



**2024-30**  
FISCAL YEARS

City of Morgan Hill

# Adopted Capital Improvement Program Budget



**Morgan Hill, California**

[morganhill.ca.gov/budget](https://morganhill.ca.gov/budget)

# City of Morgan Hill Capital Improvement Program

## FY 2024-25 – FY 2029-30

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### CAPITAL IMPROVEMENT PROGRAM OVERVIEW

The Capital Improvement Program (CIP) is the primary tool that the City of Morgan Hill uses to plan for major capital projects and acquisitions. It identifies major capital needs over a multiyear forecast period and reflects the overall priorities of the City. The CIP focuses on large capital projects and acquisitions with extended useful lives that have significant impact on the health, safety, and vibrancy of the Community. Expenditures typically address one-time needs as opposed to the City's operations budget which addresses ongoing, year to year needs.

The City currently prepares a 2-Year operating budget and a 6-Year Capital Improvement Plan (CIP). The biennial budget consists of two separate budgets that the Council will consider for adoption. Prior to the conclusion of the first annual budget, the Council will be provided an update on revenue assumptions, and possible amendments to the second year annual budget. In conjunction with the biennial operations budget, the City Council also approves the first two years of the 6-Year CIP budget.

The CIP is intended to address the following multi-faceted infrastructure needs of the City:

- Parks and Recreation: Recreation centers, parks, open space, and community service amenities
- Public Facilities: Community, public safety, and civic facilities
- Storm Drainage: Inlet structures, pipelines, channels, and basins
- Streets & Roads: Roadways, sidewalks, ramps, street lights, traffic signals and signs
- Wastewater: Collection pipes, lift stations, and trunklines
- Water: Wells, pipelines, storage tanks (also called reservoirs), and pumping stations

The 6-Year CIP is a long-term spending plan that requires forecasting the infrastructure needs for the City and forecasting the revenues required to fund those needs. Much of this forecasting is performed through Master Plans for specific City infrastructure. Morgan Hill has a limited number of funding sources for CIP projects, some steady and predictable, while others are dependent on outside agencies. For instance, the City receives monies annually from the State to help fund road repair projects. Also, a portion of the water and wastewater charges paid by residents and businesses go towards capital projects that keep the water and wastewater systems in good repair and functioning efficiently.

New development in Morgan Hill, be it residential homes or commercial and industrial buildings, is required to pay impact fees to the City for the impact the new development's presence will have on the City. These fees support the funding of new and future infrastructure that will be needed as the City grows. New development pays the following impact fees: parks, recreational facilities, public safety facilities, public facilities, library, drainage, streets, wastewater, and water. These impact fees can only be used to build new or expanded infrastructure and facilities and cannot be used for ongoing maintenance or operations. The City previously received funds through its Residential Development Control System (RDCS) voter-approved process. The collection of the RDCS funds has been eliminated through State legislation and the proposed CIP is significantly reduced from past years.

### FY 2024-25 & FY 2025-26 CAPITAL IMPROVEMENT PROJECTS AND FUNDING

When the City Council adopts the 6-Year CIP, it approves the 6-year spending plan for all capital projects and appropriates funds for the first two fiscal years of that plan, in this case FY 2024-25 and FY 2025-26. These appropriations authorize City staff to spend the designated CIP funds on the approved projects in those fiscal years.

## City of Morgan Hill Capital Improvement Program FY 2024-25 – FY 2029-30

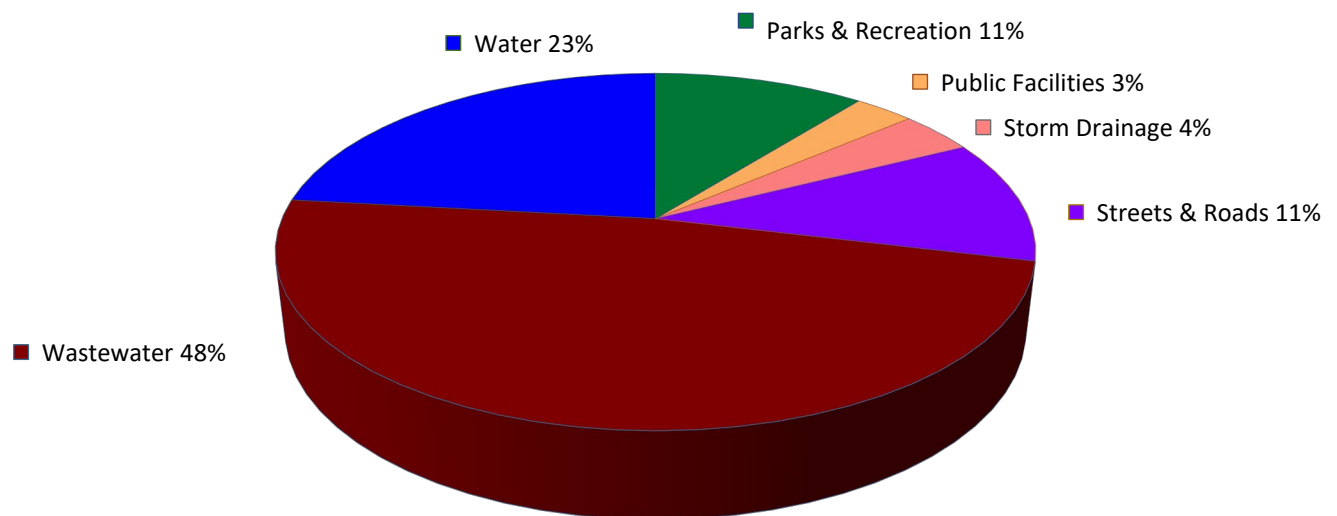
The recommended FY 2024-25 through FY 2029-30 CIP totals \$271,182,836. The project categories include 1) Parks & Recreation (\$34,135,491), 2) Public Facilities (\$5,712,608), 3) Storm Drainage (\$12,105,024), Streets & Roads (\$41,974,060), 5) Wastewater (\$111,147,404), and 6) Water (\$66,108,249).

FY 2024-25 and FY 2025-26 of the 6-Year CIP are appropriated as part of the FY 2024-25 Biennial Budget approval process and they total \$169,165,894.

### Capital Improvement Program FY 2024-25 and FY 2025-26 Budget by Project Category

Some of the project highlights include the following:

- Pavement Rehabilitation Program (\$11 million): Ongoing program to address the City's pavement rehabilitation needs, including \$4 million in competitive grant funding to improve Monterey Road from Cochrane to the southern City limits.
- Butterfield Park (\$4 million): Funding for construction of the first phase of the Butterfield Park located at Monterey Road and Butterfield Boulevard.
- Holiday Lake Storage Reservoir and related Improvements (\$6.7 million): The City will be using grant funds (\$4 million) and water impact fees to construct a new water reservoir on East Dunne Avenue to improve fire protection on the east side of the City and water supply capacity for the entire City.
- New Joint Trunk Line (\$58.7 million): The City will construct a relief trunk line for transmitting increasing volumes of wastewater to the treatment plant south of Gilroy. This project will be funded through Sewer Impact Fees, Ratepayer Funds, and borrowing.
- Villa Mira Monte Phase 1 Expansion (\$3.9 million): This project will construct the first phase of improvements at Villa Mira monte which includes improved driveways, parking, restrooms, storage, pathways, landscaping and other improvements.



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**CIP BUDGET SUMMARY**

Project Categories	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Totals
1 Parks & Recreation	\$ 10,308,425	\$ 7,599,260	\$ 2,548,293	\$ 9,336,343	\$ 547,879	\$ 3,795,291	\$ 34,135,491
2 Public Facilities	4,244,522	786,897	90,606	-	-	590,582	5,712,608
3 Storm Drainage	4,069,502	2,360,692	1,887,119	1,778,695	119,152	1,889,863	12,105,024
4 Streets & Roads	6,847,196	11,960,840	8,381,052	4,057,648	4,349,035	6,378,288	41,974,060
5 Wastewater	13,676,673	68,389,698	5,896,410	5,656,672	12,772,583	4,755,368	111,147,404
6 Water	21,523,397	17,398,790	6,059,274	11,728,270	3,669,871	5,728,648	66,108,249
Totals	\$ 60,669,716	\$ 108,496,178	\$ 24,862,755	\$ 32,557,628	\$ 21,458,520	\$ 23,138,041	\$ 271,182,836

Project Funding Sources	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Totals
301 - Park Impact	\$ 2,777,280	\$ 1,463,955	\$ 2,265,149	\$ -	\$ -	\$ 1,500,000	\$ 8,006,385
360 - Com/Rec Ctr Impact	890,826	3,772,188	-	5,558,422	-	-	10,221,435
375 - Quimby Fee	6,640,319	2,363,117	283,144	3,777,921	547,879	2,295,291	15,907,671
315 - Public Safety Facilities Impact	2,829,682	-	-	-	-	-	2,829,682
347 - Public Facilities Impact	1,414,841	786,897	-	-	-	-	2,201,738
348 - Library Impact	-	-	90,606	-	-	590,582	681,188
303 - Local Drainage Impact	3,567,495	2,098,393	1,773,862	1,667,527	-	1,771,747	10,879,023
304 - Local Drainage/Non AB 1600	502,008	262,299	113,257	111,168	119,152	118,116	1,226,001
308 - Street CIP	4,192,121	7,344,375	3,680,868	3,612,974	3,872,428	3,838,785	26,541,551
309 - Traffic Impact	1,572,045	3,409,889	4,530,298	277,921	297,879	2,362,329	12,450,362
346- Public Facilities/Non AB 1600	821,023	157,379	169,886	166,753	178,727	177,175	1,670,943
350 - Undergrounding	262,008	1,049,196	-	-	-	-	1,311,204
641 - Sewer Impact	4,745,149	47,188,297	1,079,457	578,298	3,174,289	236,233	57,001,723
643 - Sewer Capital Project	8,931,523	21,201,401	4,816,953	5,078,374	9,598,294	4,519,135	54,145,681
651 - Water Impact	3,639,285	6,164,536	968,351	3,668,558	35,745	1,535,514	16,011,990
653 - Water Capital Project	17,884,112	11,234,254	5,090,923	8,059,711	3,634,125	4,193,134	50,096,259
Totals	\$ 60,669,716	\$ 108,496,178	\$ 24,862,755	\$ 32,557,628	\$ 21,458,520	\$ 23,138,041	\$ 271,182,836



*CITY OF MORGAN HILL CAPITAL IMPROVEMENT  
PROGRAM*

*FY 2024-25 – FY 2029-30*

*PARKS &  
RECREATION*



*CITY OF MORGAN HILL*

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**301 - Park Impact- Parks & Recreation**

**Fund Description**

The purpose of the Park Impact Fund is to construct new or expanded parks and recreation amenities and facilities. The primary planning tool for the Fund is the City's Bikeways, Trails, Parks and Recreation Master Plan. Fund revenues are received from developers when they pay impact fees. The funds may only be used for design, development, and construction of new parks and recreation facilities as the City grows. The Fund is subject to the restrictions of AB1600.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 127,280	\$ 63,955	\$ 265,149	\$ -	\$ -	\$ -
PF2001 - Infrastructure Planning Documents	-	100,000	-	-	-	-
PR1001 - Parks Land Purchase	-	-	-	-	-	1,500,000
PR1002 - West Little Llagas Creek Trail	150,000	150,000	-	-	-	-
PR1006 - El Toro Trail	750,000	700,000	-	-	-	-
PR1009 - Butterfield Park	1,500,000	-	-	-	-	-
PR1011 - Sports Facility Development	250,000	450,000	2,000,000	-	-	-
<b>Totals</b>	<b>\$ 2,777,280</b>	<b>\$ 1,463,955</b>	<b>\$ 2,265,149</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,500,000</b>

**How this Fund Generates Money for Capital Investment**

New development creates the need for expanded inventory of parks and recreation facilities. Impact fee revenues are intended for the capital investment into new and expanded parks. The City imposes parks fees under authority granted by the Mitigation Fee Act (the Act), contained in California Government Code Sections 66000 et seq. A City Council adopted "Impact Fee Report" provides the necessary findings required by the Act for adoption of the fees presented in impact fee schedules. Quimby Act Fees are charged to residential development for projects that require subdivision, while Park Impact Fees are charged to residential development that does not require subdivision. Grant funds may also support activities and projects within the fund.

**Limitations and Other Important Factors**

All development impact fee-funded capital projects are programmed through the City's 6-Year CIP, by which the City identifies and directs its fee revenue to new public facilities/infrastructure projects that will accommodate future growth. By programming fee revenues to specific capital projects, the City ensures a reasonable relationship between new development and the use of fee revenues as required by the Mitigation Fee Act. As residents are considered to be the primary users of parks, demand for parks and associated facilities is based on the City's residential population, rather than a combined resident-worker service population.

**Goals for Capital Investment**

The goal is to expand parks and recreation facilities to meet the demands of a growing Community. In 2017, the City completed its Bikeways, Trails, Parks and Recreation Master Plan, which provides a citywide assessment of potential park impact projects, and an evaluation of trail and park needs. The plan serves as the basis for prioritization of projects in the Capital Improvement Program.

Revenues- Other includes interest income and grant funding. Expenditure- Other includes annual transfers-out to the General Fund for administration and infrastructure planning, and to Fund 207 (Long Range Planning) for the general plan update.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund 301- Park Impact	Projected						
Beginning Fund Balance	\$ 1,426,990	\$ 1,419,790	\$ 501,033	\$ 1,220,520	\$ 788,693	\$ 1,574,932	\$ 1,966,271
Revenues - Impact Fees	796,303	1,510,692	2,299,673	1,947,226	896,677	486,265	336,143
Revenues - Other	587,200	488,579	25,179	28,517	33,022	49,603	35,242
Expenditures - CIP Projects	1,276,529	2,777,280	1,463,955	2,265,149	-	-	1,500,000
Expenditures - Other	114,174	140,747	141,410	142,420	143,460	144,530	145,630
<b>Ending Fund Balance</b>	<b>\$ 1,419,790</b>	<b>\$ 501,033</b>	<b>\$ 1,220,520</b>	<b>\$ 788,693</b>	<b>\$ 1,574,932</b>	<b>\$ 1,966,271</b>	<b>\$ 692,026</b>

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**360 – Community/Recreation Center Impact- Parks & Recreation**

**Fund Description**

The purpose of the Community/Recreation Center Impact Fund is to construct new and expand existing recreation facilities for residents of the City. The primary planning tool for the fund is the City's Bikeways, Trails, Parks and Recreation Master Plan. This Fund was established to collect revenues derived from a fee charged to developers to cover the costs to expand existing, or construct new, recreation and community centers within Morgan Hill. The Fund is subject to the restrictions of AB1600.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 40,826	\$ 172,188	\$ -	\$ 558,422	\$ -	\$ -
PF2001 - Infrastructure Planning Documents	-	100,000	-	-	-	-
PR1008 - Villa Mira Monte Expansion	350,000	3,500,000	-	-	-	-
PR1011 - Sports Facility Development	-	-	-	5,000,000	-	-
PR1014 - Non profit Center	500,000	-	-	-	-	-
<b>Totals</b>	<b>\$ 890,826</b>	<b>\$ 3,772,188</b>	<b>\$ -</b>	<b>\$ 5,558,422</b>	<b>\$ -</b>	<b>\$ -</b>

**How this Fund Generates Money for Capital Investment**

This Impact Fee is only charged against residential development. The City imposes public facilities fees under authority granted by the Mitigation Fee Act (the Act), contained in California Government Code Sections 66000 et seq. A City Council adopted "Impact Fee Report" provides the necessary findings required by the Act for adoption of the fees presented in the impact fee schedules.

**Limitations and Other Important Factors**

Revenues are collected to finance the expansion of existing and construction of new recreation and community center facilities demanded by new development. By programming fee revenues to specific capital projects, the City ensures a reasonable relationship between new development and the use of fee revenues as required by the Mitigation Fee Act.

**Goals for Capital Investment**

The City plans to use recreation and community center facilities fee revenue to construct improvements to add to the system of recreation and community center facilities that serve new development.

Revenues- Other includes interest income and grant funding. Expenditure- Other includes annual transfers-out to the General Fund for administration.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund 360- Com/Rec Ctr Impact	Projected						
Beginning Fund Balance	\$ 992,228	\$ 416,528	\$ 2,010,457	\$ 2,023,254	\$ 5,279,740	\$ 1,252,263	\$ 2,064,201
Revenues - Impact Fees	797,849	2,459,641	3,744,225	3,170,386	1,459,930	791,716	547,293
Revenues - Other	50,000	41,887	57,870	103,720	89,164	38,913	58,429
Expenditures - CIP Projects	1,407,574	890,826	3,772,188	-	5,558,422	-	-
Expenditures - Other	15,975	16,774	17,110	17,620	18,150	18,690	19,250
<b>Ending Fund Balance</b>	<b>\$ 416,528</b>	<b>\$ 2,010,457</b>	<b>\$ 2,023,254</b>	<b>\$ 5,279,740</b>	<b>\$ 1,252,263</b>	<b>\$ 2,064,201</b>	<b>\$ 2,650,673</b>

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**375 – Quimby Fee- Parks & Recreation**

**Fund Description**

The purpose of the Quimby Fund is to develop new or renovate existing park and recreation facilities within the City. Fund revenues are received from developers paying Park Fees based on the Quimby Act and the City's code. The funds may only be used for design, development, construction and renovation of parks and recreation facilities. Due to the very limited resources available to the City for ongoing park maintenance, renovation of existing facilities has been prioritized in the near term.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 304,319	\$ 106,117	\$ 33,144	\$ 27,921	\$ 47,879	\$ 45,291
PF2001 - Infrastructure Planning Documents	-	100,000	-	-	-	-
PR1001 - Parks Land Purchase	-	-	-	3,500,000	250,000	2,000,000
PR1004 - Park Facility Expansion & Renovation	400,000	750,000	250,000	250,000	250,000	250,000
PR1005 - Recreation Facility Expansion and Renovation	3,486,000	1,407,000	-	-	-	-
PR1009- Butterfield Park	2,450,000	-	-	-	-	-
<b>Totals</b>	<b>\$ 6,640,319</b>	<b>\$ 2,363,117</b>	<b>\$ 283,144</b>	<b>\$ 3,777,921</b>	<b>\$ 547,879</b>	<b>\$ 2,295,291</b>

**How this Fund Generates Money for Capital Investment**

Quimby fee revenues are intended for the capital investment into the development of new parks or the renovation of existing parks. The City imposes fees under authority granted by the Quimby Act (the Act), contained in California Government Code. The City Municipal Code requires payment by developers per the Act. Quimby Act Fees are charged to residential development for projects that require subdivision, while Park Impact Fees are charged to residential development that does not require subdivision. Grant funds may also support activities and projects within the fund.

**Limitations and Other Important Factors**

Quimby Funds must be used as prescribed in the State Government Code, which may include design, development, construction, and renovation of parks and recreation facilities.

**Goals for Capital Investment**

The goal is to both construct new and to renovate existing parks and recreation facilities, improving the facilities for increased use by residents of the City.

Revenues- Other includes interest income and grant funding.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund 375-Quimby Fee	Projected						
Beginning Fund Balance	\$ 1,621,885	\$ 4,405,786	\$ 415,509	\$ 2,320,880	\$ 5,065,007	\$ 2,741,597	\$ 2,998,826
Revenues - Impact Fees	3,982,686	2,266,037	3,449,509	2,920,838	1,345,016	729,398	504,215
Revenues - Other	201,618	384,005	818,978	106,433	109,495	75,710	51,524
Expenditures - CIP Projects	1,400,403	6,640,319	2,363,117	283,144	3,777,921	547,879	2,295,291
Expenditures - Other	-	-	-	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 4,405,786</b>	<b>\$ 415,509</b>	<b>\$ 2,320,880</b>	<b>\$ 5,065,007</b>	<b>\$ 2,741,597</b>	<b>\$ 2,998,826</b>	<b>\$ 1,259,274</b>

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Parks Land Purchase Development

**Project No.** PR1001

**Category**

Parks & Recreation

**Funding Source(s)**

F301 - Park Impact Fund  
F375- Quimby Fee

**Council Priorities**

Protecting the Environment  
Supporting Our Youth, Seniors, and Entire  
Community  
Healthy Community

**Strategic Planning Documents**

Bikeways, Trails, Parks and Recreation Master  
Plan



**Project Description**

The purchase of land for future parks is identified in the Bikeways, Trails Parks and Recreation Master Plan and the General Plan. In 2017 and 2019, the City completed the purchases of approximately 14 acres of additional property adjacent to the Outdoor Sports Center and Dennis Kennedy Morgan Hill Aquatics Center. In 2021, the City purchased an additional 20 acres of property adjacent to 8 acres of City owned property at the southeast corner of Butterfield and Monterey Roads. The property in both locations is currently land banked for future sports facilities and park space expansion.

The future City parks land purchase and development priorities outlined in the Master Plan include the purchase, planning and development of two small Community parks and one new large Community park located on the east side of the City. Development of the Butterfield Park site at Monterey and Butterfield, as well as the construction of a privately owned publicly accessible park at Sutter and Butterfield Avenues, will add two small Community parks in the coming years. Funding within this project is now reserved for identifying and procuring the large Community park space identified in the Master Plan.

**Project Justification**

Acquiring property for new parks helps ensure an adequate parks inventory in the future and is a required element of the Master Plan.



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Parks Land Purchase Development

**Project No.** PR1001

**Financial Comments**

Funding for this project is collected from developer impact and Quimby fees. Fee collection for this project, which is several years in the future, is estimated and subject to change based on the amount and timing of new development constructed.

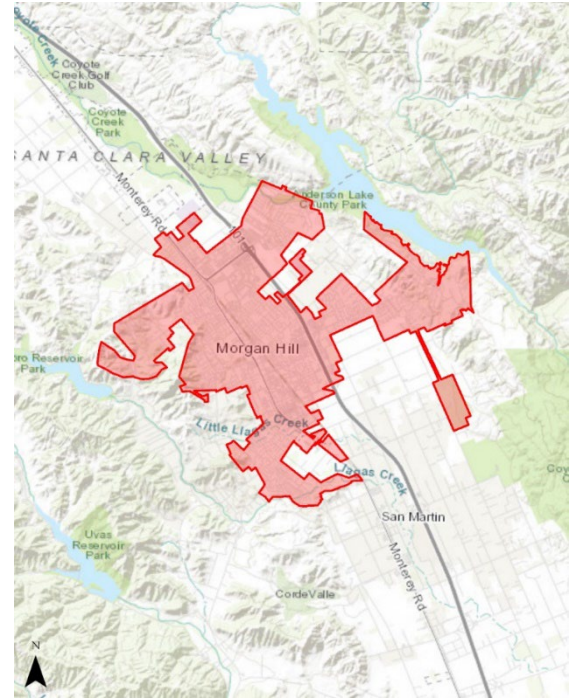
No funding is allocated to this project until Fiscal Year 2027-28. Funds allocated are intended for the acquisition, design and initial phases of development of the park space.

**Operating Cost Impacts**

The opening of new parks will require ongoing operating costs. Before construction of the park space, adequate funding resources for operations must be identified.

**Project Location**

Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-301	-	-	-	-	-	1,500,000
Fund-375	-	-	-	3,500,000	250,000	2,000,000
<b>Project Cost</b>	-	-	-	<b>\$3,500,000</b>	<b>\$250,000</b>	<b>\$3,500,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	On-going
<b>Project Design</b>	FY 2027-28 & 2028-29
<b>Right of Way/ Acquisition/Permitting</b>	FY2027-28
<b>Construction</b>	FY 2029-30
<b>Project Close-out</b>	Not Applicable

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** West Little Llagas Creek Trail

**Project No.** PR1002

**Category**

Parks & Recreation

**Funding Source(s)**

F301-Park Impact Fund

**Council Priorities**

Supporting Our Youth,  
Seniors, and Entire Community  
Healthy Community

**Strategic Planning Documents**

Bikeways, Trails, Parks, and Recreation Master  
Plan  
Vision Zero



**Project Description**

The most recent phase of this project extended the existing trail from Watsonville Road to the south. With this extension the trail provides a continuous Class 1 pedestrian pathway along the West Little Llagas Creek Trail from the City's Downtown south to the north side of the Silveira Park wetlands area. The City is currently working on the planning for the next phase of the trail project. Two areas have future trails planned, which include:

**Trail Extension to the North** – This will extend the trail one additional block to the north between Spring and Ciolino Avenues. This project will occur in coordination with the next phase of Valley Water's Upper Llagas Flood Protection Project, anticipated to occur within the next 3-4 years.

**Trail Extensions through the Silveira Lake/Llagas Creek Area** – This portion of the project will address the need to construct trails and bridges, in addition to utilizing existing maintenance access roads. This portion of the project is currently in the planning phases. City staff anticipates completing planning options and presenting and discussing those with the Community in the summer of 2024. Following this outreach, environmental review will be funded by the City. Once the environmental review is completed, the City will apply for additional grants to fund future work.

**Project Justification**

The adopted Bikeways, Trails, Parks and Recreation Master Plan calls for installation, where possible, of bike and pedestrian trails along all creeks and channels. In addition, the plan specifically outlines this project. This project has been very successful in obtaining several regional and state grants.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** West Little Llagas Creek Trail

**Project No.** PR1002

**Financial Comments**

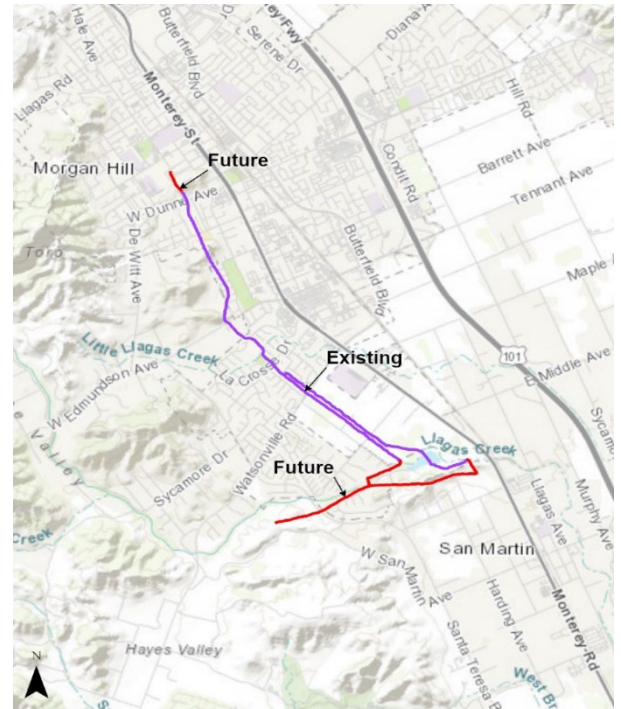
The City plans to apply for grant funding to fund the majority of the project improvements but needs to fund the environmental work for the southern phase to be eligible for grants in this area.

**Operating Cost Impacts**

This facility will increase Park Maintenance operating costs in the General Fund by approximately \$10,000-\$25,000 annually for landscape maintenance, weed control, tree trimming, utilities, occasional trail minor repair work, graffiti/vandalism, and repair/replacement of trail benches.

**Project Location**

Along West Little Llagas Creek



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-301	150,000	150,000	-	-	-	-
			-	-	-	-
<b>Project Cost</b>	<b>\$150,000</b>	<b>\$150,000</b>	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	In Progress, to be completed in FY 2024-25
<b>Project Design</b>	FY 2024-25 and future years
<b>Right of Way/ Acquisition/Permitting</b>	To be determined if needed
<b>Construction</b>	Phase 1 FY2025-26, Future phases in future years
<b>Project Close-out</b>	To be determined depending on project phasing

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Park Facility Expansion and Renovation

**Project No.** PR1004

**Category**

Parks & Recreation

**Funding Source(s)**

F375 - Quimby Fee

**Council Priorities**

Supporting Youth, Seniors, and the Entire  
Community

Maintaining and Enhancing Infrastructure  
Fiscal Sustainability  
Healthy Community

**Strategic Planning Documents**

Bikeways, Trails, Parks & Recreation Master Plan



**Project Description**

The intended purpose of this project is to renovate the City's aging Community parks for future ongoing use by residents of new developments.

