

# ***PUBLIC WORKS***

## **City of San Diego Deferred Capital (For General Fund Infrastructure)**

**March 30, 2011**



# Definition

## “Deferred Capital” includes:

- Items that require significant repair
- Items that are beyond repair
- Items that have reached the end of their useful service life
- Items that don't meet the standard regulatory codes
- Items related to hazardous materials (asbestos, lead paint, etc.)

# Infrastructure Assets

This discussion includes the following assets:

- **Streets**
- **Buildings**
- **Storm drains**

Does not include the following assets:

- **Sidewalks**
- **Water and sewer infrastructure**
- **Right of way features (signs, signals, guardrails, trees)**
- **Drainage channels**
- **Bridges**
- **Convention Center**
- **Qualcomm Stadium/Petco Park**

# Condition Assessments

- **Streets**
  - 2007 – Assessment of major asphalt streets
  - 2009 – Assessment of concrete streets
  - 2011 – Ongoing assessment of streets and alleys
- **Buildings**
  - 2007 – Assessment of 31 public safety buildings
  - 2008 – Assessment of 5 Civic Center buildings
  - 2009 – Assessment of 443 buildings
- **Storm Drains**
  - 2008-2009 – Assessment of corrugated metal pipe (CMP) drains in easements
  - 2011 – Ongoing assessment of CMP drains in Right of Way
  - 2011 – Ongoing assessment of storm water pump stations

# Condition Assessment Outcomes

- Lists of required repairs and capital projects
- Prioritization of the projects
- Cost estimate for each of the projects
- Recommended time sequencing or phasing of the projects

# Levels of Service

- Initial deferred capital funding requirements are dependent on the service levels set for the assets.
- This report includes 2 alternative service levels.
- Both include:
  - “Catch-up” funding needed to reach the designated service level, and
  - Ongoing annual funding needed to maintain designated service levels.

# Deferred Capital Backlog

## Total identified/estimated backlog:

Streets	\$378 million
Buildings	\$216 million
Storm Drains	<u>\$246 million</u>
Total backlog	\$840 million
Current bond funding	<u>\$ 94 million</u>
<b>Total unfunded</b>	<b>\$746 million</b>

# Deferred Capital Catch-up Alternative Service Level #1

Streets	\$ 57 million
Buildings	\$ 47 million
Storm Drains	<u>\$ 88 million</u>
Total	\$192 million
Current bond funding	<u>\$ 94 million</u>
<b>Funding needed</b>	<b>\$ 98 million</b>

“Deferred Capital Catch-up” is the funding needed to reach targeted service levels for each of the three asset classes.

# Annual Budget

## Alternative Service Level #1

<b>Streets Annual Needs</b>	\$ 70 million
FY11 Streets O&M Budget	<u>\$ 26 million</u>
<b>Shortfall</b>	<b>\$ 44 million</b>
<b>Buildings Annual Needs</b>	\$ 32 million
FY11 Facilities O&M Budget	<u>\$ 10 million*</u>
<b>Shortfall</b>	<b>\$ 22 million</b>
<b>Storm Drains Annual Needs</b>	\$ 45 million
FY11 Storm Drain O&M Budget	<u>\$ 10 million</u>
<b>Shortfall</b>	<b>\$ 35 million</b>
<b>TOTAL ANNUAL SHORTFALL:</b>	<b>\$ 101 million</b>

\* Facilities FY 2011 budget of \$14 million includes approximately \$2 million of capital work funded by the deferred capital bond and \$2 million of non-General Fund reimbursable work.



# Deferred Capital Catch-up Alternative Service Level #2

Streets	\$157 million
Buildings	\$ 70 million
Storm Drains	<u>\$165 million</u>
Total	\$392 million
Current funding	<u>\$ 94 million</u>
<b>Funding needed</b>	<b>\$298 million</b>

“Deferred Capital Catch-up” is the funding needed to reach targeted service levels for each of the three asset classes.

