CITY OF MORGAN HILL

Special Meeting Agenda

City Council

Mark Turner	-	*Mayor*
Gino Borgioli	-	*Mayor Pro Tem*
Marilyn Librers	-	*Council Member*
Yvonne Martinez Beltran	-	*Council Member*
Rene Spring	-	*Council Member*

Wednesday, January 11, 2023 6:00 PM

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

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

MEETING PARTICIPATION AND PUBLIC COMMENT

City Council meetings will be live-streamed on Channel 17, the City's website, and the City's Facebook page.

Those members of the community that would like to participate in the meetings remotely may do so by joining virtually at: https://bit.ly/MHCityCouncilMeeting or by calling (669) 900-9128, then enter the webinar id: 873 3200 8380#. Public comment may be provided in the following ways:

- Provide public comment in-person
- Join the City Council meeting virtually via the link above. When public comment is opened, raise your virtual hand and be called upon to speak for up to 3 minutes. (YOU MUST BE RUNNING THE MOST CURRENT VERSION OF ZOOM TO BE UNMUTED)
- Join virtually by calling the number above, dial *9 to raise your hand, and be called upon to speak for up to 3 minutes.
- Send public comments in writing to the City Clerk at ccpubliccomment@morganhill.ca.gov.

* Please note that comments made on Facebook are not considered public comment.

SPECIAL MEETING
A Special Meeting of the City Council is called at 6:00 pm for the purpose of conducting City business.

CALL TO ORDER

ROLL CALL ATTENDANCE

DECLARATION OF POSTING AGENDA

CLOSED SESSION

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

THREAT TO PUBLIC SERVICES OR FACILITIES (§ 54957)
Consultation with: Morgan Hill Police Department, Chief of Police

RECONVENE

CLOSED SESSION ANNOUNCEMENT

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PRESENTATIONS
YAC Presentation

CITY COUNCIL REPORTS
Council Member Rene Spring

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PUBLIC COMMENT

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 to receive a response. (See additional noticing at the end of this agenda)

PUBLIC COMMENT SUPPLEMENT

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. 2023 CITY COUNCIL MEETING SCHEDULE

Recommendation:

1. Review, discuss, if needed, amend, and approve City Council Policy CP-06-02; and
2. Review, discuss, if needed, amend, and approve the 2023 City Council meeting schedule.

2. ACCEPT RESIGNATION OF PARKS & RECREATION COMMISSIONER MAUREEN GRZAN-PIERACCI

Recommendation:

1. Accept Maureen Grzan-Pieracci's resignation from the Parks & Recreation Commission effective January 19, 2023; and
2. Direct the City Clerk to continue recruitment efforts to fill an unexpired term ending April 2026, on the Parks & Recreation Commission.

3. ADOPT RESOLUTION RATIFYING PROCLAMATION OF LOCAL EMERGENCY DUE TO WINTER STORM

Recommendation:
Adopt resolution ratifying the January 5, 2023 emergency proclamation due to the winter storm with heavy rain, high winds, and flooding in the City of Morgan Hill.

4. ADOPT DROUGHT RELIEF GRANT RESOLUTIONS

Recommendation:

1. Adopt resolutions authorizing grant application, acceptance, and execution for the 2022 Urban Community Drought Relief Water Recharge Facility and Citywide Water Supply Capacity Projects; and
2. Authorize the City Manager to execute documents required to apply and accept the grants for the City.

5. APPROVE RESPONSE TO 2022 CIVIL GRAND JURY REPORT "SHOW ME THE MONEY: FINANCIAL TRANSPARENCY NEEDED"

Recommendation:

1. Approve response to 2022 Civil Grand Jury Report "Show Me the Money: Financial Transparency Needed," and
2. Authorize the Mayor and Treasurer to sign the response.

6. APPROVE THE DECEMBER 7, 2022 CITY COUNCIL MEETING MINUTES

Recommendation:
Approve Minutes.

7. APPROVE THE DECEMBER 14, 2022 CITY COUNCIL MEETING MINUTES

Recommendation:
Approve minutes.

8. AUTHORIZE THE CITY MANAGER TO EXECUTE AND AMEND, WHEN NECESSARY, AN AGREEMENT FOR A BACKUP STORAGE AND RECOVERY REFRESH PROJECT WITH CADENCE TEAM

Recommendation:
Authorize the City Manager to execute and amend, when necessary, an agreement for a backup storage and recovery refresh project with Cadence Team subject to approval as to form by the City Attorney in the amount of $174,100 including a contingency of $15,827.

9. AWARD GALVAN PARK RESTROOM REPLACEMENT PROJECT TO 101 BUILDERS, INC. IN THE AMOUNT OF $143,350 (CEQA: CATEGORICALLY EXEMPT PURSUANT TO SECTION 15302 (EXISTING FACILITIES))

Recommendation:

1. Approve the Galvan Park Restroom Replacement Project Plans and Specifications;
2. Award contract to 101 Builders, Inc. for the Galvan Park Restroom Replacement Project in the amount of $143,350;
3. Authorize the expenditure of construction contingency funds not to exceed $21,503; and
4. Authorize the City Manager to execute and administer the construction contract with 101 Builders, Inc.

10. PURCHASE OF COUNTY RIGHT OF WAY FOR CITY PROJECTS

Recommendation:
Authorize the City Manager to execute, administer and further negotiate a purchase and sale agreement for the purchase of 35,348 square feet of right of way easment on Spring and Dewitt Avenues and 66,916 square feet of right of way easement on Watsonville Road.

OTHER BUSINESS

11. SELECT AND APPOINT CITY COUNCIL MAYOR PRO TEMPORE

Recommendation:

1. Open floor to nomination(s) for Mayor Pro Tempore; and
2. Select a Council Member to serve as Mayor Pro Tempore per City Council Policy 99-01.

12. RECEIVE MONTHLY BUDGET UPDATE AND NOVEMBER 2022 FINANCIAL AND INVESTMENT REPORT

Recommendation:
Accept and file report.

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 that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Council on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Council Chambers and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order to speak to the 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 plan an item on the agenda for a future City Council meeting. Should your comments require Council action, your request may be placed on the next appropriate agenda. 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.

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (408)779-7259, (408)779-3117 (fax) or by email cityclerk@morganhill.ca.gov. Requests must be made as early as possible and at least two-full business days before the start of the meeting.

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.

City Council Ongoing Priorities

- Enhancing Public Safety
- 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
- Advancing Regional Initiatives

2022-2023 Strategic Priorities

- Fiscal Sustainability
- Affordable Housing and Homelessness
- Community Outreach, Engagement, and Messaging
- Economic Development
- Transportation

These strategic priorities were established prior to the COVID-19 pandemic. In light of recent events, we recognize that all of these goals and priorities will be viewed through the lens of the global pandemic, and we will continue to have equity, public health, and financial responsibility in mind.

CITY OF MORGAN HILL

From: Joseph P Thompson <[redacted]>
Sent: Tuesday, December 27, 2022 11:13 AM
To: John Lang <john.lang@morganhill.ca.gov>; Michelle Bigelow <Michelle.Bigelow@morganhill.ca.gov>; Edith Ramirez <Edith.Ramirez@morganhill.ca.gov>; irma.torres@morganhill.ca.gov; Rich Constantine <Rich.Constantine@morganhill.ca.gov>; Steve Tate <steve.tate@morganhill.ca.gov>; Janet Kern <janet.kern@morganhill.ca.gov>; Maureen Tobin <maureen.tobin@morganhill.ca.gov>; mhcc@morganhill.org; Erik Chalhoub <echalhoub@weeklys.com>; Michael Moore <mmoore@weeklys.com>
Subject: PUBLIC COMMENT: NEXT MEETING: REAL OR VIRTUAL: REGULAR OR SPECIAL; PUBLIC WORKSHOP OR PRIVATE RETREAT; JOINT MEETING OF THE "MOBILITY PARTNERSHIP: VTA&COG

PUBLIC COMMENT: NEXT MEETING: REAL OR VIRTUAL: REGULAR OR SPECIAL: STUDY SESSION OR PRIVATE RETREAT
OR PUBLIC WORKSHOP: UNMET NEEDS ANNUAL MEETING

Dear Friends,

The Golden Rule in the National Transportation Policy is "efficiency." So, why do we force motorists and taxpayers to subsidize to most inefficient transport available to us: public sector transit.

How many Grand Jury Reports are ignored, get shoveled under the rug? How badly should we shaft motorists to keep empty bus seats moving? Why do we pretend that public sector transit is efficient? If it was a horse, we would shoot it.

Why don't the elected people tell the unelected "delegates," directors of the transit agencies, that we must reverse course? Fraud, waste and abuse at the transit agencies undermines our goal of efficient transportation. It's time for a change. Give us truth in transportation. It's long overdue.

Caveat viator.

Joseph P. Thompson, Esq.
Past-Chair, Legislation Committee, Transportation Lawyers Assn.
Past-President, 1999-2001, 2006, Gilroy-Morgan Hill Bar Assn.
[redacted]
E-Mail: [redacted]

DITION, MAY 16, 20

YOUR VIEWS

COGs lacking accountability

Dear Editor,

Lack of accountability of COGs directors to the electorate and COG's lack of transparency continue to damage our county. Governance flaws of VTA identified by the Grand Jury's Report June 23, 2004, have been spread to COG. The COG-VTA "mobility partnership" reveals the consequences of a tiny, impoverished, agricultural county going to bed with an 800-pound gorilla.

VTA was found to be the worst transit agency in the USA by the Massachusetts Institute of Technology study of all the nation's transit agencies. VTA and AMBAG ignorance and apathy have left Silicon Valley and Salinas Valley as the largest area on the North American continent without intermodal facilities. Governance flaws identified by the Grand Jury have subsequently been confirmed by VTA's own auditors. Santa Clara County voters said "NO" to VTA's last Measure A tax increase, as did the Monterey County voters to that county's Measure A tax increase proposal. VTA could have built an east-west connector between Highway 152 and Highway 101 years ago, but VTA's myopic leaders squandered billions on boondoggles like "lite rail" (heavy socialism) and BART-to-San Jose extension.

Our leaders divert motorists' gas taxes to unused mass transit fiascoes better suited to [illegible] ulated cities in socialist countries in Europe. Meanwhile, highway safety improvements are delayed or never built. Santa Clara County Supervisor Don Gage said (quoted in Gilroy Dispatch, October 2006) that neither Santa Clara County nor VTA would give any money to build highways in San Benito County. With Santa Clara County's annual budget deficit nearing $200 million, and the governors ax about to fall, and with VTA short $5 billion (underestimated as is their customary practice to mislead their directors and the taxpayers) for their boondoggle with BART, and under current statutes governing payment responsibility for highway construction, it is folly to look to our northern neighbors to pay for the east-west connector (formerly 3-in-1). Tonnage flows into and out of these two valleys will continue to grow, while our leaders are bamboozled by unconstitutional MPOs (metropolitan planning organizations) like VTA, AMBAG, COG, TAMC, SCCRTC, etc. Until we correct our governance flaws, terminate redundant entities mishandling our transport policy, and return to our American roots of free enterprise transport, we will continue to see our county made unlivable by bad policy decisions.

A just government derives its power from the consent of the governed, and nobody elected COG (or VTA) directors. Unelected, unaccountable, untransparent COG should be terminated ASAP.

Joe Thompson, Tres Pinos

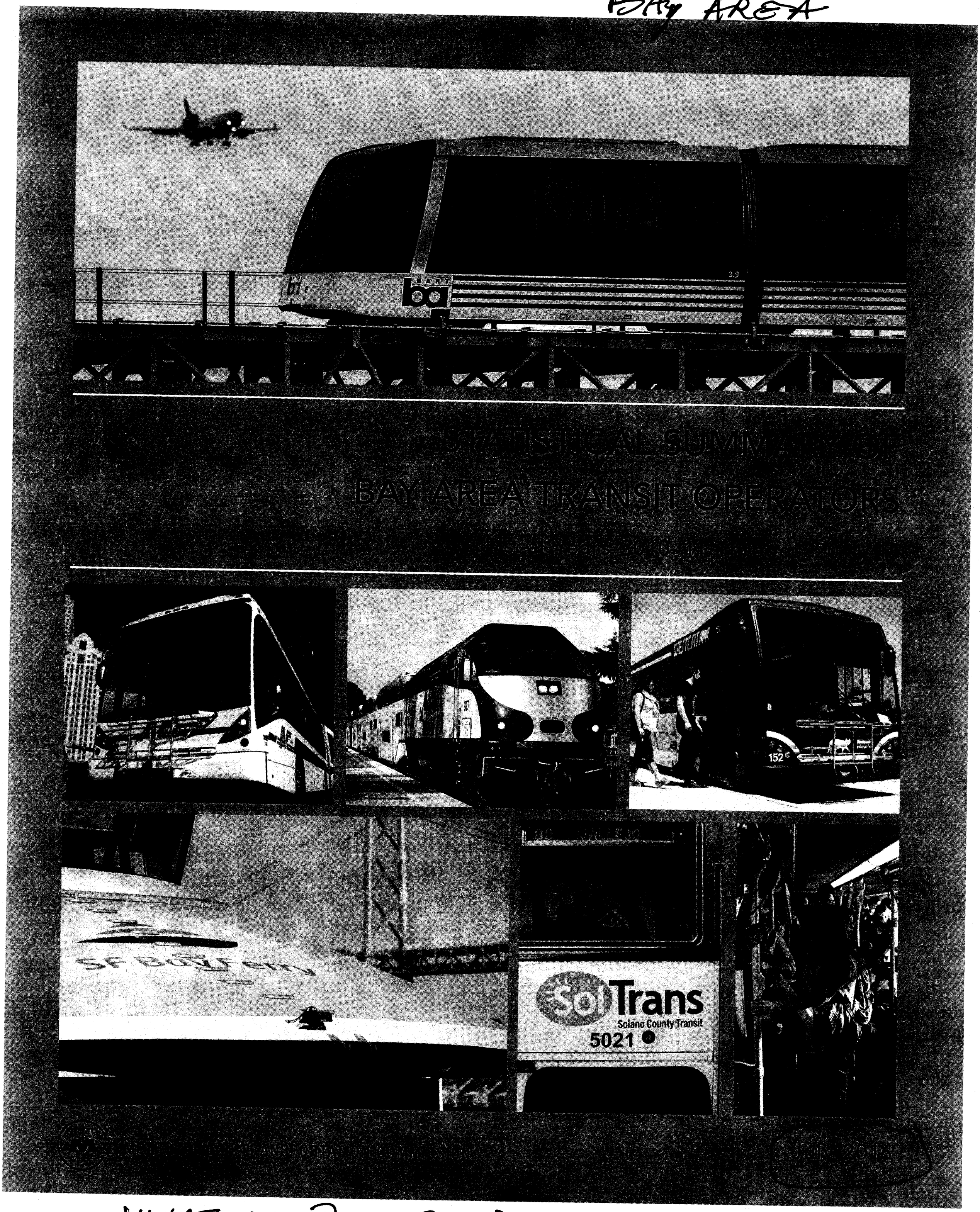
WORSE TODAY

TAXPAYERS + MOTORISTS BEING SHAFTED BIGLY.

J.P.T.

APPLIES TO ALL COGS AllCo
LIKE VTA, I AMC, SCCRTC, ET

BAY AREA



STATISTICAL SUMMARY
BAY AREA TRANSIT OPERATORS

WHAT IS DATA SHOWING SINCE THEN?

Bay Area System - Statistical Summary Totals

What About Fixed + Capital Costs?

REGIONWIDE BUDGET		2010-11	2011-12	2012-13	2013-14	2014-15
Operating Costs ($1,000)						*Unaudited*
Motor Bus	Bcost	1,023,673	1,056,862	1,066,283	1,122,203	1,171,675
Trolley Bus	TBcost	148,445	147,681	142,997	182,562	150,308
Cable Car	CCcost	56,749	59,817	52,451	52,143	52,718
Light Rail	LRcost	231,135	254,176	271,778	284,680	281,999
Heavy Rail	HRcost	558,079	602,562	647,020	664,539	729,757
Ferry	Fcost	44,636	44,914	50,070	55,712	55,864
Deviated Fixed-Route	DBcost	855	1,003	917	888	929
Paratransit	Pcost	116,225	118,725	121,458	114,717	125,273
Other Demand Response	DRcost	1,372	1,317	1,219	1,653	1,937
Total Costs		**$2,181,168**	**$2,287,057**	**$2,354,192**	**$2,479,098**	**$2,570,461**
Operating Revenue ($1,000)						
Farebox: Motor Bus	Bfare	202,796	205,367	230,493	233,565	233,240
Farebox: Trolley Bus	TBfare	52,949	55,447	58,023	54,875	53,719
Farebox: Cable Car	CCfare	24,933	27,928	26,698	28,097	27,505
Farebox: Light Rail	LRfare	49,691	51,776	73,568	66,466	65,472
Farebox: Heavy Rail	HRfare	395,982	430,989	480,576	497,474	554,974
Farebox: Ferry	Ffare	21,922	23,177	25,728	30,285	32,324
Farebox: Deviated Fixed-Route	DBfare	149	140	151	121	126
Farebox: Paratransit	Pfare	9,950	10,416	10,149	9,785	10,346
Farebox: Other Demand Response	DRfare	158	156	177	219	230
Total Farebox Revenue		758,531	805,397	905,564	920,887	977,937
Non-Farebox Revenue		67,817	70,458	78,128	86,890	86,961
Property Tax		124,712	129,923	140,485	137,862	146,471
County Sales Tax		416,689	461,607	499,074	524,410	563,988
Transit Development Act (TDA)		237,554	264,320	275,395	305,247	327,894
State Transit Assistance (STA)		123,178	103,186	140,651	128,141	120,145
Federal Transit Grants		138,324	139,916	92,580	90,653	57,461
Other		459,236	513,262	438,292	477,151	442,613
Total Revenue		**$2,326,041**	**$2,488,070**	**$2,570,169**	**$2,671,242**	**$2,723,470**

* Heavy Rail Farefox Revenue also includes Automated Guideway Service

Taxpayers pay what riders don't pay.
Taxpayers pay 100% of fixed + capital costs.

FRESNO

Transit Productivity Evaluation FY 2020

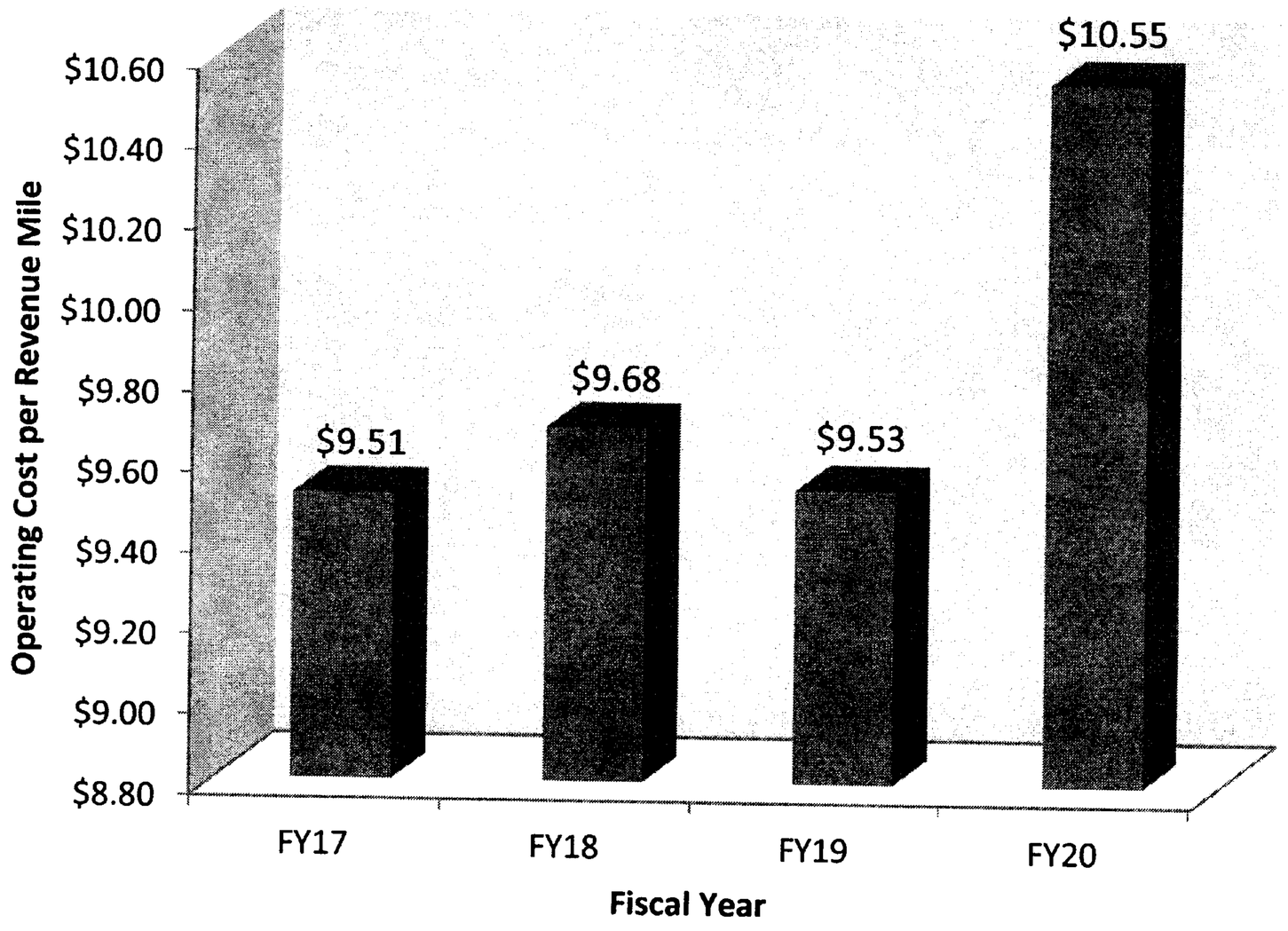
Fresno Area Express/Handy Ride
Clovis Stageline/Roundup
Fresno County Rural Transit Agency
Consolidated Transportation Service Agency

March 12, 2021

Fresno Council of Governments
2035 Tulare Street, Suite 201
Fresno, CA 93721
559-233-4148
www.fresnocog.org

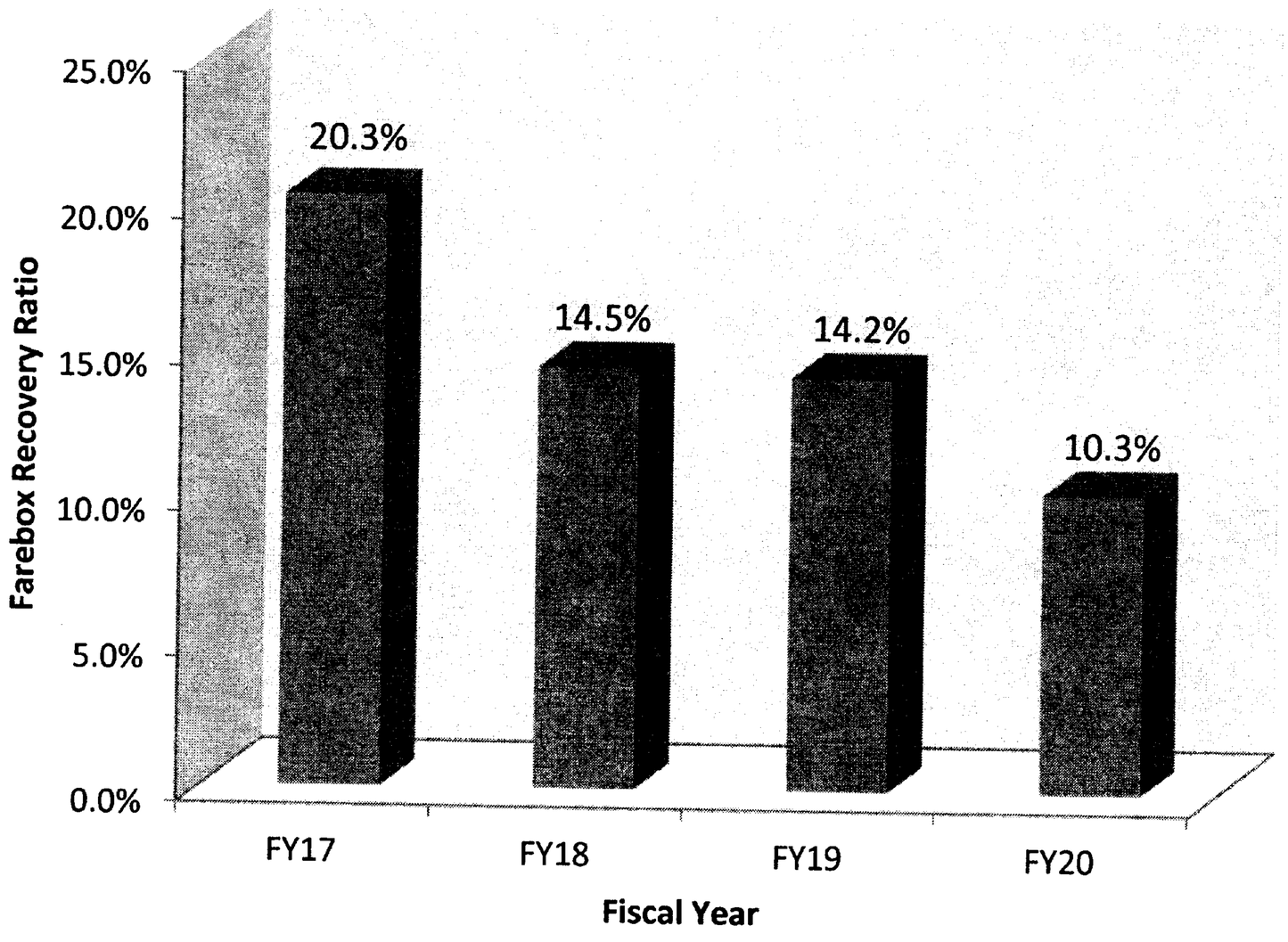
The preparation of this report has been financed in part through a grant from the U.S. Department of Transportation, the Federal Transit Administration, and in part through local funds from the Fresno Council of Governments

Operating Cost/Revenue Mile
Fixed-Route
Exhibit I-5



COSTS RISING

Farebox Recovery Ratio
Fixed-Route
Exhibit I-6



INCOME FALLING

∴ DEMANDS ON TAXPAYERS is INCREASING

AD

OPINION > FINANCE

THE VIEWS EXPRESSED BY CONTRIBUTORS ARE THEIR OWN AND NOT THE VIEW OF THE HILL

Subsidies can't save transit from its death spiral

BY RANDAL O'TOOLE, OPINION CONTRIBUTOR - 08/16/18 5:00 PM ET

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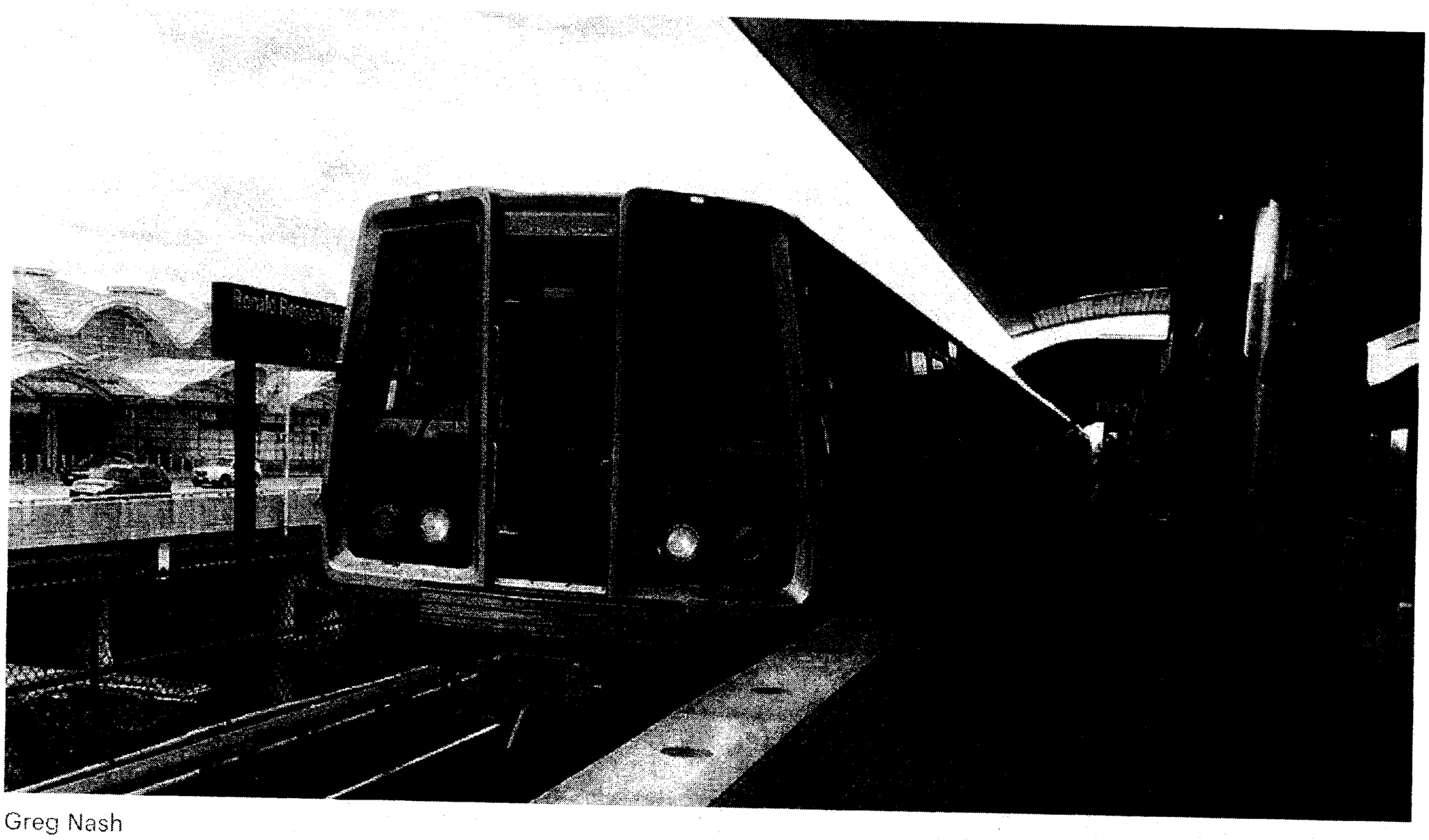

Greg Nash

The Federal Transit Administration released June 2018 data revealing that the transit industry has now experienced four straight years of ridership losses. June 30 was the end of the fiscal year for most transit agencies, and ridership has fallen in every fiscal year since 2014.

- 29 percent in Memphis;
- 27 percent in Charlotte;
- 26 percent in Miami;
- 25 percent in Albuquerque;
- 24 percent in Cleveland;
- 22 percent in St. Louis;
- 21 percent in Milwaukee, Sacramento, and Virginia Beach; and
- 20 percent in Los Angeles.

Although the transit industry receives more than $50 billion in taxpayer subsidies each year, transit agencies rely on fare revenues to cover a third of their operating costs. When ridership declines, they often cut back service, which reduces ridership still further, leading to a death spiral.

Ridership is falling because other methods of travel are faster, more convenient and often less expensive than transit. In most urban areas, the average person can access more jobs in a 10-minute auto drive than a 60-minute transit trip.

The latest blow to transit is ride-hailing. A recent study estimated that ride-hailing companies such as Uber and Lyft carried 710 million more riders in 2017 than 2016, while another study estimates that a third of ride-hailing users would otherwise have taken transit.

Since transit ridership dropped by 255 million trips in 2017, ride-hailing may be responsible for more than 90 percent of the decline in transit.

Many cities and transit agencies are taxing or proposing to tax ride-hailing in order to bolster transit budgets. That's like taxing Microsoft Word in order to subsidize typewriters or taxing calculators in order to protect slide rulers.

Yet, increasing subsidies to transit won't save it. While some transit systems have cut service, others that increased it still saw ridership losses.

Since 2014, Phoenix increased service by 28 percent, yet its ridership dropped 8 percent; Atlanta increased service 16 percent, yet ridership dropped 5 percent; Austin increased service 33 percent, yet ridership dropped 18 percent.

TRANSIT: If it was a horse we would shoot it.

Testimony of Randal O'Toole, Director, Thoreau Institute
Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs
March 15, 2022

Chairman Brown, Ranking Member Toomey, and members of the committee; thank you for inviting me to testify. My name is Randal O'Toole, and I am a policy analyst with nearly 50 years of experience studying transportation and land-use issues. Today I'll discuss recent transit trends, the Infrastructure Investment and Jobs Act, and the role of urban transit in a post-pandemic world.

Pandemics do not change things so much as they accelerate trends that were already taking place.[1] One such trend is the decline of the importance of public transit in the day-to-day lives of most Americans, which has been going on for more than a century. The acceleration of this trend raises the question of why we continue to subsidize something that is irrelevant to the vast majority of Americans outside of New York City.

In 1920, the average urban American rode transit nearly 300 times a year. In 1964, when Congress passed the Urban Mass Transportation Act, it had fallen to 62 trips per year.[2] Over the next 55 years, federal, state, and local governments tried to boost transit ridership with well over $1.5 trillion (after adjusting for inflation) in subsidies. This effort failed: by 2019 ridership was down to just 37 trips per urban resident.[3] Less than 5 percent of working Americans rode transit to work, down from more than 12 percent in 1960.[4] In recent years, transit declined not just in trips per urban resident but in total trips: between 2014 and 2019, transit systems in Miami, Cleveland, St. Louis, and several other urban areas lost 25 percent or more of their riders while transit ridership nationwide declined by 7 percent.[5]

The Infrastructure Investment and Jobs Act added another $39 billion to this record of subsidies, plus the better part of $1 billion for buying electric buses. But this is no more likely to reverse transit's fortunes than the previous $1.5 trillion did.

Transit's long-term decline is due to increasing auto ownership, decentralization of jobs away from downtowns, and decentralization of residences into low-density suburbs and exurbs. More recently, the growth of telecommuting further reduced transit, as the number of people working at home exceeded the number taking transit to work for the first time in 2017.[6]

Commuters and other urban travelers have good reasons not to use transit, as it is inferior to its competitors in almost every way: it is slow, it doesn't go where most people need to go, and it is expensive. The American Public Transportation Association admits that transit vehicles average just 15 miles per hour, and that doesn't count the time required to get to a transit stop, wait for a vehicle to arrive, and then get from the transit stop to a destination.[7] By comparison, automobiles, which can go door-to-door in most cases, average 30 to 40 miles per hour in most urban areas.

Transit's slow speeds are compounded by the fact that it doesn't go where most people want to go. Most transit agencies run hub-and-spoke systems centered around downtowns. That made sense a hundred years ago when most urban jobs were in downtowns, but today only about 8 percent of urban jobs are in central city downtown areas.[8] For many people, getting to a job or another destination by transit can be a two-hour or more ordeal.

The University of Minnesota Accessibility Observatory calculates that, in 2019, the average resident of one of the nation's 50 largest urban areas could reach nearly twice as many jobs in a 20-minute auto drive as a 60-minute transit trip. Transit is so slow that a reasonably fit bicycle

rider could reach more jobs in trips of 50 minutes or less than transit riders taking the same amount of time.[9] This makes transit third-class transportation.

Finally, transit is extraordinarily expensive. In 2019, transit fares averaged 30 cents a passenger-mile.[10] By comparison, Americans spent just 25 cents a passenger-mile driving their cars and light trucks.[11] On top of this, subsidies to transit were more than 100 times greater, per passenger-mile, than subsidies to highways: while highway subsidies averaged about a penny per passenger-mile, transit subsidies averaged $1.08.[12] Altogether, transit agencies spend more than five times as much money moving passenger miles as the cost of the average automobile.

Despite these disadvantages, the transit industry has been very clever in coming up with reasons why taxpayers should continue to subsidize it. They claim that increasing subsidies to transit will relieve traffic congestion, reduce greenhouse gas emissions, promote economic development, and help low-income people out of poverty. None of these claims are true.

Spending more money on transit can't relieve congestion if the spending doesn't result in more transit riders. In recent years, numerous urban areas including Charlotte, Minneapolis-St. Paul, Portland, St. Louis and others have spent heavily on new transit projects only to see overall transit ridership decline. Los Angeles is the worst-case example: for every new rider transit has gained from building new light-rail lines, the region has lost five bus riders, mainly because the high cost of rail transit has forced LA Metro to reduce bus service and increase fares.[13]

Even if spending money on transit increased ridership, it wouldn't necessarily reduce congestion if the transit systems end up blocking traffic. The environmental impact statement for Maryland's Purple Line, which is now under construction, calculated that the line would add millions of hours of delay to the region's commuters per year because the light-rail vehicles would occupy lanes once open to automobiles.[14]

Nor is transit environmentally friendly. Outside of New York City, San Francisco, and one or two other urban areas, transit uses far more energy and emits more greenhouse gases per passenger-mile than the average car. Diesel buses are particularly dirty, producing more greenhouse gases per passenger-mile than the average SUV.[15] Transit agencies hope to fix this with battery-powered buses, but most electricity in this country comes from burning fossil fuels. The electricity powering the Washington Metrorail system, for example, generated 286 grams of carbon dioxide per passenger-mile in 2019, compared with 200 grams for the average car and 244 grams for the average light truck.

Whenever I hear of a transit project that supposedly stimulated economic development, a little investigation reveals that this development received millions of dollars in other subsidies, usually through a mechanism called tax-increment financing (TIF). For example, a 2009 *New York Times* article claimed that "new rail transit lines stimulate urban revival."[16] But all of the developments cited in the article actually received TIF subsidies.[17]

The city of Portland discovered in the 1990s found that TIF without transit would stimulate economic development but new transit projects without TIF failed to stimulate new development. So whenever it built a transit project, it accompanied it with TIF and then credited the new development to the transit project, never mentioning the millions or hundreds of millions of other subsidies it gave to that development.[18]

Far from helping low-income people, transit does low-income families more harm than good. In 2019, only 5 percent of people earning less than $25,000 a year took transit to work, compared with 7 percent of people earning more than $75,000 a year.[19] At least 75 percent of taxes used to support transit are regressive.[20] That means that the 95 percent of low-income people who don't ride transit were disproportionately paying to subsidize transit rides that were disproportionately taken by high-income workers. That makes transit one of the most socially unjust institutions we have.

The pandemic has accelerated all these trends. The biggest acceleration is in the number of people working at home, as the pandemic taught both employers and employees that workers can be productive without coming into expensive downtown offices five days a week. Many employers are now planning for hybrid work schedules where people work at home at least two or three days a week.

The best estimates are that, after the pandemic ends, about four times as many people will be working at home on any given day as before the pandemic.[21] This will take an especially large telecommuting reduced the number of people driving alone to work by 16 percent, but it reduced the number commuting by transit by 41 percent.[22]

Transit will be especially hurt because many downtown offices will have people come in to work only a few days a week. People have a travel budget measured in time as well as dollars and on average seem to be willing to spend about five or six hours a week commuting. If they have to commute only twice a week, they will be willing to live much further from their workplace, which means transit won't work for them as well as it previously did.

Due to all these factors—remote work, loss of downtown jobs, and decentralization of residences—transit will never come close to carrying as many riders as it did in 2019. Of all modes of travel, transit has been slowest to recover from the pandemic. Driving recovered to more than 100 percent of pre-pandemic levels as long ago as June 2021.[23] In December 2021, domestic air travel was more than 87 percent and Amtrak more than 80 percent of pre-pandemic levels.[24] Transit, however, was only 56 percent, and in January 2022 it dipped to 47 percent.[25] I estimate that, in the long run, it will never recover more than about 75 percent of pre-pandemic ridership, or about 25 trips per urban resident, and even that may be optimistic.

