
Proposed Capital Improvement Program (CIP) Budget

Fiscal Year 2026-27

City Council Study Session
March 31, 2026





Public Works Staffing & Divisions

The Public Works Department has 79 full-time staff members composed of five management, four clerical, and 70 professional / technical staff spread across five divisions. In addition, Public Works has part time staff equivalent to 6 full-time positions.

Administration

Administration

Engineering

- Water Quality
- Streets and Parkway Improvements
- Storm Drain Improvements
- Development
- Real Property
- Park Development
- Construction Management

General Services

- Facility Maintenance
- Fleet Maintenance
- Recycling and Solid Waste
- Warehouse Operations

Transportation Services

- Active Transportation
- Traffic Operations
- Transportation Planning
- Residential Permit Parking

Maintenance Services

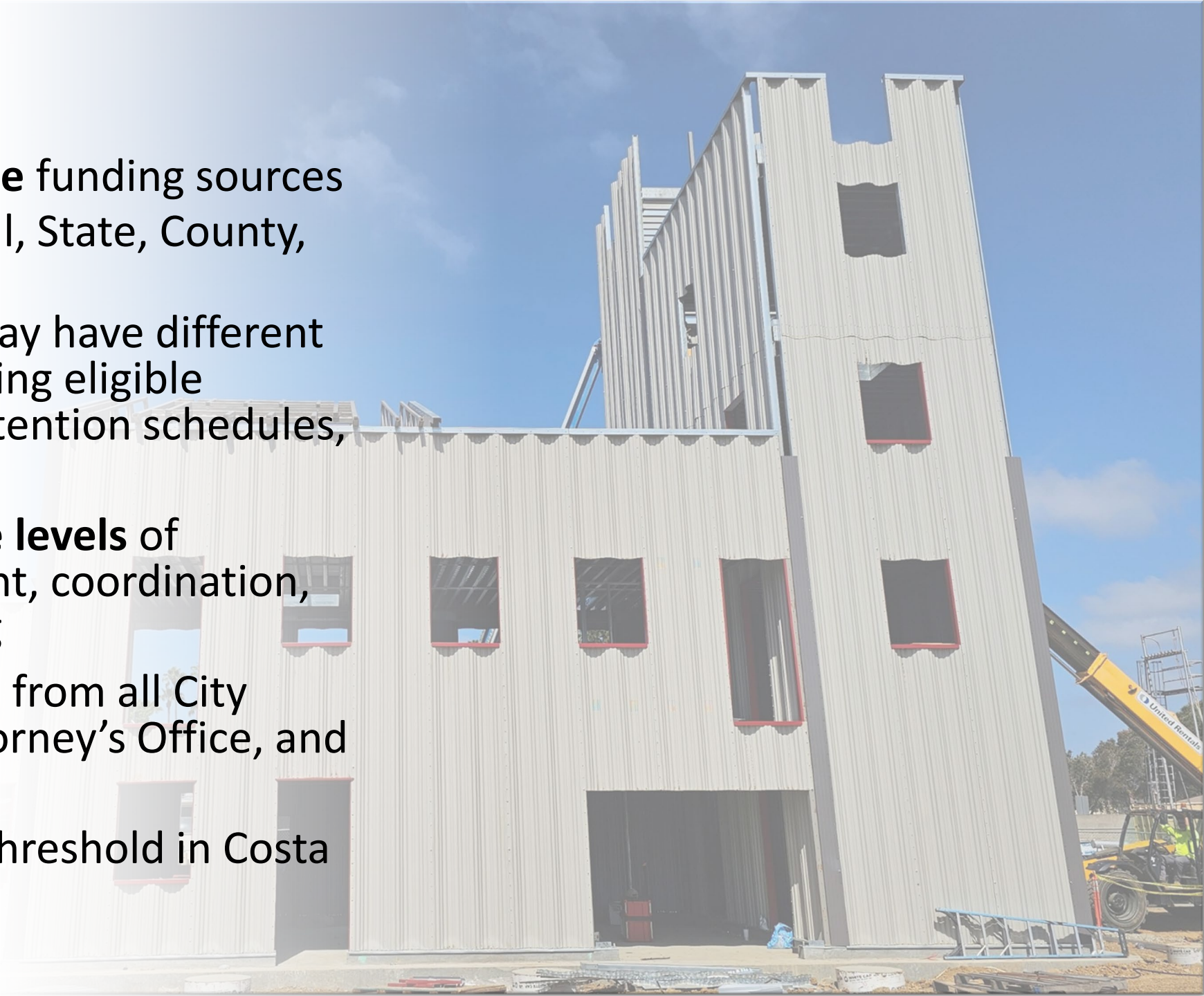
- Street Cleaning
- Graffiti Abatement
- Street Maintenance
- Storm Drain Maintenance
- Signs and Marking
- Park, Parkway, and Median Maintenance



