
PROPOSED CAPITAL IMPROVEMENT PROGRAM BUDGET

FISCAL YEAR 2025-26

City Council Study Session
April 22, 2025



**“WHEN WE ALL
PULL TOGETHER”**



City of Costa Mesa
Adopted Budget
2024-2025

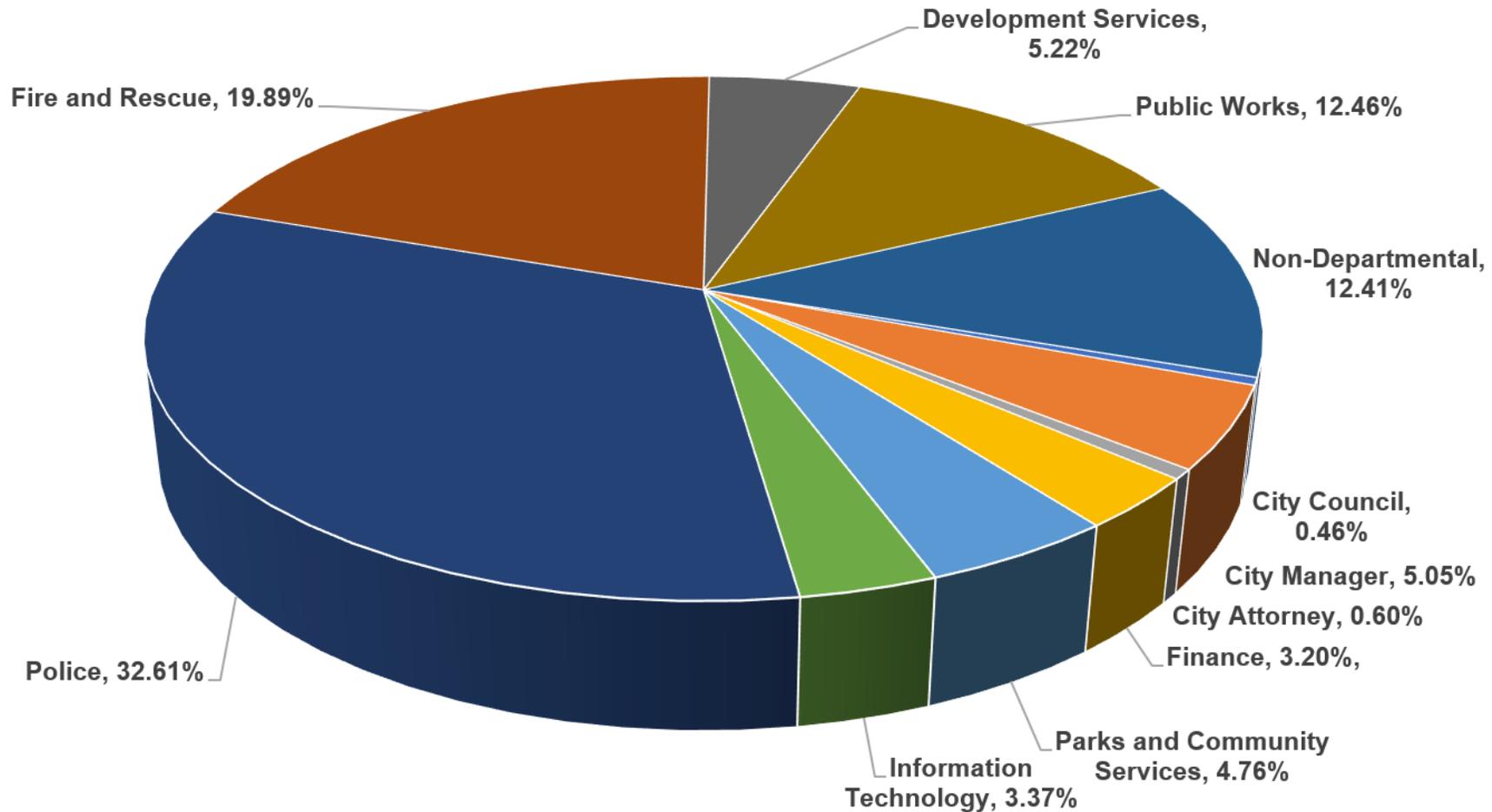
FY 2024-2025 ADOPTED BUDGET

Expenditure Category	All Funds	%	General Fund	%
Salaries & Benefits	\$133,130,777	59%	\$133,130,777	70%
Maintenance & Operations	52,189,891	22%	44,132,090	23%
Fixed Assets	6,781,618	3%	2,925,298	2%
Transfers Out	12,631,498	5%	9,705,994	5%
Capital Projects	27,901,236	11%	-	-
Total	\$239,815,342	100%	\$189,894,159	100%

STRENGTHEN THE PUBLIC'S SAFETY

Public Safety Represents 52% of General Fund

Total Appropriations - General Fund by Department \$189,894,159



FY 2024-25 ADOPTED General Fund By Department

Department	FY 2024-25	%
City Council	874,089	0.5%
City Manager *	9,594,377	5.1%
City Attorney	1,086,750	0.6%
Finance	6,073,764	3.2%
Parks and Community Services	9,037,068	4.8%
Information Technology	6,402,558	3.4%
Police	61,919,851	32.6%
Fire and Rescue	37,772,922	19.9%
Development Services	9,911,803	5.2%
Public Works	23,659,001	12.5%
Non-Departmental	23,562,076	12.4%
TOTAL	189,894,159	100.0%

*City Manager's Department includes City Clerk, Human Resources, and Risk Management.



Capital Asset Needs (CAN)

- The City's Municipal Code Section § 2-209 Capital Asset Needs Reserve requirement states that the City shall allocate a minimum of five percent (5%) of the annual General Fund revenue towards the capital asset account (Fund 401)
 - Staff will request a CAN partial waiver to address the FY 2024-25 potential revenue shortfall
 - Waiver of the CAN requires a supermajority vote: 5 City Councilmember votes
- 
- 

THE CIP PROCESS



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.