During the pandemic, transit agencies argued that they were carrying "essential workers" to work. If so, they weren't carrying very many of them and it would have been far less expensive to find other transportation for those people than to keep subsidizing transit. Census Bureau data indicate that only 3 percent American workers took transit to work on any given workday in 2020.[26] Meanwhile, transit subsidies rose from $58 billion to $64 billion and will be even greater in 2021. With fewer riders, costs per passenger-mile rose to well above $2, eight times the cost of driving.[27]

The latest argument in favor of increasing transit subsidies is that it would somehow be socially just to eliminate transit fares. But it's no more socially just to increase subsidies with regressive taxes than it is to expect low-income people to live with third-class transportation while almost everyone else enjoys first-class transport. Currently, the main obstacle to auto ownership for many is the fact that banks charge up to 25 percent interest for used-car loans to people with poor or no credit ratings. If we are truly concerned about the plight of low-income people, giving them low-interest loans to buy a good used car will do more to help them out of poverty than free transit.[28]

Before the pandemic, New York City was the only American city where transit played a meaningful role in transportation. Even in cities such as Boston, Chicago, San Francisco, and Washington, transit was only really important for downtown workers. Elsewhere, transit's only relevance to the vast majority of Americans is as a tax burden.

The real problem with transit is not a shortage of funds but that transit agencies have too much money and they spend that money on things that do little to help transportation uses, such as building multi-billion-dollar light-rail lines and taking lanes away from automobiles on congested roads. More than a half century of growing transit subsidies should have taught us that people are not going to give up the convenience and economy of private automobiles to ride slow, inefficient mass transit where they are likely to become victims of crime and infectious diseases. At the same time, reducing subsidies would make transit agencies more dependent on fares and therefore more responsive to the needs of people who continue to ride transit.

It is time to stop throwing money at an obsolete form of transportation. Ending subsidies to transit will still allow some transit to exist, but it will be more efficient, serve mainly those people who truly need it, and rely mainly on buses that share lanes with other vehicles.

If transit must be subsidized, make the subsidies proportional to the fares collected by each transit agency. That will give the transit agencies powerful incentives to cater to fare-paying customers. However, if we are seriously interested in reducing greenhouse gas emissions, helping low-income people out of poverty, and solving other social problems, there are better ways of doing so than by continuing subsidies to a third-class form of transportation.

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SANTA CLARA
VALLEY TRANSPORTATION AUTHORITY
TAKING THE PUBLIC FOR A RIDE

Summary

The Santa Clara Valley Transportation Authority (VTA) is a multi-billion dollar enterprise whose scope encompasses all matters of transportation, both public and private in Santa Clara County, and influences transportation decisions throughout the San Francisco Bay Region and the State of California. In the past five years, a number of reports have been issued that are critical of VTA. These reports raised issues related to organizational focus, project planning and monitoring, financial uncertainty and governance. This Grand Jury decided to investigate how VTA is doing with respect to these issues.

Recent events demonstrate that there remains a lack of responsiveness and accountability to the public. Existing policies and procedures have been corrupted, circumvented, or otherwise rendered ineffective. VTA has failed time and again to encourage dialog, has obscured facts and occasionally even stifled debate. The more one learns about how VTA executes its mission, the lower the confidence level in the Board's ability to manage the agency.

This report details specific examples of these concerns and recommends actions that can be implemented rapidly and easily. Unless the issues raised in this report and previous reports are corrected, the VTA will remain unaccountable to the residents of Santa Clara County and will fail to fulfill its broad obligations.

Background

This section provides an overview of the VTA Board, committee structure and membership, and recent ballot measures that provide funding for VTA programs. Many of the issues in this report relate to VTA's management of 2000 Measure A and other ballot measures.

VTA Board Organization

The VTA Board of Directors has 12 voting members, five alternates and two ex-officio members. The allocation of Board representation is generally based on population. The 12 voting members include five San Jose City Council members and two County Supervisors.

The remaining five voting members are chosen by the other 14 cities, based on a complex inter-city agreement that expires in 2009.

- One city council member rotating between Gilroy, Milpitas and Morgan Hill
- One city council member rotating between Campbell, Cupertino, Los Gatos, Monte Sereno and Saratoga
- Three city council members chosen from Sunnyvale, Santa Clara, Los Altos, Los Altos Hills, Mountain View, and Palo Alto

Board members serve a term of two years. At any one point in time, nine cities are not represented.

VTA Committee Structure

The VTA Board of Directors has four standing committees: Administration and Finance Committee, Audit Committee, Congestion Management and Planning Committee and Transit Planning and Operations. Each committee is composed of at least four Board members.

There are five Advisory Committees that support the work of the Board of Directors: Policy Advisory Committee (PAC), Technical Advisory Committee (TAC), Committee for Transit Accessibility, Bicycle and Pedestrian Advisory Committee and Citizens Advisory Committee (CAC). The CAC also serves as the 2000 Measure A Citizens Watchdog Committee (CWC).

This report will focus on the Citizen's Advisory Committee because of its dual role. The committee has 17 members, none of whom may be elected officials. These citizen-volunteers are selected as follows:

- Six members represent geographic areas.
    - San Jose chooses two.
    - The County Board of Supervisors chooses one.
    - Los Altos, Los Altos Hills, Mountain View, Palo Alto Santa Clara and Sunnyvale choose one.
    - Campbell, Cupertino, Los Gatos, Monte Sereno and Saratoga choose one.
    - Gilroy, Milpitas and Morgan Hill choose one.
- Six members are selected by the Administration & Finance Committee from nominations submitted by advocacy groups or received at large, representing each of the following:
    - senior citizens
    - disabled persons

    - mass transit users
    - environmentalists
    - bicyclists
    - pedestrians
- One member is chosen by each of the following:
    - Silicon Valley Leadership Group
    - Homebuilders Association of Northern California
    - National Association of Industrial and Office Properties
    - South Bay AFL-CIO Labor Council
    - Santa Clara County Chamber of Commerce Coalition

Each nominee must be approved by the Board.

2000 Measure A

In 2000, the voters of Santa Clara County approved a new ½ cent sales tax, to take effect on April 1, 2006 (the day after the expiration of the 1996 Measure B ½ cent sales tax), for a term of 30 years (to March 31, 2036). The proceeds from this tax were to be used only to:

- Extend BART from Fremont through Milpitas to Downtown San Jose and the Santa Clara Cal-train Station;
- Connect San Jose International Airport to BART, Caltrain and light rail;
- Extend light rail from downtown San Jose to the east valley;
- Purchase low floor light rail vehicles;
- Improve Caltrain: double track to Gilroy and electrify from Palo Alto to Gilroy;
- Increase Caltrain service (new locomotives and additional facilities to improve service);
- Construct a new Palo Alto Intermodal Transit Center;
- Improve bus service in major bus corridors;
- Upgrade Altamont Commuter Express;
- Improve Highway 17 express bus service;
- Connect Caltrain with Dumbarton Rail Corridor;
- Purchase zero emission buses and construct service facilities;
- Develop new light rail corridors;
- Fund operating and maintenance costs for increased bus, rail and paratransit service.

Measure A also provided for an independent Citizens Watchdog Committee (CWC) to review the VTA's expenditures on the projects. It specified that this CWC would consist of private citizens, not elected officials (the underline was in the official ballot text), and that this committee would be comprised of the existing VTA Citizen's Advisory Committee (CAC). The CWC responsibilities are:

- Hold public hearings and issue reports, on at least an annual basis, to inform citizens how funds were spent
- Perform annual independent audits each fiscal year to ensure tax dollars were spent in accordance with the intent of the measure
- Publish the audits and annual reports in local newspapers with document copies available to the public at large.

2000 Measure A Today

VTA has clearly established BART as the priority project in an environment in which the county is experiencing an unprecedented financial crisis, a deep recession, uncertain credit markets and declining sales tax revenue, all of which are expected to remain into the foreseeable future. One project was completed in 2004 (the purchase of low-floor light rail vehicles) using funds borrowed prior to the inception of sales tax collection. Active work is being carried out on Bus Rapid Transit along key corridors such as Alum Rock, as well as Caltrain enhancements in South County.

The Eastridge light rail extension, which is shovel-ready, is on hold. Measure A tax revenue is no longer allocated to this project. It may potentially qualify for federal funds as part of a future stimulus package. To this end, VTA is revising the Environmental Impact Reports to meet federal guidelines. This is the only work being done on this project at this time.

The fate of the rest of the projects remains uncertain.

November, 2008 Ballot Measures

In August, 2008, the VTA Board placed three measures on the ballot for the November, 2008 Election.

Measure B authorized a 1/8 cent sales tax to support operation of the BART extension to San Jose/Santa Clara. The tax is to begin only after sufficient funding from the state and federal governments is secured to match local funds to construct the 16.1 mile BART extension.

Measure C was an advisory vote. It asked the voters to approve the Valley Transportation Plan (VTP) 2035 – a long-range transportation plan. Under 1976 Measure B, the electorate must approve a long-range transportation plan at least every six years.

Measure D was to amend the 1976 Measure B to vest approval of the long-range transportation plan in the 2000 Measure A Citizens Watchdog Committee. This would save the cost of placing an approval measure on the ballot every six years.

All three measures passed.

Recent Reports on VTA

Recently, investigations of VTA governance and financial management have resulted in three separate reports:

- 2003-2004 Santa Clara County Civil Grand Jury: "Inquiry Into the Board Structure and Financial Management of the Valley Transportation Authority"
- "Santa Clara Valley Transportation Authority Organizational and Financial Assessment," Hay Group, March 2007
- "Santa Clara Valley Transportation Authority: It Has Made Several Improvements in Recent Years, but Changes Are Still Needed." July 2008 Report 2007-129, California State Auditor

The 2003-2004 Santa Clara County Civil Grand Jury investigated VTA's Board structure and financial management. It concluded that the VTA "Board is too large, too transient, and too occupied with other duties to provide direction and effective oversight to the staff in running VTA." It also concluded that the VTA Board "has proceeded with a transit capital improvement plan that cannot accomplish all that was promised in Measure A."

With the advent of a new General Manager, the VTA commissioned the Hay Group to assess and evaluate the effectiveness of its governance and organizational structures, financial capacity and performance against goals and objectives. The Hay Group report found that the Board faces

> "a number of significant challenges that need to be addressed in order for the board to satisfy its responsibilities and function effectively as a regional decision-making body."

Moreover, the Hay Group concluded that the Advisory Committees

> "have found their opportunity to help shape and recommend policy has been diminished" (and that they do not) "have a mission with clear goals and objectives articulated."

The Hay Group also found that

> "VTA does not have the financial capacity to meet its goals and objectives over the coming decade."

The Hay Group report proposed a comprehensive overhaul of VTA's organization and practices.

The State Auditor's report noted that VTA has attempted to improve its governance structure. However, the State Auditor concluded that VTA has not enhanced the operation of its five advisory committees and has not completely changed the way it engages the advisory committees in the deliberative process as stated below:

> "Thus, even as VTA attempts to reform its governance structure, it continues to follow a practice the Hay Group report specifically criticized; namely, advisory committees do not have an opportunity to consider policy and plans in the early stages of development so they can provide meaningful input to VTA staff and the board. Consequently, VTA continues to miss opportunities to gather diverse ideas and build regional consensus for its proposals."

Discussion

Role of the VTA Board in VTA Management

Board Composition. Much has been said and written about the composition of the VTA Board over the past five years. The 2003-2004 Grand Jury report found that the VTA Board was "too political" and recommended a change in the structure. The VTA rejected this recommendation. The Hay Report made a number of recommendations that would improve the VTA Board's ability to exercise its responsibilities with "reasonable care and loyalty."

Lack of Regional Focus. VTA board members do not always take a regional perspective or focus on what is best for the county as a whole. Interviews with board members yielded unsolicited complaints that other board members support VTA projects only for their local area. No one felt they were guilty of the behavior themselves, just their fellow members.

City Representation. As the largest city in the county, San Jose, with five members on the Board, dominates the Board. These individuals can and frequently do serve multiple terms. The same applies to the two members from the County Board of Supervisors. In contrast, the 14 remaining cities are dispersed in three groupings, subject to a rotation within each grouping every two years. The practical result is that acquired transportation knowledge and experience tends to vest in the two members from the county and the five members from San Jose. On the other hand, members from the other cities are termed out every two years, resulting in the loss of accumulated transportation knowledge and experience unless these cities reach a collective agreement. Recently, the West Valley cities made a separate agreement to allow one member city (Cupertino) to continue on the Board when their term expired.

For a Board that is pledged to have a countywide outlook irrespective of city boundaries, the current structure of representation does not promote this ideal and lends itself to the question of just where allegiances should lie.

A governance proposal from a subcommittee (established by the Board) charged with updating how Board members are chosen from the 14 cities in the county (other than San Jose) resulted in petty bickering between north county and south county representatives, heavy-handed repression by VTA staff and was ultimately shuffled to the Audit and Finance Committee for burial. A resolution is required by the end of 2009 when the current scheme expires.

Lack of Transportation Experience. Recent reports on VTA governance have documented that new board members have no previous experience in the transportation arena. Board members' terms are for two years and may or may not be renewed. By the time a Board member is familiar with the issues facing VTA their term is expiring. As a consequence, the VTA Board is not effective in directing VTA staff or making well-informed decisions.

Overwhelming Information. The voluminous board packets provided by VTA staff are frequently several hundred pages and contain information that require many hours of review by the board members before the meeting. Most board members work full time, which leaves them very little time to review the material in the packet. Some members stay up late at night to review the packet the night before the meeting. An exception is the City of San Jose, and Board of Supervisors, who have full-time, paid staff to review and distill the information. The other cities have part-time city council members with no support staff to help with VTA activities.

Staff Driven. All of the above issues contribute to the fact that VTA remains an organization that is frequently referred to as "staff driven." Meeting agendas are prepared by VTA staff with input from the Board chairperson. In some cases, the chairperson follows a "script" prepared by VTA staff. Interviews with VTA board and committee members revealed that independent thinking was discouraged. Board members appear unwilling or unable to bring up items for discussion that are not pre-screened by the staff. Hence, the VTA Board has frequently been referred to as a "rubber stamp" for policy proposals formulated by the VTA staff.

Role of Advisory Committees in VTA Governance

Token committees. Both the Hay Report and the State Auditor Report took the VTA to task for poor use of its Advisory Committees. This Grand Jury uncovered examples that support this conclusion. These committees exist to advise the Board on policy or technical issues. One of the key criticisms is that the Advisory Committees are presented with items to review only after the Board and/or staff has already made a decision. Thus, the Advisory Committee is only asked to bless the decision after the fact. VTA's attitude toward these committees has ranged from ignoring their existence entirely to retaliation for independent thinking. During interviews some board members were unable to identify committee members or even the names of the committees. One advisory committee member, responding to the question of whether the Board provided direction to the committee, said "The Board does not even know we exist."

Board – Committee Communication. The VTA Board communicates with the advisory committees through an intermediary – the VTA staff. The VTA staff sets the work plan and agenda for advisory committee meetings based on the staff requirements for upcoming Board meetings. The output from the advisory committee meetings is communicated back to the Board by the Board "accepting" the minutes of the advisory committee meeting, usually as part of the consent agenda. Recently, the chairperson of the Citizens Advisory Committee (along with the chairperson of the Policy Advisory Committee) has been invited to make a short presentation at each board meeting – essentially reading the details of the minutes of the previous CAC and PAC meetings to board members who have not been able to read them.

PAC and CAC: Committee views not valued. The Grand Jury saw little evidence that the opinions of PAC and CAC are well considered and play any role of significance in the decisions made by the VTA Board. VTA staff channels issues to the advisory committee most appropriate to handle that issue, such as the Bicycle-Pedestrian Advisory Committee or the Committee on Transit Accessibility. Membership of both of these committees includes individuals interested in their particular area. On the other hand, the Policy Advisory Committee (PAC) and Citizen Advisory Committee (CAC) are more broad-based. PAC is the only place in VTA governance where there is equal representation for each city without an overwhelming advantage to San Jose. It frequently serves as a breeding ground for new Board members. The role of PAC and CAC is to review and comment on policy proposed by VTA staff before that policy is brought before the VTA Board.

The VTA Board has recently formed ACE, the Advisory Committee Enhancement Committee, to develop a new structure and methodology by which the Advisory Committees can start to provide some form of useful service to the Board.

Role of the CAC/CWC in VTA Governance

CAC vs. CWC. The CAC advises the Board on matters of VTA policy. The CAC may only consider matters referred to it by the Board or General Manager/staff. The CAC was chartered by 2000 Measure A as an Independent Citizen's Watchdog Committee (CWC) for the 2000 Measure A funds.

The same group of citizens is assigned to both committees.

The CAC has no independent duties and no authority to take actions that bind VTA or the Board. The CAC does not have the authority to communicate to the public. On the other hand, the same people, serving as the CWC, have the duty to communicate to the public, hold hearings, issue reports, conduct an independent annual audit, and publish the results directly to the public without review or approval by the Board or staff.

Since the passage of Measure D in November, 2008, the CWC also has the responsibility to review the VTA long-range transportation plan every six years.

CWC Performance

Since its inception in July, 2006 the CWC has issued three reports to the public:

- A report summarizing Measure A activity up to June, 2006 (3 pages)
- A report summarizing Measure A activity for FY2007 ending June 2007 (3 pages)
- An audit for FY2007 performed by the VTA auditor (VTD), as opposed to a special, independent auditor retained by the CWC.

In addition, VTA Staff released an audit for FY2008 performed by the VTA auditor (VTD) without review or approval by the CWC. The "independent" audit by the auditor retained by the CWC is yet to be published. The FY2008 status report is yet to be published.

The CWC reports to the public have been neither comprehensive, timely nor complete.

What's Wrong with the Citizens Watchdog Committee?

There are several issues with the CAC/CWC combination that greatly reduce the effectiveness of this body when operating as the CWC. Under the structure provided by the original ballot measure, the CAC/CWC does not function independently or as a watchdog committee.

1. The members of the CAC/CWC interviewed all stated they work for the VTA Board. This is a reasonable position for a CAC member, but not when acting in the capacity of a CWC member. The very nature of an "independent watchdog committee" is to "oversee" actions of the board for the citizens of Santa Clara County.
2. CAC/CWC members are approved by the VTA Board, compromising independence of thought and action.
3. Some CAC/CWC members are former VTA Board members, former Policy Advisory Committee members and/or former elected officials in the county. One interviewee referred to the committee as the "Board Retirement Plan Committee."
4. Many CAC/CWC members complained and confirmed that the VTA staff shows them little or no respect. The VTA staff does not return their calls or answer their questions.
5. Just as the Board members are overwhelmed by the Board packet, many committee members interviewed referenced needing to set aside up to ten hours to prepare for meetings.

6. Members of the committee do not control their own agenda. The agenda for CAC/CWC meetings is set by VTA staff, along with input from the CAC/CWC chairperson.
7. Committee members, in their CAC capacity, represent various stakeholders in the county and advise the Board on issues involving their particular areas of interest. They are then expected to switch hats during the course of a single monthly meeting and perform CWC functions that should be seen as both independent and vital to the public interest as a whole, not to specific stakeholders. A conflict of interest is present, whether actual or perceived, in the discharge of their duties as a member of the CWC. The public deserves a watchdog function free of bias. The public expects a sentinel guard dog, not a lapdog.

The conflict and problems with the CAC/CWC combination are not surprising given that the by-laws for this CWC were written by VTA staff, incorporated into the existing CAC bylaws and approved by the Board.

Revenue and Expenditure Plan Update Cancelled

In June, 2006 the Board approved a comprehensive 30-year Revenue and Expenditure Plan for all projects identified in 2000 Measure A. During 2008, an update to this plan was scheduled. Sometime between June 19, 2008 and August 7, 2008, this update was cancelled and a decision was made to place an additional tax on the November, 2008 ballot.

The plan projected sales tax revenue at $10.58B from Measure A and noted that additional revenue sources would be necessary, not all of which were identified. An additional sales tax of ½ cent was proposed to the voters in November, 2006 but was rejected. In its first full year of collections (FY2007), Measure A 2000 brought in $161.4 Million. In its second full year, ending in FY2008, the collections dropped slightly to $160.5 Million.

The total program cost was projected to be $21.57B (in year of expenditure dollars). Notably, the single largest project was BART, which alone accounted for $6.2B in estimated year of expenditure dollars.

Figure 1: A portion of the 2000 Measure A Revenue and Expenditure Plan prepared in 2006

Fiscal Year Notes	Project Costs in $2003	Escalated Project Costs
Beginning Balance		
REVENUES		
1. Measure A 1/2-cent Sales Tax (2005 Midpoint)	5,404,457	$ 10,582,278
2. TCRP	507,428	$ 648,567
3. Federal New Starts	560,157	$ 750,000
4. Prop 42 STIP	111,214	$ 147,285
5. 2002 Note/2003/2004/2005 Bond Proceeds	469,283	$ 474,048
6. Net Add'l Measure A Bonds (1)	2,422,167	$ 3,648,000
7. Net New VTA Bonds (2)	1,073,646	$ 1,659,600
7A. NEW: Short-term financing	145,438	$ 201,000
8. VTA, Other Funding (Includes new 1/4-cent Tax) (3)	1,133,021	$ 2,037,827
8A. Other partners	1,092,574	$ 1,738,728
9. Other Funds	17,889	$ 18,172
10. Interest Earnings on Avg Bal (1.5%)	9,976	$ 15,523
Total Revenue	**$ 12,947,251**	**$ 21,921,028**

In order to begin Measure A programs in advance of tax collection, VTA issued anticipation bonds. $445M in proceeds from bond sales, which has to be repaid from Measure A revenue, was already on the books before a single dollar of tax was collected. By June 30, 2008 Measure A long-term debt was still $371.8M. Debt service cost over the life of Measure A was projected to be in excess of $2B in the 2006 Revenue and Expenditure Plan.

At its April, 2008, meeting, VTA General Manager Michael Burns introduced the proposed process and guidelines to update the 2000 Measure A Revenue and Expenditure Plan. Concurrently, the Board was in the process of making key decisions on the BART project, the Eastridge light rail extension, and the Caltrain double-track to Gilroy. Approval of the updated Revenue and Expenditure plan was tentatively set for September 4, 2008.

In an April 28, 2008, *San Jose Mercury News* article, Mr. Burns advised that his agency relied on overly optimistic scenarios that it could fund the $20+ Billion in transit improvements. He conceded that the current expenditure plan does not work and that it was clear that all projects could not be afforded.

At its June 11, 2008 meeting, the Downtown East Valley Policy Advisory Board was told by VTA staff that the Capitol Light Rail Extension to Eastridge had completed the design phase but was being suspended pending the updated Revenue and Expenditure plan. Particularly noteworthy was the fact that VTA staff suspended the project without prior Board authorization.

In a memo to the Downtown East Valley Policy Advisory Board dated June 19, 2008, the General Manager reconfirmed the schedule of the planned update to the Revenue and Expenditure Plan.

At the August 7, 2008 VTA Board meeting, several significant events occurred:

- Mr. Burns advised that the Light-Rail Extension to Eastridge "has not been stopped but that there is not enough money to complete all of the Measure A projects. . ." The Board "reaffirmed" its support for the project and recommended continuation of planning and design activities. However, property acquisition, utility relocation construction and completion of bid documents for construction contracts were not authorized.
- Measure B to increase sales tax by 1/8 cent to be used for BART operating costs was placed on the November ballot.
- The staff presented a report to the Board supporting the sufficiency of the 1/8 cent tax proposal to cover the projected deficit in BART operating costs. The conclusion was based on a new 30-year sales tax revenue estimate. This report also provided sufficient information to update the revenue estimate in the new Revenue and Expenditure Plan.

The September, 2008, scheduled presentation of the update to the Revenue and Expenditure Plan was not delivered and never rescheduled. The VTA Board made no effort to determine the status of the plan or if there would be significant disruption or cancellation of Measure A projects. As a consequence, the public was not informed of the 2000 Measure A 30-year financial situation before the November 2008 election.

At a Board Workshop on December 4, 2008, approximately one month after the election, and in the face of sales tax revenue uncertainty, it was decided to forego a full 30-year plan for Measure A and to focus on a two-year capital expenditure plan. The two-year capital expenditure plan is to be made available in June 2009. It is expected to include capital expenditures for the BART extension and two other programs – BRT (Bus Rapid Transit) on the Alum Rock corridor and certain Caltrain enhancements in South County including double tracking to Gilroy. A notable exception in the preliminary documentation is the absence of any funding for the light rail to Eastridge program which appears to have become totally dependent on unidentified federal funding.

Since that time the VTA staff has responded to pressure from the Board and agreed to provide a ten-year outlook. This plan has yet to be delivered.

If the 30-year Revenue and Expenditure Plan had been updated as planned, it likely would have shown that if the BART extension were built as planned, the remaining 2000 Measure A projects would require massive additional investment by the state and federal government plus additional sales tax revenue from Santa Clara County.

2008 Measure B passed by approximately 700 votes above the 2/3 threshold required for passage. If the updated Revenue and Expenditure Plan had been readily available to the public, Measure B might not have passed. The VTA had sufficient time and information to complete this update and made a deliberate decision not to publish it prior to the election. The public deserves an explanation.

Light Rail to Eastridge Project Status

According to the Measure A Semi-Annual Report (internal) dated June, 2008, this project was to receive $276.8M of its $334.3M cost (83%) from Measure A tax revenue. Now that virtually all Measure A tax revenue is being reserved for the shortened BART extension project, the light rail to Eastridge project has been put on hold until other funding sources can be identified. The only work currently being done on the light rail to Eastridge project is to modify the completed EIR to meet federal standards in the hope of receiving federal stimulus or other transportation funding in 2010.

Use of 2000 Measure A Funds for Non-Measure A Projects Puts Measure A Projects at Risk

The VTA Board has approved the exchange (swap) of approximately $107M of Measure A funds for use on non-Measure A programs in exchange for a payback from anticipated State Transportation Improvement (STIP) funds at a future time. The payback from the state depends on state approval of two Measure A projects for state (STIP) funding, approval that is not guaranteed, especially in difficult budgetary times. In addition, these programs are low on the Measure A priority list and may never be built.

Board approval of the swap was granted in two separate votes in February, 2007 and December, 2007. As of June, 2008, approximately $9M of Measure A sales tax revenue had been spent on non-Measure A programs. At the same time, the 2000 Measure A program was over $361M in debt, having issued bonds to pay for project development in advance of the receipt of sales tax revenue.

There was no prior discussion or notification to the Citizen Watchdog Committee. The CWC was informed after the fact in a report from VTA staff.

One key Citizen Watchdog Committee duty is to certify to the public that Measure A funds are only spent on Measure A projects. The CWC needs to make an informed decision about what constitutes spending on 2000 Measure A projects and determine whether the fund exchange meets the CWC's definition of legitimate spending. Furthermore, the CWC is obligated to inform the public of the fund exchange and expenditures in its reports to the public.

At its February 11, 2009 meeting, a discussion regarding the CWC's responsibilities in this area was initiated by a CWC member and stifled by VTA staff in attendance by reminding the CWC members of the limitations in their responsibilities. The CWC did agree to ask their auditor to "assist the committee in its fiduciary role." At and following this meeting two members of the CWC resigned, leaving a total of five vacancies.

November 2008 Ballot Measures

Several relevant facts should be noted with respect to the November, 2008 ballot measures:

- VTP 2035 Transportation Plan was first presented to the public eight days after the November, 2008 Election. At the time of the election, the voters were voting to approve a plan that none of them had seen. The plan was formally published in January, 2009.
- Measures C & D were approved for the ballot as part of the Consent Agenda. There was no debate or discussion regarding these Measures.
- Measures C & D were not discussed at any Advisory Committee meetings prior to the vote of the VTA Board.
- The Citizens Watchdog Committee was unaware that the VTA Board was proposing to add responsibility to review and approve the long-range transportation plan every six years. It should also be noted that the CWC ceases to exist on June 30, 2036.
- The tax amount for Measure B (1/8%) was approved for the ballot on August 7, 2008, after selected Board members were briefed on a private poll conducted by Silicon Valley Leadership Group regarding opinions of the electorate with respect to additional tax for transportation purposes. The poll indicated that a ¼% tax would not pass while a 1/8% tax might pass. VTA contracted with a private firm (AECOM) to justify the 1/8% level as sufficient. The report was delivered to the Board on August 4, 2008.

These items taken as a whole provide a picture of a Board that is rushed, overwhelmed and out of touch.

2008 Measure B Sales Tax – Promised 16.1 Miles, Delivering 2.2 Miles

Of particular concern is that VTA intends to start collection of the Measure B tax while only completing a shortened version of the BART extension to Berryessa. The $750M federal funding that was planned to trigger the Measure B sales tax will now be used only to fund the first 2.2 miles with additional yet-unidentified funding required to complete the entire extension.

The ballot wording specifically refers to funding for the entire 16.1 mile BART extension. At the August 7 board meeting, Michael Burns, VTA General Manager, said ". . . taxpayers would not be responsible to pay the tax unless there was a fully funded project."

The rationale and financial analysis behind the tax were based on the costs and ridership associated with the full BART extension. The Board should ensure that this tax is not collected until full funding is identified for the entire 16.1 mile BART extension.

Conclusion

Reports cited earlier document that the Board has not lived up to its responsibilities. Following its own investigation, this Civil Grand Jury concurs with these reports.

In reaching this conclusion, the Grand Jury has found that:

- The Board tolerates behaviors that do not encourage informed public debate about transportation and transit issues facing the county.
- VTA staff develops plans internally with little or no public (or Board) input at the early stages. Information relevant to these plans is carefully controlled.
- The Board has taken a passive role, allowing VTA staff to control the Board, the CAC/CWC, other advisory committees and the public at large to minimize any influence or change of its internally developed ideas.

It is critical that citizens of Santa Clara County reach an informed consensus on transportation and transit policy. These are issues upon which reasonable minds can, and do, disagree. Free and open debate is essential to reaching a consensus. The VTA has, however, failed time and again to encourage such debate; to the contrary, VTA has obscured the facts and occasionally even stifled debate.

The recommendations of this report provide steps to enable the public, through the Board and through the CAC/CWC and other advisory committees, to regain the position of providing early, influential input into the VTA planning process.

Findings and Recommendations

Finding 1a

The term “watchdog” is a misnomer. The structure and composition of the CWC called for in 2000 Measure A, as well as how the CWC responsibilities are interpreted by VTA staff and the Board, prevents the CWC from performing its duties effectively.

Finding 1b

Although arguably the CWC may have technically complied with the minimum functions specified in Measure A, the CWC is failing the public by not providing reliable information to make intelligent decisions regarding transit in the county.

Recommendation 1a

The CWC should reevaluate its scope and expand its functions beyond the minimum standards stated in 2000 Measure A and operate as a true “watchdog” committee.

Recommendation 1b

The Board should provide the CWC with independent advisors, including legal counsel, to assist them in this effort.

Finding 2

The CWC is not *independent*. CWC members are appointed or have their appointment approved by the VTA board, the very people they are charged with overseeing. In other transportation agencies in California, citizen oversight bodies are appointed and/or approved by independent third parties (See Appendix A).

Recommendation 2a

The Grand Jury recognizes that the assignment of members of the CAC as the CWC is part of existing law and cannot be changed without a new ballot measure. However, the Board is at liberty to change the CAC bylaws and hence change who approves membership in this combined committee. The Grand Jury recommends that the Board change the bylaws so that the selection process is conducted by, and selections approved by an independent third party.

Recommendation 2b

Former elected officials should not be allowed to sit on the Citizens Advisory Committee to eliminate the possibility of bias from prior responsibilities.

Recommendation 2c

The CWC should have its own staff, independent of VTA staff, to set meeting agendas, coordinate project investigations, write reports and do other tasks assigned to the CWC.

Finding 3

The CWC is not in control of its own agenda. CWC bylaws do not explicitly allow members to participate in setting the agenda for their own meeting. Other VTA committees such as the Policy Advisory Committee have this explicit right. The CWC chairperson reviews the staff-proposed agenda in advance and can suggest changes. Other members only view the agenda when formally published.

Recommendation 3

The bylaws should be amended to allow the CWC to prepare and set their own agenda without involvement of VTA Staff. If VTA Staff wishes to place an agenda item, they should consult with the CWC Chairperson, not the other way around.

Finding 4a

While meeting the minimum requirements, CWC reports to the public have not been comprehensive, timely, or complete. The CWC has published only two three-page status reports since its inception in July 2006. The financial audit for FY 2007 (June 2007) was conducted by an independent auditor retained by VTA staff, not an independent auditor retained by the CWC. In FY 2008, audits of 2000 Measure A expenditures will be conducted by BOTH an independent auditor retained by VTA and an independent auditor retained by the CWC.

The CWC has failed to take the opportunity to file more frequent reports on Measure A 2000 expenditures, such as monthly or quarterly reports.

Finding 4b

The CWC has failed to inform the public that the 2000 Measure A sales tax revenue is not sufficient to complete all of the Measure A programs, and federal and state funding has not been identified to fill the gap. This has been clear to VTA management for some time.

Recommendation 4a

CWC should independently decide on report frequency and content without VTA Staff involvement and supervision.

Recommendation 4b

No Recommendation.

Finding 5

The VTA staff has forced its own perspective on the CWC regarding committee roles and responsibilities. VTA staff dictates have stifled independent thinking on the part of CWC members.

Recommendation 5

The Board should direct VTA staff to revise its training materials and memoranda to include best practices of other transit agency watchdog committees and encourage the CWC to establish its own priorities and responsibilities. See Appendix A.

Finding 6

Board workplans and meeting agendas are developed primarily by VTA staff.

Recommendation 6

The VTA Board should prepare its own agendas and workplans. The Chairperson of the Board should consult with Board members, standing and advisory committees and VTA staff to formulate the agenda.

Finding 7

With the exception of members from San Jose and the County, Board members have inadequate staff support to fully participate in Board activities. The volume of information supplied to Board members can serve to obscure key issues that deserve focus.

Recommendation 7

The VTA Board should have its own staff, independent of VTA staff, to set meeting agendas, do project investigations, write reports, publish minutes and do other tasks required by the Board.

Finding 8

Both the Hay Report and the State Auditor Report recommended that the VTA Board make every effort to insure that new board members have transportation experience by appointing new members with previous transportation experience and reappointing members for multiple terms. Nevertheless the Mayor of San Jose recently appointed two new board members to represent San Jose who have no previous transportation experience.

Recommendation 8

New VTA Board members must have transit knowledge. The VTA Board should require at least one full year on the PAC or another VTA advisory committee prior to being appointed to the Board.

Finding 9

VTA failed to provide an updated Measure A Revenue and Expenditure Plan per their published schedule. As a result, voters were deprived of critical information necessary to make an informed decision regarding 2008 Measure B, an additional 1/8 cent sales tax to fund operating costs for a BART extension to San Jose / Santa Clara. The VTA had sufficient time and information to complete this update and made a deliberate decision not to publish it prior to the election. As a result, voters were never told that full funding for the BART extension would jeopardize the completion of the other Measure A projects.

Recommendation 9a

The VTA Board should explain why these facts were withheld from the public.

Recommendation 9b

In future elections, the VTA Board should ensure that VTA staff provides the public with a comprehensive explanation of the ramifications of each measure, including the impact on both capital and operating funds, projections and budgets, as well as the effect on other projects.

Finding 10

VTA effectively suspended the shovel-ready light rail extension to Eastridge, without informing the VTA Board or the CWC in advance. Additionally, they used evasive language to prevent the Board and the public from understanding the true status (“reaffirming” support) of the project. The people of East Valley deserve better from the representatives of San Jose on the VTA Board.

Recommendation 10a

The Board should amend the CAC/CWC bylaws to provide the CWC with the authority to review and make recommendations regarding any changes to the priority and status of all 2000 Measure A programs. This is a specific request over and above the responsibilities assigned by the 2000 Measure A ballot wording.

Recommendation 10b

The staff should not make unilateral changes regarding Measure A projects without prior CWC review and Board approval. Specific procedures should be put into place to assure that the VTA Board has reviewed and approved all changes to the scope, funding and schedule of Measure A projects before VTA staff proceeds.

Finding 11

The VTA Board approved Measure C and D to be placed on the November 2008 ballot as part of the consent agenda and without prior review by advisory committees. This occurred on the day prior to the deadline for the submittal of ballot measures for the November 2008 election.

Recommendation 11

The Board should ensure that ballot measures are submitted for Board approval on the regular agenda (never the consent agenda) after thorough review and discussion at both advisory and standing committee meetings.

Finding 12

The Board put 2008 Measure D on the ballot, assigning the responsibility for citizen review of future VTA long-range strategic plans to the CWC, without notifying the CWC of its intent to do so. In addition, the CWC will cease to exist on June 30, 2036, leaving the subsequent responsibility for review of the long-range plan in limbo.

Recommendation 12

The hastily implemented Measure D needs to be rethought before 2036. The Board should assign the responsibility for reviewing the long-range strategic plan to an organization that will remain in existence permanently.

Finding 13

The Board allowed Measure C to be placed on the November 2008 ballot asking voter approval of the VTP2035 plan when neither the Board nor the public had seen a draft of the full plan.

Recommendation 13

The Board should ensure that VTA's long range strategic plans are thoroughly reviewed and vetted by the public prior to being offered for approval by whatever body is deemed responsible.

Finding 14

Measure A funds were used on non-Measure A projects. The Measure A fund exchange violates the 2000 Measure A ballot requirement that 2000 Measure A revenue was to be spent only on 2000 Measure A programs. But VTA believes it is entitled to use these funds for other programs as long as repayment is certain. It appears that there is in fact repayment uncertainty. Even though the initial $50M swap was approved in February 2007, the CWC certified (over the chairperson's signature) in the FY 2007 2000 Measure A Status Report that all Measure A revenue was spent only on Measure A programs. It is clear that the CWC does not fully understand its responsibility with respect to this requirement.

Recommendation 14

The Board should give the CWC the opportunity to review all 2000 Measure A fund transfers. The CWC should point out such usage of funds to the public in their reports. The CWC should make a public decision whether this usage of funds is consistent with the intention of the voters with respect to 2000 Measure A.

Finding 15

Measure B on the 2008 Ballot approved a 1/8 cent sales tax for BART operations. Tax collection is slated to start when the BART project receives full federal and state funding. However, VTA intends to start collecting this tax when only the first 2.2 miles of the BART project are funded, not the complete project.

Recommendation 15

The Board should consider the intention of the voters as well as the specifics of the ballot measure when considering this issue. This tax should only be collected when funding for the full 16.1 mile BART extension is obtained from the state and federal government.

Appendix A

Citizens Watchdog Committee Comparisons

	Santa Clara County CAC/CWC - Current	Santa Clara County Measure B CWC 1996	Orange County (Transportation Oversight Committee)	ACTIA (Alameda County Transportation Improvement Agency)
Total Members	**17**	**17**	**11**	**17**
Composition of Committee	Six citizens at large from Cities and County Groupings (2 from San Jose, 3 from all other cities, one from County of Santa Clara); Six citizens from community interests groups (senior citizens, disabled persons, mass transit users, environmentalists, pedestrians, bicyclists); Five citizens from Business and Labor Groups (Silicon Valley Leadership Group, Homebuilders Association of Northern California, Building Owners and Managers Association – Silicon Valley (BOMA-SV), South Bay AFL-CIO Labor Council, Santa Clara County Chamber of Commerce Coalition).	Ten District Representatives, two from each of the five supervisorial districts. Seven Organization Representatives, one from each of the seven different organizations specified by the Measure. (California Taxpayers Association, the San Jose Silicon Valley Chamber of Commerce, the Sierra Club, the South Bay Labor Council, the Silicon Valley Manufacturing Group, the Greenbelt Alliance, and the Building and Construction Trades Council).	Two members from each supervisorial district and the Auditor-Controller who serves as chairman of the committee. As mandated by the Ordinance, the Grand Jurors Association of Orange County Oversight Committee Selection Panel is under contract to solicit, collect, review applications from potential candidates Criteria includes ability to participate in meetings as maintained by time and meeting requirements, demonstrated interest and history of participation in community activities, with special emphasis on transportation-related activities, lack of conflict of interest with respect to the expenditure of the sales tax revenue generated by Measure M. Currently elected or appointed by city, district, county, state or federal officials are not eligible to serve.	Ten members shall be at-large, two each representing the five supervisorial districts in Alameda County. Seven of the members shall be nominated by the seven organizations specified in the Expenditure Plan, viz., Alameda County Taxpayers' Association, Sierra Club, Alameda County Labor Council, Alameda County Economic Development Alliance for Business, Alameda County Paratransit Advisory Panel, East Bay Bicycle Coalition, and League of Women Voters. Qualification for Membership. Each CWC member shall be a resident of Alameda County. A CWC member shall not (a) be an elected official at any level of government; or (b) be a public employee of any agency that oversees or benefits from the proceeds of the Measure B Tax, or (c) have any economic interest in any Project or Program.

