

# Capital Improvements Program

## Funding Sources

The Capital Improvements Program (CIP) uses a variety of funding sources to support projects. This section outlines some of the more common funding sources used in the CIP.

### Bond Financing

Bond Financing is used to support General Fund asset type projects, such as fire stations, libraries, parks, road improvements, and storm drain improvements, through the issuance of Lease Revenue Bonds. This also includes the use of the Commercial Paper Notes program as an interim source until the issuance of Lease Revenue Bonds to pay off the notes.

### Capital Outlay

Capital Outlay Funds are used exclusively for the acquisition, construction, and completion of permanent public 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.

### Climate Equity Fund

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

### Development Impact Fees

Development Impact Fees (DIF) are fees charged to projects to cover all or a portion of the cost of new public facilities needed to serve the new development. The City then uses the DIF funds collected from all new developments to design and construct the infrastructure needed to serve the City's new growth. All DIFs must be expended for the purpose for which it was collected in accordance with the California Mitigation Fee Act (California Government Code section 66000 et seq.). Prior to 2021, all DIFs were community-specific, meaning that they could only be used for specific facilities identified in community-specific Public Facilities Financing Plans (PFFP) or Impact Fee Studies (IFS). The PFFPs or IFS documents were used as the nexus studies that formed the basis for the amount of the applicable DIF. Beginning in 2021, with the adoption of a Citywide Park DIF, and then in 2022, with the adoption of a Citywide Mobility DIF, Citywide Fire DIF, and Citywide Library DIF, separate nexus studies have been prepared as the basis for each new Citywide DIF. Citywide DIF funds must be utilized and expended as outlined in each of the nexus studies. Community-specific DIF will continue to be expended in accordance with the community specific PFFPs and IFS documents and the Mitigation Fee Act requirements. Citywide DIF can now be used for expanded purposes, including providing additional needed funds for projects identified in community-specific documents to help close the gap between remaining community-specific funds and infrastructure needs.

### Facilities Benefit Assessments

FBA's were development impact fees that were applied in communities that were identified in the General Plan as Facilities Benefit Assessment communities. FBA's were imposed in accordance with the City's

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Facilities Benefit Assessment Ordinance, which was repealed by the City Council in 2016 by San Diego Ordinance No. 20627. FBAs were intended to ensure that greenfield development paid all of the costs of the infrastructure needed to serve these new communities. As development trends have shifted toward infill development, more nuanced methodologies became necessary to address the City's growing population. FBAs generally provided up to 100% of funds for public facilities projects identified in the respective community's Public Facilities Financing Plan (PFFP). The dollar amount of the assessment was based upon the cost of each public facility distributed over the community.

### Gas Tax Fund

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

### General Fund

The General Fund is the City's main operating fund that pays for basic City services that use most of the City's tax revenue, such as public safety, parks, and library services. The General Fund is also supported by fees from licenses and permits, fines, and investment earnings. Some allocations to the CIP budget are contributed from the operating budget of General Fund departments.

### Golf Course Enterprise Funds

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

### Infrastructure Fund

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

### Loans

Loans are a form of financing used to support specific projects or a specific group of assets, such as storm drain improvements. These loans can be used on both General Fund and Non-General Fund assets. Typical loans that the City uses are State Revolving Fund (SRF) loans, Water Infrastructure Finance and Innovation Act (WIFIA) loans, and California Infrastructure and Economic Development Bank (IBank) loans.

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

Mission Bay rents and concessions revenue is allocated to the Mission Bay Park and San Diego Regional Parks Improvement Funds in accordance with the San Diego City Charter, Article V, Section 55.2. The funds in the Mission Bay Park Improvement Fund may only be expended in Mission Bay Park for permanent or deferred capital improvements of existing facilities, as well as to improve environmental conditions consistent with the Mission Bay Park Master Plan. The funds in the San Diego Regional Parks Improvement Fund may only be expended for permanent or deferred capital improvements in San Diego's regional parks. The City of San Diego's regional parks include Balboa Park, Chicano Park, Chollas Creek Park, Chollas Lake

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Park, Mission Trails Regional Park, Otay River Valley Park, Presidio Park, San Diego River Park, open space parks, and coastal beaches and contiguous coastal parks.

