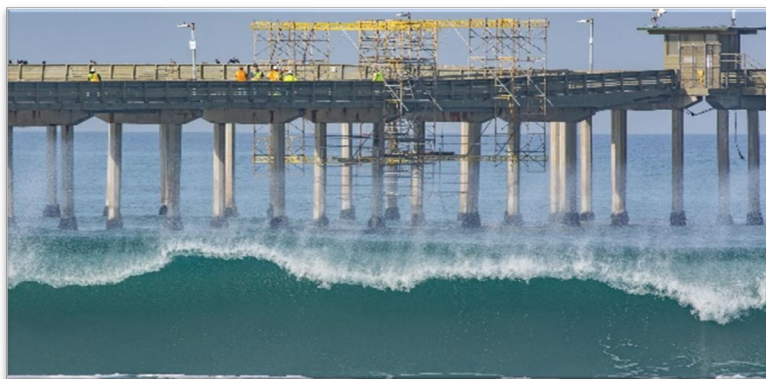
Anticipated funding is not included in the CIP budget if the funding sources either require additional City Council approval, or the funding sources are more tentative. Staff will request City Council approval to appropriate when the funds have been received.



[Pure Water San Diego](#) is the City of San Diego's phased, multi-year program that will provide nearly half of San Diego's water supply locally by the end of 2035. The Pure Water San Diego Program will use proven water purification technology to clean recycled water to produce safe, high-quality drinking water. The program offers a cost-effective investment for San Diego's water needs and will provide a reliable, sustainable water supply.

Pure Water is a 20-year (2015-2035) project funded by the water and wastewater enterprise funds, is projected to provide a total of 83 million gallons per day, and includes two phases:

- ◆ Phase 1 (North City) is under construction and is designed to deliver 30 million gallons per day of purified water into the City's potable (drinking) water system by FY 2027.
- ◆ Phase 2 (Central Area) is in the planning stage and is designed to deliver 53 million gallons per day by 2035.



Ocean Beach Pier Improvements

<sup>2</sup> On March 15, 2022, Council authorized the City to implement Water Infrastructure Finance Innovation Act (WIFIA) Loans of \$359 million over 5 years to finance eligible Stormwater projects (to be repaid by the General Fund.) For more information, see our [Review of the FY 2023-2027 CIP Outlook](#).



# The City's CIP Budget Process

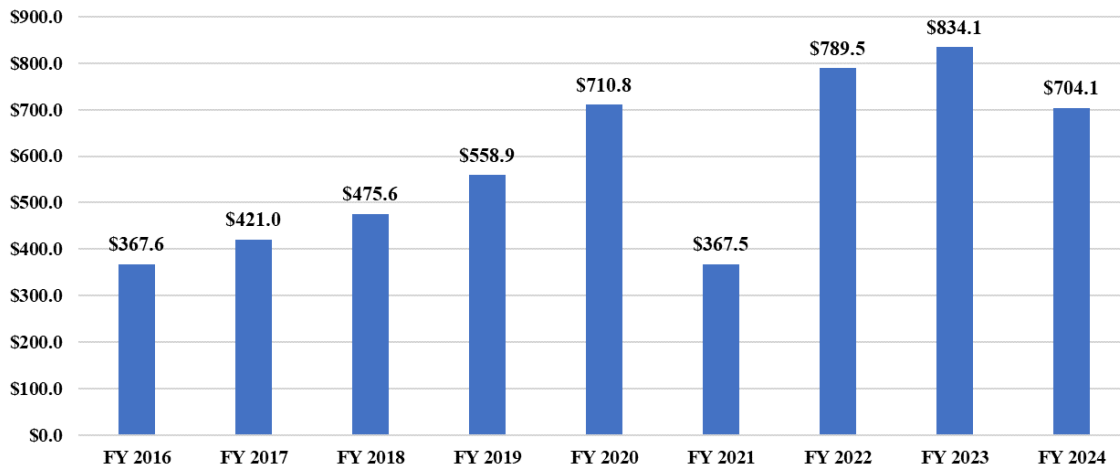
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## CIP Budget Growth

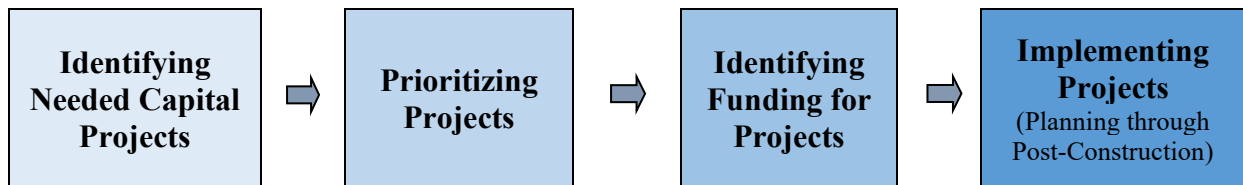
The size of the City's annual CIP portfolio has grown significantly over previous years, as shown in the figure below. Since 2016 (the first year of the CIP Outlook), the City's CIP budget has increased by 91.5% from \$367.6 million to \$704.1 million in FY 2024. Since the prior year (FY 2023), however, the CIP has decreased by 15.6%. This decrease is primarily associated with fewer appropriations for the Pure Water Program. Furthermore, the CIP budget decreased by 49.5% from FY 2020 to FY 2021, primarily due to delays with the Pure Water Project which added no additional funding in FY 2021. These delays, which were due to litigation, have since been resolved. As the CIP portfolio has grown, the City's capacity to deliver these projects is very important (discussed in more detail in the Implementing Capital Projects section of this Guide).

**Year-Over-Year Total CIP Budget**  
(\$ in millions)



# The CIP Process

The City’s process for how an infrastructure need becomes a CIP project, and ultimately a capital asset, is complex and involves various departments, funding sources, and asset types. The process generally includes the following key steps, and we discuss each step in more detail in the following sections of the Guide. The process generally includes:



## Identifying Needed Capital Projects

City staff from asset managing departments (AMDs) that operate, manage, or maintain infrastructure assets—such as Public Utilities, Transportation, Stormwater, and Parks & Recreation—have knowledge, experience, and expertise to identify capital needs, as well as an understanding of related legal requirements. Therefore, AMD staff are responsible for identifying needed capital projects to be included in the CIP Outlook and budget in coordination with the City’s Capital Improvements Program Review and Advisory Committee (CIPRAC) and input from various stakeholders. AMD staff generally identify needed CIP projects based on one or more of the factors or input discussed in more detail in the following sections.

- Direction from the Mayor and City Council
- Preservation of Public Safety
- Legal Requirements or Mandates
- Data-Driven Asset Management Practices
- City Plans
- Community Input

**CIPRAC**

- ◆ CIPRAC is an internal decision-making body largely made up of senior-level AMD staff. It reviews projects and priority ranking scores submitted by AMDs during the budget process and makes project recommendations to the Mayor for inclusion in the CIP budget.

### Direction from the Mayor and City Council

Direction is provided to staff by the Mayor, as well as through formal policies, reports, and plans adopted by the City Council. The City Council also communicates priorities through [Council Budget Priorities](#) and requests.