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

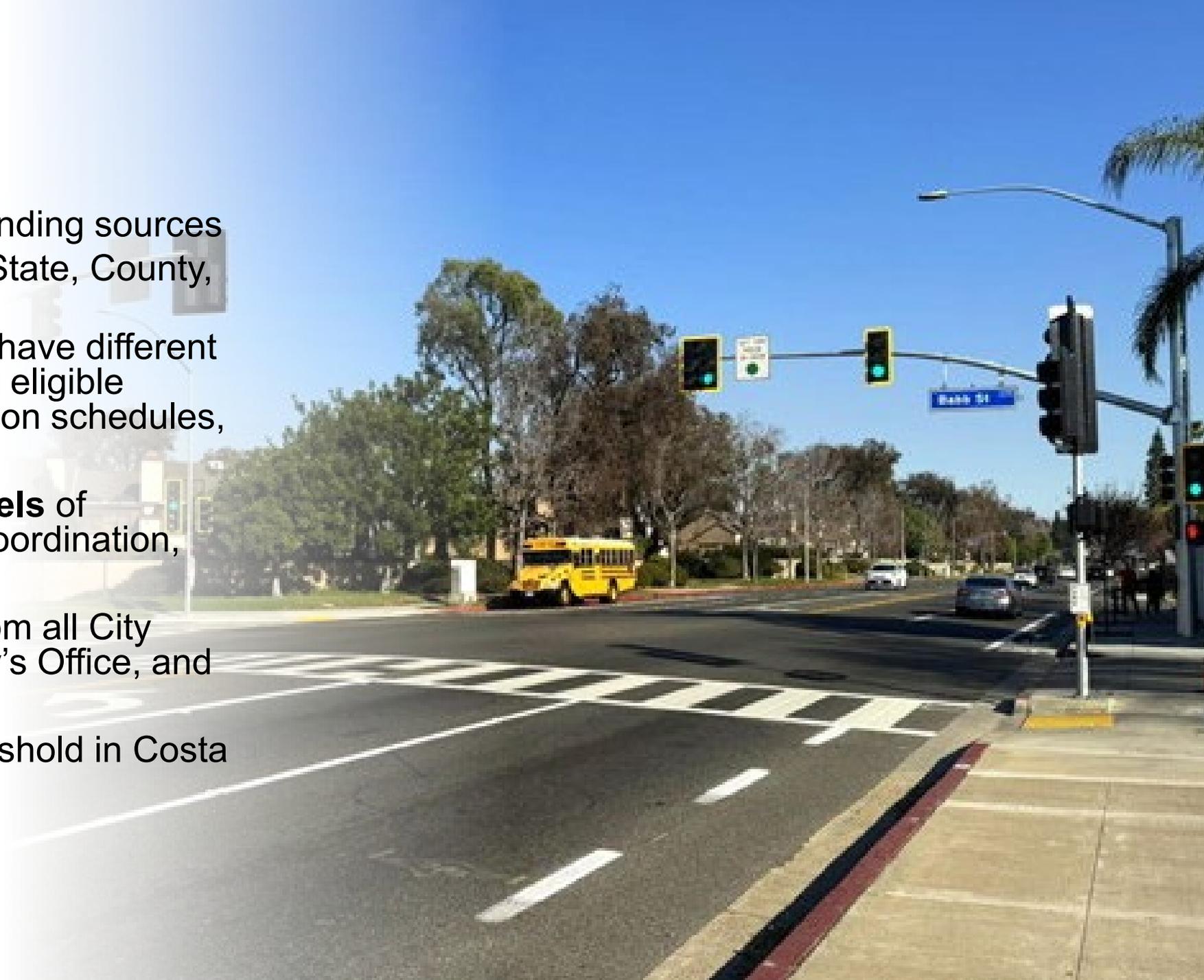
Maintenance Services

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



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

- ✓ By definition 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 RECOGNITIONS



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 2024-25) CIP ACCOMPLISHMENTS



CITYWIDE STREET IMPROVEMENTS

- Streets improved include a combination of slurry seal and full-depth pavement rehabilitation
 - Approx. 10.1 lane miles, or 53,451 lineal feet
- Streets will be improved in the following neighborhoods:
 - Mesa Verde
 - Mesa North
 - Mesa Del Mar
 - Bristol West
 - College Park
 - Westside
 - Eastside
- Costa Mesa has maintained a “good” PCI of 84.9



EQUIVALENT TO
LENGTH OF
I-405 FROM
SR 22 TO SR 73

- Total construction cost of approx. \$9.2 M from various funding sources:
 - Capital Improvement Fund
 - Measure M2 Fairshare Fund
 - Gas Tax Fund

ADAMS AVENUE REHABILITATION



- Santa Ana River to Royal Palm Drive
- Royal Palm Drive from Adams Avenue to Elm Avenue
- Street pavement rehabilitation
- Improved bicycle facilities
- Road Maintenance Rehabilitation Account funded
- First project administered by Community Workforce Agreement