The priorities for this project in FY 2024-25 and 2025-26 are the addition of shade structures at Magical Bridge (for which the City is applying for grant funding), and renovations at the Community Park Pond. Upgrades to the Community Park Pond are needed, but with the increasing drought restrictions and water use requirements, further formal review is necessary. In this review, replacement of the pond pump system, as well as potential conversion of the pond to another use, will be reviewed. After review, a final decision will be made by the City Council following a recommendation by the Parks and Recreation Commission.

Funding for other future enhancements includes funding for mulch, pathways, lighting, and playground renovations at all City Parks.

**Project Justification**

The funding of park renovations through the Quimby fee aligns with the City Council Priorities of Maintaining and Enhancing Infrastructure and Fiscal Responsibility. Renovation of existing facilities results in reductions in operating costs, supports enhanced park safety, improves park aesthetics, and improves facilities. New park amenities provide support to the Council priority of Supporting our Youth, Seniors, and the Entire Community.



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name: Park Facility Expansion and Renovation**

**Project No. PR1004**

**Financial Comments**

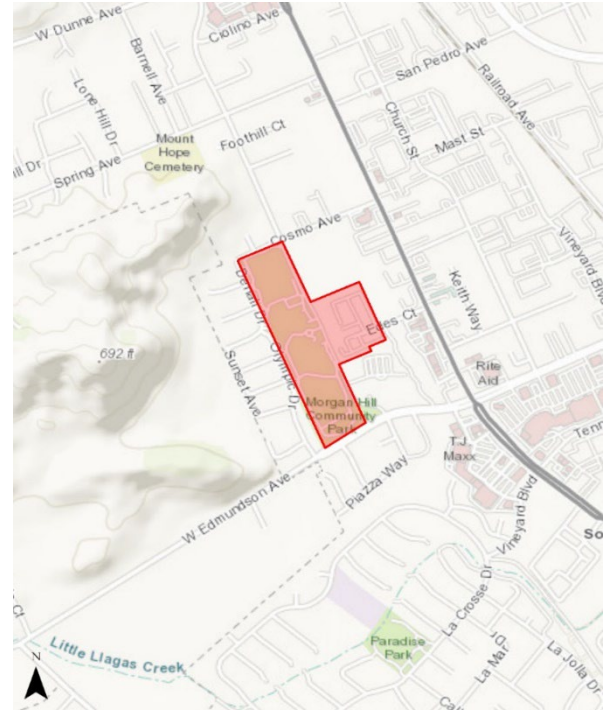
Funding for the park renovation project comes from the imposition of the Quimby Fee on new development. Additionally, approximately \$300,000 in grant funding is anticipated in FY 2024-25 to support shade structure installation at the Magical Bridge Playground.

**Operating Cost Impacts**

Park renovations provide the opportunity to reduce operating costs by upgrading, renovating, and improving park infrastructure. Projects with a higher reduction in operating costs will be prioritized.

**Project Location**

Multiple Locations, including Community Park & Magical Bridge Playground



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-375	400,000	750,000	250,000	250,000	250,000	250,000
<b>Project Cost</b>	<b>\$400,000</b>	<b>\$750,000</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$250,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	In Progress
<b>Project Design</b>	In Progress
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	FY 2024-25 and FY 2025-26 for Shade Structures and the Community Park Pond
<b>Project Close-out</b>	To be determined. FY 2025-26 for current projects.



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Recreation Facility Expansion & Renovation

**Project No.** PR1005

**Category**

Parks & Recreation

**Funding Source(s)**

F375 - Quimby Fee

**Council Priorities**

Supporting Youth, Seniors, and the Entire  
Community

Maintaining and Enhancing Infrastructure  
Fiscal Sustainability  
Healthy Community

**Strategic Planning Documents**

Bikeways, Trails, Parks and Recreation Master  
Plan



**Project Description**

The purpose of this project is to provide renovations and improvements to existing Recreation facilities that support the ongoing operations of the City Recreation Facilities. These renovations are intended to preserve the life of the facilities, improve the condition of facilities, and update facility systems through renovation to ensure facility usage by future City residents.

Project Funding in FY 2024-25 and 2025-26 will focus on renovating facilities at the Centennial Recreation Center (CRC), Aquatics Center, and Community and Cultural Center. The focus of the renovations and expansions will be new solar systems, renovation of building components/systems, making permanent the outdoor fitness facility at the CRC, renovating audio/visual systems, communication systems, and security systems.

**Project Justification**

Renovating the City's existing recreation facilities will support their ongoing use by future generations of Morgan Hill residents.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name: Recreation Facility Expansion & Renovation**

**Project No. PR1005**

**Financial Comments**

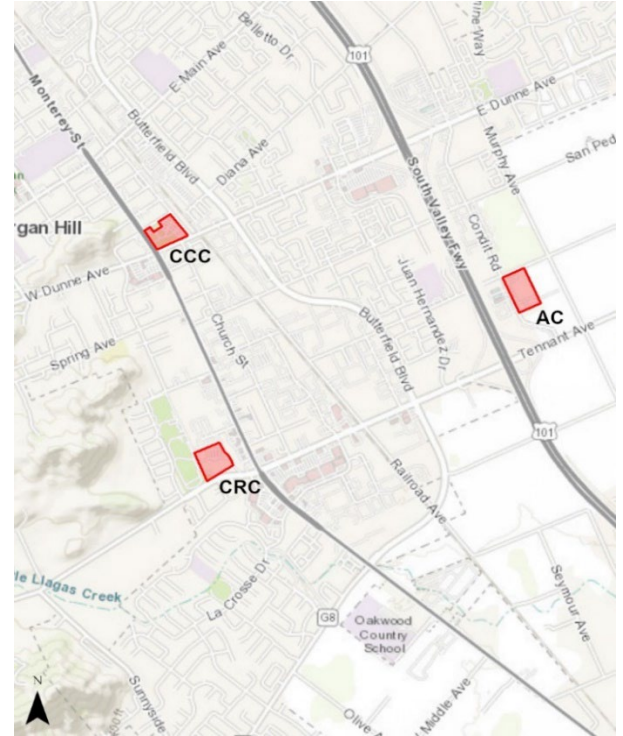
This project includes anticipated rebates for solar systems after installation totaling \$779, 623.

**Operating Cost Impacts**

Operating costs shall be reduced in some instances through the renovation of the facility, and in other instances will be offset by developing facilities that increase revenue. Ultimately, these projects are expected to support increased cost-recovery for recreation facilities.

**Project Location**

Centennial Recreation Center, Aquatics Center & Community Cultural Center



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-375	3,486,000	1,407,000	-	-	-	-
<b>Project Cost</b>	<b>\$3,486,000</b>	<b>\$1,407,000</b>	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Complete
<b>Project Design</b>	In progress
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	FY 2024-25 to FY 2025-26
<b>Project Close-out</b>	FY 2025-26

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** El Toro Trail

**Project No.** PR1006

**Category**

Parks & Recreation

**Funding Source(s)**

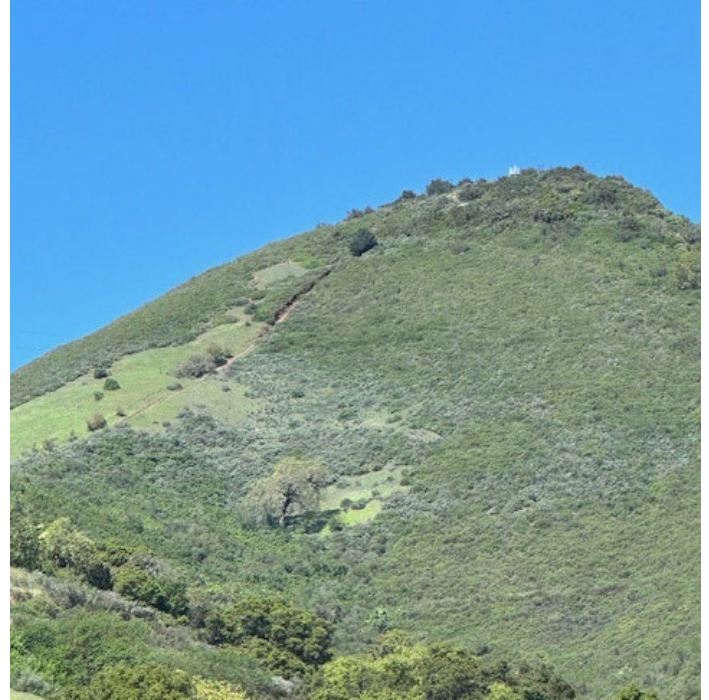
F301-Park Impact Fund  
F375- Quimby Act Park Fees

**Council Priorities**

Protecting the Environment  
Supporting Our Youth, Seniors, and Entire  
Community  
Healthy Community

**Strategic Planning Documents**

Bikeways, Trails, Parks and Recreation Master Plan



**Project Description**

This project will provide a non-paved public trail on El Toro Mountain. On February 4, 2015, the Council approved an "Access Strategy", which details a primary access to El Toro Mountain near the DeWitt/Spring intersection. The funding in this CIP relates to the acquisition and development of the primary access in partnership with the Open Space Authority (OSA). The City and OSA have collaboratively purchased property off of West Main Avenue for potential future neighborhood access. Staff will continue to address concerns raised by the public, such as parking, safety, etc. Currently, neither the City nor the OSA has property rights encircling the El Toro summit area which would be required to provide a trail all the way to the top, and the current focus is on the access points of the trail. The City and OSA are continuing to partner to develop the trail. Both agencies will assist with the acquisition, design, and construction. Since the City only works with willing property owners, to the extent possible, acquisition and development on the project has been ongoing, but at a very gradual pace.

**Project Justification**

This project was identified in the Bikeways, Trails, Parks and Recreation Master Plan and continues to be a priority for the Community.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** El Toro Trail

**Project No.** PR1006

**Financial Comments**

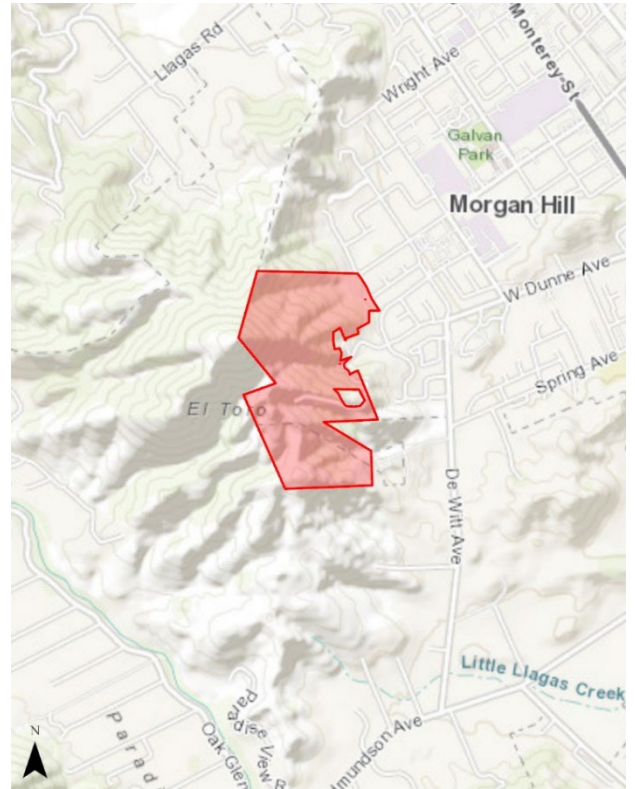
Funding in the budget is proposed for the purchase and construction of a staging area for the trail, as well as associated environmental work. It is anticipated that costs will be shared in various aspects of the project with the OSA.

**Operating Cost Impacts**

Maintenance costs for the project are undetermined. The City anticipates partnering with the OSA to jointly manage the open space area on El Toro. It is estimated once the trail is open to the public, the City may spend up to \$30,000 annually on maintenance, with the OSA maintaining the trail and the City maintaining the trail head areas.

**Project Location**

El Toro Mountain



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund f301	750,000	700,000	-	-	-	-
<b>Project Cost</b>	<b>\$750,000</b>	<b>\$700,000</b>	-	-	-	-

Estimated Project Schedule	Timeline for Completion
<b>Planning</b>	Ongoing
<b>Project Design</b>	Following Right of Way Acquisition
<b>Right of Way/ Acquisition/Permitting</b>	FY 2025-26 if it is identified
<b>Construction</b>	To be determined
<b>Project Close-out</b>	To be determined



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Villa Mira Monte

**Project No.** PR1008

**Category**

Parks & Recreation

**Funding Source(s)**

F360- Community Center Impact Fund

**Council Priorities**

Preserving our Community History  
Supporting Our Youth, Seniors, and Entire  
Community  
Healthy Community

**Strategic Planning Documents**

Bikeways, Trails, Parks and Recreation  
Master Plan



**Project Description**

The Morgan Hill Historical Society operates and maintains the 2.5-acre site known as Villa Mira Monte, including the Hiram Morgan Hill House, Museum, and Centennial History Trail. In 2017, the City entered into a partnership with the Historical Society to preserve the site and support the operation of the site as a Park and Recreation facility. This partnership included funding for needed repairs and small-scale improvements.

The Bikeways, Trails, Parks and Recreation Master Plan further calls for the future development of Villa Mira Monte. In 2019, the City and Historical Society conducted a study on the current proposed site improvements for Villa Mira Monte. Over the last 2 years the City has partnered with the Historical Society to complete a conceptual site plan, which identifies \$14 million in site improvements, including a new building with a multi-purpose room, additional storage, restroom facilities, a new driveway, improved parking, utility infrastructure installation, landscaping, and storm drain improvements. CIP funding for this project includes the design and construction of a first phase for the project. The first phase would not include the building, which is the most expensive component in the site plan but would improve the driveway and add some improved available parking, a restroom building, storage, utilities improvements and other site components.

**Project Justification**

Partnering to enhance the Villa Mira Monte site is consistent with the Council priority of Preserving Our Community History and is prioritized in the Bikeways, Trails, Parks and Recreation Master Plan. While Villa Mira Monte is not owned by the City, the ownership of the site would transfer to the City should the Historical Society be unable to operate and maintain the facility.



## City of Morgan Hill Capital Improvement Program

**Project Name:** Villa Mira Monte

**Project No.** PR1008

### Financial Comments

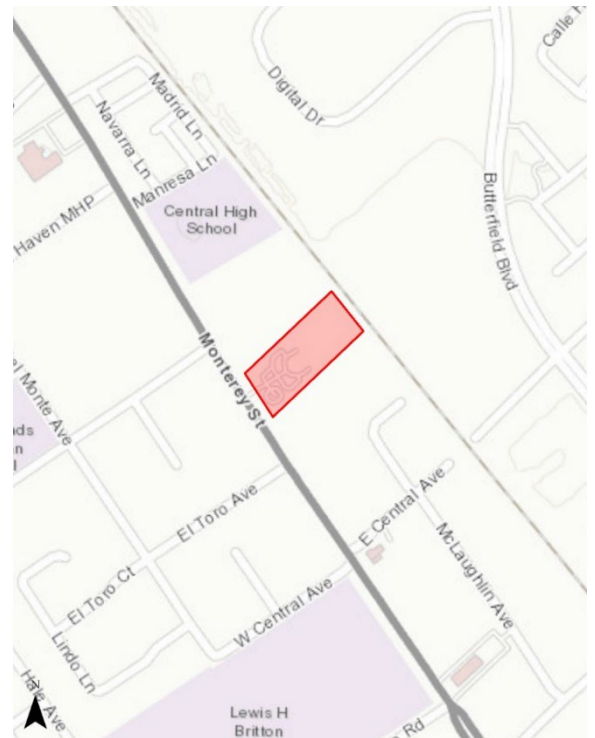
Funding for this project is included in the CIP budget within the Community/Recreation Center Impact Fund (360).

### Operating Cost Impacts

The City currently provides \$20,000 per year in support to the Historical Society's operations of Villa Mira Monte. The enhancements will be designed to support improved operations and maintenance at the site, so no additional operational costs are anticipated for the City in relation to this project. The partnership between the City and the Historical Society has long benefitted the financial maintenance of the facility, but the vast majority of the operations at the site is accomplished by utilizing volunteers and fundraising.

### Project Location

Villa Mira Monte



### Expenditure Schedule

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-360	350,000	3,500,000	-	-	-	-
<b>Project Cost</b>	<b>\$350,000</b>	<b>\$3,500,000</b>	-	-	-	-

### Estimated Project Schedule

### Timeline for Completion

<b>Planning</b>	Complete
<b>Project Design</b>	FY 2024-25
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	FY 2025-26 & 2026-27
<b>Project Close-out</b>	FY 2026-27

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Butterfield Park

**Project No.** PR1009

**Category**

Parks & Recreation

**Funding Source(s)**

F301 - Park Impact Fund  
F375-Quimby Fee

**Council Priorities**

Supporting Our Youth, Seniors, and Entire  
Community  
Healthy Community  
Economic Development and Tourism

**Strategic Planning Documents**

Bikeways, Trails, Parks, and Recreation Master  
Plan



**Project Description**

The City owns approximately 8 acres of property at the southeast corner of the intersection of Butterfield Boulevard and Monterey Road. Previously, the City has environmentally cleared the initial development of the park site and has applied for multiple grants to fund the project development. Although grant funds were not received, the Community effort on identifying and planning the project was still beneficial. For this reason, the City has opted for a phased implementation of the park construction and has looked to partners to help fund additional components of the park. The initial phase of development shall construct a restroom, playground, par-course fitness equipment, picnic area, landscaping, parking spaces, site infrastructure, and other ancillary amenities. The City also has an agreement with a non-profit to construct a BMX facility adjacent to the developed park space.

Recently the City purchased 20 additional acres adjacent to the 8 acres for Parks and Recreation related purposes. City staff continue to recommend using the larger site for future baseball/softball fields, and other potential recreation amenities. Funding for the expansion of the site master plan to include the additional 20 acres is included in FY 2024-25.

**Project Justification**

The first phase of the park development will provide an additional park facility for resident use. It will also provide some of the base infrastructure for the planned BMX track and the development of other future sports facilities included in the current Bikeways, Trails, Parks and Recreation Master Plan. Residents have provided considerable input on the development of the first phase of the park.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name: Butterfield Park**

**Project No. PR1009**

**Financial Comments**

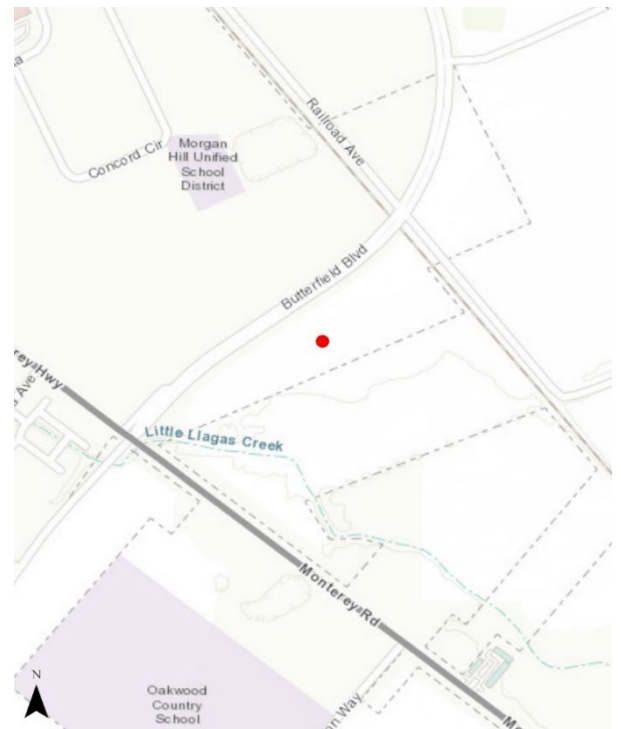
Funding for this project is collected from developer impact fees and developer paid Quimby Park Fees. Per the agreement, the BMX operator shall pay back the funds for 25% of costs associated with shared improvements (parking, restrooms, etc.) over the next 20 years.

**Operating Cost Impacts**

The construction of the first phase of the park is estimated to cost the City \$30,000 annually for park maintenance. Development of the BMX facility shall result in the non-profit operating the BMX facility paying for shared costs associated with City park amenities.

**Project Location**

Monterey Road and Butterfield Blvd



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-301	1,500,000	-	-	-	-	-
Fund-375	2,450,000					
<b>Project Cost</b>	<b>\$3,950,000</b>	-	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Complete
<b>Project Design</b>	Complete
<b>Right of Way/ Acquisition/Permitting</b>	Complete
<b>Construction</b>	FY 2024-25
<b>Project Close-out</b>	FY 2025-26

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Sports Facility Development

**Project No.** PR1011

**Category**

Parks & Recreation

**Funding Source(s)**

F301-Park Impact Fund  
F360- Community/Rec Center Impact

**Council Priorities**

Supporting Our Youth, Seniors, and Entire  
Community  
Economic Development and Tourism  
Healthy Community

**Strategic Planning Documents**

Bikeways, Trails, Parks and Recreation Master Plan  
Economic Development Blueprint  
Condit Road Sports Facilities Master Plan



**Project Description**

The Outdoor Sports Center (OSC) is the most utilized field facility in Morgan Hill. Adjacent to the OSC is the Dennis Kennedy Morgan Hill Aquatics Center, the City's major swimming facility. Both facilities serve thousands of residents as well as attract significant regional tourism-related events. Bordering both sites is approximately 14 acres of undeveloped property purchased by the City for sports and recreation. The City Council has an approved Master Plan for the undeveloped acres as well as improvements to the existing facilities. The funding in this project is intended to promote the development of the overall site/area in support of providing increased sports facilities for the Community.

This project would provide for expansion of components of the facility to increase capacity. The City is coordinating with the operator of the Outdoor Sports Center and plans to leverage and maximize resources between the two organizations. Although a draft master plan for the site is complete, the next steps towards development would be environmental review of the sites. Since the undeveloped areas are within the County, the next steps in planning also include coordinating with the County of Santa Clara's Planning Department.

**Project Justification**

The project was identified as a top priority in the recently adopted Bikeways, Trails, Parks and Recreation Master Plan and consistent with the City's goal of supporting economic development and tourism. The project will also support increased use by local sports leagues, swimmers, and the general Community, while supporting economic development and tourism by increasing the ability to host regional sporting events.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Sports Facility Development

**Project No.** PR1011

**Financial Comments**

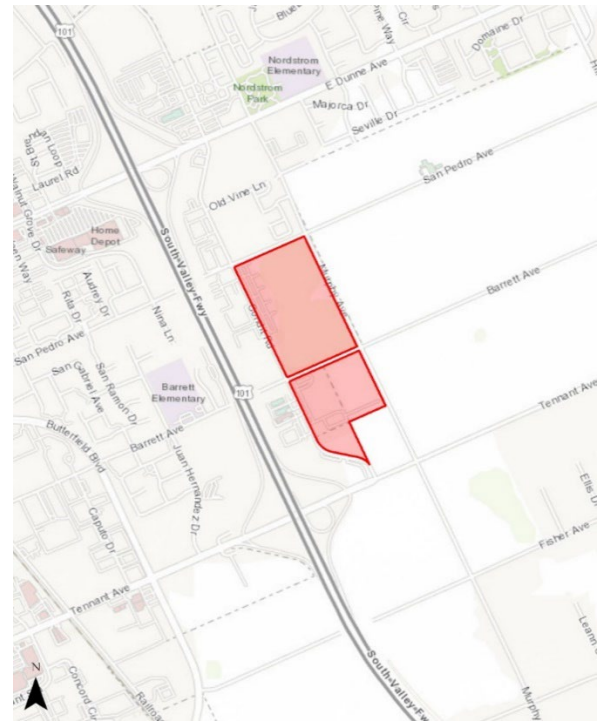
Funding for this project is included in the CIP budget within the Community/Recreation Center Impact Fund (360) and Park Impact Fund (301). The City is actively engaging with the Outdoor Sports Center operator and other potential partners on funding improvements to the facility.

**Operating Cost Impacts**

Improvements will be designed to improve cost recovery and will result in a positive net impact in relation to facility costs.

**Project Location**

**Condit Road Sports Facilities**



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund 301	250,000	450,000	2,000,000	-	-	-
Fund 360	-	-	-	5,000,000	-	-
Project Cost	\$250,000	\$450,000	\$2,000,000	\$5,000,000	-	-

**Estimated Project Schedule**

**Timeline for Completion**

Planning	FY 2024-25 to FY 2025-26
Project Design	FY 2025-26 to FY 2026-27
Right of Way/ Acquisition/Permitting	Not applicable
Construction	FY 2026-27 to FY 2027-28
Project Close-out	FY 2028-29 for the initial phase



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Non-Profit Center

**Project No.** PR1014

**Category**

Parks & Recreation

**Funding Source(s)**

F360 - Community Center Impact Fund

**Council Priorities**

Supporting Our Youth, Seniors, and Entire  
Community

**Strategic Planning Documents**

Bikeways, Trails, Parks and Recreation Master Plan



**Project Description**

The Lumberyard Development Project has been approved by the City Council. It includes the realignment of Depot Street through the Morgan Hill Community and Cultural Center (CCC) Parking Lot and the development of the adjacent private property into housing with a single mixed-use commercial building. Per the agreement with the developer, the City shall purchase the retail space for future use as a non-profit center or for other recreational purposes. The new facility will be 3,200 square feet of ground floor space fronting the CCC parking lot.

The City has committed to fund the project utilizing the Recreation Center Impact Fund and is accounting for this purchase in the Capital Improvement Program. It is anticipated that the purchase will occur in either Fiscal Year 2023-24 or 2024-25. The City plans to partner with future non-profits to support the build-out of the interior of the building and has allocated funds for this in FY 2024-25. While the tenants who will be utilizing the building are not finalized, there is an existing need with the Santa Clara Valley Habitat Agency that is currently utilizing space in a modular building at the Civic Center that is past its usable life.

**Project Justification**

The project has been planned since the transition of the previous non-profit center from its prior location at the Friendly Inn, which transferred the usage of that space to the Boys and Girls Club of Silicon Valley.

Project No. PR1014

*CITY OF MORGAN HILL CAPITAL IMPROVEMENT  
PROGRAM*

*FY 2024-25 – FY 2029-30*

*PUBLIC  
FACILITIES*



*CITY OF MORGAN HILL*

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**315- Public Safety Facilities Impact**

**Fund Description**

The Public Safety Facilities Impact Fund revenues are derived from a fee charged to developers to cover the costs to construct public improvements required for Police and Fire Protection facilities as a result of new development. Expenditures may only be made for the future construction of the required new or expanded Public Safety facilities and the purchase of equipment/apparatus. The Fund may also reimburse the City for funds advanced to construct such facilities. The Fund is subject to the restrictions of AB1600. Beginning in 2020, the collection of separate Fire Police Impact Fees was halted, and the City began collection of a more General Public Safety impact fee for both Police and Fire.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 129,682	\$ -	\$ -	\$ -	\$ -	\$ -
PF2002 - Police Facility Expansion	1,750,000	-	-	-	-	-
PF2003 - New Fire Stations	950,000	-	-	-	-	-
<b>Totals</b>	<b>\$ 2,829,682</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**How this Fund Generates Money for Capital Investment**

New development creates the need for the City to expand its inventory of public facilities and build new, or expand current, infrastructure to handle the demands for new services. The City imposes public facilities fees under authority granted by the Mitigation Fee Act (the Act), contained in California Government Code Sections 66000 et seq. A City Council adopted "Impact Fee Report" provides the necessary findings required by the Act for adoption of the fees presented in the impact fee schedules.

**Limitations and Other Important Factors**

All development impact fee-funded capital projects are programmed through the City's 6-Year CIP, by which the City identifies and directs its fee revenue to new public facilities/infrastructure projects that will accommodate future growth. By programming fee revenues to specific capital projects, the City ensures a reasonable relationship between new development and the use of fee revenues as required by the Mitigation Fee Act.

**Goals for Capital Investment**

The goal for the use of this fund during this period is to fund the building of a new Fire Station in the City.

