



STAFF REPORT TO THE PLANNING COMMISSION

DATE: Regular Meeting of May 4, 2026

TO: Chair Rubio and members of the Planning Commission

SUBMITTED BY: Timothy Rood, AICP, Community Development Director
Glenn Dombeck, Public Works Director

SUBJECT: Draft Fiscal Year 2026-27 Capital Improvement Program and Ten-Year Capital Funding Plan

RECOMMEND ACTION:

That the Planning Commission:

1. Request that staff present the staff report and Draft Fiscal Year 2026-27 Capital Improvement Program and Ten-Year Capital Funding Plan.
2. Ask any questions.
3. Receive comments from the public.
4. Provide any comments; and
5. Take one of the following actions:
 - a) Adopt Resolution recommending the Council establish the list of priority projects without modification; or
 - b) Adopt an amended Resolution recommending the Council modify the list of priority projects in keeping with the scope and intent of the General Plan.

BACKGROUND:

Government Code Section 65401 and 65403 require the Planning Commission to review the capital improvements of the City, and from other districts and agencies, for conformity with the City's General Plan. Likewise, under Hercules Municipal Code Section 2-2.109 (g), one of the duties of the Planning Commission is to annually review the capital improvement program (CIP) of the City and make recommendations to the Council for establishing and modifying the list of priority projects in keeping with the scope and intent of the General Plan.

The CIP outlines the vision for short- and long-range project delivery and funding for the improvement and building of new and existing infrastructure assets to benefit our residents, businesses, property owners, and visitors. The CIP links the General Plan, various master planning documents, and available resources to provide a means for planning, scheduling, and implementing capital projects over the next ten years.

ANALYSIS:

The FY 26-27 CIP includes a wide range of projects as highlighted below:

Streets and Transportation. The Ten-Year CIP Streets Program continues to face the most significant long-term funding pressure, with pavement conditions projected to decline under current expenditure levels. The FY 2026–27 CIP Budget includes the Foxboro Neighborhood Street Rehabilitation project, with plans to complete Phase 1 construction in the upcoming fiscal year and preparation of future phases that will address remaining deteriorated segments. Additional streets investments include the Annual Street Repair Program, John Muir Parkway improvements, and planning/design for the Sycamore Avenue Bike/Pedestrian Connector. While the Ten-Year CIP Streets Program outlines a \$16.8 million program, funding gaps remain for several high-priority projects, including the Gateway Monument Sign and portions of the Sycamore Avenue Connector, which will require targeted grant pursuit and future appropriations.

Parks and Recreation. Park system reinvestment remains a major community priority and a significant financial challenge. The FY 2026–27 CIP Budget includes full funding for two active park projects: the Refugio Lake Restoration Project and final carryover work at Beechnut Park. These projects advance key recommendations from the Parks Master Plan and address safety, ecological health, and recreational needs. While the Ten-Year CIP Parks Program totals approximately \$35.5 million, roughly 96 percent of this plan remains unfunded. Large-scale improvements at Ohlone Park, Hanna Ranch Park, Refugio Valley Park, and other neighborhood parks will require future funding strategies, including grants, partnerships, and exploration of financing tools.

Facilities. City facilities continue to experience aging infrastructure and deferred maintenance needs. The FY 2026–27 CIP Budget for facilities is entirely supported by prior-year General Fund/Capital Reserve balances, with no new appropriations proposed for this fiscal year. Active projects include critical life-safety, electrical, ADA, and operational improvements at City Hall, the Community Swim Center, the Senior Center, the Library, the Foxboro Community Center, and other facilities. The Ten-Year CIP Facilities Program identifies more than \$8.3 million in unfunded future needs across multiple buildings, reflecting the continued challenge of maintaining essential public facilities within available resources.

Sewer System. The Ten-Year CIP Sewer Program is financially stable due to its dedicated enterprise funding structure. The FY 2026–27 Budget advances high-priority

collection system rehabilitation, including design of the Willow–Newbury Sewer Rehabilitation Project and continued funding of an annual sewer condition assessment program. The Ten-Year CIP Sewer Program remains fully funded over the ten-year horizon, though several large, long-range projects—such as the Promenade Lift Station Improvements and future trunk main upgrades—will require reevaluation as hydraulic modeling and operational analyses progress as well as pursuit of grant funding opportunities.

Hercules Hub. The Hercules Hub continues to be the City’s most transformative and long-term transportation infrastructure initiative. The FY 2026–27 CIP Budget includes funding for ongoing design, environmental, and planning activities supported by a combination of General Fund/Capital Reserves and competitive grant sources. The City continues to pursue significant state and federal funding—including recently submitted Federal Support Program applications—to advance the rail station design and multimodal access improvements. While major construction will depend on securing substantial outside funding, the City’s continued progress on preliminary phases positions the Hub to remain competitive for future infrastructure programs.

Glenn Dombeck, Public Works Director, will present the draft CIP and take questions and comments.

ENVIRONMENTAL REVIEW:

Government Code Section 65401 mandates that each fiscal year, the Planning Commission review the Capital Improvement Program of the City, as well as those from other districts and agencies, for conformity with the City’s General Plan. The review is not an approval of the individual actions within the Program; it is only a determination that the Program conforms with the City’s General Plan. Therefore, the proposed action is not a “Project” according to the California Environmental Quality Act (CEQA), Section 15378 and is exempt from the requirements of CEQA pursuant to general rule [Section 15061(b) (3)] of the State CEQA Guidelines, which states that CEQA applies only to projects which have the potential to cause a significant physical effect on the environment.

CONCLUSIONS/RECOMMENDATIONS:

Staff recommends the Commission take one of the following actions:

- a) Adopt a Resolution recommending the Council establish the list of priority projects without modification; or
- b) Adopt an amended Resolution recommending the Council modify the list of priority projects in keeping with the scope and intent of the General Plan.

ATTACHMENTS:

Attachment 1 – Resolution Recommending City Council Approval of Priority Project List

Attachment 2 - Ten-Year CIP

Attachment 3 - Presentation