LED UPGRADES AT VARIOUS LOCATIONS

Jack Hammett Sports Complex



BEFORE



AFTER

TeWinkle Athletic Complex



BEFORE



AFTER

Bark Park

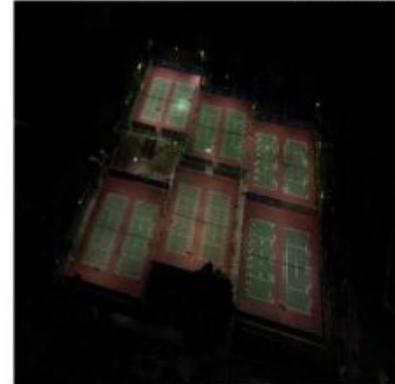


BEFORE

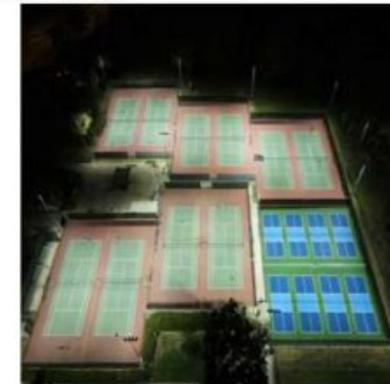


AFTER

Costa Mesa Tennis Center



BEFORE



AFTER

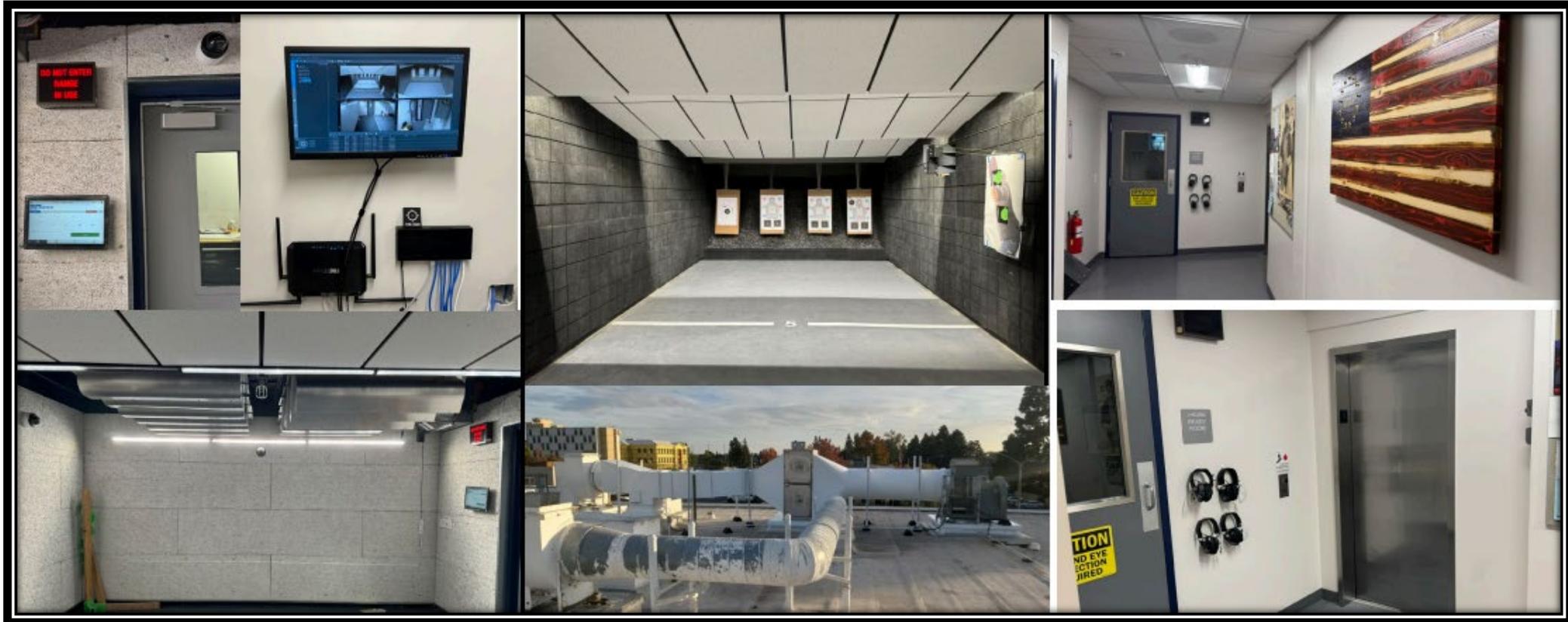
- Removed existing lighting and replaced with LED lights
- Funded by then-State Senator David Min

TENNIS CENTER IMPROVEMENTS

- Resurfaced courts
- Eight new pickleball courts



POLICE DEPARTMENT RANGE REMODEL



- Replaced range targeting systems
- Replaced existing exhaust air and filtration system
- New elevator unit

INFORMATION TECHNOLOGY OFFICE REMODEL

- Additional office space
- Replaced flooring and light fixtures
- Optimized workstations



LIONS PARK CAFE

- Walk-up concession counter
- Full kitchen equipment
- Estimated completion in May 2025
- Partially funded by County ARPA funds through Supervisor Katrina Foley



CLEAN MOBILITY OPTIONS



- Fare-free on demand rideshare
- Serves Westside area and sections of College Park
- Grant-funded
- Three vehicles in service

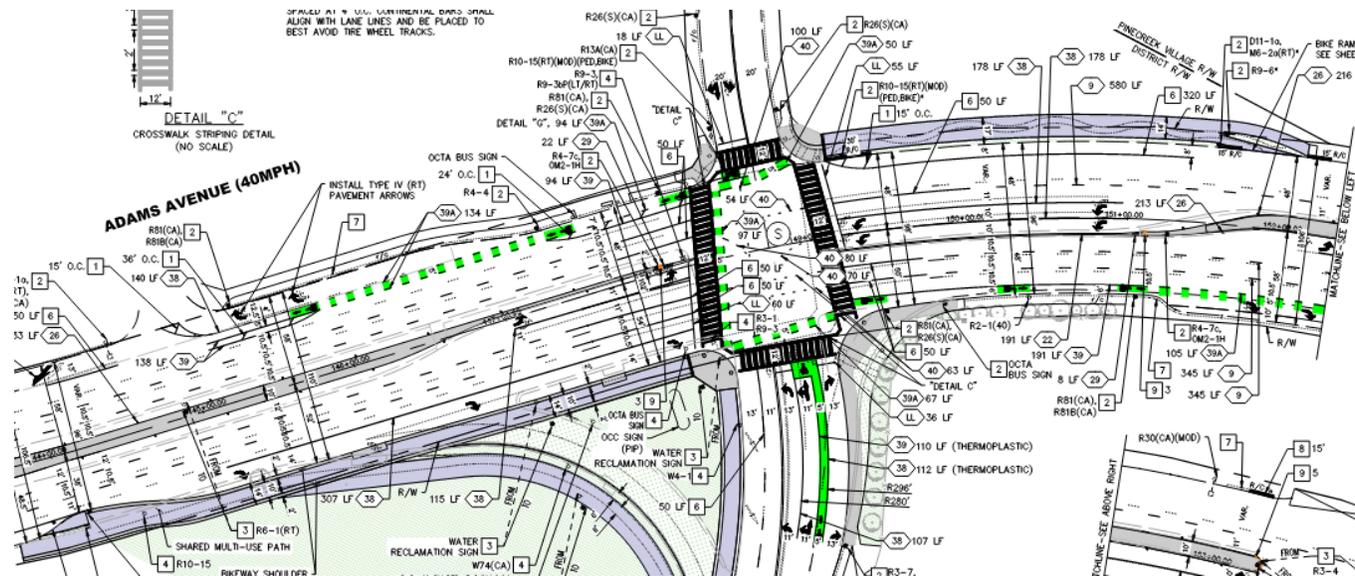


CITYWIDE BICYCLE WAYFINDING

- Installed 116 new wayfinding signs:
 - Westside
 - Eastside
 - College Park
 - Mesa del Mar
 - Mesa North
 - Mesa Verde
 - SoBeca
 - South Coast Metro