Revenues- Other includes interest income and interfund loans from Fund 302 (Park Maintenance), Fund 303 (Local Drainage Impact) and Fund 348 (Library Impact). Expenditure- Other includes annual transfers-out to the General Fund for administration and infrastructure planning, debt service, and transfers-out for interfund loan repayments.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund 315- Public Safety Facilities Impact	Projected						
Beginning Fund Balance	\$ 3,050,728	\$ 341,321	\$ 1,834,042	\$ 2,788,004	\$ 3,112,496	\$ 2,809,418	\$ 2,182,016
Revenues - Impact Fees	423,468	1,697,212	1,916,810	1,551,770	676,621	366,929	253,649
Revenues - Other	7,874,000	3,006,002	300,327	33,768	33,086	18,357	1,031
Expenditures - CIP Projects	10,460,841	2,829,682	-	-	-	-	-
Expenditures - Other	546,034	380,812	1,263,175	1,261,046	1,012,785	1,012,688	762,999
<b>Ending Fund Balance</b>	<b>\$ 341,321</b>	<b>\$ 1,834,042</b>	<b>\$ 2,788,004</b>	<b>\$ 3,112,496</b>	<b>\$ 2,809,418</b>	<b>\$ 2,182,016</b>	<b>\$ 1,673,698</b>

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**347 – Public Facilities Impact**

**Fund Description**

The Public Facilities Impact Fund is intended to support the construction or expansion of City Facilities that are not covered under the Recreation Center Impact Fee or the Public Safety Facility Impact Fee. Public Facilities Fund revenues are derived from fees charged to developers to cover the costs to construct public improvements required as a result of new development. Expenditures may only be made for the future construction of the required new or expanded facilities or to reimburse the City for funds advanced to construct such facilities. The Fund is subject to the restrictions of AB1600.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 64,841	\$ 36,897	\$ -	\$ -	\$ -	\$ -
PF2004 - Corporation Yard Expansion	-	250,000	-	-	-	-
PF2008 - Civic Center Expansion	1,350,000	500,000	-	-	-	-
<b>Totals</b>	<b>\$ 1,414,841</b>	<b>\$ 786,897</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**How this Fund Generates Money for Capital Investment**

Revenues result from the City's development impact fee program, through which new development pays the capital costs associated with growth. New development creates the need for the City to expand its inventory of public facilities and build new, or expand current, infrastructure to handle the demands of new services. The City imposes public facilities fees under authority granted by the Mitigation Fee Act (the Act), contained in California Government Code Sections 66000 et seq. A City Council-adopted "Impact Fee Report" provides the necessary findings required by the Act for adoption of the fees presented in impact fee schedules.

**Limitations and Other Important Factors**

All development impact fee-funded capital projects are programmed through the City's 6-Year CIP, by which the City identifies and directs its fee revenue to new public facilities/infrastructure projects that will accommodate future growth. By programming fee revenues to specific capital projects, the City ensures a reasonable relationship between new development and the use of fee revenues as required by the Mitigation Fee Act.

**Goals for Capital Investment**

Due to the limited anticipated funds to be collected, there are no projects anticipated in the six-year period, other than the two expansion plan projects noted above, and the goal is to accumulate funding towards future public facility projects such as expansion of City Hall or the Corporation Yard.

Revenues- Other includes interest income. Expenditure- Other includes annual transfers-out to the General Fund for administration and infrastructure planning.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund 347- Public Facilities Impact	<b>Projected</b>						
Beginning Fund Balance	\$ 1,099,809	\$ 1,014,688	\$ 21,578	\$ 199,584	\$ 656,827	\$ 864,097	\$ 977,592
Revenues - Impact Fees	125,157	432,375	567,616	472,606	213,377	115,714	79,990
Revenues - Other	44,000	18,848	426,867	14,357	23,753	27,792	29,825
Expenditures - CIP Projects	150,000	1,414,841	786,897	-	-	-	-
Expenditures - Other	104,278	29,492	29,580	29,720	29,860	30,010	30,161
<b>Ending Fund Balance</b>	<b>\$ 1,014,688</b>	<b>\$ 21,578</b>	<b>\$ 199,584</b>	<b>\$ 656,827</b>	<b>\$ 864,097</b>	<b>\$ 977,592</b>	<b>\$ 1,057,246</b>



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**348 - Library Impact – Public Facilities**

**Fund Description**

Library Impact Fund revenues are derived from a fee charged to developers to cover the costs to construct library improvements required as a result of new development. Expenditures may only be made for the future construction of the required new or expanded library facilities or to reimburse the City for funds advanced to construct such facilities. The Fund is subject to the restrictions of AB1600.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ -	\$ -	\$ 10,606	\$ -	\$ -	\$ 90,582
PF2009 - Library Expansion	-	-	80,000	-	-	500,000
<b>Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 90,606</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 590,582</b>

**How this Fund Generates Money for Capital Investment**

New development creates the need for the City to expand its inventory of public facilities and build new, or expand current, infrastructure to handle the demands for new services. The City imposes public facilities fees under authority granted by the Mitigation Fee Act (the Act), contained in California Government Code Sections 66000 et seq. A City Council adopted "Impact Fee Report" provides the necessary findings required by the Act for adoption of the fees presented in the impact fee schedules.

**Limitations and Other Important Factors**

All development impact fee-funded capital projects are programmed through the City's 6-Year CIP, by which the City identifies and directs its fee revenue to new public facilities/infrastructure projects that will accommodate future growth. By programming fee revenues to specific capital projects, the City ensures a reasonable relationship between new development and the use of fee revenues as required by the Mitigation Fee Act.

**Goals for Capital Investment**

Due to the very significant costs associated with a future Library expansion, there is no planned construction funded within the six-year period. However, planning and potential design work can occur while funds accumulate towards the future expansion.

Revenues- Other includes interest income. Expenditure- Other includes annual transfers-out to the General Fund for administration, civic center debt-service, and an interfund loan transfer to Fund 315 (Public Safety Facilities Impact).

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund 348- LibraryImpact	Projected						
Beginning Fund Balance	\$ 1,408,238	\$ 1,695,767	\$ 396,438	\$ 2,361,692	\$ 3,960,048	\$ 4,712,342	\$ 5,096,741
Revenues - Impact Fees	449,878	1,386,902	2,111,232	1,787,665	823,202	446,420	308,599
Revenues - Other	60,000	27,384	69,508	120,116	151,303	163,629	159,205
Expenditures - CIP Projects	-	-	-	90,606	-	-	590,582
Expenditures - Other	222,349	2,713,615	215,486	218,820	222,210	225,650	229,140
<b>Ending Fund Balance</b>	<b>\$ 1,695,767</b>	<b>\$ 396,438</b>	<b>\$ 2,361,692</b>	<b>\$ 3,960,048</b>	<b>\$ 4,712,342</b>	<b>\$ 5,096,741</b>	<b>\$ 4,744,822</b>

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

Project Name: Infrastructure Planning Documents

Project No. PF2001

**Category**

Public Facilities

**Funding Source(s)**

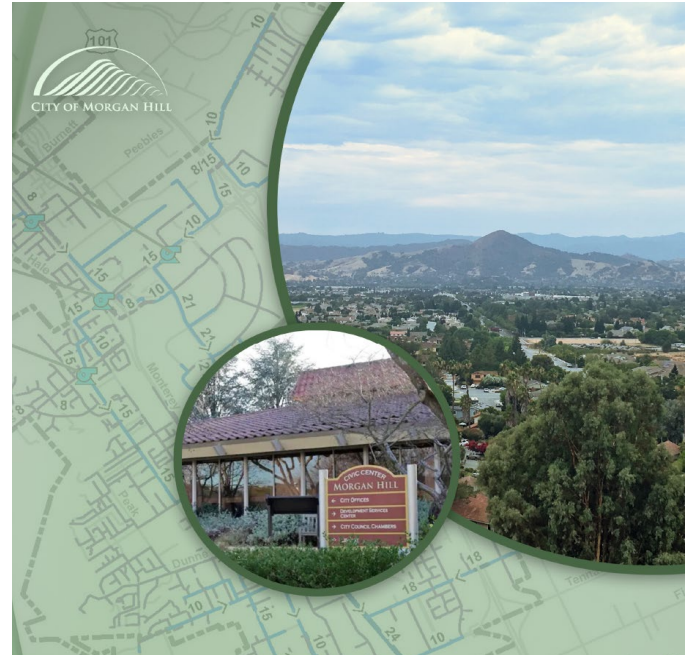
F301 Park Impact  
F303 Local Drainage Impact  
F306 Agriculture Preservation and Open Space  
F360 Community/Recreation Center Impact  
F375 Quimby Fee  
F641 Sewer Impact/ F643 Sewer Capital Project  
F651 Water Impact/ F653 Water Capital Project

**Council Priorities**

Fiscal Sustainability  
Economic Development and Tourism  
Transportation  
Healthy Community  
Enhancing Public Safety and Quality of Life  
Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Maintaining and Enhancing Infrastructure  
Supporting Youth, Seniors, and Entire Community

**Strategic Planning Documents**

Morgan Hill General Plan



**Project Description**

The purpose of this project is to produce planning documents for City infrastructure. The current schedule for the development of these documents is:

FY 2024-25 - In Progress – Transportation Master Plan  
FY 2024-25 - In Progress – Sewer System Master Plan  
FY 2025-26 - Parks, Recreation and Trails Master Plan  
FY 2025-26 - Water System Master Plan  
FY 2026-27 - Storm System Master Plan  
FY 2028-29 - Sewer System Master Plan

**Project Justification**

The development and updates of infrastructure planning documents is needed to verify the future infrastructure needs of the City in alignment with the City's General Plan.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

Project Name: Infrastructure Planning Documents

Project No. PF2001

**Financial Comments**

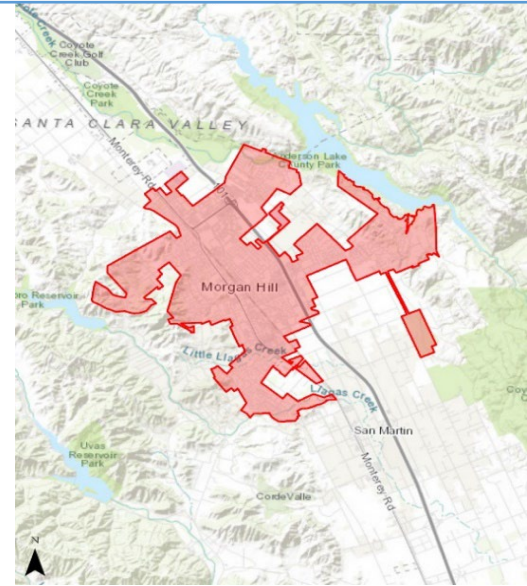
Infrastructure planning documents serve as a basis for impact fee studies associated with the specific areas of infrastructure focus, and can guide operating costs, such as for the Water and Wastewater Utilities. The plans also serve as a foundation for many grant applications.

**Operating Cost Impacts**

Infrastructure plans will outline operating cost implications of specific infrastructure recommendations.

**Project Location**

Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-301	-	100,000	-	-	-	-
Fund-303	-	-	75,000	-	-	-
Fund-360	-	100,000	-	-	-	-
Fund-375	-	100,000	-	-	-	-
Fund-641	-	-	-	-	125,000	-
Fund-643	-	-	-	-	125,000	-
Fund-651	-	75,000	-	-	-	-
Fund-653	-	75,000	-	-	-	-
<b>Project Cost</b>	-	<b>\$450,000</b>	<b>\$75,000</b>	-	<b>\$250,000</b>	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Planning documents produced on schedule noted in narrative
<b>Project Design</b>	Not applicable
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	Not applicable
<b>Project Close-out</b>	Not applicable

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Police Facility Expansion

**Project No.** PF2002

**Category**

Public Facilities

**Funding Source(s)**

F315 - Public Safety Facilities Impact

**Council Priorities**

Fiscal Sustainability

Protecting the Environment and Preserving Open  
Space and Agricultural Land

Maintaining and Enhancing Infrastructure

**Strategic Planning Documents**

Climate Action Plan



**Project Description**

In 2004, the City acquired an industrial building and upgraded the building to serve as an "essential public safety" building and Police headquarters. The facility was sized to accommodate future growth, and initially approximately 6,000 square feet was not used by the Police Department and was subsequently leased to a private entity. In 2019, the Information Services Division began utilizing about 1,400 square feet of the space, with the remainder still being leased out. Recently the tenant has vacated the space, and the Police Department is working on an expansion into this area. It is anticipated that this work will be completed in 2024. The improvements include use of the additional office space, reconfiguration of existing office space, upgrade and expansion of security card system, and relocation and improvements to the exterior fencing.

Additionally, the City has identified an opportunity to add significant solar energy generation systems at multiple City facilities to support cost containment on power rates, support environmental protection, and support the expanding power needs of the City facilities. New solar generation facilities have been identified at the Civic Center, Police Department, Community and Cultural Center, Aquatics Center, Corporation Yard and at two City well sites. The initial design of these projects is currently underway. The installation and procurement of solar systems at the police department is the next component in this project.

**Project Justification**

Implementing solar systems at City facilities will support resilience of the energy grid and provide for cost savings on energy costs.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

Project Name: Police Facility Expansion

Project No. PF2002

**Financial Comments**

Grant funding and federal incentives will be used to offset up to 30% of the installation costs. Funding will be appropriated in the Public Safety Facilities Impact Fund (315).

**Operating Cost Impacts**

The solar system expansion at all facilities could result in up to \$600,000 in annual savings to the General Fund (010).

**Project Location**

Vineyard Blvd



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-315	1,750,000	-	-	-	-	-
<b>Project Cost</b>	<b>\$1,750,000</b>	-	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Complete
<b>Project Design</b>	In progress, to be completed in FY 2024-25
<b>Right of Way/ Acquisition/Permitting</b>	FY 2024-25
<b>Construction</b>	FY 2024-25 and FY 2025-26
<b>Project Close-out</b>	FY2026-27



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** New Fire Stations

**Project No.** PF2003

**Category**

Public Facilities

**Funding Source(s)**

F315 - Public Safety Facilities Impact

**Council Priorities**

Healthy Community  
Enhancing Public Safety and Quality of Life

**Strategic Planning Documents**

Public Safety Master Plan  
Fire Standards of Coverage



**Project Description**

A third Fire Station is currently under construction per the City's Public Safety Master Plan and Fire Standards of Coverage on Butterfield Boulevard between Diana Avenue and Main Avenue. In addition to constructing the facility, a new fire apparatus is being purchased. The facility is currently being constructed as an all-electric facility with a solar and microgrid system, which will make the station highly sustainable and reduce operating costs. Additionally, the City has received \$500,000 in grant funding from Silicon Valley Clean Energy for the site to serve as a demonstration site.

**Project Justification**

The expansion is required to provide responsive Emergency Medical Service (EMS) and fire response as the Community grows.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** New Fire Stations

**Project No.** PF2003

**Financial Comments**

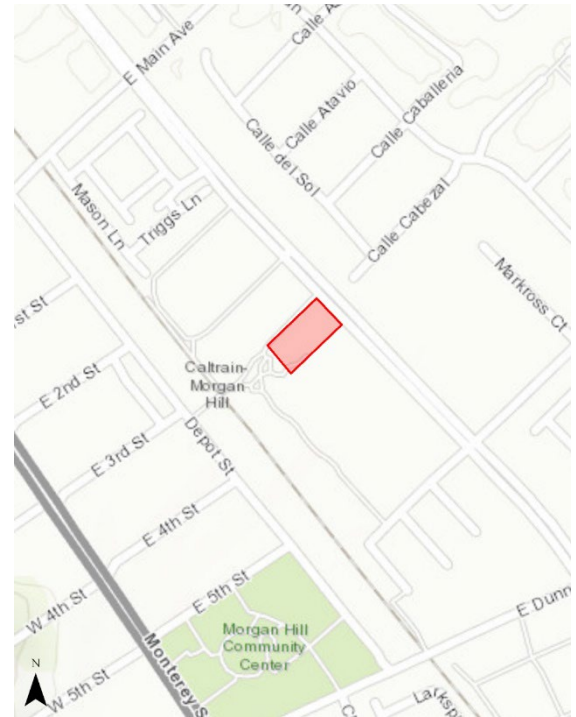
The Fire Station is being funded through Public Safety Facility Impact Fees that have been collected and will continue to be collected over the next decade. To support the construction, interfund loans from multiple other funds are being utilized to support the immediate construction of the facility. Prior to FY2024-25, \$11.25M had been appropriated for the Fire Station and associated vehicles/equipment.

**Operating Cost Impacts**

Operating costs for the Third Fire Station are significant and outlined in the Fire Department's operating budget for FY 2024-25 and FY 2025-26.

**Project Location**

17285 Butterfield Blvd.



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-315	950,000	-	-	-	-	-
<b>Project Cost</b>	<b>\$950,000</b>	-	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Completed
<b>Project Design</b>	Completed 2023
<b>Right of Way/ Acquisition/Permitting</b>	Completed 2023
<b>Construction</b>	Fall 2023 – Fall 2024
<b>Project Close-out</b>	Fall 2024

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Corporation Yard Expansion

**Project No.** PF2004

**Category**

Public Facilities

**Funding Source(s)**

F347-Public Facilities Impact

**Council Priorities**

Fiscal Sustainability  
Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Maintaining and Enhancing Infrastructure

**Strategic Planning Documents**

Corporation Yard Maintenance and Operations  
Space Needs Analysis



**Project Description**

The intent of this project is to plan and ultimately improve the City's Corporation Yard facility, increasing usable space for the long-term needs of the City. This project is tied to a patronship with the Morgan Hill Unified School District (MHUSD), who currently utilizes a portion of the site for the District's transportation yard. The City recently partnered with the District on a Maintenance and Operations Space Needs Analysis for the City and in FY 2022-23 the City developed a detailed phased improvement plan for the City portion of the site. A phased improvement plan has been completed and the City is currently working with the MHUSD on next steps on partnership.

Funding for FY 2025-26 is intended to address the needs for the initial work towards electric vehicle charging infrastructure and to fund a portion of the solar improvements scheduled for the Corporation Yard. The design of the electrical vehicle charging infrastructure and solar additions are currently being designed.

**Project Justification**

Additional space is needed for future growth of the Maintenance and Utilities Divisions, which increases in size as the City grows. Additionally, the City's Climate Action Plan and State law is increasing the need for additional electric vehicle charging infrastructure.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Corporation Yard Expansion

**Project No.** PF2004

**Financial Comments**

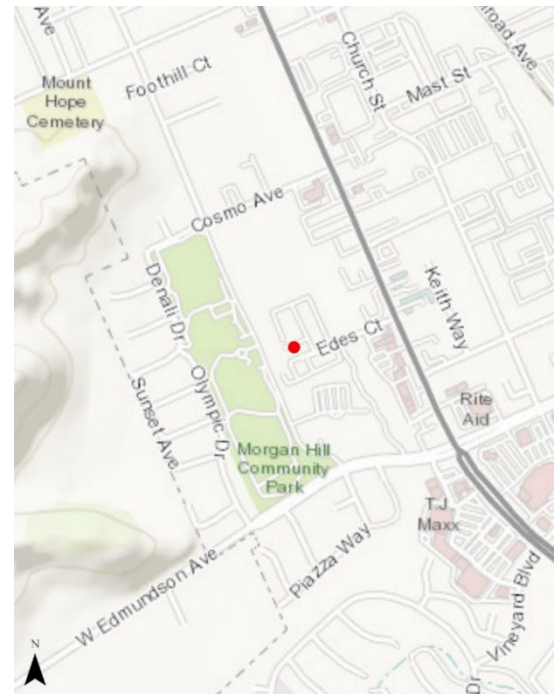
Funding for this work is collected from developer impact fees and will be used towards new expansions of the Corporation Yard facilities.

**Operating Cost Impacts**

The operating costs associated with improvements to the corporation yard are not yet known. Increased facility maintenance may be offset by the efficiency of the improved facilities. The addition of solar will support decreased utility costs.

**Project Location**

Corporation Yard



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-347	-	250,000	-	-	-	-
<b>Project Cost</b>	-	<b>\$250,000</b>	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Ongoing
<b>Project Design</b>	In Progress, completed in FY 2024-25
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	FY 2025-26
<b>Project Close-out</b>	FY 2025-26



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

Project Name: Civic Center Expansion

Project No. PF2008

**Category**

Public Facilities

**Funding Source(s)**

F347-Public Facilities Impact

**Council Priorities**

Fiscal Sustainability  
Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Maintaining and Enhancing Infrastructure

**Strategic Planning Documents**

Climate Action Plan



**Project Description**

The City has identified an opportunity to add significant solar energy generation systems at multiple City facilities to support the cost containment on power rates, support environmental protection, and support the expanding power needs of the City facilities. New solar generation facilities have been identified at the Civic Center, Police Department, Community and Cultural Center, Aquatics Center, Corporation Yard and at two City well sites. The initial design of these projects is currently underway.

In addition to the solar work, planning is also underway for electric vehicle charging, a secure area for City Hall vehicles at the Civic Center site, and office space expansion for future City employees within the existing office buildings.

**Project Justification**

Implementing solar systems at City facilities will support resilience of the energy grid and provide for cost savings on energy costs.



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

Project Name: Civic Center Expansion

Project No. PF2008

**Financial Comments**

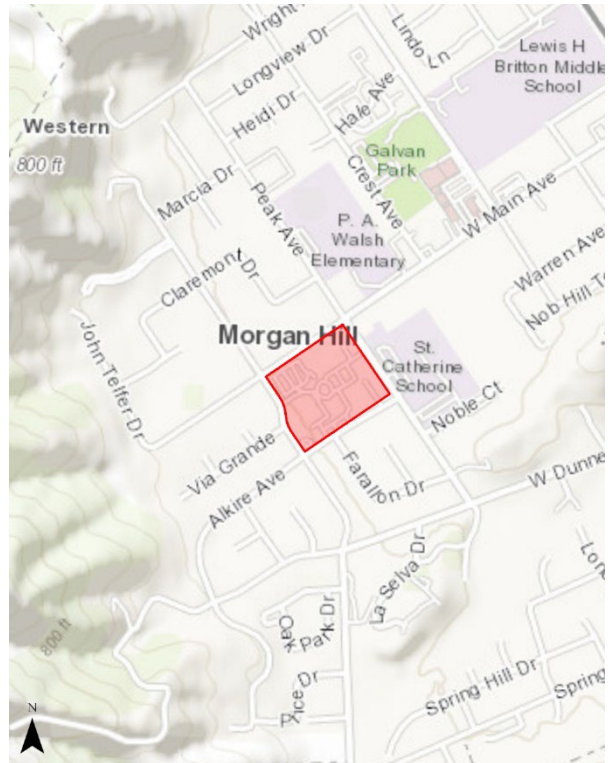
Grant funding and federal incentives will be used to offset up to 30% of the installation costs. Funding will be appropriated in the Public Facilities Impact Fund (347).

**Operating Cost Impacts**

The solar system expansion at all facilities could result in up to \$600,000 in annual savings to the General Fund (010).

**Project Location**

Various. Including Civic Center



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-347	1,350,000	500,000	-	-	-	-
Fund-						
<b>Project Cost</b>	<b>\$1,350,000</b>	<b>\$500,000</b>	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Complete
<b>Project Design</b>	In Progress to be completed in FY 2024-25
<b>Right of Way/ Acquisition/Permitting</b>	FY 2024-25
<b>Construction</b>	FY 2024-25 and FY 2025-26
<b>Project Close-out</b>	FY 2026-27

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Library Expansion

**Project No.** PF2009

**Category**

Public Facilities

**Funding Source(s)**

F348-Library Impact

**Council Priorities**

Healthy Community  
Supporting Youth, Seniors, and Entire Community

**Strategic Planning Documents**

Morgan Hill General Plan



**Project Description**

This project is intended to assist in the planning, design, and construction of expanded library facilities to meet the increased needs of the growing number of households within the City. The Santa Clara County Library District operates the Morgan Hill Steve Tate Library facility through a lease agreement with the City. The City works with the District to plan future expansions of Library facilities.

**Project Justification**

Expanded Library facilities are needed to support increasing Community need.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

Project Name: Library Expansion

Project No. PF2009

**Financial Comments**

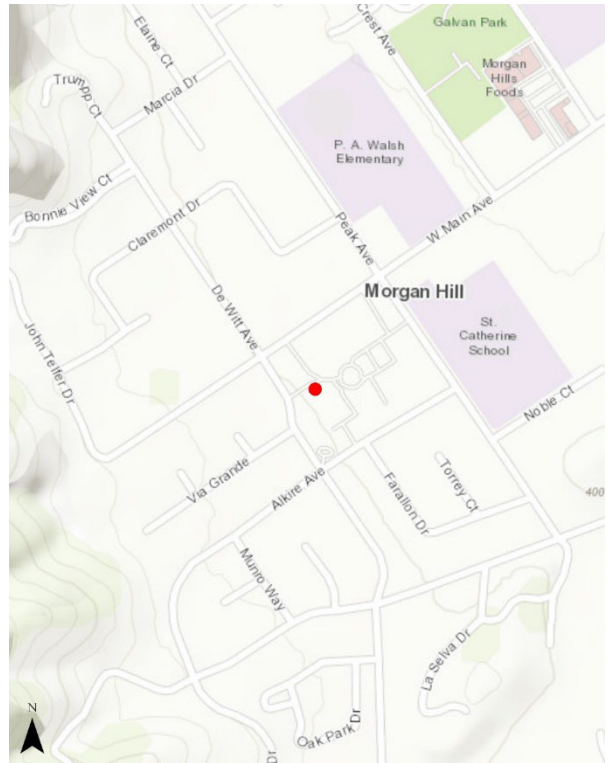
Funds for future expansions of Library facilities are collected from development impact fees within the Library Impact Fund (348).

**Operating Cost Impacts**

Operating costs for expanded library facilities would be borne by the Santa Clara County Library District and typically would not significantly impact the City.

**Project Location**

West Main Avenue



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-348	-	-	80,000	-	-	500,000
<b>Project Cost</b>	-	-	<b>\$80,000</b>	-	-	<b>\$500,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	FY 2028-29
<b>Project Design</b>	FY 2029-30
<b>Right of Way/ Acquisition/Permitting</b>	To be determined
<b>Construction</b>	To be determined
<b>Project Close-out</b>	To be determined

*CITY OF MORGAN HILL CAPITAL IMPROVEMENT  
PROGRAM  
FY 2024-25 – FY 2029-30*

# *STORM DRAINAGE*



*CITY OF MORGAN HILL*

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**303 - Local Drainage Impact- Storm Drainage**

**Fund Description**

Local Drainage Impact Fund revenues are received from developers of properties and the funds may only be used for the design and construction of new or expanded storm drainage facilities. These facilities may include drainage pipes, basins, channels, pumps, and other facilities related to the City's storm drain system. The Fund is subject to the restrictions of AB1600. The primary planning tool for the Fund is the City's Storm System Master Plan.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006- Project Administration	\$ 163,495	\$ 98,393	\$ 198,862	\$ 167,527	\$ -	\$ 271,747
PF2001 - Infrastructure Planning Documents	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -
SD4003 - Llagas Flood Control	150,000	1,500,000	1,500,000	-	-	-
SD4005 - Storm Drain System Upsizing	-	500,000	-	-	-	1,500,000
SD4006- Fisher/Butterfield Storm System Expansions	3,254,000	-	-	1,500,000	-	-
<b>Totals</b>	<b>\$ 3,567,495</b>	<b>\$ 2,098,393</b>	<b>\$ 1,773,862</b>	<b>\$ 1,667,527</b>	<b>\$ -</b>	<b>\$ 1,771,747</b>

**How this Fund Generates Money for Capital Investment**

Revenues result from the City's development impact fee program, through which new development pays the capital costs associated with growth. New development creates the need for the City to expand its inventory of public facilities and build new, or expand current, infrastructure to handle the demands of new services. The City imposes public facilities fees under authority granted by the Mitigation Fee Act (the Act), contained in California Government Code Sections 66000 et seq. A City Council-adopted "Impact Fee Report" provides the necessary findings required by the Act for adoption of the fees presented in impact fee schedules.

**Limitations and Other Important Factors**

All development impact fee-funded capital projects are programmed through the City's 6-Year CIP, by which the City identifies and directs its fee revenue to new public facilities/infrastructure projects that will accommodate future growth. By programming fee revenues to specific capital projects, the City ensures a reasonable relationship between new development and the use of fee revenues as required by the Mitigation Fee Act. Most new development generates storm water runoff. This runoff must be controlled through storm drain facilities. Storm drain demand is measured by impervious (solid) surface. The more impervious surface a land use creates, the more demand for storm drain facilities it creates.