### **Mission Trails Regional Park Fund**

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

### **Parking Meter Districts**

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

### **Recycling Fund**

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

### **Refuse Disposal Fund**

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

### **Sewer Funds**

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

### **TransNet Funds**

TransNet, a one-half cent local sales tax, is used for traffic congestion relief and transportation improvements. In addition to roadway enhancements, TransNet Funds are utilized for bikeway and pedestrian projects. TransNet includes a Maintenance of Effort (MOE) provision which establishes minimum base levels of discretionary funds spending annually on the maintenance and improvement of the public right-of-way to continue to receive funding. The City utilizes TransNet cash for projects as much as possible to minimize the issuance of bonds which increases the costs of funding the project. TransNet Commercial Paper is a borrowing tool that can be used to raise cash needed to cover cash-flow deficits and is generally viewed as a lower-cost alternative to bank loans. The issuance of TransNet Commercial Paper may be utilized when feasible to further reduce debt service costs.

### **Trench Cut/Excavation Fee Fund**

Pavement deterioration studies show that pavement excavations will significantly degrade and shorten pavement life. Street Damage Fees are collected from excavators to recover the increased repaving and reconstruction costs incurred by the City because of trenching. The Streets Preservation Ordinance, adopted in January 2013, established fees that depend on the size of the trench, the age of the pavement, and the type of utility.

### **Utilities Undergrounding Program Fund**

This fund provides for the undergrounding of City utilities. San Diego Gas & Electric (SDG&E), AT&T, and the cable companies all contribute funds for the purpose of undergrounding overhead facilities. This amount

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is deposited with the City to be used solely for the undergrounding of electrical lines and associated activities.

## Water Fund

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

A complete list of funding sources in the CIP and their budgets are provided below in **Table 1**.

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

Funding Source	Prior Fiscal Years	FY 2025	Future Fiscal Years	Funding Source Total
Airport Funds	\$ 11,395,187	\$ -	\$ 39,521,967	\$ 50,917,154
Antenna Lease Fund	1,452,748	-	-	1,452,748
Bond Financing	692,259,397	177,084,217	175,845,336	1,045,188,950
Bus Stop Capital Improvement Fund	4,942	382,490	392,000	779,432
Capital Outlay - Land Sales	23,044,042	-	-	23,044,042
Capital Outlay - Other	30,896,407	-	-	30,896,407
Capital Outlay - Police Decentralization Land Sales	1,157,990	-	-	1,157,990
Climate Equity Fund	15,475,275	2,600,000	-	18,075,275
Convention Center Funds	1,744,026	-	-	1,744,026
Deferred Capital Projects Bonds	14,977,728	-	-	14,977,728
Developer Funding	27,245,752	-	-	27,245,752
Development Impact Fees	255,464,378	39,516,513	500,000	295,480,891
Donations	9,531,032	-	3,000,000	12,531,032
EDCO Community Fund	1,295,706	-	-	1,295,706
Energy Conservation Program Fund	45,610	-	-	45,610
Energy Upgrades CEC Loan Fund	-	-	(10,031,381)	(10,031,381)
Enhanced Infrastructure Financing District Fund	10,454,139	7,718,165	2,090,436	20,262,740
Environmental Growth Funds	2,331,341	-	-	2,331,341
Facilities Benefit Assessments	342,505,800	5,442,024	(203,543)	347,744,281
Federal Grants	218,891,238	-	79,132,876	298,024,114
Fiesta Island Sludge Mitigation Fund	4,841,784	-	-	4,841,784
Fleet Services Internal Service Fund	5,957,229	2,191,678	-	8,148,907
Gas Tax Fund	49,724,229	-	-	49,724,229
General Fund	59,958,709	4,850,000	479,557	65,288,266
Golf Course Enterprise Fund	28,906,278	2,000,000	62,910,000	93,816,278
Infrastructure Fund	41,123,901	785,000	300,000	42,208,901