ADAMS AVENUE – PINECREEK DRIVE INTERSECTION IMPROVEMENTS



- Pedestrian and bicycle safety improvement at OCC
- New crosswalk, high visibility crosswalk striping
- New pedestrian paths
- New Class I off-street bicycle trails
- ADA improvements
- Construction is scheduled for completion in May 2025

CURRENT (FY 2024-25) CIP UPDATE





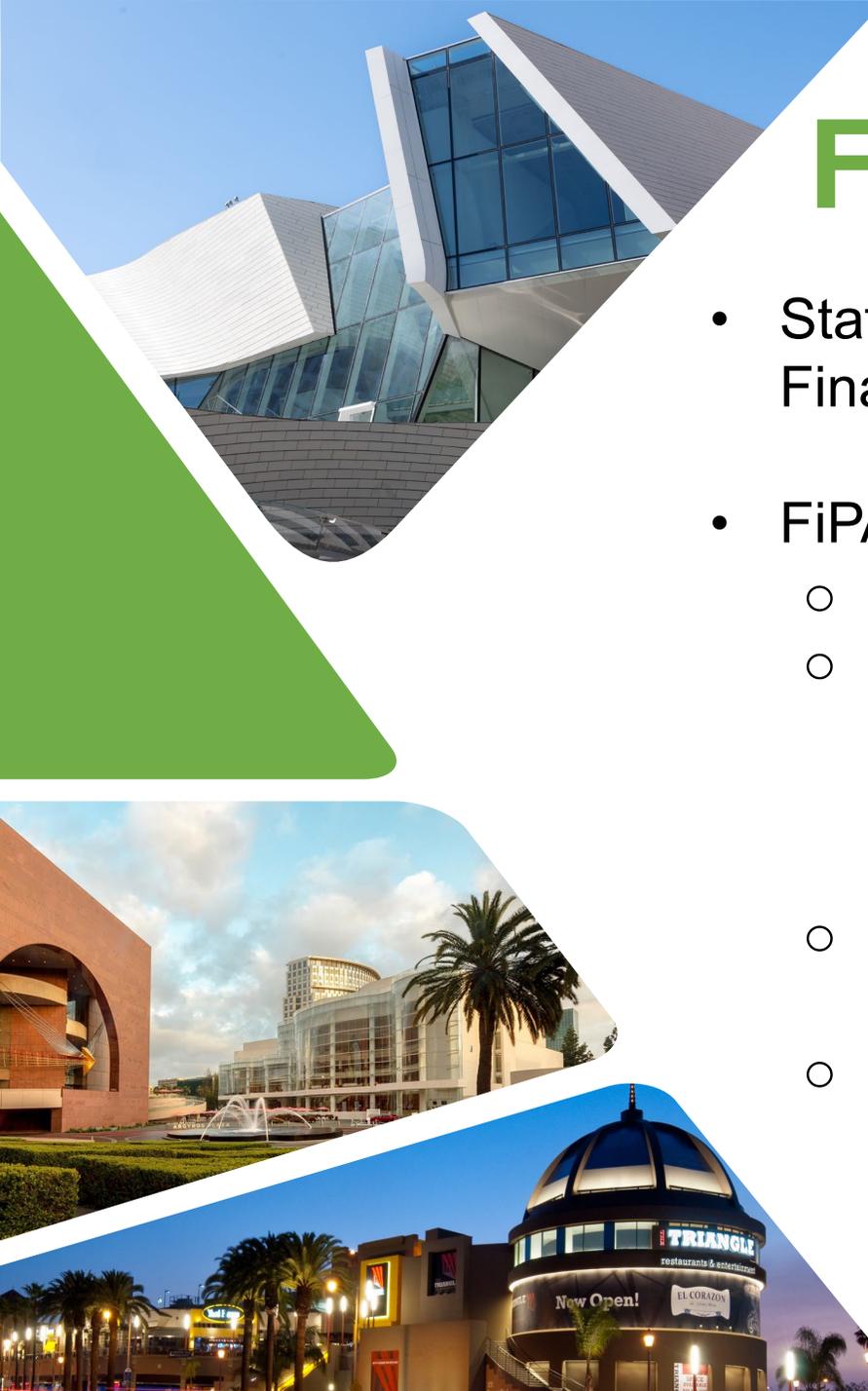
FY 2024-25 BUDGET

- Staff will request a partial waiver of the CAN Ordinance to address the FY 2024-25 potential revenue shortfall
- Fiscal Year 2024-25 General Fund budget will need to be adjusted by \$3.6M to address a potential revenue shortfall
- Reductions proposed by:
 - \$0.7M in operating budget utilizing Gas Tax for street sweeping services, and
 - \$2.9M temporary deferrals of approved capital projects



STAFF INITIAL PROPOSED FY 24-25 CIP DEFERRALS

No.	Project Name	Deferred Amount
1	City Hall Cast Iron Drain Repipe	\$254,019
2	Finance Security/Effic. Remodel	\$250,000
3	Citywide Community Choice Energy Study	\$150,000
4	City Hall 5th Floor Air Handler Replacement	\$140,000
5	City Hall Breezeway Roof	\$245,000
6	City Hall Heater(s) Replacement	\$350,000
7	Westside Restoration Project	\$450,000
8	Parkway Maintenance Program Citywide	\$233,757
9	Costa Mesa Country Club Modernization	\$400,000
10	Butterfly Gardens	\$100,000
	Savings from Completed Projects	\$300,000
	Ongoing Capital Improvement Projects for Fund Deferral	\$2,872,776



FiPAC RECOMMENDATION

- Staff presented FY 2024-25 and FY 2025-26 CIP at the April 9 Finance and Pension Advisory Committee (FiPAC) meeting
- FiPAC made following recommendations:
 - Support waiving the CAN ordinance for FY 2024-25
 - Support proposed projects for deferral, except for the following:
 - City Hall Cast Iron Drain Repipe \$254,019
 - City Hall 5th Floor Air Handler Replacement \$140,000
 - City Hall Heater(s) Replacement \$350,000
 - Staff to recommend alternative reductions for Council consideration
 - Deferred action on Fiscal Year 2025-26 CIP to May 2025 for consideration along with the Operating Budget

