



FY 2026/27 and FY 2027/28
Proposed Biennial Capital
Improvement Program Budget

Budget-in-Brief



**City of
Santa Clara**
The Center of What's Possible

City of Santa Clara Budget-in-Brief

FY 2026/27 and FY 2027/28 Proposed Biennial Capital Improvement Program Budget



To Our Santa Clara Residents:

I am pleased to present the Proposed Biennial Capital Budget for fiscal years (FY) 2026/27 and 2027/28 and Five-Year Capital Improvement Program (CIP) as well as proposed amendments to the FY 2026/27 Adopted Operating Budget. This continues the biennial budget process that alternates between an operating and capital budget. This year’s budget focuses on achieving fiscal sustainability, capital infrastructure investment, and supporting the direct services and programs that serve our community.

As a result of the City’s prudent fiscal management and strong revenue growth, the proposed budget accomplishes specific objectives in alignment with the City Council priorities. These accomplishments include:

- No reduction of City programs and services
- Resolving the General Fund structural deficit
- Allocating \$2 million for City Council priority initiatives
- Funding for capital replacement/maintenance (\$12.9 million for new projects)
- Establishing and funding for a new Infrastructure Replacement Reserve Policy to set aside 3% of General Fund expenditures annually (\$10.4 million)
- Funding administrative and project staff to implement the first phase of Measure I capital projects
- Restoring frozen positions
- Adding new positions to address organizational needs and meet performance expectations

The Biennial Capital Budget totals \$593 million and the Five-Year CIP totals \$1.11 billion, supporting infrastructure improvements throughout the City. Additional investments in these areas are possible due to the voter approval of Measure I in November 2024 that allows the issuance of \$400 million in general obligation (GO) bonds as well as the use of the General Fund Capital Projects Reserve.

While the focus of this budget is on capital improvements, there are recommended adjustments to the FY 2026/27 operating budget that was adopted last year as part of the FY 2025/26 and FY 2026/27 Biennial Operating Budget. The General Fund outlook continues to improve with strong revenue growth.



Budget Milestones:

- | | |
|------------------|--|
| April 28: | Release of Proposed Budget |
| May 5: | City Council Study Session on Proposed Budget |
| May 19: | City Council Study Session on Proposed Budget |
| June 9: | Public Hearing and Adoption of FY 2026/27 and FY 2027/28 Biennial Capital Budget and Amendments to the FY 2026/27 Operating Budget |
| July 1: | Start of Fiscal Year 2026/27 |

Jövan Grogan
City Manager



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What Does This Budget Do?

- *Measure I: \$400 M GO Bonds; Tranche 1 projects total \$96.6M of which \$63.2M is reflected in CIP*
- *Dedicated staff focused on project delivery*
- *Tranche 2 and 3 to be reflected in future CIPs*

Measure I
GO Bond
Implementation

Capital Project
Delivery

- *Significant funding for utility infrastructure*
- *Dedicated funds for transportation projects*
- *Capital Projects Reserve to support high priority projects*

- *Position changes to address organizational reviews/other needs*
- *More effective service delivery*
- *Additional adjustments expected in next Operating Budget*

City Services
and
Organizational
Effectiveness

Fiscal
Sustainability
and Planning
for the Future

- *Improved General Fund Forecast addresses structural deficit*
- *New Infrastructure Replacement Capital Fund*
- *Reserve to restore previously frozen positions*

Biennial Capital Improvement Program Budget by Theme

Proposed Capital Improvement Program by Theme			
Theme	2026/27 Budget	2027/28 Budget	Total Biennial Budget
Administrative Facilities	\$12,707,950	\$3,482,500	\$16,190,450
Community Facilities	\$6,693,750	\$0	\$6,693,750
Convention Center	\$0	\$0	\$0
Electric Utility	\$225,426,000	\$171,415,000	\$396,841,000
Other Community Projects	\$3,824,794	\$3,779,339	\$7,604,133
Parks and Trails	\$7,296,000	\$742,145	\$8,038,145
Sewer Utility	\$30,330,379	\$29,553,430	\$59,883,809
Solid Waste	\$1,234,160	\$3,060,000	\$4,294,160
Storm Drain	\$19,516,300	\$416,000	\$19,932,300
Technology and Equipment	\$557,000	\$386,000	\$943,000
Transportation	\$47,180,632	\$14,306,541	\$61,487,173
Water and Recycled Water Utilities	\$5,575,000	\$5,575,000	\$11,150,000
Total Biennial Capital Budget	\$360,341,965	\$232,715,955	\$593,057,920

