



**Regular Meeting Agenda
Planning Commission**

JAMES WILSON - CHAIR
MOHAMMAD HABIB - VICE-CHAIR
PAUL LAKE - PLANNING COMMISSIONER
JOSEPH MUELLER - PLANNING COMMISSIONER
DAVID LOVATO - PLANNING COMMISSIONER
LIAM DOWNEY - PLANNING COMMISSIONER
STEVE ADAMO - PLANNING COMMISSIONER

**Tuesday, May 12, 2026
7:00 PM**

**Council Chamber Building
17555 Peak Avenue, Morgan Hill, CA 95037**

Morgan Hill Planning Commission meetings are held in person, with the option for the public to attend in person or participate by teleconference/video conference. Information on how the public may observe and participate in the meeting is below.

MEETING PARTICIPATION

Language Interpretation / Interpretación de idiomas

Live Digital Language Interpretation is available. To access the interpretation during the meeting, go to:

<https://live.pocketalk.com/guest/S71BBUiWwiqXh3sPBf9Bfs2Ey4OYY9zgv8vZB5>

or scan the QR code below:

Tenemos Interpretación digital en vivo. Para usar la interpretación durante la reunión, visite: <https://live.pocketalk.com/guest/S71BBUiWwiqXh3sPBf9Bfs2Ey4OYY9zgv8vZB5> o escanee el código QR a continuación:



You can use a headset on your phone for audio or read the transcript on your device. Tablets and disposable headphones will be provided in person during the meeting to those who do not have their own devices.

Puede usar audífonos en su celular para escuchar el audio o leer la transcripción. Durante la reunión, se prestarán tabletas y audífonos desechables para las personas que no tengan su propio aparato.

Remote Participation

Morgan Hill Planning Commission meetings are held in person. The community may attend in person or via Zoom (video/teleconference). The meetings are also live-streamed on the City's website and Facebook page.

As a courtesy, and technology permitting, members of the public may attend online. However, the City cannot guarantee that the public's access to online technology will be uninterrupted, and technical difficulties may occur from time to time. Unless required by the Ralph M. Brown Act, the meeting will continue despite technical difficulties for participants using the online option.

Those wishing to participate in the meetings remotely must register in advance at <https://bit.ly/PlanningCommissionMtg>. Additionally, Zoom participants must be running the latest version or will be required to update to it before joining the meeting remotely.

Remote participation is also available by calling (669) 900-9128 and entering webinar ID: 862 0324 6251#. Dial *9 to raise your hand and be called upon to speak for up to 3 minutes. Dial *6 to unmute.

PUBLIC COMMENT

Public comment may be offered verbally at the meeting or in writing before the meeting.

Those attending remotely may only offer public comment for items on the agenda in any of these three categories:

- Consent Calendar
- Other Business
- Public Hearings

Public comment will be heard from those attending in person first with the submission of a speaker card. Once that is complete, we will move to those on Zoom that have their

hand raised. Following public comment from Zoom, we will close the public comment period for that item.

Remote public comment for items not on the agenda will not be accepted.

Written public comment may be submitted to the Planning Office:

- In person at the Planning Commission Meeting;
- Via email to pcpubliccomment@morganhill.ca.gov; or
- Hand delivered or mailed to the Planning Division at 17575 Peak Avenue, Morgan Hill, CA 95037

Please email your comments to the Planning Office no later than 3:00 p.m. on Monday (the day before the Planning Commission meeting) so that your comments can be submitted to the members of the Planning Commission with sufficient time to review them. You may continue to provide written comments up to noon on Tuesday (the day of the meeting), although Planning Commissioners may not have sufficient time to review them before the meeting. Public comments submitted to the Planning Division after noon (12:00 p.m.) the day of the meeting will be provided to the Planning Commission as time allows.

Written comments WILL NOT be read aloud during the Planning Commission Meeting. Please note that written comments are posted on the City's website. It is recommended that you do not include any personal information that you do not want to be posted on the web. Please be advised that communications directed to the Planning Commission are public records and are subject to disclosure pursuant to the California Public Records Act and Brown Act unless exempt from disclosure under the applicable law. Communications will NOT be edited for redactions and will be printed/posted as submitted.

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the Planning Office at (408) 310-4709 or by email at planning@morganhill.ca.gov. Requests must be made as early as possible and at least two full business days before the start of the meeting.

CALL TO ORDER

ROLL CALL ATTENDANCE

DECLARATION OF POSTING

Pursuant to Government Code Section 54954.2

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

Members of the public are entitled to address the Planning Commission concerning any item within the Morgan Hill Planning Commission's subject matter jurisdiction. Public comments are limited to no more than three minutes. Except for certain specific exceptions, the Commission is prohibited from discussing or taking action on any item not appearing on the posted agenda. (See additional noticing at the end of this agenda)

ORDERS OF THE DAY

PUBLIC HEARINGS

NONE

OTHER BUSINESS

1. REVIEW FISCAL YEAR 2026/2027 THROUGH 2031/2032 DRAFT CAPITAL IMPROVEMENT PROGRAM FOR CONSISTENCY WITH THE GENERAL PLAN

Recommendation:

1. Receive report on proposed FY 26/27 through FY 31/32 Capital Improvement Program (CIP); and
2. Adopt Resolution accepting the CIP and make a Finding of Consistency with the General Plan for FY 26/27 and FY 27/28.

DIRECTOR'S REPORT/ANNOUNCEMENTS

ADJOURNMENT

NOTICE

Any documents produced by the City and distributed to the majority of the Planning Commission less than 72 hours prior to an open meeting, will be made available for public inspection at the front counter at City Hall located at 17575 Peak Avenue, Morgan Hill, CA, 95037 and at the Morgan Hill Public Library located at 660 West Main Avenue, Morgan Hill, California, 95037 during normal business hours. (Pursuant to Government Code 54957.5)

PUBLIC COMMENT

Members of the Public are entitled to directly address the Planning Commission concerning any item that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Planning Commission on any issue

that is on this agenda, please complete a speaker request card located in the foyer of the Council Chambers and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order to speak to the Planning Commission, but it is very helpful. When you are called, proceed to the podium and the Chair will recognize you. If you wish to address the Planning Commission on any other item of interest to the public, you may do so during the public comment portion of the meeting following the same procedure described above. Please limit your comments to three (3) minutes or less.

Please submit written correspondence to the Minutes Clerk, who will distribute correspondence to the Planning Commission.

Persons interested in proposing an item for the Planning Commission agenda should contact a member of the Commission who may plan an item on the agenda for a future Commission meeting. Should your comments require Planning's action, your request may be placed on the next appropriate agenda. Planning Commission discussion or action may not be taken until your item appears on an agenda. This procedure is in compliance with the California Public Meeting Law (Brown Act) Government Code §54950.

City Council Policies and Procedures (CP 03-01) outlines the procedure for the conduct of public hearings. Notice is given, pursuant to Government Code Section 65009, that any challenge of Public Hearing Agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the Commission at, or prior to the Public Hearing on these matters.

The time within which judicial review must be sought of the action by the Commission, which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.

For a copy of Commission Policies and Procedures CP 97-01, please contact the City Clerk's office (408) 779-7259, (408) 779-3117 (fax) or by email cityclerk@morganhill.ca.gov.

PLANNING COMMISSION STAFF REPORT

MEETING DATE: May 12, 2026

PREPARED BY:
Chris Ghione, Public Services Director
APPROVED BY: Jennifer Carman

REVIEW FISCAL YEAR 2026/2027 THROUGH 2031/2032 DRAFT CAPITAL IMPROVEMENT PROGRAM FOR CONSISTENCY WITH THE GENERAL PLAN

RECOMMENDATION(S)

1. Receive report on proposed FY 26/27 through FY 31/32 Capital Improvement Program (CIP); and
2. Adopt Resolution accepting the CIP and make a Finding of Consistency with the General Plan for FY 26/27 and FY 27/28.

LOCATION MAP/PROJECT INFORMATION:

Citywide.

BACKGROUND:

The Public Services Department is preparing to submit the final draft of the FY 2026/27 through FY 2031/32 Capital Improvement Program (CIP) Budget to the City Council for adoption (Attachment 1). The Planning Commission's role in the CIP development process is to review the proposed six-year program and determine whether it is consistent with the General Plan.

PROJECT DESCRIPTION:

As part of this review for General Plan Consistency, it is required that a resolution of consistency (Attachment 2) be adopted for FY 2026/27 and FY 2027/28.

PROJECT ANALYSIS AND FINDINGS:

The engineering team has prepared a detailed list of the CIP projects and the corresponding General Plan goal and/or policy (Attachment 3).

In determining projects for the proposed CIP, the following factors are considered:

- Projects must be consistent with the goals of the General Plan
- Projects included in an adopted Master Plan
- City Council priority
- Addressing a maintenance or deficiency issue
- Available revenues to pay for project
- Long term maintenance is considered
- Significant need expressed by the community

The engineering team will present the proposed six-year CIP to the Planning Commission at the May 12, 2026, Planning Commission meeting. Comments received from the Planning Commission will be forwarded to the City Council as they consider the City's Biannual Operating Budget for adoption.

CONCLUSION:

It is recommended that the Planning Commission adopt the attached Resolution accepting Fiscal Years 2026/27 through 2031/32 CIP and make a finding that the proposed Fiscal Years 2026/27 and 2031/32 CIP is consistent with the General Plan.

CEQA (California Environmental Quality Act):

Approving the Capital Improvement Program Budget is an administrative activity necessary to approve funding to appropriately plan for the environmental review of individual capital improvement projects. The proposed Capital Improvement Program is found to be exempt from the California Environmental Quality Act pursuant to Section 15262 of the CEQA Guidelines.

COMMUNITY ENGAGEMENT:

The Capital Improvement Program undergoes community engagement, including review by the Planning Commission and Parks and Recreation Commission. Overall, community engagement for the CIP will be coordinated in conjunction with the approval of the City's Biannual Operating Budget. Workshops and outreach events are scheduled for the community prior to adoption by the City Council in June.

ATTACHMENTS:

1. Capital Improvement Program - Planning Commission Resolution
2. Draft Capital Improvement Program FY 26/27 through FY 31/32
3. Capital Improvement Program FY 2026/27 & 2027/28 General Plan Consistency Table

RESOLUTION NO. 26-02

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL RECOMMENDING ACCEPTANCE OF THE CITY'S CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2026/27 THROUGH 2031/32 AND FINDING THE PROGRAM YEARS 2026/27 AND 2027/28 CONSISTENT WITH THE GENERAL PLAN

WHEREAS, such request was considered by the Planning Commission at their regular meeting on May 12, 2026, at which time the Planning Commission recommended acceptance of the Capital Improvement Program for Fiscal Years 2026/27 through 2031/32 after finding the Program Fiscal Years 2026/27 and 2027/28 consistent with the General Plan;

NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES RESOLVE AS FOLLOWS:

SECTION 1: The proposed Fiscal Years 2026/27 and 2027/28 Capital Improvement Program is consistent with the General Plan, in that the infrastructure improvements shown in the Program will support the goals, policies, and programs of the General Plan, enabling orderly development of the City.

SECTION 2: The proposed Capital Improvement Program is found to be Exempt from the California Environmental Quality Act pursuant to Section 15262 of the CEQA Guidelines.

SECTION 3: The Planning Commission hereby recommends acceptance of the proposed Capital Improvement Program for Fiscal Years 2026/27 through 2031/32.

PASSED AND ADOPTED THIS 12TH DAY OF MAY 2026, AT A REGULAR MEETING OF THE MORGAN HILL PLANNING COMMISSION BY THE FOLLOWING VOTE:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSTAIN: COMMISSIONERS:

ABSENT: COMMISSIONERS:

ATTEST:

APPROVED:

JENNA LUNA, Deputy City Clerk

JAMES WILSON, Chair

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

CAPITAL IMPROVEMENT PROGRAM OVERVIEW

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

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

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

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

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

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

FY 2026-27 & FY 2027-28 CAPITAL IMPROVEMENT PROJECTS AND FUNDING

When the City Council adopts the 6-Year CIP, it approves the 6-year spending plan for all capital projects and appropriates funds for the first two fiscal years of that plan, in this case FY 2026-27 and FY 2027-28. These appropriations authorize City staff to spend the designated CIP funds on the approved projects in those fiscal years.

The recommended FY 2026-27 through FY 2031-32 CIP totals \$311,808,402. The project categories include:

- | | |
|--------------------------------------|-----------------------------------|
| 1) Parks & Recreation - \$44,955,259 | 4) Streets & Roads - \$53,327,315 |
| 2) Public Facilities - \$10,873,205 | 5) Wastewater - \$130,044,433 |
| 3) Storm Drainage - \$11,791,513 | 6) Water - \$60,816,677 |

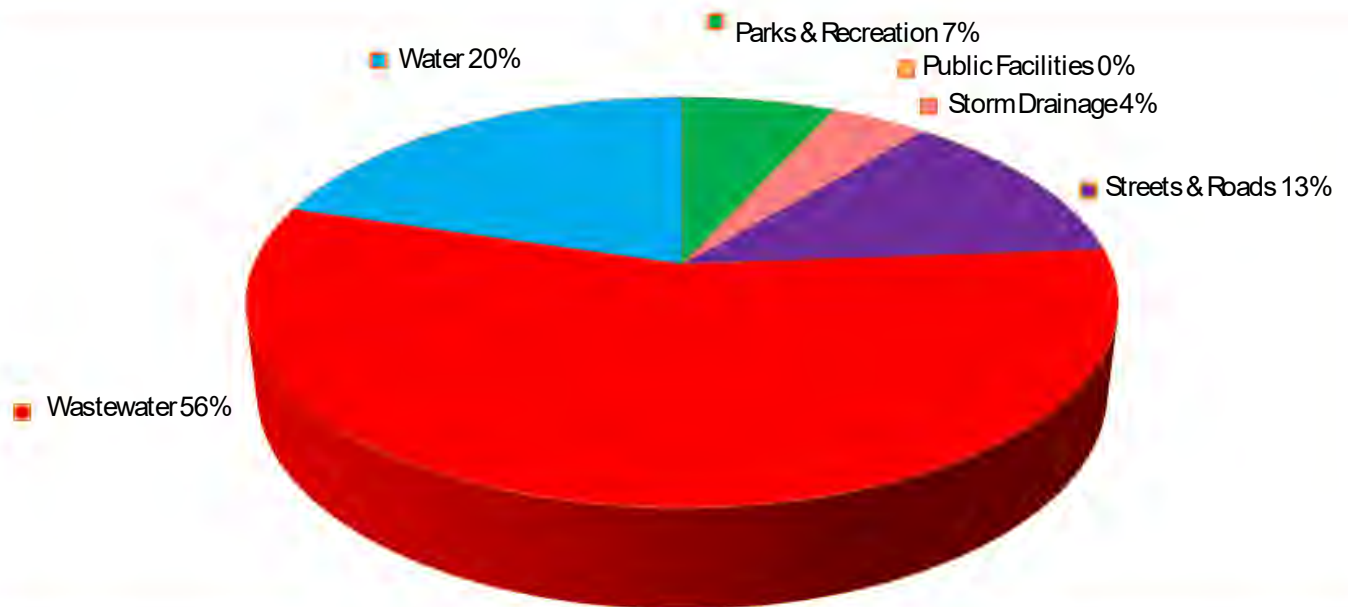
FY 2026-27 and FY 2027-28 of the 6-Year CIP are appropriated as part of the FY 2026-28 Biennial Budget approval process and total \$154,572,649.

City of Morgan Hill Capital Improvement Program FY 2026-27 – FY 2031-32

Some of the project highlights include the following:

- El Toro Trail (\$2.5 million): Funding for the acquisition of a staging area near Spring and Hale Avenues to support the development of a trailhead in that area for the future El Toro Trail project, which will be funded in partnership with the Santa Clara Valley Open Space Authority.
- New Groundwater Wells (\$7.1 million): The City will construct two new groundwater wells to support new growth and redundancy to existing users within the Morgan Hill water service area.
- New Joint Trunk Line (\$65 million): The City will construct a relief trunk line for transmitting increasing volumes of wastewater to the treatment plant south of Gilroy. This project will be funded through Sewer Impact Fees, Ratepayer Funds, and borrowing.
- Pavement Rehabilitation Program (\$10 million): Ongoing program to address the City's pavement rehabilitation needs, projects to be implemented in the period include arterial, collector, and residential streets.
- Villa Mira Monte Phase 1 Expansion (\$3.5 million): This project will construct the first phase of improvements at Villa Mira Monte which includes improved driveways, parking, restrooms, storage, pathways, landscaping, and other improvements.

FY 2026-27 and 2027-28 Budget by Project Category



**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

CIP BUDGET SUMMARY

Project Categories	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Totals
1 Parks & Recreation	\$ 9,856,993	\$ 709,957	\$ 8,174,308	\$ 7,977,610	\$ 831,742	\$ 17,404,649	\$ 44,955,259
2 Public Facilities	258,036	-	-	440,144	-	10,175,025	\$ 10,873,205
3 Storm Drainage	5,367,158	1,025,494	1,743,853	110,036	3,437,866	107,106	\$ 11,791,513
4 Streets & Roads	11,560,034	8,064,587	9,427,702	8,142,664	8,206,519	7,925,809	\$ 53,327,315
5 Wastewater	52,897,478	33,463,719	15,324,103	10,142,041	8,095,620	10,121,472	\$ 130,044,433
6 Water	12,788,288	18,580,905	3,187,980	8,307,718	12,864,274	5,087,512	\$ 60,816,677
Totals	\$ 92,727,987	\$ 61,844,662	\$ 37,857,946	\$ 35,120,213	\$ 33,436,021	\$ 50,821,573	\$ 311,808,402

Project Funding Sources	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Totals
301 - Park Impact	\$ 3,044,830	\$ 184,063	\$ 2,179,815	\$ 2,200,720	\$ -	\$ 3,213,166	\$ 10,822,594
360 - Com/Rec Ctr Impact	4,489,835	262,947	5,449,539	-	-	6,426,332	\$ 16,628,653
375 - Quimby Fee	2,322,328	262,947	544,954	5,776,890	831,742	7,765,151	\$ 17,504,012
315 - Public Safety Facilities Impact	-	-	-	-	-	-	\$ -
347 - Public Facilities Impact	258,036	-	-	-	-	-	\$ 258,036
348 - Library Impact	-	-	-	440,144	-	10,175,025	\$ 10,615,169
303 - Local Drainage Impact	4,954,300	920,315	1,634,862	-	3,326,967	-	\$ 10,836,445
304 - Local Drainage/Non AB 1600	412,858	105,179	108,991	110,036	110,899	107,106	\$ 955,069
308 - Street CIP	5,676,803	4,733,050	4,904,585	4,951,620	4,990,451	4,819,749	\$ 30,076,258
309 - Traffic Impact	5,418,766	2,892,420	2,997,246	3,025,990	3,049,720	2,945,402	\$ 20,329,544
346- Public Facilities/Non AB 1600	206,429	157,768	163,486	165,054	166,348	160,658	\$ 1,019,743
350 - Undergrounding	258,036	281,349	1,362,385	-	-	-	\$ 1,901,770
641 - Sewer Impact	32,202,952	20,537,232	8,235,343	3,147,030	-	1,713,688	\$ 65,836,245
643 - Sewer Capital Project	20,694,526	12,926,487	7,088,760	6,995,011	8,095,620	8,407,784	\$ 64,208,188
651 - Water Impact	763,788	3,969,452	474,110	1,418,364	5,833,283	449,843	\$ 12,908,840
653 - Water Capital Project	12,024,500	14,611,453	2,713,870	6,889,354	7,030,991	4,637,669	\$ 47,907,837
Totals	\$ 92,727,987	\$ 61,844,662	\$ 37,857,946	\$ 35,120,213	\$ 33,436,021	\$ 50,821,573	\$ 311,808,402

CITY OF MORGAN HILL
CAPITAL IMPROVEMENT PROGRAM
FY 2026-27 – FY 2031-32

PARKS &
RECREATION



CITY OF MORGAN HILL

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

301 - Park Impact- Parks & Recreation

Fund Description

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

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ 94,830	\$ 9,063	\$ 179,815	\$ 200,720	\$ -	\$ 213,166
PF2001 - Infrastructure Planning Documents	100,000	-	-	-	-	-
PR1001 - Parks Land Purchase	-	-	-	2,000,000	-	3,000,000
PR1002 - West Little Llagas Creek Trail	300,000	175,000	-	-	-	-
PR1006 - El Toro Trail	2,500,000	-	-	-	-	-
PR1011 - Sports Facility Development	50,000	-	2,000,000	-	-	-
Totals	\$ 3,044,830	\$ 184,063	\$ 2,179,815	\$2,200,720	\$ -	\$ 3,213,166

