



Special/Regular Meeting Agenda
City Council

Mark Turner - Mayor
Marilyn Librers - Mayor Pro Tem
Gino Borgioli - Council Member
Rene Spring - Council Member
Yvonne Martínez Beltrán - Council Member

Wednesday, October 23, 2024 5:00 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 in-person or participate by teleconference/video conference. Information on how the public may observe and participate in the meeting is below.

MEETING PARTICIPATION

Morgan Hill City Council meetings are held in person. The community may attend in person or via Zoom (video/teleconference). The meetings are also live-streamed on the City's website, Facebook page, and Channel 17.

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

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

Remote participation is also available by calling (669) 900-9128 and entering webinar id: 873 3200 8380#. Dial *9 to raise your hand, and be called upon to speak for up to 3 minutes. Dial *6 to unmute.

PUBLIC COMMENT

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

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

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

Public comment will be heard from those attending in person first with the submission of a speaker card. Once that is complete, we will move to those on Zoom that have their hand raised. Following public comment from Zoom, we will close the public comment period for that item.

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

Written public comment may be submitted to the City Clerk:

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

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

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

AMERICANS WITH DISABILITIES ACT (ADA)

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

SPECIAL/REGULAR MEETING

A special meeting of the City Council is called at 5:00 p.m.

SPECIAL MEETING

5:00 p.m. Special Meeting

CALL TO ORDER

ROLL CALL ATTENDANCE

DECLARATION OF POSTING AGENDA

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Proclaiming the month of October as Dementia and Brain Health Awareness Month
Proclaiming October 2, 2024 as Clean Air Day
Proclaiming October 20-26, 2024 as Friends of the Library Week and Celebrating the
50th Anniversary of the Morgan Hill Friends of the Library

PRESENTATIONS

Caltrain presentation

CITY COUNCIL REPORTS

Mayor Turner

CITY MANAGER'S REPORT

New Hire, Promoted and Retired Employee Recognitions

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)

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. **ACCEPT GRANT FUNDING IN THE AMOUNT OF \$115,700 FROM THE CALIFORNIA STATE OFFICE OF TRAFFIC SAFETY AND \$100,000 FROM THE BYRNE DISCRETIONARY COMMUNITY FUNDING PROJECT**

Recommendation:

1. Authorize the City Manager to execute the Grant Agreement with the California State Office of Traffic Safety accepting grant funds from the Traffic Records Improvement Project in the amount of \$28,700;
2. Authorize the City Manager to execute the Grant Agreement with the California State Office of Traffic Safety accepting grant funds from the Selective Traffic Enforcement Program in the amount of \$87,000;
3. Accept the Byrne Discretionary Community Funding Project Grant in the amount of \$100,000 for the purchase of two BMW motorcycles; and

4. Amend the Fiscal Year (FY) 2024-25 General Fund budget to recognize grant revenue and appropriate \$215,700 in grant fund expenditures in FY 2024-25.

2. ADOPT RESOLUTION SUPPORTING PROPOSITION 36

Recommendation:

Adopt a resolution in support of Proposition 36: The Homeless, Drug Addition, and Theft Reduction Act.

3. APPROVE ACQUISITION OF SEWER EASEMENT FROM PG&E (APN 841-10-027 & 039) FOR THE SEWER RELIEF TRUNK LINE PROJECT

Recommendation:

1. Authorize the purchase of a sewer easement (9,476 square feet), APN 841-10-027 and APN 841-10-039, for \$23,000 plus escrow and closing costs from Pacific Gas and Electric (PG&E), for the Sewer Relief Trunk Line Project; and
2. Authorize the City Manager to execute all documents and make minor modifications as necessary in order to consummate the transaction and acquire the easement.

4. APPROVE THE SEPTEMBER 4, 2024 CITY COUNCIL MEETING MINUTES

Recommendation:

Approve minutes.

5. APPROVE THE SEPTEMBER 18, 2024 CITY COUNCIL MID-YEAR GOAL REVIEW CHECK-IN WORKSHOP MINUTES

Recommendation:

Approve minutes.

6. AWARD BUTTERFIELD PARK – PHASE 1 PROJECT TO S&H CONSTRUCTION, INC. IN THE AMOUNT OF \$3,268,600

Recommendation:

1. Approve the Butterfield Park - Phase 1 Project Plans and Specifications;
2. Award contract to S&H Construction, Inc. for the Butterfield Park - Phase 1 Project in the amount of \$3,268,600;
3. Authorize the expenditure of construction contingency funds not to exceed \$326,860; and
4. Authorize the City Manager to execute and administer the construction contract with S&H Construction, Inc.

7. **AWARD MAINTENANCE SERVICE AGREEMENT TO PRECISION EMPRISE, LLC DBA PRECISION CONCRETE CUTTING IN THE AMOUNT OF \$150,000 FOR ON-CALL CONCRETE CUTTING SIDEWALK REPAIR SERVICES AND SIDEWALK ASSET MANAGEMENT SURVEYING SERVICES**

Recommendation:

1. Award maintenance service agreement to Precision Emprise, LLC dba Precision Concrete Cutting in the not-to-exceed amount of \$150,000 for on-call concrete cutting sidewalk repairs and sidewalk asset management surveying services;
2. Determine that said purchase may be made cooperatively, as provided in Section 3.04.180 of the Morgan Hill Municipal Code;
3. Determine that competitive bids upon notice would not likely result in a lower price to the City from a responsible bidder or would cause unnecessary expense or delay under the circumstances as provided in Section 3.04.150 (2) of the Morgan Hill Municipal Code; and
4. Authorize the City Manager to execute and administer that certain construction contract with Precision Emprise, LLC dba Precision Concrete Cutting.

