



## **PUBLIC WORKS DEPARTMENT**

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### **CITY COUNCIL STAFF REPORT**

Date: March 3, 2026

#### Subject

Fiscal Year 2026-2027 Capital Improvement Programs and Five-year Plan

#### Recommended Action

Receive presentation and approve the Capital Improvement Programs Project Prioritization process and the Fiscal Year 2026–2027 Capital Improvement Programs and Five-Year Plan proposal.

#### Executive Summary

As part of the City of Cupertino’s annual budget process, staff develops proposals for new Capital Improvement Programs (CIP) projects for City Council review and feedback. This input helps refine the proposed CIP before it is presented alongside the annual budget.

The Fiscal Year 2026–2027 (FY 26–27) CIP advances previously approved, strategically-aligned projects and prioritizes safety through the repair and revitalization of existing infrastructure to preserve City facilities.

#### Background

A CIP project enhances, restores, extends the useful life of, or adapts a City asset to a new or different use. The Public Works CIP Division manages the planning, design, procurement, and construction of CIP projects, including streets, sidewalks, storm drainage, buildings, parks, and bicycle and pedestrian improvements. The Division ensures projects meet community expectations and comply with applicable City and State standards, with public health and safety as the top priority.

CIP projects are distinguished from maintenance, Special Projects, and City Work Program (CWP) efforts by the need for professional design and/or project management services requiring specialized expertise and documentation. While most CIP projects involve design and construction, planning efforts—such as feasibility studies or technical analyses—may also qualify when they require engineering or design services. These guidelines are applied based on the specifics of each project.

### *Project Priorities*

Project prioritization is used to guide funding decisions and resource scheduling. Staff evaluates and ranks new project proposals using the criteria and process outlined in Attachment A.

The highest priority is given to projects that require repair of existing facilities to address public health and safety and to protect public and private property. Other factors, including available funding and resources to complete a project, are then considered within the context of other City goals. The FY 26-27 CIP Projects Prioritization Matrix is Attachment B.

Projects are proposed by stakeholders, reviewed for completeness and prioritized according to the factors listed in the Prioritization Process (Attachment A). Proposed and existing projects are reviewed in the context of fiscal responsibility and capacity to confirm that initiating and/or continuing the project is the best course of action. Attachment B illustrates the prioritization of the existing CIP projects, as well as projects proposed in past years that have not been funded. The review of existing projects this year has resulted in a recommendation to retain all existing projects and their current funding.

Project narratives for each of the newly proposed projects can be found in Attachment C. The Mid-Year CIP Status report (Attachment D) contains information on the existing CIP projects. Attachment E provides information about projects suggested in each of the City’s master plans. As part of the adoption of the City’s Annual Budget, a thorough “Fiscal Year 2026–2027 Capital Improvement Programs and Five-Year Plan proposal, and Fiscal Year 2025-2026 Annual Report” will be submitted.

### Reasons for Recommendation and Available Options

Using the priorities outlined in Attachment A, the following list identifies projects proposed for the FY 26-27 CIP:

TABLE 1: PROPOSED FY 26-27 CIP PROJECTS

<b>Project name</b>	<b>Project Description</b>	<b>FY 26-27 Funding</b>	<b>INTERNAL Funding</b>	<b>EXTERNAL Funding</b>
Citywide Facilities Condition Assessment (FCA) Implementation	Implement “Priority 1” recommendations identified in the FCA reports. Ongoing initiative due to the extent of improvements needed throughout City buildings.	\$1,250,000	\$1,250,000	\$0
City Hall Annex	10455 Torre Avenue facility renovation to include the City’s Emergency Operations Center (EOC), and workplace for use as interim City Hall.	\$5,000,000	\$5,000,000	\$0

BBF Golf Course Pro Shop Renovation	Interior renovation to improve functionality and code compliance.	\$120,000	\$120,000	\$0
Sports Center Courts Resurfacing	Resurfacing the courts to provide safe and consistent surfaces.	\$210,000	\$210,000	\$0
SCB/SR 85 NB ramp Intersection Improvements	Improve traffic conditions for all users at this intersection. Developer In-Lieu fees funded.	\$600,000	\$0	\$600,000
<b>subtotal</b>		<b>\$7,180,000</b>	<b>\$6,580,000</b>	<b>\$600,000</b>

In spite of limited resources in the past year, the CIP Division has successfully completed five projects and three additional projects as part of the Facilities Condition Assessment Implementation (FCA) project. Projects completed in FY 25-26, or which are scheduled for completion this year include:

- All-Inclusive Play Area & Adult-Assistive Bathroom Facility at Jollyman Park
- City Lighting LED improvements
- Bridge Preventative Maintenance Program (BPMP)
- FCA: Senior Center Fire Alarm System Upgrade
- FCA: Quinlan Community Center Chiller replacement\*
- FCA: Quinlan Community Center and Sports Center flat roofs replacements\*
- Photovoltaic Systems Design and Installation project\*
- Stevens Creek Blvd. Class IV Bikeway, Phase 2A\*

*\*Project that is projected to be complete by July 2026*

Staff anticipates that these projects will underspend their respective budgets by approximately \$2,150,000. These underspent funds will be returned to the Capital Reserve (or other appropriate accounts based on the original source of any restricted funds). Public Works and Finance staff work together as part of the year-end process to close out completed projects, presenting this information as part of the first quarter report for the following fiscal year.

