

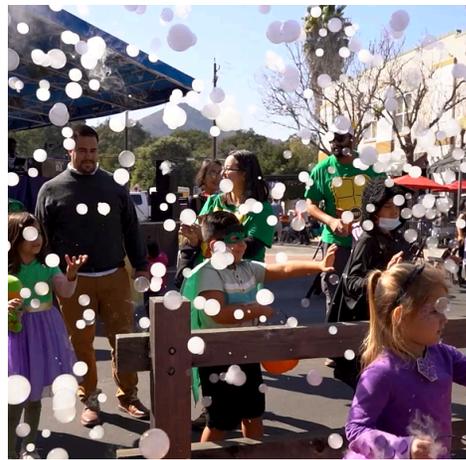


# 2024-26

## FISCAL YEARS

### City of Morgan Hill

# Adopted Budget



**Morgan Hill, California**  
[morganhill.ca.gov/budget](https://morganhill.ca.gov/budget)



# **City of Morgan Hill**

## **Fiscal Years 2024-2025 and 2025-2026**

### **Operating and CIP Budgets**

#### **City Council**

Mark Turner, Mayor  
Marilyn Librers  
Gino Borgioli  
Yvonne Martínez Beltrán  
Rene Spring

#### **Other Elected Official**

Caitlin Robinett Jachimowicz, City Treasurer

#### **Leadership Team**

Christina Turner, City Manager  
Donald Larkin, City Attorney  
Edith Ramirez, Assistant City Manager for Development Services  
Shane Palsgrove, Chief of Police  
Chris Ghione, Public Services Director  
Spring Andrews, Information Technology Director  
Michelle Bigelow, City Clerk/Public Information Officer  
Jennifer Carman, Development Services Director  
Rebecca Garcia, Housing Director  
Michael Horta, Human Resources Director  
Baraka Carter, Fire Chief  
Matt Mahood, Economic Development Director  
Dat Nguyen, Finance Director  
Jennifer Ponce, Emergency Services Coordinator

#### **Budget Team**

Monica Delgado, Budget Manager  
Hilary Holeman, Administrative Analyst  
Barbara Voss, Financial and Policy Analyst



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Morgan Hill  
California**

For the Biennium Beginning

**July 01, 2022**

*Christopher P. Morill*

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Morgan Hill, California for its biennial budget for the fiscal year beginning July 1, 2022. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communication tool.

*California Society of Municipal  
Finance Officers*

*Certificate of Award*

***Operating Budget Excellence Award  
Fiscal Years 2022-2023 & 2023-2024***

*Presented to the*

***City of Morgan Hill***

For meeting the criteria established to achieve the CSMFO Excellence Award in Budgeting.

*February 10, 2023*



*Scott Catlett*

*Scott Catlett  
2022 CSMFO President*

*James Russell-Field*

*James Russell-Field, Chair  
Recognition Committee*

*Dedicated Excellence in Municipal Financial Reporting*

The California Society of Municipal Finance Officers (CSMFO) presented a Certificate of Award for Excellence in Operating Budget for Fiscal Years 2022-23 and 2023-24 to the City of Morgan Hill on February 10, 2023. As a recipient of this award, the City has met the criteria established to achieve the Operating Budget—Excellence Award for budget development and presentation.



# Table of Contents

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<b>Adopted Budget Transmittal</b>	<b>9</b>
<b>Budget Message</b>	<b>11</b>
<b>General Information</b>	<b>29</b>
About the City .....	30
Budget Overview .....	35
Planning Documents.....	39
Fiscal Policies.....	42
Description of Funds.....	57
Glossary of Budget, Financial Terms, and Acronyms.....	63
Resolution Adopting the City Budget.....	76
Appropriations Limit Calculation .....	78
<b>Budget Summary</b>	<b>81</b>
Combined Statement of Revenues, Expenditures and Changes in Fund Balance ..	82
Fund Balance Projections.....	84
General Fund Balance Charts.....	90
Summary of Resources .....	91
Major Revenue Assumptions .....	92
Summary of Revenues and Transfers In.....	95
Expenditure Chart.....	98
Summary of Expenditures and Transfers Out.....	99
Interfund Transfers .....	102
Internal Service Charges .....	105
Comparison of Municipalities.....	107
<b>Personnel</b>	<b>109</b>
Citywide Organization Chart.....	110
Personnel Summary by Programs .....	111
Personnel Summary by Fund Type .....	113
Personnel Summary by Department .....	114
Personnel Summary by Position .....	115
Personnel Detail by Program .....	118
History of FTE Count .....	127
History of Health Benefit Costs.....	128
<b>City Council</b>	<b>129</b>
<b>City Manager</b>	<b>135</b>
<b>City Attorney</b>	<b>141</b>

## Table of Contents (continued)

---

<b>Administrative Services</b>	<b>147</b>
Human Resources .....	150
Council Services and Records Management .....	153
Elections .....	156
Finance .....	159
Utility Billing .....	162
<b>Public Services</b>	<b>165</b>
<b>Engineering Services</b>	<b>169</b>
Infrastructure Planning, Operational Support, and Traffic Congestion Management .....	171
Land Development Engineering .....	174
Capital Project Implementation .....	178
<b>Environmental Services</b>	<b>181</b>
Environmental Services .....	183
Countywide Solid Waste Services .....	186
Stormwater Pollution Prevention .....	189
Water Conservation .....	192
<b>Maintenance Services</b>	<b>195</b>
Recreation Facilities Maintenance .....	197
Downtown Maintenance .....	202
Street Maintenance.....	204
Parks and Open Space Maintenance .....	207
Lighting and Landscape District.....	209
Community Facilities District .....	211
<b>Parks and Recreation</b>	<b>213</b>
Membership and Program Services.....	215
Facility Rentals .....	219
Innovative Transit.....	222
Community Services .....	224
<b>Utilities</b>	<b>227</b>
Wastewater Operations .....	229
Water Operations .....	233
<b>Fire</b>	<b>237</b>

## Table of Contents (continued)

---

<b>Police</b>	<b>243</b>
Police Administration .....	246
Police Field Operations .....	249
Police Support Services .....	252
Office of Emergency Services .....	255
Police Special Operations .....	257
Building Maintenance - Police Station .....	259
Police Dispatch Services .....	262
<b>Development Services</b>	<b>265</b>
Code Compliance .....	270
Economic Development .....	272
Planning .....	276
Building .....	279
Long Range Planning .....	282
Housing Programs .....	286
<b>ISF/Miscellaneous Programs</b>	<b>291</b>
Cable Services .....	292
Employee Assistance .....	294
Information Services .....	296
GIS .....	298
Communications and Engagement .....	301
Building Maintenance - Civic Center Campus and Corporation Yard .....	304
Unemployment Insurance .....	308
Workers' Compensation .....	310
Equipment Replacement .....	313
Employee Benefits Fund .....	315
General Liability Insurance .....	317
<b>Special Analysis</b>	<b>319</b>
City Council 2024-2025 Priorities, Goals, and Strategies .....	320
General Fund Six-Year Projections .....	325
Public Employees Retirement System (PERS) .....	328
<b>Capital Improvement Program</b>	

# Budget Document Guide

This budget document contains the City of Morgan Hill's Adopted Budget for Fiscal Years 2024-25 and 2025-26. The biennial budget process commences in January with the City Council adopting its priorities, goals, and strategies for the organization and Community. This priority based budget strategy ensures that the Council's priorities are the guiding principles for developing the biennial operating and capital improvement budgets. Included are budgets for the City's General Fund, Special Revenue, Capital Project, Debt Service, Enterprise, Internal Services, and Agency Funds. A complete copy of the Six-Year Capital Improvement Program (CIP) is also included.

The **Budget Message** includes the City Manager's letter of transmittal which focuses on the local economy, the budget as a plan for service delivery, and the goals of the team for implementation of service delivery.

The **General Information** section contains a brief history of the City of Morgan Hill and an overview of the budget, including a budget timeline, a description of the legal level of control for budget appropriations, the basis of accounting, and budgeting administrative policies. A description of debt obligations, legal debt limits, planning documents, fiscal policies, funds and a glossary of terms are also included in this section as well a copy of the resolutions adopting the budget (with the GANN appropriation limit calculations).

The **Budget Summary** section contains a summary of all budgeted funds. Each fund shows the actual beginning fund balances at July 1, 2023, and estimated ending fund balance on June 30, 2024, plus projected revenues, expenditures, transfers in, transfers out and projected ending fund balances at June 30, 2025 and June 30, 2026.

Summaries are prepared for Revenues and Expenditures for all funds. These summaries include prior year's actual, FY 2023-24 amended and year-end projections, and FY 2024-25 and 2025-26 adopted budget figures.

The **Personnel** section shows Personnel levels by program (division). A Citywide organization chart is provided in this section and in each departmental section where applicable.

**Departmental budget** sections also include a description of the department's activities, current year accomplishments, goals for the coming fiscal years and financial comments. The sections for each department contain historical information on personnel and expenditures.

Included in the **Special Analysis** section are various reports regarding important issues facing the City of Morgan Hill.

A complete copy of the Six-Year Capital Improvement Program (CIP) is included under the heading of **Capital Improvement Program**. The six-year document represents a plan of improvements, a detailed description of each project and the available funding sources.



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**July 1, 2024**

**Subject: Fiscal Years (FY) 2024-25 and 2025-26 Adopted Budget Transmittal**

**Honorable Mayor, Councilmembers, Community Members, and City Teammates,**

On behalf of the City of Morgan Hill City Council, it is a privilege to present the Adopted FY 24-25 and 25-26 Biennial Operating Budget and FY 24-25 through 29-30 Capital Improvement Program Budget (CIP).

The total FY 24-25 and 25-26 budgets are \$207.9 million and \$254.4 million, respectively.

Since the City Manager's recommended budget release on May 3, 2024, several changes have been made through the Council Workshop and Public Hearing discussion and direction from the City Council prior to adoption on June 19, 2024. These changes include:

#### Operating Budget

- Community Funding - Added \$18,331 for Community Funding in FY 2024-25, less \$20,000 each year, which was moved to Park Operations for Villa Mira Monte
- Park Operations - Added \$35,000/year for ongoing maintenance at Villa Mira Monte
- California Highway Patrol (CHP) Cannabis Tax Grant - Added \$344,230 in grant funding from CHP's Cannabis Tax Fund Grant Program for Morgan Hill Police Department to reduce and mitigate the impact of impaired driving in our Community
- Environmental Programs - Added \$153,500 in revenue and \$110,108 in expenditures to provide part-time staffing support to the City of Gilroy, Environmental Programs
- Equipment for Fire/Building Inspector - Added \$42,700 for the purchase of necessary equipment, including a vehicle, should we move forward with the hiring of the Fire/ Building Inspector position

### Capital Improvement Program

- Interfund loan - \$1.5 million increase in interfund loan from Fund 348, Library Impact, to Fund 315, Public Safety Impact. This change accurately reflects the borrowing need for the Fire Station. The repayment schedule is already included in the CIP Budget and has no impact on the proposed CIP budget.

The budget documents are the product of many teammates working collaboratively to align resources and service level enhancements consistent with the City Council's and community's priorities while maintaining fiscal responsibility. In implementing the Council's budget, our team strives to advance our organizational values of teamwork, customer service, innovation, meeting challenges, and professional development. I want to acknowledge and thank all of them for their efforts to improve the community we serve. It is an honor to work with such a dedicated, community-focused team of professionals.

The FY 24-25 and 25-26 Adopted Budgets represent the continued commitment of the City Council and all City teammates to preserve and improve the unique qualities of Morgan Hill. The budget provides guidance by which we move forward to enhance services and ensure long-term fiscal sustainability. As we continue to work on key initiatives, there are many signs that the Morgan Hill community will thrive. At the same time, the Council and community must continue to find ways to ensure that the community's quality of life priorities are sustained so Morgan Hill remains a highly desirable place to live, work, play, and do business.

Sincerely,



Christina Turner  
City Manager



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www.morganhill.ca.gov

May 3, 2024

**Subject: Recommended Fiscal Years 2024-25 (FY 24-25) and 2025-26 (FY 25-26) Operating and Fiscal Years 2024-25 through 2029-30 Capital Improvement Program Budgets**

Honorable Mayor and City Council Members,

On behalf of our Morgan Hill teammates, it is my privilege to present to you and the Community the Recommended Fiscal Years 2024-25 and 2025-26 Operating and Fiscal Years 2024-25 through 2029-30 Capital Improvement Program (CIP) Budgets.

The budget documents are the product of many teammates working in a collaborative manner to align resources that are consistent with the City Council's and Community's priorities, while continuing to maintain fiscal responsibility. In implementing the Council's budget, our team strives to advance our organizational values of teamwork, customer service, innovation, meeting challenges, and professional development. I want to acknowledge and thank all of them for their efforts to improve the Community we serve. It is an honor to work with such a dedicated, Community-focused team of professionals.

**City Council Priorities and Goals**

The budget process commenced with the City Council adopting their 2024 priorities, goals, and strategies for the organization and Community. The Council's ongoing priorities include:

- Enhancing Public Safety and Quality of Life
- Protecting the Environment and Preserving Open Space and Agricultural Land
- Maintaining and Enhancing Infrastructure
- Supporting Our Youth, Seniors, and Entire Community
- Fostering a Positive Organizational Culture
- Preserving and Cultivating Public Trust
- Preserving Our Community History
- Enhancing Diversity and Inclusiveness
- Advocating for Local, Regional, and State Legislative Initiatives

In addition to the City Council’s ongoing priorities, six specific [strategic priorities](#) were recognized by the City Council that will require significant resources:

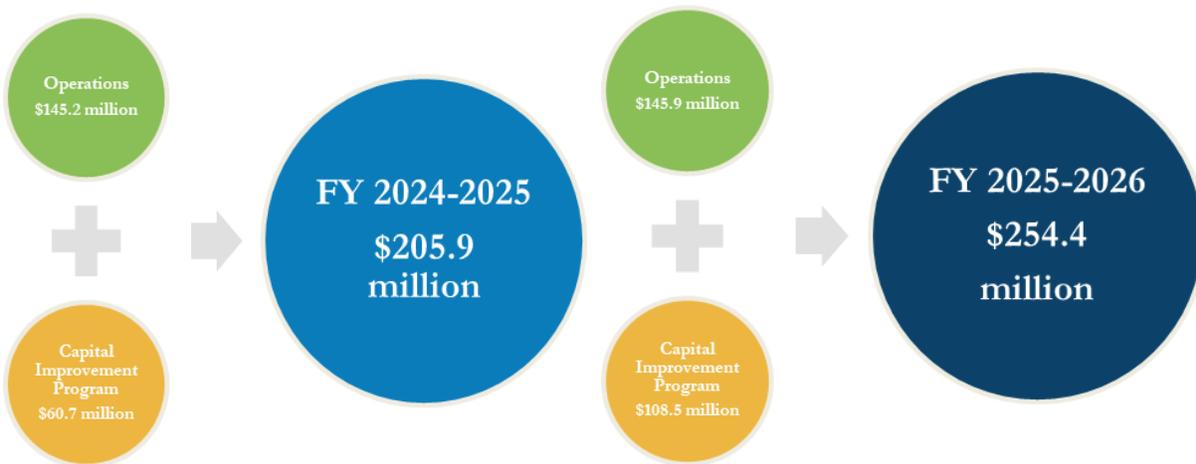
- Fiscal Sustainability
- Affordable Housing and Homelessness
- Community Engagement
- Economic Development and Tourism
- Transportation
- Healthy Community

We continue to educate and engage the Community regarding City services, funding, and priorities. Over the past two years, the City has held various townhall meetings with the intent to engage, build trust, and educate the Community on the services the City provides and how those services are funded as well as keeping the Community abreast of legislation and bills that may have an impact on the Community. City staff have engaged the Community on various topics including budget, economic development, housing, infrastructure, water conservation, and public safety.

The City of Morgan Hill is fortunate to be situated in a region of innovation. Despite the challenges posed by the high interest rate environment which dampened commercial real estate, the region’s economy remains resilient. Morgan Hill historically has a low proportion of commercial real estate compared to residential, which may have lessened the impact compared to our neighbors up north but nonetheless, the City has seen certain developments delayed due to developers unable to get projects financed.

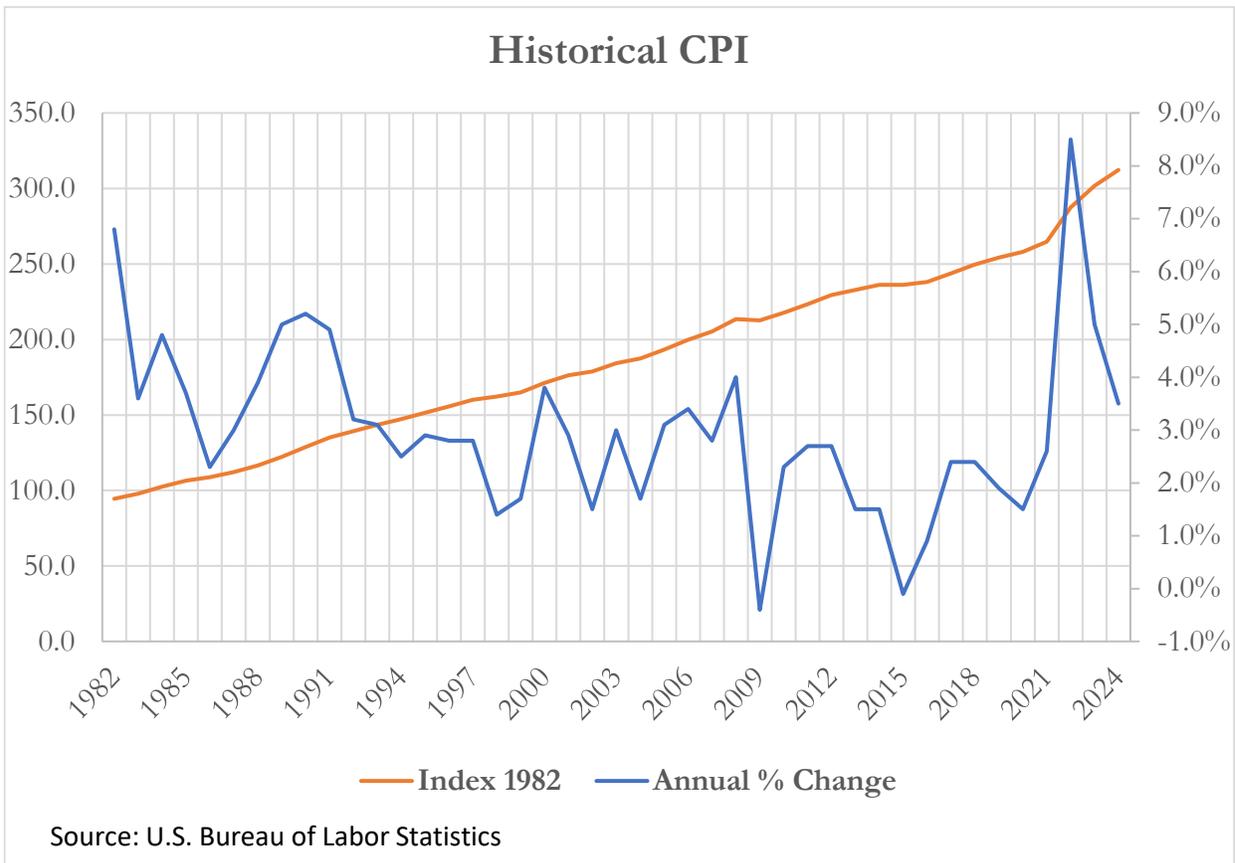
In developing the biennial budget, we have carefully assessed our revenue projections to align with the City Council’s priorities. While we anticipate property tax revenue continuing to grow moderately, other revenue sources such as sales tax remain tepid without significant retail development that would propel it to the growth rate that the City experienced during 2021 through 2023. This budget reflects our measured approach to slow revenue growth with increased costs in both personnel and supplies and services.

The total Recommended Budget is \$205.9 million in FY 24-25 and \$254.4 million in FY 25-26. FY 24-25 budget includes \$62.0 million for General Fund expenditures, \$60.7 million for CIP, and \$83.2 million for non-General Fund expenditures. For FY 25-26, the recommended budget includes \$63.2 million for General Fund expenditures, \$108.5 million for CIP, and \$82.7 million for non-General Fund expenditures. Details of each Division’s budget, project description and funding requirements can be found in the accompanying operating departments and Capital Improvement Program sections of this document.



While the COVID pandemic years are behind us, certain segments of the City’s revenue continue to remain below the 2019 (pre-COVID) levels such as Transient Occupancy Tax (TOT). We do not expect TOT to get back to the pre-COVID level of about \$3.0 million annually until FY 25-26. Revenue from Recreation Services, which was adversely impacted from the pandemic, is expected to reach the pre-COVID level in FY 24-25. However, the cost to provide recreation services has drastically increased, resulting in a projected net impact to the General Fund of \$1.9 million in FY 24-25 and \$1.6 million in FY 25-26. Overall, revenue continues its upward trajectory despite uneven growth in different segments and challenges ahead. The cost of providing City services is high, which can be attributed to high inflation and supply constraints, and Morgan Hill is no exception. Recovery from the COVID-19 pandemic recession led to significant supply shortages across many business and consumer economic sectors. The inflation rate in the U.S. peaked in the second half of 2022. Though inflation has declined quite significantly from the peak, it continues to remain elevated. Most recent data shows a lack of progress this year on reaching the Federal Reserve’s inflation goal of 2%, requiring more time before the Federal Government can lower interest rates. However, a series of recent reports on jobs, manufacturing, and spending have reaffirmed that the U.S. economy remains strong, while inflation also remains stubbornly high, adding more uncertainty to hopes for interest rate cuts this year.

The chart below shows the Consumer Price Index for All Urban Consumers (CPI-U) since March 1982 to March of 2024:



Overall, high inflation is having a significant impact on the City’s budget. Even though the City recently negotiated new two-year labor agreements with all groups which we consider competitive, the impact from these agreements is felt beyond the end of the term of the agreements. Besides personnel, other items such as electricity have seen their costs increase drastically over the past few years. The cost of electricity is projected to increase by \$1.5 million or 52% for all funds in FY 24-25 from just a few years ago (FY 21-22). To put this in perspective, the increase in the General Fund for electricity is enough to hire an additional three police officers.

Nonetheless, with the projected modest growth in the City’s existing tax base, not only was the City afforded to maintain its current service levels, it also allowed the City to build in certain service enhancements that we had forecasted last year, including funding for the staffing of the third fire station which is slated to open in late 2024, the hiring of two (2) additional police officers, one in each budget year, and funding for the City’s share of the new Downtown Property Based Improvement District (PBID).

Besides the enhancements mentioned above, other enhancements included in this budget are mostly non-General Fund and they are either necessary to meet our residents’ demands, required by regulations, and/or to protect the City’s assets and infrastructure. The Recommended Operating Budget also includes adjustments for certain personnel classifications to keep the City competitive with surrounding jurisdictions to address retention and recruitment issues. Included in the budget is continued funding of about \$200,000 annually for Community Promotions to support Community organizations through fee waivers, event sponsorships, and program support.

The table below itemizes the enhancements for all funds included in the Recommended Operating Budget:

<b>ENHANCEMENTS</b>
<b>General Fund</b>
Add 2.0 FTEs Police Officers (1.0 FTE in each year)
Add 1.0 FTE Maintenance Worker II (funded by Recology's Implementation Fund)
Add 0.75 FTE Deputy City Attorney (offset by reduction in contract services and part-time salaries)
Add 0.25 FTE Administrative Analyst
Staffing for the Third Fire Station
Reclassify Accountant to Senior Accountant (50% General Fund)
Reclassify Police Corporal to Police Sergeant
<b>Non-General Fund</b>
Add 1.0 FTE Accounting Assistant I/II (Utilities)
Add 1.0 FTE Utilities Technology Specialist (Utilities)
Add 1.0 Utilities Facilities Security Coordinator (Starting FY26, Utilities)
Add 1.0 Building/Fire Inspector (Pending Fee Study, Development Services)
Add 1.0 Management Analyst (Pending Fee Study, Development Services)
Reclassify Vacant Engineering Technician to Public Works Inspector (CIP)
Reclassify IT Programmer to IT Network Architect (Information Services)
Reclassify Management Analyst to Administrative Analyst (Utilities)

## **General Fund**

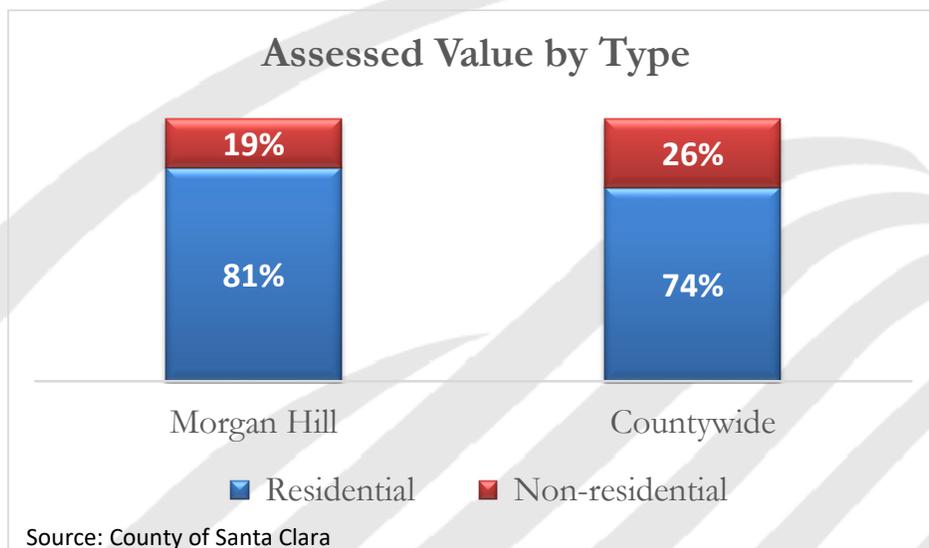
The General Fund (GF) is the City's most visible fund because it accounts for City services that residents relate to including police, fire, recreation services, street maintenance, park maintenance, municipal governance, and administrative services. In the Recommended FY 24-26 Biennial Budget, approximately 74% of General Fund revenue is derived from four main sources: 1) Property Tax; 2) Sales Tax; 3) Recreation Revenue; and 4) Transient Occupancy Tax (TOT). The remaining revenue is generated by other charges for services, grants, and transfers from other funds.

## **General Fund Revenue**

### Property Tax

Property tax revenue for FY 24-25 and FY 25-26 is \$19.4 million and \$20.8 million, respectively. On July 1, 2023, the County of Santa Clara Assessor's Office released the assessment roll close for FY 23-24. The assessment roll for the County grew 6.65% for FY 23-24. The City of Morgan Hill's assessment roll for the same year grew 6.34%. Though showing lower growth than the prior year of 7.60%, the City's growth is better than the budget of 6.0%. The City's total net assessed value for FY 23-24 is about \$13.1 billion, an increase of about \$0.8 billion from the prior year's total net assessed value of about \$12.3 billion. The assessment roll growth of 6.34% for the City equates to approximately \$800,000 more in property tax revenue. However, continued higher mortgage rates coupled with a low inventory of available homes for sale will likely result in a fewer number of homes sold than in the past years. This will lead to lower supplemental and transfer property tax revenue.

The chart below compares the City's total net assessed value of residential and non-residential properties to the Countywide for FY 23-24. The percentage of the net assessed value of non-residential properties in Morgan Hill has been consistently below the County of Santa Clara average.



For FY 24-25, staff anticipates a property tax growth rate of about 6% and increasing to 7% for FY 25-26 as anticipated lower mortgage rates will spur more real estate transactions or change of ownership, which will lead to more properties being reassessed at a higher value. After a year of higher activity than in the past few years, staff anticipates a return to a more normal growth rate of about 6% after FY 25-26. This normal growth rate includes the limit on the increase of property tax by Proposition 13, which is the lower of 2% or the California Consumer Price Index (CPI), as well as property transfers and new properties adding to the assessment value.

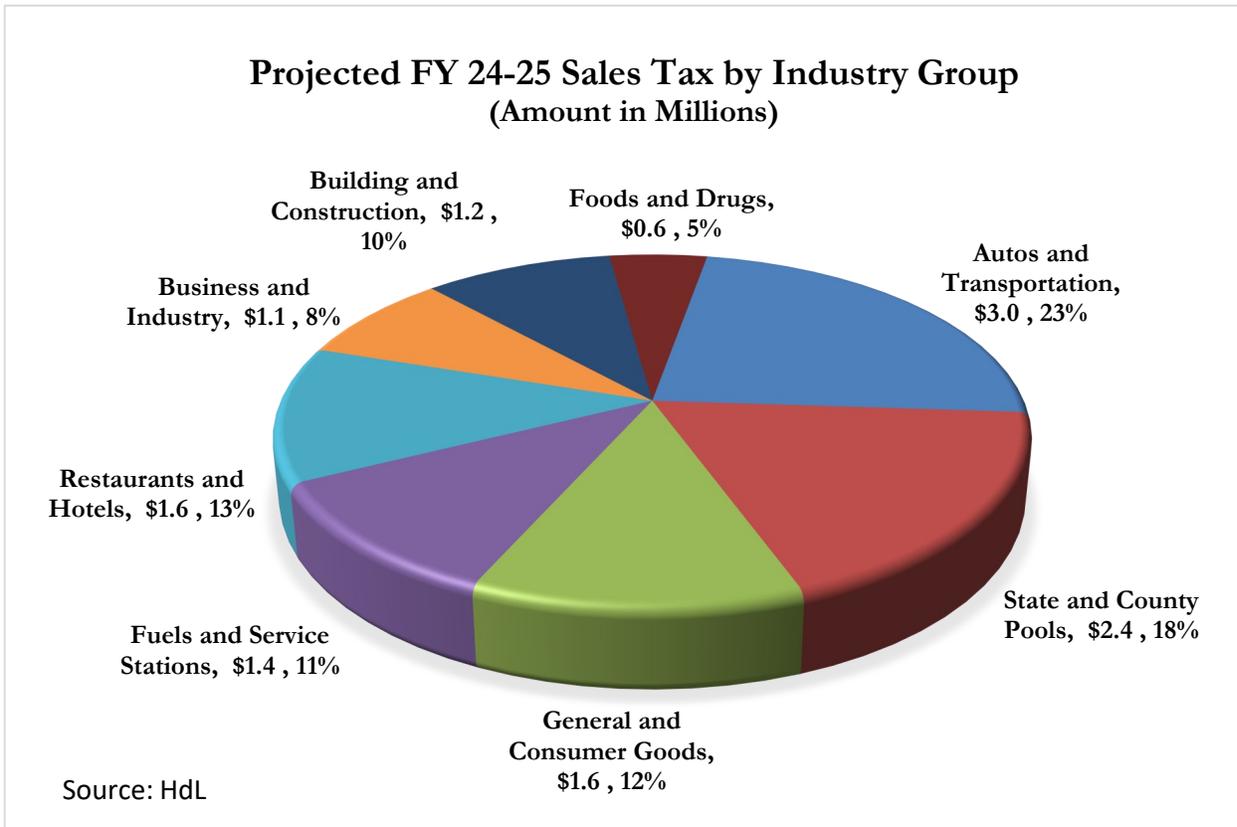
The projected property tax revenue reflects the lower excess educational revenue argumentation fund (ERAF) by about 30% because of the Governor's budget proposal for ERAF funding for Charter Schools and the State Controller's Office audit finding on Marin County's excess ERAF calculations that could potentially impact our County of Santa Clara's calculations as well. However, not included in the budget is the potential claw back of approximately 22% of the prior years' excess ERAF distribution from FY 20-21 to FY 23-24. This amounts to approximately \$2.0 million in potential liability that we have not accounted for.

In 1992, to reduce the impact of this mandate on the State general fund, the State required each county to establish an ERAF, where local property tax dollars are taken from the county, cities, and special districts, deposited in ERAF, and used to bring schools up to their minimum funding levels. Importantly, despite its name, ERAF does not increase school funding, it merely offsets the State's school funding obligations, dollar for dollar. When more local property tax revenue is diverted to ERAF than is needed to meet the minimum funding needs of schools, that funding is deemed to be "excess ERAF" and is returned to those entities that had their property taxes diverted to fund ERAF.

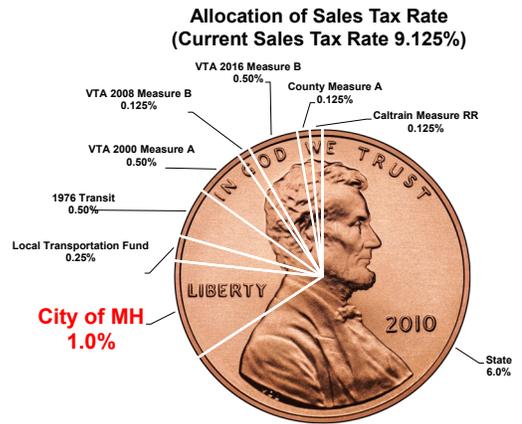
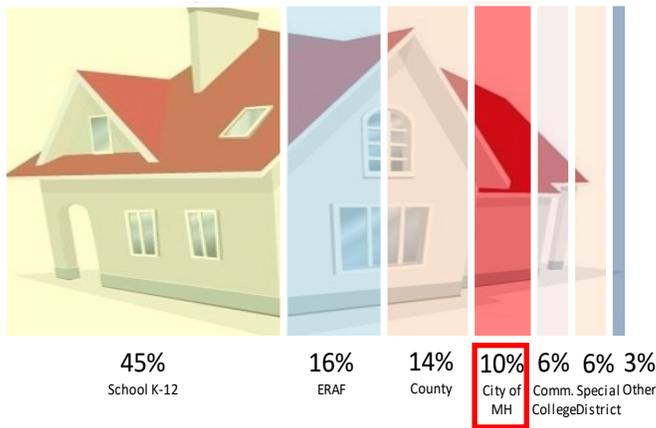
### Sales Tax

The sales tax revenue projected for FY 24-25 and FY 25-26, before rebates, is \$12.9 million and \$13.3 million, respectively. For FY 24-25, this represents an increase of less than 3% from the prior year. However, this is still better than the prior forecast from our sales tax consultant, HdL, of a slight decrease. This latest forecast reflects a gradual descent in financing costs in the back half of 2024 with households continuing a path of placing greater spending priorities on essential items. Overall, consumer spending remains resilient despite high inflation.

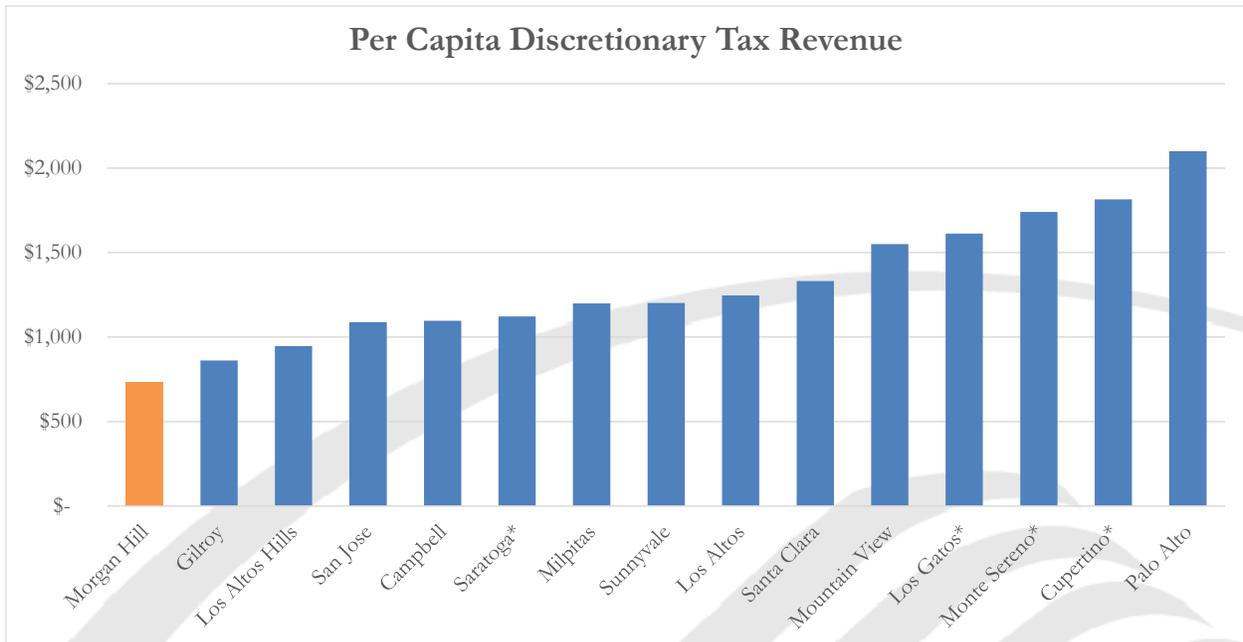
The chart below illustrates the City's projected sales tax revenue by major industry group for FY 24-25. Sales tax revenue is expected to grow for most industry groups, except Building and Construction, and Business and Industry from the current FY 23-24 amounts.



From a property and sales tax perspective, it is important to understand that the City only receives a small portion of the total taxes paid by residents, businesses, and visitors as depicted in the following images.



On a per capita basis, Morgan Hill has the lowest discretionary revenue per capita. Discretionary tax revenue includes Property Tax, Sales Tax, Transient Occupancy Tax (TOT), Business License Tax, and Utility Users Tax (not applicable in Morgan Hill). Seven of the 15 cities in the County of Santa Clara collect Utility User Tax. The chart below shows the actual Per Capita Discretionary Tax Revenue for Morgan Hill compared to other cities in the County for FY 22-23.



\* Property tax amount includes Santa Clara Central Fire District FY 21-22

### Recreation Revenue

The City operates the Centennial Recreation Center, Aquatics Center, and recreation programs as one integrated operation to reduce duplication, leverage resources, and add value to the Community membership model. This model has historically supported limited annual General Fund investment for these services. The COVID-19 pandemic significantly reduced the number of users paying for services at the Recreation facilities. The City reduced expenses and staffing significantly to offset some of the revenue lost from lower use. Since that time, membership and program levels have not fully recovered, while expenses relating to personnel, electricity, supplies and services, and insurance have increased tremendously. While the City continues to rely on very reduced staffing levels and other cost containment, increased cost recovery has proven difficult due to these inflationary factors. Recreation services projected revenue for FY 24-25 and FY 25-26 is \$7.6 million and \$8.3 million, respectively.

### Transient Occupancy Tax

As for the City's Transient Occupancy Tax (TOT), or hotel tax, based on the current occupancy estimates and the projection of occupancy and daily rates, revenue is anticipated to remain below pre-pandemic levels until FY 25-26. It is estimated that FY 23-24 hotel tax revenue will come in at a lower amount of \$2.6 million versus the budget amount of \$2.8 million. The estimates for FY 24-25 and FY 25-26 are \$2.7 million and \$3.0 million, respectively. The higher growth rate for FY 25-26 reflects the opening of an additional hotel.

### ***General Fund – Expenditures***

The General Fund expenditures budget is \$62.0 million and \$63.2 million for FY 24-25 and FY 25-26, respectively. FY 24-25 recommended salaries and benefits increase by 11% or \$3.5 million from the FY 23-24 Amended Budget primarily due to the additional staffing to enhance public safety, scheduled pay increases per the City's Memorandums of Understanding (MOU) with the three bargaining groups, as well as increases in health benefits and pension costs. For FY 25-26, salaries and benefits are budgeted to increase by 5%, or \$1.5 million, compared to the FY 24-25 Recommended amount, primarily due to the aforementioned reasons. The non-personnel budget for the General Fund in the Recommended Biennial Budget decreased 4%, or \$1.0 million, for FY 24-25 compared to the FY 23-24 Amended Budget mainly due to the \$2.0 million distribution of FY 22-23 General Fund budget savings, partially offset by the cost inflation factor. The non-

personnel budget for FY 25-26 decreased by 1%, or \$0.3 million compared to the Recommended FY 24-25 budget, mainly due to the ending of the Innovative Transit Program (\$0.5 million), funding of the Other Post Employment Benefits (OPEB) Section 115 Trust (\$0.3 million), and no election cost in the second year (\$0.3 million), partially offset by the inflation factor.

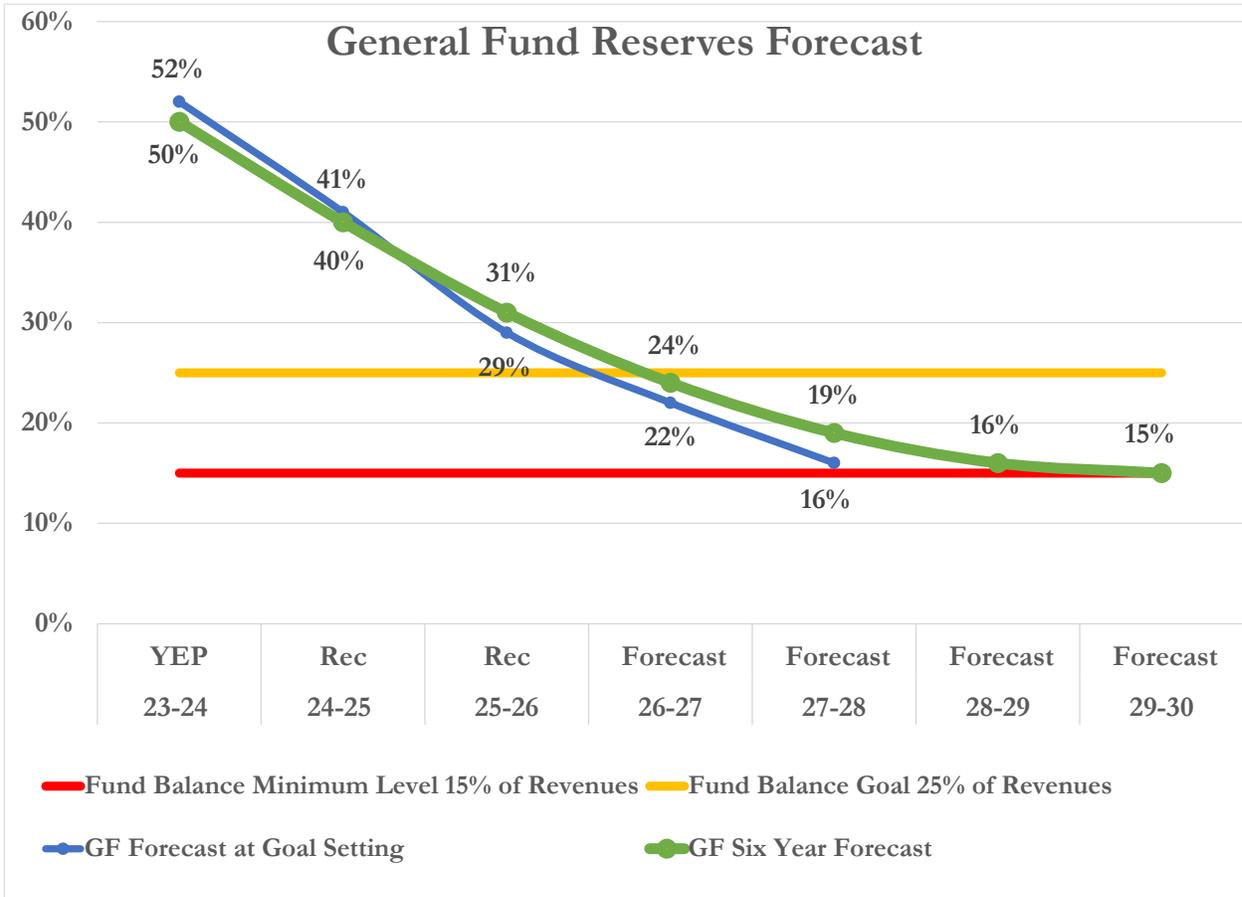
### ***General Fund Reserves***

The City is fortunate that its General Fund Reserves have accumulated to a healthy level despite the negative financial impacts caused by the COVID-19 pandemic. This is a result of prior City Council actions including the implementation of various cost containment strategies, better than expected revenue growth, and one-time fiscal stimulus received from the federal government to assist state and local governments with the impact from the revenue loss caused by the pandemic. However, the projected higher cost to provide City services due to high inflation as well as staffing the Third Fire Station and additional staffing for Police are consuming a large portion of general fund reserves. As currently projected, the General Fund reserve is expected to dip below the long-term goal of 25% of revenues in the third year of the six-year forecast, FY 26-27. As adopted by the City Council, General Fund reserves shall never be depleted below a minimum level of 15% of revenues which shall be maintained as an ongoing reserve for emergencies.

It is worth noting that the projected General Fund Reserve level includes the continuing policy of employees sharing in the employer share of the PERS cost increases. It is assumed that this increase will continue, and approximately 6.12% of all employee, except Public Safety PEPRAs, salaries will be paid by employees, to cover a portion of the increase in PERS employer costs.

Additionally, the forecast in salaries only includes a one-time small cost of living adjustment (COLA) of 2.0% at the end of the current two-year term MOU with all the bargaining groups, as well as unrepresented employees (i.e. meaning no salary adjustments after December 2026). Staff understands this may be unrealistic, especially as inflation continues to remain elevated. What this tells us is the City needs to either increase its revenue from its existing revenue base or through a tax measure to maintain the level of service, or reduce the level of service.

The chart below shows the General Fund Reserves Forecast as of this Recommended Budget compared to the forecast at the City Council Goal Setting Workshop in February 2024:



**Development Services Fund**

The Development Services Fund accounts for the City's planning, building, and engineering activities. The Fed's two-year drive to tame inflation unleashed the steepest series of interest rate increases in decades and is having a negative impact on development as developers continue to face difficulty finding lenders to finance their projects. This is more pronounced in the commercial real estate sector. The City has seen several projects either delayed or cancelled altogether, and the projects that are moving forward, typically housing, are not generating the same fees as in the past.

The fund is budgeted with revenue of \$5.9 million and \$5.8 million for FY 24-25 and FY 25-26, respectively. The fund is still anticipated to have an on-going annual deficit mainly because of certain activities that are not meant to be full cost recovery such as public counter/general information services, strategic initiatives, and special projects, as well as other subsidized services. These activities need to be supplemented by other funding sources, mainly the General Fund. The Recommended Budget reflects the support provided by the General Fund to the Development Services Fund by the elimination of the General Administrative charges that the fund would otherwise require to be paid to the General Fund for the internal services cost such as Finance, Human Resources, etc. of approximately \$0.6 million annually. This is in addition to an interfund loan of approximately \$1.0 million in FY 23-24. It is worth noting that an interfund loan of approximately \$2.9 million was envisioned in the FY 20-21 and FY 21-22 budget. However, with higher revenue collection coupled with conservative spending, this fund did not need an interfund loan from the General Fund until now.

As expenditures continue to outpace revenue for the foreseeable future, it is necessary to revisit the fee schedule. Staff expects to bring forward to City Council an update to the fee schedule after the adoption of this budget.

### **Water and Wastewater Funds**

The Water and Wastewater Utilities are enterprise funds that derive all of their operating revenue from customer charges. As a result of the 2019 wastewater rate study, followed by the 2022 water rate adjustments, the Council approved a five-year annual rates adjustment plan to ensure that public safety and health remain a priority, the integrity and reliability of these essential community assets can be maintained, and aging and inefficient infrastructure can be addressed. In addition, the City is currently engaging a consultant to update the wastewater rates as the current rate schedule is in the final year of the approved five-year schedule and is expected to come to the Council this summer. The rate adjustments provide proper reserve levels in accordance with Council policy, continue meeting legally required debt coverage, and ensure sufficient funds are available for capital projects.

#### *Water Fund*

The City's Water revenue is projected to be \$21.5 million for FY 24-25 and \$23.5 million for FY 25-26. With the approved rates plan, the water fund operationally is forecasted to be able to maintain appropriate reserve levels, including rate stabilization and system replacement fund reserves, and fund much-needed capital projects associated with the repair and improvement of the aging system.

### *Wastewater Fund*

The City's Wastewater revenue is projected to be \$16.6 million for FY 24-25 and \$18.4 million for FY 25-26. As mentioned previously, the City is currently going through the rate study process to adjust the wastewater rates for the next five years. The projected revenues for the Recommended Biennial Budget reflect the increase in wastewater rates to meet the minimum reserve levels set by the Council, ensure sufficient funds are available for the much-needed capital projects, keep pace with expenditures, and to ensure the City's wastewater system integrity and reliability.

### ***Capital Improvement Program (CIP)***

The proposed FY 24-25 through FY 29-30 CIP totals \$271.2 million. The primary project categories include 1) Parks and Recreation (\$34.1 million), 2) Public Facilities (\$5.7 million), 3) Storm Drainage (\$12.1 million), 4) Streets & Roads (\$42.0 million), 5) Wastewater (\$111.2 million), and 6) Water (\$66.1 million).

Though inflation has been coming down from multi-decades high and supply chains have loosened, inflation remains elevated and certain construction items still require long lead time. High inflation is reflected in this CIP with the cost of certain planned capital projects rising drastically from previous projections. The cost of building a new parallel sewer trunk line that will span the distance between Highland Avenue and Renz Lane in the City of Gilroy has increased to a new projected amount of \$58.7 million, versus a previous estimate of \$30.3 million. With that said, all projects proposed in the CIP are funded by designated funding sources with no General Fund money except the \$1.0 million General Fund contribution annually through FY 29-30 to Pavement Rehabilitation. This continues the prior years' annual contribution level as upkeeping the City's streets and roads is one of our residents' priorities. These carefully planned capital projects are either needed to maintain the City's critical infrastructure or enhance infrastructure as prioritized by the City Council and the Community.

The FY 24-25 and FY 25-26 CIP will be appropriated as part of the Biennial Budget approval, and it totals \$169.2 million. Some of the project highlights include the following:

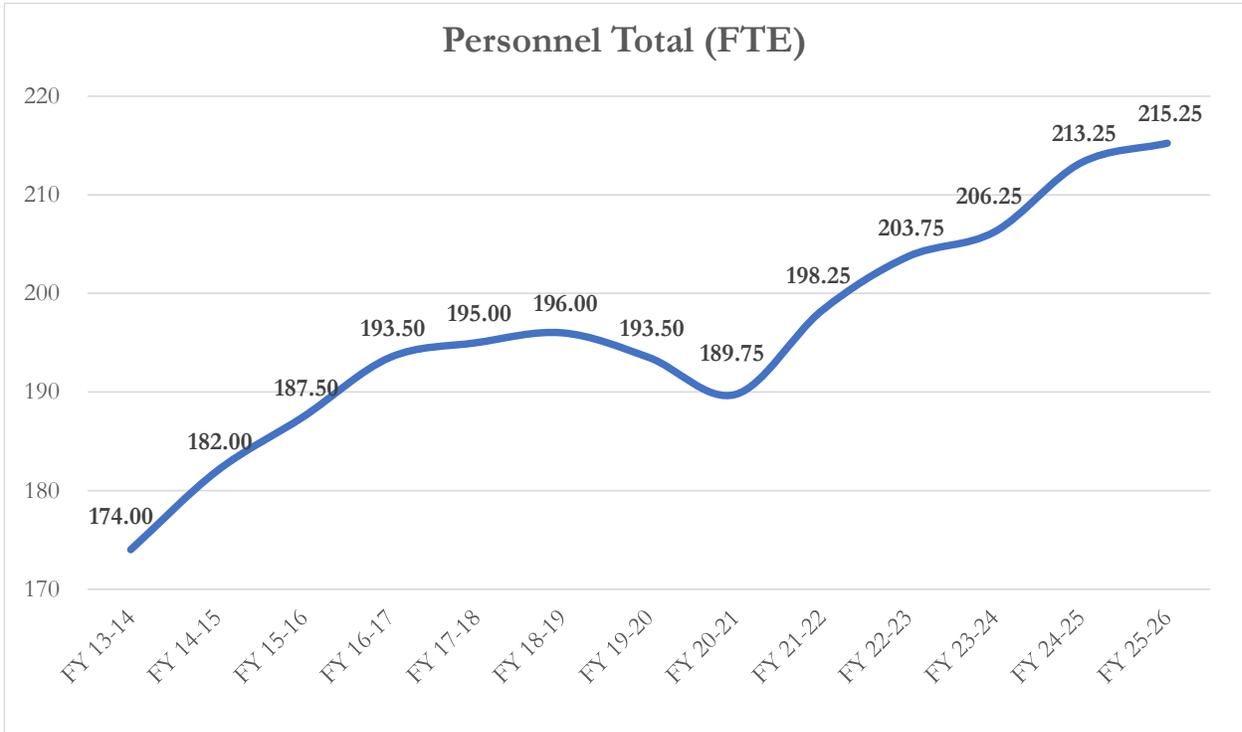
1. Recreation Facility Expansion and Renovation (\$4.9 million): Renovating the City's existing recreation facilities will support their ongoing use by future generations of Morgan Hill residents.
2. Pavement Rehabilitation Program (\$11.0 million): Ongoing program to address the City's pavement rehabilitation needs.
3. Sewer System Repair and Replacements (\$5.0 million): Continue implementing needed repairs and improvements for various pipeline groupings to ensure the optimum level of sewer service.

4. New Sewer Trunk Line (\$58.7 million): 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.
5. Water Pipeline Repair and Replacement (\$4.5 million): 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.
6. Groundwater Wells (\$11.2 million): This project includes the planning, design, and construction of new groundwater wells. The new wells will be constructed to provide redundancy and reliability for the City's Water System.
7. Fisher/Butterfield Storm System (\$3.3 million): The expansion will increase retention of stormwater reducing the risk of flooding in the area and downstream through Fisher Creek.

### **Personnel**

The City's full-time and part-time employees are the most important resources for the delivery of its high-quality services. Annual investments in personnel account for approximately \$53.3 million or 26% of organization-wide expenses in FY 24-25 and \$55.8 million or 22% in FY 25-26. Of this amount, 69% is related to salaries and the remaining 31% is attributed to benefits (health insurance, retirement, etc.). The City continues to maintain its personnel expenses by continuing to work with other organizations to collaboratively deliver services; most notably, with the YMCA for recreation services, Cal Fire for fire/emergency medical services, HouseKeys for Below Market Rate Housing program, and the City of Gilroy for wastewater treatment services.

The Council's Long-Term Labor Policy, Principles, and Strategies' Principle No. 4 – Fiscal Sustainability and Economic Climate states that “all compensation commitments must be made consistent with principles of fiscal sustainability and to ensure the City's long-term success in achieving its mission.” As part of this principle, “the City will strive to hire contract employees instead of full-time benefitted employees to allow for greater flexibility during periods of peak demand.” The City continues to adhere to this principle throughout the organization and especially in Development Services. The City has contracted to augment its team in the planning, building, and land development engineering services to ensure we have the necessary resources to satisfy the expectations of the development community.



During the last recession, balancing the General Fund was accomplished by strategically reducing expenditures, establishing more efficient operating models, and working closely with employees to contain personnel expenses. The City reduced approximately 34 positions or over 17% of its workforce during the Great Recession. In addition, during FY 19-20, the City eliminated 5.5 FTEs. As the economy continues its growth trajectory despite the high interest rate environment, the City is carefully adding additional staffing in critical areas such as Public Safety to address the increased demand for service by the Community. This is in addition to the budget for the staffing of the Third Fire Station which is scheduled to open in late 2024. The addition of 9.0 FTEs, which is primarily from non-General Funds or with dedicated funding sources (6.0 FTEs), will be cautiously approached and monitored to align with the macro-economic environment as well as our local tax revenue generating development projects to ensure the City’s long-term fiscal sustainability.

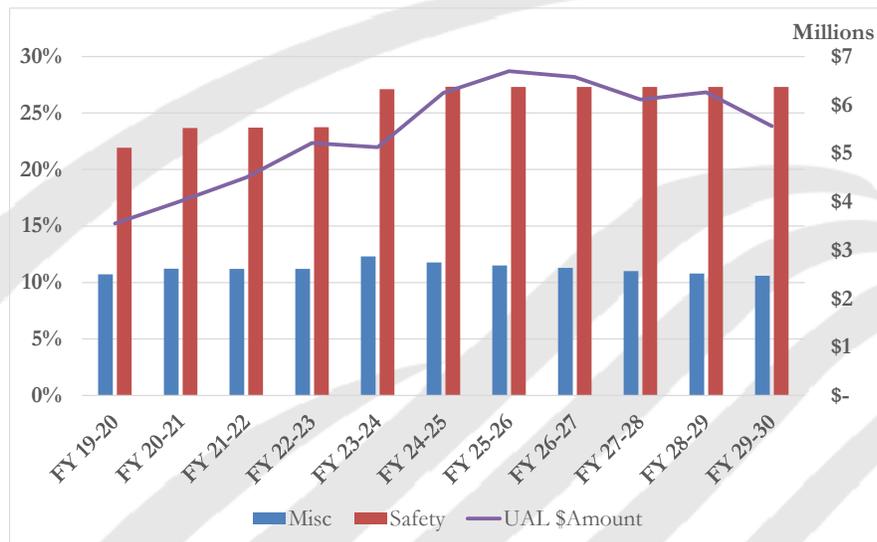
**Employee Pensions**

The City provides retirement benefits to its employees through the California Public Employee Retirement System (CalPERS). Like most California cities, Morgan Hill provides a defined benefit pension to its employees.

Furthermore, state law known as PEPPRA (Public Employee Pension Reform Act), became effective in January 2013 and changed CalPERS pensions for “new employees.” Since a large portion of Morgan Hill’s employees are not impacted by these changes, any cost savings will be realized over time as new employees, who are not current CalPERS classic members through another public agency, join the organization. Currently, 106 full-time employees (or 55% of the active full-time positions) are classified as new employees for pension purposes.

In FY 24-25, the City’s contribution to CalPERS for sworn police officers is 21.20% of pay for a Classic Member or those hired before January 1, 2013. This is in addition to a lump sum payment for the Unfunded Accrued Liability (UAL) of about \$2.4 million. The City’s contribution is lower than the CalPERS required employer’s contribution due to the 6.12% shared by our employees. The projected City’s contribution for sworn police officers for FY 25-26 is 21.18% on top of the lump sum payment for the UAL of about \$2.6 million. These amounts are in addition to the employees’ 9% of pay contribution to their retirement. For all other employees or those classified as Miscellaneous members, the employer’s required contribution is 5.66% of pay, net of the employee share of the employer cost of 6.12%. This is in addition to the lump sum payment of the UAL of \$3.8 million for FY 24-25. These amounts are in addition to the employees’ 8% of pay contribution to their retirement. For FY 25-26, the forecasted rate, net of employee share of employer cost, is 5.38% of pay and the lump sum payment of the UAL in the amount of \$4.1 million.

The chart below illustrates the CalPERS employer contribution rate of normal cost projections, before employee sharing, and the annual UAL amount through FY 29-30:



## Summary

The Recommended FY 24-25 and FY 25-26 budget reflects an assumption of continuing economic growth trajectory and increased costs in providing the services, with the enhancements that prioritize what our Community demands. There are 9.0 additional FTEs proposed in the budget, with only two Police Officers directly impacting the General Fund. However, as mentioned previously, there remains uncertainties in our economic outlook that could derail our assumptions. Staff will cautiously approach spending and continue to be vigilant and monitor the progress as well as keep the Council abreast of any changes to the City's financial condition and outlook to ensure the City's fiscal sustainability.

I would like to express appreciation to the City Council and to all staff for their cooperation and assistance in the development of this budget. In particular, I want to thank the Department Heads and Budget Team for their constant support in the preparation of this document.

Respectfully submitted,



Christina Turner  
City Manager

# General Information

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About the City.....	30
Budget Overview.....	35
Planning Documents.....	39
Fiscal Policies.....	42
Description of Funds.....	57
Glossary.....	63
Resolution Adopting the City Budget.....	76
Appropriations Limit Calculation.....	78

# About the City

The City of Morgan Hill is located between the Diablo Mountain Range and the Santa Cruz Mountains, just 45 miles inland from the Pacific Coast. The City is located in the southern part of Santa Clara County, bordering San Jose and 10 miles north of Gilroy. Morgan Hill is a community that is rich in history and character and one of the most desirable communities in Silicon



Valley due to its thoughtful planning, abundance of open space, and small-town feel.

Morgan Hill is home to approximately 45,000 residents with a median household income of \$139,161, a median age of 38.5, and an estimated 2.84 residents per household. The population is 44.1% White, 34.7% Hispanic, 15.8% Asian, and 5.4% Other.

The City's housing stock is comprised of 15,233 homes of which 77% are single family homes and 74% are owner-occupied. Over 53% of the housing stock was built before 1990. There are 2,400 rental units and approximately 50% of those are deemed affordable. The City has a large portfolio of 600+ units in the Below Market Rate ownership program. New housing developments are required to construct 10% to 15% of all units as affordable.

The City has 1,600 businesses which support nearly 19,000 jobs, of which 21% are associated with the manufacturing sector. The City's largest private sector employers include Anritsu, Lusamerica, Paramit, Specialized Bicycle Components, and Toray Advanced Composites. The City's diverse economy is supported by 7.7 million square feet of industrial space and 2.9 million square feet of commercial space. The City's retail and commercial businesses generate 23% of the City's General Fund revenue via Sales Tax and the City's hotels generate 5% of the City's General Revenue Fund revenue via the Transient Occupancy Tax charged to all hotel room night stays less than 30 days.

Morgan Hill sits along US Highway 101, the main north-south freeway along the Pacific Coast providing a major route between Los Angeles and San Francisco. Morgan Hill is a short commute to the businesses in northern Silicon Valley and 30 minutes from the San Jose Airport. Caltrain runs 4-times daily, connecting commuters to Bay Area employment centers. Public transit is also provided by Valley Transit Authority with limited bus service. The City's rideshare program, MOGO, offers affordable on demand rideshare service for trips within a 10-minute walk to all main destinations within the City.

## About the City (continued)

Morgan Hill's quality of life is a result of thoughtful planning and growth management practices, competitively priced housing, business development opportunities, premier Community amenities. Morgan Hill has year-round recreational activities, including cycling, golfing, hiking, swimming, and boating. The City has invested in world-class recreational facilities such as the Outdoor Sports Center that offers 11 multi-use fields and



the Aquatics Center that has an Olympic-size pool that is considered one of the fastest pools among competitive swimmers. These recreational facilities along with the 22 parks, nine miles of trails, and an all-inclusive Magical Bridge playground provide an outdoor lifestyle that brings balance to the fast-paced culture of Silicon Valley.

Morgan Hill's natural geography, surrounded by rolling hills, lakes, golf courses, pick-your-own farms, and award-winning wineries, coupled with an energetic yet quaint Downtown that offers visitors and residents a memorable culinary experience, unique shopping, and signature festivals like the 4<sup>th</sup> of July Freedom Fest celebration, make Morgan Hill the perfect home or get-away destination within the Bay Area. Morgan Hill's spirit of innovation and entrepreneurship bottled in a charming, small-town feel make it a unique oasis within Silicon Valley.

### Government

Incorporated in 1906, Morgan Hill is a General Law City encompassing 13 square miles with a council-manager form of government. There are four Council Districts. The Morgan Hill City Council is made up of five elected officials. The mayor is directly elected at-large by the voters and serves a two-year term. The City Council Members are elected by districts to four-year terms. The City Treasurer is also elected to four-year terms. The City has several commissions including a Planning Commission, a Library, Culture and Arts Commission, and a Parks and Recreation Commission, all made up of volunteers appointed by the City Council. The City has two Business Improvement Districts to support Downtown improvements (Downtown Property Based Improvement District) and tourism (Tourism Business Improvement District).

## **About the City** (continued)

The City's major facilities include the Police Station, three Fire Stations (one under construction), the Community and Cultural Center (CCC), the Centennial Recreational Center (CRC), the Outdoor Sports Center (OSC), the Dennis Kennedy Aquatics Center (AC), the Civic Center, the Morgan Hill Steve Tate Library, and the Corporation Yard. The City is a full-service City, providing police, fire, roads, water, and wastewater services for the local Community. The City manages 130 miles of roads and sidewalks. The City of Morgan Hill functions as the City's water utility and supports approximately 12,900 residential, commercial, and industrial customers. The water system is operated through 16 groundwater wells, nine pumping stations, 10 reservoir sites, 23 pressure zones, and over 187 miles of distribution pipeline. The wastewater collection system includes 164 miles of sewer line that collects the City's wastewater and routes it to the South County Regional Wastewater Authority's (SCRWA) treatment facility in Gilroy.

### **Education**

The Morgan Hill Unified School District (MHUSD) serves Morgan Hill, San Martin, and a small population in South San Jose and a student population of 8,500. MHUSD is comprised of six elementary schools, two elementary/middle schools (K-8), one dual immersion magnet program (K-8), two middle schools (6-8), two comprehensive high schools (9-12), one continuation high school, and a community adult school. There are two charter elementary/middle schools and several private schools. Many community colleges and universities are located within a 30-minute drive, including Gavilan College, Evergreen College, San Jose City College, San Jose State University, and Santa Clara University.

### **Morgan Hill's History**

Prior to the arrival of Spanish expeditions en route from Mexico, peaceful tribes of Native Americans inhabited the lush Santa Clara Valley. Under Spanish and Mexican jurisdictions, instituted in 1778, a vast region that includes present day Morgan Hill was one of the most substantial Spanish land grants for nearly three-quarters of a century.

In 1845 Martin Murphy, Sr. acquired 9,000 acres known as the Rancho Ojo de Aqua de la Coche. Murphy had been a leader of the first party of pioneers to cross the Sierra Nevada range at Truckee Pass, later to become the route for the Southern Pacific Railroad. The Murphy family made its home in the valley below El Toro Mountain. By 1870, Martin's seven sons and daughters had managed to acquire more than 70,000 acres.

In 1851 the youngest son, Daniel, married Maria Fisher, heiress to the neighboring 19,000-acre Rancho Laguna Seca. Diana, their daughter, secretly married Hiram Morgan Hill in 1882. When Daniel Murphy died, Diana inherited 4,500 acres of their original rancho in the shadow of El Toro.

## About the City (continued)

Diana and Hiram Morgan Hill built their estate, the Villa Mira Monte, between the railroad and Monterey Road in 1886. When the first Southern Pacific station was built in 1898, the railroad referred to this area as Huntington. Many visitors would request the train stop at “Morgan Hill’s Ranch,” changing the name to Morgan Hill.



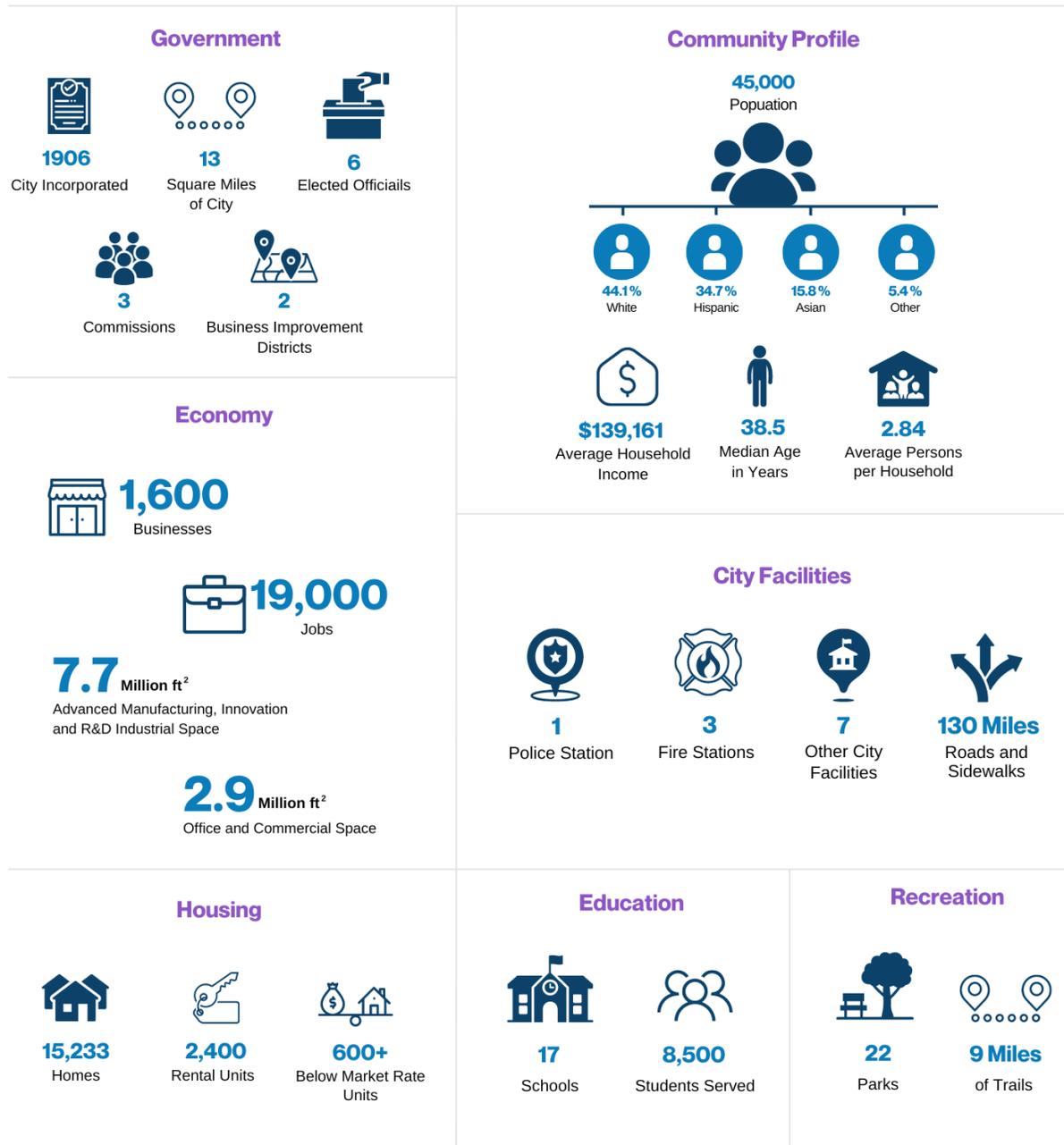
By 1896 the growing community had a population of 250 with a post office, depot, two hotels, a restaurant, and several churches and shops. There was much controversy over the incorporation of the City. The Times newspaper printed many editorials supporting the incorporation, while those opposed were fearful of higher taxes. But the “yes” vote won by a considerable margin and Morgan Hill became incorporated November 10, 1906. By 1909, the population rose to 1,000.

The first school was built in 1894 but was soon outgrown and in 1907 architect William Weeks designed a new school. By the 1920s, the City was known for its agricultural products including prunes, apricots, peaches, pears, apples, walnuts, and almonds. The region boasted prosperous vineyards until Prohibition demanded that production temporarily cease. During the 1950s, Morgan Hill experienced an economic transformation from an agricultural center to a suburban residential community. Growth began to accelerate rapidly in the 1970s as Silicon Valley developed and workers were attracted to Morgan Hill’s small-town atmosphere, sense of community and reasonable housing prices. On November 3, 1973, the Morgan Hill Civic Center and library were proudly dedicated to the community of 7,000. By 1980, the population increased to approximately 18,000 residents. In 2024, approximately 45,000 individuals call Morgan Hill their home.

# General Information About the City

## Morgan Hill

### BY THE NUMBERS



# Budget Overview

## **BUDGET TIMELINE**

The development of the budget is guided by the City of Morgan Hill’s strategic priorities, budget policies, long range fiscal sustainability, legal mandates, and service level prioritization. The budget process commences in January with the following goals in mind:

- Align resources with City Council strategic priorities
- Ensure sufficient revenues exist to deliver existing and proposed services and projects
- Prioritize both operational and capital expenditures
- Advance the City’s commitment to fiscal sustainability

<b>Important Dates</b>	<b>Event</b>
February 2 and 3, 2024	City Council Goal Setting Workshop
May 3, 2024	Recommended Biennial Operating and Capital Improvement Program Budgets made available to the Community
May 11, 2024	Budget Outreach at Open Streets: Morgan Hill 2024
May 15, 2024	Recommended Biennial Operating and Capital Improvement Program Budgets presented to the Council at Regular Meeting
May 22, 2024	City Council Budget Workshop
June 19, 2024	Public Hearing and Budget Adoption

# Budget Overview (continued)

## Budget Appropriations

Appropriations are the amounts approved for expenditure by the City Council with the adoption of the biennial budget and subsequent budget amendments which are brought to the Council for their approval. Appropriations are separated by object categories within an activity budget. The object categories available are:

- 1) Salaries; 2) Supplies and Services; 3) Capital Outlay; 4) Debt Service; 5) Internal Services; and 6) Transfers.

The legal level of control is established as follows: Department Director has the authority to transfer between line items within an activity to facilitate the functions of the activity in accordance with the directions, goals, and policies of the City Council. The City Manager is authorized to transfer appropriations between activities budgets within a fund to facilitate the functions of those activities in accordance with the directions, goals, and policies of the City Council.

The City Council’s approval is required for additional appropriations or transfers between funds. New programs and new appropriations not anticipated during the budget process require City Council approval.

## Budgetary Control

Budgetary control is maintained through monthly revenue and expenditure account reports, which are reviewed by the City

Manager and Department Directors. Reports are also provided to the City Council.

As necessary, a mid-cycle budget review and adjustment process is completed every other year in the Spring and submitted to the Council for review and approval in May or June. Budgetary adjustments are considered within the framework of the adopted budget and the City Council directions, goals, and policies.

## Budget Amendments

The budget as adopted by the City Council can be amended during the fiscal year. The need to amend or adjust the budget typically arises in response to unforeseen circumstances or events. For example, the Council may be required to formally recognize the receipt of unanticipated revenue before the City can legally accept and spend new money. In other cases, a department may need to transfer funds to cover an unexpected shortfall in another account.

The City Manager is authorized to amend Council-approved appropriations at fund level if, in the City Manager’s opinion, such amendments are necessary and proper. The appropriation adjustment process consists of the following steps:

1. The department prepares a request to transfer funds.
2. The request is submitted to Finance Department for review.

# Budget Overview (continued)

3. The request is submitted to the City Manager for approval.
4. Once approved, the request is returned to Finance Department to make the necessary adjustments.
5. The Department receives authorization to use the adjusted appropriations.

If the request involves more than one fund, Council approval is required in addition to City Manager approval.

## Basis of Accounting

Government wide financial statements are reported using the accrual basis of accounting, as are the proprietary fund and fiduciary funds statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds. These funds are accounted for using the modified accrual basis of accounting. Agency funds are also accounted for using the modified accrual basis.

Under ‘modified accrual’, revenues are recognized as soon as they are both measurable and available.

## Basis of Budgeting

Morgan Hill uses the modified accrual basis plus encumbrances. Under the

modified accrual method, amounts are recognized as revenue when earned, as long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period. Encumbrances outstanding at year-end are carried over to the next year.

A balanced budget is adopted biennially, whereby current expenditures are funded from current revenues plus as appropriate and directed by Council, available fund balance or reserves.

## Budget Administrative Policies

With the adoption of the biennial budget, the City Council recognizes that the appropriations for operating activities and capital budgets are based on estimates of municipal needs for the fiscal year. In order to establish reasonable flexibility in the administration of the budget, the following policies have been adopted. These policies are intended to provide the authority necessary for the City Manager and Department Directors to administer the budget during the fiscal year in accordance with City Council directions, goals, and policies, and in light of varying conditions that may occur.

## Allocated Costs

The City of Morgan Hill has nine Internal Service funds. These funds account for the costs of services provided to other City departments. Costs are allocated to user

# Budget Overview (continued)

departments based on various factors such as square footage, personnel, and historical trends. In addition to Internal Service funds, the City of Morgan Hill allocates General Fund overhead to other funds as a General Fund Administration charge. These charges are based on services provided by Divisions within the General Fund and are allocated based on estimated service delivery costs. The total administrative charge for FY 2024-25 and FY 2025-26 is \$1.7 million, each year.

## Debt Obligations

Special assessment districts within the City have issued debt repayable by special assessments levied on property in each respective district. The City is under no legal obligation to repay the special assessment debt. However, the City is required to make advances or to be the purchaser of last resort for property on which delinquent assessments are unpaid, for certain districts.

Bonds payable include sewer revenue bonds, water revenue bonds, and lease revenue bonds for the Police facility and library/development service center.

During FY 13-14, the Successor Agency of the former Redevelopment Agency sold \$88.7 million in bonds to refund the outstanding 07-08 Redevelopment Agency bonds, which were sold to finance projects located in the Ojo de Agua plan area, including the City's Downtown revitalization. The refunding bonds will be

repaid from the County Auditor-Controller's real property tax trust fund established under ABX126, the State legislation that abolished redevelopment.

All principal and interest payments due on bonds, certificates of participation and loans during FY 24-25 and 25-26 are included in the budget.

## Legal Debt Limit

Within the Annual Comprehensive Financial Report (ACFR), the City calculates its legal debt limit (the maximum amount of debt the City can issue) and compares it to the debt outstanding at the end of the year to produce the legal debt margin (the amount of debt the City can issue in future years). The City is within its legal debt margin as reported in the FY 22-23 ACFR.

# Planning Documents

## **General Plan**

The General Plan is a comprehensive, long-term plan for the physical development of the community. It represents the City's determination of the amount, type and timing of development needed to achieve the City's social, economic and environmental goals. The General Plan is updated approximately every 10 years with the participation of all City departments, service agencies and the Community at large. The City Council adopted a major update to the City's General Plan on July 26, 2016, entitled "Morgan Hill 2035 General Plan."

The Morgan Hill 2035 General Plan can be accessed on-line at:

<https://www.morganhill.ca.gov/75/General-Plan>

## **Downtown Plan**

The General Plan adopted in 2001 required the original Downtown Plan to be updated and included a number of policies to achieve specific parking, circulation, and land use objectives. In January 2005, the City Council approved an updated Downtown Plan. The updated Downtown Plan replaced the previous Downtown plan adopted in 1980. The Downtown Plan was created by a Council appointed task force working with the Community and a consultant firm. The plan specifies goals and objectives for the Downtown but also includes full design guidelines and sign criteria. In November 2009, the City

Council adopted the Downtown Specific Plan. The Specific Plan is intended to provide a reality-based strategy to achieving the vision contained in the Downtown Plan.