### Preservation of Public Safety

Preservation of public safety is one of the top priorities for the City. Engineering & Capital Projects Department (E&CP) has an emergency response section that handles CIP projects related to reducing risks to public health, safety, and the environment. This includes, but is not limited to, sinkholes caused by storm drains, replacement of fire alarm systems, sewer main breaches, and cave-ins.

# The CIP Process

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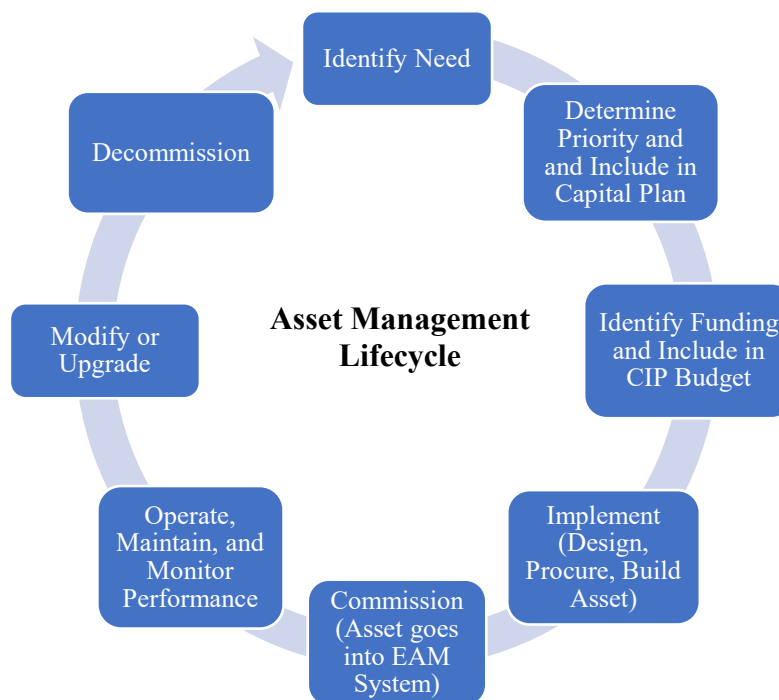
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## Legal Requirements or Mandates

The City faces a wide range of mandates from federal, state, and regional regulatory agencies regarding asset design and attributes, most of which have consequences if the mandate is unmet. Many of these legal mandates regulate a specific standard, such as water and air quality rules, to preserve and maintain public health or to protect the environment. Others exist to protect civil rights, such as the Americans with Disability Act (ADA) accessibility standards that provide access to the City's programs and services for persons of all abilities. The City's failure to meet these requirements could result in substantial fines or exposure to litigation.

## Data-Driven Asset Management Practices

Data-driven Asset Management practices play an important role in helping to effectively plan for investments in infrastructure. Asset Management is a recommended best business practice for effectively and sustainably managing assets at a desired level of service for the lowest lifecycle cost. Similar to maintenance on your car, like getting the oil changed every 3,000-5,000 miles, infrastructure assets have predictive and preventive maintenance strategies to support effective lifecycle management from acquisition to disposition. Conducting ongoing planned preventative and predictive maintenance is critical for optimizing the life of capital assets in the most cost-effective manner. When ongoing maintenance is not fully funded, it contributes to deferred maintenance and capital needs, raises risks of asset depreciation to the public, and increases repair and replacement costs.<sup>3</sup> The City's Asset Management Lifecycle process is shown in the following figure.



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<sup>3</sup> While capital repair, rehabilitation, or replacement are eligible to be in the CIP budget, maintenance is considered to be an operational cost typically funded by the AMD's operating budget or other non-capital funding sources.

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# The CIP Process

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## ***Strategic Asset Management Plan***

The City also has a [Strategic Asset Management Plan \(SAMP\)](#), which was issued in June 2018, that provides Asset Management objectives, strategy, and policy as well as guiding departmental Asset Management plans and programs. The SAMP also provided 27 action items that were needed to achieve the objectives and ensure investments the City made in an Enterprise Asset Management system (EAM) were fully realized. The 2018 SAMP helped position the City to holistically prioritize infrastructure investments while also creating more transparency and collaborations through restructuring new roles and responsibilities. The box to the right provides information on the IBA's [2023 Asset Management report](#).

### **Citywide Asset Management**

- ◆ For more information, see our [Review of Asset Management Practices and Use of the EAM System](#), where we provide an update on citywide practices, including an assessment of the status of the 27 recommendations from the SAMP; the extent to which EAM is being utilized by the six departments/divisions that implemented the system in 2018; and key ongoing Asset Management initiatives.

The following sections include more details on departmental Asset Management practices that provide a sound basis for identifying capital needs.

## ***Enterprise Asset Management System***

Given the significant amount of information and data needed for effective and sustainable management of infrastructure assets for a large City like San Diego, an Asset Management system is required to support work management and capital planning to maximize investment strategies. EAM is the software system that the City uses to support these functions. Six departments/groups currently use EAM, and the Department of Information Technology anticipates expanding this or a similar system to additional departments in future years.

## ***Service Level Standards***

Service Level Standards (SLS) provide a defined level of quality and reliability at which an asset should be maintained. A successful Asset Management program achieves targeted service levels at the lowest cost and risk. Establishing SLS helps staff to focus efforts and resources, communicate service expectations and choices, and provide support for budget requests.

SLS usually fall into four major categories: reliability, quality, customer service, and regulatory requirements. Many of the City's existing SLS were established by federal, state, and regional regulations, laws, and industry standards. Additionally, General and Community Plans help to inform public infrastructure requirements and needs. These goals reflect accepted infrastructure requirements such as increased park space, access to public safety, improved traffic patterns, and public safety facilities. SLS and/or legal requirements for AMDs are included on pages 10-11 of [IBA 23-05 Review of Asset Management Practices and Use of the EAM System](#).

## ***Condition Assessments***

Conducting condition assessments is a critical tool in effectively managing infrastructure assets. Condition assessments provide information on the state of assets, such as age and type, and frequency of usage, to provide a rating and determine remaining useful life. This information provides valuable insight into the nature and timing of possible failure. By having an inventory of all the City's assets and information on their location and current condition in EAM, AMD staff



# The CIP Process

can make well-supported decisions on what maintenance and capital projects are needed to achieve SLS.

Each asset type generally has a condition scale of 0-100, but the meaning varies based on the asset. For example, the *higher* the pavement's Overall Condition Index (OCI) score, the better the condition of the pavement. Conversely, the *lower* the Facility Condition Index (FCI) and Park Condition Index (PCI) scores, the better the condition of the asset. Page 12 of our [Asset Management report](#) provides information on condition assessments that the City has been conducting for various assets. Condition assessments should be updated based on the industry standard for the asset type.



## City Plans

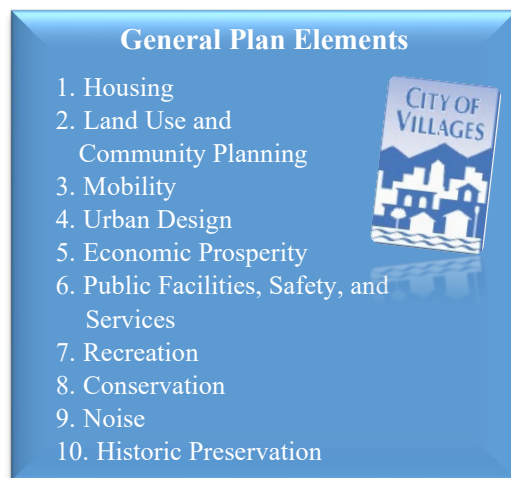
Various City plans provide strategic goals, policy guidance, outline infrastructure needs and objectives, and help guide staff in identifying needed capital projects. We discuss several key plans in the following sections; however, this is not an exhaustive list. Note, needed infrastructure is also identified through various state and regional plans, such as the Regional Transportation Improvement Plan.