The CIP Process

CIP Budget

- Financed from **multiple** funding sources
 - Can include Federal, State, County, and local funds
 - Funding sources may have different **restrictions** regarding eligible projects, record retention schedules, and reporting
- Often involve **multiple levels** of governmental oversight, coordination, approval, and auditing
- Requires **coordination** from all City departments, City Attorney's Office, and related grantors
- CIP Project Financial Threshold in Costa Mesa: **\$30,000**



CIP Projects



A multi-year program



Projects typically **not** completed in one year



Identifies the next round of **project priorities**



Projects undergo **seven (7) distinct phases** over multiple years:

- Project identification/idea is developed
- Design phase
- Bidding phase
- Contract selection and award
- Construction phase
- Project completion
- Ongoing maintenance and repair



CIP Recognition



CIP programs encompass both current year (ongoing projects) and proposed future year projects.



City staff are dedicated to producing a high-quality CIP program and projects.



Staff has won numerous awards for CIP projects.

Current (FY 2025-26) CIP Accomplishments

Citywide Street Improvements

- Citywide project consisting of concrete sidewalk, curb & gutter, and access ramp improvements, along with grind & overlay street reconstruction, and street slurry sealing.
- Improvements included Mesa Verde, College Park, and other neighborhoods.
- Effort to reach and maintain City Council's goal to have a PCI index of at least 85.



Yellowstone Drive



Police Department Carpet & Indoor Paint



- New floors throughout the building, including basement.
- Project included sanding, priming, repairing, and painting all interior surfaces, along with repainting the back exterior and roll-up doors.
- Floor Replacement Project completed October 2025.
- Interior Repaint Project completed July 2025.



Norma Hertzog Roof Replacement

- Expected completion by May 2026.
- Removed all metal panels to address leaks.
- Removed flat roofing and replaced with new system for improved drainage.
- New self-adhering high-temperature roofing underlayment installed for waterproofing.



Brentwood Park Improvements

- Original playground equipment was installed in 1995.
- Prior to construction, there was single play structure and volleyball court.
- Once complete, playground will consist of two separate age-appropriate play areas.
- Four slides and seven climbing components.
- New picnic shade structure.
- New LED park lighting and ADA access.
- Installed sidewalk poetry.



Fairview Road Improvement (Fair Dr. to Newport Blvd.)

- Constructed active transportation improvements along Fairview Road between Fair Drive and Newport Boulevard.
- Construction completion by June 2026.
- Project includes:
 - Class IV Cycle Tracks
 - New HAWK signal at Fairview Rd./Valley Forge (May 2026)
 - Green bicycle conflict zone striping
 - High visibility pedestrian crossings
 - Transit stop improvements
 - New bicycle signal at Fairview Rd./Wilson St.
 - New landscaping and irrigation



Design of Various Projects Completed

- Fire Station No. 2
- Costa Mesa Skate Park Expansion
- Ketchum-Libolt Park Expansion
- Shalimar Park Improvements
- Signal Modern Multi Modal Safety Improvements



Current (FY 2025-26) CIP Update



FY 2025-26 Budget

- Staff requested a partial waiver of the Capital Asset Needs (CAN) Ordinance to address the FY 2024-25 and FY 2025-26 revenue shortfall.
- For FY 2024-25, approximately \$2.4 million in previously allocated capital projects were deferred.
- In FY 2025-26, the amount allocated to new CIP projects was reduced by \$1.2 million.