8. **AWARD MONTEREY ROAD UNDERPASS CONCRETE SPALL AND CRACK REPAIR PROJECT TO ASHRON CONSTRUCTION AND RESTORATION INC. IN THE AMOUNT OF \$284,440**

Recommendation:

1. Approve the Monterey Road Underpass Concrete Spall and Crack Repair Project Plans and Specifications;
2. Award contract to Ashron Construction and Restoration Inc. for the Monterey Road Underpass Concrete Spall and Crack Repair Project in the amount of \$284,440;
3. Authorize expenditures of construction contingency not to exceed \$28,444; and
4. Authorize the City Manager to execute and administer the construction contract with Ashron Construction and Restoration Inc.

9. **ADOPT A JOINT RESOLUTION DETAILING THE REPRESENTATIVE GOVERNANCE FOR SOUTH SANTA CLARA COUNTY CITIES ON SANTA CLARA VALLEY TRANSPORTATION AUTHORITY'S (VTA) BOARD OF DIRECTORS**

Recommendation:

Adopt the joint Morgan Hill and Gilroy resolution detailing the representative governance for South Santa Clara County Cities on Santa Clara Valley Transportation Authority's (VTA) Board of Directors.

REGULAR MEETING

6:00 p.m.

PUBLIC HEARINGS

10. ADOPT RESOLUTION TO ESTABLISH NEW AND UPDATED FEES FOR PLANNING, BUILDING, AND LAND DEVELOPMENT ENGINEERING

Recommendation:

1. Open/Close Public Hearing; and
2. Adopt resolution to establish new and updated Planning, Building, and Land Development Engineering fees as proposed.

11. INTRODUCE ORDINANCE TO AMEND THE CITY OF MORGAN HILL DOWNTOWN SPECIFIC PLAN DELETING THE CONDITIONAL USE PERMIT REQUIREMENT FOR BARS ASSOCIATED WITH A RESTAURANT

Recommendation:

1. Waive first and second reading of the Ordinance; and
2. Introduce an Ordinance deleting from the Morgan Hill Downtown Specific Plan the conditional use permit requirement for bars associated with a restaurant.

OTHER BUSINESS

12. APPROVE PUBLIC ART FRAMEWORK AND DIRECT STAFF TO PREPARE AN ORDINANCE REQUIRING PUBLIC ART IN NEW DEVELOPMENT PROJECTS

Recommendation:

Approve Public Art Framework and direct staff to draft Public Art Ordinance.

13. ACCEPT MORGAN HILL TOURISM BUSINESS IMPROVEMENT DISTRICT (MHTBID) OWNERS ASSOCIATION ANNUAL REPORT (DBA VISIT MORGAN HILL)

Recommendation:

Accept and file the Visit Morgan Hill Annual Report.

14. ACCEPT ELEVATE MORGAN HILL - ECONOMIC MOBILITY REPORT

Recommendation:

Accept the ELEVATE Morgan Hill - Economic Mobility Report.

**15. RECEIVE MONTHLY BUDGET UPDATE; SEPTEMBER 2024 FINANCIAL
AND INVESTMENT REPORTS; AND CITY MANAGER AUTHORITY 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 described in the notice of this meeting during consideration of that item. If you wish to address the Council on any item on this agenda, please complete a speaker request card located in the foyer of the Council Chambers and deliver it to the Minutes Clerk before the City Council discussion on the item. You are not required to give your name on the speaker card to speak to the Council, but it is very helpful. When you are called, proceed to the podium, and the Mayor will recognize you. If you wish to address the City Council on any other item of interest to the public, you may do so during the public comment portion of the meeting following the same procedure described above. Please limit your comments to three (3) minutes or less.

Please submit written correspondence to the Minutes Clerk, who will distribute correspondence to the City Council.

Persons interested in proposing an item for the City Council agenda should contact a member of the City Council who may request an item on the agenda for a future City Council meeting. Council discussion or action may not be taken until your item appears on an agenda. This procedure is in compliance with the California Public Meeting Law (Brown Act) Government Code §54950.

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

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

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

SUSTAINABLE MORGAN HILL



Vision

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

Choose Morgan Hill

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

Strategic Priorities 2024-2025

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

City Council Ongoing Priorities

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

CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

Mario Ramirez, Police Captain

APPROVED BY: City Manager

ACCEPT GRANT FUNDING IN THE AMOUNT OF \$115,700 FROM THE CALIFORNIA STATE OFFICE OF TRAFFIC SAFETY AND \$100,000 FROM THE BYRNE DISCRETIONARY COMMUNITY FUNDING PROJECT

RECOMMENDATION(S)

1. Authorize the City Manager to execute the Grant Agreement with the California State Office of Traffic Safety accepting grant funds from the Traffic Records Improvement Project in the amount of \$28,700;
2. Authorize the City Manager to execute the Grant Agreement with the California State Office of Traffic Safety accepting grant funds from the Selective Traffic Enforcement Program in the amount of \$87,000;
3. Accept the Byrne Discretionary Community Funding Project Grant in the amount of \$100,000 for the purchase of two BMW motorcycles; and
4. Amend the Fiscal Year (FY) 2024-25 General Fund budget to recognize grant revenue and appropriate \$215,700 in grant fund expenditures in FY 2024-25.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Preserving and Cultivating Public Trust

Advocating for Local, Regional, and State Legislative Initiatives

2024-2025 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Public Safety Master Plan

Vision Zero

REPORT NARRATIVE:

The Police Department has received a grant award of \$28,700 from the California State Office of Traffic Safety (OTS) for the Traffic Records Improvement Project (TRIP). The purpose of the TRIP is to provide traffic safety stakeholders with the ability to improve

the quality of the State's crash and citation data through various efforts such as purchasing equipment or software for electronic reporting of crash data, citation data reporting and collection, improving the compatibility of crash and/or citation data with the State and national data systems, enhancing the ability to analyze trends in crashes, crash outcomes, and contributing factors.

The Police Department will use the grant funds to transition from paper reporting to the State to electronic reporting. The grant funds will pay for software upgrades through our current citation and traffic collision software program, Crossroads. This upgrade will allow the Police Department to electronically submit traffic collision data to the California Highway Patrol (CHP) and the Statewide Integrated Traffic Records System (SWITRS).