ALTERNATIVE CIP DEFERRALS FOR CONSIDERATION

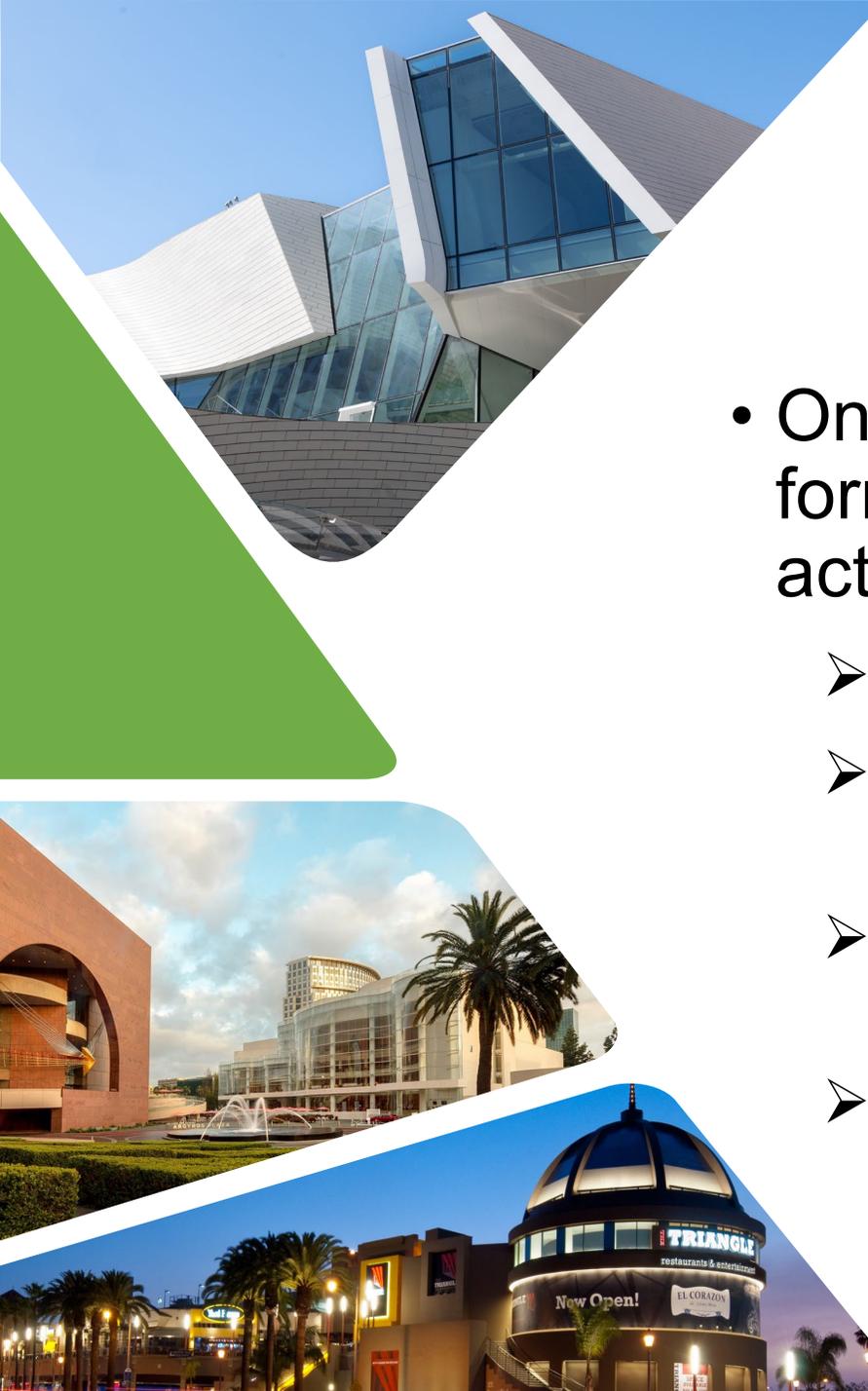
No.	Project Name	Deferred Amount
1	City Hall Cast Iron Drain Repipe	\$ 254,019
2	Finance Security/Effic. Remodel	\$ 250,000
3	Sewer Line Improvement	\$ 250,000
4	Citywide Community Choice Energy Study	\$ 150,000
5	City Hall Breezeway Roof	\$ 245,000
6	Westside Restoration Project	\$ 450,000
7	Parkway Maintenance Program Citywide	\$ 233,757
8	Costa Mesa Country Club Modernization	\$ 400,000
9	Butterfly Gardens	\$ 100,000
10	Senior Center Improvements	\$ 250,000
	Savings from Completed Projects	\$ 300,000
	Alternative Ongoing Capital Improvement Projects for Fund Deferral	\$ 2,882,776

MAJOR PROJECTS UNDERWAY/SCHEDULED

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

Major projects include:

- Adams at Pinecreek Improvements
- Adams Ave. Active Transportation Project
- Adams Ave. Bicycle Facility
- Brentwood Park Improvements
- Citywide Alley Improvements
- Citywide Storm Drain Improvements
- Citywide Street Improvements
- Fairview Park Mesa Restoration/Cultural Resource Preservation CA- ORA- 58
- Fairview Park West Bluff Stabilize & Restoration
- Fairview Rd Rehab (RMRA) Project
- Fairview Road Improvement Project
- Fire Station 4 Training Tower & Grounds Reconstruction
- Golf Course & Tennis Center Improvements
- Ketchum-Libolt Park Expansion
- Newport Blvd Improvement
- Parkway Maintenance Program Citywide
- PD Carpet Replacement and Repaint
- Police Dept - Emergency Comm Facilities Remodel
- Shalimar Park Expansion
- Signal Modernization Multi Modal Safety Improvements
- TeWinkle Park - Skate Park Expansion
- TeWinkle Park Lakes Repairs



NEXT STEPS

- On May 6, Staff will bring an agenda item for formal City Council consideration of the following actions:
 - Partial waiver of the CAN Ordinance for FY 2024-25
 - Reduce General Fund transfer to Capital Improvement Fund (401) in the approximate amount of \$2.9 million
 - Allocate \$0.7 million in Gas Tax (201) funds for street sweeping
 - Deferred projects will receive priority in FY 2026-27



