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City of Morgan Hill Capital Improvement Program Fiscal Years 2013-14 through 2017-18

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GLOSSARY

Acronym/Term	Definition
AB1600 Fees	Assembly Bill 1600 Fees. The legal requirements for enactment of a development impact fee program are set forth in the California Government Code (the "Mitigation Fee Act"). The bulk of this program adopted in 1987 in AB 1600 and thus commonly referred to as "AB 1600 requirements." A development impact fee is a monetary exaction other than a tax or special assessment that the City charges an applicant in connection with approving a development project. It defrays all or a portion of the cost of public facilities that will be impacted by that particular development project (i.e., the incurring of additional use of infrastructure/facilities), thereby creating the need for new infrastructure/facilities. The fee must be reasonably related to the cost of the service provided by the local agency.
BTA	The Bicycle Transportation Account. An annual program that provides state funds for city and county projects that improve safety and convenience for bicycle commuters. To be eligible for BTA funds, a city or county must prepare and adopt a Bicycle Transportation Plan (BTP) that complies with Streets and Highways Code Section 891.2.
CDBG	Community Development Block Grant. The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1209 general units of local government and States.
CEQA	California Environmental Quality Act. CEQA does not directly regulate land uses, but instead requires state and local agencies within California to follow a protocol of analysis and public disclosure of the potential environmental impacts of development projects.
Congestion Management Agency (CMA)	Santa Clara County Congestion Management Agency. The VTA serves as the Congestion Management Agency for Santa Clara County. In this role, VTA makes decisions on what local projects can utilize federal and state funding, and manages sales tax revenue that is specified for VTA usages, such as the 2000 Measure A sales tax measure and 2010 Measure B registration program.
EEMP	Environmental Enhancement & Mitigation Program. This program is jointly implemented by The Natural Resources Agency and California Department of Transportation (Caltrans). It was established by the Legislature in 1989 to offers a total of \$10 million each year for grants to local, state, and federal governmental agencies and to nonprofit organizations for projects to mitigate the environmental impacts caused by new or modified public transportation facilities. The Resources Agency prescribes procedures and criteria to evaluate grant proposals and submits a list of proposals recommended for funding to the California Transportation Commission (CTC). The CTC awards the funding.
Measure B	Measure B. A voter-approved measure passed in the November 2010 election and imposing an additional motor vehicle registration fee of up to \$10 on each motor vehicle registered within Santa Clara County. Fee proceeds can be used for congestion and pollution mitigation programs/projects that benefit the owners of motor vehicles who pay the fee, such as: repair potholes, repave/maintain local streets, improve traffic flow on local roads, improving traffic flow on local roads, improve safety; pay for other congestion and pollution mitigation projects; and provide matching funds for federal and state funding. Not more than 5% of fees collected may be used for administrative costs associated with the programs/projects.

Acronym/Term**Definition**

**Measure C Fees /
Non-AB1600
(RDCS)**

Measure C Fees/Non-Assembly Bill 1600. These fees that are not subject to the requirements of AB1600 (thus, "Non-AB1600"). Per Chapter 18.78 Residential Development Control System (RDCS) of the Morgan Hill Municipal Code, commonly referred to as "Measure C", proposed residential developments compete to obtain building allocations by achieving passing scores in various categories: Park Development (Fund 302), Storm Drain (Fund 304), Public Facilities (Fund 346), School Pedestrian Safety (Fund 355). Developers are awarded points in each of these categories for committing to spend or contribute approximately \$1,100 per residential unit towards the construction of capital improvements as approved by the City. This dollar commitment per unit is commonly referred to as "Measure C Fees," and is used specifically for design/construction of public off-site improvements.

MTC

Metropolitan Transportation Commission. The MTC is the transportation planning, coordinating and financing agency for the nine-county San Francisco Bay Area. It is responsible for regularly updating the Regional Transportation Plan, a comprehensive blueprint for the development of mass transit, highway, airport, seaport, railroad, bicycle and pedestrian facilities.

