



## PUBLIC WORKS DEPARTMENT

CITY HALL  
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255  
TELEPHONE: (408) 777-3354 • FAX: (408) 777-3333  
CUPERTINO.ORG

### CITY COUNCIL STAFF REPORT

Meeting: March 7, 2023

#### Subject

Consider the Fiscal Year (FY) 2023-24 five-year plan for Capital Improvement Program (CIP).

#### Recommended Action

Receive presentation and provide input on the proposed FY 2023-24 five-year plan for the CIP.

#### Reasons for Recommendation

Annually, as part of the City Budget process, staff collects and develops proposals for new capital improvement projects and proposes additional funding for existing projects where necessary. Council is asked to review these proposals and provide feedback.

Development of the annual CIP is a multi-step process, as detailed here:

- Annually Staff aggregates needs identified through internal proposals and planning documents (e.g. master plans).
- February Review the CIP with directly impacted commissions (this year included the Parks and Recreation Commission and the Bicycle and Pedestrian Commission).
- **March 7** **City Council:** Present and receive input on the draft Proposed FY 2023-24 five-year plan for CIP.
- March 14 **Planning Commission:** Verifies the proposed CIP is in conformance with the General Plan.
- April 4 **City Council:** Present the updated recommendation of the proposed FY 2023-2024 five-year plan for the CIP.
- May/June **City Council:** Adopt the FY 2023-2024 five-year CIP alongside adoption of the annual Operating Budget.

The proposed CIP is a request for funding of projects and program support for FY 2023-24, as part of a five-year plan. It is important to note that appropriation of funds only occurs for the first year of the CIP. Years two through five are included to allow for planning purposes and to identify future expenditures and workload.

A capital improvement is a project that enhances a unit of property, restores, or prolongs the useful life of a unit of property, or adapts the unit of property to a new or different use. The CIP Division of Public Works provides design and construction administration for all capital improvement projects including streets, sidewalks, storm drainage, buildings, parks, bicycle and pedestrian improvements, and other public facilities. The division ensures that all public improvements are designed and constructed in accordance with community expectations, council's directions and priorities, and City of Cupertino standards. The division places safety of the public and City employees as its highest priority in the delivery of capital projects.

The guidelines for what constitute a CIP project, as opposed to a maintenance project, are: (1) requires professional design services with specialized expertise, analysis, or documentation for the activities; and (2) the implementation budget exceeds \$60,000. These guidelines are dynamic and are dependent upon an individual project.

The projects completed this year include:

TABLE 1 – COMPLETED CIP PROJECTS FY 2022-23

Project	Total Project Budget	Remaining Balance
Bicycle Boulevard Interim Improvements, Phase 2	\$220,000	\$0
Homestead/De Anza - Design & Construction	\$428,300	\$27,314
Memorial Park - Pond Repurposing	\$3,000,000	\$1,153,554
Regnart Creek Trail Fencing	\$1,954,883	\$0
Retaining Wall Repair - Cordova Road	\$25,000	-\$8
Sidewalk Improvements - Orange & Byrne	\$5,158,188	\$384,372
Sports Center Community Needs Analysis	\$25,000	\$25,000
Stelling and Alves Crosswalk Installation	\$80,000	\$54,039
Tree Inventory - Stevens Creek Corridor	\$65,000	\$1,480
Creekside Tot Lot (Annual Playground Replacement)	\$300,000	\$0
<b>Total</b>	<b>\$11,256,371</b>	<b>\$1,645,751</b>

*Note: some of these projects are in the process of completion and the figures reported here may be adjusted before the accounts are fully closed.*

It is anticipated that these projects underspent their respective budgets by approximately \$1.65 million, which will be returned to the Capital Reserve Fund (or other appropriate fund based on the original source of any restricted funds) upon completion of the project closeout. Public Works and budget staff work together as part

of the year end process to close out completed projects. This closeout of projects is presented as part of the first quarter report of the following fiscal year.