The Downtown Specific Plan can be accessed at:

<http://www.morganhill.ca.gov/668/Downton-Specific-Plan>

On May 21, 2014, the Downtown Placemaking Investment Strategy was presented to the City Council. The Downtown Placemaking Investment Strategy moved forward the spending plan for the remaining of former Redevelopment Agency bond proceeds in the Downtown area. The bond proceeds were used for Downtown projects, including a parking structure, placemaking, streetscape improvements, and utility undergrounding.

## **Economic Blueprint**

The City embarked upon the development of an Economic Blueprint for the community of Morgan Hill in 2016. The main goal of the Economic Blueprint is to develop a framework that will inform policy and investment decisions to ensure Morgan Hill long-term economic sustainability. The Economic Blueprint guides our Economic Development efforts with a primary goal to attract jobs and investment into our Community.

# Planning Documents (continued)

The Economic Blueprint can be accessed at:

<https://www.choosemorganhill.com/industries/>

## **Bikeways, Trails, Parks and Recreation Master Plan (Master Plan)**

The Master Plan, which the Council adopted on July 20, 2017, guides the improvement and future development of the City's bikeways, trail, parks and recreation system in the City. It is a Community-driven tool for staff and decision-makers to prioritize improvements and investments. The Master Plan supports goals and programs to improve our City's health, environment, connectivity and recreation options.

The Bikeways, Trails, Parks and Recreation Master Plan can be accessed at:

<https://www.morganhill.ca.gov/1429/Master-Plan-for-Parks-Trails-and-Bikeway>

## **Public Safety Master Plan**

In 2016, the City Council commissioned a Public Safety Master Plan (PSMP) to assess current service levels and provide a foundation for future policy decisions to enhance the City's Police and Fire services. Public safety has been the City Council's highest priority for many years and the majority of the General Fund revenues are allocated to Public Safety to keep our community safe.

Maintaining a safe community will require an additional investment of resources in the coming years. The PSMP will serve as a foundational document for service delivery (including personnel levels) decisions well into the future. The goal is to maintain Morgan Hill's quality of life by ensuring Public Safety remains the top priority.

The Public Safety Plan can be accessed at:

<https://cld.bz/bookdata/cc1zFC/basic-html/page-1.html>

## **Water and Sewer System Master Plans**

Upon the completion of the 2035 General Plan in 2016, the City's utilities master plans were updated to reflect the infrastructure needs associated with the growth anticipated in the General Plan.

The utilities master plans become the City's blueprint for building out the water and sewer infrastructure to meet the Community's needs now and as the City grows. In addition to identifying future infrastructure, the water and sewer master plans also identify existing system deficiencies to allow the City to plan for the resources necessary for both maintaining the existing systems and to build out the future infrastructure.

The Water and Sewer System Master Plans were adopted by the City Council on October 18, 2017. The Water System Master Plan was subsequently updated and adopted by the City Council on

# Planning Documents (continued)

December 15, 2021. An updated Sewer Master Plan will be presented to City Council on May 15, 2024 for adoption. The Water and Sewer System Master Plans can be accessed at:

**Water:** <https://www.morganhill.ca.gov/DocumentCenter/View/21981/>

**Sewer:** <https://www.morganhill.ca.gov/DocumentCenter/View/21982/>

## **Sustainable Morgan Hill Vision**

The City Council has identified four core pillars constituting the Sustainable Morgan Hill Vision (Social Responsibility, Environment, Economy, and Safety). Morgan Hill is a safe, inclusive, socially responsible, environmentally conscious, and economically sound community.

The City Council's Priorities, Goals, and Strategies can be found in the Special Analysis section of the budget book.

## **Work Plan**

The Work Plan is a compilation of the short-term (two fiscal years) objectives established for each City department. The Work Plan items are intended to support the annual goals of the City Council as well as the long-term goals and objectives for the City as described in the various planning documents.

The Work Plan can be accessed at:

<https://www.morganhill.ca.gov/DocumentCenter/View/44878/>

# Fiscal Policies

## 1. REVENUE

- A. The City will endeavor to maintain a diversified and stable revenue base to minimize the effects of economic fluctuations on revenue generation.
- B. The City will estimate revenues using an objective, analytical process; in the case of uncertainty, conservative projections will be utilized.
- C. The City will fund all current expenditures from current revenues and available fund balance, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.
- D. Development process costs and related administrative expenses will be offset by development fees.
- E. The City will identify basic tax-provided services and will establish user fees and charges for services provided in excess of basic services.
- F. City staff will provide monthly reports to the City Council which compare and analyze year-to-date actual revenues and expenditures to budget.

## 2. RESERVES & DESIGNATIONS

### Purpose

- A. The City of Morgan Hill commits to target the minimum reserve level necessary to maintain the City's credit worthiness and to adequately provide for economic uncertainties, local

disasters or catastrophes, future debt or capital obligations, cash flow requirements, and legal requirements.

- B. The City shall maintain unappropriated fund balance or working capital in the General Fund, Water and Sewer operating funds, Water and Sewer rate stabilization funds, Development Services Fund, and certain internal service funds.

### Policy

- A. General Fund – As adopted at the City Council Policies & Goal Setting retreat on February 2004 and modified on October 7, 2009:
  - 1. General Fund Reserves may be used to support General Fund expenditures as long as:
    - a) Reserve levels are not depleted below a long-term goal of 25% of revenues in any year with the following exception:
      - i. reserves may be used during periods of financial and economic distress, and
      - ii. reserves shall never be depleted below a minimum level of 15% of revenues which shall be maintained as an ongoing reserve for emergencies.
  - 2. If reserves do – or are projected to – fall below the 15% minimum level at any time, then policy action must be taken within 30 days of such event or projection to rebuild actual

# Fiscal Policies (continued)

- or projected reserves back up to the 15% minimum level within the subsequent 12 months.
3. Similarly, if reserves do – or are projected to – fall below the long-term goal of 25% at any time, then policy action must be taken no later than the next budget cycle such that structural budget balance is projected to be regained within three years of the 25% floor being pierced. Once structural budget balance is regained, steady progress toward the 25% long-term goal for reserves must continue.
  4. At other times, i.e., when reserves are 25% or greater and projected to remain so, achieving structural balance may be postponed to the last year of the five-year financial forecast.
  5. Spending cuts prompted by the need to achieve structural budget balance and/or rebuild General Fund reserves will consist of service-level reductions, mitigated as much as possible by changes to employee work schedules. Service-level reductions almost certainly will require layoffs and/or renegotiation of current labor costs.
  6. With its bargaining units the City will normally enter into new labor contracts of no more than 12 months' duration, unless General Fund reserves are back up to the long term goal of 25%, and projected to remain there for the subsequent five years.
  7. To reduce the rate of increase in labor costs, the City will engage in good-faith negotiations with bargaining units to make cost-saving changes in retirement plans and to reduce the City-paid share of health benefits.
  8. Funds shall be allocated from the annual General Fund budget savings as follows:
    - a. 30% to the Unassigned General Fund Reserve
    - b. 20% to Public Safety Equipment Replacement Fund
    - c. 20% to Fund 308 Street CIP for pavement and rehabilitation of City streets
    - d. 20% to Section 115 Trusts for OPEB and PERS Rate Stabilization Funds
    - e. 10% to Fund 302 Park Maintenance for maintaining of City parks
    - f. In addition, any funding to the Section 115 Trusts from the General Fund budget savings will be matched by 20% funding from the Enterprise Funds as this is the percentage share of the Enterprise Funds of the unfunded liabilities.

## **Fiscal Policies (continued)**

B. Water and Wastewater Operating Funds – The City shall make every effort to keep a minimum reserve level of 25% of the appropriated operating budget for the Wastewater operating fund and the Water operating fund.

C. Water and Wastewater Rate Stabilization Funds – The City shall make every effort to keep a minimum reserve level equal to 20% of the annual estimated utility usage revenue accounted for in the Wastewater operating budget and 20% of the annual estimated utility usage revenue accounted for in the Water operating budget.

D. Water and Wastewater System Replacement Funds—The January 2016 Rate Study approved by the City Council establishes Capital System Replacement Reserve target of a minimum of 3% of net depreciable capital assets, which equates to a 33-year replacement cycle for capital assets. This target serves as a starting point for addressing long-term capital system needs.

E. Unemployment – The City shall make every effort to maintain a minimum reserve level in the Unemployment Fund equal to 100% of the appropriation for unemployment claims.

F. Workers' Compensation – The City shall make every effort to maintain a minimum reserve level for Workers' Compensation equal to the sum of twice the self insured amount for a single claim.

G. General Liability – The City shall make every effort to maintain a minimum reserve level equal to four times the self insured retention for general liability claims.

### **Budgetary Designations**

A. A portion of the General Fund Balance will be designated for economic uncertainties and not be reflected in available fund balance for budget purposes. This is to avoid the need for service level reductions in the event an economic downturn causes revenues to come in lower than budget.

B. Reserves for Encumbrances and Continuing Appropriations are established at the end of every fiscal year to reserve fund balance in the amount equal to the City's unpaid obligations and unfinished projects at year-end.

C. Other reserves, such as for cash flow needs or anticipated costs for service enhancements, will be established each fiscal year as needed.

### **3. CASH MANAGEMENT**

A. City investments and cash management will be the responsibility of the City Treasurer.

B. In accordance with Section 53646 of the Government Code, the City Council will review and update periodically, a specific investment policy. The primary purpose of this policy is to set forth the City's investment philosophy and objectives. The City's investment

## Fiscal Policies (continued)

objectives are, in order of priority: 1) safety, 2) liquidity, and 3) yield. The policy also specifically outlines authorized investments, the acceptable percentages and maximum maturities allowed for each investment instrument and the criteria used to determine qualified depositories/dealers.

- C. The City invests all idle cash as determined by analysis of anticipated cash flow needs. Specific emphasis will be placed on future cash requirements when selecting maturity dates to avoid forced liquidations and the potential corresponding loss of investment earnings.
- D. In order to maximize yields from the overall portfolio, the City will consolidate cash balances from all funds for investment purposes, and will allocate investment earnings to each fund in accordance with generally accepted accounting principles.
- E. The City Treasurer will generate a monthly report to the City Council in conformance with all State laws and City investment policy requirements.
- F. The City's independent auditors, in conjunction with their annual audit, will audit the cash and investment balances in conformance with generally accepted accounting principles.

### 4. OPERATING BUDGET

- A. The City of Morgan Hill's Operating

Budget will be developed on a biennial basis. Appropriations for each year will be approved by the City Council.

- B. The City will avoid budgetary and accounting procedures that balance the current budget at the expense of future budgets.
- C. The City shall define a "balanced budget" as a budget where ongoing funding sources are sufficient to support ongoing funding uses. A budget may temporarily use fund balance to offset a temporary reduction in funding sources, however, fund balance shall not be used to fund ongoing expenses without a sustainable budget adjustment.
- D. The legal level of control is established as follows:
  - a. The Department Director has the authority to transfer between line items within an activity to facilitate the functions of the activity in accordance with the directions, goals, and policies of the City Council.
  - b. The City Manager is authorized to transfer appropriations between activities budgets within a fund to facilitate the functions of those activities in accordance with the directions, goals, and policies of the City Council.
  - c. The City Council's approval is required for additional appropriations or transfers

## Fiscal Policies (continued)

between funds. New programs and new appropriations not anticipated during the budget process require City Council approval.

- E. Mid-cycle budget adjustment reports will be presented to Council in May or June of every other fiscal year, if necessary.

### 5. PRINCIPLES TO GUIDE THE SUSTAINABLE BUDGET STRATEGY

The City Council has adopted the following principles to guide the Sustainable Budget Strategy:

- A. Critical services should be maintained to the greatest extent possible.
- B. Resources should be allocated to the highest priority services.
- C. No City services or functions should be exempt from evaluation.
- D. “Across the Board” approaches shall be avoided because they are not aligned with the Council’s and Community’s priorities.
- E. Reductions in service should position the City to take advantage of economic recovery.
- F. Budget reductions should be ongoing and not simply “one time only.”
- G. Council should commit to support employees during the transition, and assist those who may be adversely impacted.
- H. Employees and their recognized bargaining units should be actively involved in developing options and implementing the transition.
- I. The City should continue to invest in building organizational capacity by supporting training and employee development.
- J. Community wide tax resources should be allocated first to support community wide services.
- K. Special services designed for only a few should be paid for by user charges and fees.
- L. Administrative and operational efficiencies should be maximized before pursuing new tax revenue.
- M. Reserves and one time revenues should be used first to invest in capital outlay items that could reduce long range operating costs and, thereafter, fund transition expenses.
- N. New services should not be added nor existing services expanded unless they are highly valued by the Community and there is a willingness to pay for them.
- O. There should be regular monitoring of financial performance and opportunities to make mid-course corrections as warranted.
- P. City policies that may inhibit economic development, especially new retail development, should be reviewed regularly and modified.

# Fiscal Policies (continued)

## 6. CAPITAL FINANCING AND DEBT MANAGEMENT

### A. Capital Financing

1. The City will consider the use of debt financing only for one-time capital improvement projects and only under the following circumstances:
  - a. When the project's useful life will exceed the term of the financing.
  - b. When project revenues or specific resources will be sufficient to service the long-term debt.
2. Debt financing will not be considered appropriate for any recurring purpose such as recurring operating and maintenance expenditures. The issuance of short-term instruments such as revenue, tax, or bond anticipation notes is excluded from this limitation because such borrowings would be issued for a short period of time in anticipation of a scheduled revenue stream that would repay the notes.
3. Capital improvements will be financed primarily through user fees, service charges, assessments, special taxes, or developer agreements when benefits can be specifically attributed to users of the facility. Accordingly, development impact fees should be created and implemented at levels sufficient to ensure that new development pays its fair share of the cost of constructing necessary community facilities.
4. Development impact fees and Residential Development Control System fee (not applicable until 2030 due to new State laws) are major funding sources in financing City improvements. However, revenues from these fees are subject to significant fluctuation based upon the rate of new development. Accordingly, the following guidelines will be followed in designing and building projects funded with development impact fees or Measure S fees:
  - a. The availability of fees in funding a specific project will be analyzed on a case-by-case basis as plans and specifications or contract awards are submitted for City Manager or City Council approval.
  - b. If adequate funds are not available at that time, the City Council will make one of two determinations:
    - 1) Defer the project until funds are available.
    - 2) Based on the high-priority of the project, advance funds

# Fiscal Policies (continued)

from other available City Funds. Repayment of advances and related interest will be the first use of development impact and Measure S funds when they become available.

5. The City should consider internal borrowing prior to issuing bonds if feasible.
  - a. The funds borrowed must not be needed for their intended purposes during the period in which the loan will be outstanding, as certified by City staff.
  - b. Unless otherwise approved by the City Council, loans will accrue interest at the rate earned by the City's Treasury Pool or Local Agency Investment Fund (LAIF) earnings, whichever rate is higher.
  - c. The cost effectiveness of internal financing compared to external financing opportunities must be analyzed. In general, smaller financings are good candidates for internal financings because costs of issuance would be relatively high on smaller financings, while larger financings are better candidates for external financing.

- d. In no case shall internal borrowing be contrary to established City reserve policies.

6. The City will use the following criteria to evaluate pay-as-you-go versus long-term financing in funding capital improvements.

### **Factors Favoring Pay-As-You-Go Financing**

- a. Current revenues and adequate fund balances are available or project phasing can be accomplished.
- b. Existing debt levels adversely affect the City's credit rating.
- c. Market conditions are unstable or present difficulties in marketing.

### **Factors Favoring Long-Term Financing**

- a. Revenues available for debt service are deemed sufficient and reliable so that long-term financings can be marketed with investment grade ratings.
- b. The project securing the financing is of the type which will support an investment grade rating.
- c. Market conditions present favorable interest rates and demand for City financings.

# Fiscal Policies (continued)

- d. A project is mandated by state or federal requirements, and resources are insufficient or unavailable.
- e. The project is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable.
- f. The life of the project or asset to be financed is 10 years or longer

## B. Debt Management

1. The City will not obligate the General Fund to support long-term financings except when marketability can be significantly enhanced.
2. An initial feasibility analysis will be prepared by City staff for each long-term financing which analyzes the impact on current and future budgets for debt service and operations.
3. This analysis will also address the reliability of revenues to support debt service.
4. The City will generally conduct financings on a competitive basis. However, negotiated financings may be used due to market volatility, size of the financing, introduction of new credit structures to the market, or appropriate use of an unusual or complex financing or security

structure.

5. The City will seek an investment grade rating (Baa/BBB or greater) on any direct debt and will seek credit enhancements such as letters of credit or insurance when necessary for marketing purposes, availability, and cost-effectiveness.
6. The City will monitor all forms of debt annually when the City Budget is prepared and will report any concerns and remedies to the City Council.
7. The City will diligently monitor its compliance with bond covenants and ensure its adherence to applicable federal tax regulations.
8. The City will maintain good, ongoing communications with bond rating agencies about its financial condition. The City will follow a policy of full disclosure of appropriate and material information on every financial report and bond prospectus (Official Statement).

## C. Debt Structure

In general, debt should be structured with fixed interest rates. However, for financings of more than \$30 million (principal only) variable rate bonds and swaps should be considered if the City's financial advisor provides guidance that such debt vehicles would be suitable and cost effective for the City.

# Fiscal Policies (continued)

## D. Debt Capacity

### 1. General Purpose Debt Capacity.

The City will carefully monitor its levels of general-purpose debt. Because the City’s general purpose debt capacity is limited, it is important that it use only general purpose debt financing for high-priority projects where the City cannot reasonably use other financing methods for two key reasons:

- a. Funds borrowed for a project today are not available to fund other projects tomorrow.
- b. Funds committed for debt repayment today are not available to fund operations in the future.

In evaluating debt capacity, General Fund annual debt service payments should generally not exceed 5% of the General Fund currently budgeted revenues, excluding transfers in. Staff shall report on the current percentage of annual debt service payments compared to revenues within the General Fund in each monthly City Finance and Investment Report.

### 2. Enterprise Fund Debt Capacity. The City will set enterprise fund rates at levels needed to fully cover debt service requirements as well as operations, maintenance, administration, and capital

improvement costs. The ability to afford new debt for enterprise operations will be evaluated as an integral part of the City’s periodic rate review and setting process.

## E. Independent Disclosure Counsel

The City should retain the services of an independent disclosure counsel in conjunction with specific project financings when the City’s financial advisor, bond counsel, or underwriter recommends that the City retain an independent disclosure counsel based upon the circumstances of the financing. In general, the City should hire independent disclosure counsel to prepare the bond prospectus (Official Statement) so that all material information is disclosed to investors.

## F. Independent Municipal Advisor

The City should hire a Municipal Advisor for all external financings in excess of \$500,000. The Municipal Advisor will provide guidance regarding the structuring of the financing, and coordinate the sale of the bonds so that the City will pay the lowest true interest cost.

## F. Types of Debt

The City may issue all such types of debt as are permitted by the State Constitution and applicable State Statutes, and may include, but are not limited to:

# Fiscal Policies (continued)

1. Lease revenue bonds, certificates of participation, installment sale agreements, financing agreements, and lease-purchase agreements (General Fund or Enterprise Fund)
2. Revenue bonds
3. Land-secured financings, such as special tax bonds and assessment bonds
4. General obligation bonds
5. Tax increment financings
6. Conduit financings, such as financings for affordable rental housing and qualified 501c3 organizations
7. Refunding Obligations
8. State Revolving Loan Funds
9. Lines of Credit

## G. Land-Based Financings

1. Public Purpose. There will be a clearly articulated public purpose in forming an assessment or special tax district in financing public infrastructure improvements. The City Council should make a finding as to why this form of financing is preferred over other funding options such as reimbursement agreements, or direct developer responsibility for the improvements.
2. Active Role. Even though land-based financings may be a limited obligation of the City, the City will

play an active role in managing the district. This means that the City will select and retain the financing team, including, if applicable, the municipal advisor, bond counsel, trustee, appraiser, disclosure counsel, assessment engineer, and underwriter, if applicable. Any costs incurred by the City in retaining these services or for staff time will generally be the responsibility of the property owners or developer and will be advanced via a deposit when an application is filed. Alternatively, these costs may be paid on a contingency fee basis from the bond proceeds.

3. Credit Quality. When a developer requests a district, the City will carefully evaluate the applicant's financial plan and ability to carry the project, including the payment of assessments and special taxes during build-out. This may include detailed background, credit, and lender checks, as well as the preparation of independent appraisal reports and market absorption studies. Any costs incurred by the City in retaining these services or for staff time will generally be the responsibility of the property owners or developer and will be advanced via a deposit when an application is filed. Alternatively, these costs may be

# Fiscal Policies (continued)

- paid on a contingency fee basis from the bond proceeds. For districts where one property owner accounts for more than 25% of the annual debt serviced obligation, a letter of credit further securing the financing may be required.
4. Reserve Fund. In general, a reserve fund should be established in the lesser amount of: the maximum annual debt service; 125% of the annual average debt service; or 10% of the original bond principal (industry standard).
  5. Value-to-Debt Ratios. The minimum value-to-debt ratio shall be at least 3 to 1. This means that the value of the property in the district, with the public improvements, should be at least three times the amount of the assessment or special tax debt.
  6. Capitalized Interest During Construction. Decisions to capitalize interest will be made on a case-by-case basis, with the intent that if allowed, it should improve the credit quality of the bonds and reduce borrowing costs, benefiting both current and future property owners.
  7. Maximum Burden. Annual assessments (or special taxes in the case of Mello-Roos or similar districts) should generally not exceed 1% of the projected sales price of the fully developed property.
  8. Benefit Apportionment. Assessments and special taxes will be apportioned according to a formula that is clear, understandable, equitable, and reasonably related to the benefit received by, or burden attributed to, each parcel with respect to its financed improvement. Any annual escalation factor should not exceed the greater of 2% or the projected change in the consumer price index.
  9. Special Tax District Administration. In the case of Mello Roos or similar special tax districts, the total maximum annual tax should not exceed 110% of annual debt service. The rate and method of apportionment should include a back-up tax in the event of significant changes from the initial development plan, and should include procedures for prepayments.
  10. Foreclosure covenants. In managing administrative costs, the City will establish maximum delinquency amounts per owner, and for the district as a whole, before initiating foreclosure proceedings.
  11. Disclosure to Bondholders. In general, each property owner who

# Fiscal Policies (continued)

accounts for more than 10% of the annual debt service or bonded indebtedness should provide ongoing disclosure information annually as described under SEC Rule 15 (c) 2-12.

- 12. Disclosure to Prospective Purchasers. Full disclosure about outstanding balances and annual payments should be made by a property seller to prospective buyers at the time that buyers bid on the property.

## H. Conduit Financings

- 1. The City will consider requests for conduit financing on a case-by-case basis using the following criteria:
  - a. The City’s bond counsel will review the terms of the financing and render an opinion that there will be no liability to the City in issuing the bonds on behalf of the applicant.
  - b. There is a clearly articulated public purpose in providing the conduit financing.
  - c. The applicant is capable of achieving this public purpose.
- 2. The review of requests for conduit financing will be a two-step process:
  - a. First asking the Council if they are interested in considering the request and establishing the

ground rules for evaluating it; and

- b. Then returning with the results of this evaluation, and recommending approval of appropriate financing documents if warranted.

This two-step approach ensures that the issues are clear for both the City and applicant, and that key policy questions are answered.

- 3. The work scope necessary to address these issues will vary from request to request and will have to be determined on a case-by-case basis. Additionally, the City should generally be fully reimbursed for our costs in evaluating the request. However, this should also be determined on a case-by-case basis.

## I. Successor Agency Refinancing of Redevelopment Bonds

- 1. The City acting as the Successor Agency shall refinance Redevelopment Agency Tax Allocation Bonds within the constraints of AB1x26, the legislation that abolished redevelopment and only with approval from the Oversight Board.
- 2. When refinancing Tax Allocation Bonds, the Successor Agency shall use a Municipal Advisor, bond counsel, disclosure counsel, underwriter (for a negotiated sale),

# Fiscal Policies (continued)

and other consultants who are experts in the issuance of redevelopment financing instruments.

- 3. Tax Allocation Refinancing Bonds shall be issued in a manner that is consistent with AB1x26.
- 4. Debt Management and Debt Structure for Tax Allocation Refinancing Bonds shall be consistent with the requirements described in sections B and C above.

## J. Relationship of Debt to Capital Improvement Program (CIP) and Budget

The City's multi-year (CIP) sets priorities for projects and funding while the Capital Financing Policy provides policy direction and limitations for proposed financings undertaken to implement the CIP. Debt issuance for capital projects should be incorporated into the CIP to be recommended for City Council approval.

## K. Policy Goals Related to Financial Planning Goals and Objectives

The City is committed to long-term financial planning, maintaining appropriate reserve levels, and employing prudent practices in governance, management, and budget administration. The City intends to issue debt for the purposes stated in this Policy and, in doing so,

to implement policy decisions incorporated in the City's long-term financial plans and its operating budget.

## L. Initial and Continuing Disclosure Compliance

### 1. Review and Approval of Official Statements

- a. The City's Treasurer and Finance Director shall review any Official Statement prepared in connection with any debt issuance by the City in order to ensure there are no misstatements or omissions of material information in any sections that contain information prepared by the City.
- b. In connection with review of the Official Statement, the City Treasurer and Finance Director may consult with third parties, including outside professionals assisting the City, and all members of City staff, to the extent that the City Treasurer and Finance Director conclude they should be consulted so that the Official Statement will include all "material" information (as defined for purposes of federal securities law).
- c. As part of the review process, the City Treasurer and/or

# Fiscal Policies (continued)

Finance Director shall submit all Official Statements to the City Council for approval.

- d. The approval of a Preliminary Official Statement by the City Council shall be docketed as a new business matter and shall not be approved as a consent item. The City Council shall undertake such review as deemed necessary by the City Council, following consultation with the City Treasurer and/or Finance Director, to fulfill the City Council’s responsibilities under applicable federal and state securities laws. In this regard, the City Treasurer and/or Finance Director shall consult with the City’s disclosure counsel to the extent the City Treasurer and/or Finance Director consider appropriate.

- e. Under the continuing disclosure undertakings that the City has entered into in connection with its debt offerings, the City is required to file annual reports with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system in accordance with such undertakings. Such annual reports are required to include

certain updated financial and operating information, and the City’s audited financial statements.

- f. The City is also required under its continuing disclosure undertakings to file notices of certain events with EMMA.
- g. The City Treasurer and/or Finance Director is responsible for establishing a system (which may involve the retention of one or more consultants) by which:
  - The City will make the annual filings required by its continuing disclosure undertakings on a complete and timely basis, and
  - The City will file notices of enumerated events on a timely basis.

## 2. Public Statements Regarding Financial Information

Whenever the City makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets, the City is obligated to ensure that such statements and information are complete, true, and accurate in all material respects.

## Fiscal Policies (continued)

### 3. Training

- a. The City Treasurer and/or Finance Director shall ensure that the members of the City staff involved in the initial or continuing disclosure process and the City Council are properly trained to understand and perform their responsibilities.
- b. The City Treasurer and/or Finance Director shall arrange for disclosure training sessions conducted by the City's disclosure counsel. Such training sessions shall include education on these Disclosure Policies, the City's disclosure obligations under applicable federal and state securities laws and the disclosure responsibilities and potential liabilities of members of the City's staff and members of the City Council. Such training sessions may be conducted using a recorded presentation.

### J. Investment Policy

The City of Morgan Hill Statement of Investment Policy is available at:

<https://www.morganhill.ca.gov/documentcenter/view/44466>

# Description of Funds

## **GENERAL FUND (010)**

The General Fund is a governmental fund used to account for the day-to-day operations of the City. All financial activity that is not required to be accounted for in another fund is included in the General Fund. Public Safety, government administration, recreation, Downtown maintenance, street maintenance, environmental programs and park maintenance are funded from the General Fund.

The General Fund receives all general taxes, such as property taxes, sales taxes and transient occupancy taxes, licenses and permit revenues, funding from other government agencies such as vehicle-in-lieu fees, fines and penalties, interest, rentals not specifically designated for another fund, and charges for current services.

## **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specified purposes.

### **Street Fund (202)**

The Street Fund is a special revenue fund used to account for the receipt and disbursement of State and Federal gas tax, and other monies that are to be used for the maintenance, repair, and design of streets. State gas tax funds are distributed to cities based on population from gas

taxes collected at the point of sale. The use of gas tax funds is restricted to street expenditures by State and Federal legislation.

### **Supplemental Law Enforcement Funds (205)**

The Supplemental Law Enforcement Fund is a special revenue fund used to account for the receipt and disbursement of State and Federal grant monies that provide for the restoration of public safety services. The use of grant monies in this fund is legally restricted for the funding of Public Safety officers and/or supplies under the terms of the grants.

### **Development Services Fund (206)**

The Development Services Fund is a special revenue fund used to account for the collection of planning, building, and engineering fees. The expenditures of these funds are restricted to the costs associated with processing building, engineering and planning applications.

### **Long Range Planning Fund (207)**

The Long Range Planning Fund is a special revenue fund established to support the City's Long Range Planning Program. The Long Range Planning Program is funded primarily by a 15% surcharge on most Planning and Building permits and some Engineering permits. To a lesser degree, transfers from various funds, including the General Fund, Housing Mitigation, Park Maintenance, Drainage Impact, Agricultural Preservation and Open Space,

# Description of Funds (continued)

Traffic Impact, Sewer and Water Impact Funds, provide additional funding.

## **CDBG/CDBG Revolving Loan Funds (215/216)**

The Community Development Block Grant (CDBG) and CDBG Revolving Loan Funds are special revenue funds used to account for Federal low and moderate income housing program funds. These funds are restricted to low and moderate income housing uses.

## **Lighting and Landscape District (229)**

The Lighting and Landscape District Fund is a special revenue fund which derives monies from special property assessments to support City maintenance services in park and landscape areas within residential developments that were originally included in the District.

## **Community Facilities District (230)**

Community Facilities District Fund is a special revenue fund, which derives monies from a special tax to support the maintenance and evaluation of the re-vegetated area along Fisher Creek.

## **Environmental Programs Fund (232)**

The Environmental Programs Fund is a special revenue fund that is used to account for Burrowing Owl and Stormwater Pollution & Prevention activities.

## **Successor Housing Agency (255)**

This fund accounts for the Successor Agency's housing assets and activities. The City Council governs the fiscal actions of this fund. This fund is projected to receive modest program income in the form of rents, loan repayments, State grants, etc.

## **Other Special Revenue Funds**

There are six other special revenue funds. The balances in these funds are restricted by law and/or ordinance. The funds include:

- Asset Seizure Fund (225)
- Mobile Home Park Rent Stabilization Fund (234)
- Senior Housing Trust Fund (235)
- Housing Mitigation Fund (236)
- Employee Assistance Fund (240)
- Countywide Solid Waste Administration (246)
- Public Art (260)

The Senior Housing Trust Fund was established to account for the funds that were set aside to fund programs for elderly persons over the age of 55, while the Housing Mitigation Fund was established to provide for housing related programs and projects.

## **CAPITAL PROJECTS FUNDS**

The Capital Projects Funds are used to account for the financial resources to be

# Description of Funds (continued)

used for acquisition and/or construction and/or maintenance of capital facilities. The funds are restricted by State law and/or City ordinance for specific uses. AB1600 (Government Code Sect. 66000-66003) restricts the collection and use of certain development impact fees. AB1600 indicates that there must be a reasonable relationship between the fee and the purpose for which it was charged. The following funds are the Capital Projects Funds:

### **Park Impact Fund (301)**

Park Impact Fund revenues are received from developers of properties. The funds may only be used for the design, development and construction of new parks within the City. Fund is subject to the restrictions of AB1600.

### **Park Maintenance Fund (302)**

Park Maintenance/Development Fund receives revenues from developers of properties and the funds may only be used for the maintenance and development of the City's parks.

### **Drainage Impact Fund (303)**

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 storm

drains. Fund is subject to the restrictions of AB1600.

### **Drainage Non AB1600 Fund (304)**

Local Drainage Fund revenues are received from developers of properties and the funds may be used for the design, construction, and maintenance of storm drains.

### **Agriculture and Open Space Preservation Fund (306)**

This fund accounts for open space fees collected from developers. These funds are to be expensed for agriculture and open space preservation expenditures.

### **Street CIP (308)**

This fund accounts for resources and requirements for capital projects that support the City of Morgan Hill's streets and roads. The funds allocated, which are normally transfers from other revenue funds such as the Traffic Impact Fund 309, and grant reimbursements, may be expended on new streets, traffic signals, and improvements of existing streets.

### **Traffic Impact Fund (309)**

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

# Description of Funds (continued)

they are impacted by new development. Fund is subject to the restrictions of AB1600.

## **Public Safety Facilities Impact Fund (315)**

Revenues are derived from a fee charged to developers to cover the costs to construct public improvements required for Police and Fire facilities, as a result of new development. Expenditures may only be made for the future construction of the required new Public Safety facilities. The Fund is subject to the restrictions of AB1600. Beginning in 2020, the Fire and Police Impact Fees were combined into this Public Safety Facilities Impact Fee Fund.

## **Public Facilities Non AB1600 Fund (346)**

Public Facilities Fund revenues are received from developers of properties and the 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.

## **Public Facilities Impact Fund (347)**

Public Facilities Impact 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 facilities or to reimburse the City for funds advanced to construct such facilities. Fund is subject to the restrictions of AB1600.

## **Library Impact Fund (348)**

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 library facilities or to reimburse the City for funds advanced to construct such facilities. Fund is subject to the restrictions of AB1600.

## **Undergrounding Fund (350)**

Undergrounding Fund receives revenues from developers for the undergrounding of utilities in areas of new development. Expenditures may be made from these funds only for the design and construction associated with such undergrounding.

## **School Pedestrian and Traffic Safety Fund (355)**

This fund accounts for the revenues and expenditures related to the collection and use of development fees for pedestrian and traffic safety capital improvements at or near schools. There's no residual funds remaining as of June 30, 2024.

## **Community Recreation Centers Impact Fund (360)**

This fund was set up to collect revenues derived from a fee charged to developers to cover the costs to construct new community centers within Morgan Hill. Expenditures may only be made for the future construction of the required new facilities or to reimburse the City for funds

# Description of Funds (continued)

advanced to construct such facilities. Fund is subject to the restrictions of AB1600.

## **Quimby Fee (375)**

The fee is also referred to as an In-Lieu fee. It is intended to secure adequate open space for parks and recreational purposes. Fees collected may not be used for the operation and maintenance of park facilities.

## **DEBT SERVICE FUNDS**

Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

## **Civic Center Debt Service (420)**

A fund to track transactions of the 2006 bonds issued to build the Public Library and make improvements to the Civic Center Campus.

## **Police Facility Bond Debt Service (441)**

A fund to track transactions of the 2004 bonds issued to build the Police Station.

## **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

## **Sewer Operations Fund (640)**

The Sewer Operations Fund receives revenues from user charges based on sewer usage. All expenditures for the operation of the sewer system including maintenance and debt service are charged to the Sewer Operations Fund.

## **Sewer Impact Fund (641)**

The Sewer Impact 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. Fund is subject to the restrictions of AB1600.

## **Sewer Rate Stabilization Fund (642)**

The Sewer Rate Stabilization Fund was established to avoid fluctuations in the sewer rates charged.

## **Sewer System Replacement Fund (643)**

This fund was established to avoid fluctuations in the sewer rates charged by providing reserve funding for future system replacements. Funding comes from transfers from the Operations Fund when available with a minimum reserve target of 3% of net depreciable capital assets.

## **Water Operations Fund (650)**

The Operations Fund receives revenues from user charges based on water usage.

# Description of Funds (continued)

All expenditures for the operation of the water system including maintenance and debt service are charged to the Water Operations Fund.

## Water Impact Fund (651)

The Impact Fund receives revenues from developer charges to cover the costs to construct water improvements required as a result of the 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. Fund is subject to the restrictions of AB1600.

## Water Rate Stabilization Fund (652)

The Water Rate Stabilization Fund was established to avoid fluctuations in the water rates charged.

## Water System Replacement Fund (653)

This fund was renamed and combined with the Water Capital Projects Fund. This fund was established to avoid fluctuations in water rates by providing reserve funding for future system replacements. Funding comes from transfers from the Operations Fund when available with a minimum reserve target of 3% of net depreciable capital assets.

## INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and/or services provided by one department to other departments within the City. The Internal

Service Fund accumulates all the costs related to the service provided and then the costs are charged to the department receiving the goods and/or services based on the quantity of service received.

The City maintains the following Internal Service Funds:

- Information Systems Fund (730)
- Building Maintenance Fund (740)
- Building Replacement Fund (741)
- Capital Project Implementation (745)
- Unemployment Insurance Fund (760)
- Workers' Compensation Fund (770)
- Equipment Replacement Fund (790)
- Employee Benefits Fund (791)
- General Liability Insurance Fund (795)

## AGENCY FUNDS

Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains the following Agency Funds:

- MH Ranch AD (843)
- Madrone Bus. Park - Exempt (845)
- Madrone Bus. Park - Taxable (846)
- Successor Agency to the former Morgan Hill Redevelopment Agency (850)

# Glossary of Budget, Financial Terms, and Acronyms

## **AB 1234**

This law requires that all local agencies that provide compensation, salary, or stipend to, or reimburses the expenses of, members of a legislative body, must provide ethics training to local agency officials every two years.

## **AB 1600**

This law codifies the legal requirement that fees on new development have the proper nexus to any project on which they are imposed. The fees must be segregated from the general fund and from other funds or accounts containing fees collected for other impacts or departments.

## **ABAG**

Association of Bay Area Governments - one of more than 560 regional planning agencies across the nation working to help solve problems in areas such as land use, housing, environmental quality, and economic development.

## **Accounting System**

The total set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.

## **Accrual Accounting**

Revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows.

## **AFSCME**

American Federation of State, County, and Municipal Employees

## **Amended Budget**

The Adopted Budget as formally adjusted by the City Council.

# Glossary (continued)

## **ACFR**

Annual Comprehensive Financial Report - A financial report on assets, liabilities, revenues, and expenditures in a standardized format that must conform to the Government Accounting Standards Board (GASB) accounting and financial reporting standards. This financial report is called the Annual Comprehensive Financial Report (ACFR, pronounced “ack-fer”). The ACFR describes what actually was spent and the status of assets and liabilities at the end of the fiscal year.

## **Appropriation**

An authorization made by the City Council which permits officials to incur obligations against and to make expenditures of governmental resources for a specific purpose within the budget year, July 1 through June 30.

## **Assessed Valuation**

The estimated value placed upon real and personal property by the County Assessor as the basis for levying property taxes.

## **Assets**

Property owned by the City which has monetary value.

## **Audit**

A systematic examination of the City’s financial records and processes which concludes in a written financial report. It includes test of management’s internal accounting controls and is intended to:

1. ascertain whether financial statements fairly present financial positions and results of operations;
2. test whether transactions have been legally performed; and,
3. identify areas for possible improvements in accounting practices and procedures

## **Balance Sheet**

A statement which presents the financial position of an entity by disclosing its assets, liabilities, and fund equities as of a specific date.

## **BMR**

Below Market Rate

# Glossary (continued)

## **Bond Debt (Debt Instrument)**

A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.

## **Budget Document**

The official document prepared by the Finance and supporting staff which presents the proposed budget to the City Council.

## **Budget (Operating)**

A plan of financial operation listing an estimate of proposed expenditures (appropriations) for a two-year period and the proposed means of financing them (revenue estimates).

## **Budgetary Basis of Accounting**

Morgan Hill budgets using the modified accrual basis plus encumbrances.

1. Under ‘modified accrual’ amounts are recognized as revenue when earned, only so long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period.
2. Encumbrances outstanding at year-end are reappropriated in the next year and reported as reservations of fund balance.

## **Budget Calendar**

The schedule of key dates or milestones which the City follows in the preparation and adoption of the budget.

## **Budget Transmittal/Message**

A discussion of the proposed budget presented by the City Manager in writing as a part of, or supplement to, the budget document. The budget message, also referred to as the Transmittal Letter, explains principal budget issues against the background of financial experience in recent years and presents recommendations made.

## **CAL FIRE**

The City of Morgan Hill contracts with the California Department of Forestry and Fire Protection (CAL FIRE) to provide the following services: emergency medical services and fire prevention and suppression.

# Glossary (continued)

## **CalPERS**

California Public Employees Retirement System provides retirement, health, and related financial programs and benefits to public employees, retirees, and their families and public employers.

## **Capital Asset**

Assets of significant value and having a useful life of more than one year. Capital assets are also called fixed assets.

## **Capital Budget**

A plan of proposed capital expenditures and the means of financing them.

## **Capital Outlay**

Expenditures exceeding \$5k for the acquisition of capital assets. Includes the cost of land, buildings, permanent improvements, machinery, large tools, and rolling and stationary equipment.

## **Capital Project Fund**

Used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Internal Service Funds).

## **Capital Projects**

Projects for purchase or construction of capital assets. Typically a capital project encompasses a purchase of land and/or the construction of a building or facility.

## **CCC**

Community and Cultural Center - the campus includes the Community Playhouse, the Outdoor Amphitheater, and the main Community and Cultural Center building.

## **CDBG**

Community Development Block Grant - the CDBG program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at the US Department of Housing and Urban Development (HUD). The CDBG program provides annual grants on a formula basis to 1180 general units of local government.

# Glossary (continued)

## **Certificate of Deposit**

A negotiable or non-negotiable receipt for monies deposited in a bank or financial institution for a specified period at a specified rate of interest.

## **CIP**

Capital Improvement Program - a six-year plan for expenditures setting forth each capital project, the amount to be expended in each year, and the method of financing those expenditures. Expenditures may include the design, construction, or purchase of land, buildings, or facilities.

## **CIP Engineering**

All work involved in preparation of construction plans, contractual documents, and construction administration for the design and upgrade of various infrastructures for projects identified in the six-year Capital Improvement Program.

## **Contingency**

A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

## **COP**

Certificate of Participation - provides long-term financing through a lease or installment sale agreement that does not constitute indebtedness under the state constitutional debt limit and does not require voter approval.

## **CRC**

Centennial Recreation Center - the approximately 58,000 square foot Centennial Recreation Center features a gymnasium, fitness center, indoor pool with water play features, teen and senior wing, multi-purpose room, and computer lab.

## **CSOA**

Community Service Officers Association

## **Debt Service**

Payment of interest, and repayment of principal to holders of the City's debt instruments.

# Glossary (continued)

## **Debt Service Fund**

Used to account for the accumulation of resources for, and payment of, general long-term debt.

## **Deficit**

1. the excess of an entity's liabilities over its assets (see Fund Balance); or
2. the excess of expenditures or expenses over revenues during an accounting period.

## **Discretionary Revenue**

Funds that the City Council has the authority to allocate for any purpose. Generally refers to General Fund, as opposed to Special Revenue Funds.

## **EDEN**

Municipal software for financial and human capital management to be replaced by Tyler Enterprise ERP software.

## **Encumbrance**

Obligations in the form of purchase orders or contract commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances are eliminated when paid or when a liability is recorded. Carryforward encumbrances are obligations and appropriations which are transferred to the subsequent fiscal year.

## **Enterprise Fund**

Fund used to account for government operations that are financed and operated in a manner similar to business enterprises. These programs are entirely or predominantly self-supporting. Examples of Enterprise Funds are those used for sewer and water systems.

## **EOC**

Emergency Operations Center

## **EOP**

Emergency Operations Plan

# Glossary (continued)

## **EPA NPDES**

Environmental Protection Agency National Pollutant Discharge Elimination System Permitting Program - industrial, municipal, and other facilities must obtain permits if their discharges go directly to surface waters.

## **Expenditures**

The payment against an appropriation for goods received or services rendered.

## **Fiscal Year**

The twelve-month period beginning July 1st and ending the following June 30th.

## **FTE**

Full Time Equivalent: One or more employees positions totaling one full year of service or approximately 2080 hours a year.

## **Fund**

An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

## **Fund Balance**

Remaining balance available following the reduction for resources not available for spending or “legal restrictions” (reservation) and intended future use of resources (designation).

## **GAAP**

Generally Accepted Accounting Principles - the standard framework of guidelines for financial accounting. It includes the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

# Glossary (continued)

## **General Fund**

The fund supported by taxes, fees, and other revenues that may be used for any lawful purpose. The general fund accounts for all financial resources except those required to be accounted for in another fund. This fund accounts for the general operating programs of the City.

## **General Obligation Bond**

When the City pledges its full faith and credit to repayment of the bonds it issues, then those bonds are general obligation (G.O.) bonds. Sometimes the term is also used to refer to bonds which are to be repaid from taxes and other general revenues. In California, G.O. bonds issued after 1977 must be authorized by public referenda with two-thirds voter approval. The City currently has no General Obligation Bond debt.

## **GIS**

Geographical Information Systems that create, manage, analyze, and map all types of data.

## **GFOA**

Government Finance Officers Association - The GFOA is the professional association of state/provincial and local finance officers in the United States and Canada.

## **IIAP**

Injury and Illness Prevention Program.

## **Impact Fees**

Fees imposed in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project.

## **Infrastructure**

All City owned facilities supporting the operation of the governmental unit. It includes: streets, roads, bridges, curbs and gutters, parks, water and sewer lines, storm drains, water pump stations and reservoirs, water wells, sewer lift stations, all government buildings and related facilities.

# Glossary (continued)

## **Intergovernmental Grant**

A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the State and Federal Governments. Grants are usually made for specified purposes.

## **Internal Service Fund**

Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City.

## **Investments**

Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals, or base payments.

## **LAFCO**

Local Agency Formation Commission.

## **Liability**

A debt or other legal obligation arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date. NOTE: The term does not include encumbrances.

## **Maturities**

The dates on which the principal or stated values of investments or debt obligations mature and may be reclaimed.

## **Measure S**

On January 1, 2020, Measure S was suspended with the implementation of SB330. The bill establishes a statewide housing emergency to be in effect until January 1, 2030. The Housing Crisis Act allows for an applicant to submit a preliminary application for a housing development project vesting or freezing the proposed development to existing laws, regulations and fees at the time of submittal. The formal application that follows is subject to a streamlined and expedited review timeline with limits on numbers of public meetings and automatic approval if the timelines are not met. SB330 set aside growth management programs cities in California used for years to pace housing development.

# Glossary (continued)

## **Morgan Hill Dennis Kennedy Aquatics Center**

Aquatics Center (AC) - features of the Aquatics Center include a 5,316 square foot recreation activity pool with interactive play structure and slide; 800 square foot interactive spray-ground; six lane instructional pool; 50-meter competition pool; two event rooms; locker rooms; two family changing rooms; shaded lawn and deck area.

## **Modified Accrual Accounting**

Recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows and outflows of cash. Amounts are recognized as revenue when earned, only so long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period.

## **MOU**

Memorandum of Understanding – The City of Morgan Hill uses a MOU to define the relationship between the City and its represented employees. It creates a platform for a clear understanding of each party’s commitments/purpose.

## **Operating Fund**

Resources derived from recurring revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital projects.

## **OSC**

Outdoor Sports Center.

## **OSHA**

Occupational Health and Safety Administration.

## **POA**

Police Officer’s Association.

## **PLAN JPA (Pooled Liability Assurance Network Joint Powers Authority)**

A joint powers insurance authority consisting of 28 member cities in the San Francisco Bay Area. Members of PLAN JPA collectively share the risk of self-insured losses and purchase a broad range of risk management services including, but not limited to

# Glossary (continued)

program administration, accounting and finance, claims administration, risk control, loss prevention, actuarial services, training and education, and legal services to support the shared risk programs.

## **POST**

Peace Officer Standards and Training

## **Morgan Hill Property Business Improvement District ( MHPBID)**

Assessment on Downtown property owners to assess themselves to provide additional services, beyond what the City would normally provide. The MHPBID provides funding to keep the Downtown clean, safe, and inviting. A non-profit private organization, Downtown Morgan Hill Improvement District, manages the MHPBID and the services provided.

## **Property Taxes – Secured**

Taxes on real and personal property located upon that property of the same owner.

## **Property Taxes - Unsecured**

Taxes on property for which the value of the lien is not sufficient to assure payment of the tax.

## **Proposition 4**

The Gann Initiative – limits growth in government spending to changes in population and inflation.

## **Proposition 111**

State measure (1990) increasing gasoline and diesel fuel tax rates by 9 cents per gallon over a five-year period. Since 1994 this tax has been assessed at 18 cents per gallon.

## **Reappropriation**

A governing body action that transfers spending authority from a completed fiscal year to the subsequent spending plan.

## **Redevelopment Agency (RDA)**

No longer in place; was dedicated to improving the quality of life in Morgan Hill. The Agency worked to remove blight and breathe new life into deteriorated areas of the City.

## **Glossary** (continued)

The Agency was responsible for many of the improvements to the City's infrastructure (street and sewer improvements), renewal of the Downtown area, construction of community facilities, affordable housing, and economic development.

### **Reserves**

An account used to indicate that a portion of fund equity is restricted for a specific purpose.

### **Resources**

Total dollars available for appropriations including estimated revenues, fund transfers, and beginning fund balances.

### **Revenues**

Total dollars received from taxes, fees, permits, licenses, interest, and intergovernmental sources including grants within the fiscal year.

### **Revenue Bonds**

Bonds which pledge one specific revenue source to repayment. In addition to a pledge of revenues, such bonds sometimes may be secured by a lien against property.

### **Revenue Estimate**

A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a future fiscal year.

### **RHNA (Regional Housing Needs Allocation)**

State mandate that quantifies the need for housing within a jurisdiction during specified planning periods.

### **SCRWA**

The South County Regional Wastewater Authority - handles the disposal and treatment of wastewater from Gilroy and Morgan Hill.

# Glossary (continued)

## **Special Revenue Fund**

Separate fund used to account for the proceeds of special revenue sources that are restricted by law (or administrative action) to expenditures for specific purposes.

## **Transit Occupancy Tax (TOT)**

Tax on persons staying 30 days or less in a hotel, inn, motel, tourist home, non-membership campground, or other lodging facility.

## **Morgan Hill Tourism Business Improvement District (MHTBID)**

The assessments levied for the MHTBID shall be applied toward sales and marketing programs and sports facility management to market assessed lodging businesses in Morgan Hill as tourist, meeting, and event destinations. The annual assessment rate is currently one and a one-half of one percent (1.5%) of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty; and stays pursuant to contracts executed prior to December 31, 2018.

## **Tyler Enterprise ERP**

Municipal software for financial and human capital management.

## **UI**

Unemployment Insurance

## **User Charges**

The payment of a fee for direct receipt of a public service by the party benefiting from the service.

## **Year-End**

This term means as of June 30th (end of fiscal year).

## **Year-to-Date**

This term means, a period, starting from the beginning of the current fiscal year and continuing up to the present or stated date/month.

# Resolution Adopting the City Budget

## RESOLUTION NO. 24-022

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ADOPTING THE FISCAL YEARS 2024-25 AND 2025-26 OPERATING BUDGET, FISCAL YEARS 2024-25 THROUGH 2029-30 CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET, FISCAL YEAR 2024-25 APPROPRIATIONS LIMIT AND APPROPRIATIONS LIMIT ADJUSTMENT FACTORS**

WHEREAS, the City of Morgan Hill Budget for the 2024-25 and 2025-26 fiscal years was prepared by City staff and reviewed by the City Manager;

WHEREAS, the City of Morgan Hill Budget for the 2024-25 and 2025-26 fiscal years was distributed to the City Council on May 3, 2024, introduced to the City Council on May 15, 2024, was reviewed at a budget workshop on May 22, 2024 and was further reviewed at a public hearing on June 19, 2024;

WHEREAS, the City of Morgan Hill Budget anticipates total expenditures of \$207,941,839 in FY 2024-25 and \$254,426,358 in FY 2025-26;

WHEREAS, in accordance with the State Revenue and Taxation Code Section 7910, the City of Morgan Hill's 2024-25 fiscal year General Fund appropriations limit is \$158,644,955 as shown on Schedule A;

WHEREAS, in accordance with the State Revenue and Taxation Code Section 7910, the appropriations for the 2024-25 fiscal year, as shown on Schedule B, which are subject to the appropriations limit as set forth in Article XIII B of the California Constitution, do not exceed the limit as stated above;

WHEREAS, the annual adjustment factors that were selected to calculate the 2024-25 fiscal year limit were: 1) California Per Capita Personal Income adjustment factor of 3.62 percent; and 2) City Population Growth factor of 0.11 percent;

WHEREAS, modifications and amendments to the Adopted 2024-25 and 2025-26 City of Morgan Hill Budget can only be made in accordance with Fiscal Policy 4 in the Adopted Budget document;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morgan Hill finds that the Capital Improvement Program is in conformity with the General Plan; and

BE IT FURTHER RESOLVED that the City Council of the City of Morgan Hill does hereby approve and adopt the City of Morgan Hill Fiscal Years 2024-25 and 2025-26 Recommended Operating Budget, Fiscal Years 2024-25 through 2029-30 Recommended Capital Improvement Program Budget, Appropriations Limit for Fiscal Year 2024-25, and Appropriations Limit Adjustment Factors for Fiscal Year 2024-25.

# Resolution Adopting the City Budget (continued)

City of Morgan Hill  
Resolution No. 24-022  
Page 2 of 4

**PASSED AND ADOPTED** by the City Council of Morgan Hill at a Regular Meeting held on the 19<sup>th</sup> Day of June 2024 by the following vote.

<b>AYES:</b>	<b>COUNCIL MEMBERS:</b>	<b>Gino Borgioli, Marilyn Librers, Mark Turner, Rene Spring, Yvonne Martinez Beltran</b>
<b>NOES:</b>	<b>COUNCIL MEMBERS:</b>	<b>None</b>
<b>ABSTAIN:</b>	<b>COUNCIL MEMBERS:</b>	<b>None</b>
<b>ABSENT:</b>	<b>COUNCIL MEMBERS:</b>	<b>None</b>

**APPROVED:**

**ATTEST:**

DocuSigned by:  
*Mark Turner*  
\_\_\_\_\_  
**MARK TURNER, Mayor**

DocuSigned by:  
*Michelle Bigelow*  
\_\_\_\_\_  
**MICHELLE BIGELOW, City Clerk**

**• CERTIFICATION •**

**I, MICHELLE BIGELOW, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Resolution No. 24-022 adopted by the City Council at a Regular Meeting held on June 19, 2024.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL**

**DATE:** 6/21/2024

DocuSigned by:  
*Michelle Bigelow*  
\_\_\_\_\_  
**MICHELLE BIGELOW, City Clerk**

# Appropriations Limit Calculation

City of Morgan Hill  
 Resolution No. 24-022  
 Page 3 of 4

## SCHEDULE A

### CITY OF MORGAN HILL SPENDING LIMIT CALCULATION FISCAL YEAR 2024-25

#### APPROPRIATIONS SUBJECT TO LIMIT

Fiscal Year 2024-25 General Fund Revenues	\$56,220,919
Less Non Proceeds of Tax	<u>18,884,114</u>
Total appropriations subject to limits	<u>\$37,336,805</u>

#### APPROPRIATIONS LIMIT

Fiscal year 2023-24 appropriations limit	\$152,934,412
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Plus Change Factor:

A. Cost of living adjustment - CPI	1.0362
B. Population Adjustment	1.0011

Total Change Factor	1.0373
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Increase in appropriations limit	<u>\$5,710,543</u>
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<b>FISCAL YEAR 2024-25 APPROPRIATIONS LIMIT</b>	<b><u>\$158,644,955</u></b>
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Remaining appropriations capacity	\$121,308,150
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Available capacity as a percent of appropriations limit	<u>76%</u>
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#### NOTES

- A. Cost of living adjustment is based on percentage change in California per capita income.
- B. Population adjustment is based on the greater of annual population change for the City of Morgan Hill or Santa Clara County.

# Appropriations Limit Calculation (continued)

City of Morgan Hill  
 Resolution No. 24-022  
 Page 4 of 4

SCHEDULE B

## CITY OF MORGAN HILL SPENDING LIMIT CALCULATION FISCAL YEAR 2024-25

REVENUE SOURCE	PROCEEDS OF TAX	NON PROCEEDS OF TAX	TOTALS
Property Tax	\$ 19,448,520		\$ 19,448,520
Sales Tax	12,352,215		12,352,215
Transient Occupancy Tax	2,678,000		2,678,000
Public Safety Sales Tax	464,254		464,254
Property Transfer Tax	600,000		600,000
Business License / Other Permits	280,750		280,750
Motor Vehicle in Lieu	61,800		61,800
Transfer from Fund 202 Street Fund Gax Tax	851,932		851,932
Use of Money and Property	599,334	1,746,482	2,345,816
Fines and Penalties		84,800	84,800
Other Revenue / Other Agencies		1,184,498	1,184,498
Police and Fire Fees		1,090,881	1,090,881
Franchise Revenue		3,185,872	3,185,872
Current Service Charges General Govt.		9,077,753	9,077,753
Transfers		2,513,828	2,513,828
<b>Total</b>	<b>\$ 37,336,805</b>	<b>\$ 18,884,114</b>	<b>\$ 56,220,919</b>
Percentage of Total	66%	34%	100.00%



# Budget Summary

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Combined Statement of Revenues, Expenditures and Changes in Fund Balance.....	82
Fund Balance Projections.....	84
General Fund Balance Charts.....	90
Summary of Resources .....	91
Major Revenue Assumptions .....	92
Summary of Revenues & Transfers In .....	95
Expenditure Charts .....	98
Summary of Expenditures & Transfers Out .....	99
Interfund Transfers .....	102
Internal Service Charges .....	105
Comparison of Municipalities.....	107

# FY 2024-25 Combined Statement:

	General	Special Revenue	Capital Project	Debt Service	Enterprise	Internal Services	Agency	All Funds
<b>SOURCES OF FUNDS</b>								
Property Tax/Assessments	19,411,020	228,074	-	-	-	-	-	19,639,094
Other Taxes	19,280,341	-	-	-	-	-	761,609	20,041,950
Licenses & Permits	280,750	-	-	-	-	-	-	280,750
Fines & Penalties	84,800	-	-	-	-	-	-	84,800
Use of Money & Property	2,345,816	468,689	598,447	12,191	5,770,374	668,135	335,474	10,199,126
Other Agencies	1,394,181	951,932	2,495,263	-	-	-	6,271,628	11,113,004
Charges for Current Services	9,299,753	11,466,974	16,784,813	-	52,033,412	13,675,933	-	103,260,885
Other Revenues	758,498	1,253,000	745,000	-	434,000	-	-	3,190,498
Transfers In	3,365,760	559,452	3,710,404	679,215	12,445,466	135,500	-	20,895,797
<b>TOTAL SOURCES</b>	<b>56,220,919</b>	<b>14,928,121</b>	<b>24,333,927</b>	<b>691,406</b>	<b>70,683,252</b>	<b>14,479,568</b>	<b>7,368,711</b>	<b>188,705,904</b>
<b>USES OF FUNDS</b>								
Salaries	33,283,905	7,210,919	-	-	7,775,108	5,181,845	-	53,451,777
Supplies and Services	22,058,171	5,504,727	-	-	14,393,846	5,208,502	27,825	47,193,072
Capital Outlay	526,229	42,700	120,000	-	579,728	2,354,200	-	3,622,857
Debt Service	-	-	-	668,899	2,852,364	-	6,941,035	10,462,298
Internal Services	4,971,888	1,542,265	253,317	7,908	3,015,147	752,726	103,071	10,646,321
Transfers Out	1,692,945	1,534,524	3,971,016	-	13,688,585	8,727	-	20,895,797
Project Expenditures	-	1,000,000	25,469,648	-	35,200,069	-	-	61,669,717
<b>TOTAL USES</b>	<b>62,533,138</b>	<b>16,835,135</b>	<b>29,813,982</b>	<b>676,807</b>	<b>77,504,846</b>	<b>13,506,000</b>	<b>7,071,931</b>	<b>207,941,839</b>
<b>SOURCE/USE VARIANCE</b>	<b>(6,312,219)</b>	<b>(1,907,014)</b>	<b>(5,480,055)</b>	<b>14,599</b>	<b>(6,821,594)</b>	<b>973,568</b>	<b>296,780</b>	<b>(19,235,935)</b>
<b>FUND BALANCE 7/1/24</b>	<b>27,500,035</b>	<b>13,739,783</b>	<b>19,544,337</b>	<b>347,112</b>	<b>65,857,695</b>	<b>16,379,744</b>	<b>1,265,451</b>	<b>144,634,157</b>
<b>PROJ. BALANCE 6/30/25</b>	<b>21,187,816</b>	<b>11,832,769</b>	<b>14,064,282</b>	<b>361,711</b>	<b>59,036,100</b>	<b>17,353,312</b>	<b>1,562,231</b>	<b>125,398,222</b>

# FY 2025-26 Combined Statement:

	General	Special Revenue	Capital Project	Debt Service	Enterprise	Internal Services	Agency	All Funds
<b>SOURCES OF FUNDS</b>								
Property Tax/Assessments	20,769,791	232,135	-	-	-	-	-	21,001,927
Other Taxes	20,143,774	-	-	-	-	-	71,004	20,214,778
Licenses & Permits	282,750	-	-	-	-	-	-	282,750
Fines & Penalties	84,800	-	-	-	-	-	-	84,800
Use of Money & Property	2,295,567	376,953	520,017	10,520	1,605,772	656,162	475,489	5,940,480
Other Agencies	498,199	951,932	6,405,385	-	-	-	6,257,701	14,113,217
Charges for Current Services	9,742,755	11,815,380	20,304,634	-	75,564,669	14,419,224	-	131,846,662
Other Revenues	588,598	353,000	2,713,200	-	9,557,400	-	-	13,212,198
Transfers In	3,430,773	581,955	2,000,000	686,160	13,677,960	20,000	-	20,396,847
<b>TOTAL SOURCES</b>	<b>57,837,008</b>	<b>14,311,355</b>	<b>31,943,236</b>	<b>696,680</b>	<b>100,405,801</b>	<b>15,095,386</b>	<b>6,804,194</b>	<b>227,093,660</b>
<b>USES OF FUNDS</b>								
Salaries	34,693,572	7,484,958	-	-	8,284,125	5,363,051	-	55,825,706
Supplies and Services	21,825,504	3,630,801	-	-	16,456,127	5,357,622	7,825	47,277,879
Capital Outlay	34,000	-	-	-	596,875	876,600	-	1,507,475
Debt Service	-	-	-	675,821	2,847,813	-	6,242,192	9,765,825
Internal Services	5,203,671	1,523,606	258,390	8,070	3,132,810	788,985	40,917	10,956,450
Transfers Out	1,496,155	1,558,556	2,474,981	-	14,858,327	8,828	-	20,396,847
Project Expenditures	-	200,000	22,707,688	-	85,788,488	-	-	108,696,176
<b>TOTAL USES</b>	<b>63,252,902</b>	<b>14,397,922</b>	<b>25,441,059</b>	<b>683,891</b>	<b>131,964,564</b>	<b>12,395,087</b>	<b>6,290,934</b>	<b>254,426,358</b>
<b>SOURCE/USE VARIANCE</b>	<b>(5,415,894)</b>	<b>(86,567)</b>	<b>6,502,177</b>	<b>12,789</b>	<b>(31,558,763)</b>	<b>2,700,299</b>	<b>513,260</b>	<b>(27,332,698)</b>
<b>FUND BALANCE 7/1/25</b>	<b>21,187,816</b>	<b>11,832,769</b>	<b>14,064,282</b>	<b>361,711</b>	<b>59,036,100</b>	<b>17,353,312</b>	<b>1,562,231</b>	<b>125,398,222</b>
<b>PROJ. BALANCE 6/30/26</b>	<b>15,771,922</b>	<b>11,746,202</b>	<b>20,566,459</b>	<b>374,500</b>	<b>27,477,337</b>	<b>20,053,611</b>	<b>2,075,492</b>	<b>98,065,523</b>

# FY 2023-24 Fund Balance Projection

	07.01.2023 Audited Starting Fund Balance	23-24 Projected Revenues	23-24 Projected Transfers In	23-24 Projected Transfers Out	23-24 Projected Expenditures	06.30.2024 Projected Ending Fund Balance
010 <b>General Fund</b>	33,224,036	51,330,794	3,514,192	4,678,062	55,890,925	27,500,035
<b>Special Revenue Funds</b>						
202 Street Maintenance	68,927	845,311	-	845,311	5,192	63,735
205 Supplemental Law Enforcement	319,867	152,294	-	100,000	1,289	370,872
206 Development Services	(426,677)	4,700,128	1,000,000	23,465	5,767,187	(517,201)
207 Long Range Planning	1,276,770	953,378	110,000	2,079	858,104	1,479,965
215 CDBG	30,767	-	-	-	83	30,684
216 CDBG Revolving Fund	-	2,552	-	-	-	2,552
225 Asset Seizure	102,496	3,908	-	-	782	105,622
229 Lighting And Landscape District	191,949	204,886	-	59	195,958	200,818
230 Community Facilities District	105,651	42,014	-	-	39,090	108,575
232 Environmental Programs	328,270	45,541	561,335	2,672	440,836	491,638
234 Mobile Home Park Rent	76,297	6,474	-	-	461	82,310
235 Senior Housing Trust	239,361	9,144	-	-	446	248,059
236 Housing Mitigation	4,965,870	2,801,220	-	10,489	1,414,741	6,341,861
237 BEGIN	606,602	138,808	-	-	130,963	614,447
238 Cal Homes	126,182	4,824	-	-	-	131,006
240 Employee Assistance	61,893	6,597	-	-	20,946	47,544
Countywide Solid Waste Administrative						
246 Services	239,294	2,107,170	-	472,354	1,634,816	239,294
247 Environmental Remediation	140,690	5,370	-	145,427	633	-
255 Housing Successor Agency	4,001,427	855,642	-	2,085	1,205,452	3,649,532
260 Public Art	48,470	1	-	-	-	48,471
<b>Subtotal</b>	<b>12,504,106</b>	<b>12,885,262</b>	<b>1,671,335</b>	<b>1,603,941</b>	<b>11,716,979</b>	<b>13,739,783</b>
<b>Capital Project Funds</b>						
301 Park Impact	1,426,990	1,383,503	-	82,700	1,308,003	1,419,790
302 Park Maintenance	2,489,205	95,530	280,000	1,650,000	457,960	756,775
303 Local Drainage Impact	11,817,863	792,537	-	6,772,700	3,602,904	2,234,796
304 Local Drainage (Non-AB 1600)	1,343,736	61,000	-	-	380,968	1,023,768
306 Agricultural Preservation and Open Space	541,496	74,000	-	97,600	-	517,896
308 Street CIP	4,078,203	2,908,743	1,560,000	-	5,404,490	3,142,456
309 Traffic Impact	3,727,580	1,197,458	-	106,900	4,005,546	812,592
315 Public Safety Facilities Impact	3,050,728	547,468	7,750,000	255,530	12,291,304	(1,198,638)
346 Public Facilities (Non-AB 1600)	2,943,797	253,693	93,952	-	1,661,186	1,630,256
347 Public Facilities Impact	1,099,809	169,157	-	100,000	154,278	1,014,688
348 Library Impact	1,408,238	509,878	-	206,525	15,824	1,695,767
350 Undergrounding	1,626,301	303,409	-	-	257,835	1,671,875
355 School Pedestrian and Traffic Safety	92,077	33,300	-	108,952	16,425	-
360 Community/Recreation Center Impact	992,228	847,849	-	-	1,423,549	416,528
375 Quimby Fee	1,621,885	4,184,304	-	-	1,400,403	4,405,786
<b>Subtotal</b>	<b>38,260,136</b>	<b>13,361,829</b>	<b>9,683,952</b>	<b>9,380,907</b>	<b>32,380,674</b>	<b>19,544,337</b>
<b>Debt Service Funds</b>						
420 Civic Center Debt Service	175,864	6,000	290,850	-	292,636	180,078
441 Police Facility Bond Debt Service	166,725	312	387,792	-	387,795	167,034
<b>Subtotal</b>	<b>342,589</b>	<b>6,312</b>	<b>678,642</b>	<b>-</b>	<b>680,431</b>	<b>347,112</b>

# FY 2023-24 Fund Balance Projection (continued)

	07.01.2023 Audited Starting Fund Balance	23-24 Projected Revenues	23-24 Projected Transfers In	23-24 Projected Transfers Out	23-24 Projected Expenditures	06.30.2024 Projected Ending Fund Balance
<b>Enterprise Funds</b>						
640 Wastewater Operations	4,670,817	15,431,115	-	6,598,943	9,442,661	4,060,328
641 Wastewater Impact	21,350,081	4,824,917	-	715,153	10,927,410	14,532,435
642 Wastewater Rate Stabilization	2,799,081	115,000	192,000	-	1,872	3,104,209
643 Wastewater Capital Project	15,601,623	673,000	5,982,453	-	6,235,932	16,021,144
650 Water Operations	4,444,824	18,887,402	571,318	5,741,321	13,366,019	4,796,204
651 Water Impact	2,969,960	861,182	-	675,409	273,856	2,881,877
652 Water Rate Stabilization	3,183,868	128,000	-	-	1,403	3,310,465
653 Water Capital Project	15,548,298	705,000	5,842,709	-	4,944,974	17,151,033
<b>Subtotal</b>	<b>70,568,552</b>	<b>41,625,617</b>	<b>12,588,480</b>	<b>13,730,826</b>	<b>45,194,128</b>	<b>65,857,695</b>
<b>Internal Service Funds</b>						
730 Information Systems	793,101	2,492,281	-	259,701	2,722,531	303,150
740 Building Maintenance	7,256	1,858,410	-	-	1,852,806	12,860
741 Building Replacement	4,309,501	997,626	522,000	-	1,254,960	4,574,167
745 Capital Project Implementation	9,209	1,994,229	-	7,575	1,984,430	11,433
760 Unemployment Insurance	303,137	10,952	-	-	15,000	299,089
770 Workers' Compensation	2,152,498	1,022,073	-	-	901,721	2,272,850
790 Equipment Replacement	7,665,968	1,459,773	570,000	127,000	1,445,240	8,123,501
791 Employee Benefits Fund	(124,893)	862,177	560,000	-	1,000,000	297,284
795 General Liability Insurance	932,477	2,111,116	-	587	2,557,596	485,410
<b>Subtotal</b>	<b>16,048,254</b>	<b>12,808,637</b>	<b>1,652,000</b>	<b>394,863</b>	<b>13,734,284</b>	<b>16,379,744</b>
<b>Agency Funds</b>						
843 MH Ranch AD	448,720	14,822	-	-	366,525	97,017
845 Madrone Business Park - Exempt	654,910	785,433	-	-	990,791	449,552
846 Madrone Business Park - Taxable COMH as the Successor Agency of the	105,336	97,696	-	-	124,744	78,288
850 MHRDA	416,946	6,449,153	-	-	6,225,505	640,594
<b>Subtotal</b>	<b>1,625,912</b>	<b>7,347,104</b>	<b>-</b>	<b>-</b>	<b>7,707,565</b>	<b>1,265,451</b>
<b>Total All Funds</b>	<b>172,573,585</b>	<b>139,365,555</b>	<b>29,788,601</b>	<b>29,788,599</b>	<b>167,304,985</b>	<b>144,634,157</b>

# FY 2024-25 Fund Balance Projection

	07.01.2024 Projected Starting Fund Balance	24-25 Projected Revenues	24-25 Projected Transfers In	24-25 Projected Transfers Out	24-25 Projected Expenditures	06.30.2025 Projected Ending Fund Balance
010 <b>General Fund</b>	27,500,035	52,855,159	3,365,760	1,692,945	60,840,193	21,187,816
<b>Special Revenue Funds</b>						
202 Street Maintenance	63,735	854,067	-	851,932	5,451	60,419
205 Supplemental Law Enforcement	370,872	112,957	-	100,000	1,354	382,475
206 Development Services	(517,201)	5,958,052	-	23,533	6,356,915	(939,597)
207 Long Range Planning	1,479,965	1,641,005	110,000	3,764	3,103,744	123,462
215 CDBG	30,684	1,072	-	-	87	31,669
216 CDBG Revolving Fund	2,552	89	-	-	-	2,641
225 Asset Seizure	105,622	2,807	-	-	821	107,608
229 Lighting And Landscape District	200,818	206,415	-	-	211,120	196,113
230 Community Facilities District	108,575	28,828	-	-	23,511	113,892
232 Environmental Programs	491,638	51,784	449,452	1,579	451,490	539,804
234 Mobile Home Park Rent	82,310	2,872	-	-	484	84,698
235 Senior Housing Trust	248,059	8,674	-	-	468	256,265
236 Housing Mitigation	6,341,861	2,728,047	-	10,983	2,024,063	7,034,861
237 BEGIN	614,447	21,323	-	-	10,461	625,309
238 Cal Homes	131,006	4,585	-	-	-	135,591
240 Employee Assistance	47,544	1,297	-	-	20,993	27,848
Countywide Solid Waste Administrative						
246 Services	239,294	2,279,503	-	540,328	1,755,816	222,653
255 Housing Successor Agency	3,649,532	463,881	-	2,404	1,317,526	2,793,482
260 Public Art	48,471	1,411	-	-	16,306	33,576
<b>Subtotal</b>	<b>13,739,783</b>	<b>14,368,669</b>	<b>559,452</b>	<b>1,534,524</b>	<b>15,300,611</b>	<b>11,832,769</b>
<b>Capital Project Funds</b>						
301 Park Impact	1,419,790	1,999,271	-	107,700	2,810,327	501,033
302 Park Maintenance	756,775	15,507	-	650,000	-	122,282
303 Local Drainage Impact	2,234,796	1,424,799	-	22,700	3,577,617	59,278
304 Local Drainage (Non-AB 1600)	1,023,768	40,892	210,404	-	505,176	769,889
306 Agricultural Preservation and Open Space	517,896	18,459	-	97,600	30,557	408,198
308 Street CIP	3,142,456	2,886,877	1,000,000	-	4,303,425	2,725,909
309 Traffic Impact	812,592	4,753,292	-	106,900	1,596,542	3,862,441
315 Public Safety Facilities Impact	(1,198,638)	2,203,214	2,500,000	254,099	2,956,394	294,082
346 Public Facilities (Non-AB 1600)	1,630,256	189,832	-	-	825,834	994,254
347 Public Facilities Impact	1,014,688	451,223	-	25,000	1,419,333	21,578
348 Library Impact	1,695,767	1,414,286	-	2,707,017	6,598	396,438
350 Undergrounding	1,671,875	74,302	-	-	263,242	1,482,935
360 Community/Recreation Center Impact	416,528	2,501,528	-	-	907,600	2,010,456
375 Quimby Fee	4,405,786	2,650,042	-	-	6,640,319	415,510
<b>Subtotal</b>	<b>19,544,337</b>	<b>20,623,523</b>	<b>3,710,404</b>	<b>3,971,016</b>	<b>25,842,965</b>	<b>14,064,282</b>
<b>Debt Service Funds</b>						
420 Civic Center Debt Service	180,078	6,345	294,122	-	291,714	188,831
441 Police Facility Bond Debt Service	167,034	5,846	385,093	-	385,093	172,880
<b>Subtotal</b>	<b>347,112</b>	<b>12,191</b>	<b>679,215</b>	<b>-</b>	<b>676,807</b>	<b>361,711</b>

# FY 2024-25 Fund Balance Projection (continued)

	07.01.2024 Projected Starting Fund Balance	24-25 Projected Revenues	24-25 Projected Transfers In	24-25 Projected Transfers Out	24-25 Projected Expenditures	06.30.2025 Projected Ending Fund Balance
<b>Enterprise Funds</b>						
640 Wastewater Operations	4,060,328	16,638,861	-	6,462,664	10,284,710	3,951,815
641 Wastewater Impact	14,532,435	11,821,165	-	714,845	4,798,926	20,839,829
642 Wastewater Rate Stabilization	3,104,209	108,613	-	-	1,966	3,210,856
643 Wastewater Capital Project	16,021,144	366,989	5,782,145	-	10,250,782	11,919,496
650 Water Operations	4,796,204	20,827,931	719,795	5,834,849	15,340,346	5,168,735
651 Water Impact	2,881,877	3,921,851	-	676,226	3,667,647	2,459,855
652 Water Rate Stabilization	3,310,465	115,840	-	-	1,473	3,424,832
653 Water Capital Project	17,151,033	4,436,536	5,943,526	-	19,470,413	8,060,682
<b>Subtotal</b>	<b>65,857,695</b>	<b>58,237,786</b>	<b>12,445,466</b>	<b>13,688,585</b>	<b>63,816,261</b>	<b>59,036,100</b>
<b>Internal Service Funds</b>						
730 Information Systems	303,150	2,883,241	-	-	2,877,339	309,052
740 Building Maintenance	12,860	1,421,485	-	-	1,427,082	7,262
741 Building Replacement	4,574,167	1,031,905	10,000	-	1,121,700	4,494,372
745 Capital Project Implementation	11,433	2,582,015	-	8,727	2,575,788	8,932
760 Unemployment Insurance	299,089	10,206	-	-	15,000	294,295
770 Workers' Compensation	2,272,850	1,157,705	-	-	946,245	2,484,310
790 Equipment Replacement	8,123,501	1,555,080	125,500	-	1,122,500	8,681,581
791 Employee Benefits Fund	297,284	1,183,215	-	-	1,000,000	480,499
795 General Liability Insurance	485,410	2,519,216	-	-	2,411,618	593,008
<b>Subtotal</b>	<b>16,379,744</b>	<b>14,344,068</b>	<b>135,500</b>	<b>8,727</b>	<b>13,497,273</b>	<b>17,353,312</b>
<b>Agency Funds</b>						
843 MH Ranch AD	97,017	-	-	-	83,000	14,017
845 Madrone Business Park - Exempt	449,552	672,380	-	-	672,380	449,552
846 Madrone Business Park - Taxable COMH as the Successor Agency of the	78,288	89,229	-	-	89,228	78,289
850 MHRDA	640,594	6,607,102	-	-	6,227,322	1,020,374
<b>Subtotal</b>	<b>1,265,451</b>	<b>7,368,711</b>	<b>-</b>	<b>-</b>	<b>7,071,931</b>	<b>1,562,231</b>
<b>Total All Funds</b>	<b>144,634,157</b>	<b>167,810,107</b>	<b>20,895,797</b>	<b>20,895,797</b>	<b>187,046,042</b>	<b>125,398,222</b>