### *Strategic Plan*

The City launched a new [Strategic Plan](#) in January 2022 that identifies the City's vision, mission, operating principles, and priority areas of focus for 2022 and beyond. The plan outlines the specific outcomes, expected results, and related strategies on which City leaders and employees will work collaboratively to deliver community needs. To support transparency, the plan includes an online dashboard to keep the public updated on different areas of progress over time. This includes goals and stats for [Advancing Mobility and Infrastructure](#).

### *The General Plan*

The [General Plan](#) provides a long-term vision and strategic framework for how the City should grow and develop, provide public infrastructure and services, and improve the quality of life for San Diegans. It is comprised of 10 elements that provide a comprehensive slate of citywide policies and further the City of Villages smart growth strategy for growth and development. These elements are shown in the box to the right. The General Plan is the base for which Community Plans are developed.



# The CIP Process

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## ***Community Plans***

[Community Plans](#) work together with the General Plan to provide location-based policies and recommendations in the City's 52 community planning areas. Community plans refine the General Plan's citywide policies, designate land uses and housing densities, and provide additional site-specific recommendations as needed. They also identify the public infrastructure needed to serve the existing community and anticipated new growth based on the community's vision and policies in the General Plan.

## ***Climate Action Plan***

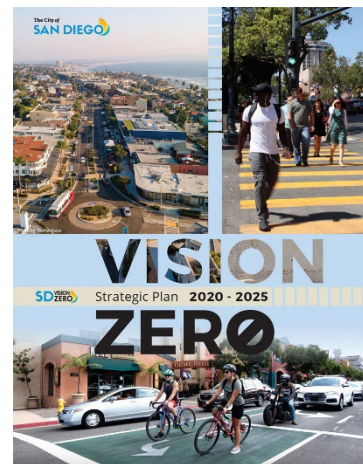
The City's [Climate Action Plan \(CAP\)](#) is one part of its comprehensive, coordinated approach to addressing climate change, known as *Our Climate, Our Future*. The City Council adopted the 2022 CAP in August 2022, setting a new goal of reaching net zero for greenhouse gas (GHG) emissions by 2035 (from measured 2010 baseline amounts). The 2022 CAP contains new strategies, measures, and targets that have been updated from the original CAP. Also, a draft Implementation Plan was recently released that includes further information on funding needs, performance metrics, time frame, and implementation pathways. These plans help the City determine what infrastructure and other projects are needed to achieve emission reduction goals.



Additionally, [Blueprint SD](#), which builds from CAP, is a citywide effort to create a clear guide or *blueprint* on how to prioritize GHG emissions reductions. Community input on this goal is being solicited via the [BlueprintSD's Priorities Survey](#).

## ***Vision Zero Strategic Plan***

Vision Zero is a strategy to eliminate all traffic fatalities and severe injuries associated with transportation. The City adopted Vision Zero in 2015, and issued a [Vision Zero Strategic Plan](#) in 2020 that provides a framework for improving road safety for all users, especially the most vulnerable and achieving zero traffic related fatalities and severe injuries by 2025. A key strategic action outlined in the plan is to budget and build capital improvements, with increased focus on communities of concern. These projects include sidewalks, bikeways, new signals, signal modifications, streetlights, traffic calming and median installation.



## ***Mobility Master Plan***

The City's [Mobility Master Plan](#) provides a vision for San Diego's Transportation Network that focuses on maintaining and expanding efficient, safe and convenient transportation options for all San Diegans. The draft plan is currently available for public [review and comments](#). Similar to Vision Zero, the revised Mobility Master Plan identifies needed capital projects to support safe transportation options while also reducing mobile sources of emissions and furthering a shift in transportation mode.

# The CIP Process

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## Community Input

Since the City's infrastructure ultimately benefits the public, community input is critical for effective implementation of the CIP. Public input is important to understand desired service levels for public infrastructure as well as community priorities. The City recently updated its process for soliciting public input. The new community-input process is formalized in the recently updated [Council Policy 000-32: Neighborhood Input on Infrastructure Needs and Priorities \(December 2022\)](#). Public input can be provided through public hearings/events held by City Planning as well as by completing an online survey on the department's [Equity Forward: Infrastructure Prioritization Public Engagement](#) website. The survey is open year-round.

The public input collected thus far via the online survey was provided to Councilmembers and AMDs in September 2023 so these projects could be assessed and prioritized among other identified capital needs to be considered for inclusion in [FY 2025 Council Budget Priority Memos](#), as well as the CIP Outlook and development of the CIP Budget.

### **How members of the public can provide input on the needed infrastructure projects.**

- ◆ Attend public hearings/events with City Planning and/or respond to the [Equity Forward: Infrastructure Prioritization Public Engagement](#) survey.  
Public meeting and event dates and the year-round survey can be found at:  
<https://www.sandiego.gov/planning/programs/work-programs/infrastructure-prioritization-engagement>.
- ◆ Report infrastructure issues through the [Get It Done](#) app.
- ◆ Reach out to your [City Councilmember Council offices](#) (also, see page 25 of this Guide). Councilmembers submit their CIP priorities each year in early October and Budget Priorities Memos to the IBA in September and January.
- ◆ Attend meetings or contact representatives from community planning, recreation committees, and other groups [www.sandiego.gov/planning/involved/](http://www.sandiego.gov/planning/involved/). Giving them your feedback helps them to decide and prioritize which projects to request.
- ◆ Attend budget hearings to speak or submit public comments. The City Council hosts Budget Review hearings each year in May following the release of the Mayors Proposed Budget in April. These hearings represent the opportunity to revise the proposed budget, and the City Council makes recommendations based on public comments.
- ◆ Contact staff from the applicable AMDs (see page 27 for contact information).

# The CIP Process

## Prioritizing Capital Projects

In the current environment where the City’s infrastructure needs far exceed available funding, AMD staff must prioritize capital projects. [City Council Policy 800-14: Prioritizing Capital Improvement Program Projects](#) provides 7 weighted prioritization factors that are used by AMD staff to rank capital projects based on different asset types. The following table provides scoring weights for each prioritization factor per asset type in recognition that different assets serve distinct needs.

Factors	Parks & Rec and Golf Assets	Library Assets	Mobility Assets	Public Safety & General Service Assets	Enterprise & Fee-Funded Assets	Flood Resiliency & Water Quality Assets
1. Legal Compliance and Risk to Health and Safety and Environment	18	13	25	25	25	25
2. Asset Condition and Service Level	25	25	25	28	25	25
3. Equal and Equitable Community Investment	20	20	20	20	20	20
4. Sustainability and Conservation	25	25	15	15	15	15
5. Funding Availability	5	10	5	5	5	5
6. Project Readiness	5	5	5	5	5	5
7. Multi Asset Benefit	2	2	5	2	5	5

As part of the approval process to fund projects, CIPRAC reviews projects and the priority ranking scores that were submitted by AMDs. CIPRAC tries to prioritize available funding to projects that will allow a partially funded or existing project to be completed. Restrictions with many available funding sources limits competition for funding in some categories, such as enterprise-funded water and wastewater revenue which can only be spent on these infrastructure assets. E&CP staff refine the priority score during the preliminary stage of project implementation and may refine the score further into implementation, if needed.