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

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

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

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 301- Park Impact	Projected						
Beginning Fund Balance	\$ 3,333,115	\$ 2,507,826	\$ 263,092	\$ 826,945	\$ 729,678	\$ 253,038	\$ 1,874,955
Revenues - Impact Fees	99,090	87,774	9,208	28,943	25,539	8,856	65,623
Revenues - Other	897,821	881,736	909,892	2,226,645	1,873,531	1,790,101	1,887,562
Expenditures - CIP Projects	1,661,770	3,044,830	184,063	2,179,815	2,200,720	-	3,213,166
Expenditures - Other	160,430	169,414	171,184	173,040	174,990	177,040	179,190
Ending Fund Balance	\$ 2,507,826	\$ 263,092	\$ 826,945	\$ 729,678	\$ 253,038	\$ 1,874,955	\$ 435,784

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

360 – Community/Recreation Center Impact- Parks & Recreation

Fund Description

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

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ 139,835	\$ 12,947	\$ 449,539	\$ -	\$ -	\$ 426,332
PF2001 - Infrastructure Planning Documents	100,000	-	-	-	-	-
PR1005 - Recreation Facility Expansion and Renovation	750,000	-	-	-	-	-
PR1008 - Villa Mira Monte Expansion	3,500,000	-	-	-	-	-
PR1011 - Sports Facility Development	-	250,000	5,000,000	-	-	6,000,000
Totals	\$4,489,835	\$ 262,947	\$5,449,539	\$ -	\$ -	\$ 6,426,332

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

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

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

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 360- Com/Rec Ctr Impact	Projected						
Beginning Fund Balance	\$ 4,522,800	\$ 3,767,945	\$ 795,414	\$ 2,797,468	\$ 171,485	\$ 2,466,751	\$ 4,738,443
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	1,302,138	1,535,269	2,283,864	2,843,366	2,316,066	2,293,532	2,493,211
Expenditures - CIP Projects	2,039,883	4,489,835	262,947	5,449,539	-	-	6,426,332
Expenditures - Other	17,110	17,965	18,863	19,810	20,800	21,840	22,930
Ending Fund Balance	\$ 3,767,945	\$ 795,414	\$ 2,797,468	\$ 171,485	\$ 2,466,751	\$ 4,738,443	\$ 782,392

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

375 – Quimby Fee- Parks & Recreation

Fund Description

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

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ 72,328	\$ 12,947	\$ 44,954	\$ 526,890	\$ 81,742	\$ 515,151
PF2001 - Infrastructure Planning Documents	100,000	-	-	-	-	-
PR1001 - Parks Land Purchase	-	-	250,000	5,000,000	500,000	7,000,000
PR1004 - Park Facility Expansion & Renovation	250,000	250,000	250,000	250,000	250,000	250,000
PR1005 - Recreation Facility Expansion and Renovation	500,000	-	-	-	-	-
PR1015- Aquatics Energy Efficiency Project	1,400,000	-	-	-	-	-
Totals	\$ 2,322,328	\$ 262,947	\$ 544,954	\$5,776,890	\$ 831,742	\$ 7,765,151

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

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

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

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 375-Quimby Fee	Projected						
Beginning Fund Balance	\$ 6,800,701	\$ 1,245,720	\$ 2,685,491	\$ 6,924,332	\$ 8,842,695	\$ 5,242,870	\$ 6,378,470
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	533,515	3,767,252	4,507,199	2,468,997	2,183,025	1,973,602	2,110,809
Expenditures - CIP Projects	6,088,496	2,322,328	262,947	544,954	5,776,890	831,742	7,765,151
Expenditures - Other	-	5,153	5,411	5,680	5,960	6,260	6,570
Ending Fund Balance	\$ 1,245,720	\$ 2,685,491	\$ 6,924,332	\$ 8,842,695	\$ 5,242,870	\$ 6,378,470	\$ 717,558

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Parks Land Purchase Development

Project No. PR1001

Category

Parks & Recreation

Funding Source(s)

f301 - Park Impact Fund
f375- Quimby Fee

Council Priorities

Protecting the Environment and Preserving
Open Space and Agricultural Land
Supporting Our Youth, Seniors, and Entire
Community
Promoting a Healthy Community

Strategic Planning Documents

Bikeways, Trails, Parks and Recreation Master



Project Description

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

The future City parkland purchase and development priorities outlined in the Master Plan include the purchase, planning, and development of two small community parks and one new large community park located on the east side of the City. Completion of the Butterfield Park site at Monterey and Butterfield, as well as the prior construction of a privately owned publicly accessible park at Sutter and Butterfield Avenues, has added two small community parks for the City. Funding within this project is now reserved for identifying, procuring, and developing the large community park space identified in the Master Plan.

Project Justification

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

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Parks Land Purchase Development

Project No. PR1001

Financial Comments

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

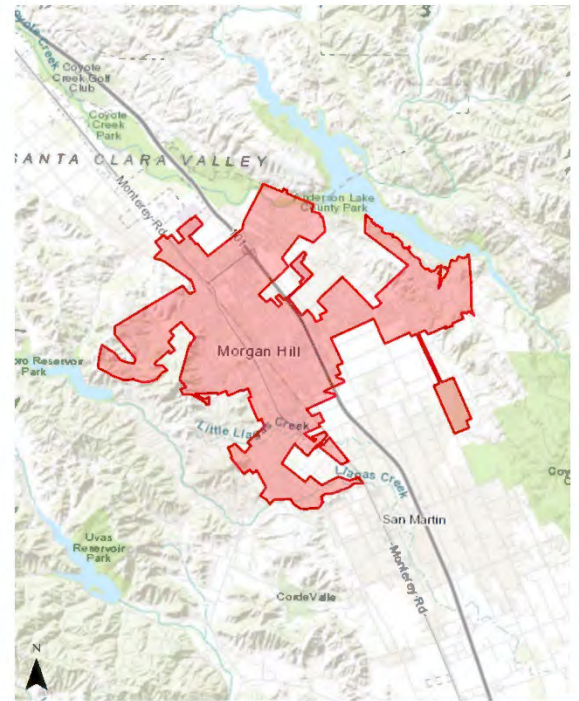
No funding is allocated to this project until Fiscal Year 2028-29. Funds allocated are intended for the acquisition, design and initial phases of development of the park space.

Operating Cost Impacts

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

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-301	-	-	-	2,000,000	-	3,500,000
Fund-375	-	-	250,000	5,000,000	500,000	7,000,000
Project Cost	\$ -	\$ -	\$250,000	\$7,000,000	\$500,000	\$10,500,000

Estimated Project Schedule

Timeline for Completion

Planning	FY2026-27 to FY2028-29
Project Design	FY2028-29 to FY2030-31
Right of Way/ Acquisition/Permitting	FY2029-30
Construction	FY2031-32 to FY2032-33
Project Close-out	FY2033-34

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: West Little Llagas Creek Trail

Project No. PR1002

Category

Parks & Recreation

Funding Source(s)

f301-Park Impact Fund

Council Priorities

Supporting our Youth, Seniors, and Entire
Community
Promoting a Healthy Community

Strategic Planning Documents

Bikeways, Trails, Parks and Recreation Master
Plan
Vision Zero



Project Description

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

Trail Extension to the North – This will extend the trail one additional block to the north between Spring and Ciolino Avenues. This project has previously been funded and will occur in coordination with the next Phase of Valley Water's Upper Llagas Flood Protection Project prior to the end of 2026.

Trail Extensions through the Silveira Lake/Llagas Creek Area – This portion of the project will address the need to construct trails and bridges, in addition to utilizing existing maintenance access roads for development. This portion of the project is currently in the planning phases, and City staff is working to obtain grant funding to continue to move the project forward. Once grant funds are secured, community outreach and environmental review will be funded by the City. Following the completion of the environmental review, the City will apply for additional grants to fund future work.

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: West Little Llagas Creek Trail

Project No. PR1002

Financial Comments

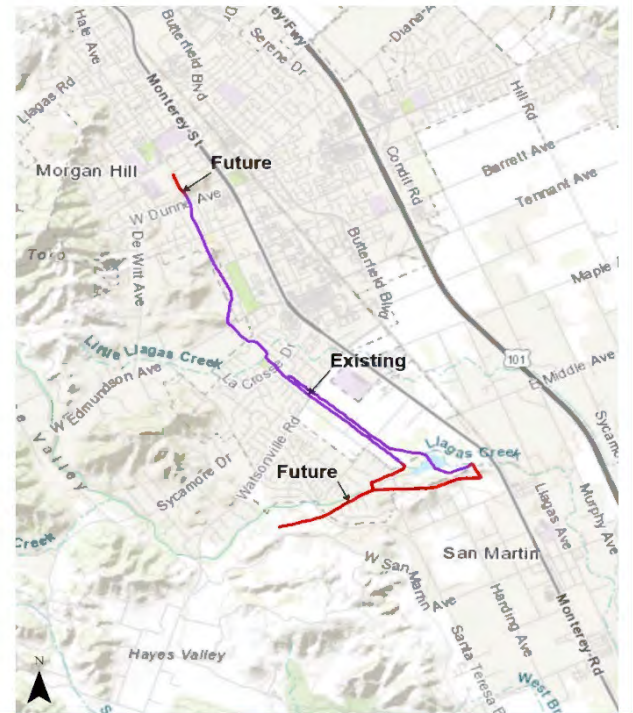
The City plans to apply for grant funding to fund the majority of the project improvements but needs to fund the environmental work for the southern phase to be eligible for grants in this area. The City has received a grant for \$93,000 from the VTA towards this work.

Operating Cost Impacts

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

Project Location

Along West Little Llagas Creek



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-301	300,000	175,000	-	-	-	-
Project Cost	\$300,000	\$175,000	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	FY2026-27 to FY2027-28
Project Design	To be determined
Right of Way/ Acquisition/Permitting	To be determined
Construction	To be determined
Project Close-out	To be determined

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Park Facility Expansion and Renovation

Project No. PR1004

Category

Parks & Recreation

Funding Source(s)

f375 - Quimby Fee

Council Priorities

Supporting our Youth, Seniors, and Entire
Community
Maintaining and Enhancing Infrastructure
Fiscal Sustainability
Promoting a Healthy Community

Strategic Planning Documents

Bikeways, Trails, Parks and Recreation Master
Plan



Project Description

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

Previously the project has provided for the renovation of park paths at Community Park, supported the development of lights on the Pickleball Courts, added water fountains in parks, and installed shade structures at the Magical Bridge Playground.

The priorities for this project, beginning in FY 2026-27, are the creation of a permanent Downtown dog park, renovations at the Community Park Pond, and reconstruction of the tennis courts throughout the City. Staff continue to review the replacement of the pond pump system, as well as the potential conversion of the pond to another use. After the review is completed, a final decision will be made by the City Council following a recommendation by the Parks and Recreation Commission. Additional future enhancements include funding for pathways, lighting, and playground renovations at all City Parks.

Project Justification

The funding of park renovations through the Quimby fee aligns with the City Council Priorities of Maintaining and Enhancing Infrastructure and Fiscal Sustainability. Renovation of existing facilities results in reductions in operating costs, supports enhanced park safety, improves park aesthetics, improves facilities, and allows for the use of park facilities by future residents. In addition, new park amenities provide support to the Council priority of Supporting our Youth, Seniors, and Entire Community.

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Park Facility Expansion and Renovation

Project No. PR1004

Financial Comments

Funding for the park renovation project comes from the imposition of the Quimby Fee on new development. Additionally, City staff works to obtain grant funding for projects when available.

Operating Cost Impacts

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

Project Location

Multiple Locations, including Community Park



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-375	250,000	250,000	250,000	250,000	250,000	250,000
Project Cost	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000

Estimated Project Schedule

Timeline for Completion

Planning	Ongoing
Project Design	Ongoing
Right of Way/ Acquisition/Permitting	Not applicable
Construction	Annually
Project Close-out	Annually

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Recreation Facility Expansion & Renovation

Project No. PR1005

Category

Parks & Recreation

Funding Source(s)

f360- Community Center Impact Fund
f375 - Quimby Fee

Council Priorities

Supporting our Youth, Seniors, and Entire
Community
Maintaining and Enhancing Infrastructure
Fiscal Sustainability
Promoting a Healthy Community

Strategic Planning Documents

Bikeways, Trails, Parks and Recreation Master
Plan



Project Description

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

Project Funding in FY 2026-27 will focus on renovating facilities at the Centennial Recreation Center, Aquatics Center, and Community and Cultural Center. The focus of the renovations and expansions will be expansion of fitness and recreation facilities, renovation of building components/systems, making permanent the outdoor fitness facility at the CRC, renovating audio/visual systems, communication systems, and security systems.

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Recreation Facility Expansion & Renovation

Project No. PR1005

Financial Comments

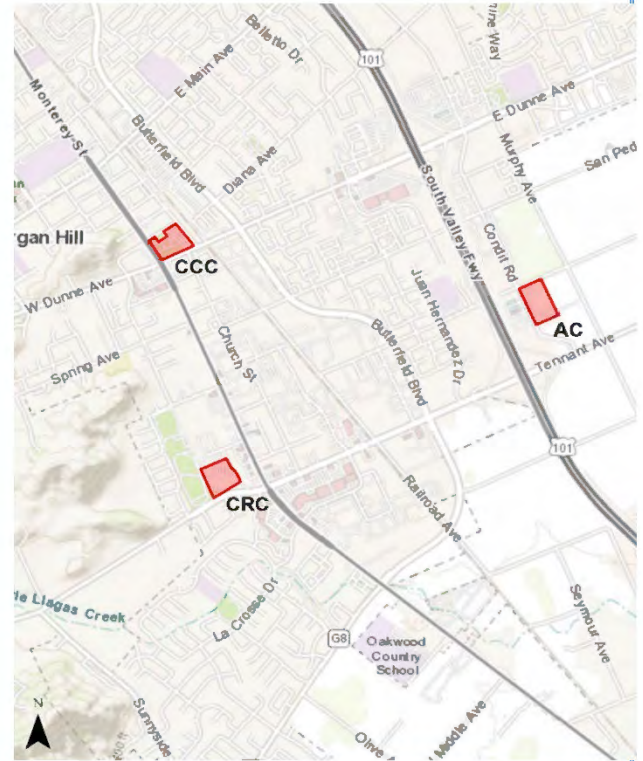
This project funding is intended to assist in funding projects at the Recreation facilities that advance cost recovery efforts and ensure the ongoing and expanded use of the recreation facilities for future residents.

Operating Cost Impacts

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

Project Location

Centennial Recreation Center, Aquatics Center & Community and Cultural Center



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-360	750,000	-	-	-	-	-
Fund-375	500,000	-	-	-	-	-
Project Cost	\$1,250,000	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Ongoing
Project Design	FY2025-26
Right of Way/ Acquisition/Permitting	Not applicable
Construction	FY2026-27
Project Close-out	FY2027-28

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: El Toro Trail

Project No. PR1006

Category

Parks & Recreation

Funding Source(s)

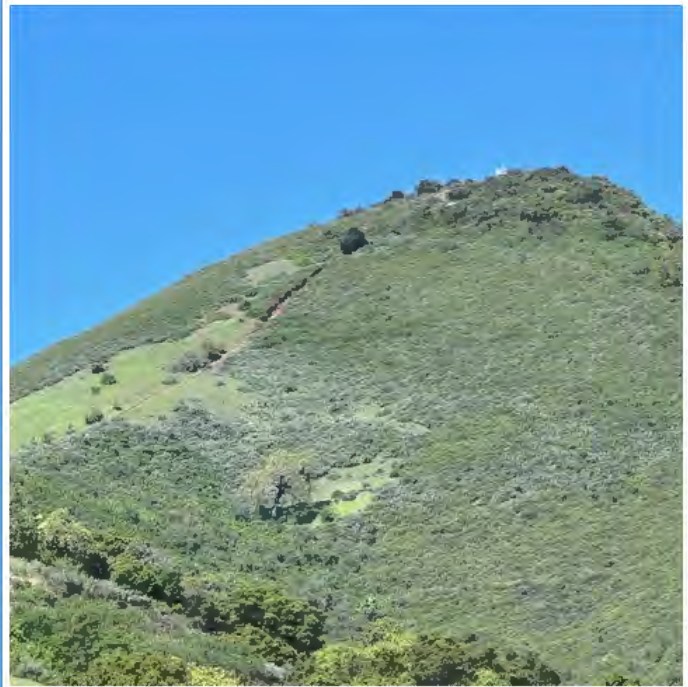
f301-Park Impact Fund

Council Priorities

Protecting the Environment and Preserving Open
Space and Agricultural Land
Supporting Our Youth, Seniors, and Entire
Community
Promoting a Healthy Community

Strategic Planning Documents

Bikeways, Trails, Parks and Recreation Master Plan



Project Description

This project will provide a non-paved public trail on El Toro Mountain. On February 4, 2015, the Council approved an "Access Strategy," which detailed a primary access location to El Toro Mountain near the DeWitt/Spring intersection. The funding in this current CIP relates to the acquisition and development of this primary access in partnership with the Open Space Authority (OSA). The City and OSA previously collaboratively purchased property off of West Main Avenue for potential future neighborhood access to El Toro. Staff will continue to address project related concerns raised by the public, such as parking, safety, etc. Currently, neither the City nor the OSA has property rights encircling the El Toro summit area which would be required to provide a trail all the way to the top, and therefore current focus is on the access points of the trail.

In 2025, the City acquired a public access easement for the City and OSA to allow public access to the trail system from a property owner near Spring and DeWitt Avenues. The City and OSA are now working to purchase land for a staging area adjacent to this access location. \$2.5 million is budgeted in FY2026-27 for the purchase of this staging area.

Future development of the staging area is not yet funded and would require the reduction of other proposed projects to fund in the future. The City and OSA are reviewing grant options that may be used to fund development of the future staging area site. Both agencies will assist with the acquisition, design, and construction. Since the City only works with willing property owners, acquisition and development on the project has been ongoing, but at a very gradual pace.

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: El Toro Trail

Project No. PR1006

Financial Comments

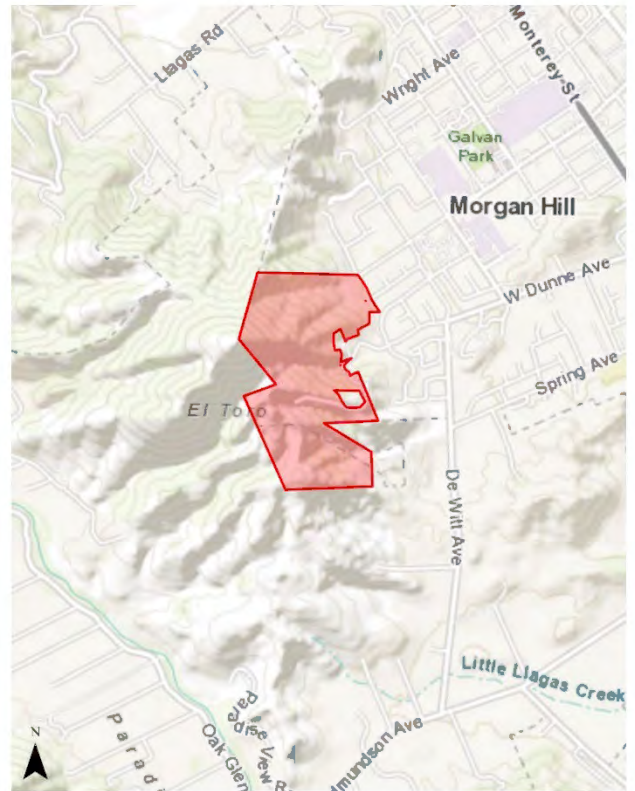
Funding in the budget is proposed for the purchase and a staging area for the trail. It is anticipated that costs will be shared in various aspects of the project with the OSA.

Operating Cost Impacts

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

Project Location

El Toro Mountain



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-301	2,500,000	-	-	-	-	-
Project Cost	\$2,500,000	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Ongoing
Project Design	To be determined
Right of Way/ Acquisition/Permitting	FY2026-27
Construction	To be determined
Project Close-out	To be determined

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Villa Mira Monte

Project No. PR1008

Category

Parks & Recreation

Funding Source(s)

f360- Community Center Impact Fund

Council Priorities

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

Strategic Planning Documents

Bikeways, Trails, Parks and Recreation
Master Plan



Project Description

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

The Bikeways, Trails, Parks and Recreation Master Plan further calls for the future development of Villa Mira Monte. In 2019, the City and Historical Society conducted a study on the current proposed site improvements for Villa Mira Monte. Over the last 4 years, the City has partnered with the Historical Society to complete a conceptual site plan and design followed by design plans for the site. The overall build out concept identifies over \$14 million in site improvements, including a new building with a multi-purpose room, additional storage, restroom facilities, a new driveway, improved parking, utility infrastructure installation, landscaping, and storm drain improvements. CIP funding for this project includes funding for the construction of a first phase for the project. The first phase would not include the building, which is the most expensive component in the site plan but would improve the driveway and add some improved available parking, install a public restroom building, storage, utilities improvements, and other site components.