*Five-Year CIP Plan*

Building upon the five-year plans of previous years, as well as input from stakeholders, the updated five-year CIP plan is included below. More detail and context will be provided in the forthcoming "Fiscal Year 2026–2027 Capital Improvement Programs and Five-Year Plan proposal, and Fiscal Year 2025-2026 Annual Report."

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TABLE 2: PROPOSED FY 26-27 CIP FIVE-YEAR PLAN PROJECTS

Project	FY 26-27 Funding	Year 2 FY 27-28 Projected Cost	Year 3 FY 28-29 Projected Cost	Year 4 FY 29-30 Projected Cost	Year 5 FY 30-31 Projected Cost
City Hall Annex	\$5,000,000				
BBF Golf Course Pro Shop Renovation	\$120,000				
Sports Center Courts Resurfacing	\$210,000				
SCB/SR 85 NB ramp Intersection improvements	\$600,000				
Citywide FCA Implementation (Annually funded)	\$1,250,000	\$1,300,000			
ADA Improvements (Annually funded)		\$100,000	\$110,000	\$120,000	\$125,000
Outfalls Repairs (Annually funded)		\$600,000	\$300,000	\$600,000	\$600,000
BBF Golf Renovation: minimal repairs			\$1,580,150		
Park Shade Structures (5)				\$1,000,000	\$500,000
<b>totals</b>	<b>\$7,180,000</b>	<b>\$2,000,000</b>	<b>\$1,990,150</b>	<b>\$1,720,000</b>	<b>\$1,225,000</b>

*Table Notes:*

1. Current annual CIP funding is budgeted at \$2M/year. Proposed annual CIP funding that exceeds \$2M/year will require additional funds beyond the \$2M annual funding being allocated to the program. Where possible, staff will search for external funding to address funding requests of more than \$2M.
2. Project estimates may be refined prior to future requests for funding. Estimates of Escalation are included.

In December 2025, City Council approved the scope and increased funding for the City Hall Improvements project. In the December 16, 2025 staff report, the projected expenditures and encumbrances (e.g. contracts) for the renovation project were distributed over the next five fiscal years:

TABLE 3: CITY HALL IMPROVEMENTS PROJECTED SPENDING (12/16/25)

	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	totals
Projected Expenditures	\$793,824	\$1,329,109	\$7,704,743	\$22,501,089	\$22,042,269	\$54,371,034
Projected Encumbrances	\$1,555,777	\$3,824,198	\$43,973,600	\$5,017,464	\$ 0	\$54,371,034

Using those figures and considering the project’s currently approved funding of \$3 million, the five-year plan for that project aligns as indicated in the table below.

TABLE 4: CITY HALL IMPROVEMENTS FIVE-YEAR PLAN

Project/ Current Funding	FY 26-27 Funding	Year 2 FY 27-28 Projected Cost	Year 3 FY 28-29 Projected Cost	Year 4 FY 29-30 Projected Cost	Year 5 FY 30-31 Projected Cost
City Hall \$3,000,000*	\$0	\$46,353,570	\$5,017,464	\$0	\$0

*\*The funding available for the City Hall project before FY25-26 was \$500,000 and an additional \$2,500,000 was approved in December 2025 for a total of \$3,000,000. Years 2-5 have yet to be approved.*

Going forward, funding for the City Hall project is expected to be drawn primarily from the Future Use Fund, as discussed in December 2025. For clarity, the project is shown here as a separate line item; however, Years 2–5 are anticipated to have significant impacts on the CIP, both financially and in terms of staffing resources.

In summary, the FY 26-27 CIP proposal reflects two major projects previously approved by City Council, along with long-deferred improvements to existing City facilities. The proposed five-year plan prioritizes rehabilitation of aging infrastructure, investments that extend asset life cycles, and capital improvements that support public health, safety, and overall community well-being.

Sustainability Impact

Future projects will be evaluated for sustainability impacts as they are developed.

Fiscal Impact

The FY 26-27 proposal for CIP includes an allocation of \$5.18 million and \$2.0 million for new and annually funded projects from the Capital Reserve and the General Fund, respectively, for a total of \$7.18 million. Should grant funds be awarded, staff will return to City Council to make the necessary budget adjustments. If the proposal for FY 26-27 CIP is approved, the Capital Reserve is estimated to be \$5.06 million in available fund balance for the CIP. The \$5.06 million balance includes the \$5 million minimum reserve balance for the fund.

City Work Program (CWP) Item/Description:

None

Council Goal:  
Quality of Life

California Environmental Quality Act (CEQA)  
No California Environmental Quality Act impact.

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Reviewed by: Chad Mosley, Director of Public Works

Approved for Submission by: Tina Kapoor, City Manager

Attachments:

A – CIP projects Prioritization Process

B – FY 26-27 CIP projects Prioritization Matrix

C – FY 26-27 CIP New Project Narratives

D – Mid-Year CIP status report

E – Master Plans Project Lists