# The CIP Process

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## Identifying Funding for Capital Projects

Once priority projects are identified, AMD staff work with the Mayor, City Council, and appropriate departments, such as the Department of Finance, to identify funding. However, they must do so within two major constraints. First, the City's infrastructure needs greatly exceed available resources. As we discussed earlier in this Guide, this is evidenced by the \$5.17 billion funding gap identified in the [FY 2024-2028 CIP Outlook](#) which is for General Fund departments. As a result, there are competing priorities for limited funds.

Second, the available funding is from various sources, many of which have specific restrictions on how they can be spent, also discussed earlier. The use restricted categories are generally based on the type of project and geographic locations. For example, enterprise funds (like airports, golf course, and water and sewer) can only be spent on projects to improve or maintain the condition of the assets for which the fees were collected, and Mission Bay Park Improvement Funds or San Diego Regional Parks Improvement Funds can only be used for improvements within the parks.

The following sections discuss several funding sources that can be used for infrastructure without any, or without a sufficient, dedicated funding source such as streets, sidewalks, parks, fire stations, and libraries. The [FY 2024 Adopted CIP Budget](#) provides a complete list of CIP funding sources.

### Flexible Funding

The most flexible funding sources that can be used to fund any General Fund capital project are the City's General Fund, Infrastructure Fund, and lease revenue bonds and other financing.<sup>4</sup> Due to competing priorities in the operating budget and the significant costs of capital projects, the CIP cannot rely heavily on the General Fund. However, the General Fund still contributes a significant amount of funding for CIP projects, because it funds the debt service payments for the City's lease revenue bonds. Flexible funding totaled \$149.3 million, or 21.2%, of the FY 2024 Adopted CIP Budget for capital projects for bicycle facilities, existing facilities, parks, sidewalks, street resurfacing, and stormwater.

### Development Impact Fees

Another significant resource for General Fund assets is Development Impact Fees (DIF). DIFs are imposed on new development projects as a one-time fee, typically at building permit issuance, to provide a share of the cost of needed public facilities to serve new development. Prior to 2021, all DIFs were community-specific and could be only used for public improvements within the specific

#### What happens when projects are not funded?

- ◆ Without funding, projects for stormwater, facilities (including those for Police, Fire-Rescue, Park and Recreation, and Library), transportation, and other General Fund assets are deferred, resulting in a significant backlog of deferred projects.
- ◆ The lack of investment in many of these is evidenced by the neglected appearance, increase in asset failure, and need for emergency projects.

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<sup>4</sup> Due to revenue shortfalls in the prior fiscal years associated with the COVID-19 pandemic, contributions were not made to the Infrastructure Fund in FY 2020 and 2021. The City's economic recovery from the pandemic resulted in the City resuming its contributions in subsequent years. Contributions to the fund in future years will depend on the City's financial outlook.

# The CIP Process

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community boundaries. This has resulted in traditionally disadvantaged communities receiving less infrastructure investment. Additionally, it led to challenges with funding infrastructure projects on a community-based level due to geographic constraints on where funds could be spent. With the adoption of citywide Parks DIF in 2021, and citywide Mobility, Fire-Rescue, and Library DIFs in 2022, DIFs for parks, fire stations, libraries, and mobility projects are administered as citywide fees, allowing for more efficient and equitable spending of fees collected. The goal is to use citywide DIF to supplement community based DIF so projects can be completed more quickly.

## **Other Important Funding Sources**

In addition to the funding sources being used in FY 2024, the City relies on federal and state grants and loans to fund capital improvement projects, based on their availability. Some of these sources also have restrictions on how they can be used. Several grant and loan programs used by the City are discussed below.

Community Development Block Grants (CDBG) – In FY 2024, the City received \$3.2 million for capital projects from the U.S. Department of Housing and Urban Development’s annual CDBG Program. This program is intended to benefit low- and moderate-income citizens through improvements to local communities, such as public services, community/economic development, and capital improvement. CDBG funding for capital improvement may be used for public facilities and improvements, for example, to neighborhood facilities, fire stations, libraries, parks, streets, and sidewalks.

California State Revolving Fund (SRF) Loan Program – The SRF program provides loans with low borrowing costs and interest rates, and flexible repayment terms for infrastructure projects. The FY 2024-2028 CIP Outlook includes \$85.0 million in SRF loans for stormwater.

Infrastructure Investment and Jobs Act (IIJA) – The IIJA (also known as the Bipartisan Infrastructure Law) became federal law in November 2021 and will allocate about \$1.2 trillion nationwide over ten years for transportation and infrastructure spending, with \$550 billion going toward new investments to address energy and power infrastructure, access to broadband internet, water infrastructure, and other projects. The State of California is estimated to receive \$46.6 billion in over ten years.

The extent to which the City will benefit from this new funding is not clear as it is primarily being made available through competitive grants or formula-based funding that is passed through the State. While funding may be used primarily for capital projects, it is not limited to only those projects but rather depends on the type of grant. The City has submitted several grant applications for safe streets, electric vehicle charging stations, and Pure Water projects.

Inflation Reduction Act (IRA) – The federal IRA was signed into law in August 2022 and provides the City opportunities to compete for grant funding for climate and energy related infrastructure projects from various federal programs. For example, the City was awarded \$10.0 million from the U.S. Department of Agriculture in September 2023, which will enable the City to plant 8,000 trees in disadvantaged communities.

Water Infrastructure Finance Innovation Act (WIFIA) Loans – WIFIA is a federal credit program administered by the U.S. Environmental Protection Agency (EPA). The program is designed to improve water, wastewater, and stormwater infrastructure. Related debt will need to be repaid by the City following the conclusion of the drawdown of funds. The City has utilized WIFIA loans for water and more recently stormwater projects. The [FY 2024-2028 PUD Outlook](#) includes \$340.5

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# The CIP Process

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million in WIFIA Funding for the Pure Water project and the FY 2024-2028 CIP Outlook includes \$231.2 million in WIFIA funding primarily to finance stormwater projects.

## **Additional Funding Sources Are Needed**

Given the magnitude of the City of San Diego's \$5.2 billion infrastructure backlog, additional revenue sources will need to be considered in the future to help to address the funding gap. See the box below for several potential funding sources that have been used by state and local governments in California, as well as in other U.S. states to fund needed infrastructure projects.

### **Potential Future Funding Sources**

Given the magnitude of the City of San Diego's infrastructure funding gap, there are several revenue sources that may need to be considered in the future. Those listed below have been successfully used by other large U.S. cities to fund needed infrastructure projects.

#### General Tax Increase

A general tax increase, such as a sales tax increase, is an alternative used by state and local governments to fund needed infrastructure projects. In California, a general tax increase requires 50% plus 1 voter approval, so may be easier to pass compared with ballot measures that require two-thirds voter approval, such as General Obligation (GO) Bonds. Cities can also bond against the approved tax increase to create additional funding. Further, sales tax revenues can be used for both operations and maintenance and capital projects.

