



**DATE:** May 5, 2026

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT:** Capital Improvement Program: Review of Recommended Capital Improvement Program for FY27 – FY36

## **RECOMMENDATION**

That the City Council reviews and comments on the Recommended Capital Improvement Program (CIP) for FY27 through FY36.

## **SUMMARY**

The CIP is a planning document intended to guide the City's capital project expenditures for the upcoming ten-year period. The proposed CIP budget includes approximately \$264 million in FY27 and an estimated \$1.3 billion in the next ten years. Given that Hayward is a full-service city, the CIP covers a wide range of projects, which may include street construction and improvements; bike and pedestrian improvements; traffic calming; wastewater, recycled water, storm water, and water system upgrades; groundwater projects; construction of public buildings; airport projects; replacement of major equipment; clean and renewable energy generation; and other miscellaneous projects. As in past years, the document also includes Identified and Unfunded Capital Needs, which currently total \$637 million.

The Recommended FY27 – FY36 CIP can be found [here](#)<sup>1</sup> on the City's website and features an online format. More information about navigating the new format can be found via the link provided.

### Planning Commission Review

State law requires that the Planning Commission review the Recommended CIP to ensure consistency with the City's adopted General Plan. The Recommended FY27 – FY36 CIP was presented to the Planning Commission at their April 9, 2026, meeting<sup>2</sup>, and with six members

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<sup>1</sup> <https://www.hayward-ca.gov/your-government/documents/capital-improvement-program>

<sup>2</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=7970005&GUID=5A581C40-0C62-431C-A29C-3DD9E951C526>

present, the Commission unanimously found that the Recommended FY27 – FY36 CIP is consistent with the City’s 2040 General Plan.

### Council Infrastructure & Airport Committee Review

On April 22, 2026<sup>3</sup>, the Council Infrastructure & Airport Committee (CIAC) discussed the proposed CIP budget and inquired on the General Fund impact of CIP projects in Capital Project (Governmental) Fund 405. In response, the requested information has been added to the report under General Fund Transfers and Internal Service Fund expenditures tables. In addition, Attachment II has detailed the proposed budgets of all CIP projects that are fully funded by General Fund in Fund 405.

The CIAC also discussed Police and Fire equipment items and whether they belong in the CIP. These and similar operational equipment items have been included in Capital (Governmental) Fund 405 since FY 2012, based on the direction of City Council, in order to better understand and capture a more complete picture of the overall expenditures for each of the departments and to allow for the prioritization of projects based on the amount of funding available each fiscal year. Attachment II includes the proposed budget and description of each of the Police and Fire equipment purchases. The FY27 proposed total budget for Fire equipment is \$429,000 and for Police equipment is \$1,950,000. Staff is evaluating moving all items that are not traditional Capital Improvement Projects items to the respective department’s Operating Budgets in future years.

The CIAC also inquired on the status of several CIP projects including the Recycled Water Master Plan, Public Safety Center, and La Vista Park, as well as inquired details about Police Department’s Automated License Plate Readers (ALPR) Expansion Project. With one CIAC member abstaining, citing lack of detailed information regarding the proposed General Fund Transfers, two remaining CIAC members approved and recommended the CIP’s adoption to the City Council.

### **FISCAL IMPACT**

The capital budget for FY27 totals approximately \$264 million, with a total of approximately \$1.3 billion tentatively programmed for the entire ten-year period from FY27 through FY36. An additional \$637 million of unfunded needs have been identified for the same period.

After careful review of the City's capital funds, there are two funds (Funds 405 and 410) that show negative balances that will need to be addressed and repaid over time. Staff are tracking these negative funds along with all City funds, and will incorporate a plan to address these fund as part of the City’s longer range sustainable fiscal planning.

- The majority of projects in Fund 405 rely on General Fund and are non-discretionary expenses supporting basic operational needs for multiple departments. Staff is evaluating the cash shortfall and will make recommendations as a part of a longer

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<sup>3</sup> <https://hayward.legistar.com/MeetingDetail.aspx?ID=1407406&GUID=535974E8-BA65-4A17-83D8-9BA99DA91224&Search=>

term fiscal strategy such as identifying other funding sources and through gradual increases of General Fund transfers until the fund no longer has a negative cash balance. Some reasons for the negative balance include amounts of transfers-in not having been made in prior years, unanticipated revenue shortfalls, and the use of the apparent fund balance to address flood damage to San Lorenzo Creek.

- Fund 410 includes infrastructure improvement projects in the Route 238 corridor, such as the Mission Boulevard Corridor Improvement Project – Phases 2 and 3. Some of this negative position will be addressed through the Local Alternative Transportation Improvement Program (LATIP). In 2005, the State created a LATIP to fund improvements along State Route 238 as Caltrans properties are sold. When the City gives Caltrans the amounts they are due for each parcel, that money is put in the LATIP to reimburse the City for designated Route 238 projects, including the Mission Boulevard projects. Staff is evaluating ways to address the entire cash shortfall.

**General Fund Transfer**

Four of the twenty-three CIP funds rely on some transfers from the General Fund for project expenses. The following table reflects the proposed General Fund transfers to these four funds when compared to FY26.