In constructing the proposed CIP, several factors are considered. These factors are used to rate individual projects for their level of priority:

- **Health and Safety:** assets that require repair or upgrading to protect public health and safety take highest priority.  
*Example: Repair of the Storm Drain at Stevens Creek Blvd./Calabazas Creek Culvert is a high priority to avoid subsequent sinkhole issues.*
- **Community Priorities:** Council priorities, suggestions from Commissions, and Community input are considered.  
*Example: Carmen Road Pedestrian Bridge is a project suggested by the Bicycle Pedestrian Commission and members of the public.*
- **Ongoing phases:** some projects are included as subsequent phases of existing/completed projects.  
*Example: Stevens Creek Blvd. Class IV Bikeway, Phases 2 (current) and 3 (proposed) are subsequent Phases of the overall Stevens Creek Blvd. Bikeway project, initiated in 2017.*
- **Master Plan Priorities:** The City's Master Plans and General Plan have many stated goals and policies that affect the generation of CIP projects. Staff reviews the goals found in these documents and from stated priorities of commissions.  
*Example: In a community-wide survey for the Master Plan, basketball was the top recreation activity for teen respondents +18 years. The Wilson Park full-sized basketball court project also addresses the goal of Enhancement (MP4-F-iii): "Reinvigorate and revitalize parks and recreation facilities and diversify offerings to support broad and inclusive recreation interests... Prioritize the addition of basketball courts, especially full-size courts, to provide multiple basketball venues."*
- **Fiscally Responsible:** Improvements or projects that enhance fiscally responsible use of City resources, including staff time and City funds. Projects that have secured (or could secure) outside funding such as grants are also given priority.  
*Example: The Civic Center Microgrid project is included in this year's CIP proposal because FEMA/CalOES funding became available.*

Projects proposals are weighed and ranked based on the factors. The highest priority are projects that repair existing facilities to address public safety. The other factors, including available funding and resources to complete the project, are then considered within the context of the City's goals.

Using these priorities, the following projects are proposed for inclusion in the FY 2023-24 CIP. A full ranking of projects is available as Attachment C – “FY 2023 - 2024 CIP Project Rankings.”

TABLE 2 – FY 2023-24 PROPOSED CIP PROJECTS

A. Multi-Year Projects, previously approved:

<b>Projects</b>	<b>City Funding</b>
ADA Improvements (annually funded)	\$100,000
Streetlight Installation – Annual Infill (annually funded)	\$75,000
Annual Playground Replacement (Year 4 of 5)	\$300,000
Park Amenity Improvements (Year 4 of 5)	\$200,000
<b>Subtotal</b>	<b>\$675,000</b>

B. Existing Projects, requiring additional funding:

City Hall Annex (10455 Torre Ave) (Estimated increase: \$2,000,000)	**T.B.D.
Regnart Road Improvements, Phase 1 (Estimated increase: \$600,000)	**T.B.D.
Citywide Building Condition Assessment Implementation*	\$2,000,000
City Hall Improvements*	\$1,000,000
<b>Subtotal</b>	<b>\$3,000,000</b>

C. New Projects:

Fiber Expansion – City Hall Annex	\$320,000
Civic Center Microgrid***	\$150,000
San Tomas Aquino/Saratoga Creek Trail Extension, Feasibility Study (from Lawrence-Mitty Park)	\$150,000
Bollinger Road Bike Improvements (Traffic Analysis and Preliminary Design)*	\$200,000
Stevens Creek Blvd./Calabazas Creek Storm Drain Repair	\$420,000
Stevens Creek Bridge Repair***	\$98,642
<b>Subtotal</b>	<b>\$1,338,642</b>
<b>Total</b>	<b>\$5,013,642</b>

Notes:

\* These projects are early phases of an ongoing or multi-phase project. Please refer to the CIP 5-year schedule (Attachment A) for additional information.

\*\* No additional funds are requested in the CIP. Staff will return with more specific funding request after construction bids are received. The estimates are provided to facilitate responsible development of the FY budget.