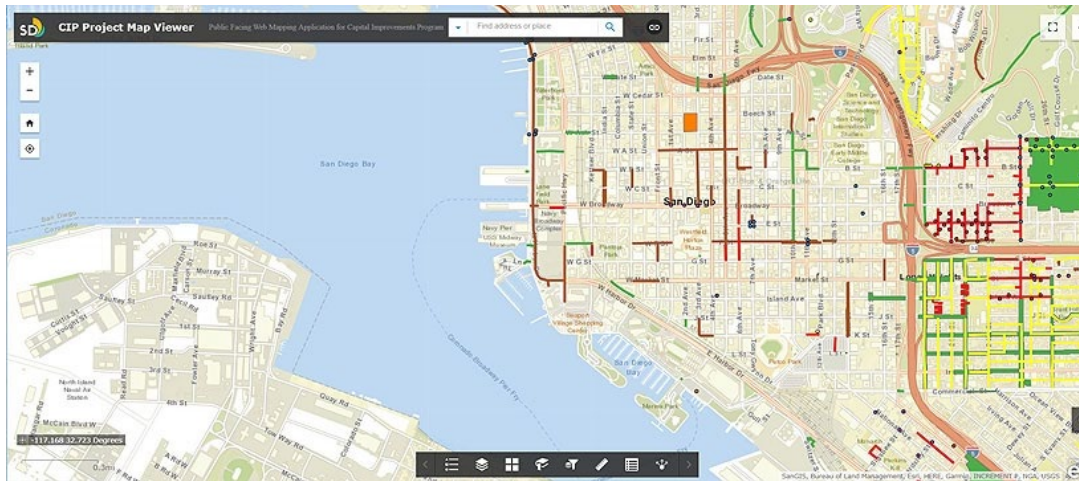
#### General Obligation Bonds

GO bonds provide an alternative to lease revenue bonds. The difference between the two is the source of repayment on the bonds. GO bonds are secured by the City's promise to levy additional property tax sufficient to pay annual principal and interest on the bonds. Since GO bonds require an increase in property tax, they must achieve two-thirds voter approval, as per California law. GO bonds are also typically the least expensive type of debt available to municipalities and, therefore, can reduce financing costs for CIP projects, and have been highly successful in cities like San Francisco. For more information, see [IBA Report 15-26: Comparative Information about other Cities' Bond and Revenue Measures](#).

# The CIP Process

## Implementing Capital Projects

Executing the CIP portfolio is complex due to the volume and variety of funding sources, asset types, and project delivery methods. For efficiency purposes, the implementation and management of approved CIP projects is centralized in E&CP. Note, E&CP has a CIP website that provides information on ongoing CIP projects via an interactive map: <https://www.sandiego.gov/cip/projectinfo>.



The City also has the Department of Strategic Capital Projects (SCP), that provides engineering, project management, and construction management for complex, unique, and large capital projects that are beyond the capabilities of E&CP. Programs and projects being implemented by SCP Department are shown in the box to the right.

Project implementation includes management and oversight of projects from initiation through project completion. Following approval of the budget, project implementation will move to the next phase for ongoing projects, and new projects will be initiated. The project implementation phases generally depend on the contracting method used. Choosing the right procurement process depends on several factors, such as the complexity of the project, schedule, and available cash flow. The City uses a Design-Bid-Build method for most of its capital projects. This method generally entails either designing the project in-house or hiring a consultant for design, and then going through the bid-and-award process for the construction contract. The implementation phases for this method are shown in the figure on the next page.

**SCP Department  
Key Projects**

- ◆ Pure Water Phase 1
- ◆ Pure Water Phase 2
- ◆ Ocean Beach Pier Replacement
- ◆ Fenton Bridge
- ◆ East County Residual Line
- ◆ Mission Gorge Force Main Replacement

# The CIP Process

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## Implementation Phases for Design-Bid-Build Contracting Method



The City also uses other contracting methods, especially in recent years, to provide more efficiency and flexibility. This includes Emergency Contracts to enable the City to respond quickly in urgent situations. It also includes Job Order Contracting (JOC) and Multiple Award Construction Contracts (MACC). These alternative methods are summarized in the table on the next page.



# The CIP Process

Contracting Method	Description
<b>Design-Build</b>	A design and contractor team are hired to design and construct a project under one contract.
<b>Emergency Contracting</b>	The City Council is notified in case of an emergency and prequalified contractors are awarded contracts without advertisement and competition to enable staff to respond quickly in urgent situations.
<b>Job Order Contracting</b>	<p>JOCs are used for as-needed construction-only projects not contemplated at the time of contract award. Projects are authorized through task orders up to \$5 million for pipeline and pavement work, and \$1 million for all other work. The cumulative amount of task orders may not exceed \$30 million without Council approval.</p> <p>E&amp;CP has expanded the use of JOCs to increase the flexibility of available CIP delivery methods and provide for improved reliability as well as increased capacity.</p>
<b>Multiple Award Construction Contracts</b>	<p>MACCS are used for as-needed design and construction projects where a shortlist of pre-qualified design-build teams compete and bid on projects that are similar in scope or asset type without the need to conduct a full open solicitation. These types of contracts are designed to reduce costs and time by streamlining the bidding and contract award processes. Projects, or task orders, under the contract cannot exceed \$30 million and the cumulative amount of task orders cannot exceed \$100 million without Council approval.</p> <p>MACC allows project construction to begin sooner than traditional delivery methods.</p>

## Capacity to Deliver Projects

To successfully deliver the current CIP and address its growing backlog, the City needs to continue investing in capacity. These investments include ensuring sufficient staff to support grant writing for IJA and other federal and state opportunities and continuing to make needed changes to salaries, job classifications, etc., to attract and retain needed skills and fill vacant positions in order to deliver funded projects.

The CIP Outlook also notes the external capacity challenge, that is, helping to ensure the base of consultants, contractors and vendors in the San Diego region, is sufficient to support the current and future volume of work due to projected CIP growth, especially if a Citywide financing plan is developed. While the City is rebounding from the economic impacts of the COVID-19 pandemic, it may still experience long term impacts from supply chain, inflation, and potential interest rate increases, which are resulting in overall higher costs for projects.

To address these challenges, City engineering officials have been working to streamline CIP processes and make decision-making processes more transparent. Streamlining CIP delivery intends to accommodate growth, build organizational capacity, and efficiently manage and deliver capital projects as the City deals with budgetary and resource constraints and aging and deteriorating infrastructure.

# Accountability and Oversight

Per prior CIP streamlining and transparency initiatives, E&CP staff report on the state of the CIP twice per year and are available to present to committees or the full Council upon request. For more information on State of the CIP and State of Construction, see: <https://www.sandiego.gov/cip/reports>.

### ***City Council***

As the legislative branch of government, the City Council is responsible for setting policy direction; enacting, reviewing, and modifying legislation as appropriate; and adopting the annual budget. The legislative branch provides a check and balance to the City's executive branch, with the Mayor serving as the Chief Executive Officer. As you can see on the [City Council Committee website](#), Council has ten standing committees to help members review, discuss and approve legislative matters in a focused and efficient manner. This site also includes information on committee membership, meeting dates/times, agendas, and actions. The ATI Committee has the lead on many infrastructures related items, but several other committees also cover infrastructure-related issues and provide oversight for financial operations.