This grant aligns with and supports the City's commitment to the implementation of Vision Zero Traffic Safety Initiative. The grant term begins on September 15, 2024 and ends on May 27, 2025.

In addition to the TRIP grant, the Police Department has received a grant award in the amount of \$87,000 from the California Office of Traffic Safety (OTS) for the Selective Traffic Enforcement Program (STEP). The purpose of the STEP grant is to utilize best practices to reduce the number of persons killed or injured in traffic collisions involving alcohol and other primary collision factors. The Police Department will use a variety of enforcement and education strategies to take impaired drivers off our streets and enhance public awareness in Morgan Hill of the inherent dangers of impaired and/or distracted driving, and work to reduce the number of collisions.

The Police Department will use the grant funds for staffing overtime to conduct the activities outlined in the grant. These include two (2) Driving Under the Influence (DUI) Checkpoints, seven (7) Saturation Patrols targeting impaired drivers, one (1) DUI Warrant Enforcement operation, two (2) Court Operations, enforcing Suspended Driver's Licenses, nine (9) Traffic Enforcement operations in areas with a high number of vehicle collisions, three (3) Traffic Safety Presentations focusing on impaired driving, distracted driving, speeding, and safety, three (3) Distracted Driving Operations, and two (2) Know Your Limit Program campaigns. In addition, the grant will fund the purchase of equipment for our DUI Checkpoints, such as supplies and a portable light tower.

This grant aligns with and supports the City's commitment to the implementation of Vision Zero Traffic Safety Initiative. The grant term begins on October 1, 2024, and ends September 30, 2025.

Moreover, the Police Department has received a grant award of \$100,000 from the U.S. Department of Justice's Bureau of Justice Assistance (BJA)-Byrne Discretionary Community Funding Project; these funds are distributed to each congressional district to enhance the needs of each community.

The Police Department will use the grant funds to purchase two (2) BMW motorcycles

for our Traffic Enforcement Team to assist in their ability to navigate traffic and apprehend individuals operating a motor vehicle while driving under the influence of alcohol and/or drugs. Additionally, increased residential growth has correlated to a growing number of motorists driving under the influence, demonstrating the need for additional enforcement. The number of driving under the influence arrests over the past three years have steadily increased: 2021--115, 2022--216, 2023--238 (recognizing COVID had an impact on the number of drivers on the roadway).

This grant aligns with and supports the City's commitment to the implementation of Vision Zero Traffic Safety Initiative. The grant term begins on May 1, 2024 and ends on April 30, 2025.

COMMUNITY ENGAGEMENT:

This staff report serves to inform the community of the Police Department's grant awards.

ALTERNATIVE ACTIONS:

The City Council could elect not to accept the grants' funding.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Morgan Hill Police Department (MHPD) has received seven (7) grants through the Office of Traffic Safety (OTS). Below are the grant cycles and the amount awarded to MHPD from OTS.

YEAR	AMOUNT
10/1/2007 to 9/30/2008	\$9,536
10/1/2009 to 9/30/2010	\$13,131
10/1/2010 to 9/30/2011	\$18,895
10/1/2012 to 9/30/2013	\$24,750
10/1/2013 to 9/30/2014	\$36,800
10/1/2018 to 9/30/2019	\$43,000
10/01/2023 to 9/30/2024	\$60,000
Total Amount Awarded	\$206,112

This is the first year the Police Department has been awarded grant funding from the BJA-Byrne Discretionary Community Funding Project.

FISCAL AND RESOURCE IMPACT:

The total amount for the two OTS and the Byrne Discretionary Community Funding Project grants is \$215,700. Notifications were received after the conclusion of the budget process and, therefore, were not included in the FY25 budget. A budget amendment is needed to recognize the grant revenue and increase the Field Patrol Division's appropriation by \$215,700 for FY25.

CEQA (California Environmental Quality Act):

Not a Project - The grant entails government organizational or administrative activities and will not result in direct or indirect physical changes in the environment.

Application Information

Application No: 25-005541

Application Type:	Traffic Records	Agency (City or County):	Morgan Hill Police Department	Department (Police Dept, DA Office, etc):	Morgan Hill Police Department
Authorized Representative:		DUNS/SAM Number:	CG4EJ16FEMD8	DUNS/SAM Expiration Date:	5/3/2024
DUNS/SAM Registered Address:	17575 Peak Ave.	DUNS/SAM City:	Morgan Hill	DUNS/SAM ZIP+4:	95037-4126

Application Summary

Grants Made Easy Application Titles and Descriptions are pre-populated. For General Grants, provide the Application Title and Application Description.

Application Title:

Traffic Records Improvement Project

Application Description:

State and local agencies need timely, accurate, complete, uniform, integrated, and accessible traffic records to identify and prioritize traffic safety issues, to choose appropriate safety countermeasures and evaluate their effectiveness. Traffic records improvement grants provide traffic safety stakeholders with the ability to improve the quality of the State's crash and citation data through various efforts such as: purchasing equipment or software for electronic reporting of crash data, citation data reporting and collection, improving the compatibility of crash and/or citation data with the state and national data systems, enhancing the ability to analyze trends in crashes, crash outcomes, and contributing factors, etc.

Problem Statement

Describe the problem(s) to be addressed by providing the following:

- 1. Describe the city, county, or jurisdiction this grant will impact.
- 2. Describe the problem(s) to addressed, supported by current and relevant crash data. (most recent calendar year data/stats)
- 3. Define the target population the grant intends to serve and how they are affected by the problem(s).
- 4. Do not include state or national information.

Problem Statement:

The Morgan Hill Police Department is located in Santa Clara County at the southern end of what is known internationally as Silicon Valley. Our city comprises approximately 12 square miles nestled in between the cities of Gilroy to the south and San Jose, a large metropolitan area of over 1M residents, to the north. We have a concentration of high tech and manufacturing companies, but a majority of our residents travel daily to employment centers to the north and south of Morgan Hill. Our population is approximately 45,000.