Appendix A

Citizens Watchdog Committee Comparisons

	Santa Clara County CAC/CWC - Current	Santa Clara County Measure B CWC 1996	Orange County (Transportation Oversight Committee)	ACTIA (Alameda County Transportation Improvement Agency)
How Appointed	No member of the Board of Directors or alternate, Policy Advisory Committee member or alternate, or other elected public official shall be appointed to the Committee. Committee members may not be employed by a Member Agency they represent. VTA employees are not eligible for membership. Members shall be appointed as follows,with effort made to reflect the ethnic, gender, and geographic diversity of the County: City and County Groupings: Citizens at large as appointed by groupings as defined by the VTA Administrative Code. Community Interests: appointed by Administration and Finance Committee from nominations submitted by advocacy groups or received at large, one for each category. Business and Labor Groups: appointed by each organization. Board of Directors ratifies each appointment of all members of the committee.	District Representatives: by League of Women Voters or in absence of League, the Grand Jury. Organization Representatives: selected by nominating organization.	Grand Jurors Association of Orange County (GJAOC), which has formed a five-member Taxpayers Oversight Committee Selection Panel to conduct an extensive recruitment program. The panel screens all applications, conducts interviews and recommends potential candidates for membership on the Taxpayers Oversight Committee once a year as terms expire. The GJAOC is made up of former grand jurors who have a continuing concern for good government and whose purpose is to promote public understanding of the functions and purpose of the grand jury. The GJAOC is a neutral body serving the interests of the Taxpayers of Orange County. New members are chose by lottery from among the finalists at a meeting of the OCTA.	Of ten at-large, one of the two nominated by a member of the Board of Supervisors in their own district and one of the two selected by the Alameda County Mayors' Conference. Of the seven organizations, the organizations each select one subject to approval by the ACTIA Board.

Appendix A

Citizens Watchdog Committee Comparisons

	Santa Clara County CAC/CWC - Current	Santa Clara County Measure B CWC 1996	Orange County (Transportation Oversight Committee)	ACTIA (Alameda County Transportation Improvement Agency)
Length of Term	Committee members shall be appointed for a continuous term, serving until resignation or replacement by their appointing organization or the Board of Directors	District Representatives: 2 years; Organization Representatives: unlimited term	Each member, with the exception of the Auditor-Controller, is appointed for a term of three years. However, any member appointed to replace a member who has resigned or been removed will serve only the balance of such member's unexpired term, and no person shall serve as a member for a period in excess of six consecutive years.	Two years.
How Often They Meet	Monthly	Monthly	Bi-Monthly	At least once per quarter.
Reports Generated	Once at Year (CWC)	Yearly at required by Measure. Monthly as generated by practice.	Quarterly Progress Reports are generated.	
Available Staff	VTA	Board of Supervisors	Local Transportation Authority	
Agenda Set	Items may be referred for inclusion on an agenda by: (1) the Board of Directors; (2) the General Manager; (3) the Committee Chairperson; and (4) the Committee, with a quorum present and upon the affirmative vote of a majority of the members present.	The Chair shall prepare the agenda for each Committee meeting. .	Independent Committee by Ordinance.	Any member three weeks prior to meeting or agreement by chair.

Appendix A

Citizens Watchdog Committee Comparisons

	Santa Clara County CAC/CWC - Current	Santa Clara County Measure B CWC 1996	Orange County (Transportation Oversight Committee)	ACTIA (Alameda County Transportation Improvement Agency)
Agenda Set continued	The secretary shall prepare the agenda for each meeting in consultation with VTA staff and the chairperson. The secretary may withhold placement on the agenda of any matter which is not timely received, lacks sufficient information or is in need of staff review and report prior to Committee consideration.			
Board of Directors Meetings	The chairperson shall preside at all meetings of the Committee and represent the Committee before the Board of Directors. Except when acting in its capacity as the Citizen's Watchdog Committee as specified in the 2000 Measure A Transit Sales Tax ballot, the Committee shall serve in an advisory capacity to the Board of Directors. It shall have no independent duties and no authority to take actions that bind VTA or the Board of Directors. The Committee shall not have the authority to communicate externally and all communications by the Committee shall be to and through the Board of Directors.	The Chair shall attend, or appoint another Committee member to attend, meetings of the County Board of Supervisors at which expenditure of the Measure B sales tax revenues represents an action item.		Communicating from time to time to the ACTIA Board by resolution suggestions and concerns pertinent to the administration and expenditure of Measure B funds.

Appendix A

Citizens Watchdog Committee Comparisons

	Santa Clara County CAC/CWC - Current	Santa Clara County Measure B CWC 1996	Orange County (Transportation Oversight Committee)	ACTIA (Alameda County Transportation Improvement Agency)
By-Law Amendments	Majority of its total membership and with the approval of the Board of Directors.	Majority vote of the Committee at any meeting.	No formal by-laws.	Bylaws may be amended, repealed or altered, in whole or in part, by a resolution adopted at a duly-constituted CWC meeting at which a quorum is present.

PASSED and ADOPTED by the Santa Clara County Civil Grand Jury on this 7th day of May, 2009.

Don Kawashima
Foreperson

Mary Nassau
Secretary

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: January 11, 2023

PREPARED BY:
Angie Gonzalez, Deputy City Clerk
APPROVED BY: City Manager

2023 CITY COUNCIL MEETING SCHEDULE

RECOMMENDATION(S)

1. Review, discuss, if needed, amend, and approve City Council Policy CP-06-02; and
2. Review, discuss, if needed, amend, and approve the 2023 City Council meeting schedule.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Enhancing Public Safety
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
Advancing Regional Initiatives

2022-2023 Strategic Priorities
Fiscal Sustainability
Affordable Housing and Homelessness
Community Outreach, Engagement, and Messaging
Economic Development
Transportation

REPORT NARRATIVE:

The City Council has adopted City Council Policy CP-06-02 regarding its meeting schedule. The team requests that the City Council review its meeting schedule through January 2024. The following meetings are proposed to be canceled or scheduled:

1. January 4th regular meeting of the City Council canceled per Council Policy CP-06-02. (Cancel)
2. January 18th regular meeting of the City Council canceled to allow the Mayor

and Council Members to attend the CalCities New Mayor and Council Conference. (Cancel)
3. January 27th at 9:00 a.m. and March 3rd at 9:00 a.m. Special City Council Goal Setting Workshop. (Schedule)
4. July 5th, July 19th, and July 26th regular meetings of the City Council canceled pursuant to Council Policy CP-06-02 (Cancel)
5. August 2nd regular meeting of the City Council canceled pursuant to extend the summer break. (Cancel)
6. September 20th regular meeting of the City Council canceled to allow the City Council and staff to attend the CalCities Annual Conference. (Cancel)
7. November 22nd regular meeting of the City Council canceled pursuant to Council Policy CP-06-02. (Cancel)
8. December 27th regular meeting of the City Council canceled due to the City Holiday furlough. (Cancel)
9. January 3, 2024 regular meeting of the City Council canceled per Council Policy CP-06-02. (Cancel)
10. January 26, 2024 at 9:00 a.m. and January 27, 2024 at 9:00 a.m. Special City Council Goal Setting Workshop. (Schedule)

Given the above information, the City Council may wish to retain, adjust, and/or cancel regularly scheduled meetings.

COMMUNITY ENGAGEMENT:
This report serves to inform the public of the 2023 City Council meeting schedule.

ALTERNATIVE ACTIONS:
Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
The City Council reviews the meeting schedule annually.

FISCAL AND RESOURCE IMPACT:
There is no fiscal impact associated with this action.

CEQA (California Environmental Quality Act):
Not a Project. Administrative activities of governments that do not result in direct physical changes in the environment do not qualify as a project for purposes of CEQA.

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CITY OF MORGAN HILL
CITY COUNCIL/REDEVELOPMENT AGENCY POLICIES AND PROCEDURES

CP-06-02

SUBJECT: **CITY COUNCIL MEETING SCHEDULE**

EFFECTIVE DATE: **March 22, 2006, Revised June 27, 2007, Revised November 20, 2013, Revised October 21, 2015; Revised November 17, 2021**

ORIGINATING DEPT: **City Clerk**

The City Council has ordained that regular meetings are to be held on the first, third and fourth Wednesdays of every month at 7:00 p.m. In the event of a legal holiday occurring on a regular City Council meeting day, the meeting(s) will be canceled. Should the Mayor and City Manager determine that the third meeting of the month is not necessary, they shall have the authority to cancel the meeting.

The City Council desires to take official legislative recesses, at various times, to accommodate community and civic commitments, vacations, and the City's operations schedule. As such, the following meeting schedule will apply for the months of January, May, July, , September, October, November and December of every year:

- For the month of January, should the City furlough its employees the last week in December, the first meeting in January shall be canceled. The Council will hold its annual Goal Setting retreat the last Friday and Saturday of the month.
- The Council will hold its annual Budget Workshop during the month of May.
- For the month of July, all meetings are to be cancelled for summer recess.
- For the months of September and October, regular meetings will be held on the first, third, and fourth Wednesdays, beginning at 7:00 p.m.; unless the meeting date falls on Rosh Hashanah or Yom Kippur. In which case, said meeting will be canceled.
- For the month of November, regular meetings will be held on the first, third and fourth Wednesdays, beginning at 7:00 p.m.; unless the Wednesday meeting date falls the day before the Thanksgiving Holiday. In which case, said meeting will be canceled.
- For the month of December, regular meetings will be held on the first, third and fourth Wednesdays, beginning at 7:00 p.m.; unless the Wednesday meeting date(s) fall on the Christmas Holiday and/or during the Holiday furlough. In which case, said meeting(s) will be canceled.

The City Council shall have the ability to adjust and/or add other meeting dates, as deemed appropriate.

This policy shall remain in effect until modified by the City Council respectively.

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APPROVED:

DocuSigned by:
Rich Constantine
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RICH CONSTANTINE, Mayor

DRAFT 2023 City Council
Meeting Schedule

Meeting Date	Type of Meeting	Notes
01/04/2023 Wednesday	Regular CC	Canceled per Council Policy (CP 06-02)
01/11/2023 Wednesday	Special CC	
01/18/2023 Wednesday	Regular CC	Canceled New Mayor and Council Conference
01/25/2023 Wednesday	Regular CC	
01/27/2023 Friday	Special CC	Goal Setting Workshop – Day 1 9:00 am – 5:00 pm
02/01/2023 Wednesday	Regular CC	
02/15/2023 Wednesday	Regular CC	
02/22/2023 Wednesday	Regular CC	
03/01/2023 Wednesday	Regular CC	
03/03/2023 Friday	Continued from 01/27/2023	Continued Goal Setting Workshop – Day 2 9:00 am – 5:00 pm
03/15/2023 Wednesday	Regular CC	
03/22/2023 Wednesday	Regular CC	
04/05/2023 Wednesday	Regular CC	
04/19/2023 Wednesday	Regular CC	
04/26/2023 Wednesday	Regular CC	
05/03/2023 Wednesday	Regular CC	
05/17/2023 Wednesday	Regular CC	
5/24/2023 Wednesday	Regular CC	
06/7/2023 Wednesday	Regular CC	
06/21/2023 Wednesday	Regular CC	

DRAFT 2023 City Council
Meeting Schedule

Meeting Date	Type of Meeting	Notes
06/28/2023 Wednesday	Regular CC	
07/05/2023 Wednesday	Regular CC	Canceled per Council Policy (CP 06-02)
07/19/2023 Wednesday	Regular CC	Canceled Summer Recess
07/26/2023 Wednesday	Regular CC	Canceled Summer Recess
08/02/2023 Wednesday	Regular CC	Canceled Summer Recess
08/16/2023 Wednesday	Regular CC	
08/23/2023 Wednesday	Regular CC	
09/06/2023 Wednesday	Regular CC	
09/20/2023 Wednesday	Regular CC	Canceled Cal Cities Annual Conference
09/27/2023 Wednesday	Regular CC	
10/04/2023 Wednesday	Regular CC	
10/18/2023 Wednesday	Regular CC	
10/25/2023 Wednesday	Regular CC	
11/01/2023 Wednesday	Regular CC	
11/15/2023 Wednesday	Regular CC	
11/22/2023 Wednesday	Regular CC	Canceled per Council Policy (CP 06-02)
12/06/2023 Wednesday	Regular CC	
12/20/2023 Wednesday	Regular CC	
12/27/2023 Wednesday	Regular CC	Canceled per Council Policy (CP 06-02)
1/3/2024	Regular CC	Canceled per Council Policy

DRAFT 2023 City Council
Meeting Schedule

Meeting Date	Type of Meeting	Notes
Wednesday		(CP 06-02)
1/17/2024 Wednesday	Regular CC	
01/26/2024 Friday	Special CC	Goal Setting Workshop 9:00 pm – 5:00 pm
01/27/2024 Saturday	Continued from 01/26/2024	Continued Goal Setting Workshop 9:00 am – 1:00 pm

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: January 11, 2023

PREPARED BY:
Kim Mancera, Deputy City Clerk
APPROVED BY: City Manager

ACCEPT RESIGNATION OF PARKS & RECREATION COMMISSIONER MAUREEN GRZAN-PIERACCI

RECOMMENDATION(S)

1. Accept Maureen Grzan-Pieracci's resignation from the Parks & Recreation Commission effective January 19, 2023; and
2. Direct the City Clerk to continue recruitment efforts to fill an unexpired term ending April 2026, on the Parks & Recreation Commission.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Protecting the Environment and Preserving Open Space and Agricultural Land
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

2022-2023 Strategic Priorities
Fiscal Sustainability
Economic Development

Guiding Documents
Bikeways, Trails, and Recreation Master Plan
Morgan Hill 2035 General Plan

REPORT NARRATIVE:

On December 8, 2022, Maureen Grzan-Pieracci submitted her resignation from the Parks & Recreation Commission, effective Wednesday, January 19, 2023. The City Clerk's office has begun recruitment efforts to fill the vacancy that has a term ending in April 2026. Staff recommends that the Council accept Mrs. Grzan-Pieracci's resignation and direct the City Clerk's office to continue the recruitment efforts.

COMMUNITY ENGAGEMENT:

Involve
Recruitment efforts are underway encouraging citizens to apply for City Council appointment consideration to the Parks & Recreation Commission.

ALTERNATIVE ACTIONS:
Not Applicable

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
Recruitment efforts are conducted each year to appoint or reappoint commissions as their terms expire.

FISCAL AND RESOURCE IMPACT:
There is no fiscal or resource impact associated with the actions to interview and appoint, as the recruitment and appointment process is accommodated in the Administrative Services operating budget.

CEQA (California Environmental Quality Act):
Not a project.

The appointment of commissioners is not a project, as defined in Section 15378 of the State CEQA guidelines.

From: Michelle Bigelow
To: Michelle Bigelow
Subject: FW: [EXTERNAL] Final Meeting - January 2023
Date: Thursday, December 22, 2022 2:48:14 PM

From: [redacted]>
Sent: Thursday, December 8, 2022 9:21 AM
To: Chris Ghione <Chris.Ghione@morganhill.ca.gov>
Subject: [EXTERNAL] Final Meeting - January 2023

Hi Chris,

I'm in the final throes of my masters program. Unfortunately, I have a mandatory class this spring that conflicts with our PRC meetings. As such, January 2023 will be my final meeting as a Parks and Recreation Commissioner.

I sincerely appreciate all of your work over the last 5 years (and more!). Thank you for educating me through all the intricacies of our City's projects and programs. It's been an absolute honor to serve on the PRC.

Please let me know if there is anything further needed from me.

Thank you,
Maureen Grzan-Pieracci

WARNING: This message is from an external user. Confidential information such as social security numbers, credit card numbers, bank routing numbers, gift card numbers, wire transfer information and other personally identifiable information should not be transmitted to this user. For question, please contact the Morgan Hill IT Department by opening a new helpdesk request online or call 408-909-0055.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: January 11, 2023

PREPARED BY:
Cynthia Hasson, Assistant City Attorney
APPROVED BY: City Manager

ADOPT RESOLUTION RATIFYING PROCLAMATION OF LOCAL EMERGENCY DUE TO WINTER STORM

RECOMMENDATION(S)
Adopt resolution ratifying the January 5, 2023 emergency proclamation due to the winter storm with heavy rain, high winds, and flooding in the City of Morgan Hill.

COUNCIL PRIORITIES, GOALS & STRATEGIES
City Council Ongoing Priorities
Enhancing Public Safety
Preserving and Cultivating Public Trust

2022-2023 Strategic Priorities
Fiscal Sustainability

REPORT NARRATIVE:
On Thursday, January 5, 2023, the City Manager/Director of Emergency Services proclaimed a local emergency due to the ongoing winter storm causing damage throughout the City of Morgan Hill. The storm commenced on December 31, 2022. Heavy rains, high winds, and flooding have caused damage in several areas of the City. Due to the extensive size of the storm, even the Governor of California proclaimed a state of emergency throughout California on January 4, 2023.

The emergency proclamation allows the City's emergency operations team to issue orders and regulations necessary to protect public health and safety. The proclamation also allows the City to seek reimbursement for activities taken in response to the emergency. The City has had to expend extensive resources to support the protection of public infrastructure and to support the health and safety of its residents.

A local emergency may be declared during conditions of disaster or extreme peril to the safety of persons and property within the City.

COMMUNITY ENGAGEMENT:
Inform
City staff is taking extensive action to inform residents about the storm threat, including frequent e-mail and social media updates and operating a 24/7 call center specific to the

storm.

ALTERNATIVE ACTIONS:
The Council could decide not to ratify the local emergency proclamation.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
None

FISCAL AND RESOURCE IMPACT:
The fiscal impact of the local emergency is unknown at this time, however, the City staff estimate costs in the tens of thousands. Proclamation of a local emergency may make the City eligible for emergency funds, but the exact amount of funds eligible for reimbursement is unknown at this time. An Initial Damage Estimate will be prepared and forwarded to the County.

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).

Specific actions taken under the emergency proclamation may be subject to separate CEQA exemptions. No such actions are currently being proposed. In the event any actions are taken that could result in a change to the physical environment, those actions will be evaluated separately.

A PROCLAMATION BY THE DIRECTOR OF EMERGENCY SERVICES OF THE CITY OF MORGAN HILL PROCLAIMING THE EXISTENCE OF A LOCAL EMERGENCY

WHEREAS, Ordinance number 706 (Municipal Code Chapter 2.44) of the City of Morgan Hill empowers the City Manager, as Director of Emergency Services, to proclaim, subject to ratification by the City Council within seven (7) days, the existence or threatened existence of a local emergency when the City of Morgan Hill (the "City") is affected or likely to be affected by a public calamity and the City Council is not in session; and

WHEREAS, the Director of Emergency Services of the City of Morgan Hill does hereby find:

That conditions of extreme peril to the safety of persons and property have arisen within the City, caused by winter storm with heavy rain and high winds expected with potential for flooding, commencing at or about 7:00 a.m. on December 31, 2022; and

That these conditions are or are likely to be beyond the control of the services, personnel, equipment, and facilities of said City, and

That the City Council of the City of Morgan Hill is not in session and cannot immediately be called into session;

NOW, THEREFORE, THE DIRECTOR OF EMERGENCY SERVICES DOES HEREBY FIND, DETERMINE, RESOLVE, AND ORDER AS FOLLOWS:

Section 1. That the existence of a local emergency is hereby proclaimed throughout the City; and

Section 2. That during the existence of said local emergency, the powers, functions, and duties of the Director of Emergency Services and the emergency organization of the City shall be those prescribed by state law, ordinances, and resolutions of the City Council and the City's Emergency Operations Plan; and

Section 3. That the Emergency Services Coordinator, or his/her designee, is hereby designated as the authorized representative of the City of Morgan Hill for public and individual assistance for the purpose of receipt, processing, and coordination of all inquiries and requirements necessary to obtain available state and federal assistance; and

Section 4. This Proclamation shall remain in effect until such time as it is continued or terminated by the City Council of the City of Morgan Hill.

DATE: January 5, 2023

Christina J. Turner
Director of Emergency Services

ATTEST:

michelle bigelow
Michelle Bigelow
City Clerk

APPROVED AS TO FORM AND LEGALITY

Cynthia Hasson
Cynthia Hasson
Assistant City Attorney

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL RATIFYING THE ACTION OF THE DIRECTOR OF EMERGENCY SERVICES PROCLAIMING THE EXISTENCE OF A LOCAL EMERGENCY AND CONTINUING SUCH EMERGENCY

WHEREAS, Chapter 2.44 of the Morgan Hill Municipal Code provides for a Civil Disaster and Emergency Organization; and

WHEREAS, the declared purposes of Chapter 2.44 are to provide for the preparation and carrying out of plans for the protection of persons and property within the City of Morgan Hill (the "City") in the event of an emergency; and

WHEREAS, the City Manager, as Director of Emergency Services, was apprised of extreme weather conditions, including heavy rainfall, high winds, flooding, and other hazards resulting from the winter storm that started on December 31, 2022 that jeopardized the health, safety, and welfare of the people of the City and exceeded the ability of City resources alone to respond to these conditions; and

WHEREAS, on January 5, 2023, the Director of Emergency Services, pursuant to Morgan Hill Municipal Code Section 2.44.070, proclaimed the existence of a local emergency within the City; and

WHEREAS, these emergency conditions are expected to continue into the near future.

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 as follows:

a. That the Proclamation of existence of a local emergency, as issued by the Director of Emergency Services, is hereby ratified and confirmed as well as all actions, including, but not limited to, the entering into of contracts by the City pursuant to the proclamation of local emergency; and

b. That the local emergency is hereby continued and that during the existence of said local emergency, the powers, functions, and duties of the Director of Emergency Services and the emergency organization of the City shall be those prescribed by

state law, ordinances, and resolutions of the City Council and by the City's Emergency Operations Plan; and

c. That the Chief Building Official, or his/her designee, continues to be designated as the Local Hazard Mitigation Coordinator of the City for the purpose of assessing damage within the City and consulting with federal/state survey teams regarding hazard mitigation actions; and

d. That the Emergency Services Coordinator, or his/her designee, continues to be designated as the authorized representative of the City for public and individual assistance of the City of Morgan Hill for the purpose of receipt, processing, and coordination of all inquiries and requirements necessary to obtain available state and federal assistance.

e. During the local emergency, the City Manager may, at her discretion, waive the requirements of the City's local purchasing ordinances and policies as needed to provide emergency services

Section 3. This Resolution shall take effect immediately upon adoption and remain in effect until such time as it is terminated by the City Council of the City of Morgan Hill.

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this ____ day of _____, 20___ by the following vote:

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

DATE: _____ _____

Mark Turner, MAYOR

APPROVED AS TO FORM AND LEGALITY:

_____

Donald A. Larkin, CITY ATTORNEY

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. _____, adopted by the City Council at the meeting held on _____, 20___.

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

DATE: _____ **_____**

Michelle Bigelow, CITY CLERK

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: January 11, 2023

PREPARED BY:
Chris Ghione, Public Services Director
APPROVED BY: City Manager

ADOPT DROUGHT RELIEF GRANT RESOLUTIONS

RECOMMENDATION(S)

1. Adopt resolutions authorizing grant application, acceptance, and execution for the 2022 Urban Community Drought Relief Water Recharge Facility and Citywide Water Supply Capacity Projects; and
2. Authorize the City Manager to execute documents required to apply and accept the grants for the City.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Enhancing Public Safety
Maintaining and Enhancing Infrastructure
Advancing Regional Initiatives

2022-2023 Strategic Priorities
Fiscal Sustainability

Guiding Documents
Water System Master Plan

REPORT NARRATIVE:

The purpose of this item is to provide the Council with an opportunity to approve resolutions authorizing the City's submission, acceptance, and execution of drought relief grants from the State of California.

The City is working expediently on necessary projects to increase water storage capacity citywide, and this grant would specifically address the construction of a new .85 MG storage reservoir near Dunne Avenue. This tank is intended to meet the current and future storage requirements for the City. It is also intended to provide additional water supply for emergency response on the eastern side of the City.

The City is also evaluating potential modifications to the Butterfield Drainage System, which may increase storm protection, support mandated storm water trash capture devices and provide groundwater recharge at the basin. This project focuses on the

Butterfield Channel Drainage Basin, with the conversion of an existing 96 Acre Foot detention basin to increase stormwater retention in an effort to enhance groundwater recharge during rainfall events. This change in purpose of the basin maximizes open space use, while mitigating costly land acquisition for regional recharge facilities. The City is still evaluating the requirements for this project and submission may not be possible. However, staff is recommending approval to meet grant timelines should submission be possible.

In June 2022, the State of California allocated a pool of funding to the California Department of Water Resources to award grants for drought relief efforts. Since the City is currently pursuing new infrastructure projects in response to the drought, applying for State funds makes sense and, if awarded, will enable the City to make these investments without impacting local water rates.

Staff recommends that the Council adopt the attached resolutions.

COMMUNITY ENGAGEMENT:

Inform and None

The City has met with residents near the proposed Holiday Reservoir on East Dunne Avenue for several years, discussing both benefits and potential impacts. The Butterfield Basin Project is a new project that staff in coordination with regional agencies has identified as a potential recharge facility, so at this time no engagement has occurred. Future engagement on both projects would occur prior to the projects moving forward.

ALTERNATIVE ACTIONS:

The Council could choose to decline to adopt one or both of the resolutions which would eliminate the opportunity for the grant application(s).

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Council previously approved the Water System Master Plan (December 15, 2021) and the current Capital Improvement Program (June 15, 2022), both of which include the Holiday Lake Reservior Project. While the Council has supported many investments in the City’s water system for decades, this is the first opportunity that the Council has had to consider a recharge facility project in particular.

FISCAL AND RESOURCE IMPACT:

The City intends to request approximately $6 million in grant funding which will address 82.4% of the project's costs. Matching funds will be from the Water Impact Fund and/or the Water Fund. Applying for grant funds is an activity included in the work program of the Public Services Department.

CEQA (California Environmental Quality Act):

Not a Project

This is solely an administrative action at this time and the ultimate project is not well-enough defined to conduct an environmental analysis. If grants are obtained, CEQA review will be required as a component of awarding the construction project.

CITY OF MORGAN HILL

Engineering and Utilities Division
Capital Improvement Program

G:\R-14\Proj\GIS\John\Chris_TankandBasinSites.mxd

SITE PLAN
E. DUNNE RESERVOIR
BUTTERFIELD DRAINAGE BASIN

0 750 1,500 3,000 4,500 6,000
Feet

RESOLUTION NO: 23-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING THE GRANT APPLICATION, ACCEPTANCE, AND EXECUTION FOR THE 2022 URBAN COMMUNITY DROUGHT RELIEF CITYWIDE WATER SUPPLY CAPACITY PROJECT AND AUTHORIZING THE CITY MANAGER TO EXECUTE DOCUMENTS REQUIRED TO APPLY AND ACCEPT THE GRANT FOR THE CITY, IF AWARDED, AND DIRECTING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Morgan Hill, is a municipal corporation and general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California ("City"); and

WHEREAS, the City of Morgan Hill proposes to implement the 2022 Urban Community Drought Relief Citywide Water Supply Capacity Project; and

WHEREAS, the City of Morgan Hill has the legal authority and is authorized to enter into a funding agreement with the State of California; and

WHEREAS, the City of Morgan Hill intends to apply for grant funding from the California Department of Water Resources for the 2022 Urban Community Drought Relief Citywide Water Supply Project.

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 as follows:

1. That pursuant and subject to all of the terms and provisions of Budget Act of 2021 (Stats. 2021, ch. 240, § 80), the City of Morgan Hill City Manager, or designee, is hereby authorized and directed to prepare and file an application for funding with the Department of Water Resources, and take such other actions necessary or appropriate to obtain grant funding; and
2. The City of Morgan Hill City Manager, or designee, is hereby authorized and directed to execute the funding agreement with the Department of Water Resources and any amendments thereto; and
3. The City of Morgan Hill City Manager, or designee, is hereby authorized and directed to submit any required documents, invoices, and reports required to obtain grant funding.

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

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Morgan Hill at a special meeting held on January 11, 2023

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. 23-XXX, adopted by the City Council at a special meeting held on January 11, 2023.

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

DATE: _____

MICHELLE BIGELOW, City Clerk

RESOLUTION NO: 23-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING THE GRANT APPLICATION, ACCEPTANCE, AND EXECUTION FOR THE 2022 URBAN COMMUNITY DROUGHT RELIEF WATER RECHARGE FACILITY PROJECT AND AUTHORIZING THE CITY MANAGER TO EXECUTE DOCUMENTS REQUIRED TO APPLY AND ACCEPT THE GRANT FOR THE CITY, IF AWARDED, AND DIRECTING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Morgan Hill, is a municipal corporation and general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California ("City"); and

WHEREAS, the City of Morgan Hill proposes to implement the 2022 Urban Community Drought Relief Water Recharge Facility Project; and

WHEREAS, the City of Morgan Hill has the legal authority and is authorized to enter into a funding agreement with the State of California; and

WHEREAS, the City of Morgan Hill intends to apply for grant funding from the California Department of Water Resources for the 2022 Urban Community Drought Relief Water Recharge Facility Project.

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 as follows:

1. That pursuant and subject to all of the terms and provisions of Budget Act of 2021 (Stats. 2021, ch. 240, § 80), the City of Morgan Hill City Manager, or designee, is hereby authorized and directed to prepare and file an application for funding with the Department of Water Resources, and take such other actions necessary or appropriate to obtain grant funding; and
2. The City of Morgan Hill City Manager, or designee, is hereby authorized and directed to execute the funding agreement with the Department of Water Resources and any amendments thereto; and
3. The City Manager, or designee, is hereby authorized and directed to submit any required documents, invoices, and reports required to obtain grant funding.

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

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morgan Hill at a special meeting held on January 11, 2023.

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. 23-XXX, adopted by the City Council at a special meeting held on January 11, 2023.

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

DATE: _____

MICHELLE BIGELOW, City Clerk

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: January 11, 2023

PREPARED BY:
Donald Larkin, City Attorney
APPROVED BY: City Manager

APPROVE RESPONSE TO 2022 CIVIL GRAND JURY REPORT "SHOW ME THE MONEY: FINANCIAL TRANSPARENCY NEEDED"

RECOMMENDATION(S)

1. Approve response to 2022 Civil Grand Jury Report "Show Me the Money: Financial Transparency Needed," and
2. Authorize the Mayor and Treasurer to sign the response.

COUNCIL PRIORITIES, GOALS & STRATEGIES
N/A

REPORT NARRATIVE:
On December 14, 2022, the Santa Clara County Civil Grand Jury issued a report titled "Show me the Money: Financial Transparency Needed." A copy of the report is included in this report as Attachment A. Under Penal Code section 933 and 933.05, the City is required to respond to the following findings and recommendations in the report:

Finding 10

The Civil Grand Jury commends the elected city treasurer for producing monthly treasurer's reports that include monthly disbursements, receipts, and fund balances. The City of Morgan Hill is in full compliance with California Government Code section 41004.

Recommendation 10
No recommendation.

Under penal Code section 933,05, the City is required to respond to each finding by stating whether the City agrees with the finding, or whether the City disagrees wholly or partially with the finding. If the City disagrees with the finding, the response must include an explanation of the disagreement. With regard to the recommendations, the City is required to state 1) the recommendation has been implemented, 2) the recommendation will be implemented in the future, 3) the recommendation requires further analysis, or 4) the recommendation will not be implemented because it is not

warranted or is not reasonable.

In this case, the City agrees with the Civil Grand Jury Findings.

A draft response to the Grand Jury is included as Attachment B.

COMMUNITY ENGAGEMENT:
The Grand Jury's report was released for public review on December 14, 2022.

ALTERNATIVE ACTIONS:
Council could modify the draft response.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
None

FISCAL AND RESOURCE IMPACT:
The submittal of the Grand Jury response will have no fiscal impact.

CEQA (California Environmental Quality Act):
Not a Project. Organizational or administrative activities of government that will not result in direct or indirect physical changes in the environment are not projects subject to CEQA review.

GRAND JURY
SANTA CLARA COUNTY

December 14, 2022

Ms. Michelle Bigelow
City Clerk, City of Morgan Hill
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, California 95037-4128

Sent via email: michelle.bigelow@morganhill.ca.gov

Dear Ms. Bigelow,

The 2022 Santa Clara County Civil Grand Jury is transmitting to you its Final Report, **Show Me the Money: Financial Transparency Needed.**

This is an informational copy as required under California Penal Code § 933(c).

If you have any questions, please contact Britney Huelbig, Deputy Manager for the Civil Grand Jury, at (408) 882-2721 or CGJ@scscourt.org.

Sincerely,

Karen Enzensperger
Foreperson
2022 Civil Grand Jury

Enclosures
cc: Christina Turner, City Manager, City of Morgan Hill

SHOW ME THE MONEY:
FINANCIAL TRANSPARENCY NEEDED

2022 Santa Clara County
Civil Grand Jury

December 14, 2022

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GLOSSARY AND ABBREVIATIONS

Government Code, Section 41004	California Government Code section 41004 states: "Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. The city treasurer shall file a copy with the legislative body."
Treasurer's Reports	The reports required by Government Code section 41004 may have various styles and titles. For purposes of this report, the Civil Grand Jury will refer to these reports throughout as "treasurer's reports."
Charter City	Article XI, section 3(a) of the California Constitution authorizes the adoption of a city charter and provides that the charter has the force and effect of state law. Article XI, section 5(a), the "home rule" provision, grants to charter cities the ability to govern over "municipal affairs." There are six charter cities in Santa Clara County: San José, Palo Alto, Santa Clara, Sunnyvale, Gilroy, and Mountain View.
General Law City	A general law city may only have a form of government authorized by state general law. A city that has not adopted a charter is bound by the state's general laws even with respect to municipal affairs. There are nine general law cities and towns in Santa Clara County: Los Altos, Los Altos Hills, Los Gatos, Milpitas, Campbell, Monte Sereno, Cupertino, Saratoga and Morgan Hill. The scope of this investigation is limited to general law cities.
GAAP	Generally Accepted Accounting Principles: a set of accounting rules and standards established by the accounting industry.

SUMMARY

General law cities in California are required to comply with California Government Code section 41004 (Section 41004), which states, "at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. The city treasurer shall file a copy with the legislative body." The benefit of the law is to ensure financial accountability and public transparency as well as to foster better fiscal affairs. Treasurer's reports provide city councils with timely and accurate financial information necessary to make reliable and sound decisions.

The 2022 Santa Clara County Civil Grand Jury (Civil Grand Jury) found that there is widespread noncompliance with this state requirement throughout Santa Clara County (County) by the general law cities. As of the date of this report, six of the nine general law cities[1] in the County are noncompliant with this state law: Los Altos, Los Altos Hills, Los Gatos, Milpitas, Campbell, and Monte Sereno. Additionally, the City of Cupertino was initially noncompliant until the city took corrective action during the Civil Grand Jury's investigation. The City of Saratoga and City of Morgan Hill were the only two cities compliant prior to the investigation.

Based on responses from city officials, the Civil Grand Jury determined that there is a widespread misunderstanding among these general law cities in the County regarding Section 41004 reporting requirements. The Civil Grand Jury recommends that the noncompliant cities – Los Altos, Los Altos Hills, Los Gatos, Milpitas, Campbell, and Monte Sereno – comply with Section 41004.

[1] The Town of Los Altos Hills and the Town of Los Gatos are general law cities.

BACKGROUND

The State Legislature established the office of city treasurer by enactment of California Government Code, Title 4 - Government of Cities, Division 3 - Other Officers, Chapter 3 - City Treasurer. The statutory duties for city treasurers may generally be found in the following sections:

> Section 41001: The city treasurer shall receive and safely keep all money the treasurer receives.
>
> Section 41002: (a) The city treasurer shall comply with all laws governing the deposit and securing of public funds and the handling of trust funds in their possession; and (b) if the city has issued bonds, the city treasurer shall use a system of accounting and auditing that adheres to generally accepted accounting principles.
>
> Section 41003: The city treasurer shall pay out money only on warrants signed by legally designated persons.
>
> Section 41004: Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. The city treasurer shall file a copy with the legislative body.

Pursuant to California Government Code section 36502, the city treasurer is an elective office. California Government Code section 36508 and California Elections Code section 9222 permit cities to submit to the electors the question of whether the city treasurer position should be an appointive office. In that instance, the financial duties assigned by the state statutes to the city treasurer are transferred from an elected treasurer to an appointed officer if approved by the electorate. Only one general law city in the County, Morgan Hill, continues to have an elected city treasurer, who serves for four years. All other cities in the County have opted to assign city treasurer duties to senior administrative staff.

METHODOLOGY

Upon receiving a complaint regarding Government Code section 41004 noncompliance in Cupertino, the Civil Grand Jury decided to expand the investigation to review all nine general law cities in the County: Los Altos, Los Altos Hills, Los Gatos, Milpitas, Campbell, Monte Sereno, Cupertino, Saratoga, and Morgan Hill. From March to August 2022, the Civil Grand Jury began the process by polling these Cities to determine if they produced treasurer's reports.

The Civil Grand Jury took the following steps:

- Contacted a total of 22 officials across nine cities who were responsible for tasks relevant to the topic of this report.
- Reviewed relevant sections of the California Government Code, California Elections Code, and examined the ordinances, policies, and memos of each city relevant to their city treasurer duties.
- Reviewed published city council and city committee agendas relevant to Section 41004.
- Reviewed other relevant city documents, including but not limited to financial audits, city organizational charts, and relevant job descriptions.
- Verified the six most recent treasurer's reports of each city, if submitted.

The Civil Grand Jury inspected the contents of each report to verify the inclusion of the required elements: monthly disbursements, receipts, and fund balances. The Civil Grand Jury also determined whether the reports were published at least once each month to be compliant with Section 41004.

It should be noted that most cities do not call their report "Treasurer's Report." Appendix A provides links to examples of compliant Section 41004 reports, showcasing variations in terms of report name, style, layout, and appearance.

The Civil Grand Jury used the 2011-2012 Solano County Civil Grand Jury report entitled "City Treasurer Functional Review" as a reference for this report.

INVESTIGATION

All interviews and email correspondence were designed to determine if general law cities complied with Section 41004. To be deemed compliant, a city must produce a financial document at least once each month that details all of the following: monthly disbursements, receipts, and fund balances – and must be filed with the legislative body. Six months of reports were requested to verify an existing track record. Data collection and verification took place from March to July 2022.

The results of this investigation are depicted in Table 1 below.

Table 1. Section 41004 Compliance Among Nine General Law Cities

City/Town	Compliant	Noncompliant
Los Altos		X
Los Altos Hills		X
Los Gatos		X
Milpitas		X
Campbell		X
Monte Sereno		X
Cupertino		X*
Saratoga	X	
Morgan Hill	X	

*During the investigation, Cupertino started complying with Section 41004.

There are a number of reasons for cities' noncompliance:

- Some cities were under the impression that the Section 41004 mandate was a discretionary guideline.
- Others adopted the practice of other cities that did not produce the requisite monthly reports.

