



# CITY OF SALINAS

## COUNCIL STAFF REPORT

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**DATE:** JUNE 16, 2026

**DEPARTMENT:** FINANCE DEPARTMENT

**FROM:** RENE MENDEZ, CITY MANAGER

**BY:** SELINA ANDREWS, FINANCE DIRECTOR  
ABE PEDROZA, ASSISTANT FINANCE DIRECTOR

**TITLE:** PROPOSED BIENNIAL (FY 2026/27-2027/28) CAPITAL BUDGET AND 5-YEAR CAPITAL IMPROVEMENT PROGRAM

RECOMMENDED MOTION:

Consider a motion to approve a Resolution adopting the Proposed Biennial (FY 2026/27-2027/28) Capital Budget and approving the 5-Year Capital Improvement Program for the City of Salinas.

EXECUTIVE SUMMARY:

The Proposed Biennial (FY 2026/27 (Year 1) – 2027/28 (Year 2)) Capital Budget and 5-Year Capital Improvement Program (CIP) are presented to Council for adoption. Included within this report are recommendations for the Biennial Capital Budget from all funding sources.

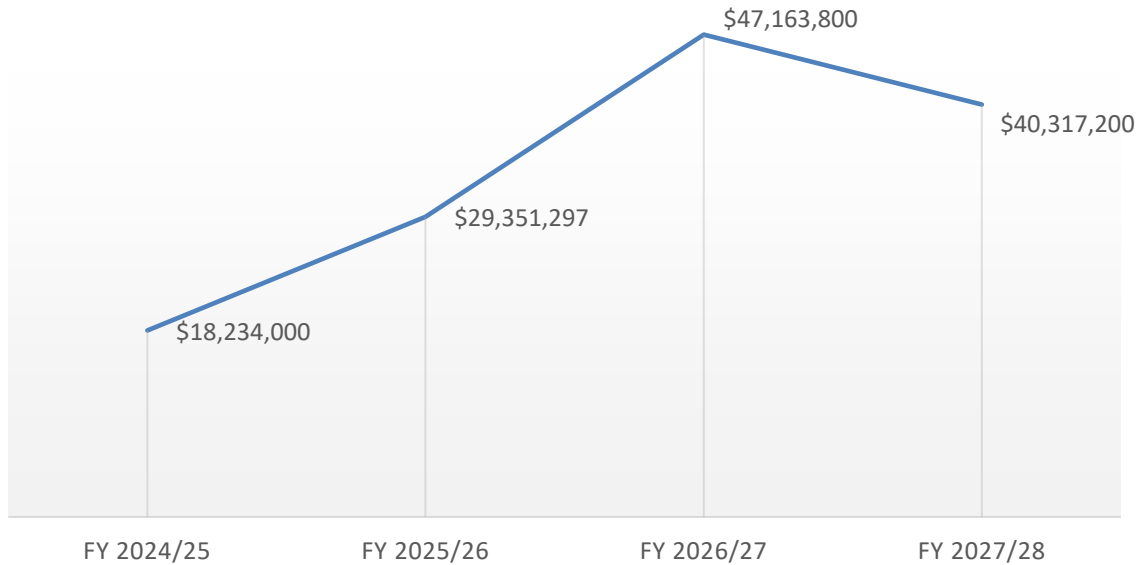
There are two additional recommendations to allocate funding which council may consider as part of the recommended motion if they choose to do so.

BACKGROUND

The City is introducing its first Capital Biennial Budget for FY 2026/27-2027/28. Biennial budgeting refers to the practice of developing a budget every two years. Under biennial budgeting, the City of Salinas will continue to operate on a July – June annual fiscal year. The public and City Council will continue to receive annual mid-year updates in February/March as well as a mid-cycle or FY 2027/28 review approximately 12 months after the initial adoption of the biennial budget.

The chart below summarizes the City’s CIP investment over a four-year period, increasing from \$18.2 million in FY 2024/25 to over \$40.0 million annually for the biennial budget. This includes a variety of projects such as sewer infrastructure, streets and sidewalks, traffic calming improvements which address pedestrian safety, and traffic signal upgrades. The chart does not include carryover budget that has been appropriated in prior years.

### Capital Improvement Program (CIP) Investment



### Proposed Biennial (FY 2026/27 – 2027/28) Capital Budget and 5-Year Capital Improvement Program (CIP)

Potential investments totaling \$265.5 million are identified for the five-year period from July 1, 2026 to June 30, 2031, and shown in the table below (Table 1). These investments range from deferred maintenance needs of existing roads and sidewalks (to be funded with SB 1 and Measure X bonds) to various improvements city-wide. Each of the five years in the CIP reflects critical investments. FY 2026/27 and FY 2027/28 CIP are balanced to forecasted revenues, ensuring adequate funding for the projects.