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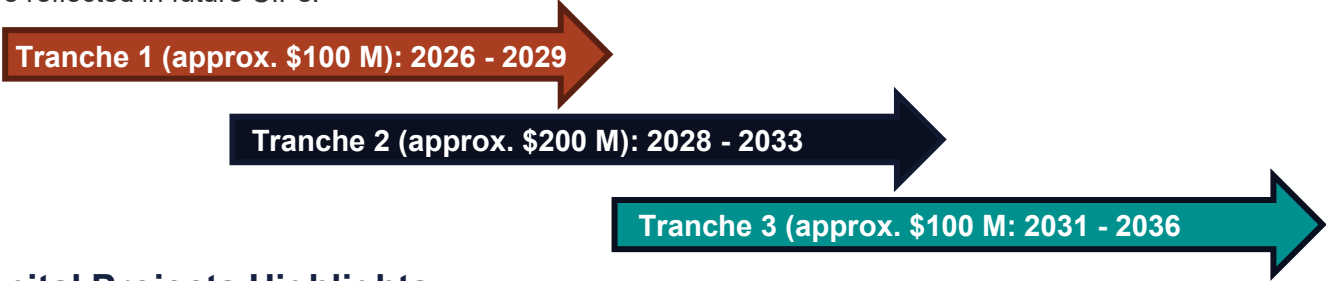


Measure I General Obligation Bond Implementation

The expenditure plan for Measure I is broken down into the categories below. The detailed plan by project is provided in the *General Obligation Bond Program Summary* in the Proposed Budget document.

Fire Stations and Emergency Response (\$142,235,450)	Parks, Libraries, Senior Center, and Aquatics Facilities (\$115,258,750)	Storm Drain System Improvements (\$46,000,000)
Police Facilities (\$43,987,500)	Streets and Transportation (\$41,170,000)	Historic Buildings and Beautification (\$9,200,000)

It is expected that the bonds will be issued in three phases and project delivery will go through 2036. This CIP reflects the projects from the first tranche of bond proceeds. The second and third tranches will be reflected in future CIPs.



Capital Projects Highlights

Administrative Facilities

General Obligation Bond Projects:

- Fire Station 5 and 7 Replacement
- Fire Training Tower Renovation
- Fire Station Security Upgrade
- Real Time Intelligence Center
- Police Training Facility Feasibility and Assessment
- Police Drone First Responder Infrastructure
- Triton Museum Renovation

ADA Transition Plan Implementation (Public Buildings) – The City Council adopted the Americans with Disabilities Act (ADA) Self-Evaluation and Transition Plan in 2024 for public buildings, parks, and public rights-of-way. The Plan identified improvements to address barriers to accessibility, methods for improving access, and established timelines and costs for removing ADA barriers. This project implements improvements at public buildings and sites as identified in the Plan.

Maintenance and Repair of City and Historic Buildings – There are four projects that set aside funding to maintain and repair the following: 1) city buildings, 2) historic buildings, 3) the Triton Museum, and 4) Morse Mansion.





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Capital Projects Highlights

Community Facilities

General Obligation Bond Projects:

- Renovation/Expansion of 3 Public Libraries

- Central Library Restrooms & Access Control Redesign
- Central Library Lighting Control System Replacement
- Central Library Entry Auto Door System Replacement
- Central, Mission, and Northside Libraries Renovation Design

- Community ISC Aquatic Facility Renovation/Replacement

- Community ISC Aquatic Facility (Phase 1 and Phase 2)

Central Park Library Carpet Replacement and Repaint Interior –

These projects address key maintenance needs in one of the City's most heavily used public facilities, which welcomed 463,368 visitors in FY 2024/25. Given this high level of daily use, maintaining an attractive and welcoming environment is essential. The carpet and existing building paint are highly visible and contribute to the Library's appearance. These projects aim to preserve the building's appearance and extend service life as a valued community asset.



Convention Center

Santa Clara Convention Center Condition Assessment Repair – The Convention Center's CIP is managed by OVG360 and is comprised of projects focused on the maintenance, repair, renovation or replacement of existing systems and infrastructure. The Proposed CIP does not program additional funding, but it is anticipated that existing funding will be carried over to complete various projects that are underway.