OneBay Area Grant

OneBay Area Grant. A proposal to establish the OneBay Area Grant program was approved for release to the public by the MTC Planning Committee and ABAG Administrative Committee at their joint meeting on July 8, 2011. This proposal is an alternative to the Cycle 2 STP/CMAQ framework approved by the Commission in December 2009 that better integrates the region's federal transportation program with land-use and housing policies by providing incentives for the production of housing with supportive transportation investments. MTC anticipates adoption of the final plan in April, 2013.

Prop 42

California Proposition 42. (Also known as Traffic Congestion Improvement Act) was approved as a constitutional amendment to the California Constitution in 2005. It added provisions to the Constitution requiring that from 2003-04 through 2007-08, gasoline sales tax revenues are used for specified state and local transportation purposes.

**Redevelopment
Agency (RDA)**

Redevelopment Agency. The Morgan Hill Redevelopment Agency was dissolved by State law as of February 1, 2012. The City of Morgan Hill, as Successor Agency, is responsible for meeting the remaining enforceable obligations of the former RDA.

**Redevelopment
Agency Bond
Proceeds**

Redevelopment Agency Bond Proceeds. The Successor Agency is responsible for completing projects financed with the remaining bond proceeds from the RDA's 2008 tax allocation bonds. Under the RDA Dissolution Act, "Bond proceeds shall be used for the purposes for which bonds were sold unless the purposes can no longer be achieved."

SCRWA

South County Regional Wastewater Authority. SCRWA is a joint powers authority set up in 1992 to jointly handle the wastewater needs of Morgan Hill and Gilroy. It is governed by a five member Board of Directors representing both cities. The agency operates the facility in Gilroy that all wastewater in Morgan Hill and Gilroy flows to and is treated at. The SCRWA plant was built in 1990 and is a modern, publicly-owned treatment works. The Plant treats the water and then disposes of the treated water to ponds. The ponds allow the water to soak into the soil and eventually add water to the underground aquifer.

SCVWD

Santa Clara Valley Water District. The SCVWD is a special district of California set up to provide stream stewardship, wholesale water supply and flood protection for Santa Clara County. It encompasses all of the county's 1,300 square miles, serves the area's 15 cities, and has 3 water treatment plants. It manages flood and storm waters along the county's hundreds of miles of creeks and rivers in an environmentally sensitive manner. It is responsible for: the control and conservation of flood and storm waters and the protection of watercourses, watersheds, public highways, life and property from damage or destruction from such waters. It provides for the acquisition, retention, and reclaiming of drainage, storm, flood, and other waters, and to save, conserve, and distribute such waters for beneficial use in the district.

Acronym/Term**Definition**

TDA

Transportation Development Act provides two major sources of funding for public transportation: the Local Transportation Fund (LTF) and the State Transit Assistance fund (STA). These funds are for the development and support of public transportation needs that exist in California and are allocated to areas of each county based on population, taxable sales and transit performance.

TDCs

Transferable Development Credits. The process for the transfer of development rights or credits from one lot, parcel or area of land to another lot, parcel or area of land in one or more receiving site as set forth in Title 18, Chapter 18.44 of the Morgan Hill Municipal Code. These TDCs are utilized when a developer is not permitted to develop a parcel due to city zoning or use requirements.

TFCA

Transportation Fund for Clean Air. A grant program funded by a \$4 surcharge on motor vehicles registered in the Bay Area. Its purpose is to provide grants to implement the most cost-effective projects in the Bay Area that will decrease motor vehicle emissions, and thereby improve air quality. Projects must be consistent with the 1988 California Clean Air Act and the Bay Area Ozone Strategy.

VTA

Santa Clara Valley Transportation Authority. An independent special district that provides sustainable, accessible, community-focused transportation options that are innovative, environmentally responsible, and promote the vitality of our region. The VTA is responsible for countywide transportation planning, including congestion management, design and construction of specific highway, pedestrian, and bicycle improvement projects, as well as promotion of transit oriented development.

**VTA-MTC LSR
Block Grant**

Valley Transportation Authority/Metropolitan Transportation Commission Local Streets & Roads Block Grant. The VTA serves as the Congestion Management Agency (CMA) for Santa Clara County. Amongst other responsibilities, it has been delegated the program management and project selection responsibilities for the Local Streets and Roads Shortfall Program. (Also handles the County Transportation for Livable Communities Program and the Regional Bicycle Program.) The "block grant" approach provides additional flexibility to the CMA.