**Goals for Capital Investment**

The goal for this fund during this period is to install improvements needed to service anticipated future growth in Morgan Hill.

Revenues- Other includes interest income and interfund loan repayment from Fund 315 (Public Safety Facilities Impact).

Expenditure- Other includes annual transfers-out to the General Fund for administration and infrastructure planning, an interfund loan to Fund 315, and annual transfers to Fund 207 (Long Range Planning) for the general plan update.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Fund 303- Local Drainage Impact</b>	<b>Projected</b>						
Beginning Fund Balance	\$ 11,817,863	\$ 2,234,796	\$ 59,278	\$ 1,600,159	\$ 2,176,819	\$ 1,822,163	\$ 2,896,105
Revenues - Impact Fees	348,537	1,384,761	1,648,384	1,329,817	540,864	293,309	202,757
Revenues - Other	444,000	40,038	2,023,910	1,054,035	805,657	814,613	562,996
Expenditures - CIP Projects	3,593,238	3,567,495	2,098,393	1,773,862	1,667,527	-	1,771,747
Expenditures - Other	6,782,366	32,822	33,020	33,330	33,650	33,980	34,320
<b>Ending Fund Balance</b>	<b>\$ 2,234,796</b>	<b>\$ 59,278</b>	<b>\$ 1,600,159</b>	<b>\$ 2,176,819</b>	<b>\$ 1,822,163</b>	<b>\$ 2,896,105</b>	<b>\$ 1,855,791</b>



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**304 - Local Drainage/Non AB 1600- Storm Drainage**

**Fund Description**

The purpose of the Local Drainage Fund (non-AB1600) is to support repairs and enhancements to the City's storm drainage system. Previously, revenues were received from developers through the City's RDCS. With the elimination of RDCS due to State legislation, no new funds are anticipated to be received through that process. Limited funding from developers of properties through frontage fees will continue to be collected and the funds may be used for the design, construction, and maintenance of storm drains.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006- Project Administration	\$ 12,008	\$ 12,299	\$ 13,257	\$ 11,168	\$ 19,152	\$ 18,116
SD4002 - Storm System Repairs & Improvement	250,000	250,000	100,000	100,000	100,000	100,000
SD4007 - Citywide Small Trash Capture Project	240,000	-	-	-	-	-
	<b>\$ 502,008</b>	<b>\$ 262,299</b>	<b>\$ 113,257</b>	<b>\$ 111,168</b>	<b>\$ 119,152</b>	<b>\$ 118,116</b>

**How this Fund Generates Money for Capital Investment**

Fees are paid by developers of properties. Payments to this Fund are no longer available as part of the Residential Development Control System (RDCS) competition, due to its elimination via State legislation. Minimal revenue will continue to be received for storm drainpipe front footage fees from developers. Frontage fees are collected from development when the City has previously installed a storm drain system on the frontage of a property being developed. Funds will be programmed in the out years spending down the fund balance to accomplish projects.

**Limitations and Other Important Factors**

These funds are for the design, the construction, and maintenance of the City's storm drain system.

**Goals for Capital Investment**

The goals for the use of this fund are to improve existing storm drainage systems and to mitigate existing capacity deficiencies for property frontage.

Revenues- Other includes interest income and frontage fees. Expenditure- Other includes annual transfers-out to the General Fund for administration.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund 304- Local Drainage Non AB1600	Projected						
Beginning Fund Balance	\$ 1,343,736	\$ 1,023,768	\$ 769,889	\$ 532,717	\$ 438,997	\$ 344,095	\$ 237,845
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	61,000	251,296	28,357	22,868	19,696	16,432	13,048
Expenditures - CIP Projects	377,951	502,008	262,299	113,257	111,168	119,152	118,116
Expenditures - Other	3,017	3,168	3,230	3,330	3,430	3,530	3,640
<b>Ending Fund Balance</b>	<b>\$ 1,023,768</b>	<b>\$ 769,889</b>	<b>\$ 532,717</b>	<b>\$ 438,997</b>	<b>\$ 344,095</b>	<b>\$ 237,845</b>	<b>\$ 129,137</b>

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Storm System Repairs and Improvements

**Project No.** SD4002

**Category**

Storm Drainage

**Funding Source(s)**

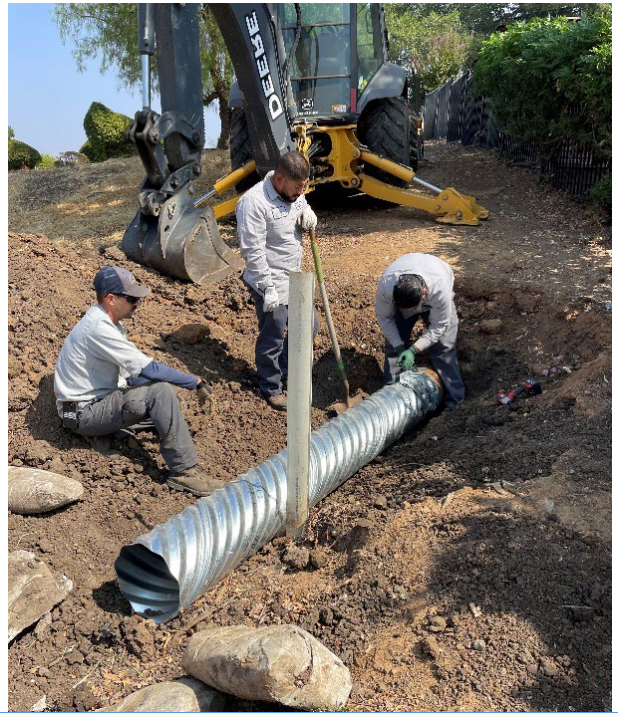
F304-Local Drainage (NonAB1600) Fund

**Council Priorities**

Enhancing Public Safety  
Protecting the Environment

**Strategic Planning Documents**

Storm Drain Master Plan



**Project Description**

Construction of storm drains, storm inlets, and other miscellaneous improvements at various locations in the City to address localized drainage problems and repair storm drain facilities. Many localized drainage problems lying in the Upper Llagas Creek watershed (and, thus, in the 100-year FEMA flood plain) are unable to be resolved with additional drainage facilities due to the limited capacity in the Upper Llagas Creek channel.

Known repair projects include repairs at the 5<sup>th</sup> Street Culvert and West Little Llagas Creek. Repairs to the Monterey Rd/ West Little Llagas Creek are also planned, but the City is waiting on State grant funding to initiate this work.

**Project Justification**

Local flooding can cause damage to public and private property and may present safety issues.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: Storm System Repairs and Improvements**

**Project No. SD4002**

**Financial Comments**

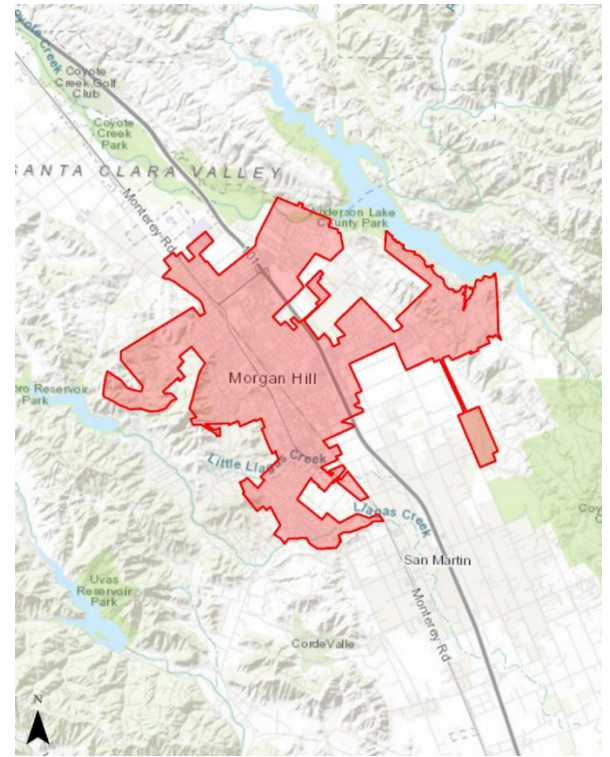
The funding source for these localized drainage projects has been the drainage fees in Local Drainage (Non-AB 1600) Fund (304), which was collected from residential developer fees as part of the Residential Development Control System (RDCS) competition. Due to its elimination via State legislation, no new revenue will be received. Funds are programmed in the next six years, spending down the fund balance to accomplish projects.

**Operating Cost Impacts**

As local drainage problems are repaired or improved, maintenance costs are reduced during rain events.

**Project Location**

Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-304	250,000	250,000	100,000	100,000	100,000	100,000
Project Cost	\$250,000	\$250,000	\$100,000	\$100,000	\$100,000	\$100,000

**Estimated Project Schedule**

**Timeline for Completion**

Planning	Ongoing
Project Design	Annually as needed
Right of Way/ Acquisition/Permitting	Not applicable
Construction	Annually for identified projects
Project Close-out	Annually following construction



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Llagas Flood Control

**Project No.** SD4003

**Category**

Storm Drainage

**Funding Source(s)**

F303 - Drainage Impact Fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

Storm Drain Master Plan



**Project Description**

This project addresses storm water conveyance infrastructure that drains into the Upper Llagas Creek Flood Protection Project (ULCFPP) and the West Little Llagas Creek watershed. The ULCFPP is a \$120M Valley Water project to build channels, underground conduits, tunnels, and bridges to capture the flood waters from a 100-year storm event in Morgan Hill and eliminates the recurring flooding in the Downtown and other parts of the City lying in the West Little Llagas Creek watershed. Construction of the southerly Morgan Hill section (Reaches 7 and 7A) was recently completed. The northerly segment (Reach 8), including the Downtown, has been segmented into two phases, the first of which is currently under construction, which is expected to be completed by June 2024. The final phase of the project is anticipated to be bid and funded in the Summer of 2024. Design is complete on the project. City staff and consultants are coordinating with Valley Water to construct and integrate City-owned infrastructure in a manner that provides flood protection and appropriate City infrastructure when the ULCFPP is completed. This includes support to City roadways, that require adjacent improvements. Valley Water will construct improvements for the City through a cost share agreement.

**Project Justification**

The ULCFPP is critical to alleviating the persistent flooding in Morgan Hill. In addition, the project will allow for a re-mapping of the FEMA flood plain in the City with the likely result that many properties will be removed from the 100-year floodplain and the mandatory flood insurance that goes with lying in the floodplain. The ULCFPP continues to be on the list of Council goals and priorities.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: Llagas Flood Control**

**Project No. SD4003**

**Financial Comments**

Funding for the project is allocated from the Local Drainage Impact Fund (303).

While Valley Water is constructing the project, the City has set aside funding to ensure that the project is constructed to offset impacts and to meet City and State requirements. This includes the construction of trash capture components and adjacent roadway improvements to ensure the project is fully completed within the watershed, meeting all requirements for the City.

**Operating Cost Impacts**

The majority of costs to operate and maintain the Upper Llagas Creek Flood Protection Project will be borne by the Santa Clara Valley Water District. It is not anticipated that City operational costs will be significantly impacted by the City constructed improvements associated with the project.

**Project Location**

West Little Llagas Creek



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-303	150,000	1,500,000	1,500,000	-	-	-
<b>Project Cost</b>	<b>\$150,000</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Complete
<b>Project Design</b>	Complete in FY 2023-24
<b>Right of Way/ Acquisition/Permitting</b>	Complete
<b>Construction</b>	FY 2024-25 through FY2026-27
<b>Project Close-out</b>	FY 2027-28



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Storm Drain System Upsizing

**Project No.** SD4005

**Category**

Storm Drainage

**Funding Source(s)**

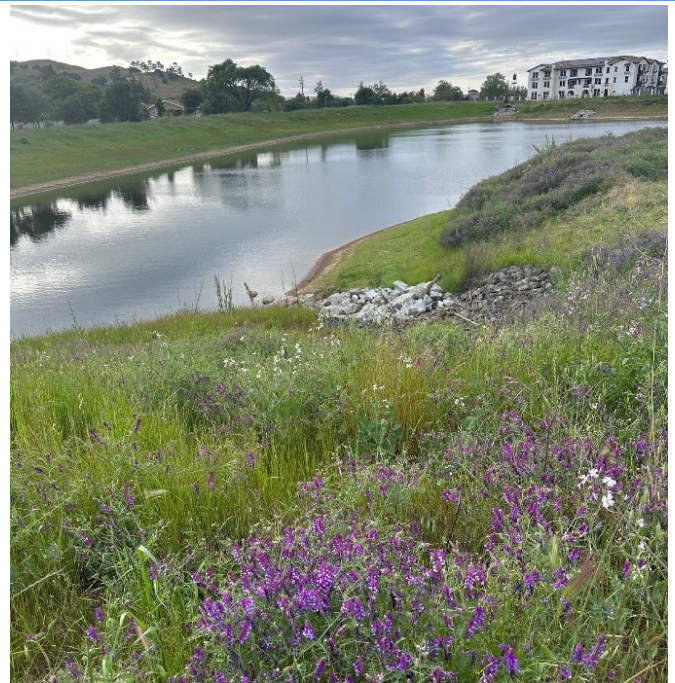
F303 - Drainage Impact Fund

**Council Priorities**

Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

Storm System Master Plan



**Project Description**

This project is intended to specifically address the upsizing of the storm water basins, pipes, and pumps to mitigate increased storm water flows to Fisher Creek in the northern part of the City. These enhancements are intended to offset increasing flows and eliminate increases in flooding. The City is currently evaluating several options for this project in the planning phase.

**Project Justification**

Flood prevention is a high priority to ensure safety and quality of life for Morgan Hill residents.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Storm Drain System Upsizing

**Project No.** SD4005

**Financial Comments**

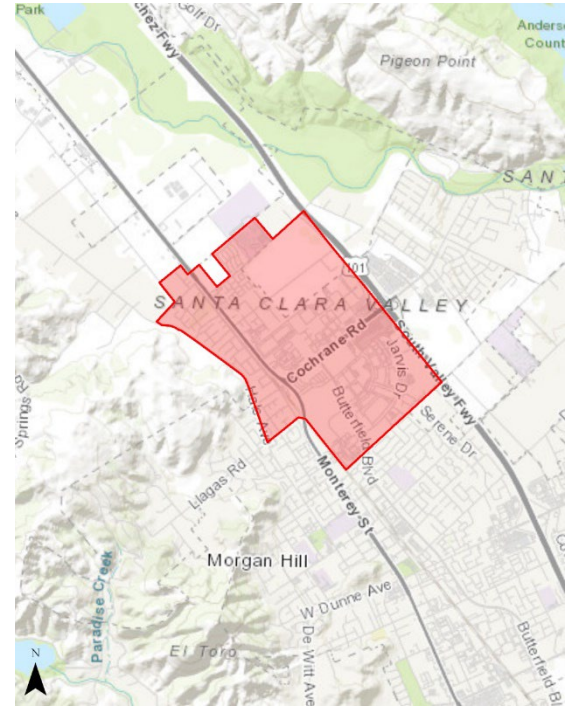
Funding for the project is allocated from the Local Drainage Impact Fund (303).

**Operating Cost Impacts**

Future projects may increase operating costs for maintenance functions associated with the improvements but are required to ensure public safety. These costs will be reviewed as planning continues.

**Project Location**

Northern Morgan Hill



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-303	-	500,000	-	-	-	1,500,000
Project Cost	-	\$500,000	-	-	-	\$1,500,000

**Estimated Project Schedule**

**Timeline for Completion**

Planning	FY 2024-25
Project Design	FY 2025-26 to FY 2026-27
Right of Way/ Acquisition/Permitting	FY 2025-26
Construction	FY 2028-29 to FY 2029-30
Project Close-out	FY 2029-30

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Fisher/Butterfield Storm System Expansion

**Project No.** SD4006

**Category**

Storm Drainage

**Funding Source(s)**

State Grant Funds  
F303 - Drainage Impact Fund

**Council Priorities**

Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

Storm System Master Plan  
State Mandated Requirements



**Project Description**

The City currently owns and operates the Butterfield Basin, which is an off-stream basin intended to support flood control activities associated with the Butterfield Channel. This project will make improvements to the basin that will serve three purposes: 1) groundwater recharge, 2) state mandated trash capture compliance, and 3) improved flood protection. The project will convert the basin to an on-stream basin and adjust the outflow to retain stormwater onsite for the groundwater recharge and trash capture purposes. This project will be completed by FY 2026-27.

After completion of the Butterfield Basin, improvements to allow additional storm water to flow from the Fisher Basin to the Butterfield Channel will be made in FY 2027-28.

**Project Justification**

The project will improve groundwater recharge promoting sustainable water supply, assist the City in meeting state mandated trash capture requirements, and improve flood protection for the Butterfield Channel. The City has also received \$2 million in State grant funding for the groundwater recharge purpose of the project.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Fisher/Butterfield Storm System Expansion

**Project No.** SD4006

**Financial Comments**

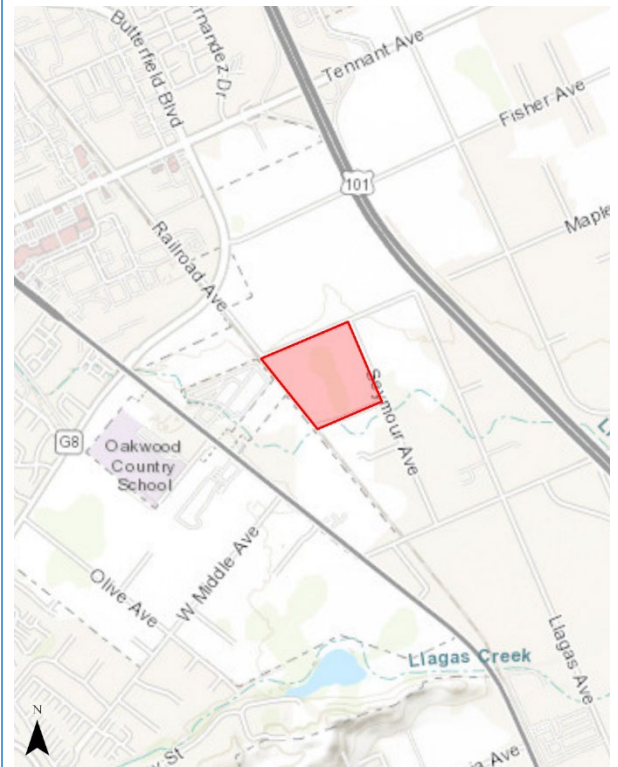
The City has received \$2 million in State funding that will be combined with storm drainage impact funds to fund this project.

**Operating Cost Impacts**

The largest associated change in operating costs will be the maintenance of the trash capture component of the project. The City shall utilize storm water trash capture implementation funds, and request through the City's solid waste franchise to fund the significant expenses associated with this State mandate. Operating costs are estimated at \$150,000 annually for management of trash capture devices throughout the City.

**Project Location**

Butterfield Basin



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-303	3,254,000	-	-	1,500,000	-	-
Project Cost	\$3,254,000	-	-	\$1,500,000	-	-

**Estimated Project Schedule**

**Timeline for Completion**

Planning	In Progress
Project Design	FY2024-25
Right of Way/ Acquisition/Permitting	FY2024-25
Construction	FY 2025-26 to FY 2027-28
Project Close-out	FY 2027-28



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Citywide Small Trash Capture Project

**Project No.** SD4007

**Category**

Storm Drainage

**Funding Source(s)**

F304 – Local Drainage (NonAB1600) Fund

**Council Priorities**

Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

None – State Mandated Requirements



**Project Description**

This project will install approximately 110 small trash capture devices in existing storm drains to ensure no trash is allowed to pass through storm water systems into our waterways.

**Project Justification**

The City is required to demonstrate 100% compliance with the Trash Provisions by 2030. Full compliance with the Trash Provisions requires the City to install, operate, and maintain State-certified Full Capture System (FCS) devices that capture all trash down to 5 millimeters in size from defined Priority Land Use areas. These include all industrial, commercial, mixed-use, high-density residential, and public transportation station areas.



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Citywide Small Trash Capture Project

**Project No.** SD4007

**Financial Comments**

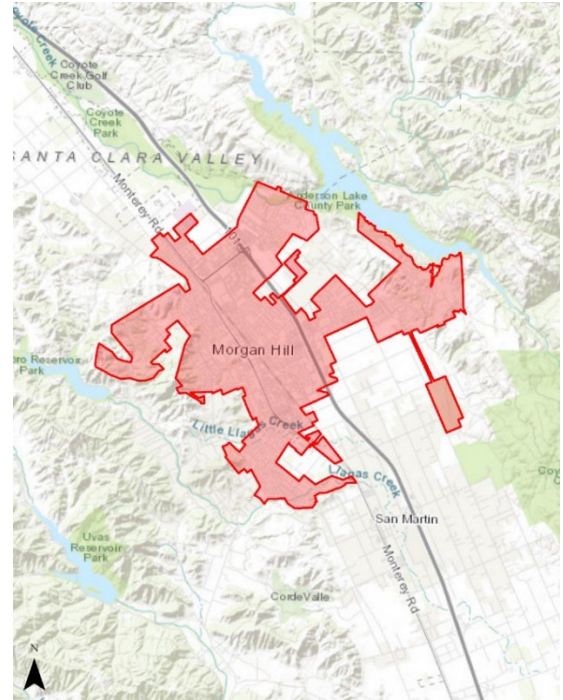
The project shall be funded from implementation funds from the City's solid waste franchise.

**Operating Cost Impacts**

The City shall utilize storm water trash capture implementation funds and request through the City's solid waste franchise to fund the significant expenses associated with this State mandate. Operating costs are estimated at \$150,000 annually for management of trash capture devices throughout the City.

**Project Location**

Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-304	240,000	-	-	-	-	-
<b>Project Cost</b>	<b>\$240,000</b>	-	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Complete
<b>Project Design</b>	In progress to be complete FY 2024-25
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	FY 2024-25
<b>Project Close-out</b>	FY 2025-26

*CITY OF MORGAN HILL CAPITAL IMPROVEMENT  
PROGRAM*

*FY 2024-25 – FY 2029-30*

*STREETS &  
ROADS*



*CITY OF MORGAN HILL*

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**308 - Street CIP- Streets & Roads**

The purpose of the Street CIP Fund is to support the ongoing rehabilitation and renovation of City roadways. The fund accounts for resources and requirements for capital projects that support the City of Morgan Hill's streets and roads. The fund has been separated from Street Operations, Fund 202.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 192,121	\$ 344,375	\$ 430,868	\$ 362,974	\$ 622,428	\$ 588,785
SR5004 - Pavement Rehabilitation	4,000,000	7,000,000	3,250,000	3,250,000	3,250,000	3,250,000
<b>Totals</b>	<b>\$ 4,192,121</b>	<b>\$ 7,344,375</b>	<b>\$ 3,680,868</b>	<b>\$ 3,612,974</b>	<b>\$ 3,872,428</b>	<b>\$ 3,838,785</b>

**How this Fund Generates Money for Capital Investment**

The funds allocated, come from a variety of outside funding sources which are dedicated to road maintenance and rehabilitation. These include State Gas Taxes, Valley Transportation Authority Sales Tax (2016 Measure B) and Vehicle License Fee Tax (also administered through the Valley Transportation Authority). Additionally, the City has prioritized an annual General Fund contribution to maintaining the City roadways.

**Limitations and Other Important Factors**

For the most part, the funds used for street-related projects include funding dispersed from outside agencies. Since many of these funds are paid on a reimbursement basis: 1) the work is first completed, 2) a reimbursement request is submitted, and 3) in approximately 60-90 days a reimbursement check is received. Because these funds are typically guaranteed, it is not unusual for the process to overlap fiscal years. The work might be completed in one fiscal year, and the reimbursement is received in the new fiscal year.

Expenditures are only made on the assurance of funds to be received.

**Goals for Capital Investment**

The goals for the use of this fund during this period are to complete pavement rehabilitation projects improving the conditions of City roadways.

Revenues- Other includes interest income, gas tax and Measure B sales tax allocations and an annual transfer in from the General Fund. Expenditure- Other includes annual transfers-out to the General Fund for administration.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund 308- Street CIP	Projected						
Beginning Fund Balance	\$ 4,078,203	\$ 3,142,456	\$ 2,725,908	\$ 3,045,343	\$ 3,094,556	\$ 3,197,138	\$ 3,022,404
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	4,468,743	3,886,877	7,777,340	3,847,021	3,836,006	3,821,754	3,803,411
Expenditures - CIP Projects	5,298,486	4,192,121	7,344,375	3,680,868	3,612,974	3,872,428	3,838,785
Expenditures - Other	106,004	111,304	113,530	116,940	120,450	124,060	127,780
<b>Ending Fund Balance</b>	<b>\$ 3,142,456</b>	<b>\$ 2,725,908</b>	<b>\$ 3,045,343</b>	<b>\$ 3,094,556</b>	<b>\$ 3,197,138</b>	<b>\$ 3,022,404</b>	<b>\$ 2,859,251</b>

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**309 - Traffic Impact- Streets & Roads**

**Fund Description**

Traffic Impact Fund revenues are received from developers if their projects have an adverse impact on traffic flows, streets, etc. The funds collected may be expended on new streets, traffic signals, and improvements of existing streets where they are impacted by new development. The Fund is subject to the restrictions of AB1600.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 72,045	\$ 159,889	\$ 530,298	\$ 27,921	\$ 47,879	\$ 362,329
SR5003 - Traffic Signal & Intersection Improvements	1,500,000	3,000,000	-	-	-	-
SR5011 - Transportation Master Plan Projects	-	250,000	4,000,000	250,000	250,000	2,000,000
<b>Totals</b>	<b>\$ 1,572,045</b>	<b>\$ 3,409,889</b>	<b>\$ 4,530,298</b>	<b>\$ 277,921</b>	<b>\$ 297,879</b>	<b>\$ 2,362,329</b>

**How this Fund Generates Money for Capital Investment**

Revenues result from the City's development impact fee program, through which new development pays the capital costs associated with growth. New development creates the need for the City to expand its inventory of public facilities and build new, or expand current, infrastructure to handle the demands of new services. The City imposes traffic fees under authority granted by the Mitigation Fee Act (the Act), contained in California Government Code Sections 66000 et seq. A City Council-adopted "Impact Fee Report" provides the necessary findings required by the Act for adoption of the fees presented in impact fee schedules.

**Limitations and Other Important Factors**

All development impact fee-funded capital projects are programmed through the City's 6-Year CIP, by which the City identifies and directs its fee revenue to new public facilities/infrastructure projects that will accommodate future growth. By programming fee revenues to specific capital projects, the City ensures a reasonable relationship between new development and the use of fee revenues as required by the Mitigation Fee Act.

**Goals for Capital Investment**

The goals for this fund during this period are to expand transit and non-motorized travel opportunities, as needed to service anticipated future growth.

Revenues- Other includes interest income. Expenditure- Other includes annual transfers-out to the General Fund for administration and infrastructure planning, and to Fund 207 (Long Range Planning) for the general plan update.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Fund 309- Traffic Impact</b>	<b>Projected</b>						
Beginning Fund Balance	\$ 3,727,580	\$ 812,592	\$ 3,862,442	\$ 3,905,377	\$ 2,231,996	\$ 2,884,892	\$ 3,070,698
Revenues - Impact Fees	1,037,458	4,672,629	3,472,562	2,905,601	997,923	541,171	374,098
Revenues - Other	160,000	80,663	112,152	83,957	66,304	76,725	46,227
Expenditures - CIP Projects	3,676,467	1,572,045	3,409,889	4,530,298	277,921	297,879	2,362,329
Expenditures - Other	435,979	131,397	131,890	132,640	133,410	134,210	135,030
<b>Ending Fund Balance</b>	<b>\$ 812,592</b>	<b>\$ 3,862,442</b>	<b>\$ 3,905,377</b>	<b>\$ 2,231,996</b>	<b>\$ 2,884,892</b>	<b>\$ 3,070,698</b>	<b>\$ 993,664</b>

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**346 – Public Facilities- Non AB1600- Streets and Roads**

**Fund Description**

The current priority of the Public Facilities Fund (non-AB100) is to support pedestrian, bicycle, and vehicle safety in alignment with the City's Vision Zero Policy. Previously, Fund revenues were received from developers through the City's RDCS. With the elimination of RDCS due to State legislation, no new funds are anticipated to be received through that process. Funds may be used for the design, construction, and maintenance of public facilities or to reimburse the City for funds advanced to construct such facilities. It is anticipated that funds will be exhausted within the next eight years.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 36,023	\$ 7,379	\$ 19,886	\$ 16,753	\$ 28,727	\$ 27,175
SR5005 - Bike, Pedestrian, Traffic Safety	600,000	-	-	-	-	-
SR5008 - Sidewalk Repairs	150,000	150,000	150,000	150,000	150,000	150,000
SR5012 - Downtown Parking Trash Enclosures	35,000	-	-	-	-	-
<b>Totals</b>	<b>\$ 821,023</b>	<b>\$ 157,379</b>	<b>\$ 169,886</b>	<b>\$ 166,753</b>	<b>\$ 178,727</b>	<b>\$ 177,175</b>

**How this Fund Generates Money for Capital Investment**

Fees were paid by developers of properties competing within the City's RDCS.