However, the primary error among the cities was that they produced abbreviated reports that omitted required information such as receipts, disbursements, and fund balances. Some of the deficient reports lacked substance, with abbreviated information presented without context or details.

The Civil Grand Jury believes there is no fiscal impact involved in complying with Section 41004. Outside resources should not be required since existing staff already make some financial reports, collect this type of data, and should be able to produce treasurer's reports. Therefore, each of the deficient cities can be compliant with minimal effort or burden.

Noncompliant Cities and Towns

Los Altos

The City of Los Altos does not have an elected city treasurer. Further, the Los Altos Municipal Code does not specifically state which official performs the duties of a city treasurer. Los Altos Municipal Code Section 2.01.060, however, provides that the city manager is the administrative head of the city and is specifically empowered "keep the council at all times fully advised as to the financial condition and needs of the city." In the City of Los Altos, monthly treasurer's reports are not prepared and submitted to the city clerk in accordance with Section 41004.

At the time of the Civil Grand Jury inquiry in June 2022, the City of Los Altos did not submit any treasurer's reports. According to the City of Los Altos, Government Code section 37208 indemnified them from the Section 41004 mandate. However, the language of Government Code Section 37208 refers to payroll warrants or checks and makes no mention of the reporting required by Section 41004, which requires a report of "receipts, disbursements and general fund balances." Moreover, the language of Government Code Section 37208 neither excuses a city from complying with Section 41004 nor makes any reference to Section 41004.

Further, the city erroneously noted that its Generally Accepted Accounting Principles (GAAP) policy on financial reporting excused noncompliance with Section 41004 reporting requirements. In 2015, the city adopted a "Financial Policy" that reads in part, "The city's accounting and financial reports are to be maintained in accordance with GAAP." GAAP accounting does not address the Section 41004 mandated requirements.

The Civil Grand Jury determined that the City of Los Altos does not produce treasurer's reports and thus is noncompliant.

Los Altos Hills

The Town of Los Altos Hills does not have an elected city treasurer. The town's Municipal Code is silent on who performs the duties of the treasurer; however, the Civil Grand Jury learned that the treasurer responsibilities fall to the director of administrative services.

The Civil Grand Jury received monthly treasurer's reports in June 2022. Upon inspection, however, they contained only disbursements and lacked receipts as well as fund balances; thus the reports are incomplete and noncompliant.

Los Gatos

The Town of Los Gatos does not have an elected city treasurer. The town's Municipal Code Section 2.30.035 delegates the responsibility of the treasurer and the ability to assign those duties to the town manager. The director of finance is responsible for the town's financial matters. The Town of Los Gatos produces quarterly reports, not monthly reports as required by Section 41004. While the disbursements, receipts, and fund balances are in the reports, they must be published at least once each month to comply with Section 41004. Because the production intervals are quarterly, the Town of Los Gatos is not in compliance.

Milpitas

The City of Milpitas does not have an elected city treasurer. Milpitas Municipal Code section VI-1-3.02 vests the duties of a city treasurer with the city manager, who is empowered to appoint a city treasurer pursuant to Section VI-1-3.04. In the City of Milpitas, the finance director produces weekly disbursement reports, quarterly receipt and investment reports for the general and special districts' funds, and annual reports for all other reporting.

At the time of inquiry in June 2022, the Civil Grand Jury noted well-prepared reports. However, the frequency of report submission does not meet Section 41004 criteria, which requires monthly reports. Reports showing all receipts, disbursements, and fund balances must be filed with the city clerk at least once each month. Due to submission infrequency, the City of Milpitas is not in compliance.

Campbell

In November of 2010, voters in the City of Campbell approved Measure O, which changed the office of the city treasurer (and city clerk) from an elected to an appointed office. The City of

Campbell's Municipal Code is silent on who has officially assumed those duties.[2] The Civil Grand Jury learned that the city's finance director has the responsibilities of a treasurer and oversees the preparation of financial reports. The reports are prepared by the accounting clerk, reviewed by the finance manager and the finance director, and approved by the city manager for inclusion in the council packet.

At the time of inquiry in June 2022, 21 reports were submitted. The submitted documents had no payroll records and accounts payable balances with paid or disbursed funds. Additionally, the required information was not published at least once each month.

The City of Campbell's submitted reports do not comply with Section 41004 because disbursements, receipts, and balances are not filed at least once each month.

Monte Sereno

The City of Monte Sereno does not have an elected city treasurer. The Monte Sereno Municipal Code section 2.04.010 designates the city manager as the director of finance and tasks the city manager with "performing all duties of City treasurer as set forth in Government Code sections 41000 et seq." At the time of inquiry in June 2022, six treasurer's reports were received by the Civil Grand Jury. While the reports did contain the required fund balances, the receipts and disbursements were not compliant with the Section 41004 requirement.

Compliant Cities

Cupertino

The City of Cupertino does not have an elected city treasurer. The City of Cupertino's Municipal Code section 2.24.030 states:

> The treasurer shall make monthly reports which conform to the requirements of Government Code Section 41004. Said reports shall be delivered to the City Council, city manager and made available for review by such other persons who may so request.

Until 2022, no staff member for the City of Cupertino had been preparing and delivering a monthly treasurer's report to the Cupertino City council. However, during the Civil Grand Jury's

[2] The City of Campbell's Municipal Code does not appear to have been updated. The City of Campbell's Municipal Code section 2.08.010 still states that the elected officers shall be those designated by general laws, which includes a city treasurer. Further, the code has other references to an elected city treasurer. (See Sections 2.16.040 [city treasurer compensation] and 2.16.010 [establishment of salaries].)

investigation, the belated monthly treasurer's reports for January and February 2022 were published and placed on the Cupertino Audit Committee agenda.

The Civil Grand Jury recognizes the action taken by the City of Cupertino as soon as it was brought to their attention. The City of Cupertino is now compliant with Section 41004 as of March 2022, despite the stated history of not submitting the required reports.

Saratoga

The City of Saratoga does not have an elected city treasurer. The City of Saratoga Municipal Code section 2-20.035 states that the city manager shall serve as the city treasurer and be responsible for "other duties and responsibilities as required by law to be performed by the City Treasurer." Thus, the city manager is responsible for the preparation and submission of monthly treasurer's reports.

The Civil Grand Jury verified in June 2022 that regular monthly treasurer's reports are filed with the City of Saratoga and are fully compliant with Section 41004. These reports can also be found by the public on the city's website. An example is shown in Appendix A.

Morgan Hill

The City of Morgan Hill has an elected city treasurer. The treasurer, in conjunction with the finance director, prepares the treasurer's reports.

The Civil Grand Jury verified in June 2022 that regular monthly treasurer's reports are produced. The reports contain all the required components of disbursements, receipts, and fund balances. Thus, the City of Morgan Hill is compliant with Section 41004. A compliant Morgan Hill treasurer's report is shown in Appendix A.

CONCLUSION

Within the County, there is widespread noncompliance with California Government Code section 41004 by the general law cities. The Civil Grand Jury commends the cities of Saratoga and Morgan Hill for being in full compliance and notes the City of Cupertino's quick action to become compliant. The Civil Grand Jury recommends that the noncompliant cities of Los Altos, Los Altos Hills, Los Gatos, Milpitas, Campbell, and Monte Sereno comply with Section 41004. This is to be done by producing treasurer's reports at least once each month containing the required disbursements, receipts, and fund balance information. The benefit of implementing this recommendation overshadows any limited cost impact since existing staff could compile the report. In short, there is great benefit in producing these reports, as they improve financial transparency to the residents of the cities.

FINDINGS AND RECOMMENDATIONS

It is recommended that noncompliant cities start producing treasurer's reports as required by law. Some cities produce abbreviated information that does not include requisite financial information as defined in state Government Code section 41004. Some cities produce requisite reports, but not on a monthly basis.

Finding 1
The City of Los Altos is not submitting monthly treasurer's reports in compliance with California Government Code section 41004.

Recommendation 1
The City of Los Altos should comply with Government Code section 41004 by submitting monthly treasurer's reports that include monthly disbursements, receipts, and fund balances and by filing those reports with the city. This recommendation should be implemented by March 15, 2023.

Finding 2
The City of Los Altos does not produce treasurer's reports in compliance with California Government Code section 41004. The reason provided for non-compliance was that the City of Los Altos' financial policy does not require the preparation and submission of treasurer's reports. It is an erroneous belief that internal policies excuse compliance with Government Code section 41004.

Recommendation 2
The City of Los Altos should amend its financial policy to require that monthly treasurer's reports be prepared and submitted in accordance with California Government Code section 41004 by March 15, 2023.

Finding 3
The Town of Los Altos Hills produces monthly treasurer's reports but the content of those reports lacks monthly disbursements, receipts, and fund balances required by California Government Code section 41004.

Recommendation 3
The Town of Los Altos Hills should update their existing monthly reports to include monthly disbursements, receipts, and fund balances by March 15, 2023.

Finding 4
The Town of Los Gatos produced reports that contain the required content but does not produce the treasurer's reports on a monthly basis as required by California Government Code section 41004.

Recommendation 4
The Town of Los Gatos should produce its reports on a monthly basis to comply with California Government Code section 41004 by March 15, 2023.

Finding 5
The City of Milpitas does not produce monthly treasurer's reports as required by California Government Code section 41004.

Recommendation 5
The Civil Grand Jury recommends that the City of Milpitas comply with California Government Code section 41004 by producing monthly treasurer's reports that include monthly disbursements, receipts, and fund balances by March 15, 2023.

Finding 6
The City of Campbell does not produce monthly treasurer's reports as required by California Government Code section 41004.

Recommendation 6
The City of Campbell should comply with California Government Code section 41004 by producing monthly treasurer's reports that include monthly disbursements, receipts, and fund balances by March 15, 2023.

Finding 7
The City of Monte Sereno does not produce monthly treasurer's reports as required by California Government Code section 41004.

Recommendation 7
The City of Monte Sereno should comply with California Government Code section 41004 by producing monthly treasurer's reports that include monthly disbursements, receipts, and fund balances by March 15, 2023.

Finding 8
When the Civil Grand Jury began this investigation, the City of Cupertino was not in compliance with California Government Code section 41004. However, starting in March 2022, the City of Cupertino began producing treasurer's reports compliant with Section 41004.

Recommendation 8
The City of Cupertino should maintain compliance with California Government Code section 41004. Continued compliance is recommended.

Finding 9

The Civil Grand Jury commends the City of Saratoga for producing monthly treasurer's reports that include disbursements, receipts, and fund balances. The City of Saratoga is in full compliance with California Government Code section 41004.

Recommendation 9

No recommendation.

Finding 10

The Civil Grand Jury commends the elected city treasurer for producing monthly treasurer's reports that include monthly disbursements, receipts, and fund balances. The City of Morgan Hill is in full compliance with California Government Code section 41004.

Recommendation 10

No recommendation.

REQUIRED RESPONSES

Pursuant to California Penal Code section 933(b) et seq. and California Penal Code section 933.05, the Civil Grand Jury requests responses from the following governing bodies:

Responding Agency	Findings	Recommendations
City of Los Altos	1, 2	1, 2

Responding Agency	Findings	Recommendations
Town of Los Altos Hills	3	3

Responding Agency	Findings	Recommendations
Town of Los Gatos	4	4

Responding Agency	Findings	Recommendations
City of Milpitas	5	5

Responding Agency	Findings	Recommendations
City of Campbell	6	6

Responding Agency	Findings	Recommendations
City of Monte Sereno	7	7

Responding Agency	Findings	Recommendations
City of Cupertino	8	8

Responding Agency	Findings	Recommendations
City of Saratoga	9	

Responding Agency	Findings	Recommendations
City Treasurer of Morgan Hill	10	

APPENDIX A: EXAMPLES OF COMPLIANT TREASURER'S REPORTS

On the following pages are two examples of monthly treasurer's reports that contain the required disbursements, receipts, and starting and ending fund balances and are therefore compliant with California Government Code section 41004. They are included to show that there are various names and formats that the reports may take. Following the examples are links to the full reports for ease of access.

Example 1. Page 3 of 7 from Saratoga August 2022 Treasurer's Report

TABLE 1: CHANGES IN TOTAL FUND BALANCE

Fund Description	Prior Year Carryforward 7/1/2022	Increase/ (Decrease) July	Current Revenue	Current Expenditure	Transfer In	Transfer Out	Fund Balance 8/31/2022*	
General Fund								
Restricted Fund Balances:								
Environmental Services Reserve	63,182	-	-	-	-	-	63,182	
Committed Fund Balances:								
Hillside Stability Reserve	1,000,000	-	-	-	-	-	1,000,000	
Assigned Fund Balances:								
Future Capital Replacement & Efficiency Project Reserve	2,796,663	-	-	-	-	-	2,796,663	
Carryforwards Reserve	20,850	-	-	-	-	-	20,850	
Facility Reserve	3,700,000	-	-	-	-	-	3,700,000	
Unassigned Fund Balances:								
Working Capital Reserve	1,000,000	-	-	-	-	-	1,000,000	
Fiscal Stabilization Reserve	3,150,000	-	-	-	-	-	3,150,000	
Compensated Absences Reserve	331,481	-	-	-	-	-	331,481	
Other Unassigned Fund Balance Reserve (Pre YE distribution)	3,348,282	(602,197)	682,632	(1,063,288)	-		2,365,429	
General Fund Total	15,410,458	(602,197)	682,632	(1,063,288)	-	-	14,427,605	
Special Revenue								
Landscape/Lighting Districts	977,231	-	44	(15,943)	-	-	961,331	
ARPA Federal Grants	7,127,589	-	-	-	-	-	7,127,589	
Special Revenue Fund Total	8,104,820	-	44	(15,943)	-	-	8,088,920	
Debt Service								
Library Bond	805,311	(714,893)	3,312	-	-	-	93,730	
Arrowhead Bond	481,242	(774)	-	(68,767)	-	-	411,701	
Debt Service Fund Total	1,286,554	(715,667)	3,312	(68,767)	-	-	505,431	
Internal Service Fund								
Liability/Risk Management	641,403	(759,998)	517	(6,948)	-	-	(125,027)	**
Workers Compensation	232,829	(2,185)	-	(54,431)	-	-	176,212	
Office Support Fund	155,443	149	890	(2,027)	-	-	154,456	
Information Technology Services	661,159	(30,693)	-	(98,942)	-	-	531,525	
Vehicle & Equipment Maintenance	278,317	(5,541)	-	(20,466)	-	-	252,310	
Building Maintenance	764,302	(22,267)	-	(60,637)	-	-	681,398	
Vehicle & Equipment Replacement	1,201,979	-	-	-	-	-	1,201,979	
Technology Replacement	798,337	-	-	-	-	-	798,337	
Facility FFE Replacement	1,012,136	-	-	-	-	-	1,012,136	
Internal Service Fund Total	5,745,905	(820,535)	1,407	(243,452)	-	-	4,683,326	
Trust/Agency								
WVCWP Agency Fund	558,655	(29,955)	-	(41,044)	-	-	487,656	
Trust/Agency Fund Total	558,655	(29,955)	-	(41,044)	-	-	487,656	
Capital Project								
Street Projects	3,381,066	(34,069)	50,747	(355,438)	-	-	3,042,306	
Park and Trail Projects	849,562	-	-	(4,143)	-	-	845,419	
Facility Projects	623,475	4,458	-	(53,643)	-	-	574,289	
Administrative Projects	1,429,921	7,042	8,205	(290)	-	-	1,444,879	
Tree Fund Projects	52,541	-	-	-	-	-	52,541	
Park In-Lieu Projects	1,172,555	-	-	-	-	-	1,172,555	
CIP Grant Street Projects	(46,912)	-	-	-	-	-	(46,912)	**
CIP Grant Park & Trail Projects	-	-	100,000	-	-	-	100,000	
CIP Grant Administrative Projects	(164,574)	-	-	-	-	-	(164,574)	**
CIP Grant ARPR/SLFRF Projects	-	-	-	(142,725)	-	-	(142,725)	**
Gas Tax Fund Projects	247,731	-	126,140	-	-	-	373,871	
CIP Fund Total	7,545,366	(22,570)	285,092	(556,240)	-	-	7,251,649	
Total City	**38,651,757**	**(2,190,923)**	**972,487**	**(1,988,733)**	**-**	**-**	**35,444,587**	

*Fund balances are unaudited, and may not include all necessary adjustments. These figures will be updated in future reports once the FY 2021/22 independent audit is completed.
**Negative fund balance due to authorized spending of anticipated revenues

https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/1578630/Treasurer_Report_for_August_2022.pdf

Example 2. Page 12 of 21 from Morgan Hill March 2022 Financial and Investment Report

CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF MARCH 31, 2022
FOR THE FISCAL YEAR OF 2021-22

	Invested in Fund	Yield	Book Value End of Month	% of Total	Market Value
Investments					
State Treasurer LAIF - City	All Funds Pooled	0.37%	$ 45,441,165	25.03%	$ 45,324,795
2015 Wastewater Rev Bonds - CIP	Wastewater Fund	0.37%	16,505,883	9.09%	16,463,614
Federal Issues	All Funds Pooled	0.94%	98,042,404	54.01%	94,770,480
US Treasury Notes	All Funds Pooled	1.73%	6,437,395	3.55%	4,489,470
Certificate of Deposits	All Funds Pooled	0.45%	500,000	0.28%	499,998
Dreyfus Treas Cash Management Acct	All Funds Pooled	0.16%	85,113	0.05%	85,113
	SUBTOTAL		**$ 167,011,960**	**92.00%**	**$ 161,633,469**
Bond Reserve Accounts - held by trustees					
Zions Bank - Civic Center/Library Facility					
Blackrock Liq Fund	Debt Service	0.01%	3	0.00%	3
Zions Bank - MH Police Facility Lease Revenue Bonds					
Blackrock Liq Fund	Debt Service	0.01%	4	0.00%	4
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Successor Fund	0.01%	6,262,932	3.45%	6,262,932
Zions Bank - MH Ranch 2015					
Blackrock Liq Funds Fed Fund -DI -2015	Agency Fund	0.01%	614,302	0.34%	614,302
Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015					
Blackrock Liquidity Temp Fund-2015	Agency Fund	0.01%	596,450	0.33%	596,450
	SUBTOTAL		**7,473,690**	**4.12%**	**7,473,690**
Other Cash/Deposits					
General Checking	All Funds		1,825,901	1.01%	1,825,901
Workers' Comp Administrators	Workers' Comp		30,000	0.02%	30,000
Petty Cash & Emergency Cash	General Fund		7,112	0.00%	7,112
CALPERS CERBT - OPEB Trust			3,487,404	1.92%	4,194,950
PARS - PENSION Trust			1,700,000	0.94%	1,987,827 **
	SUBTOTAL		**7,050,417**	**3.88%**	**8,045,789**
Total Cash and Investments			**$ 181,536,067**	**100.00%**	**$ 177,152,949**

** As of 02/28/2022

CASH ACTIVITY SUMMARY
FY 2021-22

Fund Type	07/1/21 Balance	Change in Cash Balance	3/31/2022 Balance
General Fund	$ 19,007,873	$ 1,673,604	$ 20,681,477
Community Development	1,077,499	74,934	1,152,433
RDA Successor Agency (except Housing)	508,427	5,755,321	6,263,749
Housing Successor Agency/ CDBG	4,307,419	334,589	4,642,008
Water - Operations	2,573,349	431,704	3,005,052
Water Other	15,405,786	3,097,753	18,503,539
Sewer - Operations	1,593,140	1,632,205	3,225,345
Sewer Other	57,221,072	(3,033,264)	54,187,808
Other Special Revenue	7,425,644	1,105,689	8,531,334
Streets and Capital Projects (except RDA)	37,931,830	(173,075)	37,758,756
Debt Service	337,123	(32,855)	304,268
Internal Service	19,378,242	1,128,766	20,507,008
Agency Funds (assessment dists./refundable deposits)	3,356,940	(583,651)	2,773,290
Total	**$ 170,124,346**	**$ 11,411,721**	**$ 181,536,067**

https://www.morgan-hill.ca.gov/DocumentCenter/View/40944/March-2022-Financial-and-Investment-Report-PDF

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City of Saratoga Administrative Services, *Treasurer's Report for the Month Ended August 31, 2022*. Final Report, October 5, 2022. https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/1578630/Treasurer_Report_for_August_2022.pdf (Accessed November 28, 2022).

Solano County 2011-2012 Grand Jury, *City Treasurer Functional Review*. Final Report, January 12, 2012. https://solano.courts.ca.gov/wp-content/uploads/2020/01/111227-City-Treasurer-Final.pdf (Accessed November 28, 2022).

California Government Code Sections 34000 – 45345.

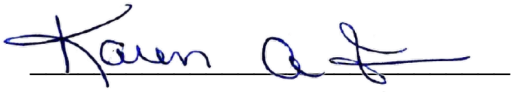
Los Gatos Municipal Code 2.30.035.

Milpitas Municipal Code VI-1-3.04.

Interviews

Interviews were conducted with 16 individuals between April 25, 2022, and June 16, 2022.

This report was **ADOPTED** by the 2022 Santa Clara County Civil Grand Jury on this 14th day of December, 2022.



Karen Enzensperger
Foreperson

DRAFT

January 11, 2023

Honorable Beth McGowen
Presiding Judge
Office of the Civil Grand Jury
Superior Court of Santa Clara County
191 N. First Street
San Jose, CA 95113

Re: City of Morgan Hill's Response to the 2022 Santa Clara County Civil Grand Jury Report "Show Me the Money: Financial Transparency Needed"

Dear Judge McGowen,

Thank you for the opportunity to review and respond to the 2022 Grand Jury Report, "Show Me the Money: Financial Transparency Needed." We appreciate the Grand Jury's thoughtful work on this issue. Our response to the specific finding and recommendation, which were approved by the City Council at its January 11, 2023 meeting is below:

FINDING 10:

The Civil Grand Jury commends the elected city treasurer for producing monthly treasurer's reports that include monthly disbursements, receipts, and fund balances. The City of Morgan Hill is in full compliance with California Government Code section 41004.

CITY RESPONSE TO FINDING 1:

Agree

Sincerely,

Caitlin Robinett-Jachimowicz
Treasurer

Mark Turner
Mayor

CITY OF MORGAN HILL

City Council

Meeting Minutes

Rich Constantine - Mayor
Gino Borgioli - Mayor Pro Tem
John McKay - Council Member
Yvonne Martinez Beltran - Council Member
Rene Spring - Council Member

Wednesday, December 7, 2022 7:00 PM

Hybrid Meeting
17555 Peak Avenue, Morgan Hill, CA 95037 and Virtual (Link to join the meeting can be found below)

CALL TO ORDER

Mayor Constantine called the City Council meeting to order at 7:01 p.m.

ROLL CALL ATTENDANCE

City Clerk Michelle Bigelow called the roll.

PRESENT	Rich Constantine, Rene Spring, Gino Borgioli, John McKay, Yvonne Martinez Beltran
ABSENT	None
EXCUSED	None

DECLARATION OF POSTING AGENDA

City Clerk Michelle Bigelow declared the posting of the agenda.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL REPORTS

Mayor Constantine spoke about two of the committees he sits on, VTA and CalTrain. He mentioned that in 2016, Morgan Hill voters supported Measure B. This funded our Hale Avenue extension and was supposed to fund our fourth train on CalTrain. VTA has monthly meetings with Morgan Hill, Gilroy, and CalTrain representatives to discuss the fourth train. The meetings have been fruitful, and we hope those continue.

He is also on the Water Commission with ValleyWater. He wanted to remind everyone that even though it has been raining, we are still in a severe drought. He mentioned please turn off the irrigation when it is raining, and we are only allowed to water on Wednesdays.

CITY MANAGER'S REPORT

City Manager Christina Turner shared that the City held a service awards ceremony to recognize our teammates. She recognized and thanked our dedicated teammates for their many years of service. She announced that the Morgan Hill Police Department is working with other entities in an Anonymous Gun Buyback Event on Saturday, December 10, 2022, from 9 am-2 pm at the Outdoor Sports Center on Condit Road. Lastly, she invited everyone to join us at 7 pm on December 14, 2022, for the Special City Council Meeting. We will have the certification of the election results and an opportunity to say farewell to our departing elected officials and welcome our newly elected and reelected officials.

CITY ATTORNEY'S REPORT

City Attorney Donald Larkin announced that he is attending the JPA Board of Directors meeting. He will report on that at the next meeting.

OTHER REPORTS

Council Member Martinez Beltran announced the third annual Holiday Posada at the Community and Cultural Center on Sunday, December 11, 2022, from 4 to 10 pm.

Council Member McKay encouraged the community to support our local restaurants through the holiday season.

PUBLIC COMMENT

Public comment opened at 7:09 p.m.
Ben Palm was called to speak.
There being no further requests to speak, public comment closed.

Public Comment Supplements

ADOPTION OF AGENDA

MOTION:
Adopting the agenda as posted.

RESULT:	Passed
MOVER:	Council Member Spring
SECONDER:	Mayor Pro Tem Borgioli
AYES:	Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran
NAYS:	None
ABSTAIN:	None
ABSENT:	None

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.

Time Estimate for Consent Calendar: 1 - 10 Minutes

MOTION:
Approving consent calendar items 2, 3, and 5 through 17.

RESULT:	Passed
MOVER:	Council Member Spring
SECONDER:	Council Member Martinez Beltran
AYES:	Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran
NAYS:	None
ABSTAIN:	None
ABSENT:	None

2. ACCEPT THE ANNUAL SENATE BILL (SB) 165 REPORT FOR COMMUNITY FACILITIES DISTRICT NO. 2014-1 (FISHER CREEK)
Recommendation:
Accept and file the report.

3. ADOPT RESOLUTION APPROVING AND MAKING FINDINGS RELATED TO

THE ASSEMBLY BILL (AB) 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT FOR FISCAL YEAR 2021-22

Recommendation:

1. Adopt resolution making findings for unexpended development impact fees; and
2. Accept the annual development impact fee report.

5. ADOPT ORDINANCE NO. 2340, NEW SERIES, ADDING CHAPTER 15.62 (ELECTRIC VEHICLE INFRASTRUCTURE) TO TITLE 15 (BUILDINGS AND CONSTRUCTION) TO THE MORGAN HILL MUNICIPAL CODE REQUIRING THE ADDITION OF ELECTRIC VEHICLE INFRASTRUCTURE FOR PARKING THAT SERVES NEWLY CONSTRUCTED AND EXISTING BUILDINGS

Recommendation:

Waive the reading, adopt Ordinance No. 2340, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

6. ADOPT HAZARDOUS VEGETATION ABATEMENT RESOLUTION, EXEMPT FROM CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) UNDER SECTION 15304(i)

Recommendation:

Adopt resolution declaring weeds and brush to be a nuisance and setting the hazardous vegetation public hearing on February 15, 2023.

7. APPROVE CITY OF MORGAN HILL'S SANITARY SEWER MANAGEMENT PLAN (SSMP) AS REQUIRED BY STATE WATER RESOURCES CONTROL BOARD, EXEMPT FROM CEQA UNDER SECTION 15302

Recommendation:

Adopt resolution approving the Sanitary Sewer Management Plan (SSMP).

8. APPROVE FIRST AMENDMENT TO THE SPECTRUM PACIFIC WEST, LLC OPEN TRANSPORT NETWORK (OTN) FACILITIES LICENSE AGREEMENT, EXEMPT FROM CEQA CLASS 1, EXISTING FACILITIES

Recommendation:

Approve the First Amendment to the Spectrum Pacific West, LLC License Agreement.

9. APPROVE FINAL MAP FOR ROSEWOOD - TRACT NO. 10599 (JUAN HERNANDEZ DRIVE AND BARRETT AVENUE) AND RELATED SUBDIVISION IMPROVEMENTS AGREEMENT

Recommendation:

1. Approve the Final Map;
2. Authorize the City Manager to execute the Subdivision Improvements Agreement with BFH CM LLC; and
3. Authorize the recordation of the Final Map and Subdivision Improvements Agreement.

10. APPROVE THE PURCHASE AND INSTALLATION OF THREE GENERATORS FOR UTILITIES, CATEGORICALLY EXEMPT FROM CEQA UNDER SECTION 15301

Recommendation:
Approve and authorize the City Manager to execute an agreement with Edward R. Bacon in the amount of $315,000 for the purchase and installation of three generators.

11. APPROVE CONSULTANT AGREEMENT WITH HINDERLITER DE LLAMAS & ASSOCIATES (HDL) FOR SALES AND USE TAX AUDIT SERVICES AND BUSINESS LICENSE ADMINISTRATION AND COMPLIANCE SERVICES

Recommendation:

1. Approve an agreement with Hinderliter De Llamas and Associates (HdL), for sales and use tax audit, and business license administration and compliance services; and
2. Authorize the City Manager to execute and administer that certain agreement.

12. APPROVE FIRST AMENDMENT TO THE CAL-WEST LIGHTING AND SIGNAL MAINTENANCE, INC. MAINTENANCE SERVICE AGREEMENT, EXEMPT FROM CEQA UNDER SECTION 15301

Recommendation:

1. Approve the first amendment to the maintenance service agreement with Cal-West Lighting and Signal Maintenance, Inc. for $200,000 for a total contract amount of $587,600; and
2. Authorize the City Manager to execute and administer the first amendment to the maintenance service agreement with Cal-West Lighting and Signal Maintenance, Inc.

13. APPROVE CONSULTANT AGREEMENT WITH AKEL ENGINEERING FOR SEWER SYSTEM MASTER PLAN UPDATE

Recommendation:

1. Authorize the City Manager to execute a consultant agreement with Akel Engineering Group, Inc. in the amount of $180,827 to update the Wastewater System Master Plan; and
2. Adopt a resolution appropriating $80,827 from Fund 641 amending the Fiscal Year (FY) 2022-23 Capital Improvement Budget.

14. APPROVE THE PART-TIME TEMPORARY AND SEASONAL EMPLOYEES SALARY SCHEDULE EFFECTIVE JANUARY 1, 2023

Recommendation:
Approve the Part-Time Temporary and Seasonal Employees salary schedule effective January 1, 2023.

15. APPROVE RESPONSE TO 2022 CIVIL GRAND JURY REPORT "IF YOU ONLY READ THE BALLOT TITLE, YOU'RE BEING DUPED"

Recommendation:

1. Approve response to 2022 Civil Grand Jury Report "If You Only Read the Ballot Title, You're Being Duped," and
2. Authorize the Mayor to sign the response.

16. APPROVE PACIFIC GAS AND ELECTRIC COMPANY AGREEMENT FOR UNDERGROUNDING OVERHEAD UTILITIES AS PART OF THE HALE AVENUE EXTENSION PROJECT

Recommendation:
Approve and authorize the City Manager to execute and administer a Pacific Gas and Electric Company Agreement for undergrounding overhead utilities as part of the Hale Avenue Extension Project for a not to exceed amount of $63,876.72

17. APPROVE THE NOVEMBER 16, 2022 CITY COUNCIL MEETING MINUTES

Recommendation:
Approve minutes.

ITEMS PULLED FOR DISCUSSION

1. ACCEPT THE CITY'S ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Recommendation:
Accept the City’s Annual Comprehensive Financial Report for the Fiscal Year

Ended June 30, 2022.

Finance Director Dat Nguyen answered questions.

The report was accepted.

4. ADOPT ORDINANCE NO. 2339, NEW SERIES, APPROVING A ZONING MAP AMENDMENT FOR A MIXED-USE DOWNTOWN PLANNED DEVELOPMENT COMBINING DISTRICT ON A 1.09-ACRE SITE LOCATED EAST OF MONTEREY ROAD BETWEEN 1ST STREET AND 2ND STREET (ZA2022-0004: MONTEREY – LEAL GRANADA HOTEL) APN: 726-14-074

Recommendation:
Waive the reading, adopt Ordinance No. 2339, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

Economic Development Director Matt Mahood provided a report and answered questions.

Public comment opened at 7:39 p.m.
Joe Baranowski was called to speak.
There being no further requests to speak, public comment closed.

MOTION:
Waive the reading, adopt Ordinance No. 2340, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived, including directing the City Manager to bring an informational item to City Council at the time an extension takes place.

RESULT:	Passed
MOVER:	Council Member McKay
SECONDER:	Mayor Pro Tem Borgioli
AYES:	Mayor Constantine, Mayor Pro Tem Borgioli, Council Member McKay
NAYS:	Council Member Spring, Council Member Martinez Beltran
ABSTAIN:	None
ABSENT:	None

18. DELEGATE THE AUTHORITY TO CITY MANAGER TO ACCEPT DONATIONS FROM SHOE PALACE

Recommendation:
Delegate the authority to City Manager to accept donations from Shoe Palace.

Finance Director Dat Nguyen provided a report.

Public comment opened at 8:07 p.m. The following people were called to speak:
Joe Baranowski
There being no further requests to speak, public comment closed.

MOTION:
Denying the recommended action.

RESULT:	Failed
MOVER:	Council Member Martinez Beltran
SECONDER:	Council Member Spring
AYES:	Council Member Martinez Beltran, Council Member Spring
NAYS:	Mayor Constantine, Mayor Pro Tem Borgioli, Council Member McKay
ABSTAIN:	None
ABSENT:	None

MOTION:
Tabling this item to a date uncertain.

RESULT:	Failed
MOVER:	Council Member Martinez Beltran
SECONDER:	Council Member Spring
AYES:	Council Member Spring, Council Member Martinez Beltran
NAYS:	Mayor Constantine, Mayor Pro Tem Borgioli, Council Member McKay
ABSTAIN:	None
ABSENT:	None

MOTION:
Approving the recommended action

RESULT:	Passed
MOVER:	Council Member McKay
SECONDER:	Mayor Pro Tem Borgioli
AYES:	Mayor Constantine, Mayor Pro Tem Borgioli, Council Member McKay

NAYS:	Council Member Spring, Council Member Martinez Beltran
ABSTAIN:	None
ABSENT:	None

The meeting recessed at 8:41 p.m. and reconvened at 8:52 p.m.

PUBLIC HEARINGS

19. INTRODUCE ORDINANCE AMENDING THE ZONING CODE TO UPDATE ACCESSORY DWELLING UNIT PROVISIONS TO COMPLY WITH STATE LAW AND MAKING MINOR CORRECTIONS TO VARIOUS PROVISIONS, EXEMPT FROM CEQA UNDER SECTION 15061(b)(3)

Recommendation:

1. Open/close the public hearing;
2. Waive first and second reading of the Ordinance Amendment; and
3. Introduce Ordinance Amendment.

Principal Planner Adam Paszkowski provided a presentation and report.

The public hearing opened at 9:08 p.m. There being no requests to speak, the public hearing closed.

MOTION:
Waiving the first and second reading of the ordinance.

RESULT:	Passed
MOVER:	Council Member Spring
SECONDER:	Council Member Martinez Beltran
AYES:	Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran
NAYS:	None
ABSTAIN:	None
ABSENT:	None

MOTION:
Introducing the ordinance.

RESULT:	Passed
MOVER:	Council Member Spring
SECONDER:	Council Member Martinez Beltran

AYES:	Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran
NAYS:	None
ABSTAIN:	None
ABSENT:	None

OTHER BUSINESS

20. AUTHORIZE INITIATION OF NEGOTIATIONS WITH DUB BASEBALL AND USA BMX FOR DEVELOPMENT AT BUTTERFIELD PARK SITE

Recommendation:
Authorize staff to pursue lease/partnership agreements with Dub Baseball and USA BMX for development of portions of the Butterfield Park site.

Public Services Director Chris Ghione provided a report.

Public comment opened at 9:p.m. The following people were called to speak:
Nick Valencia
Doug Muirhead
Mike Vivona
There being no further requests to speak, public comment closed.

MOTION:
Approving the recommended action.

RESULT:	Passed
MOVER:	Council Member Martinez Beltran
SECONDER:	Mayor Pro Tem Borgioli
AYES:	Council Member Spring, Mayor Pro Tem Borgioli, Council Member Martinez Beltran
NAYS:	None
ABSTAIN:	None
ABSENT:	None

21. INTRODUCE AN ORDINANCE UPDATING THE CITY WATER WASTE PROVISIONS CATEGORICALLY EXEMPT FROM CEQA UNDER SECTION 15307

Recommendation:

1. Waive the first and second reading of the ordinance; and
2. Introduce the ordinance updating the City's water waste provisions.

Environmental Program Administrator Tanya Carothers provided a presentation and report.

Public comment opened at 10:15 p.m. There being no requests to speak, public comment closed.

MOTION:
Waive the first and second reading of the ordinance.

RESULT:	Passed
MOVER:	Mayor Pro Tem Borgioli
SECONDER:	Council Member McKay
AYES:	Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran
NAYS:	None
ABSTAIN:	None
ABSENT:	None

MOTION:
Introduce the ordinance.

RESULT:	Passed
MOVER:	Mayor Pro Tem Borgioli
SECONDER:	Council Member McKay
AYES:	Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran
NAYS:	None
ABSTAIN:	None
ABSENT:	None

22. RECEIVE MONTHLY BUDGET UPDATE AND OCTOBER 2022 FINANCIAL AND INVESTMENT REPORTS

Recommendation:
Accept and file report.

Finance Director Dat Nguyen provided a presentation and report.

Public comment opened at 10:33 p.m. There being no requests to speak, public

comment closed.

Report received.

FUTURE COUNCIL INITIATED AGENDA ITEMS

Council Member Spring requested that changes of 10% or higher for expenditure categories be highlighted in the budget update presentation.

Council Member McKay requested a review of the gift and donation policies.

ADJOURNMENT

There being no further business, Mayor Constantine adjourned the meeting at 10:35 p.m.

Minutes Prepared by:
Michelle Bigelow, City Clerk

CITY OF MORGAN HILL

City Council

Meeting Minutes

Mark Turner - Mayor
Gino Borgioli - Mayor Pro Tem
Marilyn Librers - Council Member
Yvonne Martinez Beltran - Council Member
Rene Spring - Council Member

Wednesday, December 14, 2022 7:00 PM

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

SPECIAL MEETING

A Special Meeting of the City Council was called at 7:00 pm for the purpose of conducting City business.

CALL TO ORDER

Mayor Constantine called the City Council meeting to order at 7:00 p.m.

ROLL CALL ATTENDANCE

Deputy City Clerk Angie Gonzalez called the roll.

PRESENT	Rich Constantine, Rene Spring, Gino Borgioli, John McKay, Yvonne Martinez Beltran
ABSENT	None
EXCUSED	None

DECLARATION OF POSTING AGENDA

Deputy City Clerk Angie Gonzalez declared the posting of the agenda.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

RECOGNITIONS

The Youth Action Council recognized and thanked outgoing Mayor Rich Constantine and Council Member John McKay.

City Manager Turner thanked Mayor Constantine and Council Member John McKay for their service.

City Attorney Larkin shared stories of his years with the Mayor and Council Member.

Mayor Pro Tem Borgioli thanked Mayor Constantine and Council Member John McKay.

Council Member Spring thanked his colleagues for their service.

Council Member Martinez Beltran thanked her colleagues for their service.

PUBLIC COMMENT

Public comment opened at 7:45 p.m. There being no requests to speak, public comment closed.

ADOPTION OF AGENDA

MOTION:
Adopting the agenda as posted.

RESULT:	Passed
MOVER:	Council Member Spring
SECONDER:	Mayor Pro Tem Borgioli
AYES:	Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran
NAYS:	None
ABSTAIN:	None
ABSENT:	None

OTHER BUSINESS

1. **ADOPT RESOLUTION APPROVING NOVEMBER 8, 2022, GENERAL MUNICIPAL ELECTION - CERTIFIED STATEMENT OF ELECTION RESULTS**

   Recommendation:
   Adopt resolution reciting the facts of the General Municipal Election of November

8, 2022, and declaring the results of such other matters as provided by law.

City Clerk Michelle Bigelow provided the report.