Electric Utility

Enhancement Projects – These consist of rebuilding, remodeling, renovating, and adding additional capacity or reliability capabilities. SVP plans to increase system capacity and reliability to the transmission and distribution system by completing several projects including: rebuilding and replacing two receiving, expanding the Northern Receiving Station (NRS), adding feeders at Fairview Substation; constructing several 12kV undercrossings; upgrading the equipment at NRS; rebuilding Agnew Substation and expanding Palm Substation; upgrading/reconfiguring the Northwest and South loops; and reconductoring various substation lines.

Major Maintenance Projects – These fund the upkeep of equipment or property, such as major engine overhauls at the Don Von Raesfield (DVR) and Gianera power plants, generation betterments, substation betterments, and miscellaneous street light projects.

New Construction Projects – These include site preparation and construction for entirely new structures and/or significant extensions to existing structures. New business and fiber work is requested by current and prospective customers for expansion and various infrastructure repairs and modifications.

Other Projects – These include new initiatives, such as the carbon reduction through battery implementation and a utility scale battery energy storage system.



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Capital Improvement Program Budget

Capital Projects Highlights

Other Community Projects

Measure 1 General Obligation Bond Related Projects – While an expenditure plan allocating Measure I bond funds to various categories has been approved, there remain costs that are not eligible to be funded via the GO bond. These costs include bond project implementation and the furniture, fixtures, and equipment costs necessary for the operations of the facilities that are part of the approved GO bond expenditure plan. Projects are included in the CIP to cover these costs.

Parks and Trails

General Obligation Bond Projects:

- Warburton Park Playground Renovations
- Henry Schmidt Park Playground Renovations



Playground Rehabilitations – Prioritized projects include Maywood Park, Earl Carmichael Park, Henry Schmidt Park, Warburton Park and Mary Gomez Park Rehabilitations.

Park Improvements and Repairs – This project provides funding for the refurbishment, repair, or replacement of park assets and amenities, including sports courts, pathways, parking lots, signage, picnic areas, irrigation systems, restrooms, building exteriors and windows, sports turf, lighting, HVAC and electrical systems, roofs, and security systems. Specific projects are identified through park master planning efforts or as replacement needs arise and are implemented as funding becomes available.

Sewer Utility

San José-Santa Clara Regional Wastewater Facility (RWF)

– This project funds the City's share of the RWF infrastructure rebuild based on the 2013 Plant Master Plan that had an anticipated 30-year rebuilding period. The City owns the RWF jointly with the City of San José.

Sanitary Sewer Condition Assessment – This project funds the ongoing assessment of the City's sanitary sewer system via CCTV inspections. The most serious deficiencies are prioritized and repaired each year.

Sanitary Sewer Improvements – This project addresses high priority deficiencies identified through condition assessments.





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Capital Projects Highlights

Solid Waste

Sanitary Landfill Development – Post Closure – This project provides for required monthly monitoring, data collection, reporting, repairs and maintenance at the City's closed landfill.

Emergency Backup and Collection System Enhancements for Closed Landfill – This project adds resilience to the methane gas collection system and flare by installing backup power and gas collection improvements.

Storm Drain



General Obligation Bond Projects:

- Bowers Ave Underpass SDPS Rehabilitation
- Green Storm Drain Design & Construction
- SDPS Motor and Control Replacement
- SDPS Outfall Reconstruction
- Storm Drain Renovations
- Storm Drain System Improvements

Anna Drive Neighborhood Flood Protection – This project upsizes approximately 2,000 linear feet of storm drain pipelines ranging in diameters from 12-inch to 48-inch on Anna Drive between San Tomas Aquino Creek and McCormick Drive. The City received federal funding of \$3 million for this project.

Storm Drain Pump Station RTU Upgrade – The City Storm Drain Pump Stations use an RTU (Remote Terminal Unit) that communicates through radio frequency to the SCADA (supervisory control and data acquisition) application. This project upgrades the outdated RTUs, which will provide greater bandwidth capacity to communicate through fiber optic lines with radio frequency backup.

Transportation

Annual Street Maintenance and Rehabilitation Program – This ongoing allocation funds the maintenance and repair of City streets. The repairs include placing surface seals, replacement of curbs and gutters, as well as installation of roadway striping.

Santa Clara Vision Zero – With the support of Federal grant funds, the City will develop a Santa Clara Vision Zero Plan through a robust community engagement process and comprehensive citywide safety analysis to identify the highest types, locations, severity, and demographics of collisions occurring within the City.