Deferred Projects List

No.	Project Name	Deferred Amount	Notes
1	Finance Security/Effic. Remodel	\$ 250,000	Sufficient funding in project account
2	Citywide Community Choice Energy Study	\$ 150,000	Project not considered at this time
3	City Hall Breezeway Roof	\$ 245,000	Moved to FY 27-28
4	Westside Restoration Project	\$ 450,000	Moved to FY 27-28
5	Parkway Maintenance Program Citywide	\$ 233,757	Replaced funding source
6	Costa Mesa Country Club Modernization	\$ 400,000	Moved to long-term future
7	Butterfly Gardens	\$ 100,000	Moved to FY 28-29
8	Senior Center Improvements	\$ 250,000	Received Federal grant
	Savings from Completed Projects	\$ 300,000	N/A
	TOTAL	\$ 2,378,757	

Major Projects Underway/Scheduled*

Major projects include:

- Adams Avenue Bicycle Facility Project
- Citywide Alley Improvements
- Citywide Street Improvements
- Citywide Tree Maintenance
- Communications Building Improvements
- Costa Mesa Country Club Modernization
- Costa Mesa Skate Park Expansion
- Fairview Park Fence Sign Trail
- Fairview Road Improvement Project
- Fire Station #2 Reconstruction
- Ketchum-Libolt Park Expansion
- Mesa Del Mar Multimodal Access
- Shalimar Park Improvements
- Newport Boulevard Frontage Road Rehab.
- Senior Center HVAC and Roof Replacement
- Sunflower Avenue Rehabilitation
- TeWinkle Lakes Rehab and Repair Project
- Westside Substation Improvements



*Full listing of ongoing projects in **Attachment 1** of Staff Report.



FY 2026-27 Proposed CIP Projects



CIP Overview

- Projects were identified based on:
 - City Council Priorities, Goals, and Objectives
 - Commissions, committee, and community feedback
 - Citywide infrastructure and facility needs assessments
 - Department requests
 - Budgetary constraints
 - The CIP includes General Fund allocation to meet minimum Maintenance of Effort (MOE) for Gas Tax and Measure M2.
- 
- 

Quick Facts

39

Projects recommended

\$33.4M

Total CIP amount

\$12M

Future Bond/Financing

Funding Sources

Primary funding sources for Proposed FY 2026-27 CIP include:

Future Bond/Financing Options	\$	12,000,000
Grant Funds	\$	5,744,920
Capital Improvement (General Fund)	\$	5,550,000
Measure M2 Competitive and Fairshare	\$	4,666,000
Gas Tax (RMRA)	\$	3,150,000
Gas Tax	\$	1,790,000
Traffic Impact Fees	\$	250,000
Cannabis Traffic Impact Fees	\$	150,000
Park Development Fees	\$	100,000
TOTAL	\$	33,400,920