Morgan Hill Police Department currently utilize Crossroads Software for our collision report writing and electronic ticket systems. The Crossroads software has helped in completing accurate CHP 555 and has made the process for our Officers and Supervisor substantially easier. However, Morgan Hill currently submits paper crash reports to CHP by mail. This delay of crash data entry into SWITRS affects the states, federal and local authorities' ability to identify problem area and plan for infrastructure improvements and implement countermeasures to reduce crashes on California roads. Currently, Crossroads Software allows for the reporting to SWITRS and has the interface to upload collision report data and document to the CHP SWITRS system.

Our Police Department is interested in transitioning to completing vehicle reports electronically. MHPD completes a vehicle report, commonly referred to as a CHP-180 form, on a triplicate paper form. We are requesting funding to update our software so the CHP 180 form can be electronically submitted. This is currently available through Crossroads Software and would be beneficial for Officers completing the report, the towing companies taking possession of the vehicle, our records department that handles the vehicle releases and most importantly our Dispatchers that enter the vehicle into SVS. Electronic submission of these vehicle reports from our Officers on scene to our Dispatchers would allow them to immediately enter felony, stolen, impounded or stored vehicles into SVS in more streamline fashioned.

Traffic Data Summary:

City Applicants: Complete the table below using the most current local data and update the 20XX years in the table (do not use the OTS Rankings or SWITRS).

County or State Applicants: Complete the table below using SWITRS data and update the 20XX years in the table.

Crash Type	2021		2022		2023	
	Crashes	Victims	Crashes	Victims	Crashes	Victims
Fatal	1	1	0	0	0	0
Injury	49	60	107	151	90	137

Proposed Solution

Equity:

Morgan Hill Police Department (MHPD) and the City of Morgan Hill have committed to Vision Zero and its strategy to eliminate all traffic fatalities and injuries. Morgan Hill Police Department recognizes that to eliminate traffic fatalities and injuries, we must focus on the “Three E’s” being Engineering, Education and Enforcement. First, MHPD works closely with our city engineering to address traffic engineering concerns that may affect all our community members. Second, MHPD is committed to being unbiased in our enforcement and have educated all our personnel by attending racial bias and diversity training every two years. In respect to enforcement, MHPD utilizes technology and data driven enforcement.

Strategies:

Morgan Hill Police Department has utilized Crossroads Software for collision report writing since February of 2020. Crossroads Software already has the interface available for MHPD to transition to electronic submission of crash data to CHP and SWITRS. Since this is already available, the transition to electronic submissions would be seamless. Also, Crossroads also has the CHP 180 module available, and the integration would be immediate.

Agency Qualifications:

Morgan Hill Police Department is adequately staffed and our Records Department is comprised of one Records Supervisor and four full time Records Specialists.

The process for MHPD’s contract procurement relies on MHPD presenting the awarded contract to our City Council. MHPD is required to put the approved contract onto the Council’s calendar for review and it can be approved through consent. Once approved by our City Council, the grant is forwarded to our City Manager and Chief of Police for final signatures to accept the contract.

Community Collaboration and Engagement

Provide a description of the community collaboration and engagement activities that will be conducted by your department and addresses traffic safety. Community collaboration and engagement allows for the appropriate department personnel to engage in conversations to both share information and receive input from the community members regarding traffic safety.

Community Collaboration and Engagement:

The software interface for crash data reporting to SWITRS and CHP 180 electronic form would not require community collaboration and engagement.

Goals

Description

Reduce the number of persons killed in traffic crashes.

Reduce the number of persons injured in traffic crashes.
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Custom Description

Objectives

Included	Target Number	Description
Yes	1	Purchase and implement a new electronic crash reporting solution or upgrade an existing electronic crash reporting solution to allow for submission of complete crash reports to the California Highway Patrol's Statewide Integrated Traffic Records System (SWITRS), and/or to a departmental records management system (RMS) as applicable.
Yes	1	Purchase and implement a new complete electronic citation reporting solution or upgrade an existing electronic citation reporting solution that includes the capability of exporting data to both a departmental records management system (RMS) as well as to the local court records system, if and when the local court can receive electronic citation data.
Included	Target Number	Custom Description

Method of Procedure

Phase 1 - Program Preparation:

- Determine specific system requirements.
- Determine specific equipment requirements.
- Request vendor price quotation per host agency requirements.
- Procure an electronic crash reporting system with the following functionalities:
 - System licensing with installation and training.
 - GIS based mapping.
 - Segment crash diagramming tool.
 - Ability to create or import crash reports.
 - Ability to import and export agency RMS files.
 - Ability to perform complete analysis of crash reports.
 - Secure database accessible by appropriate agency personnel.
 - Ability to export complete crash report to the California Highway Patrol's Statewide Integrated Traffic Records System.
- Procure an electronic citation system with the following functionalities:
 - System licensing with installation and training.
 - Ability to import and export to agency RMS files.
 - Ability to perform complete analysis of citation reports.
 - Secure database accessible by appropriate agency personnel.
 - Ability to export complete citation reports to the local county court.

Phase 1 - Program Preparation Addendum:

Morgan Hill Police Department has worked with Crossroads since February of 2020. A price quotation has been provided and attached to this grant. This interface through Crossroads already has the ability to export crash reports to CHP's SWITRS.

Phase 2 - Program Operations:

- Select vendor for system development, implementation, and installation.
- Monitor and oversee progress of system/software development.

Phase 2 - Program Operations Addendum:

Morgan Hill already selected Crossroads as our vendor for electronic crash data reporting to CHP's SWITRS and for the electronic reporting of CHP 180s.

Phase 3 - Data Collection:

- Prepare and submit grant claims invoice (due January 30, April 30, July 30, and October 30).
 - Successful project completion and confirmation of successful electronic transmission of crash reports by the California Highway Patrol is required before submission of invoice claims seeking reimbursement from OTS.
- Prepare and submit quarterly performance reports (due January 30, April 30, July 30, and October 30).
 - Collect and report quarterly appropriate data that supports the progress of goals and objectives.
 - Provide a summary of quarterly accomplishments and explanations for objectives not completed.
 - Collect, analyze, and report statistical data relating to the grant goals and objectives.