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

Funding Source	Prior Fiscal Years	FY 2025	Future Fiscal Years	Funding Source Total
Library System Improvement Fund	1,337,405	745,450	-	2,082,855
Loans	265,110,226	-	187,486,858	452,597,084
Maintenance Assessment Districts	1,075,358	-	-	1,075,358
Mission Bay Park Improvement Fund	86,554,328	13,708,605	70,161,151	170,424,084
Mission Trails Regional Park Fund	864,552	-	-	864,552
Non-CIP Funds	8,135,372	-	-	8,135,372
OneSD/ERP Funding	-	3,960,000	-	3,960,000
Other Funding	72,517,880	57,857	-	72,575,737
Other Grants	6,072,274	-	-	6,072,274
Parking Meter Districts	10,551,580	-	3,000,000	13,551,580
Park Service District Funds	1,667,741	-	-	1,667,741
Proposition 42 Replacement - Transportation Relief Fund	5,323,779	-	-	5,323,779
Recycling Fund	33,014,400	-	-	33,014,400
Redevelopment Funding	9,444,200	-	-	9,444,200
Refuse Disposal Fund	34,404,085	9,874,362	3,250,000	47,528,447
Regional Transportation Congestion Improvement Program	61,909,217	3,077,735	-	64,986,952
San Diego Regional Parks Improvement Fund	38,264,017	6,726,682	22,794,115	67,784,814
Sea World Traffic Mitigation Fund	10,987,156	-	-	10,987,156
Sewer Funds	1,599,212,548	266,811,590	1,975,663,069	3,841,687,207
State Grants	176,294,008	-	35,754,335	212,048,343
Sunset Cliffs Natural Park Fund	1,349,835	-	-	1,349,835
TransNet - Extension Bikeways	212,227	-	-	212,227
TransNet Funds	208,199,331	25,243,490	89,926,682	323,369,503
Trench Cut/Excavation Fee Fund	14,900,770	2,470,000	8,000,000	25,370,770
Unidentified Funding	-	-	4,935,817,196	4,935,817,196
Utilities Undergrounding Program Fund	39,009,768	-	40,000,000	79,009,768
Water Fund	2,238,730,726	374,719,415	3,840,157,936	6,453,608,077
<b>Total</b>	<b>\$ 6,775,827,652</b>	<b>\$ 949,965,273</b>	<b>\$ 11,565,948,590</b>	<b>\$ 19,291,741,515</b>

## 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

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summarized in each department's Unfunded Needs List. A complete list of all projects with unidentified funding is provided below in **Table 2**.

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

Project	Page No	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
University Avenue Complete Street Phase1 / S18001	460	85	High	\$ 441	0.00%
Coastal Erosion and Access / AGF00006	221	Annual	Annual	1,500	0.00%
Cypress Dr Cultural Corridor / S23011	423	74	High	17,808	0.40%
Interstate 5 Underpass-Bikeway/Ped Conn / S00982	431	66	Medium	10,000	0.40%
Pump Station D Upgrade / S22015	383	65	Medium	350,805	0.80%
Ocean Beach Branch Library / S20015	182	53	Low	200,000	1.60%
Pacific Highlands Ranch Branch Library / S14023	184	50	Low	800,000	2.70%
Children's Park Improvements / S16013	218	60	High	300,000	3.20%
Market Street-47th to Euclid-Complete Street / S16061	436	84	High	407,122	3.50%
University Avenue Mobility / S00915	461	83	High	500,000	4.00%
Palm Avenue Interstate 805 Interchange / S00869	445	78	High	2,192,179	4.40%
Fire Station No. 48 - Black Mountain Ranch / S15015	141	70	Medium	2,000,000	6.30%
Scripps Miramar Ranch Library / S00811	186	40	Low	719,000	6.60%
Carmel Grove NP Comfort Station and Park / S16038	213	45	Low	250,000	10.20%
Traffic Signals - Citywide / AIL00004	457	Annual	Annual	4,000,000	13.40%
Traffic Calming / AIL00001	456	Annual	Annual	1,628,000	13.60%
New Walkways / AIK00001	440	Annual	Annual	5,151,894	14.90%
Oak Park Library / S22011	181	86	High	5,947,892	16.00%
Chollas Creek Oak Park Trail / S20012	219	73	High	755,500	18.40%
Black Mountain Ranch Park Ph2 / RD21001	209	47	Medium	2,513,425	18.60%
Install T/S Interconnect Systems / AIL00002	429	Annual	Annual	3,600,000	19.40%
Coastal Rail Trail / S00951	422	82	High	6,158,894	20.40%
Carmel Country Road Low Flow Channel / S00969	378	41	Low	2,128,441	21.60%
Rancho Bernardo CP Improvements / L20000	258	35	Low	2,117,978	27.70%
Beyer Park Development Phase II / S23008	207	67	High	5,290,610	29.40%
Mission Bay Improvements / AGF00004	242	Annual	Annual	75,843,984	30.00%
Police Range Refurbishment Phase II / S18005	289	56	Low	5,800,000	32.60%
Marston House Restoration & Repair Work / RD23005	236	44	Low	500,000	33.30%
El Camino Real to ViaDeLaValle (1/2 mile) / S00856	424	55	Medium	35,902,839	35.00%
Traffic Signals Modification / AIL00005	458	Annual	Annual	14,212,043	38.20%