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Villa Mira Monte

Project No. PR1008

Financial Comments

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

Operating Cost Impacts

The City currently provides \$35,000 per year in support to the Historical Society's operations of Villa Mira Monte. The enhancements will be designed to support improved operations and maintenance at the site, so no additional operational costs are anticipated for the City in relation to this project. The partnership between the City and the Historical Society has long benefitted the financial maintenance of the facility, but the vast majority of the operations at the site is accomplished by utilizing volunteers and fundraising.

Project Location

Villa Mira Monte



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-360	3,500,000	-	-	-	-	-
Project Cost	\$3,500,000	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Complete
Project Design	Complete
Right of Way/ Acquisition/Permitting	Not Applicable
Construction	FY2026-27
Project Close-out	FY2027-28

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Sports Facility Development

Project No. PR1011

Category

Parks & Recreation

Funding Source(s)

f301-Park Impact Fund
f360- Community/Rec Center Impact

Council Priorities

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

Strategic Planning Documents

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



Project Description

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

Currently, the City also owns approximately 19 acres of property adjacent to the Butterfield Park site along Monterey Road that were acquired for future development of new ball fields. This site could potentially be used, in conjunction with the remaining undeveloped space at the Butterfield Park site, to construct up to four new ball fields along with other park and/or sports facilities.

The property for expansion at both site locations is outside the City and within the County. The City is currently in the process of conducting environmental review of the sites to bring them into the City. Following the result of this effort, City staff must develop a phasing plan for the construction of the sites to be brought forward to the Council. This phasing plan may be supported by the upcoming update of the Bikeways, Trails, Parks and Recreation Master Plan.

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Sports Facility Development

Project No. PR1011

Financial Comments

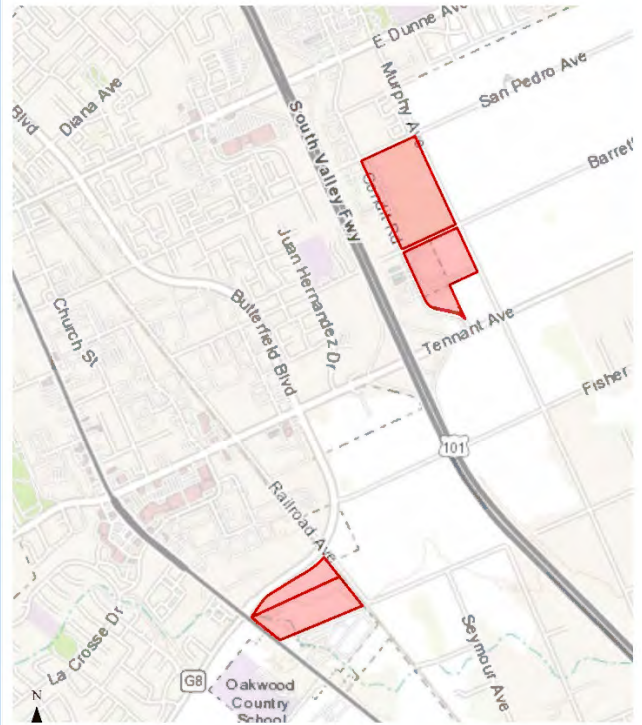
Funding for this project is included in the CIP budget within the Community/Recreation Center Impact Fund and Park Impact Fund. The City is actively engaging with the Outdoor Sports Center operator and other potential partners on funding improvements to the facility.

Operating Cost Impacts

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

Project Location

Outdoor Sports Center, Condit Road
 Butterfield Park, Monterey Road



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 301	50,000	-	2,000,000	-	-	-
Fund 360	-	250,000	5,000,000	-	-	6,000,000
Project Cost	\$50,000	\$250,000	\$7,000,000	\$ -	\$ -	\$6,000,000

Estimated Project Schedule

Timeline for Completion

Planning	FY2026-27 to FY2027-28
Project Design	FY2027-28
Right of Way/ Acquisition/Permitting	Complete
Construction	Phase 1 FY2028-29 and Phase 2 FY2031-32
Project Close-out	Phase 1 FY2029-30 and Phase 2 FY2032-33

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Aquatics Energy Efficiency Project

Project No. PR1015

Category

Parks & Recreation

Funding Source(s)

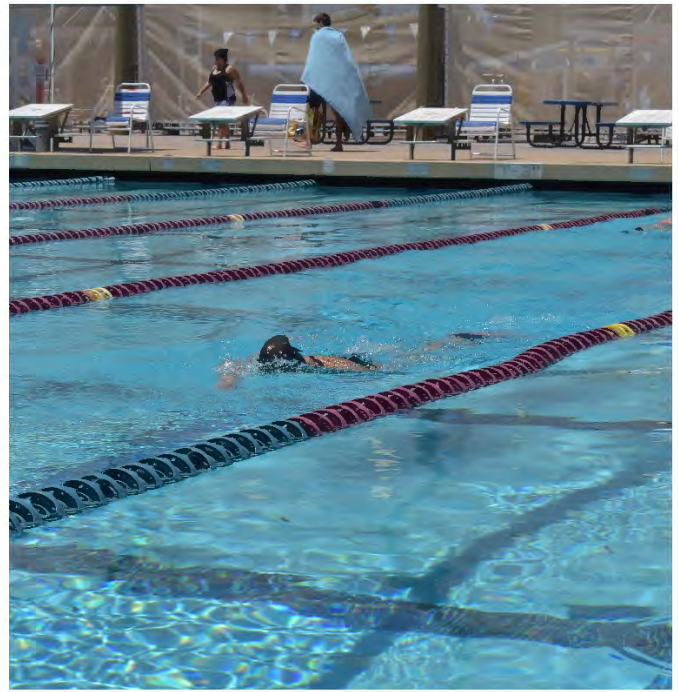
f375 - Quimby Fee

Council Priorities

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

Strategic Planning Documents

Climate Action Plan



Project Description

The purpose of the project is to convert the two Aquatics Center smaller pools to all-electric operations, replace existing kitchen appliances with electric models, add variable frequency drives (VFD's) for the three pool pumps, and convert all lighting to LED fixtures. This project will be intended to renovate the facility and provide cost savings. It is primarily funded via a \$1 million grant from Silicon Valley Clean Energy. The City will use matching funds from the City's future replacement fund to support the project, which will also replace aging infrastructure at the 20-year-old facility.

Project Justification

This project justification is three-fold. The first component is to meet the electrification goal of the City's Climate Action Plan. The second component is to replace aging infrastructure at the 20+ year old facility. The third component is to complete the first two components while reducing ongoing operating costs. The grant from Silicon Valley Clean Energy is what will make this multi-benefit project possible.

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Aquatics Energy Efficiency Project

Project No. PR1015

Financial Comments

The City has been awarded a grant of \$1 million from Silicon Valley Clean Energy to fund this project.

Operating Cost Impacts

City staff will strive to design a project that reduces operating costs. Additionally, the \$1 million in grant funding will reduce operating costs by funding much of the replacement cost of aging infrastructure at the site.

Project Location

Morgan Hill Aquatics Center



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-375	1,400,000	-	-	-	-	-
Project Cost	\$1,400,000	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Complete
Project Design	FY2025-26
Right of Way/ Acquisition/Permitting	Not applicable
Construction	FY2026-27
Project Close-out	FY2026-27

*CITY OF MORGAN HILL
CAPITAL IMPROVEMENT PROGRAM
FY 2026-27 – FY 2031-32*

*PUBLIC
FACILITIES*



CITY OF MORGAN HILL

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

315- Public Safety Facilities Impact

Fund Description

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

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

There are no capital projects anticipated in the six-year period. Expenses will fund the repayment of internal borrowing for the recent Police Department expansion and the New Fire Station construction.

Revenues- Other includes interest income and rebates from a recently completed solar project. Expenditures- Other includes annual transfers-out to the General Fund for administration and infrastructure planning, debt services, and transfers-out for interfund loan repayments to Fund 303 (Local Drainage Impact) and Fund 348 (Library Impact).

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 315- Public Safety Facilities Impact	Projected						
Beginning Fund Balance	\$ (1,194,238)	\$ 3,786	\$ 84,401	\$ 13,310	\$ 392,830	\$ 263,351	\$ 180,226
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	3,391,234	1,241,788	1,192,025	1,642,755	1,433,829	1,380,153	1,444,211
Expenditures - CIP Projects	1,930,035	-	-	-	-	-	-
Expenditures - Other	263,175	1,161,173	1,263,116	1,263,235	1,563,308	1,463,278	1,465,819
Ending Fund Balance	\$ 3,786	\$ 84,401	\$ 13,310	\$ 392,830	\$ 263,351	\$ 180,226	\$ 158,618

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

347 – Public Facilities Impact

Fund Description

The Public Facilities Impact Fund is intended to support the construction or expansion of City Facilities that are not covered under the Recreation Center Impact Fee or the Public Safety Facilities Impact Fee. 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 or expanded facilities or to reimburse the City for funds advanced to construct such facilities. The Fund is subject to the restrictions of AB1600.

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ 8,036	\$ -	\$ -	\$ -	\$ -	\$ -
PF2004 - Corporation Yard Expansion	250,000	-	-	-	-	-
Totals	\$ 258,036	\$ -	\$ -	\$ -	\$ -	\$ -

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

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

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

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 347- Public Facilities Impact	Projected						
Beginning Fund Balance	\$ 1,250,914	\$ 77,425	\$ 717,408	\$ 1,067,365	\$ 1,521,360	\$ 1,924,257	\$ 2,325,579
Revenues - Impact Fees	31,123	2,710	25,109	37,358	53,248	67,349	81,395
Revenues - Other	164,013	925,121	354,899	446,937	380,220	364,822	383,850
Expenditures - CIP Projects	1,339,045	258,036	-	-	-	-	-
Expenditures - Other	29,580	29,811	30,052	30,300	30,570	30,850	31,140
Ending Fund Balance	\$ 77,425	\$ 717,408	\$ 1,067,365	\$ 1,521,360	\$ 1,924,257	\$ 2,325,579	\$ 2,759,684

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

348 – Library Impact

Fund Description

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

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ -	\$ -	\$ -	\$ 40,144	\$ -	\$ 675,025
PF2009 - Library Expansion	-	-	-	400,000	-	9,500,000
Totals	\$ -	\$ -	\$ -	\$ 440,144	\$ -	\$ 10,175,025

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

The goal for this fund is to plan and design a future library expansion, with construction of the new facility to be completed within the six-year period.

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

Expenditures- Other includes annual transfers-out to the General Fund for administration and civic center debt service.

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 348- LibraryImpact	Projected						
Beginning Fund Balance	\$ 3,540,032	\$ 2,118,507	\$ 2,781,081	\$ 3,943,609	\$ 5,502,541	\$ 6,716,228	\$ 9,050,870
Revenues - Impact Fees	670,959	800,612	1,278,827	1,634,913	1,375,639	1,314,381	1,385,941
Revenues - Other	423,002	74,148	97,338	138,026	492,589	1,235,068	1,316,780
Expenditures - CIP Projects	-	-	-	-	440,144	-	10,175,025
Expenditures - Other	2,515,486	212,186	213,637	214,007	214,397	214,807	215,237
Ending Fund Balance	\$ 2,118,507	\$ 2,781,081	\$ 3,943,609	\$ 5,502,541	\$ 6,716,228	\$ 9,050,870	\$ 1,363,329

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Infrastructure Planning Documents

Project No. PF2001

Category

Public Facilities

Funding Source(s)

f-301 Park Impact

f-303 Local Drainage Impact

f360 Community/Recreation Center Impact

f375 Quimby Fee

f641 Sewer Impact

f651 Water Impact

Council Priorities

Fiscal Sustainability

Economic Development and Tourism

Transportation

Promoting a Healthy Community

Enhancing Public Safety and Quality of Life

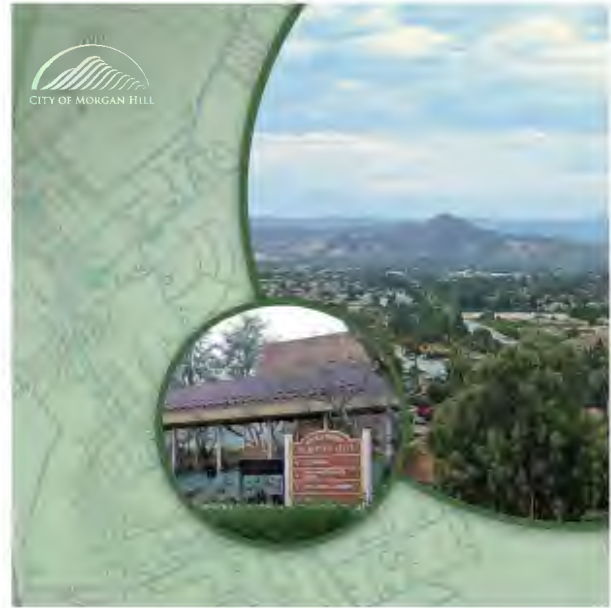
Protecting the Environment and Preserving Open
Space and Agricultural Land

Maintaining and Enhancing Infrastructure

Supporting our Youth, Seniors, and Entire
Community

Strategic Planning Documents

Morgan Hill General Plan



Project Description

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

FY 2026-27 - Water System Master Plan

FY 2026-27 - Parks, Recreation and Trails Master Plan

FY 2027-28 - Storm System Master Plan

FY 2029-30 - Sewer System Master Plan

FY 2031-32 - Water System Master Plan

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Infrastructure Planning Documents

Project No. PF2001

Financial Comments

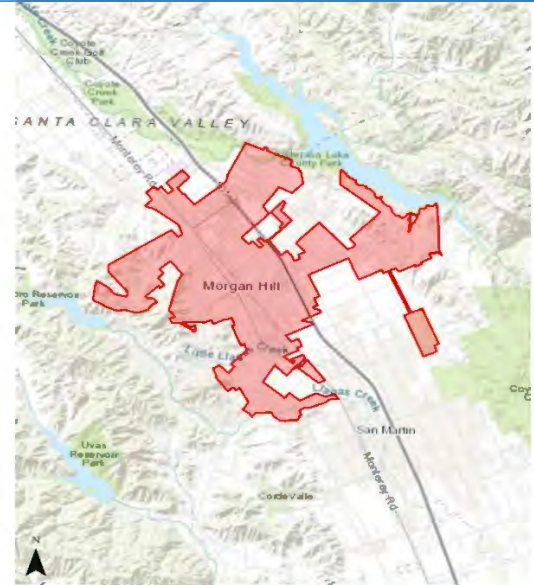
Infrastructure planning documents serve as a basis for impact fee studies associated with the specific areas of infrastructure focus, and can guide operating costs, such as for the Water and Wastewater Utilities. The plans also serve as a foundation for many grant applications.

Operating Cost Impacts

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

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-301	100,000	-	-	-	-	-
Fund-303	-	100,000	-	-	-	-
Fund-360	100,000	-	-	-	-	-
Fund-375	100,000	-	-	-	-	-
Fund-641	-	-	-	100,000	-	-
Fund-651	100,000	-	-	-	-	100,000
Project Cost	\$400,000	\$100,000	\$ -	\$100,000	\$ -	\$100,000

Estimated Project Schedule

Timeline for Completion

Planning	Per schedule of specific infrastructure planning document
Project Design	Not applicable
Right of Way/ Acquisition/Permitting	Not applicable
Construction	Not applicable
Project Close-out	Not applicable

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Corporation Yard Expansion

Project No. PF2004

Category

Public Facilities

Funding Source(s)

f347-Public Facilities Impact

Council Priorities

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

Strategic Planning Documents

Corporation Yard Maintenance and Operations
Space Needs Analysis



Project Description

The long-term intent of this project is to plan and ultimately improve the City's corporation yard facility, increasing usable space for the long-term needs of the City. This project is tied to a partnership with the Morgan Hill Unified School District (District), who currently utilizes a portion of the site for the District's transportation yard. The City previously partnered with the District on a Maintenance and Operations Space Needs Analysis for the site. The City subsequently developed a detailed phased improvement plan for the City portion of the site. However, next steps on long-term site improvements (Phase 2) require further joint planning and is not currently outlined in the Capital Improvement Program.

Funding for FY 2027-28 (Phase 1) is intended to address needs for the initial work towards electric vehicle charging infrastructure. The City has utilized grants to complete the design for electric charging infrastructure and intends to pursue grant funding to fund the installation of the chargers.

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Corporation Yard Expansion

Project No. PF2004

Financial Comments

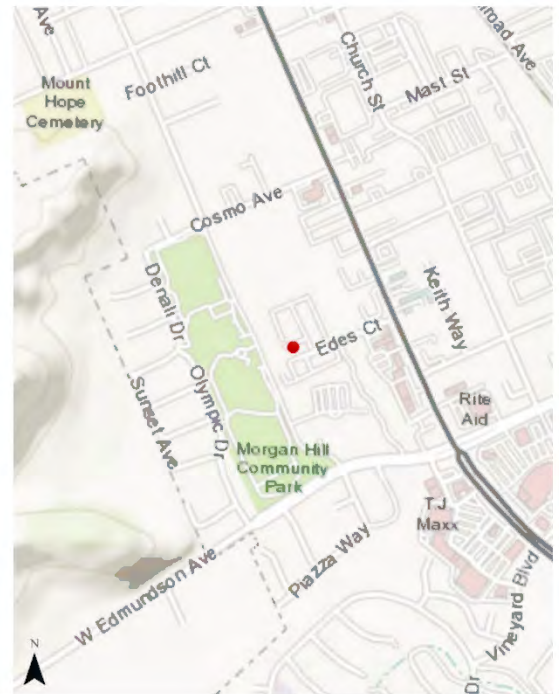
The City intends to identify and obtain grant funding to support Phase 1 of the project. Additional funding and future funding for Phase 2 of this project will be collected from developer impact fees and will be used towards new expansions of the Corporation Yard facilities.

Operating Cost Impacts

The operating costs associated with electric vehicle charging will be offset by lower fuel and maintenance costs associated with gas powered vehicles. The operating costs associated with improvements to the corporation yard are not yet known. Increased facility maintenance may be offset by the efficiency of the improved facilities. The addition of solar will support decreased utility costs.

Project Location

Corporation Yard



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-347	250,000	-	-	-	-	-
Project Cost	\$250,000	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Complete
Project Design	Phase 1 Complete, Phase 2 To be determined
Right of Way/ Acquisition/Permitting	Not applicable
Construction	Phase 1 FY2026-27 to FY2027-28, Phase 2 To be determined
Project Close-out	Phase 1 FY2027-28, Phase 2 To be determined

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Library Expansion

Project No. PF2009

Category

Public Facilities

Funding Source(s)

f348-Library Impact

Council Priorities

Promoting a Healthy Community
Supporting our Youth, Seniors, and Entire
Community

Strategic Planning Documents

Morgan Hill General Plan



Project Description

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

Project Justification

Expanded Library facilities are needed to support increasing community need based on population growth.

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Library Expansion

Project No. PF2009

Financial Comments

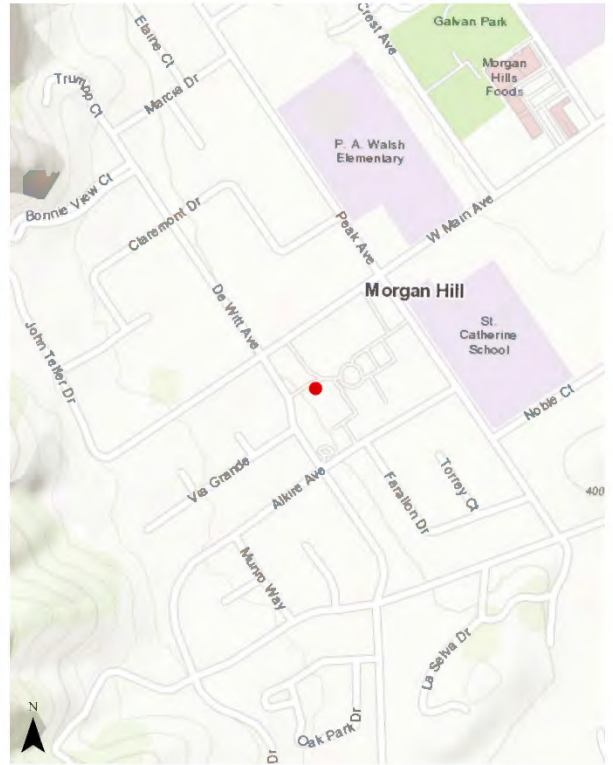
Funds for future expansions of Library facilities are collected from development impact fees within the Library Impact Fund (348).