Public comment opened at 7:46 p.m. There being no requests to speak, public comment closed.

MOTION:
Approving the recommended action.

RESULT:	Passed
MOVER:	Council Member Spring
SECONDER:	Council Member McKay
AYES:	Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran
NAYS:	None
ABSTAIN:	None
ABSENT:	None

OATHS OF OFFICE

Mayor Mark Turner and Council Members Yvonne Martinez Beltran and Marilyn Librers were given the oath of office and took their seats at the dais.

ADJOURN TO RECEPTION

Mayor Turner adjourned the meeting in honor of outgoing Mayor Constantine and Council Member McKay at 8:09 p.m.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: January 11, 2023

PREPARED BY:
spring andrews, Information Technology Director
APPROVED BY: City Manager

AUTHORIZE THE CITY MANAGER TO EXECUTE AND AMEND, WHEN NECESSARY, AN AGREEMENT FOR A BACKUP STORAGE AND RECOVERY REFRESH PROJECT WITH CADENCE TEAM

RECOMMENDATION(S)
Authorize the City Manager to execute and amend, when necessary, an agreement for a backup storage and recovery refresh project with Cadence Team subject to approval as to form by the City Attorney in the amount of $174,100 including a contingency of $15,827.

COUNCIL PRIORITIES, GOALS & STRATEGIES
City Council Ongoing Priorities
Enhancing Public Safety
Maintaining and Enhancing Infrastructure
Supporting our Youth, Seniors, and Entire Community
Advancing Regional Initiatives

2022-2023 Strategic Priorities
Fiscal Sustainability

Guiding Documents
GIS Strategic Plan
Morgan Hill 2035 General Plan
Public Safety Master Plan
Water System Master Plan
Wastewater System Master Plan

REPORT NARRATIVE:
Background:
In May 2022, the City of Morgan Hill embarked on a Network Discovery project with Cadence Team. In June 2022, Cadence was awarded a network architecture and refresh project. The Cadence engineering team partnered with City of Morgan Hill's Information Technology (IT) team and discovered the current storage solution has been out of coverage since 2021. Additionally, it was discovered that the current backup solution is not sufficient. The result of the engagement was an overview of what was discovered and a list of recommendations for the City of Morgan Hill which includes the

current challenges and proposal outlined below.

Current Challenges:

- Current systems not meeting regulatory recommended requirements
- Hardware for the backup system is in a failing state
- No immutable (not able to be changed or altered) backups
- No replication
- No resiliency
- Lack of business continuity

Proposal:

- New storage
- New backup system
- Professional services to ensure spin up of parallel environment and migration from old infrastructure to new infrastructure to transition with minimal downtime
- Leverage existing California Multiple Award Schedules (CMAS#3-20-70-3296E) and National Association of State Procurement Officials (NASPO #AR3228) contracts

Cadence Team is a sole source vendor. The Cadence Team's in-depth knowledge of the City's network provides the City with the best solution to ensure there are no delays in services provided to our community. Morgan Hill Municipal Code Section 3.04.150 allows the City Council to make a sole source determination where required supplies or services are available from a single source as determined by the City's Purchasing Officer; and the determination has been made by the Purchasing Officer that Cadence Team is the only source for the required supplies and services based upon a review of available sources.

COMMUNITY ENGAGEMENT:
This staff report serves to inform the community of the City's desire to enter into a backup storage and recovery project with Cadence Team.

ALTERNATIVE ACTIONS:
Council could direct staff to seek and contract with an alternative provider; however, this will likely result in additional costs. Re-engaging another vendor to perform a backup storage and recovery recommendations would not only result in additional costs, but also pose significant delays due to supply chain issues, furthering our risk.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
The City of Morgan Hill has been leveraging Cadence Team for the purchase of hardware and maintenance contracts in 2020, 2021, and 2022.

The City purchased our firewalls from Cadence Team in 2020 and renewed the subscription services in 2021, adding an additional subscription service.

At the beginning of 2022, the City entered a multiyear renewal with additional features, so that each firewall would be identical in case of failover.

In March 2022, the City engaged Cadence Team for a network discovery project.

The City also leveraged Cadence in late 2022 to refresh the wireless infrastructure in City Hall and Council Chambers building.

FISCAL AND RESOURCE IMPACT:
There is sufficient funding available for the one-time implementation cost. Future funding for the annual licensing fee will be included in the next budget development process in account 730.2520.42231.

CEQA (California Environmental Quality Act):
Not a project.

This agreement will not result in direct or indirect physical changes in the environment.

Remittance Address:
4010 Foothills Blvd, Ste 103 PMB205
Roseville, CA 95747

Phone: 844.934.8326
Fax: 844.923.5878
www.cadence.team

Company:	City of Morgan Hill
Attn:	Spring Andrews
Project:	Backup Solution - Pricing Summary
Contract #:	CMAS # 3-20-70-3296E, NASPO #AR3228

Date:	12/19/2022	Expiration:	1/18/2023
Shipping Method:	NA	Sales Rep:	Jeremy_Caudill
Est. Delivery:	TBD	Direct:	916.710.8264
Terms:	NET30	Email:	jeremy@cadence.team

Part Number	Description	Qty.	List Price	Unit Price	Extended	Tx	Disc %
PRICNG SUMMARY							
	VEEAM	1	$23,657.20	$23,657.20	$23,657.20	N	0%
	STORAGE	1	$124,615.63	$124,615.63	$124,615.63	N	0%
	INSTALL	1	$10,000.00	$10,000.00	$10,000.00	N	0%

Sub Total:	$0.00
Non Taxable:	$158,272.83
Tax:	$0.00
Credit:	$0.00
Freight:	$0.00
Total:	$158,272.83
Tax Rate:	8.350%

Terms and Conditions

Warranty:	NA
Maintenance:	NA
Terms:	No Returns
Equipment:	All orders invoice upon receipt of purchase order

Customer Signature authorizes Cadence Team to process the order in place of a purchase order. Prices are subject to change without notice in the event the products manufacturer/publisher raises the price to Cadence Team.

Customer Signature: _____

Print: _____

Title: _____

Date: _____

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: January 11, 2023

PREPARED BY:
Yat Cho, Senior Project Manager
APPROVED BY: City Manager

AWARD GALVAN PARK RESTROOM REPLACEMENT PROJECT TO 101 BUILDERS, INC. IN THE AMOUNT OF $143,350 (CEQA: CATEGORICALLY EXEMPT PURSUANT TO SECTION 15302 (EXISTING FACILITIES))

RECOMMENDATION(S)

1. Approve the Galvan Park Restroom Replacement Project Plans and Specifications;
2. Award contract to 101 Builders, Inc. for the Galvan Park Restroom Replacement Project in the amount of $143,350;
3. Authorize the expenditure of construction contingency funds not to exceed $21,503; and
4. Authorize the City Manager to execute and administer the construction contract with 101 Builders, Inc.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Enhancing Public Safety
Maintaining and Enhancing Infrastructure
Supporting our Youth, Seniors, and Entire Community

2022-2023 Strategic Priorities
Fiscal Sustainability

Guiding Documents
Bikeways, Trails, and Recreation Master Plan

REPORT NARRATIVE:

On November 2, 2022, City Council approved a contract with Exeloo Corporation for the purchase of a prefabricated self-cleaning restroom for Galvan Park. As the approval was for the prefabricated restroom only, staff prepared plans and specifications to prepare and install the prefabricated restroom when it arrives in March 2023. The scope of work for this project includes the demolition of the existing restroom, grading, foundation, flatwork, utility connection(s), and assembly of the new prefabricated

restroom.

The bid opening was held on December 13, 2022 and three bids were received:

101 Builders, Inc.	$143,350
Itech Solutions	$144,600
McNabb Construction, Inc.	$167,773

101 Builders, Inc.'s bid of $143,350 is approximately 4.5% lower than the engineer's estimate of $150,000. 101 Builders, Inc. is an experienced contractor and has the necessary qualifications to perform this project. Staff recommends the award of the contract to 101 Builders, Inc. in the amount of $143,350 with a 15% contingency for this project. The project is scheduled to commence in February 2023 and be completed by June 2023, pending any possible weather issues.

The plans and specifications are available for review on the City's webpage.

By completing this project prior to June 30, 2023, the City will be eligible to receive a grant reimbursement through the County of Santa Clara's Community Development Block Grant (CDBG) of up to $300,000.

COMMUNITY ENGAGEMENT:
Inform
Prior to and during construction, this project will have weekly updates on social media and the City website. Additional outreach by contractor through letters and door hangers will also be provided.

ALTERNATIVE ACTIONS:
City Council may reject the bids for this construction contract and request the project be re-bid. Staff does not recommend this as an alternative as the restroom building is already on order and any delays to the project may jeopardize the grant funding for this project.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
On June 15, 2022 - City Council adopted FY22-23 to FY27-28 CIP Budget.

On November 2, 2022 - City Council approved contract with Exeloo Corporation for the Purchase of a Self-Cleaning Restroom at Galvan Park.

FISCAL AND RESOURCE IMPACT:
If approved, the total authorization for this project shall be $164,853, which includes a 15% contingency of $21,503. This project is funded in the current adopted budget (FY22-23) and is budgeted under Project 118020. The project is funded through the Quimby Fund (375). If this project is completed prior to June 30, 2023, the City will be

reimbursed up to $300,000 from CDBG Grant.

CEQA (California Environmental Quality Act):
Categorical Exemption
The activities described in this Staff Report are categorically exempt under CEQA, specifically pursuant to Section 15302 of CEQA Guidelines (Existing Facilities), as this project will consist of the removal and replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced.

Engineering and Utilities Department
CIP Engineering Division

Document Path: G:\R-14\PROJ\Agustin\GIS\Galvan Park Restroom.mxd

GALVAN PARK RESTROOM REPLACEMENT PROJECT

0 90 180 360 540 720 Feet

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: January 11, 2023

PREPARED BY:
Chris Ghione, Public Services Director
APPROVED BY: City Manager

PURCHASE OF COUNTY RIGHT OF WAY FOR CITY PROJECTS

RECOMMENDATION(S)
Authorize the City Manager to execute, administer and further negotiate a purchase and sale agreement for the purchase of 35,348 square feet of right of way easment on Spring and Dewitt Avenues and 66,916 square feet of right of way easement on Watsonville Road.

COUNCIL PRIORITIES, GOALS & STRATEGIES
City Council Ongoing Priorities
Maintaining and Enhancing Infrastructure
Advancing Regional Initiatives

2022-2023 Strategic Priorities
Transportation

Guiding Documents
Vision Zero

REPORT NARRATIVE:
The City of Morgan Hill and the County of Santa Clara's roadway networks interface in numerous ways throughout the City. Due to the very irregular shape of the City's boundaries, the ownership of the roadways is often complex and confusing to the average resident. Many roadways are split down the middle in ownership, while some key arterial connections for the City are actually County roadways. This not only creates difficulty for residents in reporting issues, but also creates inefficiency in roadway maintenance and management. For the past year, City of Morgan Hill staff and staff from the Santa Clara County Roads and Airports Department have been working together to identify opportunities to improve and streamline the maintenance of County and City roadways through "swapping" of right of way. The purpose of this effort is to improve customer service and streamline maintenance and management activities. While this effort is still in the early stages, staff has identified two areas with a need for a transfer immediately.

The first area is 35,348 square feet of right of way easement at and near the intersection of Dewitt Avenue and Spring Avenue. Transfer of this area is necessary

due to the addition of a City-owned traffic signal at this intersection. Currently, the City and County share ownership of the intersection and the roadway in this area. With the Hale Avenue Extension Project and this signal nearing completion, the County has requested that this area be transferred sooner to allow the City to appropriately manage the intersection.

The second area is 66,916 square feet of right of way easement on Watsonville Road, west of Monterey Road, at the area where a crossing for the West Little Llagas Creek Trail is being constructed. At this location, a pedestrian activated traffic signal is planned. The County owns half of the roadway in this area, but the area is already maintained through a previously approved maintenance agreement with the City. However, with the new signal being installed, the County has expressed the need for the more formal purchase of the right of way ahead of the signal going into operation.

At this time, the County is not taking on ownership of any new City right of way, but County staff have committed to working in good faith to ensure this early transfer of roadway responsibility is accounted for in future right of way exchanges. Additionally, this transfer shall occur pursuant to Streets & Highways Code Section 1810: A city may acquire, by purchase or eminent domain, property outside its boundaries in the unincorporated area of the county in which the city is located, if it is necessary to connect or widen the existing streets of the acquiring city and if the county consents to the acquisition. The purchase price of the property is $1.

COMMUNITY ENGAGEMENT:

Not Applicable

City staff have not done outreach on this specific item as it is supportive of existing projects for which significant outreach has occurred in the past. Additionally, improving connectivity between City and County Roadways is consistent with the Bikeways, Trails, Parks and Recreation Master Plan and the City's Vision Zero Policy.

ALTERNATIVE ACTIONS:

The City Council could choose to delay and request staff further negotiate this agreement. This is not recommended as it would delay portions of the Hale Avenue Extension Project and the West Little Llagas Creek Project, both of which are nearing completion.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Watsonville Road Right of Way

- On October 1, 2014 the City Council approved a Maintenance Agreement for the City to take on maintenance and operations of the County owned section of Watsonville Road identified in this report.

West Little Llagas Creek Trail Project

- City Council approved the West Little Llagas Creek Trail as a project in the City's approved Capital Improvement Program. Furthermore, this is a project that has been supported by the City Council through the approval of the 2017 Master Bikeways, Trails, Parks, and Recreation Master Plan.
- September 27, 2017 - Grant Application to the State of California Habitat Conservation Fund (HCF) Program
- October 4, 2017 - Grant Application to Valley Water
- December 6, 2017 - Grant Application to the Santa Clara Valley Open Space Authority
- July 17, 2019 - Approve Design Agreement for West Little Llagas Creek Trail Project
- September 15, 2020 - West Little Llagas Creek Trail and Valley Water Cost Share Agreement for construction of Trail Facilities
- May 4, 2022 - Approve Sculpture Agreement with Evelyn Davis for Sculpture at West Little Llagas Creek Trail Project

Hale Avenue Expansion Project

- In 1969 the City Council added the Hale Avenue Extension Project to the City's General Plan
- The Hale Extension Project is first programmed into the Capital Improvement Program in 2010-11 fiscal year
- The City Council included the Roadway in the General Plan Circulation Element in February 2010
- The City Council meeting on community engagement and moving forward in February 2011
- The City Council community meeting for intersection design in August 2011
- Public Meeting on Draft EIR was held on June 8, 2016
- The City Council approved design contract with Mark Thomas on January 18, 2017
- The City Council certified the EIR and adopted a Plan Line on August 23, 2017
- The City Council approved Tran property purchase on December 6, 2017
- The City Council approved Giancola property purchase on December 6, 2017
- The City Council approved Howard property purchase on January 17, 2018
- The City Council approved a first amendment with Mark Thomas for design on April 18, 2018
- The City Council adopted the Fiscal Year 2018-19 through 2023-24 Capital Improvement Program Budget, including the Hale Avenue Extension Project
- The City Council approved Kerr property purchase on July 18, 2018
- The City Council approved a property conveyance with the County on August 22, 2018
- The City Council adopted a resolution of necessity to acquire property from PG&E on September 5, 2018
- The City Council approved Garcia property purchase on October 3, 2018

- The City Council adopted a relocation plan for the project on October 17, 2018
- The City Council approved Betpolice property purchase on February 20, 2019
- The City Council approved a second amendment with Mark Thomas on April 17, 2019
- The City Council approved a third amendment with Mark Thomas on December 18, 2019
- The City Council approved the funding agreement with Valley Transportation Authority on June 17, 2020 for the Hale Avenue Extension project
- The City Council awarded project to DeSilva Gates Construction on November 18, 2020

FISCAL AND RESOURCE IMPACT:
The City will be impacted slightly by the increased maintenance associated with the transfer of right of way at the Spring and Dewitt area, but this increased maintenance has been anticipated with the Hale Avenue Extension Project. The City is already responsible for maintenance at the Watsonville Road Area.

CEQA (California Environmental Quality Act):
Not a Project
The purchase of the right of way will have no impact on the physical environment. Each project went through appropriate environmental review. The activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the "Agreement") is made and entered into as of the later of the dates set forth by the signatures of the parties below (the "Effective Date") by and between the County of Santa Clara, a political subdivision of the State of California (the "County"), and the City of Morgan Hill a municipal corporation of the State of California (the "City"). The County and the City are collectively referred herein as the "Parties" and individually as a "Party."

RECITALS

WHEREAS, County is the owner of those certain Right of Way easements situated in the unincorporated area of Santa Clara County, State of California, also known as portions of Dewitt Avenue, Spring Avenue, and Watsonville Road, more particularly shown on the maps attached hereto as Exhibits "A" and "B" and incorporated by reference (the "Properties");

WHEREAS, County and City currently each has maintenance responsiblities over one half of the total width of certain portions of Dewitt Avenue, Spring Avenue, and Watsonville Road;

WHEREAS, City is requesting County to convey the Properties to the City to enable consistent maintenance by one governmental entity;

WHEREAS, California Streets and Highways Code section 1810 allows a city to acquire, by purchase or eminent domain, property outside its boundaries in the unincorporated area of the county in which the city is located to connect or widen existing streets of the acquiring city and if the county consents to the acquisition;

WHEREAS, County and City both agree that there is a significant public benefit in the County conveying the Properties to the City as it will decrease the potential duplication of road maintenance services by having one governmental entity responsible for the overall maintenance of the Properties, thereby increasing efficiency relating to the maintenance of the Properties, and decrease potential confusion to the public as to the authority having jurisdiction over the Properties; and,

WHEREAS, in consideration of mutual public benefit and in lieu of proceedings and/or litigation in eminent domain, the Parties desire to fully resolve conveyance of the Properties, subject to the terms and conditions herein.

NOW THEREFORE, the Parties hereby agree as follows:

1. AGREEMENT TO SELL AND PURCHASE.

a) (Dewitt and Spring Avenues). County agrees to sell, and City agrees to purchase, a permanent Right of Way Easement consisting of approximately

35,348 square foot more or less, and more particularly described in the legal description attached hereto as Exhibit "C" and incorporated by reference.

b) (Watsonville Road). County agrees to sell, and City agrees to purchase, a permanent Right of Way Easement consisting of approximately 66,916 square foot, more or less, and more particularly described in the legal description attached hereto as Exhibit "D" and incorporated by reference.

2. PURCHASE PRICE AND CONTRIBUTION OF THE PROPERTY.

The purchase price for the Properties is One Dollar ($1.00). In consideration of the mutual benefit of the conveyance of these Properties to County and City, and the significant public benefit resulting from the conveyance of the Properties, County has, subject to the terms and conditions of this Agreement, agreed to waive this payment and relinquish any and all of its rights to receive further monies or any other form of compensation for conveying to the City the County's interest in the Properties.

3. CONVEYANCE OF TITLE.

County shall convey to City the Properties by Quitclaim Deeds (the "Deeds") attached hereto as Exhibits "E" and "F". The Deeds shall be recorded in the Official Records of Santa Clara County in accordance with the terms of this Agreement.

4. CONDITION OF TITLE.

County's right, title, and interest in and to the Properties shall be delivered by County hereunder subject to all exceptions, encumbrances, liens, and restrictions of record and not of record, as of the Effective Date.

4. POSSESSION.

Notwithstanding other provisions in this Agreement, the right of possession and use of the Properties by the City, including the right to remove and dispose of improvements, shall commence on the date the Deeds are recorded in the Official Records of Santa Clara County.

5. AS-IS SALE.

Pursuant to California Civil Code Section 1102.2(j), the Properties are being sold "as is," without express or implied warranties, and shall be subject to all liens, easements, and encumbrances, recorded or unrecorded.

6. WAIVER AND RELEASE.

City requires the Properties from County for public purposes and City may acquire the Properties through the exercise of the power of eminent domain. Both the County and City recognize the expense, time, effort, and risk to both City and County in resolving a dispute over compensation

for the Properties by eminent domain litigation. The compensation and terms set forth herein are in compromise and settlement in lieu of such litigation. City agrees that the performance of this Agreement by County and City shall constitute a complete settlement of all rights of County to just compensation and to claim, assess, or receive severance, inverse condemnation, or other eminent domain damages by reason of the acquisition, improvement, possession, use, and occupancy of the Properties, and County hereby waives and releases any and all such rights and claims to the extent not set forth in this Agreement and the Right of Way Easement Deeds attached hereto as Exhibits E and F. The terms of this Agreement, including the purchase price, will not establish any precedent or be used as a basis to seek or justify similar terms in any subsequent transaction. County is aware of and understands all potential compensation to which it is otherwise entitled and has had the opportunity to discuss potential compensation with representatives of City and legal counsel of its choice.

7. INDEMNIFICATION.

City shall indemnify, defend and hold County and County's agents harmless from any claims (including without limitation third party claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlement of claims), interest or losses, including attorneys' fees (including any fees and expenses incurred in enforcing this indemnity), consultant fees, and expert fees that arise directly or indirectly from or in connection with the condition of the Properties as of close of escrow, including, but not limited to, the presence, suspected presence, release or suspected release of any hazardous materials of any kind.

The City shall reimburse the County for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which the City is obligated to indemnify, defend, and hold harmless the County under this Agreement.

8. NOTICES.

Any notice which is required to be given hereunder, or which either Party may desire to give to the other, shall be in writing and may be personally delivered or given by mailing the same by registered or certified mail, postage prepaid, addressed as follows:

TO COUNTY	**TO CITY**
County of Santa Clara Roads and Airports Department 101 Skyport Drive San José, California 95110 Attention: Real Property Unit	City of Morgan Hill Public Services Department 17575 Peak Avenue Morgan Hill, CA 95037

or such place, and in such manner, as the Parties may designate by written notice.

9. HEADINGS AND TITLES.

The titles and headings in this Agreement are included principally for convenience and do not by themselves affect the construction or interpretation of any provision in this Agreement, nor affect any of the rights or obligations of the Parties.

10. COUNTERPARTS, ELECTRONIC SIGNATURES.

This Agreement may be executed in one or more counterparts, each of which will be considered an original, but all of which together will constitute one and the same instrument. Unless otherwise prohibited by law or County policies, the Parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term " electronic copy of a signed contract" refers to transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed contract in a portable document format. The term "electronically signed contract" means a contract that is executed by applying an electronic signature using technology approved by the County.

The Parties each represent, warrant, and agree that the signatures, whether an ink-signed original or electronically signed Agreement, by their respective signatories, are intended to authenticate such signatures and to give rise to a valid, enforceable, and fully effective agreement when so executed by all the Parties.

11. SEVERABILITY.

Should any part of this Agreement be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect the validity of the remainder of the Agreement which shall continue in full force and effect, provided that such remainder can, absent the excised portion, be reasonably interpreted to give the effect to the intentions of the Parties.

12. EXHIBITS.

All exhibits attached hereto are incorporated by reference herein.

13. AMENDMENT.

All amendments and supplements to this Agreement may be amended only by a writing signed by each of the Parties hereto.

14. ADDITIONAL DOCUMENTS.

Each Party hereto agrees to perform any further acts and to execute and deliver any further documents which may be reasonably necessary to carry out the provisions of this Agreement.

15. INTERPRETATION OF AGREEMENT.

The Parties hereto acknowledge and agree that, although this Agreement has been drafted by County, City or its legal counsel have reviewed and negotiated, or had an opportunity to review and negotiate, the terms of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party does not apply in interpreting this Agreement.

16. GOVERNING LAW AND VENUE.

This Agreement shall be construed and interpreted according to the laws of the State of California, excluding its conflict of law principles. Proper venue for legal actions will be exclusively vested in a state or federal court in the State of California. The Parties agree that subject matter and personal jurisdiction are proper in state court in the County of Santa Clara and waive all venue objections.

17. ATTORNEYS' FEES

Each Party shall be responsible for payment of the fees and expenses of its counsel relating to this Agreement. In the event of any litigation arising out of or that is undertaken to enforce this Agreement, or the services provided under this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable attorneys' fees, and all other related expenses incurred in such litigation.

18. ENTIRE AGREEMENT.

This Agreement constitutes the entire agreement between the parties and supersedes and cancels all prior agreements or understandings, whether written or verbal. This Agreement can only be amended by a written amendment hereto duly executed on behalf of both Parties.

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19. SIGNING AUTHORITY.

By signing below, each signatory warrants and represents that they executed this Agreement, in their authorized capacity, that they have the authority to bind the entity or person for whom they sign to contractual obligations and that, by their signature, the entity or person on behalf of which they acted executed this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as follows:

COUNTY OF SANTA CLARA
a political subdivision of the State of California

_____
, President
Board of Supervisors

Date: _____

Signed and certified that a copy of this document has been delivered by electronic or other means to the President, Board of Supervisors.

Attest:

_____
Tiffany Lennear
Clerk of the Board of Supervisors

CITY OF MORGAN HILL
a municipal corporation of the State of California

_____
Christina Turner
City Manager

Date: _____

Approved as to Form

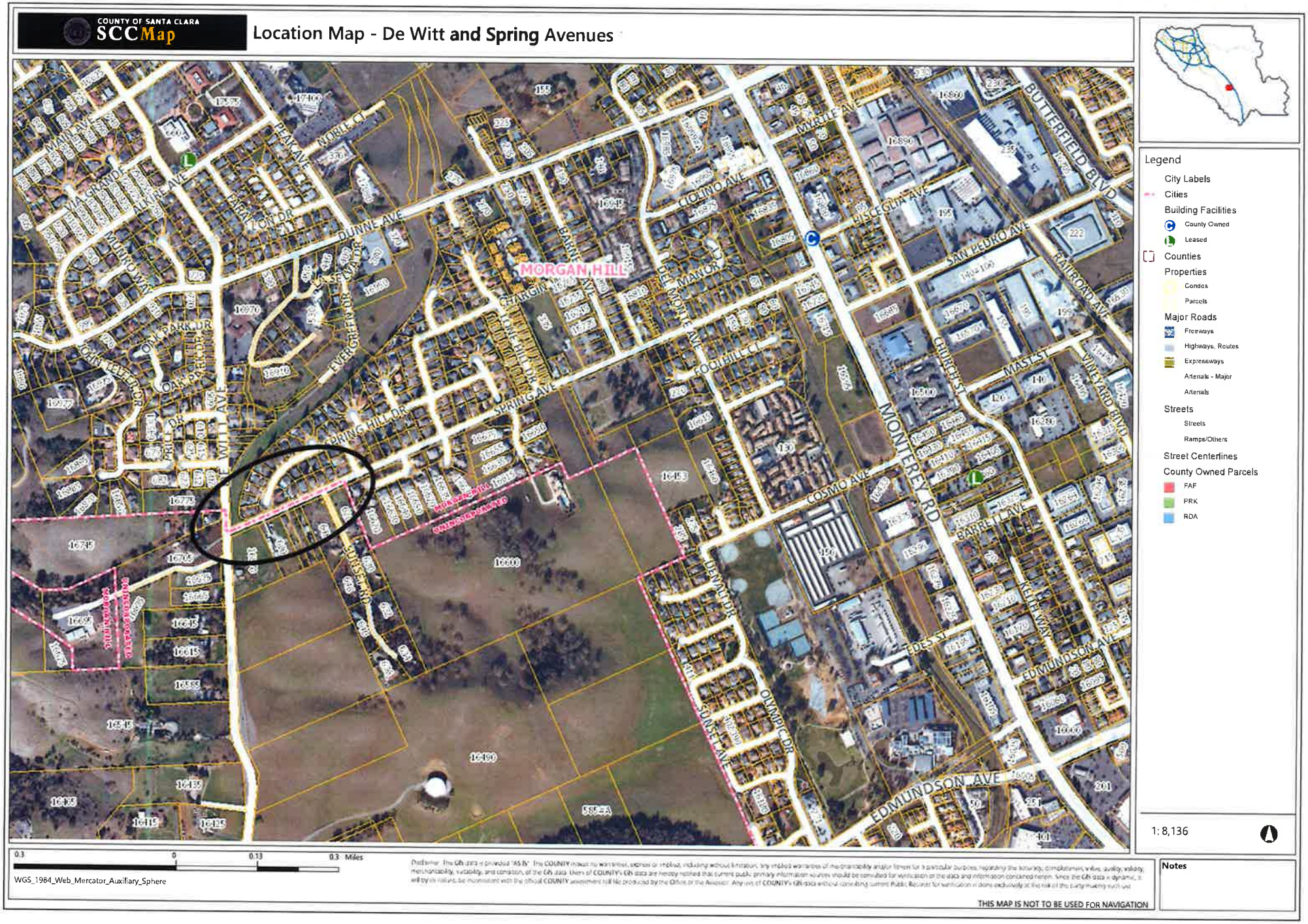
_____
Donald Larkin
City Attorney

Approved as to Form and Legality

_____
John A. Castro
Deputy County Counsel

Exhibits to this Agreement:
A Location Map – Dewitt/Spring Avenue Right of Way Easement
B Location Map – Watsonville Road Right of Way Easement
C Legal Description and Plat Map - Dewitt/Spring Avenue Right of Way Easement
D Legal Description and Plat Map – Watsonville Road Right of Way Easement
E Quitclaim Deed – Dewitt/Spring Avenue Right of Way Easement
F Quitclaim Deed – Watsonville Road Right of Way Easement

EXHIBIT "A"


COUNTY OF SANTA CLARA
SCCMap
Location Map - De Witt and Spring Avenues
MORGAN HILL
DE WITT AVE
MONTEREY RD
SPRING AVE
DUNNE AVE
CENTRAL AVE
MAIN AVE
CHURCH ST
MAST ST
COSMO AVE
BARRETT AVE
EDES ST
EDMUNDSON AVE
OLYMPIC DR
SUNSET AVE
DEWALD DR
BUTTERFIELD BLVD
SAN PEDRO AVE
RAILROAD AVE
VINEYARD BLVD
KEITH WAY
CYPRESS AVE
MYRTLE AVE
HIBISCUS AVE
COCHINO AVE
PEAK AVE
NOBLE CT
MUNTO WAY
OAK PARK DR
EVERGREEN DR
SPRING HILL DR
COCHIN HILL CT
CHARGIN CT
BARNE AVE
HELEN MONTE MANOR
16600
16490
16745
16705
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16555
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16990
17030

EXHIBIT "B"

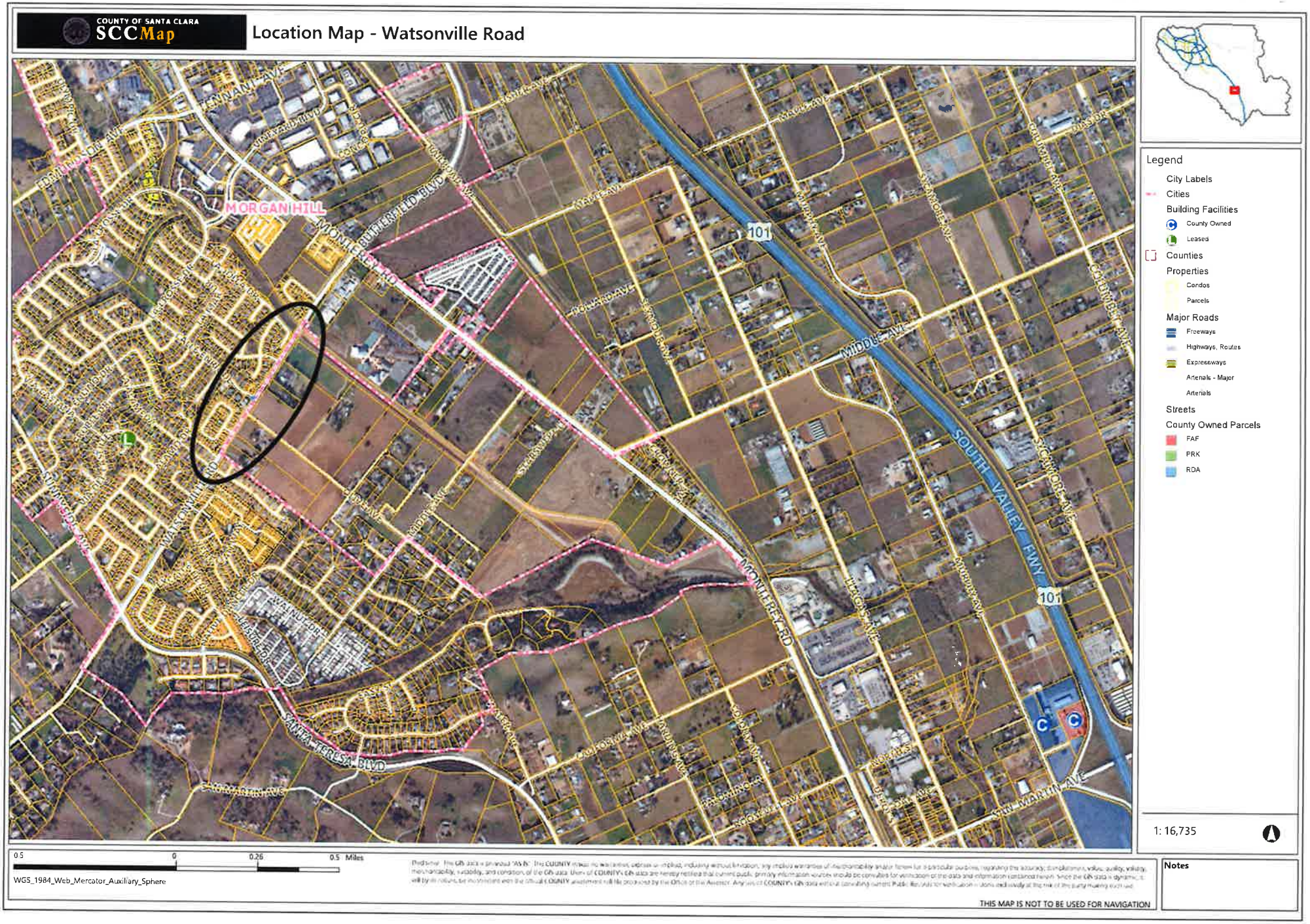
COUNTY OF SANTA CLARA
SCCMap
Location Map - Watsonville Road
MORGAN HILL
MONTEREY HWY
BUTTERFIELD BLVD
MIDDLE AVE
SOUTH VALLEY FWY
101
SANTA TERESA BLVD
Legend
City Labels
Cities
Building Facilities
County Owned
Leased
Counties
Properties
Condos
Parcels
Major Roads
Freeways
Highways, Routes
Expressways
Arterials - Major
Arterials
Streets
County Owned Parcels
FAF
PRK
RDA
1: 16,735
0.5 0 0.26 0.5 Miles
WGS_1984_Web_Mercator_Auxiliary_Sphere
Notes
THIS MAP IS NOT TO BE USED FOR NAVIGATION

EXHIBIT "C"

EXHIBIT "A"
LEGAL DESCRIPTION
for
Right of Way
of a portion of
DEWITT and SPRING AVENUES
November 28, 2022

All that certain real property in the unincorporated area in the County of Santa Clara, State of California, being described as follows:

Being a portion of Dewitt Avenue and Spring Avenue as said streets were dedicated for public use on that certain map titled Catherine Dunne Ranch Map No.3, filed in Book "H" of Maps at Page 65, Records of Santa Clara County, California:

BEGINNING at the point of intersection of the centerline of said Dewitt Avenue (60 feet wide) and the centerline of said Spring Avenue (60 feet wide), said point being coincident with the southwesterly city limits of the City of Morgan Hill as established by 1906 Original Incorporation;

Thence along said centerline of Spring Avenue and said city limits North 65°31'00" East 833.78 feet to the westerly boundary of that certain annexation to the City of Morgan Hill known as "Spring Avenue No. 1" recorded February 09, 1998, in Document Number 14045381, Official Records of Santa Clara County;

Thence leaving said centerline and along said westerly boundary South 24°29'00" East 30.00 feet to the southerly sideline of said avenue;

Thence leaving said westerly boundary along said southerly sideline South 65°31'00" West 813.37 feet to the easterly sideline of Dewitt Avenue;

Thence along said easterly sideline South 02°57'00" East 85.21 feet;

Thence leaving said easterly sideline South 87°03'00" West 60.00 feet to the westerly sideline of said avenue;

Thence along said westerly sideline North 02°57'00" West 259.28 feet to the southerly boundary of that certain annexation to the City of Morgan Hill known as "Dewitt Avenue No. 2" recorded September 27, 2004, in Document Number 18020583, Official Records of Santa Clara County;

Thence leaving said westerly sideline North 87°03'00" East 30.00 feet along said southerly annexation boundary to the centerline of said avenue and the westerly boundary of said original city limits;

Thence along said city limit South 02°57'00" East 153.66 feet to said centerline of Spring Avenue and the **TRUE POINT OF BEGINNING** of this description, containing 35,348 square feet of land, more or less.

See Exhibit "B" attached hereto and made a part hereof.

This description was prepared by me or under my direction in conformance with the requirements of the Professional Land Surveyors' Act.