**Limitations and Other Important Factors**

The funds committed by developers are used specifically for design/construction of public off-site improvements.

**Goals for Capital Investment**

The goal for the use of this fund is to expand City facilities to accommodate growth appropriately.

Revenues- Other includes interest income. Expenditure- Other includes annual transfers-out to the General Fund for administration.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund 346- Public Facilities- NonAB1600	Projected						
Beginning Fund Balance	\$ 2,943,797	\$ 294,083	\$ 1,248,045	\$ 1,572,537	\$ 1,269,459	\$ 642,057	\$ 133,739
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	347,645	189,832	26,226	21,132	15,922	10,573	5,045
Expenditures - CIP Projects	1,656,604	821,023	157,379	169,886	166,753	178,727	177,175
Expenditures - Other	4,582	4,811	4,910	5,060	5,210	5,370	5,530
<b>Ending Fund Balance</b>	<b>\$ 1,630,257</b>	<b>\$ 994,255</b>	<b>\$ 858,191</b>	<b>\$ 704,377</b>	<b>\$ 548,336</b>	<b>\$ 374,812</b>	<b>\$ 197,152</b>



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**350 - Undergrounding – Streets & Roads**

**Fund Description**

The purpose of the Undergrounding Fund is to underground existing overhead lines throughout the City. The Fund receives revenues from developers for the undergrounding of utilities in areas of new development. Expenditures may be made from these funds only for design and construction associated with such undergrounding.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 12,008	\$ 49,196	\$ -	\$ -	\$ -	\$ -
SR5002 - Undergrounding project	250,000	1,000,000	-	-	-	-
<b>Totals</b>	<b>\$ 262,008</b>	<b>\$ 1,049,196</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**How this Fund Generates Money for Capital Investment**

Fees are paid by developers of properties. Additionally, the City may receive funds or credit from PG&E to support additional undergrounding work. The City attempts to leverage both PG&E and City funding to accomplish larger undergrounding projects.

**Limitations and Other Important Factors**

These funds must be used for undergrounding of utilities in areas of new development.

**Goals for Capital Investment**

Complete one significant undergrounding project using City and PG&E funding.

Revenues- Other includes interest income. Expenditure- Other includes annual transfers-out to the General Fund for administration.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Fund 350- Undergrounding</b>	<b>Projected</b>						
Beginning Fund Balance	\$ 1,626,301	\$ 1,671,875	\$ 1,482,935	\$ 479,737	\$ 510,300	\$ 541,384	\$ 572,987
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	303,409	74,302	47,258	31,863	32,424	32,983	33,541
Expenditures - CIP Projects	256,660	262,008	1,049,196	-	-	-	-
Expenditures - Other	1,175	1,234	1,260	1,300	1,340	1,380	1,420
<b>Ending Fund Balance</b>	<b>\$ 1,671,875</b>	<b>\$ 1,482,935</b>	<b>\$ 479,737</b>	<b>\$ 510,300</b>	<b>\$ 541,384</b>	<b>\$ 572,987</b>	<b>\$ 605,108</b>

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Undergrounding Project

**Project No.** SR5002

**Category**

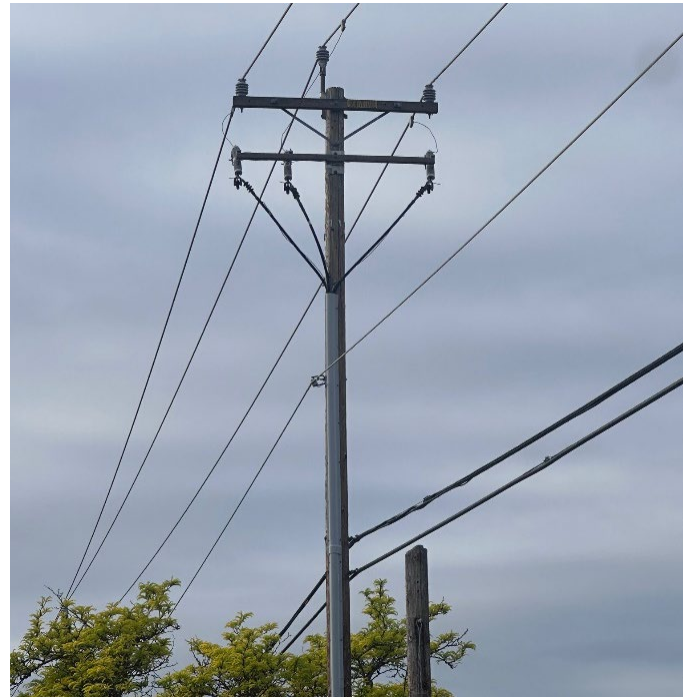
Streets and Roads

**Funding Source(s)**

F350-Undergrounding

**Council Priorities**

Maintaining and Enhancing Infrastructure



**Project Description**

The largest area targeted to underground overhead utility lines lies along San Pedro Avenue going west from Butterfield Boulevard. This project is considerably complicated and available funds are insufficient to complete the project. City staff are assessing options for undergrounding in this area. This assessment will be completed in the FY 2024-25 year.

As a separate project, City staff intends to work with PGE to match City Funds with PGE Rule 20A Funds at Old Monterey Road from Llagas Road to Monterey Road in FY2024-25.

The City also allocates funds within this project to partner and cost share with developers that are doing underground work, to underground adjacent lines outside a developers required undergrounding limits. This strategy allows for the best pricing for undergrounding utilities.

**Project Justification**

The undergrounding of utilities will improve both the aesthetics and safety along Old Monterey Road and San Pedro Avenue west of Butterfield Boulevard.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Undergrounding Project

**Project No.** SR5002

**Financial Comments**

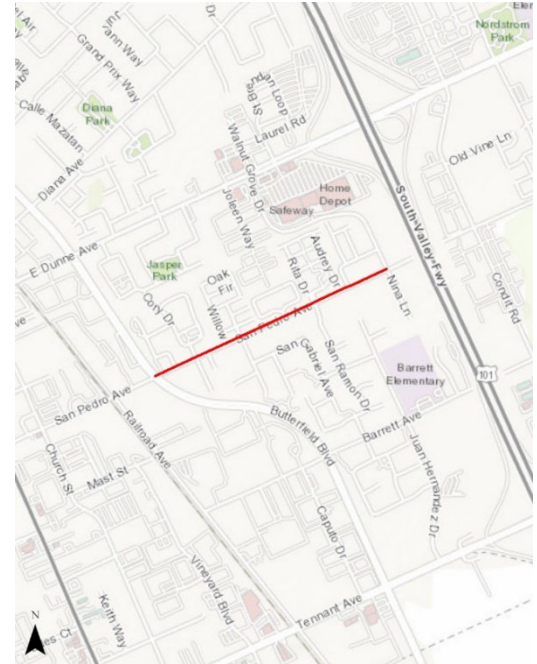
Undergrounding funds are received from the payment of undergrounding frontage fees and in-lieu fees for undergrounding.

**Operating Cost Impacts**

There are no operational cost impacts associated with this project.

**Project Location**

San Pedro Ave.



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-350	250,000	1,000,000	-	-	-	-
Project Cost	\$250,000	\$1,000,000	-	-	--	-

**Estimated Project Schedule**

**Timeline for Completion**

Planning	Underway to be completed in FY 2024-25
Project Design	FY 2024-25
Right of Way/ Acquisition/Permitting	FY 2024-25
Construction	FY 2024-25 and FY 2025-26
Project Close-out	FY 2025-26

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Traffic Signal and Intersection Improvements

**Project No.** SR5003

**Category**

Streets & Roads

**Funding Source(s)**

F309 - Traffic Impact Fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Transportation

**Strategic Planning Documents**

Vision Zero  
General Plan Circulation Element



**Project Description**

The construction of new traffic signals and intersection improvements is planned in order to meet the growing traffic demands within the Community and for safety enhancement purposes. Intersections identified for potential signalization or improvements include:

- Hale Avenue at Wright Avenue
- Hale Avenue at Tilton Avenue
- Watsonville Road & Santa Teresa Blvd./Sunnyside Avenue
- Monterey Road & Rome Avenue (Assessment with Transportation Master Plan)

Other potential intersection improvements are identified in the Morgan Hill Intersection Capacity Analysis for the following intersections: Condit Road & East Dunne Avenue, Butterfield Boulevard & Tennant Avenue, Monterey Road & Main Avenue, Butterfield Boulevard & East Dunne Avenue and Monterey Road & West Edmundson Avenue/Tennant Avenue. Additionally, the City is nearing completion of its Transportation Master Plan, which will identify future priority improvements in this area.

**Project Justification**

Intersection improvements can improve or accommodate traffic congestion resulting from higher use of City of Morgan Hill roadways. Improvements can also increase pedestrian and bikeway safety in alignment with the City's Vision Zero Policy. Reduced traffic delays have been an expressed desire among many Morgan Hill residents.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Traffic Signal and Intersection Improvements      **Project No.** SR5003

**Financial Comments**

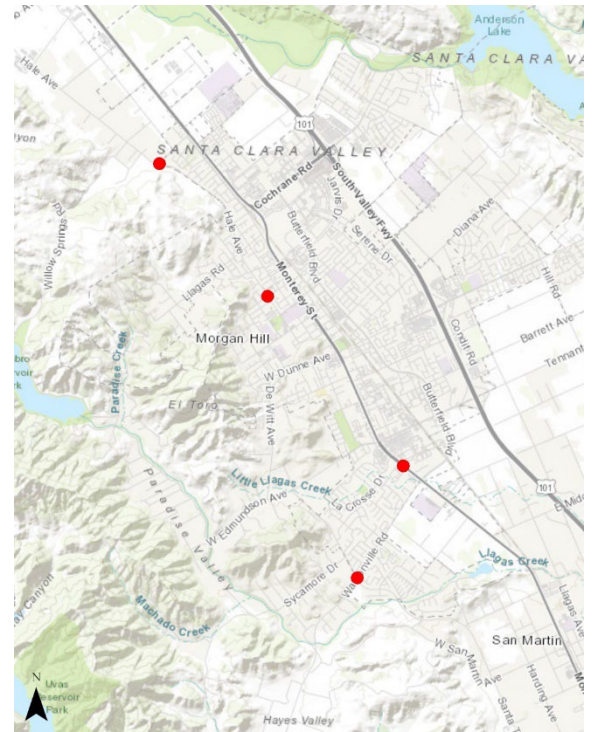
Funding for these improvements is obtained through the collection of traffic impact fees from developers. Future project funding for FY 2026-27 and later will be identified through the Transportation Master Plan, which is currently in development.

**Operating Cost Impacts**

New signals and improvements increase operating costs for the Streets Maintenance Division. Additionally, signal maintenance costs are approximately \$2,500 each annually.

**Project Location**

**Various Intersections**



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-309	1,500,000	3,000,000	-	-	-	-
<b>Project Cost</b>	<b>\$1,500,000</b>	<b>\$3,000,000</b>	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	In progress
<b>Project Design</b>	FY 2024-25
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	FY 2025-26
<b>Project Close-out</b>	FY 2026-27



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Pavement Rehabilitation

**Project No.** SR5004

**Category**

Streets & Roads

**Funding Source(s)**

F308 - Street CIP

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Transportation

**Strategic Planning Documents**

Vision Zero  
General Plan Circulation Element



**Project Description**

This ongoing program is intended to address the City's pavement rehabilitation needs. Locations for maintenance are selected based on the individual condition of the street, the use of the street, and the type of the street. The City prioritizes maintaining the Arterial and Collector streets within the City, while funding work on residential streets is performed when funds are available.

The 2024 planned Pavement Rehabilitation includes: East Dunne Avenue Overpass from Condit Road to Laurel Road, Del Monte Avenue from 2<sup>nd</sup> Street to Keystone Avenue, Del Monte Avenue from Spring Avenue to Cosmo Avenue, Keystone Avenue from Del Monte Avenue to Monterey Road, San Pedro from Butterfield Boulevard to Walnut Grove Drive, San Ramon Drive from San Pedro Avenue to San Marcos Drive, Markcross Court, Cochrane Circle, and arterial street sealing as funds are available.

The 2025 planned Pavement Rehabilitation includes the sealing/repaving of Monterey Road from Cochrane Road to East Middle Avenue/City limit. This project will be funded primarily from the \$4 million OBAG III Grant Project that the City has been awarded. The project will also fill sidewalk gaps, improve curb ramps, install new medians, and improve bike lanes. Outside of the Monterey Road Project, roadways planned for rehabilitation include Llagas Road, streets within Woodland Acres Neighborhood, Sunnyside Avenue, Railroad Avenue from Tennant Avenue to San Pedro Avenue, and arterial street sealing as funds are available.

**Project Justification**

Pavement rehabilitation extends the surface life of streets, thus reducing repair costs in the future. Safely maintained streets support vehicle safety and reduced damage to vehicles of our Community members.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Pavement Rehabilitation

**Project No.** SR5004

**Financial Comments**

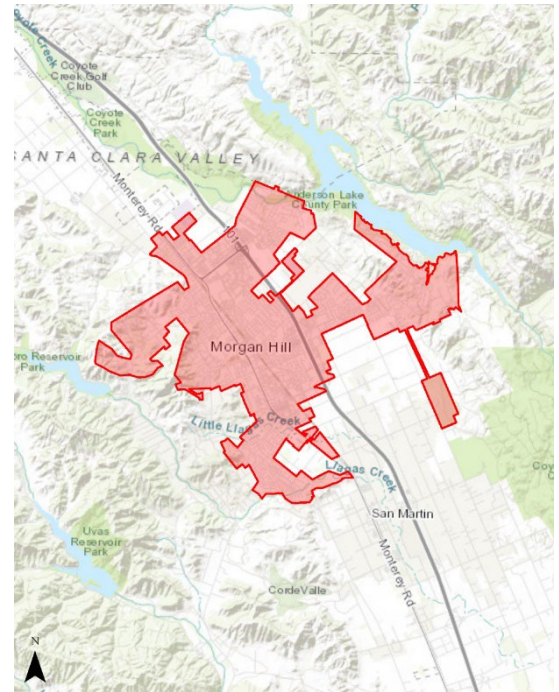
Funding includes revenues from Valley Transportation Authority Sales Tax (2016 Measure B), State Gas Tax Funds, General Fund contributions and various other funding sources.

**Operating Cost Impacts**

Pavement rehabilitation reduces overall maintenance cost as affected streets are improved and require less significant maintenance.

**Project Location**

Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-308	4,000,000	7,000,000	3,250,000	3,250,000	3,250,000	3,250,000
<b>Project Cost</b>	<b>\$4,000,000</b>	<b>\$7,000,000</b>	<b>\$3,250,000</b>	<b>\$3,250,000</b>	<b>\$3,250,000</b>	<b>\$3,250,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Ongoing
<b>Project Design</b>	Annually for each year
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	Annually in the Summer and Fall
<b>Project Close-out</b>	Annually each Spring

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Bike, Pedestrian and Traffic Safety

**Project No.** SR5005

**Category**

Streets & Roads

**Funding Source(s)**

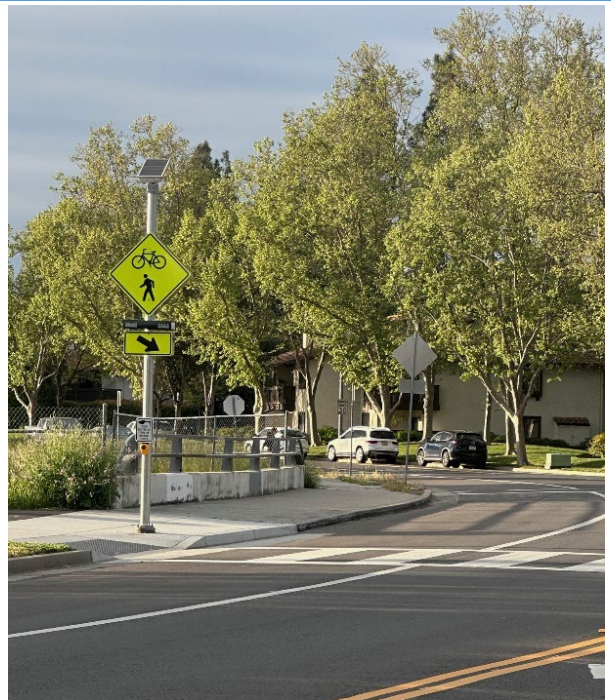
F346-Public Facilities (nonAB1600) fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Transportation

**Strategic Planning Documents**

Vision Zero  
General Plan Circulation Element



**Project Description**

This project will implement pedestrian, bicycle and safety improvements. Projects included have been identified by residents and staff and have been prioritized to increase safety in alignment with the City's Vision Zero Policy. Due to limited funding, many of the projects listed below will require outside funding to complete. Additionally, it is anticipated that the Transportation Master Plan, which is currently underway, will identify additional priority improvements. Current projects in design/planning include:

- Addition of enhanced crosswalks at various locations throughout the City including: Hale Ave. at Stoney Creek Way, Central Ave. and Monterey Rd. next to Britton School, Walnut Grove Dr. near San Dimas Ln., Dunne Avenue at Pine Way and Tassara Cr., Peak Ave. at Alkire Ave., and Watsonville Road between La Alameda Dr. and Sunnyside Ave.
- Intersection improvements at Jarvis Dr. and Sutter Blvd.
- Improvements to the intersection and pedestrian travel paths near Cochrane Rd. and Malaguerra Ave.
- Improved striping on Diana Avenue between Murphy Ave. and Hill Rd.
- Improvements in Downtown medians near select crosswalks.
- Construction of new sidewalk on San Pedro Ave. between San Ramon Dr. and Nina Ln.
- Improvements to the sidewalks on Bisceglia Ave. between Monterey Rd. and Church St.
- The addition of an enhanced crosswalk on Watsonville Road between La Alameda Dr. and Sunnyside Ave.

**Project Justification**

Projects in this area have been prioritized to enhance safety in the City's public streets.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Bike, Pedestrian and Traffic Safety

**Project No.** SR5005

**Financial Comments**

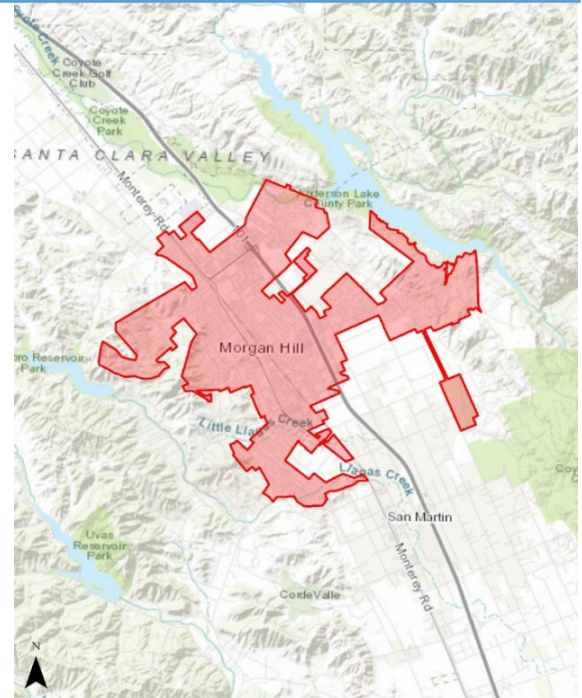
The funding source for these projects will be the Public Facilities (nonAB1600) Fund (346) for which funds were collected from residential developer fees as part of the Residential Development Control System (RDCS) competition. Due to State legislation passed in 2019, this revenue source is no longer available to the City. Additional outside funding will be required to complete all projects. City staff will continue to actively look for grant funding to support these efforts.

**Operating Cost Impacts**

Most projects will bring on additional infrastructure, which will in turn increase operating costs for the City. If all projects are implemented, the Streets Maintenance budget could increase by \$50,000 annually for ongoing maintenance, along with repair and replacement costs.

**Project Location**

Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-346	600,000	-	-	-	-	-
<b>Project Cost</b>	<b>\$600,000</b>	-	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Underway as part of Transportation Master Plan
<b>Project Design</b>	Ongoing – FY 2024-25
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	FY 2024-25 and FY 2025-26
<b>Project Close-out</b>	FY 2025-26



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Sidewalk Repairs

**Project No.** SR5008

**Category**

Streets & Roads

**Funding Source(s)**

F346-Public Facilities (nonAB1600) fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure

**Strategic Planning Documents**

Vision Zero  
Citywide Sidewalk Assessment (In progress)  
Transportation



**Project Description**

The City has completed multiple sidewalk repair projects over the last two fiscal years, replacing over 10,000 square feet of sidewalk. This project provides for responsive annual sidewalk repair to the areas of highest need in the City.

Funding of \$150,000 annually on an ongoing basis is provided to support high priority repairs throughout the entire City. The City is currently completing an assessment of sidewalk conditions, which will support prioritization of repairs throughout the City. It may also require review of annual and one-time funding needs.

**Project Justification**

Continuous investment in sidewalks is necessary to provide for the safety of the City's residents.



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Sidewalk Repairs

**Project No.** SR5008

**Financial Comments**

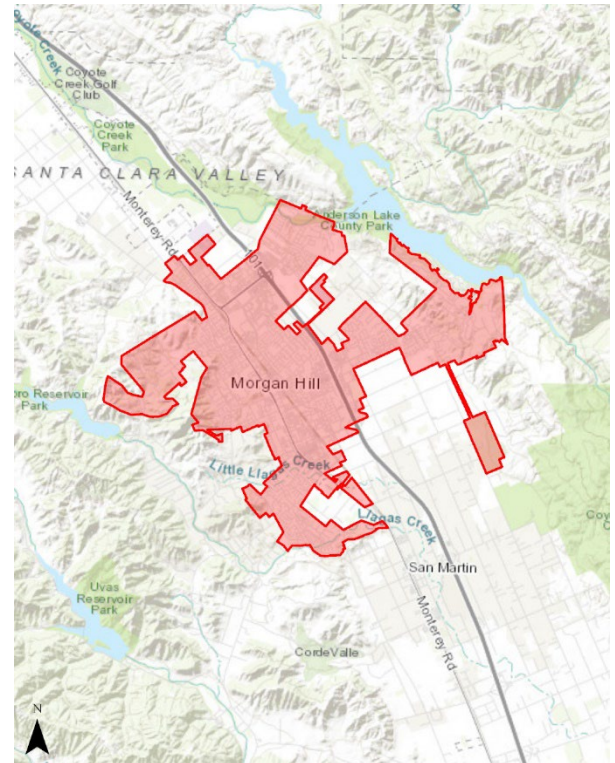
Funding for the sidewalk safety program is funded through former contributions to the City's Residential Development Control System. Due to State legislation passed in 2019, this revenue source is no longer available to the City. The projects will spend down a limited amount of the fund balance annually over the next 5-6 years.

**Operating Cost Impacts**

The Maintenance Team makes immediate emergency repairs to severely damaged sidewalks. The sidewalk improvement project reduces the number of repairs necessary and allows for maintenance resources to be utilized in other areas.

**Project Location**

Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-346	150,000	150,000	150,000	150,000	150,000	150,000
<b>Project Cost</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	On-going
<b>Project Design</b>	Annually
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	Annually, one project per year
<b>Project Close-out</b>	Annually, following completion of projects

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Transportation Master Plan Projects

**Project No.** SR5011

**Category**

Streets and Roads

**Funding Source(s)**

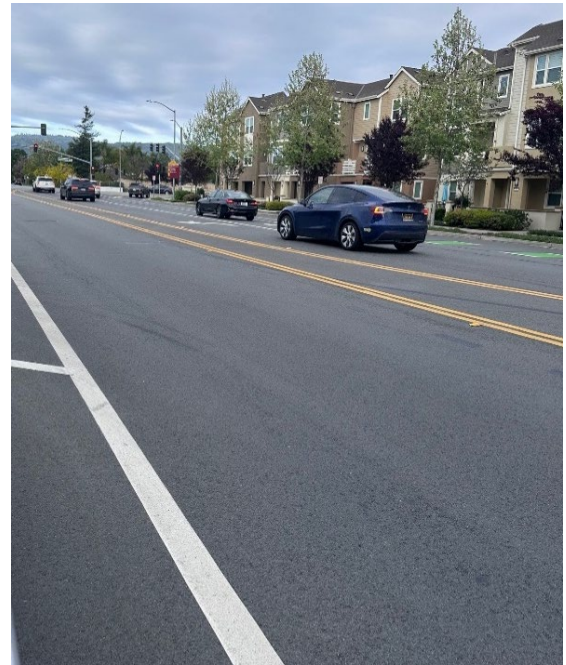
F309 - Traffic Impact Fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Transportation

**Strategic Planning Documents**

General Plan Circulation Element  
Vision Zero  
Transportation Master Plan (In Progress)



**Project Description**

The City is working to develop its first comprehensive Transportation Master Plan. The Plan is intended to provide numerous components, including traffic counts, future traffic modeling, updated speed survey to set speed limits, review of existing transportation infrastructure, specific review and analysis of bike and pedestrian infrastructure, development of transportation priorities for the City, creation of a capital improvement program, and numerous other components. The Plan will also provide the foundation for the update of the City's General Plan Transportation/Circulation Element Update.

Projects outlined in this section would be identified in the Transportation Master Plan for implementation to improve future roadway operations. The Plan's identified improvements would be reviewed within a Transportation Impact Fee Study to be funded through the City's Traffic Impact Fund (309).

**Project Justification**

Improvements would support improved roadway operations to accommodate growth within the City. Improvements would be intended to prioritize traffic congestion reduction and safety associated with new developments. Eliminating increased traffic delays and maintaining safe roads has been expressed as a great desire among many Morgan Hill residents.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Transportation Master Plan Projects

**Project No.** SR5011

**Financial Comments**

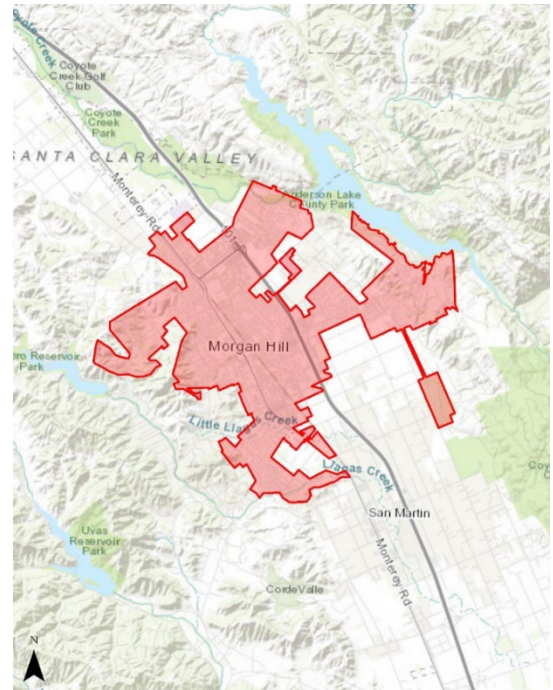
The use of traffic impact fees for projects identified in the Plan will need to identify a nexus to new development, which is charged these fees. An updated fee study will be completed with the Transportation Master Plan, which is currently in progress.

**Operating Cost Impacts**

Operating cost impacts for the Transportation Master Plan identified improvements are currently unknown.