Phase 3 - Data Collection Addendum:

Funding of this grant would allow implementation and completion within the 1st Quarter of the grant cycle.

Budget

Personnel Costs

Hourly Rates - When requesting hours for personnel, enter them as straight time or overtime (for Enforcement Overtime, please use section below) and include the amount of hours that they will spend on grant operations. Example: Personnel getting paid 100% by the grant working a full year at \$41.00 per hour would be entered as Straight time, 2080 Units, \$41.00 Unit cost or Rate, and 100% Percent Paid by Grant. This gives a total of \$85,280.00 for the year.

Benefits – If requesting benefits for personnel, enter all benefits as a separate line item for each. Start the Item Name with the word 'Benefits', enter the corresponding straight time or overtime total amount in the Unit Cost or Rate, and enter the Benefits Rate to have the system calculate Benefit Costs. (Unit Cost) X (Benefits Rate) = Benefit Costs. To properly relate benefits to the correct personnel line item use the Display Order field, for example use 100.0 for Display Order for the personnel line item and 100.1 for Display Order for the associated Benefits.

Display Order	Cost Category	Item Name	Position Type	Benefit Rate	Unit Cost or Rate	Units	Percent Paid by Grant	Calculated Cost to Grant
Display Order	Cost Category	Enforcement Activity	Item Name	Unit Cost or Rate	Units	Calculated Cost to Grant		

Personnel Costs: \$0.00

Travel Expenses

Display Order	Cost Category	Item Name	Unit Cost or Rate	Units	Calculated Cost to Grant
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Travel Expenses: \$0.00

Contractual Services

Do not include brand names or names of specific organizations.

Display Order	Cost Category	Item Name	Unit Cost or Rate	Units	Calculated Cost to Grant
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Contractual Services: \$0.00

Equipment (must have Unit Cost of at least \$5,000)

Do not include brand names or names of specific organizations.

Please include an equipment quote in the Upload Documents Tab.

NOTE : When creating a new "Equipment" budget item, the *Standard Language Item* drop down list may not be available. When this is the case, complete only the required fields and save the budget item. Once saved, select the *Edit* button (pencil icon); the *Standard Language Item* drop down list will be available for selection. Alternatively, if not requesting a *Standard Language Item*, please utilize the *Custom Narrative* field to enter an appropriate narrative.

Display Order	Cost Category	Item Name	Unit Cost or Rate	Units	Calculated Cost to Grant
400.0	D. Equipment	Traffic Crash Database System Interface	\$24,800.00	1	\$24,800.00

Equipment: \$24,800.00

Other Direct Costs (must have Unit Cost of less than \$5,000, including tax and shipping)

Do not include brand names or names of specific organizations.

NOTE : When creating a new "Other Direct Cost" budget item, the *Standard Language Item* drop down list may not be available. When this is the case, complete only the required fields and save the budget item. Once saved, select the *Edit* button (pencil icon); the *Standard Language Item* drop down list will be available for selection. Alternatively, if not requesting a *Standard Language Item*, please utilize the *Custom Narrative* field to enter an appropriate narrative.

Display Order	Cost Category	Item Name	Unit Cost or Rate	Units	Calculated Cost to Grant
500.0	E. Other Direct Costs	Communications	\$3,900.00	1	\$3,900.00

Other Direct Costs: \$3,900.00

Indirect Costs

Item Name should indicate the % and the Cost Category for Indirect Costs e.g. 15% of Salaries and Benefits. Use the Percent Paid by Grant for the Indirect Rate and the Unit Cost or Rate field to indicate the total amount for which Indirect Costs will be claimed. The system will calculate the Cost to Grant.

Indirect Cost Rate must be supported by a federally approved indirect cost rate letter and uploaded to the application.

Display Order	Cost Category	Item Name	Indirect Rate	Amount Subject to Indirect	Calculated Cost to Grant
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Indirect Costs: \$0.00

Total Requested Funding: \$28,700.00

Narrative Review

Review and update Narrative for Budget Items

Cost Category	Item	Narrative	Custom Narrative
D. Equipment	Traffic Crash Database System Interface	Computer programming required to interface crash database with other existing agency, Records Management Systems, or CHP's Statewide Integrated Traffic Records System database allowing the systems to be electronically integrated for transfer of data.	Interface to upload collision report data and documents to the CHP SWITRS system
E. Other Direct Costs	Communications	Costs of telephone service, cellular data for a tablet or laptop, mail/messenger service (excluding overnight priority mail) and communications services.	Crossroads application site license

Upload Documents (Optional)

Please try to include all information in the application itself, but if necessary, upload additional documents here

Document Name	Update Date/Time
Crossroads CHP 180 Module - Morgan Hill.pdf	1/10/2024 3:28 PM
Crossroads CHP SWITRS Upload Cost Proposal - Morgan Hill.pdf	1/10/2024 3:27 PM

Evaluation, Support, and Submittal

Evaluation, Support, and Submittal

Method of Evaluation:

Using the data compiled during the grant, the Grant Director will complete the "Final Evaluation" section in the fourth/final Quarterly Performance Report (QPR). The Final Evaluation should provide a brief summary of the grant's accomplishments, challenges and significant activities. This narrative should also include whether goals and objectives were met, exceeded, or an explanation of why objectives were not completed.

Administrative Support:

This program has full administrative support, and every effort will be made to continue the grant activities after grant conclusion.