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

Project	Page No	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Flood Resilience Infrastructure / ACA00001	380	Annual	Annual	493,742,626	39.10%
Mohnike Adobe and Barn Restoration / S13008	243	30	Low	1,510,284	40.90%
Linda Vista Library Patio Improv / S24007	180	76	Medium	500,000	43.50%
Beta St Channel and SD Improvement / S24011	377	86	High	28,195,399	49.90%
Median Installation / AIG00001	437	Annual	Annual	19,316,523	50.90%
Guard Rails / AIE00002	428	Annual	Annual	2,708,161	51.10%
Park Improvements / AGF00007	257	Annual	Annual	66,203,735	51.50%
John Baca Park / S22004	234	80	High	2,653,366	53.10%
Fleet Operations Facilities / L14002	160	57	Low	7,324,152	62.40%
Bicycle Facilities / AIA00001	414	Annual	Annual	84,521,498	65.30%
San Carlos Branch Library / S00800	185	76	Medium	31,447,259	66.20%
SD Humane Society Roof and HVAC Repl / S24014	265	68	Medium	1,200,000	70.60%
Street Resurfacing and Reconstruction / AID00005	454	Annual	Annual	1,069,969,585	71.60%
Sidewalk Repair and Reconstruction / AIK00003	448	Annual	Annual	73,868,000	72.90%
City Facilities Improvements / ABT00001	159	Annual	Annual	103,580,127	73.50%
North Chollas CP Improvements / L22004	247	55	Medium	16,971,077	75.10%
Street Light Circuit Upgrades / AIH00002	453	Annual	Annual	55,548,400	76.20%
Stormwater Green Infrastructure / ACC00001	386	Annual	Annual	595,521,613	77.70%
Grove Neighborhood Park / S22002	229	62	High	21,097,979	78.50%
Fire-Rescue Air Ops Facility - PH II / S18007	146	57	Low	18,382,447	79.40%
La Media Improv-Siempre Viva to Truck Rte / S22006	433	75	High	14,831,849	84.30%
Fire Station No. 49 - Otay Mesa / S00784	142	71	Medium	30,663,705	85.20%
Fairmount Avenue Fire Station / S14018	140	78	High	24,272,205	86.70%
Regional Park Improvements / AGF00005	260	Annual	Annual	112,731,740	88.00%
Chollas Creek Restoration 54th St & Euclid Ave / S22009	379	82	High	20,302,145	88.30%
Alvarado Canyon Rd Realignment Project / S22005	412	69	Medium	35,768,955	89.90%
North Pacific Beach Lifeguard Station / S10119	147	76	Medium	10,705,178	91.90%
Fire Station No. 51 - Skyline Hills / S14017	144	80	High	26,474,991	93.10%
Via de la Valle Upgrades & Improvements / RD11001	463	45	Low	32,828,638	93.70%
Bridge Rehabilitation / AIE00001	415	Annual	Annual	130,606,918	95.10%
Ocean Beach Pier Replacement / L22001	252	49	Medium	180,413,000	95.10%
Installation of City Owned Street Lights / AIH00001	430	Annual	Annual	298,926,400	95.20%

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

Project	Page No	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Upper Auburn Creek Revitalization Project / S22008	388	88	High	58,804,437	95.90%
Maple Canyon Storm Drain Upgrade / S20003	382	86	High	37,310,160	97.50%
SAP Modernization / T25000	111	N/A	N/A	134,000,000	97.80%
Sea World Dr/I5 Interchange Improvement / S00888	447	42	Low	119,072,571	99.10%
Convention Center Phase III Expansion / S12022	99	59	Medium	681,640,478	99.50%
Fire Station No. 54 - Paradise Hills / S00785	145	76	Medium	29,916,347	99.70%
Sunshine Berardini Restoration / S24005	387	80	Medium	82,984,893	100.00%
<b>Total</b>				<b>\$ 4,935,817,196</b>	