Fiscal Year 2026-27 Proposed CIP Projects

CAPITAL IMPROVEMENT PROGRAM

DRAFT

Capital Improvement Projects by Funding Source Proposed Fiscal Year 2026-27

No. Category/Project Title	Gas Tax (HUTA) Fund	Park Dev. Fees Fund	Traffic Impact Fee Fund	Cannabis Traffic Impact Fees Fund	Gas Tax (RMRA) Fund	Capital Improve. Fund	Measure M2 Fairshare Fund	Grant Fund	Future Bond/Financing	Total
	201	208	214	240	251	401	416	230/231/232		
FACILITIES										
1 Building Modification Projects						\$ 250,000				\$ 250,000
2 City Hall -Development Services Workstations						\$ 120,000				\$ 120,000
3 Civic Center - Miscellaneous Repairs						\$ 150,000				\$ 150,000
4 Corp Yard - Equipment Maint. - Replace Vehicle Hoists						\$ 250,000				\$ 250,000
5 Downtown Aquatic Center Pool Gutter Grates						\$ 100,000				\$ 100,000
6 Fire Station 2 Reconstruction								\$ 12,000,000		\$ 12,000,000
7 Fire Stations - Minor Projects at Various Stations						\$ 150,000				\$ 150,000
8 Fire Stations - Overhead, Rolling & Apparatus Door Replacement						\$ 150,000				\$ 150,000
9 Police Department - Chillers Replacement						\$ 800,000				\$ 800,000
10 Police Department - Emergency Communications Facility Improvement and Roof Replacement						\$ 1,100,000				\$ 1,100,000
11 Police Department - Facility Expansion and Reconfiguration for Real Time Crime Center (RTCC)								\$ 1,039,000		\$ 1,039,000
12 Senior Center - Facility Improvements								\$ 250,000		\$ 250,000
TOTAL FACILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,070,000	\$ -	\$ 1,289,000	\$ 12,000,000	\$ 16,359,000
PARKS										
13 Citywide Tree Maintenance (in Public Right-of-Way)	\$ 200,000									\$ 200,000
14 Costa Mesa Skate Park Expansion						\$ 500,000				\$ 500,000
15 Fairview Park - Vernal Pools Restoration						\$ 80,000				\$ 80,000
16 Fairview Park Master Plan Implementation		\$ 100,000								\$ 100,000
17 Harper Park - Playground Replacement						\$ 400,000				\$ 400,000
18 Moon Park - Playground Replacement						\$ 50,000				\$ 50,000
19 Park Parking Lot and Playground Rehabilitation						\$ 100,000				\$ 100,000
20 Park Security Lighting Replacement						\$ 150,000				\$ 150,000
21 Park Sidewalk Replacement						\$ 50,000				\$ 50,000
TOTAL PARKS	\$ 200,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 1,330,000	\$ -	\$ -	\$ -	\$ 1,630,000
STREETS										
22 Citywide Alley Improvements	\$ 200,000									\$ 200,000
23 Citywide Street Improvements	\$ 1,000,000				\$ 350,000	\$ 1,000,000	\$ 3,100,000			\$ 5,450,000
24 Future RMRA Street Project					\$ 2,800,000					\$ 2,800,000
25 New Sidewalk/Missing Link Program	\$ 100,000									\$ 100,000
26 Parkway & Medians Improvement Program	\$ 75,000					\$ 75,000	\$ 50,000			\$ 200,000
27 Priority Sidewalk Repair	\$ 65,000									\$ 65,000
TOTAL STREETS	\$ 1,440,000	\$ -	\$ -	\$ -	\$ 3,150,000	\$ 1,075,000	\$ 3,150,000	\$ -	\$ -	\$ 8,815,000
TRANSPORTATION										
28 Adams Avenue Multipurpose Trails								\$ 2,777,000		\$ 2,777,000
29 Bicycle and Pedestrian Infrastructure Improvements			\$ 100,000	\$ 150,000						\$ 250,000

Fiscal Year 2026-27 Proposed CIP Projects (continued)



CAPITAL IMPROVEMENT PROGRAM

DRAFT

Capital Improvement Projects by Funding Source Proposed Fiscal Year 2026-27

No. Category/Project Title	Gas Tax (HUTA) Fund 201	Park Dev. Fees Fund 208	Traffic Impact Fee Fund 214	Cannabis Traffic Impact Fees Fund 240	Gas Tax (RMRA) Fund 251	Capital Improve. Fund 401	Measure M2 Fairshare Fund 416	Grant Fund 230/231/232	Future Bond/Financing	Total
TRANSPORTATION (continued)										
30 Bristol Street Traffic Signal Synchronization Project			\$ 150,000				\$ 165,000			\$ 315,000
31 Center Street Pedestrian Crossing and Circulation Improvements							\$ 500,000			\$ 500,000
32 Citywide Neighborhood Traffic Improvements						\$ 75,000				\$ 75,000
33 Citywide Traffic Signal Improvements							\$ 200,000			\$ 200,000
34 Clean Mobility Options Program - On-Demand Transit Services								\$ 650,000		\$ 650,000
35 College Avenue Parking and Circulation Improvements	\$ 150,000									\$ 150,000
36 Fair Drive Circulation Improvements							\$ 201,000	\$ 679,000		\$ 880,000
37 Local Road Safety Plan Update							\$ 150,000			\$ 150,000
38 Mesa Del Mar Multimodal Access								\$ 349,920		\$ 349,920
39 Signal Modernization for Systemic Multi-Modal Safety Improvements							\$ 300,000			\$ 300,000
TOTAL TRANSPORTATION	\$ 150,000	\$ -	\$ 250,000	\$ 150,000	\$ -	\$ 75,000	\$ 1,516,000	\$ 4,455,920	\$ -	\$ 6,596,920
Total One-Year Capital Improvement Projects	\$ 1,790,000	\$ 100,000	\$ 250,000	\$ 150,000	\$ 3,150,000	\$ 5,550,000	\$ 4,666,000	\$ 5,744,920	\$ 12,000,000	\$ 33,400,920