**Project Location**

Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-309	-	250,000	4,000,000	250,000	250,000	2,000,000
<b>Project Cost</b>	<b>-</b>	<b>\$250,000</b>	<b>\$4,000,000</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$2,000,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Currently Underway
<b>Project Design</b>	FY 2025-26
<b>Right of Way/ Acquisition/Permitting</b>	To be determined
<b>Construction</b>	FY 2026-27, Fy2029-30
<b>Project Close-out</b>	To be determined

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Downtown Parking Trash Enclosures

**Project No.** SR5012

**Category**

Streets & Roads

**Funding Source(s)**

F346-Public Facilities (nonAB1600) fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Protecting the Environment and Preserving Open  
Space and Agricultural Land



**Project Description**

The City currently owns the trash enclosure in the City owned parking lot on the north side of Third Street. This trash enclosure is used and maintained by local businesses. The trash enclosure must be upsized to increase space and meet required codes related to the State Law (SB1383 of 2016). Per a reciprocal parking lot easement, the businesses will be responsible to pay the City back for these associated improvements. The City is currently discussing repayment options with these businesses.

**Project Justification**

State law requires this improvement of City infrastructure.



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Downtown Parking Trash Enclosures

**Project No.** SR5012

**Financial Comments**

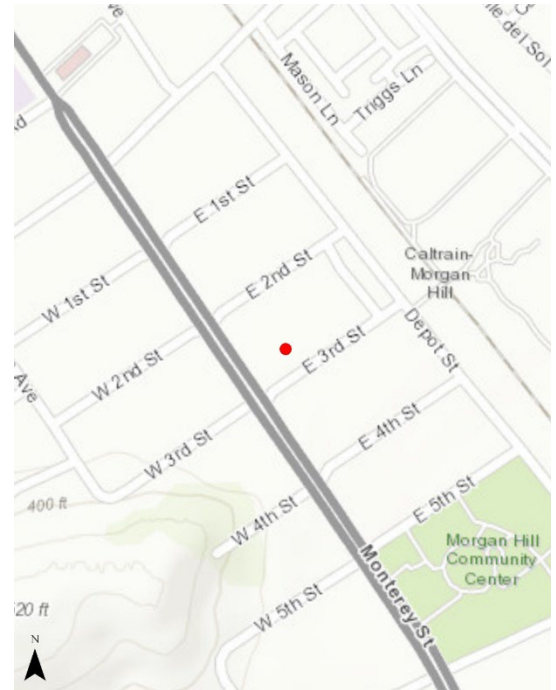
Private businesses shall be required to pay back the City for this improvement.

**Operating Cost Impacts**

Operating costs for the trash enclosure are paid by the businesses utilizing the enclosure.

**Project Location**

Third Street



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-346	35,000	-	-	-	-	-
<b>Project Cost</b>	<b>\$35,000</b>	-	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	In progress
<b>Project Design</b>	FY 2024-25
<b>Right of Way/ Acquisition/Permitting</b>	FY 2024-25
<b>Construction</b>	FY 2024-25
<b>Project Close-out</b>	FY 2025-26



*CITY OF MORGAN HILL CAPITAL IMPROVEMENT  
PROGRAM*

*FY 2024-25 – FY 2029-30*

# *WASTEWATER*



**CITY OF MORGAN HILL**

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**641 - Sewer Impact- Wastewater**

**Fund Description**

The primary purpose of the Sewer Impact Fund is to construct expansions to the City's Wastewater System to accommodate new development. The Fund receives revenues from developer charges to cover the costs to construct sewer improvements required as a result of new development. Expenditures may only be made for the construction of the required improvements or to reimburse the City for funds advanced to construct such improvements. The Fund is subject to the restrictions of AB1600. The primary planning tool for the Fund is the City's Sewer System Master Plan.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 34,149	\$ 675,197	\$ 126,357	\$ 58,098	\$ 88,289	\$ 36,233
PF2001 - Infrastructure Planning Documents	-	-	-	-	125,000	-
WW3003 - Sewer Plant Expansion	4,000,000	-	-	-	-	-
WW3004 - Sewer Plant Improvements	-	1,500,000	-	-	2,500,000	-
WW3008- New Trunk Line	250,000	43,763,000	-	-	-	-
WW3009 - New/Replacement Sewer Lines	461,000	1,250,100	953,100	520,200	461,000	200,000
<b>Totals</b>	<b>\$ 4,745,149</b>	<b>\$ 47,188,297</b>	<b>\$ 1,079,457</b>	<b>\$ 578,298</b>	<b>\$3,174,289</b>	<b>\$ 236,233</b>

**How this Fund Generates Money for Capital Investment**

New development creates the need for the City to expand its inventory of public facilities and build new, or expand current, infrastructure to handle the demands of new services. The City imposes public facilities fees under authority granted by the Mitigation Fee Act (the Act), contained in California Government Code Sections 66000. A City Council-adopted "Impact Fee Report" provides the necessary findings required for adoption of the fees.

**Limitations and Other Important Factors**

All development impact fee-funded capital projects are programmed through the City's 6-Year CIP, to build out new public facilities/infrastructure projects to accommodate future growth. By programming fee revenues to specific capital projects, the City ensures a reasonable relationship between new development and the use of fee revenues as required by the Mitigation Fee Act.

**Goals for Capital Investment**

The goals for this fund during this period are to expand and improve the sewer enterprise system to accommodate anticipated future growth.

Revenues- Other includes interest income and a loan for the New Trunk Line project in FY24-25. Expenditure- Other includes annual transfers-out to the General Fund for administration and infrastructure planning, debt service, and to Fund 207 (Long Range Planning) for the general plan update.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Fund 641-Sewer Impact</b>	<b>Projected</b>						
Beginning Fund Balance	\$ 21,350,081	\$ 14,532,435	\$20,839,828	\$ 3,462,955	\$10,802,934	\$ 11,495,594	\$ 6,987,227
Revenues - Impact Fees	3,994,917	11,546,118	15,415,728	12,805,084	5,570,990	3,021,130	2,088,432
Revenues - Other	830,000	275,047	15,164,788	387,802	474,329	420,150	318,810
Expenditures - CIP Projects	10,870,594	4,745,149	47,188,297	1,079,457	578,298	3,174,289	236,233
Expenditures - Other	771,969	768,622	769,093	4,773,450	4,774,360	4,775,358	3,776,759
<b>Ending Fund Balance</b>	<b>\$ 14,532,435</b>	<b>\$20,839,828</b>	<b>\$ 3,462,955</b>	<b>\$10,802,934</b>	<b>\$ 11,495,594</b>	<b>\$ 6,987,227</b>	<b>\$ 5,381,478</b>

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**643 - Sewer Capital Project- Wastewater**

**Fund Description**

The Purpose of the Sewer Capital Project Fund is to implement capital improvements to the sewer system that support the ongoing maintenance of the system. The primary planning tool for the Fund is the City's Sewer System Master Plan. The Fund was established to avoid fluctuations in the sewer rates charged by providing reserve funding for future system replacements. Annual contributions from the Sewer Operations Fund occur to fund planned capital projects in this area.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 409,323	\$ 313,321	\$ 563,853	\$ 510,194	\$ 1,522,674	\$ 693,135
PF2001 - Infrastructure Planning Documents	-	-	-	-	125,000	-
WW3001 - Sewer System Repair & Replacement	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
WW3006 - Lift Station Improvements	1,353,600	-	-	-	2,793,600	-
WW3008 - New Trunk Line	100,000	14,588,000	-	-	-	-
WW3009 - New/Replacement Sewer Lines	276,600	1,000,080	953,100	468,180	2,257,020	100,000
WW3010 - Utility Infrastructure Access Roads	-	-	500,000	-	-	500,000
WW3012- Existing Joint Trunk Repairs	4,000,000	2,800,000	-	1,200,000	-	326,000
WA6010 - Utilities Security System Enhancement	-	-	300,000	400,000	400,000	400,000
WA6011 - Utility System Solar	292,000	-	-	-	-	-
<b>Totals</b>	<b>\$ 8,931,523</b>	<b>\$21,201,401</b>	<b>\$ 4,816,953</b>	<b>\$ 5,078,374</b>	<b>\$ 9,598,294</b>	<b>\$ 4,519,135</b>

**How this Fund Generates Money for Capital Investment**

Funding comes from planned transfers from the Sewer Operations Fund, which is funded through ratepayers.

**Limitations and Other Important Factors**

The projects paid for through this fund are projects for the purpose of rehabilitation and replacement work for the City's wastewater system.

**Goals for Capital Investment**

The goals for this fund during this period consist of improvements to enhance system reliability and maintenance to take care of existing system deficiencies by replacing and rehabilitating sewer system components.

Revenues- Other includes interest income and annual transfers-in from Fund 640 (Sewer Operations) and 641 (Sewer Impact), as well as a loan for the New Trunk Line in FY24-25. Expenditure- Other includes annual transfers-out to the General Fund for administration, and debt service.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Fund 643-Sewer Capital Project</b>	<b>Projected</b>						
Beginning Fund Balance	\$ 15,601,623	\$ 16,021,144	\$ 11,919,496	\$ 4,476,451	\$ 5,023,359	\$ 5,821,267	\$ 2,452,312
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	6,655,453	6,149,134	15,076,739	7,546,468	8,059,470	8,414,047	9,093,324
Expenditures - CIP Projects	4,916,032	8,931,523	21,201,401	4,816,953	5,078,374	9,598,294	4,519,135
Expenditures - Other	1,319,900	1,319,259	1,318,383	2,182,608	2,183,188	2,184,708	2,188,908
<b>Ending Fund Balance</b>	<b>\$ 16,021,144</b>	<b>\$ 11,919,496</b>	<b>\$ 4,476,451</b>	<b>\$ 5,023,359</b>	<b>\$ 5,821,267</b>	<b>\$ 2,452,312</b>	<b>\$ 4,837,593</b>

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: Sewer System Repair and Replacements**

**Project No. WW3001**

**Category**

Wastewater

**Funding Source(s)**

F643- Sewer CIP Fund

**Council Priorities**

Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2024 Sewer System Master Plan



**Project Description**

This project is intended to implement needed repairs and improvements for various pipeline and manhole rehabilitations and improvements throughout the City. The City has completed a comprehensive assessment of all its wastewater pipelines and has prioritized the needs for improvements to its pipelines and manholes. Repair and rehabilitation of pipelines and manholes are intended to support multiple benefits for the City's wastewater system, including:

- Maintaining the integrity of the pipelines to prevent failures that result in sanitary sewer overflows.
- Prevent infiltration into the City's wastewater system from stormwater that can overwhelm the system and cause sanitary sewer overflows.
- Protect the environment by ensuring wastewater does not leave the City's system through damaged pipes or manholes.

This project occurs annually with pipelines identified on an ongoing basis for repair and replacement.

**Project Justification**

The City proactively works to maintain the general condition of the existing sewer system and works to identify areas out of compliance with existing design and construction standards, as well as identifying areas requiring repair. This project is intended to mitigate areas of concern within the sewer system. Sewer pipelines subject to deteriorated conditions or major structural defects must be replaced to ensure an adequate level of service and public safety. These replacements and repairs are intended to mitigate existing pipeline issues before complete pipeline failure occurs.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: Sewer System Repair and Replacements**

**Project No. WW3001**

**Financial Comments**

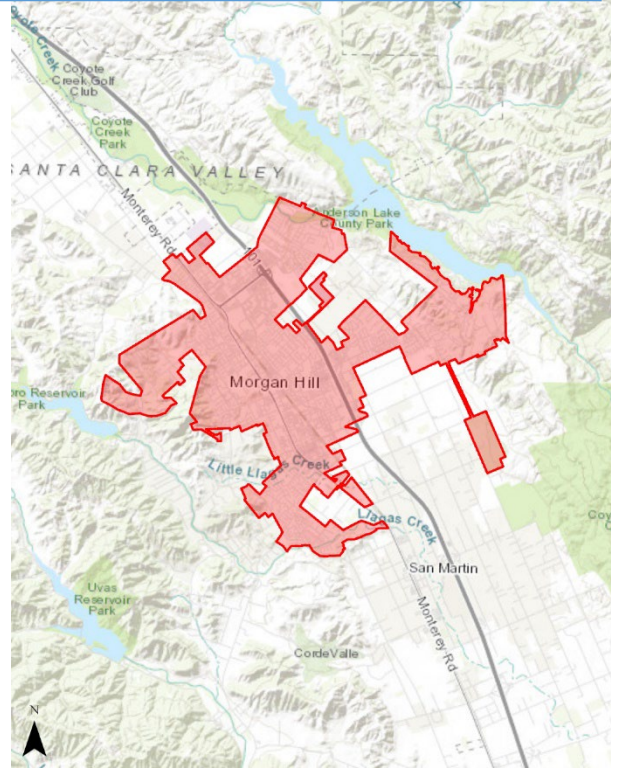
Funding for this project is appropriated in the Sewer Capital Fund (643), which is supported by customer rates.

**Operating Cost Impacts**

The improvements outlined in the project support on-going operations.

**Project Location**

Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-643	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
<b>Project Cost</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Ongoing, but assessment of all sewer lines Citywide has been completed.
<b>Project Design</b>	Annually
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	Annually in the Summer/Fall
<b>Project Close-out</b>	Annually in the Spring



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: Sewer Plant Expansion**

**Project No. WW3003**

**Category**

Wastewater

**Funding Source(s)**

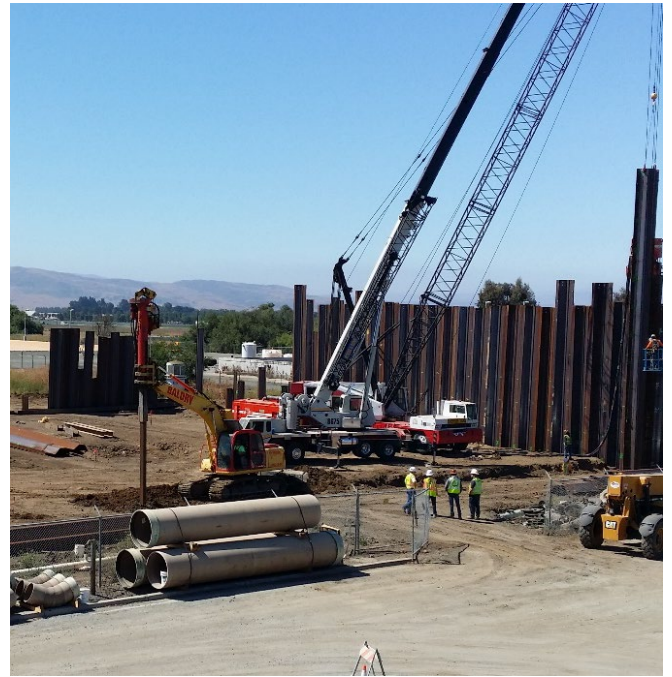
F641 - Sewer Impact Fund

**Council Priorities**

Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2024 Sewer System Master Plan



**Project Description**

Constructed in 1994, the South County Regional Wastewater Authority (SCRWA) treatment plant continues to treat wastewater collected from the Cities of Morgan Hill and Gilroy. The treatment plant is currently in the second year of a major expansion project. This project consists of plant improvements that will increase the overall treatment capacity, while also implementing new standards from the State Water Resources Control Board. The project is managed by SCRWA and the City reimburses costs associated with construction per the Joint Powers Authority agreement. The Treatment Plant Expansion is anticipated to be completed in FY 2024-25.

**Project Justification**

This project maintains adequate levels of service for the sewer system customers, as well as meets the regulatory requirements from the State Water Resources Control Board.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: Sewer Plant Expansion**

**Project No. WW3003**

**Financial Comments**

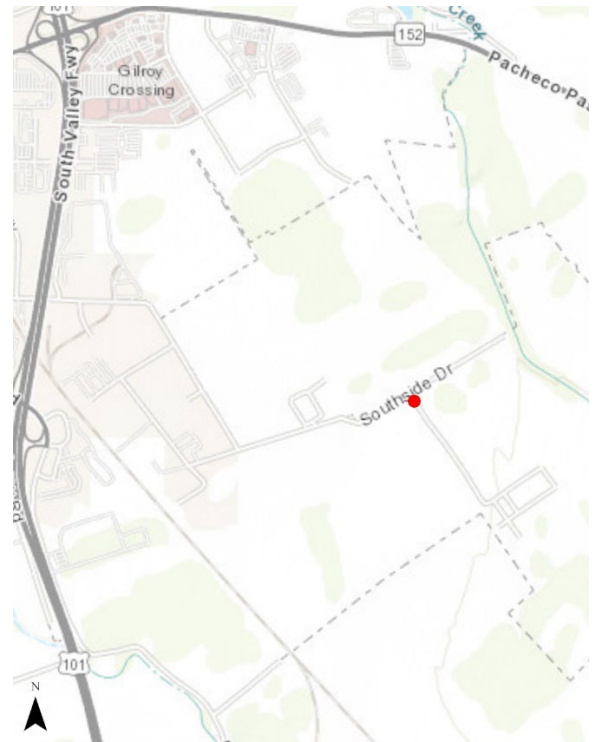
The City of Morgan Hill is responsible for 41.9% of this overall project with the remaining amount funded by the City of Gilroy. The funding for the expansion will be covered by Wastewater Impact Fees paid by developers. The City has issued bonds to provide the immediate funding for this program, which will be repaid by future development impact fees. Funds appropriated for FY 2024-25 are the final funds necessary to complete the City's share of the \$75 million project.

**Operating Cost Impacts**

Costs will increase significantly to manage the larger plant but are necessary to manage the increased capacity associated with growth and will be balanced in the long term by an increased number of customers paying fees associated with that growth.

**Project Location**

SCRWA Treatment Plant, Gilroy



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-641	4,000,000	-	-	-	-	-
<b>Project Cost</b>	<b>\$4,000,000</b>	-	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Completed
<b>Project Design</b>	Completed
<b>Right of Way/ Acquisition/Permitting</b>	Completed
<b>Construction</b>	In progress, to be completed FY 2024-25
<b>Project Close-out</b>	FY 2024-25

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: Sewer Plant Improvements**

**Project No. WW3004**

**Category**

Wastewater

**Funding Source(s)**

F641 - Sewer Impact Fund

**Council Priorities**

Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2024 Sewer System Master Plan



**Project Description**

Constructed in 1994, the South County Regional Wastewater Authority (SCRWA) treatment plant requires ongoing maintenance and improvements associated with increased growth in the Community, while also implementing new standards from the State Water Resources Control Board. Projects are identified and implemented by SCRWA and are funded through wastewater impact fees or rate payers.

An expanded maintenance building for the plant, to accommodate increased needs of the growing plant, was the most recent project completed. The City of Morgan Hill is responsible for 41.9% of the project costs, based on percentage of ownership.

**Project Justification**

Ongoing plant enhancements/expansion are performed to increase efficiency and reliability, while supporting expanding needs of the growing communities it serves, are necessary to maintain the plant's operating license.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: Sewer Plant Improvements**

**Project No. WW3004**

**Financial Comments**

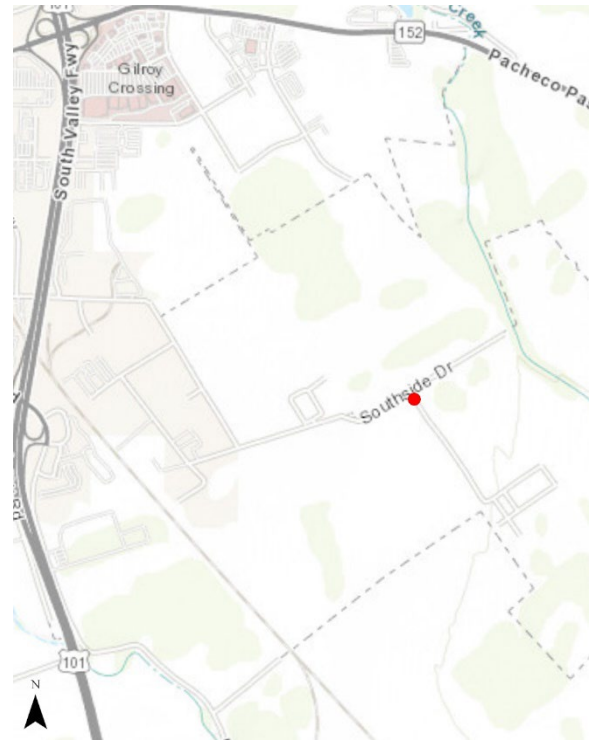
Funding for the projects outlined is allocated in the Sewer Impact Fund (641).

**Operating Cost Impacts**

Operating costs impacts are not anticipated to increase significantly from future projects at the treatment plant.

**Project Location**

SCRWA Treatment Plant, Gilroy



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-641	-	1,500,000	-	-	2,500,000	-
<b>Project Cost</b>	-	<b>\$1,500,000</b>	-	-	<b>\$2,500,000</b>	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Ongoing
<b>Project Design</b>	FY 2025-26 & FY2028-29
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	FY 2025-26 to FY2026-27 & FY2028-29 to FY2029-30
<b>Project Close-out</b>	FY 2026-27 & FY 2029-30



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: Lift Stations Improvements**

**Project No. WW3006**

**Category**

Wastewater

**Funding Source(s)**

F643 - Sewer CIP Fund

**Council Priorities**

Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2024 Sewer System Master Plan



**Project Description**

The City's 14 lift stations are periodically repaired and upgraded as part of the ongoing maintenance program. During FY 2023-24, the design of the rehabilitation of Lift Station K & F's improvements was completed and these improvements are scheduled for bid at the end of FY 2023-24. Other stations that are planned for renovations and upgrades include Lift Station D slated for FY2025-26, and Lift Stations A and P scheduled for FY2028-29. Routine upgrades to the lift stations are necessary to improve safety and reliability; all upgrades will conform to Morgan Hill's lift station's Utilities Standards.

For FY 2024-25, Lift Stations K & F's rehabilitation will be constructed, to include: protective well coatings, new pump assemblies, motor controls, electrical components, and site access improvements. Additionally, there are approximately 3,200' of force main piping connected to Lift Stations K & F that must be replaced, which will improve access to the force mains and replace the existing, failing pipe.

**Project Justification**

Routine maintenance and improvements are necessary to increase the longevity of the facilities and decrease the potential for failure. This project helps increase the level of service to existing customers, while maintaining reliable wastewater conveyance.



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name: Lift Stations Improvements**

**Project No. WW3006**

**Financial Comments**

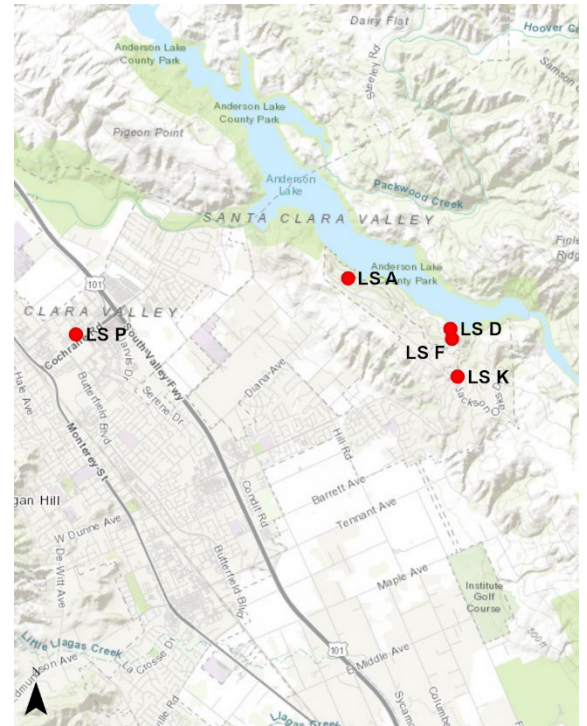
Rehabilitation and repair to the lift stations and force mains are funded through Wastewater ratepayers. Funding of \$3 million for the K & F lift station work has been allocated in the FY 2023-24 budget year, as the project is anticipated to be awarded prior to the end of that FY.

**Operating Cost Impacts**

Investing in the lift station rehabilitation program ensures safety and reliability by minimizing the risk of sanitary sewer overflows and reduces the City's exposure to high-cost emergency repairs.

**Project Location**

Various Locations- Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-643	1,353,600	-	-	-	2,793,600	-
<b>Project Cost</b>	<b>\$1,353,600</b>	-	-	-	<b>\$2,793,600</b>	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	LS A & P – (Summer 2025)
<b>Project Design</b>	LS D – (Winter 2025), LS A & P (Summer /2026)
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	LS F & K – (Winter 2026), LS D – (Summer 2026), LS A & P – (Summer 2029)
<b>Project Close-out</b>	LS F & K – (Spring 2026), LS D – (Fall 2026), LS A & P – (Fall 2029)

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** New Trunk Line

**Project No.** WW3008

**Category**

Wastewater

**Funding Source(s)**

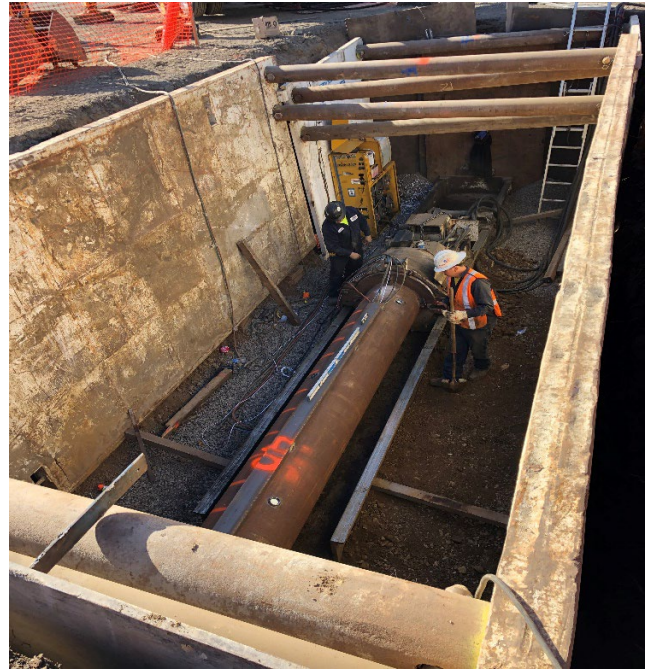
F641 - Sewer Impact Fund  
F643 - Sewer CIP Fund

**Council Priorities**

Protecting the Environment and Preserving  
Open Space and Agricultural Land  
Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2024 Sewer System Master Plan



**Project Description**

All of Morgan Hill's wastewater is delivered to the wastewater treatment plant in Gilroy via a single trunk sewer line that extends south from the City. The construction of a new parallel sewer trunk line is intended to facilitate the City's planned growth and to mitigate capacity constrictions in the existing trunk line. The project will span the distance between Highland Avenue and Renz Lane in Gilroy. The design is scheduled for completion in 2024. Commencement of construction could begin as early as 2025.

**Project Justification**

The City's Sewer System Master Plan identified areas of growth consistent with the General Plan and includes the orderly construction of sewer improvements intended to service that growth. The rate of growth drives the need for expanded capacity in the sewer trunk line and the capacity of the SCRWA treatment plant. Cost for expanding capacity of the trunk line will be met by the collection of sewer impact fees and existing rates.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: New Trunk Line**

**Project No. WW3008**

**Financial Comments**

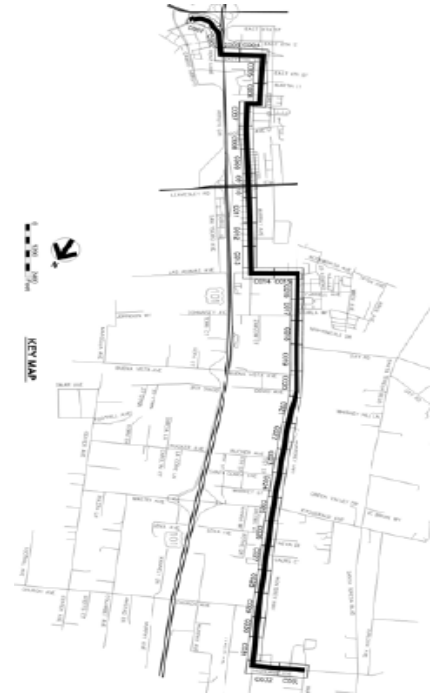
Funding for this project is split between existing users paid for from the Sewer Capital Project Fund (643) and new development paid from the Sewer Impact Fund (641) based on the allocation determined through the Sewer System Master Plan. The City is currently evaluating short term and long-term financing options to fund approximately \$25 million of this project.