<b>CIP Fund</b>	<b>FY24 Transfer</b>	<b>GF FY25 Transfer</b>	<b>GF FY 2026 GF Transfer</b>	<b>FY 2027 GF Transfer</b>	<b>Increase /(Decrease) from FY 2026</b>
405/Capital Projects (General)	\$2,231,630	\$500,000	\$500,000	\$2,516,000	\$2,016,000
460/Transportation System Improvement	\$500,000	\$0	\$800,000	\$0	(\$800,000)
726/Facilities Management Capital	\$360,000	\$425,000	\$95,000	\$1,172,000*	\$1,077,000
731/Information Technology Capital	\$300,000	\$1,248,000	\$50,000	\$0	(\$50,000)
<b>Total Cost to General Fund</b>	<b>\$3,391,630</b>	<b>\$2,173,000</b>	<b>\$1,445,000</b>	<b>\$3,688,000</b>	<b>\$2,243,000</b>

*\*As part of the preparation for the May 12 operating budget work session, staff has identified another possible source of funding for this transfer. If the fundings source is feasible, staff will make that update in the CIP document that comes to Council for adoption in June.*

- **Fund 405 – Capital Projects:** Staff recommends a General Fund transfer of \$2,516,000 for non-discretionary expenses supporting basic operational needs for multiple departments. Attachment II details the proposed budgets of all CIP projects that are fully funded by General Fund in Fund 405.

- Fund 460 – Transportation System Improvement: Staff does not propose a General Fund transfer for FY27, as staff was able to secure other funding sources to support transportation projects. The budget for all projects was reduced from \$800,000 to \$444,000 and was allocated to special funds as follows:

<b>Project No.</b>	<b>Project Description</b>	<b>FY 2027</b>	<b>Moved to Fund</b>
05709	Traffic Control Device Repair/Replacement - MSD	\$64,000	210 Gas Tax
05856	Controller Cabinet Replacement and Battery Back Up Program	\$120,000	210 Gas Tax
05734	Traffic Calming Implementation Program	\$100,000	210 Gas Tax
05893	Quick Response Traffic Safety Projects	\$100,000	210 Gas Tax
05714	Transportation Software and Resources	\$10,000	212 Measure BB (Local Transportation)
05712	Intersection Improvement Project	\$50,000	212 Measure BB (Local Transportation)
	<b>Total</b>	<b>\$444,000</b>	

- Fund 726 – Facilities Management Capital: There is a negative cash balance in Fund 726. The recommendation above is to transfer \$1.172 million from the General Fund to cover this balance. As mentioned above, staff is exploring an alternative funding source for this transfer and will amend the CIP before adoption if that source of funding is feasible.
- Fund 731 – Information Technology Capital: No General Fund transfer proposed for FY27 as projects are either removed or deferred to future years.

**Internal Service Fees**

Four of the CIP funds are also Internal Service Funds, meaning they use Internal Service Fees (ISF) to finance project expenses. Internal Service Fees are collected when one City department provides a service to another, drawing those service expenses from the operating budget of the benefiting department. Although some departments are funded by Enterprise funds, many are part of the General Fund. The Internal Service Fees paid by General Fund-supported departments have an impact on the General Fund. The total proposed Internal Service Fees for FY27 including ISF Capital Funds will be presented as part of the Operating Budget and a summary is shown in the table on the next page.

<b>CIP Fund</b>	<b>FY 2026 ISF</b>	<b>FY 2027 ISF</b>	<b>Increase /(Decrease) from FY 2026</b>
726/Facilities Management Capital	\$450,000	\$450,000*	\$0
731/Information Technology Capital	\$50,000	\$850,000*	\$800,000
736/Fleet Management Capital (General Fund)	\$1,300,000	\$0	(\$1,300,000)
737/Fleet Replacement (Enterprise Funds)	\$506,000	\$691,000	\$185,000
<b>Total ISF</b>	<b>\$2,306,000</b>	<b>\$1,991,000</b>	<b>(\$315,000)</b>

*\* As part of the preparation for the May 12 operating budget work session, staff has identified another possible source of funding for the Facility Capital ISF and savings to reduce the IT Capital ISF to \$460,000. If feasible, staff will make these updates in the CIP document that comes to Council for adoption in June.*