Total Requested Funding:

\$28,700.00

1. GRANT TITLE Selective Traffic Enforcement Program (STEP)	
2. NAME OF AGENCY Morgan Hill Police Department	3. Grant Period From: 10/01/2024 To: 09/30/2025
4. AGENCY UNIT TO ADMINISTER GRANT Morgan Hill Police Department	
5. GRANT DESCRIPTION Best practice strategies will be conducted to reduce the number of persons killed and injured in crashes involving alcohol and other primary crash factors. The funded strategies may include impaired driving enforcement, enforcement operations focusing on primary crash factors, distracted driving, night-time seat belt enforcement, special enforcement operations encouraging motorcycle safety, enforcement and public awareness in areas with a high number of bicycle and pedestrian crashes, and educational programs. These strategies are designed to earn media attention thus enhancing the overall deterrent effect.	
6. Federal Funds Allocated Under This Agreement Shall Not Exceed: \$87,000.00	
7. TERMS AND CONDITIONS: The parties agree to comply with the terms and conditions of the following which are by this reference made a part of the Agreement: • Schedule A – Problem Statement, Goals and Objectives and Method of Procedure • Schedule B – Detailed Budget Estimate and Sub-Budget Estimate (if applicable) • Schedule B-1 – Budget Narrative and Sub-Budget Narrative (if applicable) • Exhibit A – Certifications and Assurances • Exhibit B* – OTS Grant Program Manual • Exhibit C – Grant Electronic Management System (GEMS) Access *Items shown with an asterisk (*), are hereby incorporated by reference and made a part of this agreement as if attached hereto. These documents can be viewed at the OTS home web page under Grants: www.ots.ca.gov. We, the officials named below, hereby swear under penalty of perjury under the laws of the State of California that we are duly authorized to legally bind the Grant recipient to the above described Grant terms and conditions. IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.	
8. Approval Signatures	
A. GRANT DIRECTOR NAME: Shane Palsgrove TITLE: Police Chief EMAIL: shane.palsgrove@morganhill.ca.gov PHONE: (408) 776-7318 ADDRESS: 16200 Vineyard Boulevard Morgan Hill, CA 95037 _____ (Signature) (Date)	B. AUTHORIZING OFFICIAL NAME: Christina Turner TITLE: City Manager EMAIL: christina.turner@morganhill.ca.gov PHONE: (408) 776-7382 ADDRESS: 17575 Peak Avenue Morgan Hill, CA 95037 _____ (Signature) (Date)
C. FISCAL OFFICIAL NAME: Dat Nguyen TITLE: Finance Director EMAIL: dat.nguyen@morganhill.ca.gov PHONE: (408) 776-7379 ADDRESS: 17575 Peak Avenue Morgan Hill, CA 95037 _____ (Signature) (Date)	D. AUTHORIZING OFFICIAL OF OFFICE OF TRAFFIC SAFETY NAME: Barbara Rooney TITLE: Director EMAIL: barbara.rooney@ots.ca.gov PHONE: (916) 509-3030 ADDRESS: 2208 Kausen Drive, Suite 300 Elk Grove, CA 95758 _____ (Signature) (Date)

E. ACCOUNTING OFFICER OF OFFICE OF TRAFFIC SAFETY NAME: Carolyn Vu ADDRESS: 2208 Kausen Drive, Suite 300 Elk Grove, CA 95758	9. SAM INFORMATION SAM #: CG4EJ16FEMD8 REGISTERED ADDRESS: 17575 Peak Avenue CITY: Morgan Hill ZIP+4: 95037-4126
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10. PROJECTED EXPENDITURES						
FUND	CFDA	ITEM/APPROPRIATION	F.Y.	CHAPTER	STATUTE	PROJECTED EXPENDITURES
				AGREEMENT TOTAL		\$87,000.00
				AMOUNT ENCUMBERED BY THIS DOCUMENT		\$87,000.00
<i>I CERTIFY upon my own personal knowledge that the budgeted funds for the current budget year are available for the period and purpose of the expenditure stated above.</i>				PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT		\$ 0.00
				TOTAL AMOUNT ENCUMBERED TO DATE		\$87,000.00
OTS ACCOUNTING OFFICER'S SIGNATURE			DATE SIGNED			

1. PROBLEM STATEMENT

The Morgan Hill Police Department (PD) is located in Santa Clara County at the southern end of what is known internationally as Silicon Valley. Our city comprises approximately 12 square miles nestled in between the cities of Gilroy to the south and San Jose, a large metropolitan area of over one million residents, to the north. We are primarily a suburban community that is unique in that we have residential, commercial, and retail development as well as agricultural land that is actively cultivated. We have a concentration of high-tech and manufacturing companies, but a majority of our residents travel daily to employment centers to the north and south of Morgan Hill. Our population is approximately 45,000 and our resident demographic is primarily households with school age children.

The continued growth of residential development over the past several years within our town has increased significantly. As a result of AB 330, Morgan Hill has seen an influx in large high density housing projects. Many of the high-density housing projects are located along our most traveled arterial roadway: Monterey Road. This has led to an increase in pedestrian and bicycle traffic in our jurisdiction, especially in our downtown business district. During all hours of the day, especially on the weekends, our downtown is lively and vibrant with varied activities from dinner theater and shopping to the choice of over a dozen restaurants, and bars. While the city benefits greatly from this development, the impacts to the Morgan Hill PD have increased the need for additional enforcement due to a growing number of motorists driving through the downtown business district as well as pedestrians enjoying what our downtown offers.

This increase in residential development in our jurisdiction, as well as other nearby jurisdictions has significantly impacted traffic during the peak morning and afternoon commute hours. US Highway 101 runs through Morgan Hill and is significantly impacted by this increased volume of vehicular traffic in the northbound direction between 0500-0900 hours and the southbound direction between 1400-1800 hours. To avoid this, many commuters from outside Morgan Hill use two of our NB/SB arterial streets: Monterey Road and Butterfield Boulevard to bypass US 101. Soon, the Hale Road extension project will create an additional NB/SB arterial roadway and it is expected that this roadway will encourage additional drivers to bypass the 101 and enter onto city streets. Many times, the use of wayfinding apps direct commuters to use our arterial and surface streets to avoid the congestion on the freeway. In November of 2023, the city of Morgan Hill contracted Hexagon Transportation Consultants, Inc. to conduct a regional cut-through analysis of major segments within our jurisdiction. This study confirmed that 41% of northbound regional traffic cut through our city streets during the morning commute hours. Conversely, Hexagon Transportation Consultants report that 26% of southbound regional traffic cuts through our city streets to avoid the US 101. Commuters from outside our city along with the influx of new residents has resulted in congestion, crashes, as well as physical wear and tear on our roadways.