**Operating Cost Impacts**

Investing in the new trunk line ensures the City has capacity for future growth and provides reliability and redundancy while minimizing the risk of sewer overflows.

**Project Location**

Morgan Hill to SCRWA Treatment Plant



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-641	250,000	43,763,000	-	-	-	-
Fund-643	100,000	14,588,000				
<b>Project Cost</b>	<b>\$350,000</b>	<b>\$58,351,000</b>	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Complete
<b>Project Design</b>	FY2024-25
<b>Right of Way/ Acquisition/Permitting</b>	In progress, to be completed in FY 2024-25
<b>Construction</b>	FY 2025-26 through FY2027-28
<b>Project Close-out</b>	FY 2027-28

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: New/Replacement Sewer Lines**

**Project No. WW3009**

**Category**

Wastewater

**Funding Source(s)**

F641 - Sewer Impact Fund  
F643 - Sewer CIP Fund

**Council Priorities**

Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2024 Sewer System Master Plan



**Project Description**

The Sewer Capacity projects are intended to provide for the expansion of the sewer system infrastructure to maintain service levels and prepare for future growth requirements.

Key geographic areas have been identified for this effort which include but not limited to:

1. Butterfield Trunk (BT-FM1) - Replace 350 feet of an existing 6-inch sewer line with an 8-inch pipeline from Lift Station G to Monterey Road.
2. Hale/Llagas Trunk (HL-P1) - Upsize 2,250 feet of 8-inch gravity main with 10-inch line from Llagas Rd. to Hale Ave.
3. East Dunne Trunk (ED-P1) - Upsize 1,600 feet of 8-inch gravity main with 10-inch line from Peppertree Dr. to Condit Rd.
4. Hill/Barett Trunk (HB-P2) - Upsize 850 feet of 8-inch gravity main with 10-inch line from East Dunne Ave. to Sundance Dr. Route flows 100% south along Hill Rd.
5. Railroad/Monterey Trunk (RM-P5) - Upsize 1200 feet of 10-inch gravity main with 12-inch line from Calle Sueno to Monterey Rd. Route flows 80% east along Main Ave., 20% south along Monterey Rd.

**Project Justification**

The City's 2024 Sewer System Master Plan outlines the orderly construction of sewer infrastructure intended to accommodate future growth, while maintaining adequate levels of service. To meet these levels of service requirements, the Master Plan recommended the replacement and upsizing of the pipelines to meet the growing capacity needs of the sewer system. This increase in sewer system capacity will allow for the planned development as specified in the City's General Plan. The replacement costs will be met with a combination of sewer collection system rates and impact fees from new development.



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: New/Replacement Sewer Lines**

**Project No. WW3009**

**Financial Comments**

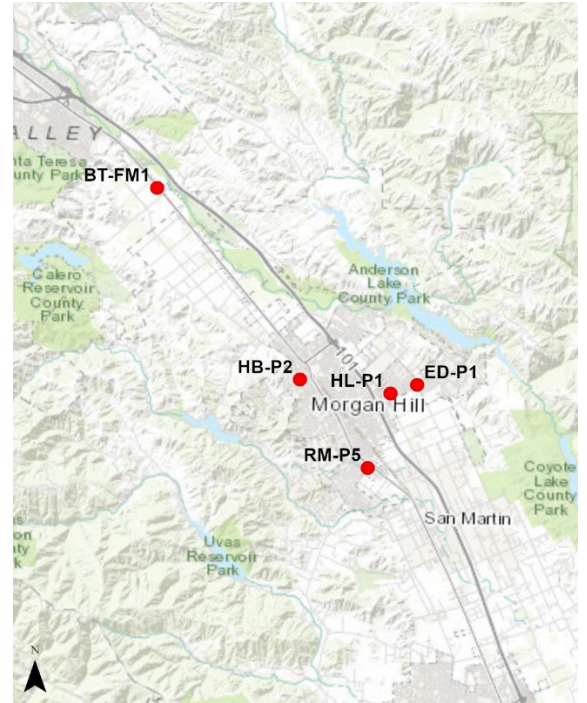
Funding for this project is spilt between existing users paid for from the Sewer Capital Project Fund (643) and new development paid from the Sewer Impact Fund (641) based on the allocation determined through the Sewer System Master Plan.

**Operating Cost Impacts**

Significant operating costs are not anticipated as a result of upsizing these pipelines.

**Project Location**

Various Locations Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Fund-641</b>	461,000	1,250,100	953,100	520,200	461,000	200,000
<b>Fund-643</b>	276,000	1,000,080	953,100	468,180	2,257,020	100,000
<b>Project Cost</b>	<b>\$737,600</b>	<b>\$2,250,180</b>	<b>\$1,906,200</b>	<b>\$988,380</b>	<b>\$2,718,020</b>	<b>\$300,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Complete
<b>Project Design</b>	BT-FM1 (Fall 2024), HB-P2 (Winter 2025) HL-P1 (Summer 2026), ED-P1 (Summer 2026), RM-P5 (Winter 2028)
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	BT-FM1 (Fall 2025), HB-P2 (Fall 2026), HL-P1 (Fall 2027), ED-P1 (Fall 2027), RM-P5 (Summer 2029)
<b>Project Close-out</b>	BT-FM1 (Fall 2025), HB-P2 (Fall 2026), HL-P1 (Fall 2027), ED-P1 (Fall 2027), RM-P5 (Winter 2030)



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: Utility Infrastructure Access Roads**

**Project No. WW3010**

**Category**

Water/Wastewater

**Funding Source(s)**

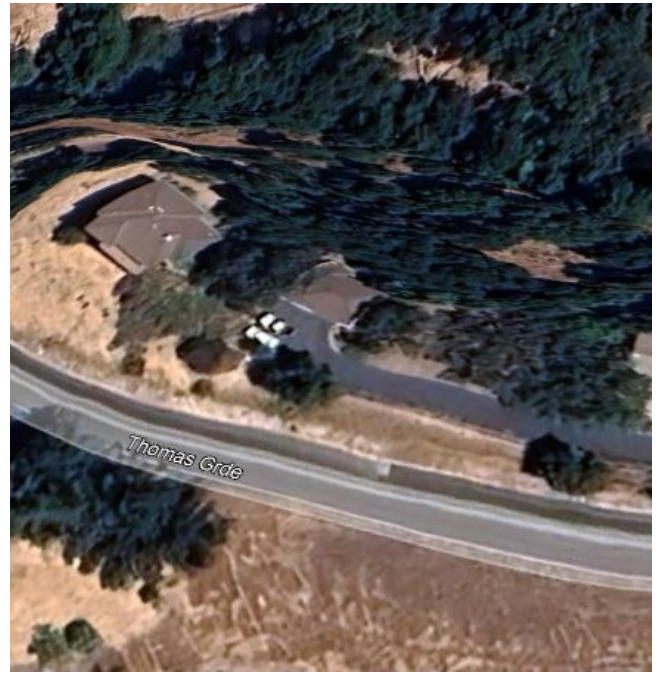
F643 - Sewer CIP Fund  
F653 - Water CIP Fund

**Council Priorities**

Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2024 Sewer System Master Plan



**Project Description**

The City of Morgan Hill has approximately three miles of dirt paths in the Jackson Oaks area that serve as access to City sewer lines in that area. Currently, the Utility Division teammates utilize the roadways to service and maintain the sewer lines in the area using an off-road vehicle. This project will consist of improving those dirt roads into gravel roads, which will have a significant number of benefits. Making access to these sewer lines much easier and safer for City staff will considerably reduce risk to the City. The risk will be reduced by allowing utility staff to respond to sewer overflows quickly and effectively in the area. Furthermore, the improved roadways will reduce the risk for City teammates accessing the areas. Another benefit of the project to the area is that the gravel access roads will also create improved fire breaks in an area of heightened fire concern. Additionally, there are multiple dirt access roads to water sites that are also in need of improvements. Engineering services needed for the access roadway improvements include topographic, geotechnical, boundary survey, design, stormwater management plan, bidding support, construction cost estimate, and construction administration. This project will be constructed in phases over several years.

**Project Justification**

This project will allow staff easy access to clean and maintain sewer mains more effectively, flush debris to minimize blockages which will prevent sanitary sewer spills and expenditures. Sewer spills are considered pollutants and health hazards; responding to them quickly is a requirement.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name: Utility Infrastructure Access Roads**

**Project No. WW3010**

**Financial Comments**

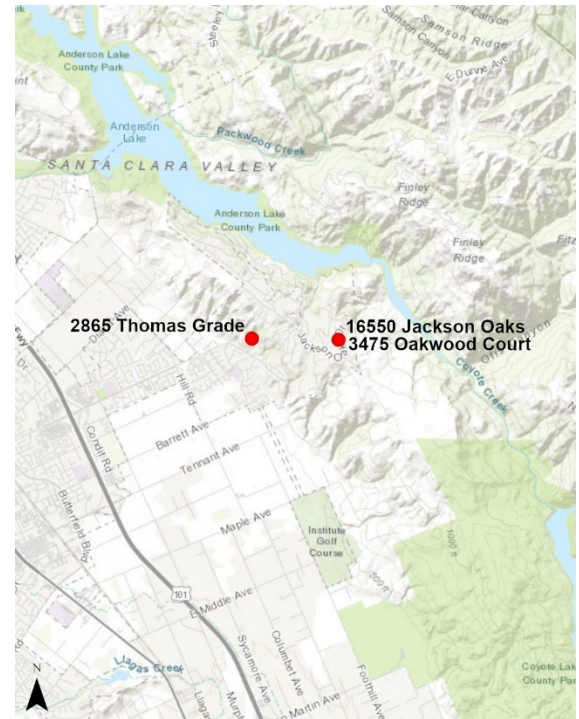
This project will be funded through wastewater and water rates based on the purpose of the access roads.

**Operating Cost Impacts**

This project will reduce maintenance requirements and create a safer work environment, reducing overall operating costs.

**Project Location**

Jackson Oaks, Oakwood Court, Thomas Grade



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-643	-	-	500,000	-	-	500,000
Fund-653	550,000	-	-	-	-	-
<b>Project Cost</b>	<b>\$550,000</b>	<b>-</b>	<b>\$500,000</b>	<b>-</b>	<b>-</b>	<b>\$500,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	In progress
<b>Project Design</b>	Summer 2025
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	Fall 2027, Fall 2030
<b>Project Close-out</b>	Fall 2027, Fall 2030

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Existing Joint Trunk Repair

**Project No.** WW3012

**Category**

Wastewater

**Funding Source(s)**

F643 - Sewer CIP Fund

**Council Priorities**

Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2024 Sewer System Master Plan



**Project Description**

The goal of this project is to enhance the efficiency and longevity of the existing sewer system by rehabilitating sewer lines and improving manhole structures. The project will address issues such as leaks, deterioration, and structural deficiencies. Key tasks identified for this effort include:

1. Line 3,145 linear feet of pipes and 40 manholes at various locations within the service area (RR-J1-5).
2. Line 1,072 linear feet of a 36" diameter pipe between Highland Ave and Fitzgerald Ave. (RR-J6).
3. Line/Open Cut 20,627 linear feet of a 36" diameter pipe south of Day Rd. (RR-J7).

Projects outlined will be undertaken in partnership with the City of Gilroy, which will fund 25-50% of project costs associated with repair work based on the shared ownership of the joint trunk line.

**Project Justification**

This type of project is necessary for the following reasons:

1. Improved Infrastructure: Enhanced sewer lines and manholes will reduce leaks and improve overall system performance.
2. Longevity: Coating manholes and lining sewer lines will extend their lifespan.
3. Reduced Emergency Failures: The project aims to minimize emergency failures in the sewer system.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name: Existing Joint Trunk Repair**

**Project No. WW3012**

**Financial Comments**

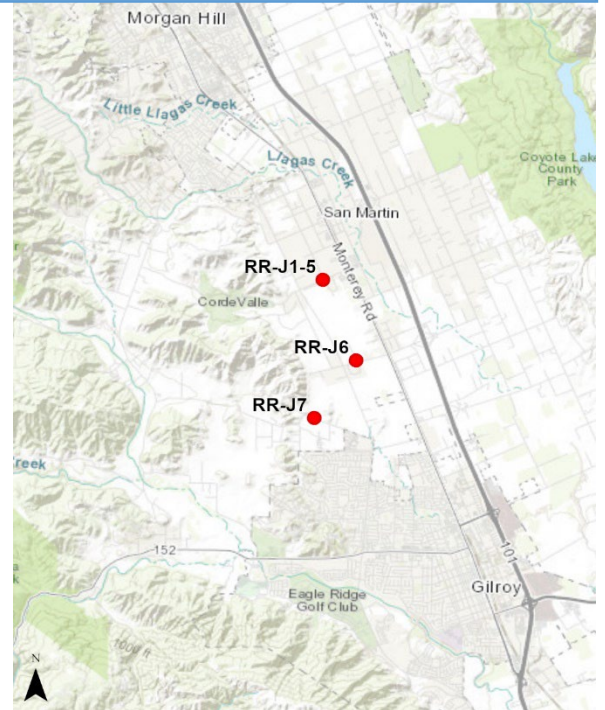
Significant inflow and intrusion (I&I) investigative work was completed in 2023 to address deficiencies in the system. Recommendations from the report will be addressed by using the Sewer Capital Project Fund (643). Costs outlined are Morgan Hill's share of the improvements for the project, which will be jointly funded with the City of Gilroy.

**Operating Cost Impacts**

The improvements outlined in the project support ongoing operations.

**Project Location**

**Various Locations-Joint Trunk Line**



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-643	4,000,000	2,800,000	-	1,200,000	-	326,000
<b>Project Cost</b>	<b>\$4,000,000</b>	<b>\$2,800,000</b>	<b>-</b>	<b>\$1,200,000</b>	<b>-</b>	<b>\$326,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	RR-J7 (Fall 2024), RR-J1-5 (Fall 2026), RR-J6 (Summer 2028)
<b>Project Design</b>	RR-J7 (Summer 2025), RR-J1-5 (Spring 2027), RR-J6 (Spring 2029)
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	RR-J7 (Fall 2026), RR-J1-5 (Fall 2028), RR-J6 (Summer 2030)
<b>Project Close-out</b>	RR-J7 (Fall 2026), RR-J1-5 (Fall 2028), RR-J6 (Summer 2030)

*CITY OF MORGAN HILL CAPITAL IMPROVEMENT  
PROGRAM*

*FY 2024-25 – FY 2029-30*

*WATER*



CITY OF MORGAN HILL



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**651 - Water Impact- Water**

**Fund Description**

The purpose of the Water Impact Fund is to construct expansions to the City's Water System to accommodate new development. The Fund receives revenues from developer charges to cover the costs to construct water improvements required as a result of the new development. Expenditures may be made for the construction of the required improvements or to reimburse the City for funds advanced to construct such improvements. This Fund is subject to the restrictions of AB1600. The primary planning tool for the Fund is the City's Water System Master Plan.

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 166,785	\$ 285,536	\$ 113,351	\$ 368,558	\$ 5,745	\$ 235,514
PF 2001 - Infrastructure Planning Documents	-	75,000	-	-	-	-
WA6001 - Groundwater Wells	100,000	5,000,000	-	-	-	600,000
WA6002 - Pipeline Capacity Improvements	-	-	-	-	30,000	700,000
WA6006 - Pump Station Capacity	60,000	54,000	360,000	-	-	-
WA6007 - Holiday Lake Improvements: Pipes, Pumps & Storage	3,200,000	-	240,000	1,600,000	-	-
WA6008- Reservoir Capacity Improvements	112,500	750,000	255,000	1,700,000	-	-
<b>Totals</b>	<b>\$ 3,639,285</b>	<b>\$ 6,164,536</b>	<b>\$ 968,351</b>	<b>\$ 3,668,558</b>	<b>\$ 35,745</b>	<b>\$ 1,535,514</b>

**How this Fund Generates Money for Capital Investment**

New development creates the need for City to expand its inventory of public facilities and build new or expand current, infrastructure to handle the demands of new services. The City imposes public facilities fees under authority granted by the Mitigation Fee Act, contained in California Government Code Sections 66000. A City Council-adopted "Impact Fee Report" provides the necessary findings required for adoption of the fees.

**Limitations and Other Important Factors**

All development impact fee-funded capital projects are programmed through the City's 6-Year CIP, to build out new public facilities/infrastructure projects to accommodate future growth. By programming fee revenues to specific capital projects, the City ensures a reasonable relationship between new development and the use of fee revenues as required by the Mitigation Fee Act.

**Goals for Capital Investment**

The goals for this fund during this period consist of funding for new water wells, reservoirs, and water mains to service future growth.

Revenues- Other includes interest income. Expenditure- Other includes annual transfers-out to the General Fund for administration and infrastructure planning, debt service, and to Fund 207 (Long Range Planning) for the general plan update.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund 651 - Water Impact	Projected						
Beginning Fund Balance	\$ 2,969,960	\$ 2,881,877	\$ 2,459,855	\$ 465,711	\$ 1,919,308	\$ 229,292	\$ 1,243,044
Revenues - Impact Fees	739,182	3,829,384	4,833,886	3,096,165	2,659,187	1,742,108	1,169,200
Revenues - Other	122,000	92,467	40,273	29,826	25,369	14,561	23,974
Expenditures - CIP Projects	246,393	3,639,285	6,164,536	968,351	3,668,558	35,745	1,535,514
Expenditures - Other	702,872	704,588	703,767	704,043	706,013	707,171	707,528
<b>Ending Fund Balance</b>	<b>\$ 2,881,877</b>	<b>\$ 2,459,855</b>	<b>\$ 465,711</b>	<b>\$ 1,919,308</b>	<b>\$ 229,292</b>	<b>\$ 1,243,044</b>	<b>\$ 193,176</b>

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**653 - Water Capital Project - Water**

**Fund Description**

The purpose of the Water Capital Project Fund is to implement capital improvements to the water system that support the ongoing maintenance of the system. The primary planning tool for the Fund is the City's Water System Master Plan. The fund was established to avoid fluctuations in water rates by providing reserve funding for future water system replacement and rehabilitation projects. Annual contributions from the Water Operations Fund occur to fund planned capital projects in this area. This fund pays 70% of debt service payment for the water revenue bond, and 30% is paid out of the Water Impact Fund (651).

Project List	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
PF2006 - Project Administration	\$ 819,612	\$ 523,254	\$ 595,923	\$ 809,711	\$ 584,125	\$ 643,134
PF2001 - Infrastructure Planning Documents	-	75,000	-	-	-	-
WA6001 - Groundwater Wells	4,600,000	-	-	-	-	-
WA6002 - Pipeline Capacity Improvements	50,000	1,300,000	-	-	-	-
WA6003 - Water Facility Rehabilitation	350,000	350,000	350,000	350,000	350,000	350,000
WA6005 - Water Pipeline Repair and Replacement	1,000,000	2,000,000	1,000,000	2,000,000	2,500,000	3,000,000
WA6006 - Pump Station Capacity	240,000	36,000	240,000	-	-	-
WA6007 - Holiday Lake Improvements: Pipes, Pumps & Storage	6,500,000	-	360,000	2,400,000	-	-
WA6008 - Reservoir Capacity Improvements	637,500	4,250,000	345,000	2,300,000	-	-
WA6009 - Reservoir Recoating & Rehabilitation	1,000,000	2,500,000	2,000,000	-	-	-
WA6010 - Utilities Security System Enhancement	200,000	200,000	200,000	200,000	200,000	200,000
WA6011 - Utility System Solar	1,937,000	-	-	-	-	-
WW3010 - Utility Infrastructure Access Roads	550,000	-	-	-	-	-
<b>Totals</b>	<b>\$ 17,884,112</b>	<b>\$11,234,254</b>	<b>\$ 5,090,923</b>	<b>\$ 8,059,711</b>	<b>\$ 3,634,125</b>	<b>\$ 4,193,134</b>

## City of Morgan Hill Capital Improvement Program FY 2024-25 – FY 2029-30

### How this Fund Generates Money for Capital Investment

Funding comes from planned transfers from the Water Operations Fund, which is funded through ratepayers.

### Limitations and Other Important Factors

The projects paid for through this fund are projects for the purpose of rehabilitation and replacement work for the City's existing water system.

### Goals for Capital Investment

The goals for this fund during this period consist of improvements to enhance system reliability and to take care of existing system deficiencies by replacing and rehabilitating water system components.

Revenues- Other includes interest income and annual transfers-in from Fund 650 (Water Operations) and 651 (Water Impact). Expenditure- Other includes annual transfers-out to the General Fund for administration, debt service, and contract services.

Six-Year Pro Forma	2023-24 YE	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund 653 - Water Capital Project	Projected						
Beginning Fund Balance	\$ 15,548,298	\$ 17,151,033	\$ 8,060,682	\$ 3,052,118	\$ 3,397,994	\$ 126,817	\$ 942,435
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	6,547,709	10,380,062	7,809,380	7,020,229	6,375,831	6,038,886	5,749,748
Expenditures - CIP Projects	3,361,416	17,884,112	11,234,254	5,090,923	8,059,711	3,634,125	4,193,134
Expenditures - Other	1,583,558	1,586,301	1,583,690	1,583,430	1,587,297	1,589,143	1,589,007
Ending Fund Balance	\$ 17,151,033	\$ 8,060,682	\$ 3,052,118	\$ 3,397,994	\$ 126,817	\$ 942,435	\$ 910,043

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Groundwater Wells

**Project No.** WA6001

**Category**

Water

**Funding Source(s)**

F651 - Water Impact Fund  
F653 - Water CIP Fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2021 Water System Master Plan



**Project Description**

By 2030, this project aims to plan, design, and construct four new groundwater wells. These wells include Nob Hill wells 1, 2, and the Boys Ranch wells 1, 2. The Master Plan Project IDs associated with these wells are NH-W1, NH-W2, BR-W1, and BR-W2. One well is at the design stage with anticipated construction and commissioning for the end of 2025. The remainder of the wells are slated to be designed and constructed in the subsequent years. Those wells are in the pipeline to support future growth, improve redundancy, and increase reliability.

**Project Justification**

The 2022 Water System Master Plan identified that the City's supply requirement exceeds the City's existing firm supply capacity. Constructing new municipal water wells serves several critical purposes. First and foremost, it enhances reliability and redundancy within the water supply system. By having those wells built, the risk of service disruption due to well maintenance, repairs, or unexpected issues is significantly reduced. Second, the new wells can support future growth in the Community. As the population expands, additional water sources become essential to meet increasing demand. Lastly, investing in new wells ensures we can provide a sustainable and consistent water supply to residents, businesses, and essential services. Overall, the wells will contribute to the long-term stability and resilience of the water infrastructure.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Groundwater Wells

**Project No.** WA6001

**Financial Comments**

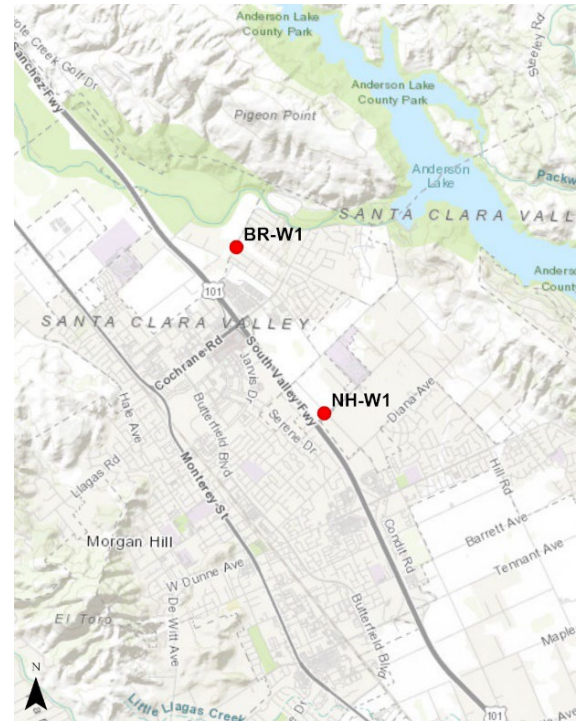
All the funding for the new groundwater well projects is from impact fees - Water Impact Fund (651) and water rates collected - Water Capital Project Fund (653).

**Operating Cost Impacts**

These projects will increase operation and maintenance costs which will be accounted for by increased water sales, increased customers, and/or increased water rates.

**Project Location**

Boys Ranch Wells and Nob Hill Wells



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-651	100,000	5,000,000	-	-	-	600,000
Fund-653	4,600,000					
<b>Project Cost</b>	<b>\$4,700,000</b>	<b>\$5,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$600,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Ongoing
<b>Project Design</b>	NH-W1 (Summer 2024), BR-W1(Spring 2025), NH-W2 (Fall 2029), BR-W2 (Fall 2029)
<b>Right of Way/ Acquisition/Permitting</b>	NH-W1 (Summer 2024), BR-W1(Spring 2025), NH-W2 (Spring 2030), BR-W2 (Spring 2030)
<b>Construction</b>	NH-W1 (Fall 2025), BR-W1(Fall 2026), NH-W2 (Fall 2030), BR-W2 (Fall 2030)
<b>Project Close-out</b>	NH-W1 (Fall 2025), BR-W1(Fall 2026), NH-W2 (Fall 2031), BR-W2 (Fall 2031)



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Pipeline Capacity Improvements

**Project No.** WA6002

**Category**

Water

**Funding Source(s)**

F651 - Water Impact Fund  
F653 - Water CIP Fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2021 Water System Master Plan



**Project Description**

The 2021 Water System Master Plan recommended the installation of new water mains to relieve water system deficiencies and increase the hydraulic reliability of the system. The projects consist of installations of new or replacement of existing water mains.

The Projects scheduled for initiation in FY 2025-26 are Master Plan Projects NH-P3, NH-P4 and BR-P4. The projects scheduled for initiation in FY 2027-28 are NH-P1 and NH-P2.

- BR-P4 - replacement of 450 LF of existing 8” main with a 10” main on Mission View Dr. between Cochrane Rd and 2,100’ Northwest of Cochrane Rd.
- NH-P1 - replacement of 950 LF of existing 4” main with 8” main on Spring Avenue between Del Monte Ave to Monterey Rd.
- NH-P2 - replacement of 550 LF of existing 10” main with 16” main on San Pedro Ave. between Butterfield Blvd and Railroad Ave.
- NH-P3 - replacement of 350 LF of existing 10” main with 16” main on Railroad Ave. between San Pedro Ave to approx. 600’ n/o Mast St.
- NH-P4 - replacement of 600 LF of existing 6” main with 16” main on Railroad Ave. approx. 600’ n/o Mast St. to Mast St.

**Project Justification**

The City's 2021 Water System Master Plan outlines the orderly construction of water system infrastructure intended to accommodate future growth, while maintaining adequate levels of service. To meet these levels of service requirements, the Master Plan recommended the construction of these water pipelines to mitigate capacity deficiencies, increase hydraulic reliability, and account for existing operational considerations.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Pipeline Capacity Improvements

**Project No.** WA6002

**Financial Comments**

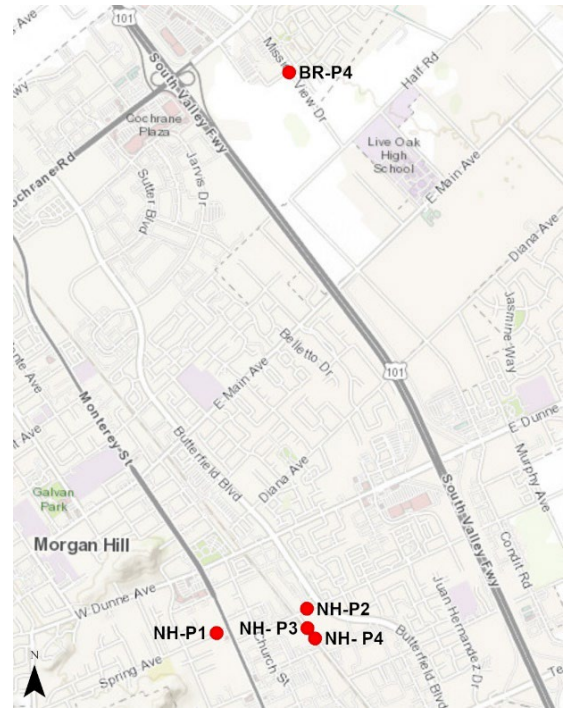
Funding for the project is provided by the Water Impact Fund (651) when associated with new development. Projects associated with the repair of existing infrastructure is funded with water rates in the Water Capital Project Fund (653).