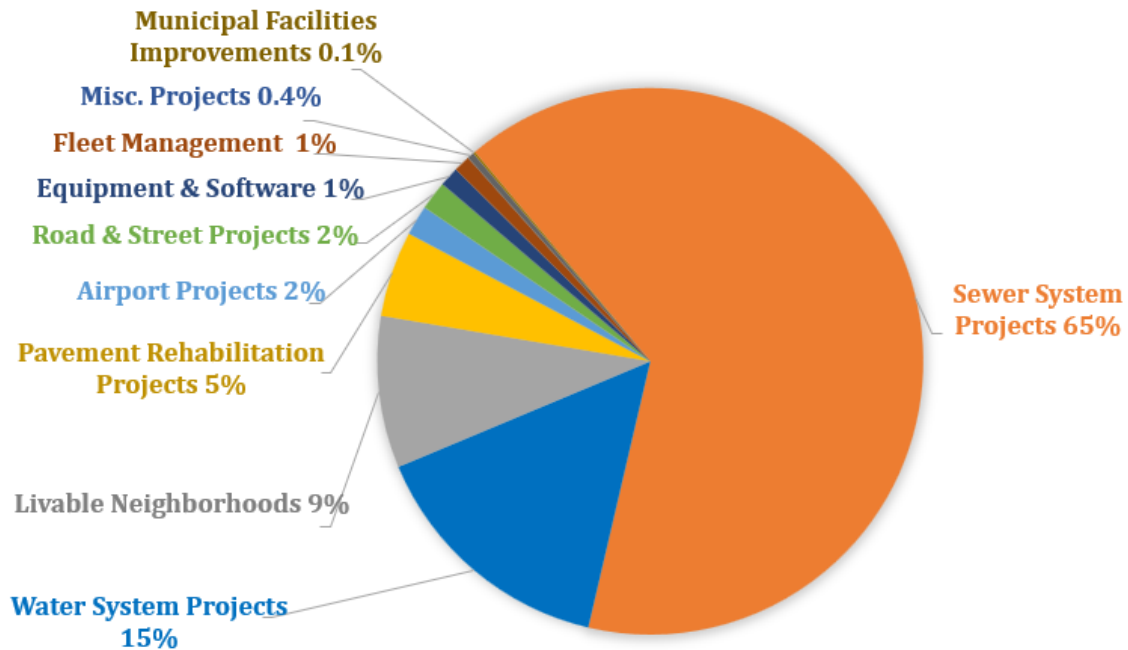
- Fund 726 – Facilities Management Capital: While the recommendation above shows a transfer of \$450,000 through ISF, staff is exploring an alternate funding source for this transfer. Staff will amend the CIP before adoption if that source of funding is feasible
- Fund 731 – Information Technology Capital: Over the past several years, the IT Department has made modifications to its capital budget to move a number of expenses into the IT operating fund (Fund 730), reducing the anticipated transfer for Fund 731. While the recommendation above shows a continued transfer of \$850,000, staff is exploring additional savings that may reduce the ISF transfer to \$460,000. Staff will amend the CIP before adoption if additional savings are feasible.
- Fund 736 – Fleet Management Capital: Staff does not recommend a General Fund transfer to Fund 736. Instead, staff recommends that purchases of police, fire and other general fleet purchases are deferred from FY27 to future years unless other funding sources are identified.
- Fund 737 – Fleet Replacement (Enterprise Funds): Staff proposes an ISF transfer of \$691,000 to Fund 737 in order to purchase vehicles and equipment specific to enterprise-funded operations for City’s Water, Sewer/Utilities, Airport, and Stormwater Divisions. Typical purchases include sweepers, utility-body vehicles, heavy equipment, and passenger vehicles.

It is important to note that most of the ISF referenced above have General Fund impacts, as many Departments paying ISF are funded by the General Fund. Fund 736 for General Fund Fleet Replacement, for instance, supports fleet replacement efforts for the Fire Department, Police Department, and other General Fund-funded departments, and therefore has a direct General Fund Impact.

Project Cost by CIP Category

The proposed project costs by CIP category are as follows:

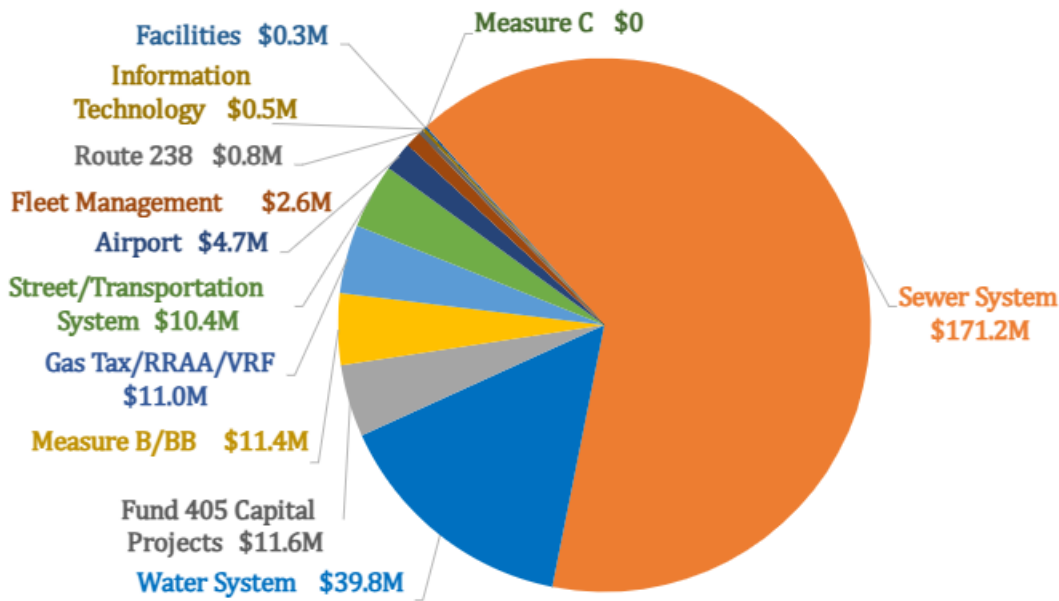
Project Category	FY 2026 Adopted	FY 2027 Recommended	Increase/ (Decrease) from FY 2026 CIP
Sewer System Projects	\$72,255,662	\$171,062,706	\$98,807,044
Water System Projects	\$17,230,350	\$39,723,000	\$22,492,650
Livable Neighborhoods	\$30,544,206	\$23,715,200	(\$6,829,006)
Pavement Rehabilitation Projects	\$13,719,000	\$13,388,000	(\$331,000)
Airport Projects	\$2,596,000	\$4,701,359	\$2,105,359
Road & Street Projects	\$994,500	\$4,518,000	\$3,523,500
Equipment & Software	\$5,469,000	\$3,059,000	(\$2,410,000)
Fleet Management	\$3,118,000	\$2,610,000	(\$508,000)
Misc. Projects	\$2,736,914	\$1,057,000	(\$1,679,914)
Municipal Facilities	\$12,300,000	\$300,000	(\$12,000,000)
<b>Total Capital Improvement Projects</b>	<b>\$160,963,632</b>	<b>\$264,134,265</b>	<b>\$103,170,633</b>