Uncontrolled Crosswalks Improvements – This project will enhance some of the approximately 200 uncontrolled crosswalks in Santa Clara.



General Obligation Bond Projects:

- Street Resurfacing and Rehabilitation
- ADA Improvements
- Creek Trail Rehabilitation
- Bicycle Wayfinding



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Capital Projects Highlights

Technology and Equipment

Geospatial Information System (GIS) – This project provides funding towards the City's investment in GIS technologies to build a citywide GIS enterprise system. The goal of Enterprise GIS is to distribute geospatial data and functionality throughout the City while leveraging and integrating department layers.

Replacement VOIP Phone System for Aging Mitel Connect – The current VoIP platform is nearing end-of-life and is exhibiting increasing performance, reliability, and supportability issues. This project will replace the existing system and ensure long-term communication stability.



Water and Recycled Water Utilities

New and Replacement Wells – This project funds the study of the feasibility of two new replacement groundwater wells.

Recycled Water System Mains and Services – This project funds the installation, upgrade, or extension of recycled water mains for incoming developments as financially and practically feasible.

Amendments to the FY 2026/27 Operating Budget

The City Council approved the FY 2025/26 and 2026/27 Biennial Operating Budget in June 2025. While this year's budget is focused on the capital budget, amendments to the FY 2026/27 Adopted Operating Budget are necessary to reflect the updated revenue estimates and to account for updated labor and non-personnel costs in the General Fund and other funds. Amendments include:

- \$2.0 million in the General Fund for City Council priorities; the City Council will determine the use of these one-time funds.
- \$1.0 million from the General Fund transferred to the Measure I Bond Projects Furniture, Fixtures and Equipment project in the General Government Capital Fund to cover project-related costs that are ineligible for bond proceeds.
- \$10.4 million from the General Fund transferred to a new Infrastructure Replacement Capital Fund to replace capital assets that have reached the end of their useful life.
- \$3.0 million from the General Fund allocated to a Position Restorations Reserve to unfreeze positions that were frozen to address budget shortfalls in previous years.
- A net increase of 30.25 positions from the FY 2026/27 budget approved in June 2025. These changes reflect positions added during FY 2025/26, organizational reviews for various departments, and newly identified needs for departments.

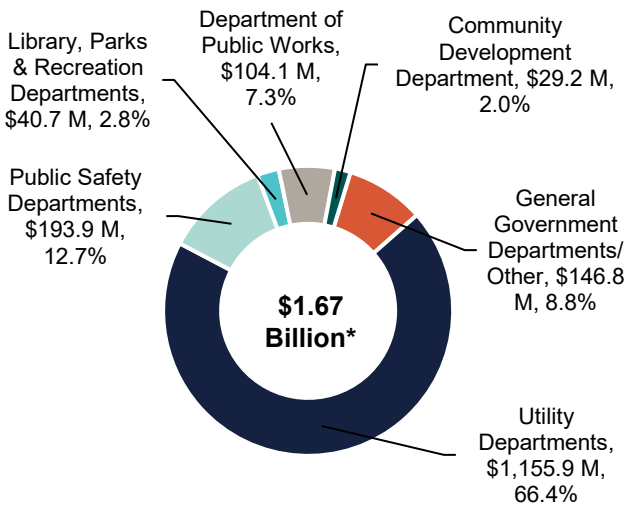
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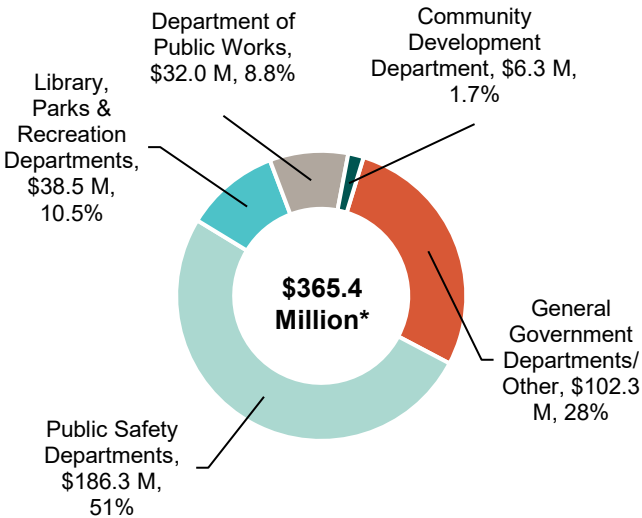
Capital Improvement Program Budget