**Table 1**

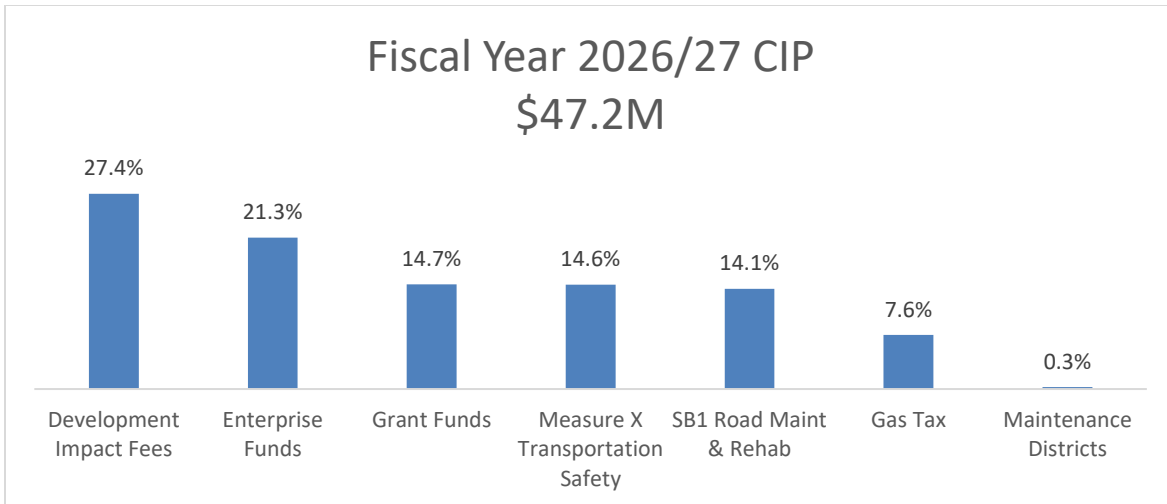
Funding Sources	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	Total
General Funds	\$ -	\$ -	\$16,810,000	\$28,350,000	\$21,000,000	\$ 66,160,000
Assessment & Maintenance Districts	125,000	125,000	135,000	140,000	140,000	665,000
Development Impact Fees	12,933,200	9,191,200	10,592,900	2,791,200	8,893,200	44,401,700
Gas Tax	3,577,800	3,264,000	2,563,000	2,438,000	4,448,000	16,290,800
Measure X Transportation & Safety	6,906,010	4,650,000	4,650,000	4,650,000	4,650,000	25,506,010
SB1 Road Maintenance & Rehab	6,650,000	3,982,000	6,120,000	5,495,000	7,325,000	29,572,000
Grant Funds	6,931,790	11,055,000	500,000	500,000	14,500,000	33,486,790
Enterprise Funds	10,040,000	8,050,000	12,498,300	2,980,000	15,888,000	49,456,300
<b>Total</b>	<b>\$47,163,800</b>	<b>\$40,317,200</b>	<b>\$53,869,200</b>	<b>\$47,344,200</b>	<b>\$76,844,200</b>	<b>\$265,538,600</b>

The proposed FY 2026/27 CIP is \$47.2 million, a **61% increase** from the prior year, and FY 2027/28 CIP is \$40.3 million. Combined, it represents an \$87.5 million investment in community infrastructure.