# FY 2025-26 Fund Balance Projection

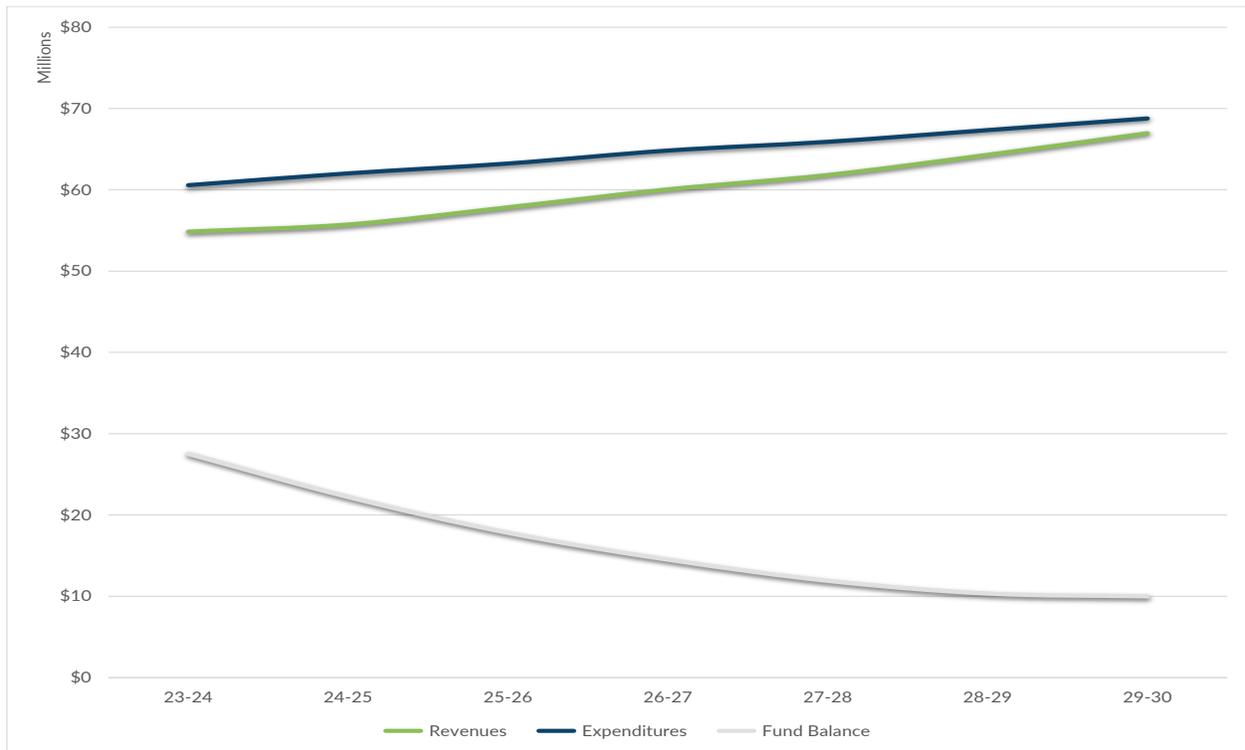
	07.01.2025 Projected Starting Fund Balance	25-26 Projected Revenues	25-26 Projected Transfers In	25-26 Projected Transfers Out	25-26 Projected Expenditures	06.30.2026 Projected Ending Fund Balance
010 <b>General Fund</b>	21,187,816	54,406,235	3,430,773	1,496,155	61,756,747	15,771,922
<b>Special Revenue Funds</b>						
202 Street Maintenance	60,419	853,597	-	851,932	5,560	56,524
205 Supplemental Law Enforcement	382,475	111,065	-	100,000	1,380	392,160
206 Development Services	(939,597)	5,878,318	-	23,805	6,466,535	(1,551,619)
207 Long Range Planning	123,462	717,760	110,000	3,807	1,139,548	(192,133)
215 CDBG	31,669	917	-	-	90	32,496
216 CDBG Revolving Fund	2,641	77	-	-	-	2,718
225 Asset Seizure	107,608	1,631	-	-	840	108,399
229 Lighting And Landscape District	196,113	207,135	-	-	218,856	184,393
230 Community Facilities District	113,892	28,314	-	-	24,377	117,829
232 Environmental Programs	539,804	53,331	471,955	1,597	467,817	595,675
234 Mobile Home Park Rent	84,698	2,447	-	-	490	86,655
235 Senior Housing Trust	256,265	7,421	-	-	480	263,206
236 Housing Mitigation	7,034,861	3,032,409	-	11,021	1,258,777	8,797,472
237 BEGIN	625,309	17,960	-	-	10,670	632,599
238 Cal Homes	135,591	3,930	-	-	-	139,521
240 Employee Assistance	27,848	481	-	-	21,010	7,319
Countywide Solid Waste Administrative						
246 Services	222,653	2,393,478	-	563,961	1,843,607	208,563
255 Housing Successor Agency	2,793,482	418,260	-	2,432	1,372,899	1,836,411
260 Public Art	33,576	869	-	-	6,430	28,015
<b>Subtotal</b>	<b>11,832,769</b>	<b>13,729,400</b>	<b>581,955</b>	<b>1,558,556</b>	<b>12,839,365</b>	<b>11,746,202</b>
<b>Capital Project Funds</b>						
301 Park Impact	501,033	2,324,852	-	107,700	1,497,665	1,220,520
302 Park Maintenance	122,282	8,792	1,000,000	650,000	-	481,074
303 Local Drainage Impact	59,278	3,672,294	-	22,700	2,108,713	1,600,158
304 Local Drainage (Non-AB 1600)	769,889	28,357	-	-	265,529	532,717
306 Agricultural Preservation and Open Space	408,198	10,461	-	97,600	31,170	289,889
308 Street CIP	2,725,909	6,777,340	1,000,000	-	7,457,905	3,045,344
309 Traffic Impact	3,862,441	3,584,714	-	106,900	3,434,879	3,905,376
315 Public Safety Facilities Impact	294,082	2,217,137	-	1,256,325	6,850	1,248,044
346 Public Facilities (Non-AB 1600)	994,254	26,226	-	-	162,289	858,191
347 Public Facilities Impact	21,578	994,483	-	25,000	791,477	199,584
348 Library Impact	396,438	2,180,740	-	208,756	6,730	2,361,692
350 Undergrounding	1,482,935	47,258	-	-	1,050,456	479,737
360 Community/Recreation Center Impact	2,010,456	3,802,095	-	-	3,789,298	2,023,253
375 Quimby Fee	415,510	4,268,487	-	-	2,363,117	2,320,880
<b>Subtotal</b>	<b>14,064,282</b>	<b>29,943,236</b>	<b>2,000,000</b>	<b>2,474,981</b>	<b>22,966,078</b>	<b>20,566,459</b>
<b>Debt Service Funds</b>						
420 Civic Center Debt Service	188,831	5,509	296,867	-	294,598	196,609
441 Police Facility Bond Debt Service	172,880	5,011	389,293	-	389,293	177,891
<b>Subtotal</b>	<b>361,711</b>	<b>10,520</b>	<b>686,160</b>	<b>-</b>	<b>683,891</b>	<b>374,500</b>

# FY 2025-26 Fund Balance Projection (continued)

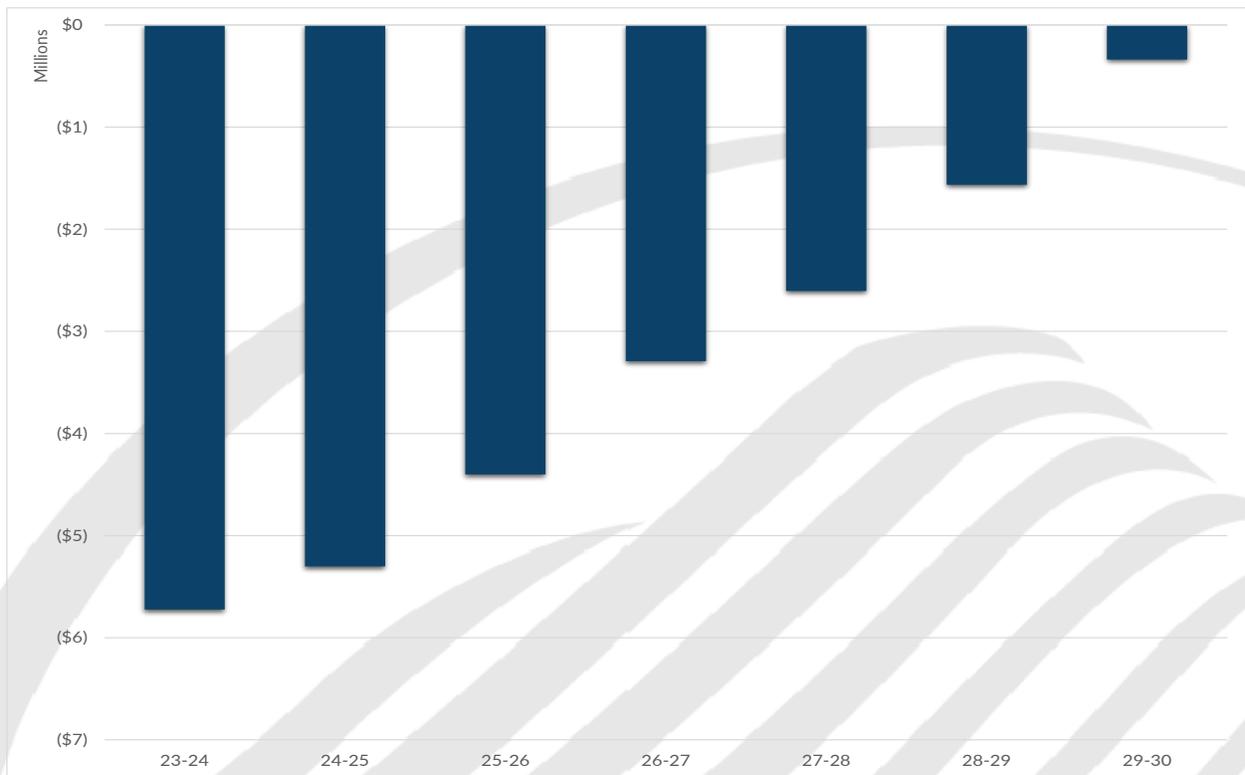
	07.01.2025 Projected Starting Fund Balance	25-26 Projected Revenues	25-26 Projected Transfers In	25-26 Projected Transfers Out	25-26 Projected Expenditures	06.30.2026 Projected Ending Fund Balance
<b>Enterprise Funds</b>						
640 Wastewater Operations	3,951,815	18,420,901	-	6,507,790	11,889,304	3,975,622
641 Wastewater Impact	20,839,829	30,580,516	-	714,243	47,243,147	3,462,955
642 Wastewater Rate Stabilization	3,210,856	93,037	-	-	2,010	3,301,883
643 Wastewater Capital Project	11,919,496	9,195,196	5,881,543	-	22,519,784	4,476,452
650 Water Operations	5,168,735	22,697,732	754,090	6,961,267	16,439,272	5,220,018
651 Water Impact	2,459,855	4,874,159	-	675,027	6,193,276	465,712
652 Water Rate Stabilization	3,424,832	99,247	-	-	1,500	3,522,579
653 Water Capital Project	8,060,682	767,053	7,042,327	-	12,817,944	3,052,117
<b>Subtotal</b>	<b>59,036,100</b>	<b>86,727,841</b>	<b>13,677,960</b>	<b>14,858,327</b>	<b>117,106,237</b>	<b>27,477,337</b>
<b>Internal Service Funds</b>						
730 Information Systems	309,052	3,038,971	-	-	3,022,165	325,858
740 Building Maintenance	7,262	1,270,189	-	-	1,270,189	7,262
741 Building Replacement	4,494,372	1,039,288	10,000	-	374,000	5,169,660
745 Capital Project Implementation	8,932	2,880,028	-	8,828	2,685,426	194,707
760 Unemployment Insurance	294,295	8,298	-	-	15,000	287,593
770 Workers' Compensation	2,484,310	1,211,610	-	-	1,007,970	2,687,950
790 Equipment Replacement	8,681,581	1,605,158	10,000	-	387,600	9,909,139
791 Employee Benefits Fund	480,499	1,251,963	-	-	1,000,000	732,462
795 General Liability Insurance	593,008	2,769,881	-	-	2,623,909	738,980
<b>Subtotal</b>	<b>17,353,312</b>	<b>15,075,386</b>	<b>20,000</b>	<b>8,828</b>	<b>12,386,259</b>	<b>20,053,611</b>
<b>Agency Funds</b>						
843 MH Ranch AD	14,017	-	-	-	-	14,017
845 Madrone Business Park - Exempt	449,552	46,079	-	-	46,079	449,552
846 Madrone Business Park - Taxable COMH as the Successor Agency of the	78,289	24,925	-	-	24,925	78,289
850 MHRDA	1,020,374	6,733,190	-	-	6,219,930	1,533,634
<b>Subtotal</b>	<b>1,562,231</b>	<b>6,804,194</b>	<b>-</b>	<b>-</b>	<b>6,290,934</b>	<b>2,075,492</b>
<b>Total All Funds</b>	<b>125,398,222</b>	<b>206,696,813</b>	<b>20,396,847</b>	<b>20,396,847</b>	<b>234,029,511</b>	<b>98,065,523</b>

# General Fund Balance Charts

## General Fund Balance



## General Fund Balance Gain (Loss)

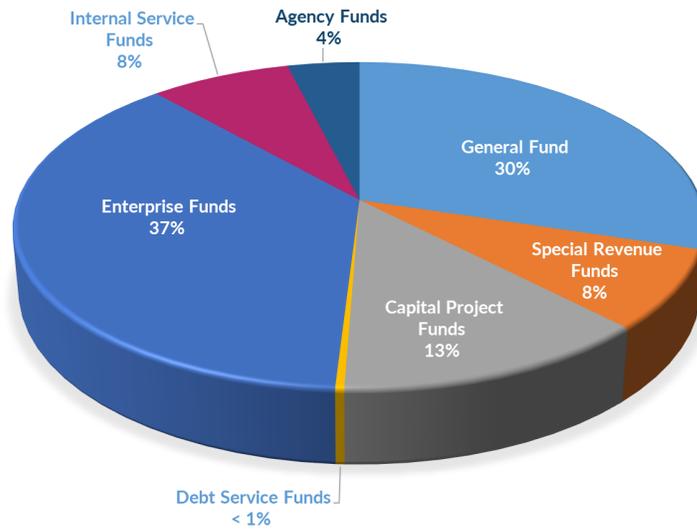


# Summary of Resources

FY 2024-25

Total City Resources by Fund Type

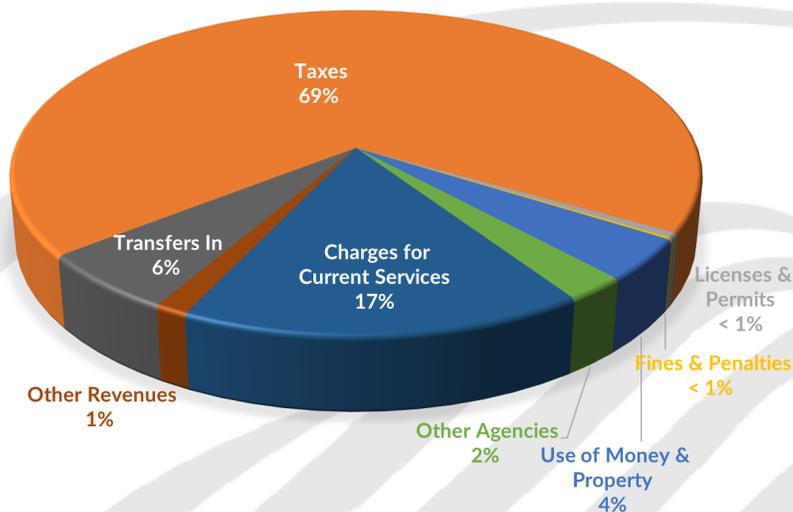
\$ 188.7 million



FY 2024-25

General Fund Resources

\$ 56.2 million



# Major Revenue Assumptions

## General Fund (010)

FY 24-25 and 25-26 revenues for the General Fund, including transfers in, are estimated to be \$55.7 million and \$57.8 million, respectively.

## Property Tax

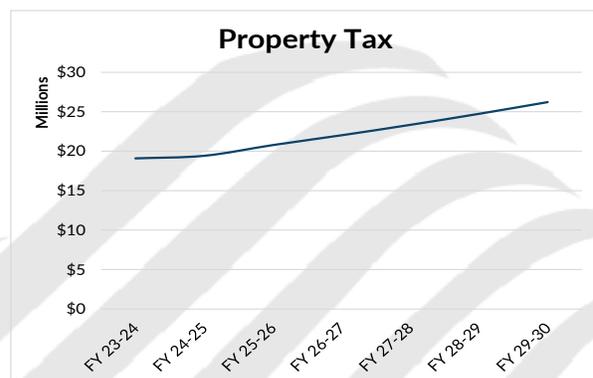
Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (movable property) located within the State, based on the property value rather than on a fixed amount or benefit. Properties are distinguished as secured and unsecured (property for which the value of the lien is not sufficient to assure payment of the tax).

Article XIII A of the State Constitution limits the real property tax rate to 1 percent of the property's assessed value plus rates imposed to fund indebtedness approved by the voters. Morgan Hill's share of the 1 percent is equivalent to 10 cents for every \$1.00 collected from property taxes. With the passage of Proposition 13 in 1978, assessed valuations are limited to a 2 percent increase each year.

Property tax revenue for FY 24-25 and FY 25-26 is \$19.4 million and \$20.8 million, respectively. On July 1, 2023, the County of Santa Clara Assessor's Office released the assessment roll close for FY 23-24. The assessment roll for the County grew 6.65% for FY 23-24. The City of Morgan Hill's assessment roll for the same year grew 6.34%. Though showing lower growth than the prior year of 7.60%, the City's growth is

better than the budget of 6.0%. The City's total net assessed value for FY 23-24 is about \$13.1 billion, an increase of about \$0.8 billion from the prior year's total net assessed value of about \$12.3 billion. The assessment roll growth of 6.34% for the City equates to approximately \$800,000 more in property tax revenue. However, continued higher mortgage rates coupled with a low inventory of available homes for sale will likely result in a fewer number of homes sold than in the past years. This will lead to lower supplemental and transfer property tax revenue.

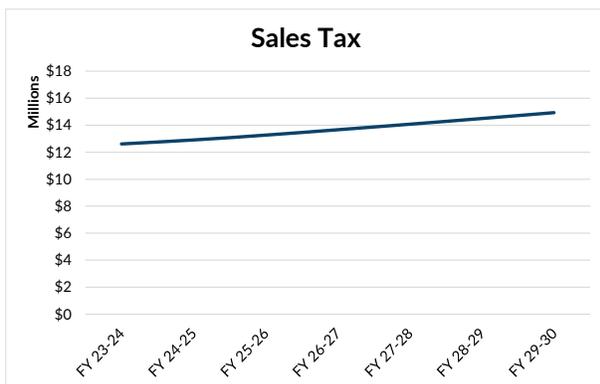
For FY 24-25, staff anticipates a property tax growth rate of about 6% and increasing to 7% for FY 25-26 as anticipated lower mortgage rates will spur more real estate transactions or change of ownership, which will lead to more properties being reassessed at a higher value. After a year of higher activity than in the past few years, staff anticipates a return to a more normal growth rate of about 6% after FY 25-26. This normal growth rate includes the limit on the increase of property tax by Proposition 13, which is the lower of 2% or the California Consumer Price Index (CPI), as well as property transfers and new properties adding to the assessment value.



# Major Revenue Assumptions (continued)

## Sales Tax

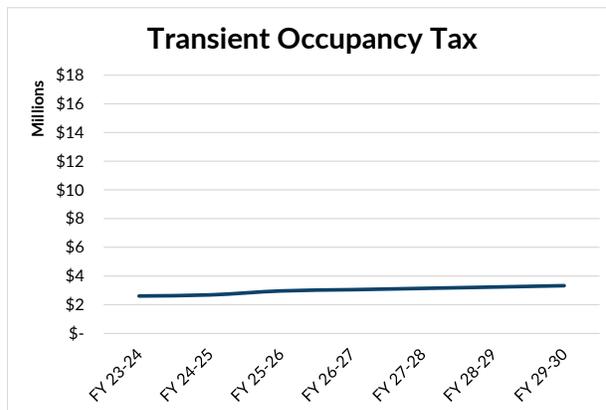
The sales tax revenue for FY 24-25 and FY 25-26, before rebates, is \$12.9 million and \$13.3 million, respectively. For FY 24-25, this represents an increase of less than 3% from the prior year. However, this is still better than the prior forecast from our sales tax consultant, HdL, of a slight decrease. This latest forecast reflects a gradual descent in financing costs in the back half of 2024 with households continuing a path of placing greater spending priorities on essential items. Overall, consumer spending remains resilient despite high inflation.



## Transient Occupancy Tax

As for the City’s Transient Occupancy Tax (TOT), or hotel tax, based on the current occupancy estimates and the projection of occupancy and daily rates, revenue is anticipated to remain below pre-pandemic levels until FY 25-26. It is estimated that FY 23-24 hotel tax revenue will come in at a lower amount of \$2.6 million versus the budget amount of \$2.8 million. The estimates for FY 24-25 and FY 25-26 are \$2.7 million and \$3.0 million, respectively. The higher growth rate for FY 25-26 reflects the opening of an additional hotel.

The six-year forecast period assumes steady growth of 3 percent in future years.



## Street Fund (202)

The Street Fund is a special revenue fund used to account for the receipt and disbursement of State and Federal gas tax and grant monies, and other monies that are to be used for the maintenance, repair, and design of streets. State gas tax funds are distributed to cities based on population from gas taxes collected at the point of sale. The use of gas tax funds is restricted to street expenditures by State and Federal laws. Revenues for street maintenance are realized in this fund and are then transferred to the General Fund. In FY 24-25 and FY 25-26, gas tax revenues are expected to stay flat or no growth of approximately \$0.9 million in each year. The six-year forecast assumes this revenue category to remain flat in the out-years.

## Development Services Fund (206)

The Development Services Fund accounts for the City's planning, building, and engineering activities. The Fed’s two-year drive to tame inflation unleashed the steepest series of interest rate increases in decades and is having a negative impact on development as developers continue to

## Major Revenue Assumptions (continued)

face difficulty finding lenders to finance their projects. This is more pronounced in the commercial real estate sectors. The City has seen several projects either delayed or cancelled altogether, and the projects that are moving forward, typically housing, are not generating the same fees as in the past.

The fund is budgeted with revenue of \$5.9 million and \$5.8 million for FY 24-25 and FY 25-26, respectively. The fund is still anticipated to have an on-going annual deficit mainly because of certain activities that are not meant to be full cost recovery such as public counter/general information services, strategic initiatives, and special projects, as well as other subsidized services. These activities need to be supplemented by other funding sources, mainly the General Fund. The Recommended Budget reflects the support provided by the General Fund to the Development Services Fund by the elimination of the General Administrative charges that the fund would otherwise require to be paid to the General Fund for the internal services cost such as Finance, Human Resources, etc. of approximately \$0.6 million annually. This is in addition to an interfund loan of approximately \$1.0 million in FY 23-24. It is worth noting that an interfund loan of approximately \$2.9 million was envisioned in the FY 20-21 and FY 21-22 budget. However, with higher revenue collection coupled with conservative spending, this fund did not need an interfund loan from the General Fund until now.

### **Wastewater Operations Fund (640)**

The Wastewater Operations Fund receives revenues from user charges based on water usage. Rates are set from a three

month average of water consumption during the winter months, which is typically the lowest period of water consumption. All expenditures for the operation of the wastewater (sewer) system, including maintenance and debt service, are charged to the Wastewater Operations Fund. Total revenue for FY 24-25 and 25-26 are budgeted at \$16.6 million and \$18.4 million, respectively.

The City is currently going through the rate study process to adjust the wastewater rates for the next five years. The projected revenues for the Recommended Biennial Budget reflect the increase in wastewater rates to meet the minimum reserve levels set by the Council, ensure sufficient funds are available for the much-needed capital projects, keep pace with expenditures, and to ensure the City's wastewater system integrity and reliability.

### **Water Operations Fund (650)**

The Water Operations Fund receives revenues from user charges based on water usage. All expenditures for the operation of the water system, including maintenance and debt service, are charged to the Water Operations Fund. Actual water revenue is dependent on customer usage.

The City's Water revenue is projected to be \$21.5 million for FY 24-25 and \$23.5 million for FY 25-26. With the approved rates plan, the water fund operationally is forecasted to be able to maintain appropriate reserve levels, including rate stabilization and system replacement fund reserves, and fund much-needed capital projects associated with the repair and improvement of the aging system.

# Summary of Revenues & Transfer In

General Fund	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Year End Projection	Adopted	Adopted
Property Taxes (Secured and Unsecured)	12,414,372	12,531,500	12,890,000	12,848,960	13,748,012
VLF In-Lieu Property Tax	5,119,570	5,295,000	5,444,000	5,770,640	6,174,585
RDA Pass-Through	644,655	683,000	782,000	828,920	886,944
Sales Tax	12,261,509	12,218,967	12,107,355	12,352,215	12,711,087
Transient Occupancy Taxes	2,562,041	2,800,000	2,600,000	2,678,000	2,958,340
Franchise (Refuse,Cable,PG&E)	2,767,746	3,005,800	3,010,000	3,185,872	3,354,166
Public Safety Sales Tax	423,088	455,000	451,390	464,254	478,182
Property Transfer Tax	378,297	510,000	510,000	600,000	642,000
<b>Total Taxes</b>	<b>36,571,278</b>	<b>37,499,267</b>	<b>37,794,745</b>	<b>38,728,861</b>	<b>40,953,316</b>
Business License	147,660	200,000	200,000	200,000	200,000
Other Permits	669,022	97,464	95,039	114,239	116,239
<b>Total Licenses/Permits</b>	<b>816,681</b>	<b>297,464</b>	<b>295,039</b>	<b>314,239</b>	<b>316,239</b>
Parking Enforcement	(4,574)	23,019	29,800	29,800	29,800
Code Compliance	54,912	47,875	47,875	55,000	55,000
<b>Total Fines And Penalties</b>	<b>50,338</b>	<b>70,894</b>	<b>77,675</b>	<b>84,800</b>	<b>84,800</b>
Motor Vehicle In-Lieu	47,613	40,800	60,000	61,800	63,654
Other Revenue/Other Agencies	1,349,139	1,483,733	1,593,738	1,924,881	866,895
<b>Total Other Agencies</b>	<b>1,396,752</b>	<b>1,524,533</b>	<b>1,653,738</b>	<b>1,986,681</b>	<b>930,549</b>
RCSD Programs	5,207,749	5,808,763	5,638,174	6,369,897	6,969,458
General Administration Overhead	1,765,976	1,822,869	1,631,584	1,756,111	1,727,037
Fire Fees	180,936	334,000	216,150	222,000	222,000
Other Charges For Current Services	571,662	632,789	625,698	591,629	598,808
<b>Total Current Services</b>	<b>7,726,323</b>	<b>8,598,421</b>	<b>8,111,606</b>	<b>8,939,637</b>	<b>9,517,303</b>
Interest Earnings	375,355	351,013	800,000	900,000	800,000
Facility Rentals	1,253,496	902,826	1,557,515	1,271,957	1,322,975
Other Rentals	375,466	584,293	409,006	400,483	406,053
Miscellaneous	273,615	334,400	631,470	228,500	75,000
<b>Total Other Revenue</b>	<b>2,277,932</b>	<b>2,172,532</b>	<b>3,397,991</b>	<b>2,800,941</b>	<b>2,604,029</b>
Transfer from Agricultural Preservation and O	81,100	81,100	81,100	81,100	81,100
Transfer from Environmental Remediation	-	-	145,427	-	-
Transfer from Park Development	75,000	75,000	75,000	100,000	100,000
Transfer from Park Maintenance	650,000	650,000	650,000	650,000	650,000
Transfer from Public Safety	150,000	150,000	277,000	150,000	150,000
Transfer from Wastewater/Water	750,000	788,000	788,000	827,400	868,780
Transfer from Solid Waste	392,680	468,680	472,354	540,328	563,961
Transfer from Street Maintenance	785,024	949,760	845,311	851,932	851,932
Transfer from Various Funds	180,000	180,000	180,000	165,000	165,000
<b>Total Transfers In</b>	<b>3,063,803</b>	<b>3,342,540</b>	<b>3,514,192</b>	<b>3,365,760</b>	<b>3,430,773</b>
<b>Total General Fund</b>	<b>51,903,108</b>	<b>53,505,651</b>	<b>54,844,986</b>	<b>56,220,919</b>	<b>57,837,008</b>

# Summary of Revenues & Transfer In (continued)

		FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
<b>Special Revenue Funds</b>						
202	Street Maintenance	795,076	955,030	845,311	854,067	853,597
205	Supplemental Law Enforcement	169,827	101,905	152,294	112,957	111,065
206	Development Services					
	Other Revenue	371,538	348,502	442,161	550,599	544,851
	Planning	709,469	1,296,942	1,859,828	954,276	954,276
	Building	3,716,735	3,455,600	2,885,314	3,510,850	3,655,850
	Engineering	1,101,011	1,190,852	512,825	942,327	723,341
207	Long Range Planning	1,045,701	1,013,392	1,063,378	1,751,005	827,760
215	CDBG	-	(339)	-	1,072	917
216	CDBG Revolving Fund	1,035	664	2,552	89	77
225	Asset Seizure	1,611	1,298	3,908	2,807	1,631
229	Lighting And Landscape District	199,358	200,028	204,886	206,415	207,135
230	Community Facilities District	51,658	37,914	42,014	28,828	28,314
232	Environmental Programs	563,606	590,223	606,876	501,236	525,286
234	Mobile Home Park Rent	6,753	584	6,474	2,872	2,447
235	Senior Housing Trust	3,715	2,378	9,144	8,674	7,421
236	Housing Mitigation	934,395	4,451,482	2,801,220	2,728,047	3,032,409
237	BEGIN	247,779	3,061	138,808	21,323	17,960
238	Cal Homes	44,465	3	4,824	4,585	3,930
240	Employee Assistance	8,986	20,889	6,597	1,297	481
246	Countywide Solid Waste Administrative Servic	1,665,193	1,944,000	2,107,170	2,279,503	2,393,478
247	Environmental Remediation	2,186	1,358	5,370	-	-
255	Housing Successor Agency	716,807	239,202	855,642	463,881	418,260
260	Public Art	-	668	1	1,411	869
<b>Total Special Revenue Funds</b>		<b>12,356,904</b>	<b>15,855,636</b>	<b>14,556,597</b>	<b>14,928,121</b>	<b>14,311,355</b>
<b>Capital Project Funds</b>						
301	Park Impact	3,745,071	1,673,505	1,383,503	1,999,271	2,324,852
302	Park Maintenance	589,839	83,038	375,530	15,507	1,008,792
303	Local Drainage Impact	1,224,738	447,897	792,537	1,424,799	3,672,294
304	Local Drainage (Non-AB 1600)	113,197	30,901	61,000	251,296	28,357
306	Agricultural Preservation and Open Space	78,111	4,036	74,000	18,459	10,461
308	Street CIP	5,382,701	3,926,656	4,468,743	3,886,877	7,777,340
309	Traffic Impact	8,690,572	1,276,925	1,197,458	4,753,292	3,584,714
315	Public Safety Facilities Impact	668,202	801,703	8,297,468	4,703,214	2,217,137
346	Public Facilities (Non-AB 1600)	411,405	966,667	347,645	189,832	26,226
347	Public Facilities Impact	122,752	176,602	169,157	451,223	994,483
348	Library Impact	193,537	657,457	509,878	1,414,286	2,180,740
350	Undergrounding	26,637	22,520	303,409	74,302	47,258
355	School Pedestrian and Traffic Safety	214,946	492,717	33,300	-	-
360	Community/Recreation Center Impact	542,958	1,142,697	847,849	2,501,528	3,802,095
375	Quimby Fee	1,564,167	610,860	4,184,304	2,650,042	4,268,487
<b>Total Capital Project Funds</b>		<b>23,568,834</b>	<b>12,314,181</b>	<b>23,045,781</b>	<b>24,333,927</b>	<b>31,943,236</b>

# Summary of Revenues & Transfer In (continued)

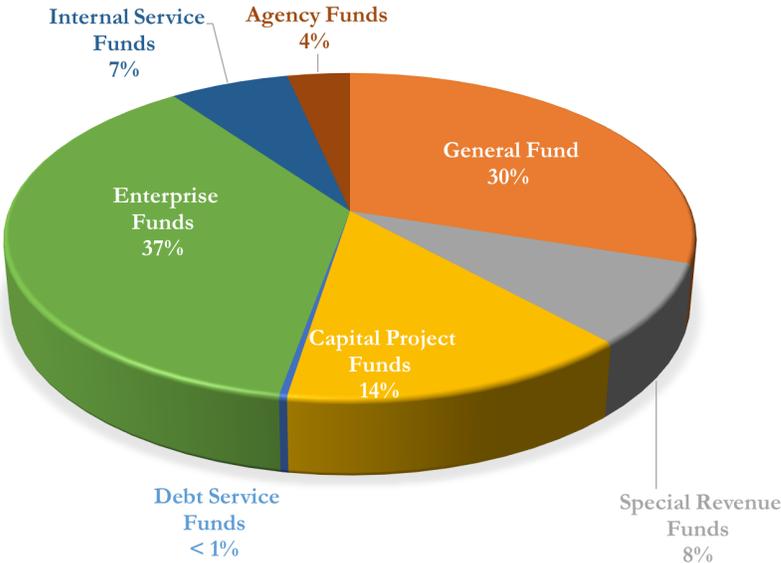
	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Year End Projection	Adopted	Adopted
<b>Debt Service Funds</b>					
420 Civic Center Debt	294,584	290,850	296,850	300,467	302,376
441 Police Facility Debt Service	387,490	387,792	388,104	390,939	394,304
<b>Total Debt Service Funds</b>	<b>682,074</b>	<b>678,642</b>	<b>684,954</b>	<b>691,406</b>	<b>696,680</b>
<b>Enterprise Funds</b>					
640 Sewer Operations	15,328,948	15,569,107	15,431,115	16,638,861	18,420,901
641 Sewer Impact	13,548,621	4,429,159	4,824,917	11,821,165	30,580,516
642 Sewer Rate Stabilization	95,448	192,000	307,000	108,613	93,037
643 Sewer System Replacement	6,822,031	5,204,512	6,655,453	6,149,134	15,076,739
650 Water Operations	18,052,265	19,786,782	19,458,720	21,547,726	23,451,822
651 Water Impact	776,777	1,749,071	861,182	3,921,851	4,874,159
652 Water Rate Stabilization	52,092	-	128,000	115,840	99,247
653 Water System Replacement	7,263,969	6,948,348	6,547,709	10,380,062	7,809,380
<b>Total Enterprise Funds</b>	<b>61,940,152</b>	<b>53,878,979</b>	<b>54,214,097</b>	<b>70,683,252</b>	<b>100,405,801</b>
<b>Internal Service Funds</b>					
730 Information Systems	2,240,642	2,493,922	2,492,281	2,883,241	3,038,971
740 Building Maintenance	1,655,767	1,675,215	1,858,410	1,421,485	1,270,189
741 Building Replacement	876,287	859,973	1,519,626	1,041,905	1,049,288
745 CIP Administration	1,856,939	2,059,092	1,994,229	2,582,015	2,880,028
760 Unemployment Insurance	4,714	2,940	10,952	10,206	8,298
770 Workers' Compensation	927,136	997,442	1,022,073	1,157,705	1,211,610
790 Equipment Replacement	2,278,771	1,165,990	2,029,773	1,680,580	1,615,158
791 Employee Benefits	812,462	849,796	1,422,177	1,183,215	1,251,963
795 General Liability Insurance	1,994,240	2,103,483	2,111,116	2,519,216	2,769,881
<b>Total Internal Service Funds</b>	<b>12,646,958</b>	<b>12,207,853</b>	<b>14,460,637</b>	<b>14,479,568</b>	<b>15,095,386</b>
<b>Agency Funds</b>					
843 MH Business Ranch 1998 AD Fund	62,380	2,459	14,822	-	-
844 MH Ranch Reassessment 2004	-	-	-	-	-
845 Madrone BP (Tax Exempt)	690,244	751,999	785,433	672,380	46,079
846 Madrone BP (Taxable) COMH as the Successor Agency of the	94,310	92,455	97,696	89,229	24,925
850 MHRDA	6,254,317	6,307,942	6,449,153	6,607,102	6,733,190
<b>Total Agency Funds</b>	<b>7,101,250</b>	<b>7,154,855</b>	<b>7,347,104</b>	<b>7,368,711</b>	<b>6,804,194</b>
<b>TOTAL ALL FUNDS</b>	<b>170,199,279</b>	<b>155,595,797</b>	<b>169,154,156</b>	<b>188,705,904</b>	<b>227,093,660</b>

# Expenditures Summary Charts

FY 2024-25

Total City Expenditures by Fund Type

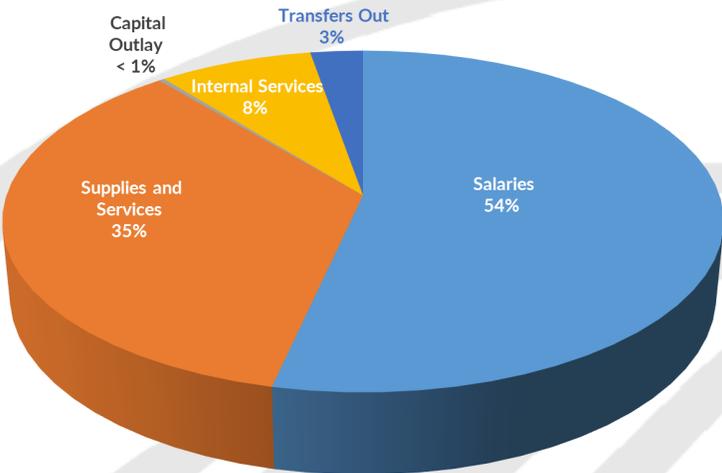
\$ 207.9 million



FY 2024-25

Total General Fund Expenditures

\$ 62.5 million



# Summary of Expenditures & Transfers Out

	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Year End Projection	Adopted	Adopted
<b>General Fund by Program</b>					
City Council	410,227	435,652	443,192	520,395	520,418
City Attorney	823,148	1,081,241	905,307	1,025,429	1,046,783
Transfers	4,647,315	3,263,767	4,443,767	1,458,230	1,259,077
City Manager	649,151	886,041	717,956	1,007,624	1,041,692
Building Maintenance Community and Cultural Center	705,756	701,504	750,301	778,205	790,148
Building Maintenance Aquatics Center	1,172,805	1,270,720	1,342,503	1,393,914	1,464,336
Building Maintenance Centennial Recreation Center	925,763	1,184,899	1,078,280	1,196,165	1,267,811
Membership Services and Recreation Programs	3,884,102	4,111,839	4,278,630	4,647,968	4,809,798
Recreation Facility Rentals	513,021	573,524	624,650	633,051	661,365
Innovative Transit	562,148	850,612	686,631	437,058	-
Community Services	566,041	672,192	665,422	761,973	783,254
Human Resources	824,618	898,203	884,140	1,087,175	1,032,289
Council Services and Records Management	549,404	628,281	495,034	609,913	627,757
Elections	220,600	37,728	33,481	354,364	38,516
Finance	1,934,280	2,522,016	2,582,551	2,092,366	2,155,204
Code Compliance	200,669	340,153	296,752	405,637	420,943
PD Administration	1,571,335	1,735,700	1,719,852	1,867,938	1,930,200
PD Field Operations	10,216,743	11,210,613	12,311,509	13,022,277	13,441,730
PD Support Services	2,780,072	3,586,324	3,686,719	2,556,380	2,619,872
PD Emergency Services	234,847	222,865	250,085	275,047	278,548
PD Special Operations	3,993,423	4,098,765	3,736,104	4,244,340	4,405,650
PD Building Maintenance	-	-	-	664,355	691,964
Fire	7,466,976	9,139,905	9,250,400	10,381,160	10,845,858
Cable Services	59,092	74,940	87,447	91,234	91,406
Downtown Maintenance	207,023	345,237	378,287	377,094	396,152
Environmental Services	243,919	907,406	507,178	1,058,289	734,702
Countywide Solid Waste Program	375,622	472,354	401,244	540,327	563,961
Street Maintenance	2,474,784	3,025,578	2,762,915	3,510,669	3,587,418
Infrastructure Planning, Operational Support and Traffic					
Congestion Management	353,782	415,141	425,545	555,166	547,566
Economic Development	781,588	1,267,792	1,250,850	1,166,986	1,209,265
Parks and Open Space Maintenance	1,191,559	1,567,049	1,413,706	1,471,160	1,563,160
Dispatch Services	2,140,588	2,201,937	2,158,550	2,341,249	2,426,058
<b>Total General Fund</b>	<b>52,680,398</b>	<b>59,729,978</b>	<b>60,568,987</b>	<b>62,533,138</b>	<b>63,252,902</b>

# Summary of Expenditures & Transfers Out (continued)

		FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
<b>Special Revenue Funds</b>						
202	Street Maintenance	790,064	954,952	850,503	857,383	857,492
205	Supplemental Law Enforcement	101,252	101,289	101,289	101,354	101,380
206	Development Services					
	Planning	1,634,138	1,840,567	1,660,060	1,700,561	1,733,791
	Building	2,276,446	2,561,088	2,464,276	3,055,890	3,084,496
	Engineering	1,892,216	1,984,010	1,666,316	1,623,997	1,672,053
207	Long Range Planning	963,145	1,581,133	860,183	3,107,508	1,143,355
215	CDBG	81	83	83	87	90
216	CDBG Revolving Fund	-	-	-	-	-
225	Asset Seizure	759	782	782	821	840
229	Lighting And Landscape District	197,939	234,554	196,017	211,120	218,856
230	Community Facilities District	33,375	41,249	39,090	23,511	24,377
232	Environmental Programs	471,594	561,335	443,508	453,069	469,415
234	Mobile Home Park Rent	448	461	461	484	490
235	Senior Housing Trust	433	446	446	468	480
236	Inclusionary Housing In-Lieu Fee	794,256	1,531,163	1,425,230	2,035,046	1,269,798
237	BEGIN	44,673	9,963	130,963	10,461	10,670
238	Cal Homes	-	-	-	-	-
240	Employee Assistance	10,113	20,946	20,946	20,993	21,010
246	Countywide Solid Waste Administrative Services	1,555,760	2,078,493	2,107,170	2,296,144	2,407,568
247	Environmental Remediation	615	633	146,060	-	-
255	Housing Successor Agency	1,159,781	1,172,110	1,207,537	1,319,931	1,375,331
260	Public Art	18,658	-	-	16,306	6,430
<b>Total Special Revenue Funds</b>		<b>11,945,746</b>	<b>14,675,257</b>	<b>13,320,920</b>	<b>16,835,135</b>	<b>14,397,922</b>
<b>Capital Project Funds</b>						
301	Park Impact	1,398,966	2,285,298	1,390,703	2,918,027	1,605,365
302	Park Maintenance	656,345	660,850	2,107,960	650,000	650,000
303	Local Drainage Impact	919,801	7,119,361	10,375,604	3,600,317	2,131,413
304	Local Drainage (Non-AB 1600)	136,624	410,006	380,968	505,176	265,529
306	Agricultural Preservation and Open Space	125,854	247,600	97,600	128,157	128,770
308	Street CIP	7,041,634	5,499,004	5,404,490	4,303,425	7,457,905
309	Traffic Impact	6,114,766	6,133,049	4,112,446	1,703,442	3,541,779
311	Police Impact	-	-	-	-	-
313	Fire Impact	-	-	-	-	-
315	Public Safety Facilities Impact	880,168	11,717,604	12,546,834	3,210,494	1,263,175
346	Public Facilities (Non-AB 1600)	319,392	3,408,156	1,661,186	825,834	162,289
347	Public Facilities Impact	29,154	279,278	254,278	1,444,333	816,477
348	Library Impact	222,919	222,349	222,349	2,713,615	215,486
350	Undergrounding	1,141	1,194,738	257,835	263,242	1,050,456
355	School Pedestrian and Traffic Safety	76,806	916,562	125,377	-	-
360	Community/Recreation Center Impact	851,988	2,794,248	1,423,549	907,600	3,789,298
375	Quimby Fee	689,870	1,403,605	1,400,403	6,640,319	2,363,117
<b>Total Capital Project Funds</b>		<b>19,465,428</b>	<b>44,291,707</b>	<b>41,761,581</b>	<b>29,813,982</b>	<b>25,441,059</b>

# Summary of Expenditures & Transfers Out (continued)

		FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
<b>Debt Service Funds</b>						
420	Civic Center Debt Service	292,166	290,852	292,636	291,714	294,598
441	Police Facility Bond Debt Service	387,509	387,792	387,795	385,093	389,293
<b>Total Debt Service Funds</b>		<b>679,674</b>	<b>678,644</b>	<b>680,431</b>	<b>676,807</b>	<b>683,891</b>
<b>Enterprise Funds</b>						
640	Wastewater Operations	15,975,327	15,485,361	16,041,604	16,747,374	18,397,095
641	Wastewater Impact	12,581,178	26,223,606	11,642,563	5,513,771	47,957,390
642	Wastewater Rate Stabilization	1,818	1,872	1,872	1,966	2,010
643	Wastewater Capital Project	14,153,602	17,522,286	6,235,932	10,250,782	22,519,784
650	Water Operations	17,987,266	20,247,749	19,107,340	21,175,195	23,400,539
651	Water Impact	710,293	2,479,365	949,265	4,343,873	6,868,303
652	Water Rate Stabilization	1,362	1,403	1,403	1,473	1,500
653	Water Capital Project	1,779,667	16,010,730	4,944,974	19,470,413	12,817,944
<b>Total Enterprise Funds</b>		<b>63,190,512</b>	<b>97,972,372</b>	<b>58,924,954</b>	<b>77,504,846</b>	<b>131,964,564</b>
<b>Internal Service Funds</b>						
730	Information Systems	2,304,120	2,683,931	2,982,232	2,877,339	3,022,165
740	Building Maintenance	1,482,452	1,781,790	1,852,806	1,427,082	1,270,189
741	Building Replacement	228,189	1,501,100	1,254,960	1,121,700	374,000
745	Capital Project Implementation	1,856,058	2,061,046	1,992,005	2,584,516	2,694,253
760	Unemployment Insurance	18,358	15,000	15,000	15,000	15,000
770	Workers' Compensation	695,816	1,048,265	901,721	946,245	1,007,970
790	Equipment Replacement	600,443	1,445,240	1,572,240	1,122,500	387,600
791	Employee Benefits Fund	734,156	750,000	1,000,000	1,000,000	1,000,000
795	General Liability Insurance	1,948,308	2,051,193	2,558,183	2,411,618	2,623,909
<b>Total Internal Service Funds</b>		<b>9,867,900</b>	<b>13,337,565</b>	<b>14,129,147</b>	<b>13,506,000</b>	<b>12,395,087</b>
<b>Agency Funds</b>						
843	MH Ranch AD	735,760	379,415	366,525	83,000	-
845	Madrone Business Park - Exempt	679,135	682,291	990,791	672,380	46,079
846	Madrone Business Park - Taxable	89,712	89,676	124,744	89,228	24,925
850	COMH as the Successor Agency of the MHRDA	6,230,880	6,220,192	6,225,505	6,227,322	6,219,930
<b>Total Agency Funds</b>		<b>7,735,486</b>	<b>7,371,574</b>	<b>7,707,565</b>	<b>7,071,931</b>	<b>6,290,934</b>
<b>TOTAL ALL FUNDS</b>		<b>165,565,145</b>	<b>238,057,097</b>	<b>197,093,584</b>	<b>207,941,839</b>	<b>254,426,358</b>

# Interfund Transfers FY 2024-25 and 2025-26

Transfer to Fund	Transfer from Fund	FY 24-25	FY 25-26	Description
010	General Fund			Streets Maintenance and Fuel Tax
202	Street Maintenance	851,932	851,932	Transfers
205	Supplemental Law Enforcement Countywide Solid Waste	100,000	100,000	Public Safety Funding Support
246	Administrative Services	540,328	563,961	Countywide Solid Waste Program
301	Park Impact	100,000	100,000	Community Services Department
302	Park Maintenance	650,000	650,000	Park Maintenance
303	Local Drainage Impact Agricultural Preservation and Open	15,000	15,000	Congestion Management
306	Space	81,100	81,100	Open Space Maintenance
309	Traffic Impact	75,000	75,000	Congestion Management
315	Public Safety Facilities Impact	50,000	50,000	Loan Repayment
347	Public Facilities Impact	25,000	25,000	Congestion Management
640	Wastewater Operations	413,700	434,390	Street Maintenance Costs/Dispatch
641	Wastewater Impact	25,000	25,000	Congestion Management
650	Water Operations	413,700	434,390	Street Maintenance Costs/Dispatch
651	Water Impact	25,000	25,000	Congestion Management
		<b>3,365,760</b>	<b>3,430,773</b>	
	Long Range			
207	Planning			
010	General Fund	23,100	23,100	General Plan Update/HCP Costs
236	Inclusionary Housing In-Lieu Fee	7,700	7,700	General Plan Update/HCP Costs
301	Park Impact	7,700	7,700	General Plan Update/HCP Costs
303	Local Drainage Impact	7,700	7,700	General Plan Update/HCP Costs
306	Agricultural Preservation and Open Space	16,500	16,500	General Plan Update/HCP Costs
309	Traffic Impact	31,900	31,900	General Plan Update/HCP Costs
641	Wastewater Impact	7,700	7,700	General Plan Update/HCP Costs
651	Water Impact	7,700	7,700	General Plan Update/HCP Costs
		<b>110,000</b>	<b>110,000</b>	
	Environmental			
232	Programs			
010	General Fund	224,726	235,977	Stormwater Pollution Prevention
640	Wastewater Operations	112,363	117,989	Stormwater Pollution Prevention
650	Water Operations	112,363	117,989	Stormwater Pollution Prevention
		<b>449,452</b>	<b>471,955</b>	
	Park			
302	Maintenance			
315	Public Safety Facilities Impact	-	1,000,000	Loan Repayment

# Interfund Transfers FY 2024-25 and 2025-26 (continued)

Transfer to Fund	Transfer from Fund	FY 24-25	FY 25-26	Description
304 Local Drainage	010 General Fund	210,404	-	Trash Capture
308 Street CIP	010 General Fund	1,000,000	1,000,000	General Fund CIP
Public Safety Facilities				
315 Impact	348 Library Impact	2,500,000	-	Loan
Civic Center				
420 Debt Service	010 General Fund	33,721	34,111	Development Services Center Debt Service
	206 Development Services	23,533	23,805	Development Services Center Debt Service
	207 Long Range Planning	3,764	3,807	Development Services Center Debt Service
	236 Housing Mitigation	3,283	3,321	Development Services Center Debt Service
	348 Library Impact	207,017	208,756	Library Debt Service
	650 Water Operations	8,786	8,888	Development Services Center Debt Service
	745 Capital Project Implementation	8,727	8,828	Development Services Center Debt Service
	Various Funds	5,290	5,351	Development Services Center Debt Service
		294,121	296,867	
Police Facility Bond Debt				
441 Service	010 General Fund	180,994	182,968	Police Station Debt Service
	315 Public Safety Facilities Impact	204,099	206,325	Police Station Debt Service
		385,093	389,293	
Wastewater				
643 Capital Project	640 Wastewater Operations	5,100,000	5,200,000	Sewer CIP/Debt Service on Sewer Bonds
	641 Wastewater Impact	682,145	681,543	Sewer CIP/Debt Service on Sewer Bonds
		5,782,145	5,881,543	
Water				
650 Operations	640 Wastewater Operations	719,795	754,090	Sewer Share of Utility Billing Costs

# Interfund Transfers FY 2024-25 and 2025-26 (continued)

Transfer to Fund	Transfer from Fund	FY 24-25	FY 25-26	Description
Water Capital				
653	Project			
	650 Water Operations	5,300,000	6,400,000	Water CIP/Debt Service on Water Bonds
	651 Water Impact	643,526	642,327	Water CIP/Debt Service on Water Bonds
		<b>5,943,526</b>	<b>7,042,327</b>	
Building				
741	Replacement			
	010 General Fund	10,000	10,000	Cable Services Building Replacement
Equipment				
790	Replacement			
	010 General Fund	10,000	10,000	Police Firearms Replacement
	640 Wastewater Operations	115,500	-	Vector Purchase
		<b>125,500</b>	<b>10,000</b>	
	Total Transfers	<b>19,395,796</b>	<b>20,396,848</b>	

# Internal Service Charges FY 2024-25

Internal service charges account for the financing of goods or services provided by one City department to other departments within the City on a cost reimbursement basis.

Internal service funds accumulate costs related to the services provided, and then the costs are allocated to the department receiving the goods and/or services based on the quantity of service received.

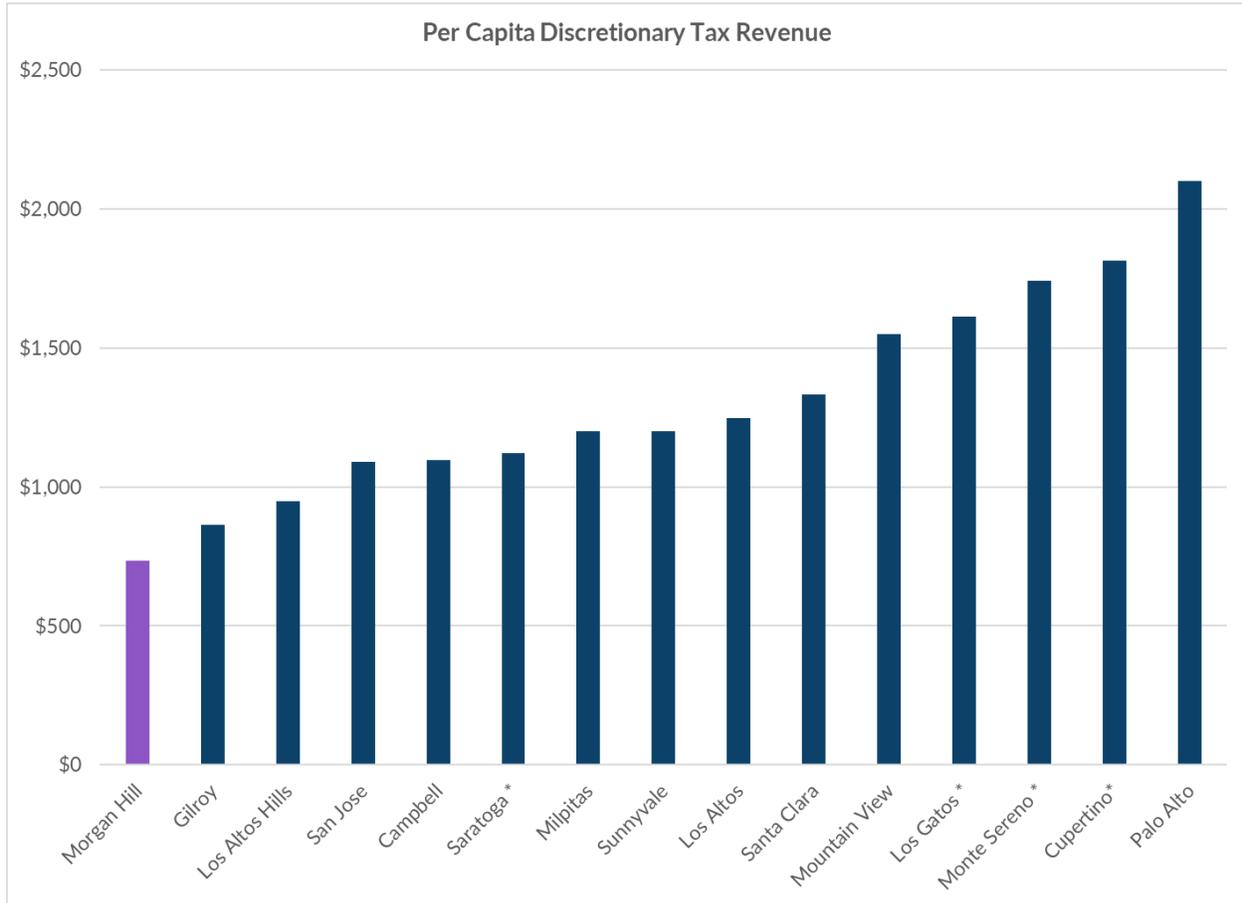
Charges To Departments	Liability Insurance	Building Maintenance	Building Replacement	Vehicle Replacement	GIS	Information Systems	GF Admin	TOTAL
City Council	38,901	14,658	1,321	-	-	12,621	-	67,501
City Attorney	18,205	34,299	3,092	-	-	29,533	-	85,129
City Manager	19,450	36,644	3,303	-	-	31,552	-	90,950
Building Maintenance Community & Cultural Center	80,480	-	99,100	-	-	6,310	-	185,890
Building Maintenance Aquatics Center	34,237	-	187,646	-	-	15,145	-	237,028
Building Maintenance Centennial Recreation Center	92,260	-	225,388	-	-	14,514	-	332,162
Membership and Program Services	130,068	8,795	793	5,467	-	64,998	-	210,120
Facility Services	11,048	1,759	159	-	-	17,922	-	30,887
Community Services	20,617	7,329	661	-	-	33,445	-	62,052
Human Resources	23,340	43,973	3,964	-	-	37,863	-	109,140
Council Services and Records Management	21,395	40,309	3,634	2,206	-	34,707	-	102,251
Elections	778	1,466	132	-	-	1,262	-	3,638
Finance	63,797	102,604	9,249	-	-	90,870	-	266,521
Code Compliance	12,448	23,452	2,114	-	-	20,193	-	58,208
PD Administration	32,016	-	-	-	-	-	-	32,016
PD Field Operations	280,137	-	-	238,209	-	-	-	518,346
PD Support	56,027	-	114,925	-	57,071	870,842	-	1,098,865
PD Emergency Services	8,004	-	-	-	-	-	-	8,004
PD Special Operations	96,047	-	-	-	-	-	-	96,047
Fire	46,149	-	44,792	11,818	19,024	-	-	121,783
Cable TV	156	293	26	-	-	252	-	728
Downtown Maintenance	1,167	-	21,551	-	-	1,893	-	24,611
Environmental Programs	19,217	21,547	1,942	5,410	-	31,174	-	79,290
Countywide Solid Waste Program	12,215	23,013	2,075	-	-	19,815	-	57,117
Street Maintenance	196,128	73,349	8,902	221,487	38,048	90,618	-	628,531
Infrastructure Planning and Traffic Congestion Management	8,947	15,391	1,387	-	19,024	14,514	-	59,263
Economic Development	17,894	33,713	3,039	-	-	29,028	-	83,674
Park Maintenance	21,858	25,629	40,347	41,807	-	26,504	-	156,144
PD Dispatch Services	80,039	-	-	-	-	-	-	80,039
Street CIP	-	-	-	-	-	-	5,451	5,451
Supplemental Law Enforcement	-	-	-	-	-	-	1,354	1,354
Planning	42,246	79,591	7,175	-	57,071	68,531	-	254,615
Building	73,911	139,248	12,553	23,860	19,024	119,898	-	388,494
Engineering	38,045	71,676	6,461	-	19,024	61,716	-	196,922
Long Range Planning	24,663	46,465	4,189	-	-	40,008	116,383	231,708
CDBG	-	-	-	-	-	-	87	87
Asset Seizure	-	-	-	-	-	-	821	821
Lighting and Landscape District	1,556	-	-	-	-	2,524	14,086	18,166
Community Facilities District	389	-	-	-	-	631	5,594	6,615
Stormwater Pollution Prevention	10,348	19,495	1,757	-	19,024	16,786	24,414	91,824
Mobile Home Rate Stabilization	-	-	-	-	-	-	484	484
Senior Housing Trust	-	-	-	-	-	-	468	468
Housing Mitigation	21,512	40,529	3,654	-	-	34,897	89,841	190,432
BEGIN	-	-	-	-	-	-	10,461	10,461
Employee Assistance	-	-	-	-	-	-	993	993
Housing Successor Agency	15,755	29,682	2,676	-	-	25,557	63,394	137,064
<b>Page Subtotal</b>	<b>1,671,450</b>	<b>934,907</b>	<b>818,007</b>	<b>550,264</b>	<b>247,309</b>	<b>1,866,126</b>	<b>333,832</b>	<b>6,421,894</b>

# Internal Service Charges FY 2024-25 (continued)

Charges To Departments	Liability Insurance	Building Maintenance	Building Replacement	Vehicle Replacement	GIS	Information Systems	GF Admin	TOTAL
Parks CIP	-	-	-	-	-	-	33,047	33,047
Local Drainage Impact	-	-	-	-	-	-	10,122	10,122
Local Drainage Impact Non-AB 1600	-	-	-	-	-	-	3,168	3,168
Agricultural Preservation and Open Space	-	-	-	-	-	-	30,557	30,557
Street CIP	-	-	-	-	-	-	111,304	111,304
Traffic Impact	-	-	-	-	-	-	24,497	24,497
Public Safety Facilities Impact	-	-	-	-	-	-	6,712	6,712
Public Facility Impact Non-AB 1600	-	-	-	-	-	-	4,811	4,811
Public Facility CIP	-	-	-	-	-	-	4,492	4,492
Library Impact	-	-	-	-	-	-	6,598	6,598
Undergrounding	-	-	-	-	-	-	1,234	1,234
Community Recreation Centers Impact	-	-	-	-	-	-	16,774	16,774
Civic Center Debt Service	-	-	-	-	-	-	3,403	3,403
Police Facility Debt Service	-	-	-	-	-	-	4,505	4,505
Sewer Operations	144,187	100,756	11,881	283,303	57,071	189,313	287,929	1,074,441
Sewer Impact	-	-	-	-	-	-	53,777	53,777
Sewer Rate Stabilization	-	-	-	-	-	-	1,966	1,966
Sewer System Replacement	-	-	-	-	-	-	37,472	37,472
Water Operations	255,113	187,210	22,484	387,707	57,071	246,738	379,270	1,535,595
Utility Billing	39,290	74,021	6,673	-	-	63,736	46,655	230,374
Water Conservation	8,947	16,856	1,520	-	-	14,514	3,626	45,463
Water Impact	-	-	-	-	-	-	18,862	18,862
Water Rate Stabilization	-	-	-	-	-	-	1,473	1,473
Water System Replacement	-	-	-	-	-	-	15,725	15,725
Building Maintenance - PD	85,953	-	-	-	-	-	-	85,953
Building Maintenance - Civic Center Campus	208,022	-	-	-	-	-	-	208,022
Building Maintenance - Corporation Yard	24,360	-	-	-	-	-	-	24,360
CIP Administration	63,330	107,734	9,712	23,087	19,024	102,734	194,723	520,344
MH Business Ranch 1998 AD	-	-	-	-	-	-	63,000	63,000
Madrone BP (Tax Exempt)	-	-	-	-	-	-	18,072	18,072
Madrone BP Taxable	-	-	-	-	-	-	14,562	14,562
City of Morgan Hill as the Successor Agency of the MHRDA	-	-	-	-	-	-	7,436	7,436
<b>TOTAL</b>	<b>2,500,652</b>	<b>1,421,485</b>	<b>870,276</b>	<b>1,244,361</b>	<b>380,475</b>	<b>2,483,161</b>	<b>1,739,605</b>	<b>10,640,015</b>

# Comparison of Municipalities FY 2022-23

## Property Tax, Sales Tax, Transient Occupancy Tax, Business License, and Utility User Tax



City	Population	Property Tax		Sales Tax		Transient Occupancy		Utility Tax		Business License	
		Amount	Per capita	Amount	Per capita	Amount	Per capita	Amount	Per capita	Amount	Per capita
Morgan Hill	45,892	\$ 18,143,284	395	\$ 12,827,678	280	\$ 2,562,041	56	-	-	\$ 147,660	3
Gilroy	58,000	19,538,705	337	21,029,959	363	1,754,615	30	6,757,054	117	908,165	16
Los Altos Hills	8,400	7,611,087	906	122,819	15	-	-	-	-	218,387	26
San Jose	959,256	505,293,995	527	343,472,084	358	14,936,816	16	145,360,655	152	35,468,894	37
Campbell	42,713	24,269,000	568	18,221,459	427	3,650,000	85	-	-	695,300	16
Saratoga *	30,163	31,487,793	1,044	1,381,033	46	431,270	14	-	-	540,643	18
Milpitas	81,067	47,210,420	582	38,475,708	475	11,189,211	138	-	-	333,988	4
Sunnyvale	156,317	120,086,118	768	38,358,415	245	16,962,728	109	10,387,856	66	1,985,280	13
Los Altos	31,526	30,086,157	954	3,738,113	119	1,778,966	56	3,093,784	98	612,218	19
Santa Clara	130,127	84,599,469	650	64,497,774	496	18,989,011	146	-	-	5,142,133	40
Mountain View	83,601	79,030,456	945	25,394,032	304	9,521,577	114	9,671,830	116	5,995,843	72
Los Gatos *	33,062	41,436,867	1,253	8,483,673	257	1,895,064	57	-	-	1,481,267	45
Monte Sereno *	3,500	6,036,696	1,725	22,366	6	-	-	-	-	34,034	10
Cupertino*	66,274	64,722,779	977	43,646,813	659	4,404,958	66	3,356,389	51	4,141,902	62
Palo Alto	68,624	63,128,828	920	36,926,100	538	25,485,060	371	18,631,933	272	-	-
COUNTY AVG.	119,901	76,178,777	635	43,773,202	365	8,111,523	68	9,676,543	81	3,847,048	32

\* Property tax amount includes Santa Clara County Central Fire District FY 21-22

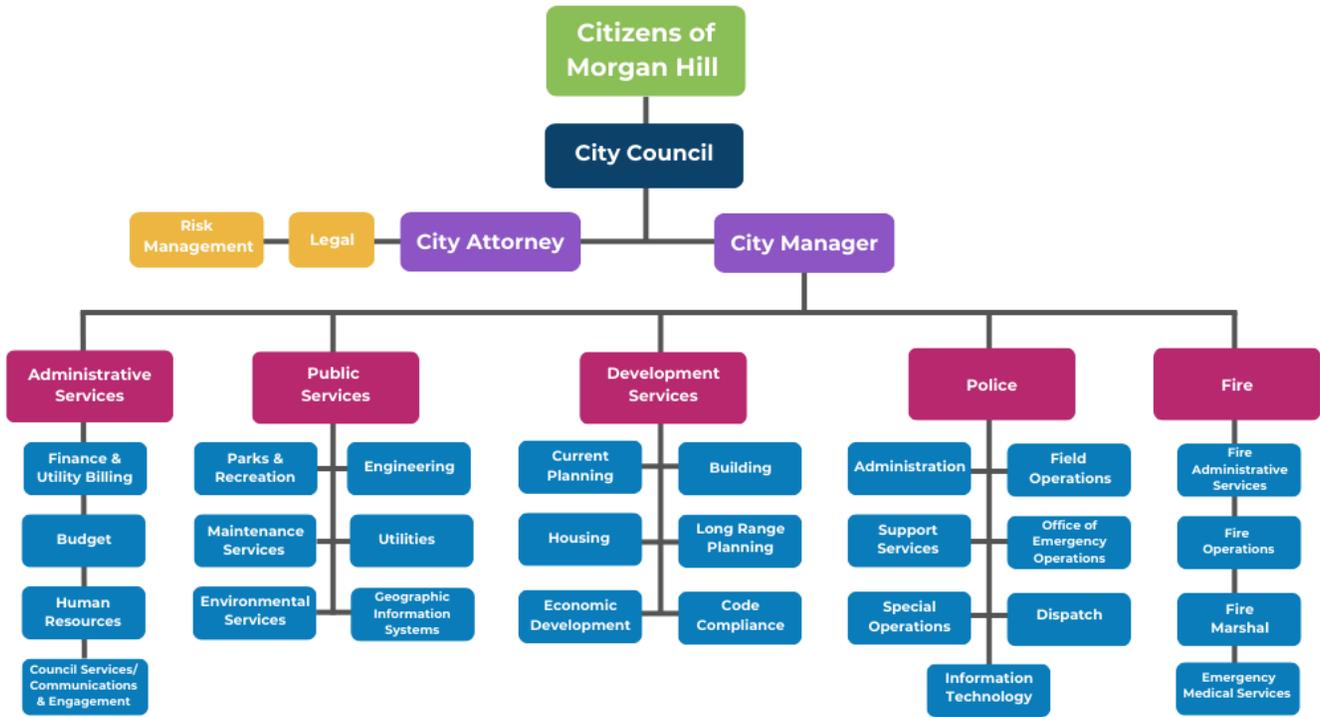


# Personnel

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Citywide Organization Chart.....	110
Personnel Summary by Program.....	111
Personnel Summary by Fund Type .....	113
Personnel Summary by Department .....	114
Personnel Summary by Position .....	115
Personnel Detail by Program .....	118
History of FTE Count .....	127
History of Health Benefit Costs.....	128

# CITYWIDE Organizational Chart



# Personnel Summary by Program

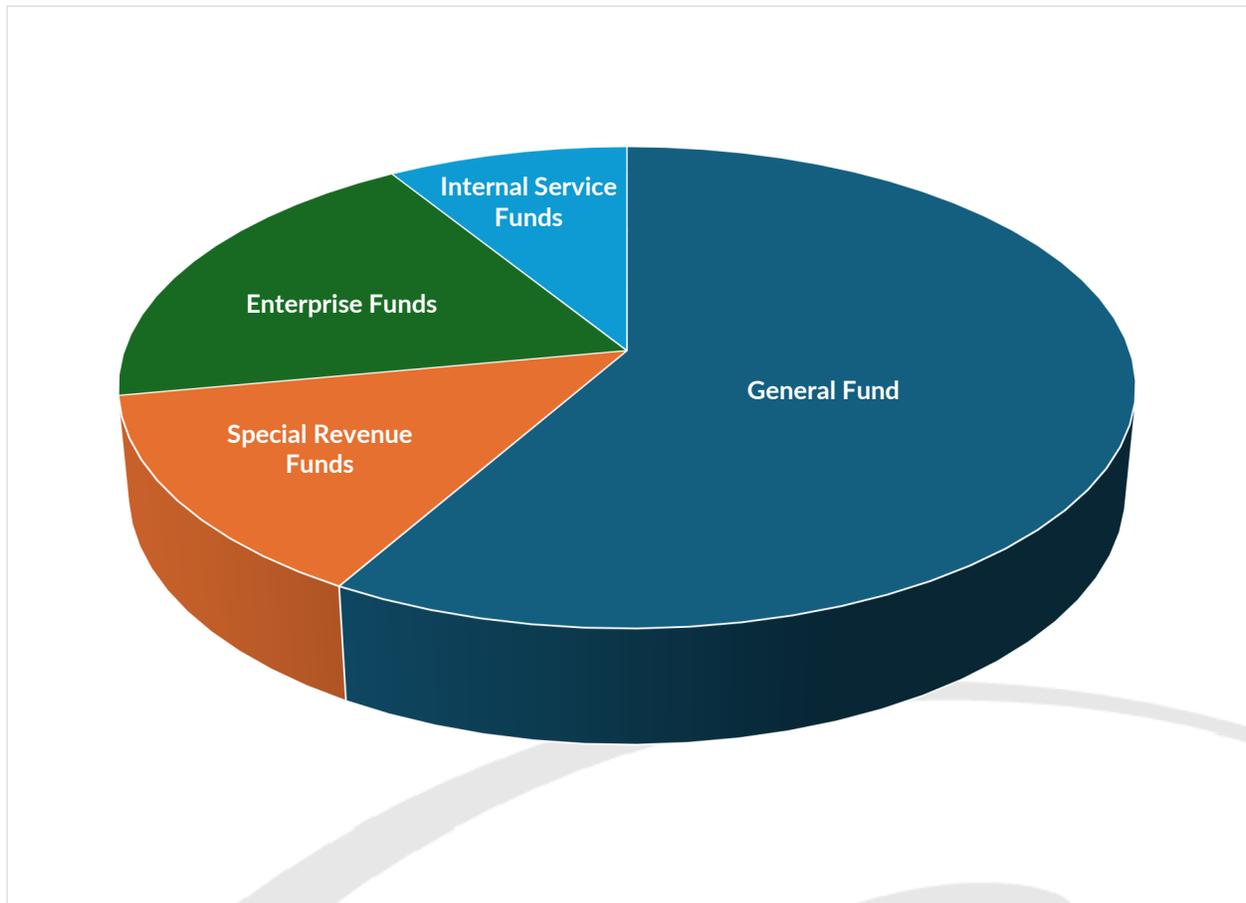
Program	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
City Council	5.00	5.00	5.00	5.00
City Attorney	2.35	2.35	3.09	3.09
City Manager	2.25	2.25	2.50	2.50
Building Maintenance Community and Cultural Center	0.75	0.75	0.50	0.50
Building Maintenance Aquatics Center	1.15	1.15	1.20	1.20
Building Maintenance Centennial Recreation Center	1.15	1.15	1.15	1.15
Membership and Program Services	4.88	4.88	5.15	5.15
Facility Rentals	1.59	1.59	1.42	1.42
Innovative Transit	0.11	0.11	0.00	0.00
Community Services	2.39	2.39	2.65	2.65
Human Resources	3.00	3.00	3.00	3.00
Council Services and Records Management	2.75	2.75	2.75	2.75
Elections	0.10	0.10	0.10	0.10
Finance	8.43	8.05	8.20	8.20
Code Compliance	1.60	1.60	1.60	1.60
Police Administration	4.00	4.00	4.00	4.00
Police Field Operations	34.00	34.00	36.00	37.00
Police Support Services	7.00	7.00	7.00	7.00
Police Emergency Services	1.00	1.00	1.00	1.00
Police Special Operations	12.00	12.00	11.00	11.00
Cable Services	0.05	0.10	0.02	0.02
Downtown Maintenance	0.15	0.15	0.15	0.15
Environmental Services	0.93	1.28	2.47	2.47
Countywide Solid Waste Program	1.56	1.56	1.57	1.57
Street Maintenance	6.88	6.88	7.18	7.18
Infrastructure Planning, Operational Support and Traffic				
Congestion Management	1.00	1.00	1.15	1.40
Economic Development	2.10	2.10	2.30	2.30
Parks and Open Space Maintenance	2.45	2.45	2.10	2.10
Police Dispatch Services	10.00	10.00	10.00	10.00
<b>General Fund Subtotal</b>	<b>120.60</b>	<b>120.63</b>	<b>124.25</b>	<b>125.50</b>

# Personnel Summary by Program (continued)

Program	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
Planning	5.96	5.96	5.43	5.43
Building	8.43	8.43	9.50	9.50
Land Development Engineering	5.39	5.39	4.89	4.89
Long Range Planning	2.37	2.37	3.17	3.17
Lighting and Landscape District	0.20	0.20	0.20	0.20
Community Facilities District	0.10	0.10	0.05	0.05
Stormwater Pollution Prevention	1.28	2.33	1.33	1.33
Housing Mitigation	2.38	2.38	2.77	2.77
Housing Successor Agency	2.03	2.03	2.03	2.03
Wastewater Operations	13.50	13.50	15.00	15.35
Water Operations	20.00	20.00	19.55	19.95
Utility Billing	2.83	4.20	5.05	5.05
Water Conservation	1.10	1.15	1.15	1.15
Information Technology	4.00	4.00	4.00	4.00
Geographical Information Systems (GIS)	1.00	1.00	1.00	1.00
Communications and Engagement	2.10	2.10	2.10	2.10
Building Maintenance Police Station	0.25	0.25	0.25	0.25
Building Maintenance Civic Center Campus	1.60	1.60	1.85	1.85
Building Maintenance Corporation Yard	1.10	1.10	1.05	1.05
Capital Project Implementation	7.05	7.05	8.14	8.14
General Liability Insurance	0.50	0.50	0.50	0.50
<b>Non-General Fund Subtotal</b>	<b>83.15</b>	<b>85.63</b>	<b>89.00</b>	<b>89.75</b>
<b>City Total</b>	<b>203.75</b>	<b>206.25</b>	<b>213.25</b>	<b>215.25</b>