CIP Categories

Primarily funded by grants or restricted funds

Transportation
\$6,596,920
19.8%

Facilities
\$16,359,000
49.0%

Significant portion of this is \$12 million bond financing for the Fire Station 2 reconstruction

Streets
\$8,815,000
26.3%

Parks
\$1,630,000
4.9%



FY 2026-27 Projects



FY
26/27

Citywide Alley Improvements

\$200K
Gas Tax

- Annual citywide project to improve the City's public alleys from asphalt to concrete pavement that will last for many years.
- Alley improvements are throughout the City based on condition and priority.
- Multi-year project. Nearing the last phase.
- Remaining 14 alleyways will be designed in FY 26/27.



- Original PD chillers are more 50 years old and need replacement.
- New chillers more energy efficient than current model.
- Staff will pursue grant funding opportunities with SoCalRen.



FY
26/27

Police Department Emergency Communications Center

\$1.1M
CIP Fund

- Complete renovation of the Police Department Communications facility.
- Upgrades will also include new thermal and moisture protection, fire suppression, plumbing, HVAC, roof replacement, electrical and communication infrastructure.
- Total estimated project cost - \$4 million.



FY
26/27

Citywide Tree Maintenance (in Public Right-of-Way)

\$200K
Gas Tax

- Provides enhanced maintenance to median and parkway trees that are susceptible to the effect of recent unprecedented weather events.
- Plant new trees in medians and parkways.



Harper Park Playground Improvements

\$400K
CIP Fund

Project updates including a complete redesign of the park layout, including:

- Removal of existing equipment and installation of modernized playground area and equipment.
- Replacement of safety surfacing.
- Removal and replacement of tables, benches, and trash receptacles.



Moon Park Improvements

\$50K
CIP Fund

Phase 1 – Conceptual Design and Community Outreach and Coordination with other Agencies. Project will include a redesign of the park and replacement of the existing playground including:

- Review of the park layout
- Removal of existing equipment and installation of modernized playground area and equipment.
- Replacement safety surfacing
- Addition of safety fencing
- Bike trail access improvements
- Lighting Improvements
- Replacement of park amenities such as benches, tables, drinking fountain and receptacles



Costa Mesa Skate Park Expansion

\$500K
CIP Fund

- Construction of new and improved features designed by Spohn Ranch, a renowned skate park designer.
- Installation of a new pump track.
- Funded through Orange County Board of Supervisor Katrina Foley.
- Available funding from prior years.