### ***Active Transportation and Infrastructure Committee***

The ATI Committee's area of responsibility includes the CIP Outlook, CIP budget and budget monitoring, oversight of CIP streamlining, infrastructure finance, Regional Transportation Improvement Program, Asset Management, condition assessment monitoring and implementation, neighborhood input on infrastructure needs and priorities, as well as ADA compliance and accessibility, walkability, and bicycle programs. More information is available in the [2023 ATI Committee Work Plan](#).

### ***Environment Committee***

The Environment Committee's area of responsibility includes programmatic policy matters related to water, wastewater, stormwater, and parks. Several of these are also related to infrastructure and capital projects, including the Clean Water Program, water management and policy, Pure Water program (including the CIP), energy, multiple species conservation program, regional parks, open space, public utilities, golf, utility undergrounding, franchise agreements, and stormwater management and policy. More information is available in the [2023 Environment Committee Work Plan](#).

### ***Budget and Government Efficiency Committee***

The Budget and Government Efficiency (B&GE) Committee's responsibilities include the annual budget and budget monitoring, financial reports, purchasing and contracting, and equal opportunity contracting, among other issues. More information is available in the [2023 B&GE Committee Work Plan](#).

### ***Budget Review Committee***

The Budget Review Committee is responsible for the annual budget development process. During public budget hearings held in May each year, Councilmembers may request that specific projects be brought back to Council prior to awarding contracts. These committee meetings also allow members of the public to ask questions of City staff, provide input to committee members relating to the annual budget, and provide an opportunity for the Council to thoroughly analyze any issues.

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# Important Resources and City Contacts

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## Important Resources

### City Council Offices

City Council offices are located on the 10th floor of the City Administration Building at: 202 C Street, San Diego, CA 92101. For more information about the City Council, or to find your Council District, please visit <https://www.sandiego.gov/citycouncil>.



**Councilmember  
Joe LaCava**

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**Councilmember  
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**Councilmember  
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**Councilmember  
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**Council President  
Sean Elo-Rivera**

District 9

[SeanEloRivera@sandiego.gov](mailto:SeanEloRivera@sandiego.gov)

# Important Resources and City Contacts

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## **The Mayor**

The Mayor serves as the City's Chief Executive Officer. Through the Chief Operating Officer, the Office oversees the City's daily operations, and implements programs and initiatives to carry out the City's policy objectives. The Mayor is also responsible for proposing the City's annual budget by April 15<sup>th</sup> of each year, revising it as appropriate after input from the public and City Council through the May budget hearings, and producing the final adopted budget that is approved by the City Council in June. To contact the Office of the Mayor, call (619)236-6330, email: [MayorToddGloria@sandiego.gov](mailto:MayorToddGloria@sandiego.gov) or visit the Office's website at [www.sandiego.gov/mayor](http://www.sandiego.gov/mayor).



## **Office of the Independent Budget Analyst**

The mission of the IBA is to provide clear, objective, and unbiased analysis and advice to the City Council and the public regarding all legislative items bearing financial and policy impacts to the City of San Diego. IBA reports are made available to the public and are presented to the City Council during Council meetings, budget hearings, and committee meetings. To contact the Office of the IBA, please call (619)236-6555, email [sdiba@sandiego.gov](mailto:sdiba@sandiego.gov), or visit the Office's website at [www.sandiego.gov/iba](http://www.sandiego.gov/iba).

For IBA Infrastructure-Related Reports, visit: [www.sandiego.gov/iba/reports/infrastructure](http://www.sandiego.gov/iba/reports/infrastructure).

## **Community Planners Committee and Community Planning Groups**

The CPC was created to ensure communication between the various Community Planning Groups, and to solicit public input on Citywide issues. The chairperson of each Community Planning Group is designated to act as their community's representative to the CPC. To access CPC meeting agendas, minutes, and additional information please visit: [www.sandiego.gov/planning/community/cpc](http://www.sandiego.gov/planning/community/cpc).

Community Planning Groups act as a formal mechanism for community input in the CIP decision-making process. They give citizens an opportunity to suggest projects to the City Council, the Planning Commission, AMDs, and other decision makers. For more information about the City's Community Planning Groups, visit: [www.sandiego.gov/planning/community/cpg](http://www.sandiego.gov/planning/community/cpg).

## **Parks & Recreation Boards and Committees**

Park and Recreation Committees act as vehicles for public input to the Park & Recreation Board, which makes recommendations to City Council via Council or committee meetings. For more information please visit: [www.sandiego.gov/park-and-recreation/general-info/boards](http://www.sandiego.gov/park-and-recreation/general-info/boards).


## **Engineering & Capital Projects Department**

Once a capital project is approved, E&CP is the department that implements, manages, and oversees the project throughout the process. To learn more about specific capital projects, please call (619)533-4207, email [engineering@sandiego.gov](mailto:engineering@sandiego.gov), or visit [www.sandiego.gov/cip](http://www.sandiego.gov/cip).

# Important Resources and City Contacts

## Asset Managing Department Contacts

In addition to the Public Information Officers who are assigned to some of the departments to provide information about CIP projects, AMDs may also be contacted by interested parties with questions or project input. The following table includes contact information for these specific departments and divisions.

Responsible Department or Division	Capital Infrastructure Assets	Website	
<b>Office of ADA Compliance &amp; Accessibility (Sustainability &amp; Mobility Department)</b>	ADA Compliance & Accessibility	<a href="http://www.sandiego.gov/adacompliance/">www.sandiego.gov/adacompliance/</a>	
<b>City Planning</b>	Developer built projects (and DIF)	<a href="https://www.sandiego.gov/planning/">https://www.sandiego.gov/planning/</a>	
<b>Department of Real Estate Assets &amp; Airport Management</b>	City-owned real estate such as the City Concourse & Parkade Brown Field Municipal Airport & Montgomery-Gibbs Executive Airport	<a href="http://www.sandiego.gov/real-estate-assets">www.sandiego.gov/real-estate-assets</a>	
<b>Engineering &amp; Capital Projects</b>	Oversight of public infrastructure and facilities	<a href="https://www.sandiego.gov/ecp/about">https://www.sandiego.gov/ecp/about</a>	
<b>Environmental Services</b>	Landfills (Active & Inactive); Energy Efficient Programs for City Facilities	<a href="http://www.sandiego.gov/environmental-services">www.sandiego.gov/environmental-services</a>	
<b>Fire-Rescue</b>	Fire and lifeguard stations and related facilities	<a href="http://www.sandiego.gov/fire">www.sandiego.gov/fire</a>	
<b>Library</b>	Central Library and 36 branch libraries	<a href="http://www.sandiego.gov/public-library">www.sandiego.gov/public-library</a>	
<b>Parks &amp; Recreation</b>	Golf courses, parks, playgrounds, recreation centers, and swimming pools	<a href="http://www.sandiego.gov/park-and-recreation">www.sandiego.gov/park-and-recreation</a>	
<b>Police</b>	Police stations, firing ranges, and related facilities	<a href="http://www.sandiego.gov/police">www.sandiego.gov/police</a>	
<b>Public Utilities</b>	Water and sewer pipelines, pump stations, treatment centers, reservoirs, and related facilities	<a href="http://www.sandiego.gov/publicutilities">www.sandiego.gov/publicutilities</a>	
<b>Storm Water</b>	Storm drains, pipes, and outfalls	<a href="http://www.sandiego.gov/stormwater">www.sandiego.gov/stormwater</a>	
<b>Transportation</b>	Bikeways, Streets, Sidewalks, Street Lights, and Traffic Signals	<a href="https://www.sandiego.gov/tsw/">https://www.sandiego.gov/tsw/</a>	

## CIP Websites

- ◆ E&CP maintains a website that includes information about the Capital Improvements Program (CIP), including project information, and bid and contracting opportunities. Visit [www.sandiego.gov/cip](http://www.sandiego.gov/cip) for more information.
- ◆ The Department of Finance maintains a website that includes the current fiscal year Adopted Budget, and previous budgets. Visit [www.sandiego.gov/finance/annual](http://www.sandiego.gov/finance/annual) for more information.