Karl Barker L.S. #8342

Date 11-28-22

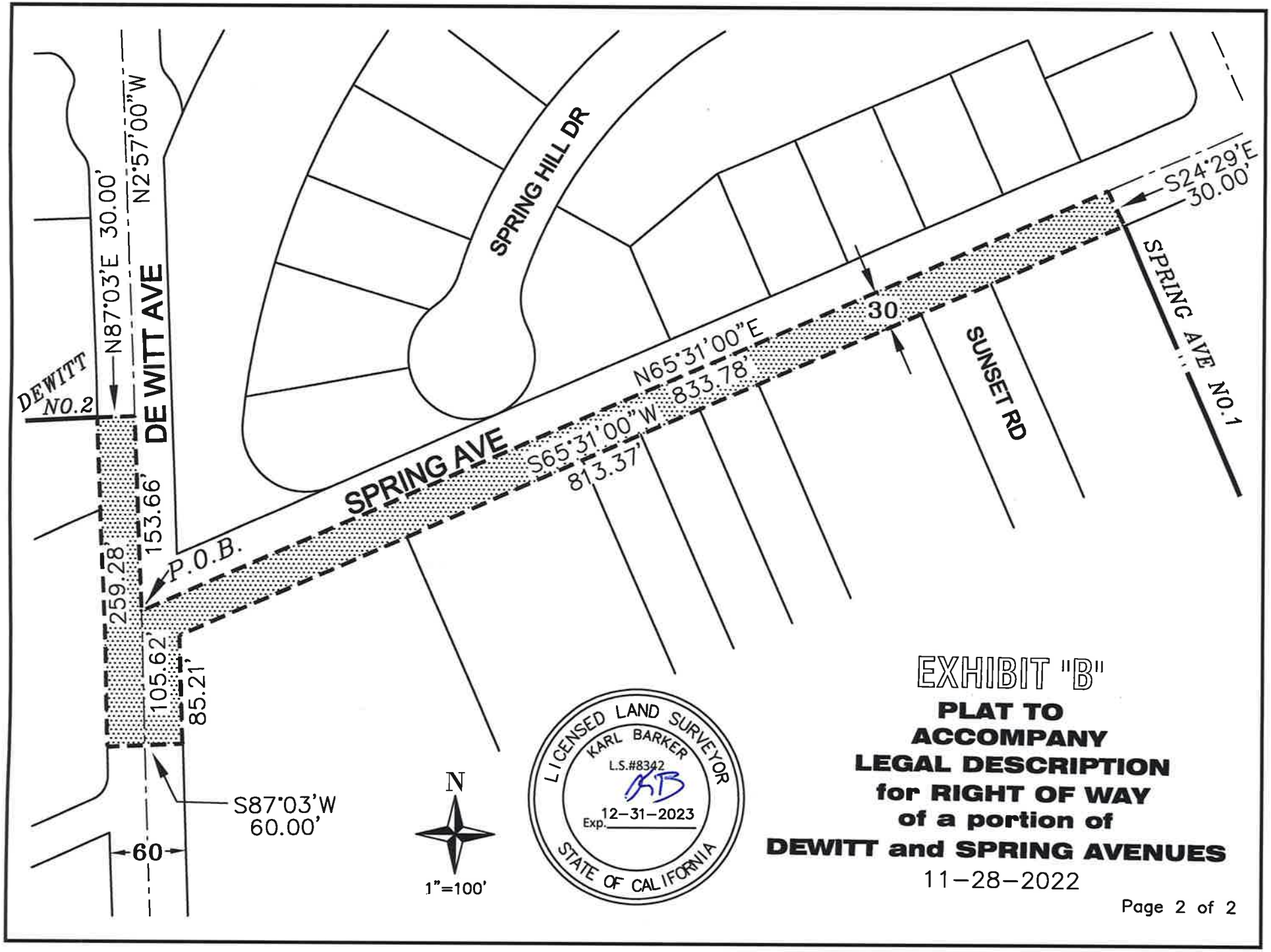

EXHIBIT "B"

PLAT TO ACCOMPANY LEGAL DESCRIPTION for RIGHT OF WAY of a portion of DEWITT and SPRING AVENUES

11-28-2022

EXHIBIT "D"

EXHIBIT "A"
LEGAL DESCRIPTION
for
Right of Way
of a portion of
WATSONVILLE ROAD
November 28, 2022

All that certain real property in the unincorporated area in the County of Santa Clara, State of California, being described as follows:

Being a portion of Watsonvillle Road as said street was dedicated for public use by petition and accepted by The Board of Supervisors of said county and as shown on that certain map titled Las Llagas Subdivision, filed in Book "N" of Maps at Page 12, Records of Santa Clara County, California:

BEGINNING at a point on the centerline of said Watsonville Road, said point being the westerly corner of that certain annexation to the City of Morgan Hill known as "Monterey Road No. 6" recorded June 27, 2014, in Document Number 22633162, Official Records of Santa Clara County, said point being South 32°35'00" West 1124.02 feet from the intersection of said road centerline with southwesterly line of Monterey Road as shown on said map;

Thence leaving said centerline and along the southwesterly boundary of said annexation South 57°25'00" East 30.00 feet to the easterly sideline of said Watsonville Road;

Thence leaving said southwesterly boundary along said easterly sideline South 32°35'00" West 2232.04 feet to the northerly boundary of that certain annexation to the City of Morgan Hill known as "Watsonville Road No. 5" recorded November 20, 1996, in Document Number 13529501, Official Records of Santa Clara County;

Thence leaving said easterly sideline along said northerly boundary North 51°39'10" West 30.15 feet to the centerline of said road and the easterly boundary of that annexation to the City of Morgan Hill, recorded in the Office of the Secretary, Sacramento, October 7, 1963 entitled "Watsonville Road Annexation No. 2";

Thence along said annexation easterly boundary and along the easterly boundary of that annexation to the City of Morgan Hill as described in Ordinance No. 77 , recorded in the Office of the Secretary, Sacramento, April 13, 1958 entitled "Watsonville Road Annexation" and along said centerline of Watsonville Road North 32°35'00" East 2229.01 feet to said westerly corner of "Monterey Road No. 6" and the **TRUE POINT OF BEGINNING** of this description, containing 66,916 square feet of land, more or less.

See Exhibit "B" attached hereto and made a part hereof.

This description was prepared by me or under my direction in conformance with the requirements of the Professional Land Surveyors' Act.

Karl Barker L.S. #8342 Date 11-28-22

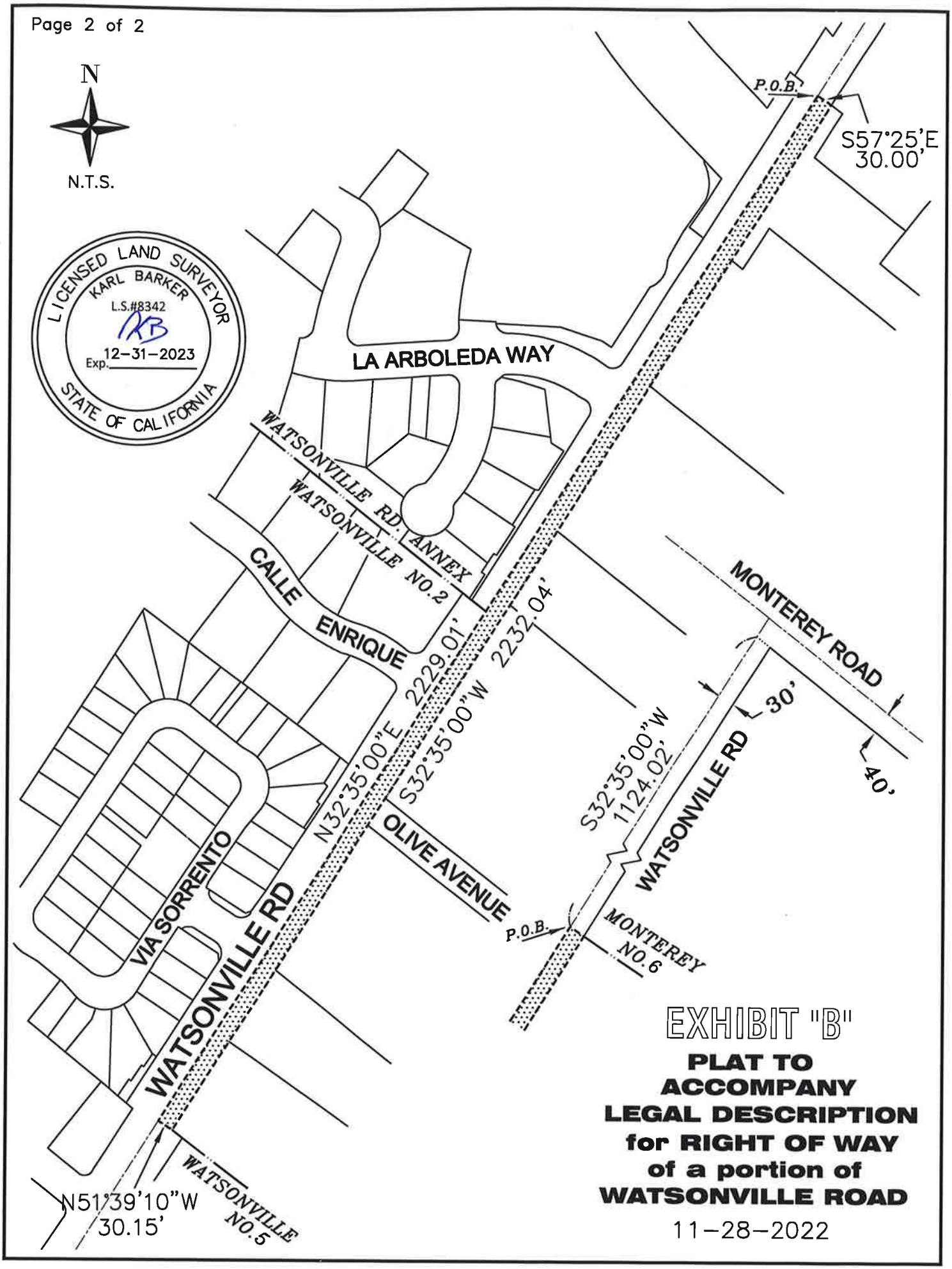

EXHIBIT "B"

PLAT TO ACCOMPANY LEGAL DESCRIPTION for RIGHT OF WAY of a portion of WATSONVILLE ROAD

11-28-2022

EXHIBIT "E"

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

City of Morgan Hill
Engineering and Utilities Department
17575 Peak Avenue
Morgan Hill, CA 95037

SPACE ABOVE THIS LINE FOR RECORDER'S USE

To be recorded without fee as per Government Code Section 6103

QUITCLAIM DEED

The COUNTY OF SANTA CLARA, a political subdivision of the State of California, does hereby REMISE, RELEASE AND FOREVER QUITCLAIM to the City of Morgan Hill, a municipal corporation of the State of California, all interest in and to that certain Right of Way in a portion of Dewitt and Spring Avenues situated in the County of Santa Clara, State of California, more particularly described on Exhibit "A", attached hereto and made a part hereof.

Dated this _____ day of _____ 2022

_____
, President
Board of Supervisors
County of Santa Clara

Attested by: _____
Tiffany Lennear
Clerk of the Board of Supervisors

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____ before me, _____,
Date *Here Insert Name and Title of the Officer*

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

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EXHIBIT "A"
LEGAL DESCRIPTION
for
Right of Way
of a portion of
DEWITT and SPRING AVENUES
November 28, 2022

All that certain real property in the unincorporated area in the County of Santa Clara, State of California, being described as follows:

Being a portion of Dewitt Avenue and Spring Avenue as said streets were dedicated for public use on that certain map titled Catherine Dunne Ranch Map No.3, filed in Book "H" of Maps at Page 65, Records of Santa Clara County, California:

BEGINNING at the point of intersection of the centerline of said Dewitt Avenue (60 feet wide) and the centerline of said Spring Avenue (60 feet wide), said point being coincident with the southwesterly city limits of the City of Morgan Hill as established by 1906 Original Incorporation;

Thence along said centerline of Spring Avenue and said city limits North 65°31'00" East 833.78 feet to the westerly boundary of that certain annexation to the City of Morgan Hill known as "Spring Avenue No. 1" recorded February 09, 1998, in Document Number 14045381, Official Records of Santa Clara County;

Thence leaving said centerline and along said westerly boundary South 24°29'00" East 30.00 feet to the southerly sideline of said avenue;

Thence leaving said westerly boundary along said southerly sideline South 65°31'00" West 813.37 feet to the easterly sideline of Dewitt Avenue;

Thence along said easterly sideline South 02°57'00" East 85.21 feet;

Thence leaving said easterly sideline South 87°03'00" West 60.00 feet to the westerly sideline of said avenue;

Thence along said westerly sideline North 02°57'00" West 259.28 feet to the southerly boundary of that certain annexation to the City of Morgan Hill known as "Dewitt Avenue No. 2" recorded September 27, 2004, in Document Number 18020583, Official Records of Santa Clara County;

Thence leaving said westerly sideline North 87°03'00" East 30.00 feet along said southerly annexation boundary to the centerline of said avenue and the westerly boundary of said original city limits;

Thence along said city limit South 02°57'00" East 153.66 feet to said centerline of Spring Avenue and the **TRUE POINT OF BEGINNING** of this description, containing 35,348 square feet of land, more or less.

See Exhibit "B" attached hereto and made a part hereof.

This description was prepared by me or under my direction in conformance with the requirements of the Professional Land Surveyors' Act.

Karl Barker L.S. #8342

Date 11-28-22

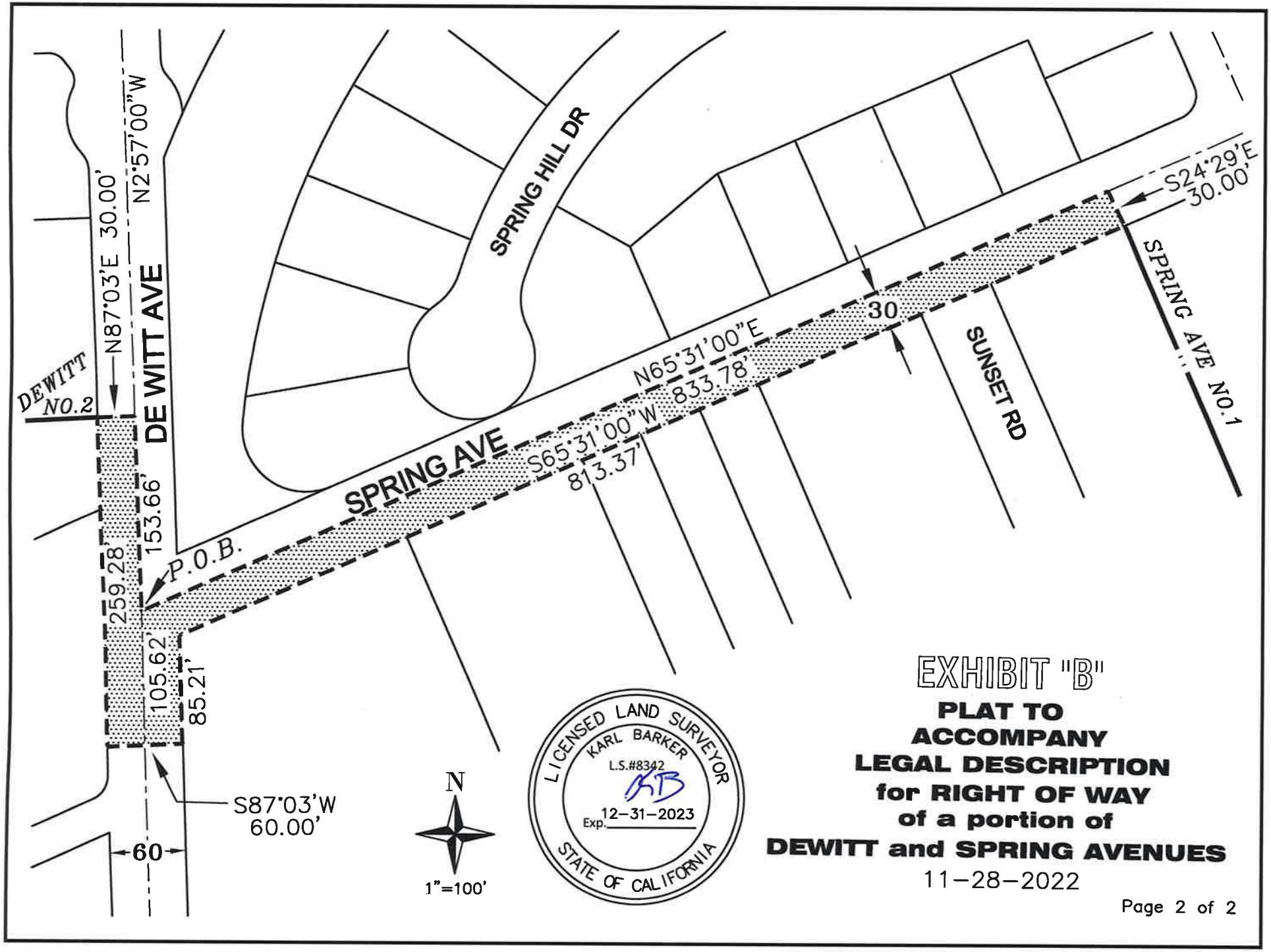

EXHIBIT "B"

PLAT TO ACCOMPANY LEGAL DESCRIPTION for RIGHT OF WAY of a portion of DEWITT and SPRING AVENUES

11-28-2022

EXHIBIT "F"

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

City of Morgan Hill
Engineering and Utilities Department
17575 Peak Avenue
Morgan Hill, CA 95037

SPACE ABOVE THIS LINE FOR RECORDER'S USE

To be recorded without fee as per Government Code Section 6103

QUITCLAIM DEED

The COUNTY OF SANTA CLARA, a political subdivision of the State of California, does hereby REMISE, RELEASE AND FOREVER QUITCLAIM to the City of Morgan Hill, a municipal corporation of the State of California, all interest in and to that certain Right of Way in a portion of Watsonville Road situated in the County of Santa Clara, State of California, more particularly described on Exhibit "A", attached hereto and made a part hereof.

Dated this _____day of _____ 2022

_____
, President
Board of Supervisors
County of Santa Clara

Attested by: _____
Tiffany Lennear
Clerk of the Board of Supervisors

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____ before me, _____,
Date *Here Insert Name and Title of the Officer*

personally appeared _____
Name(s) of Signer(s)

_____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

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EXHIBIT "A"
LEGAL DESCRIPTION
for
Right of Way
of a portion of
WATSONVILLE ROAD
November 28, 2022

All that certain real property in the unincorporated area in the County of Santa Clara, State of California, being described as follows:

Being a portion of Watsonvillle Road as said street was dedicated for public use by petition and accepted by The Board of Supervisors of said county and as shown on that certain map titled Las Llagas Subdivision, filed in Book "N" of Maps at Page 12, Records of Santa Clara County, California:

BEGINNING at a point on the centerline of said Watsonville Road, said point being the westerly corner of that certain annexation to the City of Morgan Hill known as "Monterey Road No. 6" recorded June 27, 2014, in Document Number 22633162, Official Records of Santa Clara County, said point being South 32°35'00" West 1124.02 feet from the intersection of said road centerline with southwesterly line of Monterey Road as shown on said map;

Thence leaving said centerline and along the southwesterly boundary of said annexation South 57°25'00" East 30.00 feet to the easterly sideline of said Watsonville Road;

Thence leaving said southwesterly boundary along said easterly sideline South 32°35'00" West 2232.04 feet to the northerly boundary of that certain annexation to the City of Morgan Hill known as "Watsonville Road No. 5" recorded November 20, 1996, in Document Number 13529501, Official Records of Santa Clara County;

Thence leaving said easterly sideline along said northerly boundary North 51°39'10" West 30.15 feet to the centerline of said road and the easterly boundary of that annexation to the City of Morgan Hill, recorded in the Office of the Secretary, Sacramento, October 7, 1963 entitled "Watsonville Road Annexation No. 2";

Thence along said annexation easterly boundary and along the easterly boundary of that annexation to the City of Morgan Hill as described in Ordinance No. 77 , recorded in the Office of the Secretary, Sacramento, April 13, 1958 entitled "Watsonville Road Annexation" and along said centerline of Watsonville Road North 32°35'00" East 2229.01 feet to said westerly corner of "Monterey Road No. 6" and the **TRUE POINT OF BEGINNING** of this description, containing 66,916 square feet of land, more or less.

See Exhibit "B" attached hereto and made a part hereof.

This description was prepared by me or under my direction in conformance with the requirements of the Professional Land Surveyors' Act.

Karl Barker L.S. #8342 Date 11-28-22

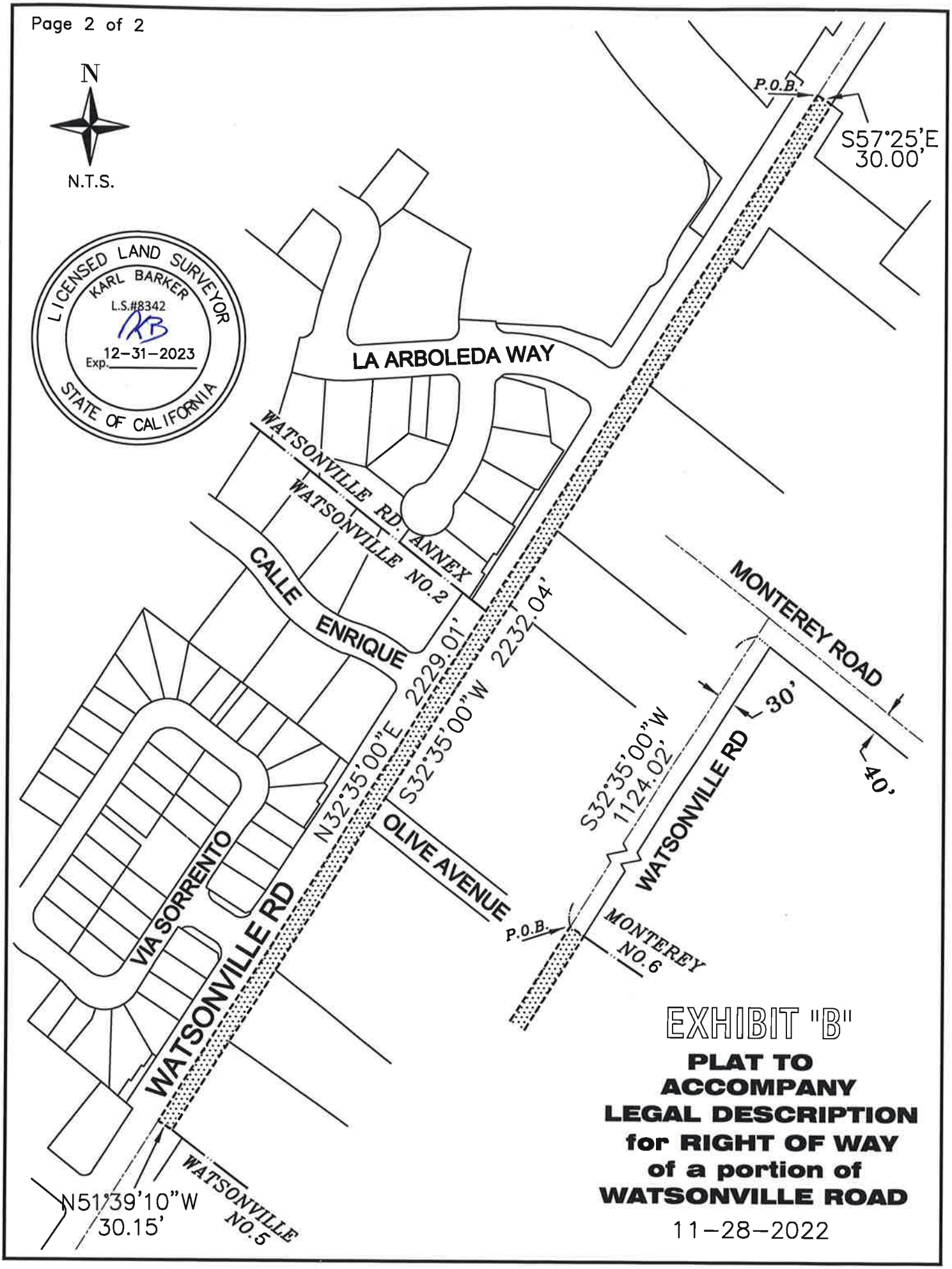


EXHIBIT "B"

PLAT TO ACCOMPANY LEGAL DESCRIPTION for RIGHT OF WAY of a portion of WATSONVILLE ROAD

11-28-2022

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: January 11, 2023

PREPARED BY:
Angie Gonzalez, Deputy City Clerk
APPROVED BY: City Manager

SELECT AND APPOINT CITY COUNCIL MAYOR PRO TEMPORE

RECOMMENDATION(S)

1. Open floor to nomination(s) for Mayor Pro Tempore; and
2. Select a Council Member to serve as Mayor Pro Tempore per City Council Policy 99-01.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Enhancing Public Safety
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
Advancing Regional Initiatives

2022-2023 Strategic Priorities
Fiscal Sustainability
Community Engagement and Messaging
Economic Development
Affordable Housing and Homelessness
Transportation

Guiding Documents
Bikeways, Trails, and Recreation Master Plan
Communications, Outreach, and Engagement Plan
Economic Blueprint
Fire Services Standards of Coverage
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:
City Council Policy CP-99-01 sets forth the criteria for the selection of a Mayor Pro Tempore annually for a one-year term. The adopted policy is intended to provide every Council Member with the opportunity to serve as Mayor Pro Tempore. Nomination for the Mayor Pro Tempore seat is generally based on: (1) the length of time that an individual has served on the City Council and (2) whether or not the nominee has previously had the opportunity to serve as Mayor Pro Tempore. However, these factors are not binding, and every member is eligible to serve as Mayor Pro Tempore. The Mayor or any member of the City Council may nominate a member to serve as Mayor Pro Tempore. A copy of the Council Policy CP-99-01 is attached, and the recent Mayor Pro Tempore history is as follows:

CITY COUNCIL MAYOR PRO TEMPORE RECENT HISTORY

	FROM:	**To:**
Council Member Carr	December 14, 2016	January 17, 2018
Council Member Constantine	January 17, 2018	December 19, 2018
Council Member Spring	December 19, 2018	December 4, 2019
Council Member Martínez Beltrán	December 4, 2019	December 16, 2020
Council Member McKay	December 16, 2020	November 17, 2021
Council Member Borgioli	November 17, 2021	January 11, 2023

COMMUNITY ENGAGEMENT:
Inform
This report serves to inform the community of the process for selection of the Mayor Pro Tempore.

ALTERNATIVE ACTIONS:
Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
The Council selects a Council Member to serve as the Mayor Pro Tempore annually.

FISCAL AND RESOURCE IMPACT:
There are no fiscal impacts. Selection of Mayor Pro Tempore is an activity of the City Council’s annual workplan.

CEQA (California Environmental Quality Act):

This action is not a project. Selection of a Mayor Pro Tempore is an administrative governmental activity that will not result in direct or indirect physical changes in the environment.

CITY OF MORGAN HILL
CITY COUNCIL POLICIES AND PROCEDURES

CP 99-01

SUBJECT: **SELECTION OF MAYOR PRO TEMPORE**

EFFECTIVE DATE: **December 17, 1999**

REVISED DATE(S): **December 19, 2016, February 5, 2020**

ORIGINATING DEPARTMENT: CITY MANAGER

It is the policy of the City Council of the City of Morgan Hill to annually nominate and select a member to serve as Mayor Pro Tempore for a one year term. The Mayor or any member of the City Council may nominate a member, who shall be selected by majority vote.

In order to provide every member with an opportunity to serve as Mayor Pro Tempore, it is the policy of the City Council that nominations be made on the basis of the length of time that a nominee has served on the City Council, and whether or not the nominee has previously had the opportunity to serve. However, these factors are not binding, and every member is eligible to serve as Mayor Pro Tempore. If more than one individual is nominated, the first person to receive a majority of the votes shall be selected to serve.

Selection of Mayor Pro Tempore will take place at the first regular meeting of the City Council held after the general municipal election and after the new members have been sworn in and have taken their seats; or at the first regular meeting in December in each year that a general municipal election is not held.

The Mayor Pro Tempore shall serve at the pleasure of the City Council and may be removed from the appointed position by a majority vote of the Council. The City Council shall fill all vacancies for Mayor Pro Tempore in accordance with the selection procedure set forth herein.

This policy shall remain in effect until modified by the City Council.

APPROVED:

RICH CONSTANTINE, MAYOR

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: January 11, 2023

PREPARED BY:
Dat Nguyen, Finance Director
APPROVED BY: City Manager

RECEIVE MONTHLY BUDGET UPDATE AND NOVEMBER 2022 FINANCIAL AND INVESTMENT REPORT

RECOMMENDATION(S)
Accept and file report.

COUNCIL PRIORITIES, GOALS & STRATEGIES
City Council Ongoing Priorities
Preserving and Cultivating Public Trust

2020-2021 Strategic Priorities
Fiscal Sustainability
Community Engagement and Messaging

REPORT NARRATIVE:
As part of the City Council's expectation to maintain a high level of transparency and to be responsible stewards of public funds, staff is providing this monthly budget update, along with the November 2022 financial and investment reports.

November 2022 Financial Report
The Revenue and Expense Summary through November 2022 is included on the first page of the monthly financial report. Overall, General Fund revenues total $12.9 million or about 25% of the budget as some of the major revenue categories are received later in the fiscal year. Expenditures, including encumbrances, amounted to $24.5 million or 44% of the budget, compared to prior year to date expenditures, including encumbrances, of $19.7 million. This represents an increase of $4.8 million in total year to date expenditures, including encumbrances, compared to the prior year to date. Excluding the encumbrances, year to date expenditures increased by about $2.9 million mainly due to new programs launched this year, such as Innovative Transit and County Solid Waste Program, as well as gradual recovery in Recreation Services and better staff recruitment and retention efforts citywide, especially in the Police Department.

Budget Update
There has been no material change to the City's revenue since the last budget update to the Council on December 7, 2022. Recreation Services revenue continues to recover from the pandemic and is on target with budget. For water revenue, Morgan Hill

residents consumed about 16% less water through November compared to the prior three-year average. As such, the 15% revenue stabilization water rate has been implemented.

COMMUNITY ENGAGEMENT:
Inform

Finance staff prepares these financial reports to inform City officials, the Council, the community, and various lenders and stakeholders about the financial health of the organization, which assists each one of the interested parties in making sound financial and investment decisions.

ALTERNATIVE ACTIONS:
No alternative action is recommended, as this is a monthly financial report on City transactions which have already occurred.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
The City Council receives and files the financial and investment report for each month. At the September 16, 2015 meeting, City Council recommended monthly financial and investment reports be agendized under the Consent Agenda, and quarterly financial and investment reports be presented to City Council as an “Other Business” item. Beginning in FY 2020-21, budget reports are presented to the Council monthly.

FISCAL AND RESOURCE IMPACT:
The preparation of the report is a part of the Finance workplan.

CEQA (California Environmental Quality Act):
Not a Project.
This report is not a project, as defined in Section 15378 of the State CEQA Guidelines. Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

CITY OF MORGAN HILL

Monthly Financial and Investment Reports

November 30, 2022 - 42% of Year Complete

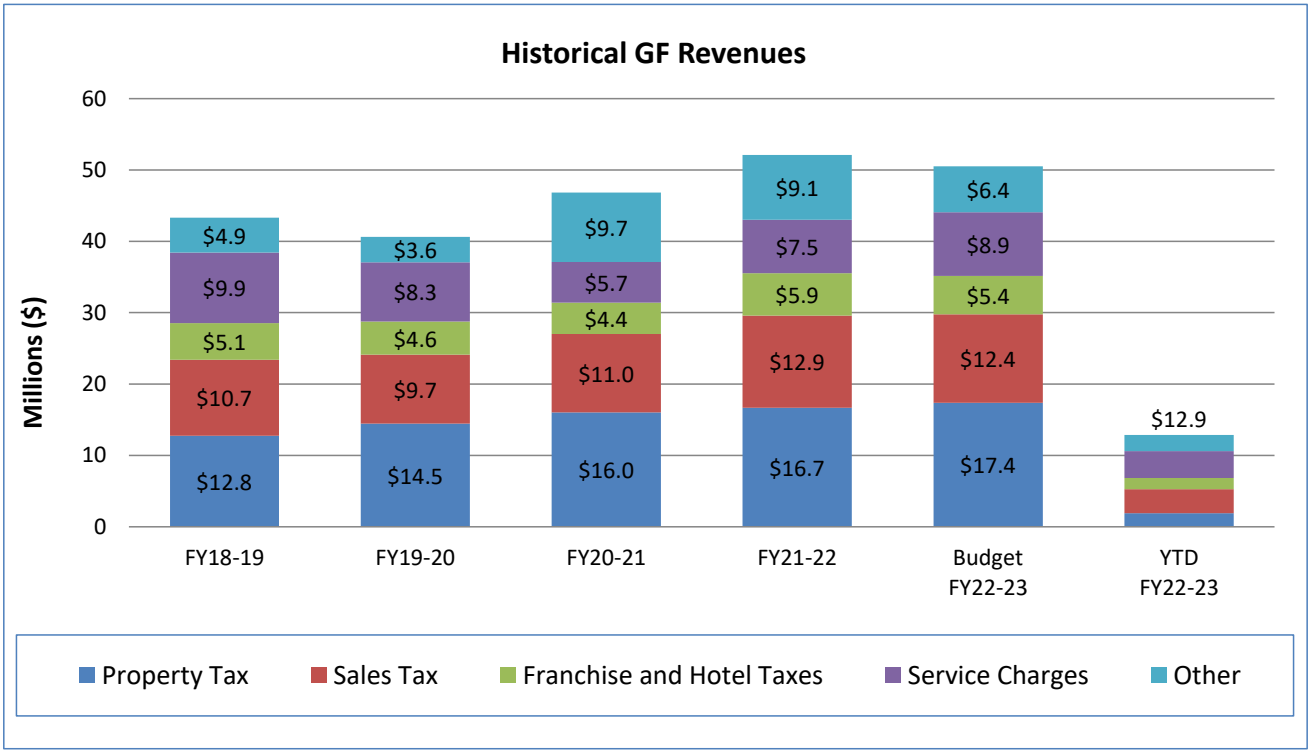
CITY OF MORGAN HILL

Prepared by:

FINANCE DIVISION

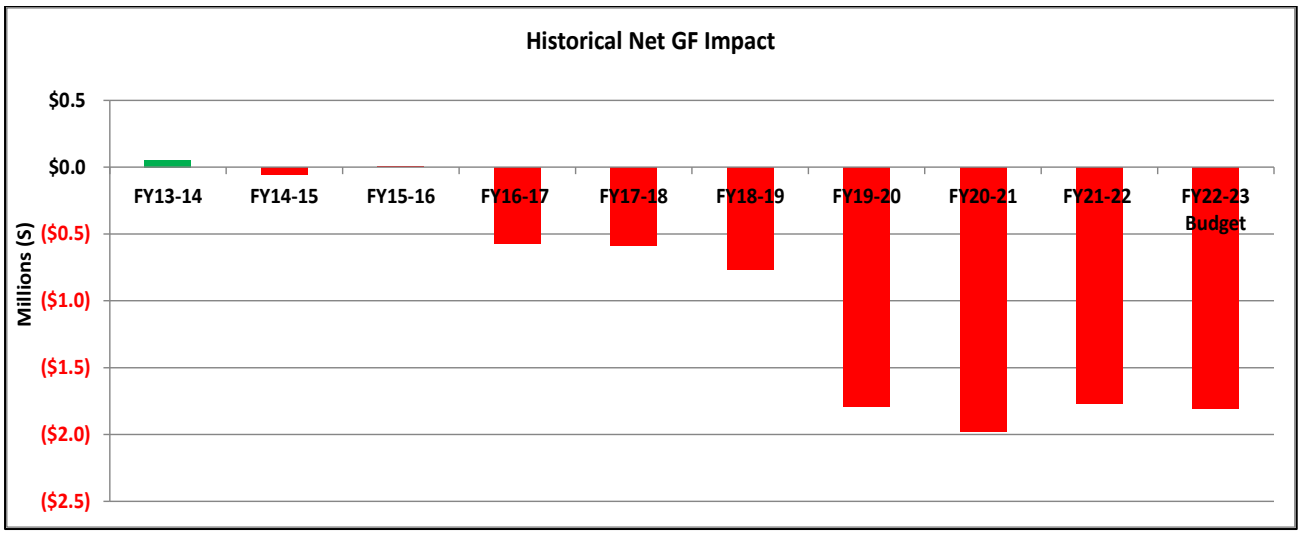
- **General Fund** Revenues through November totaled $12.9 million, or about 25% of the budgeted revenues as some of the major revenue categories such as property tax are received later in the fiscal year. With respect to the property tax revenue forecast, the County estimates the City will receive approximately $17.5 million in property tax revenue for the current fiscal year, slightly more than budget of $17.4 million.

  The chart below shows historical General Fund revenues by major revenue category from FY18-19 through FY21-22 Actual, FY22-23 Budget, and YTD as of November 30, 2022.



  General Fund expenditures and encumbrances as of November 30, 2022 totaled $24.5 million, of which approximately $3.7 million is attributable to outstanding encumbrances, compared to prior year to date expenditures, including encumbrances, of $19.7 million. This represents an increase of $4.8 million in total year to date expenditures, including encumbrances, compared to prior year to date. Excluding the encumbrances, year to date expenditures increased by about $2.9 million mainly due to new programs launched in this year, such as Innovative Transit and County Solid Waste Program as well as gradual recovery in Recreation Services and better staff recruitment and retention efforts citywide, especially in the Police Department.

- **Community Services** - The Community Services Department's recreation operations, as reflected in the schedule presented on page 7 of the Monthly Financial and Investments Reports, shows a negative impact to the General Fund of approximately $1.5 million as of November 30, 2022. Recreation Services revenues continue to recover from the pandemic and on target with budget.



Due to longstanding governmental accounting and budgeting convention, the City's recreation operations are not charged for indirect costs (known in Morgan Hill as "General Fund Administration") from the central services departments of City Attorney, City Manager, and Administrative Services. The City's other governmental funds, such as Development Services, and the proprietary funds, such as Water and Wastewater, and the Information Services Fund, are assessed such charges through the City's indirect cost allocation plan, prepared in compliance with the guidelines set forth in the Code of Federal Regulations Title 2, Chapter II, Part 200 (formerly OMB Circular No. A-87), which mandates certain calculation and cost allocation practices that must be followed in order to qualify for Federal grant funding, but which also represent best practice for non-grant funded City operations like utilities and information services.

- **Development Services Fund –** Revenues through November totaled $3.3 million compared to prior year to date amount of approximately $1.9 million, partially due to a result of the fees increase approved by the City Council on January 19, 2022. Expenditures, including encumbrances, totaled $2.4 million.

- **Debt Service Funds –** Expenditures through November totaled $0.6 million. The debt service for the first half of the year includes both interest and principal, while the second half of the year will include interest only. Debt service payments were all scheduled when the bonds were issued, and are budgeted for in the months delineated in the underlying bond documents. The General Fund's portion of the annual debt service payments is approximately $200,000, less than one percent of the General Fund's budgeted revenues.

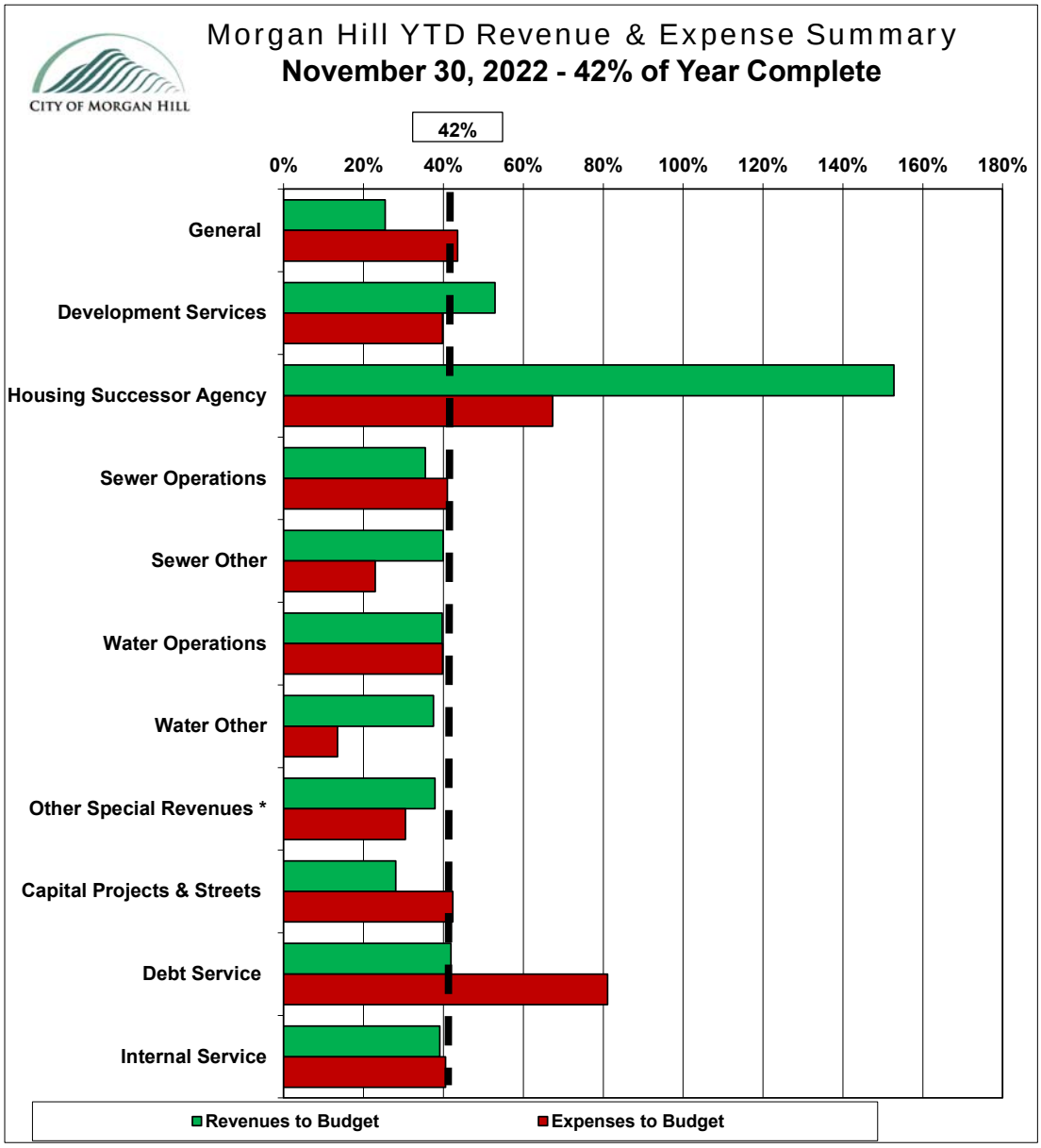
- **Wastewater Operations –** Revenues from Sewer Operations through November totaled $5.2 million. Expenditures and outstanding encumbrances totaled $6.7 million or 41% of the budget. The table below shows historical Sewer Operations revenues and expenditures from FY18-19 through FY21-22 Actual, FY22-23 Budget, and YTD as of November 30, 2022.