**Operating Cost Impacts**

This project does not significantly increase operating costs.

**Project Location**

Various- Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-651	-	-	-	-	30,000	700,000
Fund-653	50,000	1,300,000	-	-	-	-
<b>Project Cost</b>	<b>\$50,000</b>	<b>\$1,300,000</b>	<b>-</b>	<b>-</b>	<b>\$30,000</b>	<b>\$700,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

Estimated Project Schedule	Timeline for Completion
<b>Planning</b>	
<b>Project Design</b>	NH- P3 (Fall 2024), NH- P4 (Winter 2025), BR-P4 (Fall 2024), NH-P1, NH-P2 (As developments occur)
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	NH- P3 (Fall 2026), BR-P4 (Fall 2026), NH- P4 (Spring 2028), NH-P1, NH-P2, and BR-P4 (As developments occur)
<b>Project Close-out</b>	NH- P3 (Fall 2027), BR-P4 (Fall 2027), NH- P4 (Spring 2029), NH-P1, NH-P2, and BR-P4 (As developments occur)

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Water Facility Rehabilitation

**Project No.** WA6003

**Category**

Water

**Funding Source(s)**

F653 - Water CIP Fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2021 Water System Master Plan



**Project Description**

This project is intended to ensure reservoir, well, and pump station capital repairs and replacements occur on an ongoing basis. The project includes replacement of pumps, generators, and other components within the water system. This project will also support the larger replacements and repairs that occur unexpectedly within the system. The first three years of the CIP include the rehabilitation of two booster stations and replacement of one generator.

The Jackson Booster Generator was replaced FY 2023-24. The East Dunne Booster pump 1C is scheduled to be replaced at the beginning of FY 2025-26.

**Project Justification**

Routine replacement of capital assets of the water system components ensures reliable delivery of water service to the Community.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Water Facility Rehabilitation

**Project No.** WA6003

**Financial Comments**

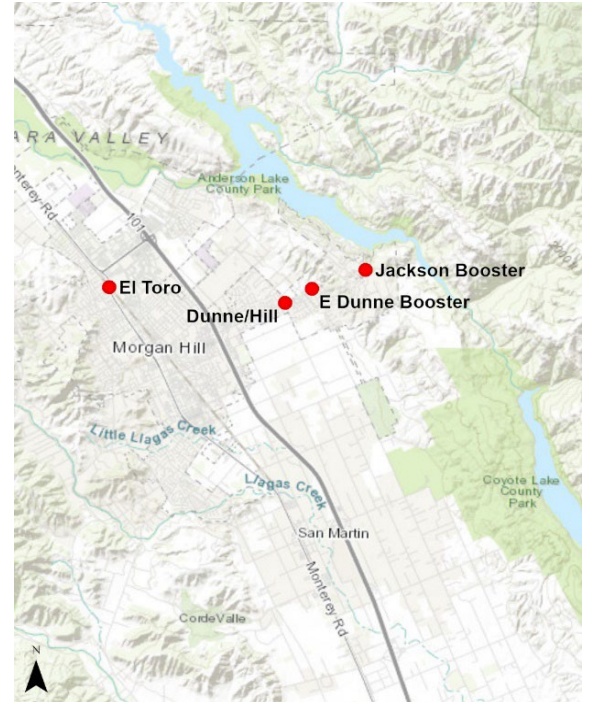
These capital repairs and replacement will be funded through Water ratepayers via the Water Capital Project Fund (653).

**Operating Cost Impacts**

Capital repairs and replacement will have a positive impact on operating costs through a reduction in unanticipated maintenance.

**Project Location**

Various- Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Fund-653</b>	350,000	350,000	350,000	350,000	350,000	350,000
<b>Project Cost</b>	<b>\$350,000</b>	<b>\$350,000</b>	<b>\$350,000</b>	<b>\$350,000</b>	<b>\$350,000</b>	<b>\$350,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	On-going
<b>Project Design</b>	On-going Annually (FY 2024- FY 2030)
<b>Right of Way/ Acquisition/Permitting</b>	As needed
<b>Construction</b>	Annual Rehabilitations (FY 2024-FY 2030)
<b>Project Close-out</b>	Annual Close-outs (FY 2024-FY 2030)



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Water Pipeline Repair and Replacement

**Project No.** WA6005

**Category**

Water

**Funding Source(s)**

F653 - Water CIP Fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2021 Water System Master Plan



**Project Description**

The 2021 Water System Master Plan recommends an ongoing program to replace aging and failing pipelines throughout the water system. This includes multiple improvements to mitigate existing water system deficiencies, increase hydraulic reliability and/or replace existing pipelines due to poor condition or operational considerations. The initial two years of the project will focus on replacing eight priority water mains in the next two years. The pipeline projects are at the following locations: Shady Lane, Hilltop Court, Oak View Court, Holiday Tank Site, Manzanita Drive, Raccoon Court, First Street, and Oak Canyon Drive. It also calls for 0.5% routine repair citywide between 2024 and 2026. Additionally, a new pipeline project to tie-in the water main on Jackson Oaks Dr. with the Jackson Reservoir and subsequently abandon the existing failing line in place is also planned.

The Master Plan Projects IDs are all the RPs (1-8) and the RRs (24-29) with RP-2 having been completed in FY 2023-24.

**Project Justification**

Repair and replacement of City water infrastructure on a regular basis ensures the aging water system's reliability to serve customers and provide fire protection service to the Community.



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Water Pipeline Repair and Replacement

**Project No.** WA6005

**Financial Comments**

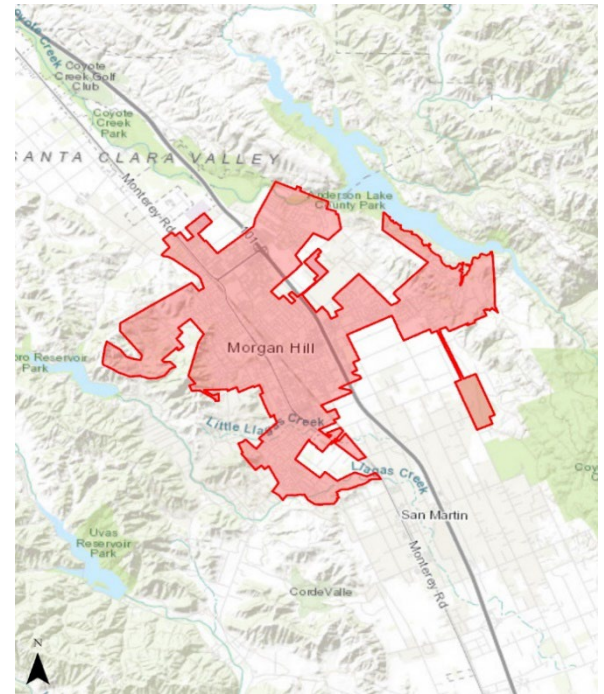
The cost for these pipeline replacements will be met with funds provided by water system rates from the Water Capital Project Fund (653).

**Operating Cost Impacts**

These projects will have positive impacts on operating costs by proactively replacing water mains before they fail and require emergency response.

**Project Location**

Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Fund-653</b>	1,000,000	2,000,000	1,000,000	2,000,000	2,500,000	3,000,000
<b>Project Cost</b>	<b>\$1,000,000</b>	<b>\$2,000,000</b>	<b>\$1,000,000</b>	<b>\$2,000,000</b>	<b>\$2,500,000</b>	<b>\$3,000,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	On-going
<b>Project Design</b>	Summer to Fall (Every Year)
<b>Right of Way/ Acquisition/Permitting</b>	Winter (Following Every Year)
<b>Construction</b>	Winter to Fall (Same Year)
<b>Project Close-out</b>	Fall (Same Year)

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Pump Station Capacity

**Project No.** WA6006

**Category**

Water

**Funding Source(s)**

F651 - Water Impact Fund  
F653 - Water CIP Fund

**Council Priorities**

Fiscal Sustainability  
Maintaining and Enhancing Infrastructure

**Strategic Planning Documents**

2021 Water System Master Plan



**Project Description**

This project includes the retrofit of a mobile pump station (capacity of 1500 gpm) to feed water from the Llagas subbasin to the Boys Ranch area during a drought. That mobile station will ensure redundancy and will give staff the flexibility to convey drinking water from the Llagas basin to the Coyote sub-basin as needed. An upgrade to the Llagas booster station (capacity of 450 gpm) is also included in this project. The Master Plan Project IDs are BR-PS1 and LI-PS1, respectively.

**Project Justification**

The City's 2021 Water System Master Plan outlines the orderly construction of water system infrastructure intended to accommodate future growth, while maintaining adequate levels of service. To meet these level of service requirements, the Master Plan recommends the construction of these water pump station improvements to mitigate existing capacity deficiencies, increase hydraulic reliability, and account for existing operational considerations. These improvements will provide adequate levels of service for existing and future customers.

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Pump Station Capacity

**Project No.** WA6006

**Financial Comments**

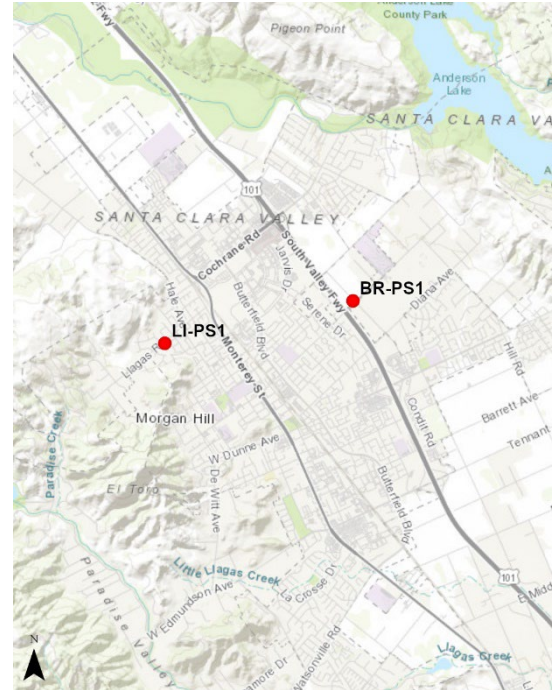
Funding for Pump Station Capacity Improvements will be from a combination of water rate payers in the Water Capital Project Fund (653) and future water ratepayers in the Water Impact Fund (651).

**Operating Cost Impacts**

These projects do not increase operating costs.

**Project Location**

Boy's Ranch, Llagas Road @ Carriage Drive



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-651	60,000	54,000	360,000	-	-	-
Fund-653	240,000	36,000	240,000	-	-	-
<b>Project Cost</b>	<b>\$300,000</b>	<b>\$90,000</b>	<b>\$600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	BR-PS1 (Fall 2024) and LI-PS1 (Fall 2024)
<b>Project Design</b>	BR-PS1 (Fall 2024) and LI-PS1 (Winter 2024)
<b>Right of Way/ Acquisition/Permitting</b>	BR-PS1 (Fall 2024)
<b>Construction</b>	BR-PS1 (Fall 2025) and LI-PS1 (Fall 2026)
<b>Project Close-out</b>	BR-PS1 (Fall 2025) and LI-PS1 (Fall 2026)

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Holiday Lake Improvements

**Project No.** WA6007

**Category**

Water

**Funding Source(s)**

F651 - Water Impact Fund  
F653 - Water CIP Fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2021 Water System Master Plan



**Project Description**

This project involves a multi-year operational reorganization of the existing Holiday 1/2/3 and Holiday Lake pressure zones. The three existing East Dunne pump stations separately pump to the Holiday Lake Zone, Holiday 1 Zone, and Holiday 2 Zone. The existing East Dunne pump stations are planned for replacement with one new pump station, pumping to a new water storage tank along East Dunne Avenue. This project consists of the construction of a new water storage tank, associated piping and pump modification at the existing Dunne Booster station (Phase 1), and a new pump station and a new water transmission pipeline from the new Dunne storage tank to the existing Jackson Oaks tanks (Phase 2).

**Project Justification**

The operational reorganization of the existing Holiday 1/2/3 and Holiday Lake pressure zones requires the construction of multiple improvements, including a pump station, water storage tank, multiple pipelines, and a pressure reducing station. The 2021 Water System Master Plan and supporting special studies identified these improvements and evaluated the need for storage and boosting requirements.



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Holiday Lake Improvements

**Project No.** WA6007

**Financial Comments**

Funding for this project is split between existing users paid for from the Water Capital Project Fund (653) and new development paid from the Water Impact Fund (651) based on the allocation determined through the Sewer System Master Plan. Additionally, the City has been awarded a \$4 million grant for this project from the State of California Department of Water Resources, which will offset ratepayer costs.

**Operating Cost Impacts**

There will be increased costs associated with maintaining the new reservoir and pump station identified in this project. Both systems add capacity and will allow for additional ratepayers to support the Water System.

**Project Location**

Holiday Lake Estates- East Dunne Ave.



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-651	3,200,000	-	240,000	1,600,000	-	-
Fund-653	6,500,000	-	360,000	2,400,000	-	-
<b>Project Cost</b>	<b>\$9,700,000</b>	<b>-</b>	<b>\$600,000</b>	<b>\$4,000,000</b>	<b>-</b>	<b>-</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Complete
<b>Project Design</b>	Phase 1 Complete, Phase 2 FY 2026-27
<b>Right of Way/ Acquisition/Permitting</b>	Complete
<b>Construction</b>	Phase 1 FY 2024-25 to FY 2025-26 and Phase 2 FY 2027-28 to FY2028-29
<b>Project Close-out</b>	Phase 1 FY 2025-26 and Phase 2 2028-29



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Reservoir Capacity Improvements

**Project No.** WA6008

**Category**

Water

**Funding Source(s)**

F651 - Water Impact Fund

F653 - Water CIP Fund

**Council Priorities**

Fiscal Sustainability

Maintaining and Enhancing Infrastructure

**Strategic Planning Documents**

2021 Water System Master Plan

State Requirements

Best Management Practices



**Project Description**

The purpose of this project is to either replace or construct larger storage tanks to accommodate growth and increase water storage capacity. The tanks that will be increased in size include the following: Boy's Ranch (1.20 MG), Glen Ayre (0.25 MG), and Woodland 2 (0.25 MG). Except for the Edmondson site where a second tank (0.90 MG) will be added, the other sites will have new tanks with the current volume; those sites are Llagas (0.2 MG), and Jackson Oaks (0.2 MG). Those facilities are referred to in the 2021 Water System Master Plan as BR-T1, GA-T1, WD-T1, ED-T1, LI-T1, and JO-T1. Those projects will be built in phases.

Upgrading the road access to the EL Toro reservoir is included as part of the reservoir projects. A preliminary cost of \$500,000 is estimated in the budget for this purpose.

**Project Justification**

The 2021 Water System Master Plan for the City delineates a systematic approach to developing water system infrastructure. Its primary goal is to accommodate future growth while ensuring satisfactory service levels. To achieve this, the plan proposes the construction of additional storage reservoirs. These reservoirs will address existing capacity limitations, enhance hydraulic reliability, and account for operational needs. Ultimately, these storage enhancements will ensure adequate service levels for both new and existing customers.

Additionally, the El Toro access road is designed to facilitate timely fuel delivery and minimize safety risks for our staff and contractors.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Reservoir Capacity Improvements

**Project No.** WA6008

**Financial Comments**

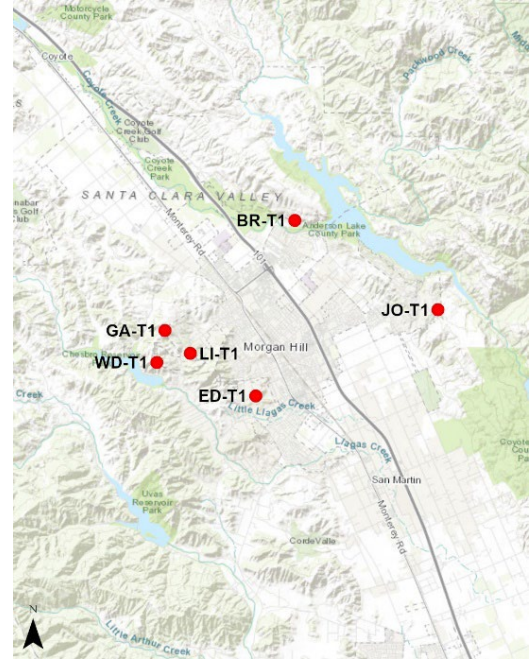
Funding for Reservoir Capacity Improvements will be from a combination of water rate payers in the Water Capital Project Fund (653) and future water ratepayers in the Water Impact Fund (651).

**Operating Cost Impacts**

These projects do not impact operating costs.

**Project Location**

Various- Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-651	112,500	750,000	255,000	1,700,000	-	-
Fund-653	637,500	4,250,000	345,000	2,300,000	-	-
<b>Project Cost</b>	<b>\$750,000</b>	<b>\$5,000,000</b>	<b>\$600,000</b>	<b>\$4,000,000</b>	<b>-</b>	<b>-</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	BR-T1 (TBD), GA-T1 (Fall 2024), WD-T1 (Fall 2024), ED-T1 (TBD), LI-T1 (Winter 2026), and JO-T1 (Winter 2026)
<b>Project Design</b>	BR-T1 (TBD), GA-T1 (Fall 2024), WD-T1 (Fall 2024), ED-T1 (TBD), LI-T1 (Winter 2026), and JO-T1 (Winter 2026)
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	BR-T1 (TBD), GA-T1 (Fall 2026), WD-T1 (Fall 2026), ED-T1 (TBD), LI-T1 (Fall 2028), and JO-T1 (Fall 2028)
<b>Project Close-out</b>	BR-T1 (TBD), GA-T1 (Fall 2026), WD-T1 (Fall 2026), ED-T1 (TBD), LI-T1 (Fall 2028), and JO-T1 (Fall 2028)

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Reservoir Recoating and Rehabilitation

**Project No.** WA6009

**Category**

Water

**Funding Source(s)**

F653 - Water CIP Fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2021 Water System Master Plan



**Project Description**

The recoating project is part of our routine capital infrastructure maintenance for reservoirs. By regularly recoating the storage tanks, the City maintains the structural integrity and extends the useful life of the reservoirs. Recoating prevents accelerated degradation of the reservoir and the premature failure of the reservoir and its components. In addition to recoating, other improvements to ensure the reservoirs can continue to be operated safely are also included. For this budget cycle, Encino, El Toro, Edmundson, Boys Ranch # 3 and #2 reservoirs are scheduled for work. Those facilities are referred to in the 2021 Water System Master Plan as RC-1, RC-3, RC-4, RC-5, and RC-6 respectively. Those projects will be built in phases.

**Project Justification**

Re-coating and rehabilitating drinking water tanks are essential for maintaining water quality, safety, and infrastructure longevity. Some reasons why this type of work is critical:

1. **Corrosion Prevention:** Over time, water tanks can develop corrosion. Re-coating helps prevent further deterioration and ensures the tank's structural integrity.
2. **Water Quality:** The interior coating of water tanks prevents direct contact between the stored water and the tank material. Proper coatings reduce the risk of contaminants leaching into the water, ensuring safe and clean drinking water for consumers.
3. **Health and Safety:** Regular re-coating helps maintain hygienic conditions inside the tank. Rehabilitating the tank ensures compliance with health and safety standards.
4. **Leak Prevention:** Coatings act as a barrier against leaks. Damaged or deteriorated coatings can lead to water leakage, which wastes water and may compromise a tank's stability and surrounding soil.
5. **UV Protection:** Exterior coatings protect tanks from UV radiation, preventing premature aging and degradation. UV-resistant coatings maintain the tank's appearance and extend its lifespan.
6. **Cost-Effective:** Regular maintenance and re-coating are more cost-effective than replacing an entire tank. Proper rehabilitation extends the tank's life, reducing long-term expenses.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Reservoir Recoating and Rehabilitation

**Project No.** WA6009

**Financial Comments**

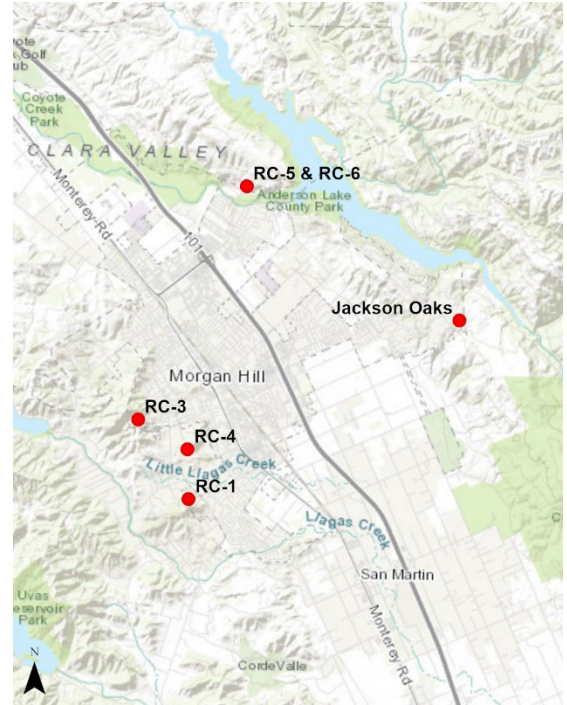
Funding for the recoating improvement projects is from the Water Capital Project Fund (653) and paid for by water ratepayers.

**Operating Cost Impacts**

This project does not increase operating costs.

**Project Location**

Various- Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-653	1,000,000	2,500,000	2,000,000	-	-	-
<b>Project Cost</b>	<b>\$1,000,000</b>	<b>\$2,500,000</b>	<b>\$2,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	RC-1 (Fall 24), RC-3 (Winter 25), RC-4 (Winter 25), RC-5, & RC-6 (Winter 28)
<b>Project Design</b>	RC-1 (Fall 24), RC-3 (Winter 25), RC-4 (Winter 25), RC-5 & RC-6 (Winter 28)
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	RC-1 (Spring 25), RC-3 (Spring 25), RC-4 (Spring 26), RC-5 & RC-6 (Fall 29)
<b>Project Close-out</b>	RC-1 (Spring 25), RC-3 (Spring 25), RC-4 (Spring 26), RC-5 & RC-6 (Fall 29)



**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Utilities Security System Enhancement

**Project No.** WA6010

**Category**

Water/Wastewater

**Funding Source(s)**

F643- Sewer CIP Fund

F653 - Water CIP Fund

**Council Priorities**

Enhancing Public Safety and Quality of Life  
Maintaining and Enhancing Infrastructure  
Healthy Community

**Strategic Planning Documents**

2021 Water System Master Plan



**Project Description**

The purpose of this project is to improve the physical protection of the City's utility facilities. This will include improvements in fencing, access systems, camera systems and other improvements. This will begin with improvements to the City's essential infrastructure assets. Improvements will occur annually with available funding. This project aligns with the American Water Infrastructure Act (AWIA) and supports the City's efforts to ensure protection of the City's water supply.

Security fencing for the Glen Ayre, Woodland and Jackson Booster began at the end of FY 2023-24, and moving forward additional fencing and cameras will be implemented.

**Project Justification**

The project will help to enhance security for the City's Utility System helping to ensure the City can continue to provide safe and efficient delivery of water service to the Morgan Hill Community.



**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Utilities Security System Enhancement

**Project No.** WA6010

**Financial Comments**

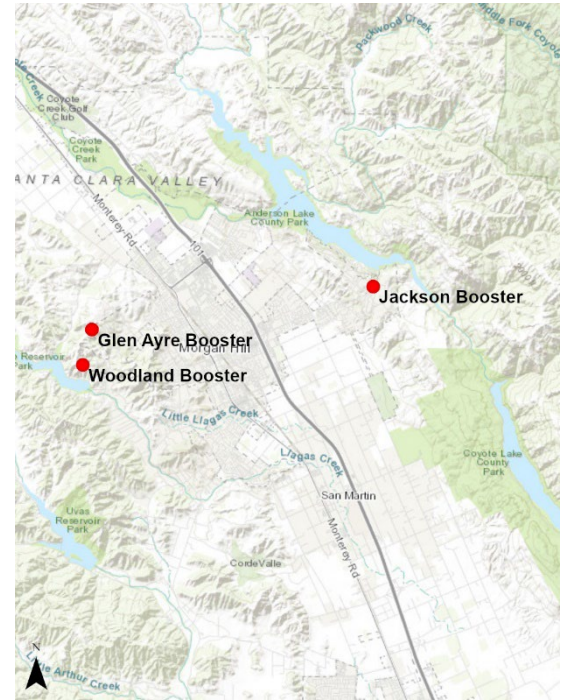
Funding for improvements will be provided by the City's Utility ratepayers from the Water and Sewer Capital Project Funds (643 and 653).

**Operating Cost Impacts**

Operating costs associated with camera systems will likely be the most significant impact to operating costs. These operating costs are currently being evaluated to ensure the systems utilized can be operated efficiently and cost effectively.

**Project Location**

Various Booster Stations Citywide



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-643	-	-	300,000	400,000	400,000	400,000
Fund-653	200,000	200,000	200,000	200,000	200,000	200,000
<b>Project Cost</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$500,000</b>	<b>\$600,000</b>	<b>\$600,000</b>	<b>\$600,000</b>

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Ongoing throughout FY2024- FY 2030
<b>Project Design</b>	Ongoing throughout FY2024- FY 2030
<b>Right of Way/ Acquisition/Permitting</b>	Not applicable
<b>Construction</b>	Ongoing throughout FY2024- FY 2030
<b>Project Close-out</b>	FY 2030

**City of Morgan Hill Capital Improvement Program  
FY 2024-25 – FY 2029-30**

**Project Name:** Utility System Solar

**Project No.** WA6011

**Category**

Sewer/Water

**Funding Source(s)**

F643- Sewer CIP Fund  
F653 - Water CIP Fund

**Council Priorities**

Fiscal Sustainability  
Protecting the Environment and Preserving Open  
Space and Agricultural Land  
Maintaining and Enhancing Infrastructure

**Strategic Planning Documents**

Climate Action Plan



**Project Description**

The City has identified an opportunity to add significant solar energy generation systems at multiple City facilities to support the cost containment on power rates, support environmental protection, and support the expanding power needs of the City facilities. New solar generation facilities have been identified at the Civic Center, Police Department, Community and Cultural Center, Aquatics Center, Corporation Yard and at two City well sites. The initial design of these projects is currently underway. This project will fund the two well sites solar installation and the utilities portion of the Corporation Yard solar installation. The solar well sites are located at Nordstrom Park and at the Outdoor Sports Center.

**Project Justification**

Implementing solar systems at City facilities will support resilience of the energy grid and provide for cost savings on energy costs.

**City of Morgan Hill Capital Improvement Program**  
**FY 2024-25 – FY 2029-30**

**Project Name:** Utility System Solar

**Project No.** WA6011

**Financial Comments**

Grant funding and federal incentives will be used to offset up to 30% of the installation costs. Funding will be appropriated in the Water and Sewer Capital Project Funds (643 and 653)

**Operating Cost Impacts**

The solar system expansion at the utility facilities could result in up to \$150,000 in annual savings to Utility operations through reduced electric costs.

**Project Location**

Nordstrom Well, San Pedro Well, Corp Yard



**Expenditure Schedule**

Annual Expenditures	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fund-643	292,000	-	-	-	-	-
Fund-653	1,937,000	-	-	-	-	-
<b>Project Cost</b>	<b>\$2,229,000</b>	-	-	-	-	-

**Estimated Project Schedule**

**Timeline for Completion**

<b>Planning</b>	Complete
<b>Project Design</b>	In Progress to be completed in FY 2024-25
<b>Right of Way/ Acquisition/Permitting</b>	FY 2024-25
<b>Construction</b>	FY 2024-25 and FY 2025-26
<b>Project Close-out</b>	FY 2026-27