*\*\*\* The total project funding for Civic Center Microgrid and Stevens Creek Bridge Repair projects include external grant funding. Please refer to the CIP Five-Year schedule (Attachment A) for additional information.*

Attachment B – “New CIP Project Narratives” includes more information on each of the projects included in Table 2.

Currently the CIP division has 37 funded existing projects, ten of which are in queue for initiation. The CIP projects range from the creation of a new park to the installation of new streetlights. Funding dedicated to the existing projects includes \$37.1 million of City funds, with \$12.8 million in external funding, for a total of \$49.9 million. To give a sense of size and scope, of those 37 projects, 17 projects are funded for \$1 million or greater. Of those 17, six are funded for more than \$2 million.

Currently, major projects underway include Memorial Park Specific Plan and Revitalization efforts, Jollyman All-Inclusive Playground, Bridge Repairs and Storm Drain enhancements, and the new park and trail at the Lawrence-Mitty parcel. Many of these projects are multi-year endeavors. When considering the addition of new projects and subsequent phases of existing projects, consideration of available resources to move those projects forward is important. Current staffing availability to manage new projects is limited and some projects funded in previous fiscal years have not yet been advanced due to staffing limitations. Given the number and magnitude of projects in the CIP, staff will include requests in the proposed annual Operating Budget to meet project delivery needs. Based on the projects currently funded and those in the draft Proposed FY 2023-24 CIP, staff anticipates the need for an additional four positions.

In summary, the draft Proposed FY 2023-24 CIP includes six new projects, additional funding for four multi-year projects and additional funding for four other current projects. There are 37 active CIP projects that are a priority to implement and close out. This year, the proposal for new projects is limited to health and safety driven projects and smaller initiatives where staff has the capacity to deliver. The initiation of larger CIP projects is not included at this time due to limited staffing resources, and unresolved external financial impacts that may affect the Capital Reserve fund.

#### Sustainability Impact

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

### Fiscal Impact

The annual CIP has previously assumed a base funding amount of \$2.5 million annually, with that amount varying based on available year end fund balances. Over the last eight years, the General Fund transferred a total of \$63,291,725 to the Capital Reserve as follows:

- |                          |                          |
|--------------------------|--------------------------|
| • FY 22-23: \$2,500,000  | • FY 18-19: \$8,000,000  |
| • FY 21-22: \$10,000,000 | • FY 17-18: \$10,000,000 |
| • FY 20-21: \$5,000,000  | • FY 16-17: \$15,000,000 |
| • FY 19-20: \$10,000,000 | • FY 15-16: \$2,791,725  |

Although transfers from the General Fund to the Capital Reserve are yet to be determined for future years, past transfers provide a target for future project programming. Staff continues to recommend that the capital reserve account maintain a minimum unprogrammed fund balance of \$2 million to allow for funding needs that may arise during the fiscal year.

The budget for current CIP projects totals \$49.9 million for 37 projects at various levels of completion, including \$12.8 million of external funding. Ten projects have been completed, comprised of \$11.3 million of dedicated funding in the current fiscal year, with \$1.65 million that can return to the appropriate fund balance based on where funding originated.

The Capital Reserve fund balance is currently estimated to end the year at \$15.0 million. New projects proposed will reduce this amount by approximately \$5,013,642, resulting in an estimated ending fund balance of \$10 million for FY 2023 - 24, should all recommended Capital Projects be approved.

### California Environmental Quality Act (CEQA)

Future projects will be subject to environmental review as required by CEQA.

---

Prepared by: Susan Michael, Capital Improvement Programs Manager

Reviewed by: Chad Mosley, Interim Director of Public Works

Reviewed by: Matt Morley, Assistant City Manager

Approved for Submission by: Pamela Wu, City Manager

### Attachments:

A – FY 2023 - 2024 CIP 5-year Schedule

B – FY 2023 - 2024 CIP Project Narratives

C – FY 2023 - 2024 CIP Project Rankings

D – Master Plans Project Lists