FY 2026/27 Operating Budget Expenditures by Department

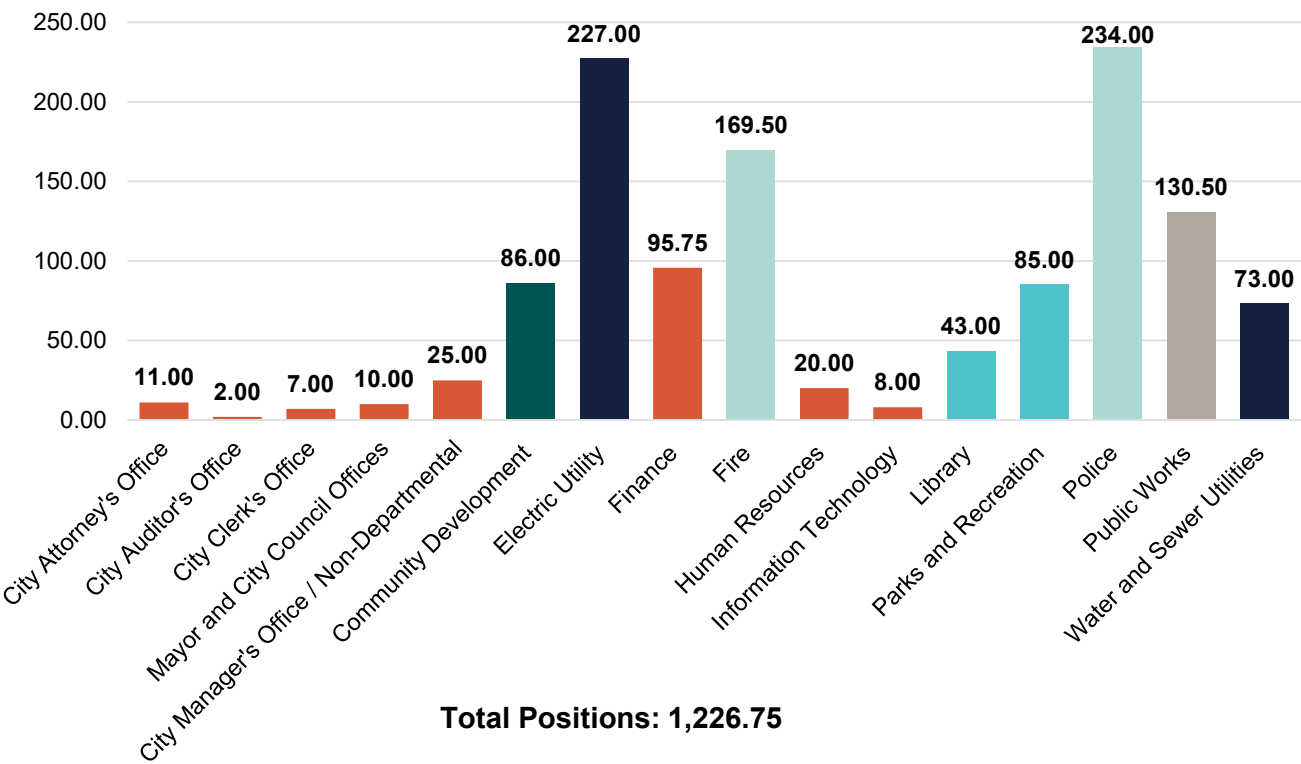


FY 2026/27 Operating Budget Expenditures by Department (General Fund only)



*Excludes internal service funds not tied to a particular department and debt service

FY 2026/27 Positions by Department



Roster of City Officials

Mayor Lisa M. Gillmor
Vice Mayor, Councilmember District 1 Albert Gonzalez
Councilmember District 2 Raj Chahal
Councilmember District 3 Karen Hardy
Councilmember District 4 Kevin Park
Councilmember District 5 Sudhanshu “Suds” Jain
Councilmember District 6 Kelly G. Cox

City Manager Jōvan Grogan
City Attorney Glen Googins



The Budget-in-Brief is intended to provide an overview of the City of Santa Clara's FY 2026/27 and FY 2027/28 Proposed Biennial Capital Improvement Program Budget. The complete budget document can be accessed on the Finance Department's website at: <https://www.santaclaraca.gov/our-city/departments-a-f/finance>

Questions about this report should be directed to:

City of Santa Clara - Finance Department
1500 Warburton Avenue
Santa Clara, CA 95050
(408) 615-2340