VTP

Valley Transportation Plan Highway Program. The comprehensive long-range multimodal transportation plan for the county, and for preparing/implementing the state-mandated Congestion Management Program (CMP). It is responsible for the programming and monitoring of discretionary federal, state, regional and local funds programmed by the VTA Board of Directors. Also serves as the program manager for certain grants funds, including the Transportation Fund for Clean Air (TFCA) and the Measure B Transportation Improvement Program (MBTIP) Ancillary Program.

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Capital Improvement Program

Fiscal Years 2013/14 through 2017/18

What is the Capital Improvement Program?

In conjunction with the annual operations budget for a given fiscal year, the City Council also approves the Capital Improvement budget. The Capital Improvement Program (CIP) is the primary tool that local governments use to plan for major capital projects and acquisitions. It identifies major capital needs over a multiyear forecast period. Morgan Hill implements a 5-year CIP which is quite common. The CIP focuses on large capital projects and acquisitions with long useful lives. Expenditures typically address one-time needs as opposed to the City's operations budget which addresses ongoing, year to year needs.

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

- **Parks**, including fields, landscaping, lighting, irrigation, and recreational amenities
- **Public Facilities**, including community, public safety, recreation and civic facilities
- **Sewer**, including collection pipes, lift stations, and trunk lines
- **Storm Drain**, including inlet structures, pipelines, channels and basins
- **Streets**, including sidewalks, ramps, street lights, traffic signals, and signs
- **Water**, including wells, pipelines, storage tanks (also called reservoirs), and pumping stations

The 5-year CIP is a long-term spending plan that requires forecasting what the infrastructure needs for the City will be and forecasting the revenues needed to fund those needs. Morgan Hill has a wide variety of funding sources for CIP projects; some steady and predictable, while others are dependent on outside agencies. The City receives monies annually from the State, for instance, to help fund road repair projects. Also, a portion of the water and sewer bills paid by residents and businesses (franchise fees) go towards capital projects that keep the water and sewer 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, which goes towards the new and future infrastructure that will be needed as the City grows. Impact fees pay for the impact the new development's presence will have on the City. New development pays the following impact fees: streets, water, sewer, drainage, police, fire, parks, library, and public facilities. These impact fees can only be used to build infrastructure and facilities and cannot be used for ongoing maintenance or operations.

When the City Council adopts the 5-year CIP, it is doing two things. First, it is approving the five-year spending plan for all capital projects. Second, it is appropriating funds for the first year of that plan; in this case the 2013-14 fiscal year. This appropriation is very important in that it authorizes City staff to spend those CIP funds on the intended projects in that fiscal year.

Parks: The largest objective in the Parks category is the acquisition of future park lands. In addition, the City will work towards acquiring the necessary rights of way to build a trail to the summit of El Toro Mountain.

Public Facilities: For FY 2013-14 there are two projects programmed: CDBG Funded Projects and City Council Chamber Renovation.

Sewer: A large portion of the sewer resources, including impact fees and franchise fees, will be directed towards the sewage treatment plant located in Gilroy. The plant is simultaneously preparing for a significant expansion and at the same time, replacing aging plant capital. Both types of expenditures require the City of Morgan Hill to participate since it shares ownership of the plant with the City of Gilroy. In FY 2013-14 the City will also be rehabilitating sewer mains on Dunne Avenue, Crest Avenue, and Lindo Lane.

Storm Drainage: The primary focus for drainage projects will be to address local drainage issues and to continue the work at the Hill Rd/E. Dunne Avenue intersection to contain the flooding that occurs there regularly. The City will also be updating Utilities Master Plans, including the Storm Drain Master Plan in FY 13-14.

Streets: The primary focus of the Streets section is the completion of large roadway projects and Downtown improvements. In FY 12-13, Butterfield Boulevard South Extension Project construction and Hale Avenue Extension design were completed. Other projects include the annual City-wide pavement rehabilitation project, and RDCS School Safety and miscellaneous improvements.

Water: The primary projects in the Water section for FY 2013-14 will be to replace the water main in Main Avenue between Del Monte Avenue and Depot Avenue, drilling a new well, and a new main will be installed on Mast Avenue from Church Street to Railroad Avenue.