(amount in millions)	FY18-19	FY19-20	FY20-21	FY21-22	Budget FY22-23	YTD FY22-23
Revenues	11.4	11.9	13.3	14.9	14.8	5.2
Expenditures	11.4	12.3	13.3	14.8	16.3	6.7
Operating Margin	-	(0.4)	-	0.1	(1.5)	(1.5)
Operating Margin without Encumbrances	0.4	(0.1)	-	0.1	(1.5)	(1.3)

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues from Water Operations through November totaled $7.0 million. Water Operations expenditures, including outstanding encumbrances, totaled $7.0 million. The table below shows Water Operations revenues and expenditures from FY18-19 through FY21-22 Actual, FY22-23 Budget, and YTD as of November 30, 2022.

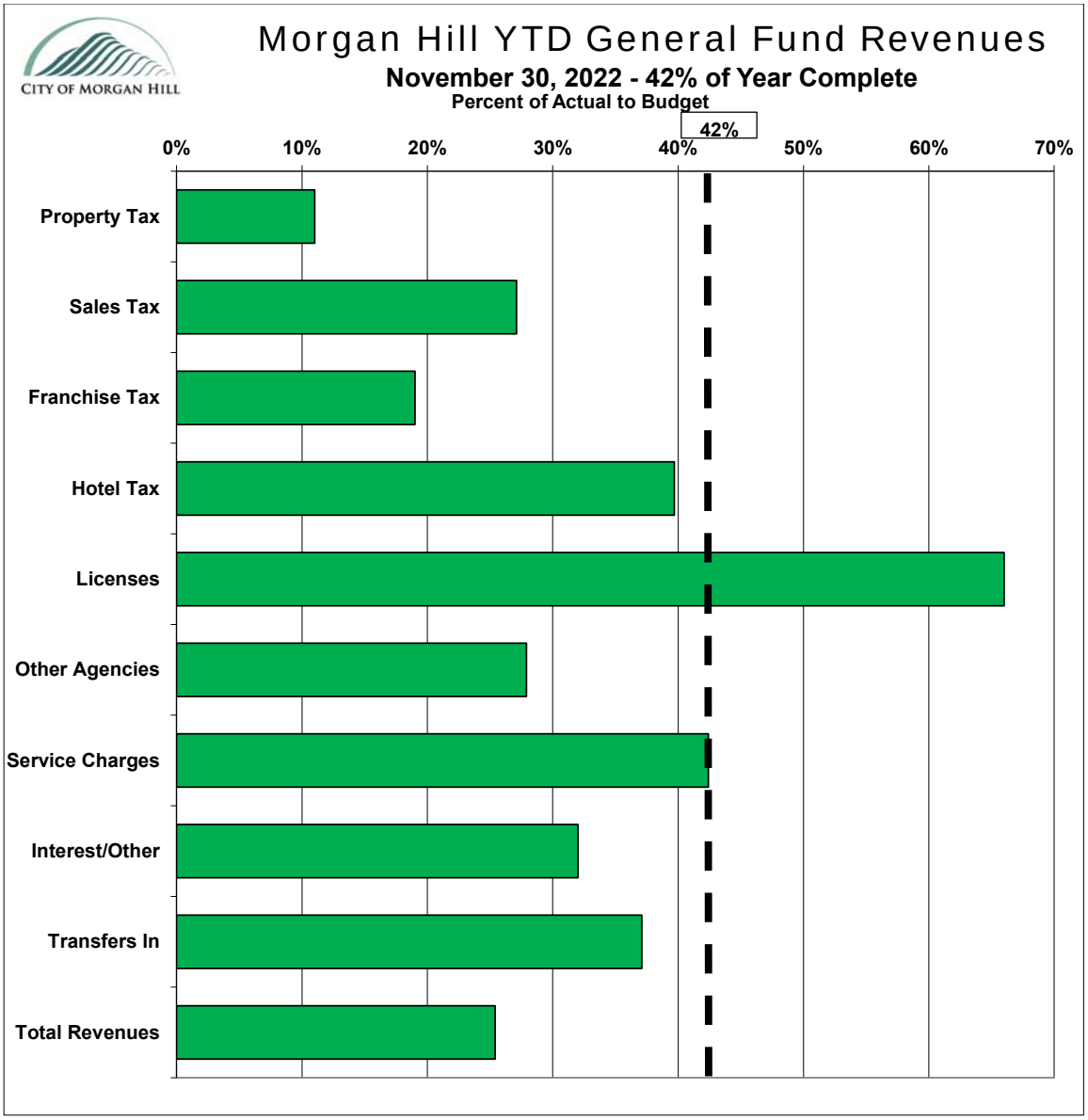
(amount in millions)	FY18-19	FY19-20	FY20-21	FY21-22	Budget FY22-23	YTD FY22-23
Revenues	14.2	15.3	16.5	16.0	17.6	7.0
Expenditures	14.3	16.4	16.5	15.2	17.6	7.0
Operating Margin	(0.1)	(1.1)	-	0.8	-	-
Operating Margin without Encumbrances	0.8	(0.1)	-	0.8	-	0.8

- **Investments –** One security was called, and three securities were purchased. Total interest earnings received on investments were $143,000 during the month.

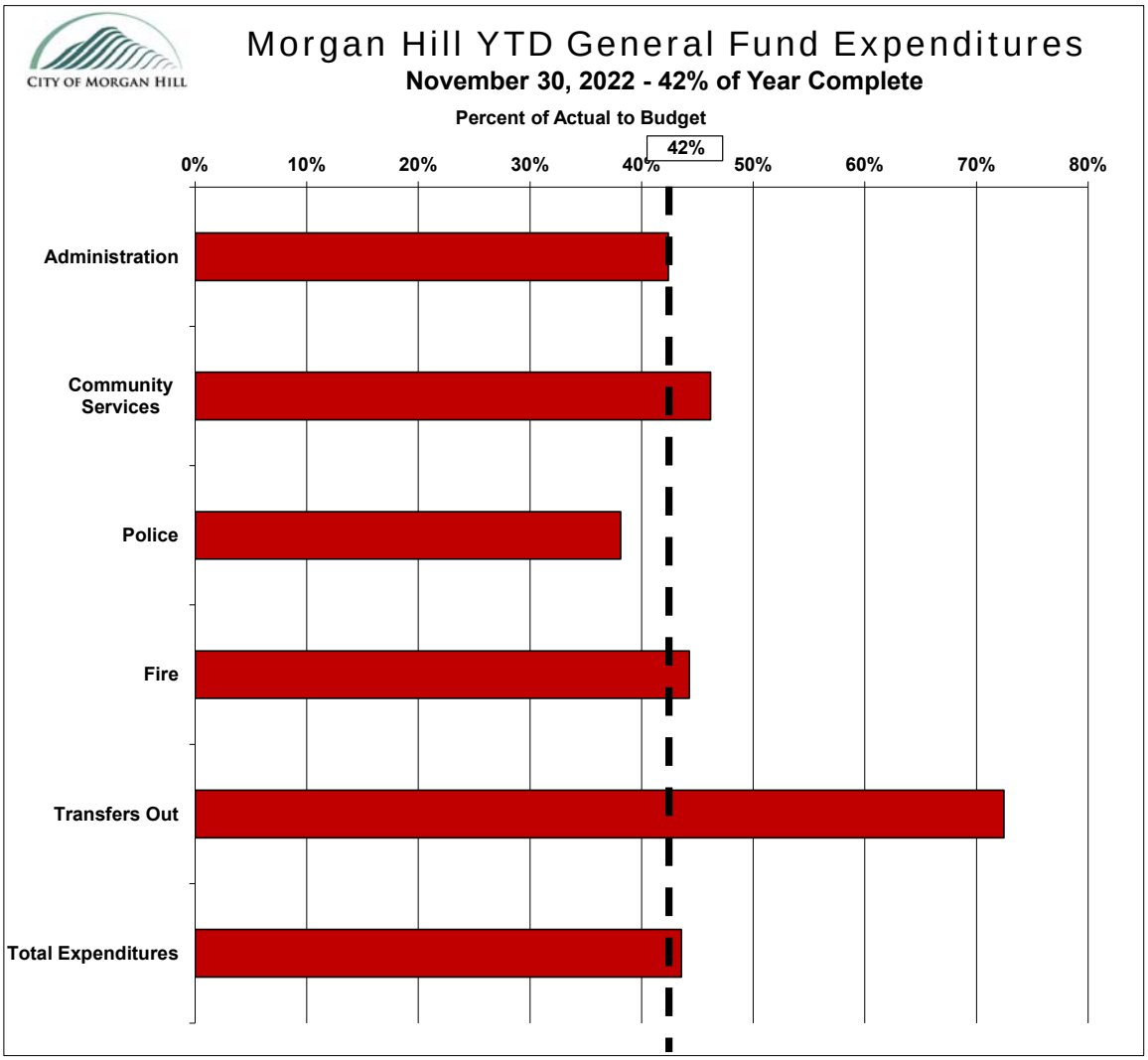


FUND NAME	REVENUES ACTUAL	REVENUES % OF BUDGET	EXPENSES ACTUAL PLUS ENCUMBRANCES	EXPENSES % OF BUDGET
General	$ 12,850,636	25%	$ 24,498,356	44%
Development Services	3,270,953	53%	2,439,436	40%
Housing Successor Agency	356,975	153%	769,927	67%
Sewer Operations	5,229,223	35%	6,679,643	41%
Sewer Other	9,759,337	40%	12,810,001	23%
Water Operations	7,005,270	40%	7,006,741	40%
Water Other	2,273,905	37%	878,980	13%
Other Special Revenues *	1,937,904	38%	2,776,618	30%
Capital Projects & Streets	6,442,136	28%	22,601,638	42%
Debt Service	284,591	42%	551,040	81%
Internal Service	4,486,923	39%	5,520,106	41%
TOTAL FOR ALL FUNDS	$ 53,897,854	34%	$ 86,532,488	37%

* Includes all Special Revenue Funds except Development Services Fund, Street Funds, and RDA and Housing Successor Agencies.



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Property Tax	$ 17,383,705	$ 1,906,973	11%	$ 1,649,929	16%
Sales Tax	12,395,413	3,359,742	27%	3,165,120	6%
Franchise Tax	2,760,000	523,586	19%	524,979	0%
Hotel Tax	2,600,000	1,032,839	40%	742,908	39%
Licenses	223,975	147,902	66%	154,455	-4%
Other Agencies	1,304,130	364,023	28%	195,534	86%
Service Charges	8,942,658	3,787,504	42%	2,966,105	28%
Interest/Other	1,756,151	561,641	32%	573,081	-2%
Transfers In	3,145,538	1,166,427	37%	877,854	33%
TOTAL REVENUES	$ 50,511,570	$ 12,850,636	25%	$ 10,849,965	18%



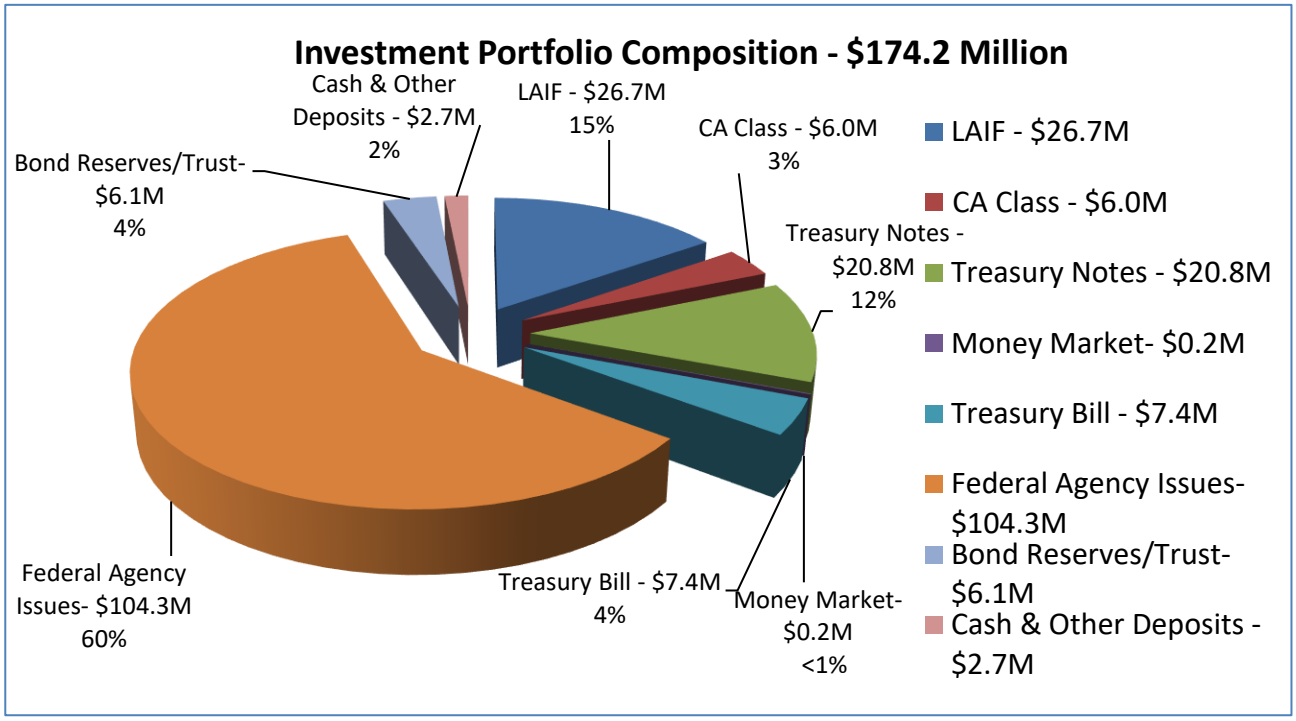
EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YTD PLUS ENCUMBRANCES	% CHANGE FROM PRIOR YEAR
Administration	$ 6,720,240	$ 2,849,126	42%	$ 2,076,661	37%
Community Services	16,221,529	7,490,100	46%	5,553,020	35%
Police	21,908,484	8,351,824	38%	7,394,409	13%
Fire	8,653,847	3,830,924	44%	2,965,799	29%
Transfers Out	2,727,315	1,976,381	72%	1,752,795	13%
TOTAL EXPENDITURES	$ 56,231,414	$ 24,498,356	44%	$ 19,742,685	24%

City of Morgan Hill
Recreation Report - Fiscal Year 2022-23
For the Month Ended November 30, 2022
42% of Year Complete

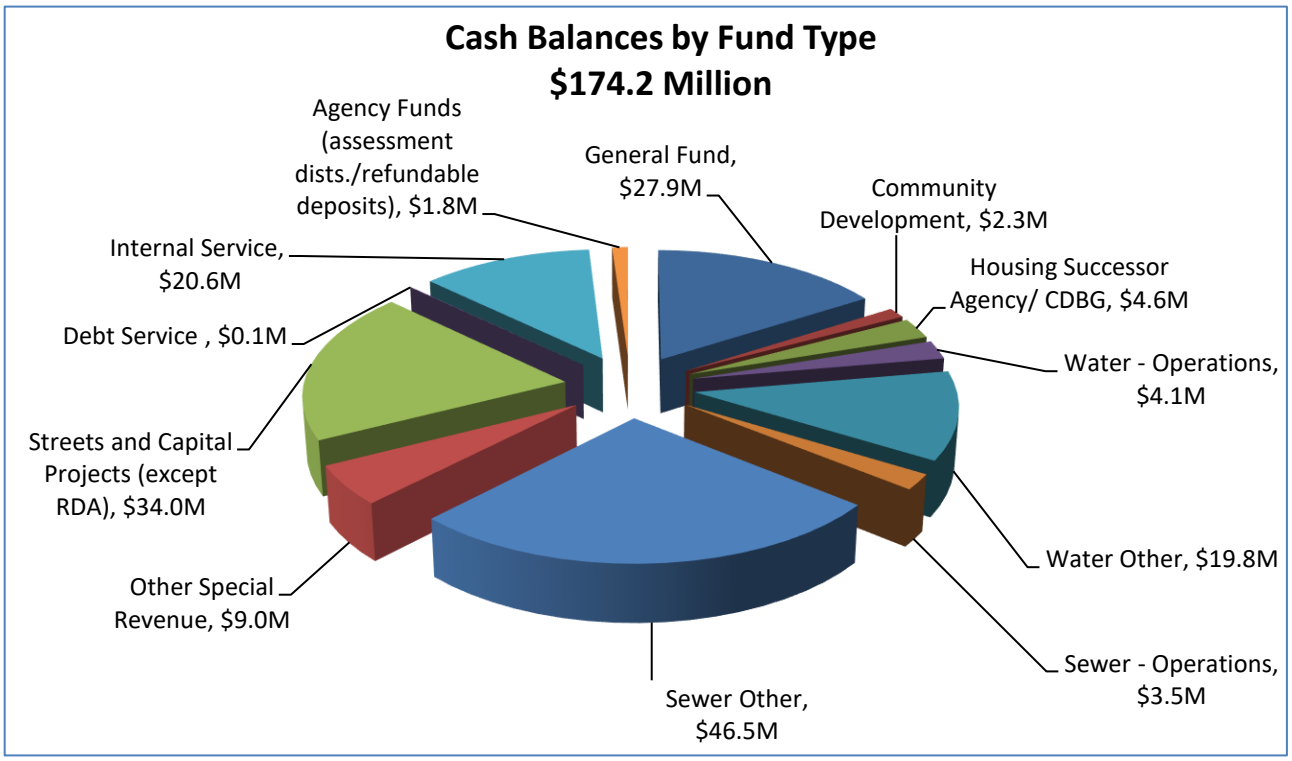
	Budget	November 2022	YTD	% of Budget
Revenues				
Membership Services & Rec Programs	$ 5,136,869	$ 417,838	$ 2,195,938	
Facility Rentals	819,459	96,102	401,287	
Community Services	127,498	5,494	14,131	
Transfers in	75,000	6,250	31,250	
Total Revenues	$ 6,158,826	$ 525,684	$ 2,642,605	43%
Less: Expenditures				
Membership & Program Services	$ 6,772,195	$ 397,975	$ 2,391,575	
Facility Rentals	546,870	41,179	198,964	
Community Services	644,107	38,823	212,083	
Total Expenditures	$ 7,963,173	$ 477,976	$ 2,802,622	35%
Net Impact without encumbrances	**$ (1,804,347)**	**$ 47,708**	**$ (160,017)**	
Encumbrances	-	-	1,376,100	
Net Impact with encumbrances	**$ (1,804,347)**	**$ 47,708**	**$(1,536,117)**	

City of Morgan Hill
Monthly Investment Report - November 30, 2022

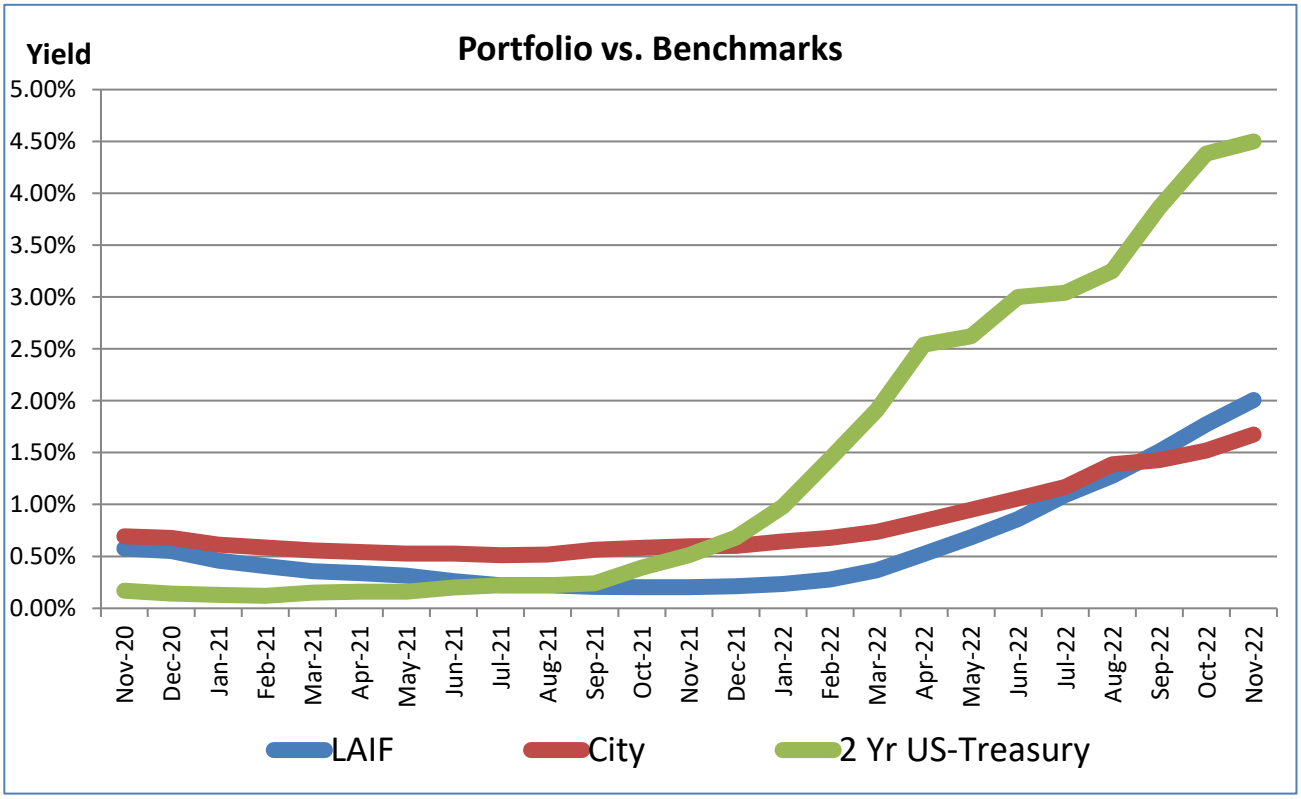
The following are the snapshots of City's investment portfolio as of November 30, 2022. The first chart shows the portfolio composition by investment type:



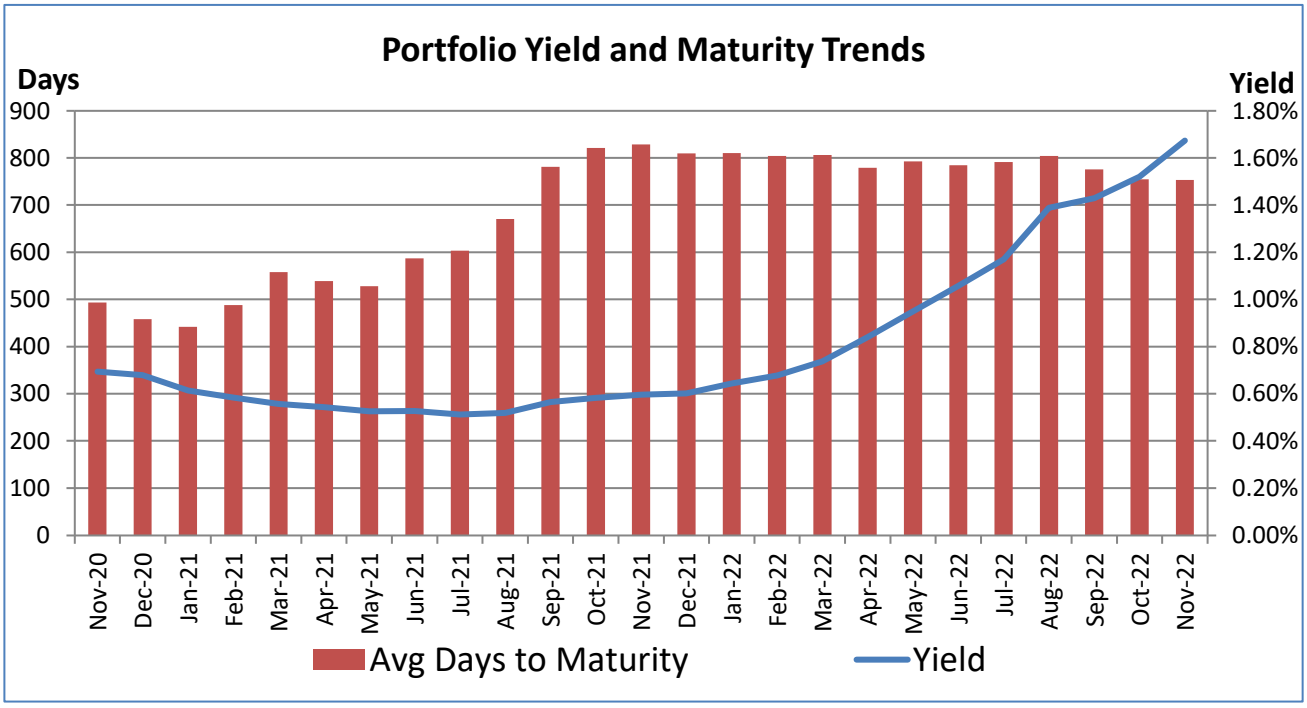
The chart below shows cash balances by fund type reconciled to City's financial system:



The following chart illustrates a yield comparison by month among the City's portfolio, LAIF and 2-Year US Treasury:



The chart below illustrates monthly average days to maturity of the City's portfolio along with the weighted average yield for the past two years:



CITY OF MORGAN HILL

City of Morgan Hill
Investment Portfolio Detail
As of Novmber 30, 2022

Investment Type	CUSIP	Settlement Date	Cost Value	Book Value	% of Portfolio	Market Value	YTM at Cost	Next Call Date	Date of Maturity
L A I F			**$ 26,669,365**	**$ 26,669,365**	**15.31%**	**$ 26,156,272**	**2.01%**		
California C L A S S			**$ 6,021,577**	**$ 6,021,577**	**3.46%**	**$ 6,021,577**	**3.80%**		
Treasury and Federal Agency									
Treasury Bill	912796XY0	8/17/2022	$ 2,423,428	$ 2,445,886	1.40%	$ 2,423,075	3.22%	8/10/2023	8/10/2023
Treasury Bill	912796YA1	8/18/2022	4,925,304	4,967,987	2.85%	4,955,900	3.04%	2/16/2023	2/16/2023
Treasury Note	912828Q29	4/30/2018	4,246,875	4,482,946	2.57%	4,455,585	2.73%	3/31/2023	3/31/2023
Treasury Note	91282CCZ2	10/8/2021	1,987,656	1,990,494	1.14%	1,781,640	1.00%	9/30/2026	9/30/2026
Treasury Note	91282CDR9	1/4/2022	1,999,141	1,999,531	1.15%	1,916,960	0.77%	12/31/2023	12/31/2023
Treasury Note	91282CDR9	1/19/2022	1,989,688	1,994,256	1.14%	1,916,960	1.02%	12/31/2023	12/31/2023
Treasury Note	91282CDV0	2/11/2022	1,977,969	1,986,916	1.14%	1,914,680	1.44%	1/31/2024	1/31/2024
Treasury Note	9128286R6	3/28/2022	1,996,320	1,997,510	1.15%	1,935,240	2.34%	4/30/2024	4/30/2024
Treasury Note	912828S35	4/12/2022	1,985,703	1,993,174	1.14%	1,961,960	1.97%	06/30/2023	6/30/2023
Treasury Note	912828U24	6/13/2022	1,904,688	1,914,714	1.10%	1,857,580	3.16%	11/15/2026	11/15/2026
Treasury Note	912828ZP8	8/17/2022	2,446,680	2,467,339	1.42%	2,450,100	3.04%	5/15/2023	5/15/2023
Treasury Note	91282CAW1	11/17/2022	1,246,984	1,248,883	0.72%	1,245,465	4.49%	11/15/2023	11/15/2023
FFCB Bond	3133ELVX9	4/8/2020	2,000,000	2,000,000	1.15%	1,894,960	0.88%	4/8/2023	4/8/2024
FFCB Bond	3133ELC28	5/27/2020	2,000,000	2,000,000	1.15%	1,827,560	0.73%	5/27/2023	5/27/2025
FHLMC Bond	3134GVYN2	6/3/2020	2,000,000	2,000,000	1.15%	1,854,620	0.60%	12/3/2022	12/3/2024
FHLMC Bond	3134GWZG4	10/20/2020	2,000,000	2,000,000	1.15%	1,799,900	0.60%	4/20/2023	10/20/2025
FHLMC Bond	3134GW3X2	10/27/2020	2,000,000	2,000,000	1.15%	1,800,220	0.63%	4/27/2023	10/27/2025
FHLMC Bond	3134GW6E1	11/2/2020	2,000,000	2,000,000	1.15%	1,917,700	0.32%	5/2/2023	11/2/2023
FFCB Bond	3133EMFR8	11/3/2020	2,000,000	2,000,000	1.15%	1,789,780	0.54%	5/3/2023	11/3/2025
FNMA Bond	3135GA4P3	11/18/2020	2,000,000	2,000,000	1.15%	1,793,620	0.65%	5/18/2023	11/18/2025
FHLMC Bond	3134GXEJ9	11/24/2020	2,000,000	2,000,000	1.15%	1,792,140	0.64%	5/24/2023	11/24/2025
FFCB Bond	3133EMHF2	11/24/2020	1,000,000	1,000,000	0.57%	890,160	0.60%	5/24/2023	11/24/2025
FHLMC Bond	3134GXCS1	11/25/2020	3,000,000	3,000,000	1.72%	2,679,480	0.63%	5/25/2023	11/25/2025
FHLMC Bond	3134GXFA7	11/30/2020	2,000,000	2,000,000	1.15%	1,792,400	0.65%	5/26/2023	11/26/2025
FFCB Bond	3133EMLC4	12/22/2020	2,000,000	2,000,000	1.15%	1,778,300	0.47%	12/22/2022	12/22/2025
FHLB Bond	3130AKQ74	1/22/2021	2,000,000	2,000,000	1.15%	1,779,320	0.63%	1/22/2023	1/22/2026
FNMA Bond	3135G06R9	1/28/2021	2,000,000	2,000,000	1.15%	1,776,780	0.55%	1/28/2023	1/28/2026
FHLB Bond	3130AKRN8	1/28/2021	2,000,000	2,000,000	1.15%	1,782,500	0.65%	1/28/2023	1/28/2026
FHLB Bond	3130ALCV4	2/24/2021	2,000,000	2,000,000	1.15%	1,781,480	0.75%	2/24/2023	2/24/2026
FHLB Bond	3130ALDB7	2/25/2021	2,000,000	2,000,000	1.15%	1,776,040	0.66%	2/25/2023	2/25/2026
FHLB Bond	3130AKZ25	2/26/2021	2,000,000	2,000,000	1.15%	1,775,300	0.65%	2/26/2023	2/26/2026
FHLB Bond	3130ALGS7	3/10/2021	2,000,000	2,000,000	1.15%	1,785,320	0.85%	3/10/2023	3/10/2026
FHLB Bond	3130ALEP5	3/16/2021	2,000,000	2,000,000	1.15%	1,775,440	0.70%	3/16/2023	3/16/2026
FHLB Bond	3130ALDN1	3/16/2021	2,000,000	2,000,000	1.15%	1,781,440	0.80%	3/16/2023	3/16/2026
FHLB Bond	3130AMNH1	6/9/2021	2,000,000	2,000,000	1.15%	1,795,360	1.08%	12/9/2022	6/9/2026
FHLB Bond	3130AMYJ5	6/30/2021	2,000,000	2,000,000	1.15%	1,784,400	1.00%	12/30/2022	6/30/2026
FHLB Bond	3130AMYP1	7/15/2021	3,000,000	3,000,000	1.72%	2,677,290	1.13%	1/15/2023	7/15/2026
FHLB Bond	3130AMYS5	7/15/2021	2,000,000	2,000,000	1.15%	1,819,320	0.85%	1/15/2023	7/15/2025
FHLB Bond	3130ANJC5	8/26/2021	2,000,000	2,000,000	1.15%	1,757,880	0.80%	2/26/2023	8/26/2026
FHLB Bond	3130ANLW8	8/26/2021	3,000,000	3,000,000	1.72%	2,656,680	1.00%	2/26/2023	8/26/2026
FHLB Bond	3130ANLZ1	8/26/2021	2,000,000	2,000,000	1.15%	1,764,600	0.90%	2/26/2023	8/26/2026
FHLB Bond	3130A8XY4	9/13/2021	2,103,340	2,078,223	1.19%	1,840,700	0.82%	3/11/2023	9/11/2026
FFCB Bond	3133EM4X7	9/28/2021	1,982,960	1,986,995	1.14%	1,768,500	0.98%	3/10/2023	9/10/2026
FHLB Bond	3130APCH6	9/29/2021	3,000,000	3,000,000	1.72%	2,662,560	1.13%	3/29/2023	9/29/2026
FHLB Bond	3130ANZE3	9/30/2021	2,000,000	2,000,000	1.15%	1,759,040	0.88%	3/30/2023	9/30/2026
FHLB Bond	3130AP6N0	9/30/2021	3,000,000	3,000,000	1.72%	2,654,790	1.05%	3/30/2023	9/30/2026
FHLB Bond	3130AP6M2	9/30/2021	3,000,000	3,000,000	1.72%	2,651,730	1.02%	3/30/2023	9/30/2026
FHLB Bond	3130APCG8	10/19/2021	2,000,000	2,000,000	1.15%	1,764,000	1.00%	4/19/2023	10/19/2026
FHLB Bond	3130APNX9	11/18/2021	2,000,000	2,000,000	1.15%	1,781,300	1.30%	5/18/2023	11/18/2026
FHLB Bond	3130AQFL2	12/29/2021	2,000,000	2,000,000	1.15%	1,909,960	0.75%	12/29/2022	12/29/2023
FHLB Bond	3130AQHU0	1/19/2022	2,000,000	2,000,000	1.15%	1,816,120	1.74%	1/19/2023	1/19/2027
FHLB Bond	3130AQKT9	1/25/2022	2,000,000	2,000,000	1.15%	1,861,780	1.51%	1/25/2023	7/25/2025
FHLB Bond	3130AR4F5	3/10/2022	2,000,000	2,000,000	1.15%	1,895,320	3.48%	3/10/2023	3/10/2027
FHLB Bond	3130ARH20	3/30/2022	3,000,000	3,000,000	1.72%	2,973,750	1.62%	3/30/2023	3/30/2023
FHLMC Bond	3137EAES4	5/3/2022	1,954,860	1,977,485	1.14%	1,950,800	2.25%	12/26/2022	6/26/2023
FHLB Bond	3130ASB65	5/27/2022	3,000,000	3,000,000	1.72%	2,982,990	1.88%	2/23/2023	2/23/2023
FHLMC Bond	3134GXUZ5	6/15/2022	2,000,000	2,000,000	1.15%	1,982,420	3.28%	12/15/2022	12/15/2025
FHLB Bond	3130ASPE3	7/28/2022	2,000,000	2,000,000	1.15%	1,939,700	4.30%	1/28/2023	7/28/2027
FNMA Bond	3135GACZ2	11/25/2022	2,000,000	2,000,000	1.15%	2,003,960	5.40%	5/25/2023	11/25/2024
FHLMC Bond	3134GY4B5	11/28/2022	2,000,000	2,000,000	1.15%	1,997,920	5.00%	5/15/2023	8/26/2024
Sub-Total Treasury and Federal Agency			**$ 132,171,595**	**$ 132,532,341**	**76.07%**	**$ 122,892,475**	**1.51%**		
Money Market			**$ 151,934**	**$ 151,934**	**0.09%**	**$ 151,934**	**3.70%**		
Total City Managed/Average			**$ 165,014,471**	**$ 165,375,217**	**91.47%**	**$ 155,222,258**	**1.67%**		
Bond Reserve Accounts - Held By Trustees			**$ 546,675**	**$ 546,675**	**0.31%**	**$ 546,675**			
Cash/Deposits			**$ 2,707,233**	**$ 2,707,233**	**1.55%**	**$ 2,707,233**			
PARS and CALPERS CERBT Trust			**$ 5,587,404**	**$ 5,587,404**	**3.21%**	**$ 5,935,969**			
GRAND TOTAL/AVERAGE			**$ 173,855,783**	**$ 174,216,529**	**100%**	**$ 164,412,135**			

CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF NOVEMBER 30, 2022
FOR THE FISCAL YEAR OF 2022-23

	Invested in Fund	Yield	Book Value End of Month	% of Total	Market Value
Investments					
State Treasurer LAIF - City	All Funds Pooled	2.01%	$ 18,068,482	10.37%	$ 17,720,862
2015 Wastewater Rev Bonds - CIP	Wastewater Fund	2.01%	8,600,882	4.94%	8,435,410
California CLASS	All Funds Pooled	3.09%	6,021,577	3.46%	6,021,577
Federal Issues	All Funds Pooled	1.40%	104,291,586	59.86%	95,322,795
US Treasury Notes	All Funds Pooled	2.05%	20,826,881	11.95%	20,190,705
US Treasury Bills	All Funds Pooled	3.10%	7,413,874	4.26%	7,378,975
Dreyfus Treas Cash Management Acct	All Funds Pooled	3.70%	151,934	0.09%	151,934
	SUBTOTAL		**$ 165,375,217**	**94.93%**	**$ 155,222,258**
Bond Reserve Accounts - held by trustees					
Zions Bank - Civic Center/Library Facility					
Blackrock Liq Fund	Debt Service	0.41%	310	0.00%	310
Zions Bank - MH Police Facility Lease Revenue Bonds					
Blackrock Liq Fund	Debt Service	0.41%	394	0.00%	394
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Agency Fund	0.00%	23,240	0.01%	23,240
Zions Bank - MH Ranch 2015					
Blackrock Liq Funds Fed Fund -DI -2015	Agency Fund	0.41%	257,738	0.15%	257,738
Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015					
Blackrock Liquidity Temp Fund-2015	Agency Fund	0.41%	264,993	0.15%	264,993
	SUBTOTAL		**546,675**	**0.31%**	**546,675**
Other Cash/Deposits					
General Checking	All Funds		2,661,233	1.53%	2,661,233
Workers' Comp Administrators	Workers' Comp		30,000	0.02%	30,000
Petty Cash & Emergency Cash	General Fund		16,000	0.01%	16,000
CALPERS CERBT - OPEB Trust			3,887,404	2.23%	4,116,835
PARS - PENSION Trust			1,700,000	0.98%	1,819,133
	SUBTOTAL		**8,294,637**	**4.76%**	**8,643,202**
Total Cash and Investments			**$ 174,216,529**	**100.00%**	**$ 164,412,135**

CASH ACTIVITY SUMMARY
FY 2022-23

Fund Type	07/1/22 Balance	Change in Cash Balance	11/30/2022 Balance
General Fund	$ 26,535,041	$ 1,390,383	$ 27,925,424
Community Development	1,919,696	336,774	2,256,470
Housing Successor Agency/ CDBG	4,670,910	(112,299)	4,558,612
Water - Operations	2,980,708	1,142,021	4,122,729
Water Other	18,208,344	1,555,532	19,763,875
Sewer - Operations	1,663,439	1,860,701	3,524,140
Sewer Other	50,357,493	(3,822,834)	46,534,659
Other Special Revenue	8,482,063	498,586	8,980,649
Streets and Capital Projects (except RDA)	38,126,094	(4,132,740)	33,993,354
Debt Service	339,861	(266,121)	73,740
Internal Service	21,185,083	(599,763)	20,585,320
Agency Funds (assessment dists./refundable deposits)	9,072,901	(7,175,345)	1,897,555
Total	**$ 183,541,633**	**$ (9,325,104)**	**$ 174,216,529**

Note: See Investment Porfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.