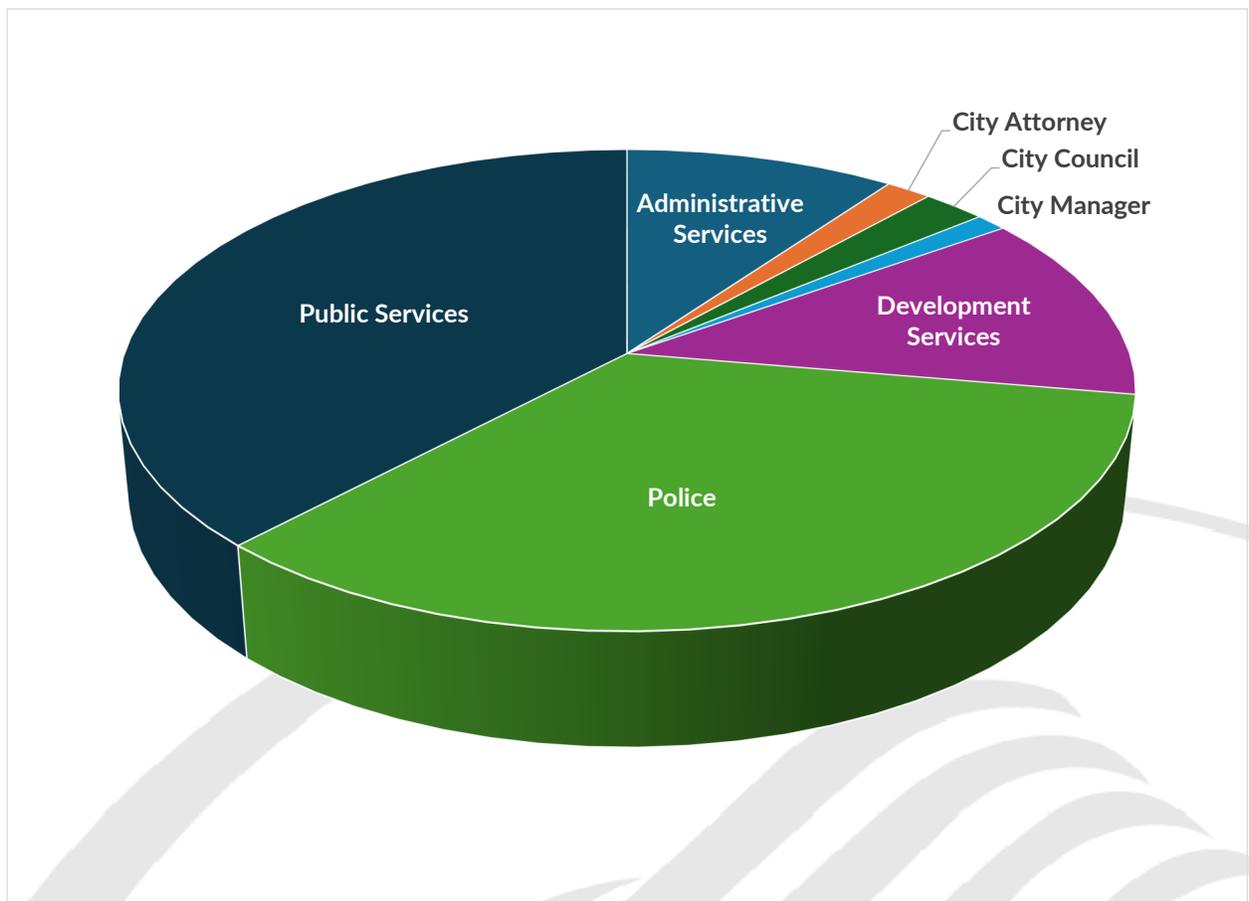
# Personnel Summary by Fund Type

Fund	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
General Fund	120.60	121.00	124.25	125.50
Special Revenue Funds	28.13	29.18	29.36	29.36
Enterprise Funds	37.43	38.48	40.75	41.50
Internal Service Funds	17.60	17.60	18.89	18.89
<b>Total All Funds</b>	<b>203.75</b>	<b>206.25</b>	<b>213.25</b>	<b>215.25</b>



# Personnel Summary by Department

Department	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Adopted	Adopted
Administrative Services	19.25	20.30	21.22	21.22
City Attorney	2.85	2.85	3.59	3.59
City Council	5.00	5.00	5.00	5.00
City Manager	2.25	2.25	2.50	2.50
Development Services	24.86	24.86	26.79	26.79
Police	72.25	72.25	73.25	74.25
Public Services	77.29	78.74	80.90	81.90
<b>Total</b>	<b>203.75</b>	<b>206.25</b>	<b>213.25</b>	<b>215.25</b>



# Personnel Summary by Position

Position	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Adopted	Adopted
Accountant I	2.00	2.00	1.00	1.00
Accounting Assistant I/II	4.00	3.00	4.00	4.00
Accounting Technician	1.00	3.00	3.00	3.00
Administrative Analyst	-	-	2.00	2.00
Animal Services Officer	1.00	1.00	1.00	1.00
Assistant City Attorney	1.00	1.00	1.00	1.00
Assistant City Manager for Administrative Services	1.00	1.00	1.00	1.00
Assistant City Manager for Development Services	1.00	1.00	1.00	1.00
Assistant/Associate Planner	2.00	2.00	2.00	2.00
Budget Manager	1.00	1.00	1.00	1.00
Building Inspector II	2.00	2.00	3.00	3.00
Building Manager	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00
Business Assistant	1.00	1.00	1.00	1.00
Chief of Police	1.00	1.00	1.00	1.00
City Attorney	1.00	1.00	1.00	1.00
City Clerk/Public Information Officer	1.00	1.00	1.00	1.00
City Council	5.00	5.00	5.00	5.00
City Manager	1.00	1.00	1.00	1.00
City Treasurer	1.00	1.00	1.00	1.00
Code Compliance Officer	2.00	2.00	2.00	2.00
Communication/Engagement Coordinator	1.00	1.00	1.00	1.00
Community Service Officer	1.00	1.00	1.00	1.00
Community Services Supervisor	3.00	3.00	3.00	3.00
Deputy City Clerk	1.00	1.00	1.00	1.00
Deputy Director For Engineering	1.00	1.00	1.00	1.00
Deputy Director for Utilities Service	1.00	1.00	1.00	1.00
Development Services Director	1.00	1.00	1.00	1.00
Development Services Technician	4.00	4.00	4.00	4.00
Economic Development Coordinator	1.00	1.00	1.00	1.00
Economic Development Director	1.00	1.00	1.00	1.00
Electrician	1.00	1.00	1.00	1.00
Emergency Services Coordinator	1.00	1.00	1.00	1.00
Engineering Technician I/II	3.00	3.00	2.00	2.00
Environmental Programs Coordinator	2.00	3.00	3.00	3.00
Environmental Services Administrator	1.00	1.00	1.00	1.00
Environmental Services Manager	1.00	1.00	1.00	1.00
Executive Assistant to the Chief of Police	1.00	1.00	1.00	1.00
Facilities Maintenance Specialist	3.00	3.00	3.00	3.00
Finance Director	1.00	1.00	1.00	1.00
GIS Manager	1.00	1.00	1.00	1.00
Housing Director	1.00	1.00	1.00	1.00

# Personnel Summary by Position (continued)

Position	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
Housing Program Coordinator	1.00	1.00	1.00	1.00
Human Resources Director	1.00	1.00	1.00	1.00
Human Resources Technician	1.00	1.00	1.00	1.00
Information Technology Architect	-	-	1.00	1.00
Information Technology Director	1.00	1.00	1.00	1.00
Information Technology Technician	1.00	1.00	1.00	1.00
Junior/Assistant/Associate Engineer	5.00	5.00	5.00	5.00
Legal Specialist	1.00	1.00	1.00	1.00
Maintenance Manager	1.00	1.00	1.00	1.00
Maintenance Services Coordinator	1.00	1.00	1.00	1.00
Maintenance Worker I/II/III	5.00	5.00	6.00	6.00
Management Analyst	3.00	3.00	3.00	3.00
Multi Service Officer	4.00	4.00	4.00	4.00
Multimedia Coordinator	1.00	1.00	1.00	1.00
Municipal Services Assistant	3.50	4.00	4.00	4.00
Office Assistant I/II	1.00	1.00	1.00	1.00
Plan Check Engineer	1.00	1.00	1.00	1.00
Police Captain	2.00	2.00	2.00	2.00
Police Corporal	6.00	6.00	5.00	5.00
Police Officer	27.00	27.00	28.00	29.00
Police Records Specialist	4.00	4.00	4.00	4.00
Police Sergeant	6.00	6.00	7.00	7.00
Police Support Services Manager	1.00	1.00	1.00	1.00
Principal Planner	1.00	1.00	1.00	1.00
Programmer Analyst	1.00	1.00	-	-
Property/Evidence Technician	1.00	1.00	1.00	1.00
PT Accounting Assistant II	0.50	0.50	0.50	0.50
PT Administrative Analyst	0.75	0.75	-	-
PT Custodian	1.50	1.50	1.50	1.50
PT Deputy City Attorney	-	-	0.75	0.75
PT Risk Management Analyst	0.50	0.50	0.50	0.50
Public Safety Dispatcher	9.00	9.00	9.00	9.00
Public Safety Dispatcher Supervisor	1.00	1.00	1.00	1.00
Public Services Administrative Manager	1.00	1.00	1.00	1.00
Public Services Director	1.00	1.00	1.00	1.00
Public Services Utilities & Facilities Safety & Security Coordinator	-	-	-	1.00
Public Works Inspector	-	-	1.00	1.00
Records Specialist Supervisor	1.00	1.00	1.00	1.00
Recreation Manager	1.00	1.00	1.00	1.00
Recreation Services Coordinator	5.00	5.00	5.00	5.00
Senior Accountant	1.00	1.00	2.00	2.00
Senior Civil Engineer	1.00	1.00	1.00	1.00
Senior Human Resources Analyst	1.00	1.00	1.00	1.00

## Personnel Summary by Position (continued)

Position	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
Senior Information Technology Technician	1.00	1.00	1.00	1.00
Senior Maintenance Worker	2.00	2.00	2.00	2.00
Senior Planner	2.00	2.00	2.00	2.00
Senior Project Manager	1.00	1.00	1.00	1.00
Senior Public Works Inspector	2.00	2.00	2.00	2.00
Senior Utility Worker	4.00	4.00	4.00	4.00
Supervising Civil Engineer	1.00	1.00	1.00	1.00
Unhoused Specialist	1.00	1.00	1.00	1.00
Utilities Control And Technology Specialist	-	-	1.00	1.00
Utilities Operations Manager	1.00	1.00	1.00	1.00
Utilities Supervisor	2.00	2.00	2.00	2.00
Utility Worker I/II/III	18.00	18.00	18.00	18.00
Water Quality Specialist	1.00	1.00	1.00	1.00
<b>Total Positions</b>	<b>203.75</b>	<b>206.25</b>	<b>213.25</b>	<b>215.25</b>

# Personnel Detail by Program

Position/Program	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
City Council	5.00	5.00	5.00	5.00
<b>City Council</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
Assistant City Attorney	0.50	0.50	0.50	0.50
City Attorney	0.85	0.85	0.84	0.84
Legal Specialist	1.00	1.00	1.00	1.00
PT Deputy City Attorney	-	-	0.75	0.75
<b>City Attorney</b>	<b>2.35</b>	<b>2.35</b>	<b>3.09</b>	<b>3.09</b>
Administrative Analyst	-	-	1.00	1.00
Assistant City Manager for Administrative Services	1.00	1.00	1.00	1.00
City Manager	0.50	0.50	0.50	0.50
PT Administrative Analyst	0.75	0.75	-	-
<b>City Manager</b>	<b>2.25</b>	<b>2.25</b>	<b>2.50</b>	<b>2.50</b>
Facilities Maintenance Specialist	0.60	0.60	0.35	0.35
Maintenance Manager	0.05	0.05	0.05	0.05
Maintenance Services Coordinator	0.05	0.05	0.05	0.05
Management Analyst	0.05	0.05	0.05	0.05
<b>Building Maintenance Community and Cultural Center</b>	<b>0.75</b>	<b>0.75</b>	<b>0.50</b>	<b>0.50</b>
Facilities Maintenance Specialist	0.95	0.95	1.00	1.00
Maintenance Manager	0.05	0.05	0.05	0.05
Maintenance Services Coordinator	0.05	0.05	0.05	0.05
Management Analyst	0.10	0.10	0.10	0.10
<b>Building Maintenance Aquatics Center</b>	<b>1.15</b>	<b>1.15</b>	<b>1.20</b>	<b>1.20</b>
Facilities Maintenance Specialist	0.95	0.95	0.95	0.95
Maintenance Manager	0.05	0.05	0.05	0.05
Maintenance Services Coordinator	0.05	0.05	0.05	0.05
Management Analyst	0.10	0.10	0.10	0.10
<b>Building Maintenance Centennial Recreation Center</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>
Community Services Supervisor	1.20	1.20	1.20	1.20
Municipal Services Assistant	-	-	0.15	0.15
Public Services Administrative Manager	0.25	0.25	0.25	0.25
Public Services Director	0.08	0.08	0.05	0.05
Recreation Manager	0.65	0.65	0.65	0.65
Recreation Services Coordinator	2.70	2.70	2.85	2.85
<b>Membership and Program Services</b>	<b>4.88</b>	<b>4.88</b>	<b>5.15</b>	<b>5.15</b>
Community Services Supervisor	1.00	1.00	1.00	1.00
Public Services Administrative Manager	0.05	0.05	0.05	0.05
Public Services Director	0.04	0.04	0.02	0.02
Recreation Manager	0.20	0.20	0.20	0.20
Recreation Services Coordinator	0.30	0.30	0.15	0.15
<b>Facility Rentals</b>	<b>1.59</b>	<b>1.59</b>	<b>1.42</b>	<b>1.42</b>
Community Services Supervisor	0.05	0.05	-	-
Public Services Administrative Manager	0.05	0.05	-	-
Public Services Director	0.01	0.01	-	-
<b>Innovative Transit</b>	<b>0.11</b>	<b>0.11</b>	<b>-</b>	<b>-</b>

# Personnel Detail by Program (continued)

Position/Program	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
Community Services Supervisor	0.15	0.15	0.20	0.20
Municipal Services Assistant	-	-	0.20	0.20
Public Services Administrative Manager	0.05	0.05	0.05	0.05
Public Services Director	0.04	0.04	0.05	0.05
Recreation Manager	0.15	0.15	0.15	0.15
Recreation Services Coordinator	2.00	2.00	2.00	2.00
<b>Community Services</b>	<b>2.39</b>	<b>2.39</b>	<b>2.65</b>	<b>2.65</b>
Human Resources Technician	1.00	1.00	1.00	1.00
Human Resources Director	1.00	1.00	1.00	1.00
Senior Human Resources Analyst	1.00	1.00	1.00	1.00
<b>Human Resources</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>
City Clerk/Public Information Officer	0.40	0.40	0.40	0.40
Deputy City Clerk	0.95	0.95	0.95	0.95
Multimedia Coordinator	0.40	0.40	0.40	0.40
Municipal Services Assistant	1.00	1.00	1.00	1.00
<b>Council Services and Records Management</b>	<b>2.75</b>	<b>2.75</b>	<b>2.75</b>	<b>2.75</b>
City Clerk/Public Information Officer	0.10	0.10	0.10	0.10
<b>Elections</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>
Accountant I	1.75	1.50	1.00	1.00
Accounting Assistant I/II	1.60	1.60	1.00	1.00
Accounting Technician	1.00	1.25	2.00	2.00
Budget Manager	1.00	1.00	1.00	1.00
City Treasurer	1.00	1.00	1.00	1.00
Finance Director	0.70	0.70	0.70	0.70
PT Accounting Assistant I/II	0.38	-	-	-
Senior Accountant	1.00	1.00	1.50	1.50
<b>Finance</b>	<b>8.43</b>	<b>8.05</b>	<b>8.20</b>	<b>8.20</b>
Code Compliance Officer	1.60	1.60	1.60	1.60
<b>Code Compliance</b>	<b>1.60</b>	<b>1.60</b>	<b>1.60</b>	<b>1.60</b>
Chief of Police	1.00	1.00	1.00	1.00
Executive Assistant to the Chief of Police	1.00	1.00	1.00	1.00
Management Analyst	1.00	1.00	1.00	1.00
Police Sergeant	1.00	1.00	1.00	1.00
<b>Police Administration</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>
Animal Services Officer	1.00	1.00	1.00	1.00
Multi Service Officer	4.00	4.00	4.00	4.00
Police Captain	1.00	1.00	1.00	1.00
Police Corporal	5.00	5.00	4.00	4.00
Police Officer	19.00	19.00	21.00	22.00
Police Sergeant	4.00	4.00	5.00	5.00
<b>Police Field Operations</b>	<b>34.00</b>	<b>34.00</b>	<b>36.00</b>	<b>37.00</b>

# Personnel Detail by Program (continued)

Position/Program	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
Police Records Specialist	4.00	4.00	4.00	4.00
Police Support Services Manager	1.00	1.00	1.00	1.00
Property/Evidence Technician	1.00	1.00	1.00	1.00
Records Specialist Supervisor	1.00	1.00	1.00	1.00
<b>Police Support Services</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>
Emergency Services Coordinator	1.00	1.00	1.00	1.00
<b>Police Emergency Services</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
Community Service Officer	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00
Police Corporal	1.00	1.00	1.00	1.00
Police Officer	8.00	8.00	7.00	7.00
Police Sergeant	1.00	1.00	1.00	1.00
<b>Police Special Operations</b>	<b>12.00</b>	<b>12.00</b>	<b>11.00</b>	<b>11.00</b>
Municipal Services Assistant	0.05	0.10	-	-
Public Services Director	-	-	0.02	0.02
<b>Cable Services</b>	<b>0.05</b>	<b>0.10</b>	<b>0.02</b>	<b>0.02</b>
Maintenance Manager	0.05	0.05	0.05	0.05
Maintenance Services Coordinator	0.10	0.10	0.10	0.10
<b>Downtown Maintenance</b>	<b>0.15</b>	<b>0.15</b>	<b>0.15</b>	<b>0.15</b>
Environmental Programs Coordinator	-	-	0.55	0.55
Environmental Services Administrator	0.55	0.55	0.55	0.55
Maintenance Worker I/II/III	-	-	1.00	1.00
Municipal Services Assistant	0.35	0.70	0.35	0.35
Public Services Director	0.03	0.03	0.02	0.02
<b>Environmental Services</b>	<b>0.93</b>	<b>1.28</b>	<b>2.47</b>	<b>2.47</b>
City Attorney	-	-	0.01	0.01
Deputy City Clerk	0.05	0.05	0.05	0.05
Environmental Programs Coordinator	0.15	0.15	0.15	0.15
Environmental Services Administrator	0.05	0.05	0.05	0.05
Environmental Services Manager	1.00	1.00	1.00	1.00
Management Analyst	0.25	0.25	0.25	0.25
Public Services Administrative Manager	0.05	0.05	0.05	0.05
Public Services Director	0.01	0.01	0.01	0.01
<b>Countywide Solid Waste Program</b>	<b>1.56</b>	<b>1.56</b>	<b>1.57</b>	<b>1.57</b>

# Personnel Detail by Program (continued)

Position/Program	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
Administrative Analyst	-	-	0.05	0.05
Engineering Technician I/II	0.05	0.05	0.05	0.05
Junior/Assistant/Associate Engineer	0.05	0.05	-	-
Maintenance Manager	0.45	0.45	0.45	0.45
Maintenance Services Coordinator	0.05	0.05	0.10	0.10
Maintenance Worker I/II/III	4.30	4.30	4.30	4.30
Management Analyst	0.15	0.15	0.10	0.10
Municipal Services Assistant	0.15	0.15	0.15	0.15
Office Assistant I/II	0.15	0.15	0.15	0.15
Public Services Administrative Manager	0.05	0.05	0.05	0.05
Public Services Director	0.08	0.08	0.08	0.08
Senior Maintenance Worker	0.70	0.70	1.00	1.00
Utility Worker I/II/III	0.70	0.70	0.70	0.70
<b>Street Maintenance</b>	<b>6.88</b>	<b>6.88</b>	<b>7.18</b>	<b>7.18</b>
Deputy Director For Engineering	0.25	0.25	0.20	0.20
Development Services Technician	0.10	0.10	0.10	0.10
Engineering Technician I/II	0.25	0.25	0.20	0.20
Municipal Services Assistant	-	-	0.15	0.15
Public Services Administrative Manager	-	-	0.10	0.10
Public Services Director	0.25	0.25	0.20	0.20
Public Services Utilities & Facilities Safety & Security Coordinator	-	-	-	0.25
Senior Civil Engineer	0.05	0.05	0.10	0.10
Senior Public Works Inspector	0.10	0.10	0.10	0.10
<b>Infrastructure Planning, Operational Support and Traffic</b>				
<b>Congestion Management</b>	<b>1.00</b>	<b>1.00</b>	<b>1.15</b>	<b>1.40</b>
Assistant City Manager for Development Services	0.30	0.30	0.30	0.30
Economic Development Coordinator	0.80	0.80	0.80	0.80
Economic Development Director	1.00	1.00	1.00	1.00
Management Analyst	-	-	0.20	0.20
<b>Economic Development</b>	<b>2.10</b>	<b>2.10</b>	<b>2.30</b>	<b>2.30</b>
Maintenance Manager	0.20	0.20	0.10	0.10
Maintenance Services Coordinator	0.05	0.05	0.10	0.10
Maintenance Worker I/II/III	0.70	0.70	0.70	0.70
Management Analyst	0.10	0.10	0.10	0.10
Municipal Services Assistant	0.05	0.05	0.05	0.05
Office Assistant I/II	0.05	0.05	0.05	0.05
Public Services Administrative Manager	0.05	0.05	0.05	0.05
Public Services Director	0.05	0.05	0.05	0.05
Senior Maintenance Worker	1.20	1.20	0.90	0.90
<b>Parks and Open Space Maintenance</b>	<b>2.45</b>	<b>2.45</b>	<b>2.10</b>	<b>2.10</b>

# Personnel Detail by Program (continued)

Position/Program	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
Public Safety Dispatcher	9.00	9.00	9.00	9.00
Public Safety Dispatcher Supervisor	1.00	1.00	1.00	1.00
<b>Police Dispatch Services</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
Assistant City Attorney	0.17	0.17	0.17	0.17
Assistant/Associate Planner	1.60	1.60	1.60	1.60
Assistant City Manager for Development Services	0.30	0.30	0.30	0.30
Business Assistant	0.10	0.10	0.10	0.10
City Manager	0.04	0.04	0.04	0.04
Development Services Technician	0.95	0.95	0.95	0.95
Development Services Director	0.30	0.30	0.30	0.30
Economic Development Coordinator	0.10	0.10	0.10	0.10
Management Analyst	-	-	0.07	0.07
Municipal Services Assistant	0.80	0.80	0.80	0.80
Senior Planner	1.60	1.60	1.00	1.00
<b>Planning</b>	<b>5.96</b>	<b>5.96</b>	<b>5.43</b>	<b>5.43</b>
Assistant City Attorney	0.16	0.16	0.16	0.16
Assistant City Manager for Development Services	0.05	0.05	0.05	0.05
Building Inspector II	2.00	2.00	3.00	3.00
Building Manager	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00
Business Assistant	0.10	0.10	0.10	0.10
City Manager	0.02	0.02	0.02	0.02
Development Services Technician	2.85	2.85	2.85	2.85
Development Services Director	0.20	0.20	0.20	0.20
Management Analyst	-	-	0.07	0.07
Municipal Services Assistant	0.05	0.05	0.05	0.05
Plan Check Engineer	1.00	1.00	1.00	1.00
<b>Building</b>	<b>8.43</b>	<b>8.43</b>	<b>9.50</b>	<b>9.50</b>
Assistant City Attorney	0.17	0.17	0.07	0.07
Business Assistant	0.25	0.25	0.25	0.25
City Manager	0.02	0.02	0.02	0.02
Deputy Director For Engineering	0.25	0.25	0.15	0.15
Development Services Director	0.10	0.10	0.10	0.10
Environmental Programs Coordinator	0.05	0.05	0.45	0.45
Junior/Assistant/Associate Engineer	1.50	1.50	1.25	1.25
Management Analyst	-	-	0.07	0.07
Municipal Services Assistant	0.05	0.05	0.05	0.05
Public Services Director	0.05	0.05	0.03	0.03
Senior Civil Engineer	0.95	0.95	0.75	0.75
Senior Public Works Inspector	1.00	1.00	0.70	0.70
Supervising Civil Engineer	1.00	1.00	1.00	1.00
<b>Land Development Engineering</b>	<b>5.39</b>	<b>5.39</b>	<b>4.89</b>	<b>4.89</b>

# Personnel Detail by Program (continued)

Position/Program	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Adopted	Adopted
Assistant City Manager for Development Services	0.10	0.10	0.10	0.10
Assistant/Associate Planner	0.40	0.40	0.40	0.40
City Manager	0.07	0.07	0.07	0.07
Development Services Director	0.30	0.30	0.30	0.30
Economic Development Coordinator	0.10	0.10	0.10	0.10
Management Analyst	-	-	0.20	0.20
Principal Planner	1.00	1.00	1.00	1.00
Senior Planner	0.40	0.40	1.00	1.00
<b>Long Range Planning</b>	<b>2.37</b>	<b>2.37</b>	<b>3.17</b>	<b>3.17</b>
Maintenance Manager	-	-	0.05	0.05
Maintenance Services Coordinator	0.05	0.05	0.05	0.05
Public Services Administrative Manager	0.05	0.05	-	-
Senior Maintenance Worker	0.10	0.10	0.10	0.10
<b>Lighting and Landscape District</b>	<b>0.20</b>	<b>0.20</b>	<b>0.20</b>	<b>0.20</b>
Maintenance Manager	0.05	0.05	0.05	0.05
Maintenance Services Coordinator	0.05	0.05	-	-
<b>Community Facilities District</b>	<b>0.10</b>	<b>0.10</b>	<b>0.05</b>	<b>0.05</b>
Environmental Programs Coordinator	0.95	1.95	1.00	1.00
Environmental Services Administrator	0.20	0.20	0.20	0.20
Municipal Services Assistant	0.05	0.10	0.05	0.05
Public Services Director	0.03	0.03	0.03	0.03
Unhoused Specialist	0.05	0.05	0.05	0.05
<b>Stormwater Pollution Prevention</b>	<b>1.28</b>	<b>2.33</b>	<b>1.33</b>	<b>1.33</b>
Assistant City Manager for Development Services	0.13	0.13	0.13	0.13
City Attorney	0.15	0.15	0.15	0.15
Development Services Technician	0.10	0.10	0.10	0.10
Housing Director	0.50	0.50	0.50	0.50
Housing Program Coordinator	0.50	0.50	0.50	0.50
Management Analyst	-	-	0.39	0.39
Municipal Services Assistant	0.05	0.05	0.05	0.05
Unhoused Specialist	0.95	0.95	0.95	0.95
<b>Housing Mitigation</b>	<b>2.38</b>	<b>2.38</b>	<b>2.77</b>	<b>2.77</b>
Accountant I	0.25	0.25	-	-
Assistant City Manager for Development Services	0.13	0.13	0.13	0.13
City Manager	0.15	0.15	0.15	0.15
Code Compliance Officer	0.40	0.40	0.40	0.40
Development Services Director	0.05	0.05	0.05	0.05
Housing Director	0.50	0.50	0.50	0.50
Housing Program Coordinator	0.50	0.50	0.50	0.50
Municipal Services Assistant	0.05	0.05	0.05	0.05
Senior Accountant	-	-	0.25	0.25
<b>Housing Successor Agency</b>	<b>2.03</b>	<b>2.03</b>	<b>2.03</b>	<b>2.03</b>

# Personnel Detail by Program (continued)

Position/Program	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
Administrative Analyst	-	-	0.45	0.45
Business Assistant	0.10	0.10	0.10	0.10
City Manager	0.10	0.10	0.10	0.10
Community Services Supervisor	0.15	0.15	0.10	0.10
Deputy Director for Utilities Service	0.50	0.50	0.50	0.50
Electrician	0.30	0.30	0.30	0.30
Engineering Technician I/II	0.50	0.50	0.50	0.50
Junior/Assistant/Associate Engineer	0.53	0.53	0.55	0.55
Management Analyst	0.45	0.45	-	-
Municipal Services Assistant	0.40	0.40	0.40	0.40
Office Assistant I/II	0.40	0.40	0.40	0.40
Public Services Administrative Manager	0.10	0.10	0.10	0.10
Public Services Director	0.13	0.13	0.15	0.15
Public Services Utilities & Facilities Safety & Security Coordinat	-	-	-	0.35
Senior Public Works Inspector	0.20	0.20	0.20	0.20
Senior Utility Worker	2.00	2.00	2.00	2.00
Utilities Control And Technology Specialist	-	-	0.50	0.50
Utilities Operations Manager	0.50	0.50	0.50	0.50
Utilities Supervisor	1.00	1.00	1.00	1.00
Utility Worker I/II/III	6.15	6.15	7.15	7.15
<b>Wastewater Operations</b>	<b>13.50</b>	<b>13.50</b>	<b>15.00</b>	<b>15.35</b>
Administrative Analyst	-	-	0.50	0.50
Business Assistant	0.10	0.10	0.10	0.10
City Manager	0.10	0.10	0.10	0.10
Community Services Supervisor	0.15	0.15	0.15	0.15
Deputy Director for Utilities Service	0.50	0.50	0.50	0.50
Electrician	0.70	0.70	0.70	0.70
Engineering Technician I/II	0.50	0.50	0.50	0.50
Junior/Assistant/Associate Engineer	0.53	0.53	0.55	0.55
Management Analyst	0.50	0.50	-	-
Municipal Services Assistant	0.40	0.40	0.40	0.40
Office Assistant I/II	0.40	0.40	0.40	0.40
Public Services Administrative Manager	0.15	0.15	0.15	0.15
Public Services Director	0.13	0.13	0.15	0.15
Public Services Utilities & Facilities Safety & Security Coordinat	-	-	-	0.40
Senior Public Works Inspector	0.20	0.20	0.20	0.20
Senior Utility Worker	2.00	2.00	2.00	2.00
Utilities Control And Technology Specialist	-	-	0.50	0.50
Utilities Operations Manager	0.50	0.50	0.50	0.50
Utilities Supervisor	1.00	1.00	1.00	1.00
Utility Worker I/II/III	11.15	11.15	10.15	10.15
Water Quality Specialist	1.00	1.00	1.00	1.00
<b>Water Operations</b>	<b>20.00</b>	<b>20.00</b>	<b>19.55</b>	<b>19.95</b>

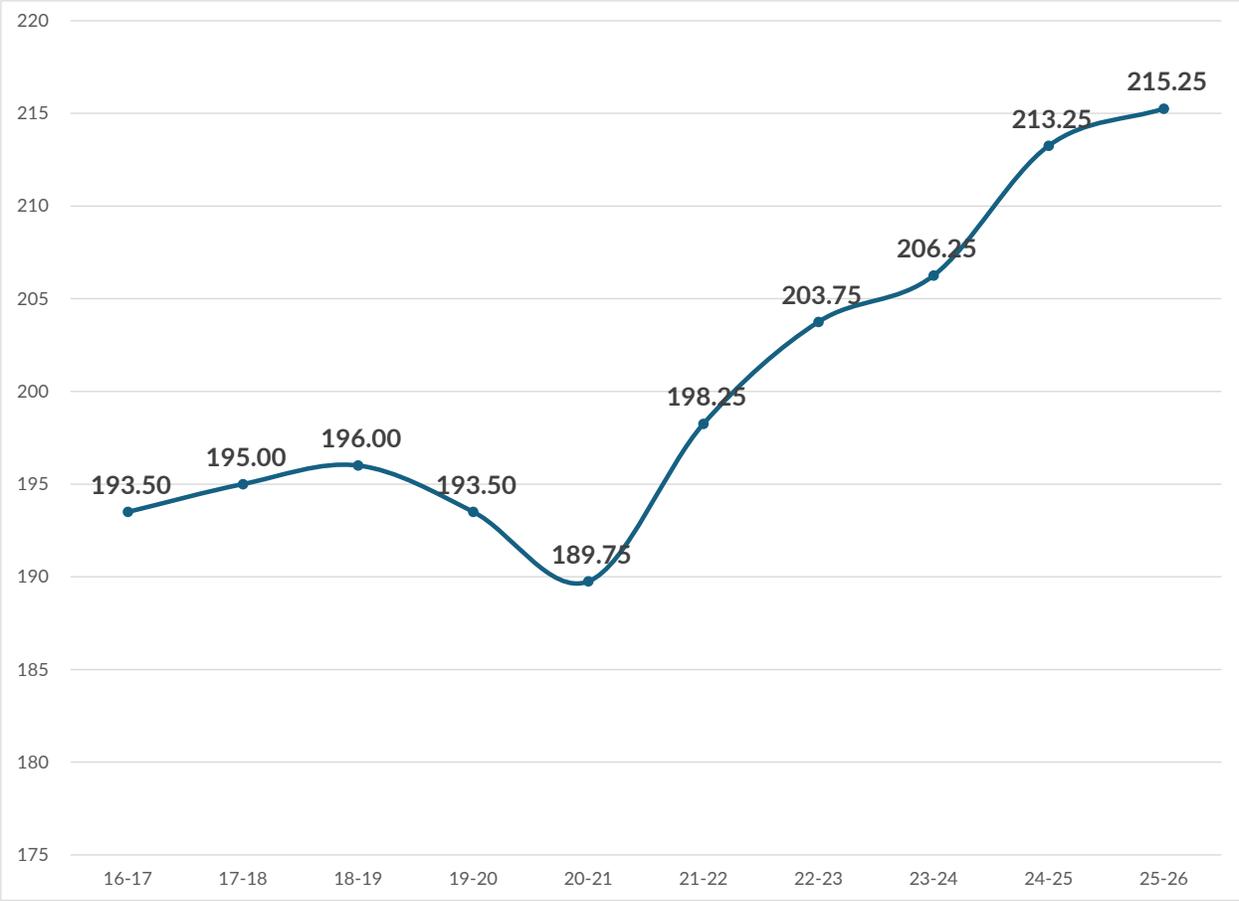
# Personnel Detail by Program (continued)

Position/Program	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
Accountant I		0.25	-	-
Accounting Assistant I/II	2.40	2.78	3.00	3.00
Accounting Technician	-	0.75	1.00	1.00
Finance Director	0.30	0.30	0.30	0.30
PT Accounting Assistant I/II	0.13	0.13	0.50	0.50
Senior Accountant	-	-	0.25	0.25
<b>Utility Billing</b>	<b>2.83</b>	<b>4.20</b>	<b>5.05</b>	<b>5.05</b>
Environmental Programs Coordinator	0.85	0.85	0.85	0.85
Environmental Services Administrator	0.20	0.20	0.20	0.20
Municipal Services Assistant	0.05	0.10	0.10	0.10
<b>Water Conservation</b>	<b>1.10</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>
Information Technology Architect	-	-	1.00	1.00
Information Technology Director	1.00	1.00	1.00	1.00
Information Technology Technician	1.00	1.00	1.00	1.00
Programmer Analyst	1.00	1.00	-	-
Senior Information Technology Technician	1.00	1.00	1.00	1.00
<b>Information Technology</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>
GIS Manager	1.00	1.00	1.00	1.00
<b>Geographical Information Systems (GIS)</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
City Clerk/Public Information Officer	0.50	0.50	0.50	0.50
Communication/Engagement Coordinator	1.00	1.00	1.00	1.00
Multimedia Coordinator	0.60	0.60	0.60	0.60
<b>Communications and Engagement</b>	<b>2.10</b>	<b>2.10</b>	<b>2.10</b>	<b>2.10</b>
Facilities Maintenance Specialist	0.05	0.05	0.05	0.05
Maintenance Manager	-	-	0.05	0.05
Maintenance Services Coordinator	0.10	0.10	0.05	0.05
Management Analyst	0.10	0.10	0.10	0.10
<b>Building Maintenance Police Station</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
Facilities Maintenance Specialist	0.30	0.30	0.50	0.50
Maintenance Manager	0.10	0.10	0.05	0.05
Maintenance Services Coordinator	0.10	0.10	0.20	0.20
Management Analyst	0.10	0.10	0.10	0.10
PT Custodian	1.00	1.00	1.00	1.00
<b>Building Maintenance Civic Center Campus</b>	<b>1.60</b>	<b>1.60</b>	<b>1.85</b>	<b>1.85</b>
Facilities Maintenance Specialist	0.15	0.15	0.15	0.15
Maintenance Manager	-	-	0.05	0.05
Maintenance Services Coordinator	0.35	0.35	0.25	0.25
Management Analyst	0.10	0.10	0.10	0.10
PT Custodian	0.50	0.50	0.50	0.50
<b>Building Maintenance Corporation Yard</b>	<b>1.10</b>	<b>1.10</b>	<b>1.05</b>	<b>1.05</b>

# Personnel Detail by Program (continued)

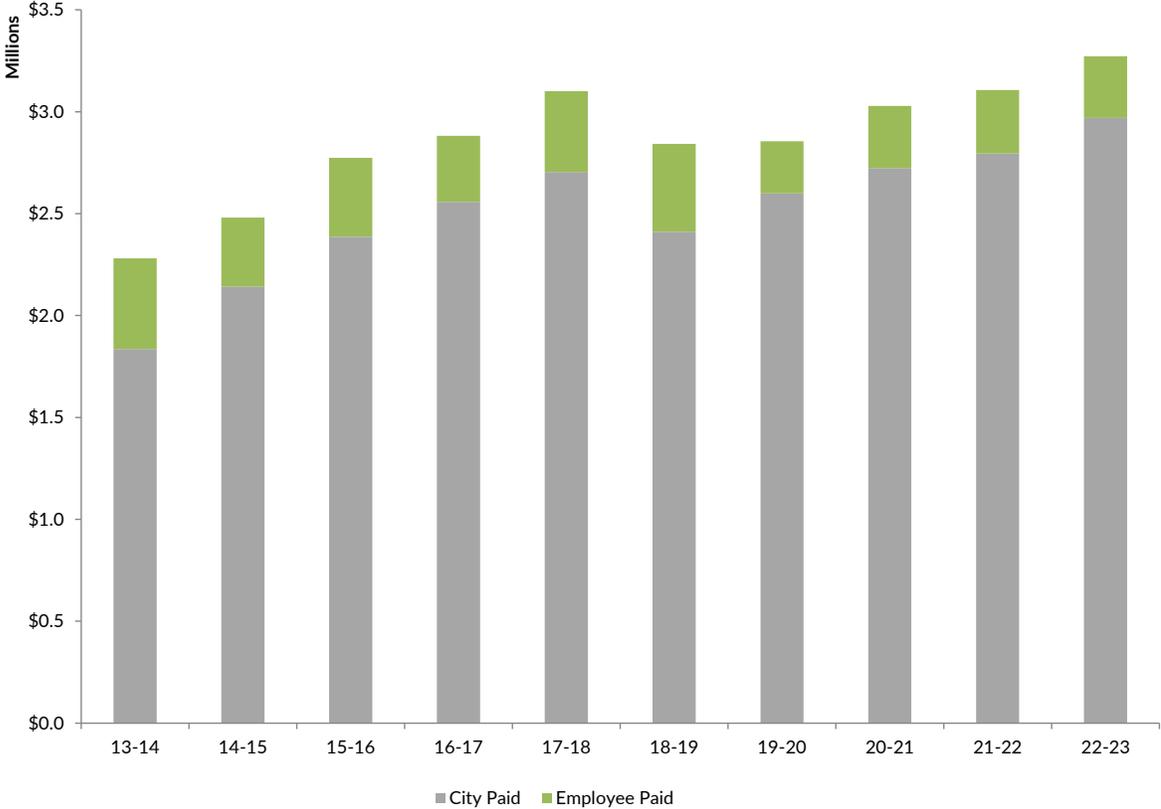
Position/Program	FY 22-23 Actual	FY 23-24 Amended	FY 24-25 Adopted	FY 25-26 Adopted
Assistant City Attorney	-	-	0.10	0.10
Business Assistant	0.35	0.35	0.35	0.35
Community Services Supervisor	0.30	0.30	0.35	0.35
Deputy Director For Engineering	0.50	0.50	0.65	0.65
Development Services Director	0.05	0.05	0.05	0.05
Engineering Technician I/II	1.70	1.70	0.75	0.75
Junior/Assistant/Associate Engineer	2.40	2.40	2.65	2.65
Public Services Administrative Manager	0.15	0.15	0.15	0.15
Public Services Director	0.10	0.10	0.14	0.14
Public Works Inspector	-	-	1.00	1.00
Senior Civil Engineer	-	-	0.15	0.15
Senior Project Manager	1.00	1.00	1.00	1.00
Senior Public Works Inspector	0.50	0.50	0.80	0.80
<b>Capital Project Implementation</b>	<b>7.05</b>	<b>7.05</b>	<b>8.14</b>	<b>8.14</b>
PT Risk Management Analyst	0.50	0.50	0.50	0.50
<b>General Liability Insurance</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>
<b>City Total</b>	<b>203.75</b>	<b>206.25</b>	<b>213.25</b>	<b>215.25</b>

# History of Full Time Equivalent (FTE) Count



# History of Health Benefit Costs

(Employer and Employee Paid)



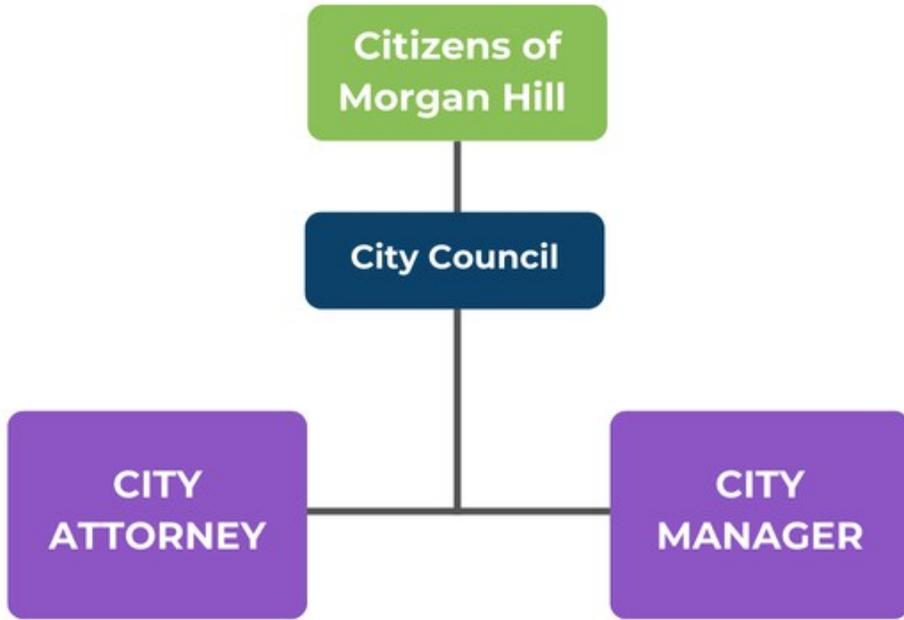
# City Council

## Appropriations Summary

	FY 22-23	FY 23-24	FY 23-24 Year End	FY 24-25	FY 25-26
	Actual	Amended	Projection	Adopted	Adopted
Employee Services	\$ 77,038	\$ 61,563	\$ 79,263	\$ 113,581	\$ 149,012
Supplies & Services	277,150	315,123	304,963	338,126	300,350
Capital Outlay	477	-	-	-	-
Internal Service	54,384	57,792	57,792	67,501	69,855
Transfers Out	1,179	1,174	1,174	1,187	1,201
<b>TOTAL EXPENDITURES</b>	<b>\$ 410,227</b>	<b>\$ 435,652</b>	<b>\$ 443,192</b>	<b>\$ 520,395</b>	<b>\$ 520,418</b>
<b>FULL TIME EQUIVALENT EMPLOYEES</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

# CITY COUNCIL

## Organizational Chart



## **Division Description**

The City Council, comprised of the Mayor and four Council Members, was elected non-partisan by the residents of Morgan Hill. The Mayor serves a two-year term, elected at-large, while Council Members serve four-year terms, elected by district. As the City's legislative body, the Council holds the reins of policymaking. It is tasked with crucial responsibilities such as adopting the biennial budget, enacting ordinances, approving significant contracts, acquisitions, and leases, and major purchases of equipment and services essential to the City's operations. Additionally, the Council appoints the City Manager as the chief administrative officer and the City Attorney as legal counsel.

Working in tandem with the City Manager, City Attorney, and City employees, the Council evaluates proposals to address Community needs, initiates policies, and allocates resources accordingly. Council Members also represent the City on various external agencies, commissions, and committees. Annually, the Council reflects on and adopts its organizational and Community goals, including priorities like bolstering public safety, safeguarding the environment, maintaining infrastructure, and nurturing a vibrant Community spirit. These objectives include commitments to supporting youth, seniors, and the broader community, fostering a positive organizational culture, preserving public trust, honoring Community history, championing diversity and inclusivity, and advancing regional initiatives.

In addition to the City Council's ongoing priorities, six strategic priorities were adopted by the Council:

- Fiscal Sustainability
- Affordable Housing and Homelessness
- Community Engagement
- Economic Development and Tourism
- Transportation
- Healthy Community

# City Council (continued)

## **FY 2022-23 and 2023-24 Accomplishments**

- Conducted the Annual Goal Setting workshop and adopted the bi-annual Sustainable Morgan Hill document and Strategic priorities.
- Provided \$200,000 in Community funding for local non-profits and Community groups serving Morgan Hill.
- Expanded opportunities for the Community to engage in public decision-making and Community-based problem-solving.

## **FY 2024-25 and 2025-26 Activity Goals**

- Continue to expand opportunities for the Community to engage in public decision-making and Community-based problem-solving.
- Make decisions and set policies that ensure the City's fiscal sustainability.
- Provide approximately \$200,000 in Community funding for local non-profits and Community groups serving Morgan Hill.

## **Financial Comments**

This budget includes salary adjustments for the Council members effective December 2024.

# City Council (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41210	Salaries-Elected/Appointed	25,099	25,090	25,099	69,966	102,024
41271	Salaries-Part-Time Temp	191	1,000	-	1,000	1,000
41490	Overtime-General	679	-	-	-	-
41620	Retirement-General	1,920	2,152	2,000	-	-
41700	Group Insurance	31,904	22,234	33,956	34,721	36,797
41701	Medicare	470	346	453	1,089	1,584
41701	Medicare (PTT & OT)	-	-	-	15	15
41720	Other Post Employment Benefits (OPEB)	13,748	10,088	10,088	-	-
41760	Workers Comp	649	653	627	1,749	2,551
41760	Workers Comp (PTT & OT)	-	-	-	25	25
41799	Benefits	2,377	-	7,040	5,016	5,016
Employee Services Total		77,038	61,563	79,263	113,581	149,012
42214	Telephone	1,963	1,400	1,500	1,000	1,000
42231	Contract Services	27,163	32,000	26,385	25,300	25,300
42244	Stationary & Office Supplies	663	1,100	200	1,100	300
42245	Computer Hardware-Non Cap	6,241	-	1,000	1,500	1,500
42246	Computer Software-Non Cap	10	100	-	50	50
42248	Other Supplies	3,533	3,100	420	1,600	2,100
42252	Photocopying	125	500	200	500	500
42254	Postage & Freight	367	250	432	450	450
42257	Printing	808	1,250	500	1,250	1,250
42261	Auto Mileage	189	400	-	-	-
42299	Other Expense	9,991	17,300	12,750	17,000	16,500
42408	Training & Education	2,433	7,000	-	-	-
42413	Community Promotion	168,046	200,000	206,571	218,331	180,000
42415	Conference & Meetings	13,922	11,000	11,500	25,000	25,000
42423	Membership & Dues	41,294	39,498	43,505	44,820	46,175
42435	Subscription & Pub.	134	225	-	225	225
Supplies & Services Total		277,150	315,123	304,963	338,126	300,350
43835	Furniture/Office Equip	477	-	-	-	-
Capital Outlay Total		477	-	-	-	-
45003	General Liability Insurance	31,942	33,860	33,860	38,901	42,791
45004	Building Maint - Current Services	11,286	11,286	11,286	14,658	12,398
45005	Building Maint.-Future Replacement	1,357	1,384	1,384	1,321	1,361
45009	Info System Services	9,798	11,262	11,262	12,621	13,306
Internal Services Total		54,384	57,792	57,792	67,501	69,855
49241	Transfer Out-420 (Civic Center Debt)	1,179	1,174	1,174	1,187	1,201
Transfers Total		1,179	1,174	1,174	1,187	1,201
<b>010.1100 - City Council Total</b>		<b>410,227</b>	<b>435,652</b>	<b>443,192</b>	<b>520,395</b>	<b>520,418</b>



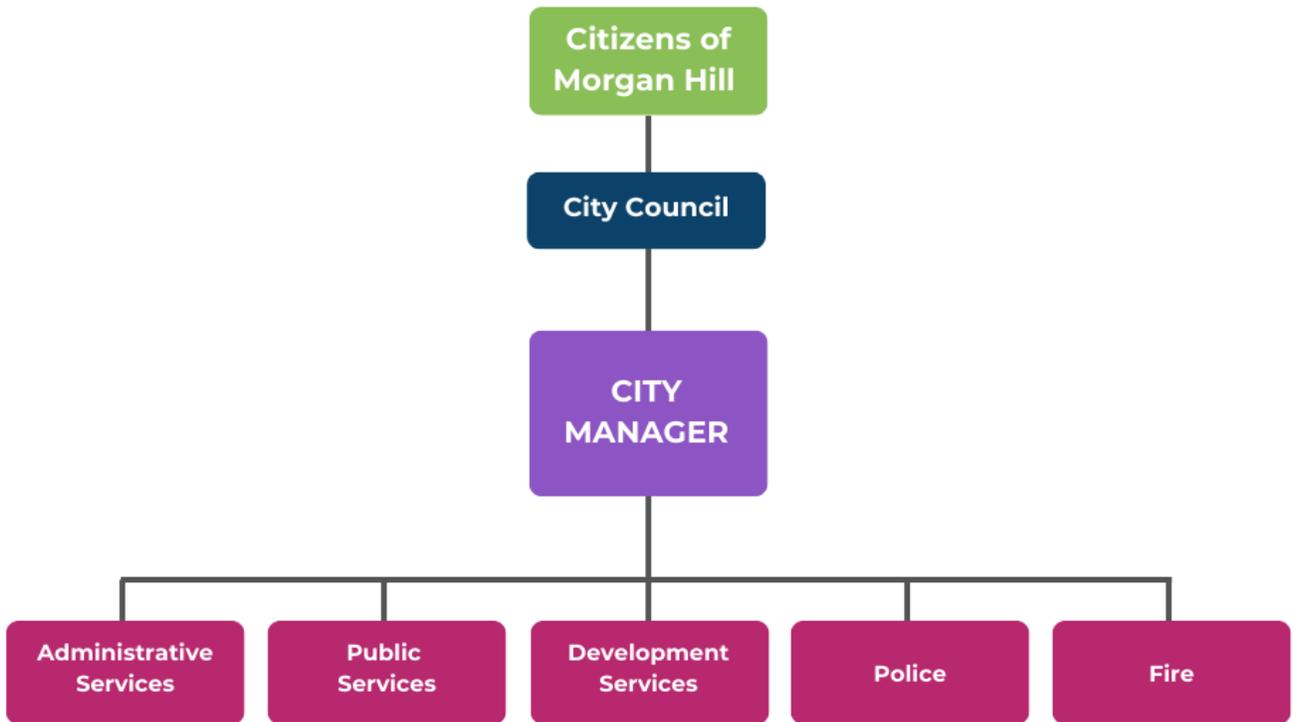
# City Manager

## Appropriations Summary

	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Year End Projection	Adopted	Adopted
Employee Services	\$ 499,480	\$ 739,729	\$ 550,494	\$ 841,966	\$ 876,093
Supplies & Services	81,197	74,580	95,730	71,740	73,540
Capital Outlay	954	-	-	-	-
Internal Service	64,867	69,089	69,089	90,950	89,056
Transfers Out	2,652	2,643	2,643	2,968	3,003
<b>TOTAL EXPENDITURES</b>	<b>\$ 649,151</b>	<b>\$ 886,041</b>	<b>\$ 717,956</b>	<b>\$ 1,007,624</b>	<b>\$ 1,041,692</b>
<b>FULL TIME EQUIVALENT EMPLOYEES</b>	<b>2.25</b>	<b>2.25</b>	<b>2.25</b>	<b>2.50</b>	<b>2.50</b>

# CITY MANAGER

## Organizational Chart



## **Introduction to Department**

The City Manager serves at the pleasure of the City Council and is responsible for implementing Council policy, providing leadership for the City's day-to-day operations, and preparing and administering the biennial budget. The City Manager provides leadership and direction to the City's Leadership Team and teammates in the Administrative Services Department, Public Services Department, Development Services Department, Fire Department, and Police Department. In addition, the City Manager serves as the Personnel Officer, Purchasing Agent, the Director of Emergency Services, and serves as the Executive Director of the Successor Agency to the Redevelopment Agency (RDA).

A primary focus of the City Manager is to advance the City Council's policies, priorities and goals, and to implement them throughout the organization. The City Manager is committed to providing high quality and sustainable services to the Morgan Hill community based on the following ongoing Council priorities:

- Enhancing Public Safety and Quality of Life
- Protecting the Environment and Preserving Open Space and Agricultural Land
- Maintaining and Enhancing Infrastructure
- Supporting Our Youth, Seniors, and Entire Community
- Fostering a Positive Organizational Culture
- Preserving and Cultivating Public Trust
- Preserving Our Community History
- Enhancing Diversity and Inclusiveness
- Advocating for Local, Regional, and State Legislative Initiatives

In addition to the City Council's ongoing priorities, six strategic priorities were identified by the Council in 2024:

- Fiscal Sustainability
- Affordable Housing and Homelessness
- Community Engagement
- Economic Development and Tourism
- Transportation
- Healthy Community

# City Manager (continued)

## **FY 2022-23 and 2023-24 Accomplishments**

- Participated in regular meetings with Santa Clara County City Managers Association (SCCCMA), County of Santa Clara, Morgan Hill Unified School District (MHUSD), Santa Clara Valley Transportation Agency (VTA), Chamber of Commerce, Emergency Operational Area Council, Gilroy, South County Youth Task Force (SCYTF), and South County Regional Wastewater Authority (SCRWA). Served/serving as the Board Chair of California Cooperative Liquid Assets Securities System, a Joint Powers Authority offering a pooled local investment program for public agencies.
- Active member of the League of California Cities (Cal Cities) Audit Committee.
- Presented at and/or attended the Cal Cities New Mayor's and Council Members Academy, City Managers Conference, and Annual Conference.
- Spoke at the Municipal Management Association of Northern California (MMANC) and attended International City/County Management Association (ICMA) annual conferences.
- Supported the City's Diversity, Equity, and Inclusion (DEI) Taskforce efforts.
- Worked with NextGen of Silicon Valley and Cal International City/County Management Association (ICMA) to develop the Emerging Leaders Talent Development Program.
- Served on the Santa Clara Countywide LAFCO Fire Services Review Technical Advisory Committee.

## **FY 2024-25 and 2025-26 Activity Goals**

- Continue to further Council's ongoing priorities to sustain a safe, inclusive, socially responsible, environmentally conscious, and an economically sound community.
- Ensure departments maintain focus on cost containment and continue to actively pursue County, State, and Federal funding.
- Advocate with regional partners for the clearly identified traffic and transportation issues, including the High-Speed Rail, Hale Avenue extension, expansion of Highway 101, electrification of commuter rail, and funding for priority projects in South Santa Clara County.
- Represent the City's interests by regularly meeting with County of Santa Clara, MHUSD, Santa Clara Valley Transportation Agency (VTA), Chamber of Commerce, Gilroy, South County Regional Wastewater Authority (SCRWA), and Cal Cities.
- Work with the City departments to implement the work plan for DEI.

# City Manager (continued)

## Financial Comments

Included in the City Manager's budget is the increase of the Administrative Analyst position from 0.75 FTE to 1.0 FTE and funding to implement the DEI workplan.

# City Manager (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	270,291	509,819	299,249	571,038	598,897
41271	Salaries-Part-Time Temp	53,387	-	61,000	-	-
41310	Salaries-Other	-	-	-	-	-
41320	Salaries-Earned leave	32,621	33,925	33,925	14,955	15,553
41620	Retirement-General	84,810	100,883	89,483	131,070	136,851
41690	Deferred Compensation	13,064	12,622	15,553	22,625	23,173
41700	Group Insurance	19,209	47,879	23,209	57,870	60,891
41701	Medicare	5,047	6,767	5,539	8,914	9,362
41720	Other Post Employment Benefits (OPEB)	6,519	4,540	4,540	4,825	-
41730	Income Protection Ins	1,460	2,590	2,590	4,164	4,164
41760	Workers Comp	8,092	11,721	9,403	14,276	14,973
41799	Benefits	4,981	8,983	6,003	12,229	12,229
<b>Employee Services Total</b>		<b>499,480</b>	<b>739,729</b>	<b>550,494</b>	<b>841,966</b>	<b>876,093</b>
42214	Telephone	921	840	594	-	-
42231	Contract Services	59,049	51,000	53,000	50,000	50,000
42244	Stationary & Office Supplies	282	1,000	800	1,000	1,000
42245	Computer Hardware-Non Cap	52	-	951	-	1,800
42248	Other Supplies	2,775	1,500	1,200	1,500	1,500
42252	Photocopying	93	100	100	100	100
42254	Postage & Freight	497	200	10	200	200
42257	Printing	-	200	-	200	200
42261	Auto Mileage	-	100	-	100	100
42299	Other Expense	3,615	2,000	3,000	2,000	2,000
42408	Training & Education	-	-	-	-	-
42410	Professional Development	55	1,500	21,500	1,500	1,500
42415	Conference & Meetings	10,679	10,625	9,800	9,625	9,625
42423	Membership & Dues	2,810	4,740	4,060	4,740	4,740
42435	Subscription & Pub.	370	775	715	775	775
<b>Supplies &amp; Services Total</b>		<b>81,197</b>	<b>74,580</b>	<b>95,730</b>	<b>71,740</b>	<b>73,540</b>
43835	Furniture/Office Equip	954	-	-	-	-
<b>Capital Outlay Total</b>		<b>954</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	14,374	15,240	15,240	19,450	21,395
45004	Building Maint - Current Services	25,394	25,394	25,394	36,644	30,994
45005	Building Maint.-Future Replacement	3,054	3,115	3,115	3,303	3,402
45009	Info System Services	22,046	25,340	25,340	31,552	33,265
<b>Internal Services Total</b>		<b>64,867</b>	<b>69,089</b>	<b>69,089</b>	<b>90,950</b>	<b>89,056</b>
49241	Transfer Out-420 (Civic Center Debt)	2,652	2,643	2,643	2,968	3,003
<b>Transfers Total</b>		<b>2,652</b>	<b>2,643</b>	<b>2,643</b>	<b>2,968</b>	<b>3,003</b>
<b>010.2100 - City Manager Total</b>		<b>649,151</b>	<b>886,041</b>	<b>717,956</b>	<b>1,007,624</b>	<b>1,041,692</b>

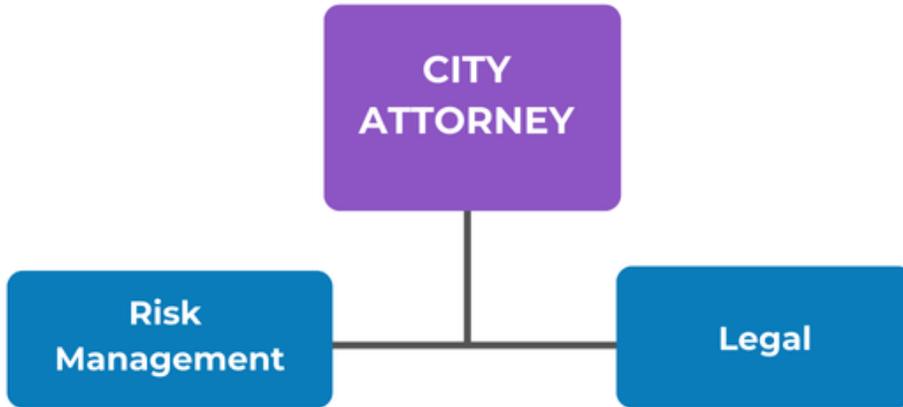
# City Attorney

## Appropriations Summary

	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Year End Projection	Adopted	Adopted
Employee Services	\$ 681,261	\$ 729,995	\$ 785,876	\$ 883,211	\$ 906,327
Supplies & Services	66,290	272,944	41,129	54,310	54,290
Capital Outlay	1,882	-	-	-	-
Internal Service	70,944	75,542	75,542	85,129	83,356
Transfers Out	2,770	2,760	2,760	2,778	2,811
<b>TOTAL EXPENDITURES</b>	<b>\$ 823,148</b>	<b>\$ 1,081,241</b>	<b>\$ 905,307</b>	<b>\$ 1,025,429</b>	<b>\$ 1,046,783</b>
<b>FULL TIME EQUIVALENT EMPLOYEES</b>					
(Includes 0.5 FTE General Liability Insurance)	2.85	2.85	2.85	3.59	3.59

# CITY ATTORNEY

## Organizational Chart



## **Introduction to Department**

The City Attorney represents the City Council, its boards and commissions and all City officers and employees in matters of law pertaining to their City functions. The City Attorney reviews and/or prepares all ordinances, resolutions, contracts, bonds, real estate documents and other legal documents for the City and litigates or manages the defense of the City in all litigation and prosecutes violations of the Morgan Hill Municipal Code. Though the City Attorney reports directly to the City Council, he/she works as part of the City's leadership team and provides legal support to City employees in all aspects of City operations, including planning, police, fire, code compliance, engineering, human resources, public works, water and wastewater utilities, parks and recreation, and housing. In addition to being formal counsel at City Council meetings, the City Attorney also advises City commissions comprised of citizens and serves as legal counsel to the Successor Agency of the former Morgan Hill Redevelopment Agency. The City Attorney is supported by an Assistant City Attorney, a part-time Deputy City Attorney, one support staff member, and outside Special Counsel as needed.

The City's risk management function is also supervised and administered by the City Attorney's office. As the City's Risk Manager, the City Attorney reviews and assesses all claims for damages and, when appropriate, recommends settlement to resolve claims at an early stage to avoid costly litigation, oversees the general liability insurance fund budget, reviews all contract insurance, and supervises PLAN JPA risk management grants. The risk management function is supported by a part-time risk management analyst and the City Attorney's support staff.

## **FY 2022-23 and 2023-24 Accomplishments**

- Litigation:
  - Successfully settled or resolved six litigation matters, including one published appellate decision in favor of the City.
  
- Land-Use and Planning:
  - Supported the Planning Department in completion of the Housing Element of the General Plan.
  - Provided advice on zoning ordinance changes and development projects.
  - Advised teammates and Council regarding new state laws regarding housing.

## City Attorney (continued)

- Public Health and Safety:
  - Coordinated with Police Department on enforcement of municipal code, including prosecution of misdemeanor violations.
  - Assisted Police Department with new regulations regarding the procurement and use of military equipment.
  - Represented the City in eight Gun Violence Restraining Order petitions.
  - Prepared ordinance to prohibit smoking in multi-family buildings.
- Employment and Personnel:
  - Advised teammates regarding investigations and potential employee discipline, claims for workers' compensation and/or disability, alleged employment discrimination, and regarding meet-and-confer obligations.
  - Provided training to elected and appointed officials and City teammates on ethics, preventing harassment and discrimination, and other matters.
  - Negotiated new collective bargaining agreements for all three represented bargaining units.
- Risk Management:
  - Represented the City on the PLAN JPA Board of Directors, Executive Committee, and chaired Claims Committee.
  - Worked with Leadership Team to identify and establish City's Annual Risk Management Goals.
  - Coordinated use of risk management grant funds.
  - Maintained insurance requirements for all City contracts (including public bids, RFPs, special events, leases, vendor contracts, construction projects, maintenance agreements, etc.)
  - Processed claims and worked with PLAN claims adjuster to negotiate and resolve damage claims against the City.

# City Attorney (continued)

## **FY 2024-25 and 2025-26 Activity Goals**

- Continue assisting with projects to maximize housing affordability while preserving local control to the extent feasible.
- Continue developing new ordinances and assisting teammates with programs to protect the most vulnerable members of our Community.
- Serve on Board of Directors for PLAN JPA and promote policies that reduce exposure to litigation.
- Process all claims and defend the City in litigation.
- Continue to provide legal review, support, and assistance for all major projects of the City.

## **Financial Comments**

The Budget includes an additional 0.75 FTE Deputy City Attorney which is offset by the elimination of funds for part-time temporary personnel as well as the reduction of Special Counsel funding.

# City Attorney (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	465,013	470,697	477,800	603,051	624,022
41271	Salaries-Part-Time Temp	5,434	40,000	75,000	-	-
41320	Salaries-Earned leave	19,356	20,130	20,130	29,797	30,989
41620	Retirement-General	93,038	99,960	99,852	119,182	122,486
41690	Deferred Compensation	21,682	20,135	24,109	27,301	26,453
41700	Group Insurance	41,468	42,759	49,370	59,508	63,073
41701	Medicare	6,882	6,783	8,258	9,226	9,597
41720	Other Post Employment Benefits (OPEB)	4,741	4,741	4,741	5,964	-
41730	Income Protection Ins	2,522	2,520	2,520	4,271	4,271
41760	Workers Comp	11,761	11,614	14,095	15,077	15,601
41799	Benefits	9,364	10,656	10,001	9,835	9,835
<b>Employee Services Total</b>		<b>681,261</b>	<b>729,995</b>	<b>785,876</b>	<b>883,211</b>	<b>906,327</b>
42214	Telephone	829	1,400	592	-	-
42230	Special Counsel	45,816	242,249	20,000	20,000	20,000
42231	Contract Services	114	1,000	1,000	500	500
42232	Litigation Expenses	-	500	5,000	500	500
42244	Stationary & Office Supplies	110	300	600	400	400
42248	Other Supplies	18	300	300	300	300
42250	Advertising	388	400	400	400	400
42252	Photocopying	143	200	80	200	200
42254	Postage & Freight	253	300	151	300	300
42257	Printing	-	150	150	150	150
42261	Auto Mileage	-	25	25	25	25
42299	Other Expense	-	20	26	50	30
42408	Training & Education	916	2,500	500	9,500	9,500
42415	Conference & Meetings	4,223	7,000	5,230	-	-
42423	Membership & Dues	1,395	2,000	1,950	4,500	4,500
42435	Subscription & Pub.	12,085	14,600	5,125	17,485	17,485
<b>Supplies &amp; Services Total</b>		<b>66,290</b>	<b>272,944</b>	<b>41,129</b>	<b>54,310</b>	<b>54,290</b>
43835	Furniture/Office Equip	1,882	-	-	-	-
<b>Capital Outlay Total</b>		<b>1,882</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	18,207	19,300	19,300	18,205	20,026
45004	Building Maint - Current Services	26,522	26,522	26,522	34,299	29,010
45005	Building Maint.-Future Replacement	3,190	3,253	3,253	3,092	3,185
45009	Info System Services	23,025	26,467	26,467	29,533	31,136
<b>Internal Services Total</b>		<b>70,944</b>	<b>75,542</b>	<b>75,542</b>	<b>85,129</b>	<b>83,356</b>
49241	Transfer Out-420 (Civic Center Debt)	2,770	2,760	2,760	2,778	2,811
<b>Transfers Total</b>		<b>2,770</b>	<b>2,760</b>	<b>2,760</b>	<b>2,778</b>	<b>2,811</b>
<b>010.1500 - City Attorney Total</b>		<b>823,148</b>	<b>1,081,241</b>	<b>905,307</b>	<b>1,025,429</b>	<b>1,046,783</b>

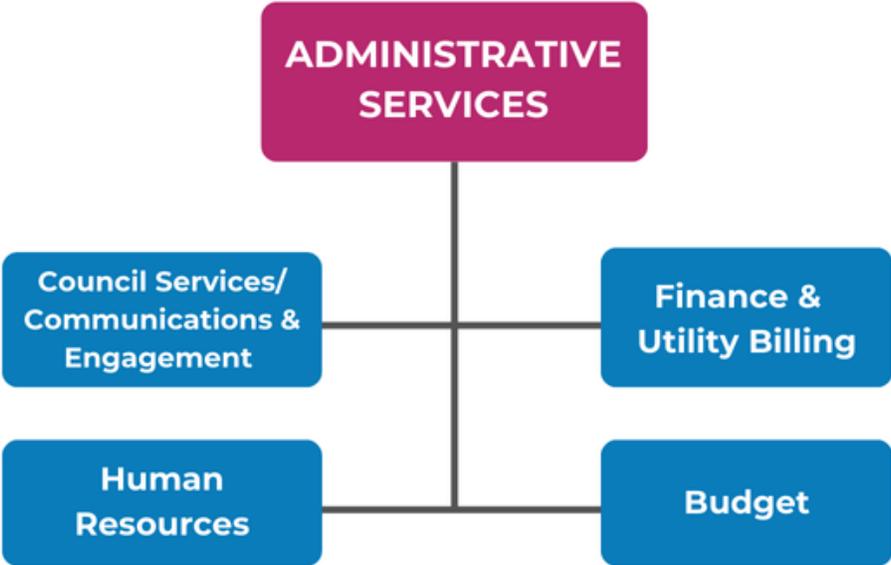
# Administrative Services

## Appropriations Summary

	FY 22-23		FY 23-24		FY 23-24 Year End		FY 24-25		FY 25-26	
	Actual		Amended		Projection		Adopted		Adopted	
Employee Services	\$	2,940,747	\$	3,191,488	\$	3,118,468	\$	3,726,611	\$	3,865,482
Supplies & Services		985,129		833,518		766,910		1,137,358		783,948
Capital Outlay		79,425		668,385		668,385		-		-
Internal Service		532,896		565,334		565,334		711,924		700,469
Transfers Out		20,214		20,141		20,141		21,254		21,499
<b>TOTAL EXPENDITURES</b>	<b>\$</b>	<b>4,558,411</b>	<b>\$</b>	<b>5,278,866</b>	<b>\$</b>	<b>5,139,238</b>	<b>\$</b>	<b>5,597,146</b>	<b>\$</b>	<b>5,371,398</b>
Human Resources	\$	824,618	\$	898,203	\$	884,140	\$	1,087,175	\$	1,032,289
Council Services and Records Management		549,404		628,281		495,034		609,913		627,757
Elections		220,600		37,728		33,481		354,364		38,516
Finance		1,934,280		2,522,016		2,582,551		2,092,366		2,155,204
Utility Billing		1,029,509		1,192,638		1,144,032		1,453,328		1,517,632
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>\$</b>	<b>4,558,411</b>	<b>\$</b>	<b>5,278,866</b>	<b>\$</b>	<b>5,139,238</b>	<b>\$</b>	<b>5,597,146</b>	<b>\$</b>	<b>5,371,398</b>
<b>FULL TIME EQUIVALENT EMPLOYEES</b>		<b>19.25</b>		<b>20.30</b>		<b>20.30</b>		<b>21.22</b>		<b>21.22</b>

# ADMINISTRATIVE SERVICES

## Organizational Chart



# Administrative Services Department

## **Introduction to Department**

The Administrative Services Department plans, directs, and coordinates supportive services Citywide. Services include the functions of General Citywide Administration, Human Resources, Council Services and Records Management, Elections, Finance including Budget, and Utility Billing. In addition, some of the other administrative functions are accounted for as Internal Service Funds, which provide services to other departments. These functions include Unemployment Insurance (Fund 760) and Workers' Compensation (Fund 770). The individual narratives for each of the Administrative Services divisions will highlight the accomplishments, activity goals, and financial comments of the respective function.

While the Administrative Services Department coordinates various City administrative activities as outlined above, the Department also performs a variety of high-level administrative assignments such as the coordination of potential ballot measures, legislative analysis, contract negotiation, staff report coordination and review, and other assignments as assigned by the City Manager.

## **Functional Responsibility**

- General Citywide Administration
- Human Resources
- Council Services and Records Management
- Elections
- Finance
- Utility Billing

## **Division Description**

The purpose of the Human Resources (HR) Division is to attract, develop, and retain a qualified and effective team to provide high quality services. HR accomplishes this by designing and implementing recruitment and selection processes that are fair and transparent, cost effective, and result in hiring the best candidates. In addition, HR is responsible for managing the following programs: benefit administration; employee recognition; labor relations; recruitment and selection; safety and wellness; training and organizational development; employee relations; classification and compensation; workers' compensation through a third-party administrator and provides assistance in all employment-related services. Though managed by HR, workers' compensation and unemployment insurance details can be found in the Internal Services Funds section of the budget document.

HR provides all employment-related services to City departments and employees. It implements Federal, State, and County mandates, the City's Personnel Rules, and Memorandums of Understanding (MOUs) as related to employment. HR is responsible for maintaining all employee personnel files, records, and documentation.

## **FY 2022-23 and FY 2023-24 Accomplishments**

- Conducted recruitment and selection processes for 55 regular position classifications, which resulted in the hiring of 33 new teammates.
- Continued to administer and manage the Families First Coronavirus Response Act (FFCRA) for our City teammates and regularly followed and updated COVID policies to follow CDC and County guidelines, rules, and regulations.
- Successfully negotiated fiscally responsible labor agreements with the City's three bargaining groups, American Federation of State, County, and Municipal Employees (AFSCME), Local 101, Community Service Officers Association (CSOA), and Morgan Hill Police Officers' Association (POA) with contracts expiring in December 2025, while continuing to provide salaries and benefits that attract and retain a qualified workforce.
- Human Resources Director certified by Liebert Cassidy and Whitmore to administer the AB1825 Harassment Prevention training to non-supervisor and manager/ supervisor teammates and provided the mandated biennial AB1825 Harassment Prevention training to all non-supervisory, managers/supervisors, elected officials and commission members.

# Human Resources (continued)

- Organized Employee Events which included employee recognition, open enrollment and health and wellness.

## **FY 2024-25 and 2025-26 Activity Goals**

- Negotiate fiscally responsible labor agreements with the City's three bargaining groups expiring in December 2025, while continuing to provide salaries and benefits that attract and retain a qualified workforce.
- Continue to provide state mandated AB1825 Harassment Prevention training.
- Implement new NEOGOV Attract module to recruit and notify qualified applicants to positions available within the City.
- Continue to host the Santa Clara County Leadership Academy.
- Continue representation of Morgan Hill through participation in regional associations relating to Human Resources such as: CalPELRA (California Public Employers Labor Relations Association), HRPAG (Human Resources Public Agency Group), and SCCHRD (Santa Clara County Human Resources Directors).

## **Financial Comments**

Human Resources is a division of the Administrative Services Department and is funded in part by the general fund, and through the general fund administrative cost allocation plan. Increased funding for part-time temporary assistance is included in this budget.

# Human Resources (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	416,328	474,705	457,076	497,115	517,241
41271	Salaries-Part-Time Temp	3,263	10,000	8,000	30,000	30,000
41320	Salaries-Earned leave	10,583	11,006	11,006	10,803	11,235
41620	Retirement-General	90,130	100,838	99,132	114,103	118,193
41690	Deferred Compensation	8,191	9,302	11,023	13,821	14,360
41700	Group Insurance	67,903	66,699	73,251	76,004	80,552
41701	Medicare	6,330	7,045	8,151	7,061	7,419
41701	Medicare (PTT & OT)	-	-	-	435	435
41720	Other Post Employment Benefits (OPEB)	15,204	6,053	6,053	5,790	-
41730	Income Protection Ins	2,900	3,096	3,096	3,040	3,040
41760	Workers Comp	10,490	12,118	11,472	12,428	12,931
41760	Workers Comp (PTT & OT)	-	-	-	750	750
41799	Benefits	6,496	6,878	7,350	7,428	7,428
<b>Employee Services Total</b>		<b>637,817</b>	<b>707,740</b>	<b>695,610</b>	<b>778,778</b>	<b>803,584</b>
42214	Telephone	829	1,350	592	-	-
42230	Special Counsel	-	-	-	75,000	-
42231	Contract Services	44,495	34,225	50,000	60,995	63,030
42244	Stationary & Office Supplies	1,493	1,000	1,000	750	775
42248	Other Supplies	18,418	30,150	20,000	25,650	25,650
42250	Advertising	-	250	250	250	250
42252	Photocopying	114	500	250	250	250
42254	Postage & Freight	130	350	250	250	250
42257	Printing	205	250	250	250	250
42261	Auto Mileage	-	250	250	250	250
42299	Other Expense	16,165	10,000	10,000	10,000	10,000
42409	City-Wide Training	2,650	3,100	-	4,450	3,100
42415	Conference & Meetings	6,851	9,000	6,000	12,300	9,000
42423	Membership & Dues	4,355	4,850	4,500	4,850	4,980
42435	Subscription & Pub.	449	450	450	450	450
<b>Supplies &amp; Services Total</b>		<b>96,153</b>	<b>95,725</b>	<b>93,792</b>	<b>195,695</b>	<b>118,235</b>
43835	Furniture/Office Equip	1,431	-	-	-	-
<b>Capital Outlay Total</b>		<b>1,431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	18,846	19,980	19,980	23,340	25,674
45004	Building Maint - Current Services	33,858	33,858	33,858	43,973	37,193
45005	Building Maint.-Future Replacement	4,072	4,153	4,153	3,964	4,083
45009	Info System Services	28,904	33,224	33,224	37,863	39,918
<b>Internal Services Total</b>		<b>85,680</b>	<b>91,215</b>	<b>91,215</b>	<b>109,140</b>	<b>106,867</b>
49241	Transfer Out-420 (Civic Center Debt)	3,536	3,523	3,523	3,562	3,603
<b>Transfers Total</b>		<b>3,536</b>	<b>3,523</b>	<b>3,523</b>	<b>3,562</b>	<b>3,603</b>
<b>010.2200 - Human Resources Total</b>		<b>824,618</b>	<b>898,203</b>	<b>884,140</b>	<b>1,087,175</b>	<b>1,032,289</b>

# Council Services & Records Management

010.2410

## **Division Description**

The City Clerk's Office, also referred to as Council Services and Records Management, stands as the cornerstone of administrative support and governmental transparency within the City. Responsible for safeguarding official records, it meticulously preserves crucial documents such as meeting minutes and legal ordinances, facilitating public access to uphold transparency and accountability in governmental actions. Additionally, the office manages the logistics of municipal elections, overseeing candidate filings and the nomination process to maintain the democratic integrity of the electoral system. Serving as a vital link between the Community and its elected representatives, the office serves as the primary point of contact for citizen inquiries, information requests, and public engagement efforts, embodying principles of accountability, accessibility, and civic participation.

Moreover, the City Clerk's office prepares meeting agendas and packets for various city bodies, including the City Council, Successor Agency, and other authorities and committees. Collaborating with external entities like the Santa Clara Valley Habitat Agency and the Santa Clara County Waste Reduction and Recycling Commission, the City Clerk's Office ensures efficient coordination of agendas and packets for their respective boards and committees. Furthermore, it administers the city-wide records management program, oversees compliance with legal requirements such as the Political Reform Act and AB1234, and upholds the Brown Act while providing essential cross-departmental support and assistance to the Mayor and Council Members.

## **FY 2022-23 and 2023-24 Accomplishments**

- Completed the public facing Laserfiche link, providing public access to City records on the website.
- Provided City Clerk training to clerks around the State as a trainer at the Master Municipal Clerk Academy.
- Restructured the City Clerk team to allow for teammate development, succession planning, employee retention, and cost-savings.
- Implemented hybrid meetings for the City Council and Planning Commission.
- Began a partnership with the Santa Clara County Waste Reduction and Recycling Commission to provide Agency Board Services, including agendas and minutes.