The Morgan Hill PD recognizes the need to address the issues that are affecting our community. Using the Crossroads Analytics for 2023, the city Morgan Hill observed a trend in our crash data. In 2023, MHPD recorded 231 vehicle crashes on our roadways. Of the 231 crashes, 91 crashes involved injuries with a total of 137 victims. 16 of the 91 injury crashes involved alcohol with 28 victims. It should be noted that impaired driving was associated to 39 property damage only crashes. Addressing impaired drivers is paramount to this department. Other than identifying impaired drivers at the scene of these crashes, Morgan Hill PD is dedicated to apprehending impaired drivers. In 2023, a total of 247 motorists were arrested for driving under the influence of alcohol, drugs, or a combination of both.

While reviewing the crash data, it should be noted that unsafe speed and traffic signal/ sign violations were the leading causes of crashes. The Morgan Hill PD observed 19 injury crashes with 26 victims were a result of the at-fault driver traveling at an unsafe speed. Also, there were 19 injury crashes with 19 victims where the primary crash factor was a traffic signal or sign violation. These top three primary crash factors represented almost two thirds of our crashes.

To lower the number of victims of vehicle crashes, Morgan Hill PD has made it a priority to conduct directed enforcement and education. In 2023, the department issued 2,291 citations, with 1,480 citations for

moving/hazardous violations. We have seen our traffic index (moving violations/injury crashes) rise from 8.4% in 2022 to 16.3% in 2023. Our commitment to safe roadways will see our index increase and the directed enforcement and education will lower the number of injury crashes and victims.

By addressing impaired drivers, speeding motorists and drivers that fail to yield to traffic signals and signs, Morgan Hill PD will make our roads safer for our community. With continued partnership from the Office of Traffic Safety, the Morgan Hill PD is able to continue targeted enforcement of unsafe speed, driving under the influence, and traffic signals and signs violations and will lead to corrected behavior. In turn our community members and visitors to our city will enjoy safer roadways.

2. PERFORMANCE MEASURES

A. Goals:

1. Reduce the number of persons killed in traffic crashes.
2. Reduce the number of persons injured in traffic crashes.
3. Reduce the number of pedestrians killed in traffic crashes.
4. Reduce the number of pedestrians injured in traffic crashes.
5. Reduce the number of bicyclists killed in traffic crashes.
6. Reduce the number of bicyclists injured in traffic crashes.
7. Reduce the number of persons killed in alcohol-involved crashes.
8. Reduce the number of persons injured in alcohol-involved crashes.
9. Reduce the number of persons killed in drug-involved crashes.
10. Reduce the number of persons injured in drug-involved crashes.
11. Reduce the number of persons killed in alcohol/drug combo-involved crashes.
12. Reduce the number of persons injured in alcohol/drug combo-involved crashes.
13. Reduce the number of motorcyclists killed in traffic crashes.
14. Reduce the number of motorcyclists injured in traffic crashes.
15. Reduce hit & run fatal crashes.
16. Reduce hit & run injury crashes.
17. Reduce nighttime (2100 - 0259 hours) fatal crashes.
18. Reduce nighttime (2100 - 0259 hours) injury crashes.

B. Objectives:

Target Number

- | | |
|---|----|
| 1. Issue a press release announcing the kick-off of the grant by November 15. The kick-off press releases and media advisories, alerts, and materials must be emailed to the OTS Public Information Officer at pio@ots.ca.gov , and copied to your OTS Coordinator, for approval 7 days prior to the issuance date of the release. | 1 |
| 2. Participate and report data (as required) in the following campaigns; Quarter 1: National Pedestrian Safety Month, National Walk to School Day, National Teen Driver Safety Week, NHTSA Winter Mobilization; Quarter 3: National Distracted Driving Awareness Month, National Motorcycle Safety Month, National Bicycle Safety Month, National Click it or Ticket Mobilization; Quarter 4: National Speed Prevention Campaigns, NHTSA Summer Mobilization, National Child Passenger Safety Week, and California's Pedestrian Safety Month. | 12 |
| 3. Develop (by December 31) and/or maintain a "DUI BOLO" program to notify patrol and traffic officers to be on the lookout for identified repeat DUI offenders with a suspended or revoked license as a result of DUI convictions. Updated DUI BOLOs should be distributed to patrol and traffic officers monthly. | 12 |
| 4. Send law enforcement personnel to the NHTSA Standardized Field Sobriety Testing (SFST) (minimum 16 hours) POST-certified training. | 2 |
| 5. Send law enforcement personnel to the NHTSA Advanced Roadside Impaired Driving Enforcement (ARIDE) 16 hour POST-certified training. | 2 |
| 6. Send law enforcement personnel to the Drug Recognition Expert (DRE) training (classroom and field training must be completed). | 1 |
| 7. Conduct DUI/DL Checkpoints. A minimum of 1 checkpoint should be conducted during the NHTSA Winter Mobilization and 1 during the Summer Mobilization. To enhance the overall deterrent effect and promote high visibility, it is recommended the grantee issue an advance press release and conduct social media activity for | 2 |