Project Cost by CIP Fund

The proposed project costs in each CIP Fund are as follows:

<b>CIP Fund</b>	<b>FY 2027 Recommended</b>
(210) Special Gas Tax	\$4,866,000
(211) RRAA (SB1)	\$5,400,000
(212) Measure BB - Local Transportation	\$7,465,785
(213) Measure BB - Ped & Bike	\$3,972,561
(215) Measure B - Local Transportation	\$0
(216) Measure B - Ped & Bike	\$0
(218) Vehicle Registration Fund	\$700,000
(219) Measure BB - Paratransit	\$0
(405) Capital Projects	\$11,558,000
(406) Measure C Capital	\$0
(410) Rte. 238 Corridor Improvement	\$0
(411) Rte. 238 Settlement Admin	\$750,000
(450) Street System Improvements	\$3,672,000
(460) Transportation System Improvements	\$6,692,854
(603) Water Replacement	\$9,501,000
(604) Water Improvement	\$30,322,000
(611) Sewer Replacement	\$12,760,000
(612) Sewer Improvement	\$158,402,706
(621) Airport Capital	\$4,701,359
(726) Facilities Capital	\$300,000
(731) Information Tech Capital	\$460,000
(736) Fleet Management Capital	\$1,155,000
(737) Fleet Management Enterprise	\$1,455,000
<b>Total</b>	<b>\$264,134,265</b>



## BACKGROUND

The CIP process begins with staff’s preparation of projects and related cost estimates, which are framed by the guidance provided by City Council, as well as the needs of the community. Capital projects are identified and prioritized with an emphasis on eliminating geographic inequities in the distribution of City services and infrastructure. Highest priority is given to areas in the community which have experienced a disproportionate level of improvements in past years, as well as those communities with the current highest need.

The projects in the Recommended FY27 – FY36 CIP have also been identified and prioritized based on their relevancy to the Strategic Roadmap. The CIP, by its nature, predominantly supports the Invest in Infrastructure Priority, but it also includes several projects which support the Confront Climate Crisis & Champion Environmental Justice, Enhance Community Safety & Quality of Life, Grow the Economy, and Strengthen Organizational Health Priorities.

The projects ultimately identified for inclusion in the CIP are designed to meet the requirements of the City’s General Plan, specific plans, and master plans. The capital project funding requests are then submitted for evaluation to an internal capital projects review committee. Once the review committee’s feedback is incorporated, the Recommended Ten-Year CIP is compiled and presented to the Planning Commission for determination of consistency with the General Plan, as well as the Council Infrastructure & Airport Committee for review and input. The public can provide comments at each of these meetings, as well as at the last public hearing, which is tentatively planned to take place on June 2, 2026. It is at this final public hearing that the capital spending plan for the upcoming year will be considered by City Council for adoption.

## DISCUSSION

The CIP is a planning document intended to guide the City's capital project expenditures for the upcoming ten-year period. The proposed CIP budget includes approximately \$264 million in FY27 and an estimated \$1.3 billion in the next ten years. Given that Hayward is a full-service city, the CIP covers a wide range of projects, which may include street construction and improvements; wastewater, recycled water, storm water, and water system upgrades; groundwater projects; construction of public buildings; airport projects; replacement of major equipment; clean and renewable energy generation; and other miscellaneous projects. As in past years, the document also includes Identified and Unfunded Capital Needs, which currently total \$637 million.

Below is a discussion of major projects in each category for which work will begin or continue into FY27. Please note that not all of the projects featured in this report are being recommended to receive new FY27 funding.

### Livable Neighborhoods Projects

Projects categorized as "Livable Neighborhoods" include street lighting projects, pedestrian traffic signal improvements, transportation equity projects, traffic calming measures, parks, buildings, public art and engagement, as well as sidewalk and wheelchair ramp improvements throughout the City. Some examples of Livable Neighborhoods Projects in the Recommended FY27 – FY36 CIP include the Campus Drive Improvements, through which the City is implementing pedestrian, bicycle, and traffic calming improvements to address safety concerns and mobility needs in the 0.78 mile-stretch of Campus Drive between 2nd Street and Hayward Boulevard.

The Alameda County Transportation Commission (Alameda CTC) Safe Routes to School program conducts regular School Safety Assessments for the public schools in Hayward and throughout the County, resulting in a set of infrastructure recommendations to make it easier for students to bike and walk to school. Hayward's Safe Routes to School Program (SR2S) was created to implement these recommendations. In collaboration with partners including Hayward Unified School District, Alameda CTC, and various community organizations, SR2S will combine engineering tools with safety education and other activities to encourage students to choose alternate modes of transportation on their way to school.

The City applied for and received grant funding from the California Air Resources Board to fund infrastructure improvements recommended by the School Safety Assessments. These improvements include new crosswalks, bulb-outs, street restriping and other improvements that will enhance safety for pedestrians, cyclists, and transit riders. The schools for this project include Burbank Elementary, Faith Ringgold, Impact Academy, Longwood Elementary, Martin Luther King Jr. Middle, Park Elementary, Schafer Park Elementary, Southgate Elementary, Tennyson High, Tyrrell Elementary, Winton Elementary, and Palma Ceia Elementary.