# Council Services & Records Management

(continued)

## **FY 2024-25 and 2025-26 Activity Goals**

- Improve accessibility of information by continuing to add resources and documents to the newly launched online portal for public access to City documents and records.
- Implement electronic voting for City Council and Commission Meetings.
- Implement an electronic filing system and training program for the State required AB1234 biennial ethics training.
- Coordinate Council Chamber A/V equipment and infrastructure replacement and upgrade to ensure optimal performance and meet our organizational objectives and Community expectations.

## **Financial Comments**

Costs for positions are distributed between the Council Services and Records Management and Elections budgets.

# Council Services & Records Management

(continued)

		FY 22-23	FY 23-24	FY 23-24 Year End	FY 24-25	FY 25-26
Object	GL Account	Actual	Amended	Projection	Adopted	Adopted
41100	Salaries-General	270,485	307,039	220,427	298,736	317,227
41210	Salaries-Elected/Appointed	-	-	-	-	-
41271	Salaries-Part-Time Temp	-	-	-	-	-
41310	Salaries-Other	-	-	-	-	-
41320	Salaries-Earned leave	9,161	9,527	9,527	9,009	9,369
41490	Overtime-General	238	5,150	1,100	1,500	1,500
41620	Retirement-General	57,969	64,284	58,952	68,566	72,488
41690	Deferred Compensation	4,198	5,248	4,885	7,527	8,000
41700	Group Insurance	27,845	53,455	20,519	34,950	36,445
41701	Medicare	4,053	4,678	3,426	4,460	4,755
41701	Medicare (PTT & OT)	-	-	-	22	22
41720	Other Post Employment Benefits (OPEB)	7,163	7,163	7,163	5,308	-
41730	Income Protection Ins	1,711	2,163	2,163	2,151	2,151
41760	Workers Comp	6,768	7,676	5,531	7,469	7,931
41760	Workers Comp (PTT & OT)	-	-	-	38	38
41799	Benefits	1,801	1,106	2,152	2,397	2,397
<b>Employee Services Total</b>		<b>391,392</b>	<b>467,489</b>	<b>335,845</b>	<b>442,132</b>	<b>462,322</b>
42214	Telephone	1,387	1,200	976	-	-
42231	Contract Services	34,713	35,340	44,552	38,360	38,460
42236	Bank and Merchant Fees	-	550	-	-	-
42244	Stationary & Office Supplies	2,503	3,200	1,700	3,200	3,200
42245	Computer Hardware-Non Cap	6,256	-	500	-	-
42246	Computer Software-Non Cap	-	500	500	-	-
42248	Other Supplies	2,824	3,200	500	-	-
42250	Advertising	181	600	600	600	600
42252	Photocopying	17	600	300	300	300
42254	Postage & Freight	863	2,000	300	300	300
42257	Printing	102	200	200	200	200
42261	Auto Mileage	424	1,500	400	1,000	1,000
42298	Habitat Expense	16	-	-	-	-
42299	Other Expense	558	150	150	1,500	1,500
42408	Training & Education	7,872	6,000	2,400	6,000	5,500
42415	Conference & Meetings	1,629	3,200	3,500	8,500	8,500
42423	Membership & Dues	1,115	1,665	1,700	2,105	2,105
42435	Subscription & Pub.	200	175	199	200	200
<b>Supplies &amp; Services Total</b>		<b>60,660</b>	<b>60,080</b>	<b>58,477</b>	<b>62,265</b>	<b>61,865</b>
43835	Furniture/Office Equip	1,887	-	-	-	-
<b>Capital Outlay Total</b>		<b>1,887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	17,568	18,620	18,620	21,395	23,535
45004	Building Maint - Current Services	40,066	40,066	40,066	40,309	34,093
45005	Building Maint.-Future Replacement	4,818	4,915	4,915	3,634	3,743
45006	Fleet Replacement	1,885	1,970	1,970	2,206	2,305
45009	Info System Services	26,945	30,972	30,972	34,707	36,591
<b>Internal Services Total</b>		<b>91,282</b>	<b>96,543</b>	<b>96,543</b>	<b>102,251</b>	<b>100,267</b>
49241	Transfer Out-420 (Civic Center Debt)	4,184	4,169	4,169	3,265	3,303
<b>Transfers Total</b>		<b>4,184</b>	<b>4,169</b>	<b>4,169</b>	<b>3,265</b>	<b>3,303</b>
<b>010.2410 - Council Services &amp; Records Management Total</b>		<b>549,404</b>	<b>628,281</b>	<b>495,034</b>	<b>609,913</b>	<b>627,757</b>

## **Division Description**

The City of Morgan Hill consolidates its elections with the Santa Clara County Registrar of Voters office. While the County Registrar of Voters assumes many of the operational responsibilities for conducting elections in consolidated jurisdictions, the City Clerk remains an essential figure in representing the interests of the City and its residents in the electoral process. The City Clerk's role involves coordinating with the County Registrar, overseeing local election procedures, and promoting Community participation and civic engagement.

The City Clerk is responsible for certain aspects of the election process specific to the City, such as local candidate filings, ballot initiatives, and voter education efforts. The City Clerk oversees the local candidate nomination process, ensuring that candidates meet the eligibility requirements for office and receive the necessary paperwork to file for candidacy. The Clerk also coordinates the placement of local candidate statements in voter information materials and provides information and assistance to local candidates throughout the campaign process.

## **FY 2022-23 and 2023-24 Accomplishments**

- Conducted an election in conjunction with the Santa Clara County Registrar of Voters Office for three elected positions (Mayor and two City Council seats) and two ballot measures in conjunction with the Santa Clara County Registrar of Voters Office.
- Amended the City's Conflict of Interest Code Reporting Categories and Designated Filers as warranted and required by the State of California Fair Political Practices Commission.
- Processed and tracked all campaign, candidate, and committee filings using the electronic filing system.
- Facilitated the use of a City facility as a polling precinct.

# **Elections** (continued)

## **FY 2024-25 and 2025-26 Activity Goals**

- Conduct a Regular Municipal Election on November 5, 2024, for four elected positions (Mayor, City Council seats A and C, and Treasurer) and three potential measures in conjunction with the Santa Clara County Registrar of Voters Office.
- Amend the City’s Conflict of Interest Code Reporting Categories and Designated Filers as warranted and required by the State of California Fair Political Practices Commission.
- Process and track all campaign, candidate, and committee filings using the electronic filing system.
- Facilitate the use of a City facility as a polling precinct, if requested by the Santa Clara County Registrar of Voters.

## **Financial Comments**

General Municipal Elections are held in even-numbered years. For FY 2024-25, the budget includes funding for four seats up for election and funding for up to three potential ballot measures. Minimal funding is included for election expenses for FY 2025-26.

# Elections (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	16,645	19,055	18,428	19,585	20,868
41320	Salaries-Earned leave	677	704	704	1,070	1,113
41620	Retirement-General	3,485	3,907	3,889	4,497	4,770
41690	Deferred Compensation	333	363	563	783	835
41700	Group Insurance	2,614	2,821	3,104	3,189	3,380
41701	Medicare	260	276	288	288	309
41720	Other Post Employment Benefits (OPEB)	202	202	202	193	-
41730	Income Protection Ins	105	109	109	108	108
41760	Workers Comp	416	477	461	490	522
41799	Benefits	336	60	470	465	465
<b>Employee Services Total</b>		<b>25,072</b>	<b>27,974</b>	<b>28,218</b>	<b>30,668</b>	<b>32,370</b>
42214	Telephone	13	100	9	-	-
42231	Contract Services	187,265	1,000	800	316,225	1,000
42244	Stationary & Office Supplies	211	200	200	500	200
42248	Other Supplies	-	200	200	200	200
42250	Advertising	3,780	200	-	2,000	200
42252	Photocopying	249	150	150	150	150
42254	Postage & Freight	10	50	50	200	50
42408	Training & Education	1,000	4,000	-	-	-
42435	Subscription & Pub.	-	664	664	664	664
<b>Supplies &amp; Services Total</b>		<b>192,527</b>	<b>6,564</b>	<b>2,073</b>	<b>319,939</b>	<b>2,464</b>
45003	General Liability Insurance	639	680	680	778	856
45004	Building Maint - Current Services	1,129	1,129	1,129	1,466	1,240
45005	Building Maint.-Future Replacement	136	138	138	132	136
45009	Info System Services	980	1,126	1,126	1,262	1,331
<b>Internal Services Total</b>		<b>2,883</b>	<b>3,073</b>	<b>3,073</b>	<b>3,638</b>	<b>3,562</b>
49241	Transfer Out-420 (Civic Center Debt)	118	117	117	119	120
<b>Transfers Total</b>		<b>118</b>	<b>117</b>	<b>117</b>	<b>119</b>	<b>120</b>
<b>010.2420 - Elections Total</b>		<b>220,600</b>	<b>37,728</b>	<b>33,481</b>	<b>354,364</b>	<b>38,516</b>

## **Division Description**

The Finance Division maintains the financial records of the City and prepares financial and statistical data applicable to all funds of the City and the Successor Agency to the former Redevelopment Agency. Responsibilities include cash management; investment; budgeting; financial forecasting; accounting; cashier operations; business license administration; debt management; payroll; purchasing; payables; receivables (including billing and collection of City accounts); financial system information; and support to other departments. Finance works closely with the elected City Treasurer to assure timely and appropriate investment of City funds, in compliance with the City's Investment Policy and Procedures.

## **FY 2022-23 and 2023-24 Accomplishments**

- The City received an award from the Government Finance Officers Association (GFOA) for achieving the highest standards in governmental accounting and financial reporting for the FY 2021-22 Annual Comprehensive Financial Report; the City has received the award 28 consecutive years.
- The City received the GFOA and California Society of Municipal Finance Officers (CSMFO) awards for excellence in budgeting for the FY 2022-24 Biennial Operating and Capital Improvement Program (CIP) Budget.
- Successfully presented to the Standard and Poor's Rating Agency for an upgrade to the City Issuer Credit Rating to AAA.
- Completed Phase I of the Enterprise Resource Planning (ERP) system, Tyler Munis – Financials.
- On behalf of the City utilities customers, applied and received approximately \$300,000 from the State Water Resources Control Board and the California Department of Community Services and Development to help offset utilities costs.

# Finance (continued)

## **FY 2024-25 and 2025-26 Activity Goals**

- Continue the implementation of a new enterprise resource planning (ERP) solution, integrating the City's finances, payroll, human resources, purchasing, and more.
- Continue representation of Morgan Hill through participation in regional associations relating to Finance such as: Cal Cities, California Society of Municipal Finance Officers, California Municipal Revenue and Tax Association, Association for Government Accountants (AGA), and County of Santa Clara Finance Officers Group
- Continue timely preparation and reporting of the City's financial and investment reports to keep City officials, Community and stakeholders informed on the financial health of the City.
- Evaluate existing user fee schedules to ensure reasonable costs of providing services are appropriately assessed.
- Seek federal and state grant funding available through the Federal Emergency Management Agency (FEMA), and other sources for the City resources expended in response to disaster.

## **Financial Comments**

Finance is a division of the Administrative Services Department and is funded in part by the general fund, and through the general fund administrative cost allocation plan. Included in this budget are salary adjustments and/or reclassifications of certain positions to address retention and recruitment issues that have been impacting the City.

# Finance (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	906,912	883,486	927,738	1,024,585	1,055,762
41210	Salaries-Elected/Appointed	2,407	2,392	2,407	6,006	9,594
41271	Salaries-Part-Time Temp	29,169	10,000	5,000	10,000	10,000
41320	Salaries-Earned leave	28,969	30,127	30,127	40,740	42,370
41490	Overtime-General	4,968	5,000	5,000	5,000	3,500
41620	Retirement-General	183,793	199,187	200,144	233,335	241,245
41690	Deferred Compensation	17,297	16,984	26,060	31,131	30,045
41700	Group Insurance	98,345	102,865	141,605	135,968	142,782
41701	Medicare	14,255	13,219	15,616	15,290	15,892
41701	Medicare (PTT & OT)	-	-	-	218	196
41720	Other Post Employment Benefits (OPEB)	25,191	16,040	16,040	13,896	-
41730	Income Protection Ins	5,743	5,663	5,663	5,971	5,971
41760	Workers Comp	23,878	22,522	25,983	25,765	26,635
41760	Workers Comp (PTT & OT)	-	-	-	375	338
41799	Benefits	8,329	8,082	12,377	12,395	12,395
<b>Employee Services Total</b>		<b>1,349,255</b>	<b>1,315,567</b>	<b>1,413,760</b>	<b>1,560,675</b>	<b>1,596,724</b>
42214	Telephone	2,857	3,500	1,962	-	-
42231	Contract Services	218,093	182,810	182,810	173,425	172,850
42233	Audit Fees	37,545	91,350	91,350	44,000	75,500
42236	Bank and Merchant Fees	6,358	46,900	5,000	5,000	5,000
42244	Stationary & Office Supplies	13,570	12,420	18,000	14,500	14,500
42245	Computer Hardware-Non Cap	-	-	3,000	-	-
42248	Other Supplies	2,908	1,500	1,500	1,500	1,500
42250	Advertising	3,217	1,500	2,500	2,500	2,500
42252	Photocopying	801	2,500	1,000	1,000	1,000
42254	Postage & Freight	4,253	5,000	4,000	5,000	5,000
42257	Printing	80	2,050	2,050	1,000	1,000
42261	Auto Mileage	34	750	750	500	500
42299	Other Expense	800	-	500	-	-
42408	Training & Education	695	3,000	3,000	3,000	3,000
42415	Conference & Meetings	489	4,000	2,000	2,000	2,000
42423	Membership & Dues	2,820	1,554	1,554	3,394	3,394
42435	Subscription & Pub.	522	-	200	40	40
<b>Supplies &amp; Services Total</b>		<b>295,042</b>	<b>358,834</b>	<b>321,176</b>	<b>256,859</b>	<b>287,784</b>
43835	Furniture/Office Equip	1,009	-	-	-	-
43845	Computer Software	73,216	618,385	618,385	-	-
<b>Capital Outlay Total</b>		<b>74,225</b>	<b>618,385</b>	<b>618,385</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	51,108	54,170	54,170	63,797	70,177
45004	Building Maint - Current Services	78,438	78,438	78,438	102,604	86,783
45005	Building Maint.-Future Replacement	9,433	9,622	9,622	9,249	9,527
45009	Info System Services	68,586	78,837	78,837	90,870	95,802
<b>Internal Services Total</b>		<b>207,566</b>	<b>221,067</b>	<b>221,067</b>	<b>266,521</b>	<b>262,289</b>
49241	Transfer Out-420 (Civic Center Debt)	8,192	8,163	8,163	8,312	8,408
<b>Transfers Total</b>		<b>8,192</b>	<b>8,163</b>	<b>8,163</b>	<b>8,312</b>	<b>8,408</b>
<b>010.2510 - Finance Total</b>		<b>1,934,280</b>	<b>2,522,016</b>	<b>2,582,551</b>	<b>2,092,366</b>	<b>2,155,204</b>

# Utility Billing

650.5750

## **Division Description**

The Utility Billing Division is responsible for the monthly billing of fees for water and wastewater services. With a customer base of approximately 15,000 active metered accounts, the Utility Billing function continues to emphasize customer satisfaction by assisting customers with opening and closing accounts; processing payments and addressing customer questions at the front counter; and providing consistent high-quality customer service through various communication channels. Utility Billing staff also responds to general City Hall inquiries and refers City customers to the appropriate departments.

## **FY 2022-23 and 2023-24 Accomplishments**

- Continued to promote paperless billing and electronic payment enrollment. Over 76% of Citywide accounts are now enrolled online, of which, 68% are enrolled in paperless statements and 58% are now enrolled in autopay.
- Continued to promote the City's WaterSmart feature, allowing customers to monitor their water consumption in near real time.
- Completed water rates adjustment to ensure the City's water system's long-term sustainability.

## **FY 2024-25 and 2025-26 Activity Goals**

- Continue the implementation of the new Utility Billing system.
- Continue to promote paperless billing and electronic payment enrollment, and the City's WaterSmart feature.
- Continue to provide exceptional customer service to all customers within the City.
- Complete wastewater rate study to ensure sufficient funds are available for the much-needed capital projects, keep pace with the expenditures, and to ensure the City's wastewater system integrity and reliability.

## **Financial Comments**

The Utility Billing function is the responsibility of the Finance Division and is funded by water and wastewater utility user fees. This budget includes an additional 1.0 FTE Accounting Assistant I/II to adequately meet the coverage needs of our residents, as well to meet a high level of customer service. This will be partially offset by a decrease in part-time temporary salaries.

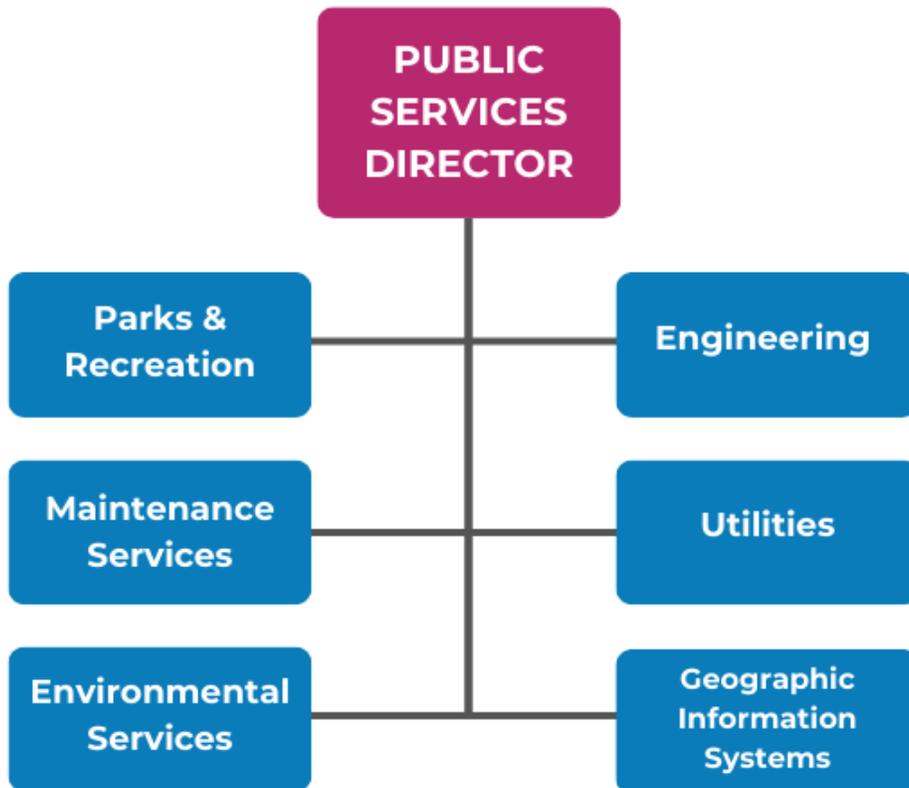
# Utility Billing (continued)

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
41100	Salaries-General	352,923	434,956	379,359	557,466	602,903
41271	Salaries-Part-Time Temp	140	20,000	41,500	11,000	-
41320	Salaries-Earned leave	9,578	9,961	9,961	18,356	19,090
41490	Overtime-General	1,871	-	5,000	2,500	2,500
41620	Retirement-General	74,774	82,463	82,320	127,956	137,764
41690	Deferred Compensation	6,345	7,907	9,557	18,646	19,676
41700	Group Insurance	65,020	85,599	86,401	136,581	154,003
41701	Medicare	5,091	6,619	6,159	8,455	9,371
41701	Medicare (PTT & OT)	-	-	-	196	36
41720	Other Post Employment Benefits (OPEB)	7,163	7,163	7,163	9,747	-
41730	Income Protection Ins	2,445	3,227	3,227	4,396	4,826
41760	Workers Comp	8,591	11,375	10,458	13,937	15,073
41760	Workers Comp (PTT & OT)	-	-	-	338	63
41799	Benefits	3,270	3,448	3,930	4,785	5,177
<b>Employee Services Total</b>		<b>537,211</b>	<b>672,718</b>	<b>645,035</b>	<b>914,357</b>	<b>970,482</b>
42214	Telephone	934	1,600	667	-	-
42231	Contract Services	102,660	107,790	64,500	68,600	71,250
42236	Bank and Merchant Fees	181,816	135,000	162,000	167,000	175,350
42244	Stationary & Office Supplies	2,425	3,600	2,500	2,500	2,500
42246	Computer Software-Non Cap	-	200	-	-	-
42248	Other Supplies	1,014	2,000	1,000	1,000	1,000
42250	Advertising	-	500	500	500	500
42252	Photocopying	60	-	100	100	100
42254	Postage & Freight	50,359	58,725	58,725	60,000	60,000
42257	Printing	1,479	1,400	1,400	1,400	1,400
42408	Training & Education	-	1,500	-	1,500	1,500
<b>Supplies &amp; Services Total</b>		<b>340,747</b>	<b>312,315</b>	<b>291,392</b>	<b>302,600</b>	<b>313,600</b>
43835	Furniture/Office Equip	1,882	-	-	-	-
43845	Computer Software	-	50,000	50,000	-	-
<b>Capital Outlay Total</b>		<b>1,882</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	22,679	24,040	24,040	39,290	43,219
45004	Building Maint - Current Services	40,066	40,066	40,066	74,021	62,607
45005	Building Maint.-Future Replacement	4,818	4,915	4,915	6,673	6,873
45009	Info System Services	34,783	39,982	39,982	63,736	67,195
45010	GF Admin	43,139	44,433	44,433	46,655	47,590
<b>Internal Services Total</b>		<b>145,485</b>	<b>153,436</b>	<b>153,436</b>	<b>230,374</b>	<b>227,484</b>
49241	Transfer Out-420 (Civic Center Debt)	4,184	4,169	4,169	5,996	6,065
<b>Transfers Total</b>		<b>4,184</b>	<b>4,169</b>	<b>4,169</b>	<b>5,996</b>	<b>6,065</b>
<b>650.5750 - Utility Billing Total</b>		<b>1,029,509</b>	<b>1,192,638</b>	<b>1,144,032</b>	<b>1,453,328</b>	<b>1,517,632</b>



# PUBLIC SERVICES

## Organizational Chart



# Public Services

## **Introduction to Department**

The Public Services Department consists of five operational divisions that provide direct services to the Community and management of all City-owned infrastructure. The five operational divisions work in an integrated approach to deliver significant services to the Community effectively and cost efficiently. The Department also includes the Geographic Information Systems Division (note: the budget description is included in the Internal Services Fund (ISF) section) and a small administrative team that supports Department-wide operations including business operations, fiscal planning, grant application/administration, communications and marketing, and infrastructure planning.

## **Functional Responsibilities**

### **Engineering Division**

The Engineering Division supports implementation and management of capital projects, oversight of construction of public improvements through the new development process, the issuance of permits for the City's rights-of-way, and engineering support to the Utilities and Maintenance Divisions. Financial divisions include:

- Infrastructure Planning, Operational Support and Traffic Congestion Management
- Land Development Engineering
- Capital Improvement Program (CIP) Project Implementation

### **Environmental Services Division**

Responsible for implementing the City's environmental priorities, supporting all operational divisions in meeting environmental requirements, and ensuring the City meets State mandates associated with stormwater pollution prevention and solid waste. Financial divisions include:

- Environmental Services (Solid Waste and Energy Efficiency)
- Stormwater Pollution Prevention
- Countywide Solid Waste
- Water Conservation

### **Maintenance Division**

Responsible for the day-to-day operations of all maintenance services for all areas of the City (outside of the utility system). Financial divisions include:

- Recreation Facilities Maintenance
- Downtown Maintenance
- Street Maintenance

# Public Services (continued)

- Parks and Open Space Maintenance
- Lighting and Landscaping District
- Community Facilities District
- Citywide Building Maintenance (located in ISF section of the budget)

## **Parks and Recreation Division** (formerly Recreation & Community Services)

Responsible for oversight of the use and management of the City’s recreation facilities, parks, and programs, as well as a variety of community service activities. The Division is also responsible for operating the City’s Recreation facilities at a high level of cost recovery to reduce the impact on other areas of the General Fund. Financial divisions include:

- Membership and Program Services
- Facility Rentals
- Innovative Transit
- Community Services

## **Utilities Division**

Responsible for the operation and the ongoing planning, maintenance, and operations of the City’s Water and Wastewater System. Financial divisions include:

- Wastewater Operations
- Water Operations

## **Financial Comments**

The Department has been significantly impacted by inflation and significant cost increases related to electricity, supplies and services, personnel, and insurance. The Department is approaching these increases through continued cost containment where possible and increased fees. The most significant adjustments include:

## **Utilities Division**

A current wastewater rate study is underway and increased water rates associated with significant increases in cost for pumping groundwater by Valley Water are planned.

# Public Services (continued)

## Parks and Recreation

To support increases in costs, the Department has planned increases in facility rental, program, and membership rates, including a 5% increase in Recreation Center membership units. Despite these increases, the cost recovery level for the Division is at 80% with a net impact of \$1.9 million for FY 2024-25, with improvement in cost recovery to 84% with a net impact of \$1.6 million for FY 2025-26. It is believed that cost recovery can continue to improve if inflationary trends stabilize in future years.

Additionally, remnant infrastructure funds from the former Residential Development Control System continue to decline. Maintenance funding for open space, storm systems, parks and sidewalks totaling over \$1 million annually is anticipated to be reduced and depleted within the next few years creating an additional impact on the General Fund.

# Public Services Engineering Division



# Public Services

## Engineering Services

### Appropriations Summary

	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Year End Projection	Adopted	Adopted
Employee Services	\$ 2,832,052	\$ 3,233,839	\$ 2,977,935	\$ 3,545,743	\$ 3,755,568
Supplies & Services	507,400	444,665	404,238	425,626	355,434
Capital Outlay	6,760	-	-	-	-
Internal Service	740,590	766,496	686,496	776,529	786,908
Transfers Out	15,253	15,197	15,197	15,780	15,962
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,102,055</b>	<b>\$ 4,460,197</b>	<b>\$ 4,083,866</b>	<b>\$ 4,763,678</b>	<b>\$ 4,913,872</b>
Infrastructure Planning, Operational Support and					
Traffic Congestion Management	\$ 353,782	\$ 415,141	\$ 425,545	\$ 555,166	\$ 547,566
Land Development Engineering	1,892,216	1,984,010	1,666,316	1,623,997	1,672,053
Capital Project Implementation	1,856,058	2,061,046	1,992,005	2,584,516	2,694,253
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>\$ 4,102,055</b>	<b>\$ 4,460,197</b>	<b>\$ 4,083,866</b>	<b>\$ 4,763,678</b>	<b>\$ 4,913,872</b>
<b>FULL TIME EQUIVALENT EMPLOYEES</b>	<b>13.440</b>	<b>13.440</b>	<b>13.440</b>	<b>14.180</b>	<b>14.430</b>

# Engineering Division

## Infrastructure Planning, Operational Support and Traffic Congestion Management

010.6110

### Division Description

This Division is responsible for supporting the planning for City Infrastructure in the areas of Water, Wastewater, Transportation/Traffic, Storm Drainage, Parks, and Recreation facilities. Additionally, the Division is responsible for providing engineering support to the operating divisions which maintain the City's infrastructure. Traffic Congestion Management is still an activity of the Division, which includes the City's share of funding paid to the Santa Clara Valley Transportation Authority (VTA) Congestion Management Program (CMP).

It is important to note that the Division provides the function for the work outlined, but no dedicated staff. Limited portions of staff time from the Public Services Director, City Engineer, and support staff are dedicated to the overall infrastructure planning function.

The Infrastructure Planning budget consists primarily of salaries for staff supporting the activities in this area. The approximate annual payment due to VTA as the City's share of regional congestion management services is also included in this budget. The City provides the required annual report and participation in regional transportation meetings.

### FY 2022-23 and 2023-24 Accomplishments

- Supported the update to the Wastewater System Master Plan.
- Participated in VTA activities to facilitate City compliance with the CMP.
- Provided support to Morgan Hill's representative on the VTA Board, Policy Advisory Committee, Technical Advisory Committee, and the South County Board Briefing team.
- Coordinated the commencement of the City's first Transportation Master Plan.

# Infrastructure Planning, Operational Support and Traffic Congestion Management (continued)

## **FY 2024-25 and 2025-26 Activity Goals**

- Develop the City's first Transportation Master Plan.
- Initiate the updates of the City's Parks and Recreation Master Plan and Storm System Master Plan.
- Continue to provide assistance as needed to Morgan Hill's representative on the VTA Board, Policy Advisory Committee, Technical Advisory Committee, and the South County Board Briefing team.
- Support elected officials and City staff appointed to committees relating to infrastructure and transportation.

## **Financial Comments**

Funding for the Division is provided through the General Fund and the various impact and infrastructure funds for the long-range planning of City infrastructure.

# Infrastructure Planning, Operational Support and Traffic Congestion Management (continued)

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
41100	Salaries-General	177,096	189,686	188,878	201,997	245,439
41271	Salaries-Part-Time Temp	-	50,000	50,000	51,500	53,045
41320	Salaries-Earned leave	11,620	12,085	12,085	14,716	15,305
41490	Overtime-General	3,859	400	400	500	500
41620	Retirement-General	37,732	40,817	40,298	46,238	56,081
41690	Deferred Compensation	3,485	3,483	5,418	6,862	7,327
41700	Group Insurance	13,744	18,588	17,665	21,888	32,277
41701	Medicare	2,757	3,539	3,666	2,973	3,762
41701	Medicare (PTT & OT)	-	-	-	754	776
41720	Other Post Employment Benefits (OPEB)	2,219	2,219	2,219	2,220	-
41730	Income Protection Ins	947	1,045	1,045	1,090	1,678
41760	Workers Comp	4,524	6,003	6,085	5,050	6,136
41760	Workers Comp (PTT & OT)	-	-	-	2,600	2,677
41799	Benefits	2,680	2,517	3,170	2,987	3,566
41800	Uniform	-	-	-	250	250
<b>Employee Services Total</b>		<b>260,662</b>	<b>330,382</b>	<b>330,929</b>	<b>361,625</b>	<b>428,820</b>
42231	Contract Services	11,469	1,031	12,000	90,000	12,000
42257	Printing	-	-	-	10,000	10,000
42423	Membership & Dues	31,761	32,873	31,761	33,031	34,353
<b>Supplies &amp; Services Total</b>		<b>43,230</b>	<b>33,904</b>	<b>43,761</b>	<b>133,031</b>	<b>56,353</b>
45003	General Liability Insurance	7,027	7,450	7,450	8,947	9,842
45004	Building Maint - Current Services	12,415	12,415	12,415	15,391	13,017
45005	Building Maint.-Future Replacement	1,493	1,523	1,523	1,387	1,429
45007	GIS	16,879	15,786	15,786	19,024	18,216
45009	Info System Services	10,778	12,389	12,389	14,514	18,628
<b>Internal Services Total</b>		<b>48,592</b>	<b>49,563</b>	<b>49,563</b>	<b>59,263</b>	<b>61,132</b>
49241	Transfer Out-420 (Civic Center Debt)	1,297	1,292	1,292	1,247	1,261
<b>Transfers Total</b>		<b>1,297</b>	<b>1,292</b>	<b>1,292</b>	<b>1,247</b>	<b>1,261</b>
<b>010.6110 - Infrastructure Planning, Operational Support and Traffic Congestion Management Total</b>						
		<b>353,782</b>	<b>415,141</b>	<b>425,545</b>	<b>555,166</b>	<b>547,566</b>

# Engineering Division

## Land Development Engineering

206.5410

### **Division Description**

Land Development Engineering undertakes activities such as mapping and subdivision services, development review/inspection services, and floodplain management services. Team members answer questions, provide technical guidance to those considering development, provide one-stop processing for approval of certain development activities, and support to other City departments when required. While a part of the Public Services Department, the Division strives to work as an integrated component of the development process and works extremely close with the Planning and Building Divisions within the Development Services Department. It is the responsibility of the Division to meet the legal requirements for efficient review of development projects, while ensuring that quality public infrastructure is constructed for the City. Land Development Engineering also supports all developer-initiated construction activities in the public right-of-way.

The Land Development Engineering Division is funded by development processing, review, and inspection fees. The Division is supported by four engineers with Land Development as their primary assignment. The Division is also supported by several staff augmentation service contracts for two types of on-call services: engineering plan review and technical support services, and map review and City Surveyor services.

Division activities include:

- Checking, approving, and keeping all improvement plans prepared by consultants.
- Reviewing all private land development activities for conformance with City standards.
- Checking and processing for approval of all maps for compliance with the Subdivision Map Act.
- Reviewing building permit applications and proposals that are filed with the City's Building Division.
- Providing technical support to the Environmental Programs team for the City's National Pollution Discharge Elimination System (NPDES) Program.
- Reviewing private land development activities located in 100-year flood hazard areas for compliance with the Federal Emergency Management Agency (FEMA) National Flood Insurance Program's minimum construction standards and with the City's Flood Damage Prevention Ordinance.

# Land Development Engineering (continued)

## **FY 2022-23 and 2023-24 Accomplishments**

- Published a new Request for Qualifications (RFQ) in March 2024 to generate a new list of on-call consultants to assist the Division in engineering plan reviews, mapping reviews, and provide other technical support on an as-needed basis.
- Updated the City's water meter objective criteria for SB 330 housing development applications to standardize the water meter requirements for each housing type.
- Revised the Division's process of recording final maps and associated agreements for a smooth hand-off of documents to developer's title company and timely recordation of documents at the County Recorder's office.
- Started to perform Engineering fee transactions using the financial module of the City's permit system (TRAKiT) to replace manual fee entries and collection by the Finance Department.
- As of March 2024, reviewed seven Preliminary SB330 residential applications, 19 Design Review applications, six Design Amendments, five Use Permit applications, eight Tentative Maps, 117 Building Permit applications (34 Residential plot plans, 19 Accessory Dwelling Units or ADUs, 38 commercial applications, and 26 other applications), nine Grading & Site Development Permit applications, five Master Plans, and processed Offsite Improvement Plans for eight residential projects and one commercial project, and seven Final Maps.

## **FY 2024-25 and 2025-26 Activity Goals**

- Improve the Division's review turn-around times for Planning, Building, and Engineering permit applications.
- Continue to provide the Planning Division with updates to Engineering-related objective criteria for SB 330 housing development applications to ensure that projects comply with the new and updated City standards.
- Continue to provide input on planned updates to City's Infrastructure Master Plans and on-going Transportation Master Plan.
- Draft proposed updates to City's Municipal Code related to the undergrounding of existing overhead utility lines.

## Land Development Engineering (continued)

### Financial Comments

One former contract service (stormwater active construction inspections) has been brought in-house and will be performed by the Environmental Services staff but funded from development fees within the Division.

# Land Development Engineering (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	784,554	885,237	721,155	761,819	799,061
41271	Salaries-Part-Time Temp	43,751	25,000	40,000	15,300	16,100
41310	Salaries-Other	-	-	-	-	-
41320	Salaries-Earned leave	36,044	37,485	37,485	44,265	46,036
41490	Overtime-General	3,854	1,500	2,500	2,500	2,500
41620	Retirement-General	174,123	190,044	181,747	174,859	182,586
41690	Deferred Compensation	15,610	14,331	19,317	23,702	24,553
41700	Group Insurance	79,467	104,880	87,403	93,383	98,897
41701	Medicare	12,402	13,733	11,531	11,092	11,714
41701	Medicare (PTT & OT)	-	-	-	258	270
41720	Other Post Employment Benefits (OPEB)	10,875	10,875	10,875	9,438	-
41730	Income Protection Ins	4,589	4,982	4,982	4,426	4,426
41760	Workers Comp	20,804	22,744	19,475	19,046	19,977
41760	Workers Comp (PTT & OT)	-	-	-	445	465
41799	Benefits	6,779	6,332	7,399	7,441	7,441
41800	Uniform	125	-	-	-	-
<b>Employee Services Total</b>		<b>1,192,976</b>	<b>1,317,143</b>	<b>1,143,869</b>	<b>1,167,974</b>	<b>1,214,026</b>
42214	Telephone	1,732	-	1,225	-	-
42228	Gasoline & Oil	804	1,000	1,000	1,000	1,030
42231	Contract Services	405,137	354,335	298,983	243,890	251,207
42236	Bank and Merchant Fees	4,683	1,000	1,000	1,000	1,000
42244	Stationary & Office Supplies	328	1,500	1,000	1,000	1,000
42245	Computer Hardware-Non Cap	60	-	-	-	-
42246	Computer Software-Non Cap	1,197	620	600	600	600
42248	Other Supplies	2,242	2,250	-	-	-
42252	Photocopying	53	250	250	250	250
42254	Postage & Freight	62	6,600	4,250	250	250
42257	Printing	178	9,100	6,000	500	500
42261	Auto Mileage	101	155	200	200	200
42299	Other Expense	995	1,000	500	500	500
42408	Training & Education	7	1,050	500	500	500
42415	Conference & Meetings	256	1,300	250	1,700	1,700
42423	Membership & Dues	1,026	1,400	1,400	1,655	757
42435	Subscription & Pub.	895	100	-	-	-
42526	Maint-Autos/Trucks	-	-	82	250	250
<b>Supplies &amp; Services Total</b>		<b>419,756</b>	<b>381,660</b>	<b>317,240</b>	<b>253,295</b>	<b>259,744</b>
43835	Furniture/Office Equip	2,359	-	-	-	-
<b>Capital Outlay Total</b>		<b>2,359</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	35,073	37,180	37,180	38,045	41,850
45004	Building Maint - Current Services	60,832	60,832	60,832	71,676	60,624
45005	Building Maint.-Future Replacement	7,316	7,462	7,462	6,461	6,655
45007	GIS	33,759	31,572	31,572	19,024	18,216
45009	Info System Services	53,791	61,831	61,831	61,716	65,066
45010	GF Admin	80,000	80,000	-	-	-
<b>Internal Services Total</b>		<b>270,771</b>	<b>278,877</b>	<b>198,877</b>	<b>196,922</b>	<b>192,410</b>
49241	Transfer Out-420 (Civic Center Debt)	6,353	6,330	6,330	5,806	5,873
<b>Transfers Total</b>		<b>6,353</b>	<b>6,330</b>	<b>6,330</b>	<b>5,806</b>	<b>5,873</b>
<b>206.5410 - Land Development Engineering</b>						
<b>Total</b>		<b>1,892,216</b>	<b>1,984,010</b>	<b>1,666,316</b>	<b>1,623,997</b>	<b>1,672,053</b>

# Engineering Division

## Capital Project Implementation

745.8280

### Division Description

The Engineering Team implements the City's Capital Improvement Program (CIP). These activities include upfront planning for the CIP, producing bid documents (plans, specifications, cost estimates) for capital projects, and managing the construction of the projects from beginning to completion. The Engineers and Technicians supporting the CIP section also provide support services to teammates in other departments within the City and to the City Manager including technical advice, documentation research, preparation of exhibits, and attendance at meetings when necessary. In addition, the CIP Project Implementation Engineering Team responds to inquiries from the Community on a regular basis and review and process encroachment permit applications.

The CIP Project Implementation Engineering Team is augmented by consultants as needed for technical specialty work or time-constrained projects. In addition, using in-house and contract support, the Division provides inspection services for all CIP projects.

The CIP Engineering Team is responsible for community engagement and communication with the general public regarding projects that are in the planning, design, and construction stages of development. This outreach includes meetings with the public, meetings with specific affected property owners and businesses, notices and letters, keeping the project pages on the City website updated and accurate and use of electronic communications and social media.

### FY 2022-23 and 2023-24 Accomplishments

- Completed construction of the Magical Bridge Playground.
- Completed the 2022 pavement rehabilitation project paving sections of three arterial streets, three collector streets, and 15 residential streets and 2023 Pavement Rehabilitation Project rehabilitating significant roadways in the LaCrosse area, Main Avenue between Monterey and Butterfield and other significant areas.
- Completed First Phase of Hale Avenue Extension Project opening a new roadway and multi-use trail between Spring Avenue and West Dunne Avenue.
- Completed 2020 Inflow and Infiltration Sewer Project repairing or replacing 6,000 feet of sewer line across the City.
- Completed Fisher Basin Expansion Project, supporting future flood protection to residents in the northern part of the City.

# Capital Project Implementation (continued)

## **FY 2024-25 and 2025-26 Activity Goals**

- Implement the approved Capital Improvement Program by planning, designing, implementing, and completing projects outlined within the Capital Improvement Budget.
- Support encroachment permitting for the City.

## **Financial Comments**

The proposed CIP program is \$60.7 million in FY 2024-25 and \$108.5 million in FY 2025-26. The proposed budgets for Project Implementation (8280) are focused on delivering a variety of water and wastewater projects citywide, along with several parks and recreation facilities projects. In addition, the CIP includes nearly \$4.0 million in FY 2024-25 and \$7.0 million in FY 2025-26 in pavement/roadway maintenance. The pavement project in FY 2025-26 includes a \$4.0 million OBAG III Grant. The Capital Improvement Program has experienced a loss of ongoing revenues from commitments from development related to the City's Residential Development Control System. This loss of funding has significantly reduced the number of public improvement projects funded through the CIP.

## Capital Project Implementation (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	855,387	1,020,073	959,087	1,273,513	1,337,720
41271	Salaries-Part-Time Temp	117,599	100,000	100,000	103,000	106,090
41320	Salaries-Earned leave	36,938	38,415	38,415	61,967	64,446
41490	Overtime-General	10,644	4,000	1,500	4,000	4,000
41620	Retirement-General	197,018	219,499	213,620	291,861	323,453
41690	Deferred Compensation	16,427	15,084	27,114	40,289	39,988
41700	Group Insurance	76,737	117,928	93,765	150,457	158,898
41701	Medicare	14,781	16,910	15,378	19,144	20,199
41701	Medicare (PTT & OT)	-	-	-	1,552	1,596
41720	Other Post Employment Benefits (OPEB)	15,853	14,023	14,023	15,710	-
41730	Income Protection Ins	4,973	5,848	5,848	7,770	7,769
41760	Workers Comp	24,591	28,102	25,584	31,839	33,444
41760	Workers Comp (PTT & OT)	-	-	-	2,675	2,752
41799	Benefits	6,647	6,432	8,703	12,368	12,368
41800	Uniform	819	-	100	-	-
<b>Employee Services Total</b>		<b>1,378,414</b>	<b>1,586,314</b>	<b>1,503,137</b>	<b>2,016,145</b>	<b>2,112,723</b>
42214	Telephone	6,038	-	6,500	2,400	2,472
42228	Gasoline & Oil	5,505	3,000	4,500	4,500	4,640
42231	Contract Services	18,232	10,161	18,500	18,500	18,500
42244	Stationary & Office Supplies	1,306	2,000	1,500	1,500	1,500
42245	Computer Hardware-Non Cap	4,503	-	12	-	-
42246	Computer Software-Non Cap	1,346	2,320	1,500	1,500	1,500
42248	Other Supplies	2,747	2,000	1,000	1,000	1,000
42252	Photocopying	1,360	2,000	1,500	1,500	1,500
42254	Postage & Freight	146	250	250	250	250
42257	Printing	135	500	500	500	500
42261	Auto Mileage	55	150	150	150	150
42299	Other Expense	126	250	250	250	250
42408	Training & Education	1,132	1,570	2,000	2,000	2,000
42415	Conference & Meetings	256	1,750	2,000	2,000	2,000
42423	Membership & Dues	999	900	900	900	900
42435	Subscription & Pub.	-	250	175	350	175
42526	Maint-Autos/Trucks	528	2,000	2,000	2,000	2,000
<b>Supplies &amp; Services Total</b>		<b>44,414</b>	<b>29,101</b>	<b>43,237</b>	<b>39,300</b>	<b>39,337</b>
43835	Furniture/Office Equip	4,400	-	-	-	-
<b>Capital Outlay Total</b>		<b>4,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	44,400	47,060	47,060	63,330	69,663
45004	Building Maint - Current Services	72,795	72,795	72,795	107,734	91,122
45005	Building Maint.-Future Replacement	8,754	8,929	8,929	9,712	10,003
45006	Fleet Replacement	13,374	13,976	13,976	23,087	24,126
45007	GIS	33,759	31,572	31,572	19,024	18,216
45009	Info System Services	68,097	78,274	78,274	102,734	121,616
45010	GF Admin	180,049	185,450	185,450	194,723	198,620
<b>Internal Services Total</b>		<b>421,227</b>	<b>438,056</b>	<b>438,056</b>	<b>520,344</b>	<b>533,365</b>
49241	Transfer Out-420 (Civic Center Debt)	7,603	7,575	7,575	8,727	8,828
<b>Transfers Total</b>		<b>7,603</b>	<b>7,575</b>	<b>7,575</b>	<b>8,727</b>	<b>8,828</b>
<b>745.8280 - Capital Project Implementation</b>						
<b>Total</b>		<b>1,856,058</b>	<b>2,061,046</b>	<b>1,992,005</b>	<b>2,584,516</b>	<b>2,694,253</b>

# Public Services Environmental Services Division



# Public Services

## Environmental Services

### Appropriations Summary

	FY 22-23	FY 23-24	FY 23-24 Year End	FY 24-25	FY 25-26
	Actual	Amended	Projection	Adopted	Adopted
Employee Services	\$ 980,897	\$ 1,240,839	\$ 1,042,741	\$ 1,641,401	\$ 1,572,867
Supplies & Services	1,317,380	2,788,648	2,088,766	2,232,023	2,192,505
Capital Outlay	2,720	-	-	70,000	-
Internal Service	230,131	240,624	240,624	273,693	270,970
Transfers Out	399,587	475,562	479,236	546,882	570,591
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,930,714</b>	<b>\$ 4,745,673</b>	<b>\$ 3,851,367</b>	<b>\$ 4,763,999</b>	<b>\$ 4,606,933</b>
Environmental Programs	\$ 243,919	\$ 907,406	\$ 507,178	\$ 1,058,289	\$ 734,702
Countywide Solid Waste (010.5815)	375,622	472,354	401,244	540,327	563,961
Stormwater Pollution Prevention	471,594	561,335	443,508	453,069	469,415
Countywide Solid Waste (246.5820)	1,555,760	2,078,493	2,107,170	2,296,144	2,407,568
Water Conservation	283,819	726,085	392,266	416,169	431,288
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>\$ 2,930,714</b>	<b>\$ 4,745,673</b>	<b>\$ 3,851,367</b>	<b>\$ 4,763,999</b>	<b>\$ 4,606,933</b>
<b>FULL TIME EQUIVALENT EMPLOYEES</b>	<b>4.86</b>	<b>6.31</b>	<b>6.31</b>	<b>6.52</b>	<b>6.52</b>

# Environmental Services Division

## Environmental Services

010.5800

### **Division Description**

The Environmental Services Division (ESD) is responsible for oversight of the City's franchise agreement for solid waste management services and waste reduction programs needed to meet the legal requirements of the California Integrated Waste Management Act of 1989 (AB 939) and the California Short-Lived Climate Pollutant Reduction Law of 2016 (SB 1383). These programs include source reduction, recycling, composting, public education, and household hazardous waste management. Ensuring that solid wastes, including organics and household hazardous wastes, are properly collected, recycled, and managed is a core service protecting public health. Nearly every household participates in the recycling program and over 10% of all households now participate annually in the household hazardous waste management program. In addition to supporting the City of Morgan Hill, Division staff also provide limited support to the City of Gilroy through a contract for these services.

The other major activity of the Division is to support climate action, energy efficiency, renewable energy generation, and the City's participation in Silicon Valley Clean Energy (SVCE) and regional sustainability efforts. In December 2021, the City approved a Climate Action Plan (CAP) with the main goal to reduce Morgan Hill's net CO<sub>2</sub> emissions in the building and transportation sectors 35% below the 2020 baseline level by 2030 and 100% below the 2020 baseline level by 2045.

### **FY 2022-23 and 2023-24 Accomplishments**

- ESD engaged with grant opportunities which resulted in approximately \$2.2 million of grant funds being awarded to the City from 2022-2024.
  - Department of Water Resources (DWR) grant has enabled the City to implement the Butterfield Basin Retrofit Project to comply with State trash capture requirements, increase groundwater infiltration, and reduce local flooding.
  - Silicon Valley Clean Energy (SVCE) grant has enabled the City to hire a part-time environmental specialist focused on implementing the goals of the City's adopted Climate Action Plan (CAP). Achievements have included hosting the first annual Clean Air Week, design and roll-out of the Induction Cooktop Loaner Program, meaningful engagement and partnerships with Community groups on clean energy topics, and more.

## **Environmental Services (continued)**

- SB 1383 CalRecycle grant has enabled the City to complete a Food Waste Prevention Study at multifamily properties while providing an accessible resource for understanding SB 1383 compliance at these properties.
- ESD worked with Freewire Technologies to finalize a contract that resulted in the installation of the City's first fast charger located in the City parking garage. The charger can fully charge an electric vehicle within 15 minutes.
- ESD worked with the City's Trash Hauler to design and establish new programs and workflows that will ensure compliance with SB 1383 organics recycling requirements.
- ESD worked with Valley Water, local artists, and contractors to finalize installation of artwork and amenities along West Little Llagas Creek which was funded in part by a grant awarded in 2018 by California State Parks.

### **FY 2024-25 and 2025-26 Activity Goals**

- Continue to engage in grant opportunities to ensure the Community benefits from the significant amount of funding that is available.
- Continue to orchestrate implementation of the new and significant organic waste management regulations adopted by the State under SB1383.
- Monitor the marketing of collected recyclables and adjust the City's recycling programs in order to comply with SB 54 and to maximize waste diversion and avoid the disposal of recyclables.
- Highlight local businesses and organizations that accept household hazardous waste to diversify opportunities for disposal.
- Continue implementation of the City's CAP at a level defined by the resources available.

### **Financial Comments**

In addition to the General Fund, other revenue sources for this program include waste tipping fees, CalRecycle Beverage Container Payment Program, CalRecycle SB 1383 LAP Grant, SVCE Grant, and service contract fees from the City of Gilroy. This program also receives implementation funds through the trash hauler contract to support solid waste programs which are mandated by the State. Implementation funds for FY 2024-25 will cover additional staff for SB 1383 compliance activities.

# Environmental Services (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	112,177	124,377	130,148	276,151	297,579
41271	Salaries-Part-Time Temp	23,914	19,000	26,179	222,133	77,068
41320	Salaries-Earned leave	2,844	2,958	2,958	3,991	4,151
41620	Retirement-General	24,280	26,763	27,583	63,384	67,999
41690	Deferred Compensation	2,151	2,379	2,593	6,127	6,527
41700	Group Insurance	15,272	13,305	21,868	63,309	67,084
41701	Medicare	2,076	2,102	2,278	4,536	4,901
41701	Medicare (PTT & OT)	-	-	-	3,221	1,117
41720	Other Post Employment Benefits (OPEB)	1,866	1,866	1,866	4,767	-
41730	Income Protection Ins	794	963	963	2,885	2,885
41760	Workers Comp	3,402	3,584	3,819	6,904	7,440
41760	Workers Comp (PTT & OT)	-	-	-	5,553	1,927
41799	Benefits	460	470	1,556	3,730	3,730
<b>Employee Services Total</b>		<b>189,237</b>	<b>197,767</b>	<b>221,811</b>	<b>666,691</b>	<b>542,408</b>
42210	Water/Sewer	-	-	-	4,000	4,000
42218	Underground Tank Fee	2,134	-	-	-	-
42228	Gasoline & Oil	-	125	-	-	-
42231	Contract Services	11,979	278,039	188,036	176,643	82,714
42244	Stationary & Office Supplies	324	-	-	200	200
42246	Computer Software-Non Cap	-	144	-	-	-
42248	Other Supplies	3,870	5,200	7,200	36,741	5,525
42250	Advertising	3,413	2,905	3,044	2,992	3,082
42252	Photocopying	347	788	27	800	800
42254	Postage & Freight	337	5,200	1,400	1,400	1,400
42257	Printing	1,231	4,465	2,500	4,599	4,737
42261	Auto Mileage	195	230	150	230	230
42299	Other Expense	146	380,000	50,000	1,200	1,200
42408	Training & Education	900	1,200	1,200	1,800	1,800
42415	Conference & Meetings	1,270	1,500	1,500	8,000	3,000
42423	Membership & Dues	-	200	775	800	800
42435	Subscription & Pub.	337	158	50	158	158
42526	Maint-Autos/Trucks	60	-	-	1,000	1,000
<b>Supplies &amp; Services Total</b>		<b>26,544</b>	<b>680,154</b>	<b>255,882</b>	<b>240,563</b>	<b>110,646</b>
43830	Auto/Trucks	-	-	-	70,000	-
43835	Furniture/Office Equip	380	-	-	-	-
<b>Capital Outlay Total</b>		<b>380</b>	<b>-</b>	<b>-</b>	<b>70,000</b>	<b>-</b>
45003	General Liability Insurance	5,909	6,260	6,260	19,217	21,139
45004	Building Maint - Current Services	10,440	10,440	10,440	21,547	18,224
45005	Building Maint.-Future Replacement	1,255	1,281	1,281	1,942	2,001
45006	Fleet Replacement	-	-	-	5,410	5,653
45009	Info System Services	9,063	10,418	10,418	31,174	32,866
<b>Internal Services Total</b>		<b>26,667</b>	<b>28,399</b>	<b>28,399</b>	<b>79,290</b>	<b>79,883</b>
49241	Transfer Out-420 (Civic Center Debt)	1,090	1,086	1,086	1,745	1,766
<b>Transfers Total</b>		<b>1,090</b>	<b>1,086</b>	<b>1,086</b>	<b>1,745</b>	<b>1,766</b>
<b>010.5800 - Environmental Services Total</b>		<b>243,919</b>	<b>907,406</b>	<b>507,178</b>	<b>1,058,289</b>	<b>734,702</b>

# Environmental Services

**Countywide**

**246.5820**

**Solid Waste Services**

**010.5815**

## **Division Description**

In July 2021, City of Morgan Hill staff began providing the Technical Advisory Committee (TAC) Administrator and Contracting Agent roles for the countywide solid waste management program. The City was awarded these roles by the County Implementation Committee and Recycling and Waste Reduction Commission (RWRC). TAC's primary purpose is to implement the Annual Workplan and Budget approved by the RWRC, to advise RWRC on technical and policy issues related to solid waste management and recycling, and to bring together a spectrum of viewpoints and expertise in the processes of establishing strategies for compliance to solid waste regulations, developing programs, conducting policy review, and performing duties as directed by the RWRC.

As TAC Administrator and Contracting Agent, the City is responsible for coordinating the meeting agendas and logistics for all of the countywide solid waste advisory bodies. In addition, the City now leads procurement and contracting efforts for a mix of consulting and service contracts serving the countywide program.

## **FY 2022-23 and 2023-24 Accomplishments**

- Led the TAC agencies through three separate MOU processes to improve regional program operations and services including: 1) establishment of a regional teleconference policy; 2) establishment of a one-year Food Recovery Program to prevent gaps in service and non-compliance with state-mandates that require the program; and 3) establishment of a collaborative long-term countywide Food Recovery Program for compliance with SB 1383.
- Worked with agencies and organizations to reprogram the legacy RWRC budget cycle to align better with Morgan Hill internal budget processes.
- Evaluated scope of services provided by the program and created an RWRC Fellowship position to increase support and provide continued excellent service.
- Led TAC through implementation of the FY 2022-23 and 2023-24 approved budgets.

**Countywide**  
**Solid Waste Services**

**246.5820**  
**010.5815**

**FY 2024-25 and 2025-26 Activity Goals**

- Lead TAC through implementation of the FY 2024-25 and 2025-26 approved budgets.
- Continue to evaluate internal processes for program administration.
- Continue to refine the internal Countywide Solid Waste Program Handbook that clearly defines roles, goals, and objectives for the TAC Administrator and Contracting Agent roles.
- Establish remote meetings for the RWRC Technical Advisory Committee, and Implementation Committee.

**Financial Comments**

As Fiscal Agent, the County is the entity authorized and responsible for collecting County solid waste fees from local disposal sites. The City sends a Fund Transfer Request quarterly to the County to cover costs related to the City’s role as TAC Administrator and Contracting Agent as well as all contract costs. These revenues come into Fund 246. The City’s external costs, primarily contracts, are budgeted in 246.5820 while the City’s internal costs, primarily staff and office related, are budgeted in 010.5815.

## Countywide Solid Waste Services (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	227,567	320,195	193,186	261,825	277,999
41271	Salaries-Part-Time Temp	3,082	2,000	28,000	45,808	48,098
41320	Salaries-Earned leave	2,524	2,625	2,625	2,460	2,558
41490	Overtime-General	112	-	151	-	-
41620	Retirement-General	44,672	48,312	45,859	59,706	63,102
41690	Deferred Compensation	4,520	4,485	4,114	5,940	6,258
41700	Group Insurance	32,111	30,436	43,341	47,397	50,207
41701	Medicare	3,386	3,293	3,164	3,753	4,029
41701	Medicare (PTT & OT)	-	-	-	664	697
41720	Other Post Employment Benefits (OPEB)	2,845	2,845	2,845	3,030	-
41730	Income Protection Ins	1,510	1,430	1,430	1,552	1,552
41760	Workers Comp	5,769	5,663	5,459	6,545	6,950
41760	Workers Comp (PTT & OT)	-	-	-	1,145	1,202
41799	Benefits	1,471	1,357	1,795	1,849	1,849
<b>Employee Services Total</b>		<b>329,570</b>	<b>422,641</b>	<b>331,969</b>	<b>441,674</b>	<b>464,502</b>
42214	Telephone	277	-	600	610	630
42231	Contract Services	117	-	7,452	19,557	20,535
42246	Computer Software-Non Cap	-	762	3,262	861	904
42248	Other Supplies	53	-	-	-	-
42252	Photocopying	3	-	200	-	-
42261	Auto Mileage	581	-	-	4,017	4,218
42299	Other Expense	1,306	1,500	11,610	7,941	8,338
42415	Conference & Meetings	1,023	2,500	1,200	6,686	7,020
<b>Supplies &amp; Services Total</b>		<b>3,360</b>	<b>4,762</b>	<b>24,324</b>	<b>39,672</b>	<b>41,645</b>
43835	Furniture/Office Equip	380	-	-	-	-
<b>Capital Outlay Total</b>		<b>380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	9,008	9,550	9,550	12,215	13,437
45004	Building Maint - Current Services	15,913	15,913	15,913	23,013	19,464
45005	Building Maint.-Future Replacement	1,914	1,952	1,952	2,075	2,137
45009	Info System Services	13,815	15,880	15,880	19,815	20,890
<b>Internal Services Total</b>		<b>40,650</b>	<b>43,295</b>	<b>43,295</b>	<b>57,117</b>	<b>55,928</b>
49241	Transfer Out-420 (Civic Center Debt)	1,662	1,656	1,656	1,864	1,886
<b>Transfers Total</b>		<b>1,662</b>	<b>1,656</b>	<b>1,656</b>	<b>1,864</b>	<b>1,886</b>
<b>010.5815 - Countywide Solid Waste Program</b>						
<b>Total</b>		<b>375,622</b>	<b>472,354</b>	<b>401,244</b>	<b>540,327</b>	<b>563,961</b>

# Environmental Services Division

## Stormwater Pollution Prevention

**232.5810**

### **Division Description**

The Stormwater Pollution Prevention program is responsible for ensuring that the City is operating in compliance with State and Federal Laws which prevent and reduce pollution in stormwater runoff. As mandated by the Federal Clean Water Act and enforced by the State Water Quality Control Board, stormwater pollution prevention activities are designed to keep a broad range of pollutants away from local streams and creeks. In addition to public education activities, the stormwater program addresses street sweeping, trash capture, places rules on the design and construction of new development, monitors spills and general water quality in creeks through inspections and sampling and requires that the City ensure that City operations reduce or eliminate stormwater pollution.

It is anticipated that in FY 2024-25 a new Stormwater Permit will be released by the State with new programs that may require additional resources with potential associated costs for the Division.

Since stormwater pollution prevention reduces water pollution and keeps pollutants from being improperly discharged into the sewer system, funding for this activity comes from transfers out of the Water and Sewer funds in addition to a transfer from the General Fund. Additionally, the Division is directly responsible for supporting the Utilities Division for wastewater sampling in creeks, management of the sewer lateral retrofit program, sewer lateral repair grant program, storm water compliance at corporation yard and various other program areas. In January 2021 the City began charging the Annual Stormwater Administration Fee to cover costs related to the Post Construction Stormwater Treatment Inspection Program.

### **FY 2022-23 and 2023-24 Accomplishments**

- Completed analysis of trash capture options throughout the City and began planning for design and installation to meet State regulatory requirements.
- Designed two special projects to help the City understand bacteria loads in the local watershed and address non-compliance with bacteria wasteload allocations.
- Established an in-house construction inspection program.

# Stormwater Pollution Prevention (continued)

## **FY 2024-25 and 2025-26 Activity Goals**

- Work with Santa Clara County and City of Gilroy on implementing regulatory requirements as required by the State and Regional Board.
- Establish a plan for compliance with the new Phase II Permit when it is issued by the State Water Board, anticipated in 2024 or 2025.
- Support with implementation of strategy to comply with the Trash Amendments before the 2030 compliance deadline, while meeting all milestones along the way.
- Continue to implement strategies to reasonably address fecal indicator bacteria pollutants resulting from homeless encampments as directed by the Regional Water Board.

## **Financial Comments**

The new Stormwater Permit will include new provisions and programs that extend beyond the scope of the current Stormwater Pollution Prevention program. Additional resources will likely be needed for implementation of new provisions and programs, however, to what degree is currently unknown.

# Stormwater Pollution Prevention (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	180,234	242,280	142,212	168,080	181,332
41271	Salaries-Part-Time Temp	29,253	15,360	38,453	15,821	16,295
41320	Salaries-Earned leave	1,616	1,681	1,681	1,884	1,959
41490	Overtime-General	410	500	500	500	500
41620	Retirement-General	45,055	52,134	45,235	38,582	41,436
41690	Deferred Compensation	3,557	3,236	2,931	3,868	4,079
41700	Group Insurance	17,270	41,714	18,863	42,207	44,692
41701	Medicare	3,198	4,134	2,620	2,970	3,198
41701	Medicare (PTT & OT)	-	-	-	237	244
41720	Other Post Employment Benefits (OPEB)	4,590	4,590	4,590	2,567	-
41730	Income Protection Ins	1,360	1,712	1,712	1,929	1,929
41760	Workers Comp	5,247	6,454	4,437	4,202	4,534
41760	Workers Comp (PTT & OT)	-	-	-	408	420
41799	Benefits	1,633	306	1,955	2,124	2,124
<b>Employee Services Total</b>		<b>293,424</b>	<b>374,101</b>	<b>265,189</b>	<b>285,378</b>	<b>302,742</b>
42210	Water/Sewer	6,456	4,122	4,122	-	-
42214	Telephone	1,075	-	1,050	1,200	1,236
42231	Contract Services	32,103	41,796	34,253	40,990	40,747
42236	Bank and Merchant Fees	-	30	30	30	30
42244	Stationary & Office Supplies	232	200	200	200	200
42246	Computer Software-Non Cap	-	144	144	288	288
42248	Other Supplies	1,110	2,700	4,370	3,000	3,500
42250	Advertising	-	1,000	1,000	1,000	1,000
42252	Photocopying	3	-	27	100	100
42254	Postage & Freight	90	150	50	150	150
42257	Printing	-	530	250	530	530
42261	Auto Mileage	-	300	50	300	300
42299	Other Expense	266	500	300	500	500
42408	Training & Education	475	3,000	500	3,000	3,000
42415	Conference & Meetings	3,715	3,400	3,400	3,400	3,400
42423	Membership & Dues	18,592	19,600	18,811	19,600	19,600
42435	Subscription & Pub.	117	-	-	-	-
42999	Reimbursement Agreement	6,250	-	-	-	-
<b>Supplies &amp; Services Total</b>		<b>70,484</b>	<b>77,472</b>	<b>68,557</b>	<b>74,288</b>	<b>74,581</b>
43835	Furniture/Office Equip	380	-	-	-	-
43845	Computer Software	1,200	-	-	-	-
<b>Capital Outlay Total</b>		<b>1,580</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	13,895	14,730	14,730	10,348	11,383
45004	Building Maint - Current Services	25,676	25,676	25,676	19,495	16,489
45005	Building Maint.-Future Replacement	3,088	3,150	3,150	1,757	1,810
45007	GIS	16,879	15,786	15,786	19,024	18,216
45009	Info System Services	21,311	24,496	24,496	16,786	17,697
45010	GF Admin	22,574	23,252	23,252	24,414	24,900
<b>Internal Services Total</b>		<b>103,423</b>	<b>107,090</b>	<b>107,090</b>	<b>91,824</b>	<b>90,494</b>
49241	Transfer Out-420 (Civic Center Debt)	2,682	2,672	2,672	1,579	1,597
<b>Transfers Total</b>		<b>2,682</b>	<b>2,672</b>	<b>2,672</b>	<b>1,579</b>	<b>1,597</b>
<b>232.5810 - Stormwater Pollution Prevention</b>						
<b>Total</b>		<b>471,594</b>	<b>561,335</b>	<b>443,508</b>	<b>453,069</b>	<b>469,415</b>

# Environmental Services

## Water Conservation

650.5760

### **Division Description**

The Water Conservation Division works on conservation programming which has become increasingly complex in response to recent drought, ongoing climate change anomalies, and new State regulations. Water use efficiency legislation SB 606 and AB 1668 were signed into law in May 2018 which resulted in the long-term Water Use Efficiency Standards. These standards require the City to track and report on conservation activities and progress toward meeting Urban Water Use Objectives (UWUO). Additionally, there is a local, regional, and state permanent ban on watering decorative grass in commercial, industrial, and institutional areas which has required significant education and engagement with the Community around water conservation.

With the growing uncertainty in future water supplies anticipated due to climate change, seismic instability, and biological conditions, the entire State of California is now implementing some form of enhanced permanent water conservation activities. Staff regularly collaborates with Valley Water and other marketing partners on programs to encourage water customers to use less water as a “way of life” and continue to seek new opportunities to enhance both water supplies and water efficiency. The City’s 2020 Urban Water Management Plan outlines the City’s strategy to address potential water shortages.

### **FY 2022-23 and 2023-24 Accomplishments**

- Successfully completed the City’s first Urban Water Use Objectives Annual Report for compliance with new State-mandated Water Use Efficiency Standards.
- Responded to drought emergency declarations by collaborating with the Community on water savings. During the drought, the City consistently saved at levels that met and exceeded regional and State goals.
- Commenced the private sewer lateral inspection program which resulted in inspection and/or repairs of 462 laterals from 2022 to 2024, reducing infiltration into the City’s Wastewater System.
- Coordinated with regional planning efforts to consider options that would bring recycled water to Morgan Hill including participation in completing the 2023 South County Water Reuse Master Plan Update.

## **Water Conservation (continued)**

### **FY 2024-25 and 2025-26 Activity Goals**

- Continue expanding community water conservation, with a focus on engagement with commercial, industrial, and institutional properties who are watering decorative turf.
- Monitor water supplies and respond to potential additional calls for conservation if drought conditions return.
- Evaluate water use software and identify the option that best supports regulatory reporting and customer service and provides the best value to the City.
- Establish a Work Plan roadmap to ensure consistency and success in preparation of the Urban Water Use Objectives Annual Report.

### **Financial Comments**

The source of funding for this activity is the Water Operations Fund which is supported by water service charges paid by Morgan Hill residents and businesses.

## Water Conservation (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	100,231	148,929	135,153	150,101	162,270
41271	Salaries-Part-Time Temp	10,661	20,000	15,000	20,600	21,218
41320	Salaries-Earned leave	770	800	800	1,904	1,980
41620	Retirement-General	26,840	32,048	31,474	32,243	34,692
41690	Deferred Compensation	1,992	705	2,659	3,017	3,254
41700	Group Insurance	19,717	33,107	27,292	28,295	29,994
41701	Medicare	1,624	2,866	2,302	2,156	2,357
41701	Medicare (PTT & OT)	-	-	-	299	308
41720	Other Post Employment Benefits (OPEB)	2,522	2,522	2,522	2,220	-
41730	Income Protection Ins	763	1,010	1,010	925	925
41760	Workers Comp	2,772	4,223	3,950	3,753	4,057
41760	Workers Comp (PTT & OT)	-	-	-	515	530
41799	Benefits	774	120	1,610	1,630	1,630
<b>Employee Services Total</b>		<b>168,664</b>	<b>246,330</b>	<b>223,772</b>	<b>247,658</b>	<b>263,215</b>
42214	Telephone	548	-	353	610	628
42231	Contract Services	-	239,090	10,506	10,821	11,146
42244	Stationary & Office Supplies	763	-	150	150	150
42248	Other Supplies	3,679	2,227	2,227	2,227	2,227
42250	Advertising	332	6,000	2,000	6,000	6,000
42252	Photocopying	3	-	50	200	200
42254	Postage & Freight	11,644	12,000	8,000	12,000	12,000
42257	Printing	24,457	25,775	16,500	25,775	25,775
42261	Auto Mileage	111	-	-	-	-
42299	Other Expense	11,540	131,355	65,000	60,000	60,000
42408	Training & Education	718	-	-	1,500	1,500
42415	Conference & Meetings	-	-	400	1,600	1,600
42435	Subscription & Pub.	117	-	-	800	800
<b>Supplies &amp; Services Total</b>		<b>53,912</b>	<b>416,447</b>	<b>105,186</b>	<b>121,683</b>	<b>122,026</b>
43835	Furniture/Office Equip	380	-	-	-	-
<b>Capital Outlay Total</b>		<b>380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	7,986	8,470	8,470	8,947	9,842
45004	Building Maint - Current Services	14,108	14,108	14,108	16,856	14,257
45005	Building Maint.-Future Replacement	1,697	1,731	1,731	1,520	1,565
45009	Info System Services	12,248	14,078	14,078	14,514	15,302
45010	GF Admin	23,353	23,453	23,453	3,626	3,700
<b>Internal Services Total</b>		<b>59,390</b>	<b>61,840</b>	<b>61,840</b>	<b>45,463</b>	<b>44,666</b>
49241	Transfer Out-420 (Civic Center Debt)	1,473	1,468	1,468	1,365	1,381
<b>Transfers Total</b>		<b>1,473</b>	<b>1,468</b>	<b>1,468</b>	<b>1,365</b>	<b>1,381</b>
<b>650.5760 - Water Conservation Total</b>		<b>283,819</b>	<b>726,085</b>	<b>392,266</b>	<b>416,169</b>	<b>431,288</b>

# Public Services Maintenance Services Division



# Public Services

## Maintenance Services

### Appropriations Summary

	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Year End Projection	Adopted	Adopted
Employee Services	\$ 2,079,510	\$ 2,483,305	\$ 2,400,734	\$ 2,640,217	\$ 2,734,154
Supplies & Services	3,575,749	4,603,936	4,313,950	4,661,903	4,906,101
Capital Outlay	33,687	12,442	12,442	70,000	-
Debt Services	11,696	11,700	5,848	-	-
Internal Services	1,207,683	1,258,731	1,227,448	1,589,148	1,671,427
Transfers Out	678	676	676	570	577
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,909,003</b>	<b>\$ 8,370,790</b>	<b>\$ 7,961,098</b>	<b>\$ 8,961,839</b>	<b>\$ 9,312,258</b>
Building Maintenance Community and Cultural Center	\$ 705,756	\$ 701,504	\$ 750,301	\$ 778,205	\$ 790,148
Building Maintenance Aquatics Center	1,172,805	1,270,720	1,342,503	1,393,914	1,464,336
Building Maintenance Centennial Recreation Center	925,763	1,184,899	1,078,280	1,196,165	1,267,811
Downtown Maintenance	207,023	345,237	378,287	377,094	396,152
Streets Maintenance	2,474,784	3,025,578	2,762,915	3,510,669	3,587,418
Parks and Open Space Maintenance	1,191,559	1,567,049	1,413,706	1,471,160	1,563,160
Lighting and Landscape District	197,939	234,554	196,017	211,120	218,856
Community Facilities District	33,375	41,249	39,090	23,511	24,377
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>\$ 6,909,003</b>	<b>\$ 8,370,790</b>	<b>\$ 7,961,098</b>	<b>\$ 8,961,839</b>	<b>\$ 9,312,258</b>
<b>FULL TIME EQUIVALENT EMPLOYEES</b>	<b>15.525</b>	<b>15.525</b>	<b>15.525</b>	<b>15.430</b>	<b>15.430</b>

# Maintenance Services Division

## Recreation Facilities Maintenance

010.2115  
010.2120 & 010.2125

### Division Description

The Public Services Department with support from various operating divisions is responsible for all major repairs, preventive maintenance, improvements, and future replacement schedules for recreation facilities, including the Community and Cultural Center (CCC) (2115), Morgan Hill Dennis Kennedy Aquatics Center (AC) (2120), and Centennial Recreation Center (CRC) (2125).

### FY 2022-23 and 2023-24 Accomplishments

- Made improvements to the CCC, including upgrading the HVAC building management system, replacing the Playhouse heat pump, and adding bistro lights to the Rose Garden.
- Made improvements to the AC, including installation of a new HVAC building management system, chemical controller for the spray pool, and competition pool heater.
- Replastered and replaced drains in the recreational pool at the AC.
- Made improvements at the CRC, including resurfacing the gymnasium floor, rebuilding the pool circulation pump, installation of new lighting control system, completion of significant HVAC repairs, and installed solar battery storage system.

### FY 2024-25 and 2025-26 Activity Goals

- Ensure the Recreation Facilities remain open and operational for safe Community use, minimizing maintenance related facility closures.
- Complete the following projects at the CCC: Children Pavilion roof, replace the Playhouse lobby flooring, replace building downspouts, and replace tables in the Hiram Room.
- Complete the following projects at the AC: Replace lounge chairs, replace lane lines, and replace the ADA chair lift.
- Research funding and technologies for the conversion to electric pool heating.
- Complete the following projects at the CRC: replace lobby flooring, chlorine generator, HVAC building management system, and make the outdoor fitness area a permanent facility.

## Recreation Facilities Maintenance (continued)

### **Financial Comments**

The maintenance of the recreation facilities is funded directly through the City's General Fund. An additional fee is charged to the General Fund for the scheduled future replacement of major building equipment, such as mechanical systems.