FY 2025-26 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
 - Staff will request a full waiver of the CAN Ordinance to address FY 2025-26 potential revenue shortfall
 - The CIP includes General Fund allocation to meet minimum Maintenance of Effort (MOE) for Gas Tax and Measure M2
- 
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QUICK FACTS

23

Projects recommended

\$28.7M

Total CIP amount

\$12M

Future Bond/Financing

FUNDING SOURCES

Primary funding sources for Proposed FY 2025-26 CIP include:

Future Bond/Financing Options	\$ 12,000,000
Grant Funds	\$ 6,882,000
Gas Tax (RMRA)	\$ 2,951,612
Measure M2 Competitive and Fairshare	\$ 2,820,000
Capital Improvement (General Fund)*	\$ 2,150,000
Gas Tax	\$ 1,040,000
Traffic Impact Fees	\$ 420,000
Community Development Block Grant	\$ 230,000
Cannabis Traffic Impact Fees	\$ 150,000
Jack Hammett Sports Complex	\$ 100,000
Total	\$ 28,743,612

*Funded by prior year General Fund transfers

FISCAL YEAR 2025-26 PROPOSED CIP PROJECTS

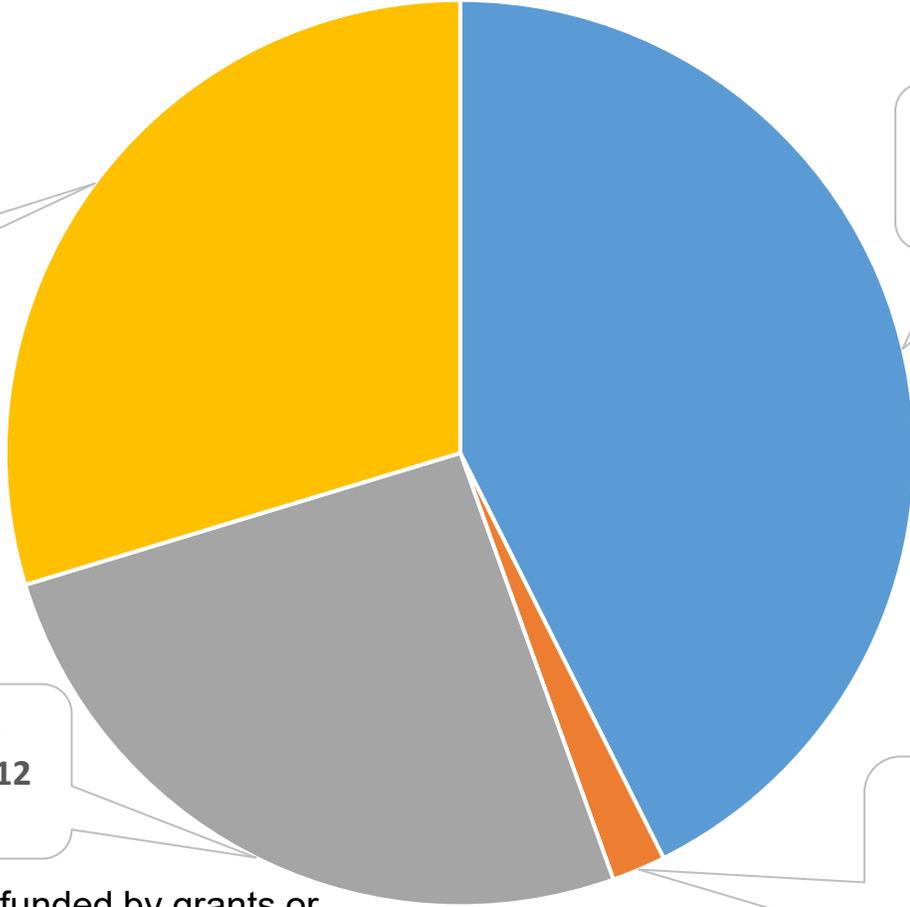
CAPITAL IMPROVEMENT PROGRAM

DRAFT

Capital Improvement Projects by Funding Source
Proposed Fiscal Year 2025-26

Category/Project Title	Gas Tax (HUTA) Fund	CDBG Fund	Traffic Impact Fee Fund	Cannabis Traffic Impact Fees Fund	Gas Tax (RMRA) Fund	Capital Improve. Fund	Measure M2 Fairshare Fund	Jack Hammett Fund	Grant Fund	Future Bond/Financing	Total
	201	207	214	240	251	401	416	417	230/231/232		
FACILITIES											
Building Modification Projects						\$ 150,000					\$ 150,000
Civic Center - Miscellaneous Repairs						\$ 50,000					\$ 50,000
Fire Stations - Minor Projects at Various Fire Stations						\$ 50,000					\$ 50,000
Fire Station 2 Reconstruction									\$ 12,000,000		\$ 12,000,000
TOTAL FACILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ 12,000,000	\$ 12,250,000
PARKS											
Citywide Tree Maintenance (in Public Right-of-Way)	\$ 200,000										\$ 200,000
Jack Hammett Sports Complex - Field Restoration								\$ 100,000			\$ 100,000
Park Parking Lot and Playground Rehabilitation						\$ 100,000					\$ 100,000
Park Security Lighting Replacement						\$ 75,000					\$ 75,000
Park Sidewalk Replacement						\$ 75,000					\$ 75,000
TOTAL PARKS	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ 100,000	\$ -	\$ -	\$ 550,000
STREETS											
Citywide Street Improvements	\$ 600,000					\$ 1,500,000	\$ 2,000,000				\$ 4,100,000
Harbor Boulevard Rehabilitation Project (RMRA)					\$ 2,951,612						\$ 2,951,612
Parkway & Medians Improvement Program	\$ 75,000						\$ 50,000				\$ 125,000
Westside Street Improvements - Wilson Street		\$ 230,000									\$ 230,000
TOTAL STREETS	\$ 675,000	\$ 230,000	\$ -	\$ -	\$ 2,951,612	\$ 1,500,000	\$ 2,050,000	\$ -	\$ -	\$ -	\$ 7,406,612
TRANSPORTATION											
Adams Avenue Active Transportation Improvements - Multipurpose Trails									\$ 4,223,000		\$ 4,223,000
Adams Avenue Bicycle Facility Project from Fairview to Harbor			\$ 200,000				\$ 650,000				\$ 850,000
Bicycle and Pedestrian Infrastructure Improvements			\$ 100,000	\$ 150,000							\$ 250,000
Center Street Pedestrian Crossing and Circulation Improvements						\$ 50,000					\$ 50,000
Citywide Neighborhood Traffic Improvements						\$ 100,000					\$ 100,000
Clean Mobility Options Program - On-Demand Transit Services									\$ 500,000		\$ 500,000
Fairview Road Active Transportation Improvements - Fair Drive to Adams Avenue			\$ 120,000				\$ 120,000		\$ 1,759,000		\$ 1,999,000
New Sidewalk/Missing Link Program	\$ 100,000										\$ 100,000
Pedestrian Safety Festival									\$ 400,000		\$ 400,000
Priority Sidewalk Repair	\$ 65,000										\$ 65,000
TOTAL TRANSPORTATION	\$ 165,000	\$ -	\$ 420,000	\$ 150,000	\$ -	\$ 150,000	\$ 770,000	\$ -	\$ 6,882,000	\$ -	\$ 8,537,000
Total One-Year Capital Improvement Projects	\$ 1,040,000	\$ 230,000	\$ 420,000	\$ 150,000	\$ 2,951,612	\$ 2,150,000	\$ 2,820,000	\$ 100,000	\$ 6,882,000	\$ 12,000,000	\$ 28,743,612