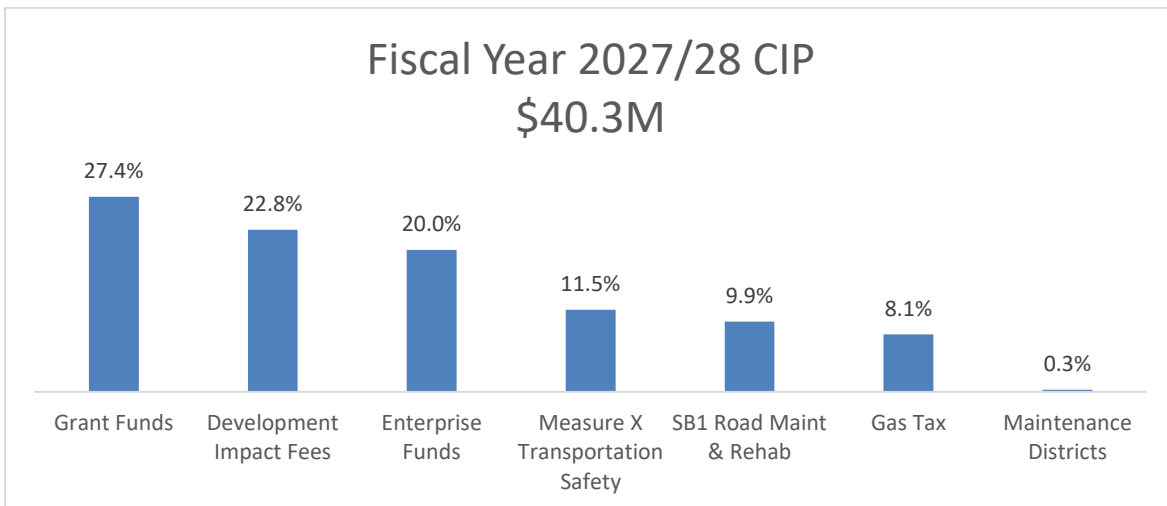
The CIP budget is funded by assessment districts, development fees, gas taxes, Measure X Transportation, Safety, and Investment (Measure X), SB 1 Road Maintenance and Rehabilitation (SB 1), special construction assistance grants, and City enterprise funds, all of which require those revenues to be used for the specific purposes listed in the Proposed CIP. For instance, the SB 1

Road Maintenance & Rehabilitation projects may only be used for maintaining local roads and streets, and the Gas Tax projects may only be used for street-related projects.

The charts below identify the CIP for FY 2026/27 and FY 2027/28 by program funding source and corresponding percentage of total funding.



The CIP budget in Year 1 totals \$47,163,800 from a variety of funding sources including development impact fees, Gas Tax, Measure X, SB 1, construction grants, the Sanitary Sewer Enterprise Fund, and more. The majority of the CIP budget invests \$17.3 million in Street Maintenance, \$16.5 million in the Sanitary Sewer, and \$8.6 million in Engineering and Transportation related projects.



The CIP budget in Year 2 totals \$40,317,200. The same three categories from the prior year continue to invest \$15.3 million in the Sanitary Sewer, \$13.0 million in Engineering and Transportation projects, and \$9.5 million in Street Maintenance.

Significant CIP investment is now possible for the Sanitary Sewer System infrastructure due to the increased sewer rates previously approved by City Council, totaling a combined \$31.8 million in FY 26/27 and FY 27/28. Other key projects over the two-year period include \$13.3 million for pavement improvements, \$4.5 million for Boronda Road, \$3.7 million for sidewalk and pavement maintenance, \$3.1 million for traffic signal upgrades, and \$3.0 million for Williams Road. The details of the proposed Capital Budget and 5-Year CIP are provided in the comprehensive document attached to this report.

**Additional Investment in Capital Improvement Projects – Reallocation of Transportation Funds**

This Proposed Biennial Capital Budget includes a \$3.4 million recommendation for reallocation in Year 1.

At the May 12, 2026, Finance Committee meeting, the reallocation of \$3.4 million was introduced and Committee Members requested additional information on the projects that would be receiving funding, which staff provided at a subsequent City Council meeting.

At the May 26, 2026, City Council budget study session, the reallocation of \$3.4 million was included in Year 1 of the Proposed Biennial Capital Budget. Councilmembers requested further clarification on the projects recommended for de-appropriation.

The below sections identify, in detail, both requests in an attempt to provide a more clear and comprehensive understanding of the recommended reallocation of CIP funding.

**5-Year Pavement Plan**

All year 1 roadway segments were rehabilitated in accordance with the 5-Year Pavement Preservation Plan. Year 1 Plan included East and West Laurel Drive (from Constitution Boulevard to North Davis Road) and District 2 roadways (Wiren St, Sky Pl, Bardin Way, Bardin Cir, Green St, Acosta St, and Cortez St). The table below (Table 2) summarizes the roadway treatments.

**Table 2**

<b>STREET SEGMENT</b>	<b>BEGIN</b>	<b>END</b>	<b>TREATMENT</b>
West Laurel Drive	N Davis Rd	N Main St	6" pavement digout and repair, 5.6" base repair, 4.4" pavement milling, 2.4" HMA overlay, 2" RHMA overlay, crack treatment, striping
East Laurel Drive	N Main St	Natividad Rd	6" pavement digout and repair, 5.6" base repair, 4.4" pavement milling, 2.4" HMA overlay, 2" RHMA overlay, crack treatment, striping
East Laurel Drive	Natividad Rd	Constitution Blvd	6" pavement digout and repair, crack treatment