# Recreation Facilities Maintenance (continued)

## Community & Cultural Center

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	67,612	82,595	81,614	60,211	62,987
41320	Salaries-Earned leave	1,878	1,953	1,953	1,760	1,830
41490	Overtime-General	581	1,040	2,000	2,000	2,000
41620	Retirement-General	15,950	17,773	17,556	13,849	14,419
41690	Deferred Compensation	1,092	1,625	1,922	1,901	1,957
41700	Group Insurance	12,114	14,953	13,845	8,806	9,290
41701	Medicare	948	1,205	1,204	878	925
41701	Medicare (PTT & OT)	-	-	-	29	29
41720	Other Post Employment Benefits (OPEB)	1,513	1,513	1,513	965	-
41730	Income Protection Ins	503	592	592	407	407
41760	Workers Comp	1,462	1,750	2,053	1,505	1,575
41760	Workers Comp (PTT & OT)	-	-	-	50	50
41799	Benefits	420	860	994	778	778
<b>Employee Services Total</b>		<b>104,073</b>	<b>125,859</b>	<b>125,246</b>	<b>93,139</b>	<b>96,247</b>
42208	Electric	149,854	138,600	165,000	181,500	190,575
42210	Water/Sewer	22,499	21,178	25,500	27,285	29,195
42214	Telephone	-	-	5,150	7,800	8,034
42231	Contract Services	183,801	193,767	193,767	202,732	211,287
42246	Computer Software-Non Cap	2,753	3,390	2,912	3,059	3,211
42248	Other Supplies	31,282	30,600	30,600	31,500	32,445
42250	Advertising	-	-	184	-	-
42262	Chemicals	1,077	2,500	1,500	2,400	2,400
42408	Training & Education	-	-	684	-	-
42510	Maint-Buildings/Improvements	46,179	15,500	35,500	42,900	19,500
42526	Maint-Autos/Trucks	225	-	-	-	-
<b>Supplies &amp; Services Total</b>		<b>437,670</b>	<b>405,535</b>	<b>460,797</b>	<b>499,176</b>	<b>496,647</b>
44990	Principal	11,696	11,700	5,848	-	-
<b>Debt Service Total</b>		<b>11,696</b>	<b>11,700</b>	<b>5,848</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	52,455	55,600	55,600	80,480	88,528
45005	Building Maint.-Future Replacement	92,513	94,363	94,363	99,100	102,073
45009	Info System Services	7,349	8,447	8,447	6,310	6,653
<b>Internal Services Total</b>		<b>152,317</b>	<b>158,410</b>	<b>158,410</b>	<b>185,890</b>	<b>197,254</b>
<b>010.2115 - Building Maintenance (Community &amp; Cultural Center) Total</b>		<b>705,756</b>	<b>701,504</b>	<b>750,301</b>	<b>778,205</b>	<b>790,148</b>

# Recreation Facilities Maintenance (continued)

## Aquatics Center

		FY 22-23	FY 23-24	FY 23-24 Year End	FY 24-25	FY 25-26
Object	GL Account	Actual	Amended	Projection	Adopted	Adopted
41100	Salaries-General	96,907	126,563	113,174	124,862	133,453
41320	Salaries-Earned leave	3,342	3,476	3,476	2,703	2,815
41490	Overtime-General	3,863	3,312	2,500	3,300	3,399
41620	Retirement-General	24,135	27,235	26,153	28,675	30,508
41690	Deferred Compensation	814	2,466	1,449	1,666	1,714
41700	Group Insurance	23,299	19,934	29,605	33,101	35,037
41701	Medicare	1,431	1,880	1,668	1,812	1,965
41701	Medicare (PTT & OT)	-	-	-	48	49
41720	Other Post Employment Benefits (OPEB)	2,320	2,320	2,320	2,316	-
41730	Income Protection Ins	790	891	891	928	928
41760	Workers Comp	2,265	2,908	2,863	3,122	3,337
41760	Workers Comp (PTT & OT)	-	-	-	83	85
41799	Benefits	414	906	790	711	711
<b>Employee Services Total</b>		<b>159,579</b>	<b>191,891</b>	<b>184,889</b>	<b>203,326</b>	<b>214,001</b>
42208	Electric	490,445	375,900	448,325	493,158	517,815
42210	Water/Sewer	33,677	37,782	37,782	40,427	43,257
42214	Telephone	1,226	1,273	4,415	6,100	6,283
42228	Gasoline & Oil	123	-	-	-	-
42231	Contract Services	161,714	197,454	197,454	221,370	233,345
42246	Computer Software-Non Cap	3,442	4,112	3,640	3,824	4,014
42248	Other Supplies	26,720	42,738	42,738	44,020	45,341
42262	Chemicals	76,069	104,040	104,040	107,161	110,376
42281	Small Tools	-	1,000	1,000	1,000	1,000
42408	Training & Education	-	-	690	-	-
42510	Maint-Buildings/Improvements	10,344	96,000	101,000	36,000	41,500
42526	Maint-Autos/Trucks	-	2,500	500	500	500
<b>Supplies &amp; Services Total</b>		<b>803,759</b>	<b>862,799</b>	<b>941,584</b>	<b>953,559</b>	<b>1,003,431</b>
45003	General Liability Insurance	22,828	24,200	24,200	34,237	37,661
45005	Building Maint.-Future Replacement	175,371	178,878	178,878	187,646	193,275
45009	Info System Services	11,268	12,952	12,952	15,145	15,967
<b>Internal Services Total</b>		<b>209,467</b>	<b>216,030</b>	<b>216,030</b>	<b>237,028</b>	<b>246,903</b>
<b>010.2120 - Building Maintenance Aquatics</b>						
<b>Center Total</b>		<b>1,172,805</b>	<b>1,270,720</b>	<b>1,342,503</b>	<b>1,393,914</b>	<b>1,464,336</b>

# Recreation Facilities Maintenance (continued)

## Centennial Recreation Center

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	91,219	120,761	123,277	129,793	135,461
41320	Salaries-Earned leave	1,742	1,812	1,812	4,114	4,279
41490	Overtime-General	2,004	3,312	1,500	6,624	6,823
41620	Retirement-General	22,591	25,984	25,899	29,806	30,967
41690	Deferred Compensation	1,570	2,389	3,192	4,267	4,405
41700	Group Insurance	17,727	26,470	25,565	26,977	28,552
41701	Medicare	1,077	1,806	1,717	1,820	1,925
41701	Medicare (PTT & OT)	-	-	-	96	99
41720	Other Post Employment Benefits (OPEB)	2,320	2,320	2,320	2,220	-
41730	Income Protection Ins	690	891	891	891	891
41760	Workers Comp	1,172	1,453	2,994	3,245	3,387
41760	Workers Comp (PTT & OT)	-	-	-	166	171
41799	Benefits	637	906	1,541	1,518	1,518
<b>Employee Services Total</b>		<b>142,749</b>	<b>188,104</b>	<b>190,708</b>	<b>211,536</b>	<b>218,477</b>
42208	Electric	137,576	141,200	173,000	181,650	190,733
42210	Water/Sewer	51,516	47,370	54,000	57,780	61,825
42214	Telephone	-	-	4,750	7,050	7,262
42228	Gasoline & Oil	206	-	-	-	-
42231	Contract Services	190,398	286,676	210,000	252,173	265,438
42246	Computer Software-Non Cap	3,442	4,112	3,640	3,824	4,014
42248	Other Supplies	67,978	97,818	97,818	101,000	104,030
42250	Advertising	-	-	184	-	-
42262	Chemicals	11,211	23,862	18,000	18,540	19,096
42281	Small Tools	491	1,000	1,000	1,000	1,000
42408	Training & Education	-	-	423	-	-
42510	Maint-Buildings/Improvements	39,380	104,000	34,000	28,950	46,500
42526	Maint-Autos/Trucks	-	500	500	500	500
<b>Supplies &amp; Services Total</b>		<b>502,198</b>	<b>706,538</b>	<b>597,315</b>	<b>652,467</b>	<b>700,397</b>
44990	Principal	-	-	-	-	-
<b>Debt Service Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	59,142	62,690	62,690	92,260	101,486
45005	Building Maint.-Future Replacement	210,407	214,615	214,615	225,388	232,150
45009	Info System Services	11,268	12,952	12,952	14,514	15,302
<b>Internal Services Total</b>		<b>280,817</b>	<b>290,257</b>	<b>290,257</b>	<b>332,162</b>	<b>348,937</b>
<b>010.2125 - Building Maintenance Centennial</b>						
<b>Recreation Center Total</b>		<b>925,763</b>	<b>1,184,899</b>	<b>1,078,280</b>	<b>1,196,165</b>	<b>1,267,811</b>

# Maintenance Services Division

## Downtown Maintenance

010.5460

### Division Description

The activities accomplished with this budget address maintenance of the specific features and amenities that the City has constructed in the Downtown area to support commerce, public gatherings, Community use, and numerous events. These specific features and amenities include the Downtown Parking Structure, the Downtown Parks, parking lots, public art, medians, Downtown Streetscape, and other public property within the Downtown area.

As Downtown development continues, an increase in activity and use has required higher levels of maintenance support. The Maintenance Team attempts to address the increasing maintenance requirements as cost efficiently as possible through a combination of contractors, part-time teammates, and full-time teammates.

### FY 2022-23 and 2023-24 Accomplishments

- Increased maintenance hours in the Downtown and provided improved base level maintenance.
- Installed additional bollards at select intersections on Monterey Road.
- Working on the installation of new arm gates at the Downtown Parking Structure.
- Partnered with a private electric vehicle charging company to install Level 3 vehicle charging in the Downtown Parking Structure.
- Resealed Railroad Park playground surface.

### FY 2024-25 and 2025-26 Activity Goals

- Continually evaluate services to ensure maintenance service levels are maintained.
- Coordinate with Downtown businesses on potential partnerships to enhance ongoing Downtown maintenance activities.
- Coordinate work with Property Based Improvement District.

### Financial Comments

Funding for this activity has increased in recent years due to additional Downtown amenities, increased use, and heightened maintenance expectations.

## Downtown Maintenance (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	10,982	22,534	20,502	21,972	23,412
41271	Salaries-Part-Time Temp	47,630	50,861	50,861	55,735	57,202
41320	Salaries-Earned leave	568	591	591	862	896
41620	Retirement-General	4,351	4,848	4,699	5,045	5,352
41690	Deferred Compensation	208	419	456	531	544
41700	Group Insurance	964	1,816	1,643	1,109	1,109
41701	Medicare	861	1,097	1,750	340	361
41701	Medicare (PTT & OT)	-	-	-	808	829
41720	Other Post Employment Benefits (OPEB)	303	303	303	290	-
41730	Income Protection Ins	78	163	163	163	163
41760	Workers Comp	1,470	1,870	2,985	549	585
41760	Workers Comp (PTT & OT)	-	-	-	1,393	1,430
41799	Benefits	329	1,544	411	405	405
<b>Employee Services Total</b>		<b>67,744</b>	<b>86,046</b>	<b>84,364</b>	<b>89,202</b>	<b>92,288</b>
42208	Electric	15,260	17,640	60,000	69,000	72,450
42210	Water/Sewer	13,815	20,167	14,506	15,231	15,993
42214	Telephone	11,932	12,731	10,600	12,000	12,360
42231	Contract Services	86,424	178,001	178,001	149,250	159,250
42248	Other Supplies	9,420	27,943	27,943	17,800	18,334
42299	Other Expense	-	-	164	-	-
<b>Supplies &amp; Services Total</b>		<b>136,851</b>	<b>256,482</b>	<b>291,214</b>	<b>263,281</b>	<b>278,387</b>
45003	General Liability Insurance	958	1,020	1,020	1,167	1,284
45005	Building Maint.-Future Replacement	-	-	-	21,551	22,198
45009	Info System Services	1,470	1,689	1,689	1,893	1,996
<b>Internal Services Total</b>		<b>2,428</b>	<b>2,709</b>	<b>2,709</b>	<b>24,611</b>	<b>25,477</b>
<b>010.5460 - Downtown Maintenance Total</b>		<b>207,023</b>	<b>345,237</b>	<b>378,287</b>	<b>377,094</b>	<b>396,152</b>

# Maintenance Services Division

## Street Maintenance

010.6100

### Division Description

Under this budget activity, the Maintenance Team maintains the City's roadway system to provide safe and serviceable roadways and related facilities. In addition to City roadways, other related facilities include sidewalks, curbs and gutters, the City storm drain system, unimproved City rights-of-way (ROW), streetlights, traffic signals, street signage, street trees, and various other infrastructures.

The Maintenance Team uses both in-house services and a variety of maintenance contracts to provide an economical, quality service for the City. In addition to maintaining the infrastructure outlined, the team also provides roadside weed abatement for fire prevention and debris removal. The Division is responsible for the annual cleaning and clearing of the City's storm drain system and leads winter storm responses. The Division also recently took over graffiti abatement from the Police Department. The Division regularly supports the Police Department with traffic control and accident cleanup. Ongoing support from the Division is provided to the City's Code Compliance Division for cleanup of illegal debris on City-owned properties and ROW. The Division implements minor improvements to City streets and ROW at the direction of the City Engineer.

Funding for Street Maintenance comes primarily from the City's share of State gas taxes and transfers from the wastewater and water enterprise funds reflecting their responsibility for wear and tear on the streets and pavement repairs associated with utility system breaks. Since gas taxes are collected based on gallons of gasoline, and not on the price of gas itself, the amount of gas tax revenue received by the City has, until recently, remained essentially flat, while the cost of street maintenance has increased over time due to inflation and increased traffic. The City is now receiving additional revenue from State Senate Bill 1 (2017) and Measure B (2016), which the City is dedicating completely to the Pavement Rehabilitation Projects within the Capital Improvement Program.

## **Street Maintenance (continued)**

### **FY 2022-23 and 2023-24 Accomplishments**

- Provided 24-hour emergency response during one of the most significant storm seasons that Morgan Hill has experienced.
- Implemented a new location based 311 system for the Community, SeeClickFix, that allows the community and staff to easily report maintenance and graffiti issues across the City.
- Took over graffiti abatement from the Police Department and abated 375 locations in a nine-month span.
- Transitioned all hard-wired irrigation controllers to smart irrigation controllers.
- Focused on litter and illegal dumps throughout the City with part-time teammates and responded to over 125 illegal dump requests.

### **FY 2024-25 and 2025-26 Activity Goals**

- Evaluate sidewalk assessment to prioritize sidewalk repair throughout the City.
- Continue annual program to seal City-owned parking lots and trails.
- Continue pothole repairs and minor asphalt deficiencies.
- Continue the use of alternative work forces to maintain weed abatement for fire protection and aesthetics on an annual basis.
- Install and maintain new small trash capture devices in storm drains to keep debris and pollutants out of waterways.

### **Financial Comments**

Included in this budget are additional part-time funds to support graffiti abatement which were previously accounted for in the Police Department. Additionally, this budget includes a portion of a new position to support the maintenance of the new trash capture devices, which is funded through the Recology Implementation Funds.

## Street Maintenance (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	558,687	668,654	631,215	767,094	804,337
41271	Salaries-Part-Time Temp	-	34,876	60,000	92,675	96,478
41320	Salaries-Earned leave	8,435	8,773	8,773	21,060	21,902
41490	Overtime-General	56,235	36,414	36,414	37,506	38,632
41620	Retirement-General	129,711	144,325	140,687	176,460	184,242
41690	Deferred Compensation	10,631	11,863	16,441	23,663	24,270
41700	Group Insurance	107,525	145,959	137,065	175,538	185,293
41701	Medicare	8,850	10,970	10,195	11,587	12,268
41701	Medicare (PTT & OT)	-	-	-	1,888	1,959
41720	Other Post Employment Benefits (OPEB)	14,592	12,762	12,762	13,858	-
41730	Income Protection Ins	4,000	4,871	4,871	6,111	6,111
41760	Workers Comp	15,376	18,516	17,488	19,178	20,109
41760	Workers Comp (PTT & OT)	-	-	-	6,509	6,755
41799	Benefits	5,033	4,601	8,818	9,773	9,773
<b>Employee Services Total</b>		<b>919,077</b>	<b>1,102,584</b>	<b>1,084,729</b>	<b>1,362,900</b>	<b>1,412,129</b>
42205	Taxes	16,965	16,815	18,074	18,616	19,174
42208	Electric	354,634	356,882	405,000	453,600	476,280
42210	Water/Sewer	41,134	56,435	50,000	52,500	55,125
42214	Telephone	6,627	4,916	5,873	4,200	4,326
42228	Gasoline & Oil	40,768	27,038	44,845	46,190	47,580
42231	Contract Services	569,489	911,785	600,000	700,590	727,678
42244	Stationary & Office Supplies	502	550	550	550	550
42246	Computer Software-Non Cap	11,471	14,040	12,131	12,745	13,379
42248	Other Supplies	85,393	105,460	111,000	119,500	125,475
42250	Advertising	-	-	890	-	-
42252	Photocopying	152	325	325	325	325
42254	Postage & Freight	16	50	50	50	50
42257	Printing	43	500	500	500	500
42281	Small Tools	2,510	4,456	4,456	4,590	4,727
42299	Other Expense	1,301	-	-	-	-
42408	Training & Education	3,007	2,500	2,500	2,500	2,500
42415	Conference & Meetings	2,369	500	1,250	1,500	1,500
42423	Membership & Dues	157	1,500	1,500	1,500	1,500
42523	Maint-Machinery/Equipment	17,863	18,926	18,926	19,494	20,079
42526	Maint-Autos/Trucks	4,685	9,665	9,665	9,955	10,254
<b>Supplies &amp; Services Total</b>		<b>1,159,086</b>	<b>1,532,343</b>	<b>1,287,535</b>	<b>1,448,905</b>	<b>1,511,002</b>
43830	Auto/Trucks	27,901	-	-	70,000	-
43835	Furniture/Office Equip	1,239	-	-	-	-
43845	Computer Software	1,920	6,221	6,221	-	-
<b>Capital Outlay Total</b>		<b>31,060</b>	<b>6,221</b>	<b>6,221</b>	<b>70,000</b>	<b>-</b>
45003	General Liability Insurance	89,851	95,240	95,240	196,128	215,741
45004	Building Maint - Current Services	78,512	78,512	78,512	73,349	75,619
45005	Building Maint.-Future Replacement	8,179	8,343	8,343	8,902	9,169
45006	Fleet Replacement	108,800	113,696	113,696	221,487	231,454
45007	GIS	17,863	17,022	17,022	38,048	36,432
45009	Info System Services	61,973	71,235	71,235	90,618	95,536
<b>Internal Services Total</b>		<b>365,179</b>	<b>384,048</b>	<b>384,048</b>	<b>628,531</b>	<b>663,950</b>
49241	Transfer Out-420 (Civic Center Debt)	383	382	382	332	336
<b>Transfers Total</b>		<b>383</b>	<b>382</b>	<b>382</b>	<b>332</b>	<b>336</b>
<b>010.6100 - Street Maintenance Total</b>		<b>2,474,784</b>	<b>3,025,578</b>	<b>2,762,915</b>	<b>3,510,669</b>	<b>3,587,418</b>

# Maintenance Services Division

## Parks and Open Space

010.8030

### **Division Description**

Under this budget activity, the Public Services Maintenance team is responsible for the maintenance of approximately 60 maintained acres consisting mainly of City parks, bicycle and walking trails, and the Civic Center campus. The team also manages maintenance of over 300 acres of City owned open space, primarily weed abatement for fire prevention. Small projects to beautify facilities and provide amenities to the campuses are also performed by the Division to enhance the public areas used by our Community.

### **FY 2022-23 and 2023-24 Accomplishments**

- Worked with Beautiful Day to help beautify Diana Park including adding benches, weeding, and repainting the benches, picnic tables, and trash cans in the park.
- Transitioned all hard-wired irrigation controllers to smart irrigation controllers.
- Successfully maintained Magical Bridge Playground with a higher level of service. Also resealed the Magical Bridge Playground surface.
- Resurfaced four of the tennis courts and installed LED lights.

### **FY 2024-25 and 2025-26 Activity Goals**

- Continue to focus on park safety including repairs to play equipment, irrigation systems, and ballfield maintenance.
- Explore alternative options for management of the City's Open Space.
- Continue to work with volunteer groups and the Community on park clean-ups.

### **Financial Comments**

Effective FY 2020-21, park maintenance has been funded from the General Fund (010). Available funds in the Park Maintenance Fund (302) are transferred to the General Fund at a set amount annually. The transfer from the Park Maintenance Fund is \$650,000 for each of the next two fiscal years. The Park Maintenance Fund is made up of remnant dollars from the City's now eliminated Residential Growth Control System and will eventually be spent leaving the General Fund funding the entirety of parks maintenance. Additionally, the City's Agricultural Preservation and Open Space Fund (306) annually transfers approximately \$81,000 to fund open space maintenance and for the payment of property taxes on City-owned agricultural land. The funding source for this transfer will also no longer be available within the next 3-4 fiscal years.

## Parks and Open Space Maintenance (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	311,652	342,554	286,938	258,558	268,797
41271	Salaries-Part-Time Temp	122,329	124,733	135,000	140,261	144,237
41320	Salaries-Earned leave	6,606	6,870	6,870	8,080	8,403
41490	Overtime-General	9,419	21,432	21,432	22,075	22,737
41620	Retirement-General	69,913	73,995	71,493	59,535	61,611
41690	Deferred Compensation	6,025	6,663	8,008	8,967	9,136
41700	Group Insurance	62,742	73,353	64,709	57,511	60,820
41701	Medicare	6,360	7,057	6,175	3,759	3,955
41701	Medicare (PTT & OT)	-	-	-	2,354	2,421
41720	Other Post Employment Benefits (OPEB)	9,713	6,053	6,053	4,053	-
41730	Income Protection Ins	2,143	2,351	2,351	1,662	1,662
41760	Workers Comp	11,089	12,236	10,442	6,465	6,721
41760	Workers Comp (PTT & OT)	-	-	-	4,058	4,174
41799	Benefits	2,811	2,895	3,456	3,354	3,354
<b>Employee Services Total</b>		<b>620,801</b>	<b>680,192</b>	<b>622,927</b>	<b>580,693</b>	<b>598,029</b>
42205	Taxes	-	9,270	9,270	9,270	9,270
42208	Electric	57,970	49,613	70,000	80,500	84,525
42210	Water/Sewer	142,233	215,820	170,000	215,820	226,611
42214	Telephone	5,363	5,250	3,000	1,450	1,495
42228	Gasoline & Oil	2,456	5,835	5,835	6,010	6,190
42231	Contract Services	128,829	337,677	270,000	316,604	365,790
42244	Stationary & Office Supplies	253	500	500	500	500
42246	Computer Software-Non Cap	8,030	10,428	8,491	8,921	9,365
42248	Other Supplies	61,815	69,105	69,105	82,000	84,460
42252	Photocopying	138	100	100	100	100
42254	Postage & Freight	71	100	100	100	100
42257	Printing	43	325	325	325	325
42281	Small Tools	59	1,250	1,250	1,250	1,250
42299	Other Expense	384	-	-	-	-
42408	Training & Education	845	2,000	2,000	2,500	2,575
42415	Conference & Meetings	294	-	98	-	-
42423	Membership & Dues	395	745	745	745	745
42523	Maint-Machinery/Equipment	-	3,879	3,879	3,995	4,115
42526	Maint-Autos/Trucks	2,273	3,879	5,000	3,995	4,115
<b>Supplies &amp; Services Total</b>		<b>411,451</b>	<b>715,776</b>	<b>619,698</b>	<b>734,086</b>	<b>801,531</b>
43825	Machinery/Equipment	-	6,221	6,221	-	-
43835	Furniture/Office Equip	707	-	-	-	-
43845	Computer Software	1,920	-	-	-	-
<b>Capital Outlay Total</b>		<b>2,627</b>	<b>6,221</b>	<b>6,221</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	22,597	23,950	23,950	21,858	24,044
45004	Building Maint - Current Services	26,789	26,789	26,789	25,629	26,128
45005	Building Maint.-Future Replacement	42,380	43,227	43,227	40,347	41,557
45006	Fleet Replacement	35,284	36,872	36,872	41,807	43,688
45009	Info System Services	29,394	33,787	33,787	26,504	27,942
<b>Internal Services Total</b>		<b>156,444</b>	<b>164,625</b>	<b>164,625</b>	<b>156,144</b>	<b>163,360</b>
49241	Transfer Out-420 (Civic Center Debt)	236	235	235	237	240
<b>Transfers Total</b>		<b>236</b>	<b>235</b>	<b>235</b>	<b>237</b>	<b>240</b>
<b>010.8030 - Parks and Open Space</b>						
<b>Maintenance Total</b>		<b>1,191,559</b>	<b>1,567,049</b>	<b>1,413,706</b>	<b>1,471,160</b>	<b>1,563,160</b>

# Maintenance Services Division

## Lighting and Landscape District

229.8351

### **Division Description**

Lighting and Landscape District (LAD) funds are derived from special property assessments to support City maintenance services in park and landscape areas within residential developments that were originally included in the LAD. Proper maintenance of the properties benefits the owners. Assessment charges are collected by the County on property tax rolls and remitted to the City, less administrative fees. There are currently 19 subareas in the LAD that include a total of 748 properties. Each lot within a specific subarea is assessed the same amount.

The City manages the expenses of each of the sub-areas to maintain a positive fund balance and avoid, if possible, the need for assessment rate increases. Nevertheless, over the past several years accumulated increases in maintenance costs have necessitated an increase in assessment rates. To date, most rate increases have been within the original range of assessment rates set at the time of annexation.

### **FY 2022-23 and 2023-24 Accomplishments**

- Held meetings with several Districts to discuss the overall maintenance of individual sub-areas and ways to continue to enhance as the sub-area budgets allow.
- Worked with Sparhawk sub-area of the District on an assessment increase to support maintenance of a positive fund balance and better maintain the sub-area.
- Transitioned the maintenance of multiple sub-areas to part-time teammates which has helped improve the subareas' quality of maintenance affordably.

### **FY 2024-25 and 2025-26 Activity Goals**

- Evaluate ongoing maintenance of subareas and maintain additional sub-areas with part-time teammates for cost savings and/or improved service.
- Conduct additional outreach activities, when needed, to better connect residents with their District.
- Make landscape and hardscape improvements in sub-areas where positive fund balance and adequate reserves exist.

### **Financial Comments**

Maintenance services are provided through contract services as well as part-time City teammates and are paid by annual assessments from the property owners benefiting from the improvements. There is no impact to the City's General Fund or other funds.

## Lighting and Landscape District (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	21,255	26,513	25,734	27,800	29,231
41271	Salaries-Part-Time Temp	14,998	40,500	44,199	39,184	40,360
41320	Salaries-Earned leave	730	759	759	1,168	1,215
41490	Overtime-General	233		-	-	-
41620	Retirement-General	5,739	5,717	5,620	6,395	6,694
41690	Deferred Compensation	419	508	672	880	900
41700	Group Insurance	4,245	4,641	5,286	3,928	4,119
41701	Medicare	540	990	388	417	441
41701	Medicare (PTT & OT)	-			568	585
41720	Other Post Employment Benefits (OPEB)	404	404	404	386	-
41730	Income Protection Ins	141	183	183	182	182
41760	Workers Comp	913	1,693	643	695	730
41760	Workers Comp (PTT & OT)	-			980	1,009
41799	Benefits	301	906	327	442	442
<b>Employee Services Total</b>		<b>49,919</b>	<b>82,814</b>	<b>84,215</b>	<b>83,025</b>	<b>85,907</b>
42208	Electric	3,095	5,350	4,408	4,710	4,946
42210	Water/Sewer	36,186	45,925	44,000	44,500	46,725
42231	Contract Services	71,917	56,803	54,674	54,714	56,355
42248	Other Supplies	2,268	7,880	4,275	5,800	5,974
42250	Advertising	154		-	-	-
42254	Postage & Freight	100	205	150	205	205
<b>Supplies &amp; Services Total</b>		<b>113,719</b>	<b>116,163</b>	<b>107,508</b>	<b>109,929</b>	<b>114,205</b>
45003	General Liability Insurance	1,278	1,350	1,350	1,556	1,712
45004	Building Maint - Current Services	564	564	564	-	-
45005	Building Maint.-Future Replacement	68	69	69	-	-
45009	Info System Services	1,960	2,252	2,252	2,524	2,661
45010	GF Admin	30,372	31,283	-	14,086	14,370
<b>Internal Services Total</b>		<b>34,242</b>	<b>35,518</b>	<b>4,235</b>	<b>18,166</b>	<b>18,743</b>
49241	Transfer Out-420 (Civic Center Debt)	59	59	59	-	-
<b>Transfers Total</b>		<b>59</b>	<b>59</b>	<b>59</b>	<b>-</b>	<b>-</b>
<b>229.8351 - Lighting And Landscape District</b>						
<b>Total</b>		<b>197,939</b>	<b>234,554</b>	<b>196,017</b>	<b>211,120</b>	<b>218,856</b>

# Maintenance Services Division

## Community Facilities District

**230.8353**

### **Division Description**

Community Facilities District (CFD) funds are derived from special property tax to support City maintenance services in identified areas. Revenues are collected by the County on property tax rolls and remitted to the City, less administrative fees. There is currently one CFD in the City with a total of 108 properties funding the assessment. Each property is assessed the same amount.

The City manages the expenses of the CFD to maintain a positive fund balance and avoid, as long as possible, the need for tax increases. District maintenance is done exclusively by contract and includes vegetation management and replanting in the rehabilitated areas of Fisher Creek along Hale Avenue immediately adjacent to the Stonebridge development. The CFD's activities in this area began in 2018.

### **FY 2022-23 and 2023-24 Accomplishments**

- Provided landscape maintenance activities.
- Completed contracts for biological and hydrological reporting.

### **FY 2024-25 and 2025-26 Activity Goals**

- Monitor site maintenance and take corrective actions when needed.
- Monitor fiscal condition of the fund and adjust special taxes accordingly.

### **Financial Comments**

Services are provided through contract services and are paid by annual tax revenues from the property owners benefiting from the improvements. There is no impact to the City's General Fund or other funds. In FY 2024-25 contract service costs will be reduced significantly from past years due to the required contractual monitoring of the Creek for the establishment period being completed. This will also result in a lower assessment to the District.

## Community Facilities District (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	8,857	15,541	14,545	9,139	9,737
41320	Salaries-Earned leave	284	295	295	668	695
41490	Overtime-General	1,895	3,000	3,000	3,000	3,000
41620	Retirement-General	2,815	3,345	3,253	2,097	2,226
41690	Deferred Compensation	165	295	337	274	270
41700	Group Insurance	639	1,446	1,014	370	370
41701	Medicare	159	286	225	141	150
41701	Medicare (PTT & OT)	-	-	-	44	44
41720	Other Post Employment Benefits (OPEB)	202	202	202	97	-
41730	Income Protection Ins	62	109	109	54	54
41760	Workers Comp	271	481	364	228	243
41760	Workers Comp (PTT & OT)	-	-	-	75	75
41799	Benefits	217	815	312	211	211
<b>Employee Services Total</b>		<b>15,567</b>	<b>25,815</b>	<b>23,656</b>	<b>16,397</b>	<b>17,074</b>
42231	Contract Services	10,517	7,800	7,800	-	-
42248	Other Supplies	500	500	500	500	500
<b>Supplies &amp; Services Total</b>		<b>11,016</b>	<b>8,300</b>	<b>8,300</b>	<b>500</b>	<b>500</b>
45003	General Liability Insurance	639	680	680	389	428
45009	Info System Services	980	1,126	1,126	631	665
45010	GF Admin	5,173	5,328	5,328	5,594	5,710
<b>Internal Services Total</b>		<b>6,792</b>	<b>7,134</b>	<b>7,134</b>	<b>6,615</b>	<b>6,803</b>
<b>230.8353 - Community Facilities District Total</b>		<b>33,375</b>	<b>41,249</b>	<b>39,090</b>	<b>23,511</b>	<b>24,377</b>

# Public Services Parks and Recreation Division



# Public Services

## Parks and Recreation

### Appropriations Summary

	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Year End Projection	Adopted	Adopted
Employee Services	\$ 3,052,739	\$ 3,247,954	\$ 3,426,646	\$ 3,685,479	\$ 3,787,653
Supplies & Services	2,205,898	2,588,938	2,457,412	2,490,063	2,142,214
Capital Outlay	25,011	108,942	108,942	-	-
Internal Service	240,526	261,199	261,199	303,059	323,085
Transfers Out	1,138	1,134	1,134	1,449	1,465
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,525,311</b>	<b>\$ 6,208,167</b>	<b>\$ 6,255,333</b>	<b>\$ 6,480,050</b>	<b>\$ 6,254,418</b>
Membership and Program Services	\$ 3,884,102	\$ 4,111,839	\$ 4,278,630	\$ 4,647,968	\$ 4,809,798
Facility Rentals	513,021	573,524	624,650	633,051	661,365
Innovative Transit	562,148	850,612	686,631	437,058	-
Community Services	566,041	672,192	665,422	761,973	783,254
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>\$ 5,525,311</b>	<b>\$ 6,208,167</b>	<b>\$ 6,255,333</b>	<b>\$ 6,480,050</b>	<b>\$ 6,254,418</b>
<b>FULL TIME EQUIVALENT EMPLOYEES</b>	<b>8.965</b>	<b>8.965</b>	<b>8.965</b>	<b>9.220</b>	<b>9.220</b>

# Parks and Recreation Division

## Membership and Program Services

010.2140

### Division Description

Membership and Program Services is responsible for managing the City's recreation facilities' membership model service delivery system and a wide range of recreation programs, activities, and events. Customers of all ages participate in classes, special events, sports leagues, youth camps, swim lessons, and many other activities. Resources are dedicated to attracting and retaining facility members, daily fee customers, and program participants. The work of the Membership and Program Services division is primarily overseen by full-time City or partner organization staff, while much of the actual program implementation is performed by part-time/seasonal employees or by contracted services.

Membership and Program Services team members manage the City's active recreation services as one integrated system that serves as the hub for Community health, wellness, and fitness. For FY 2024-25, Centennial Recreation Center (CRC)/Dennis Kennedy Aquatics Center (AC) monthly membership totals are projected to average 4,100 units, and 4,300 units in FY 2025-26. Membership provides members access to both the CRC and AC facilities. Membership may be paid annually, monthly, or daily. The "Spirit of Partnership" is the foundation for operations. The City works in partnership with the YMCA of Silicon Valley to provide a wide array of services to facility members and daily customers. The partnership has been in existence since opening the CRC in 2006. The current agreement runs through June 30, 2026.

The Division is responsible for generating the largest percentage of revenue for Parks and Recreation and is the General Fund's third largest source of revenue (behind property and sales tax). This market-driven revenue source is dependent on attracting and retaining members and daily customers. The focus of the Division is to continue to increase participation, while retaining the existing customer base as well. Efficient quality service, engagement, and well-maintained facilities are the cornerstone of this effort.

## **Membership and Program Services (continued)**

### **FY 2022-23 and 2023-24 Accomplishments**

- CRC Memberships: Continued to build back to a peak of 4,050 membership units in the summer, 81% of pre-COVID levels. This is an increase of 450 memberships from summer 2022's peak of 3,600 memberships.
- Provided financial assistance for program participation and membership and recreation programming, serving over 1,700 residents in need.
- In addition to continuing to offer online ticketing for Aquatics Center day use passes, and picnic areas, the Division implemented a new online purchase option for a Summer Access Pass membership for CRC and AC seasonal membership, allowing for improved customer service and cost recovery.
- Reinstated the Adult Sports Program by offering Competitive and Recreational Men's Basketball Leagues and Volleyball leagues.
- Successfully launched new recreation management software with improved online self-service options for CRC members and recreation customers.

### **FY 2024-25 and 2025-26 Activity Goals**

- Evaluate opportunities for enhancement of the CRC's collaborative operating model with the YMCA of Silicon Valley.
- Increase Division cost recovery, while promoting financial assistance programs for residents that cannot afford to pay higher fees.
- Through retention and membership sales, increase average monthly membership above 4,100 in FY 2024-25 and 4,300 in FY 2025-26.
- Take on the management of concessions at the Aquatics Center with in-house staff.
- Successfully transition to a new registration software that provides easy online self-service use by members and the Community.

### **Financial Comments**

The Public Services Department operates the Centennial Recreation Center, Aquatics Center, and recreation programs as one integrated operation to reduce duplication, leverage resources, and add value to the Community membership model. This model has historically supported limited annual General Fund investment for these services. The COVID-19 pandemic significantly reduced the number of users paying for services at the Recreation facilities. The Division reduced expenses and staffing significantly to offset some of the revenue lost from lower use. Since that time, membership and program levels have not fully recovered, while expenses relating to personnel, electricity, supplies and services, and insurance have increased tremendously. While the Division continues to rely on very reduced staffing levels and other cost containment, increased cost recovery has proven difficult due to these inflationary factors.

## Membership and Program Services (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	524,525	595,674	604,748	650,449	685,244
41271	Salaries-Part-Time Temp	1,370,294	1,317,727	1,470,293	1,592,179	1,617,461
41320	Salaries-Earned leave	11,450	11,908	11,908	16,127	16,772
41490	Overtime-General	1,293	2,500	2,500	2,500	2,500
41620	Retirement-General	101,783	111,877	125,301	149,294	156,580
41690	Deferred Compensation	8,595	7,199	9,998	11,040	11,345
41700	Group Insurance	72,047	101,193	77,712	77,673	81,799
41701	Medicare	27,689	28,673	31,238	9,591	10,156
41701	Medicare (PTT & OT)	-	-	-	23,123	23,489
41720	Other Post Employment Benefits (OPEB)	7,818	7,818	7,818	9,940	-
41730	Income Protection Ins	3,937	5,371	5,371	4,529	4,529
41760	Workers Comp	46,252	47,898	53,094	16,262	17,131
41760	Workers Comp (PTT & OT)	-	-	-	39,867	40,499
41799	Benefits	4,917	2,002	7,777	7,589	7,589
<b>Employee Services Total</b>		<b>2,180,601</b>	<b>2,239,840</b>	<b>2,407,758</b>	<b>2,610,163</b>	<b>2,675,094</b>
42214	Telephone	15,511	19,500	9,750	5,000	5,150
42226	Contract Services-Class Instructors	168,650	145,269	179,158	193,115	202,771
42228	Gasoline & Oil	91	1,654	500	500	520
42231	Contract Services	11,933	23,012	12,900	22,982	39,153
42236	Bank and Merchant Fees	49,985	34,000	50,000	51,500	53,045
42241	YMCA Services	1,110,794	1,131,961	1,131,961	1,239,425	1,301,396
42244	Stationary & Office Supplies	7,719	8,000	7,000	8,000	8,000
42245	Computer Hardware-Non Cap	5,849	2,000	6,000	4,000	4,000
42246	Computer Software-Non Cap	19,889	23,960	21,960	105,060	95,260
42248	Other Supplies	59,841	57,264	57,264	57,466	57,666
42250	Advertising	-	500	-	-	-
42251	Marketing/Promotions	20,788	49,500	49,500	50,985	52,514
42252	Photocopying	7,674	8,000	3,000	3,500	3,500
42254	Postage & Freight	3,542	4,000	2,000	4,000	4,000
42255	Purchases-Concessions	-	27,000	6,000	27,000	27,000
42256	Purchases-Retail	4,379	16,000	8,000	11,000	11,000
42257	Printing	997	1,000	1,000	1,000	1,000
42261	Auto Mileage	122	100	100	100	100
42263	TB/Drug/Fingerprinting	9,043	6,000	7,000	7,000	7,000
42299	Other Expense	13,412	14,700	14,700	23,440	23,440
42408	Training & Education	3,357	2,000	5,500	3,000	3,000
42415	Conference & Meetings	1,948	4,000	5,000	4,500	4,500
42423	Membership & Dues	2,573	2,500	2,500	2,600	2,600
42435	Subscription & Pub.	-	455	455	1,800	1,800
42526	Maint-Autos/Trucks	85	-	-	-	-
<b>Supplies &amp; Services Total</b>		<b>1,518,097</b>	<b>1,582,375</b>	<b>1,581,248</b>	<b>1,826,973</b>	<b>1,908,415</b>

## Membership and Program Services (continued)

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
43835	Furniture/Office Equip	17,559		-	-	-
43845	Computer Software		108,942	108,942	-	-
	<b>Capital Outlay Total</b>	<b>17,559</b>	<b>108,942</b>	<b>108,942</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	114,755	121,640	121,640	130,068	143,075
45004	Building Maint - Current Services	5,925	5,925	5,925	8,795	7,439
45005	Building Maint.-Future Replacement	713	727	727	793	817
45006	Fleet Replacement	7,781	8,131	8,131	5,467	5,713
45009	Info System Services	37,968	43,642	43,642	64,998	68,525
	<b>Internal Services Total</b>	<b>167,141</b>	<b>180,065</b>	<b>180,065</b>	<b>210,120</b>	<b>225,568</b>
49241	Transfer Out-420 (Civic Center Debt)	619	617	617	712	721
	<b>Transfers Total</b>	<b>619</b>	<b>617</b>	<b>617</b>	<b>712</b>	<b>721</b>
	<b>010.2140 - Membership Services &amp; Recreation Program Total</b>	<b>3,884,102</b>	<b>4,111,839</b>	<b>4,278,630</b>	<b>4,647,968</b>	<b>4,809,798</b>

# Parks and Recreation Division

## Facility Rentals

010.2150

### Division Description

The Facility Rentals program is responsible for event management, facility leases, and daily reservations for use of the City's park and recreation amenities. Customer activities include social and business events at the Community & Cultural Center (CCC), City-wide events, meeting use of the Council Chambers, and use of the City's athletic fields by local youth athletic associations among many others. The Division is responsible for overseeing the operations and maintenance agreement for management of the City's Outdoor Sports Center (OSC).

Balancing cost-recovery with Community access and affordability is the foundation for all recreation service delivery. The Facility Rentals program strives to balance local and regional use to ensure that Morgan Hill Community's recreation facility needs are satisfied, while at the same time encouraging individuals and groups from the Bay Area to utilize the City's facilities. This provides the City with an opportunity to serve its local athletic groups and generate additional revenue from large tournament rentals, including local sales and transient occupancy taxes. The Facility Rentals team continually evaluates facility usage, user demand, and Public Services Department program needs.

### FY 2022-23 and 2023-24 Accomplishments

- Supported local Community groups by providing over 2,000 hours of low-cost facility use through the Community Center's Community Use Program.
- Partnered to host VOICES school at the CCC for two full school years. School hours aligned perfectly with the traditional underutilized time periods at the CCC.
- Partnered with the Morgan Hill Outdoor Sports Center (MHOSC) to operate the OSC at no direct cost to the City, balancing cost recovery and Community access, by providing approximately 5,000 hours of local Community sports field rentals, while also supporting economic development by hosting 20 major events.
- Hosted Far Westerns and Adult Masters swim meets at the Aquatics Center (AC), both regional events bringing tens of thousands of visitors into Morgan Hill, supporting economic development through Sports Tourism.
- Collaborated with Pony Baseball to rent field space at Community Park to help expand youth baseball programs and make improvements to the fields for the general Community.
- Constructed three new rentable BBQ areas within Community Park, including one inside the Magical Bridge Playground.

## **Facility Rentals (continued)**

### **FY 2024-25 and 2025-26 Activity Goals**

- Implement marketing strategy to rent the CCC during underutilized times.
- Retain consistent renters for Sundays at the Centennial Recreation Center (CRC).
- Continue to provide low cost “Community use” and nonprofit rates for a variety of youth and Community-serving organizations.
- Support ongoing coordination with Visit Morgan Hill, MHOSC, the operator of the Outdoor Sports Center, and the team at the Aquatics Center to host regional sports events, while minimizing impact to the Community.

### **Financial Comments**

The primary revenue sources for the Facility Rentals program include Community and Cultural Center room rentals, the lease of Community Center Building 2 to Pacific Clinics, the lease of the South Valley Civic Theatre Playhouse, Aquatics Center Pool rentals, and Council Chambers rentals.

## Facility Rentals (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	145,473	216,475	201,324	194,829	205,554
41271	Salaries-Part-Time Temp	178,891	169,444	212,000	220,214	229,306
41320	Salaries-Earned leave	5,123	5,328	5,328	4,304	4,476
41490	Overtime-General	1,352	500	500	500	500
41620	Retirement-General	37,957	38,973	44,158	44,717	46,971
41690	Deferred Compensation	2,511	3,334	3,772	4,216	4,390
41700	Group Insurance	15,054	21,790	19,316	19,040	19,796
41701	Medicare	5,028	5,451	6,161	2,931	3,097
41701	Medicare (PTT & OT)	-	-	-	3,200	3,332
41720	Other Post Employment Benefits (OPEB)	3,208	3,208	3,208	2,741	-
41730	Income Protection Ins	978	1,496	1,496	1,488	1,488
41760	Workers Comp	8,143	9,246	9,815	4,871	5,139
41760	Workers Comp (PTT & OT)	-	-	-	5,518	5,745
41799	Benefits	1,540	1,380	3,338	3,158	3,158
<b>Employee Services Total</b>		<b>405,259</b>	<b>476,625</b>	<b>510,416</b>	<b>511,727</b>	<b>532,952</b>
42214	Telephone	6,791	6,800	3,520	1,500	1,545
42231	Contract Services	60,206	48,000	72,940	79,019	84,101
42244	Stationary & Office Supplies	985	3,000	1,500	1,500	1,500
42246	Computer Software-Non Cap	-	75	-	-	-
42248	Other Supplies	4,122	4,600	4,600	4,738	4,880
42252	Photocopying	773	2,000	800	1,000	1,000
42254	Postage & Freight	69	50	-	80	80
42257	Printing	249	350	350	350	350
42261	Auto Mileage	-	100	-	100	100
42408	Training & Education	30	500	300	500	500
42415	Conference & Meetings	50	1,000	50	1,000	1,000
42423	Membership & Dues	205	250	250	258	265
42435	Subscription & Pub.	-	250	-	250	250
<b>Supplies &amp; Services Total</b>		<b>73,480</b>	<b>66,975</b>	<b>84,310</b>	<b>90,295</b>	<b>95,571</b>
43835	Furniture/Office Equip	7,300	-	-	-	-
<b>Capital Outlay Total</b>		<b>7,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	10,158	10,770	10,770	11,048	12,153
45004	Building Maint - Current Services	1,016	1,016	1,016	1,759	1,488
45005	Building Maint.-Future Replacement	122	125	125	159	163
45009	Info System Services	15,579	17,907	17,907	17,922	18,894
<b>Internal Services Total</b>		<b>26,875</b>	<b>29,818</b>	<b>29,818</b>	<b>30,887</b>	<b>32,698</b>
49241	Transfer Out-420 (Civic Center Debt)	106	106	106	142	144
<b>Transfers Total</b>		<b>106</b>	<b>106</b>	<b>106</b>	<b>142</b>	<b>144</b>
<b>010.2150 - Recreation Facility Rentals Total</b>		<b>513,021</b>	<b>573,524</b>	<b>624,650</b>	<b>633,051</b>	<b>661,365</b>

# Parks and Recreation Division

## Innovative Transit

010.2170

### **Division Description**

The Innovative Transit program is a service funded through the Valley Transportation Authority's (VTA) Measure B Innovative Transit grant program. The two-year funding provides an on-demand rideshare service for City residents and visitors. MoGo Morgan Hill Quickride (MoGo) is provided by a transportation partner, Rideco, Inc., and overseen by staff in the Public Services Department. MoGo provides rides to and from virtual stops within a short walk for all residents in the City, allowing passengers to connect to other transportation such as Caltrain and regional bus service. MoGo also provides residents with transportation for various other travel needs within the City, including to schools, shopping centers, Downtown, and employers.

The two-year grant program began September 2022 and is expected to sunset in late 2024. Based on the success of the model in Morgan Hill, the City is working with VTA to identify a means to sustain the program.

### **FY 2022-23 and 2023-24 Accomplishments**

- Launched on-demand rideshare service MoGo for the Morgan Hill Community in September 2022.
- Served 6,647 passengers from September 2022 through June 2023, averaging 55 passengers per weekday as of June 2023.
- Served 14,500 passengers from July 2023 through March 2024, averaging 87 passengers per weekday as of March 2024, with 38% of rides being shared.
- Achieved 97% on-time drop off and average ride rating of 4.8 out of 5.

### **FY 2024-25 and 2025-26 Activity Goals**

- Serve an average of 100 passengers per weekday during FY 2024-25, achieving 95% on-time passenger drop-off and average ride rating of 4.5 or higher out of 5.
- Secure transitional and long-term funding to support the service and achieve sustainability.

### **Financial Comments**

VTA grant funding totals \$1,372,400 for the two-year program and the program is anticipated to generate \$40,000 in fares over the two-year period. The City's out-of-pocket matching costs after this revenue is anticipated to be approximately \$113,000 for the two-year period and is funded by the General Fund. Without additional funding the program is expected to sunset in late 2024.

## Innovative Transit (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	27,027	31,655	17,835	-	-
41320	Salaries-Earned leave	796	828	828	-	-
41620	Retirement-General	6,159	6,807	5,889	-	-
41690	Deferred Compensation	541	630	467	-	-
41700	Group Insurance	4,347	3,633	3,180	-	-
41701	Medicare	431	473	269	-	-
41720	Other Post Employment Benefits (OPEB)	424	424	424	-	-
41730	Income Protection Ins	194	227	227	-	-
41760	Workers Comp	676	792	446	-	-
41799	Benefits	272	286	259	-	-
<b>Employee Services Total</b>		<b>40,867</b>	<b>45,755</b>	<b>29,824</b>	-	-
42231	Contract Services	479,880	768,550	635,000	426,000	-
42251	Marketing/Promotions	36,480	31,000	16,500	11,058	-
<b>Supplies &amp; Services Total</b>		<b>516,360</b>	<b>799,550</b>	<b>651,500</b>	<b>437,058</b>	-
45003	General Liability Insurance	1,342	1,420	1,420	-	-
45004	Building Maint - Current Services	1,242	1,241	1,241	-	-
45005	Building Maint.-Future Replacement	149	152	152	-	-
45009	Info System Services	2,058	2,365	2,365	-	-
<b>Internal Services Total</b>		<b>4,790</b>	<b>5,178</b>	<b>5,178</b>	-	-
49241	Transfer Out-420 (Civic Center Debt)	130	129	129	-	-
<b>Transfers Total</b>		<b>130</b>	<b>129</b>	<b>129</b>	-	-
<b>010.2170 - Innovative Transit Total</b>		<b>562,148</b>	<b>850,612</b>	<b>686,631</b>	<b>437,058</b>	-

# Parks and Recreation Division

## Community Services

010.2180

### **Division Description**

Community Services is responsible for department-wide strategic planning, park planning and acquisition, working with the Community's non-profit and public service organizations, providing staff support to the Parks and Recreation Commission (PRC) and Library, Culture, and Arts Commission (LCAC), Senior Advisory Committee (SAC), Youth Action Council (YAC), and non-revenue generating program management.

The Community Services team is also responsible for the management of several community support programs, including the Centennial Recreation Teen Center, Centennial Recreation Senior Center and Older Adult Programs and Services, Volunteer Program, Skate Park, Adaptive Programs, various Community events, and Community outreach. In addition, the City funds the afterschool program at Park Place in partnership with the Boys and Girls Club. Many of these programs are not supported through program revenue; however, sponsors and grants are sought to reduce the impact to the General Fund.

### **FY 2022-23 and 2023-24 Accomplishments**

- Partnered with the YMCA of Silicon Valley to support the Senior Nutrition program which continued to serve close to 100 meals a day.
- Coordinated transportation for hundreds of older adults at the Senior Center, supporting rides through MoGo, Sourcewise, VTA Paratransit, and the City's Volunteer Driver Program.
- Launched new adaptive programs for youth, adults, and teens, which includes multiple programs that are supported by volunteers, providing additional programming to students with disabilities.
- Partnered with numerous Community organizations to provide dozens of free services to the Community at the Senior Center.
- Created a Pickleball Club that is a joint program between the City and Community volunteers.

## **Community Services (continued)**

### **FY 2024-25 and 2025-26 Activity Goals**

- Continue to manage and grow volunteer program for the Magical Bridge Playground in Community Park.
- Continue to support the Friends of the Senior Center in growing the Senior Support Endowment Fund to ensure sustainability of Senior Center operations.
- Partner and collaborate with organizations to offer more adaptive programming to the Community.
- Provide the staff liaison and support the Library, Culture and Arts Commission and Parks and Recreation Commission.

### **Financial Comments**

Community Services operations are primarily supported by General Fund discretionary revenues while staff time spent on park acquisition activities is funded with capital fund resources. Significant operational funds are contributed from the Friends of the Morgan Hill Senior Center to support the Senior Center.

## Community Services (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	254,967	287,630	270,813	316,505	328,412
41271	Salaries-Part-Time Temp	41,588	62,600	62,600	72,099	74,236
41320	Salaries-Earned leave	5,612	5,836	5,836	7,743	8,053
41490	Overtime-General	-	500	-	500	500
41620	Retirement-General	56,727	61,894	60,372	72,646	75,045
41690	Deferred Compensation	5,028	5,488	7,270	10,148	10,372
41700	Group Insurance	39,062	40,242	51,413	59,680	63,229
41701	Medicare	4,423	5,180	4,495	4,568	4,792
41701	Medicare (PTT & OT)	-	-	-	1,053	1,084
41720	Other Post Employment Benefits (OPEB)	8,280	4,620	4,620	5,115	-
41730	Income Protection Ins	1,808	2,051	2,051	2,129	2,129
41760	Workers Comp	7,414	8,769	7,760	7,913	8,211
41760	Workers Comp (PTT & OT)	-	-	-	1,815	1,868
41799	Benefits	1,100	924	1,418	1,676	1,676
<b>Employee Services Total</b>		<b>426,011</b>	<b>485,734</b>	<b>478,648</b>	<b>563,589</b>	<b>579,607</b>
42214	Telephone	772	950	700	650	670
42231	Contract Services	45,921	52,500	45,500	48,500	48,500
42241	YMCA Services	22,783	47,161	47,161	48,400	50,820
42244	Stationary & Office Supplies	-	-	75	-	-
42246	Computer Software-Non Cap	1,848	1,725	1,690	2,125	2,175
42248	Other Supplies	5,435	6,000	14,742	6,000	6,000
42250	Advertising	-	263	263	263	263
42252	Photocopying	464	1,000	500	500	500
42254	Postage & Freight	55	105	50	100	100
42257	Printing	-	100	-	100	100
42263	TB/Drug/Fingerprinting	-	-	219	-	-
42299	Other Expense	6,978	20,754	20,754	19,800	19,800
42306	Youth Advisory Com.	13,224	8,000	8,000	8,000	8,000
42408	Training & Education	-	350	300	350	350
42415	Conference & Meetings	-	500	-	500	500
42423	Membership & Dues	396	630	400	450	450
<b>Supplies &amp; Services Total</b>		<b>97,876</b>	<b>140,038</b>	<b>140,354</b>	<b>135,738</b>	<b>138,228</b>
43835	Furniture/Office Equip	152	-	-	-	-
<b>Capital Outlay Total</b>		<b>152</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	15,268	16,180	16,180	20,617	22,679
45004	Building Maint - Current Services	2,709	2,709	2,709	7,329	6,199
45005	Building Maint.-Future Replacement	326	332	332	661	680
45009	Info System Services	23,417	26,917	26,917	33,445	35,261
<b>Internal Services Total</b>		<b>41,720</b>	<b>46,138</b>	<b>46,138</b>	<b>62,052</b>	<b>64,819</b>
49241	Transfer Out-420 (Civic Center Debt)	283	282	282	594	601
<b>Transfers Total</b>		<b>283</b>	<b>282</b>	<b>282</b>	<b>594</b>	<b>601</b>
<b>010.2180 - Community Services Total</b>		<b>566,041</b>	<b>672,192</b>	<b>665,422</b>	<b>761,973</b>	<b>783,254</b>

# Public Services Utilities Division



# Public Services

## Utilities

### Appropriations Summary

	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Year End Projection	Adopted	Adopted
Employee Services	\$ 5,241,047	\$ 5,737,690	\$ 5,690,478	\$ 6,613,093	\$ 7,050,428
Supplies & Services	10,965,952	12,676,177	12,803,133	13,960,063	16,011,001
Capital Outlay	298,925	672,419	490,934	579,728	596,875
Internal Service	2,186,102	2,293,474	2,293,474	2,610,036	2,728,800
Transfers Out	13,957,239	12,434,627	12,334,627	12,290,152	13,461,611
<b>TOTAL EXPENDITURES</b>	<b>\$ 32,649,265</b>	<b>\$ 33,814,387</b>	<b>\$ 33,612,646</b>	<b>\$ 36,053,072</b>	<b>\$ 39,848,715</b>
Wastewater Operations	\$ 15,975,327	\$ 15,485,361	\$ 16,041,604	\$ 16,747,374	\$ 18,397,095
Water Operations	16,673,937	18,329,026	17,571,042	19,305,698	21,451,620
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>\$ 32,649,265</b>	<b>\$ 33,814,387</b>	<b>\$ 33,612,646</b>	<b>\$ 36,053,072</b>	<b>\$ 39,848,715</b>
<b>FULL TIME EQUIVALENT EMPLOYEES</b>	<b>33.50</b>	<b>33.50</b>	<b>33.50</b>	<b>34.55</b>	<b>35.30</b>

# Utilities Division

## Wastewater Operations

640.5900

### Division Description

The Wastewater Operations Division plays a crucial role in managing and maintaining the City's wastewater collection and conveyance infrastructure. In doing so, the Division prevents pollution and safeguards public health. The team oversees the overall management, administrative tasks, planning, and budgeting. It ensures that the Division operates efficiently, adheres to regulatory guidelines, and allocates resources effectively. From staffing to customer service, this group ensures smooth coordination and compliance with environmental standards. Another core area within the Division is wastewater lines maintenance. These dedicated professionals are responsible for maintaining, repairing, and replacing wastewater lines throughout the City. They oversee the construction of new lines, clear manholes, and address sewer backups. The team responds promptly to sewer blockages and other emergencies, serving as the first responders, ensuring uninterrupted service for residents.

The City's collection system consists of approximately 163 miles of up to 36-inch gravity sewer pipes, which includes part of the Morgan Hill-Gilroy Joint Sewer Trunk, that convey flows towards the South County Regional Wastewater Authority (SCRWA) treatment plant. There, the wastewater undergoes proper treatment before being used for irrigation or discharged in accordance with environmental norms. Wastewater Operations uses the Enterprise Fund as its source of revenue; which means it charges a fee for the goods and/or services it provides.

### FY 2022-23 and 2023-24 Accomplishments

- Hydro cleaned 487,808 ft. of wastewater pipelines, inspected (CCTV) 114,733 ft. of the sewer collection system, and made 14 point repairs.
- Upgraded CCTV software (POSM) from MS Access to a SQL database and integrated with the City's GIS.
- Completed Morgan Hill Citywide wastewater pipeline condition assessment project, added additional Smart Covers for alerting during high sewer levels in the manholes, and completed point repairs at Del Monte and Central and at Lift Station K to improve sewer flow and prevent blockage.
- Completed the City's Sanitary Sewer Master Plan, replaced the generators at Lift Stations I and C to meet emission requirements and completed a major sewer main repair right before the rainy season, following a major landslide event off Shady Lane.

# Wastewater Operations (continued)

- Supported activities intended to reduce sanitary sewer overflows, including, training utilities staff on our new Spill Emergency Response Plan (SERP), procurement of an off road vehicle that will allow staff to access hard to reach areas to maintain our sewer infrastructure in difficult to reach locations, and implemented the CityWorks software for assignment and documentation of maintenance activities.

## **FY 2024-25 and 2025-26 Activity Goals**

- Support the Capital improvement Team in developing and implementing annual sewer line repair and replacement projects based on the infiltration and inflow repair recommendations, while continuing to update all repaired sewer line conditions into the City’s GIS system.
- Increase maintenance activities through hydro cleaning 600,000 feet annually, conducting CCTV inspection of 300,000 feet annually, and completing requests for USA locates within 48 hours or less.
- Continue to renew and replace known trouble spots and recommended wastewater lines citywide to comply with wastewater discharge permit requirements.
- Complete the rehabilitation project for the manholes identified in the Infiltration and Inflow assessment report.

## **Financial Comments**

The City is currently completing a 5-year update to the City’s Wastewater Master Plan (Plan). This Plan identifies sewer infrastructure project needs. Immediately following the completion of the Plan, the City will review wastewater fees through a fee study, which will be reviewed by the Council and implemented in the Summer of 2024.

# Wastewater Operations (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	1,577,181	1,842,590	1,563,576	1,810,392	1,954,841
41271	Salaries-Part-Time Temp	10,835	11,000	11,000	11,000	11,000
41320	Salaries-Earned leave	39,544	41,126	41,126	60,191	62,600
41490	Overtime-General	90,086	62,085	62,085	63,948	65,866
41620	Retirement-General	357,567	397,514	374,884	416,134	447,590
41690	Deferred Compensation	29,883	33,978	38,855	55,405	58,094
41700	Group Insurance	245,771	318,077	293,326	350,415	383,992
41701	Medicare	24,407	27,883	23,648	26,781	29,373
41701	Medicare (PTT & OT)	-	-	-	1,087	1,115
41720	Other Post Employment Benefits (OPEB)	43,263	32,282	32,282	28,951	-
41730	Income Protection Ins	10,631	12,373	12,373	13,072	13,895
41760	Workers Comp	41,954	47,892	41,078	45,260	48,872
41760	Workers Comp (PTT & OT)	-	-	-	1,874	1,922
41799	Benefits	13,433	11,892	16,103	18,095	18,905
<b>Employee Services Total</b>		<b>2,484,555</b>	<b>2,838,692</b>	<b>2,510,336</b>	<b>2,902,604</b>	<b>3,098,064</b>
42208	Electric	44,988	37,996	44,993	49,492	51,967
42210	Water/Sewer	9,296	6,522	7,368	7,736	8,123
42214	Telephone	22,172	23,340	18,030	12,000	12,360
42228	Gasoline & Oil	42,009	31,704	33,162	34,157	35,180
42231	Contract Services	117,810	244,312	244,312	346,641	279,790
42240	Rentals-Outside	-	2,000	2,000	2,000	2,000
42244	Stationary & Office Supplies	2,125	2,089	2,089	2,152	2,217
42245	Computer Hardware-Non Cap	4,083	2,500	2,500	2,500	2,500
42246	Computer Software-Non Cap	59,221	60,663	60,663	62,483	64,357
42248	Other Supplies	104,066	95,957	105,000	108,150	111,395
42250	Advertising	153	2,500	2,500	2,500	2,500
42252	Photocopying	522	560	560	560	560
42254	Postage & Freight	7	300	300	300	300
42257	Printing	900	820	820	820	820
42261	Auto Mileage	-	200	200	200	200
42270	Sewer Chrgs Maint/Oper.	4,980,759	5,119,425	5,119,425	5,342,662	6,740,162
42273	Wtr/Sewer Maint.Service	-	25,000	25,000	25,000	25,000
42281	Small Tools	8,079	5,124	5,124	5,278	5,436
42299	Other Expense	8,569	9,583	9,583	9,870	10,166
42408	Training & Education	21,310	21,218	15,000	21,855	22,510
42415	Conference & Meetings	2,296	11,705	8,580	14,500	14,935
42423	Membership & Dues	12,519	7,906	8,209	8,455	8,709
42435	Subscription & Pub.	226	200	72	-	-
42510	Maint-Buildings/Improvements	-	10,000	10,000	10,000	10,000
42523	Maint-Machinery/Equipment	21,555	51,940	51,940	53,498	55,103
42526	Maint-Autos/Trucks	35,889	53,521	53,521	55,127	56,780
42999	Reimbursement Agreement	56,655	100,000	100,000	100,000	100,000
<b>Supplies &amp; Services Total</b>		<b>5,555,208</b>	<b>5,927,085</b>	<b>5,930,951</b>	<b>6,277,936</b>	<b>7,623,070</b>

## Wastewater Operations (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
43825	Machinery/Equipment	64,166	22,850	-	29,728	46,875
43835	Furniture/Office Equip	2,855		-	-	-
43845	Computer Software	12,643	22,337	25,920	-	-
	<b>Capital Outlay Total</b>	<b>79,663</b>	<b>45,187</b>	<b>25,920</b>	<b>29,728</b>	<b>46,875</b>
45003	General Liability Insurance	119,828	127,020	127,020	144,187	158,606
45004	Building Maint - Current Services	103,890	103,890	103,890	100,756	101,818
45005	Building Maint.-Future Replacement	10,951	11,170	11,170	11,881	12,237
45006	Fleet Replacement	230,558	240,933	240,933	283,303	296,052
45007	GIS	38,897	38,024	38,024	57,071	54,647
45009	Info System Services	156,769	180,199	180,199	189,313	204,245
45010	GF Admin	266,231	274,218	274,218	287,929	293,690
	<b>Internal Services Total</b>	<b>927,125</b>	<b>975,454</b>	<b>975,454</b>	<b>1,074,441</b>	<b>1,121,295</b>
49210	Transfer Out-010 (General Fund)	375,000	394,000	394,000	413,700	434,390
49212	Transfer Out-232 (Environmental Prog)	132,107	140,333	140,333	112,363	117,989
49241	Transfer Out-420 (Civic Center Debt)	1,297	1,292	1,292	1,306	1,321
49250	Transfer Out-790 (Equipment Replacement)	-	-	-	115,500	
49262	Transfer Out-643 (Sewer Replacement)	5,700,000	4,400,000	5,300,000	5,100,000	5,200,000
49265	Transfer Out - 642 (Rate Stabilization Fund)	50,000	192,000	192,000		
49271	Transfer Out-650 (Water Ops)	550,372	571,318	571,318	719,795	754,090
49321	Transfer out-791(Employee Benefits Fund)	120,000		-		
	<b>Transfers Total</b>	<b>6,928,776</b>	<b>5,698,943</b>	<b>6,598,943</b>	<b>6,462,664</b>	<b>6,507,790</b>
<b>640.5900 - Wastewater Operations Total</b>		<b>15,975,327</b>	<b>15,485,361</b>	<b>16,041,604</b>	<b>16,747,374</b>	<b>18,397,095</b>

# Utilities Division

## Water Operations

650.5710

### **Division Description**

The Water Operations Division plays a pivotal role in ensuring the efficient management and delivery of clean, safe drinking water to our Community. Its core responsibilities include water treatment and distribution which oversees the treatment of well water and ensures compliance with quality standards. It manages distribution networks, maintains pipelines, reservoirs, and booster stations. The Division responds to emergencies; during crises (natural disasters, pipe bursts, etc.), well trained water operations staff swiftly respond to maintain water supply continuity. Water Operations is also responsible for regular inspections, repairs, and upgrades which are vital to sustain water infrastructure. The Division assesses aging infrastructure, while balancing maintenance costs and infrastructure renewal. It integrates technology in day-to-day operations with equipment and systems like smart meters, leak detection systems, and data analytics to enhance efficiency.

The Water Operations Division interacts with customers, addresses inquiries and service disruptions. It adapts to changing weather patterns and ensures water availability during droughts and floods. It promotes water conservation, embracing sustainable and eco-friendly practices as a priority. The Division collaborates with environmental agencies, local and state regulatory agencies, and other stakeholders. One of the major goals of the Division is to continue to enhance water quality. Water Operations is the lifeline that keeps our taps flowing and our Community thriving. The Division relies solely on the Enterprise Fund which charges a fee for the goods and services that the consumer uses.

### **FY 2022-23 and 2023-24 Accomplishments**

- Ensured water service was safely provided to Morgan Hill residents and businesses. Installed, repaired, and tested respectively 84, 109, and 2,160 backflow devices. Repaired 159 water mains and service lines, flushed 300 blowoffs to improve water quality, and responded to 87 water leaks.
- Completed the transition to a new software system for improved utility locating services provided by the City.
- Completed the generator replacement project for Jackson Oaks booster station, the rehabilitation of Diana Well 4 and the relocation of a water main before a water leak could compromise the foundation of a residence on Gnarled Oak Lane.
- Received Superior Reporting Award Certificate by the State Water Control Board for outstanding drought and conservation reporting.

## **Water Operations (continued)**

### **FY 2024-25 and 2025-26 Activity Goals**

- Complete the Supervisory Control and Data Acquisition (SCADA) application system upgrade, increase the size of Glen Ayre storage tank from 0.1 million gallons (MG) to 0.25 (MG), and utilize part-time help to assist with meter replacement and help identify and catalog lead pipes on the customer side as required by California Waterboard.
- Complete the rehabilitation of Diana Well 3, security fencing at Woodland and Jackson Oaks booster stations, and the retaining wall at Woodland booster station.
- Review the possibility of utilizing a third-party backflow inspection company to streamline customer support, increase efficiency, and free up staff to concentrate on other tasks.
- Support water supply resiliency and redundancy by working with the Capital Project Team in constructing two additional wells for increased water supply and by constructing a mobile booster station on Condit and Main Avenue.

### **Financial Comments**

The Santa Clara Valley Water District (SCVWD) Staff proposed to increase the groundwater extraction fees that it charges the City of Morgan Hill. A production fee increase by the SCVWD is automatically built into the City's water rate structure which was approved by the Council. Therefore, the City will pass on that increase to its water customers. The proposed pass-through charge is approximately \$0.14 per unit Hundred Cubic Foot (HCF) of water consumed. For the average customer who consumes 14 units per month, the increase will be an additional \$1.96 per month.

These pass-through charge and Council-approved rate adjustments in June 2022 are necessary to keep the operations viable and fund the water capital improvement program (CIP).

# Water Operations (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	1,725,790	1,831,580	1,969,264	2,236,699	2,413,816
41271	Salaries-Part-Time Temp	20,647	11,000	20,000	35,000	36,050
41320	Salaries-Earned leave	51,444	53,502	53,502	56,518	58,779
41490	Overtime-General	142,382	133,178	133,178	137,173	141,289
41620	Retirement-General	363,669	395,070	398,551	513,777	552,336
41690	Deferred Compensation	29,903	29,643	44,642	61,758	64,849
41700	Group Insurance	284,004	313,684	413,739	497,948	541,718
41701	Medicare	26,055	27,451	29,054	31,421	34,566
41701	Medicare (PTT & OT)	-	-	-	2,497	2,571
41720	Other Post Employment Benefits (OPEB)	42,442	33,291	33,291	37,732	-
41730	Income Protection Ins	12,024	12,830	12,830	16,096	17,037
41760	Workers Comp	47,210	49,394	53,078	55,919	60,346
41760	Workers Comp (PTT & OT)	-	-	-	4,304	4,433
41799	Benefits	10,921	8,375	19,013	23,647	24,573
41800	Uniform	-	-	-	-	-
<b>Employee Services Total</b>		<b>2,756,492</b>	<b>2,898,998</b>	<b>3,180,142</b>	<b>3,710,489</b>	<b>3,952,364</b>
42205	Taxes	448	500	500	500	500
42208	Electric	1,186,150	1,508,323	1,508,323	1,659,155	1,742,113
42209	Groundwater Production	3,328,208	3,986,665	4,075,000	4,600,000	5,270,000
42210	Water/Sewer	12,635	11,462	11,462	12,379	13,369
42214	Telephone	24,210	23,340	18,545	12,000	12,360
42228	Gasoline & Oil	54,970	35,749	56,962	58,671	60,430
42231	Contract Services	276,615	407,595	407,595	519,823	448,168
42236	Bank and Merchant Fees	52	580	580	580	580
42240	Rentals-Outside	-	2,500	2,500	2,500	2,500
42244	Stationary & Office Supplies	1,936	2,089	2,089	2,152	2,216
42245	Computer Hardware-Non Cap	4,703	2,500	2,500	2,500	2,500
42246	Computer Software-Non Cap	68,859	60,663	60,663	62,483	64,357
42248	Other Supplies	189,022	315,359	315,359	324,820	334,564
42250	Advertising	309	3,250	3,250	3,250	3,250
42252	Photocopying	522	810	810	810	810
42254	Postage & Freight	2,258	2,000	2,000	2,000	2,000
42257	Printing	1,141	2,360	2,360	2,360	2,360
42261	Auto Mileage	-	290	290	290	290
42262	Chemicals	20,779	38,600	38,600	39,758	40,951
42273	Wtr/Sewer Maint.Service	16,250	75,000	75,000	75,000	75,000
42281	Small Tools	10,272	12,541	12,541	12,917	13,305
42299	Other Expense	77,186	80,938	80,938	84,872	89,000
42408	Training & Education	19,884	13,368	13,368	13,769	14,182
42415	Conference & Meetings	1,414	12,605	7,880	13,416	13,819
42423	Membership & Dues	3,949	15,172	15,172	15,627	16,096
42435	Subscription & Pub.	815	225	35	-	-
42510	Maint-Buildings/Improvements	-	70,000	70,000	70,000	70,000
42523	Maint-Machinery/Equipment	55,712	32,460	55,712	57,383	59,105
42526	Maint-Autos/Trucks	52,445	32,148	32,148	33,112	34,106
<b>Supplies &amp; Services Total</b>		<b>5,410,744</b>	<b>6,749,092</b>	<b>6,872,182</b>	<b>7,682,127</b>	<b>8,387,931</b>

## Water Operations (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
43825	Machinery/Equipment	-	-	2,082	-	-
43835	Furniture/Office Equip	2,855	-	-	-	-
43845	Computer Software	13,429	24,884	25,920	-	-
43897	Meters	202,978	602,348	437,012	550,000	550,000
<b>Capital Outlay Total</b>		<b>219,262</b>	<b>627,232</b>	<b>465,014</b>	<b>550,000</b>	<b>550,000</b>
45003	General Liability Insurance	170,308	180,530	180,530	255,113	280,624
45004	Building Maint - Current Services	196,314	196,314	196,314	187,210	191,608
45005	Building Maint.-Future Replacement	20,516	20,927	20,927	22,484	23,159
45006	Fleet Replacement	319,754	334,143	334,143	387,707	405,154
45007	GIS	39,726	39,066	39,066	57,071	54,647
45009	Info System Services	161,668	185,830	185,830	246,738	265,452
45010	GF Admin	350,689	361,210	361,210	379,270	386,860
<b>Internal Services Total</b>		<b>1,258,977</b>	<b>1,318,020</b>	<b>1,318,020</b>	<b>1,535,595</b>	<b>1,607,505</b>
49210	Transfer Out-010 (General Fund)	375,000	394,000	394,000	413,700	434,390
49212	Transfer Out-232 (Environmental Prog)	132,107	140,333	140,333	112,363	117,989
49241	Transfer Out-420 (Civic Center Debt)	1,356	1,351	1,351	1,425	1,441
49273	Transfer Out-653 (Water Replacement)	6,400,000	6,200,000	5,200,000	5,300,000	6,400,000
49321	Transfer out-791(Employee Benefits Fund)	120,000	-	-	-	-
<b>Transfers Total</b>		<b>7,028,463</b>	<b>6,735,684</b>	<b>5,735,684</b>	<b>5,827,488</b>	<b>6,953,820</b>
<b>650.5710 - Water Operations Total</b>		<b>16,673,937</b>	<b>18,329,026</b>	<b>17,571,042</b>	<b>19,305,698</b>	<b>21,451,620</b>

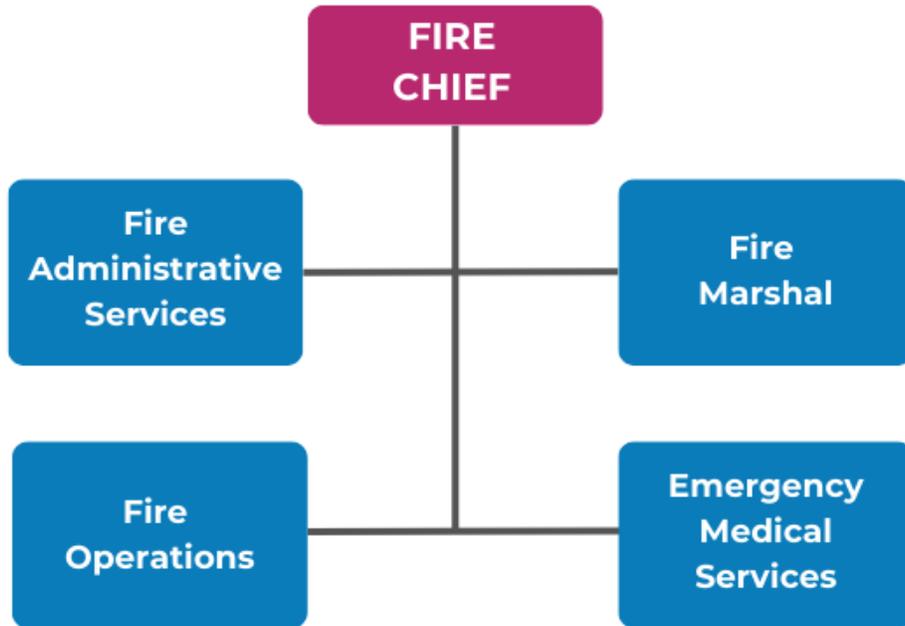
# Fire

## Appropriations Summary

	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Year End Projection	Adopted	Adopted
Employee Services	\$ -	\$ -	\$ 1,755	\$ -	\$ -
Supplies & Services	7,084,156	8,669,738	8,778,478	10,217,377	10,684,393
Capital Outlay	105,833	273,553	273,553	42,000	34,000
Debt Services	80,579	-	-	-	-
Internal Service	191,405	196,614	196,614	121,783	127,465
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,461,973</b>	<b>\$ 9,139,905</b>	<b>\$ 9,250,400</b>	<b>\$ 10,381,160</b>	<b>\$ 10,845,858</b>

# FIRE

## Organizational Chart



## **Introduction to Department**

The Morgan Hill Fire Department, through a cooperative fire protection agreement with CAL FIRE, provides all-risk emergency services including advanced life support (paramedics). The City of Morgan Hill owns two fire stations, as well as all corresponding apparatus and equipment, while CAL FIRE provides the personnel. Core services provided include emergency response, community education, business inspections, and fire prevention. The Department is in the construction phase of a third fire station, scheduled to be complete in November 2024 with a third frontline fire engine to follow. The Department currently provides services utilizing two fire engine companies consisting of three fire apparatuses, an available City owned ambulance with a fourth apparatus staffed through an agreement with the South Santa Clara County Fire District, which the City partially funds for staffing. Total calls for services in 2023 for Morgan Hill Fire Department including our shared agreement was 5,095, 65% of which were medical emergencies.

The Morgan Hill Fire Department's fire and rescue personnel work a 72-hour shift. Currently the minimum staffing is eight (8) line personnel, including at least three (3) paramedics and one (1) chief officer daily. Daily staffing will increase to a minimum of (9) line personnel and (3) paramedics with the opening of new Butterfield Fire Station 59. The Fire Marshal and Emergency Medical Services/Training Captain are available to respond as additional capacity for responses when needed to incidents or to staff the Emergency Operations Center (EOC).

The Fire Marshal's office provides technical information, advice and recommendations regarding enactment, amendment, repeal, and enforcement of fire prevention and suppression ordinances and regulations within the City. In cooperation with the City and the City Attorney, the Fire Marshal's office enforces and provides services required by the Morgan Hill Municipal Code and mandated by the State and Federal Government, including brush abatement inspections in the Wildland Urban Interface.

# Fire (continued)

## **FY 2022-23 and 2023-24 Accomplishments**

- Implemented a new paramedic onboarding process and provided 24/7 ambulance availability.
- Installed Mobile Data Computers (MDC) and Automatic Vehicle Locator (AVL) technology in all fire apparatuses.
- Deployed new self-contained breathing apparatuses.
- Supported development and participated in full scale Emergency Operations Center drills simulating emergency events within the City.
- Conducted 926 annual business fire inspections and collaborated with the Police Department to ensure that major community events adhered to all event guidelines.

## **FY 2024-25 and 2025-26 Activity Goals**

- Complete the construction of Butterfield Fire Station and take delivery of new Fire Engine 59.
- Add solar panels to both existing fire stations to reduce the Department's carbon footprint.
- Identify training grounds for Morgan Hill Fire personnel.
- Increase Community fire safe resiliency.

## **Financial Comments**

On May 3, 2023, the City Council approved the extension of our cooperative agreement for five years through June 30, 2028. The current agreement allows Morgan Hill to effectively staff our new fire station set to open in late 2024. In addition, upon appropriation from the State, CAL FIRE will implement a transition from the current 72-hour workweek to a 66-hour workweek in accordance with the collectively bargained start date of November 1, 2024.