Another project is the Industrial Parkway/Ruus Road Bicycle Network and Intersection Improvement Project. This project will install traffic signal upgrades at the intersection of Industrial Parkway and Ruus Road to add left-turn protected phasing, convert pedestal-mounted traffic signal to mast arm, raised pavement markings and striping, pedestrian signals and APS pushbuttons. Improvements will improve traffic safety at the intersection and increase accessibility of all road users.

Another ongoing Livable Neighborhoods Project is La Vista Park, the 39-acre destination park located a quarter mile east of the intersection of Tennyson Road and Mission Boulevard in South Hayward. In FY22, the California Environmental Quality Act (CEQA) report was updated to include the park expansion area. The project has been awarded and construction is planned to commence in Spring 2026, with completion estimated by Fall 2027.

### Road and Streets Projects

Projects in the “Road and Streets” category range from curb and gutter repair to major gateway corridor improvements and are primarily funded through non-discretionary funding including Measure B (Fund 215 and 216) and Measure BB (Fund 212, 213, and 219), Gas Tax (Fund 210), Vehicle Registration Fee (VRF) (Fund 218), Route 238 Corridor Improvement (Fund 410), Streets Improvement (Fund 450), Transportation System Improvement (Fund 460), and grants such as LATIP and Alameda CTC funds.

A key project in this category is the Interstate 880 Interchange Improvements (Winton Avenue/A Street.) The first phase of the project focuses on the Interstate 880/A Street interchange location, where the project will construct shared pedestrian and bicycle separated paths and other enhancements to the Interstate 880/A Street interchange and improve the freeway ramps and traffic signals for safer and more efficient operation. It will address safety at the I-880 on and off ramps and will create improved pedestrian and bicycle connectivity under the freeway. Funding currently allocated is for the design phase for the I-880/A Street interchange only.

Another project in this category is the Tennyson Road Railroad Crossing Safety Enhancement Project. This project will improve the safety at the at-grade rail crossing located on Tennyson Road by mitigating potential hazards to reduce the chance of future incidents. Proposed improvements include installation of queue-cutter signals, signage, striping, crosswalk, bulb-outs, pedestrian channelization, fencing, and trespass mitigation. This project is fully funded by the Rail Highway Crossing Program (Section 130).

### Pavement Rehabilitation

Pavement Rehabilitation projects are a subsection of the Road and Streets projects which are typically discussed separately because they represent a relatively large part of the annual CIP. Approximately \$13.38 million in Pavement Rehabilitation programming is recommended for FY27.

Street selection for pavement rehabilitation projects is based on several criteria. First, the Pavement Management Program (PMP) is used to evaluate current roadway conditions and future condition predictions. The PMP provides a logical and efficient method for identifying street rehabilitation needs and determining a path for implementation. Staff also refers to the Metropolitan Transportation Commission’s (MTC) guidelines, Maintenance Services staff’s reports on streets in need of repair, especially after a severe rainy season, and public requests for street rehabilitation. The PMP is updated every two years and is a prerequisite for certain funding sources. The industry standard practice recommended by MTC is that a minimum of 15% of funding be spent on preventive maintenance and a maximum of 85% on pavement rehabilitation. The City improves on this standard with a minimum of 20% spent on preventive maintenance and 80% on pavement rehabilitation.

The City has invested heavily in paving industrial streets in the last few years including additional industrial sections that are planned to be repaved this summer. The City has paved almost all streets in poor condition in industrial areas so starting next year and beyond, the City investment in industrial streets will be lower. Additionally, in 2014, City Council approved the Economic Development Strategic Plan, which recommended additional improvements be made to streets in the Industrial area. Approximately 15% to 20% of the overall paving budget is allocated to improvements in that area. Staff also has an internal policy to allocate at least 10% of the overall paving budget to roads with a Pavement Conditions Index (PCI)<sup>4</sup> of less than 30.

The table below shows the City’s historical PCI for the last ten years. It is measured on a scale of 0 to 100, where 100 means a newly paved road. Both last year’s PCI of 78 and the three recent year average of 76, are the highest scores in decades.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pavement Conditions Index (PCI)	66	70	71	70	69	69	69	71	74	76	78

*Municipal Facility Improvements*

The “Municipal Facility Improvements” category includes projects that involve improvements to existing municipal buildings and construction of new municipal buildings. One major project included in this category is the Public Safety Center (PSC) – Conceptual Facility and Site Design. The existing Hayward Police station no longer meets the space, operational, staffing and security requirements for the Hayward Police Department (HPD). Built in 1975, the existing facility is near the end of its useful life and functionally obsolete. The facility is undersized, poorly configured, outdated, and requires security and technology improvements to meet HPD’s current needs. With the police department headquarters building, currently there is also a temporary holding facility. The conceptual facility and site design for a new PSC will need to encompass not only current HPD staffing, but it will also

<sup>4</sup> <https://mtc.ca.gov/operations/programs-projects/streets-roads-arterials/pavement-condition-index>

need to be designed and built to accommodate future growth. There is also the desire for increased services from the Youth and Family Services Bureau that must be included in the new Public Safety Center. Animal Services, currently located at the City's Corporation Yard, should also be added to the campus for a more centralized location for all safety-related services. The Crime Scene Technician (CST) Lab should also be integrated into the new PSC. Consequently, satellite police related campuses could eventually be repurposed for other critical City services as all police department related services could be relocated to the new Public Safety Center. All of these options were considered and included in the conceptual design and site assessment, which was recently completed in March 2026.