# Important Resources and City Contacts

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## Key Infrastructure-Related Plans, Reports, and Council Policies

[City Council Budget Policy 000-02](#): This policy establishes guidelines and standards relating to the operating and CIP budgets, budgetary controls, and revenues and expenditures.

[City Council Project Prioritization Policy 800-14](#): This policy establishes an objective process for ranking CIP projects. Asset managing departments utilize this policy when ranking their needs lists before submitting them to CIPRAC.

[City Council Asset Management Policy 800-16](#): This Council Policy establishes the overall guidelines and plan steps for Asset Management planning in the City of San Diego.

[City Council Transparency Policy 000-31](#): This policy enhances transparency by improving access to information related to the CIP. It also establishes a framework to make information about the CIP readily available to interested parties.

[City Council Community Planners Committee Policy 600-09](#): This policy establishes a citizens' organization that serves in an advisory capacity to the City regarding matters related to the General Plan and the various community plans.

[City Council Community Planning Groups Policy 600-24](#): This policy identifies responsibilities and establishes minimum operating procedures governing the conduct of planning groups when they operate in their officially recognized capacity.

[City Council Policy on Neighborhood Input on Infrastructure Needs and Priorities 000-032](#): This policy formalizes the role and process for neighborhood input on infrastructure needs and priorities, for consideration in the City's CIP budget and the Capital Outlook.

[City Council Policy on Community Development Block Grant Program 700-02](#): This policy establishes the general guidelines by which the City will select and implement activities utilizing CDBG funds.

[City Council Policy on Prioritizing Actions for Climate Action Plan Implementation 900-22](#): This policy sets forth a comprehensive set of strategies, measures, targets, and actions to achieve the City's interim 2030 fair share reduction goal and 2035 goal of net zero greenhouse gas emissions.



Coast Sea Cave Emergency Stabilization Project

# Frequently Asked Questions (FAQs)

## **What is the difference between the City's Operating Budget and the Capital Improvements Program budget?**

The operating budget provides an outline of how the monies coming into the City will be spent to operate and maintain City functions and services, including public safety and parks and recreation. The operating budget is primarily supported by the General Fund and is used for day-to-day recurring operating expenses for City services and functions. In contrast, the CIP budget allocates available revenue for capital projects to rehabilitate, improve, or build new public infrastructure, such as streets, libraries, and parks. The CIP is funded by various sources that often have restrictions on how they can be spent.

## **Is the CIP budget a multi-year plan?**

The annual CIP budget provides one year of funding for the City's multi-year program. However, the budget document shows the budget for the previous fiscal years and estimated future costs for completing projects. The Five-Year Capital Infrastructure Planning Outlook (CIP Outlook) is the City's long-term planning tool that identifies known capital needs and funding sources over the next five years. It is released annually and is used as a guide in developing the City's annual CIP budget.

## **Can the City use more funds from the General Fund for CIP projects?**

Because the General Fund is the primary funding source for basic City services, and those funds are limited, the General Fund has historically only been used for a small portion of the most urgent capital projects that do not have any other available funding sources. However, voters approved Proposition H in June 2016 which diverts revenue that would have otherwise gone into the General Fund to the Infrastructure Fund. This is a flexible funding source to support infrastructure needs that do not have a dedicated funding source. Additionally, General Funds appropriated for CIP projects could result in a decrease in funding for other basic City services.

## **How can I determine if a project is capital in nature?**

Capital improvement projects provide tangible long-term improvements or additions of a fixed or permanent nature; have value; and can be depreciated, such as a new or expanded library, replacement of aging water pipes, or a new streetlight. In contrast, maintenance includes ongoing upkeep and repairs with a short lifecycle, such as patching a roof, planting trees, painting a building, or replacing carpeting. AMD staff can provide additional clarification, if needed (see website information on page 27).

## **What is the Capital Improvements Program Review & Advisory Committee?**

Capital Improvements Program Review & Advisory Committee, or CIPRAC, is an internal decision-making body largely made up of senior-level officials from City AMDs and supporting departments like the E&CP and DOF. It reviews projects and corresponding ranking scores submitted by departments during the budget process and makes project recommendations to the Mayor for inclusion in the Mayor's proposed budget. CIPRAC's goal is to ensure that the projects

# Frequently Asked Questions (FAQ)

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are appropriately ranked from a Citywide perspective, balancing needs, and budget with policy objectives.

## **Why do certain projects with lower priority scores make it into the budget and receive funding over projects with higher scores?**

Generally, this occurs because of funding availability, and related limitations associated with those funds. For example, Water and Sewer Funds can only be expended for water and sewer projects, thus creating a situation where a low scored water or sewer project may be funded before a higher priority scored park or street project. While projects are prioritized within project types, funding sources also may be constrained by other factors, such as geographic region or specific contractual agreements. Therefore, projects with low priority scores may receive funding because they are the highest scoring projects that meet the requirements of a particular funding source.

## **How many projects were funded in FY 2024, and how many of those were new projects?**

The FY 2024 Adopted CIP Budget includes funding for 112 CIP projects, of which 16 are new this year. Many of the projects are standalones, limited to a single asset or set of assets with a clear scope for project completion, while others are annual allocation projects which receive funding each year to provide for ongoing repair and replacement of a certain asset type. Generally, capital projects will be completed over multiple years.

## **How will I know if a project I am interested in is actually funded?**

Projects that are proposed to be funded for the next fiscal year will be released in the Mayor's proposed budget by April 15th of the current fiscal year. Also, City Planning intends to provide information on [public infrastructure priorities submitted via the online survey](#) after the CIP Outlook is finalized in February.

## **What happens to projects that do not make it into the CIP Budget?**

AMDs keep track of their unfunded needs, and any feasible project not selected for implementation remains on the department's unfunded needs list to be considered for future funding when available.

## **How can I follow the progress of an approved capital project?**

The CIP website, [www.sandiego.gov/cip/projectinfo](http://www.sandiego.gov/cip/projectinfo), provides an updated interactive map and tools for public use that displays information on current capital projects. You may also contact the corresponding project manager listed in Volume 3 of the City's FY 2024 Adopted Budget – Capital Improvements Program found on the Department of Finance's website [www.sandiego.gov/finance/annual](http://www.sandiego.gov/finance/annual), contact your Council District's office (see page 25), or contact the AMD (see page 27).