<b>STREET SEGMENT</b>	<b>BEGIN</b>	<b>END</b>	<b>TREATMENT</b>
Sky Place	Alma Ave	End	2" pavement milling, 2" HMA overlay
Acosta Street	Towt St	2nd Ave	2" pavement milling, 2" HMA overlay
Green Street	Garner Ave	Del Monte	2" pavement milling, 2" HMA overlay
Cortez Street	New Deal Ave	End	2" pavement milling, 2" HMA overlay
Bardin Way/ Bardin Circle	Williams Rd	End	2" pavement milling, 2" HMA overlay
Wiren Street	Williams Rd	End	2" pavement milling, 2" HMA overlay

Year 2 roadway segments for E Blanco Rd. and S. Sanborn Rd. were swapped with Year 5 (Abbott St.). In 2019, staff completed pavement cores and received pavement recommendations for portions of Abbott St. closest to S. Sanborn Rd. (Year 5). Staff is working on sewer rehabilitation on Abbott St. and Harkins Rd. and will extend pavement rehabilitation to include Abbott St. from Sanborn Rd. to Harris Rd. Staff is also working with a consultant to conduct pavement cores and testing to provide rehabilitation recommendations for S. Sanborn Rd. and E. Blanco Rd., along with the remaining 5-Year main roadways as identified below.

- E BLANCO RD City Limit E/O La Mesa Way to Abbott St
- S SANBORN RD –Abbott St to Fairview Ave
- S SANBORN RD - John St to E Alisal St
- N MAIN ST – Santa Clara Ave/E Bernal Dr to Navajo Dr
- BORONDA RD – Freeway Ramp to N Main St
- N DAVIS RD – W Rossi St to Boronda Crossing Pl

## Additional Staff Recommendations

Recommendation 1: Includes the reallocation of \$3.4 million from several projects to other projects as described in detail below.

### CIP Reallocation from Projects

**\$1,000,000 from US 101 Abbott St. Ag. Industrial Center (CIP 9327), DIF.** This funding was originally approved for mitigation improvements at the Abbott Street on-ramp. The mitigation is no longer required by Caltrans. This funding from development impact fees (DIF) is proposed to be reallocated to Boronda Road. Shifting DIF to Boronda Road allows SB 1 funding from Boronda Road to become available for pavement improvements.

**\$918,511 from US 101 Airport Blvd. Interchange (CIP 9326), DIF.** This project requires collaboration with Caltrans and the agency has not moved forward. Rather than tying up budget in a project with no identified timeline, staff recommends reallocating funds to projects that can move forward in the immediate future. Should Caltrans elect to move forward with the initial project, staff will explore funding options as appropriate. Development impact fees are requested to be reallocated to Boronda Road, therefore making SB 1 funds available for pavement improvements.

**\$578,000 from W Laurel Drive Improvements (CIP 9145), DIF.** The allocated funds are insufficient to move the project forward at this time. Rather than tying up budget in a project with no identified timeline, staff would like to reallocate to projects that can move forward in the immediate future. Staff will continue to revisit the project and make recommendations in future budget cycles as appropriate. Development impact fees are requested to be reallocated to Boronda Road, therefore making SB 1 funds available for pavement improvements.

**\$350,000 from Williams Road (CIP 9128), MX.** This funding is not needed at this time to move the project forward as the project is currently funded by grant funds from ATP and SS4A. The Measure X appropriations may be reallocated to pavement improvements.

**\$200,000 from Striping & Signing Improvements (CIP 9081), Gas Tax, MX.** Current year striping and signage improvements have been awarded. This funding will continue to be used for its intended purpose which is striping and signage improvements, specifically at Abbott Street.

**\$113,295 from N Main/Boronda Road Improvements (CIP 9278), DIF.** The allocated funds are insufficient to move the project forward at this time. Rather than tying up budget in a project with no identified timeline, staff recommends reallocating funds to projects that can move forward in the immediate future. Staff will continue to revisit the project and make recommendations in future budget cycles as appropriate. Development impact fees are requested to be reallocated to Boronda Road, therefore making SB 1 funds available for pavement improvements.

**\$99,272 from Boronda & N Main Intersection (CIP 9170), DIF.** The allocated funds are insufficient to move the project forward at this time. Rather than tying up budget in a project with no identified timeline, staff recommends reallocating funds to projects that can move forward in the immediate future. Staff will continue to revisit the project and make recommendations in future budget cycles as appropriate. Development impact fees are requested to be reallocated to Boronda Road, therefore making SB 1 funds available for pavement improvements.