The City's Corporation Yard, used by both the Maintenance Services Department and Public Works & Utilities Departments is old and outdated. A new project will assess the space and facilities needs for the foreseeable future as the basis for the design of the new facilities. This project is reconfiguring the usable space more efficiently, replacing outdated infrastructure installed over 60 years ago, and making improvements to meet ADA compliance. The project scope will also improve ventilation and modernize the facilities.

### Sewer System Projects

The "Sewer Systems" category includes projects which are Enterprise Fund-supported, and which are related to the improvement of the City's sewer collection system, water re-use efforts, and Water Resource Recovery Facility (WRRF), formerly known as Water Pollution Control Facility (WPCF).

The City's sewer line replacement projects are examples of key projects in this category. They typically involve the replacement of pipelines that are showing signs of age, or the upsizing of undersized mains to increase their conveyance capacity to handle current and future flows. With an ambitious goal of replacing an average of 2 miles of sewer mains annually, the proposed CIP recommends \$7.3 million in funding for the FY27 Sewer Line Replacement Program.

Other projects in this category include those related to the WRRF Phase II Improvements, which have been established following the recent development of a Facilities Plan Update, that is intended to guide the plant's infrastructure and technology needs for the next twenty years. The Phase II Facilities Plan addresses future regulatory requirements restricting discharge of nutrients to the Bay. Although the San Francisco Bay has not been adversely impacted by nutrient loading, discharge of nutrients is a growing concern and, as a result, recent requirements have been developed regulating the discharge into the Bay.

The design of the project is complete and all current regulatory approvals have been secured. In addition to the design and construction of the Phase II WRRF Upgrade, the project includes a new administration building and laboratory, as well as other related improvement needs. The total cost of the Project is estimated at \$498 million, including capital costs, contingencies, and financing costs. As part of the funding strategy, Staff has successfully issued the 2025 Wastewater Revenue Bonds in Spring 2025, providing funding for 26% of the total project cost. However, staff also applied for the USEPA Water Infrastructure Finance

and Innovation Act (WIFIA) loan, which provides 49% of the project cost. Since April 2025, the loan execution was put on hold by the USEPA. Staff are doing what is possible through advocacy and outreach to help remove the hold and release the funds. Staff has also submitted a Clean Water State Revolving Fund (CWSRF) loan application for \$50 million in December 2025 and anticipates the funding decision by May 2026. Staff plans to sell another series of municipal bonds in 2029 to help finance the remaining cost of project.

### Recycled Water Projects

The Recycled Water Projects are also included in the Sewer Systems category. These projects are intended to improve the City's overall water supply reliability and conserve drinking water supplies through the delivery of tertiary treated recycled water to sites near the WRRF for landscape irrigation and industrial uses. Construction of the storage tank, pump station, and distribution pipelines for the system was completed in FY20. Construction of the treatment facility was completed in Summer 2020, and recycled water deliveries to the first phase of customers began in March 2022. Staff is currently developing a Recycled Water Master Plan to guide design and construction efforts for Phase II of the Recycled Water Program. Phase II will involve increasing the recycled water customer base, which will require designing and constructing an expanded treatment facility to meet the increased demand.

### Water Systems Projects

"Water System Projects" are Enterprise Fund-supported and are related to the improvement of our water system, as well as projects which promote water conservation. One key program in this category is the Cast Iron Water Pipeline Replacement Program. Over the next ten years, the City will annually replace existing cast iron pipes that are either reaching the end of their practical useful life, as evidenced by the frequency of the main and service connection breaks and leaks, or they are hydraulically undersized. The Recommended CIP includes \$650,000 in FY27 to support this effort.

The FY27 Annual Line Replacement Program is another key Water Systems project, which involves the replacement of existing water mains to provide adequate capacity for fire flow and to maintain the operability of the water distribution system. Water mains are selected for a variety of reasons including having exceeded service life, frequency of breaks, and/or upgrades needed for supply reliability. With a goal of replacing an average of 2 miles of water pipeline annually, the proposed CIP includes \$6.3 million in funding for the FY27 Annual Line Replacement Program.

### Fleet Management

The "Fleet Management" category is comprised of projects involving the replacement of fleet units in various departments, divisions, and work groups. Fleet purchases benefiting the Fire and Police departments are predominantly funded by transfers from the General Fund, while fleet purchases benefiting the Airport, Stormwater, Sewer, and Water divisions are predominantly supported by Enterprise funding. Approximately \$2.6 million in FY27 Fleet

Management category projects are included in the proposed CIP, and involve projects supporting General Fund fleet replacement efforts, Enterprise Fund-supported fleet replacement efforts, and Electric Vehicle Infrastructure efforts.

The City maintains a fleet of approximately 450 vehicles and equipment units, and the useful life of these fleet units is maximized and managed via the 10 Year Fleet Capital Replacement Plan. The plan identifies replacement timelines based on age, mileage, maintenance, and safety. When it comes time to retire a unit, carbon emissions are a key consideration. This is in alignment with the City's Strategic Roadmap "Confront Climate Crisis & Champion Environmental Justice" Priority Project to transition 15% of total City fleet to EV/hybrid models.

Following a successful pilot program in FY21, Fleet Management adopted a new standard for Hayward Police Patrol Vehicles in which all replacement purchases will be hybrid-powered models. In FY22, a total of ten hybrid patrol cars were ordered to replace vehicles that have reached the end of their useful life, and an additional nine were ordered in FY23. Once received and placed into service, the fleet vehicle matrix will consist of 18% EV/hybrid units.