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**CITY OF MORGAN HILL, CALIFORNIA
FIVE YEAR CAPITAL IMPROVEMENT PROGRAM
BUDGET SUMMARY**

(Thousands of Dollars)

	2013-14	2014-15	2015-16	2016-17	2017-18	TOTALS
PROJECT CATEGORIES						
1 Park Facilities	\$8,449	\$850	\$2,640	\$40	\$275	\$12,254
2 Public Facilities	\$1,012	\$60	\$60	\$60	\$60	\$1,252
3 Sanitary Sewer	\$8,882	\$10,037	\$8,133	\$2,728	\$5,379	\$35,159
4 Storm Drainage	\$1,305	\$105	\$145	\$2,500	\$3,200	\$7,255
5 Streets & Roads	\$17,570	\$9,376	\$2,350	\$2,135	\$2,160	\$33,591
6 Water	\$3,305	\$5,955	\$2,150	\$1,640	\$370	\$13,420
TOTALS	\$40,523	\$26,383	\$15,478	\$9,103	\$11,444	\$102,931

PROJECT FUNDING SOURCES						
215 CDBG Grant	\$60	\$60	\$60	\$60	\$60	\$300
250 Successor Agency (Bond Proceeds)	\$13,460	\$5,610	\$180	\$0	\$0	\$19,250
301 Park Impact Fund Grant Funds	\$0	\$0	\$2,320	\$0	\$0	\$2,320
301 Park Impact Fund (AB1600)	\$8,375	\$280	\$320	\$0	\$0	\$8,975
301 Park Impact Fund (xfr from General Fund)	\$24	\$0	\$0	\$0	\$0	\$24
302 Park Maintenance Fund	\$145	\$0	\$0	\$0	\$0	\$145
303 Drainage Impact Fund (AB1600)	\$75	\$60	\$15	\$2,450	\$3,050	\$5,650
304 Drainage Fund (non-AB1600)	\$1,255	\$45	\$130	\$50	\$150	\$1,630
306 Open Space Fund (TDCs)	\$50	\$370	\$0	\$0	\$0	\$420
308 Street Fund (gas Tax, formerly Prop. 42)	\$570	\$420	\$450	\$500	\$500	\$2,440
308 Street Fund (BTA, EEMP, or TDA Grant)	\$0	\$200	\$0	\$40	\$275	\$515
308 Street Fund (Measure B)	\$200	\$200	\$200	\$200	\$200	\$1,000
308 Street Fund (One Bay Area Grant)	\$0	\$1,212	\$0	\$0	\$0	\$1,212
308 Street Fund (xfr from General Fund)	\$870	\$125	\$130	\$135	\$140	\$1,400
308 Street Fund (xfr from Special Deposits 820)	\$410	\$429	\$0	\$0	\$0	\$839
309 Traffic Impact Fund (AB1600)	\$550	\$310	\$0	\$360	\$0	\$1,220
310 Municipal Infrastructure CIP	\$181	\$0	\$0	\$0	\$0	\$181
346 Public Facilities (non-AB1600 RDCS)	\$1,070	\$750	\$625	\$625	\$760	\$3,830
347 Public Facilities Impact Funds (AB1600)	\$196	\$0	\$0	\$0	\$0	\$196
350 Undergrounding Fund	\$95	\$0	\$95	\$0	\$0	\$190
355 School Pedestrian Safety	\$670	\$320	\$670	\$315	\$560	\$2,535
641 Sewer Impact Fund (AB1600)	\$2,121	\$2,466	\$5,349	\$1,209	\$4,743	\$15,888
643 Sewer System Replacement Fund	\$6,761	\$7,571	\$2,784	\$1,519	\$636	\$19,271
651 Water Impact Fund (AB1600)	\$1,960	\$1,650	\$1,320	\$345	\$0	\$5,275
653 Water System Replacement Fund	\$1,345	\$4,305	\$830	\$1,295	\$370	\$8,145
741 Building Replacement	\$80	\$0	\$0	\$0	\$0	\$80
TOTALS	\$40,523	\$26,383	\$15,478	\$9,103	\$11,444	\$102,931

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