**\$80,000 from West Alvin Drive Crossing (CIP 9149), DIF.** The allocated funds are insufficient to move the project forward at this time. Rather than tying up budget in a project with no identified timeline, staff would like to reallocate to projects that can move forward in the immediate future. Staff will continue to revisit the project and make recommendations in future budget cycles as appropriate. Development impact fees are requested to be reallocated to Boronda Road, therefore making SB 1 funds available for pavement improvements.

**\$25,000 from Bicycle Lane Installations (CIP 9607), Gas Tax.** This funding will continue to be used for its intended purpose which is installing new bike lanes, specifically at Abbott Street.

**\$24,165 from Bardin Road Safe Route to School (CIP 9218), MX Bonds.** This project was completed and does not require the remaining budget.

## CIP Reallocation to Projects

**\$2,599,000 to Abbott Street (CIP 9981).** Pavement improvements of Abbott Street are currently bidding. The scope of work includes full-depth reclamation, patch and repair and overlay. The pavement improvements are being paired with sanitary sewer improvements, and this has expanded the scope of work to include pavement improvements of Harkins Road, north of Abbott Street, if allowed by pricing. The project is scheduled to begin following completion of the Salinas Ag Industrial Center offsite improvements. Additional funding is needed to complete the project.

**\$500,000 to Traffic Calming (CIP 9163).** Staff currently has 27 qualifying requests in the traffic calming queue. Allocating additional funding would allow the top 15 requests to be addressed. In a typical year, only 2-3 requests can be addressed. Over the past year, staff have been working on updating the Traffic Calming Policy to allow expediting requests. This will bring the total funds available for traffic calming projects to \$1.2 million.

**\$289,000 to Boronda Road Ph 2A and 2B (CIP 9510).** The project environmental phase (CEQA & NEPA) has been completed for Phases 1, 2A and 2B (McKinnon, El Dorado and Natividad, respectively). Phase 1 construction is anticipated to be completed in fall 2026. Solicitations for Phase 2A and 2B design will be awarded in June. Funding is required to complete the \$2.0 million still needed for environmental mitigation of Phases 2A and 2B.

Recommendation 2: In addition to the above recommended reallocation, staff also recommends an additional \$1.5 million to be funded from SB1 fund balance to complete rehabilitation of Year 2, which includes the residential streets identified below.

- VIA PARAISO – Los Palos Dr to La Mesa Dr
- PARAISO CT – Via Paraiso (N) to Via Paraiso (S)
- SAN MARINO WAY – E Romie Ln to Santa Cruz Ave
- LA MIRADA DR – San Bruno Way to La Mesa Dr
- SAN ANGELO DR – Santa Cruz Ave to La Mesa Dr

Council may take action on the above referenced recommendations on June 16, 2026 – when the City Manager Proposed Biennial Budgets (Operating and Capital) are presented.

### *CIP Carryover*

Approximately \$66.0 million has been identified in CIP carryover budget from prior years. This includes 123 projects Citywide. **Of the total carryover amount, approximately \$29.3 million, or 45% is allocated to Streets & Sidewalk projects.** Recreation projects total \$12.5 million, mostly due to \$8.0 million appropriated for the District 5 Recreation Center. The table below (table 3) displays the “up to” carryover amount by department. A detailed listing by individual project is provided in the CIP Carryover section of the capital budget document. These contributions from prior-year budgeted CIP projects continue to add to the significant local infrastructure effort.

**Table 3**

<b>Department</b>	<b>Up To Amount</b>
Administration & Finance	\$ 575,679
Community Development	7,261,646
Public Safety	309,132
Public Works	43,899,860
Library & Community Services	13,913,348
<b>Total</b>	<b>\$ 65,959,664</b>

CEQA CONSIDERATION:

**Not a Project.** The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

Producing a biennial budget achieves the City Council 2025 Strategic Goal of City Services ensuring fiscal responsibility and financial management.

DEPARTMENTAL COORDINATION:

This staff report was coordinated with the City Manager, City Attorney, and Finance. The capital budget development process was a collaboration amongst all City departments.

FISCAL AND SUSTAINABILITY IMPACT:

As presented, the City’s Proposed Biennial (FY2026/27-2027/28) Capital Budget totals \$47,163,800 in Year 1 and \$40,317,200 in Year 2.

<b>Fund</b>	<b>General Ledger Number (Operating/CIP)</b>	<b>General Ledger Account Name</b>	<b>Remaining Budget Appropriation</b>	<b>Amount Requested</b>
N/A	N/A	N/A	N/A	N/A

ATTACHMENTS:

Attachment A – Resolution

Attachment B – FY 2026/27-27-2027/28 Proposed Biennial Capital Budget and Five-Year Capital Improvement Program