# Annual Budget

## Alternative Service Level #2

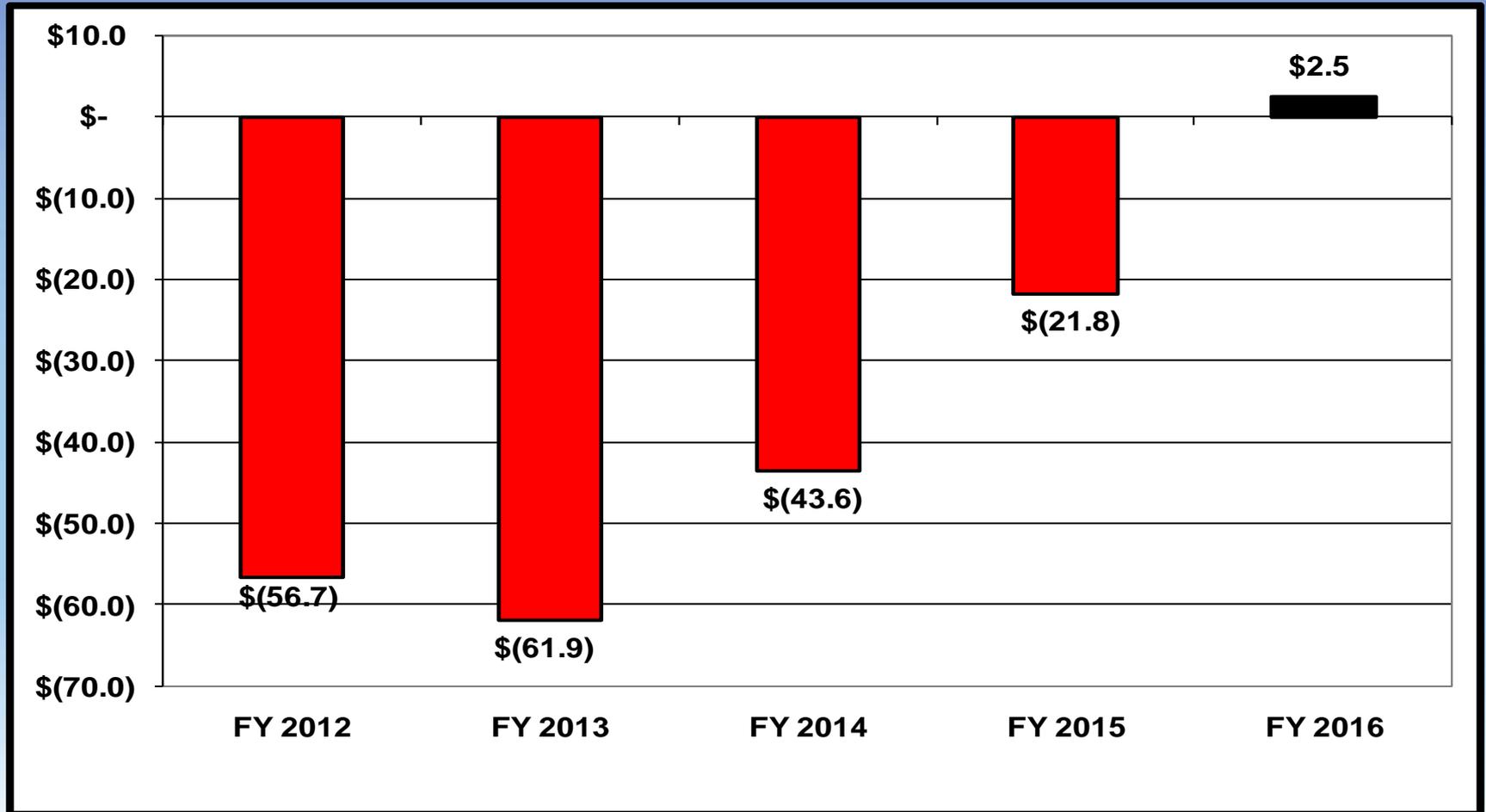
<b>Streets Annual Needs</b>	\$ 89 million
FY11 Streets O&M Budget	<u>\$ 26 million</u>
<b>Shortfall</b>	<b>\$ 63 million</b>
<b>Buildings Annual Needs</b>	\$ 48 million
FY11 Facilities O&M Budget	<u>\$ 10 million*</u>
<b>Shortfall</b>	<b>\$ 38 million</b>
<b>Storm Drains Annual Needs</b>	\$ 45 million
FY11 Storm Drain O&M Budget	<u>\$ 10 million</u>
<b>Shortfall</b>	<b>\$ 35 million</b>
<b>TOTAL ANNUAL SHORTFALL:</b>	<b>\$136 million</b>

\* Facilities FY 2011 budget of \$14 million includes approximately \$2 million of capital work funded by the deferred capital bond and \$2 million of non-General Fund reimbursable work.