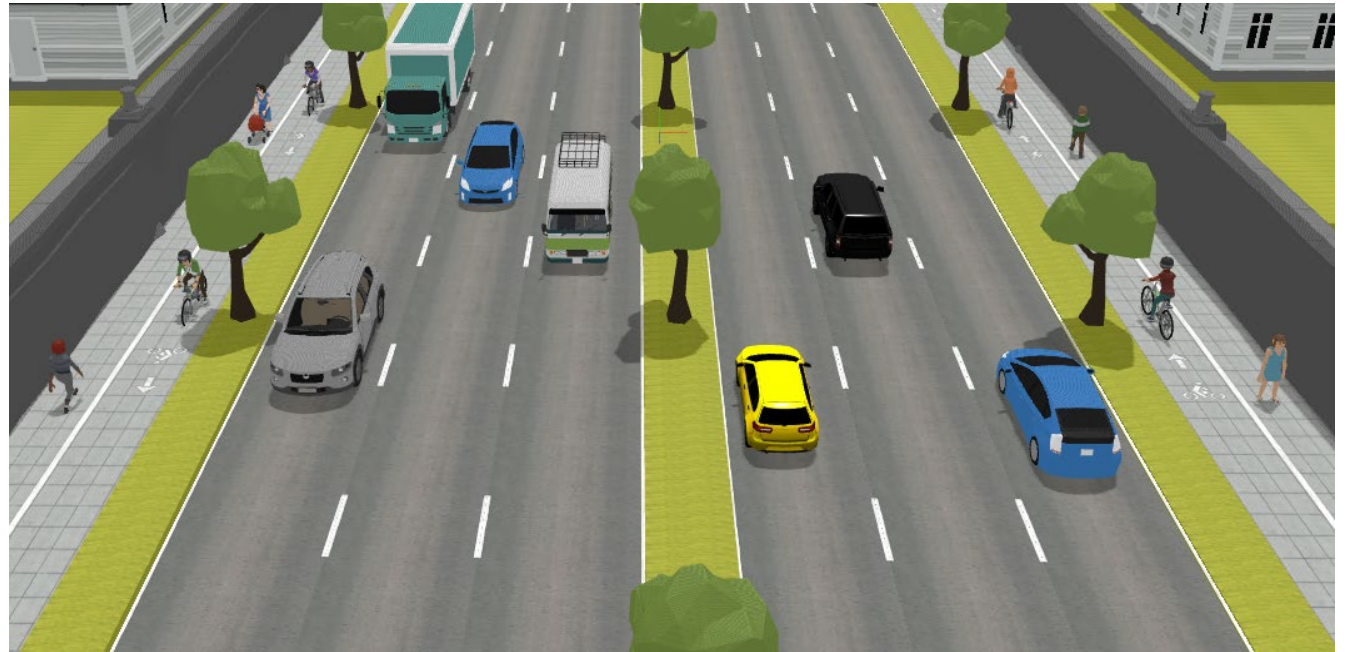


FY
26/27

Adams Avenue Multipurpose Trail

\$2.77M
Grant Funds

- Project on Adams Avenue between Royal Palm Drive and Santa Ana River.
- Enhances accessibility and safety for bicyclists and pedestrians by providing separation from vehicles.
- City received competitive federal grant for construction.
- Improvements consistent with the City's General Plan and the Active Transportation Plan.



FY
26/27

Mesa Del Mar Multimodal Access



\$350K
Grant Funds

- Safety and mobility improvements along Junipero Drive from Presidio Drive to Arlington Drive.
- Project includes parking protected cycle tracks, green bicycle conflict zone striping, new sidewalks, and accessibility improvements.
- New raised intersection at Arlington Drive and Junipero Drive.
- Pavement rehabilitation.
- Design will begin Winter 2026.





Finance & Pension Advisory Committee (FiPAC) Recommendation

- Public Works staff presented to FiPAC on March 11, 2026.
 - Committee appreciated all the information provided and expressed interest in holding a follow-up meeting to develop a final recommendation to City Council.
- 
- 

Parks and Community Services (PACS) Commission Recommendation

- One-Year and Five-Year CIP pertaining to Parks presented to PACS on March 12
- The Commission recommended the following for City Council consideration:
 - **Marina View Park** – For Fiscal Year 2026-27 add sand in areas where the levels are low and address sidewalk improvements.
 - **Wilson Park** – For Fiscal Year 2026-27 address improvements identified in the Park Assessment Study for bathrooms.
 - **Community Gardens** – Add \$50,000 for Fiscal Year 2027-28 for planning for Community Gardens and consider Neth Park as potential site in a multi-faceted way.
 - **Westside Park Development** – Add \$400,000 for Fiscal Year 2027-28.
 - **Fairview Park and Skate Park Project** – Consider ways to cut back on projects and evaluate/pursue private funding.
 - **Revise the Five-Year CIP** to include only parks in the “C” category.



Additional Information

Five-Year CIP (FY 2026-27 to FY 2030-31)

- Five-Year plan includes projects deferred and those proposed in upcoming fiscal years.
- **Attachment 4** includes proposed Five-Year CIP.
- Five-Year plan is updated annually based on Goals and Priorities by City Council, input from commissions, committees and community, and best practices.
- Projects listed from Years 2-5 and Future are for planning purposes and grant opportunities.
- Facilities Assessment and Park Assessment Studies were used to identify future projects.