Operating Cost Impacts

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

Project Location

West Main Avenue



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-348	-	-	-	400,000	-	9,500,000
Project Cost	\$ -	\$ -	\$ -	\$400,000	\$ -	\$9,500,000

Estimated Project Schedule

Timeline for Completion

Planning	FY2027-28
Project Design	FY2029-30 to FY2030-31
Right of Way/ Acquisition/Permitting	To be determined
Construction	Fy2031-32
Project Close-out	FY2032-33

*CITY OF MORGAN HILL
CAPITAL IMPROVEMENT PROGRAM
FY 2026-27 – FY 2031-32*

*STORM
DRAINAGE*



CITY OF MORGAN HILL

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

303 - Local Drainage Impact- Storm Drainage

Fund Description

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

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006- Project Administration	\$ 154,300	\$ 45,315	\$ 134,862	\$ -	\$ 326,967	\$ -
PF2001 - Infrastructure Planning Documents	-	100,000	-	-	-	-
SD4001 - Storm System Expansions	-	-	-	-	3,000,000	-
SD4003 - Llagas Flood Control	1,800,000	750,000	-	-	-	-
SD4006- Fisher/Butterfield Storm System Expansions	3,000,000	25,000	1,500,000	-	-	-
Totals	\$ 4,954,300	\$ 920,315	\$ 1,634,862	\$ -	\$ 3,326,967	\$ -

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

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

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

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

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 303- Local Drainage Impact	Projected						
Beginning Fund Balance	\$ 4,817,076	\$ 1,257,794	\$ 67,841	\$ 1,255,151	\$ 2,094,168	\$ 4,413,796	\$ 2,648,198
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	466,514	3,805,188	2,149,008	2,515,829	2,362,178	1,604,549	1,600,697
Expenditures - CIP Projects	3,992,776	4,954,300	920,315	1,634,862	-	3,326,967	-
Expenditures - Other	33,020	40,841	41,383	41,950	42,550	43,180	43,840
Ending Fund Balance	\$ 1,257,794	\$ 67,841	\$ 1,255,151	\$ 2,094,168	\$ 4,413,796	\$ 2,648,198	\$ 4,205,055

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

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

Fund Description

The purpose of the Local Drainage Fund (Non-AB 1600) is to support repairs and enhancements to the City's storm drainage system. Previously, revenues were received from developers through the City's RDCS. With the elimination of RDCS due to State legislation, no new funds are anticipated to be received through that process. Limited funding from developers of properties through frontage fees will continue to be collected and the funds may be used for the design, construction, and maintenance of storm drains.

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006- Project Administration	\$ 12,858	\$ 5,179	\$ 8,991	\$ 10,036	\$ 10,899	\$ 7,106
SD4002 - Storm System Repairs & Improvement	100,000	100,000	100,000	100,000	100,000	100,000
SD4007 - Citywide Small Trash Capture Project	300,000	-	-	-	-	-
Totals	\$ 412,858	\$ 105,179	\$ 108,991	\$ 110,036	\$ 110,899	\$ 107,106

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

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

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

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 304- Local Drainage Non AB1600	Projected						
Beginning Fund Balance	\$ 1,342,166	\$ 1,114,162	\$ 899,324	\$ 822,059	\$ 738,101	\$ 649,968	\$ 557,688
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	40,725	201,413	31,476	28,772	25,834	22,749	19,519
Expenditures - CIP Projects	265,499	412,858	105,179	108,991	110,036	110,899	107,106
Expenditures - Other	3,230	3,392	3,562	3,740	3,930	4,130	4,340
Ending Fund Balance	\$ 1,114,162	\$ 899,324	\$ 822,059	\$ 738,101	\$ 649,968	\$ 557,688	\$ 465,762

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Storm System Expansions

Project No. SD4001

Category

Storm Drainage

Funding Source(s)

f303 - Drainage Impact Fund

Council Priorities

Enhancing Public Safety and Quality of Life
Maintaining and Enhancing Infrastructure

Strategic Planning Documents

Storm Drain Master Plan



Project Description

This project is intended to construct improvements that support expanding storm drain system capacity in alignment with the 2018 Storm Drainage System Master Plan. After completion of the Upper Llagas project, the project focus will be directed towards expansion of facilities in the Fisher Watershed area in the north portion of the City.

For FY 2030-31 increased storm water capacity will be targeted near the area of Monterey and Burnett to reduce flooding near the intersection and other areas near the north end of the City along Fisher Creek.

Project Justification

Protecting residents and businesses from flooding is the responsibility of the City. The City collects Storm Drainage Impact Fees to increase system capacity as it relates to new development's contribution to the City's storm drain system.

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Storm System Expansions

Project No. SD4001

Financial Comments

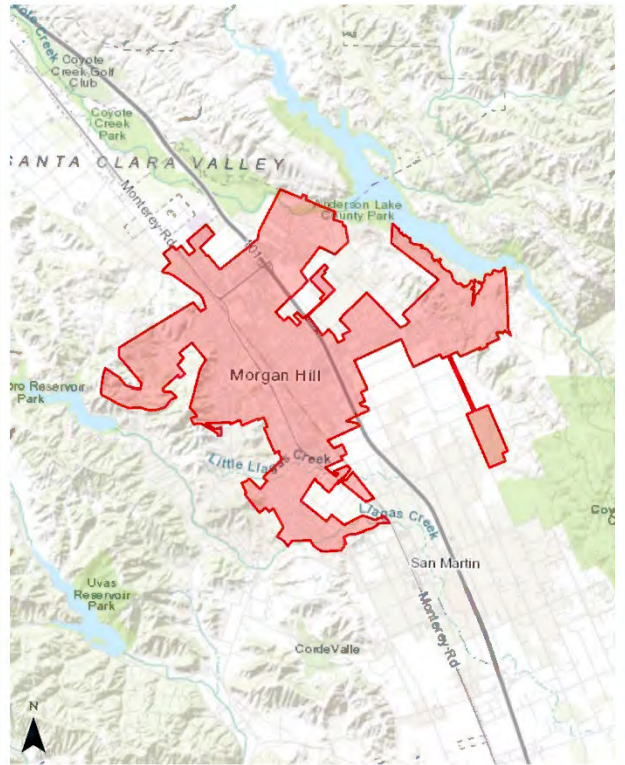
The funding source for these localized drainage projects has been Fund 303, Storm Drain Impact Funds which are collected with new development for the purpose of mitigating flooding that could be caused by the addition of that new development.

Operating Cost Impacts

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

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-303	-	-	-	-	3,000,000	-
Project Cost	\$ -	\$ -	\$ -	\$ -	\$3,000,000	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	FY 2028-29 to FY2029-30
Project Design	FY2030-31
Right of Way/ Acquisition/Permitting	Not applicable
Construction	FY2030-31
Project Close-out	FY2031-32

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Storm System Repairs and Improvements

Project No. SD4002

Category

Storm Drainage

Funding Source(s)

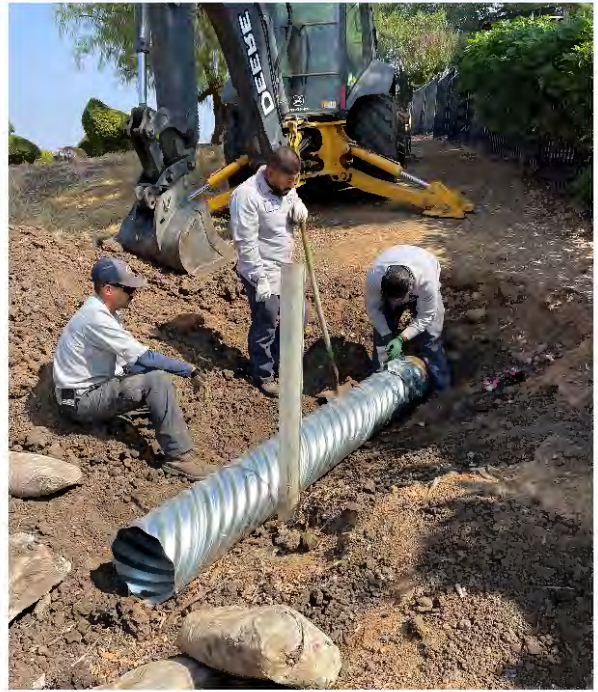
f304-Local Drainage (NonAB1600) Fund

Council Priorities

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

Strategic Planning Documents

Storm Drain Master Plan



Project Description

This project includes repairs and renovations of storm drains, storm inlets, pump stations, box culverts, and other miscellaneous improvements at various locations in the City to address localized drainage problems and repair storm drain facilities. This project is used to primarily address unplanned capital repairs for the City's storm drain system. This project also includes the specific repair at the box culvert for West Little Llagas Creek at Monterey Road for which planning and design is complete, but the City is waiting on significant State grant funding to initiate this work.

Project Justification

Local flooding can cause damage to public and private property and may present safety issues. This project ensures that capital repairs to flood control conveyance systems are completed and flooding is prevented.

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Storm System Repairs and Improvements

Project No. SD4002

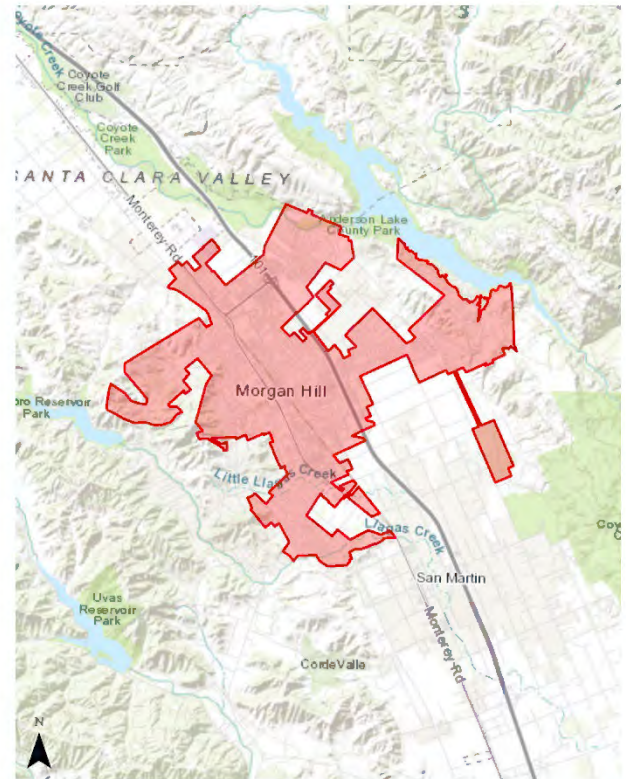
Financial Comments

The funding source for these localized drainage projects has been Fund 304, Non-AB 1600 drainage fees, which was collected from residential developer fees as part of the Residential Development Control System (RDSCS) competition. Due to its elimination via State legislation, only minimal revenue will continue to be received. Funds are programmed in the next six years, spending down the fund balance to accomplish projects.

Operating Cost Impacts

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

Project Location



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-304	100,000	100,000	100,000	100,000	100,000	100,000
Project Cost	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000

Estimated Project Schedule

Timeline for Completion

Planning	Ongoing
Project Design	Ongoing
Right of Way/ Acquisition/Permitting	Not applicable or as needed
Construction	Annually
Project Close-out	Annually

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Llagas Flood Control

Project No. SD4003

Category

Storm Drainage

Funding Source(s)

f303 - Drainage Impact Fund

Council Priorities

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

Strategic Planning Documents

Storm Drain Master Plan



Project Description

This project addresses storm water conveyance infrastructure that drains into the Upper Llagas Creek Flood Protection Project (ULCFPP) and the West Little Llagas Creek watershed. The ULCFPP is a \$300 million plus Valley Water project to build channels, underground conduits, tunnels, and bridges to capture the flood waters from a 100- year storm event in Morgan Hill and eliminates the recurring flooding in the Downtown and other parts of the City lying in the West Little Llagas Creek watershed. Construction of the southerly Morgan Hill section (Reaches 7 and 7A) was completed in FY2022-23. The northerly segment (Reach 8), including the City's Downtown, was segmented into two phases, the first of which was completed in FY2024-25. The final phase of the project is currently under construction and is scheduled to be completed in late 2026. The City has partnered through a cost share agreement to ensure City infrastructure connected to the project is appropriately updated per City standards.

As the Valley Water Project is completed, City staff are reviewing additional needs to improve City-owned infrastructure in a manner that completes the flood protection. This includes the addition of trash capture devices to the watershed and other local infrastructure improvements to eliminate smaller local flooding that is not fully resolved with Valley Water's project.

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Llagas Flood Control

Project No. SD4003

Financial Comments

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

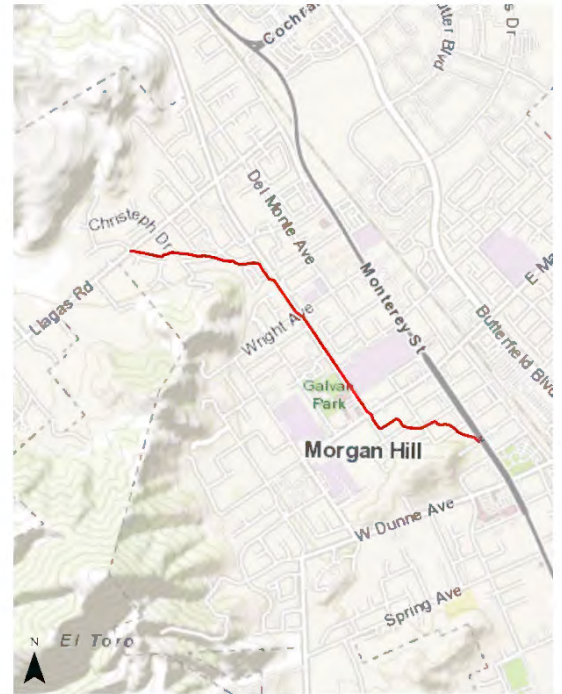
While Valley Water is constructing the project, the City has set aside funding to ensure that the project is constructed to offset impacts and to meet City and State requirements. This includes the construction of trash capture components and adjacent roadway improvements to ensure the project is fully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

Operating Cost Impacts

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

Project Location

West Little Llagas Creek in Morgan Hill



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-303	1,800,000	750,000	-	-	-	-
Project Cost	\$1,800,000	\$750,000	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Complete
Project Design	Complete
Right of Way/ Acquisition/Permitting	Complete
Construction	In Progress through FY2027-28
Project Close-out	FY2027-28

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Fisher/Butterfield Storm System Expansion

Project No. SD4006

Category

Storm Drainage

Funding Source(s)

State Grant Funds
f303 - Drainage Impact Fund

Council Priorities

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

Strategic Planning Documents

Storm System Master Plan
State Mandated Requirements



Project Description

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

After completion of the Phase I Butterfield Basin improvements, additional enhancements to allow additional stormwater to flow from the Fisher Basin to the Butterfield Channel will be made in FY2028-29 and FY2029-30 (Phase 2).

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Fisher/Butterfield Storm System Expansion

Project No. SD4006

Financial Comments

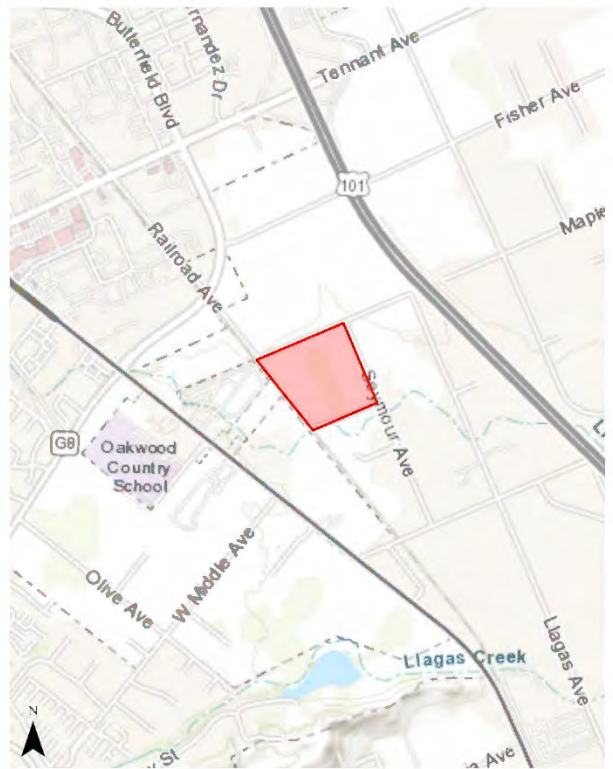
The City has received \$2 million in State funding that will be combined with storm drainage impact funds to fund this project.

Operating Cost Impacts

The largest associated change in operating costs will be the maintenance of the trash capture component of the project. The City shall utilize stormwater trash capture implementation funds, and request through the City's solid waste franchise to fund the significant expenses associated with this State mandate. Operating costs are estimated at \$240,000 annually for management of trash capture devices throughout the City.

Project Location

Butterfield Basin



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-303	3,000,000	25,000	1,500,000	-	-	-
Project Cost	\$3,000,000	\$25,000	\$1,500,000	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Complete
Project Design	Phase 1 Complete, Phase 2 FY2027-28
Right of Way/ Acquisition/Permitting	Not Applicable
Construction	Phase 1 FY 2026-27, Phase 2 FY2028-29 to FY2029-30
Project Close-out	Phase 1 FY 2026-27, Phase 2 FY2029-30

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Citywide Small Trash Capture Project

Project No. SD4007

Category

Storm Drainage

Funding Source(s)

f304 – Local Drainage (NonAB1600) Fund

Council Priorities

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

Strategic Planning Documents

None – State Mandated Requirements



Project Description

The City has previously installed over 100 small trash capture devices throughout the City. This project will install approximately 150 additional small trash capture devices, which in combination with the large trash capture devices to be installed in the West Little Llagas Project and the Butterfield Basin Improvements will complete the mandated trash capture installations for the City. The small trash capture devices are installed in existing storm drains to ensure no trash is allowed to pass through storm water systems into our waterways.

Project Justification

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

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Citywide Small Trash Capture Project

Project No. SD4007

Financial Comments

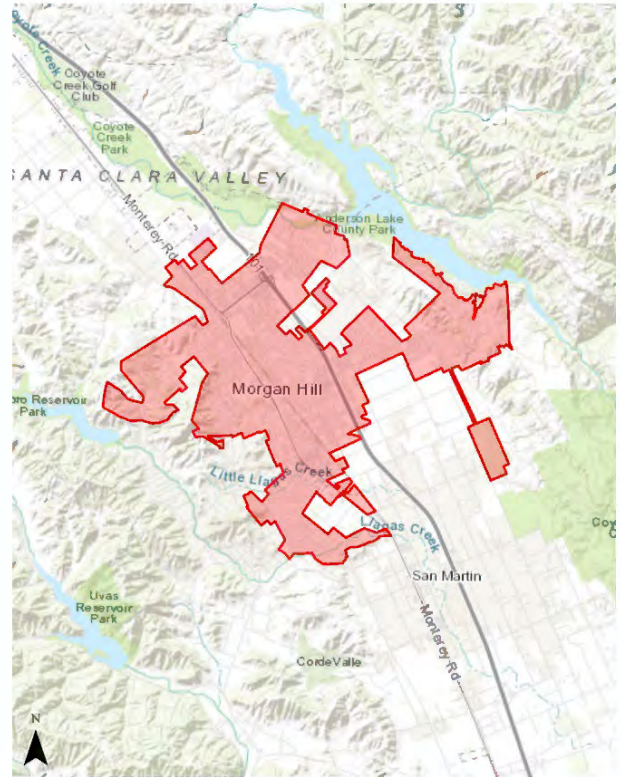
The project shall be funded in part from implementation funds from the City's solid waste franchise.

Operating Cost Impacts

The City shall utilize storm water trash capture implementation funds and request funding through the City's solid waste franchise to cover the significant operational expenses associated with this State mandate. Operating costs are estimated at \$240,000 annually for management of all trash capture devices throughout the City.