# Fire (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	660	-	-	-	-
41490	Overtime-General	4,177	-	1,693	-	-
41701	Medicare	54	-	20	-	-
41760	Workers Comp	112	-	42	-	-
<b>Employee Services Total</b>		<b>5,003</b>	<b>-</b>	<b>1,755</b>	<b>-</b>	<b>-</b>
42208	Electric	27,867	34,020	34,020	50,000	52,500
42210	Water/Sewer	6,034	5,495	5,495	8,500	8,750
42214	Telephone	27,946	21,050	24,050	32,535	33,510
42228	Gasoline & Oil	33,018	43,335	48,620	55,800	57,470
42231	Contract Services	66,046	49,600	124,400	79,065	80,490
42236	Bank and Merchant Fees	500	1,050	50	1,080	1,110
42238	Contract Services-CalFire	6,295,262	7,611,203	7,611,203	8,935,510	9,382,286
42244	Stationary & Office Supplies	153	3,060	1,060	3,150	3,250
42248	Other Supplies	43,675	93,120	43,120	95,900	98,800
42249	ALS Supplies & Services	80,950	97,380	166,300	194,032	198,012
42250	Advertising	402	-	-	-	-
42252	Photocopying	83	-	-	-	-
42254	Postage & Freight	89	1,600	600	1,650	1,700
42257	Printing	152	4,600	600	4,740	4,890
42299	Other Expense	2,822	1,800	1,800	1,860	1,920
42408	Training & Education	3,167	20,000	20,000	20,600	21,220
42415	Conference & Meetings	500	500	500	520	540
42423	Membership & Dues	514	2,270	1,270	4,840	2,410
42435	Subscription & Pub.	-	500	500	520	540
42510	Maint-Buildings/Improvements	1,169	35,000	61,535	36,050	37,130
42523	Maint-Machinery/Equipment	36,507	50,800	40,000	66,080	67,890
42526	Maint-Autos/Trucks	80,275	135,750	135,750	167,340	172,370
42546	Fire Station Acquisition Payment	209,192	259,296	259,296	259,296	259,296
42556	Apparatus Lease	167,833	198,309	198,309	198,309	198,309
<b>Supplies &amp; Services Total</b>		<b>7,084,156</b>	<b>8,669,738</b>	<b>8,778,478</b>	<b>10,217,377</b>	<b>10,684,393</b>
43825	Machinery/Equipment	105,833	273,553	273,553	42,000	34,000
<b>Capital Outlay Total</b>		<b>105,833</b>	<b>273,553</b>	<b>273,553</b>	<b>42,000</b>	<b>34,000</b>
44991	Interest	80,579	-	-	-	-
<b>Debt Service Total</b>		<b>80,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	67,364	71,410	71,410	46,149	50,764
45005	Building Maint.-Future Replacement	28,534	29,105	29,105	44,792	46,136
45006	Fleet Replacement	61,748	64,527	64,527	11,818	12,350
45007	GIS	33,759	31,572	31,572	19,024	18,216
<b>Internal Services Total</b>		<b>191,405</b>	<b>196,614</b>	<b>196,614</b>	<b>121,783</b>	<b>127,465</b>
<b>010.3510 - Fire Administration Total</b>		<b>7,466,976</b>	<b>9,139,905</b>	<b>9,250,400</b>	<b>10,381,160</b>	<b>10,845,858</b>



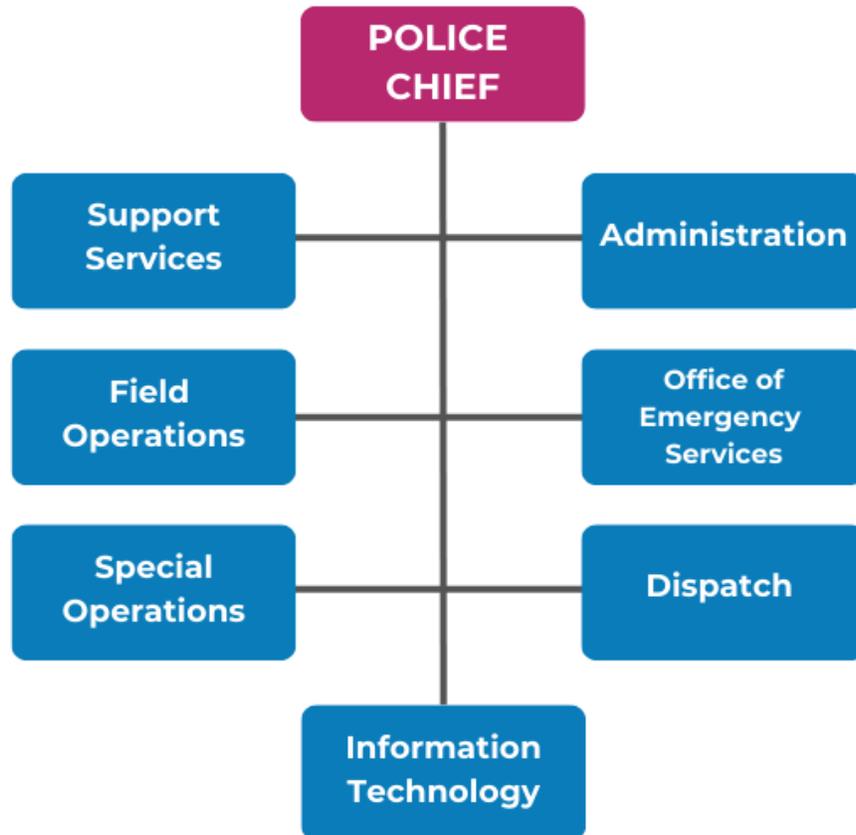
# Police

## Appropriations Summary

	FY 22-23		FY 23-24		FY 23-24 Year End		FY 24-25		FY 25-26	
	Actual		Amended		Projection		Adopted		Adopted	
Employee Services	\$	16,877,375	\$	18,326,546	\$	18,306,654	\$	19,889,780	\$	20,913,139
Supplies & Services		2,261,912		2,194,083		2,532,796		2,627,314		2,632,509
Capital Outlay		37,996		583,800		993,800		344,229		-
Internal Service		2,086,953		2,249,936		2,429,936		1,919,270		2,055,406
Transfers Out		192,120		192,262		192,262		190,994		192,968
<b>TOTAL EXPENDITURES</b>	<b>\$</b>	<b>21,456,356</b>	<b>\$</b>	<b>23,546,627</b>	<b>\$</b>	<b>24,455,448</b>	<b>\$</b>	<b>24,971,587</b>	<b>\$</b>	<b>25,794,022</b>
Administration	\$	1,571,335	\$	1,735,700	\$	1,719,852	\$	1,867,938	\$	1,930,200
Field Operations		10,216,743		11,210,613		12,311,509		13,022,277		13,441,730
Support Services		2,780,072		3,586,324		3,686,719		2,556,380		2,619,872
Emergency Services		234,847		222,865		250,085		275,047		278,548
Special Operations		3,993,423		4,098,765		3,736,104		4,244,340		4,405,650
PD Building Maintenance		519,348		490,423		592,629		664,355		691,964
Dispatch Services		2,140,588		2,201,937		2,158,550		2,341,249		2,426,058
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>\$</b>	<b>21,456,356</b>	<b>\$</b>	<b>23,546,627</b>	<b>\$</b>	<b>24,455,448</b>	<b>\$</b>	<b>24,971,587</b>	<b>\$</b>	<b>25,794,022</b>
<b>FULL TIME EQUIVALENT EMPLOYEES</b>										
<b>(Includes 4.0 FTE Information Technology)</b>										
		72.25		72.25		72.25		73.25		74.25

# POLICE

## Organizational Chart



# Police Department

## **Introduction to Department**

Welcome to the Morgan Hill Police Department, where our mission is to serve and protect our Community with dedication and integrity. With a team consisting of 42 police officers and 26 professional staff, we provide round-the-clock law enforcement services rooted in procedural justice principles.

At the heart of our work lies a deep commitment to fostering strong partnerships with the Community we serve. We believe in the power of collaboration and actively seek out opportunities to engage with residents, listening to their concerns and working together to find solutions. By embracing respect, neutrality, and trust, we strive to uphold the values of procedural justice in all our interactions.

As we navigate the challenges facing our City, we remain dedicated to finding innovative solutions and building supportive resources in partnership with our Community. Together, we can create a safer and more vibrant Morgan Hill for all.

Our department is organized into six functional responsibilities. Each function plays a vital role in ensuring the safety and well-being of our residents.

## **Functional Responsibilities**

- Administration
- Field Operations
- Special Operations
- Support Services
- Office of Emergency Services
- Dispatch Center

## **Financial Comments**

During this budget cycle, the Police Department will increase staffing by adding a Police Officer in FY 2024-25 and one Police Officer in FY 2025-26. The Department continues to actively seek grant opportunities to leverage resources within the Department.

## **Division Description**

The Administration Division of the Police Department consists of the Chief of Police, one Executive Assistant, one Administrative Sergeant, and one part-time temporary Office Assistant. The division oversees and manages the operations of our Police Department.

This includes a wide range of responsibilities, including:

**Leadership:** Setting the vision, mission, and goals of the Department and providing leadership to officers and staff.

**Administration:** Managing the administrative functions of the department, including budgeting, resource allocation, and policy development.

**Public Safety:** Ensuring the safety and security of the Community by developing and implementing strategies to prevent and combat crime through Community Policing.

**Personnel Management:** Recruiting, training, and supervising police officers and staff, as well as handling disciplinary actions when necessary.

**Community Relations:** Building positive relationships with the Community through outreach programs, Community policing initiatives, and engagement with local residents and organizations.

**Crime Prevention and Investigation:** Directing efforts to prevent crime through patrols, surveillance, and proactive policing, as well as overseeing criminal investigations to ensure they are conducted effectively and fairly.

**Crisis Management:** Handling emergencies and crises, such as natural disasters or large-scale incidents, by coordinating responses and resources.

**Legal Compliance:** Ensuring that the Department operates within the law and adheres to legal standards and regulations, including civil rights protections and due process.

In addition, the Chief of Police oversees the Information Services Department for Citywide technology systems ensuring municipal operations run efficiently and securely.

# Police Administration (continued)

## **FY 2022-23 and 2023-24 Accomplishments**

- Transitioned Department to new Axon software: Axon report management system completes the technology ecosystem that integrates Taser, in-car cameras (Dash Cams), body worn cameras, weapon sensors, digital evidence storage, records management, and computer aided dispatch.
- Secured Grant Funds: utilized several funding opportunities to purchase equipment and offset the costs of overtime.
- Implemented a Youth Restorative Justice Program diverting 42 youth from the Santa Clara County Probation Department.
- Implemented the Department's first Carrying a Concealed Weapons License Program.

## **FY 2024-25 and 2025-26 Activity Goals**

- Adhere to our [21<sup>st</sup> Century Policing Plan](#).
- Seek out opportunities for Local, State and Federal funding through grants and partnerships.
- Participate in Healthy Community initiatives through policies, projects and programs.
- Complete the Police Department Building expansion project.

## **Financial Comments**

The budget includes the purchase of a new police vehicle with safety communication equipment utilizing funds from the Public Safety Facilities Impact Fund.

# Police Administration (continued)

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
41100	Salaries-General	217,674	262,782	237,599	249,002	257,556
41160	Salaries -Safety	455,502	467,389	477,773	503,685	521,131
41271	Salaries-Part-Time Temp			-	24,256	25,465
41320	Salaries-Earned leave	46,579	48,442	48,442	60,522	62,943
41490	Overtime-General	2,065	550	550	567	583
41500	Overtime-Safety	7,684	5,250	5,250	5,408	5,570
41520	Overtime-Reimbursable	616	2,275	2,275	2,343	2,414
41620	Retirement-General	50,974	56,546	54,148	57,155	58,850
41630	Retirement-Safety	267,012	305,455	286,707	291,887	308,111
41690	Deferred Compensation	8,711	9,163	14,278	19,890	17,766
41700	Group Insurance	67,223	88,909	78,177	80,155	84,763
41701	Medicare	10,740	10,616	11,613	10,881	11,325
41701	Medicare (PTT & OT)	-			472	493
41720	Other Post Employment Benefits (OPEB)	13,562	8,071	8,071	7,720	-
41730	Income Protection Ins	3,260	3,383	3,383	3,559	3,559
41760	Workers Comp	28,834	30,343	29,912	31,409	32,496
41760	Workers Comp (PTT & OT)	-			1,629	1,702
41799	Benefits	2,431	1,824	2,733	2,688	2,688
41800	Uniform	3,016	3,275	3,275	3,200	3,200
<b>Employee Services Total</b>		<b>1,185,883</b>	<b>1,304,273</b>	<b>1,264,186</b>	<b>1,356,428</b>	<b>1,400,615</b>
42230	Special Counsel	-		25,000	-	-
42231	Contract Services	142,082	182,351	183,498	197,111	207,164
42236	Bank and Merchant Fees	1,342	550	1,380	1,210	1,247
42244	Stationary & Office Supplies			-	31,784	32,737
42248	Other Supplies	19,188	12,622	12,622	49,868	51,363
42250	Advertising	298	5,590	5,590	5,805	5,978
42254	Postage & Freight	-		-	-	-
42261	Auto Mileage	31	300	300	309	319
42408	Training & Education	3,214	3,325	3,325	3,296	3,395
42415	Conference & Meetings	1,074	7,175	5,325	4,652	4,732
42423	Membership & Dues	3,124	2,634	2,634	2,065	2,065
42435	Subscription & Pub.	3,473	3,338	2,450	2,400	2,400
<b>Supplies &amp; Services Total</b>		<b>173,826</b>	<b>217,885</b>	<b>242,124</b>	<b>298,500</b>	<b>311,400</b>
45003	General Liability Insurance	29,506	31,280	31,280	32,016	35,218
<b>Internal Services Total</b>		<b>29,506</b>	<b>31,280</b>	<b>31,280</b>	<b>32,016</b>	<b>35,218</b>
49247	Transfer Out-441 (PD Bond Debt Service)	182,120	182,262	182,262	180,994	182,968
<b>Transfers Total</b>		<b>182,120</b>	<b>182,262</b>	<b>182,262</b>	<b>180,994</b>	<b>182,968</b>
<b>010.3205 - PD Administration Total</b>		<b>1,571,335</b>	<b>1,735,700</b>	<b>1,719,852</b>	<b>1,867,938</b>	<b>1,930,200</b>

## **Division Description**

The Field Operations Division consists of 31 sworn officers: one Captain, four Patrol Sergeants, four Patrol Corporals, 16 Patrol Officers, one Traffic Corporal, four Traffic Officers, and one K-9 Officer. Patrol Officers conduct routine patrols throughout our Community, respond to calls for service, conduct investigations, and ensure a visible police presence to deter criminal activity. Police Officers have collateral duties such as Field Training Officers (FTO), Bicycle Patrol Officers, Special Weapons and Tactics Team (SWAT), Hostage Negotiations Team (HNT), peer support, Crime Scene Investigator (CSI), Community Police Academy Instructors, and certified Police Officer Standards and Training (POST) Instructors. Traffic Units within the Field Operations Division focus on managing and regulating vehicular traffic, enforcing traffic laws, investigating accidents, and promoting road safety through education and enforcement campaigns.

The professional staff component of the division consists of four Multi-Service Officers (MSO) and one Animal Services Officer (ASO). MSOs are responsible for taking police reports with no suspect information, providing vehicle abatement, jail management and other duties as assigned. The ASO is responsible for the enforcement of animal control provisions mandated by State law and local ordinance, and for administering animal licensing for the City of Morgan Hill.

## **FY 2022-23 and 2023-24 Accomplishments**

- Deployed Psychiatric Emergency Response Team to address mental health calls for service.
- Expanded Community Police Academy (Spanish/English), Police Explorer Program, Parent Project, Crime Prevention meetings, Volunteers in Policing, and Cadet Program.
- Enhanced traffic safety measures and increased the Traffic Team by adding a Police Corporal, making it a team of five.

# Police Field Operations (continued)

## **FY 2024-25 and 2025-26 Activity Goals**

- Adhere to our [21st Century Policing Plan](#).
- Seek grant opportunities from the California Office of Traffic Safety (OTS) and CHP Cannabis Tax Grant to purchase equipment, conduct specialized DUI enforcement, host DUI checkpoints and host/attend public relations events. Additionally seek grant funding for the purchase of two traffic motorcycles.
- Add a 4th patrol beat to redistribute workload.

## **Financial Comments**

Santa Clara County San Martin Animal Services will be increasing fees from \$35,000 to \$72,000 in FY 2025-26. The net impact will be determined by the agreement between the City and Santa Clara County. The budget includes the reclassification of one Corporal to Sergeant.

# Police Field Operations (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	361,561	552,731	533,167	574,414	609,929
41160	Salaries -Safety	4,517,748	4,971,259	5,447,535	5,560,488	5,981,378
41271	Salaries-Part-Time Temp	97,586	-	10,130	-	-
41310	Salaries-Other	6,975	20,600	20,600	-	-
41320	Salaries-Earned leave	146,577	152,440	152,440	241,927	251,604
41490	Overtime-General	1,075	27,810	27,810	28,644	29,504
41500	Overtime-Safety	358,162	423,339	423,339	394,250	385,500
41505	OT-Safety Special Projects	36,224	36,186	41,210	37,272	38,390
41520	Overtime-Reimbursable	37,926	77,250	77,250	79,568	81,955
41620	Retirement-General	116,603	145,774	136,198	142,445	157,332
41630	Retirement-Safety	1,877,118	2,114,777	2,122,433	2,509,605	2,695,458
41690	Deferred Compensation	4,107	4,482	7,733	11,146	11,571
41700	Group Insurance	563,987	659,831	748,923	846,113	930,963
41701	Medicare	80,876	90,917	93,126	92,214	100,083
41701	Medicare (PTT & OT)	-	-	-	7,826	7,763
41720	Other Post Employment Benefits (OPEB)	87,907	66,583	66,583	67,551	-
41730	Income Protection Ins	20,143	22,128	22,128	21,036	21,601
41760	Workers Comp	252,064	283,846	287,488	287,586	309,218
41760	Workers Comp (PTT & OT)	-	-	-	26,987	26,767
41799	Benefits	9,403	5,472	21,689	25,736	27,192
41800	Uniform	67,402	53,864	53,864	56,500	60,000
41810	Uniform-Reserves	-	-	-	-	-
<b>Employee Services Total</b>		<b>8,643,445</b>	<b>9,709,289</b>	<b>10,293,646</b>	<b>11,011,308</b>	<b>11,726,206</b>
42228	Gasoline & Oil	141,970	93,750	146,000	150,380	154,890
42231	Contract Services	483,593	355,825	410,173	443,181	479,717
42248	Other Supplies	163,690	234,018	204,528	239,428	195,111
42250	Advertising	-	375	-	-	-
42299	Other Expense	223	-	28,000	-	-
42408	Training & Education	12,067	4,500	4,500	4,635	4,774
42411	POST Training	89,157	80,000	80,000	82,400	84,872
42415	Conference & Meetings	770	2,320	2,320	2,390	2,461
42423	Membership & Dues	271	775	775	798	822
42435	Subscription & Pub.	1,082	800	2,606	2,684	2,765
42523	Maint-Machinery/Equipment	-	4,350	4,350	4,481	4,615
42526	Maint-Autos/Trucks	179,815	198,111	198,111	208,017	218,417
<b>Supplies &amp; Services Total</b>		<b>1,072,638</b>	<b>974,824</b>	<b>1,081,363</b>	<b>1,138,394</b>	<b>1,148,444</b>
43830	Auto/Trucks	-	-	410,000	344,229	-
<b>Capital Outlay Total</b>		<b>-</b>	<b>-</b>	<b>410,000</b>	<b>344,229</b>	<b>-</b>
45003	General Liability Insurance	250,803	265,850	265,850	280,137	308,151
45006	Fleet Replacement	239,857	250,650	250,650	238,209	248,928
<b>Internal Services Total</b>		<b>490,660</b>	<b>516,500</b>	<b>516,500</b>	<b>518,346</b>	<b>557,079</b>
49250	Transfer Out-790 (Equipment Replacement)	10,000	10,000	10,000	10,000	10,000
<b>Transfers Total</b>		<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>010.3210 - PD Field Operations Total</b>		<b>10,216,743</b>	<b>11,210,613</b>	<b>12,311,509</b>	<b>13,022,277</b>	<b>13,441,730</b>

## **Division Description**

The Police Department Support Services Division consists of five Police Records Specialists and one Property and Evidence Technician who perform numerous support functions in addition to serving as the repository for all police records. They are responsible for accurate data entry and maintenance of reported police activity in all systems, including in-house records management systems and county, state, and federal database systems. Police Records Specialists process criminal and traffic warrants, handle custodial and non-custodial bookings, and prepare criminal case filings to be forwarded to the District Attorney's Office for prosecution within mandated time restrictions. Police Records Specialists handle report requests and a wide variety of other administrative duties, such as Live Scan fingerprinting and the annual update of information collected from registrants who are required to report to the Police Department.

The Property and Evidence Technician oversees the storage and processing of property and evidence pursuant to rigorous State requirements. They are responsible for the receipt, cataloging, safe storage, and maintaining the integrity of evidence, found property, and property for safekeeping. The responsibilities of this position have become increasingly complex due, in part, to factors related to legislative mandates, hazardous material storage, the protection and preservation of biological/DNA-related material, security, and chain of custody.

## **FY 2022-2023 and 2023-2024 Accomplishments**

- Revitalized social media strategy and increased engagement with 40% more visits to the page. Expanded media reach to over 240K people.
- The Property and Evidence Technician received 186 firearms as evidence for safekeeping.
- Submitted over 1,500 cases to the Santa Clara County District Attorney's Office for prosecution (47% increase from 2022; 68% increase from 2021).
- Researched and selected Axon software as our new Records Management System (RMS).

# Police Support Services (continued)

## **FY 2023-2024 and 2024-2025 Activity Goals**

- Adhere to our [21<sup>st</sup> Century Policing Plan](#).
- Implement the new Axon Report Management System (RMS).
- The Police Department has applied for an OTS TRIP Grant for FY 2024-25 in the amount of \$28,700. Funding will help to improve and enhance current State required traffic reporting processing.

## **Financial Comments**

The activities of this division are funded by the general fund.

# Police Support Services (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	674,833	739,596	702,545	777,655	819,655
41271	Salaries-Part-Time Temp	88,871	74,490	74,490	73,500	75,705
41320	Salaries-Earned leave	7,503	7,803	7,803	16,925	17,602
41490	Overtime-General	24,593	4,240	29,856	4,367	4,498
41620	Retirement-General	144,926	159,149	155,631	178,492	187,296
41690	Deferred Compensation	3,260	3,077	7,781	14,539	15,348
41700	Group Insurance	120,248	169,060	128,076	131,644	138,484
41701	Medicare	11,491	12,781	11,484	11,487	12,198
41701	Medicare (PTT & OT)	-	-	-	1,129	1,163
41720	Other Post Employment Benefits (OPEB)	18,904	13,115	13,115	13,510	-
41730	Income Protection Ins	5,381	5,875	5,875	6,095	6,095
41760	Workers Comp	19,874	20,458	19,224	19,442	20,492
41760	Workers Comp (PTT & OT)	-	-	-	3,893	4,010
41799	Benefits	3,630	1,824	7,112	7,704	7,704
41800	Uniform	7,460	6,480	6,480	5,670	5,670
<b>Employee Services Total</b>		<b>1,130,974</b>	<b>1,217,948</b>	<b>1,169,472</b>	<b>1,266,053</b>	<b>1,315,920</b>
42214	Telephone	121,499	134,015	85,000	60,000	61,800
42231	Contract Services	33,123	21,967	31,853	17,535	18,062
42244	Stationary & Office Supplies	12,021	30,858	30,858	-	-
42245	Computer Hardware-Non Cap	1,961	-	-	-	-
42246	Computer Software-Non Cap	53,999	70,105	78,105	64,315	6,930
42248	Other Supplies	32,690	32,201	32,201	10,294	10,603
42252	Photocopying	5,089	7,578	7,578	7,805	8,040
42254	Postage & Freight	4,137	4,623	4,623	4,762	4,905
42257	Printing	4,239	7,769	7,769	8,002	8,242
42261	Auto Mileage	57	300	300	309	318
42408	Training & Education	3,800	3,850	3,850	3,966	4,084
42415	Conference & Meetings	-	1,350	1,350	3,297	3,395
42423	Membership & Dues	200	1,125	1,125	1,417	1,459
42435	Subscription & Pub.	429	7,675	7,675	9,760	10,052
<b>Supplies &amp; Services Total</b>		<b>273,244</b>	<b>323,416</b>	<b>292,287</b>	<b>191,462</b>	<b>137,890</b>
43835	Furniture/Office Equip	36,213	-	-	-	-
43845	Computer Software	-	583,800	583,800	-	-
<b>Capital Outlay Total</b>		<b>36,213</b>	<b>583,800</b>	<b>583,800</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	51,636	54,730	54,730	56,027	61,630
45004	Building Maint - Current Services	471,711	490,422	670,422	-	-
45005	Building Maint.-Future Replacement	116,267	118,592	118,592	114,925	118,373
45007	GIS	33,759	31,572	31,572	57,071	54,647
45009	Info System Services	666,268	765,844	765,844	870,842	931,412
<b>Internal Services Total</b>		<b>1,339,641</b>	<b>1,461,160</b>	<b>1,641,160</b>	<b>1,098,865</b>	<b>1,166,062</b>
<b>010.3225 - PD Support Services Total</b>		<b>2,780,072</b>	<b>3,586,324</b>	<b>3,686,719</b>	<b>2,556,380</b>	<b>2,619,872</b>

## **Division Description**

The Office of Emergency Services (OES) operates within the Police Department and serves the City of Morgan Hill. The OES Coordinator ensures the Emergency Operations Center (EOC), and the Team are ready to activate in response to large scale emergencies. The OES Coordinator also supports the Community's emergency preparedness efforts, including Morgan Hill Amateur Radio Emergency Services (MHARES) and the Community Emergency Response Team (CERT).

## **FY 2022-2023 and 2023-2024 Accomplishments**

- Created and implemented CERT Neighborhood Teams.
- Provided Emergency Shelter Training, Shelter Fundamentals, and Shelter Management.
- Purchased laptops for deployment during emergency activation.
- Purchased Long-Range Acoustical Device (LRAD).
- Implemented Listos, a Spanish-based emergency preparedness program.

## **FY 2024-25 and 2025-26 Activity Goals**

- Maintain the Emergency Operations Center and Team in a state of readiness including hybrid capabilities.
- Engage the Community in emergency preparedness through education and training.
- Engage with public and private sector, faith-based organizations, and Community-based organizations to collaborate Emergency Management preparedness, response, and recovery efforts.
- OES will continue to seek homeland security grant opportunities for EOC equipment, emergency response equipment, and EOC training.

## **Financial Comments**

The activities of this division are funded by the General Fund.

# Office of Emergency Services (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	136,529	139,867	141,740	155,719	161,111
41320	Salaries-Earned leave	6,160	6,406	6,406	6,762	7,032
41620	Retirement-General	28,257	30,098	29,952	35,742	36,814
41690	Deferred Compensation	2,731	2,797	4,337	6,229	6,445
41700	Group Insurance	10,019	10,821	23,888	24,347	25,811
41701	Medicare	1,996	1,883	2,195	2,203	2,304
41720	Other Post Employment Benefits (OPEB)	2,018	2,018	2,018	1,930	-
41730	Income Protection Ins	1,052	1,085	1,085	1,139	1,139
41760	Workers Comp	3,413	3,497	3,544	3,893	4,028
41799	Benefits	898	912	1,003	984	984
<b>Employee Services Total</b>		<b>193,072</b>	<b>199,384</b>	<b>216,168</b>	<b>238,948</b>	<b>245,668</b>
42231	Contract Services	-	780	780	803	828
42245	Computer Hardware-Non Cap	18,648	-	10,436	-	-
42248	Other Supplies	8,740	7,900	7,900	8,139	8,380
42250	Advertising	-	375	375	386	398
42252	Photocopying	-	575	575	592	610
42257	Printing	-	1,250	1,250	1,288	1,326
42261	Auto Mileage	660	1,236	1,236	1,236	1,273
42299	Other Expense	-	-	-	12,000	7,500
42408	Training & Education	1,825	1,545	1,545	1,591	1,639
42415	Conference & Meetings	4,203	1,575	1,575	1,622	1,671
42423	Membership & Dues	323	425	425	438	451
<b>Supplies &amp; Services Total</b>		<b>34,399</b>	<b>15,661</b>	<b>26,097</b>	<b>28,095</b>	<b>24,076</b>
45003	General Liability Insurance	7,377	7,820	7,820	8,004	8,804
<b>Internal Services Total</b>		<b>7,377</b>	<b>7,820</b>	<b>7,820</b>	<b>8,004</b>	<b>8,804</b>
<b>010.3230 - PD Emergency Services Total</b>		<b>234,847</b>	<b>222,865</b>	<b>250,085</b>	<b>275,047</b>	<b>278,548</b>

## **Division Description**

The Special Operations Division consists of 10 sworn officers and one civilian: one Captain, one Detective Sergeant, one Detective Corporal, seven Detective officers, and one Community Services Officer. The Detectives are assigned to the following positions: (2) Supervisors, (1) Person Crimes, (1) Property Crimes, (1) General Crimes, (2) Street Crimes, (1) Regional Auto Theft Task Force (RATTF), and (1) School Resource Officer.

The Division is responsible for coordinating major investigations, special event operations, press office, coordinating internal investigations and providing police services to the City's schools.

## **FY 2022-23 and 2023-24 Accomplishments**

- Investigated and captured serial arsonist who set 14 fires throughout South Santa Clara County (10 in Morgan Hill).
- Completed a several month surveillance investigation resulting in the arrest of multiple suspects, closing two unsolved homicides.
- Investigated and arrested arson suspect responsible for lighting four fires during same evening and four additional fires in South Santa Clara County.
- Had a clearance rate of 74% for Crimes Against Persons (statewide average 41%).
- Had a clearance rate of 24% for Crimes Against Property (statewide average 7%).

## **FY 2024-25 and 2025-26 Activity Goals**

- Adhere to our [21st Century Policing Plan](#).
- Implement a health and wellness program department wide.

## **Financial Comments**

CAL-ID Program costs will increase from \$66,000 in FY 2023-24, to \$141,490 in FY 2024-25, and an additional 3% increase in FY 2025-26. This increase is due to the overall increase in fingerprinting processing costs by Santa Clara County.

Santa Clara County Crime Labs costs will increase from \$97,263 in FY 2023-24, to \$118,195 in FY 2024-25. It is projected to increase an additional 11% in FY 2025-26. The costs are based upon a five-year average of cases submitted by our agency to the County.

# Police Special Operations (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41160	Salaries -Safety	1,970,599	2,001,598	1,695,377	1,945,307	2,010,229
41100	Salaries-General	26,179	100,152	97,487	102,037	105,079
41271	Salaries-Part-Time Temp	57,511	17,510	32,749	-	-
41310	Salaries-Other	514	20,600	349	1,000	1,000
41320	Salaries-Earned leave	96,662	100,529	100,529	107,918	112,235
41490	Overtime-General	387	-	1,483	-	-
41500	Overtime-Safety	164,721	82,890	82,890	85,377	87,938
41505	OT-Safety Special Projects	6,209	17,677	17,677	18,207	18,754
41520	Overtime-Reimbursable	13,006	28,944	28,944	29,812	30,707
41620	Retirement-General	21,749	27,208	25,626	23,419	24,010
41630	Retirement-Safety	887,607	946,890	889,120	1,012,897	1,070,216
41690	Deferred Compensation	4,107	4,482	6,938	9,488	9,817
41700	Group Insurance	246,327	287,871	249,092	289,737	306,093
41701	Medicare	33,441	33,116	27,336	29,965	31,187
41701	Medicare (PTT & OT)	-	-	-	1,934	1,992
41720	Other Post Employment Benefits (OPEB)	22,194	22,194	22,194	23,160	-
41730	Income Protection Ins	7,752	8,158	8,158	7,796	7,796
41760	Workers Comp	107,553	112,439	90,458	90,543	93,561
41760	Workers Comp (PTT & OT)	-	-	-	6,670	6,870
41799	Benefits	5,398	3,648	7,571	9,408	9,408
41800	Uniform	16,176	14,000	14,000	16,210	16,210
<b>Employee Services Total</b>		<b>3,688,091</b>	<b>3,829,906</b>	<b>3,397,978</b>	<b>3,810,885</b>	<b>3,943,101</b>
42228	Gasoline & Oil	122	-	-	-	-
42231	Contract Services	174,656	150,054	226,844	321,000	340,000
42248	Other Supplies	38,413	24,170	16,545	15,472	15,936
42408	Training & Education	14	-	-	-	-
42423	Membership & Dues	275	750	852	879	903
42435	Subscription & Pub.	1,549	55	55	57	58
<b>Supplies &amp; Services Total</b>		<b>215,029</b>	<b>175,029</b>	<b>244,296</b>	<b>337,408</b>	<b>356,897</b>
43825	Machinery/Equipment	1,783	-	-	-	-
<b>Capital Outlay Total</b>		<b>1,783</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	88,519	93,830	93,830	96,047	105,652
<b>Internal Services Total</b>		<b>88,519</b>	<b>93,830</b>	<b>93,830</b>	<b>96,047</b>	<b>105,652</b>
<b>010.3245 - PD Special Operations Total</b>		<b>3,993,423</b>	<b>4,098,765</b>	<b>3,736,104</b>	<b>4,244,340</b>	<b>4,405,650</b>

# Building Maintenance Police Station

010.3250

## **Division Description**

The Police Department is responsible for all major repairs, preventive maintenance, capital improvements and future replacement schedules for City Police facilities.

## **FY 2022-23 and 2023-24 Accomplishments**

- Supported the Police Department Building Expansion Project.
- Installed new HVAC unit.
- Painted exterior of building.

## **FY 2024-25 and 2025-26 Activity Goals**

- Support the completion of the Police Department Building Expansion Project.
- Replace the flooring in the jail area.
- Replace facility generator.

## **Financial Comments**

The funding for maintenance for the Police facilities is funded through the General Fund. Formerly this fund was 740.3225.

# Building Maintenance Police Station (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
	41100 Salaries-General				34,410	36,074
	41320 Salaries-Earned leave				1,313	1,366
	41490 Overtime-General				1,000	1,000
	41620 Retirement-General				7,904	8,248
	41690 Deferred Compensation				1,016	1,041
	41700 Group Insurance				4,540	4,767
	41701 Medicare				511	539
	41701 Medicare (PTT & OT)				15	15
	41720 Other Post Employment Benefits (OPEB)				483	-
	41730 Income Protection Ins				221	221
	41760 Workers Comp				860	902
	41760 Workers Comp (PTT & OT)				25	25
	41799 Benefits				510	510
	<b>Employee Services Total</b>	-	-	-	<b>52,807</b>	<b>54,708</b>
	42208 Electric				192,500	202,125
	42210 Water/Sewer				11,663	12,479
	42214 Telephone				36,500	37,595
	42231 Contract Services				172,202	177,368
	42246 Computer Software-Non Cap				1,530	1,605
	42248 Other Supplies				11,200	11,536
	42510 Maint-Buildings/Improvements				100,000	100,000
	<b>Supplies &amp; Services Total</b>	-	-	-	<b>525,595</b>	<b>542,708</b>
	45003 General Liability Insurance				85,953	94,548
	<b>Internal Services Total</b>	-	-	-	<b>85,953</b>	<b>94,548</b>
	<b>010.3250 - PD Building Maintenance Total</b>	-	-	-	<b>664,355</b>	<b>691,964</b>

# Building Maintenance Police Station (continued)

## Formerly 740.3225

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
41100	Salaries-General	21,490	31,555	29,943		
41320	Salaries-Earned leave	970	1,009	1,009		
41490	Overtime-General	48	1,000	1,000		
41620	Retirement-General	5,895	6,789	6,631		
41690	Deferred Compensation	428	599	716		
41700	Group Insurance	1,779	2,138	3,971		
41701	Medicare	323	503	449		
41720	Other Post Employment Benefits (OPEB)	504	504	504	-	
41730	Income Protection Ins	141	221	221		
41760	Workers Comp	543	849	754		
41799	Benefits	346	1,550	404		
<b>Employee Services Total</b>		<b>32,468</b>	<b>46,717</b>	<b>45,602</b>	-	-
42208	Electric	185,621	175,882	205,000		
42210	Water/Sewer	9,931	11,660	10,900		
42214	Telephone			21,515		
42231	Contract Services	153,814	161,286	176,000		
42246	Computer Software-Non Cap	1,377	1,945	1,456		
42248	Other Supplies	10,731	6,777	11,000		
42510	Maint-Buildings/Improvements	67,923	25,000	60,000		
<b>Supplies &amp; Services Total</b>		<b>429,397</b>	<b>382,550</b>	<b>485,871</b>	-	-
45003	General Liability Insurance	55,034	58,340	58,340		
45009	Info System Services	2,450	2,816	2,816		
<b>Internal Services Total</b>		<b>57,484</b>	<b>61,156</b>	<b>61,156</b>	-	-
<b>740.3225 - Building Maintenance Police Station Total</b>		<b>519,348</b>	<b>490,423</b>	<b>592,629</b>	-	-

## **Division Description**

The Police Dispatch Services Unit within the Support Services Division is staffed twenty-four hours a day, seven days a week. The 10 full-time and six per-diem Dispatchers answer emergency and non-emergency phone calls, dispatch Police Officers, Animal Services Officer, Multi Service Officers, Detectives, coordinate resources, mutual aid, monitor calls and personal status, and provide support to law enforcement personnel.

Dispatchers also monitor the Department's holding facility, conduct investigative research via automated systems, compile photo arrays, and research historical data during patrol investigations. Morgan Hill Police dispatches law enforcement only; fire and medical calls are transferred to other communication centers for emergency medical pre-arrival instructions/ambulance or for fire response. Morgan Hill Police Dispatch personnel also provide support after normal business hours for other City divisions.

## **FY 2022-23 and 2023-24 Accomplishments**

- Selected vendor for Next Generation 911 phone upgrade. This will provide emergency dispatchers with enhanced technology, including the ability to receive images and videos.

## **FY 2024-25 and 2025-26 Activity Goals**

- Department's Divisions adhere to our [21st Century Community Policing Plan](#).
- Upgrade Dispatch Console and add a fourth dispatch station.
- Implement NextGen 911 System.
- Implement the new Axon Computer Aided Dispatch (CAD) program.

## **Financial Comments**

The budget includes additional funding for part-time salaries for per diem Dispatchers.

# Police Dispatch Services (continued)

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
41100	Salaries-General	1,204,470	1,330,719	1,063,259	1,327,760	1,386,149
41271	Salaries-Part-Time Temp	80	25,000	70,682	84,960	89,208
41310	Salaries-Other	3,843		-	-	-
41320	Salaries-Earned leave	46,269	48,120	48,120	48,603	50,547
41490	Overtime-General	258,966	67,980	219,825	70,019	72,120
41500	Overtime-Safety	6,807	5,000	5,000	5,150	5,305
41620	Retirement-General	262,820	286,345	269,417	304,757	316,740
41690	Deferred Compensation			9,351	20,919	21,696
41700	Group Insurance	122,531	160,069	141,485	182,608	193,004
41701	Medicare	20,656	19,348	19,002	19,798	20,796
41701	Medicare (PTT & OT)	-			2,322	2,416
41720	Other Post Employment Benefits (OPEB)	18,159	18,159	18,159	19,300	-
41730	Income Protection Ins	7,155	7,880	7,880	8,069	8,069
41760	Workers Comp	37,149	38,168	32,572	33,195	34,655
41760	Workers Comp (PTT & OT)	-			8,006	8,332
41799	Benefits	4,304	3,648	6,257	9,784	9,784
41800	Uniform	10,230	8,593	8,593	8,100	8,100
<b>Employee Services Total</b>		<b>2,003,442</b>	<b>2,019,029</b>	<b>1,919,602</b>	<b>2,153,350</b>	<b>2,226,921</b>
42231	Contract Services	58,732	90,044	90,044	91,201	93,935
42248	Other Supplies	1,781	9,446	9,446	11,274	11,613
42261	Auto Mileage	-	138	138	142	146
42408	Training & Education	2,366	1,060	2,100	1,092	1,125
42415	Conference & Meetings	-	1,236	1,236	1,273	1,311
42423	Membership & Dues	500	566	566	583	600
42510	Maint-Buildings/Improvements			55,000	-	-
42523	Maint-Machinery/Equipment	-	2,228	2,228	2,295	2,364
<b>Supplies &amp; Services Total</b>		<b>63,379</b>	<b>104,718</b>	<b>160,758</b>	<b>107,860</b>	<b>111,094</b>
45003	General Liability Insurance	73,766	78,190	78,190	80,039	88,043
<b>Internal Services Total</b>		<b>73,766</b>	<b>78,190</b>	<b>78,190</b>	<b>80,039</b>	<b>88,043</b>
<b>010.8270 - Dispatch Services Total</b>		<b>2,140,588</b>	<b>2,201,937</b>	<b>2,158,550</b>	<b>2,341,249</b>	<b>2,426,058</b>



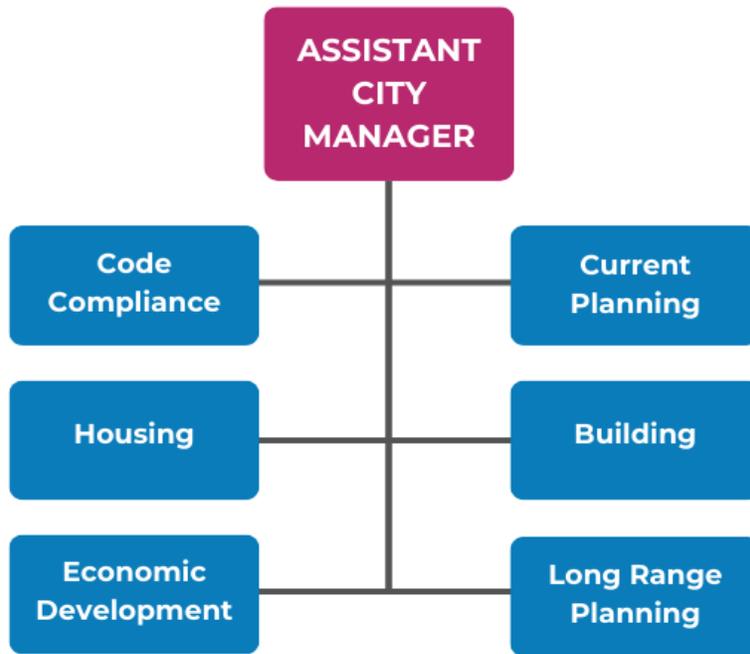
# Development Services

## Appropriations Summary

	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Year End Projection	Adopted	Adopted
Employee Services	\$ 5,318,285	\$ 5,738,421	\$ 5,631,000	\$ 6,696,513	\$ 6,955,986
Supplies & Services	1,198,887	2,729,140	1,787,443	3,668,641	1,713,984
Capital Outlay	10,982	-	-	42,700	-
Internal Service	1,140,821	1,190,530	1,110,530	1,344,195	1,327,133
Transfers Out	135,528	35,428	35,428	39,509	39,877
Project Expenditure	5,521	600,486	600,486	1,000,000	200,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,810,023</b>	<b>\$ 10,294,005</b>	<b>\$ 9,164,887</b>	<b>\$ 12,791,558</b>	<b>\$ 10,236,979</b>
Code Compliance	\$ 200,669	\$ 340,153	\$ 296,752	\$ 405,637	\$ 420,943
Economic Development	781,588	1,267,792	1,250,850	1,166,986	1,209,265
Planning	1,634,138	1,840,567	1,660,060	1,700,561	1,733,791
Building	2,276,446	2,561,088	2,464,276	3,055,890	3,084,496
Long Range Planning	963,145	1,581,133	860,183	3,107,508	1,143,355
Housing Mitigation	794,256	1,531,163	1,425,230	2,035,046	1,269,798
Housing Successor Agency	1,159,781	1,172,110	1,207,537	1,319,931	1,375,331
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>\$ 7,810,023</b>	<b>\$ 10,294,005</b>	<b>\$ 9,164,887</b>	<b>\$ 12,791,558</b>	<b>\$ 10,236,979</b>
<b>FULL TIME EQUIVALENT EMPLOYEES</b>	<b>24.86</b>	<b>24.86</b>	<b>24.86</b>	<b>26.79</b>	<b>26.79</b>

# DEVELOPMENT SERVICES

## Organizational Chart



# Development Services

## **Introduction to Department**

Development Services is responsible for the activities related to the built environment with the end goal to manage growth and help build safe, healthy, and sustainable buildings that comply with local, regional, and State codes and regulations. Development Services is led by an Assistant City Manager, three Directors and one Building Official.

The Development Services Department is made up of 26.79 Full-Time Employees and administers multiple funds. Staffing levels are budgeted based upon forecasted revenue. Staffing relies primarily upon City employees, supplemented in some cases with third party contract services for Building plan check review. The functional responsibilities of the department are listed below.

## **Functional Responsibilities**

- Building and Code Compliance
- Economic Development
- Housing and Homelessness
- Planning (current and long-term planning)

## **Code Compliance**

Code Compliance, under supervision of the Building Official, monitors and enforces a variety of applicable ordinances, codes, and regulations related to zoning, land use, nuisance housing, building codes, health and safety, blight, graffiti, water waste, and other matters of public concern. Code compliance is funded through a combination of the General Fund and Housing Fund.

## **Economic Development**

Economic Development manages programs that focus on economic sustainability with the primary focus to create and sustain a diversified and prosperous economic base, a good quality of life and grow jobs, services, and amenities such as retail and healthcare. Economic Development is supported by the General Fund.

# Development Services (continued)

## **Planning**

The Current Planning program is responsible for the realization of the City's land use goals and policies through the administration of regulatory and discretionary land use entitlements (e.g., Planning permits). Long Range or Advanced Planning is responsible for the development of City policies and ordinances to guide the ongoing use of land within Morgan Hill, including the General Plan, the City's Zoning Code, and special projects such as the Monterey Corridor Study. Planning manages two funds, 207 for Long Range Planning activities and 206 for Current Planning activities and counter service.

## **Building**

The Building Division reviews construction plans, issues building permits, provides fire inspection, and field inspections for all construction and property development activities. Costs associated with building are cost-recovery through Building Permits and accounted for in Fund 206.

## **Housing**

The Housing Division manages the affordable housing programs, including the Below Market Rate (BMR) portfolio, implements the Inclusionary Housing Ordinance (IHO) and leads homeless prevention and support services. The administration of the Housing BMR portfolio is done through contract services provided by Housekeys. The Housing Division manages multiple legacy funds that support various homeownership loans; however, the primary funds are Housing Mitigation Fund (Fund 236) and the Housing Successor Agency (Fund 255).

## **Financial Comments**

Included in this budget is the continuation of an Unhoused Specialist position to support homeless prevention and housing support services. Since December 2021, the City has benefited from an Unhoused Specialist position funded through a Destination Home capacity-building grant, which expires in December 2024. The Unhoused Specialist provides direct services to the unhoused community and through an MOU with the County of Santa Clara, immediately places them into the housing database.

# Development Services (continued)

The Development Services budget also assumes the addition of a new Management Analyst and a new Fire/Building Inspector. The Management Analyst will support the entire Department with administrative, analytical, budgetary, grant and contract management, accounting, and work-flow support.

The proposed Fire/Building Inspector is essential to address the current and projected workload which has increased 34% since FY 2021-22 and provide coverage to the single person certified to perform fire prevention plan review and inspections. The Fire/Building Inspector position is expected to be funded solely by the Building Division's Building permit program. The salary cost associated with this position will be incorporated in the new fee schedule that is currently underway and expected to be adopted and in place for FY 2024-25. The Management Analyst and Fire/Building Inspector positions are included in the budget but will not be filled until the new fee schedule is adopted.

Development Services is expected to administer three grants to study Grade Separations (\$2 million) and Quiet Zones (\$500,000). A 10% administrative fee will be applied to cover staff time associated with this work.

## **Division Description**

The Code Compliance Division consists of 2.0 FTE Code Compliance Officers and is under the supervision of the Building Official. The Division is funded by a collaboration of the General Fund, Housing Successor Agency, and Development Services Fund. The Code Compliance Division performs a variety of technical duties in support of the City's code compliance program; monitors and enforces a variety of applicable ordinances, codes, and regulations related to zoning, land use, nuisance housing, building codes, health and safety, blight, graffiti, and other matters of public concern; and serves as a resource and provides information on City regulations to property owners, residents, businesses, the general public, and other City departments and divisions.

## **FY 2022-23 and 2023-24 Accomplishments**

- Opened 972 new code compliance cases and closed 911 cases.
- Hired a second Code Compliance Officer.
- Created a Code Compliance Officer Safety Policy.
- Developed policy to address encampments on private property.
- Increased inspections of massage establishments and supported policy development of new permitting and regulatory processes.

## **FY 2024-25 and 2025-26 Activity Goals**

- Streamline and improve code compliance methods and procedures.
- Update the Policies and Procedures Manual for the Code Compliance Division.
- Continue to prioritize unhoused encampment cleanups.
- Capitalize on administrative citations as a tool to gain compliance on unresponsive cases.
- Work with the Police Department to identify and shut down illicit massage establishments by performing periodic inspections.

## **Financial Comments**

The Code Compliance Division is funded by the General Fund and the Successor Housing Agency Funds.

# Code Compliance (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	96,388	193,443	158,775	214,797	227,443
41320	Salaries-Earned leave	3,266	3,397	3,397	11,154	11,600
41490	Overtime-General	1,432	500	3,500	2,000	2,000
41620	Retirement-General	33,518	41,627	39,120	49,304	51,974
41690	Deferred Compensation	1,820	1,474	5,047	8,126	8,624
41700	Group Insurance	17,941	45,781	33,847	46,503	49,289
41701	Medicare	1,344	3,167	2,313	2,932	3,155
41701	Medicare (PTT & OT)	-	-	-	29	29
41720	Other Post Employment Benefits (OPEB)	2,018	2,018	2,018	3,088	-
41730	Income Protection Ins	580	1,193	1,193	1,192	1,192
41760	Workers Comp	2,446	4,849	4,226	5,370	5,686
41760	Workers Comp (PTT & OT)	-	-	-	50	50
41799	Benefits	196	-	612	984	984
<b>Employee Services Total</b>		<b>160,948</b>	<b>297,449</b>	<b>254,048</b>	<b>345,529</b>	<b>362,026</b>
45003	General Liability Insurance	10,222	10,840	10,840	12,448	13,693
45004	Building Maint - Current Services	11,286	11,286	11,286	23,452	19,836
45005	Building Maint.-Future Replacement	1,357	1,384	1,384	2,114	2,178
45009	Info System Services	15,677	18,020	18,020	20,193	21,289
<b>Internal Services Total</b>		<b>38,542</b>	<b>41,530</b>	<b>41,530</b>	<b>58,208</b>	<b>56,996</b>
49241	Transfer Out-420 (Civic Center Debt)	1,179	1,174	1,174	1,900	1,922
<b>Transfers Total</b>		<b>1,179</b>	<b>1,174</b>	<b>1,174</b>	<b>1,900</b>	<b>1,922</b>
<b>010.2700 - Code Compliance Total</b>		<b>200,669</b>	<b>340,153</b>	<b>296,752</b>	<b>405,637</b>	<b>420,943</b>

## **Division Description**

The Economic Development (ED) Division is within the Development Services Department. The division is focused on improving the Community's economic sustainability and quality of life by creating a strong, diversified local economy with a robust job base, a vibrant Downtown, thriving shopping centers and a variety of local amenities and services including lodging and healthcare.

The ED team's workplan includes business retention, attraction and development assistance, marketing and branding, policy analysis and development, advancement of key development initiatives, Downtown development and placemaking, and supporting and increasing tourism. Paramount to Economic Development's effort is attracting jobs and investment that will improve the Community's quality of life and grow the economy through increased sales tax, business to business tax, property tax, and transient occupancy tax.

The ED Division is comprised of one Economic Development Director and one Economic Development Coordinator.

## **FY 2022-23 and 2023-24 Accomplishments**

- Created an Industrial Land Preservation and Optimization Policy to protect the City's limited supply of industrial land for long term economic vitality and expand opportunities to attract new medical offices.
- Created a Hotel Strategy and Incentive Program to encourage new hotel development and encourage reinvestment in existing hotels to improve the quality of hotels and increase Transient Occupancy Tax (TOT) generation.
- Created and implemented the Outdoor Dining & Parklet Manual to improve the standards and to streamline the permitting process for restaurants operating in the public right of way.
- Formed a Downtown Property Based Improvement District (PBID) to improve the safety and cleanliness of Downtown Morgan Hill while investing in programs to increase vitality.
- Implemented 4th Saturday Downtown Street Series activations in August, September, and October 2023, bringing thousands of visitors to Downtown Morgan Hill.
- Implemented a Vehicle Sales Overlay Zone and Design Guidelines.

# Economic Development (continued)

## **FY 2024-25 and 2025-26 Activity Goals**

The City's ED efforts will continue to focus on creating fiscal sustainability by growing existing companies, attracting new industry, growing professional jobs, and advancing goals within the Tourism, Innovation and Advanced Manufacturing, Retail, and Healthcare sectors. Below are some of the key efforts for the upcoming fiscal years:

- Tourism: Pursue new hotel development and existing hotel re-investment. Continue to promote Morgan Hill as a destination touting the wine, outdoor-recreation, and culinary assets.
- Innovation and Advanced Manufacturing: Work with developers, property owners, and commercial real estate brokers to grow existing companies, attract new industry, and grow professional jobs. Actively promote and market Morgan Hill as a regional manufacturing center for Silicon Valley businesses.
- Retail: Continue to work with shopping centers and property owners to grow retail offerings and strengthen commercial nodes. Continue to develop and expand retail incubation strategies that diversify retail offerings. Work with the Planning Department to minimize barriers that restrict commercial development, including updating parking requirements, obsolete Planned Developments (PDs), Zoning restrictions, and Floor Area Ratio (FAR) requirements.
- Healthcare: Support the recruitment of new medical providers and the Rosewood Medical Planned Development expansion application.

In addition to supporting the four key industries identified in the City's Economic Blueprint, the ED team will work on the following significant efforts:

- Implement Downtown parking management strategies to maximize parking spaces by identifying short-term parking.
- Improve business license process to improve efficiency and capture appropriate revenue.
- Modernize the City's Entertainment Permit and Noise Ordinance to encourage live music and entertainment while promoting better management and security practices.
- Conduct annual Business Legislative Roundtable and bi-annual HR Roundtable with major employers.
- Launch economic mobility efforts to support workforce development and entrepreneurship opportunity with a focus on connecting Spanish-speaking residents to job opportunities.

# Economic Development (continued)

## **Financial Comments**

Economic Development activities are funded through the General Fund. The proposed budget for the next two-year cycle is consistent with previous funding, with the exception of the City's portion of annual funding to the PBID.

In addition to supporting staff salaries, the proposed budget includes consultant contracts to advance retail analytics, financial and legal consultant contracts to support hotel and retail development, and economic mobility workforce development activities.

The Economic Development Fellow position will be eliminated and replaced with the Management Analyst position that will support the entire Development Services Department.

# Economic Development (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	384,506	404,929	416,150	465,529	493,776
41271	Salaries-Part-Time Temp	12,458	37,500	12,600		
41320	Salaries-Earned leave	4,969	5,168	5,168	13,536	14,077
41620	Retirement-General	77,308	87,135	84,549	106,852	112,829
41690	Deferred Compensation	5,619	5,572	7,003	8,711	9,184
41700	Group Insurance	52,202	51,370	60,113	65,888	69,828
41701	Medicare	5,893	6,502	6,090	6,734	7,201
41701	Medicare (PTT & OT)	-	-	-	-	-
41720	Other Post Employment Benefits (OPEB)	4,237	4,237	4,237	4,439	-
41730	Income Protection Ins	2,431	2,507	2,507	2,826	2,826
41760	Workers Comp	9,924	11,061	10,643	11,638	12,344
41760	Workers Comp (PTT & OT)	-	-	-	-	-
41799	Benefits	6,466	7,285	6,444	6,686	6,686
<b>Employee Services Total</b>		<b>566,014</b>	<b>623,266</b>	<b>615,504</b>	<b>692,839</b>	<b>728,751</b>
42231	Contract Services	88,245	141,124	140,000	102,090	104,620
42244	Stationary & Office Supplies	158	1,030	500	500	525
42246	Computer Software-Non Cap	400	500	-	500	525
42248	Other Supplies	17,142	2,575	96,000	2,500	2,500
42250	Advertising	26,160	54,456	54,000	44,000	44,000
42252	Photocopying	11	-	100	-	-
42254	Postage & Freight	171	1,000	750	750	800
42257	Printing	-	1,500	1,500	1,500	1,575
42261	Auto Mileage	-	567	250	250	250
42299	Other Expense	665	330,333	240,000	140,000	144,200
42408	Training & Education	93	2,575	-	2,500	2,500
42415	Conference & Meetings	13,779	17,122	16,000	19,152	20,200
42417	Economic Development Programs	(7,710)	7,725	801	60,000	60,125
42423	Membership & Dues	11,328	16,574	17,000	13,000	13,000
42435	Subscription & Pub.	1,008	500	1,500	1,000	1,000
<b>Supplies &amp; Services Total</b>		<b>151,451</b>	<b>577,581</b>	<b>568,401</b>	<b>387,742</b>	<b>395,820</b>
43835	Furniture/Office Equip	1,104	-	-	-	-
<b>Capital Outlay Total</b>		<b>1,104</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	13,416	14,220	14,220	17,894	19,683
45004	Building Maint - Current Services	23,701	23,701	23,701	33,713	28,514
45005	Building Maint.-Future Replacement	2,850	2,907	2,907	3,039	3,130
45009	Info System Services	20,576	23,651	23,651	29,028	30,604
<b>Internal Services Total</b>		<b>60,543</b>	<b>64,479</b>	<b>64,479</b>	<b>83,674</b>	<b>81,931</b>
49241	Transfer Out-420 (Civic Center Debt)	2,475	2,466	2,466	2,731	2,762
<b>Transfers Total</b>		<b>2,475</b>	<b>2,466</b>	<b>2,466</b>	<b>2,731</b>	<b>2,762</b>
<b>010.8010 - Economic Development Programs</b>						
<b>Total</b>		<b>781,588</b>	<b>1,267,792</b>	<b>1,250,850</b>	<b>1,166,986</b>	<b>1,209,265</b>

## **Division Description**

The Current Planning program is responsible for the realization of the City's land use goals and policies through the administration of regulatory and discretionary land use entitlements (e.g., Planning permits). The Planning Division consists of eight Full-Time Equivalents; a Department Director, a Principal Planner, two Senior Planners, one Associate Planner, one Assistant Planner, one Planning Technician, one Municipal Services Assistant (MSA) and one part-time temporary planner. These positions are funded through the City's Current Planning Fund (206) and the Long-Range Planning Fund (207).

Current Planning activities include reviewing proposed plans for compliance with the Zoning section of the Municipal Code, Specific Plans, the General Plan, the California Environmental Quality Act (CEQA), and implementation of the Santa Clara Valley Habitat Plan. Current Planning staff also provide public information (counter) service and perform process improvements to service delivery. The most common land use permit processes administered by this division include Zoning Amendments, Development Agreements, Subdivisions, Design Permits (formerly Site and Architectural Review), Use Permits, Sign Permits, and Tree Removal permits. The Current Planning Team works closely with Building and Land Development Engineering to review Building Permit applications for consistency with Planning permits. With the passage of a wide array of housing legislation, the Division continues to refine the permitting process for housing applications to comply with new State laws.

Current Planning activities are funded by the Development Services Fund (206), which accounts for the revenue and cost service delivery for Planning, Building, Land Development Engineering, each of which collects fees and issues permits.

## **FY 2022-23 and 2023-24 Accomplishments**

- Continued to implement and refine permit processing for SB330 housing development applications and implemented improvements to the review process by updating the City's objective criteria.
- Updated online and printed public information resources related to development

# Planning (continued)

activity in the City.

- Created new guidance documents for new housing legislation related to SB9, Accessory Dwelling Units and commercial land conversion to housing (AB2011 and SB6) and continued to monitor state housing legislation and provided informational items to the Community and Council on new laws.
- Continued to improve the use of the City's permit system, TrakIt, for better reporting and data tracking.
- Processed 232 planning applications in FY 2022-23 and FY 2023-24 (as of March 2024).

## **FY 2024-25 and 2025-26 Activity Goals**

- Continue to process permits under new housing law and update objective criteria as needed.
- Create new guidance documents for new housing legislation as signed into law.
- Coordinate with the Building Division on a state required pre-approved Accessory Dwelling Unit program.
- Continue to improve resources for public information regarding development activity in the City and new State legislation relating to development.
- Complete the addition of a GIS module in TrakIt.

## **Financial Comments**

The City's Current Planning budgeting process depends upon revenue forecasts from specific projects known to be in the project pipeline. When economic conditions change, projects often do not move forward as planned. Fees are applied according to a City-adopted fee schedule that aims to be full cost-recovery with the exception of some selected fees such as counter service and permits that support the Community, pre-development work, appeals and public information, and non-project-related activities.

The Current Planning fund is challenged by the cyclical and unpredictable nature of development in addition to the growing demands to process housing projects under new housing laws. In recognition of the slowdown of development applications, the recommended budget assumes a more conservative revenue projection and proposes to continue to hold the Senior Planner position vacant.

# Planning (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	804,363	860,378	785,788	805,205	838,857
41271	Salaries-Part-Time Temp	84,625	97,000	97,000	97,000	97,000
41320	Salaries-Earned leave	20,219	21,028	21,028	25,758	26,788
41490	Overtime-General	437	2,500	2,500	2,500	2,500
41620	Retirement-General	176,048	184,701	183,649	184,818	191,683
41690	Deferred Compensation	16,183	16,603	20,096	25,053	25,822
41700	Group Insurance	101,014	107,591	110,760	106,995	113,427
41701	Medicare	13,062	14,061	12,705	11,758	12,342
41701	Medicare (PTT & OT)	-	-	-	1,443	1,443
41720	Other Post Employment Benefits (OPEB)	22,387	13,236	13,236	10,480	-
41730	Income Protection Ins	5,009	5,290	5,290	4,862	4,862
41760	Workers Comp	22,281	24,105	21,767	20,130	20,971
41760	Workers Comp (PTT & OT)	-	-	-	2,488	2,488
41799	Benefits	10,484	12,607	9,894	9,569	9,569
<b>Employee Services Total</b>		<b>1,276,112</b>	<b>1,359,100</b>	<b>1,283,713</b>	<b>1,308,059</b>	<b>1,347,752</b>
42214	Telephone	3,128	4,650	2,159	4,650	4,650
42231	Contract Services	33,997	84,523	65,000	40,500	40,500
42236	Bank and Merchant Fees	2,450	16,800	5,000	5,000	5,000
42237	Contract Services-Planning Requests	23,363	25,000	-	-	-
42244	Stationary & Office Supplies	886	2,500	700	500	500
42245	Computer Hardware-Non Cap	120	-	-	-	-
42246	Computer Software-Non Cap	-	2,250	-	2,250	2,250
42248	Other Supplies	334	1,300	350	1,300	1,300
42250	Advertising	16,851	20,000	20,116	20,000	20,000
42252	Photocopying	690	4,000	500	500	500
42254	Postage & Freight	3,270	2,250	3,518	3,600	3,600
42257	Printing	122	1,000	250	1,000	1,000
42261	Auto Mileage	31	1,000	200	1,000	1,000
42299	Other Expense	35	100	-	100	100
42408	Training & Education	388	25,000	5,000	25,000	25,000
42415	Conference & Meetings	7,504	15,000	5,000	15,000	15,000
42423	Membership & Dues	2,218	10,000	2,500	10,000	10,000
42435	Subscription & Pub.	1,278	1,040	1,000	1,040	1,040
<b>Supplies &amp; Services Total</b>		<b>96,664</b>	<b>216,413</b>	<b>111,293</b>	<b>131,440</b>	<b>131,440</b>
43835	Furniture/Office Equip	3,464	-	-	-	-
<b>Capital Outlay Total</b>		<b>3,464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	39,353	41,710	41,710	42,246	46,471
45004	Building Maint - Current Services	74,037	74,037	74,037	79,591	67,318
45005	Building Maint.-Future Replacement	8,904	9,082	9,082	7,175	7,390
45007	GIS	67,517	63,145	63,145	57,071	54,647
45009	Info System Services	60,356	69,376	69,376	68,531	72,251
<b>Internal Services Total</b>		<b>250,167</b>	<b>257,350</b>	<b>257,350</b>	<b>254,615</b>	<b>248,078</b>
49241	Transfer Out-420 (Civic Center Debt)	7,732	7,704	7,704	6,447	6,522
<b>Transfers Total</b>		<b>7,732</b>	<b>7,704</b>	<b>7,704</b>	<b>6,447</b>	<b>6,522</b>
<b>206.5120 - Planning Division Total</b>		<b>1,634,138</b>	<b>1,840,567</b>	<b>1,660,060</b>	<b>1,700,561</b>	<b>1,733,791</b>

## **Division Description**

The Building Division consists of 8.0 FTEs and is under the supervision of the Building Official. The Division is funded by the development fees paid during the building permit process. The Building Division reviews construction plans, issues permits, and performs field inspections for all construction and property development activities to ensure compliance with mandated codes and regulations. In addition to issuing building permits, the Building Division is responsible for all fire prevention activities including plan reviews and inspections during the development process.

## **FY 2022-23 and 2023-24 Accomplishments**

- Secured a \$40,000 grant from California Energy Commission to implement an automated permitting platform for photovoltaic permits.
- Improved the City's rating from a score of 4 to a 3 during the 2024 International Organization for Standardization audit for both residential and commercial construction.
- Created completeness checklist for all new residential projects to comply with AB2234.
- During FY 2022-23 through the beginning of the third quarter of FY 2023-24, 3,413 permits have been issued, an increase of 23% from the previous budget cycle. During that same period 16,737 inspections have been performed, an increase of 22% from the previous budget cycle.
- Successfully implemented an update of the TRAKiT permit system including upgrades to Etrakit.

## **FY 2024-25 and 2025-26 Activity Goals**

- Reduce plan check time and increase functionality with the assistance of outside consultant support.
- Increase and improve staff training efforts to ensure future ISO rating increases.
- Continue to improve functionality of TRAKiT for permit issuance, plan review and permitting access, and inspection tracking.
- Launch photovoltaic automated permitting and online permit for common permit applications.
- Complete the 3-year code cycle update and adopt the 2025 Building Codes.

# Building (continued)

## Financial Comments

Pending the adoption of the Development Services Fee Study, the Building Division budget includes an additional full-time Fire/Building Inspector and a portion of a Management Analyst. The last division fee study was performed in 2017. The fees study will ensure that the development fees being charged will continue to cover all of the functions being performed by the division with the additional expenditures of the new positions.

The addition of a Fire/Building Inspector is essential to address the current and projected workload. Currently the Building Manager is the only person certified to perform fire prevention plan review and inspections, and the City has only two Building Inspectors designated to perform inspections. The addition of a Fire/Building Inspector will assist with the growing workload which has increased 34% since FY 2021-22 and provide the cross coverage needed for fire prevention and building inspection activities allowing the division to meet legislative deadlines and development expectations.

# Building (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	1,125,936	1,232,610	1,218,437	1,471,302	1,528,918
41271	Salaries-Part-Time Temp	13,203	14,600	14,600	15,300	16,100
41320	Salaries-Earned leave	37,912	39,429	39,429	58,569	60,912
41490	Overtime-General	7,913	10,000	20,000	5,000	5,000
41620	Retirement-General	242,992	262,936	261,165	337,706	349,363
41690	Deferred Compensation	18,138	18,419	27,732	39,968	40,079
41700	Group Insurance	145,234	177,924	190,425	249,298	263,797
41701	Medicare	17,141	18,279	18,573	21,933	22,981
41701	Medicare (PTT & OT)	-	-	-	294	306
41720	Other Post Employment Benefits (OPEB)	19,862	16,202	16,202	18,335	-
41730	Income Protection Ins	6,110	6,828	6,828	8,600	8,600
41760	Workers Comp	28,699	31,379	31,097	36,783	38,224
41760	Workers Comp (PTT & OT)	-	-	-	508	528
41799	Benefits	6,617	6,079	9,305	11,380	11,380
41800	Uniform	1,554	2,500	2,500	4,000	4,000
<b>Employee Services Total</b>		<b>1,671,311</b>	<b>1,837,185</b>	<b>1,856,293</b>	<b>2,278,976</b>	<b>2,350,188</b>
42214	Telephone	10,293	10,000	8,250	6,840	7,045
42228	Gasoline & Oil	10,379	7,000	9,500	9,500	9,790
42231	Contract Services	136,231	220,370	220,000	227,500	227,500
42236	Bank and Merchant Fees	44,376	30,000	40,000	45,000	45,000
42244	Stationary & Office Supplies	1,038	1,500	2,000	2,000	2,000
42245	Computer Hardware-Non Cap	576	-	-	3,500	3,500
42246	Computer Software-Non Cap	22	2,000	-	2,000	2,000
42248	Other Supplies	488	2,000	350	2,000	2,000
42250	Advertising	3,194	-	-	2,000	2,000
42252	Photocopying	168	500	350	350	350
42254	Postage & Freight	578	700	300	500	500
42257	Printing	224	500	500	500	500
42281	Small Tools	259	500	700	700	700
42299	Other Expense	-	40,000	-	-	-
42408	Training & Education	8,425	10,000	10,000	15,000	15,000
42415	Conference & Meetings	1,168	2,500	2,500	7,500	7,500
42423	Membership & Dues	1,751	3,000	1,800	3,000	3,000
42435	Subscription & Pub.	6,250	3,100	3,000	3,550	9,950
42526	Maint-Autos/Trucks	3,949	3,000	1,500	3,000	3,000
<b>Supplies &amp; Services Total</b>		<b>229,370</b>	<b>336,670</b>	<b>300,750</b>	<b>334,440</b>	<b>341,335</b>
43830	Auto/Trucks	-	-	-	42,700	-
43835	Furniture/Office Equip	4,417	-	-	-	-
<b>Capital Outlay Total</b>		<b>4,417</b>	<b>-</b>	<b>-</b>	<b>42,700</b>	<b>-</b>
45003	General Liability Insurance	53,855	57,090	57,090	73,911	81,302
45004	Building Maint - Current Services	90,627	90,627	90,627	139,248	117,776
45005	Building Maint.-Future Replacement	10,899	11,117	11,117	12,553	12,929
45006	Fleet Replacement	27,024	28,240	28,240	23,860	24,934
45007	GIS	16,879	15,786	15,786	19,024	18,216
45009	Info System Services	82,598	94,942	94,942	119,898	126,406
45010	GF Admin	80,000	80,000	-	-	-
<b>Internal Services Total</b>		<b>361,882</b>	<b>377,802</b>	<b>297,802</b>	<b>388,494</b>	<b>381,563</b>
49241	Transfer Out-420 (Civic Center Debt)	9,465	9,431	9,431	11,280	11,410
<b>Transfers Total</b>		<b>9,465</b>	<b>9,431</b>	<b>9,431</b>	<b>11,280</b>	<b>11,410</b>
<b>206.5130 - Building Division Total</b>		<b>2,276,446</b>	<b>2,561,088</b>	<b>2,464,276</b>	<b>3,055,890</b>	<b>3,084,496</b>

## **Division Description**

Long-Range or Advanced Planning is responsible for the development of City policies and ordinances to guide the ongoing use of land within Morgan Hill. A key component of these policies is the General Plan which establishes a long-term, 20-year vision for land uses and the related delivery of municipal services within Morgan Hill. The Long-Range Planning Fund (Fund 207) supports the salary of a Principal Planner and funds portions of other staff and consultant work that support the long-range planning activities and ensures that Current Planning projects are consistent with the General Plan.

The Long-Range Planning program involves:

- Monitoring and updating, as necessary, the City's planning policy and implementing documents, such as the General Plan, Specific Plans, City Council Policies, Housing Element, and Zoning Ordinance.
- Ensuring consistency of the Zoning Ordinance and Zoning Map with the General Plan Land Use Map.
- Evaluating options for the growth and development of the Community and processing applications for annexations and urban service area amendments.
- Advancing long-range planning projects, such as Form-Based Codes and Specific Plans.
- Supporting other City Departments in their planning activities and review of environmental documents that support implementation of the General Plan (e.g. Bikeways, Trails, Parks and Recreation Master Plan; Economic Blueprint; Infrastructure Master Plans; Public Safety Master Plans).
- Documenting yearly reporting on items such as General Plan/Housing Element, Congestion Management Program, and City Boundaries.
- Participating in and advocating for Morgan Hill in regional planning efforts.

Long-range planning activities are primarily funded by the Long-Range Planning fee charged on all development applications. The Long-Range Planning fee was adopted by the City Council on March 21, 2012, and imposes a fee on most Planning and Building permit activities and some Engineering permit activities, equal to 15% of the permit fee to fund the City's Long-Range Planning Program. The Program is, to a lesser degree, also funded by transfers from a combination of other City funds, including the General Fund, Housing Mitigation, Park Maintenance, Drainage Impact, Agriculture Preservation and Open Space, Traffic Impact, Wastewater Impact, and Water Impact funds as well as

# Long Range Planning (continued)

funds received from grants. These fees (paired with a carry-over of existing appropriations) are proposed to continue to support vital long-range planning requirements over the next two fiscal years and likely beyond.

## **FY 2022-23 and 2023-24 Accomplishments**

- Secured Housing Element certification from HCD on November 29, 2023, for the sixth cycle planning period from 2023-2031.
- Developed Vehicle-Miles-Traveled (VMT) policy metric for transportation analysis under the California Environmental Quality Act (CEQA) for development projects.
- In coordination with Engineering, began work on the Transportation Master Plan.
- Completed and implemented a Form Based Code for the Monterey Road Corridor as the backbone document for a future Specific Plan.
- Secured and received final grant reimbursements for the Local Early Action Planning (LEAP) grant of \$150,000 and Regional Early Action Planning (REAP) grant for approximately \$27,000, which were used to support the Form Based Code for the Monterey Road Corridor and Housing Element.

## **FY 2024-25 and 2025-26 Activity Goals**

- Upon adoption of the Transportation Master Plan, revise and update the Circulation Element of General Plan.
- Revise the Open Space Element to comply with SB1425 and Safety, Services, and Infrastructure Element to address climate adaptation and resiliency strategies pursuant to SB379.
- Incorporate Environmental Justice goals, policies, and actions in conjunction with other General Plan Element updates or prepare separate Environmental Justice Element pursuant to SB1000.
- Apply for grants that support an Addendum to the Downtown Specific Plan in coordination with a future Monterey Road Specific Plan as required under the expanded Priority Development Area.
- Complete Annexation Study as required by LAFCO settlement in order to advance City's planning for Sports Recreational facilities located in unincorporated lands.

# Long Range Planning (continued)

## **Financial Comments**

Staff anticipates advancing a number of significant projects during this budget cycle that will be funded by a carry-over of existing appropriations from the 2022-2024 Budget and expected fee revenue. These projects are also expected to be supplemented with as much grant revenue as possible.

The budget includes grant funding from the California Department of Transportation to advance grade separation design work.

# Long Range Planning (continued)

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
41100	Salaries-General	471,248	431,174	406,446	567,423	595,740
41320	Salaries-Earned leave	9,533	9,915	9,915	14,609	15,193
41490	Overtime-General	64	-	78	-	-
41620	Retirement-General	88,966	92,780	90,360	130,243	136,129
41690	Deferred Compensation	10,211	9,168	9,966	13,900	14,493
41700	Group Insurance	51,280	52,049	53,834	90,560	95,976
41701	Medicare	7,099	6,279	7,837	8,869	9,361
41720	Other Post Employment Benefits (OPEB)	3,571	3,571	3,571	6,118	-
41730	Income Protection Ins	2,550	2,453	2,453	4,755	4,755
41760	Workers Comp	11,643	10,820	10,163	14,186	14,894
41799	Benefits	(1,650)	4,936	5,229	7,363	7,363
<b>Employee Services Total</b>		<b>654,515</b>	<b>623,145</b>	<b>599,852</b>	<b>858,026</b>	<b>893,904</b>
42214	Telephone	621	1,060	443	1,060	1,060
42231	Contract Services	32,631	766,140	75,000	2,000,000	-
42244	Stationary & Office Supplies	39	500	100	500	500
42252	Photocopying	5	-	250	250	250
42254	Postage & Freight	103	1,000	250	1,000	1,000
42408	Training & Education	325	5,000	2,000	5,000	5,000
42415	Conference & Meetings	2,372	4,000	2,000	4,000	4,000
42423	Membership & Dues	1,618	2,200	2,200	2,200	2,200
<b>Supplies &amp; Services Total</b>		<b>37,713</b>	<b>779,900</b>	<b>82,243</b>	<b>2,014,010</b>	<b>14,010</b>
43835	Furniture/Office Equip	477	-	-	-	-
<b>Capital Outlay Total</b>		<b>477</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	15,141	16,050	16,050	24,663	27,129
45004	Building Maint - Current Services	19,976	19,976	19,976	46,465	39,300
45005	Building Maint.-Future Replacement	2,402	2,450	2,450	4,189	4,314
45009	Info System Services	23,221	26,692	26,692	40,008	42,180
45010	GF Admin	107,613	110,841	110,841	116,383	118,710
<b>Internal Services Total</b>		<b>168,354</b>	<b>176,009</b>	<b>176,009</b>	<b>231,708</b>	<b>231,633</b>
49240	Transfer Out-309 (Traffic Fund)	100,000	-	-	-	-
49241	Transfer Out-420 (Civic Center Debt)	2,086	2,079	2,079	3,764	3,807
<b>Transfers Total</b>		<b>102,086</b>	<b>2,079</b>	<b>2,079</b>	<b>3,764</b>	<b>3,807</b>
<b>207.5170 - Long Range Planning Total</b>		<b>963,145</b>	<b>1,581,133</b>	<b>860,183</b>	<b>3,107,508</b>	<b>1,143,355</b>

# Housing Programs

**236, 237, 238, 255**

## **Division Description**

The Housing Division implements the City Council's strategic priority of addressing affordable housing and homelessness and implements the policies and programs identified in the City's adopted Housing Element. The work program is grounded in furthering the seven Housing Element goals:

1. Provide a diversified housing stock to meet the full range of future community housing needs.
2. Encourage Extremely Low-Income (ELI) housing production, increasing the availability of affordable and workforce housing.
3. Advance equity and inclusion throughout the City.
4. Preserve and rehabilitate existing housing supply.
5. Promote housing for people experiencing homelessness.
6. Provide adequate housing for groups with special needs.
7. Increase community outreach and promote education about affordable housing.

The Housing Division's primary responsibility is to implement the Inclusionary Housing Ordinance (IHO) policy to administer the required Below Market Rate (BMR) homes and apartments and/or payment of the housing in lieu fee. The City's IHO/BMR Program has one of the oldest and largest portfolios in the county that has generated nearly 600 first-time homebuyer opportunities for income-qualified families. The prevention of Homelessness remains a top priority as the Division works with the faith-based and non-profit community to create a local resource safety net and identify housing solutions. The program consists of three full-time staff members: a Housing Director, a Housing Coordinator, and an Unhoused Specialist.

The core elements of the Housing Division are primarily dependent on two funds: the Housing Mitigation Fund (Fund 236) and the Low to Moderate Income Housing Fund (Fund 255). Housing In-lieu Fee (Fund 236) funds are collected from housing developers who must comply with the Inclusionary Housing Ordinance (IHO) adopted in 2018 or choose to fee out.