The Citywide EV Charging Projects are another key group of projects in this category. A recent report by Ava Community Energy provided an analysis of the charging infrastructure that will be needed to electrify the City's fleet, including all non-emergency light, medium, and heavy-duty vehicles as well as recommended charging infrastructure for use by City employees. The report identifies a need for 152 chargers at 15 facilities for fleet vehicles, which are estimated to cost \$4.8 million. The report was presented to the City Council Sustainability Committee on January 8, 2024<sup>5</sup> and to City Council on June 17, 2025<sup>6</sup>.

Staff are also working with Ava Community Energy to install a fast charging hub for electric vehicle charging at Muni Lot 4. The hub will be entirely funded by Ava Community Energy and will serve the general public and will be sited to also serve residents of multi-family properties, many of which are older buildings that lack the infrastructure needed to support EV charging. For City fleet vehicles, EV Ready charging spaces (conduit and electrical capacity) will be installed at Fire Station 1 and the Corporation Yard along with the solar and battery projects being constructed in 2026.

### Equipment and Software

The "Equipment and Software" category is predominantly comprised of equipment-related purchases supporting the Fire, Police, Maintenance Services, Public Works & Utilities, and Information Technology Departments, such as the purchase of Fire Department radios, purchase of fleet cameras, and replacement of aging fiber optic lines between City facilities. The recommended FY27 CIP includes programming of approximately \$3 million in this category. Staff is planning to gradually move the items in this category to the operation budgets of the respective departments over the next few years.

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<sup>5</sup> <https://hayward.legistar.com/MeetingDetail.aspx?ID=1142685&GUID=29223BAD-5C6C-4094-97C1-E64A17A9E4C5>

<sup>6</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=7437059&GUID=4D4120B1-EDCA-4997-8DB5-4ECE45A72874>

### Airport

This category encompasses all projects related to the improvement of the Hayward Executive Airport (HWD), the City's self-supporting general aviation reliever airport which encompasses nearly 500 acres. One key project in this category is the Sulphur Creek Mitigation – Design and Construction Project, which involves the installation of box culvert to place portions of Sulphur Creek underground adjacent to airport runways. These areas were identified by the local Runway Safety Action Team as a safety hazard. The project is designed to eliminate open ditches and create a flat surface near the runways. This will prevent damage to aircraft that veer off the runway pavement. Implementation of this project has been delayed due to the issues related to inter-agency agreement related to location of a suitable environmental mitigation site, and the project is anticipated to begin in Fiscal Year 2030. The project includes a total budget of \$8.3 million, which is being funded by the Federal Aviation Administration (FAA), Caltrans Division of Aeronautics, and the City's Airport Enterprise fund.

Other key Airport projects include the Taxiway Zulu West Pavement Rehabilitation and Construction project and Taxiway Alpha Design and Phasing Plan. Both projects will involve the removal and replacement of pavement on Taxiway Zulu West and Taxiway Alpha 1. Both taxiways are in need of repair due to normal wear. Both projects are also recommended in the 2002 Airport Master Plan and will ultimately help facilitate the removal and replacement of pavement on the taxiways.

### Miscellaneous

The "Miscellaneous" category includes projects which do not neatly fit into the other categories. Projects include the Comprehensive General Plan Update, Property Acquisition Management, Route 238 Property Projects, and Parcel Group Projects. The Parcel Group projects and Route 238 Administrative Expenses Project, which are currently budgeted at \$500,000 combined in FY27, are used to facilitate the new cohesive development of former Caltrans 238 property parcels with the goals of eliminating blight, creating public benefits for the community, and generating excess land value to the City.

### Identified and Unfunded Capital Needs

The last section of the Recommended FY27 – FY36 CIP is the Identified and Unfunded Capital Needs section. This list was last significantly modified for the FY16 CIP to remove projects that were funded with Measure C fund, like improvements to Fire Stations 1-6, construction of the new Library and Community Learning Center, or funded by transportation related Alameda County Measure BB Fund, like \$1 million per year for paving improvements. A significant reduction occurred with street and transportation-related projects, due to the passage of Measure C, Measure BB, and the state legislation Road Repair and Accountability Act (RRAA) (SB1).

While the approval of Measure C allowed the City to address many critical facility needs (e.g., the new Library, upgrades to Fire Stations, and the new Fire Training Center), significant

needs still exist. The facility update to the City’s Corporation Yard (Corp Yard) is one such capital need that remains unfunded. The Corp Yard is comprised of six buildings on Soto Road which were originally constructed in the early 1960s and are in need of major improvements. The necessary improvements to the Corp Yard were estimated to amount to more than \$140 million. The FY27 CIP included a “Corporation Needs Assessment” Project, which is funding the development of a revised assessment to determine the current improvement needs and update costs.

Another significant need included in the Unfunded Capital Needs list as part of the Recommended CIP is the South Hayward Youth and Family Center, which currently has an unfunded need of an estimated \$25,000,000 for the future phases of the project.

Unfunded Capital Needs are generally broken down into the following categories:

Information Technology:	\$1,100,000
Street Improvement:	\$11,500,000
Airport:	\$43,000,000
Alternate Modes:	\$60,000,000
Pavement Maintenance:	\$70,000,000
Interchange:	\$74,500,000
Facilities and Improvement:	<u>\$377,000,000</u>
Total:	\$637,100,000

It is important to reiterate that this list identifies critical needs that have, as of now, no identified funding sources. The number of projects will continue to grow over time, as will the amounts needed to fund these extremely important upgrades and repairs to infrastructure and equipment.

*Proposed Changes to the Published Recommended FY27 – FY36 CIP*

Capital Projects (Governmental) Fund 405 – In the weeks following publication of the Recommended CIP, staff have identified additional project in Capital (Governmental) Fund 405, which will not impact the General Fund. The Public Works & Utilities Department’s (PW&U) staff have increased over the years in various divisions. At full staffing, the current floor plan would be at capacity. Additionally, there is a need for another large conference room to serve as an alternative to Conference Room 2A for sizable meetings, including those held by the Mayor & City Council, Council Committees, and other City-related business, as well as PW&U departmental and divisional meetings. As such, staff proposes adding a new City Hall 2nd Floor Facility Improvement Project No. 06972 in an amount of \$550,000 in Fund 405. This proposed project is to provide a secondary relatively large conference room for City-related businesses, and may be one or two offices for PW&U Deputy Director positions for Engineering and for Transportation, which are currently the only Deputy Director positions in the City without offices. The cost, estimated at \$550,000, will be funded by non-General Fund sources, split between Water Enterprise, Wastewater Enterprise, and Measure D Special Revenue Funds.

## **ECONOMIC IMPACT**

The direct economic impact of these projects is not quantifiable. However, maintaining and improving the City's infrastructure municipal buildings and facilities, fleet, and equipment will have an unquestionable impact on maintaining and improving economic health and vitality of the City.

The improvement will make the City a more desirable place in which to live, raise a family, work, and establish and grow businesses. It is also important to note that capital projects are identified and prioritized with an emphasis on eliminating geographic inequities in the distribution of City services and infrastructure. Highest priority is given to areas in the community which have experienced a disproportionate level of improvements in past years, as well as those communities with the current highest need.

## **STRATEGIC ROADMAP**

The Strategic Roadmap adopted in 2024 is at the forefront of the City's capital project planning efforts, and each CIP project is evaluated for consistency with the City's Strategic Priorities.

The Recommended CIP Projects predominantly support the Invest in Infrastructure Priority; however, they also touch the Confront Climate Crisis & Champion Environmental Justice, Enhance Community Safety & Quality of Life, Grow the Economy, and Strengthen Organizational Health Priorities.

## **SOCIAL EQUITY**

Consideration of social equity has been an important element of selecting certain projects, such as roadway improvements, sidewalk improvements, traffic calming, complete streets, and landscaping.

## **SUSTAINABILITY FEATURES**

While the proposed projects are aligned with and advance the City Council's Sustainability goals and policies, the action taken for this agenda report will not result in a physical development, purchase or service, or a new policy or legislation. Any physical work will depend upon a future City Council action. Sustainability features for individual CIP projects are listed in each staff report.

## **PUBLIC CONTACT**

The public has the opportunity to review and comment on the CIP at this evening's City Council Work Session and will again at the City Council Public Adoption Hearing, which has been tentatively scheduled for June 2, 2026.

On March 27, 2026, a Notice of this Public Hearing for the Planning Commission meeting was published in *The Daily Review* newspaper. Staff presented the Recommended FY27 – FY36 CIP to the Planning Commission at their April 9, 2026<sup>7</sup> meeting, and with six members present, the Commission unanimously found that the CIP was consistent with the Hayward 2040 General Plan. On April 22, 2026<sup>8</sup>, staff presented the Recommended FY27 – FY36 CIP to the CIAC for review and input. The CIAC discussed the proposed CIP budget and inquired on the General Fund impact of CIP projects in Capital Project (Governmental) Fund 405. In response, the requested information has been added to the report under GF Transfers and ISF expenditures tables. In addition, Attachment II has detailed the proposed budgets of all CIP projects that are fully funded by General Fund in Fund 405. The CIAC also inquired on the status of several CIP projects including the Recycled Water Master Plan, Public Safety Center, and La Vista Park, as well as inquired details about Police Department’s ALPR Expansion Project. With one CIAC member abstaining, citing lack of detailed information regarding the proposed General Fund Transfers, two remaining CIAC members approved and recommended the CIP’s adoption to the City Council.

Another Public Notice will be published in the Daily Review newspaper at least ten days in advance of the City Council Public Adoption Hearing on June 2, 2026. A copy of the Recommended CIP is available online at [www.hayward-ca.gov/CIP](http://www.hayward-ca.gov/CIP), and printed copies are available at the PW&U Department office, City Clerk’s office, and at both [Libraries](#)<sup>9</sup>. Individual projects receive City Council approval and public input as appropriate.

## **NEXT STEPS**

Once City Council has reviewed and offered comments on the Recommended CIP, the appropriate updates will be made. The City Council Public Hearing for the adoption of the CIP budget is currently scheduled to take place on June 2, 2026. A notice advising residents about the City Council Public Hearing on the CIP will be published in the *Daily Review* newspaper at least ten days in advance.

*Prepared by:*                 Elli Lo, Senior Management Analyst  
  Marissa Matta, Management Analyst

*Recommended by:*     Alex Ameri, Director of Public Works

*Approved by:*



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Jennifer Ott, City Manager

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<sup>7</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=7970005&GUID=5A581C40-0C62-431C-A29C-3DD9E951C526>

<sup>8</sup> <https://hayward.legistar.com/MeetingDetail.aspx?ID=1407406&GUID=535974E8-BA65-4A17-83D8-9BA99DA91224&Search=>

<sup>9</sup> <https://www.hayward-ca.gov/public-library>