I certify the information on the investment reports on pages has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by: Gina Nazareno, Senior Accountant

Reviewed by: Dat Nguyen, Finance Director

Approved by: Caitlin Jachimowicz, Treasurer

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Revenues - Fiscal Year 2022-23
For The Month Ended November 30, 2022
42% of Year Complete

	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
TAXES							
Property Tax - Secured/Unsecured	$ 14,753,873	14,753,873	$ 1,813,055	12%	$ 1,623,213	$ 189,842	12%
Property Tax - RPTTF Residual Distribution	2,429,832	2,429,832	-	n/a	-	-	n/a
Property Tax - Supplemental Roll	200,000	200,000	93,917	47%	26,716	67,201	252%
Sales Tax	11,950,308	11,950,308	3,243,303	27%	3,048,876	194,427	6%
Public Safety Sales Tax	445,105	445,105	116,439	26%	116,244	195	0%
Transient Occupancy Taxes	2,600,000	2,600,000	1,032,839	40%	742,908	289,931	39%
Franchise (Refuse ,Cable ,PG&E)	2,760,000	2,760,000	523,586	19%	524,979	(1,393)	0%
Property Transfer Tax	500,000	500,000	151,649	30%	270,932	(119,283)	-44%
TOTAL TAXES	**35,639,118**	**35,639,118**	**6,974,788**	**20%**	**6,353,867**	**620,921**	**10%**
LICENSES/PERMITS							
Business License	170,000	170,000	126,775	75%	150,825	(24,050)	-16%
Other Permits	53,975	53,975	21,127	39%	3,630	17,497	482%
TOTAL LICENSES/PERMITS	**223,975**	**223,975**	**147,902**	**66%**	**154,455**	**(6,553)**	**-4%**
FINES AND PENALTIES							
Parking Enforcement	2,932	2,932	2,429	83%	1,405	1,024	73%
Bails & Fines	46,480	46,480	12,297	26%	9,610	2,686	28%
Administrative Citations	20,000	20,000	5,885	29%	-	5,885	0%
TOTAL FINES AND PENALTIES	**69,412**	**69,412**	**20,610**	**30%**	**11,015**	**9,595**	**87%**
OTHER AGENCIES							
Motor Vehicle in-Lieu	40,000	40,000	-	n/a	-	-	n/a
Other Revenue - Other Agencies	1,304,130	1,304,130	364,023	28%	195,534	168,489	86%
TOTAL OTHER AGENCIES	**1,344,130**	**1,344,130**	**364,023**	**27%**	**195,534**	**168,489**	**86%**
CHARGES CURRENT SERVICES							
Police False Alarm Charge	32,280	32,280	12,503	39%	10,511	1,992	19%
Business License Application Review	53,000	53,000	18,923	36%	18,215	708	4%
Membership Services & Rec Programs	5,136,869	5,136,869	2,195,938	43%	1,781,799	414,138	23%
Facility Rentals	819,459	819,459	401,287	49%	183,844	217,443	118%
Community Services	127,498	127,498	14,131	11%	46,762	(32,631)	-70%
General Administration Overhead	1,775,408	1,775,408	739,753	42%	763,460	(23,707)	-3%
Other Charges Current Services	998,144	998,144	404,969	41%	161,513	243,456	151%
TOTAL CURRENT SERVICES	**8,942,658**	**8,942,658**	**3,787,504**	**42%**	**2,966,105**	**821,399**	**28%**
OTHER REVENUE							
Use of money/property	774,829	774,829	282,019	36%	172,656	109,363	63%
Other Revenues	371,910	371,910	107,363	29%	118,478	(11,115)	-9%
TOTAL OTHER REVENUE	**1,146,739**	**1,146,739**	**389,382**	**34%**	**291,134**	**98,247**	**34%**
TRANSFERS IN							
One Time Transfer	180,000	180,000	75,000	42%	43,750	31,250	71%
Public Safety Facilities Fund	50,000	50,000	20,833	42%	41,660	(20,827)	-50%
Supplemental Law Enforcement Fund	100,000	100,000	-	n/a	-	-	n/a
Countywide Solid Waste	355,000	355,000	147,917	42%	-	147,917	n/a
Streets	904,438	904,438	274,300	30%	192,729	81,571	42%
Park Maintenance	650,000	650,000	270,835	42%	270,835	-	n/a
Sewer Operations	375,000	375,000	156,250	42%	148,815	7,435	5%
Water Operations	375,000	375,000	156,250	42%	148,815	7,435	5%
Open Space	81,100	81,100	33,792	42%	-	33,792	n/a
Park Development	75,000	75,000	31,250	42%	31,250	-	n/a
TOTAL TRANSFERS IN	**3,145,538**	**3,145,538**	**1,166,427**	**37%**	**877,854**	**288,573**	**33%**
TOTAL GENERAL FUND	**50,511,570**	**50,511,570**	**12,850,636**	**25%**	**10,849,965**	**2,000,671**	**18%**
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	909,478	909,478	274,300	30%	192,729	81,572	42%
Interest / Other Revenue/Other Charges	58	58	1,065	1837%	189	876	463%
202 STREET MAINTENANCE	**909,536**	**909,536**	**275,366**	**30%**	**192,918**	**82,448**	**43%**

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Revenues - Fiscal Year 2022-23
For The Month Ended November 30, 2022
42% of Year Complete

	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
205 SUPPLEMENTAL LAW ENFORCEMENT FUND							
Interest Income	1,438	1,438	1,201	83%	380	821	216%
Police Grant/SLEF/JAG	100,000	100,000	81,938	82%	77,952	3,986	5%
205 SUPPLEMENTAL LAW ENFORCEMENT FUND	**101,438**	**101,438**	**83,139**	**82%**	**78,331**	**4,807**	**6%**
206 DEVELOPMENT SERVICES							
Building Fees	3,433,600	3,433,600	1,887,785	55%	1,117,877	769,907	69%
Planning Fees	1,259,167	1,259,167	363,673	29%	347,050	16,623	5%
Engineering Fees	1,142,289	1,142,289	833,678	73%	315,890	517,788	164%
Other Revenue/Current Charges	346,181	346,181	185,817	54%	89,164	96,653	108%
206 DEVELOPMENT SERVICES	**6,181,237**	**6,181,237**	**3,270,953**	**53%**	**1,869,982**	**1,400,971**	**75%**
207 LONG RANGE PLANNING	**995,882**	**995,882**	**498,266**	**50%**	**285,258**	**213,008**	**75%**
215 and 216 HCD BLOCK GRANT							
Interest Income/Other Revenue	244	244	290	119%	117	173	148%
215 and 216 HCD BLOCK GRANT	**244**	**244**	**290**	**119%**	**117**	**173**	**148%**
225 ASSET SEIZURE	**979**	**979**	**463**	**47%**	**256**	**207**	**81%**
229 LIGHTING AND LANDSCAPE	**199,916**	**199,916**	**714**	**0%**	**399**	**315**	**79%**
230 COMMUNITY FACILITIES DISTRICT	**37,591**	**37,591**	**463**	**1%**	**223**	**240**	**107%**
232 ENVIRONMENTAL PROGRAMS	**553,277**	**553,277**	**224,591**	**41%**	**215,434**	**9,157**	**4%**
234 MOBILE HOME PARK RENT STAB.	**441**	**441**	**3,839**	**871%**	**1,785**	**2,054**	**115%**
236 HOUSING MITIGATION	**1,575,835**	**1,575,835**	**318,595**	**20%**	**440,232**	**(121,637)**	**-28%**
240 EMPLOYEE ASSISTANCE	**20,673**	**20,673**	**3,131**	**15%**	**5,058**	**(1,927)**	**-38%**
246 COUNTYWIDE SOLID WASTE	**1,628,603**	**1,628,603**	**803,802**	**49%**	**349,556**	**454,246**	**130%**
247 ENVIRONMENT REMEDIATION	**1,023**	**1,023**	**613**	**60%**	**242**	**370**	**153%**
255 HOUSING SUCCESSOR AGENCY	**233,641**	**233,641**	**356,975**	**153%**	**273,376**	**83,599**	**31%**
260 PUBLIC ART	**501**	**501**	**-**	**n/a**	**-**	**-**	**n/a**
TOTAL SPECIAL REVENUE FUNDS	**12,440,818**	**12,440,818**	**5,841,198**	**47%**	**3,713,168**	**2,128,031**	**57%**
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	**1,369,271**	**1,369,271**	**1,618,222**	**118%**	**5,830,942**	**(4,212,720)**	**-72%**
302 PARK MAINTENANCE	**60,773**	**60,773**	**20,288**	**33%**	**407,046**	**(386,759)**	**-95%**
303 LOCAL DRAINAGE	**374,484**	**374,484**	**740,924**	**198%**	**433,823**	**307,101**	**71%**
304 LOCAL DRAINAGE/NON AB1600	**29,166**	**29,166**	**101,683**	**349%**	**85,864**	**15,819**	**18%**
306 AGRICULTURE & OPEN SPACE PRESERVATION	**5,058**	**5,058**	**44,459**	**879%**	**52,875**	**(8,417)**	**-16%**
308 STREET CIP	**4,702,650**	**4,702,650**	**1,191,339**	**25%**	**2,725,927**	**(1,534,589)**	**-56%**
309 TRAFFIC IMPACT	**5,019,799**	**5,019,799**	**108,111**	**2%**	**2,390,930**	**(2,282,818)**	**-95%**
315 PUBLIC SAFETY FACILITIES IMPACT	**6,221,575**	**6,221,575**	**57,272**	**1%**	**112,375**	**(55,103)**	**-49%**
346 PUBLIC FACILITIES NON-AB1600	**1,165,537**	**1,165,537**	**373,425**	**32%**	**34,944**	**338,481**	**969%**
347 PUBLIC FACILITIES IMPACT	**138,168**	**138,168**	**16,084**	**12%**	**25,443**	**(9,359)**	**-37%**
348 LIBRARY	**480,582**	**480,582**	**50,466**	**11%**	**109,545**	**(59,079)**	**-54%**
350 UNDERGROUNDING	**29,592**	**29,592**	**7,476**	**25%**	**364,615**	**(357,139)**	**-98%**
355 SCHOOL PEDESTRIAN/TRAFFIC SAFETY	**482,291**	**482,291**	**208,567**	**43%**	**29,720**	**178,847**	**602%**
360 COMMUNITY/REC IMPACT FUND	**1,335,488**	**1,335,488**	**87,213**	**7%**	**133,627**	**(46,414)**	**-35%**
375 QUIMBY FEE	**653,451**	**653,451**	**1,541,243**	**236%**	**-**	**1,541,243**	**n/a**
TOTAL CAPITAL PROJECTS FUNDS	**22,067,885**	**22,067,885**	**6,166,770**	**28%**	**12,737,677**	**(6,570,907)**	**-52%**
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	**292,184**	**292,184**	**122,743**	**42%**	**127,459**	**(4,716)**	**-4%**
441 POLICE FACILITY BOND	**387,490**	**387,490**	**161,848**	**42%**	**160,199**	**1,649**	**1%**
TOTAL DEBT SERVICE FUNDS	**679,674**	**679,674**	**284,591**	**42%**	**287,658**	**(3,067)**	**-1%**

CITY OF MORGAN HILL

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	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	14,400,000	14,400,000	5,016,337	35%	4,812,433	203,904	4%
Interest Income/Transfers	38,548	38,548	14,256	37%	3,820	10,436	273%
Other Revenue/Current Charges	319,809	319,809	198,629	62%	142,984	55,646	39%
640 SEWER OPERATION	**14,758,357**	**14,758,357**	**5,229,223**	**35%**	**4,959,236**	**269,986**	**5%**
641 SEWER EXPANSION							
Interest Income	64,455	64,455	101,353	157%	42,449	58,903	139%
Development Impact Fee	4,336,657	4,336,657	398,583	9%	1,581,839	(1,183,256)	-75%
Transfer From-643 (Sewer Replacement)	13,310,782	13,310,782	6,429,447	48%	-	6,429,447	n/a
641 SEWER EXPANSION	**17,711,894**	**17,711,894**	**6,929,383**	**39%**	**1,624,288**	**5,305,095**	327%
642 SEWER RATE STABILIZATION	**50,000**	**50,000**	**33,479**	**67%**	**67,356**	**(33,876)**	**-50%**
643 SEWER-CAPITAL PROJECT	**6,710,456**	**6,710,456**	**2,796,475**	**42%**	**1,963,487**	**832,988**	**42%**
TOTAL SEWER FUNDS	***39,230,707***	***39,230,707***	***14,988,560***	***38%***	***8,614,367***	***6,374,193***	***74%***
650 WATER OPERATION							
Water Sales	16,400,000	16,400,000	6,325,962	39%	5,461,218	864,744	16%
Meter Install & Service	50,000	50,000	62,982	126%	33,199	29,783	90%
Transfers-In / Interest Income	580,372	580,372	247,116	43%	57,872	189,244	327%
Other Revenue/Current Charges	614,770	614,770	369,210	60%	551,703	(182,493)	-33%
650 WATER OPERATION	**17,645,142**	**17,645,142**	**7,005,270**	**40%**	**6,103,992**	**901,278**	**15%**
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	21,044	21,044	13,179	63%	6,160	7,019	114%
Development Impact Fee	918,214	918,214	89,216	10%	274,328	(185,112)	-67%
651 WATER EXPANSION	**939,258**	**939,258**	**102,395**	**11%**	**280,488**	**(178,093)**	**-63%**
652 Water Rate Stabilization	**-**	**-**	**14,582**	**n/a**	**57,772**	**(43,191)**	**-75%**
653 Water Capital Project	**5,128,809**	**5,128,809**	**2,156,928**	**42%**	**2,113,098**	**43,830**	**2%**
TOTAL WATER FUNDS	***23,713,209***	***23,713,209***	***9,279,176***	***39%***	***8,555,351***	***723,825***	***8%***
TOTAL ENTERPRISE FUNDS	**62,943,916**	**62,943,916**	**24,267,735**	**39%**	**17,169,718**	**7,098,018**	**41%**
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	**2,233,768**	**2,233,768**	**933,875**	**42%**	**937,950**	**(4,075)**	**0%**
740 BUILDING MAINTENANCE	**1,655,704**	**1,655,704**	**689,894**	**42%**	**471,159**	**218,735**	**46%**
741 BUILDING REPLACEMENT	**836,114**	**836,114**	**354,663**	**42%**	**292,681**	**61,982**	**21%**
745 CIP ADMINISTRATION	**1,977,307**	**1,977,307**	**536,618**	**27%**	**562,733**	**(26,115)**	**-5%**
760 UNEMPLOYMENT INSURANCE	**2,317**	**2,317**	**1,354**	**58%**	**588**	**766**	**130%**
770 WORKERS COMPENSATION	**719,150**	**719,150**	**337,970**	**47%**	**293,609**	**44,361**	**15%**
790 EQUIPMENT REPLACEMENT	**1,259,595**	**1,259,595**	**468,356**	**37%**	**480,983**	**(12,628)**	**-3%**
791 EMPLOYEE BENEFITS	**813,718**	**813,718**	**337,673**	**41%**	**253,739**	**83,934**	**33%**
795 GENERAL LIABILITY INSURANCE	**1,981,019**	**1,981,019**	**826,520**	**42%**	**716,396**	**110,124**	**15%**
TOTAL INTERNAL SERVICE FUNDS	**11,478,692**	**11,478,692**	**4,486,923**	**39%**	**4,009,839**	**477,084**	**12%**
TOTAL FOR ALL FUNDS	**$ 160,122,555**	**$ 160,122,555**	**$ 53,897,854**	**34%**	**$ 48,768,024**	**$ 5,129,830**	**11%**

CITY OF MORGAN HILL

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FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
010	**GENERAL FUND**							
	I. ADMINISTRATION							
	CITY COUNCIL	**$ 23,886**	**$ 430,915**	**$ 186,367**	**$ -**	**$ 186,367**	**43%**	**$ 145,594**
	CITY ATTORNEY	**59,610**	**1,081,769**	**310,703**	**163,979**	**474,682**	**44%**	**263,800**
	CITY MANAGER	**66,902**	**854,800**	**252,733**	**14,140**	**266,873**	**31%**	**240,095**
	HUMAN RESOURCES	**73,859**	**847,361**	**333,618**	**-**	**333,618**	**39%**	**269,634**
	COUNCIL SVCS & RECORDS MGMT							
	Council Svcs & Records Mgmt	44,687	595,414	219,775	3,200	222,975	37%	252,255
	Elections	2,291	357,836	5,819	-	5,819	2%	9,328
	COUNCIL SVCS & RECORDS MGMT	**46,978**	**953,250**	**225,595**	**3,200**	**228,795**	**24%**	**261,583**
	FINANCE	**132,484**	**2,552,145**	**695,175**	**663,617**	**1,358,792**	**53%**	**625,641**
	TOTAL ADMINISTRATION	**403,719**	**6,720,240**	**2,004,191**	**844,936**	**2,849,126**	**42%**	**1,806,347**
	II. COMMUNITY SERVICES							
	Membership Services & Rec. Programs	397,975	6,772,195	2,391,575	1,266,125	3,657,700	54%	2,027,282
	Recreation Facility Rentals	41,179	546,870	198,964	40,025	238,989	44%	210,355
	Innovative Transit	54,141	887,471	141,274	699,756	841,030	95%	-
	Community Services	38,823	644,107	212,083	69,950	282,034	44%	186,228
	Park Maintenance	124,389	1,495,918	494,341	39,412	533,752	36%	408,107
	Environmental Services	16,623	390,733	88,410	-	88,410	23%	82,140
	Countywide Solid Waste Program	28,401	354,416	137,902	-	137,902	39%	56,908
	Street Maintenance	161,552	2,710,389	844,914	188,928	1,033,841	38%	815,246
	Downtown Maintenance	13,997	325,886	73,016	11,313	84,329	26%	120,699
	Cable Television	1,501	74,758	7,373	-	7,373	10%	13,151
	COMMUNITY SERVICES	**878,582**	**14,202,742**	**4,589,851**	**2,315,508**	**6,905,359**	**49%**	**3,920,116**
	CODE COMPLIANCE	**12,874**	**319,550**	**68,590**	**-**	**68,590**	**21%**	**68,227**
	INFRASTRUCTURE PLANNING & CONGESTION MGMT	**24,302**	**491,888**	**122,098**	**10,031**	**132,129**	**27%**	**114,991**
	ECONOMIC DEVELOPMENT PROGRAMS	**56,461**	**1,207,348**	**338,574**	**45,448**	**384,022**	**32%**	**203,401**
	TOTAL COMMUNITY SERVICES	**972,219**	**16,221,529**	**5,119,114**	**2,370,987**	**7,490,100**	**46%**	**4,306,735**
	III. PUBLIC SAFETY							
	POLICE							
	PD Administration	107,441	1,676,697	653,670	38,311	691,982	41%	671,390
	Field Operations	886,733	10,591,376	4,003,267	34,008	4,037,275	38%	3,561,075
	Support Services	238,691	3,389,174	1,141,968	-	1,141,968	34%	1,049,514
	Emergency Services/Haz Mat	18,034	234,368	81,633	-	81,633	35%	75,473
	Special Operations	345,419	3,900,732	1,607,170	-	1,607,170	41%	1,108,158
	Dispatch Services	161,300	2,116,137	791,797	-	791,797	37%	694,564
	POLICE	**1,757,618**	**21,908,484**	**8,279,505**	**72,319**	**8,351,824**	**38%**	**7,160,173**
	FIRE	**619,650**	**8,653,847**	**3,461,400**	**369,524**	**3,830,924**	**44%**	**2,964,074**
	TOTAL PUBLIC SAFETY	**2,377,269**	**30,562,331**	**11,740,906**	**441,843**	**12,182,749**	**40%**	**10,124,247**
	IV. TRANSFERS							
	Other	**107,276**	**2,727,315**	**1,976,381**	**-**	1,976,381	72%	1,752,795
	TOTAL TRANSFERS	**107,276**	**2,727,315**	**1,976,381**	**-**	**1,976,381**	**72%**	**1,752,795**
	TOTAL GENERAL FUND	**3,860,483**	**56,231,414**	**20,840,591**	**3,657,765**	**24,498,356**	**44%**	**17,990,124**

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FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
SPECIAL REVENUE FUNDS								
202	**STREET MAINTENANCE**	**420**	**909,478**	**276,400**	**-**	**276,400**	**30%**	**194,534**
205	**PUBLIC SAFETY/SUPP.LAW**	**104**	**101,252**	**522**	**-**	**522**	**1%**	**3,020**
206	**DEVELOPMENT SERVICES FUND**							
	Planning	115,400	1,772,972	616,612	1,059	617,671	35%	780,653
	Building	184,317	2,452,139	837,914	68,895	906,810	37%	816,611
	Engineering	144,603	1,907,855	635,798	279,157	914,955	48%	591,708
206	**DEVELOPMENT SERVICES FUND**	**444,319**	**6,132,966**	**2,090,325**	**349,112**	**2,439,436**	**40%**	**2,188,973**
207	**LONG RANGE PLANNING**	**62,363**	**936,040**	**332,406**	**29,345**	**361,751**	**39%**	**245,369**
215/216	**CDBG**	**7**	**81**	**34**	**-**	**34**	**42%**	**2,290**
225	**ASSET SEIZURE**	**63**	**759**	**316**	**-**	**316**	**42%**	**-**
229	**LIGHTING AND LANDSCAPE**	**24,104**	**224,538**	**72,243**	**3,133**	**75,376**	**34%**	**55,230**
230	**COMMUNITY FACILITIES DISTRICT**	**1,472**	**39,852**	**13,300**	**-**	**13,300**	**33%**	**8,938**
232	**ENVIRONMENT PROGRAMS**	**39,333**	**525,533**	**179,484**	**4,122**	**183,606**	**35%**	**136,866**
234	**MOBILE HOME PARK**	**73**	**881**	**367**	**-**	**367**	**42%**	**185**
236	**HOUSING MITIGATION**	**53,190**	**1,900,261**	**318,975**	**183,240**	**502,215**	**26%**	**256,515**
240	**EMPLOYEE ASSISTANCE**	**77**	**20,919**	**4,314**	**-**	**4,314**	**21%**	**5,930**
246	**COUNTYWIDE SOLID WASTE PROGRAM**	**197,841**	**1,842,223**	**508,404**	**1,108,422**	**1,616,825**	**88%**	**163,088**
255	**HOUSING SUCCESSOR AGENCY**	**89,936**	**1,143,490**	**494,927**	**275,000**	**769,927**	**67%**	**458,215**
260	**PUBLIC ART**	**-**	**17,000**	**17,993**	**-**	**17,993**	**106%**	**3,993**
TOTAL SPECIAL REVENUE FUNDS		**913,302**	**13,795,273**	**4,310,008**	**1,952,374**	**6,262,381**	**45%**	**3,723,146**
CAPITAL PROJECT FUNDS								
301	**PARK DEVELOPMENT**	**17,695**	**2,961,569**	**636,710**	**191,224**	**827,934**	**28%**	**3,769,445**
302	**PARK MAINTENANCE**	**54,347**	**664,980**	**272,214**	**-**	**272,214**	**41%**	**284,656**
303	**LOCAL DRAINAGE**	**49,127**	**11,167,922**	**736,138**	**244,748**	**980,885**	**9%**	**26,847**
304	**LOCAL DRAIN. NON-AB1600**	**5,119**	**279,113**	**18,683**	**3,065**	**21,748**	**8%**	**1,200**
306	**AGRICULTURE & OPEN SPACE PRESERVATI(**	**10,488**	**275,854**	**52,439**	**-**	**52,439**	**19%**	**5,395,763**
308	**STREET CIP**	**228,393**	**8,318,556**	**5,639,434**	**2,001,504**	**7,640,938**	**92%**	**2,831,174**
309	**TRAFFIC IMPACT**	**21,192**	**9,301,872**	**1,977,274**	**7,758,212**	**9,735,486**	**105%**	**5,558,188**
315	**PUBLIC SAFETY FACILITIES IMPACT**	**89,152**	**10,050,626**	**283,836**	**591,687**	**875,523**	**9%**	**97,990**
346	**PUBLIC FAC.NON AB1600**	**5,971**	**3,413,224**	**22,502**	**466**	**22,968**	**1%**	**69,038**
347	**PUBLIC FACILITIES IMPACT**	**2,429**	**279,154**	**12,147**	**-**	**12,147**	**4%**	**11,385**
348	**LIBRARY IMPACT**	**18,576**	**222,916**	**92,882**	**-**	**92,882**	**42%**	**91,795**
350	**UNDERGROUNDING**	**95**	**1,194,704**	**476**	**-**	**476**	**0%**	**475**
355	**SCHOOL PEDESTRIAN & TRAFFIC SAFETY**	**1,697**	**443,838**	**8,487**	**1,350**	**9,837**	**2%**	**1,112,171**
360	**COMM/REC CENTER IMPACT**	**32,463**	**2,326,276**	**576,703**	**852,690**	**1,429,393**	**61%**	**106,809**
375	**QUIMBY FEE**	**-**	**1,564,865**	**72,025**	**278,342**	**350,367**	**22%**	**105**
TOTAL CAPITAL PROJECTS FUNDS		**536,745**	**52,465,468**	**10,401,948**	**11,923,289**	**22,325,237**	**43%**	**19,357,041**
DEBT SERVICE FUNDS								
420	**CIVIC CENTER DEBT**	**262**	**292,184**	**234,811**	**-**	**234,811**	**80%**	**232,056**
441	**POLICE FACILITY BOND DEBT**	**347**	**387,490**	**316,229**	**-**	**316,229**	**82%**	**311,933**
TOTAL DEBT SERVICE FUNDS		**609**	**679,674**	**551,040**	**-**	**551,040**	**81%**	**543,989**

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Expenses - Fiscal Year 2022-23
For the Month Ended November 30, 2022
42% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
ENTERPRISE FUNDS								
SEWER								
640	**SEWER OPERATIONS**	**910,897**	**16,300,411**	**6,471,709**	**207,934**	**6,679,643**	**41%**	**5,638,097**
641	**SEWER CAPITAL EXPANSION**	**1,903,655**	**32,172,615**	**2,272,746**	**919,306**	**3,192,053**	**10%**	**227,803**
642	**SEWER RATE STABILIZATION**	**151**	**1,818**	**757**	**-**	**757**	**42%**	**475**
643	**SEWER-CAPITAL PROJECTS**	**1,142,372**	**23,759,295**	**9,029,542**	**587,649**	**9,617,191**	**40%**	**4,269,434**
TOTAL SEWER FUND(S)		**3,957,075**	**72,234,139**	**17,774,755**	**1,714,890**	**19,489,644**	**27%**	**10,135,809**
WATER								
	Water Operations	915,432	16,045,940	5,719,379	750,211	6,469,590	40%	5,232,955
	Utility Billing	73,369	1,147,979	351,685	55,931	407,616	36%	348,429
	Water Conservation	18,332	439,985	97,996	31,539	129,535	29%	46,707
650	**WATER OPERATIONS**	**1,007,133**	**17,633,904**	**6,169,060**	**837,682**	**7,006,741**	**40%**	**5,628,091**
651	**WATER CAPITAL EXPANSION**	**60,278**	**893,125**	**299,185**	**23,267**	**322,452**	**36%**	**341,473**
652	**WATER RATE STABILIZATION**	**113**	**1,362**	**567**	**-**	**567**	**42%**	**155**
653	**WATER-CAPITAL PROJECTS**	**219,462**	**5,617,611**	**280,956**	**275,004**	**555,960**	**10%**	**121,359**
TOTAL WATER FUND(S)		**1,286,987**	**24,146,001**	**6,749,769**	**1,135,953**	**7,885,721**	**33%**	**6,091,078**
TOTAL ENTERPRISE FUNDS		**5,244,063**	**96,380,140**	**24,524,523**	**2,850,842**	**27,375,366**	**28%**	**16,226,887**
INTERNAL SERVICE FUNDS								
730	**INFORMATION SYSTEMS**	**349,049**	**2,619,930**	**859,023**	**109,432**	**968,455**	**37%**	**730,593**
740	**BUILDING MAINTENANCE**	**102,833**	**1,668,218**	**500,022**	**97,468**	**597,490**	**36%**	**414,182**
741	**BUILDING REPLACEMENT**	**-**	**1,836,451**	**68,526**	**32,975**	**101,501**	**6%**	**56,043**
745	**CIP ADMINISTRATION**	**153,259**	**1,982,153**	**722,482**	**13,738**	**736,220**	**37%**	**652,220**
760	**UNEMPLOYMENT**	**10,642**	**15,000**	**10,642**	**-**	**10,642**	**71%**	**3,846**
770	**WORKERS COMPENSATION**	**69,399**	**1,106,358**	**604,542**	**-**	**604,542**	**55%**	**642,734**
790	**EQUIPMENT REPLACEMENT**	**91,834**	**1,805,964**	**326,065**	**304,632**	**630,697**	**35%**	**83,538**
791	**EMPLOYEE BENEFITS FUND**	**11,335**	**700,000**	**189,774**	**-**	**189,774**	**27%**	**119,792**
795	**GEN. LIABILITY INSURANCE**	**8,794**	**1,893,436**	**1,676,136**	**4,650**	**1,680,786**	**89%**	**1,468,657**
TOTAL INTERNAL SERVICE FUNDS		**797,144**	**13,627,510**	**4,957,213**	**562,894**	**5,520,106**	**41%**	**4,171,605**
REPORT TOTAL		**$ 11,352,346**	**$ 233,179,480**	**$ 65,585,324**	**$ 20,947,164**	**$ 86,532,488**	**37%**	**$ 62,012,792**

CITY OF MORGAN HILL

City of Morgan Hill
Fund Activity Summary - Fiscal Year 2022-23
For The Month Ended November 30, 2022
42% of Year Complete

Fund No.	Fund	Beginning Fund Balance 07-01-22	Revenues YTD Actual	Revenues % of Budget	Expenses YTD Actual	Expenses % of Budget	Year to-Date Deficit or Carryover	Ending Fund Balance Reserved[1]	Ending Fund Balance Unreserved
010	GENERAL FUND	$ 30,325,888	$ 12,850,636	25%	$ 20,840,591	37%	$ (7,989,955)	$ 3,657,765	$ 18,678,168
TOTAL GENERAL FUND		**$ 30,325,888**	**$ 12,850,636**	**25%**	**$ 20,840,591**	**37%**	**$ (7,989,955)**	**$ 3,657,765**	**$ 18,678,168**
202	STREET MAINTENANCE	63,915	$ 275,366	30%	$ 276,400	34%	$ (1,034)	$ -	$ 62,881
205	PUBLIC SAFETY/SUPPL. LAW	251,291	83,139	82%	522	33%	82,617	-	333,908
206	DEVELOPMENT SERVICES	(495,437)	3,270,953	53%	2,090,325	34%	1,180,628	349,112	336,080
207	LONG RANGE PLANNING	1,197,975	498,266	50%	332,406	36%	165,860	29,345	1,334,490
215 / 216	CDBG	29,812	290	119%	34	42%	256	-	30,068
225	ASSET SEIZURE	101,644	463	47%	316	42%	147	-	101,791
229	LIGHTING AND LANDSCAPE	190,530	714	0%	72,243	32%	(71,529)	3,133	115,868
230	COMMUNITY FACILITIES DISTRICT	132,368	463	1%	13,300	33%	(12,837)	-	119,531
232	ENVIRONMENTAL PROGRAMS	236,258	224,591	41%	179,484	34%	45,107	4,122	277,243
234	MOBILE HOME PK RENT STAB.	69,992	3,839	871%	367	42%	3,472	-	73,464
235	SENIOR HOUSING	236,079	-	n/a	-	n/a	-	-	236,079
236	HOUSING MITIGATION	5,879,386	318,595	20%	318,975	17%	(379)	183,240	5,695,766
240	EMPLOYEE ASSISTANCE	61,964	3,131	15%	4,314	21%	(1,183)	-	60,781
246	COUNTYWIDE SOLID WASTE	129,862	803,802	60%	508,404	28%	295,398	1,108,422	(683,162)
247	ENVIRONMENT REMEDIATION	139,118	613	60%	-	n/a	613	-	139,731
255	HOUSING SUCCESSOR AGENCY	3,091,721	356,975	153%	494,927	43%	(137,951)	275,000	2,678,770
260	PUBLIC ART	67,129	-	n/a	17,993	106%	(17,993)	-	49,136
TOTAL SPECIAL REVENUE FUNDS		**$ 11,383,607**	**$ 5,841,198**	**47%**	**$ 4,310,008**	**31%**	**$ 1,531,190**	**$ 1,952,374**	**$ 10,962,424**
301	PARK DEV. IMPACT FUND	$ (822,989)	$ 1,618,222	118%	$ 636,710	21%	$ 981,512	$ 191,224	$ (32,701)
302	PARK MAINTENANCE	2,567,344	20,288	33%	272,214	41%	(251,927)	-	2,315,417
303	LOCAL DRAINAGE	11,596,359	740,924	198%	736,138	7%	4,786	244,748	11,356,397
304	LOCAL DRAINAGE/NON-AB1600	1,374,682	101,683	349%	18,683	7%	83,001	3,065	1,454,618
306	AGRICULTURE AND OPEN SPACE PRESERV	589,238	44,459	879%	52,439	19%	(7,981)	-	581,257
308	STREET CIP	5,741,205	1,191,339	25%	5,639,434	68%	(4,448,095)	2,001,504	(708,394)
309	TRAFFIC IMPACT FUND	1,187,038	108,111	2%	1,977,274	21%	(1,869,162)	7,758,212	(8,440,337)
315	PUBLIC SAFETY FACILITIES IMPACT	3,221,824	57,272	1%	283,836	3%	(226,564)	591,687	2,403,573
346	PUBLIC FACILITIES NON-AB1600	2,878,803	373,425	32%	22,502	1%	350,923	466	3,229,260
347	PUBLIC FACILITIES IMPACT FUND	1,017,051	16,084	12%	12,147	4%	3,937	-	1,020,988
348	LIBRARY IMPACT FUND	1,444,583	50,466	11%	92,882	42%	(42,415)	-	1,402,168
350	UNDERGROUNDING	1,600,648	7,476	25%	476	0%	7,000	-	1,607,648
355	SCHOOL PEDESTRIAN/TRAFFIC SFTY	(46,063)	208,567	43%	8,487	2%	200,080	1,350	152,667
360	COMM/REC CTR IMPACT FUND	1,295,025	87,213	7%	576,703	25%	(489,490)	852,690	(47,156)
375	QUIMBY FEE	839,370	1,541,243	236%	72,025	5%	1,469,218	278,342	2,030,245
TOTAL CAPITAL PROJECT FUNDS		**$ 34,484,118**	**$ 6,166,770**	**28%**	**$ 10,401,948**	**20%**	**$ (4,235,178)**	**$ 11,923,289**	**$ 18,325,651**
420	CIVIC CENTER DEBT	$ 173,445	$ 122,743	42%	$ 234,811	80%	$ (112,068)	$ 310	$ 61,067
441	POLICE FACILITY BOND DEBT	166,744	161,848	42%	316,229	82%	(154,381)	394	11,969
TOTAL DEBT SERVICE FUNDS		**$ 340,189**	**$ 284,591**	**42%**	**$ 551,040**	**81%**	**$ (266,449)**	**$ 703**	**$ 73,036**

City of Morgan Hill
Fund Activity Summary - Fiscal Year 2022-23
For The Month Ended November 30, 2022
42% of Year Complete

Fund No.	Fund	Beginning Fund Balance 07-01-22	Revenues YTD Actual	Revenues % of Budget	Expenses YTD Actual	Expenses % of Budget	Year to-Date Deficit or Carryover	Ending Fund Balance Reserved[1]	Ending Fund Balance Unreserved
640	SEWER OPERATIONS	$ 4,567,000	$ 5,229,223	35%	$ 6,471,709	40%	$ (1,242,487)	207,934	3,116,579
641	SEWER IMPACT FUND*	20,552,531	6,929,383	39%	2,272,746	7%	4,656,637	919,306	24,289,861
642	SEWER RATE STABILIZATION	2,726,339	33,479	67%	757	42%	32,722	-	2,759,061
643	SEWER-CAPITAL PROJECTS	22,007,034	2,796,475	42%	9,029,542	38%	(6,233,067)	587,649	15,186,318
650	WATER OPERATIONS	4,289,349	7,005,270	40%	6,169,060	35%	836,211	837,682	4,287,878
651	WATER IMPACT FUND*	2,924,596	102,395	11%	299,185	33%	(196,790)	23,267	2,704,539
652	WATER RATE STABILIZATION	3,154,313	14,582	n/a	567	42%	14,014	-	3,168,327
653	WATER -CAPITAL PROJECT	10,397,946	2,156,928	42%	280,956	5%	1,875,972	275,004	11,998,914
TOTAL ENTERPRISE FUNDS		**$ 70,619,108**	**$ 24,267,735**	**39%**	**$ 24,524,523**	**25%**	**$ (256,788)**	**$ 2,850,842**	**$ 67,511,478**
730	INFORMATION SERVICES	$ 795,800	$ 933,875	42%	$ 859,023	33%	$ 74,852	$ 109,432	$ 761,220
740	BUILDING MAINTENANCE	(166,058)	689,894	42%	500,022	30%	189,872	97,468	(73,654)
741	BUILDING REPLACEMENT	3,719,439	354,663	42%	68,526	4%	286,137	32,975	3,972,601
745	CIP ENGINEERING	8,327	536,618	27%	722,482	36%	(185,864)	13,738	(191,275)
760	UNEMPLOYMENT	316,781	1,354	58%	10,642	71%	(9,288)	-	307,493
770	WORKERS COMPENSATION	1,944,442	337,970	47%	604,542	55%	(266,572)	30,000	1,647,870
790	EQUIPMENT REPLACEMENT	6,113,244	468,356	37%	326,065	18%	142,290	304,632	5,950,903
791	EMPLOYEE BENEFITS FUNDS	(161,343)	337,673	41%	189,774	27%	147,899	-	(13,444)
795	GEN. LIABILITY INSURANCE	1,123,565	826,520	42%	1,676,136	89%	(849,616)	4,650	269,299
TOTAL INTERNAL SERVICE FUNDS		**$ 13,694,197**	**$ 4,486,923**	**39%**	**$ 4,957,213**	**36%**	**$ (470,290)**	**$ 592,894**	**$ 12,631,014**

SUMMARY BY FUND TYPE

GENERAL FUND GROUP	$ 30,325,888	$ 12,850,636	25%	$ 20,840,591	37%	$ (7,989,955)	$ 3,657,765	$ 18,678,168
SPECIAL REVENUE GROUP	11,383,607	5,841,198	47%	4,310,008	31%	1,531,190	1,952,374	10,962,424
DEBT SERVICE GROUP	340,189	284,591	42%	551,040	81%	(266,449)	703	73,036
CAPITAL PROJECTS GROUP	34,484,118	6,166,770	28%	10,401,948	20%	(4,235,178)	11,923,289	18,325,651
ENTERPRISE GROUP	70,619,108	24,267,735	39%	24,524,523	25%	(256,788)	2,850,842	67,511,478
INTERNAL SERVICE GROUP	13,694,197	4,486,923	39%	4,957,213	36%	(470,290)	592,894	12,631,014
TOTAL ALL GROUPS	**$ 160,847,107**	**$ 53,897,854**	**34%**	**$ 65,585,324**	**28%**	**$ (11,687,470)**	**$ 20,977,867**	**$ 128,181,769**

For Enterprise Funds: Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.
*Unreserved fund balance includes bond proceeds reserved for projects listed in bond documents.
[1] Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.