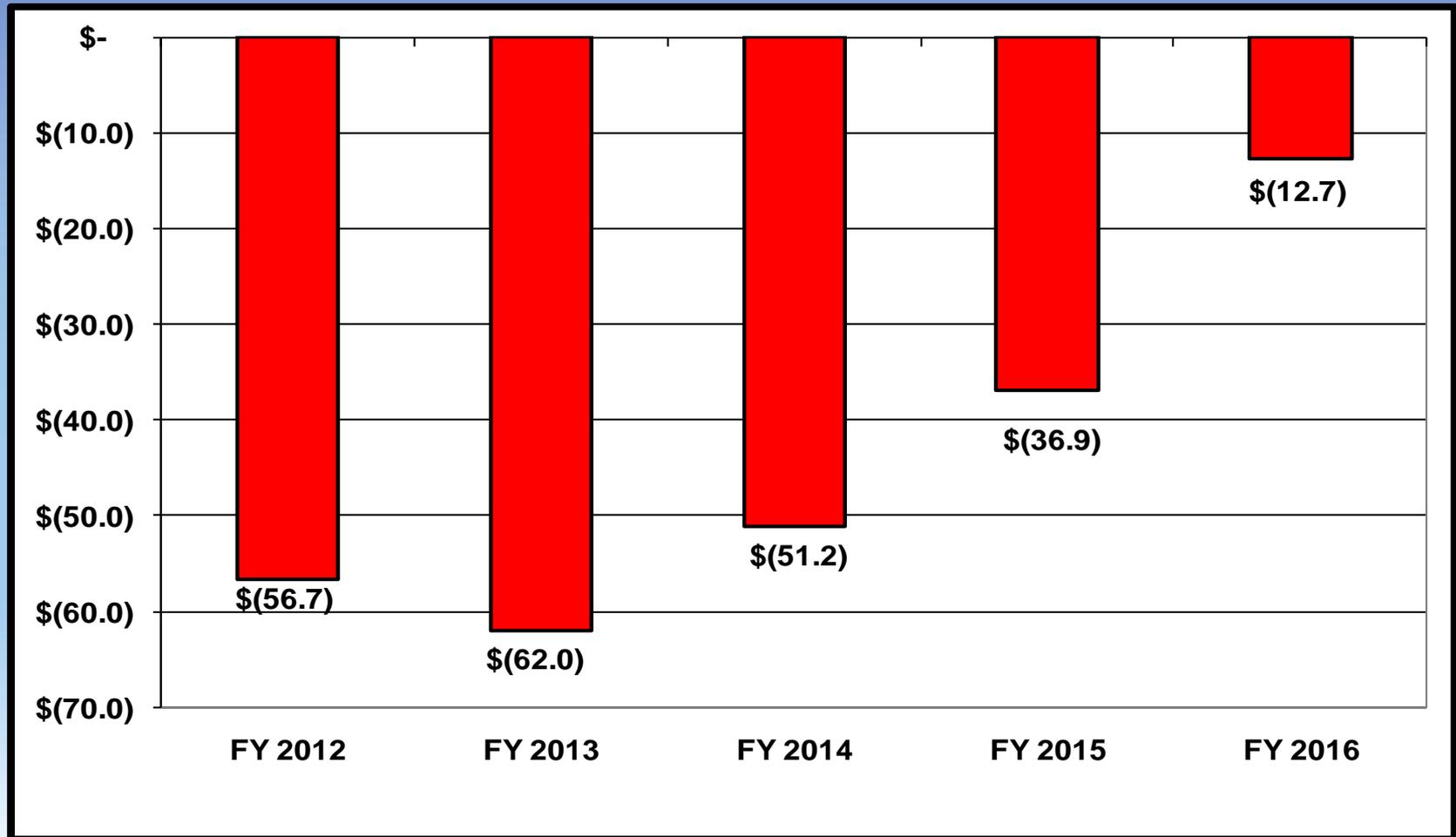


# FY 2012-2016 Surplus/(Deficit)

## February 2011



# Revised FY 2012-2016 Surplus/(Deficit) (Additional Deferred Maintenance Debt Service)



# Summary

- Condition assessments provide the best “snap-shot” of deferred capital needs available in many years.
- Findings provide a common foundation for discussion and decision-making.
- Current backlog is estimated at \$840 million.
- Two alternatives offer a means to “catch-up” and sustain designated service levels.
- Alternative Service Level 1 funding will be built into all future Five Year Financial Outlooks

# *Deferred Capital Needs*

**Questions?**