CIP CATEGORIES



Facilities
\$12,250,000
42.6%

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

Transportation
\$8,537,000
29.7%

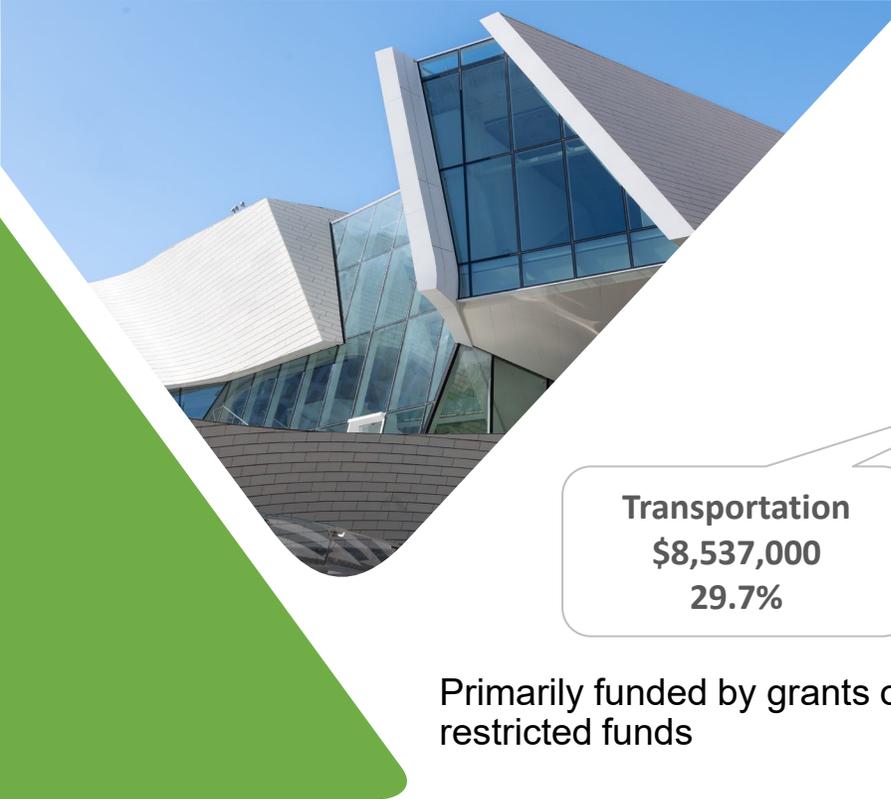
Primarily funded by grants or restricted funds

Streets
\$7,406,612
25.8%

Primarily funded by grants or restricted funds

Parks
\$550,000
1.9%

Approximately \$18 million in ongoing Parks projects



FY 2025-26 PROJECTS

FY
25/26

FIRE STATION 2 RECONSTRUCTION

\$15M

\$12M
Bonds

\$2.5M available in
FY 24/25



- Increase in size to 9,400 SF
- Improves operational function and living quarters
- Enlarged apparatus bay
- Conference room, utility rooms, exercise room, medical supply storage
- On-site temp living and operating quarters



FY
25/26

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.



FY
25/26

HARBOR BLVD. REHABILITATION

\$2.95M
RMRA



- Street rehabilitation along Harbor Blvd. (MacArthur Blvd. to South Coast Dr.) and (Gisler Ave. to Baker St.)
- Funded with Road Maintenance and Rehabilitation Account (RMRA) funds



FY
25/26

CITYWIDE STREET IMPROVEMENTS

\$4.1M

\$1.5M
CIP

\$ 600K
GAS TAX

\$2M
M2 FUND



- Annual program provides major street rehabilitation to maintain a Citywide Pavement Condition Index (PCI) of 85
- Improvements in all Council districts



FY
25/26

ADAMS AVENUE ACTIVE TRANSPORTATION IMPROVEMENT

\$4.2M
FEDERAL GRANT



- Adams Avenue between Royal Palm Drive Road 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 Active₄₁ Transportation Plan

FY
25/26

ADAMS AVENUE BICYCLE FACILITY PROJECT

\$850K

\$200K
TIF

\$650K
M2 FUND

- Adams Avenue between Fairview Road and Harbor Boulevard
- Improves pedestrian and bicycle mobility and access in the area
- City received competitive federal grant for construction
- Improvements consistent with the City's General Plan and the Active Transportation Plan



FAIRVIEW ROAD IMPROVEMENT PROJECT

\$2.0M

\$120K
TIF

\$ 120K
M2 FUND

\$1.759M
GRANTS



- Construct active transportation improvements along Fairview Road between Fair Drive and Adams Avenue
- Project includes improved bicycle facilities, green bicycle conflict zone striping, high visibility pedestrian crossings, transit stop improvements and traffic signal modifications
- \$300K in prior fiscal budget for design