FY 2026-27 Five-Year CIP vs. Proposed

PROJECT NAME	Five-Year CIP	Proposed CIP
Building Modification Projects	\$200,000	\$250,000
Civic Center - Miscellaneous Repairs	\$150,000	\$150,000
Corp Yard - Equipment Maintenance - Bay Doors and Vehicle Hoist Replace	\$110,000	-
Corp Yard - Vehicle Hoist	-	\$250,000
Fire Stations - Minor Projects at Various Fire Stations	\$150,000	\$150,000
Sewer Line Improvement for City Facilities	\$50,000	-
Citywide Tree Maintenance (in Public Right-of-Way)	\$200,000	\$200,000
Fairview Park - Replace Service Road Asphalt	\$200,000	-
Park Parking Lot and Playground Rehabilitation	\$150,000	\$100,000
Park Security Lighting Replacement	\$100,000	\$150,000
Park Sidewalk Replacement	\$75,000	\$50,000
Shalimar Park Expansion	\$350,000	-
Skate Park Parking Lot and Parking Spaces Expansion	\$40,000	-
Tree Planting and Small Tree Care	\$150,000	-
Citywide Alley Improvements	\$650,000	\$200,000
Citywide Street Improvements	\$5,000,000	\$5,450,000
Citywide Street Sign Replacement	\$50,000	-
Parkway & Medians Improvement Program	\$200,000	\$200,000
Adams Avenue Active Transportation Improvements - Multipurpose Trails	\$4,777,000	\$2,777,000
Bicycle and Pedestrian Infrastructure Improvements	\$250,000	\$250,000
Center Street Pedestrian Crossing and Circulation Improvements	\$500,000	\$500,000
Citywide Neighborhood Traffic Improvements	\$100,000	\$75,000
Citywide Traffic Signal Improvements	\$150,000	\$200,000
Clean Mobility Options Program - On-Demand Transit Services	\$800,000	\$650,000
Junipero Drive Improvements/Mesa Del Mar Multimodal Access	\$500,000	\$349,920
New Sidewalk/Missing Link Program	\$100,000	\$100,000
Priority Sidewalk Repair	\$65,000	\$65,000
Total	\$15,067,000	\$12,116,920



CAN Repayment Schedule

- For Fiscal Year 2026-27, while the proposed funding meets the 5 percent minimum contribution required by the CAN Ordinance, it does not account for repayment of the prior waivers.
- It is anticipated that an additional General Fund contribution of \$600,000 is required for CAN repayment for Fiscal Year 2026-27.

Deferred Allocation	Total Deferment	Year 1
FY 2024-25 Projects	\$ 2,378,757.00	\$ 475,751.40
FY 2025-26 CAN	\$ 1,249,855.30	\$ 124,985.53
Total	\$ 3,628,612.30	\$ 600,736.93

Next Steps

- The FY 2026-27 Proposed Operating and CIP budget must be adopted by June 30, 2026.
- The proposed CIP recommendation provides \$33.4 million from multiple funding sources to improve City infrastructure in all key areas.
- In addition to the new Proposed CIP, there are 86 ongoing CIP projects, totaling approximately \$88 million.
- Staff requests the City Council provide general direction during the Study Session on the FY 2026-27 Proposed CIP Budget and the Five-Year (FY 2026-27 to FY 2030-31) CIP.

FY 2026-27 Tentative Budget Calendar

FY 2026-27 Proposed CIP Budget Review	Finance and Pension Advisory Committee	March 11, 2026
FY 2026-27 Proposed CIP Budget Review	Parks and Community Services Commission	March 12, 2026
FY 2026-27 Proposed CIP Budget Study Session	City Council	March 31, 2026
FY 2026-27 Operating Budget Review	Finance and Pension Advisory Committee	April 8, 2026
FY 2026-27 Proposed CIP Budget Review	Planning Commission	May 11, 2026
FY 2026-27 Proposed Operating Budget Study Session	City Council	May 12, 2026
FY 2026-27 Proposed Operating and CIP Budget Public Hearing	City Council	June 2, 2026
FY 2026-27 Proposed Operating and CIP Budget Special Meeting/Study Session #2 (if necessary)	City Council	June 9, 2026
FY 2026-27 Proposed Budget Adoption (if necessary)	City Council	June 16, 2026