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-304	300,000	-	-	-	-	-
Project Cost	\$300,000	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Complete
Project Design	FY2026-27
Right of Way/ Acquisition/Permitting	Not applicable
Construction	FY2026-27 to FY 2027-28
Project Close-out	FY2027-28

*CITY OF MORGAN HILL
CAPITAL IMPROVEMENT PROGRAM
FY 2026-27 – FY 2031-32*

*STREETS &
ROADS*



CITY OF MORGAN HILL

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

308 - Street CIP- Streets & Roads

Fund Description

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

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ 176,803	\$ 233,050	\$ 404,585	\$ 451,620	\$ 490,451	\$ 319,749
SR5004 - Pavement Rehabilitation	5,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Totals	\$ 5,676,803	\$ 4,733,050	\$ 4,904,585	\$ 4,951,620	\$ 4,990,451	\$ 4,819,749

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

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

Goals for Capital Investment

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

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

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 308- Street CIP	Projected						
Beginning Fund Balance	\$ 4,608,969	\$ 1,866,644	\$ 4,305,997	\$ 3,847,518	\$ 3,195,196	\$ 2,466,436	\$ 1,666,440
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	4,925,307	8,235,362	4,399,739	4,383,692	4,360,861	4,335,354	4,307,354
Expenditures - CIP Projects	7,554,102	5,676,803	4,733,050	4,904,585	4,951,620	4,990,451	4,819,749
Expenditures - Other	113,530	119,206	125,167	131,430	138,000	144,900	152,150
Ending Fund Balance	\$ 1,866,644	\$ 4,305,997	\$ 3,847,518	\$ 3,195,196	\$ 2,466,436	\$ 1,666,440	\$ 1,001,895

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

309 - Traffic Impact- Streets & Roads

Fund Description

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

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ 168,766	\$ 142,420	\$ 247,246	\$ 275,990	\$ 299,720	\$ 195,402
SR5003 - Traffic Signal & Intersection Improvements	4,700,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
SR5005 -Bike, Pedestrian, Traffic Safety	550,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Totals	\$ 5,418,766	\$2,892,420	\$ 2,997,246	\$ 3,025,990	\$ 3,049,720	\$ 2,945,402

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

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

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

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 309- Traffic Impact	Projected						
Beginning Fund Balance	\$ 2,855,918	\$ 3,430,419	\$ 2,091,830	\$ 1,298,107	\$ 1,603,034	\$ 1,575,370	\$ 1,467,307
Revenues - Impact Fees	106,716	120,065	73,214	45,434	56,106	55,138	51,356
Revenues - Other	1,384,858	4,096,349	2,163,031	3,395,669	3,082,600	3,028,419	3,148,062
Expenditures - CIP Projects	785,183	5,418,766	2,892,420	2,997,246	3,025,990	3,049,720	2,945,402
Expenditures - Other	131,890	136,237	137,548	138,930	140,380	141,900	143,500
Ending Fund Balance	\$ 3,430,419	\$ 2,091,830	\$ 1,298,107	\$ 1,603,034	\$ 1,575,370	\$ 1,467,307	\$ 1,577,823

City of Morgan Hill Capital Improvement Program

FY 2026-27 – FY 2031-32

09 - Traffic Impact- Streets & Roads

346 – Public Facilities- Non-AB 1600- Streets and Roads

Fund Description

The current priority of the Public Facilities Fund (Non-AB 1600) is to support pedestrian, bicycle, and vehicle safety in alignment with the City's Vision Zero Policy. Previously, Fund revenues were received from developers through the City's RDCS. With the elimination of RDCS due to State legislation, no new funds are anticipated to be received through that process. Funds may be used for the design, construction, and maintenance of public facilities or to reimburse the City for funds advanced to construct such facilities. It is anticipated that funds will be exhausted within the next eight years.

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ 6,429	\$ 7,768	\$ 13,486	\$ 15,054	\$ 16,348	\$ 10,658
SR5008 - Sidewalk Repairs	150,000	150,000	150,000	150,000	150,000	150,000
SR5012 - Downtown Parking Trash	50,000	-	-	-	-	-
Totals	\$ 206,429	\$ 157,768	\$ 163,486	\$ 165,054	\$ 166,348	\$ 160,658

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

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

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

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 346- Public Facilities- NonAB1600	Projected						
Beginning Fund Balance	\$ 1,921,850	\$ 1,032,943	\$ 857,514	\$ 724,348	\$ 580,534	\$ 429,839	\$ 272,275
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	56,446	36,153	30,013	25,352	20,319	15,044	9,530
Expenditures - CIP Projects	940,443	206,429	157,768	163,486	165,054	166,348	160,658
Expenditures - Other	4,910	5,153	5,411	5,680	5,960	6,260	6,570
Ending Fund Balance	\$ 1,032,943	\$ 857,514	\$ 724,348	\$ 580,534	\$ 429,839	\$ 272,275	\$ 114,577

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

350 - Undergrounding – Streets & Roads

Fund Description

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

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ 8,036	\$ 13,853	\$ 112,385	\$ -	\$ -	\$ -
SR5002 - Undergrounding Project	250,000	267,496	1,250,000	-	-	-
Totals	\$ 258,036	\$ 281,349	\$ 1,362,385	\$ -	\$ -	\$ -

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

Complete one significant undergrounding project using City and PG&E funding, and partner with new development to complete projects when opportunities arise.

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

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 350- Undergrounding	Projected						
Beginning Fund Balance	\$ 1,768,756	\$ 1,859,780	\$ 1,665,514	\$ 1,441,069	\$ 127,662	\$ 130,600	\$ 133,561
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	92,284	65,092	58,293	50,437	4,468	4,571	4,675
Expenditures - CIP Projects	-	258,036	281,349	1,362,385	-	-	-
Expenditures - Other	1,260	1,322	1,388	1,460	1,530	1,610	1,690
Ending Fund Balance	\$ 1,859,780	\$ 1,665,514	\$ 1,441,069	\$ 127,662	\$ 130,600	\$ 133,561	\$ 136,546

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Undergrounding Project

Project No. SR5002

Category

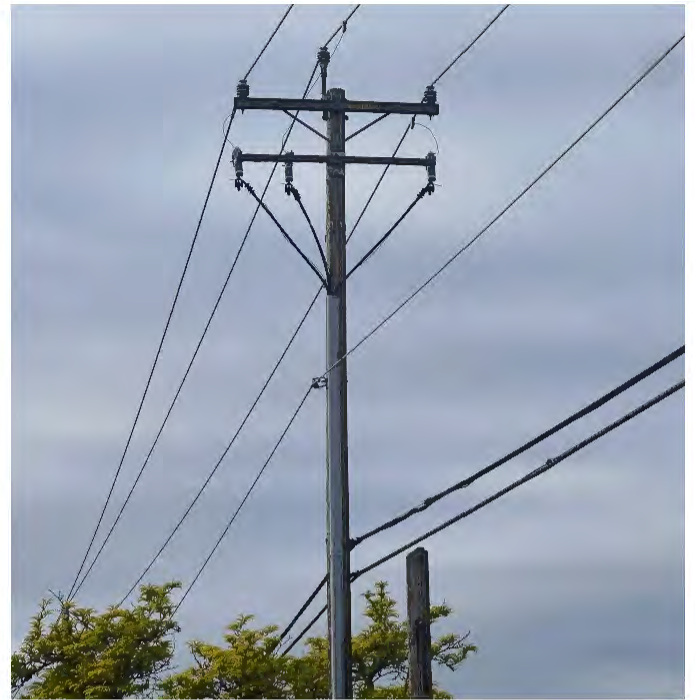
Streets and Roads

Funding Source(s)

f350-Undergrounding

Council Priorities

Maintaining and Enhancing Infrastructure



Project Description

The largest area targeted for the undergrounding of overhead utility lines lies along San Pedro Avenue going west from Butterfield Boulevard. This project is considerably complex, and available funds are insufficient to complete the project in its entirety. However, the City will plan to underground a portion of the area with available funds in FY2028-29.

As a separate project, City staff intend to work with PG&E to match City Funds with PG&E Rule 20A Funds on Old Monterey Road from Llagas Road to Monterey Road in FY2027-28. The City intends to utilize funds for the San Pedro work after working with PG&E at the Old Monterey Road location to ensure that there is available matching funding for the PG&E Rule 20A work.

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

Project Justification

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

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Undergrounding Project

Project No. SR5002

Financial Comments

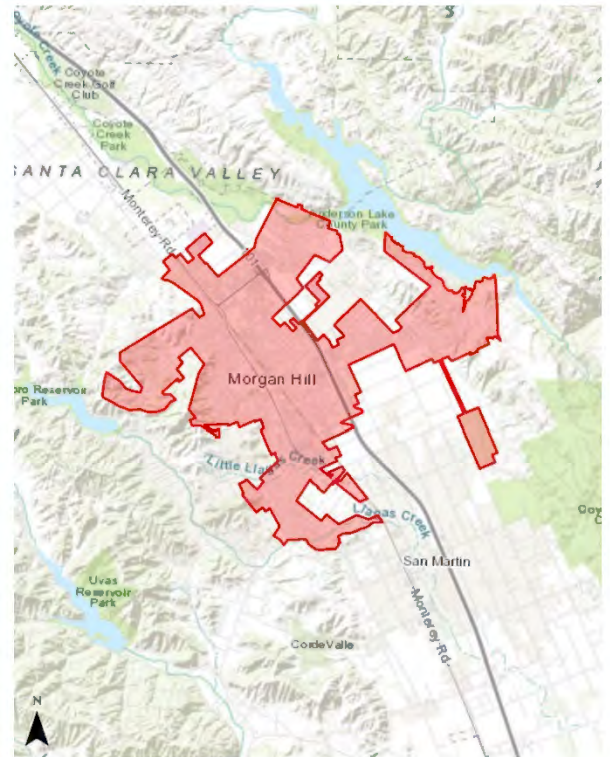
Undergrounding funds are received from the payment of undergrounding frontage fees and in-lieu fees for undergrounding.

Operating Cost Impacts

There are no operational cost impacts associated with this project.

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-350	250,000	267,496	1,250,000	-	-	-
Project Cost	\$250,000	\$267,496	\$1,250,000	\$ -	\$ -	\$ -

Estimated Project Schedule	Timeline for Completion
Planning	In Progress to FY2027-28
Project Design	FY2027-28
Right of Way/ Acquisition/Permitting	Not Applicable
Construction	FY2027-28 to FY2028-29
Project Close-out	FY2028-29

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Traffic Signal and Intersection Improvements

Project No. SR5003

Category

Streets & Roads

Funding Source(s)

f309 - Traffic Impact Fund

Council Priorities

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

Strategic Planning Documents

Transportation Master Plan
Comprehensive Safety Action Plan
Vision Zero
General Plan Circulation Element



Project Description

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

- Hale Avenue & Wright Avenue (In progress)
- Watsonville Road & Santa Teresa Blvd./Sunnyside Avenue (In design)
- Butterfield Boulevard & Tennant Avenue
- Peet Road & Cochrane Road
- Sutter Boulevard & Jarvis Drive
- Del Monte and Main Avenue
- Monterey Road & Watsonville/Butterfield
- Monterey Road & Central Avenue
- Monterey Road & Wright Avenue
- Hale Avenue & Tilton Avenue
- Cochrane Road & Malaguerra Avenue

The first two projects outlined above are in progress. The City is currently working on the planning of the remaining improvements to develop an overall implementation schedule.

Project Justification

Intersection improvements can improve and/or accommodate traffic congestion resulting from the increased usage of City of Morgan Hill roadways. Improvements can also improve pedestrian and bikeway safety in alignment with Vision Zero goals. Reduced traffic delays is a desire expressed by many Morgan Hill residents.

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Traffic Signal and Intersection Improvements

Project No. SR5003

Financial Comments

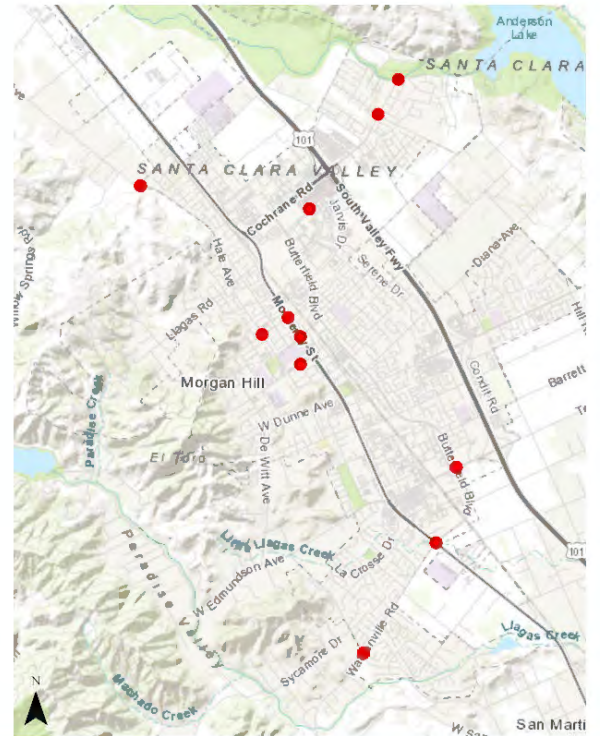
Funding for these improvements is obtained through the collection of traffic impact fees on developers.

Operating Cost Impacts

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

Project Location

Various Intersections



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-309	4,700,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Project Cost	\$4,700,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000

Estimated Project Schedule

Timeline for Completion

Planning	In Progress to FY2026-27
Project Design	Hale/Wright Complete, Watsonville/Santa Teresa FY2026/27
Right of Way/ Acquisition/Permitting	To be determined
Construction	Hale/Wright FY2026/27, Watsonville/Santa Teresa FY2028/29, Remaining locations identified above.
Project Close-out	Hale/Wright FY2026/27, Watsonville/Santa Teresa FY2029/30

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Pavement Rehabilitation

Project No. SR5004

Category

Streets & Roads

Funding Source(s)

f308 - Street CIP

Council Priorities

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

Strategic Planning Documents

Transportation Master Plan
Comprehensive Safety Action Plan
Vision Zero
General Plan Circulation Element



Project Description

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

The 2026-27 planned Pavement Rehabilitation includes Butterfield Boulevard from Tennant Avenue to E Dunne Avenue, Saddleback Drive, south of E Dunne Avenue, Sutter Boulevard, north of Cochrane Road, Woodview Drive, streets within the Jackson Meadows neighborhood, east of Saddleback Drive, and arterial street sealing as funds are available.

Also planned in FY2026-27 is a street sealing project on Monterey Road from Cochrane Road to East Middle Avenue/Southern City Limit. This project will be funded primarily from the \$4 million OBAG III Grant Project that the City has been awarded. The project will also fill sidewalk gaps, improve curb ramps, install new medians, and improve bike lanes.

The City's 5-year pavement rehabilitation plan is available on the City's website. This plan lists the tentatively planned pavement rehabilitation projects across the City. The City's pavement rehabilitation projects also include updating the pedestrian curb ramps to current ADA standards within project areas.

Project Justification

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

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Pavement Rehabilitation

Project No. SR5004

Financial Comments

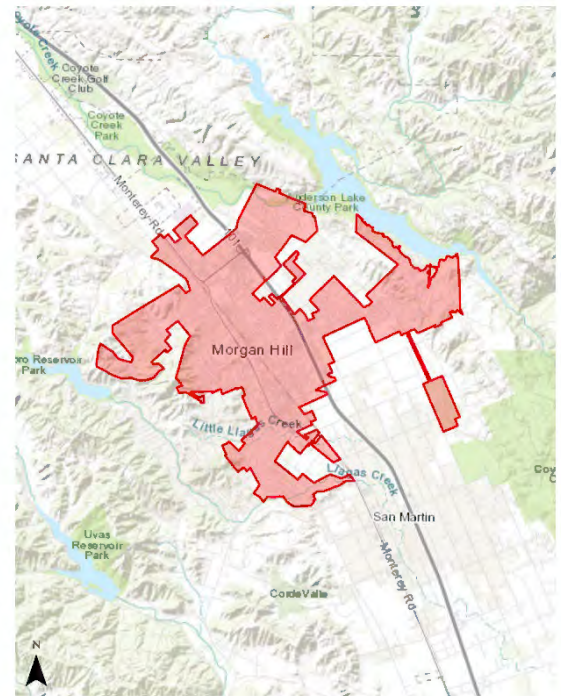
Funding includes revenues from Valley Transportation Authority Sales Tax (2016 Measure B), State Gas Tax Funds, General Fund contributions, and various other funding sources.

Operating Cost Impacts

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

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-308	5,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Project Cost	\$5,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000

Estimated Project Schedule

Timeline for Completion

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Bike, Pedestrian and Traffic Safety

Project No. SR5005

Category

Streets & Roads

Funding Source(s)

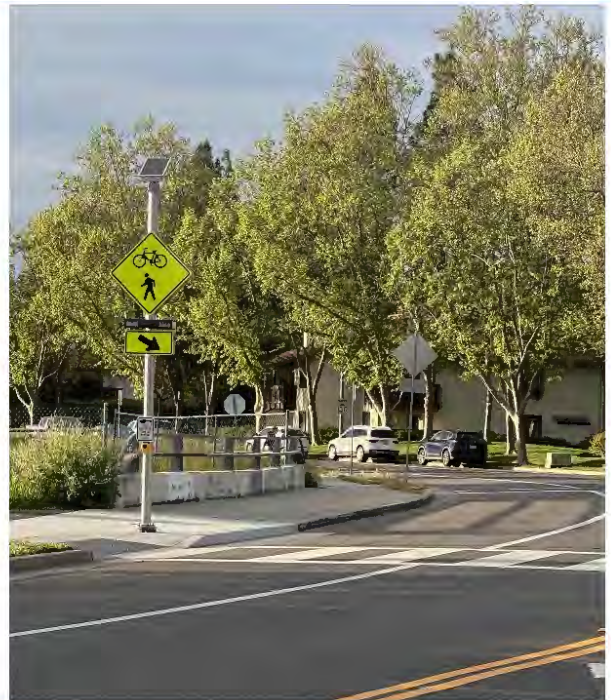
f309- Traffic Impact Fund
Grant Funding

Council Priorities

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

Strategic Planning Documents

Transportation Master Plan
Comprehensive Safety Action Plan
Vision Zero



Project Description

This project will implement pedestrian, bicycle and safety improvements in alignment with the Transportation Master Plan, Comprehensive Safety Action Plan, and Vision Zero. Projects included:

- Safe Routes to School Projects at Ann Sobrato High School, Live Oak High School, Central High School, Britton Middle School, Barrett Elementary School, El Toro Elementary School, Jackson Academy, Nordstrom Elementary School, Paradise Valley Elementary School, PA Walsh Elementary School, and Voices School as outlined in the Comprehensive Safety Action Plan.
- Priority Corridor Safety Improvements on Butterfield Boulevard, Dunne Avenue, Main Avenue, and Monterey Road as outlined in the Comprehensive Safety Action Plan and Transportation Master Plan Tier 1 Segment projects 5, 14, 15, 19, 27, 33, 34, 35 & 36.
- Hale Avenue Corridor Improvements as noted in Transportation Master Plan Tier 1 Segment project 19.
- Watsonville Road Improvements as noted in Transportation Master Plan Tier 2 Segment project 56.

The City staff is currently working on the planning of these enhancements and intends to focus on implementation of the grant-funded safety improvements adjacent to schools in FY2026-27, while continuing to complete the planning process for the other areas identified. The City will also be working to apply for additional grant funding to match and expand the limited funding available to the City for these projects.

Project Justification

Projects have been prioritized to enhance safety in the City's public streets. Improvements should improve pedestrian and bikeway safety in alignment with Vision Zero to promote safe multi-modal use of the City rights of way.

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Bike, Pedestrian and Traffic Safety

Project No. SR5005

Financial Comments

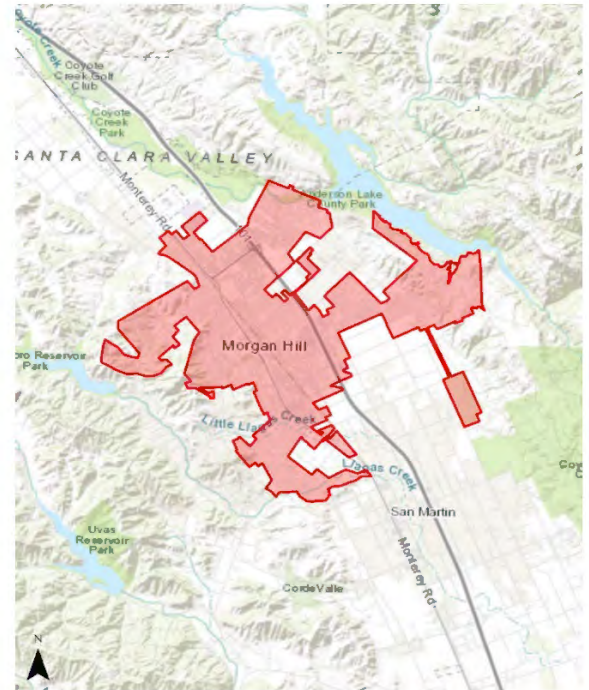
Funding for these improvements is obtained through the collection of traffic impact fees on developers. Additional outside funding will be required to complete most projects. City staff will continue to actively look for grant funding to support these efforts.

Operating Cost Impacts

Most projects will bring on additional infrastructure, which will in turn increase operating costs for the City. If all projects are implemented, the Streets Maintenance budget could increase by \$50,000-\$100,000 annually for ongoing maintenance, repair, and replacement costs.

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-309	550,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Project Cost	\$550,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000

Estimated Project Schedule

Timeline for Completion

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Sidewalk Repairs

Project No. SR5008

Category

Streets & Roads

Funding Source(s)

f346-Public Facilities (Non-AB 1600) Fund

Council Priorities

Enhancing Public Safety and Quality of Life
Maintaining and Enhancing Infrastructure

Strategic Planning Documents

Vision Zero
Citywide Sidewalk Assessment
ADA Transition Plan
Transportation Master Plan



Project Description

The City has completed multiple sidewalk repair projects over the last two fiscal years, replacing over 10,000 square feet of sidewalk. This project provides for responsive annual sidewalk repair to the areas of highest need in the City. The City utilizes multiple types of sidewalk treatments within projects to ensure the most cost-effective replacement and repair of sidewalk sections. In addition to sidewalk repairs, projects also are utilized to upgrade curb ramps to current ADA standards.

Funding of \$150,000 annually on an ongoing basis is provided to support high priority repairs throughout the entire City. The City recently completed an assessment of sidewalk conditions, which will support prioritization of repairs throughout the City.

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Sidewalk Repairs

Project No. SR5008

Financial Comments

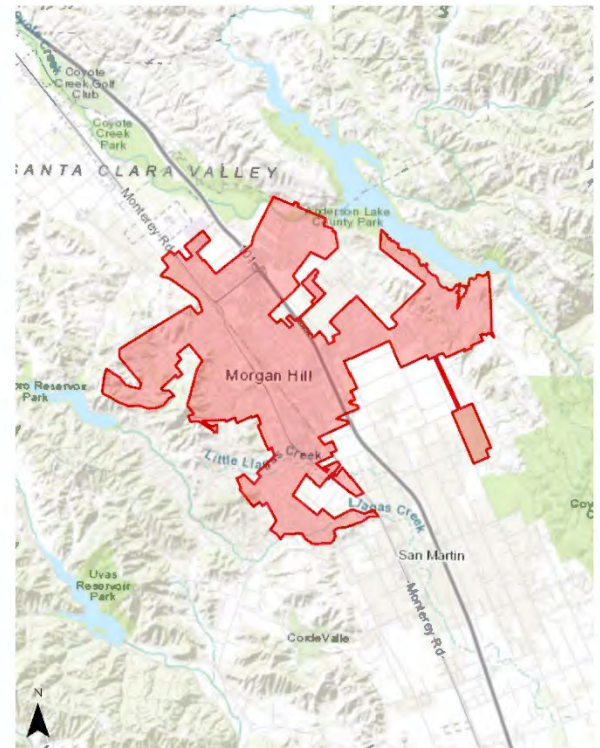
Funding for the sidewalk safety program is funded through former contributions to the City's Residential Development Control System. Due to State legislation passed in 2019, this revenue source is no longer available to the City. The projects will spend down a limited amount of the fund balance annually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

Operating Cost Impacts

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

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-346	150,000	150,000	150,000	150,000	150,000	150,000
Project Cost	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000

Estimated Project Schedule

Timeline for Completion

Planning	Ongoing
Project Design	Annually Winter/Spring
Right of Way/ Acquisition/Permitting	Not Applicable
Construction	Annually Summer
Project Close-out	Annually Fall

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Downtown Parking Trash Enclosures

Project No. SR5012

Category

Streets & Roads

Funding Source(s)

f346-Public Facilities (nonAB1600) fund

Council Priorities

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



Project Description

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

Project Justification

State law requires this improvement of City infrastructure.

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Downtown Parking Trash Enclosures

Project No. SR5012

Financial Comments

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

Operating Cost Impacts

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

Project Location

Third Street



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-346	50,000	-	-	-	-	-
Project Cost	\$50,000	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	In Progress
Project Design	FY2026-27
Right of Way/ Acquisition/Permitting	Not applicable
Construction	FY2026-27
Project Close-out	FY2027-28

*CITY OF MORGAN HILL
CAPITAL IMPROVEMENT PROGRAM
FY 2026-27 – FY 2031-32*

WASTEWATER



CITY OF MORGAN HILL

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

641 - Sewer Impact- Wastewater

Fund Description

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

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ 1,002,952	\$ 1,011,232	\$ 679,343	\$ 287,030	\$ -	\$ 113,688
PF2001- Infrastructure Planning	-	-	-	100,000	-	-
WW3003 - Sewer Plant Expansion	500,000					
WW3004 - Sewer Plant Improvements	500,000	750,000	-	1,500,000	-	1,600,000
WW3008- New Trunk Line	30,000,000	18,750,000	7,500,000	-	-	-
WW3009 - New/Replacement Sewer Lines	200,000	26,000	56,000	1,260,000	-	-
Totals	\$32,202,952	\$ 20,537,232	\$ 8,235,343	\$ 3,147,030	\$ -	\$ 1,713,688

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

The goals for this fund during this period are to expand and improve the sewer enterprise system to accommodate anticipated future growth. This includes the completion of the New Trunk Line project, a new parallel sewer line which extends south of the City to the wastewater treatment plant in Gilroy.

Revenues- Other includes interest income and a loan for the New Trunk Line project in FY2026-27. Expenditures- Other includes annual transfers-out to the General Fund for administration and infrastructure planning, debt service, and to Fund 207 (Long Range Planning) for the general plan update.

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 641-Sewer Impact	Projected						
Beginning Fund Balance	\$22,082,658	\$ 16,792,859	\$ 16,322,257	\$ 2,919,037	\$ 3,182,832	\$ 5,312,933	\$ 8,769,123
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	4,911,241	32,514,195	10,917,947	12,285,346	10,566,119	10,250,166	10,878,213
Expenditures - CIP Projects	9,432,345	32,202,952	20,537,232	8,235,343	3,147,030	-	1,713,688
Expenditures - Other	768,695	781,845	3,783,935	3,786,208	5,288,989	6,793,975	9,796,497
Ending Fund Balance	16,792,859	16,322,257	2,919,037	3,182,832	5,312,933	8,769,123	8,137,151

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

643 - Sewer Capital Project- Wastewater

Fund Description

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

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ 644,526	\$ 636,487	\$ 584,760	\$ 637,991	\$ 795,620	\$ 557,784
WW3001 - Sewer System Repair & Replacement	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
WW3006 - Lift Station Improvements	250,000	1,500,000	-	350,000	3,000,000	350,000
WW3008 - New Trunk Line	10,000,000	6,250,000	2,500,000	-	-	-
WW3009 - New/Replacement Sewer Lines	300,000	1,040,000	504,000	2,257,020	250,000	1,500,000
WW3010 - Utility Infrastructure Access Roads	-	-	-	-	300,000	2,500,000
WW3012- Existing Joint Trunk Repairs	6,000,000	-	-	-	-	-
WA6010 - Utilities Security System Enhancement	-	-	-	250,000	250,000	-
Totals	\$20,694,526	\$ 12,926,487	\$ 7,088,760	\$ 6,995,011	\$ 8,095,620	\$ 8,407,784

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

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

Revenues- Other includes interest income and annual transfers-in from Fund 640 (Sewer Operations) and 641 (Sewer Impact), as well as a loan for the New Trunk Line in FY2026-27. Expenditures- Other includes annual transfers-out to the General Fund for administration, and debt service.

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 643-Sewer Capital Project	Projected						
Beginning Fund Balance	\$ 23,945,613	\$ 22,192,506	\$ 10,312,973	\$ 7,108,498	\$ 11,626,431	\$ 16,390,681	\$ 19,822,232
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	8,662,523	10,135,988	11,044,414	12,931,506	13,089,234	12,857,639	12,976,765
Expenditures - CIP Projects	9,097,122	20,694,526	12,926,487	7,088,760	6,995,011	8,095,620	8,407,784
Expenditures - Other	1,318,508	1,320,995	1,322,402	1,324,813	1,329,973	1,330,468	1,334,708
Ending Fund Balance	22,192,506	10,312,973	7,108,498	11,626,431	16,390,681	19,822,232	23,056,505

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Sewer System Repair and Replacements

Project No. WW3001

Category

Wastewater

Funding Source(s)

F643- Sewer CIP Fund

Council Priorities

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

Strategic Planning Documents

2024 Sewer System Master Plan



Project Description

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

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

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

Project Justification

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

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Sewer System Repair and Replacements

Project No. WW3001

Financial Comments

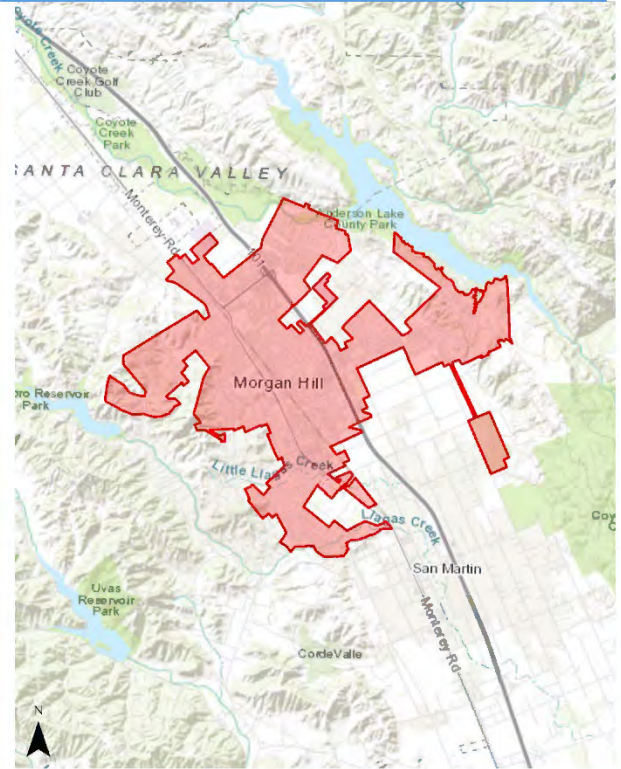
Funding for this project is appropriated in the Sewer Capital Fund (643), which is supported by customer rates.

Operating Cost Impacts

The improvements outlined in the project support ongoing operations.

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-643	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Project Cost	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000

Estimated Project Schedule

Timeline for Completion

Planning	Annually
Project Design	Annually
Right of Way/ Acquisition/Permitting	Not applicable
Construction	Annually
Project Close-out	Annually

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Sewer Plant Expansion

Project No. WW3003

Category

Wastewater

Funding Source(s)

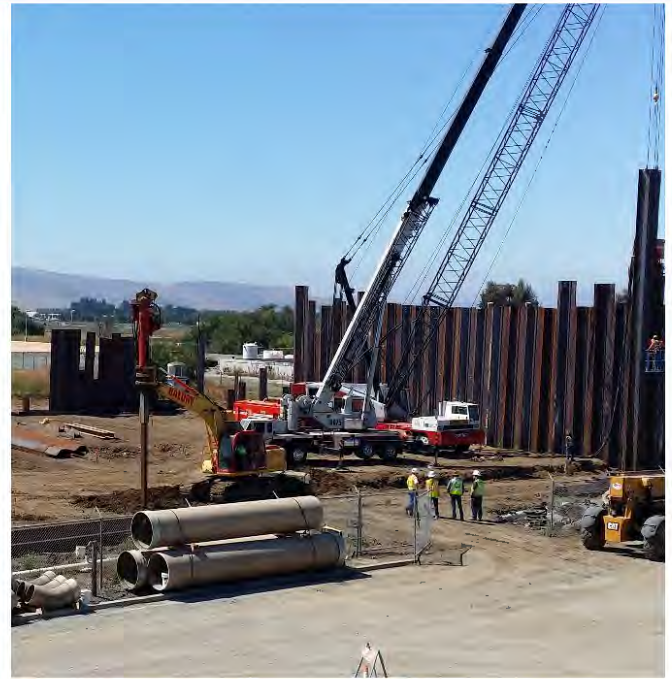
f641 - Sewer Impact Fund

Council Priorities

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

Strategic Planning Documents

2017 Sewer System Master Plan



Project Description

Constructed in 1994, the South County Regional Wastewater Authority (SCRWA) treatment plant continues to treat wastewater collected from the Cities of Morgan Hill and Gilroy. The treatment plant is currently in the fourth and final year of a major expansion project. This project consists of plant improvements that will increase the overall treatment capacity, while also implementing new standards from the State Water Resources Control Board. The project is managed by SCRWA and the City reimburses costs associated with construction, per the Joint Powers Authority agreement. The treatment plant expansion is anticipated to be completed in the Summer of 2026.

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Sewer Plant Expansion

Project No. WW3003

Financial Comments

The City of Morgan Hill is responsible for 41.9% of this overall project with the remaining amount funded by the City of Gilroy. The funding for the expansion will be covered by Wastewater Impact Fees paid by developers. The City issued bonds to provide for a portion of the funding for this program, which will be repaid by future development impact fees. Funds appropriated for FY 2026-27 have been carried forward to support the final completion and close-out of the project.

Operating Cost Impacts

Operating costs are increasing at the treatment plant, as costs to operate the larger plant are accounted for. These additional costs are necessary to manage the increased capacity associated with growth and will be balanced in the long term by fees paid by the increased number of customers associated with that growth. These operating costs are included in the biennial FY2026-28 operating budget.

Project Location

SCRWA Treatment Plant



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-641	500,000	-	-	-	-	-
Project Cost	\$500,000	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Complete
Project Design	Complete
Right of Way/ Acquisition/Permitting	Complete
Construction	In-progress to FY2026-27
Project Close-out	FY2026-27

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Sewer Plant Improvements

Project No. WW3004

Category

Wastewater

Funding Source(s)

f641 - Sewer Impact Fund

Council Priorities

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

Strategic Planning Documents

2017 Sewer System Master Plan



Project Description

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

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

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Sewer Plant Improvements

Project No. WW3004

Financial Comments

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

Operating Cost Impacts

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

Project Location

Gilroy Treatment Plant



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-641	500,000	750,000	-	1,500,000	-	1,600,000
Project Cost	\$500,000	\$750,000	\$ -	\$1,500,000	\$ -	\$1,600,000

Estimated Project Schedule

Timeline for Completion

Planning	Ongoing
Project Design	Annually
Right of Way/ Acquisition/Permitting	To be determined
Construction	To be determined
Project Close-out	Annually

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Lift Stations Improvements

Project No. WW3006

Category

Wastewater

Funding Source(s)

f643 - Sewer CIP Fund

Council Priorities

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

Strategic Planning Documents

2017 Sewer System Master Plan



Project Description

The City's fourteen (14) lift stations are required to be periodically repaired and upgraded as part of the ongoing maintenance program to ensure ongoing safe and efficient operations of the City's wastewater system. Rehabilitation of Lift Stations K & F is underway and nearing completion. The next stations that are planned for renovations and upgrades include Lift Station D slated for FY2026-27, and Lift Stations A and P scheduled for FY2030-31. Routine upgrades to the lift stations are necessary to improve safety and reliability; all upgrades will conform to Morgan Hill's lift station's Utilities Standards.

Lift Stations rehabilitation may include: protective well coatings, new pump assemblies, motor controls, electrical components, new davit cranes, new backup generator, and site access improvements. Improvements are determined through the planning and design process. Additionally, the force main piping connected to each lift station is evaluated for replacement or renovation.

Project Justification

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

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Lift Stations Improvements

Project No. WW3006

Financial Comments

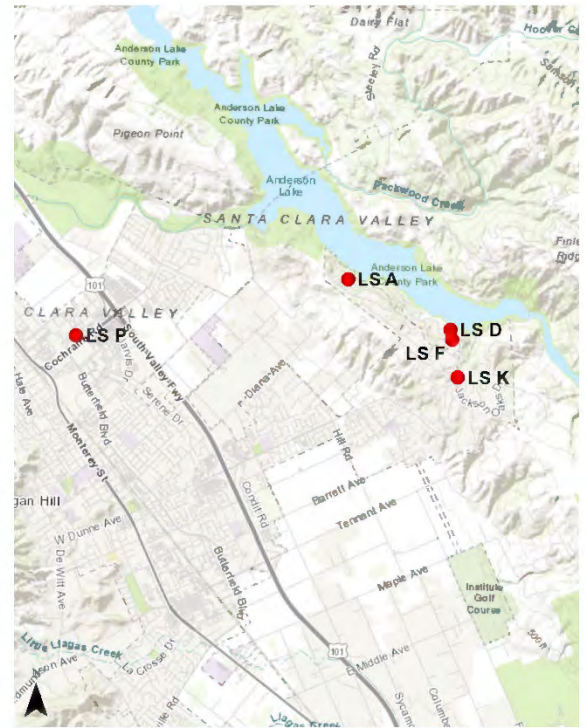
Rehabilitation and repair to the lift stations and force mains are funded through Wastewater ratepayers. Funding of \$1.75 million for the D lift station work has been allocated in FY 2026-27 for design and in FY 2027-28 for construction. Funding of \$3.35 million for the A and P lift station work has been allocated in FY 2029-30 for design and in FY 2030-31 for construction. For FY 2031-32, funds have been allocated for the design of future lift station renovation.

Operating Cost Impacts

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

Project Location

Various Locations- Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-643	250,000	1,500,000	-	350,000	3,000,000	350,000
Project Cost	\$250,000	\$1,500,000	\$ -	\$350,000	\$3,000,000	\$350,000

Estimated Project Schedule

Timeline for Completion

Planning	Lift D Fall FY2025-26, Lift A&P FY2028-29
Project Design	Lift D Spring FY2026-27, Lift A&P FY2029-30
Right of Way/ Acquisition/Permitting	Lift D Spring FY2026-27, Lift A&P FY 2029-30
Construction	Lift D Spring FY2027-2028, Lift A&P FY2030-2031
Project Close-out	Lift D FY2028-2029, Lift A&P FY2031-32

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: New Trunk Line

Project No. WW3008

Category

Wastewater

Funding Source(s)

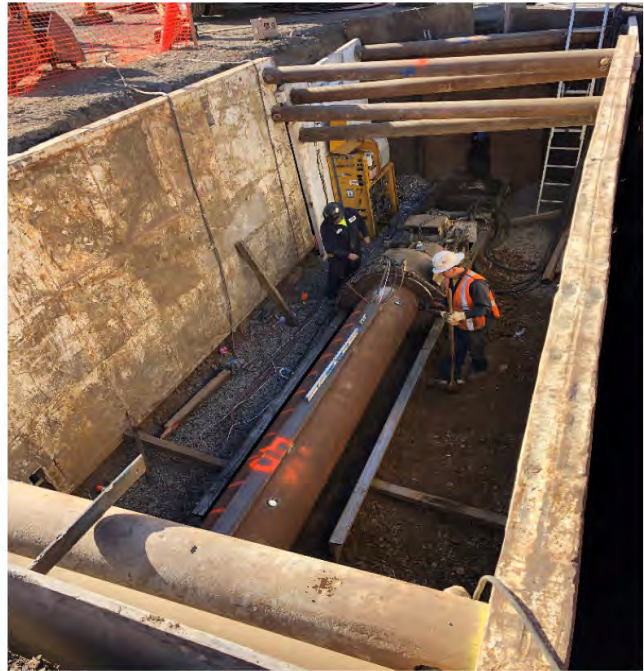
f641 - Sewer Impact Fund
f643 - Sewer CIP Fund

Council Priorities

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

Strategic Planning Documents

2017 Sewer System Master Plan



Project Description

All of Morgan Hill's wastewater is delivered to the wastewater treatment plant in Gilroy via a single trunk sewer line that extends south from the City. The construction of a new parallel sewer trunk line is intended to facilitate the City's planned growth and to mitigate capacity constrictions in the existing trunk line. The project will span the distance between Highland Avenue and Renz Lane in Gilroy. The design of the project is substantially complete and financing the project is nearing completion. Bidding and commencement of the project is planned for 2026.

Project Justification

The City's Sewer System Master Plan identified areas of growth consistent with the General Plan and includes the orderly construction of sewer improvements intended to service that growth. The rate of growth drives the need for expanded capacity in the sewer trunk line and the capacity of the SCRWA treatment plant. Cost for expanding capacity of the trunk line will be met by the collection of sewer impact fees (approximately 75%) and existing rates (approximately 25%).

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: New Trunk Line

Project No. WW3008

Financial Comments

Funding for this project is split between existing users paid for from the Sewer Capital Project Fund (643) and new development paid from the Sewer Impact Fund (641) based on the allocation determined through the Sewer System Master Plan. The City is currently in the process of finalizing a federal loan to fund approximately 50% of this project.

Operating Cost Impacts

Investing in the new trunk line ensures the City has capacity for future growth and provides reliability and redundancy while minimizing the risk of sewer overflows. It is estimated that operation of the new trunk line will cost \$20,000 to \$30,000 annually.

Project Location

Morgan Hill to SCRWA Treatment Plant



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-641	30,000,000	18,750,000	7,500,000	-	-	-
Fund-643	10,000,000	6,250,000	2,500,000	-	-	-
Project Cost	\$40,000,000	\$25,000,000	\$10,000,000	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Complete
Project Design	Complete
Right of Way/ Acquisition/Permitting	FY2025-26
Construction	FY2026-27 to FY2028-29
Project Close-out	FY2028-29

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: New/Replacement Sewer Lines

Project No. WW3009

Category

Wastewater

Funding Source(s)

f641 - Sewer Impact Fund
f643 - Sewer CIP Fund

Council Priorities

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

Strategic Planning Documents

2024 Sewer System Master Plan



Project Description

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

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

1. Butterfield Trunk (BT-FM1) - Replace 350 feet of an existing 6-inch sewer line with an 8-inch pipeline from Lift Station G to Monterey Road.
2. Hale/Llagas Trunk (HL-P1) - Upsize 2,250 feet of 8-inch gravity main with 10-inch line from Llagas Rd. to Hale Ave.
3. East Dunne Trunk (ED-P1) - Upsize 1,600 feet of 8-inch gravity main with 10-inch line from Peppertree Dr. to Condit Rd.
4. Hill/Barett Trunk (HB-P2) - Upsize 850 feet of 8-inch gravity main with 10-inch line from East Dunne Ave. to Sundance Dr. Route flows 100% South along Hill Rd.
5. Railroad/Monterey Trunk (RM-P5) - Upsize 1,200 feet of 10-inch gravity main with 12-inch line from Calle Sueno to Monterey Rd. Route flows 80% East along Main Ave., 20% South along Monterey Rd.

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: New/Replacement Sewer Lines

Project No. WW3009

Financial Comments

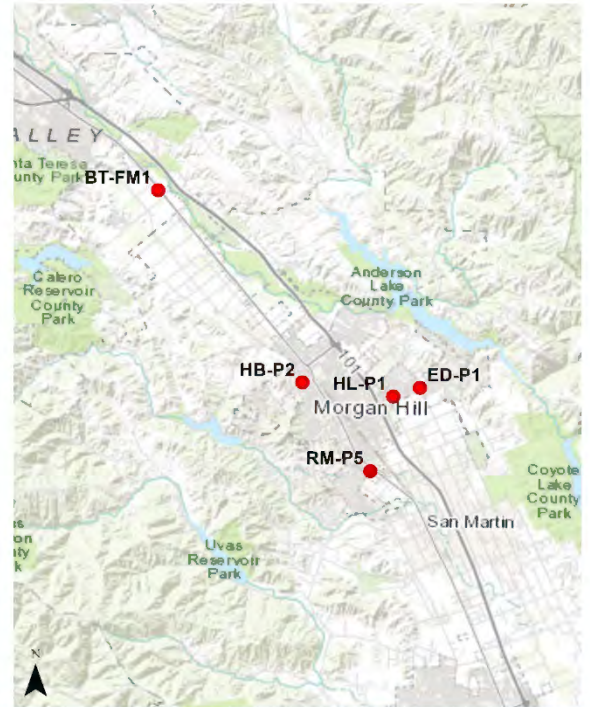
Funding for this project is split between existing users paid from the Sewer Capital Project Fund (643) and new development paid from the Sewer Impact Fund (641) based on the allocation determined through the Sewer System Master Plan.

Operating Cost Impacts

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

Project Location

Various Locations Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-641	200,000	26,000	56,000	1,260,000	-	-
Fund-643	300,000	1,040,000	504,000	2,257,020	250,000	1,500,000
Project Cost	\$500,000	\$1,066,000	\$560,000	\$3,517,020	\$250,000	\$1,500,000

Estimated Project Schedule

Timeline for Completion

Planning	Ongoing
Project Design	ED-P1 Complete, BT-FM1 FY2026-27, HL-P1 FY2026-27, HB-P2 FY2027-28, RM-P5 FY2028-29
Right of Way/ Acquisition/Permitting	Not Applicable
Construction	ED-P1 Complete, BT-FM1 FY2026-27, HL-P1 FY2027-28, HB-P2 FY2028-29, RM-P5 2029-30
Project Close-out	ED-P1 Complete, BT-FM1 FY2027-28, HL-P1 FY2027-28, HB-P2 FY2028-29, RM-P5 2029-30

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Utility Infrastructure Access Roads

Project No. WW3010

Category

Water/Wastewater

Funding Source(s)

f643 - Sewer CIP Fund

Council Priorities

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

Strategic Planning Documents

2017 Sewer System Master Plan



Project Description

The City maintains roughly three miles of dirt access roads in the Jackson Oaks area that provide entry to municipal sewer lines. At present, Utility Division staff rely on these unimproved paths and use off-road vehicles to perform maintenance and respond to service needs. The proposed project will upgrade these dirt roads to gravel surfaces, offering several important operational and safety benefits.

Improved access will allow City personnel to reach sewer infrastructure more efficiently and with significantly reduced risk. Enhanced roadway conditions will support faster, safer responses to sewer overflows and minimize exposure to hazardous terrain. The upgrades will also reduce the likelihood of accidents or injuries for staff who must regularly access these remote locations. In addition to operational benefits, the gravel roads will function as improved fire breaks in an area with elevated wildfire risk, contributing to broader community safety. Several dirt access roads leading to water facilities are also in need of similar improvements and are included in the project scope.

Engineering services required for these roadway enhancements include topographic and boundary surveying, geotechnical investigation, roadway design, stormwater management planning, bidding support, construction cost estimating, and construction administration. Construction will be phased over multiple years to align with budget and operational priorities.

Project Justification

This project will enhance staff access to sewer mains, enabling more efficient cleaning, maintenance, and debris flushing to reduce blockages and prevent sanitary sewer overflows. Because sewer spills constitute both environmental pollutants and public health hazards, rapid response is essential. Improving access conditions will support timely, effective action and help the City avoid preventable spills and associated costs.

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Utility Infrastructure Access Roads

Project No. WW3010

Financial Comments

This project will be financed through wastewater rate revenues, allocated according to the intended function of the access roads.

Operating Cost Impacts

This project will decrease long-term maintenance needs and enhance workplace safety, resulting in reduced overall operating costs.

Project Location

Jackson Oaks, Oakwood Court, Thomas Grade



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-643	-	-	-	-	250,000	2,500,000
Project Cost	\$ -	\$ -	\$ -	\$ -	\$300,000	\$2,500,000

Estimated Project Schedule

Timeline for Completion

Planning	In progress
Project Design	Summer 2029
Right of Way/ Acquisition/Permitting	Not applicable
Construction	Fall 2030, Fall 2031
Project Close-out	Fall 2030, Fall 2031

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Existing Joint Trunk Repair

Project No. WW3012

Category

Wastewater

Funding Source(s)

f643 - Sewer CIP Fund

Council Priorities

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

Strategic Planning Documents

2024 Sewer System Master Plan



Project Description

The purpose of this project is to improve the efficiency, reliability, and service life of the existing sewer system through the rehabilitation of sewer pipelines and the enhancement of manhole structures. The project will address conditions such as leakage, material deterioration, and structural deficiencies. Key tasks associated with this effort include:

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

The projects described will be conducted in collaboration with the City of Gilroy, which will contribute 50 percent of the repair-related project costs in accordance with the shared ownership of the joint trunk line.

Project Justification

This type of project is essential for several key reasons:

1. **Infrastructure Reliability:** Rehabilitating sewer pipelines and upgrading manhole structures will significantly reduce infiltration, exfiltration, and other system inefficiencies, thereby improving overall operational performance.
2. **Asset Preservation and Extended Service Life:** Applying protective coatings to manholes and installing liners within sewer lines help prevent corrosion, structural degradation, and premature failures. These measures extend the lifespan of existing assets and delay the need for costly full replacements.
3. **Reduction of Emergency Incidents:** By proactively addressing known deficiencies and deteriorated infrastructure, the project aims to minimize emergency repairs, system overflows, and service disruptions. This improves system resilience and reduces unplanned operational costs.

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Existing Joint Trunk Repair

Project No. WW3012

Financial Comments

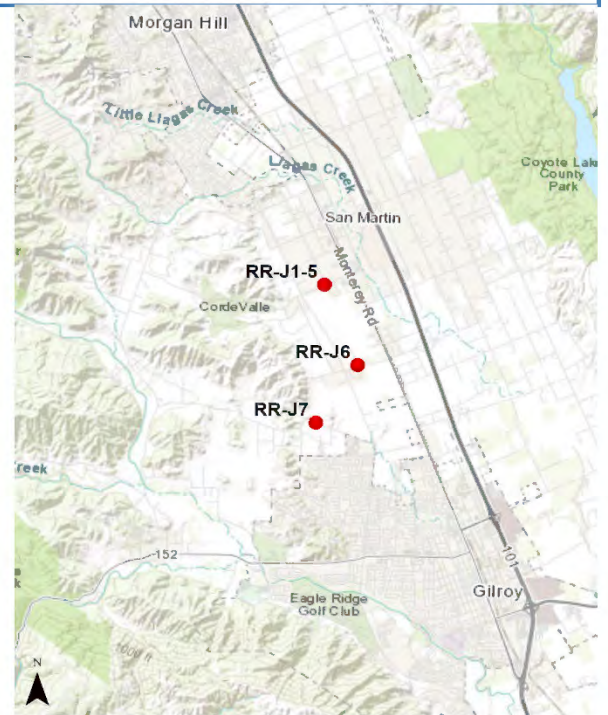
Extensive inflow and infiltration (I&I) investigation was completed in 2023 to identify and assess deficiencies within the sewer system. The recommendations outlined in the resulting report are being implemented using the Sewer Capital Project Fund (643). The costs represent the City of Morgan Hill's share of the improvements, which will be jointly funded in partnership with the City of Gilroy.

Operating Cost Impacts

The improvements outlined in the project support ongoing operations and reduce unplanned operational costs.

Project Location

Various Locations-Joint Trunk Line



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-643	6,000,000	-	-	-	-	-
Project Cost	\$6,000,000	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Complete
Project Design	FY2025-26
Right of Way/ Acquisition/Permitting	Not applicable
Construction	FY2026-27
Project Close-out	FY2027-28

*CITY OF MORGAN HILL
CAPITAL IMPROVEMENT PROGRAM
FY 2026-27 – FY 2031-32*

WATER



CITY OF MORGAN HILL

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

651 - Water Impact- Water

Fund Description

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

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ 23,788	\$ 195,452	\$ 39,110	\$ 129,364	\$ 573,283	\$ 29,843
PF 2001 - Infrastructure Planning Documents	100,000	-	-	-	-	100,000
WA6001 - Groundwater Wells	-	-	-	534,000	3,560,000	-
WA6002 - Pipeline Capacity Improvements	30,000	750,000	-	-	-	-
WA6006 - Pump Station Capacity	120,000	54,000	360,000	-	-	-
WA6007 - Holiday Lake Improvements: Pipes, Pumps & Storage	240,000	2,970,000	-	-	-	-
WA6008- Reservoir Capacity Improvements	250,000	-	75,000	755,000	1,700,000	320,000
Totals	\$ 763,788	\$ 3,969,452	\$ 474,110	\$ 1,418,364	\$ 5,833,283	\$ 449,843

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

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

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

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 651 - Water Impact	Projected						
Beginning Fund Balance	\$ 5,747,541	\$ 3,616,513	\$ 5,991,173	\$ 3,582,776	\$ 4,651,765	\$ 4,810,326	\$ 601,854
Revenues - Impact Fees	1,265,119	3,714,094	2,055,978	2,123,923	2,121,172	2,163,595	2,206,867
Revenues - Other	175,955	126,578	209,691	125,397	162,811	168,361	21,065
Expenditures - CIP Projects	2,868,335	763,788	3,969,452	474,110	1,418,364	5,833,283	449,843
Expenditures - Other	703,767	702,224	704,614	706,221	707,058	707,145	708,543
Ending Fund Balance	\$ 3,616,513	\$ 5,991,173	\$ 3,582,776	\$ 4,651,765	\$ 4,810,326	\$ 601,854	\$ 1,671,400

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

653 - Water Capital Project - Water

Fund Description

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

Project List	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
PF2006 - Project Administration	\$ 374,500	\$ 719,453	\$ 223,870	\$ 628,354	\$ 690,991	\$ 307,669
WA6001 - Groundwater Wells	4,000,000	3,066,000	-	66,000	440,000	-
WA6002 - Pipeline Capacity Improvements	50,000	1,800,000	-	-	-	-
WA6003 - Water Facility Rehabilitation	350,000	350,000	350,000	350,000	350,000	350,000
WA6005 - Water Pipeline Repair and Replacement	2,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
WA6006 - Pump Station Capacity	480,000	36,000	240,000	-	-	-
WA6007 - Holiday Lake Improvements: Pipes, Pumps & Storage	360,000	4,640,000	-	-	-	-
WA6008 - Reservoir Capacity Improvements	2,250,000	-	300,000	2,345,000	2,300,000	480,000
WA6009 - Reservoir Recoating & Rehabilitation	1,500,000	2,500,000	-	1,500,000	1,750,000	2,000,000
WA6010 - Utilities Security System Enhancement	-	-	100,000	500,000	-	-
WA6012- Well Destruction Project	160,000	-	-	-	-	-
Totals	\$12,024,500	\$ 14,611,453	\$ 2,713,870	\$6,889,354	\$ 7,030,991	\$4,637,669

City of Morgan Hill Capital Improvement Program FY 2026-27 – FY 2031-32

How this Fund Generates Money for Capital Investment

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

Limitations and Other Important Factors

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

Goals for Capital Investment

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

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

Six-Year Pro Forma	2025-26 YE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund 653 - Water Capital Project	Projected						
Beginning Fund Balance	\$ 22,586,031	\$ 17,096,077	\$ 11,081,064	\$ 1,338,891	\$ 3,652,651	\$ 1,870,371	\$ 383,653
Revenues - Impact Fees	-	-	-	-	-	-	-
Revenues - Other	10,143,886	7,593,238	6,457,241	6,617,813	6,697,521	7,133,058	7,081,191
Expenditures - CIP Projects	14,050,150	12,024,500	14,611,453	2,713,870	6,889,354	7,030,991	4,637,669
Expenditures - Other	1,583,690	1,583,751	1,587,961	1,590,183	1,590,447	1,588,785	1,590,214
Ending Fund Balance	\$ 17,096,077	\$ 11,081,064	\$ 1,338,891	\$ 3,652,651	\$ 1,870,371	\$ 383,653	\$ 1,236,961

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Groundwater Wells

Project No. WA6001

Category

Water

Funding Source(s)

f651 - Water Impact Fund
f653 - Water CIP Fund

Council Priorities

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

Strategic Planning Documents

2021 Water System Master Plan



Project Description

By 2030, this project aims to plan, design, and construct four new groundwater wells. The Master Plan Project IDs associated with these wells are BR-W1 (Well 1), NH-W1 (Well 2), NH-W2 (Well 3), and BR-W2 (Well 4). One well is currently under construction and the City is working to finalize a second well site for testing. The remainder of the wells are slated to be designed and constructed in the subsequent years. The new wells are in the pipeline to support future growth, improve redundancy, and increase reliability.

Project Justification

The 2021 Water System Master Plan identified that the City's supply requirement exceeds the City's existing firm supply capacity. Constructing new municipal water wells serves several critical purposes. First and foremost, it enhances reliability and redundancy within the water supply system. By having those wells built, the risk of service disruption due to well maintenance, repairs, or unexpected issues is significantly reduced. Second, the new wells can support future growth in the community. As the population expands, additional water sources become essential to meet increasing demand. Lastly, investing in new wells ensures that the City can provide a sustainable and consistent water supply to residents, businesses, and essential services. Overall, the wells will contribute to the long-term stability and resilience of the water infrastructure.

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Groundwater Wells

Project No. WA6001

Financial Comments

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

Operating Cost Impacts

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

Project Location

Well Site 1



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-651	-	-	-	534,000	3,560,000	-
Fund-653	4,000,000	3,066,000	-	66,000	440,000	-
Project Cost	\$4,000,000	\$3,066,000	\$ -	\$600,000	\$4,000,000	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Ongoing
Project Design	Well 1 Complete, Well 2 FY2026-27, Well 3 FY2029-30
Right of Way/ Acquisition/Permitting	Well 1 Complete, Well 2 FY2026-27, Well 3 FY2029-30
Construction	Well 1 In-progress to FY2026-27, Well 2 FY2027-28, Well 3 FY2030-31
Project Close-out	Well 1 FY2027-28, Well 2 FY2028-29, Well 3 FY2031-32

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Pipeline Capacity Improvements

Project No. WA6002

Category

Water

Funding Source(s)

f651 - Water Impact Fund
f653 - Water CIP Fund

Council Priorities

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

Strategic Planning Documents

2021 Water System Master Plan



Project Description

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

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

Project Justification

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

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Pipeline Capacity Improvements

Project No. WA6002

Financial Comments

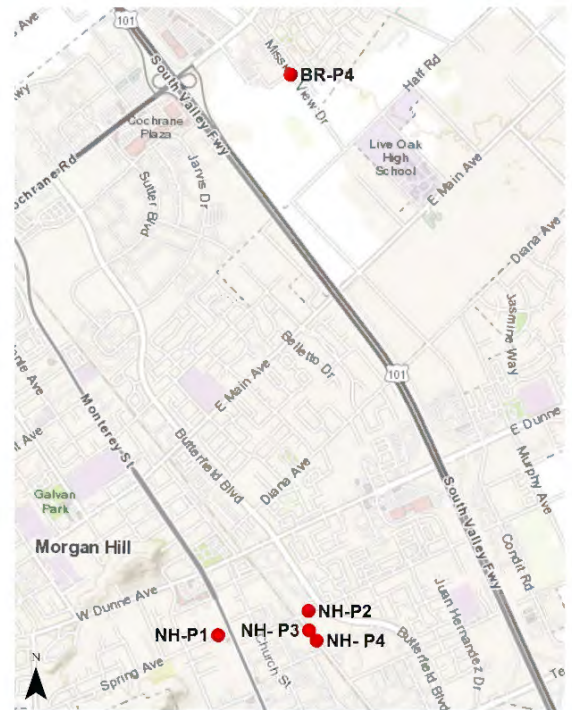
Funding for the project is provided by the Water Impact Fund (651) when associated with new development. Projects associated with the repair of existing infrastructure is funded with water rates in the Water Capital Project Fund (653).

Operating Cost Impacts

This project does not significantly increase operating costs.

Project Location

Various- Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-651	30,000	750,000	-	-	-	-
Fund-653	50,000	1,800,000	-	-	-	-
Project Cost	\$80,000	\$2,550,000	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	FY2026-27
Project Design	FY2026-27
Right of Way/ Acquisition/Permitting	Not applicable
Construction	FY2027-28
Project Close-out	FY2028-29

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Water Facility Rehabilitation

Project No. WA6003

Category

Water

Funding Source(s)

f653 - Water CIP Fund

Council Priorities

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

Strategic Planning Documents

2021 Water System Master Plan



Project Description

This project is intended to ensure reservoir and well and pump station capital repairs and replacements occur on an ongoing basis. The project includes replacement of pumps, generators, and other components within the water system. It also includes the annual rehabilitation of water wells across the City. Well rehabilitation occurs annually outside the high-water use summer months on a rotating schedule that ensures all wells are regularly rehabilitated.

Project Justification

Routine replacement of capital assets and rehabilitation of water wells within the water system ensures reliable delivery of water service to the community.

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Water Facility Rehabilitation

Project No. WA6003

Financial Comments

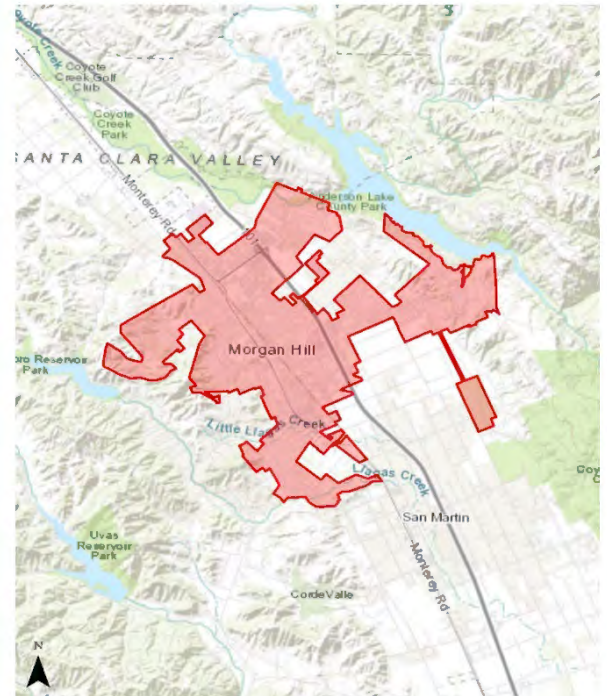
These capital repairs and replacements will be funded through Water ratepayers via the Water Capital Project Fund (653).

Operating Cost Impacts

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

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-653	350,000	350,000	350,000	350,000	350,000	350,000
Project Cost	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000

Estimated Project Schedule

Timeline for Completion

Planning	Annually
Project Design	Annually
Right of Way/ Acquisition/Permitting	Annually
Construction	Annually
Project Close-out	Annually

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Water Pipeline Repair and Replacement

Project No. WA6005

Category

Water

Funding Source(s)

f653 - Water CIP Fund

Council Priorities

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

Strategic Planning Documents

2021 Water System Master Plan



Project Description

The 2021 Water System Master Plan recommends an ongoing program to replace aging and failing pipelines throughout the water system. This includes multiple improvements to mitigate existing water system deficiencies, increase hydraulic reliability and/or replace existing pipelines due to poor condition or operational considerations. Recent project work has included replacement of aging water infrastructure at Oak View Court, Hilltop Court, and adjacent to businesses at Main and Hale Avenues. Upcoming project areas include replacing water mains at the following locations: Shady Lane, Holiday Tank Site, Manzanita Drive, Raccoon Court, First Street, and Oak Canyon Drive. Additionally, a new pipeline project to tie-in the water main on Jackson Oaks Dr. with the Jackson Reservoir and subsequently abandon the existing failing line in place is also planned.

The Master Plan Projects IDs are all the RPs (1-8) and the RRs (24-29) with RP-2 and RP-3 having previously been completed.

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Water Pipeline Repair and Replacement

Project No. WA6005

Financial Comments

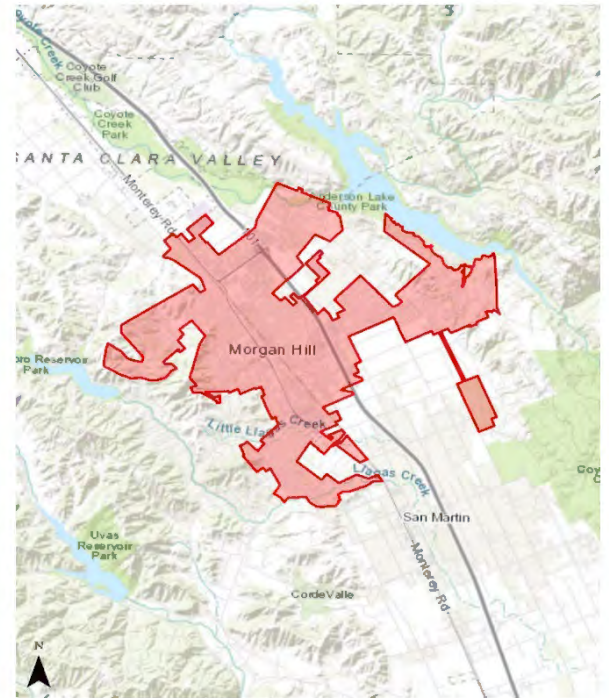
The cost for these pipeline replacements will be met with funds provided by water system rates from the Water Capital Project Fund.

Operating Cost Impacts

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

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-653	2,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Project Cost	\$2,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000

Estimated Project Schedule

Timeline for Completion

Planning	Annually
Project Design	Annually
Right of Way/ Acquisition/Permitting	Annually
Construction	Annually
Project Close-out	Annually

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Pump Station Capacity

Project No. WA6006

Category

Water

Funding Source(s)

f651 - Water Impact Fund
f653 - Water CIP Fund

Council Priorities

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

Strategic Planning Documents

2021 Water System Master Plan



Project Description

This project includes the construction of a new pump station at the intersection of Condit Road and Half Road to feed water from the Llagas subbasin to the Boys Ranch area during drought conditions. This mobile station will ensure redundancy and will give staff the flexibility to convey drinking water between the major zones of the water system. An upgrade to the Llagas booster station (capacity of 450 gpm) is also included in this project. The Master Plan Project IDs are BR-PS1 and LI-PS1, respectively.

Project Justification

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

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Pump Station Capacity

Project No. WA6006

Financial Comments

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

Operating Cost Impacts

These projects do not increase operating costs.

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-651	120,000	54,000	360,000	-	-	-
Fund-653	480,000	36,000	240,000	-	-	-
Project Cost	\$600,000	\$90,000	\$600,000	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Complete
Project Design	BR-PS1 FY2025-26, LI-PS1 FY2027-28
Right of Way/ Acquisition/Permitting	Not applicable
Construction	BR-PS1 FY2026-27, LI-PS1 FY2028-29
Project Close-out	BR-PS1 FY2027-28, LI-PS1 FY2029-30

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Holiday Lake Improvements

Project No. WA6007

Category

Water

Funding Source(s)

f651 - Water Impact Fund
f653 - Water CIP Fund

Council Priorities

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

Strategic Planning Documents

2021 Water System Master Plan



Project Description

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

Project Justification

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

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Holiday Lake Improvements

Project No. WA6007

Financial Comments

Funding for this project is split between existing users paid for from the Water Capital Project Fund (653) and new development paid from the Water Impact Fund (651) based on the allocation determined through the Water System Master Plan. Additionally, the City was awarded a \$4 million grant for Phase 1 of this project from the State of California Department of Water Resources, which will offset ratepayer costs.

Operating Cost Impacts

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

Project Location

Holiday Lake Estates- East Dunne Ave.



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-651	240,000	2,970,000	-	-	-	-
Fund-653	360,000	4,640,000	-	-	-	-
Project Cost	\$600,000	\$7,610,000	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Complete
Project Design	Phase 1 Complete, Phase 2 FY2026-27
Right of Way/ Acquisition/Permitting	Phase 1 Complete, Phase 2 FY2026-27
Construction	Phase 1 In-progress to FY2026-27, Phase 2 FY2027-28 to FY2028-29
Project Close-out	Phase 1 FY2026-27, Phase 2 FY2028-29

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Reservoir Capacity Improvements

Project No. WA6008

Category

Water

Funding Source(s)

f651 - Water Impact Fund
f653 - Water CIP Fund

Council Priorities

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

Strategic Planning Documents

2021 Water System Master Plan



Project Description

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

Project Justification

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

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Reservoir Capacity Improvements

Project No. WA6008

Financial Comments

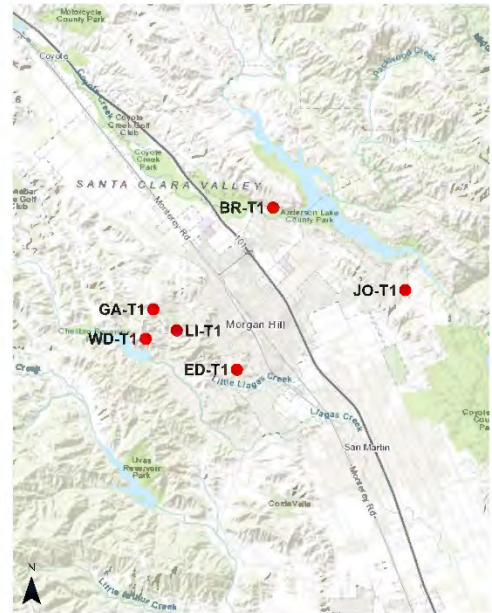
Funding for Reservoir Capacity Improvements will be from a combination of water rate payers in the Water Capital Project Fund (f653) and future water ratepayers in the Water Impact Fund (f651).

Operating Cost Impacts

These projects do not impact operating costs.

Project Location

Various- Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-651	250,000	-	75,000	755,000	1,700,000	320,000
Fund-653	2,250,000	-	300,000	2,345,000	2,300,000	480,000
Project Cost	\$2,500,000	\$ -	\$375,000	\$3,100,000	\$4,000,000	\$800,000

Estimated Project Schedule

Timeline for Completion

Planning	Ongoing
Project Design	GA-T1 FY2025-26, WD-T1 FY 2027-28, LI-T1 2029-30, JO-T1 FY2029-30, BR-T1 FY2031-32, ED-T1 Future
Right of Way/ Acquisition/Permitting	As needed per site
Construction	GA-T1 FY2026-27, WD-T1 FY 2028-29, LI-T1 2030-31, JO-T1 FY2030-31, BR-T1 FY2032-33, ED-T1 Future
Project Close-out	GA-T1 FY2027-28, WD-T1 FY 2029-30, LI-T1 2031-32, JO-T1 FY2031-32, BR-T1 FY2033-34, ED-T1 Future

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Reservoir Recoating and Rehabilitation

Project No. WA6009

Category

Water

Funding Source(s)

f653 - Water CIP Fund

Council Priorities

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

Strategic Planning Documents

2021 Water System Master Plan



Project Description

The recoating project is part of our routine capital infrastructure maintenance for reservoirs. By regularly recoating the storage tanks, the City maintains the structural integrity and extends the useful life of the reservoirs. Recoating prevents accelerated degradation of the reservoir and the premature failure of the reservoir and its components. In addition to recoating, other improvements to ensure the reservoirs can continue to be operated safely are also included. Upcoming projects for the next two years include rehabilitation and recoating of the El Toro and Edmundson tank sites. The project most recently included rehabilitation of the Encino tank site.

Project Justification

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

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

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Reservoir Recoating and Rehabilitation

Project No. WA6009

Financial Comments

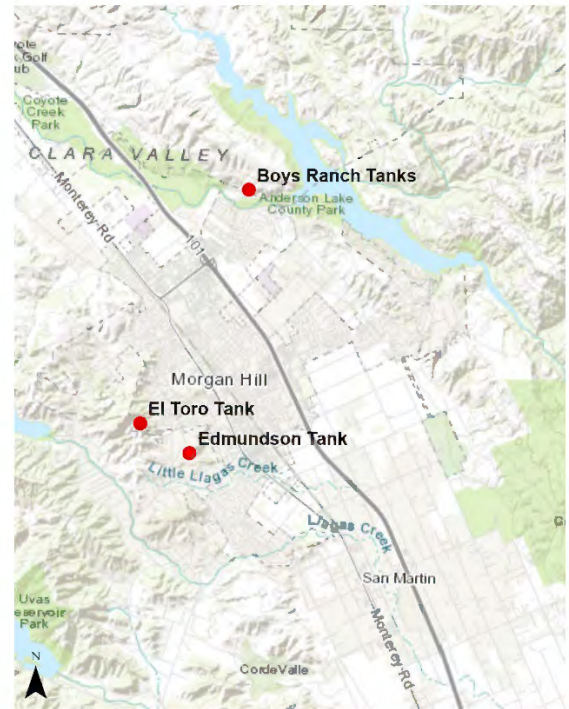
Funding for the recoating improvement projects is from the Water Capital Project Fund (653) and paid for by water ratepayers.

Operating Cost Impacts

This project does not increase operating costs.

Project Location

Various- Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-653	1,500,000	2,500,000	-	1,500,000	1,750,000	2,000,000
Project Cost	\$1,500,000	\$2,500,000	\$ -	\$1,500,000	\$1,750,000	\$2,000,000

Estimated Project Schedule

Timeline for Completion

Planning	Ongoing
Project Design	Annually with project
Right of Way/ Acquisition/Permitting	Not applicable
Construction	Annually with project
Project Close-out	Annually with project

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Utilities Security System Enhancement

Project No. WA6010

Category

Sewer/Water

Funding Source(s)

f643 - Sewer CIP Fund

f653 - Water CIP Fund

Council Priorities

Enhancing Public Safety and Quality of Life

Maintaining and Enhancing Infrastructure

Promoting a Healthy Community

Strategic Planning Documents

2021 Water System Master Plan



Project Description

The purpose of this project is to improve the physical protection of the City's utility facilities. This will include improvements in fencing, access systems, camera systems and other improvements. This focuses on improving security with improvements to the City's essential infrastructure assets. In previous years this project improved physical security through gates and fencing improvements at sites throughout the City. This project aligns with the American Water Infrastructure Act (AWIA) and supports the City's efforts to ensure protection of the City's water supply.

Project Justification

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

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Utilities Security System Enhancement

Project No. WA6010

Financial Comments

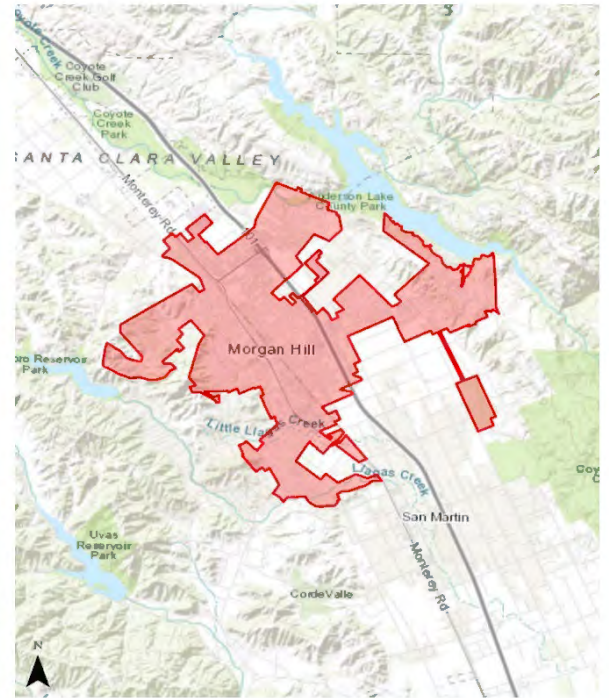
Funding for improvements will be provided by the City's Utility ratepayers from the Water and Sewer Capital Project Funds (643 and 653).

Operating Cost Impacts

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

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-643	-	-	-	250,000	250,000	-
Fund-653	-	-	100,000	500,000		-
Project Cost	\$ -	\$ -	\$100,000	\$750,000	\$250,000	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	FY2027-28
Project Design	FY2027-28
Right of Way/ Acquisition/Permitting	Not applicable
Construction	FY2028-29 to FY 2030-31
Project Close-out	FY2030-31

**City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32**

Project Name: Well Destruction Project

Project No. WA6012

Category

Water

Funding Source(s)

f653 - Water CIP Fund

Council Priorities

Maintaining and Enhancing Infrastructure

Strategic Planning Documents

State of California Requirement



Project Description

The City has 4 production wells that are no longer in service because of either a low production rate, and/or poor water quality and/or well replacement. This project would confirm the issues limiting or prohibiting well production and then demolish appurtenances and abandon the well(s) per state requirements. The project would surplus any real property deemed no longer usable to the water utility.

Project Justification

This project is aligned to comply with State requirements.

City of Morgan Hill Capital Improvement Program
FY 2026-27 – FY 2031-32

Project Name: Well Destruction Project

Project No. WA6012

Financial Comments

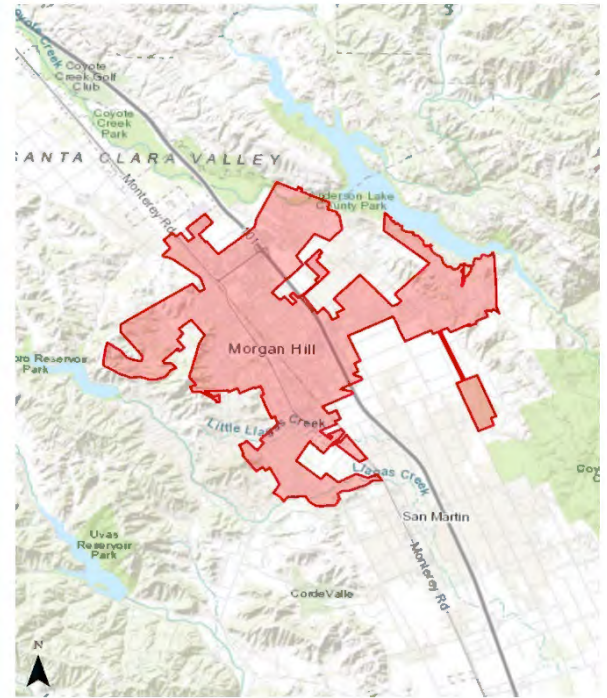
This project will be funded through the Water Capital Project Fund (653).

Operating Cost Impacts

There are no operating budget impacts.

Project Location

Citywide



Expenditure Schedule

Annual Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Fund-653	160,000	-	-	-	-	-
Project Cost	\$160,000	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Project Schedule

Timeline for Completion

Planning	Complete
Project Design	FY2026-27
Right of Way/ Acquisition/Permitting	FY2026-27
Construction	FY2026-27
Project Close-out	FY2027-28

**CITY OF MORGAN HILL
CAPITAL IMPROVEMENT PROGRAM
FY2026/27 - 2027/28
CONSISTENCY WITH GENERAL PLAN**

PARKS & RECREATION

<u>Project Title</u>	<u>Consistent with:</u>
Parks Land Purchase and Development	2017 Bikeways, Trails, Parks & Recreation Master Plan, GP Goal HC-3, Policies 3.1, 3.2 and 3.24.
West Little Llagas Creek Trail	2024 Transportation Master Plan, 2017 Bikeways, Trails, Parks & Recreation Master Plan, GP Goal HC-3, Policies 3.1, 3.2, 3.12, 3.14, 3.15 and 3.25.
Park Facility Expansion and Renovation	2017 Bikeways, Trails, Parks & Recreation Master Plan, GP Goal HC-3, Policy 3.7.
Recreation Facility Expansion and Renovation	2017 Bikeways, Trails, Parks & Recreation Master Plan, GP Goal HC-3, Policy 3.7.
El Toro Trail	2017 Bikeways, Trails, Parks & Recreation Master Plan, GP Goal HC-3, Policies 3.1, 3.2, 3.25, Action 3.n.
Villa Mira Monte	2017 Bikeways, Trails, Parks & Recreation Master Plan, GP Goal HC-3, Policy 3.25. GP Goal HC-4, Policy 4.7. GP Goal HC-8, Policy 8.2.
Aquatics Energy Efficiency Project	Climate Action Plan. GP Goals 12, 13, Policies COS 12.1, 12.2, 12.3, 13.3, 13.4.
Sports Facility Development	2017 Bikeways, Trails, Parks & Recreation Master Plan. GP Goal ED-4, Policies 4.1, 4.3. GP Goal HC-3, Policy 3.17.

PUBLIC FACILITIES

<u>Project Title</u>	<u>Consistent with:</u>
Infrastructure Planning (Project in all sections)	GP Goals and Policies Located in Chapter 9.
Corporation Yard Expansion	2016 General Plan, Goal SSI-10, Policy 10.3. GP Goal NRE-16, Policies 16.5 and 16.7.
Library Expansion	2016 General Plan, Goal HC-5, Policy 5.1.

STORM DRAINAGE

<u>Project Title</u>	<u>Consistent with:</u>
Storm System Expansions	2018 Storm Drainage System Master Plan, GP Goal SSI-6, Policies 6.1, 6.4, 6.5 and 6.8.
Storm System Repairs & Improvements	2018 Storm Drainage System Master Plan, GP Goal SSI-6, Policies 6.1, 6.4 and 6.8.
Llagas Flood Control	2018 Storm Drainage System Master Plan, GP Goal SSI-6, Policies 6.1, 6.4, 6.5 and 6.8.
Fisher/Butterfield Storm System Expansion	2018 Storm Drainage System Master Plan, GP Goal SSI-6, Policies 6.1, 6.4, 6.5 and 6.8.
Citywide Small Trash Capture Project	GP Goal NRE-8, Policy 8.1, Goal NRE-9, Policies 9.1 and 9.2.

STREETS AND ROADS

<u>Project Title</u>	<u>Consistent with:</u>
Undergrounding Project	GP Goal SSI-13, Policy 13.1.
Traffic Signal & Intersection Improvements	2024 Transportation Master Plan. GP Goal TR-2, Policy 2.1. Goal TR-3, Policy 3.10.
Pavement Rehabilitation Program	2024 Transportation Master Plan. GP Goal TR-1, Policies 1.1 and 1.3.
Bike, Pedestrian & Traffic Safety	2024 Transportation Master Plan. GP Goal TR-8, Policies 8.1 & 8.10. GP Goal TR-6, Policy 6.11.
Sidewalk Repairs	2024 Transportation Master Plan. GP Goal TR-9, Policies 9.2 & 9.3.
DT Parking Trash Enclosure	GP Goal SSI-17, Policy SSI-17.1.

SEWER

Sewer System Repair and Replacements	2024 Sewer Master Plan.
Sewer Plant Expansion (SCRWA)	2024 Sewer Master Plan, GP Goal SSI-15, Policy 15.2.
Sewer Plant Improvements	2024 Sewer Master Plan, GP Goal SSI-15, Policy 15.2.
Lift Station Improvements	2024 Sewer Master Plan.
New Trunk Line	2024 Sewer Master Plan.
New and Replacement Sewer Lines	2024 Sewer Master Plan.
Utility Infrastructure Access Roads	2024 Sewer Master Plan.
Existing Joint Trunk Repair	2024 Sewer Master Plan.

WATER

<u>Project Title</u>	<u>Consistent with:</u>
Groundwater Wells	2021 Water System Master Plan, GP Goal SSI-14, Policy 14.5.
Pipeline Capacity Improvements	2021 Water System Master Plan, GP Goal SSI-14, Policy 14.5.
Water Facility Rehabilitation	2021 Water System Master Plan, GP Goal SSI-14, Policy 14.5.
Water Pipeline Repair and Replacement	2021 Water System Master Plan, GP Goal SSI-14, Policy 14.5.
Pump Station Capacity	2021 Water System Master Plan, GP Goal SSI-14, Policy 14.5.
Holiday Lake Improvements	2021 Water System Master Plan, GP Goal SSI-14, Policy 14.5.
Reservoir Capacity Improvements	2021 Water System Master Plan, GP Goal SSI-14, Policy 14.5.
Reservoir Recoating and Rehabilitation	2021 Water System Master Plan, GP Goal SSI-14, Policy 14.5.
Utilities Security System Enhancement	2021 Water System Master Plan, GP Goal SSI-14, Policy 14.5.
Well Destruction Project	2021 Water System Master Plan, GP Goal SSI-14, Policy 14.5.