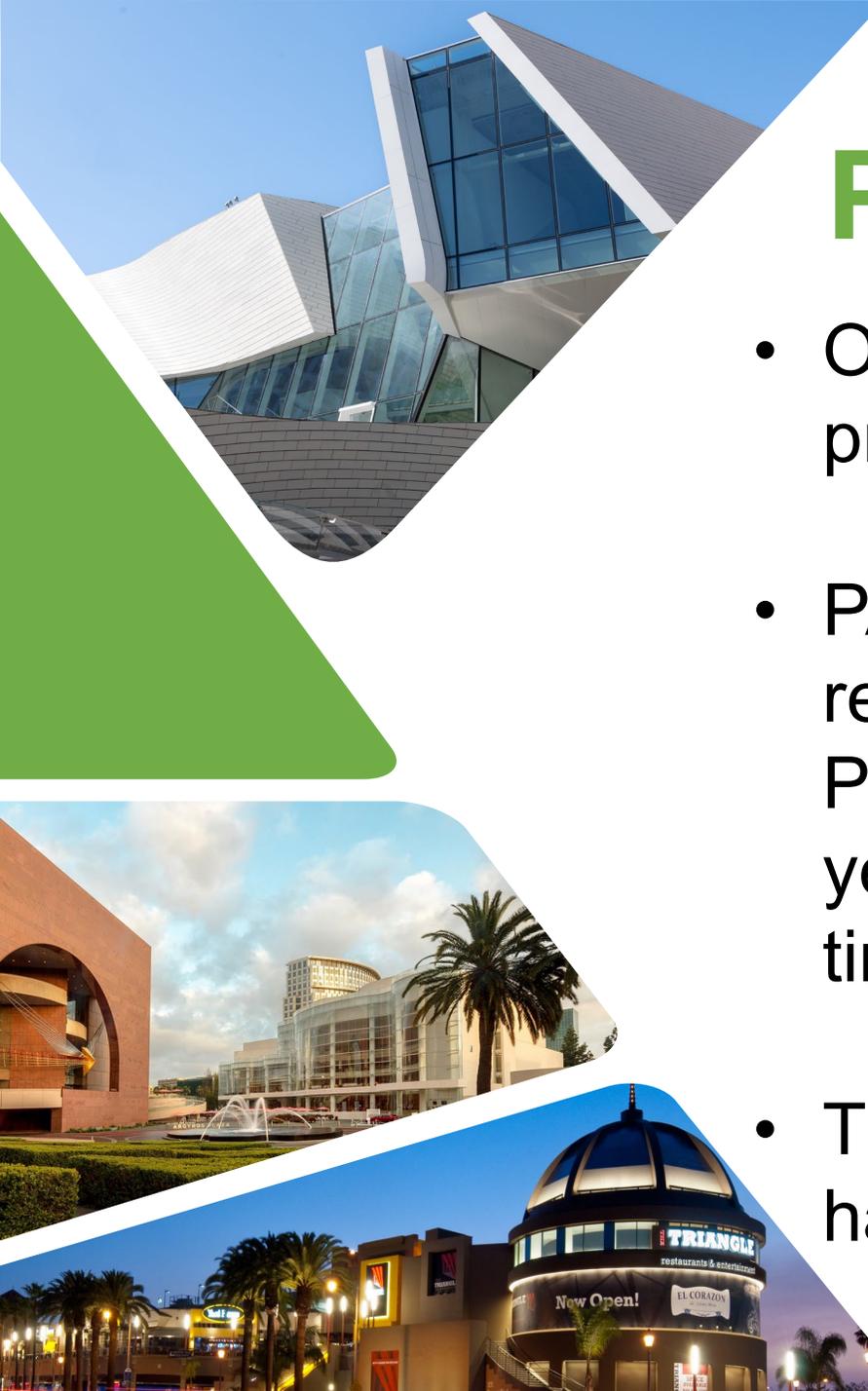
FY
25/26

PEDESTRIAN SAFETY FESTIVAL

\$400K
Grant

- Temporary weekend closure of Harbor Boulevard between Newport Boulevard and West 19th Street to automobiles
- Event anticipated to occur on four separate event dates
- Various activities with primary focus on pedestrian safety





PACS RECOMMENDATION

- One-Year and Five-Year CIP pertaining to Parks presented to PACS on April 10, 2025
- PACS concurred with staff recommendation while requesting allocation of \$250,000 for Westside Park Development in FY 2025-26 and future fiscal years (funding has not been identified at this time)
- The Westside Park Development project currently has prior year unspent funds of \$250,000

ADDITIONAL INFORMATION



FIVE-YEAR CIP (FY 2025-26 to FY 2029-30)

- 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 to plan for future grant opportunities
- Facilities Assessment and Park Assessment Studies will identify future project priorities and funding needs

NEXT STEPS

- The FY 2025-26 Proposed Operating and Capital Improvement Program budget must be adopted by June 30, 2025
- The proposed CIP recommendation provides \$28.7 million from multiple funding sources to improve City infrastructure in all key areas
- In addition to the new Proposed CIP, there are 102 ongoing CIP projects, totaling approximately \$93 million
- The one-year waiver of the General Fund transfer for the CAN Ordinance provides a method for reducing General Fund expenses while not impacting core City services

FY 2025-26 Budget Calendar

FY 2024-25 Mid-Year Budget Update Study Session	City Council	March 11, 2025
FY 2045-25 Mid-Year Budget Update Presentation	Finance and Pension Advisory Committee	March 12, 2025
FY 2025-26 Proposed CIP Budget Review	Finance and Pension Advisory Committee	April 9, 2025
FY 2025-26 Proposed CIP Budget Review	Parks and Community Services Commission	April 10, 2025
FY 2025-26 Proposed CIP Budget Study Session	City Council	April 22, 2025
FY 2025-26 Proposed CIP Budget Review	Planning Commission	May 12, 2025
FY 2025-26 Proposed Budget Study Session	City Council	May 13, 2025
FY 2025-26 Proposed Operating Budget	Finance and Pension Advisory Committee	May 14, 2025
FY 2025-26 Proposed Operating and CIP Budget Public Hearing	City Council	June 3, 2025
FY 2025-26 Proposed Operating & CIP Budget Special Meeting/ Study Session #2 (if necessary)	City Council	June 10, 2025
FY 2025-26 Proposed Budget Adoption (if necessary)	City Council	June 17, 2025



Questions?