## **Why would an approved project not have any funding identified for the current fiscal year even though it was identified for funding in previous fiscal years?**

Different variables including but not limited to environmental risks, permitting processes, and schedule delays are considered when determining and identifying the funding needs for projects each fiscal year which attributes to the shifting of funds within the CIP. In some cases, funding cannot be identified when needed, which can cause projects to be put on hold. The projects are generally shown in the CIP budget as “unfunded” or “underfunded.” These projects remain in their current implementation phase until more funding can be identified, or they are removed from the

# Frequently Asked Questions (FAQ)

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CIP budget. Note, when design is funded but construction is not funded for a while, designs and estimated budgets may need to be redone to reflect current requirements and costs.

## **How is a capital project removed from the CIP budget?**

A project is removed from the capital project list (and CIP budget) once it is completed, or through Council approval.

## **Why do some projects languish without receiving money even though they have been approved as a capital project?**

A common cause for this stems from a lack of available or eligible funding. Other issues include that a proposed project is affected by legal or environmental requirements, or a project lacks community support.

## **Who do I contact regarding questions about a project that is unfunded?**

If a project has already been approved and initiated, call (619)533-4207, email [engineering@sandiego.gov](mailto:engineering@sandiego.gov), or submit an inquiry online at <https://www.sandiego.gov/cip-questions>. Additionally, [Volume 3](#) of the City's Adopted Budget has a project page on each approved CIP project, including the project manager and his or her contact information.

## **Is there available funding throughout the year that is not part of the regular budget to do small capital projects?**

No additional planned funding is set aside throughout the fiscal year, but state and federal grants or other opportunities may become available. In addition, the CIP budget includes annual allocations which are essentially pots of monies that may be used to fund smaller CIP projects throughout the fiscal year. Some of these have an annual monetary threshold, and these vary by asset type.

## **Does the age of a community affect the investments it receives from the City?**

It is important to note that more established communities will have older assets that may require improvements or replacement. This will increase the priority ranking score of the project.

## **What qualifies a capital project as an emergency project?**

A capital project becomes an emergency project once there is a threat to the lives and safety of the public. For example, the replacement of a failed water main, and the repair of sidewalks, streets, and other public property damaged by the resultant flooding would qualify as an emergency project.

## **How and when can I provide input into the projects that are selected for next year's CIP process?**

A key way to provide input on infrastructure projects is via [City Planning's online survey](#) which is open year round. Also, check out our list of ways to provide input on page 16 of this Guide.

To provide input for the following fiscal year, it is most effective to become involved early in the CIP budget process before the AMDs begin to compile and prioritize their needs lists in September. After the Mayor releases the proposed budget by April 15<sup>th</sup>, the public also has an opportunity for input through budget hearings that are held in May

# Glossary

### **Asset Management**

A recommended best practice for effectively and sustainably managing assets at a desired level of service for the lowest life cycle cost. Asset Management provides needed information on existing assets so that City staff can develop data-driven strategies for repair, rehabilitation or replacement.

### **Asset Managing Departments (AMDs)**

These departments and divisions identify needs, prioritize projects, and identify funding for needed capital projects. AMDs include the following departments/divisions: Department of Real Estate and Airport Management, Environmental Services, Fire-Rescue, General Services/Facilities, Library, Parks & Recreation, Police, Public Utilities, Stormwater, and Transportation.

### **Bond**

A funding tool representing a written promise to pay a specific sum (face value or principal amount) in the future (maturity date), plus interest. In California, municipal government bonds are only used to finance capital improvements.

### **Capital Asset**

Land, structures, equipment, and intellectual property with an estimated life of one year or more.

### **Capital Project**

A capital project is a long-term, capital-intensive investment project with a purpose to build upon, add to, or improve a capital asset. Capital projects are defined by their large scale and large cost relative to other investments that involve less planning and resources.

### **Capital Infrastructure Planning Outlook (CIP Outlook)**

The City's long-range capital plan is called the [CIP Outlook](#). It provides a five-year assessment of citywide infrastructure needs and outlines proposed capital priorities in compliance with the City Charter. The first year of the CIP Outlook is the basis for development of the annual CIP budget.

### **Capital Improvements Program (CIP) Budget**

The CIP budget allocates available revenue for capital projects to rehabilitate, enhance, or expand existing infrastructure as well as to build new assets. The City separates the CIP budget from the operating budget because capital projects are generally large and expensive, take multiple years to complete, and are supported by financing sources outside of the City's General Fund.

### **Capital Improvements Program Review and Advisory Committee (CIPRAC)**

A committee comprised of senior-level officials from City departments that reviews proposed CIP projects from a Citywide perspective and forwards proposed budget recommendations for the Mayor's approval and, during the annual budget process, City Council's approval.

### **Commercial Paper**

The City uses a short-term financing mechanism that allows it to borrow when funds are needed for projects instead of issuing the full amount of debt for all project costs upfront (as is the case with bond programs). Commercial paper notes ultimately need to be paid down/taken out, and this is usually done with long-term debt like lease revenue bonds.



# Glossary

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## **Deferred Capital**

Needed capital improvements, refurbishment, or expansion to existing facilities that have been put off. Postponing capital projects is generally due to limited available funding, but often will increase the cost of repairs as the condition of facilities, roadways, and other infrastructure worsens.

## **Development Impact Fees (DIF)**

DIFs are collected by communities to mitigate the impact of new development. The City recently transitioned to asset-based Citywide DIF where funds can be spent for certain assets including parks, fire stations, libraries, and transportation.

## **Enterprise Funds**

Funds established to account for specific services, which are funded directly by fees and charges to users such as water and sewer services. These funds are intended to be self-supporting.

## **General Fund**

The City's main operating fund that pays for basic City services, like police, fire, parks, and library.

## **General Obligation (GO) Bond**

GO bonds are backed by the full faith and credit of the issuing municipality, including the ability to raise taxes to make debt financing payments. GO bonds require 2/3 voter approval and are typically the least expensive type of debt available to cities. Lower rates will significantly reduce the final costs of capital improvement projects as the bonds are paid off over a 20 to 30-year period.

## **Infrastructure**

The basic structures and underlying facilities needed for the functioning of a community and its economy, such as public facilities, streets, roads, parks, storm drains, and water and sewer systems.

## **Maintenance & Repair**

The care and upkeep of existing assets, such as resurfacing streets, cleaning sewer pipes, fixing plumbing leaks, and patching leaking roofs.

## **Operating Budget**

Authorized expenditures for ongoing municipal services such as public safety, street maintenance, parks, and libraries. Details can be found in [Volume 2](#) of the City's annual budget document.

## **Proposed Budget**

The Mayor's recommendation for the City's financial operations, which includes an estimate of proposed expenditures and revenues for a given fiscal year.

## **Revenue Bonds**

A revenue bond guarantees repayment solely from revenue generated by a specified entity associated with the purpose of the bonds, rather than from a tax increase. Revenue bonds may carry a slightly higher interest rate because the revenue source is perceived to be slightly less secure than that of GO bonds, which are considered the most secure type of municipal bonds.

## **Unfunded Needs List**

A summary of projects with insufficient funding for completion in the City's CIP budget.

## **Unidentified Funding**

An amount required for project completion, but for which no funding source has been identified. This information can be found in the City's CIP budget document.