# Housing Programs (continued)

Fund 255 is held by the City of Morgan Hill in its capacity as the Housing Successor to the former Redevelopment Agency of the City of Morgan Hill (“RDA”). The permitted use of funds includes monitoring and administration, homelessness prevention and rapid rehousing services, development, new construction, acquisition, rehabilitation, and preservation of affordable housing.

The Housing Division also administers:

- Fund 237 - BEGIN (Building Equity and Growth in Neighborhoods Program) which offers downpayment assistance loans.
- Fund 238 – CalHome grants downpayment assistance loans.

## **FY 2022-23 and FY 2023-24 Accomplishments**

- Formed a Morgan Hill Service Provider coalition and raised \$165,000 to serve as a local Housing Problem Solving Fund being administered by Saint Vincent de Paul.
- Received the second capacity building grant installment from Destination Home for \$150,000 to combat housing insecurity and expand unhoused outreach efforts. As a result of the Destination Home capacity-building grant, the Unhoused Specialist processed; 174 referrals in 2022 and 211 referrals in 2023 and connected with 155 households in 2022 and 184 households in 2023 who were at risk of or currently experiencing homelessness.
- Partnered with the County of Santa Clara to become a certified Homeless Management Information System (HMIS) partner to allow immediate access to the countywide coordinated database that facilitates housing placement.
- Supported the renovation of necessary dry rot repairs (\$208,000) on Villa Ciolino Apartments, a 42-unit affordable family housing apartment community.
- Received Housing Element Certification from HCD on November 29, 2023.
- Continue to promote the BMR Program in partnership with HouseKeys servicing 1,183 attendees at BMR workshops and adding 1,052 new potential applicants.
- Participated in the City’s Economic Mobility grant as part of the International City/ County Management Association (ICMA) grant and launched “I BELONG, Morgan Hill,” as part of Diversity, Equity, and Inclusion (DEI) community outreach efforts.

# Housing Programs (continued)

## **FY 2024-25 and 2025-26 Activity Goals**

- Fund eviction counseling through a service provider partnership.
- Begin exploring options for shared equity homeownership models.
- Partner with the Housing Authority of the County of Santa Clara to implement education and outreach efforts to support Housing Choice and combat housing insecurity.
- Seek out opportunities to increase and diversify housing options in the Racially Concentrated Areas of Affluence (RCAA) and make funding available to support affordable housing.
- Partner with the County of Santa Clara to support 30 new farmworker housing units by 2029.
- Study the need for rent control along with a mediation requirement for rent increases of 5% or more.

## **Financial Comments**

Included in this budget is the continuation of the Unhoused Specialist (a position currently funded through a grant that expires in December 2024) to support homeless prevention and housing services.

# Housing Programs (continued)

## Inclusionary Housing In-Lieu Fee

**236.7100**

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	347,858	369,533	348,975	419,162	447,658
41271	Salaries-Part-Time Temp	409	-	-	-	-
41320	Salaries-Earned leave	9,802	10,194	10,194	13,771	14,322
41490	Overtime-General	360	1,000	1,000	500	500
41620	Retirement-General	72,177	79,514	77,501	96,211	102,291
41690	Deferred Compensation	9,227	9,434	10,771	13,100	13,752
41700	Group Insurance	22,368	22,121	30,710	60,696	63,909
41701	Medicare	5,083	5,350	5,209	6,592	7,052
41701	Medicare (PTT & OT)	-	-	-	7	7
41720	Other Post Employment Benefits (OPEB)	8,452	4,792	4,792	5,337	-
41730	Income Protection Ins	2,076	2,081	2,081	3,219	3,219
41760	Workers Comp	8,716	9,263	8,887	10,480	11,192
41760	Workers Comp (PTT & OT)	-	-	-	13	13
41799	Benefits	6,141	5,931	6,738	7,285	7,285
<b>Employee Services Total</b>		<b>492,670</b>	<b>519,213</b>	<b>506,858</b>	<b>636,372</b>	<b>671,200</b>
42214	Telephone	1,192	3,100	1,000	615	633
42230	Special Counsel	21,274	60,000	21,146	60,000	60,000
42231	Contract Services	102,080	156,923	112,742	117,000	117,000
42244	Stationary & Office Supplies	376	3,000	1,040	1,000	1,000
42245	Computer Hardware-Non Cap	69	-	-	-	-
42248	Other Supplies	540	5,000	2,500	5,000	5,000
42250	Advertising	1,179	2,500	1,000	2,000	2,000
42252	Photocopying	10	-	190	300	300
42254	Postage & Freight	294	300	150	300	300
42257	Printing	844	336	200	336	500
42261	Auto Mileage	-	1,300	400	1,300	1,300
42299	Other Expense	422	-	1,005	-	-
42408	Training & Education	-	1,500	1,500	1,500	1,500
42415	Conference & Meetings	3,039	7,000	4,600	6,000	6,000
42423	Membership & Dues	1,624	1,850	1,000	1,570	1,570
42435	Subscription & Pub.	84	168	926	338	338
<b>Supplies &amp; Services Total</b>		<b>133,026</b>	<b>242,977</b>	<b>149,399</b>	<b>197,259</b>	<b>197,441</b>
43835	Furniture/Office Equip	1,520	-	-	-	-
<b>Supplies &amp; Services Total</b>		<b>1,520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	15,173	16,080	16,080	21,512	23,663
45004	Building Maint - Current Services	26,805	26,805	26,805	40,529	34,279
45005	Building Maint.-Future Replacement	3,224	3,288	3,288	3,654	3,763
45009	Info System Services	23,270	26,748	26,748	34,897	36,791
45010	GF Admin	83,071	85,563	85,563	89,841	91,640
<b>Internal Services Total</b>		<b>151,542</b>	<b>158,484</b>	<b>158,484</b>	<b>190,432</b>	<b>190,136</b>
49214	Transfer Out-207 (General Plan Update)	7,700	7,700	7,700	7,700	7,700
49241	Transfer Out-420 (Civic Center Debt)	2,799	2,789	2,789	3,283	3,321
<b>Transfers Total</b>		<b>10,499</b>	<b>10,489</b>	<b>10,489</b>	<b>10,983</b>	<b>11,021</b>
86441	New Housing Programs	4,999	600,000	600,000	1,000,000	200,000
<b>Project Expenditures Total</b>		<b>4,999</b>	<b>600,000</b>	<b>600,000</b>	<b>1,000,000</b>	<b>200,000</b>
<b>236.7100 - Housing Total</b>		<b>794,256</b>	<b>1,531,163</b>	<b>1,425,230</b>	<b>2,035,046</b>	<b>1,269,798</b>

# Housing Programs (continued)

## Successor Housing Agency

255.7220

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	345,134	333,037	352,159	375,377	395,163
41320	Salaries-Earned leave	8,596	8,940	8,940	16,523	17,184
41490	Overtime-General	954	500	2,000	1,000	1,000
41620	Retirement-General	67,297	71,667	72,105	86,158	90,297
41690	Deferred Compensation	9,119	8,441	11,321	13,373	13,890
41700	Group Insurance	35,433	32,832	43,228	57,191	60,617
41701	Medicare	5,003	4,767	4,963	5,515	5,852
41701	Medicare (PTT & OT)	-	-	-	15	15
41720	Other Post Employment Benefits (OPEB)	9,072	3,581	3,581	3,908	-
41730	Income Protection Ins	1,859	1,660	1,660	2,360	2,360
41760	Workers Comp	8,652	8,339	8,841	9,385	9,880
41760	Workers Comp (PTT & OT)	-	-	-	25	25
41799	Benefits	5,596	5,299	5,934	5,883	5,883
<b>Employee Services Total</b>		<b>496,715</b>	<b>479,063</b>	<b>514,732</b>	<b>576,713</b>	<b>602,165</b>
42205	Taxes	33	-	-	-	-
42214	Telephone	558	600	358	-	-
42231	Contract Services	550,071	575,000	575,000	603,750	633,938
<b>Supplies &amp; Services Total</b>		<b>550,662</b>	<b>575,600</b>	<b>575,358</b>	<b>603,750</b>	<b>633,938</b>
45003	General Liability Insurance	11,340	12,020	12,020	15,755	17,331
45004	Building Maint - Current Services	20,033	20,033	20,033	29,682	25,105
45005	Building Maint.-Future Replacement	2,409	2,457	2,457	2,676	2,756
45009	Info System Services	17,392	19,991	19,991	25,557	26,944
45010	GF Admin	58,616	60,375	60,375	63,394	64,660
<b>Internal Services Total</b>		<b>109,790</b>	<b>114,876</b>	<b>114,876</b>	<b>137,064</b>	<b>136,796</b>
49241	Transfer Out-420 (Civic Center Debt)	2,092	2,085	2,085	2,404	2,432
<b>Transfers Total</b>		<b>2,092</b>	<b>2,085</b>	<b>2,085</b>	<b>2,404</b>	<b>2,432</b>
86400	Processing & Servicing	522	486	486	-	-
<b>Project Expenditures Total</b>		<b>522</b>	<b>486</b>	<b>486</b>	<b>-</b>	<b>-</b>
<b>255.7220 - Housing Successor Agency Total</b>		<b>1,159,781</b>	<b>1,172,110</b>	<b>1,207,537</b>	<b>1,319,931</b>	<b>1,375,331</b>

# Internal Service Funds/ Miscellaneous Programs

## Appropriations Summary

	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
	Actual	Amended	Year End Projection	Adopted	Adopted
Employee Services	\$ 2,457,531	\$ 2,657,395	\$ 2,945,618	\$ 3,174,182	\$ 3,258,997
Supplies & Services	3,734,730	4,656,319	4,951,592	5,261,202	5,410,285
Capital Outlay	811,138	1,749,682	1,799,251	1,232,500	502,600
Internal Service	286,224	304,139	304,139	234,103	257,343
Transfers Out	13,359	13,347	397,347	10,024	10,024
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,302,983</b>	<b>\$ 9,380,882</b>	<b>\$ 10,397,947</b>	<b>\$ 9,912,011</b>	<b>\$ 9,439,249</b>
Cable Services (FTE Included in Administrative Services)	\$ 59,092	\$ 74,940	\$ 87,447	\$ 91,234	\$ 91,406
Employee Assistance	10,113	20,946	20,946	20,993	21,010
Information Technology (FTE Included in Police Department)	1,567,720	1,813,731	2,139,194	1,969,173	2,106,359
GIS	300,914	342,373	348,686	382,405	364,316
Communications and Engagement (FTE Included in Administrative Services)	435,487	527,827	494,352	525,761	551,491
Building Maintenance - Civic Center Campus (FTE Included in Public Services Maintenance Services)	663,236	865,865	866,138	1,078,860	909,481
Building Maintenance - Corporation Yard (FTE Included in Public Services Maintenance Services)	269,341	425,502	394,040	348,223	360,708
Unemployment Insurance	18,358	15,000	15,000	15,000	15,000
Workers' Compensation	695,816	1,048,265	901,721	946,245	1,007,970
Equipment Replacement	600,443	1,445,240	1,572,240	1,122,500	387,600
Employee Benefits	734,156	750,000	1,000,000	1,000,000	1,000,000
General Liability Insurance (FTE Included in City Attorney)	1,948,308	2,051,193	2,558,183	2,411,618	2,623,909
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>\$ 7,302,983</b>	<b>\$ 9,380,882</b>	<b>\$ 10,397,947</b>	<b>\$ 9,912,011</b>	<b>\$ 9,439,249</b>
<b>FULL TIME EQUIVALENT EMPLOYEES (GIS Only)</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

## **Division Description**

The Cable Services Division supports cable television customer service in Morgan Hill, administers the property use agreements held by cellular providers on City property, and responds to queries from the public on a variety of telecommunications issues. The Division continues to ensure Public, Educational, and Government Channels (PEG) funding is utilized appropriately. Since there is no longer a public access or educational channel provided, this funding solely supports the Government Access channel at this time.

## **FY 2022-23 and 2023-24 Accomplishments**

- Supported provision of the City’s Government Access Channel.

## **FY 2024-25 and 2025-26 Activity Goals**

- Assist customers in obtaining customer service from Charter Cable and Frontier as needed.
- Monitor changes in the telecommunications regulatory arena and access services.

## **Financial Comments**

Payments for PEG television support received from Charter Cable of approximately \$60,000 annually will be dedicated for government access television purposes and will contribute to capital equipment and lease fees associated with the cablecasting of City programming. This includes funding a portion of the lease payment for a portion of the City’s fiber lease associated with cable casting the government channel and a \$10,000 fund transfer to the capital replacement fund for cable casting equipment replacement.

# Cable Services (continued)

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
41100	Salaries-General	2,891	4,428	2,513	5,822	6,024
41320	Salaries-Earned leave	77	80	47	526	547
41620	Retirement-General	841	954	550	1,334	1,376
41690	Deferred Compensation	45	74	-	233	187
41700	Group Insurance	103	182	375	148	148
41701	Medicare	56	67	37	88	91
41720	Other Post Employment Benefits (OPEB)	101	101	101	39	-
41730	Income Protection Ins	26	48	25	25	25
41760	Workers Comp	72	111	63	146	150
41799	Benefits	-	-	32	121	121
<b>Employee Services Total</b>		<b>4,212</b>	<b>6,045</b>	<b>3,743</b>	<b>8,482</b>	<b>8,669</b>
42214	Telephone	179	300	109	-	-
42231	Contract Services	43,200	57,000	72,000	72,000	72,000
<b>Supplies &amp; Services Total</b>		<b>43,379</b>	<b>57,300</b>	<b>72,109</b>	<b>72,000</b>	<b>72,000</b>
45003	General Liability Insurance	319	340	340	156	172
45004	Building Maint - Current Services	564	564	564	293	248
45005	Building Maint.-Future Replacement	68	69	69	26	27
45009	Info System Services	490	563	563	252	266
<b>Internal Services Total</b>		<b>1,441</b>	<b>1,536</b>	<b>1,536</b>	<b>728</b>	<b>713</b>
49253	Transfer Out-741 (Building Replacement)	10,000	10,000	10,000	10,000	10,000
49241	Transfer Out-420 (Civic Center Debt)	59	59	59	24	24
<b>Transfers Total</b>		<b>10,059</b>	<b>10,059</b>	<b>10,059</b>	<b>10,024</b>	<b>10,024</b>
<b>010.5140 - Cable Television Total</b>		<b>59,092</b>	<b>74,940</b>	<b>87,447</b>	<b>91,234</b>	<b>91,406</b>

# Employee Assistance

240.2610

## **Division Description**

This fund supports various employee financial assistance programs, including funding for the employee computer loan program. Through this program, an employee may borrow up to \$2,000 to purchase a computer system for home use. The employee repays the City through payroll deductions.

## **FY 2022-23 and 2023-24 Accomplishments**

- Distributed roughly \$11,000 in loans for employee home computer purchases.
- Collected an estimated \$13,000 in loan repayments.

## **FY 2024-25 and 2025-26 Activity Goals**

- Promote the availability of home computer loans for employees.
- Target first time loan applicants.

## **Financial Comments**

The computer loan program is a revolving loan fund with new loans being distributed from the existing loan payments.

# Employee Assistance Programs (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
42605	Computer Loan Program	9,194	20,000	20,000	20,000	20,000
	<b>Supplies &amp; Services Total</b>	<b>9,194</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
45010	GF Admin	918	946	946	993	1,010
	<b>Internal Services Total</b>	<b>918</b>	<b>946</b>	<b>946</b>	<b>993</b>	<b>1,010</b>
	<b>240.2610 - Employee Assistance Total</b>	<b>10,113</b>	<b>20,946</b>	<b>20,946</b>	<b>20,993</b>	<b>21,010</b>

## **Division Description**

The Information Technology (IT) team consists of a Director, IT Architect, and two technicians. The team is responsible for managing technology infrastructure, planning and support in alignment with the needs of the City.

The IT team is modeling after the pillars of leading innovation and promoting security consistent with Municipal Information Systems Association of California (MISAC). Additionally, IT ensures business continuity through highly available networks and systems that are resilient, redundant, and secure.

## **FY 2022-23 and 2023-24 Accomplishments**

- Implemented cybersecurity improvements/enhancements.
- Purchased and deployed new enterprise storage solution.
- Designed, purchased, and deployed new Police Station Data Center.

## **FY 2024-2025 and 2025-2026 Activity Goals**

- Implement redundant internet and fiber pathways.
- Procure and deploy cybersecurity tools.
- Modernize applications by leveraging hosted, clouded systems.

## **Financial Comments**

The IT budget continues to be more centralized. Not only will this effort allow the City to leverage better pricing, but it will also facilitate establishing supportable IT standards.

The following items have been incorporated into the IT budget:

- Security Information and Event Management (SIEM) - Managed systems aggregator for centralized logging, real time alerting, and analysis. Immediate threat isolation 24/7/365.
- Off-site system backup - Implement disaster recovery utilizing off-site backup solution (cloud) for data programs such as GIS/Cityworks, network shares, Laserfiche, EDEN, EIS, RecPro, approximately 50TB of data.
- Station Cabling – Direct cable runs from network closets to teammate workstations.
- Reclassification and salary adjustment of the Programmer Analyst to IT Architect, to address retention and recruitment issues.

As an internal service fund, the IT function costs are allocated to all user departments.

# Information Services (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	538,272	561,140	601,608	659,679	694,039
41271	Salaries-Part-Time Temp	-	20,600	-	-	-
41320	Salaries-Earned leave	7,598	7,902	7,902	18,406	19,142
41490	Overtime-General	3,243	15,000	1,000	5,000	5,000
41620	Retirement-General	110,122	120,749	121,508	151,415	158,593
41690	Deferred Compensation	5,067	2,429	6,902	9,155	9,584
41700	Group Insurance	66,130	89,881	78,480	80,671	85,507
41701	Medicare	8,052	9,487	8,849	9,638	10,206
41701	Medicare (PTT & OT)	-	-	-	73	73
41720	Other Post Employment Benefits (OPEB)	8,071	8,071	8,071	7,720	-
41730	Income Protection Ins	3,716	3,837	3,837	3,835	3,835
41760	Workers Comp	13,538	14,919	15,057	16,492	17,351
41760	Workers Comp (PTT & OT)	-	-	-	125	125
41799	Benefits	7,339	4,812	15,820	11,858	11,858
<b>Employee Services Total</b>		<b>771,149</b>	<b>858,827</b>	<b>869,034</b>	<b>974,067</b>	<b>1,015,313</b>
42214	Telephone	1,769	5,241	5,241	155,500	158,065
42231	Contract Services	405,854	355,735	407,425	14,213	14,639
42244	Stationary & Office Supplies	1,015	7,775	200	8,008	8,248
42245	Computer Hardware-Non Cap	73,750	180,100	125,000	198,110	217,921
42246	Computer Software-Non Cap	13,146	1,500	18,330	414,171	503,019
42247	Contract IS Services	2,075	20,250	7,500	-	-
42248	Other Supplies	19,972	14,863	5,000	20,974	21,603
42250	Advertising	-	5,150	-	500	500
42252	Photocopying	99	297	20	306	315
42254	Postage & Freight	-	105	105	108	111
42261	Auto Mileage	-	1,023	-	1,054	1,085
42299	Other Expense	-	1,575	-	1,622	1,671
42408	Training & Education	20,323	25,500	12,750	28,050	30,855
42415	Conference & Meetings	-	16,020	2,020	16,501	16,996
42423	Membership & Dues	260	430	710	731	753
42435	Subscription & Pub.	-	250	200	258	265
42510	Maint-Buildings/Improvements	20,692	-	60,000	25,000	-
<b>Supplies &amp; Services Total</b>		<b>558,954</b>	<b>635,814</b>	<b>644,501</b>	<b>885,106</b>	<b>976,046</b>
43835	Furniture/Office Equip	366	-	-	-	-
43840	Computer Equipment	211,697	292,000	341,569	110,000	115,000
<b>Capital Outlay Total</b>		<b>212,063</b>	<b>292,000</b>	<b>341,569</b>	<b>110,000</b>	<b>115,000</b>
45003	General Liability Insurance	25,554	27,090	27,090	-	-
<b>Internal Services Total</b>		<b>25,554</b>	<b>27,090</b>	<b>27,090</b>	<b>-</b>	<b>-</b>
49253	Transfer Out-741 (Building Replacement)	-	-	257,000	-	-
<b>Transfers Total</b>		<b>-</b>	<b>-</b>	<b>257,000</b>	<b>-</b>	<b>-</b>
<b>730.2520 - Information Services Total</b>		<b>1,567,720</b>	<b>1,813,731</b>	<b>2,139,194</b>	<b>1,969,173</b>	<b>2,106,359</b>

# Geographic Information Systems (GIS)

730.2530

## **Division Description**

The Geographic Information Systems Division (GIS) is part of the Public Services Department and provides geographic mapping and spatial data analysis Citywide. This division is managed by the GIS Administrator who reports to the Public Services Director.

The GIS Administrator oversees the operation of GIS services and an Enterprise GIS system that can integrate with each City department. GIS is a key technology, and enhancements to GIS capabilities boost productivity for many City departments.

## **FY 2022-23 and 2023-24 Accomplishments**

- Completed a utilities data catchup project to map missing utilities and improve existing mapping. Water, wastewater, stormwater, and electric light facilities were mapped for 26 developments/CIP projects. Approximately 1,000 mapping corrections (redlines) were reviewed and completed for water and wastewater facilities.
- Hired part-time temporary staff that assisted with data development, field mapping workflows, and staff training.
- Significantly expanded the address database for emergency response both in terms of number of addresses mapped and mapping addresses earlier in the development process.
- Integrated the BOSS811 application that assists with locating utilities with GIS so that teammates can see City utilities mapped in relation to proposed dig locations.
- Mapped locations of vulnerable populations including schools, pre-schools/daycare, and senior-only housing for future Emergency Operation Center use.

# GIS (continued)

## **FY 2024-25 and 2025-26 Activity Goals**

The GIS division will continue to build out the GIS program by focusing on increasing access to GIS data and applications through business system integration, data development and staff training.

- CityMaps: make updates and enhancements to this internal City web map, including migrating to ArcGIS Pro, adding new layers including the address database layer, and adding user-requested functionality including viewing wastewater inspection software and video.
- Development Services application (formerly TrakIt): Complete integration with GIS including linking permit information with GIS addresses and parcels and integrating a display map.
- Address Database: improve and refine database accessibility and workflows for address database editing so that the database can better support additional City Public Safety, Planning, Building, and Public Services needs and applications. This includes adding new addresses prior to construction and improving database attribute rules. The address database layer will also be added to CityMaps.
- Utility Data Management: migrate existing water, wastewater, and stormwater data to a current data organization (schema) standard appropriate for the City's needs and compatible with the current desktop software standard ArcGIS Pro. The project includes implementation of several software solutions/applications tailored for utility data management and will simplify data editing work.
- Field Mapping: build out field mapping capabilities for Maintenance and Utilities teammates using mapping applications including Esri Field Maps for mapping new facilities and mapping redlines for Cityworks.

## **Financial Comments**

As an internal service fund division, costs related to providing GIS services are allocated to various City funds, departments, and divisions based on their estimated usage of GIS resources.

# GIS (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	136,534	139,867	141,745	148,304	153,439
41271	Salaries-Part-Time Temp	25,830	26,000	26,000	26,780	27,583
41320	Salaries-Earned leave	4,366	4,540	4,540	5,609	5,833
41620	Retirement-General	28,276	30,098	29,971	34,040	35,061
41690	Deferred Compensation	2,731	1,949	3,586	4,449	4,428
41700	Group Insurance	10,019	10,821	11,870	12,215	12,947
41701	Medicare	2,301	2,270	2,123	2,111	2,196
41701	Medicare (PTT & OT)	-	-	-	388	400
41720	Other Post Employment Benefits (OPEB)	2,018	2,018	2,018	1,930	-
41730	Income Protection Ins	1,052	1,085	1,085	1,085	1,085
41760	Workers Comp	4,059	4,147	3,740	3,708	3,836
41760	Workers Comp (PTT & OT)	-	-	-	670	690
41799	Benefits	1,474	1,512	1,630	1,584	1,584
<b>Employee Services Total</b>		<b>218,660</b>	<b>224,307</b>	<b>228,308</b>	<b>242,873</b>	<b>249,082</b>
42214	Telephone	-	300	-	-	-
42231	Contract Services	61,158	85,152	93,064	130,810	106,488
42244	Stationary & Office Supplies	103	200	200	200	200
42246	Computer Software-Non Cap	400	250	250	258	265
42250	Advertising	-	250	250	250	250
42252	Photocopying	3	200	200	200	200
42257	Printing	-	300	-	-	-
42261	Auto Mileage	-	300	300	300	300
42408	Training & Education	-	10,000	5,000	7,000	7,000
42415	Conference & Meetings	-	500	500	515	530
<b>Supplies &amp; Services Total</b>		<b>61,663</b>	<b>97,452</b>	<b>99,764</b>	<b>139,533</b>	<b>115,234</b>
43835	Furniture/Office Equip	380	-	-	-	-
<b>Capital Outlay Total</b>		<b>380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	6,388	6,770	6,770	-	-
45004	Building Maint - Current Services	11,286	11,286	11,286	-	-
45005	Building Maint.-Future Replacement	1,357	1,384	1,384	-	-
<b>Internal Services Total</b>		<b>19,031</b>	<b>19,440</b>	<b>19,440</b>	<b>-</b>	<b>-</b>
49241	Transfer Out-420 (Civic Center Debt)	1,179	1,174	1,174	-	-
<b>Transfers Total</b>		<b>1,179</b>	<b>1,174</b>	<b>1,174</b>	<b>-</b>	<b>-</b>
<b>730.2530 - Geographic Information System</b>						
<b>(GIS) Total</b>		<b>300,914</b>	<b>342,373</b>	<b>348,686</b>	<b>382,405</b>	<b>364,316</b>

# Communications and Engagement

**730.5145**

## **Division Description**

The Communications and Engagement Division is overseen by the Public Information Officer (PIO). The PIO and the Communications and Engagement team are essential in facilitating effective communication between the City and the Community. The Communication team's responsibilities encompass a wide range of functions, including promoting transparency, fostering community engagement, and disseminating important information about government programs, services, policies, and initiatives. One of the primary responsibilities of the PIO is to serve as the official spokesperson for the City. They are tasked with responding to inquiries from the media, residents, and other stakeholders, providing accurate and timely information on various topics.

The Communications and Engagement team implements the City's communication strategy, which includes developing comprehensive communication plans to ensure that critical messages are effectively communicated. The team may also conduct outreach campaigns to raise awareness about important issues, initiatives, or events happening within the Community. Additionally, the PIO and the Communications and Engagement team play pivotal roles in crisis communication and emergency response efforts. During times of crisis or emergency, they are responsible for disseminating critical information to the Community, providing updates on the situation, and coordinating communication efforts with relevant stakeholders to ensure a coordinated response.

## **FY 2022-23 and 2023-24 Accomplishments**

- Successfully led the coordination of Together at National Night Out 2023 with 28 community booths, nine City booths, and over 1,500 Community members in attendance.
- Completed website refresh and update, reorganizing the website to be user-centric and easier to navigate.
- Provided translation and interpretation services and support.
- Provided interpretation for Housing Support Services.
- Translated MoGo marketing materials, Housing documents and forms, various environmental services programs, Transportation Master Plan documents, and other engagement and marketing materials.
- Implemented monthly Spanish email newsletter.

# Communications and Engagement (continued)

- Supported multiple departments with their communication, outreach, and marketing campaigns, including:
  - Spring and Fall Sidewalk Saturdays
  - 4th Saturday Downtown Street Series
  - State of the City Address
  - Pride Flag Raising
  - National Night Out

## **FY 2024-25 and 2025-26 Activity Goals**

- Continue to enhance outreach and bilingual communication with our Spanish-speaking Community.
- Continue implementing the City's Communication, Outreach, and Engagement Plan.
- Develop partnerships with Community organizations and non-profits to share information and receive feedback.
- Develop and implement a customer service training program for teammates.
- Continue the Morgan Hill Together campaign by holding diverse events and educational campaigns and implementing Meet Morgan Hill, celebrating our incredible and diverse teammates.

## **Financial Comments**

As an internal service fund, the Communications and Engagement function costs are allocated to all user departments.

# Communications and Engagement (continued)

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	211,233	234,221	232,527	269,271	290,190
41271	Salaries-Part-Time Temp	37,687	25,000	45,000	34,600	34,600
41320	Salaries-Earned leave	-	-	-	6,646	6,912
41490	Overtime-General	695	-	1,300	2,000	2,000
41620	Retirement-General	44,097	49,424	58,185	61,806	66,308
41690	Deferred Compensation	3,959	1,815	5,420	7,287	7,833
41700	Group Insurance	17,720	51,307	24,056	27,292	28,246
41701	Medicare	3,773	4,298	4,148	4,089	4,406
41701	Medicare (PTT & OT)	-	-	-	531	531
41720	Other Post Employment Benefits (OPEB)	2,623	2,623	2,623	4,053	-
41730	Income Protection Ins	1,562	1,512	1,662	1,735	1,735
41760	Workers Comp	6,240	6,481	7,025	6,732	7,255
41760	Workers Comp (PTT & OT)	-	-	-	915	915
41799	Benefits	1,681	300	2,776	3,130	3,130
<b>Employee Services Total</b>		<b>331,270</b>	<b>376,981</b>	<b>384,722</b>	<b>430,087</b>	<b>454,061</b>
42214	Telephone	5,717	1,392	2,371	2,160	2,225
42231	Contract Services	37,881	87,215	55,000	66,629	68,280
42244	Stationary & Office Supplies	1,875	500	765	500	500
42246	Computer Software-Non Cap	106	3,000	-	-	-
42248	Other Supplies	9,378	6,000	6,000	6,000	6,000
42250	Advertising	495	-	-	-	-
42251	Marketing/Promotions	2,608	10,300	3,300	5,350	5,350
42252	Photocopying	10	-	100	100	100
42254	Postage & Freight	-	100	50	100	100
42257	Printing	270	2,500	500	2,500	2,500
42299	Other Expense	898	-	1,700	-	-
42408	Training & Education	1,230	4,000	1,000	3,000	3,000
42415	Conference & Meetings	7,895	5,000	7,000	7,500	7,500
42423	Membership & Dues	1,594	650	1,655	1,835	1,875
<b>Supplies &amp; Services Total</b>		<b>69,957</b>	<b>120,657</b>	<b>79,441</b>	<b>95,674</b>	<b>97,430</b>
43835	Furniture/Office Equip	954	-	-	-	-
43845	Computer Software	3,839	-	-	-	-
<b>Capital Outlay Total</b>		<b>4,793</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	11,499	12,190	12,190	-	-
45004	Building Maint - Current Services	14,672	14,672	14,672	-	-
45005	Building Maint.-Future Replacement	1,764	1,800	1,800	-	-
<b>Internal Services Total</b>		<b>27,935</b>	<b>28,662</b>	<b>28,662</b>	<b>-</b>	<b>-</b>
49241	Transfer Out-420 (Civic Center Debt)	1,532	1,527	1,527	-	-
<b>Transfers Total</b>		<b>1,532</b>	<b>1,527</b>	<b>1,527</b>	<b>-</b>	<b>-</b>
<b>730.5145 - Communications and Engagement</b>						
<b>Total</b>		<b>435,487</b>	<b>527,827</b>	<b>494,352</b>	<b>525,761</b>	<b>551,491</b>

# Building Maintenance

**Civic Center Campus**

**740.5150**

**Corporation Yard**

**740.5715**

**Division Description**

The Public Services Department with support from various operating divisions is responsible for all major repairs, preventive maintenance, capital improvements and future replacement schedules for City facilities, including the Civic Center Campus and Corporation Yard.

**FY 2022-23 and 2023-24 Accomplishments**

**Civic Center**

- Supported the Lobby Safety Upgrade Project.
- Replaced aging HVAC components in the Council Chambers Building.

**Corporation Yard**

- Treated the main Corporation Yard Building to eliminate termites.
- Replaced heating unit supporting Maintenance and Utility Bays.
- Installed new cubicles in office area.

**FY 2024-25 and 2025-26 Activity Goals**

**Civic Center**

- Replace roofs at Council Chamber Building and Library.
- Install new HVAC building management system at City Hall.
- Support office space needs for the site.
- Upgrade single pane windows at City Hall Building.

**Corporation Yard**

- Install material bin covers in support of storm water pollution prevention.

# Building Maintenance (continued)

## **Financial Comments**

The funding for maintenance for the Civic Center and Corporation Yard is funded through the Building Maintenance Fund, which is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional internal transfer is charged for the scheduled future replacement of major building equipment (Fund 741), such as mechanical systems, flooring replacement, etc.

# Civic Center Campus

# 740.5150

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
41100	Salaries-General	142,253	138,246	144,847	171,790	178,702
41320	Salaries-Earned leave	3,457	3,596	3,596	5,428	5,645
41490	Overtime-General	91	1,000	1,000	2,000	2,060
41620	Retirement-General	28,371	29,747	29,940	39,482	40,888
41690	Deferred Compensation	2,211	2,490	3,855	5,976	6,186
41700	Group Insurance	9,829	13,157	12,255	17,683	18,313
41701	Medicare	2,175	2,059	2,210	2,578	2,687
41701	Medicare (PTT & OT)	-	-	-	29	30
41720	Other Post Employment Benefits (OPEB)	3,228	3,228	3,228	3,571	-
41730	Income Protection Ins	1,076	1,200	1,200	1,403	1,403
41760	Workers Comp	3,563	3,517	3,634	4,294	4,467
41760	Workers Comp (PTT & OT)	-	-	-	50	52
41799	Benefits	1,670	1,720	2,536	2,750	2,750
<b>Employee Services Total</b>		<b>197,925</b>	<b>199,960</b>	<b>208,301</b>	<b>257,034</b>	<b>263,183</b>
42208	Electric	99,105	112,422	105,000	115,500	121,275
42210	Water/Sewer	27,864	33,202	30,500	32,635	34,919
42214	Telephone	11,867	10,609	32,750	47,700	49,131
42231	Contract Services	101,083	120,203	112,000	115,360	121,306
42246	Computer Software-Non Cap	2,753	3,390	2,912	3,059	3,211
42248	Other Supplies	31,716	46,869	35,000	36,050	37,132
42254	Postage & Freight	-	100	15	-	-
42281	Small Tools	-	500	500	500	500
42510	Maint-Buildings/Improvements	23,751	160,000	160,550	263,000	50,000
<b>Supplies &amp; Services Total</b>		<b>298,138</b>	<b>487,295</b>	<b>479,227</b>	<b>613,804</b>	<b>417,474</b>
45003	General Liability Insurance	151,496	160,590	160,590	208,022	228,824
45009	Info System Services	15,677	18,020	18,020	-	-
<b>Internal Services Total</b>		<b>167,173</b>	<b>178,610</b>	<b>178,610</b>	<b>208,022</b>	<b>228,824</b>
<b>740.5150 - Building Maintenance Civic Center</b>						
<b>Campus Total</b>		<b>663,236</b>	<b>865,865</b>	<b>866,138</b>	<b>1,078,860</b>	<b>909,481</b>

# Corporation Yard

# 740.5715

Object	GL Account	FY 22-23	FY 23-24	FY 23-24	FY 24-25	FY 25-26
		Actual	Amended	Year End Projection	Adopted	Adopted
41100	Salaries-General	75,947	108,764	102,985	105,252	110,119
41320	Salaries-Earned leave	2,919	3,036	3,036	2,521	2,622
41490	Overtime-General	66	-	56	-	-
41620	Retirement-General	13,823	16,517	15,986	16,404	17,180
41690	Deferred Compensation	1,360	1,943	2,545	3,275	3,395
41700	Group Insurance	6,811	7,992	11,244	10,982	11,282
41701	Medicare	1,153	1,705	1,576	1,619	1,694
41720	Other Post Employment Benefits (OPEB)	2,219	2,219	2,219	2,027	-
41730	Income Protection Ins	670	952	952	898	898
41760	Workers Comp	1,917	2,841	2,576	2,631	2,753
41799	Benefits	937	5,197	1,039	1,033	1,033
<b>Employee Services Total</b>		<b>107,822</b>	<b>151,166</b>	<b>144,214</b>	<b>146,641</b>	<b>150,976</b>
42208	Electric	34,866	31,244	35,738	41,099	43,154
42210	Water/Sewer	7,288	8,587	8,587	9,188	9,831
42214	Telephone			19,360	26,580	27,380
42231	Contract Services	40,032	57,810	57,810	60,155	62,065
42248	Other Supplies	10,549	8,364	10,000	10,200	10,506
42510	Maint-Buildings/Improvements	35,835	120,000	70,000	30,000	30,000
<b>Supplies &amp; Services Total</b>		<b>128,570</b>	<b>226,005</b>	<b>201,495</b>	<b>177,222</b>	<b>182,936</b>
43845	Computer Software	-	12,442	12,442	-	-
<b>Capital Outlay Total</b>		<b>-</b>	<b>12,442</b>	<b>12,442</b>	<b>-</b>	<b>-</b>
45003	General Liability Insurance	22,172	23,500	23,500	24,360	26,796
45009	Info System Services	10,778	12,389	12,389	-	-
<b>Internal Services Total</b>		<b>32,950</b>	<b>35,889</b>	<b>35,889</b>	<b>24,360</b>	<b>26,796</b>
<b>740.5715 - Building Maintenance Corporation</b>						
<b>Yard Total</b>		<b>269,341</b>	<b>425,502</b>	<b>394,040</b>	<b>348,223</b>	<b>360,708</b>

# Unemployment Insurance

760.8230

## **Division Description**

Human Resources manages the unemployment insurance activity and budget. Working in conjunction with the State Employment Development Department, Human Resources evaluates claims for benefits in an effort to manage the City's liability in this area. The Unemployment Insurance (UI) program pays benefits to previous City employees who have lost their job and meet the program's eligibility requirements.

The City has chosen the self-insured method as the most cost-effective way to manage the City's unemployment insurance costs; the City reimburses the State for actual costs incurred for the payment of UI benefits. The State bills the City quarterly, however, payment to the qualifying former employee precedes the City's reimbursement to the State.

## **Financial Comments**

Most claims from these benefit funds are from seasonal and temporary employees filing for unemployment once their temporary assignment has ended and they are separated from employment with the City. The weekly unemployment insurance benefit amounts range from a minimum of \$40 to a maximum of \$450, depending on the claimant's past quarterly earnings. The maximum amount of UI benefits payable to a claimant during a regular benefit year is 26 times the claimant's weekly benefit amount or one-half of the total base period earnings, whichever is less. The benefit year is a 52-week period starting on the effective date of a new UI claim.

# Unemployment Insurance (continued)

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
	42542 Claims-Unemployment	18,358	15,000	15,000	15,000	15,000
	<b>Supplies &amp; Services Total</b>	<b>18,358</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
	<b>760.8230 - Unemployment Insurance Total</b>	<b>18,358</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>

## **Division Description**

The City's Human Resources Division serves as the City's Workers' Compensation Program (the Program) Manager and is responsible for managing the Program and the Third-Party Administrator (TPA), who handles the day-to-day workers' compensation claim administration. The Human Resources Team coordinates all aspects of the Program with the TPA, which includes reporting of injuries; providing lost time and salary information; training for managers, supervisors, and other employees; early return to work programs; claimant service evaluations; and maintenance of the City's medical, exposures, and workers' compensation claims files.

The City of Morgan Hill is currently a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) for the purpose of obtaining and pooling excess workers' compensation coverage. Under this arrangement, the City maintains a self-insured retention of \$250,000 of each claim and excess coverage with statutory limits, up to \$5 million.

## **FY 2022-23 and 2023-24 Accomplishments**

- Continued to offer ergonomic evaluations to new employees and to employees who changed workstations.
- Met quarterly with TPA to review open claims including ascertaining status and to develop appropriate action plans.
- For FY 2022-23, successfully resolved and closed 18 open indemnity claims.
- For FY 2023-24, as of April 9, 2024, successfully resolved and closed eight open indemnity claims.
- For FY 2022-23 saw a decrease in the total number of claims reported from 16 to 10, as well as a decrease in severity of these new claims.
- For FY 2022-23 there was a decrease in the average number of lost days on new claims from 100 days to 21 days.

# Workers' Compensation (continued)

## **FY 2024-25 and 2025-26 Activity Goals**

- Partner with TPA to conduct training for supervisors and managers on workers' compensation procedures.
- Continue to conduct preventive ergonomic evaluations for new employees and for employees who change workstations or as requested.
- Monitor the activities of the TPA to close cases as soon as appropriate and to develop further strategies to minimize costs.
- Meet quarterly with TPA to review open claims including ascertaining status and to develop appropriate action plans.
- Meet annually with TPA for a program review of the fiscal year activity.

## **Financial Comments**

The budget reflects an 11% premium increase from LAWCX for FY 2024-25. The Workers' Compensation program is funded by a percentage of an employee's salary based on historical claim data and their specific risk class.

# Workers' Compensation (continued)

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
42221	Insurance Premiums	487,113	538,808	562,264	605,745	666,320
42231	Contract Services	39,130	36,957	36,957	38,000	39,150
42299	Other Expense	480	2,500	2,500	2,500	2,500
42545	Claims-Worker's Comp	169,093	470,000	300,000	300,000	300,000
<b>Supplies &amp; Services Total</b>		<b>695,816</b>	<b>1,048,265</b>	<b>901,721</b>	<b>946,245</b>	<b>1,007,970</b>
<b>770.8220 - Workers' Compensation Total</b>		<b>695,816</b>	<b>1,048,265</b>	<b>901,721</b>	<b>946,245</b>	<b>1,007,970</b>

# Equipment Replacement

**790.8500**

## Division Description

The Equipment Replacement Fund provides a mechanism for the City to budget and fund future replacement of vehicles and equipment. Each department that uses City vehicles or equipment with future replacement funding is charged an annual fee based on future replacement costs and the useful life of each item. This program continues to provide a basis for the City to plan for and achieve incremental costs related to equipment and vehicle replacement to smooth fluctuations in the City budget in any given fiscal year.

## Financial Comments

Pre-funding of vehicle and equipment replacement provides a measure of budget predictability, ensures timely replacement which enhances safety and efficiency, and reduces the need for deficit spending based on a large capital outlay in any given fiscal year.

Vehicle ID	Department	Description	Budgeted Replacement Cost
W18163	Public Services - Water Operations	Transit Cargo Van	53,500
R98329	Public Services - Parks & Recreation	1998 Jacobson Mower Trailer	15,000
S10175	Public Services - Wastewater Operations	2010 Iron Panther 16' (Bypass trailer)	12,000
S15112	Public Services - Wastewater Operations	Vactor	445,000
308	Police	Ford Taurus	65,000
313	Police	Chevy Tahoe	65,000
155	Police	Explorer Police Interceptor	95,000
156	Police	Explorer Police Interceptor	95,000
157	Police	Explorer Police Interceptor	95,000
158	Police	Explorer Police Interceptor	95,000
162	Police	Ford F150	87,000
<b>FY 2024-25</b>			<b>1,122,500</b>
A10120	Public Services - Parks & Recreation	2010 Ford Ranger Pick Up (CRC)	30,000
A14122	Public Services - Parks & Recreation	2014 F-150 (CCC, Chambers, CH, MHPD)	33,000
D14116	Public Services - Streets Maintenance	2014 Ford Focus (Electric)	39,600
159	Police	Explorer Police Interceptor	95,000
160	Police	Explorer Police Interceptor	95,000
161	Police	Explorer Police Interceptor	95,000
<b>FY 2025-26</b>			<b>387,600</b>

# Equipment Replacement (continued)

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
42231	Contract Services	7,017				
	<b>Supplies &amp; Services Total</b>	<b>7,017</b>	-	-	-	-
43830	Auto/Trucks	593,426	1,445,240	1,445,240	1,122,500	387,600
	<b>Capital Outlay Total</b>	<b>593,426</b>	<b>1,445,240</b>	<b>1,445,240</b>	<b>1,122,500</b>	<b>387,600</b>
49210	Transfer Out-010 (General Fund)	-	-	127,000	-	-
	<b>Transfers Total</b>	-	-	<b>127,000</b>	-	-
<b>790.8500 - Equipment Replacement Total</b>		<b>600,443</b>	<b>1,445,240</b>	<b>1,572,240</b>	<b>1,122,500</b>	<b>387,600</b>

# Employee Benefits Fund

**791.2610**

## **Division Description**

The Employee Benefits Fund (EBF) has captured, in one place, the City's liability for leave which has been earned, but not taken. The purpose of EBF is to remove expenditure spikes from operating department budgets caused by payouts of vacation and other leave earned but not taken, thus dampening the effects on operating department budgets of the inherently episodic nature of leave payouts to employees exiting the City workforce. Each year, all funds are assessed 15% of their outstanding balance. The City budgets \$1.0 million per year for leave payouts.

# Employee Benefits Fund (continued)

Object	GL Account	FY 22-23 Actual	FY 23-24 Amended	FY 23-24 Year End Projection	FY 24-25 Adopted	FY 25-26 Adopted
41320	Salaries-Earned leave	734,156	750,000	1,000,000	1,000,000	1,000,000
	<b>Employee Services Total</b>	<b>734,156</b>	<b>750,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
	<b>791.2610 - Employee Benefits Total</b>	<b>734,156</b>	<b>750,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>

## **Division Description**

The City purchases liability/property/vehicle insurance through the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA). The City is a member of PLAN JPA for coverage of liability risks associated with City operations. This provides a pool of liability/property coverage distributed among 28-member municipalities. Claim amounts incurred by the City in excess of the self-insured retention are shared among 28-member agencies, providing incentives for all participants to control loss exposures.

PLAN JPA pools resources from the 28 member agencies to provide general liability and automobile coverage and is responsible for paying the claims in excess of the City's \$100,000 self-insurance retention. The liability program offers broad-form coverage, contractual liability, personal injury, vehicle operations, and cyber liability. Under this program, the City is currently self-insured for the first \$100,000 of any liability claim and is covered for up to \$30 million in costs for each claim.

The PLAN JPA property program offers a single, all-risk policy covering buildings and contents, boilers and machinery, data processing, vehicles, and other coverage. The program carries a \$5,000 deductible per loss. Like many municipalities in California, the City has opted not to purchase insurance coverage for the risk of earthquake damage because it would be cost prohibitive.

PLAN JPA support services include risk management, claims administration, actuarial studies, loss control training, financial and other administrative services, and comprehensive legal defense. PLAN JPA also provides significant grant funding to member entities for safety improvement, risk mitigation, and attainment of best practices.

## **Financial Comments**

The City manages its risk through a shared pool of liability coverage with other similar legal entities through the PLAN JPA. This enhances efficiency as PLAN JPA is very familiar with the types of issues that confront local governments and the appropriate response to these situations. The fiscal policy of the City is to maintain a minimum reserve level for general liability equal to four times the City's self-insured retention amount for general liability claims, of which the minimum reserve level equals \$400,000. The General Liability Insurance program is funded based on several factors, such as property insurance, historical claim data, and the City's annual premium.

# General Liability (continued)

		FY 22-23	FY 23-24	FY 23-24 Year End	FY 24-25	FY 25-26
Object	GL Account	Actual	Amended	Projection	Adopted	Adopted
41100	Salaries-General	68,566	65,845	80,082	83,785	86,684
41320	Salaries-Earned leave	671	698	698	-	-
41620	Retirement-General	13,565	14,167	14,956	19,230	19,809
41690	Deferred Compensation	1,371	1,317	2,026	2,514	2,601
41700	Group Insurance	3,811	3,741	4,629	4,463	4,463
41701	Medicare	1,018	974	1,182	1,235	1,277
41720	Other Post Employment Benefits (OPEB)	1,009	1,009	1,009	965	-
41730	Income Protection Ins	613	712	712	712	712
41760	Workers Comp	1,714	1,646	2,002	2,095	2,167
<b>Employee Services Total</b>		<b>92,338</b>	<b>90,109</b>	<b>107,296</b>	<b>114,999</b>	<b>117,713</b>
42214	Telephone	-	750	-	-	-
42219	General Liability Insurance	1,372,134	1,345,721	1,223,523	1,484,755	1,633,231
42220	Property Insurance	351,921	401,210	514,591	611,014	672,115
42231	Contract Services	10	-	20	-	-
42244	Stationary & Office Supplies	-	100	100	100	100
42252	Photocopying	5	50	50	50	50
42254	Postage & Freight	8	50	50	50	50
42415	Conference & Meetings	-	500	-	500	500
42423	Membership & Dues	-	150	-	150	150
42539	Claims for Damages	119,606	200,000	700,000	200,000	200,000
<b>Supplies &amp; Services Total</b>		<b>1,843,684</b>	<b>1,948,531</b>	<b>2,438,334</b>	<b>2,296,619</b>	<b>2,506,196</b>
43835	Furniture/Office Equip	477	-	-	-	-
<b>Capital Outlay Total</b>		<b>477</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
45004	Building Maint - Current Services	5,643	5,643	5,643	-	-
45005	Building Maint.-Future Replacement	679	692	692	-	-
45009	Info System Services	4,899	5,631	5,631	-	-
<b>Internal Services Total</b>		<b>11,221</b>	<b>11,966</b>	<b>11,966</b>	<b>-</b>	<b>-</b>
49241	Transfer Out-420 (Civic Center Debt)	589	587	587	-	-
<b>Transfers Total</b>		<b>589</b>	<b>587</b>	<b>587</b>	<b>-</b>	<b>-</b>
<b>795.8210 - General Liability Insurance Total</b>		<b>1,948,308</b>	<b>2,051,193</b>	<b>2,558,183</b>	<b>2,411,618</b>	<b>2,623,909</b>

# Special Analysis

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City Council’s 2024-2025 Strategic Priorities.....	320
General Fund Six-Year Projections.....	325
Public Employees Retirement System (PERS).....	328

# City Council's 2024-2025 Strategic Priorities



## SUSTAINABLE MORGAN HILL



### Vision

To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community.

### Choose Morgan Hill

The City of Morgan Hill is the best community for people to live, work, visit, and operate their businesses.

### Strategic Priorities 2024-2025

- Fiscal Sustainability
- Affordable Housing and Homelessness
- Community Engagement
- Economic Development and Tourism
- Transportation
- Healthy Community

### City Council Ongoing Priorities

- Enhancing Public Safety and Quality of Life
- Protecting the Environment and Preserving Open Space and Agricultural Land
- Maintaining and Enhancing Infrastructure
- Supporting our Youth, Seniors, and Entire Community
- Fostering a Positive Organizational Culture
- Preserving and Cultivating Public Trust
- Preserving our Community History
- Enhancing Diversity and Inclusiveness
- Advocating for Local, Regional, and State Legislative Initiatives

# City Council's 2024-2025 Strategic Priorities

(continued)

## STRATEGIC PRIORITIES 2024-2025

### Fiscal Sustainability

The City will continue to be financial stewards of its resources and assets to ensure long-term fiscal sustainability. Through the budget development process, the City, within the fiscal sustainability path, will prudently carry out the City Council's priorities, while maintaining adequate fund balance reserves. The City will continue to explore new or expand existing revenue sources to ensure fiscal sustainability.



### Affordable Housing and Homelessness

Morgan Hill will continue to improve, preserve, and develop new safe, quality, rental, and ownership housing for residents at all income levels. To the extent possible, the City will respond to and reconcile new housing initiatives and legislative mandates. The City is guided by the vision of its General Plan, a long-term plan for the physical development of the Community. The vision includes the preservation of agriculture, incentives to foster infill development, and new housing for families of various sizes, ages, and incomes. Like many other cities in the Bay Area, Morgan Hill is experiencing transformative growth and working to meet the housing needs of its current and future residents. The City's Housing Program is grounded in five key pillars:

- **Production of New Affordable Housing Units:** Morgan Hill will continue to improve, preserve, and develop new safe, quality, rental and ownership housing for residents at all income levels through the implementation of its Inclusionary Housing Ordinance. The City will seek partnerships that create new housing opportunities directly aligned with the City's "fair share" Regional Housing Needs Allocation (RHNA).
- **Preservation of Existing Affordable Housing Inventory:** The City has a robust inventory of Below Market Rate housing units. Through the City's thoughtful planning, affordable housing has been integrated throughout the Community and balanced throughout new developments. The City's Inclusionary Housing Ordinance further ensures future production of income-restricted units. The City will coordinate the lease up process of upcoming affordable developments to ensure residents are aware of and accessing upcoming housing opportunities.
- **Promotion of Housing Program:** The City manages an inventory of Below Market Rate deed-restricted units and collaborates with the County of Santa Clara and local non-profits to connect residents to resources. Staff will focus on communications, engagement, and education of housing services with particular attention to the Spanish-speaking residents.
- **Prevention of Homelessness:** Implement the Countywide Community Plan to End Homelessness by continuing to identify barriers and housing problem solving at the local level with the assistance of the Unhoused Specialist, and advance efforts to increase coordination in South County among its service providers. The City will continue to employ a balanced approach, offering resources and referrals to services, partnering with the faith-based community and non-profits to create appropriate local service points, while also utilizing available resources to reduce encampments.
- **Protection of Quality of Life for New and Existing Neighborhoods:** The City will continue to seek quality development and balance the needs of existing and new neighborhoods.

# City Council's 2024-2025 Strategic Priorities

(continued)

## STRATEGIC PRIORITIES 2024-2025

### Community Engagement

The City's Communications, Outreach, and Engagement Plan defines the communication, priorities, strategies, and tools the City will use when communicating with the Community. Through the Plan, the City will share the Morgan Hill story and work to build trust with the Community and ensure that we provide effective engagement opportunities. Through effective application of communication strategies, the Plan will ensure that all City Council Members, Commissioners, and teammates have the tools to provide accurate, timely, and relevant information to the Community. The Plan aligns communication resources with the goals to set clear communications expectations for the Community, ensuring that the City can continue providing excellent services that reflect the strength of the City's outreach initiatives while supporting the implementation of the City Council's strategic priorities.

- Encourage Community engagement through audience-appropriate two-way communication, and ensure opportunities for constructive feedback.
- Share accurate, non-biased information promptly through a variety of communication channels.
- Maximize opportunities to engage with the Spanish-speaking community by sharing information and resources in Spanish and holding workshops, town halls, and other meetings in Spanish.
- Build trust in local government by creating a sense of belonging and value with all members of the Community, especially those that are traditionally marginalized.
- Work directly with the Council, staff, and Community partners to ensure communication and outreach efforts, objectives, and outcomes align with the strategic priorities and promote Community understanding.
- Keep City teammates informed and involved in public dialogue to aid in telling the Morgan Hill story.

### Economic Development and Tourism

The City's Economic Development efforts focus on implementing the Economic Blueprint strategies and actions to help build long-term fiscal sustainability and improve quality of life for residents. This will be achieved by attracting jobs and commercial investment which generate revenues to support essential City services and improve critical City infrastructure. The Economic Blueprint is focused on advancing economic prosperity and vitality by attracting investment, development, and jobs in four key industries:

- **Healthcare:** Grow and foster medical and diagnostic services by advancing and supporting the entitlement process for new medical facilities. Promote and market Morgan Hill as a desired location for medical and diagnostic providers.
- **Innovation and Advanced Manufacturing:** Grow existing companies, attract new industry, and grow high-quality jobs. Support and advance the entitlement and permit process of new developments. Promote and market Morgan Hill as a premier location for commercial and industrial investment.
- **Retail:** Grow retail offerings and strengthen commercial nodes. Utilize incentives and available tools to attract new investments that increase both jobs and revenue to the Community.
- **Tourism:** Grow leisure, agriculture, wine country, and sports and recreational tourism. Continue to nurture Downtown's transformation as a Community gathering place. Support the Downtown Property Based Improvement District and manage parking supply. Support and incentivize additional lodging investments, implement activations with partner organizations, and partner with Visit Morgan Hill to support increased tourism and vibrancy.



# City Council's 2024-2025 Strategic Priorities

(continued)

## STRATEGIC PRIORITIES 2024-2025

### Transportation

The City has clearly identified traffic and transportation issues facing Morgan Hill as regional in nature. Morgan Hill will continue to partner with the City of Gilroy to advocate for improvements and funding for the South Santa Clara County Transportation Corridor. The City will actively advocate on regional transportation planning issues. Locally, the City will prioritize funding for Vision Zero safety strategies over congestion management. The City will take actions to implement its goal to create a culture that prioritizes safety, creates livable streets, and seeks to eliminate traffic fatalities. Safety of pedestrians, bicyclists, drivers, and passengers is paramount.



- Complete the development of a comprehensive Transportation Master Plan.
- Complete construction of Hale Avenue Extension.
- Advocate for grade separations and the design of a Downtown station and emergency response design solutions as it relates to the High-Speed Rail Authority's (HSRA) project.
- Advocate for the ongoing provision of funding of innovative local transit services that matches the needs of the Morgan Hill Community and supports paratransit needs.
- Advocacy will include:
  - Working with the Valley Transportation Authority (VTA), Caltrain, the County, the HSRA and the State to enhance service, secure funding for transportation projects and road maintenance, and protect the Community from negative impacts of regional projects
  - Expansion of Highway 101 between Morgan Hill and Gilroy to reduce pass-through traffic and improve commute traffic for South County residents
  - Electrification of commuter rail from San Francisco to Gilroy
  - Funding for priority projects in the South County

### Healthy Community

The City's 2035 General Plan's Healthy Community Element addresses elements of the built environment, programs, and partnerships that contribute to the overall health and well-being of Morgan Hill's residents. Morgan Hill promotes a healthy community through City policies, projects, and programs. The foundation of a healthy community is to help ensure basic needs (food, water, shelter, income, safety, and employment) are met for all people. With that foundation in place, a person's health is next a product of their environment. A healthy community is one in which all residents have access to housing, employment, transportation, healthcare services and amenities, such as parks, open spaces, and recreational facilities, that combine to provide a safe and welcoming environment in which people can lead healthy and fulfilling lives. To achieve this vision, the City of Morgan Hill is committed to:

- Creating, improving, and preserving a wide range of quality housing at all income levels.
- Planning policies that promote a well-planned City that ensures adequate services (roads, streets, water, sewer, police, fire, etc.) while providing plentiful amenities including restaurants, retail stores, and access to healthcare resources.
- Building better and safer streets that prioritize safety, and livability, working to eliminate traffic fatalities as identified in [Vision Zero Morgan Hill](#).
- Promoting a healthy environment as identified in the City's Climate Action Plan by advocating for adoption of electric vehicles in the Community and decarbonizing existing buildings by reducing the use of fossil fuels.

# City Council's 2024-2025 Strategic Priorities

(continued)

## STRATEGIC PRIORITIES 2024-2025

### **Healthy Community** *continued*

- Promoting active lifestyles through its efforts to invest in sports and Community facilities, youth sports and adult recreation programs, parks, and walking and biking trails.
- Providing fresh and healthy food options at City facilities and encouraging local farmers' markets and community gardens in an effort to improve availability of nutritious food.
- Providing services to the unhoused community by building relationships and trust with a trauma-informed approach.
- Connecting people to resources to support mental health, combat the opioid crisis, and treating those struggling with substance abuse and mental health issues with dignity and care.

By implementing these strategies and prioritizing the health and well-being of our residents, Morgan Hill will create a vibrant and thriving community where everyone can lead healthy, active, and fulfilling lives. The City of Morgan Hill seeks to create a welcoming, inclusive, and safe Community for everyone by fostering social connections and a sense of belonging for all.



# General Fund Six-Year Forecast

The General Fund Six-Year Forecast (Forecast) spans from Fiscal Years (FY) 2024-25 to FY 2029-30. The purpose of the Forecast is to help make informed budgetary and operational decisions by anticipating future revenues and expenditures. The Forecast includes major known fiscal conditions and projected future conditions to support informed long-term planning and decision making regarding operational resources. The City's General Fund Reserve Policy states the City commits to target the minimum reserve level necessary to maintain the City's credit worthiness and to adequately provide for economic uncertainties, local disasters or catastrophes, future debt or capital obligations, cash flow requirements, and legal requirements. In addition, General Fund reserve levels are not to be depleted below a long-term goal of 25 percent of revenues in any year; and reserves shall never be depleted below a minimum level of 15 percent of revenues. If reserves do, or are projected to fall below the 25 percent long-term goal at any time, then policy action must be taken no later than the next budget cycle.

During FY 2024-25 and 2025-26, the City needs to develop strategies to address shortfalls as reserves are projected to fall below the 25 percent long-term goal in FY 2026-27. The Forecast is not a budget and does not include any proposed balancing solutions.

# General Fund Six-Year Forecast (continued)

	23-24	24-25	25-26	26-27	27-28	28-29	29-30
	Year End Projection	Adopted	Adopted	Forecast	Forecast	Forecast	Forecast
Beginning Fund Balance	\$ 33,224,036	\$ 27,500,035	\$ 22,187,816	\$ 17,771,922	\$ 14,469,398	\$ 11,860,399	\$ 10,296,586
Revenues	54,844,986	56,220,919	57,837,008	60,040,083	61,805,000	64,285,619	66,941,002
Expenditures	(60,568,987)	(62,533,138)	(63,252,902)	(64,842,607)	(65,913,999)	(67,349,433)	(68,773,975)
Budget Savings		1,000,000	1,000,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Ending Fund Balance</b>	<b>\$ 27,500,035</b>	<b>\$ 22,187,816</b>	<b>\$ 17,771,922</b>	<b>\$ 14,469,398</b>	<b>\$ 11,860,399</b>	<b>\$ 10,296,586</b>	<b>\$ 9,963,613</b>
<b>GF Fund Balance/Reserves (%)</b>	<b>50%</b>	<b>39%</b>	<b>31%</b>	<b>24%</b>	<b>19%</b>	<b>16%</b>	<b>15%</b>
Operating Margin	\$ (5,724,001)	\$ (6,312,219)	\$ (5,415,894)	\$ (4,802,524)	\$ (4,108,999)	\$ (3,063,814)	\$ (1,832,973)

	23-24	24-25	25-26	26-27	27-28	28-29	29-30
	Year End Projection	Adopted	Adopted	Forecast	Forecast	Forecast	Forecast
<b>GENERAL FUND REVENUE DETAIL</b>							
Property Taxes (Secured and Unsecured)	12,890,000	12,848,960	13,748,012	14,572,098	15,445,593	16,371,470	17,352,865
VLF In-Lieu Property Tax	5,444,000	5,770,640	6,174,585	6,545,060	6,937,763	7,354,029	7,795,271
RDA Pass-Through	782,000	828,920	886,944	940,161	996,571	1,056,365	1,119,747
Sales Tax	12,107,355	12,352,215	12,711,087	13,108,920	13,518,687	13,940,748	14,375,470
Transient Occupancy Taxes	2,600,000	2,678,000	2,958,340	3,047,090	3,138,503	3,232,658	3,329,638
Franchise (Refuse,Cable,PG&E)	3,010,000	3,185,872	3,354,166	3,506,874	3,667,218	3,835,578	4,012,357
Public Safety Sales Tax	451,390	464,254	478,182	492,527	507,303	522,522	538,198
Property Transfer Tax	510,000	600,000	642,000	680,520	721,351	764,632	810,510
<b>Total Taxes</b>	<b>37,794,745</b>	<b>38,728,861</b>	<b>40,953,316</b>	<b>42,893,250</b>	<b>44,932,989</b>	<b>47,078,002</b>	<b>49,334,056</b>
Business License	200,000	200,000	200,000	206,000	212,180	218,550	225,110
Other Permits	95,039	114,239	116,239	119,580	123,020	126,570	130,230
<b>Total Licenses/Permits</b>	<b>295,039</b>	<b>314,239</b>	<b>316,239</b>	<b>325,580</b>	<b>335,200</b>	<b>345,120</b>	<b>355,340</b>
Parking Enforcement	29,800	29,800	29,800	30,690	31,610	32,560	33,540
Code Compliance	47,875	55,000	55,000	56,650	58,350	60,100	61,900
<b>Total Fines And Penalties</b>	<b>77,675</b>	<b>84,800</b>	<b>84,800</b>	<b>87,340</b>	<b>89,960</b>	<b>92,660</b>	<b>95,440</b>
Motor Vehicle In-Lieu	60,000	61,800	63,654	65,564	67,531	69,556	71,643
Other Revenue/Other Agencies	1,593,738	1,924,881	866,895	900,150	934,810	970,920	1,008,560
<b>Total Other Agencies</b>	<b>1,653,738</b>	<b>1,986,681</b>	<b>930,549</b>	<b>965,714</b>	<b>1,002,341</b>	<b>1,040,476</b>	<b>1,080,203</b>
RCS D Programs	5,638,174	6,369,897	6,969,458	7,178,540	7,393,900	7,615,710	7,844,210
General Administration Overhead	1,631,584	1,756,111	1,727,037	1,744,573	1,764,176	1,816,715	1,871,191
Fire Fees	216,150	222,000	222,000	228,660	235,530	242,590	249,870
Other Charges For Current Services	625,698	591,629	598,808	615,083	631,851	649,121	666,908
<b>Total Current Services</b>	<b>8,111,606</b>	<b>8,939,637</b>	<b>9,517,303</b>	<b>9,766,856</b>	<b>10,025,457</b>	<b>10,324,136</b>	<b>10,632,179</b>
Interest Earnings	800,000	900,000	800,000	600,000	500,000	400,000	350,000
Facility Rentals	1,557,515	1,271,957	1,322,975	1,362,660	1,403,530	1,445,650	1,489,020
Other Rentals	409,006	400,483	406,053	413,012	420,182	427,562	435,162
Miscellaneous	631,470	228,500	75,000	75,600	76,220	76,860	77,520
<b>Total Other Revenue</b>	<b>3,397,991</b>	<b>2,800,941</b>	<b>2,604,029</b>	<b>2,451,272</b>	<b>2,399,932</b>	<b>2,350,072</b>	<b>2,351,702</b>
Transfer from Development Services	-	-	-	250,000	250,000	250,000	250,000
Transfer from Environmental Remediation	145,427	-	-	-	-	-	-
Transfer from Open Space	81,100	81,100	81,100	81,100	-	-	-
Transfer from Park Development	75,000	100,000	100,000	100,000	100,000	100,000	100,000
Transfer from Park Maintenance	650,000	650,000	650,000	485,000	-	-	-
Transfer from Public Safety	277,000	150,000	150,000	150,000	150,000	150,000	150,000
Transfer from Sewer/Water	788,000	827,400	868,780	886,160	903,880	921,960	940,400
Transfer from Solid Waste	472,354	540,328	563,961	580,880	598,310	616,260	634,750
Transfer from Street Maintenance	845,311	851,932	851,932	851,932	851,932	851,932	851,932
Transfer from Various Funds	180,000	165,000	165,000	165,000	165,000	165,000	165,000
<b>Total Transfers In</b>	<b>3,514,192</b>	<b>3,365,760</b>	<b>3,430,773</b>	<b>3,550,072</b>	<b>3,019,122</b>	<b>3,055,152</b>	<b>3,092,082</b>
<b>TOTAL REVENUES</b>	<b>54,844,986</b>	<b>56,220,919</b>	<b>57,837,008</b>	<b>60,040,083</b>	<b>61,805,000</b>	<b>64,285,619</b>	<b>66,941,002</b>

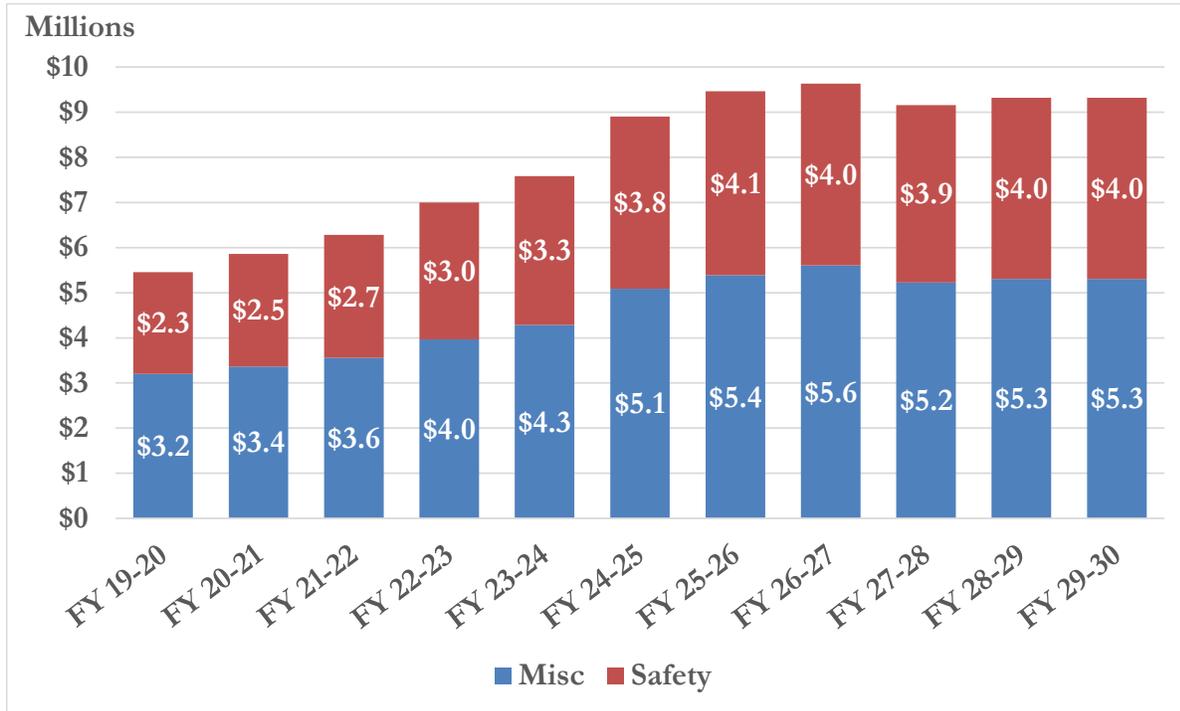
# General Fund Six-Year Forecast (continued)

	23-24	24-25	25-26	26-27	27-28	28-29	29-30
	Year End Projection	Adopted	Adopted	Forecast	Forecast	Forecast	Forecast
<b>GENERAL FUND EXPENDITURES BY DIVISION</b>							
City Council	443,192	520,395	520,418	530,674	541,585	553,226	565,637
City Attorney	905,307	1,025,429	1,046,783	1,056,739	1,060,098	1,073,868	1,086,628
City Manager	717,956	1,007,624	1,041,692	1,059,057	1,061,358	1,075,822	1,089,032
Building Maintenance Community and Cultural Center	750,301	778,205	790,148	822,297	854,564	889,951	927,153
Building Maintenance Aquatics Center	1,342,503	1,393,914	1,464,336	1,518,433	1,571,458	1,629,616	1,690,028
Building Maintenance Centennial Recreation Center	1,078,280	1,196,165	1,267,811	1,313,588	1,358,103	1,407,690	1,459,406
Membership Services and Recreation Programs	4,278,630	4,647,968	4,809,798	4,930,115	5,036,651	5,160,888	5,287,539
Recreation Facility Rentals	624,650	633,051	661,365	674,359	682,366	694,755	706,918
Innovative Transit	686,631	437,058	-	-	-	-	-
Community Services	665,422	761,973	783,254	799,954	808,698	824,471	839,924
Human Resources	884,140	1,087,175	1,032,289	1,052,336	1,059,525	1,077,537	1,094,722
Council Services and Records Management	495,034	609,913	627,757	640,119	644,662	655,882	666,611
Elections	33,481	354,364	38,516	188,197	39,351	248,939	40,479
Finance	2,582,551	2,092,366	2,155,204	2,198,000	2,214,729	2,253,694	2,291,115
Code Compliance	296,752	405,637	420,943	429,353	432,164	439,747	446,999
PD Administration	1,719,852	1,867,938	1,930,200	1,890,478	1,903,964	1,933,282	1,957,950
PD Field Operations	12,311,509	13,022,277	13,441,730	13,625,676	13,716,565	13,954,513	14,141,180
PD Support Services	3,686,719	2,556,380	2,619,872	2,673,416	2,707,329	2,759,050	2,810,111
PD Emergency Services	250,085	275,047	278,548	281,922	283,243	287,763	292,013
PD Special Operations	3,736,104	4,244,340	4,405,650	4,455,343	4,479,694	4,556,350	4,613,040
PD Building Maintenance	-	664,355	691,964	722,482	753,852	787,830	823,721
Fire	9,250,400	10,381,160	10,845,858	11,314,740	11,842,522	11,938,822	12,520,205
Cable Services	87,447	91,234	91,406	91,531	91,494	91,574	91,634
Downtown Maintenance	378,287	377,094	396,152	408,333	420,332	433,236	446,514
Environmental Services	507,178	1,058,289	734,702	750,886	759,934	775,436	790,701
Countywide Solid Waste Program	401,244	540,327	563,961	575,349	579,453	589,350	598,820
Street Maintenance	2,762,915	3,510,669	3,587,418	3,703,024	3,803,651	3,925,860	4,051,861
Infrastructure Planning, Operational Support and Traffic Congestion Management	425,545	555,166	547,566	557,755	561,825	571,007	579,801
Economic Development	1,250,850	1,166,986	1,209,265	1,234,954	1,248,576	1,272,657	1,296,077
Parks and Open Space Maintenance	1,413,706	1,471,160	1,563,160	1,606,165	1,643,887	1,688,418	1,733,792
Dispatch Services	2,158,550	2,341,249	2,426,058	2,470,384	2,480,204	2,518,809	2,554,977
<b>TOTAL GENERAL FUND EXPENDITURES BY DIVISION</b>	<b>56,125,220</b>	<b>61,074,908</b>	<b>61,993,825</b>	<b>63,575,659</b>	<b>64,641,839</b>	<b>66,070,045</b>	<b>67,494,587</b>
<b>TRANSFERS OUT TO:</b>							
Fund 206 Development Services	1,000,000	-	-	-	-	-	-
Fund 207 Long Range Planning	23,100	23,100	23,100	23,100	23,100	23,100	23,100
Fund 232 Environmental Programs	280,667	224,726	235,977	243,848	249,060	256,288	256,288
Fund 302 Park Maintenance	280,000	-	-	-	-	-	-
Fund 304 Local Drainage Non-AB1600	-	210,404	-	-	-	-	-
Fund 308 Streets CIP	1,560,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Fund 741 Future Building Replacement	180,000	-	-	-	-	-	-
Fund 790 Equipment Replacement Fund	560,000	-	-	-	-	-	-
Fund 791 Employee Benefits Fund	560,000	-	-	-	-	-	-
<b>TOTAL TRANSFERS OUT</b>	<b>4,443,767</b>	<b>1,458,230</b>	<b>1,259,077</b>	<b>1,266,948</b>	<b>1,272,160</b>	<b>1,279,388</b>	<b>1,279,388</b>
<b>TOTAL EXPENDITURES</b>	<b>60,568,987</b>	<b>62,533,138</b>	<b>63,252,902</b>	<b>64,842,607</b>	<b>65,913,999</b>	<b>67,349,433</b>	<b>68,773,975</b>

# Public Employees Retirement System (PERS)

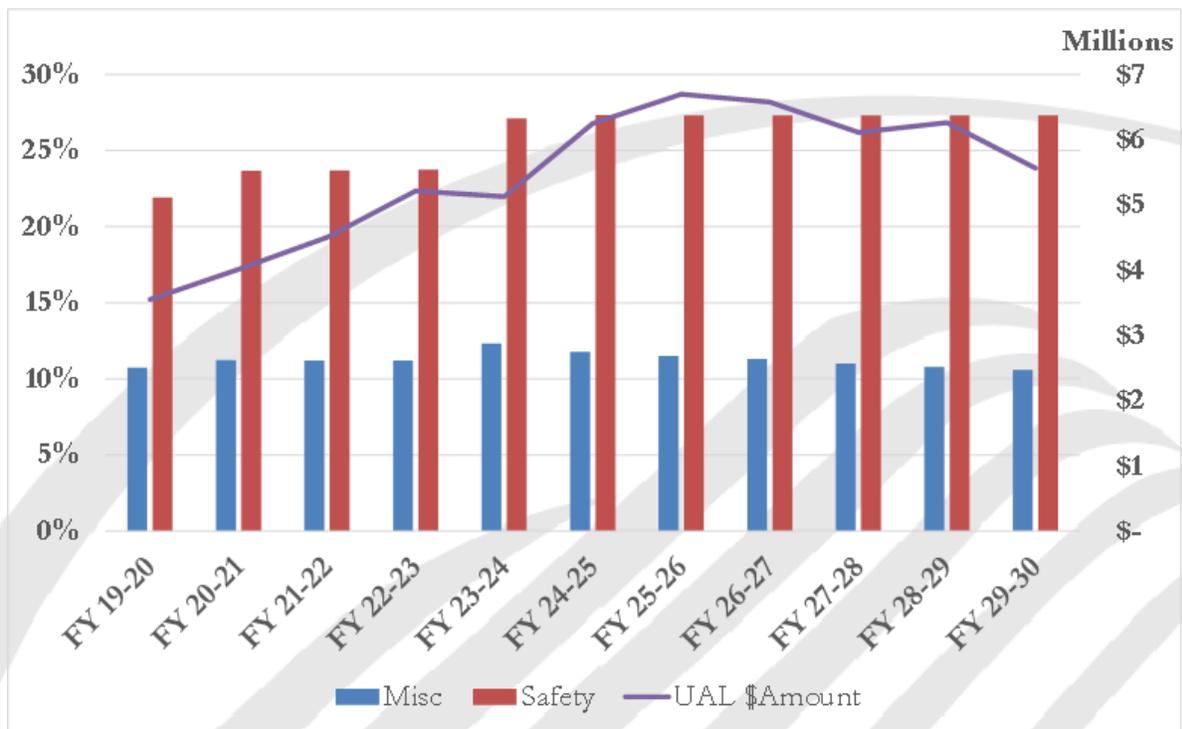
## PERS Historical and Projected Costs

(Net of employee's share of employer rate)



## PERS Historical and Projected Rates and UAL

(Does not include employee's share of employer rate)



# PERS (continued)

As a result of the 2013 labor negotiations and the Council adopted Management Resolution and Council-Appointed Officer contracts, all City employees share in the City’s retirement (CalPERS) contribution. Effective FY 2022-23, all City employees contribute 6.12% of the Employer’s CalPERS contribution except new members (PEPRA) of the Public Safety which still share any annual increases to the Employer’s CalPERS contribution or approximately 2%. The chart below shows the CalPERS’ employer’s required contribution rates for normal cost and employee’s share of employer rates:

