



## City Council

### Regular Meeting Agenda

<i>Mark Turner</i>	-	<i>Mayor</i>
<i>Marilyn Librers</i>	-	<i>Mayor Pro Tem</i>
<i>Soraida Iwanaga</i>	-	<i>Council Member</i>
<i>Yvonne Martínez Beltrán</i>	-	<i>Council Member</i>
<i>Miriam Vega</i>	-	<i>Council Member</i>

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**Wednesday, May 20, 2026**

**6:00 p.m.**

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

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Morgan Hill City Council 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 City Council 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/CityCouncilZoomRegistration>. 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: 873 3200 8380#. 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. Public comment is limited to three minutes, but the Mayor may adjust time limits for individual or total comments while ensuring all viewpoints are heard, encouraging speakers to avoid repetition, and allowing a designated spokesperson for organized support or opposition to present longer if needed.

Those attending remotely may only offer public comment for items on the agenda in one of four categories:

- Consent Calendar
- Other Business
- Public Hearings
- Closed Session

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

- In person at the City Council Meeting;
- Via email to [ccpubliccomment@morganhill.ca.gov](mailto:ccpubliccomment@morganhill.ca.gov); or
- Hand-delivered or mailed to the City Clerk at 17575 Peak Avenue, Morgan Hill, CA 95037

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

Written comments WILL NOT be read aloud during the City Council 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 City Council 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 need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (408)779-7259 or by email at [cityclerk@morganhill.ca.gov](mailto:cityclerk@morganhill.ca.gov). Requests must be made as early as possible, at least two full business days before the start of the meeting.

### **CALL TO ORDER**

### **ROLL CALL ATTENDANCE**

### **DECLARATION OF POSTING AGENDA**

### **SILENT INVOCATION**

**PLEDGE OF ALLEGIANCE**

**PROCLAMATIONS**

Public Works Week

Jewish American Heritage Month: Rabbi Faith Joy Dantowitz with Congregation Emeth & Rabbi Mendel Liberow with Chabad South County Jewish Center

**CITY COUNCIL REPORTS**

Council Member Vega

**CITY MANAGER'S REPORT**

**CITY ATTORNEY'S REPORT**

**OTHER REPORTS**

**PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA**

This opportunity for public comment is for items that are not on the agenda. If you would like to make comments on an item that is on the agenda, please wait until we get to that item to offer your comments. Members of the public are entitled to address the City Council concerning any item within the Morgan Hill City Council's subject matter jurisdiction. Public comments are limited to no more than three minutes. Except for certain specific exceptions, the City Council is prohibited from discussing or taking action on any item not appearing on the posted agenda. Public comment is intended for comments. Questions posed during public comment are not generally answered. If you have questions, please send them to the City Clerk at [ccpubliccomment@morganhill.ca.gov](mailto:ccpubliccomment@morganhill.ca.gov) to receive a response. (See additional noticing at the end of this agenda)

**ADOPTION OF AGENDA**

**CONSENT CALENDAR**

Items appearing on the Consent Calendar are considered routine and may be approved by one motion. Pursuant to City Council Policies and Procedures (CP 97-01), any member of the Council or public may request to have an item removed from the Consent Calendar for comment and action.

1. **ADOPT A RESOLUTION APPROVING FY 2026-27 LIST OF STREET REHABILITATION PROJECTS FUNDED BY SENATE BILL (SB) 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT**

Recommendation:

Adopt a resolution approving a list of street rehabilitation projects for Fiscal Year 2026-27 funded by SB1, the Road Repair and Accountability Act of 2017.

2. **AUTHORIZE THE CITY MANAGER TO SUBMIT A BID FOR THE PURCHASE OF TWO USED FIRE ENGINES FROM THE CITY OF MOUNTAIN VIEW**

Recommendation:

1. Authorize the City Manager to submit a bid for the purchase of two used fire engines from the City of Mountain View at a price not to exceed 115% of the independently appraised value of the apparatus plus applicable taxes and fees; and
2. Authorize the City Manager to execute and administer the associated purchase agreement if the City's bid is accepted.

3. **APPROVE SOLID WASTE MANAGEMENT RATE ADJUSTMENT FOR 2026**

Recommendation:

Adopt a resolution approving an adjustment to the maximum allowable solid waste collection rates effective July 1, 2026.

4. **AWARD 2026 PAVEMENT REHABILITATION PROJECT TO O'GRADY PAVING, INC.**

Recommendation:

1. Approve 2026 Pavement Rehabilitation plans and specifications;
2. Award contract to O'Grady Paving, Inc. for the 2026 Pavement Rehabilitation Project in the amount of \$2,326,481;
3. Authorize the expenditure of construction contingency not to exceed \$348,972; and
4. Authorize the City Manager to execute and administer the construction contract with O'Grady Paving, Inc.

5. **PAVEMENT REHABILITATION PLANNING UPDATE**

Recommendation:

Receive update.

**OTHER BUSINESS**

6. **REVIEW THE CITY MANAGER'S RECOMMENDED FY 2026-27 AND FY 2027-28 BIENNIAL OPERATING AND FY 2026-27 THROUGH FY 2031-32 CAPITAL IMPROVEMENT PROGRAM BUDGETS**

Recommendation:

Review and discuss the Recommended Budgets

**FUTURE COUNCIL INITIATED AGENDA ITEMS**

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

**ADJOURNMENT**

## NOTICE

Any documents produced by the City and distributed to the majority of the City Council less than 72 hours prior to an open meeting, will be made available for public inspection at the City Clerk's 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 City Council concerning any item described in the notice of this meeting during consideration of that item. If you wish to address the Council on any item on this agenda, please complete a speaker request card located in the foyer of the Council Chambers and deliver it to the Minutes Clerk before the City Council discussion on the item. You are not required to give your name on the speaker card to speak to the Council, but it is very helpful. When you are called, proceed to the podium, and the Mayor will recognize you. If you wish to address the City Council 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 City Council.

Persons interested in proposing an item for the City Council agenda should contact a member of the City Council who may request an item on the agenda for a future City Council meeting. Council 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 City Council at, or prior to the Public Hearing on these matters.

The time within which judicial review must be sought of the action by the City Council, 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 City Council 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](mailto:cityclerk@morganhill.ca.gov).



# SUSTAINABLE MORGAN HILL



## Vision

To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound Community.

## Choose Morgan Hill

The City of Morgan Hill is the best Community for people to live, work, visit, and operate their businesses.

## Strategic Priorities 2026-2027

- Fiscal Sustainability
- Public Safety
- Affordable Housing and Homelessness
- Economic Development and Tourism
- Transportation
- Economic Mobility

## City Council Ongoing Priorities

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



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: May 20, 2026**

PREPARED BY:

Nolen Ugalde, Assistant Engineer

APPROVED BY: City Manager

## **ADOPT A RESOLUTION APPROVING FY 2026-27 LIST OF STREET REHABILITATION PROJECTS FUNDED BY SENATE BILL (SB) 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT**

### **RECOMMENDATION(S)**

Adopt a resolution approving a list of street rehabilitation projects for Fiscal Year 2026-27 funded by SB1, the Road Repair and Accountability Act of 2017.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **City Council Ongoing Priorities**

Enhancing Public Safety and Quality of Life

Maintaining and Enhancing Infrastructure

#### **Strategic Priorities 2026-2027**

Fiscal Sustainability

Public Safety

Transportation

#### **Guiding Documents**

Bikeways, Trails, and Recreation Master Plan

### **REPORT NARRATIVE:**

SB1, also known as the Road Repair and Accountability Act of 2017, established a tax that formed the Road Maintenance and Rehabilitation Account (RMRA). The RMRA is intended to fund basic road maintenance and rehabilitation needs on the local street and road systems within the State. Prior to receiving RMRA funds for the Fiscal Year (FY) 2026-27, the City must submit a list of projects proposed to be funded with RMRA funds and adopted by resolution to the California Transportation Commission (CTC) by July 1, 2026. The list of projects proposed to be funded must include a description and the location of each proposed project, a proposed project schedule, and the estimated useful life of the improvement (Streets and Highways Code Section 2034(a)). This will be the tenth year the City has been receiving SB1 funding allocations, and the City is continuing to prioritize these funds towards the repair of the City's arterial and collector roadways, while beginning the process of repairing the worst residential streets in the

City.

To ensure that the City is eligible for FY 2026-27 SB1 RMRA funding, the proposed resolution (Attachment 1) identifies the City Street locations to be funded by the FY2026-27 SB1 RMRA funds. These streets include the public project streets for the 2026 Pavement Rehabilitation Project to ensure full utilization of the FY 2026-27 funding.

The 2026 Pavement Rehabilitation Project is on the City Council agenda for project award on May 20, 2026. This project has a construction schedule starting this summer and will include pavement rehabilitation and maintenance treatments for the following streets:

1.) Butterfield Boulevard from E Dunne Avenue to Tennant Avenue, 2.) Fountain Oaks Drive east of Saddleback Drive, 3.) Saddleback Drive south of E Dunne Avenue, 4.) Sutter Boulevard north of Butterfield Boulevard, 5.) Woodview Avenue, 6.) Gallop Drive, 7.) Gitana Court, 8.) Huston Court, 9.) Pinto Court, 10.) Palomino Court, 11.) Hayloft Way, and 12.) Hayloft Court.

The 2026 Pavement Rehabilitation Project includes other areas that will not be funded by SB1 RMRA funding, and therefore, have been excluded from the Resolution. These areas include:

1.) El Toro Fire Station Parking Lot at 18300 Old Monterey Road, 2.) El Toro Tank Access Road at the west end of W Dunne Avenue, and 3.) the Morgan Hill Center Parking Lot on the northwest corner of West Main Avenue and Hale Avenue.

The proposed resolution is expected to fulfill the CTC's requirement that the City Council adopt, via resolution, a list of projects proposed for the next fiscal year's SB1 RMRA funds and meets the intention of prioritizing these funds for basic road maintenance and rehabilitation projects, and on critical safety projects.

## **COMMUNITY ENGAGEMENT:**

Inform

City staff are working on a significant communication planning effort to be implemented ahead of the work, which is planned to occur during the summer months. The City has developed a page dedicated to pavement rehabilitation on the City's website that outlines long-term planning for pavement rehabilitation. The webpage is available at <https://www.morganhill.ca.gov/2539/Pavement-Rehab-Street-Cut-Moratorium>.

## **ALTERNATIVE ACTIONS:**

The City Council could direct staff to submit a funding request for an alternative project.

However, SB1 funds are only allowed to be used for pavement maintenance.

### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

On June 19, 2024, City Council adopted the FY 2024-25 through FY 2029-30 Capital Improvement Budget.

On April 2, 2025, the City Council received the Pavement Condition Update and Pavement Rehabilitation Planning update.

On May 21, 2025, City Council adopted Resolution No. 25-008 adopting a list of projects for Fiscal Year 2025-2026 funded by SB1: The Road Repair and Accountability Act of 2017.

### **FISCAL AND RESOURCE IMPACT:**

The FY 2026-27 SB1 RMRA projected revenue of \$1,307,499 will be included as a revenue source for Fund 308 (Street CIP) in the City's CIP under the Pavement Rehabilitation Program (Project No. 519000) as part of the FY 2026-2027 project budget.

### **CEQA (California Environmental Quality Act):**

#### **Categorical Exemption**

The activities described in this Staff Report are categorically exempt under CEQA, specifically pursuant to Section 15301 of the CEQA Guidelines (Existing Facilities), as the subject work involves the repair, maintenance, or minor alteration of existing City facilities involving negligible or no expansion of use of those facilities.

**RESOLUTION NO. 26-0\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ADOPTING A LIST OF PROJECTS FOR FISCAL YEAR 2026-2027 FUNDED BY SB 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017**

**WHEREAS**, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and Signed into law by the Governor in April 2017 to address the significant multi-modal transportation funding shortfalls statewide; and

**WHEREAS**, SB 1 includes accountability and transparency provisions that will ensure the residents of our City are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

**WHEREAS**, the City must adopt by resolution a list of projects proposed to receive fiscal year funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB 1, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

**WHEREAS**, the City, will receive an estimated \$1,307,499 in RMRA funding in Fiscal Year 2026-2027 from SB 1; and

**WHEREAS**, this is the tenth year in which the City is receiving SB 1 funding and will enable the City to continue essential road maintenance and rehabilitation projects, safety improvements, repairing and replacing aging bridges, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB 1; and

**WHEREAS**, the City has undergone a robust public process to ensure public input into our community's transportation priorities/the project list; and

**WHEREAS**, the City used a Pavement Management System to develop the SB 1 project list to ensure revenues are being used on the most high-priority and cost-effective projects that also meet the community's priorities for transportation investment; and

**WHEREAS**, the funding from SB 1 will help the City maintain and rehabilitate Butterfield Boulevard from E Dunne Avenue to Tennant Avenue, one of the City's arterial roads, Fountain Oaks Drive east of Saddleback Drive, and Saddleback Drive south of E Dunne Avenue, two of the City's collector roads and Sutter Boulevard north of Butterfield Boulevard, Woodview Avenue, Gallop Drive, Gitana Court, Huston Court, Pinto Court, Palomino Court, Hayloft Way, and Hayloft Court, nine of the City's residential/local roads throughout the City this year and multiple similar projects into the future; and

**WHEREAS**, the 2023 California Statewide Local Streets and Roads Needs Assessment found

that the City’s streets and roads are in a “good” condition and this revenue will help us increase the overall quality of our road system and over the next decade will bring our streets and roads into an “excellent” condition; and

**WHEREAS**, the SB 1 project list and overall investment in our local streets and roads infrastructure with a focus on basic maintenance and safety, investing in complete streets infrastructure, and using cutting-edge technology, materials and practices, will have significant positive co-benefits statewide.

**NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:**

**SECTION 1:** The foregoing recitals are true and correct.

**SECTION 2:** The following list of newly proposed projects will be funded in-part or solely with Fiscal Year 2026-2027 Road Maintenance and Rehabilitation Account revenues:

**Project Title:** 2026 Pavement Rehabilitation Project

**Project Description:** 2” Pavement Mill and Fill, Wedge and Conform Grinds, 2” AC Overlay, 4” and 6” Full Depth Asphalt Concrete Pavement Repairs, Type II Slurry Sealing, Removal and Replacement of Existing Asphalt Concrete Curb, Removal of Existing Decorative Concrete and Replacement with Asphalt Concrete, Crack Sealing, Vehicle Detector Loop Replacements, Replacement of all Existing Traffic Delineation, Delineators, and Markings, Utility Cover Adjustments, and all related work on various streets within the City Limits.

**Project Location:** 1.) Butterfield Boulevard from E Dunne Avenue to Tennant Avenue, 2.) Fountain Oaks Drive east of Saddleback Drive, 3.) Saddleback Drive south of E Dunne Avenue, 4.) Sutter Boulevard north of Butterfield Boulevard, 5.) Woodview Avenue, 6.) Gallop Drive, 7.) Gitana Court, 8.) Huston Court, 9.) Pinto Court, 10.) Palomino Court, 11.) Hayloft Way, and 12.) Hayloft Court

**Estimated Project Schedule:** Start (07/26)– Completion (12/26) based on the component being funded with RMRA funds

**Estimated Project Useful Life:** The City’s Pavement Management System estimates a new useful life of 20 years for these roadways.

**PASSED AND ADOPTED** by the City Council of Morgan Hill at a Regular Meeting held on the 20<sup>th</sup> day of May 2026 by the following vote:

<b>AYES:</b>	<b>COUNCIL MEMBERS:</b>
<b>NOES:</b>	<b>COUNCIL MEMBERS:</b>
<b>ABSTAIN:</b>	<b>COUNCIL MEMBERS:</b>
<b>ABSENT:</b>	<b>COUNCIL MEMBERS:</b>

**APPROVED:** \_\_\_\_\_ **ATTEST:** \_\_\_\_\_

\_\_\_\_\_  
**MARK TURNER, Mayor**

\_\_\_\_\_  
**MICHELLE BIGELOW, City Clerk**

**∞ CERTIFICATION ∞**

**I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California,** do hereby certify that the foregoing is a true and correct copy of Resolution No. 26-0\_\_ adopted by the City Council at the meeting held on May 20, 2026.

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

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
**MICHELLE BIGELOW, City Clerk**



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: May 20, 2026**

PREPARED BY:

Marcus Hernandez

APPROVED BY: City Manager

## **AUTHORIZE THE CITY MANAGER TO SUBMIT A BID FOR THE PURCHASE OF TWO USED FIRE ENGINES FROM THE CITY OF MOUNTAIN VIEW**

### **RECOMMENDATION(S)**

1. Authorize the City Manager to submit a bid for the purchase of two used fire engines from the City of Mountain View at a price not to exceed 115% of the independently appraised value of the apparatus plus applicable taxes and fees; and
2. Authorize the City Manager to execute and administer the associated purchase agreement if the City's bid is accepted.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **City Council Ongoing Priorities**

Enhancing Public Safety and Quality of Life

Maintaining and Enhancing Infrastructure

#### **Strategic Priorities 2026-2027**

Fiscal Sustainability

Public Safety

### **REPORT NARRATIVE:**

The Morgan Hill Fire Department is currently operating its 32-year-old reserve fire engine, a 1994 Pierce Arrow designated as Engine 158, as a frontline apparatus at the Butterfield Fire Station. This engine is currently cross-staffed with Truck 59, a quint that fulfills both engine and ladder functions. The new Engine 59 is in production with an anticipated completion date of August 2026.

Relying on a reserve engine of this age for daily emergency response is not sustainable and increasingly compromises long-term operational reliability. For a four-station fire department, maintaining only a single reserve engine is insufficient to ensure uninterrupted service during mechanical failures, preventative maintenance, or periods of elevated call volume. The condition and limited remaining service life of Engine 158 underscore the need to strengthen both our frontline fleet and our reserve capacity to

maintain high-quality fire and EMS services.

The City of Mountain View has recently made available several 2009 Pierce Quantum fire engines through a competitive acquisition process. Multiple fire agencies have expressed interest in these engines, creating a limited opportunity for Morgan Hill to acquire reliable reserve apparatus at a significantly reduced cost compared to purchasing new equipment.

Due to the competitive nature of the process, staff is not publicly disclosing the City's proposed bid amount in order to preserve the City's competitive position. The apparatuses were recently independently appraised at approximately \$100,000 each. Staff is requesting authorization for the City Manager to submit a bid within a Council-authorized limit tied to the independently appraised value of the apparatus.

Staff is recommending authorization for the City Manager to submit a bid for two of the available engines. The 2009 Quantum fire engines have considerable remaining service life and would immediately enhance frontline readiness while restoring a dependable reserve fleet. With new fire engines costing over \$1.0 million each and subject to extended manufacturing lead times, the ability to acquire two used engines at a fraction of the cost represents a strategic and fiscally responsible opportunity. Staff is requesting authority to submit a competitive bid within a Council-authorized limit tied to the independently appraised value of the apparatus in order to preserve the City's competitive position during the acquisition process.

#### **COMMUNITY ENGAGEMENT:**

Inform

This staff report serves to inform the community of the proposed purchase of two used fire engines.

#### **ALTERNATIVE ACTIONS:**

City Council could elect not to authorize the purchase. However, this would leave the Fire Department without adequate reserve apparatus for emergency operations.

#### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

None.

#### **FISCAL AND RESOURCE IMPACT:**

Funding for the potential purchase is available in the Fire Department's FY 2025-26 budget. The final acquisition cost will be determined through the competitive bid process and will remain within the Council-authorized purchasing limit.

#### **CEQA (California Environmental Quality Act):**

Not a Project

Continuing administrative or maintenance activities, such as purchases for supplies, personnel-related actions, general policy and procedure making (except where the

policies and procedures may result in a change to the physical environment).



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: May 20, 2026**

PREPARED BY:

Mario Pichardo, Environmental Services Administrator

APPROVED BY: City Manager

## **APPROVE SOLID WASTE MANAGEMENT RATE ADJUSTMENT FOR 2026**

### **RECOMMENDATION(S)**

Adopt a resolution approving an adjustment to the maximum allowable solid waste collection rates effective July 1, 2026.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **City Council Ongoing Priorities**

Protecting the Environment

#### **Strategic Priorities 2026-2027**

Fiscal Sustainability

### **REPORT NARRATIVE:**

Staff unintentionally omitted the accompanying resolution from the May 6, 2026 City Council agenda item related to the approval of Recology solid waste collection rates effective July 1, 2026 - APPROVE SOLID WASTE MANAGEMENT RATE ADJUSTMENT FOR 2026. While the City Council approved the Item, the resolution itself was not included with the original staff report materials. Therefore, this item is being brought back to the City Council on the consent calendar to formally adopt the resolution associated with the previously approved rate adjustment.

The May 6, 2026 Staff Report is available here:

<https://morganhillca.portal.civicclerk.com/event/1359/files/report/1912>

### **COMMUNITY ENGAGEMENT:**

Inform

The community will be notified of the approved rate adjustment through notices included in Recology billing statements prior to implementation.

### **ALTERNATIVE ACTIONS:**

Not applicable as the City is contractually obligated to approve this amendment to the maximum rates for the normal annual adjustment.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The City Council has reviewed and approved annual solid waste rate adjustments for many years. In 2022, the City Council approved the current franchise agreement, which established the methodology used for calculating annual rate adjustments. The Council subsequently approved rate adjustments in 2023, 2024, and 2025 using the same methodology. On May 6, 2026, the Council held a public hearing and subsequently approved the proposed rate increases.

**FISCAL AND RESOURCE IMPACT:**

Approval of the proposed rate adjustment is anticipated to increase franchise fee revenue by approximately \$95,000 annually from FY2025-26 to FY2026-27. Actual revenues may vary depending on customer activity and service levels. Franchise fees are deposited into the General Fund (010). Staff review and processing of this rate application are included within the Public Services Department's existing work program.

**CEQA (California Environmental Quality Act):**

Not a Project

This action does not result in a direct or indirect physical change to the environment and therefore does not constitute a project under CEQA.

**RESOLUTION NO. 26-XXX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN ADJUSTMENT IN SOLID WASTE COLLECTION RATES FOR 2026**

**WHEREAS**, the City of Morgan Hill (the "City") has approved a franchise agreement with Recology South Valley ("Recology") that establishes a methodology for regulating the maximum rates that Recology can charge to Morgan Hill customers; and

**WHEREAS**, Recology has submitted an application for a rate adjustment that substantially complies with the methodology in the Agreement; and

**WHEREAS**, the cost of living, as indicated by the consumer price index, the cost of solid waste disposal, and the cost of fuel, have changed during the past year causing an increase in the cost of providing service; and

**WHEREAS**, the City has requested collection of funds to support City efforts related to compliance with Local, Regional, State, or Federal permits, laws, and/or regulations that are associated with the collection and/or management of trash or solid wastes; and

**WHEREAS**, Recology has agreed to provide notice in their next garbage billing explaining the rate adjustment process; and

**WHEREAS**, further reasons supporting the rate adjustment described in, and that is the subject of, this Resolution are set forth in detail in that certain City Council Staff Report entitled "Approve Solid Waste Management Rate Adjustment for 2026" submitted for City Council consideration at its meeting of May 6, 2026, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

**WHEREAS**, the activities allowed under this Resolution do not constitute a project under the provisions of California Environmental Quality Act of 1970; and

**WHEREAS**, the consideration by City Council of the adoption of this Resolution has been duly noticed pursuant to applicable laws and has been placed upon the City Council Meeting Agenda on the date set forth in the Staff Report, or to such date that the City Council may have continued or deferred consideration of this Resolution, and on such date the City Council conducted a duly noticed public meeting at which the City Council provided members of the public an opportunity to comment and be heard and considered any and all testimony and other evidence provided in connection with the adoption of this Resolution; and

**WHEREAS**, the City Council determines that adoption of this Resolution is in the public interest.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:**

Section 1.     Recitals. The City Council does hereby find, determine and resolve that all of the foregoing recitals are true and correct.

Section 2.     Approval and Authorization. The City Council does further resolve, order and/or direct that Recology South Valley is hereby authorized to adjust their rates up to the maximum levels listed on the rate schedule attached hereto as Exhibit A.

Section 3.     This Resolution shall take effect immediately upon adoption.

**PASSED AND ADOPTED** by the City Council of the City of Morgan Hill at its meeting held on this 20<sup>th</sup> day of May 2026 by the following vote:

**AYES:            COUNCIL MEMBERS:**  
**NOES:            COUNCIL MEMBERS:**  
**ABSTAIN:        COUNCIL MEMBERS:**  
**ABSENT:         COUNCIL MEMBERS:**

**APPROVED:**

**ATTEST:**

\_\_\_\_\_  
**MARK TURNER, Mayor**

\_\_\_\_\_  
**MICHELLE BIGELOW, City Clerk**

**∞ CERTIFICATION ∞**

**I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California,** do hereby certify that the foregoing is a true and correct copy of Resolution No. 26-XXX adopted by the City Council at the meeting held on the 20<sup>th</sup> day of May, 2026.

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

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
**Michelle Bigelow, CITY CLERK**

## **EXHIBIT A**

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See Following Pages

**RECOLOGY SOUTH VALLEY  
CITY OF MORGAN HILL  
RATES EFFECTIVE JULY 1, 2026**

DESCRIPTION	Current Rates	Add 2.82%	New Rates
<b><u>Residential Rates</u></b>			
BASIC SINGLE FAMILY	44.78	1.26	46.04
SGL FAM - NO STREET SWEEPING	44.22	1.25	45.47
HILLSIDE RESIDENTIAL	48.71	1.37	50.08
HILLSIDE RESIDENTIAL - NO SWEEPING	48.02	1.35	49.37
LOW INCOME	35.98	1.01	36.99
LOW INCOME - NO ST SWEEPING	35.53	1.00	36.53
EX YW CONTAINER RENT			
BULKY MATERIAL (1-3 ITEMS)	59.63	1.68	61.31
BULKY MATERIAL (EACH EXTRA ITEM)	23.82	0.67	24.49
SIDE/BACKYARD SERV	17.87	0.50	18.37
SIDE/BACKYARD SERV Disabled	FREE	FREE	FREE
TOTER RENTAL	7.57	0.21	7.78
RETURNED TRIP COLLECTION	46.65	1.32	47.97
<b><u>Commercial Rates</u></b>			
1 CAN COMM (32 GALLON)	27.39	0.77	28.16
2 CANS COMM (64 GALLON)	44.90	1.27	46.17
3 CANS COMM (96 GALLON)	62.50	1.76	64.26
4 CANS COMM (128 GALLON)	80.11	2.26	82.37
5 CANS COMM (160 GALLON)	97.70	2.76	100.46
6 CANS COMM (192 GALLON)	115.34	3.25	118.59
7 CANS COMM (224 GALLON)	132.85	3.75	136.60
8 CANS COMM (256 GALLON)	150.41	4.24	154.65
9 CANS COMM (288 GALLON)	168.00	4.74	172.74
10 CANS COMM (320 GALLON)	185.58	5.23	190.81
1 CAN COMM (32 GALLON) w/cart	34.96	0.99	35.95
2 CANS COMM (64 GALLON) w/cart	52.46	1.48	53.94
3 CANS COMM (96 GALLON) w/cart	70.06	1.98	72.04
<b>ORGANICS</b>			
32 GALLON 1 X WEEK	21.92	0.62	22.54
32 GALLON 2 X WEEK	41.57	1.17	42.74
32 GALLON 3 X WEEK	61.20	1.73	62.93
32 GALLON 4 X WEEK	80.84	2.28	83.12
32 GALLON 5 X WEEK	100.49	2.83	103.32
32 GALLON CONTAMINATED Recycle and Organics	46.65	1.32	47.97
64 GALLON 1 X WEEK	35.92	1.01	36.93
64 GALLON 2 X WEEK	68.11	1.92	70.03
64 GALLON 3 X WEEK	100.28	2.83	103.11
64 GALLON 4 X WEEK	132.48	3.74	136.22
64 GALLON 5 X WEEK	164.66	4.64	169.30
64 GALLON CONTAMINATED Recycle and Organics	46.65	1.32	47.97
96 GALLON 1 X WEEK	49.99	1.41	51.40
96 GALLON 2 X WEEK	94.80	2.67	97.47
96 GALLON 3 X WEEK	139.57	3.94	143.51
96 GALLON 4 X WEEK	184.37	5.20	189.57
96 GALLON 5 X WEEK	229.15	6.46	235.61
96 GALLON CONTAMINATED Recycle and Organics	46.65	1.32	47.97

**RECOLOGY SOUTH VALLEY  
CITY OF MORGAN HILL  
RATES EFFECTIVE JULY 1, 2026**

DESCRIPTION	Current Rates	Add 2.82%	New Rates
<b><u>Commercial Rates</u></b>			
<b>GARBAGE</b>			
1 YD 1 X WEEK	234.63	6.62	241.25
1 YD 2 X WEEK	444.88	12.55	457.43
1 YD 3 X WEEK	655.08	18.47	673.55
1 YD 4 X WEEK	865.33	24.40	889.73
1 YD 5 X WEEK	1,075.54	30.33	1,105.87
1 YD 6 X WEEK	1,284.21	36.21	1,320.42
2 YD 1 X WEEK	340.06	9.59	349.65
2 YD 2 X WEEK	644.74	18.18	662.92
2 YD 3 X WEEK	949.41	26.77	976.18
2 YD 4 X WEEK	1,254.11	35.37	1,289.48
2 YD 5 X WEEK	1,558.73	43.96	1,602.69
2 YD 6 X WEEK	1,861.17	52.48	1,913.65
1/2 3 YD 1 X WEEK (Grandfather)	246.27	6.94	253.21
3 YD 1 X WEEK	492.57	13.89	506.46
3 YD 2 X WEEK	938.01	26.45	964.46
3 YD 3 X WEEK	1,383.56	39.02	1,422.58
3 YD 4 X WEEK	1,828.94	51.58	1,880.52
3 YD 5 X WEEK	2,274.41	64.14	2,338.55
3 YD 6 X WEEK	2,719.86	76.70	2,796.56
4 YD 1 X WEEK	637.36	17.97	655.33
4 YD 2 X WEEK	1,211.25	34.16	1,245.41
4 YD 3 X WEEK	1,785.20	50.34	1,835.54
4 YD 4 X WEEK	2,359.16	66.53	2,425.69
4 YD 5 X WEEK	2,933.06	82.71	3,015.77
4 YD 6 X WEEK	3,506.99	98.90	3,605.89
6 YD 1 X WEEK	952.29	26.85	979.14
6 YD 2 X WEEK	1,822.45	51.39	1,873.84
6 YD 3 X WEEK	2,692.62	75.93	2,768.55
6 YD 4 X WEEK	3,562.84	100.47	3,663.31
6 YD 5 X WEEK	4,433.04	125.01	4,558.05
6 YD 6 X WEEK	5,303.21	149.55	5,452.76
SPECIAL COLLECTION	39.14	1.10	40.24
<b>ORGANICS</b>			
1 YD 1 X WEEK	187.70	5.29	192.99
1 YD 2 X WEEK	355.88	10.04	365.92
1 YD 3 X WEEK	524.06	14.78	538.84
1 YD 4 X WEEK	692.27	19.52	711.79
1 YD 5 X WEEK	860.43	24.26	884.69
1 YD 6 X WEEK	1,027.36	28.97	1,056.33
1 YD CONTAMINATED Recycle and Organics	58.66	1.65	60.31
2 YD 1 X WEEK	272.05	7.67	279.72
2 YD 2 X WEEK	515.79	14.55	530.34
2 YD 3 X WEEK	759.52	21.42	780.94
2 YD 4 X WEEK	1,003.28	28.29	1,031.57
2 YD 5 X WEEK	1,246.99	35.17	1,282.16
2 YD 6 X WEEK	1,488.95	41.99	1,530.94
2 YD CONTAMINATED Recycle and Organics	85.02	2.40	87.42
3 YD 1 X WEEK	394.07	11.11	405.18
3 YD 2 X WEEK	750.42	21.16	771.58
3 YD 3 X WEEK	1,106.84	31.21	1,138.05
3 YD 4 X WEEK	1,463.16	41.26	1,504.42
3 YD 5 X WEEK	1,819.53	51.31	1,870.84
3 YD 6 X WEEK	2,175.87	61.36	2,237.23
3 YD CONTAMINATED Recycle and Organics	123.15	3.47	126.62

**RECOLOGY SOUTH VALLEY  
CITY OF MORGAN HILL  
RATES EFFECTIVE JULY 1, 2026**

DESCRIPTION	Current Rates	Add 2.82%	New Rates
4 YD 1 X WEEK	509.89	14.38	524.27
4 YD 2 X WEEK	969.02	27.33	996.35
4 YD 3 X WEEK	1,428.16	40.27	1,468.43
4 YD 4 X WEEK	1,887.33	53.22	1,940.55
4 YD 5 X WEEK	2,346.45	66.17	2,412.62
4 YD 6 X WEEK	2,805.61	79.12	2,884.73
4 YD CONTAMINATED <i>Recycle and Organics</i>	159.34	4.49	163.83
6 YD 1 X WEEK	761.83	21.48	783.31
6 YD 2 X WEEK	1,457.96	41.11	1,499.07
6 YD 3 X WEEK	2,154.12	60.75	2,214.87
6 YD 4 X WEEK	2,850.26	80.38	2,930.64
6 YD 5 X WEEK	3,546.43	100.01	3,646.44
6 YD 6 X WEEK	4,242.57	119.64	4,362.21
6 YD CONTAMINATED <i>Recycle and Organics</i>	238.07	6.71	244.78
<i>SPECIAL COLLECTION Per yard</i>	31.29	0.88	32.17
REGULAR COMPACTOR (PER YARD)	61.82	1.74	63.56
RECYCLE COMPACTOR (PER YARD)	36.54	1.03	37.57
SUPER COMPACTOR (PER YARD)	123.60	3.49	127.09
20 YARD DEBRIS BOX	680.35	19.19	699.54
35 YARD DEBRIS BOX	971.95	27.41	999.36
40 YARD DEBRIS BOX	1,134.01	31.98	1,165.99
<i>ORGANICS</i>			
20 YARD DEBRIS BOX	544.29	15.35	559.64
35 YARD DEBRIS BOX	777.56	21.93	799.49
40 YARD DEBRIS BOX	907.21	25.58	932.79
<i>Debris Box Contaminated</i>			
20 YARD DEBRIS BOX Contaminated	680.35	19.19	699.54
35 YARD DEBRIS BOX Contaminated	971.95	27.41	999.36
40 YARD DEBRIS BOX Contaminated	1,134.01	31.98	1,165.99
<i>Debris Box Return Trip Fee</i>	87.87	2.48	90.35
PERM RENTAL	360.46	10.16	370.62
PERM DISPOSAL (PER YARD)	33.90	0.96	34.86
CARDBOARD COMPACTOR w/ garbage service	FREE	FREE	FREE
20 YARD CARDBOARD w/ garbage service	FREE	FREE	FREE
40 YARD CARDBOARD w/ garbage service	FREE	FREE	FREE
20 YARD OTHER RECYCLABLES	347.77	9.81	357.58
40 YARD OTHER RECYCLABLES	579.66	16.35	596.01
20 YARD DEBRIS BOX HILLSIDE	848.29	23.92	872.21
40 YARD DEBRIS BOX HILLSIDE	1,301.31	36.70	1,338.01
<b><u>Compactor Front Loader Service</u></b>			
2 YARD COMPACTOR 1 X WEEK	535.78	15.11	550.89
2 YARD COMPACTOR 2 X WEEK	1,071.52	30.22	1,101.74
2 YARD COMPACTOR 3 X WEEK	1,607.29	45.33	1,652.62
3 YARD COMPACTOR 1 X WEEK	803.66	22.66	826.32
3 YARD COMPACTOR 2 X WEEK	1,607.29	45.33	1,652.62
<b><u>Super Compactor Front Loader Service</u></b>			
2 YARD COMPACTOR 1 X WEEK	1,071.29	30.21	1,101.50
2 YARD COMPACTOR 2 X WEEK	2,142.55	60.42	2,202.97
2 YARD COMPACTOR 3 X WEEK	3,213.84	90.63	3,304.47
3 YARD COMPACTOR 1 X WEEK	1,606.90	45.31	1,652.21
3 YARD COMPACTOR 2 X WEEK	3,213.84	90.63	3,304.47
<b><u>Special Street Sweeping</u></b>			
M-F 8:00AM-5:00PM (PER HOUR)	87.87	2.48	90.35
ALL OTHER HOURS (MINIMUM + HOURLY)	585.78	16.52	602.30

## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: May 20, 2026**

**PREPARED BY:**

Nolen Ugalde, Assistant Engineer

**APPROVED BY:** City Manager

### **AWARD 2026 PAVEMENT REHABILITATION PROJECT TO O'GRADY PAVING, INC.**

#### **RECOMMENDATION(S)**

1. Approve 2026 Pavement Rehabilitation plans and specifications;
2. Award contract to O'Grady Paving, Inc. for the 2026 Pavement Rehabilitation Project in the amount of \$2,326,481;
3. Authorize the expenditure of construction contingency not to exceed \$348,972; and
4. Authorize the City Manager to execute and administer the construction contract with O'Grady Paving, Inc.

#### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

##### **City Council Ongoing Priorities**

Enhancing Public Safety and Quality of Life

Maintaining and Enhancing Infrastructure

##### **Strategic Priorities 2026-2027**

Fiscal Sustainability

Public Safety

Transportation

##### **Guiding Documents**

Bikeways, Trails, and Recreation Master Plan

#### **REPORT NARRATIVE:**

The City conducts annual pavement rehabilitation projects to improve the overall pavement conditions within the City. Upon review of the Pavement Rehabilitation List in July 2025 for the 2026 Pavement Rehabilitation Project, adjustments were made to the proposed pavement rehabilitation treatment list during the design phase of the project. The updated 2026 Pavement Rehabilitation list includes resurfacing or surface treatment at the following locations (Attachment 1):

- 1.) Butterfield Boulevard from E Dunne Avenue to Tennant Avenue, 2.) Fountain Oaks

Drive east of Saddleback Drive, 3.) Saddleback Drive south of E Dunne Avenue, 4.) Sutter Boulevard north of Butterfield Boulevard, 5.) Woodview Avenue, 6.) Gallop Drive, 7.) Gitana Court, 8.) Huston Court, 9.) Pinto Court, 10.) Palomino Court, 11.) Hayloft Way, 12.) Hayloft Court, 13.) El Toro Fire Station Parking Lot at 18300 Old Monterey Road, 14.) El Toro Tank Access Road at the west end of W Dunne Avenue, and 15.) the Morgan Hill Center Parking Lot on the northwest corner of West Main Avenue and Hale Avenue.

The project's scope of work is described as follows, but not limited to 2" Pavement Milling and Filling, 2" Asphalt Concrete Overlay, Wedge and Conform Grinding, Slurry Sealing, Parking Lot Sealing, Full Depth Asphalt Concrete Pavement Repairs, Removal and Replacement of AC Berms, Crack Sealing, Detector Loops, Replacement of all Existing Traffic Delineation and Markings, Utility Cover Adjustments, and all related work on various streets within the City Limits.

Staff set out to prepare plans and specifications in December 2025, and the plans and specifications were completed in late March 2026. The bid opening was held on April 30, 2026 and five (5) bids were received and are listed as below.

<b>Contractor</b>	<b>Total Bid Amount</b>
O'Grady Paving, Inc.	\$ 2,326,480.80
MCKim Corporation	\$ 2,652,017.28
Granite Rock Company	\$ 2,656,505.80
Mission Constructors, Inc.	\$ 2,697,987.20
Cal Valley Construction, Inc.	\$ 3,273,468.65

The low bidder's bid amount of \$2,326,481 is approximately 19% lower than the engineer's estimate of \$2.89 million. The low bidder, O'Grady Paving, Inc., is an experienced public contractor with several years of paving construction experience. After further review of the bid proposal, staff recommends the award of the contract to O'Grady Paving, Inc. in the amount of \$2,326,481. Due to possible unforeseen conditions, staff is requesting a fifteen (15) percent construction contingency for the project of \$348,972. The project is scheduled to start in July 2026 and be completed by December 2026.

The plans and specifications are available for review on the City's website at:

<https://www.morganhill.ca.gov/1436/Project-Plans-Specifications-and-Bid-Res>

### **COMMUNITY ENGAGEMENT:**

Inform

Staff understands the disruptions and cooperation needed from residents/business owners during the course of the annual pavement project. Unfortunately, the likelihood of roadway closures and disruptions will happen. The project engineer, contractor, and other staff members will make best efforts to provide notification prior to and during the course of construction through citywide emails, social media posts, and regular updates on the City website. These updates will also include and inform the community of impacts, roadway closures, and other possible interruptions that may arise due to construction.

### **ALTERNATIVE ACTIONS:**

City Council may elect to reject all bids for the 2026 Pavement Rehabilitation Project and direct staff to rebid the project. Rebidding the project would subsequently require City Council award and approval in the Summer for the work to be completed in 2026. Alternatively, the City may reject all bids and delay the project to the Summer of 2027. Staff does not recommend either of these alternatives as this project was competitively bid with five (5) bids received by the City. Furthermore, rebidding the project may not yield significant savings and will delay the project for a minimum of three months.

### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

On April 2, 2025, the City Council received the Pavement Condition Update and Pavement Rehabilitation Planning update.

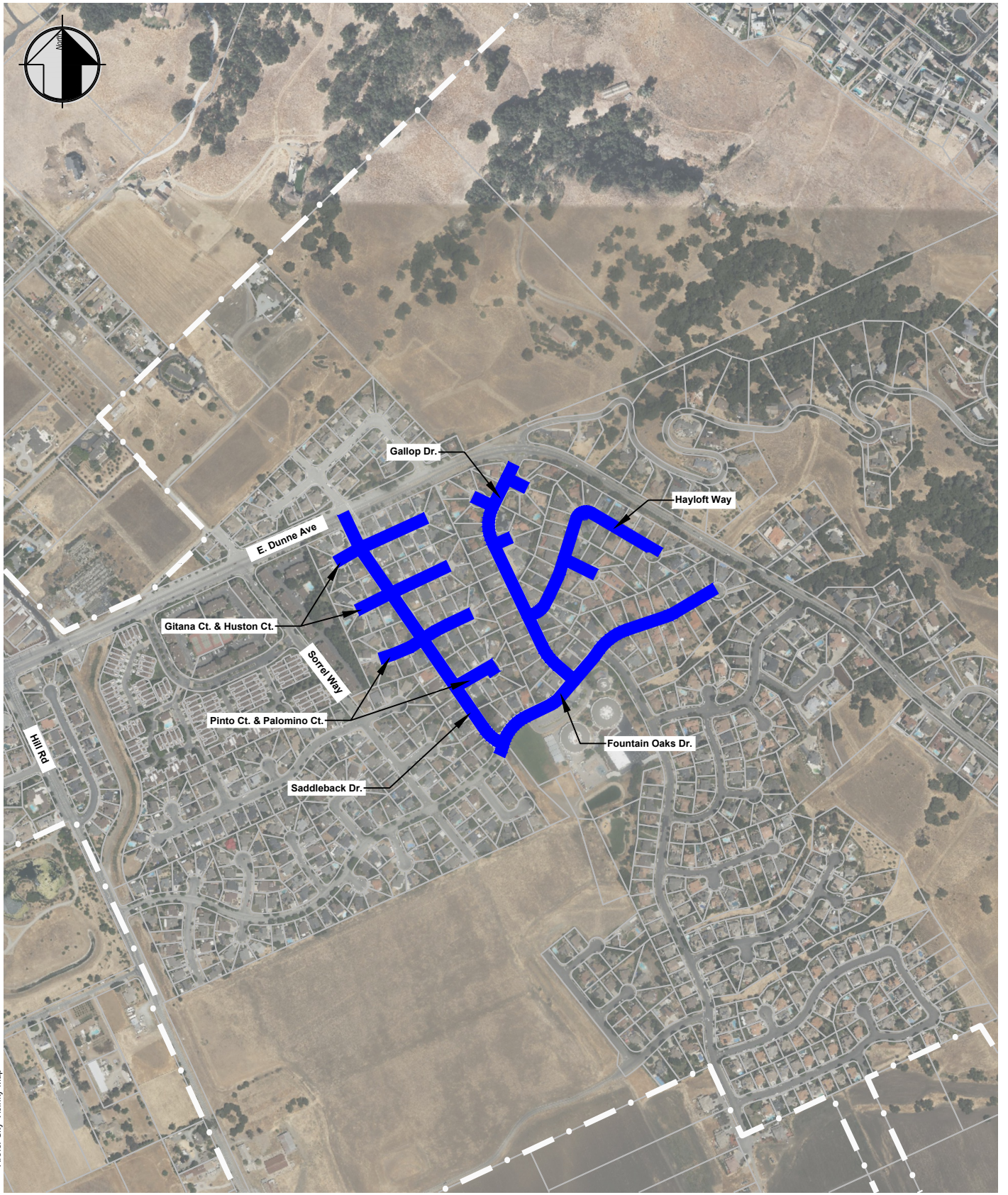
### **FISCAL AND RESOURCE IMPACT:**

If approved, the total authorization for this project shall be \$2,675,453, which includes a 15% contingency of \$348,972. The project will occur in FY 2026-27 and funding is available in the Proposed FY 2026-27 Capital Improvement Budget. Funding for the pavement rehabilitation of City streets is through the Streets CIP Fund (308), funding for the El Toro Access Road improvements is through the Water CIP Fund (653), and funding for Fire Station Parking Lot rehabilitation is through the General Fund (010). It is recommended this project be approved now, ahead of the start of FY 2026-27 to allow for the project to commence in July while school is not in session.

**CEQA (California Environmental Quality Act):****Categorical Exemption**

The activities described in this Staff Report are categorically exempt under CEQA, specifically pursuant to Section 15301 of the CEQA Guidelines (Existing Facilities), as the subject work involves the repair, maintenance, or minor alteration of existing City facilities involving negligible or no expansion of use of those facilities.

C:\Users\agustin.vizcarra\Desktop\Files\2\New Files\2026 Pavement Project\Vicinity maps.dwg - 5/4/2026 11:54 AM - Plotted 5/4/2026 11:49 AM - Xrefs: City Vicinity Map



# City of Morgan Hill

Engineering & Utilities Department

CIP Engineering Division

17575 Peak Ave. Morgan Hill, CA 95037  
 Phone: (408) 776-6480 Fax: (408) 779-7236

## Vicinity Map 2026 Pavement Rehabilitation Project

SCALE: NTS	JOB #: SR5004	SHEET
DRAWN BY: AEV	DATE: 5/4/2026	1 of 2

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 Xrefs: City Vicinity Map



**City of Morgan Hill**  
 Engineering & Utilities Department  
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 17575 Peak Ave. Morgan Hill, CA 95037  
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**Vicinity Map**  
 2026 Pavement Rehabilitation Project

SCALE: NTS	JOB #: SR5004	SHEET
DRAWN BY: AEV	DATE: 5/4/2026	2 of 2

## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: May 20, 2026**

PREPARED BY:

Nolen Ugalde, Assistant Engineer

APPROVED BY: City Manager

## **PAVEMENT REHABILITATION PLANNING UPDATE**

### **RECOMMENDATION(S)**

Receive update.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **City Council Ongoing Priorities**

Enhancing Public Safety and Quality of Life

Maintaining and Enhancing Infrastructure

#### **Strategic Priorities 2026-2027**

Fiscal Sustainability

Public Safety

Transportation

#### **Guiding Documents**

Bikeways, Trails, and Recreation Master Plan

### **REPORT NARRATIVE:**

The purpose of this report is to provide an update on future pavement condition planning for the City. The City prioritizes the use of its limited funding in the repair of the City's streets using the following criteria:

- Repairing and maintaining arterial and collector roadways ahead of residential streets.
- Pavement condition through review of the pavement condition index for each specific street segment.
- Grouping roadways that are adjacent to limit impacts to residents and achieve cost savings related to mobilization costs.
- Repairing roadways that are ongoing safety issues.
- Repairing street segments that reduce the ongoing and repeated maintenance needs for the City.

The pavement rehabilitation plans for the next three years are included in the report

below for convenience (See Attachment 1 for Vicinity Map):

### **2026 Planned Pavement Rehabilitation**

- Butterfield Boulevard – Tennant Avenue to E Dunne Avenue
- Sutter Boulevard – north of Butterfield Boulevard
- Woodview Avenue
- Streets within the Jackson Meadows neighborhood, including Fountain Oaks Drive (east of Saddleback Drive), Saddleback Drive (south of E Dunne Avenue), Gallop Drive, Gitana Court, Huston Court, Pinto Court, Palomino Court, Hayloft Way, and Hayloft Court.

### **2027 Planned Pavement Rehabilitation**

- Monterey Road from Cochrane Road to East Middle Avenue/City limit – One Bay Area Grant Project. \*\*Project will include median work, sidewalk extensions, ADA ramp improvements, and Bike Lane improvements. The project is anticipated to start in Spring 2027\*\*.
- Streets within the Jackson Meadows Neighborhoods, including Fountain Oaks Drive (west of Saddleback Drive), Buckskin Court, Sorrel Way, Cimarron Drive, Calero Court, Saddlehorn Way, Ranger Court, Arabian Court, Feliz Court, Ponderosa Avenue, and Fountain Avenue.
- Streets within the Calle Mazatan Area, including Calle Mazatan, Corte Arqueta, Corte Cabas, Calle Cabezal, Calle Del Sol Way, Calle Caballeria, Calle Atavio, Calle Asta, Calle Caballeria Court, Bel Air Way, Corte Cabanil, Grand Prix Way, Caprice Court, Landau Court, La Sabre Court, Bel Air Court, Biscayne Court, Impala Court, and Diana Avenue (Butterfield Boulevard to Grand Prix Way).

### **2028 Planned Pavement Rehabilitation**

- E Dunne Avenue from Condit Road to the eastern City Limits
- Streets within the Native Dancer Drive neighborhood, including Native Dancer Drive, Black Prince Court, Count Fleece Court, W Middle Avenue (South of Olive Avenue), Badger Pass Road, Gallant Fox Drive, Olive Avenue, Silver Cloud Court, and Grey Ghost Court.
- Streets within the Amberwood Glen neighborhood, including Venetian Way, Dark Star Court, Sword Dancer Court, and Citation Court.
- Streets within the Calle Enrique neighborhood include Calle Enrique, La Canada Court, La Paz Court, Las Coches Court, La Baree Drive, La Mar Drive, La Pala Court, and La Honda Sur.

The 2026 Pavement Rehabilitation project is on the City Council agenda for project award on May 20, 2026. As planned, the project prioritizes the repair of

the City's arterial and collector roadways, while allocating available funds to the resurfacing of residential streets that are significantly degraded. Additionally, the planned work for the coming five years is available on the City's Pavement Rehabilitation webpage at: [www.morganhill.ca.gov/2539/Pavement-Rehab-Street-Cut-Moratorium](http://www.morganhill.ca.gov/2539/Pavement-Rehab-Street-Cut-Moratorium)

### **COMMUNITY ENGAGEMENT:**

#### **Inform**

City staff work on a significant communication planning effort to be implemented ahead of the work, which is planned to occur during the summer months. City staff regularly receive requests for pavement repairs from throughout the community and these are reviewed and repaired by street maintenance staff if smaller in nature or incorporated into the larger pavement rehabilitation planning if larger in nature. The City has a page dedicated to pavement rehabilitation on the City's website that outlines the long-term planning for pavement management. The page is available at: [www.morganhill.ca.gov/2539/Pavement-Rehab-Street-Cut-Moratorium](http://www.morganhill.ca.gov/2539/Pavement-Rehab-Street-Cut-Moratorium)

### **ALTERNATIVE ACTIONS:**

City Council can provide staff with additional direction or feedback as deemed appropriate. Since it takes staff a significant amount of time to design a project, Council would be able to provide comments or direct changes for the 2027 project and later without delaying project work.

### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

On April 2, 2025, the City Council received the Pavement Condition Update and Pavement Rehabilitation Planning update.

### **FISCAL AND RESOURCE IMPACT:**

There is no fiscal impact associated with receiving the report. Award of future projects and appropriations will require additional action by the City Council.

### **CEQA (California Environmental Quality Act):**

The activities described in this Staff Report are categorically exempt under CEQA,

specifically pursuant to Section 15301 of the CEQA Guidelines (Existing Facilities), as the subject work involves the repair, maintenance, or minor alteration of existing City facilities involving negligible or no expansion of use of those facilities.

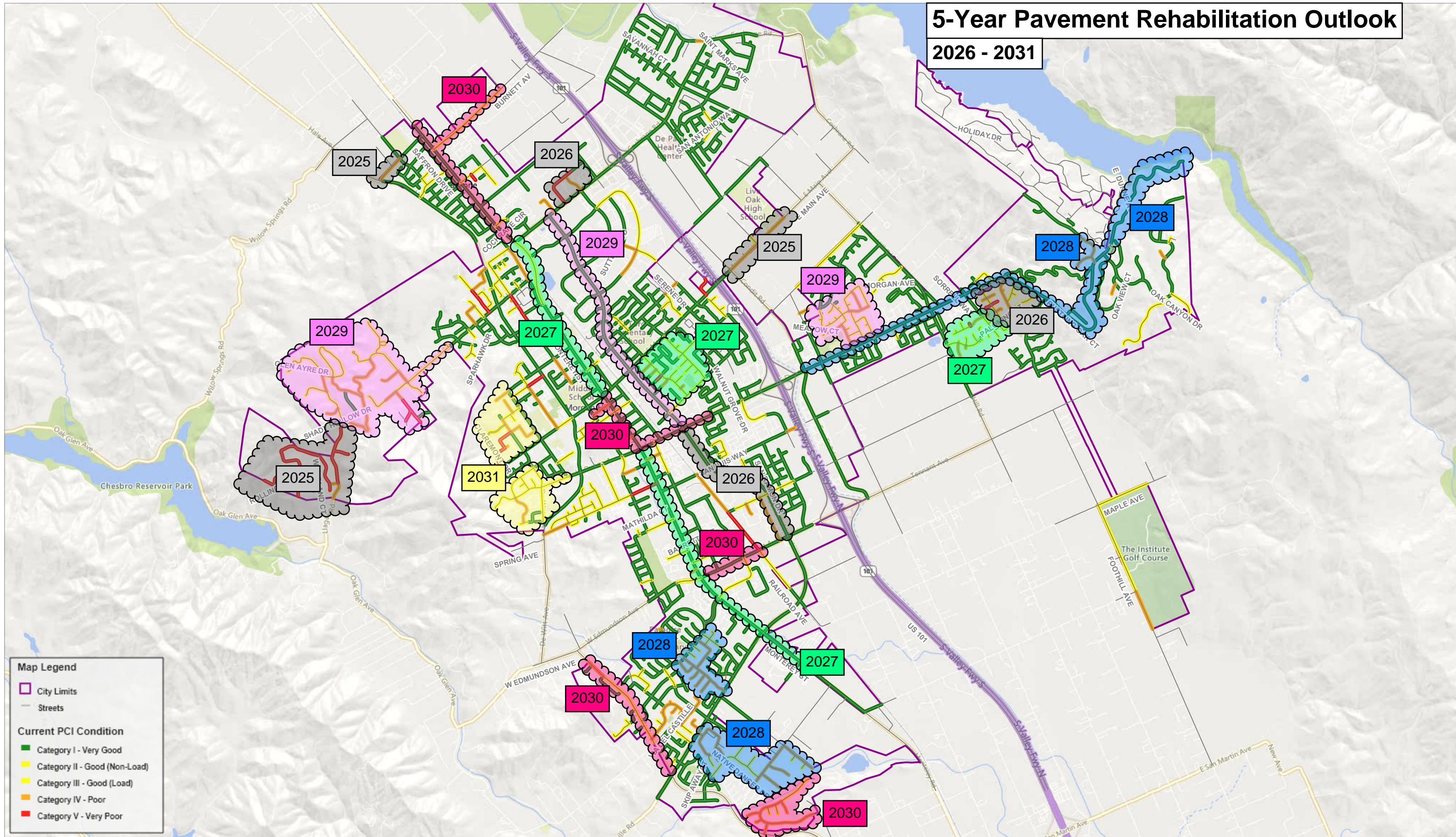


# Current PCI Condition

Printed: 2/18/2025

## 5-Year Pavement Rehabilitation Outlook

2026 - 2031



**Map Legend**

- City Limits
- Streets

**Current PCI Condition**

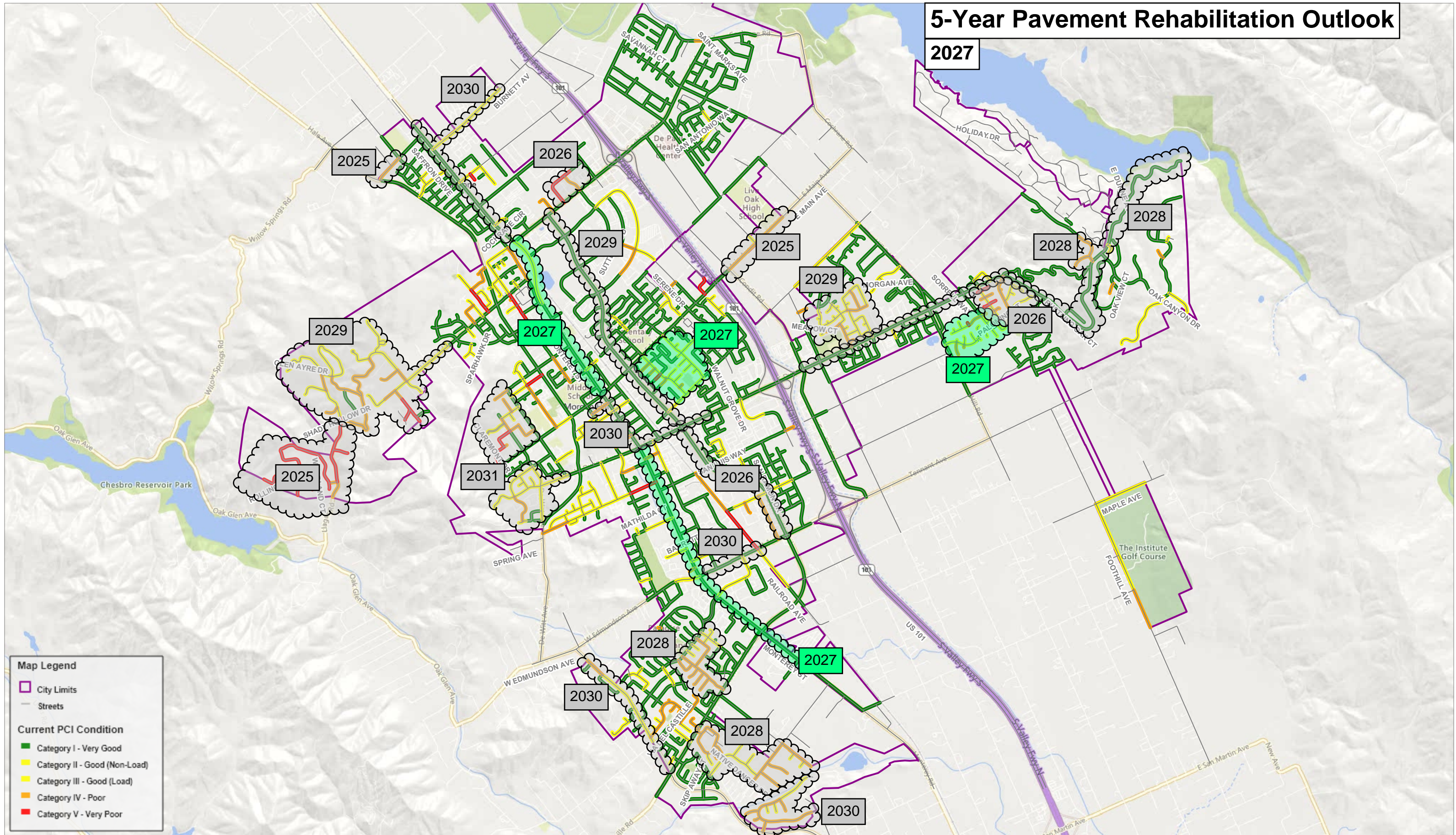
- Category I - Very Good
- Category II - Good (Non-Load)
- Category III - Good (Load)
- Category IV - Poor
- Category V - Very Poor



# Current PCI Condition

Printed: 2/18/2025

## 5-Year Pavement Rehabilitation Outlook

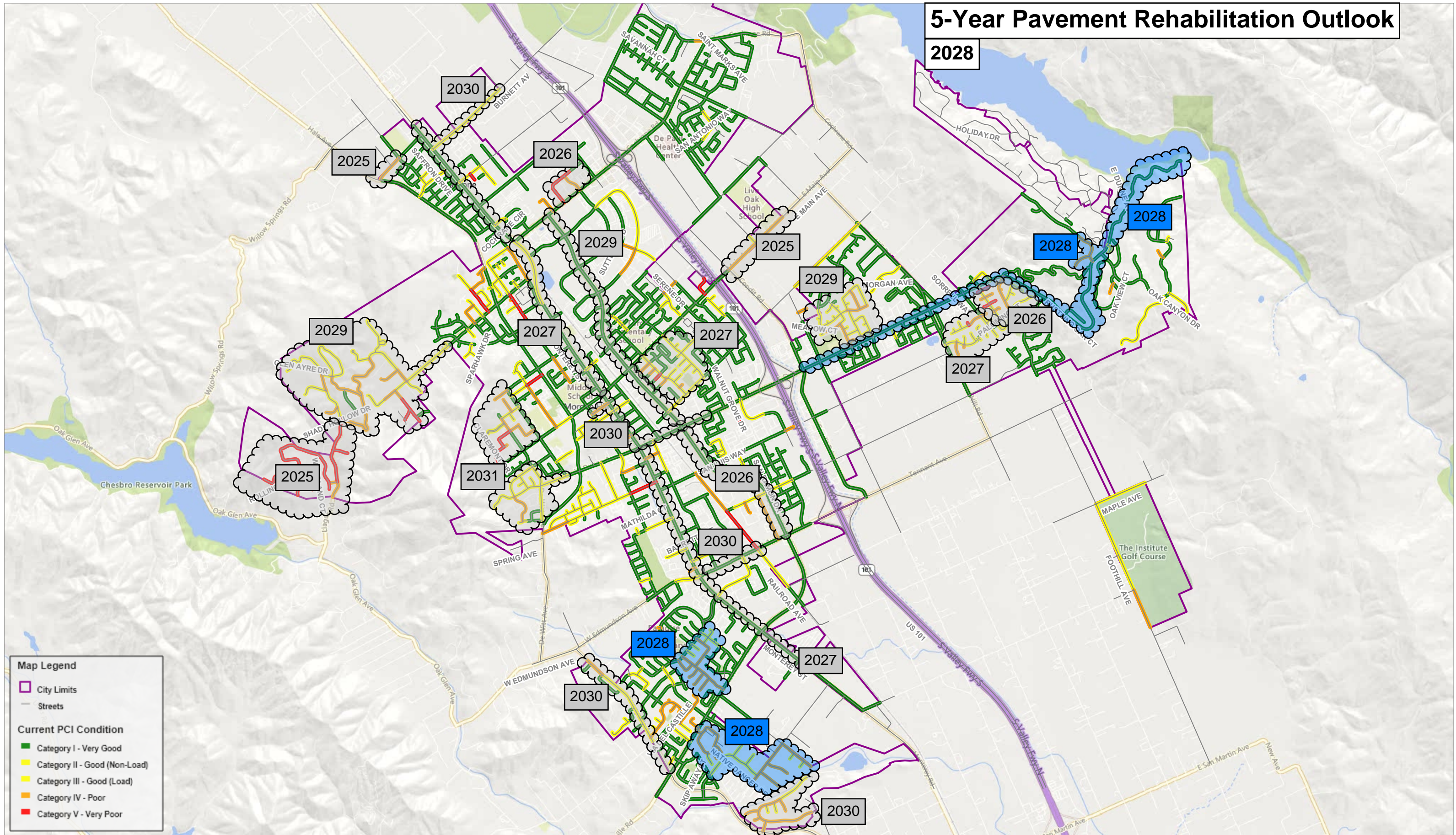




# Current PCI Condition

Printed: 2/18/2025

## 5-Year Pavement Rehabilitation Outlook



**Map Legend**

- City Limits
- Streets

**Current PCI Condition**

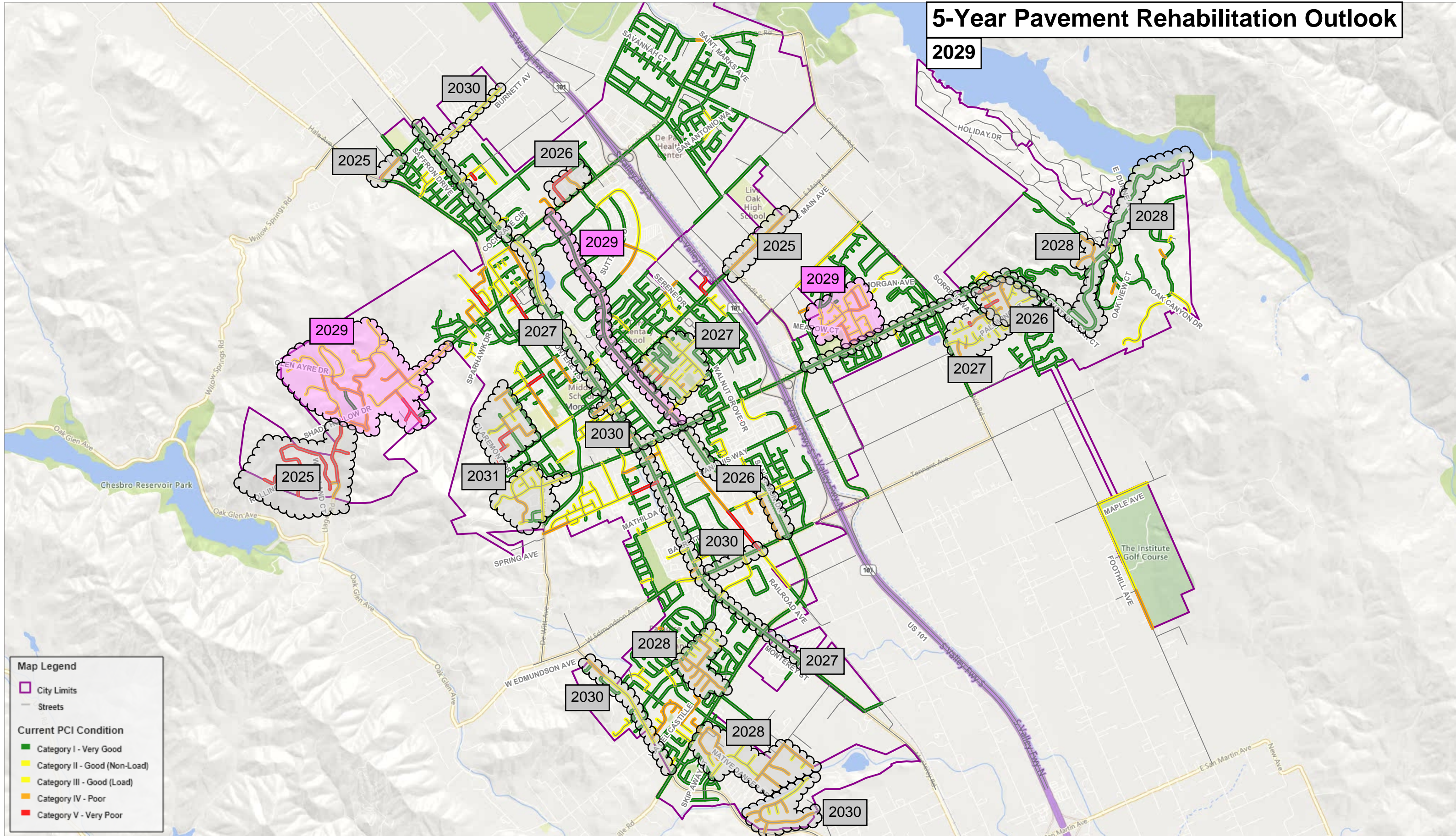
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# Current PCI Condition

Printed: 2/18/2025

## 5-Year Pavement Rehabilitation Outlook



**Map Legend**

- City Limits
- Streets

**Current PCI Condition**

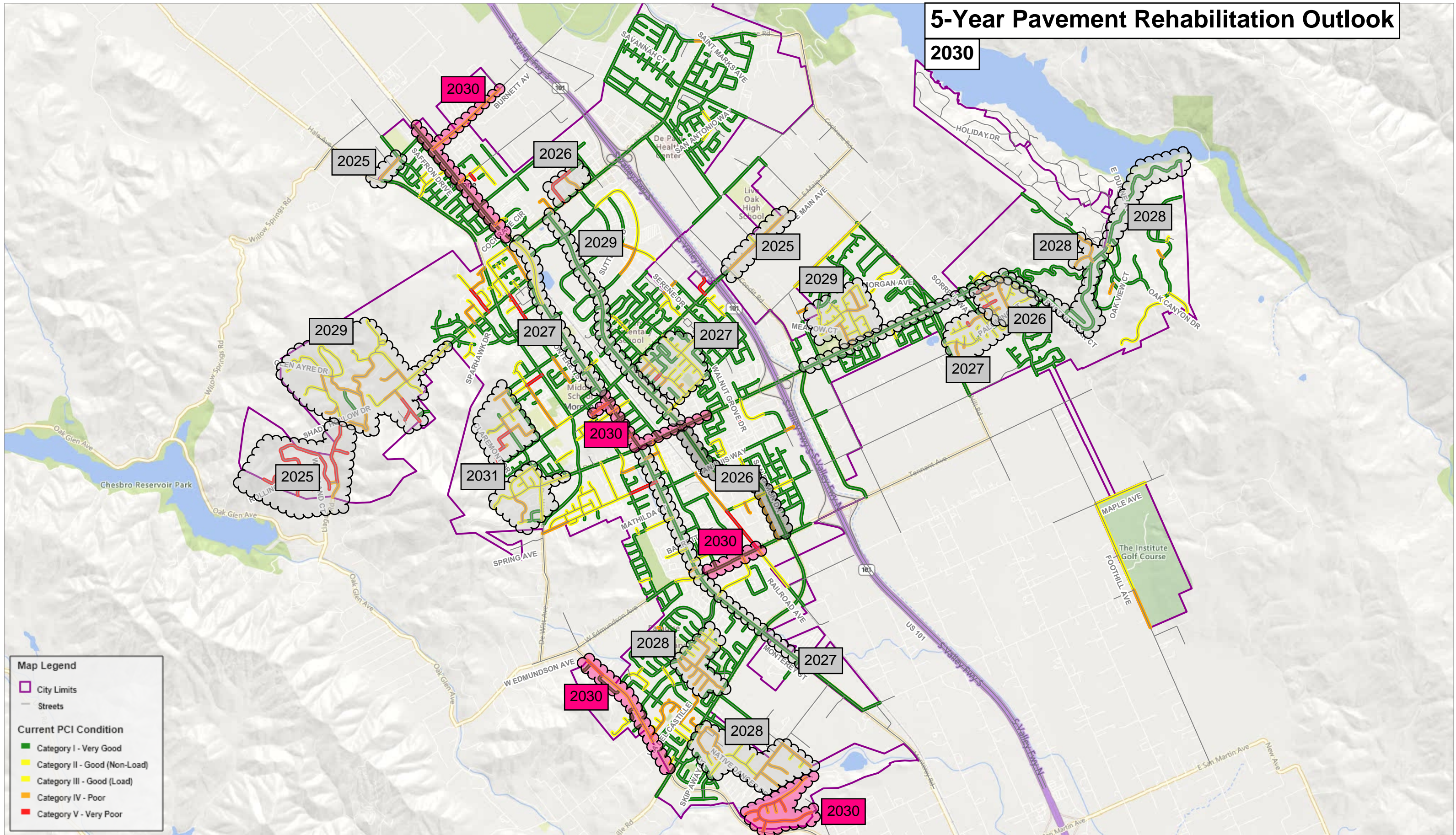
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# Current PCI Condition

Printed: 2/18/2025

## 5-Year Pavement Rehabilitation Outlook

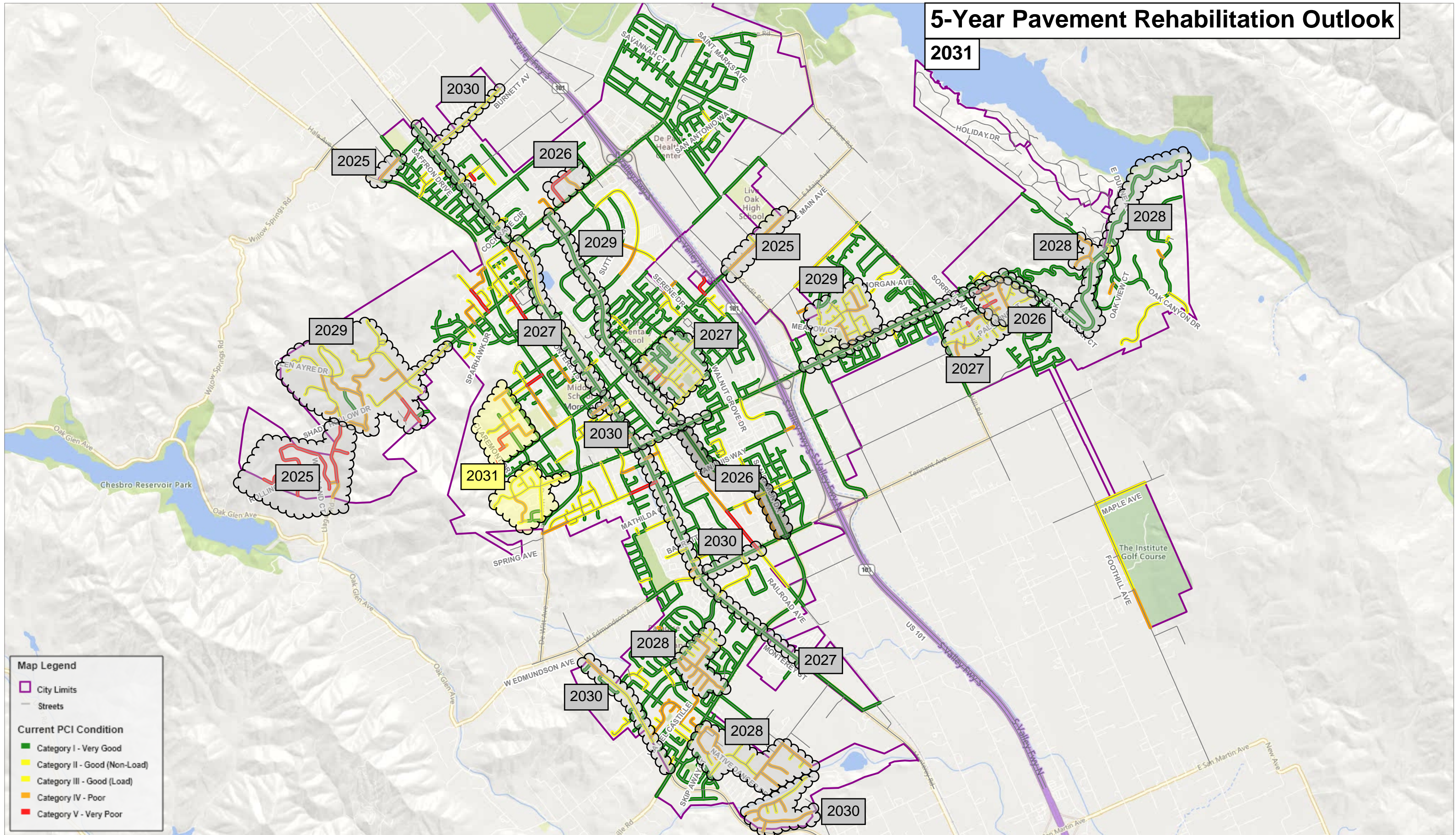




# Current PCI Condition

Printed: 2/18/2025

## 5-Year Pavement Rehabilitation Outlook



**Map Legend**

- City Limits
- Streets

**Current PCI Condition**

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- Category V - Very Poor



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: May 20, 2026**

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

## **REVIEW THE CITY MANAGER'S RECOMMENDED FY 2026-27 AND FY 2027-28 BIENNIAL OPERATING AND FY 2026-27 THROUGH FY 2031-32 CAPITAL IMPROVEMENT PROGRAM BUDGETS**

### **RECOMMENDATION(S)**

Review and discuss the Recommended Budgets

### **COUNCIL PRIORITIES, GOALS & STRATEGIES**

#### **City Council Ongoing Priorities**

Enhancing Public Safety and Quality of Life

Protecting the Environment and Preserving Open Space and Agricultural Land

Maintaining and Enhancing Infrastructure

Supporting our Youth, Seniors, and Entire Community

Fostering a Positive Organizational Culture

Preserving and Cultivating Public Trust

Preserving our Community History

Enhancing Diversity and Inclusiveness

Advocating for Local, Regional, and State Legislative Initiatives

Promoting a Healthy Community

#### **Strategic Priorities 2026-2027**

Fiscal Sustainability

Public Safety

Affordable Housing and Homelessness

Economic Development and Tourism

Transportation

Economic Mobility

#### **Guiding Documents**

Bikeways, Trails, and Recreation Master Plan

Climate Action Plan

Communications, Outreach, and Engagement Plan

Economic Blueprint

Fire Services Standards of Coverage

GIS Strategic Plan

Morgan Hill 2035 General Plan

Public Safety Master Plan  
 Storm Drain Master Plan  
 Vision Zero  
 Water System Master Plan  
 Wastewater System Master Plan

### **REPORT NARRATIVE:**

During the City Council Meeting on Wednesday, May 20, 2026, the City Manager will present the City Council and Community with the Recommended Budget.

### **Recommended City Budget**

The total Recommended Budget is \$244.2 million in FY 26-27 and \$221.4 million in FY 27-28. In FY 26-27, expenditures include \$66.6 million in the General Fund, \$92.7 million in Capital Improvement Program (CIP), and \$84.9 million across all other funds. In FY 27-28, expenditures include \$68.5 million in the General Fund, \$61.8 million in CIP, and \$91.1 million across all other funds. Additional details are provided in the Operating Department and CIP sections of the budget document.

This budget serves as a foundational roadmap for our Community, reflecting our core commitment to Fiscal Sustainability and Preserving and Cultivating Public Trust while maintaining the City services that the Community continues to expect during a period of financial transition and economic complexity.

[Recommended FY 2026-27 and FY 2027-28 Biennial Operating](#) and [FY 2026-27 through FY 2031-32 Capital Improvement Program](#) Budgets.

### **COMMUNITY ENGAGEMENT:**

Involve  
 November 8, 2025 - Budget at Sidewalk Saturdays  
 December 10, 2025 - Budget Community Engagement Meeting (Release of Balancing Act Tool)  
 March 25, 2026 - Budget Roundtable  
 May 16, 2026 - Budget Townhall  
 May 20, 2026 Budget Workshop  
 June 3, 2026 Budget Public Hearing/Adoption

### **ALTERNATIVE ACTIONS:**

Not Applicable

### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The Recommended Budget was introduced to the City Council and the Community on May 6, 2026.

### **FISCAL AND RESOURCE IMPACT:**

The budget documents are the product of many employees working in a collaborative

manner to strive to attain the Council's and Community's priorities in a cost-effective manner while maintaining the City's goal of fiscal sustainability.

**CEQA (California Environmental Quality Act):**

Not a Project

Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

# BUDGET WORKSHOP

## FY 2026-27 and 2027-28 Recommended Operating Budget and FY 2026-27 through FY 2031-2032 Capital Improvement Program Budgets

*May 20, 2026*

# RECOMMENDED BUDGET

2026-28 Fiscal Years



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

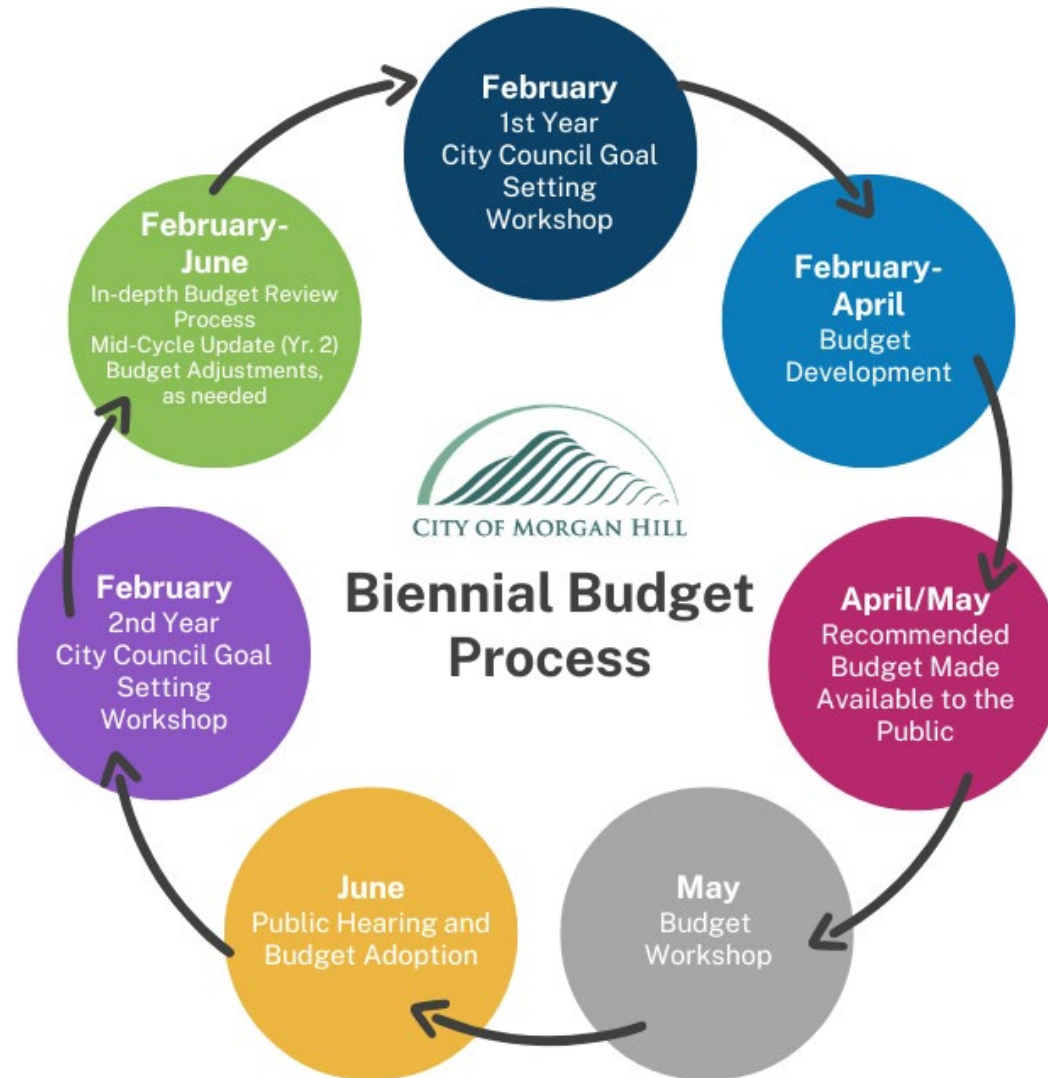
# Budget Workshop Overview

- Budget Process and Foundation
- Recommended Citywide Budget Summary
- General Fund
- Personnel
- Development Services Fund
- Enterprise Funds

# Budget Workshop Overview (cont'd)

- Unfunded Liabilities
- Capital Improvement Program (CIP)
- Next Step
- Questions and Answers, Public Comment, and Council Discussion

# Biennial Budget Process



# Prior Community Engagement Events

- **November 8, 2025**  
Budget at Sidewalk Saturdays
- **December 10, 2025**  
Budget Community Engagement Meeting  
(Release of Balancing Act Tool)
- **March 25, 2026**  
Budget Roundtable
- **May 6, 2026**  
Introduction of the Recommended Budget
- **May 16, 2026**  
Budget Townhall



# Sustainable Morgan Hill

## Vision:

To sustain a safe, inclusive, socially responsible, environmentally conscious and economically sound Community.



# City Council's Ongoing Priorities

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

# City Council's Strategic Priorities 2026-2027

- Fiscal Sustainability
- Public Safety
- Affordable Housing and Homelessness
- Economic Development and Tourism
- Transportation
- Economic Mobility

# Major Funds - Discretionary

## General Fund

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- Public Safety
- Parks and Recreation
- Maintenance Services
- Economic Development
- Administration

# Major Funds: Non-Discretionary

## Development Services Fund

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- Provides planning, building and engineering services

## Special Revenue Funds

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- Provides Housing and Environmental Services

## Capital Project Funds

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- Funds infrastructure related projects for streets, parks, storm drainage and public facilities

## Enterprise Funds

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- Provides for Water and Wastewater Utilities' Operations and Infrastructure Improvements

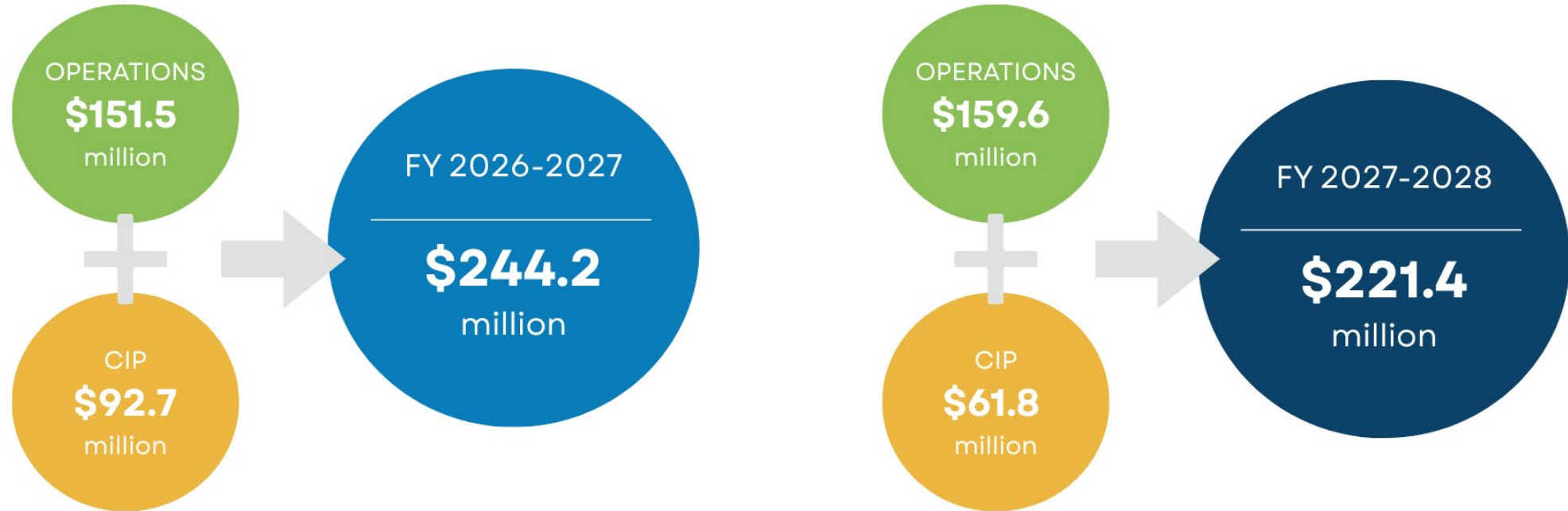
# Recommended Citywide Budget Summary

- Responsive to Council's direction to reduce structural deficit and conduct a thorough review of budgets across all departments
- Cost-containment and operational efficiency efforts through energy savings initiatives, strategic hiring controls, reduced operating costs, and deferred non-essential maintenance
- Revenue enhancements, including administrative cost recovery and fair market facility rental allocations

# Recommended Citywide Budget Summary (cont.)

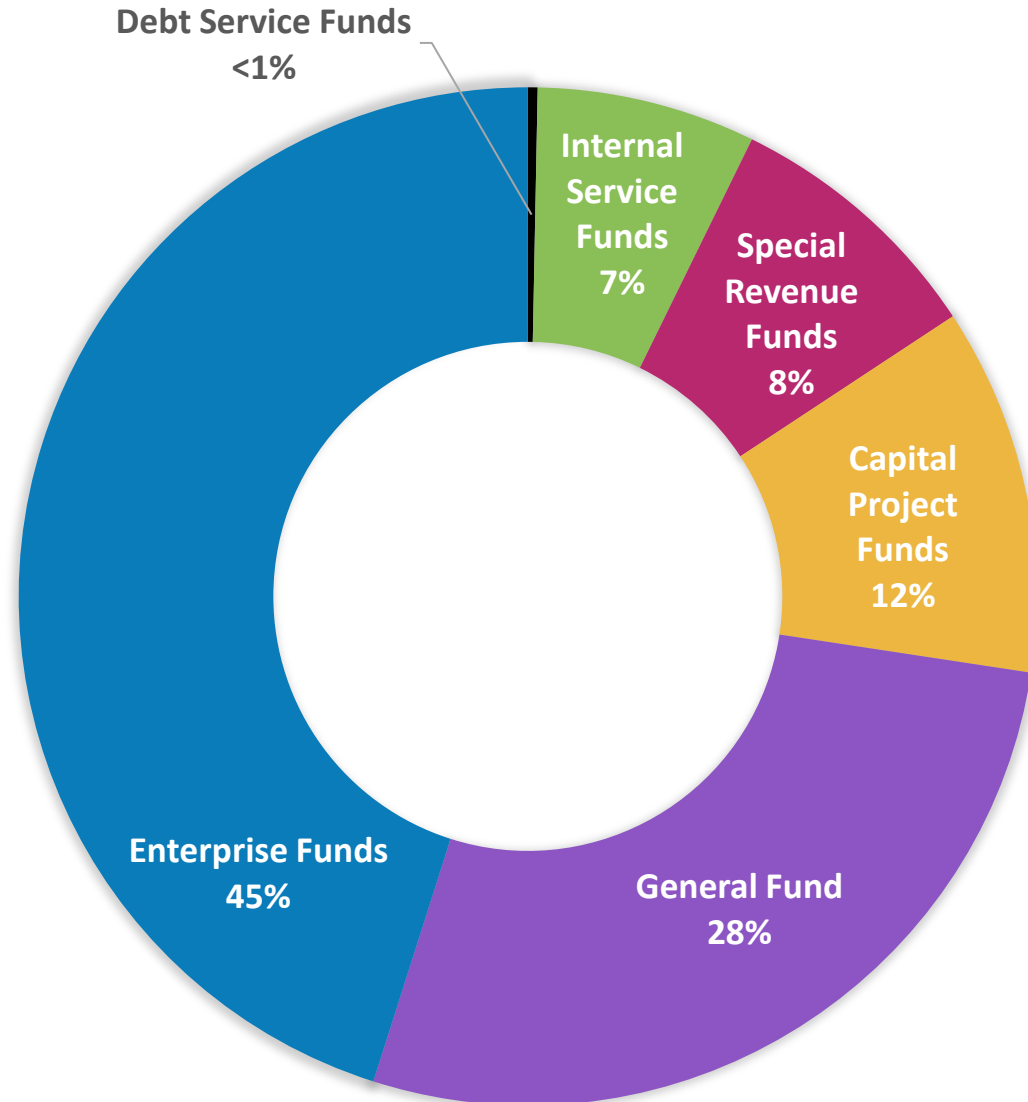
- Biennial budget structural deficit: average \$3.5 million annually
- Expenditures continue to outpace revenue growth
- Public safety remains the highest priority, accounting for 59% of general fund expenditures and over 81% of discretionary spending
- Reserves remain above policy minimum (15%)
  - Projected through FY 2029-30
- Opportunity for phased, strategic action
  - Avoiding immediate, drastic reductions
- Long-term solutions required for Fiscal Sustainability

# Recommended Budget Expenditure Summary

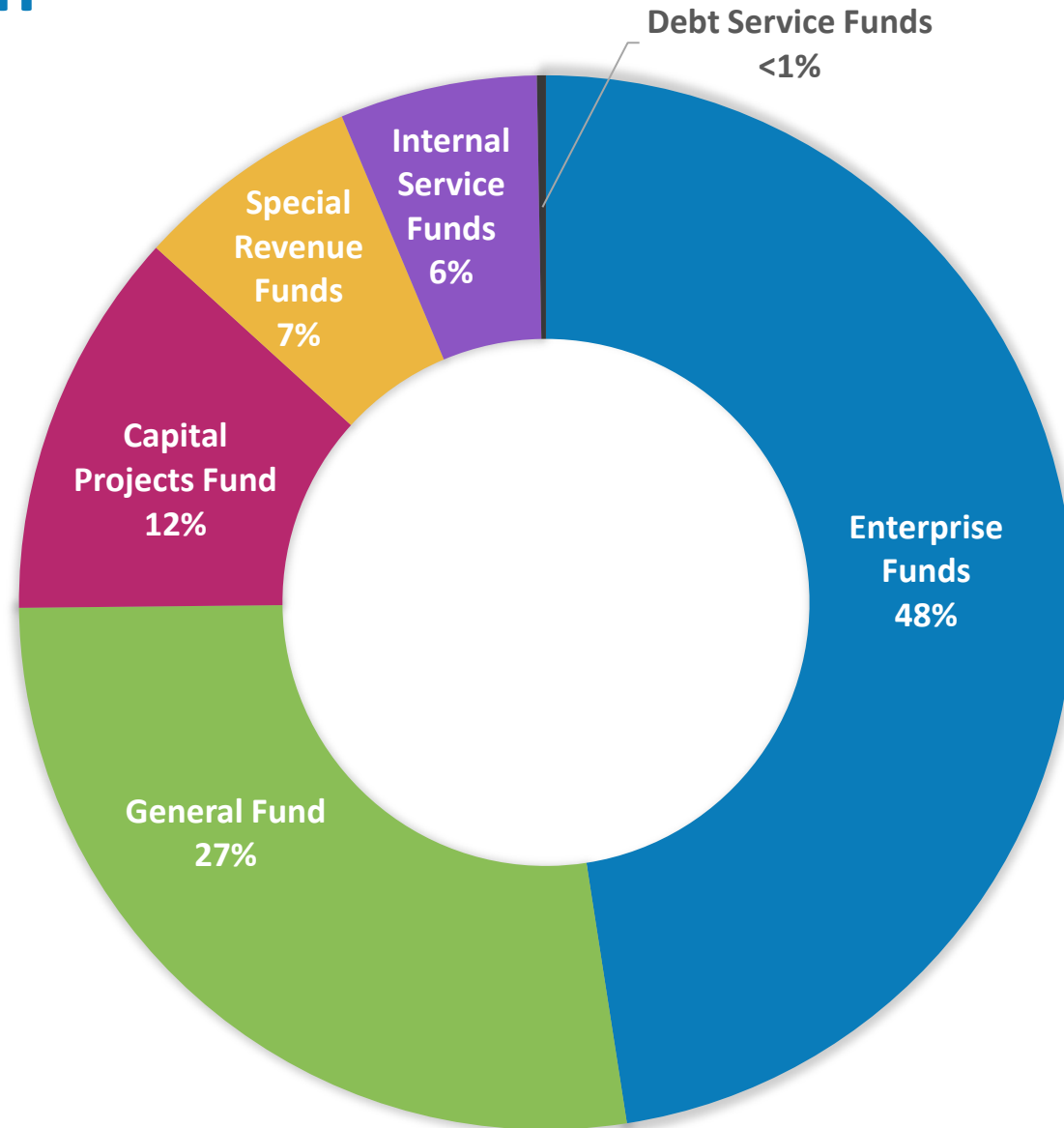


# FY 2026-27 Recommended Revenue All Funds

## \$222.7 million



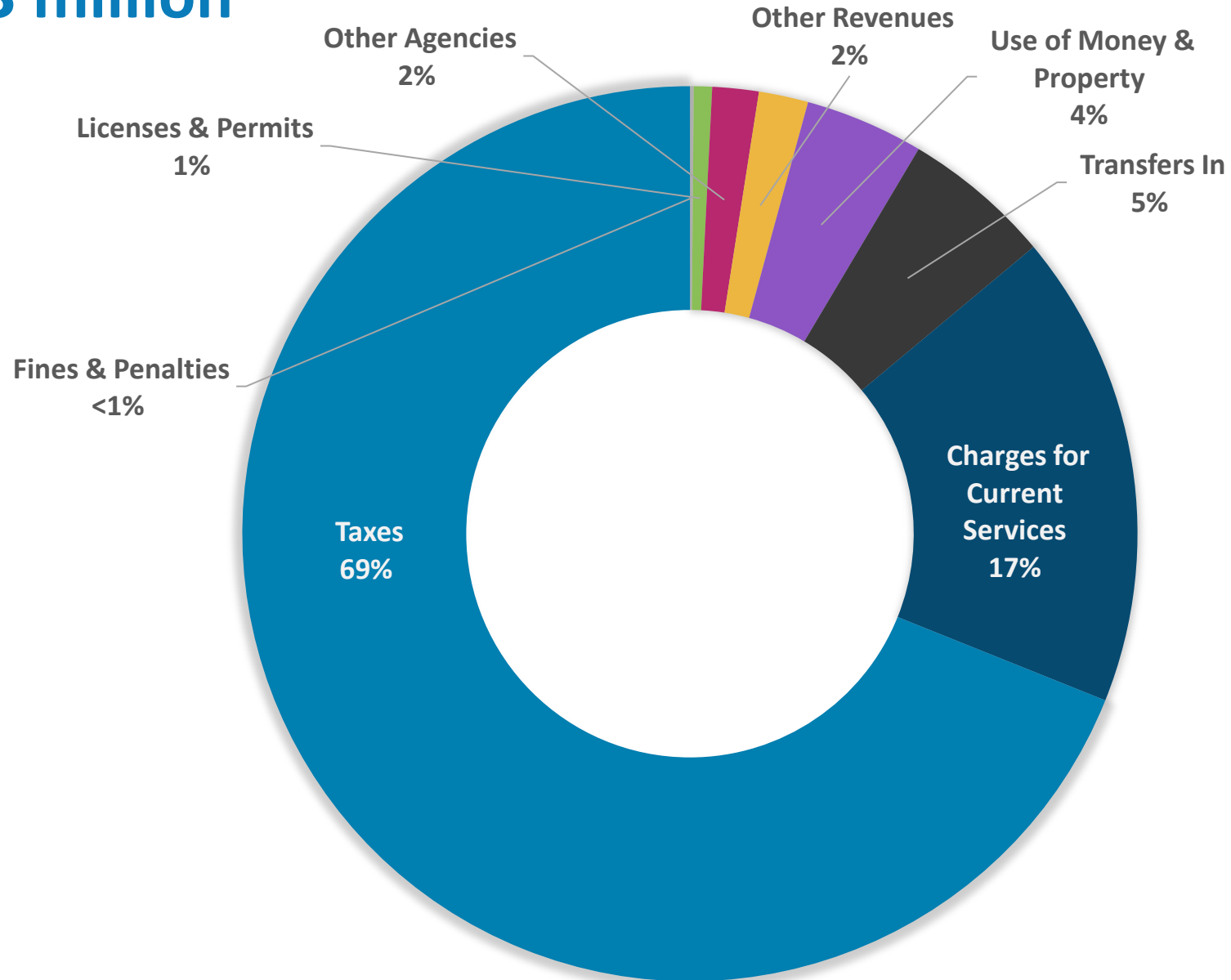
# FY 2026-27 Recommended Expenditures All Funds \$244.2 million



# General Fund

# FY 2026-27 Recommended Revenue General Fund

## \$61.3 million

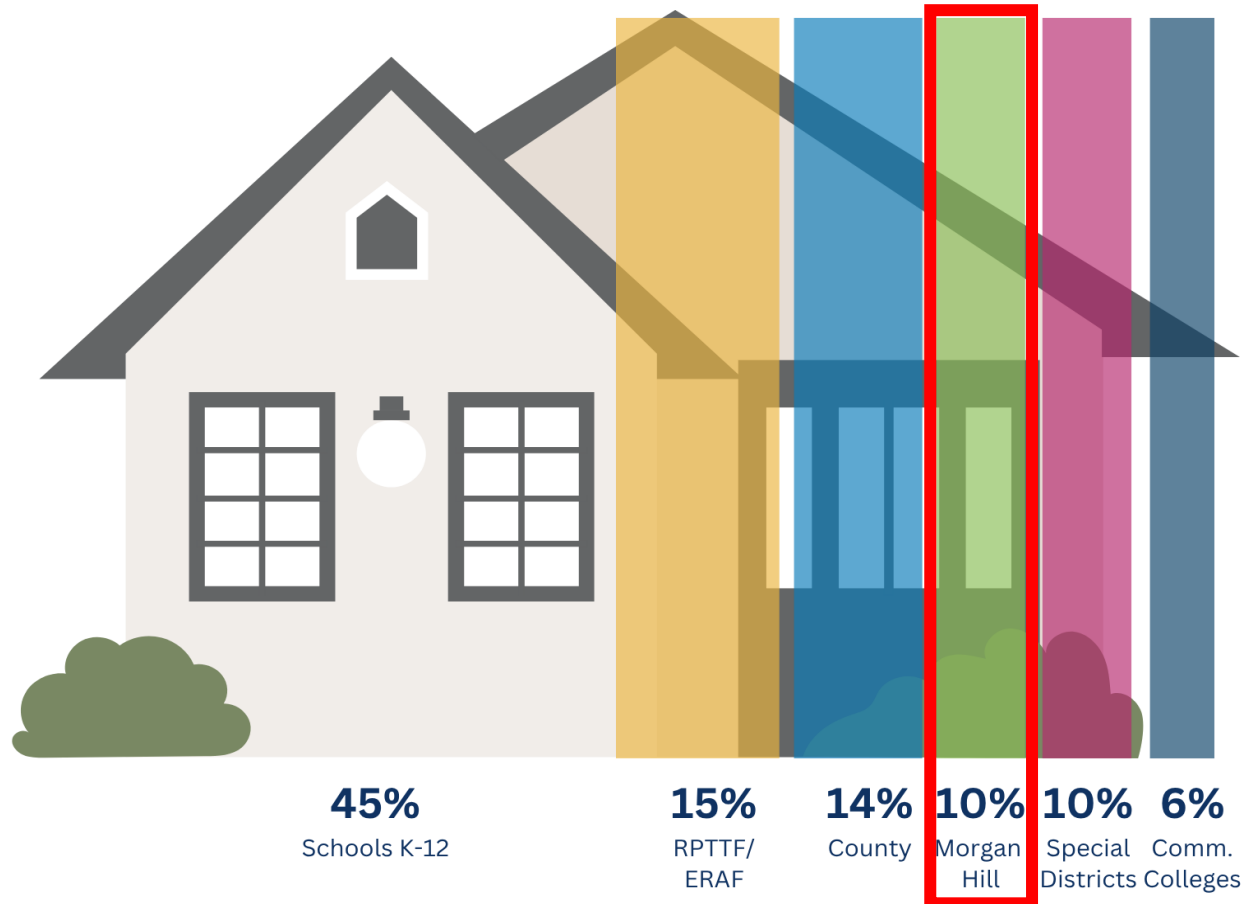


# Property Tax

FY 26-27 \$23.5 million

FY 27-28 \$24.9 million

Morgan Hill Property Tax 1% Distribution



# Excess ERAF - Background

- Educational Revenue Augmentation Fund (ERAF) created in the 1990s to redirect local property taxes to schools
- In certain high-property-value counties, including Santa Clara County, ERAF revenues exceed the amount needed to fully fund local schools
- This surplus is known as “Excess ERAF” and is redistributed back to cities, counties, and special districts.
- Excess ERAF represents an important source of discretionary General Fund revenue for many local agencies, including Morgan Hill.

# Excess ERAF – SCO Audit

- The State Controller’s Office (SCO) asserted that certain former Redevelopment Agency (RDA) residual property tax revenues should be excluded from the Excess ERAF calculation
- Excluding these revenues would reduce the amount of Excess ERAF available for redistribution to local agencies
- Several “Excess ERAF Counties,” including Santa Clara County, disagree with the SCO’s interpretation

# Excess ERAF – Legal Status

- The County has challenged the SCO methodology through litigation
- A summary judgement hearing was heard in April 2026
- As of today:
  - No final court ruling has been publicly announced
  - No settlement has been reported
  - The matter remains unresolved and may ultimately proceed through appeals

# Excess ERAF – Potential Financial Impact

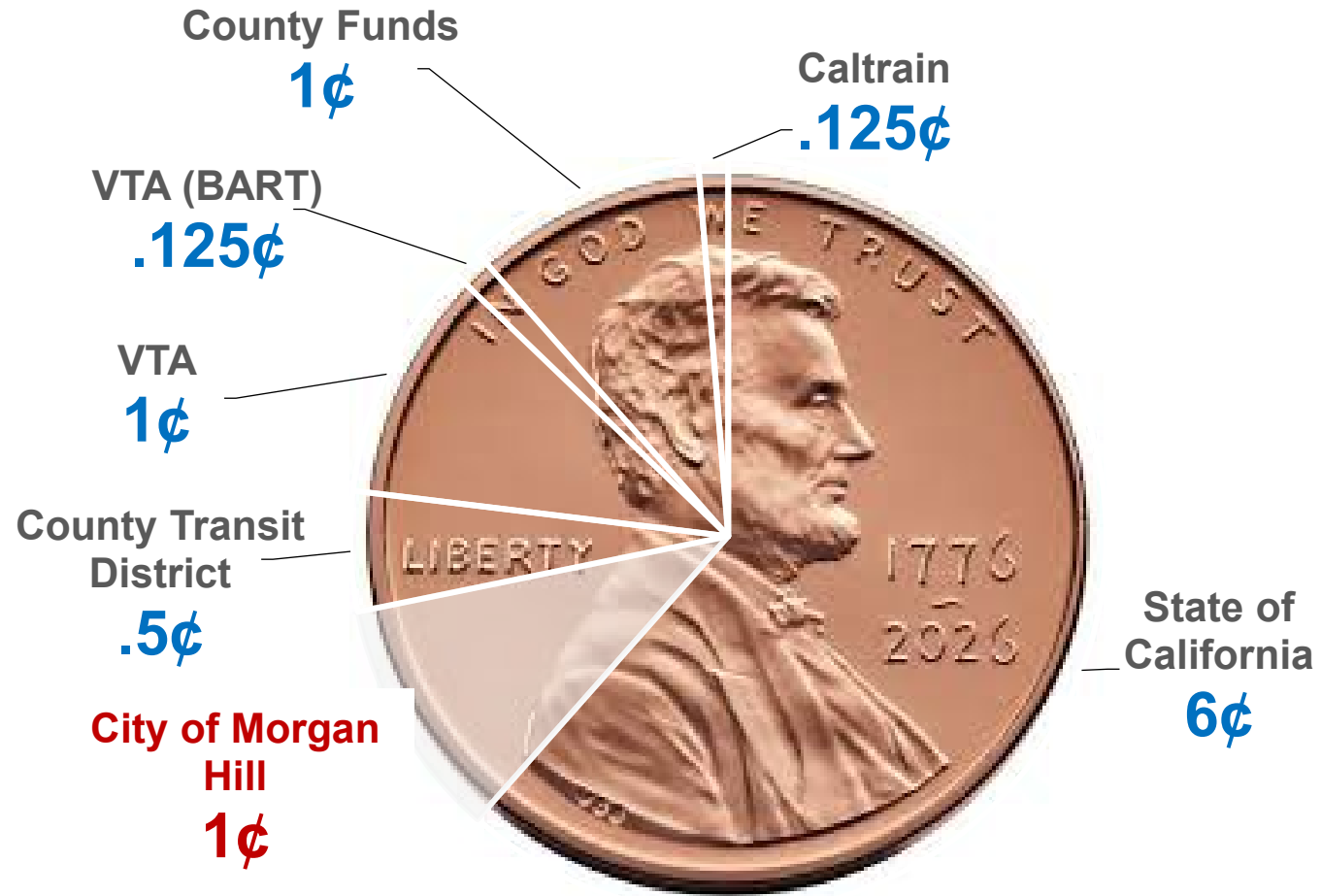
- The County has advised local agencies to treat approximately 20% of Excess ERAF distributions as “at risk.”
- For the City of Morgan Hill:
  - Estimated retroactive exposure: approximately \$2.0 million
  - The City has already established \$1.0 million in reserves to mitigate potential retroactive impacts
  - Staff is proposing to set aside additional \$1.0 million from FY 2025-26 General Fund Budget Savings that would otherwise be allocated toward General Fund unfunded liabilities
  - Current-year revenue projections have also been conservatively reduced by approximately \$700,000 annually

# Sales Tax

FY 26-27 \$12.5 million

FY 27-28 \$12.8 million

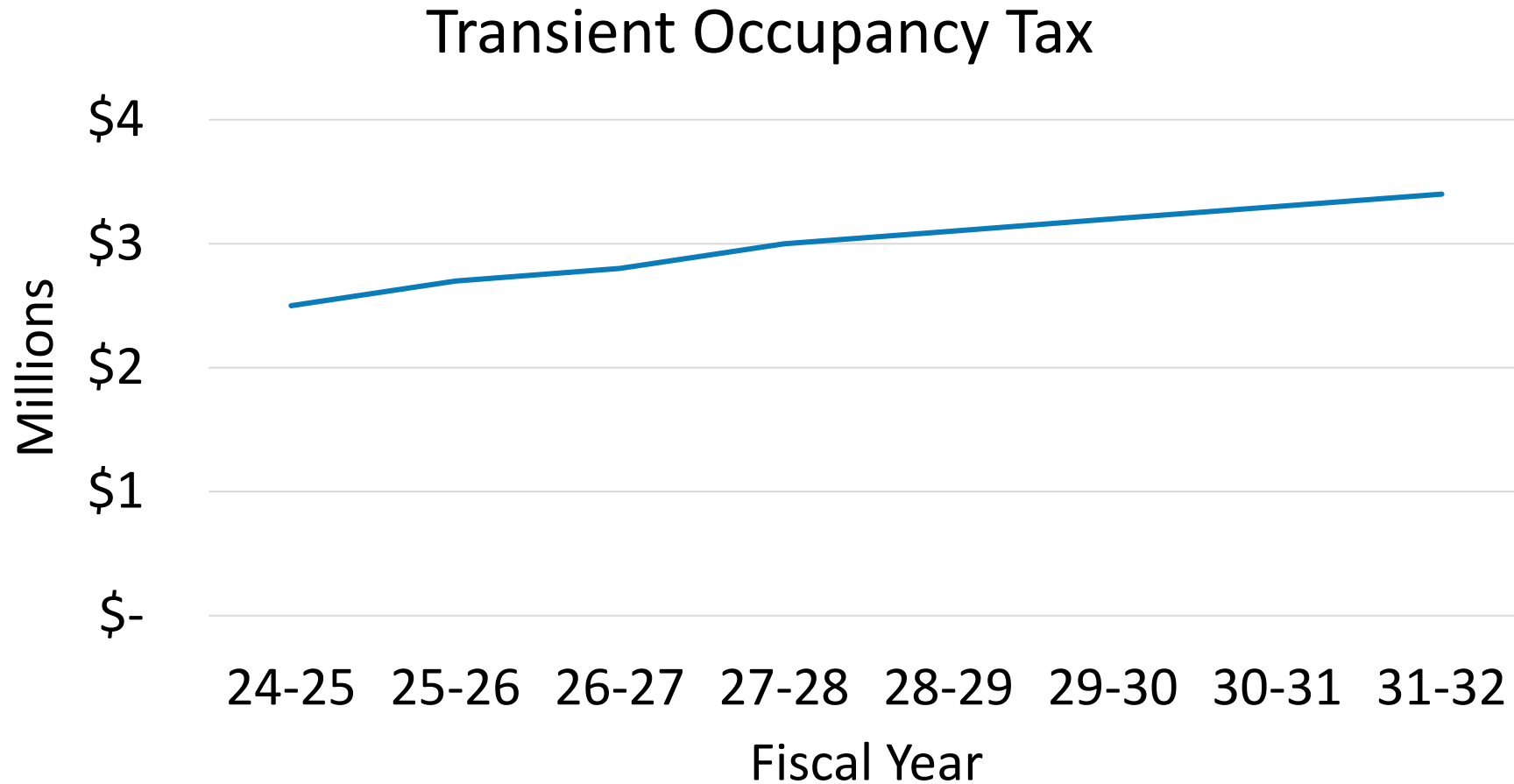
## SALES TAX DISTRIBUTION (current Sales Tax Rate 9.75%)



# Transient Occupancy Tax (TOT)

**FY 26-27 \$2.8 million**

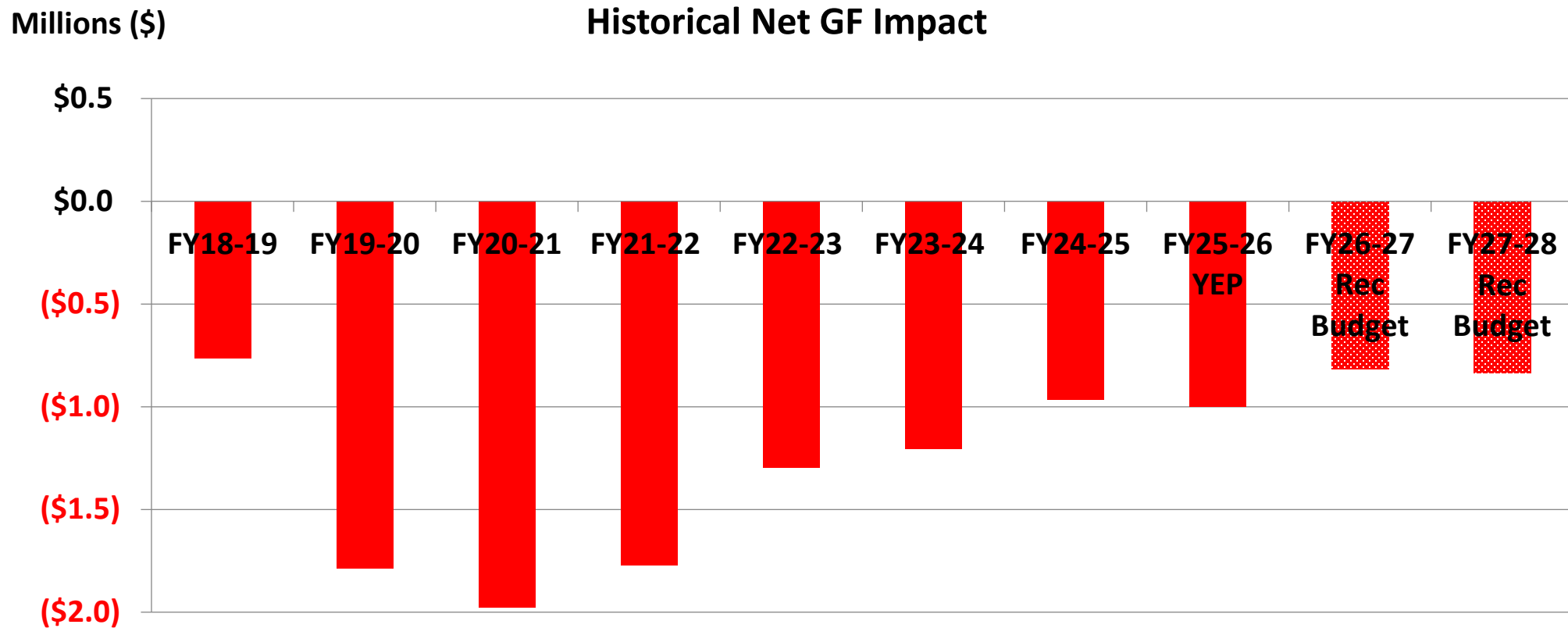
**FY 27-28 \$3.0 million**



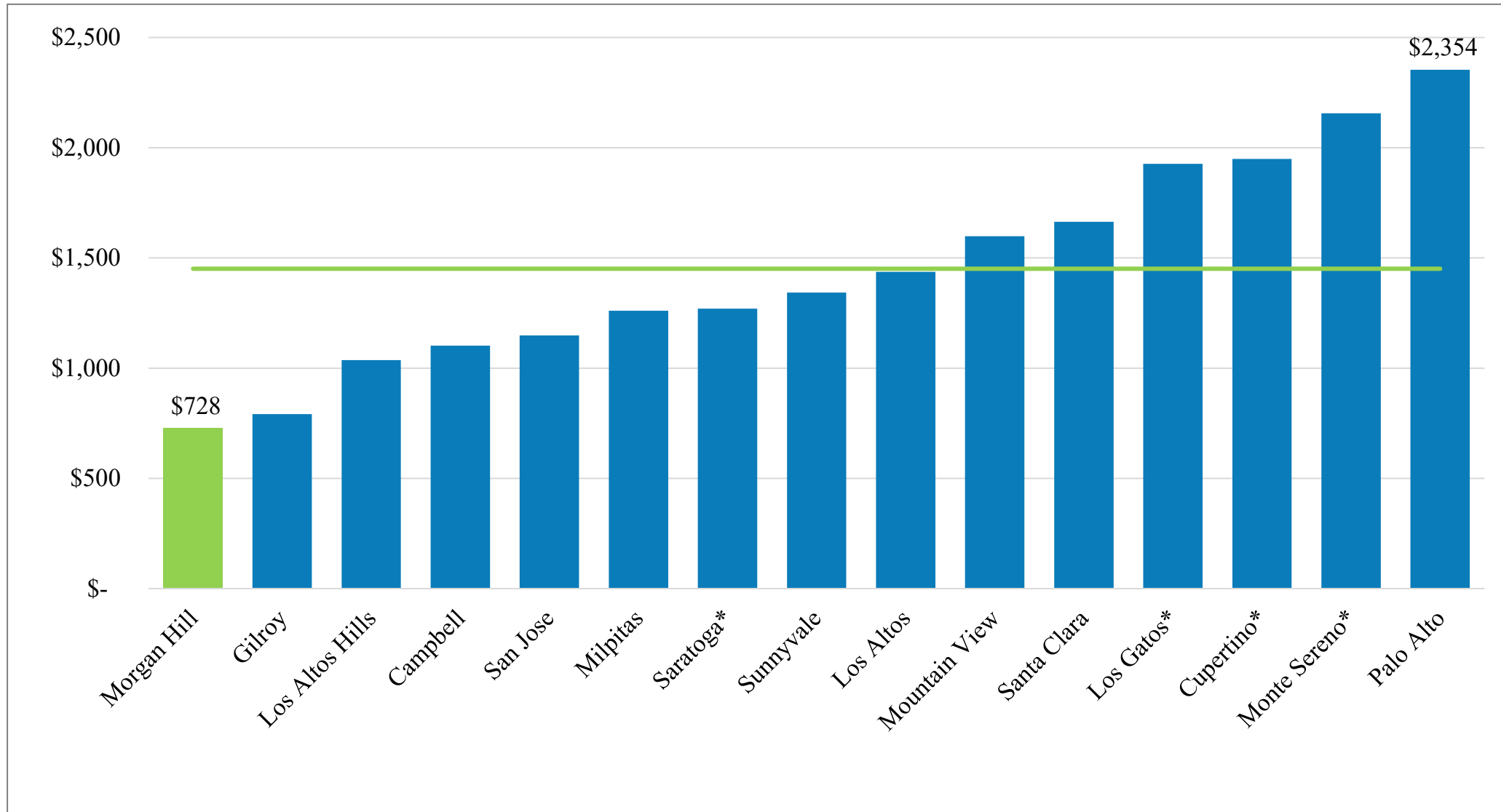
# Recreation Services (net GF impact)

FY 26-27 (\$0.8) million

FY 27-28 (\$0.8) million



# Tax Revenue Per Capita

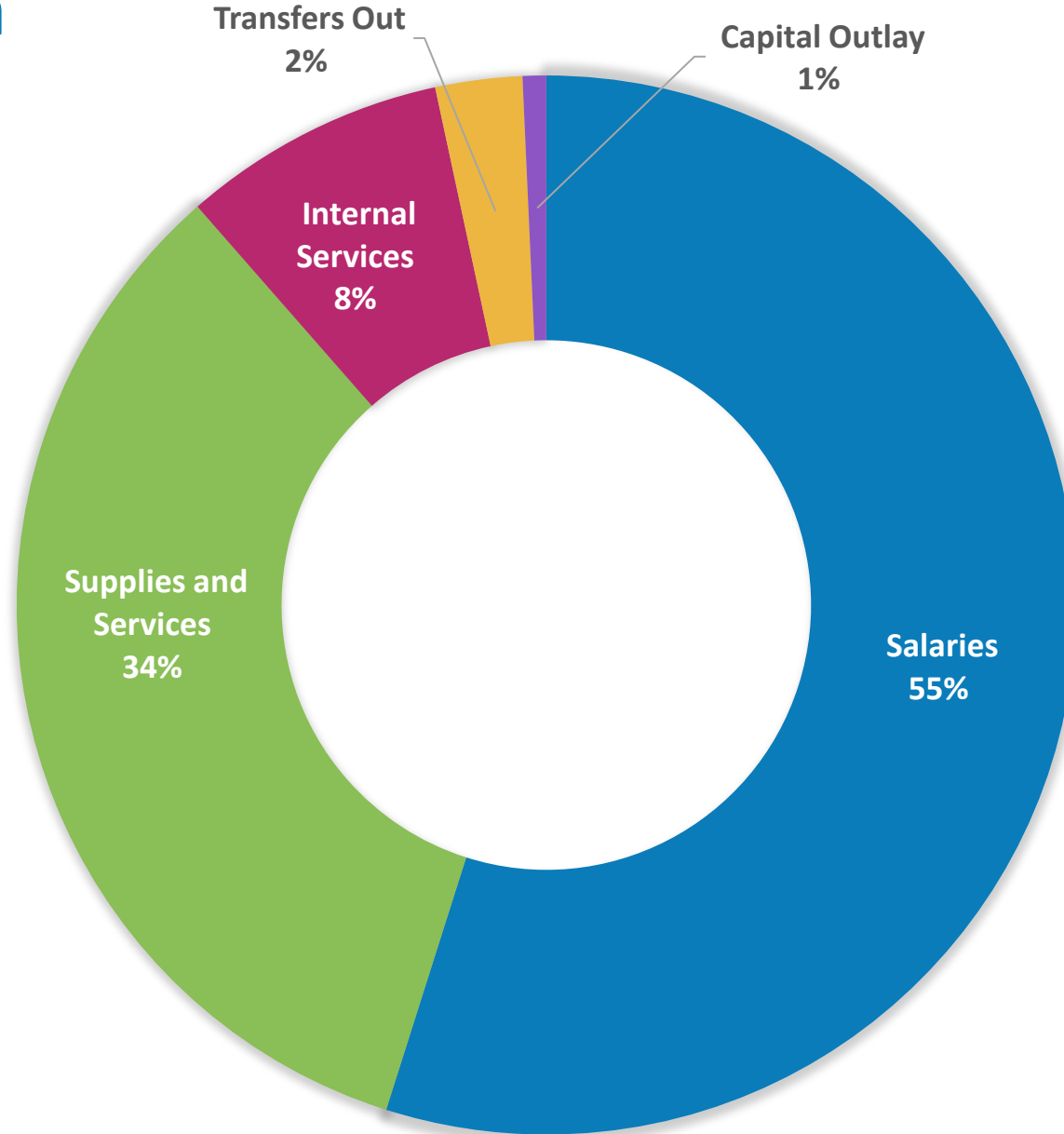


# Why are we the lowest?!?!

## Additional local taxes:

- Sales Tax
  - Campbell, Los Gatos, Milpitas, and San Jose
- Utility User Tax
  - Sunnyvale, Cupertino, Mountain View, Los Altos, Gilroy, Palo Alto, and San Jose
- Low Property Tax (Prop 13 Base Year)

# FY 2026-27 Recommended Expenditures General Fund \$66.6 million



# Where General Fund Dollars Go

- Public Safety - \$39.0 million, representing 59% of total expenditures and approximately 81% of discretionary spending
- Recreation and Community Services - \$9.7 million, representing 15% of total expenditures but represents less than 2% of discretionary spending due to program fee recovery
- Administration and General Support - \$7.0 million, representing 10% of total expenditures and approximately \$3.5 million after administrative charges recovery

# Where General Fund Dollars Go (cont'd)

- Parks, Streets, Downtown Maintenance, and CIP – represent approximately 4% of discretionary spending or about \$1.8 million
- Community Funding – approximately \$300K representing less than 1% of discretionary spending
- Other Programs and Services – Including Economic Development, Code Compliance, County Solid Waste and Environmental Programs, and Other, total \$1.6 million of discretionary spending

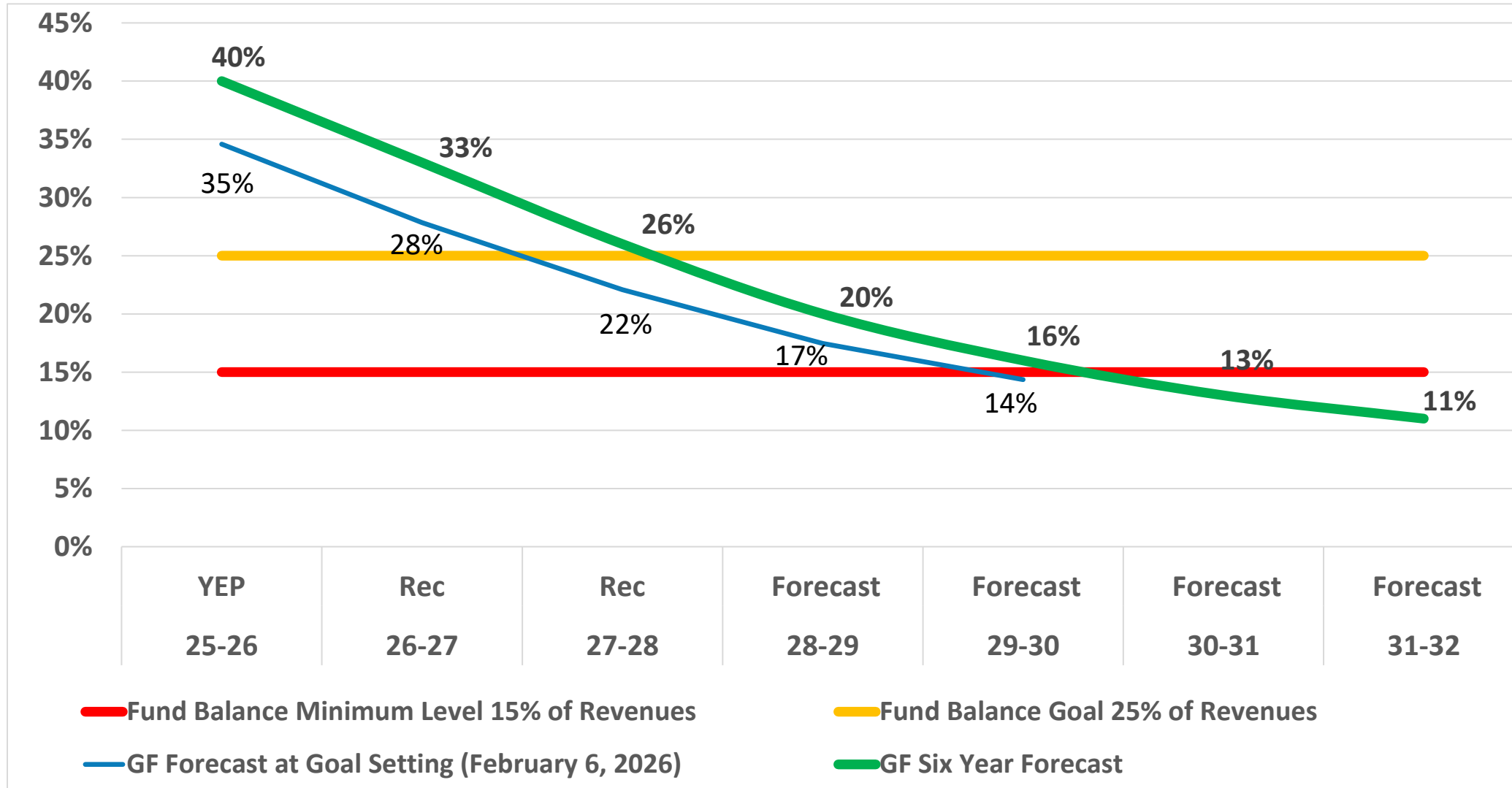
# City Council Recommended Budget

Description	FY 26-27	FY 27-28
Personnel	\$152,000	\$154,000
Community Funding	302,000	284,000
Conferences & Meetings	25,000	25,000
Memberships & Dues	48,000	49,000
Other Supplies & Services	43,000	45,000

# Strategic Mitigation

- Revenue Enhancements
  - Administrative Charges - \$200K from Development Services Fund
  - Corporation Yard Rental - \$300K from Enterprise Funds for use of City facilities
- Cost Containment
  - Energy Efficiency: Citywide solar project to reduce utility expenditures (\$500K)
  - Operational Stewardship: Reduced part-time personnel, overtime costs, non-personnel operating expenses, and deferral of non-essential maintenance (\$735K)

# General Fund Forecast

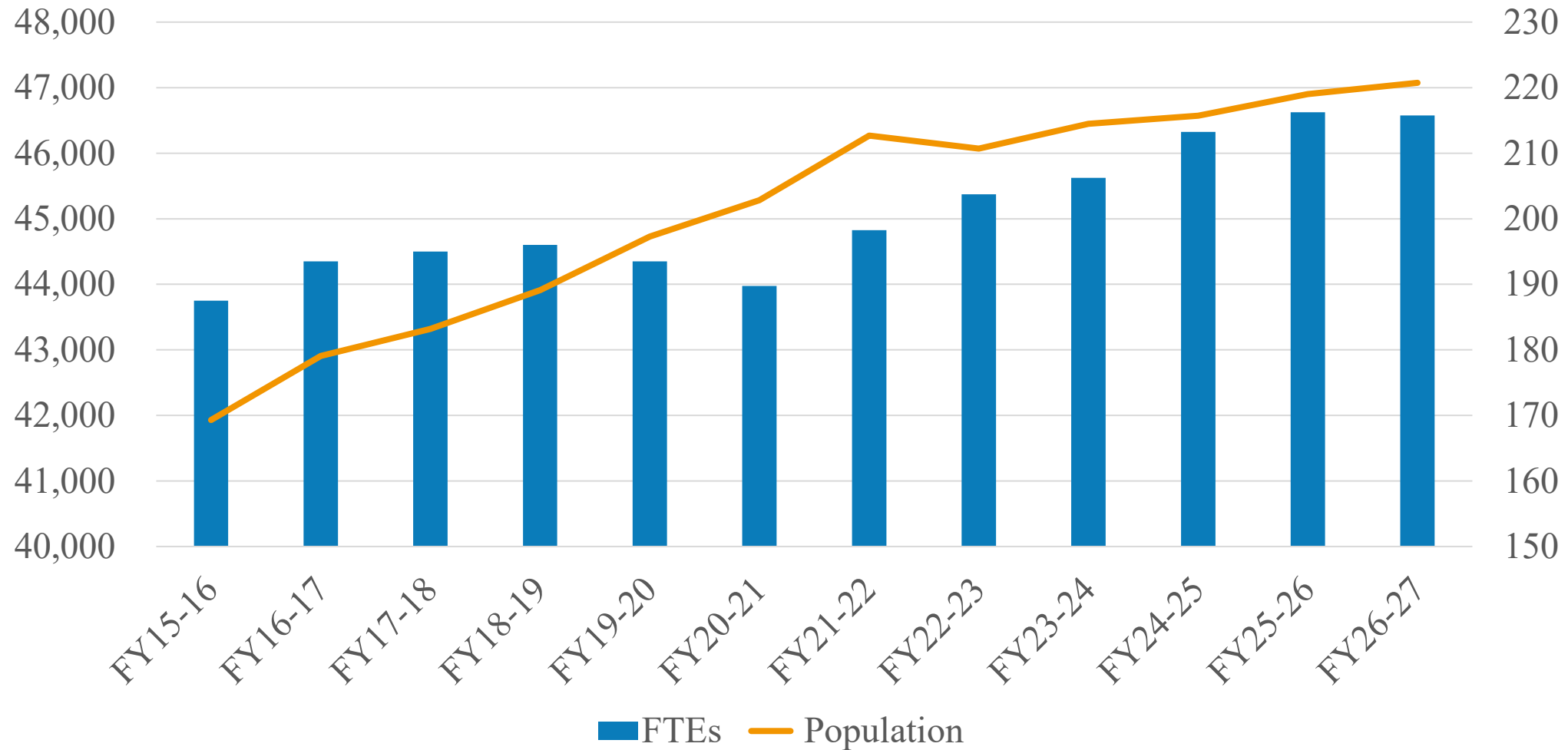


# Recap

- Status Quo Budget with Strategic “Pencil Sharpening”
- Reduced projected annual structural deficit to about \$3.5 million
- Maintain reserves above the Council’s 15% minimum policy level through FY 2029-30
- Continued focus on preserving core City services
- Long-term solutions required to maintain Fiscal Sustainability

# Personnel

# Personnel – Funded FTEs (All Funds)



# Recommended Changes in Personnel

- Adjust IT Director and Police Captain salary band
- Unfund Principal Planner position following promotion to Planning Manager

# Development Services Fund

# Development Services Fund

- Operating at full cost recovery
- Repaid \$0.5 million of the \$1.0 million General Fund loan in FY 2025–26, with the remaining balance to be repaid over the biennial budget
- Pays approximately \$200K annually to the General Fund for General Administrative charges

# Enterprise Funds

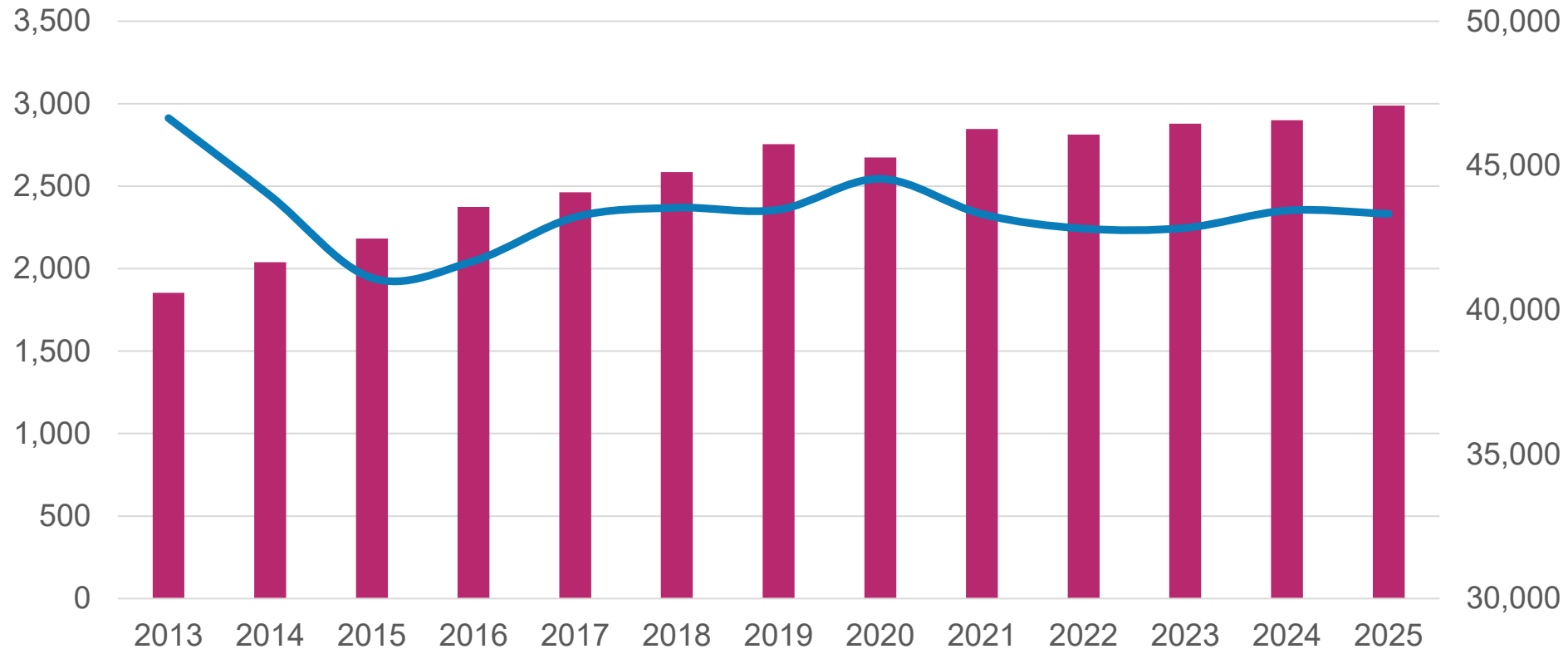
# Enterprise Funds

- Council approved 5-year wastewater rate adjustments in 2024
- FY 2026-27 is the last of 5-year approved rates plan for water

# Annual Water Production

Gallons (in millions)

Population



■ Population — Gallons

# Unfunded Liabilities

# Pension Unfunded Liabilities – \$70.4 million

- Public Employees Retirement System (PERS) - \$70.4 million
- General Fund Share = 65% or \$45.8 million
- Current Funded Status
  - Misc. Plan – 73.0%
  - Safety Plan – 71.6%

# Pension - Funded Status

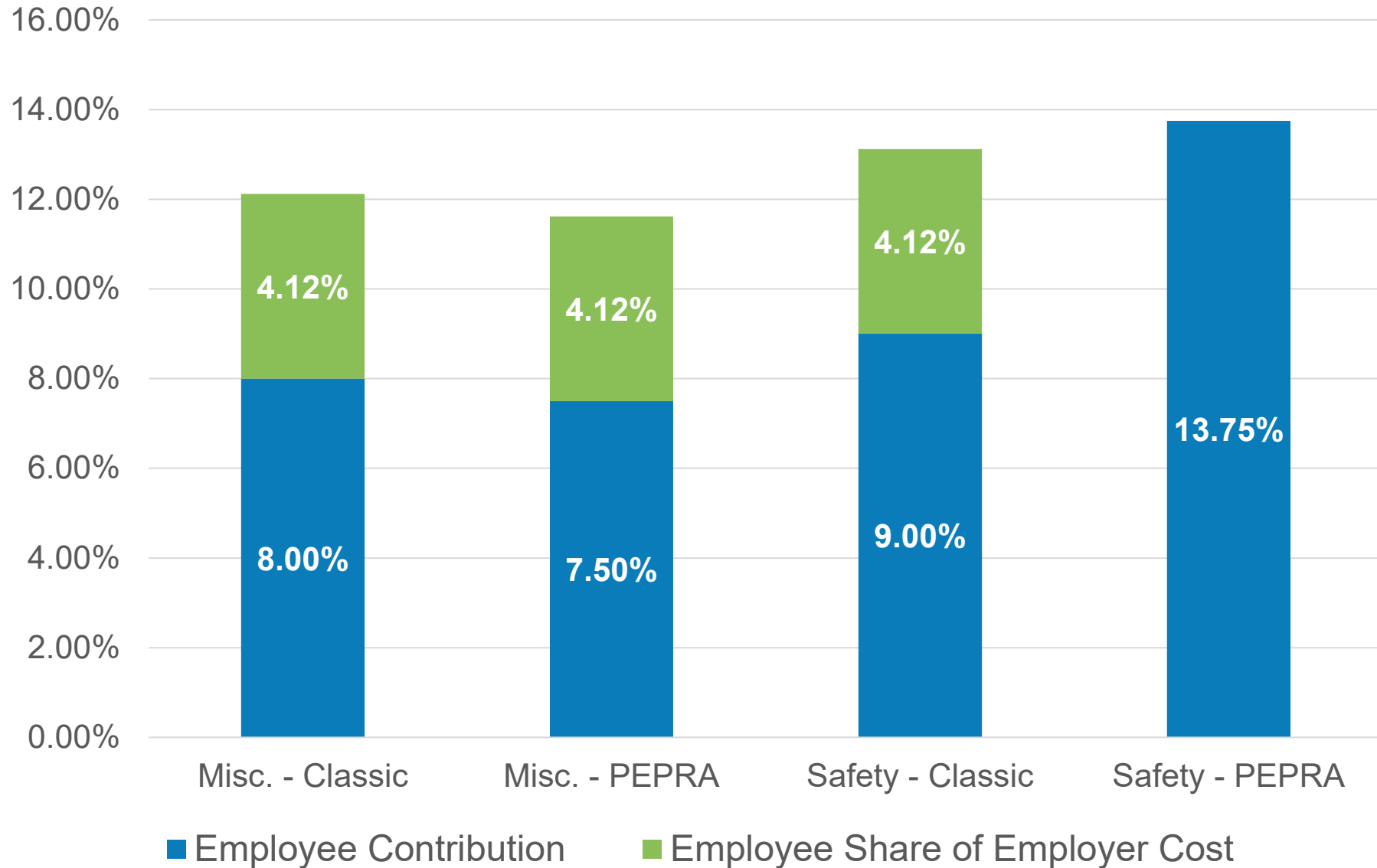
Agency Name	Safety Plan	Misc. Plan
Monte Sereno	N/A	92.20%
Los Altos Hills	N/A	83.50%
Saratoga	N/A	82.60%
Los Gatos	70.30%	77.20%
Mountain View	72.20%	76.10%
Los Altos	72.30%	73.00%
<b>Morgan Hill</b>	<b>71.60%</b>	<b>73.00%</b>
Sunnyvale	68.00%	71.70%
Campbell	70.00%	71.60%
Santa Clara (County)	69.00%	70.70%
Cupertino	N/A	69.20%
Gilroy	69.60%	69.00%
Milpitas	63.60%	68.80%
Palo Alto	61.10%	68.70%
Santa Clara (City)	64.40%	64.70%

Groups	Count	%
Classic	91	42%
PEPRA	126	58%
Total	217	100%

Valuation reports as of June 30, 2024.

CalPERS system funded status is 73.9% as of June 30, 2024.

# Pension – Employee Cost Sharing



# Unfunded Needs - Operations

- Police - \$2.1 million (on-going)
  - To fund additional 8 officers to meet County average
- Fire - \$5 million (one-time)
  - To replace two engines and one ladder truck (\$1.8 million set aside)
- Public Services - \$2.3 million (on-going)
  - To maintain streets, parks, storm drain systems, pedestrian safety improvements, and infrastructure repair and replacement

# Unfunded Needs - Operations (cont'd)

- Future Public Safety needs including additional Police Officers and a 4th Fire Station to keep pace with population growth
- Electrification of City's Fleet mandated by the State
- Increased Older Adult/Senior Services for our aging population

# Unfunded Needs - CIP

- Pavement ~ \$1 million annually
- Traffic Safety ~ \$5-10 million
- ADA Transition Plan Facility Improvements - \$0.5-\$1 million
- Sidewalk and Curb Ramp Rehabilitation ~ \$2-5 million
- Sports Facilities Master Plan ~ \$93 million
- Ball Field Development ~\$30 million
- Corporation Yard Development ~ \$27 million
- Future Emergency Operations Center – No Estimate
- Centennial Recreation Senior Center Expansion – No Estimate

City of Morgan Hill

# Recommended Capital Improvement Program Budget



# Capital Improvement Program (CIP)

- A Capital Improvement Program (CIP) is a multi-year planning document used by the City to identify capital improvement projects and coordinate the financing and timing of the projects.
- The CIP is a 6-year spending plan that identifies projects, priorities, and financing.
- The CIP is drafted every two years to coincide with the City of Morgan Hill's biennial budget.
- CIP funding is appropriated for the first two fiscal years of the spending plan.

# CIP Guiding Principles

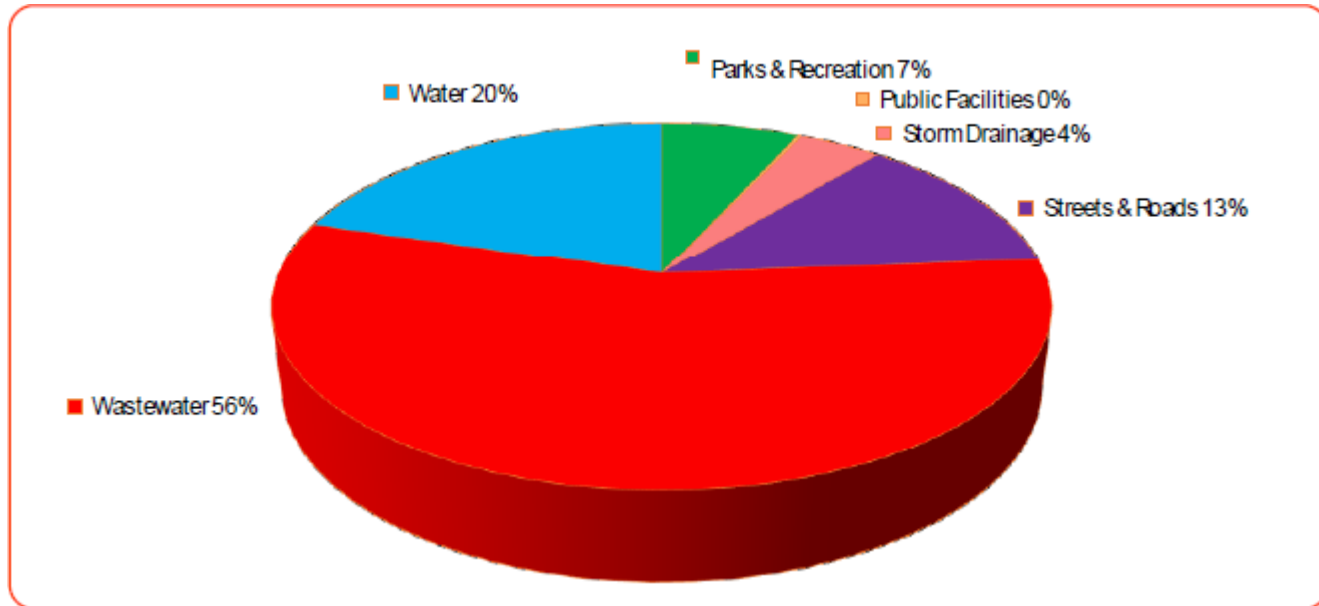
- Per Government Code 65401 & 65403, projects must be consistent with the goals of the General Plan
- Projects included in an adopted Master Plan
- City Council priority
- Addressing a maintenance or deficiency issue
- Available revenues to pay for project
- Long term maintenance is considered
- Community input to support planning

# Infrastructure Planning

- Current Plans
- 2024 Transportation Master Plan & 2026 Comprehensive Safety Action Plan  
**No update currently Planned**
- 2024 Wastewater Master Plan  
**Update Planned for FY 2029-30**
- 2021 Water System Master Plan  
**Update Planned for FY 2026-27**
- 2018 Storm Drain Master Plan  
**Update Planned for FY 2027-28**
- 2017 Bikeways, Trails, Parks and Recreation Master Plan  
**Update Planned for FY 2026-27**

# 6 Year CIP Planning Period

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



# Parks and Recreation CIP

## Available Funding

<b>New/Expanded Facilities</b>	<b>Maintenance and/or Renovation</b>
<b>Park Impact Fees</b> <b>Recreation Center Impact Fees</b> <b>Quimby Park Fees</b> <b>Grant Funding</b>	<b>Quimby Park Fees</b>

# Parks and Recreation Projects

- Parkland Purchase and Development
- West Little Llagas Creek Trail
- Park Facility Expansion/Renovation
- Recreation Facility Expansion and Renovation
- El Toro Trail
- Villa Mira Monte
- Sports Facility Development
- Aquatics Energy Efficiency Project



# Public Facilities CIP

## Available Funding

<b>New/Expanded Facilities</b>	<b>Maintenance and/or Renovation</b>
<b>Public Safety Facilities Impact Fee</b> <b>Public Facilities Impact Fee</b> <b>Library Impact Fee</b> <b>Grant Funding</b>	<b>None</b>

# Public Facilities Projects

- Corporation Yard
- Library Expansion



# Storm Drainage CIP

## Available Funding

<b>New/Expanded Facilities</b>	<b>Maintenance and/or Renovation</b>
<b>Local Drainage Impact Fee Solid Waste Franchise Funds** Grant Funding</b>	<b>Local Drainage Fund* Solid Waste Franchise Funds**</b>

\* The Local Drainage Fund is comprised of remnant RDCS funds and is not collecting additional revenue.

\*\* These funds, requested, via the City's Solid Waste Franchise, are only available to support trash capture requirements related to State solid waste requirements.

# Storm Drainage Projects

- Storm System Expansions
- Storm System Repairs and Improvements
- Llagas Flood Control
- Fisher/Butterfield Storm System Expansion
- Citywide Small Trash Capture Project



# Streets and Roads CIP

## Available Funding

<b>New/Expanded Facilities</b>	<b>Maintenance and/or Renovation</b>
<b>Traffic Impact Fee Grant Funding</b>	<b>Street CIP Fund Gas Tax, Grants, VTA Funds, GF Transfer Public Facilities Fund* Undergrounding Fund**</b>

\* The Public Facilities Fund is comprised of remnant RDCS funds and is not collecting additional revenue.

\*\* The Undergrounding Fund collects little to no revenue annually and cannot be viewed as a consistent funding source in the future.

# Streets and Roads Projects

- Undergrounding Project
- Traffic Signal and Intersection Improvements
- Pavement Rehabilitation
- Bike, Pedestrian and Traffic Safety
- Sidewalk Repairs
- Downtown Parking Trash Enclosure



# Wastewater CIP

## Available Funding

<b>New/Expanded Facilities</b>	<b>Maintenance and/or Renovation</b>
<b>Sewer Impact Fund Loan Financing</b>	<b>Sewer Capital Fund (Sewer Rates)</b>

# Wastewater Projects

- Sewer System Repair and Replacements
- Sewer Plant Expansion
- Sewer Plant Improvements
- Lift Station Improvements
- New Trunk Line
- New/Replacement Sewer Lines
- Utility Infrastructure Access Roads
- Existing Joint Trunk Line Repair



# Water CIP

## Available Funding

<b>New/Expanded Facilities</b>	<b>Maintenance and/or Renovation</b>
<b>Water Impact Fund Grant Funding</b>	<b>Water Capital Fund (Water Rates)</b>

# Water Projects

- New Groundwater Wells
- Pipeline Capacity Improvements
- Water Facility Rehabilitation
- Water Pipeline Repair & Replacement
- Pump Station Capacity
- Holiday Lake Improvements
- Reservoir Capacity Improvements
- Reservoir Recoating and Rehabilitation
- Utilities Security System Enhancement



# Parks and Recreation Commission Action

## Parks and Recreation Commission Meeting 4/21:

- The Commission recommends approval of the Capital Improvement Program for Parks and Recreation projects.
- The Commission further requests that the City Council consider identifying funding to add restrooms to existing parks where facilities are not currently available.

Note: City staff did not recommend constructing new restrooms due to the associated capital and ongoing operational costs.

# Planning Commission Action

## Planning Commission Meeting 5/12:

- The Planning Commission found the recommended Capital Improvement Program to be consistent with the General Plan.
- The Commission further recommends that the City Council explore increased funding for sidewalk rehabilitation or consider assigning sidewalk maintenance responsibility to adjacent property owners.

Note: City staff advised that the General Fund is currently the only available legal funding source for sidewalk maintenance.

# Next Step

**Public Hearing and Budget Adoption**

**Wednesday, June 3, 2026**

6:00 pm

*Council Chamber*

**Questions & Answers**

**Public Comment**

**Council Discussion**