each checkpoint. For combination DUI/DL checkpoints, departments should issue press releases that mention DL's will be checked at the DUI/DL checkpoint. Signs for DUI/DL checkpoints should read "DUI/Driver's License Checkpoint Ahead." OTS does not fund or support independent DL checkpoints. Only on an exception basis and with OTS pre-approval will OTS fund checkpoints that begin prior to 1800 hours. When possible, DUI/DL Checkpoint screeners should be DRE- or ARIDE-trained.	
8. Conduct DUI Saturation Patrol operation(s).	7
9. Conduct Court Sting operation(s) to cite individuals driving to and from the court after having their driver's license suspended or revoked.	2
10. Conduct Warrant Service operation(s) targeting multiple DUI offenders who fail to appear in court.	1
11. Conduct Traffic Enforcement operation(s), including but not limited to, primary crash factor violations.	9
12. Conduct highly publicized Distracted Driving enforcement operation(s) targeting drivers using hand held cell phones and texting.	3
13. Conduct Traffic Safety educational presentation(s) with an effort to reach community members. Note: Presentation(s) may include topics such as distracted driving, DUI, speed, bicycle and pedestrian safety, seat belts and child passenger safety.	3
14. Conduct Know Your Limit campaigns with an effort to reach members of the community.	2
15. Send law enforcement personnel to DUI Checkpoint Planning and Management training.	2
3. METHOD OF PROCEDURE A. <u>Phase 1 – Program Preparation (1st Quarter of Grant Year)</u> - The department will develop operational plans to implement the “best practice” strategies outlined in the objectives section. - All training needed to implement the program should be conducted in the first quarter. - All grant related purchases needed to implement the program should be made in the first quarter. - In order to develop/maintain the “DUI BOLOs,” research will be conducted to identify the “worst of the worst” repeat DUI offenders with a suspended or revoked license as a result of DUI convictions. The DUI BOLO may include the driver’s name, last known address, DOB, description, current license status, and the number of times suspended or revoked for DUI. DUI BOLOs should be updated and distributed to traffic and patrol officers at least monthly. - Implementation of the STEP grant activities will be accomplished by deploying personnel at high crash locations. <u>Media Requirements:</u> Issue a press release approved by the OTS PIO announcing the kick-off of the grant by November 15, but no sooner than October 1. The kick-off release must be approved by the OTS PIO and only distributed after the grant is fully signed and executed. If you are unable to meet the November 15 deadline to issue a kick-off press release, communicate reasons to your OTS grant coordinator and OTS PIO.	
B. <u>Phase 2 – Program Operations (Throughout Grant Year)</u> <u>Media Requirements</u> The following requirements are for all grant-related activities: - Send all media advisories, alerts, videos, graphics, artwork, posters, radio/PSA/video scripts, storyboards, digital and/or print educational materials for grant-related activities to the OTS PIO at pio@ots.ca.gov for approval and copy your OTS grant coordinator. Optimum lead time would be 7 days before the scheduled release but at least 3 business days prior to the scheduled release date for review and approval is appreciated. - Send all Powerpoint presentations, online presentations and trainings for grant-related activities to the OTS PIO at pio@ots.ca.gov for approval and copy your OTS grant coordinator. Certified training courses are EXEMPT from the approval process.	

- The OTS PIO is responsible for the approval of the design and content of materials. The agency understands OTS PIO approval is not authorizing approval of budget expenditure or cost. Any cost approvals must come from the OTS grant coordinator.
- Pre-approval is not required when using any OTS-supplied template for media advisories, press releases, social media graphics, videos or posts, or any other OTS-supplied educational material. However, copy the OTS PIO at pio@ots.ca.gov and your OTS grant coordinator when any material is distributed to the media and public, such as a press release, educational material, or link to social media post. The OTS-supplied kick-off press release templates, and any kickoff press releases are an exception to this policy and require prior approval before distribution to the media and public.
- If an OTS-supplied template, educational material, social media graphic, post or video is substantially changed, the changes shall be sent to the OTS PIO at pio@ots.ca.gov for approval and copy to your OTS grant coordinator. Optimum lead time would be 7 days prior to the scheduled release date, but at least 3 business days prior to the scheduled release date for review and approval is appreciated.
- Press releases, social media posts and alerts on platforms such as NextDoor and Nixle reporting immediate and time-sensitive grant activities (e.g. enforcement operations, day of event highlights or announcements, event invites) are exempt from the OTS PIO approval process. The OTS PIO and your OTS grant coordinator should still be notified when the grant-related activity is happening (e.g. car seat checks, bicycle rodeos, community presentations, DUI checkpoints, etc.).
- Enforcement activities such as warrant and probation sweeps, court stings, etc. that are embargoed or could impact operations by publicizing in advance are exempt from the PIO approval process. However, announcements and results of activities should still be copied to the OTS PIO at pio@ots.ca.gov and your OTS grant coordinator with embargoed date and time or with "INTERNAL ONLY: DO NOT RELEASE" message in subject line of email.
- Any earned or paid media campaigns for TV, radio, digital or social media that are part of a specific grant objective, using OTS grant funds, or designed and developed using contractual services by a subgrantee, requires prior approval. Please send to the OTS PIO at pio@ots.ca.gov for approval and copy your grant coordinator at least 3 business days prior to the scheduled release date.
- Social media posts highlighting state or national traffic safety campaigns (Distracted Driving Month, Motorcycle Safety Awareness Month, etc.), enforcement operations (DUI checkpoints, etc.), or any other grant-related activity such as Bicycle rodeos, presentations, or events, are highly encouraged but do not require prior approval.
- Submit a draft or rough-cut of all digital, printed, recorded or video material (brochures, posters, scripts, artwork, trailer graphics, digital graphics, social posts connected to an earned or paid media campaign grant objective) to the OTS PIO at pio@ots.ca.gov and copy your OTS grant coordinator for approval prior to the production or duplication.
- Use the following standard language in all press, media, and printed materials, space permitting: Funding for this program was provided by a grant from the California Office of Traffic Safety, through the National Highway Traffic Safety Administration.
- Space permitting, include the OTS logo on all grant-funded print materials, graphics and paid or earned social media campaign grant objective; consult your OTS grant coordinator for specifics, format-appropriate logos, or if space does not permit the use of the OTS logo.
- Email the OTS PIO at pio@ots.ca.gov and copy your OTS grant coordinator at least 21 days in advance, or when first confirmed, a short description of any significant grant-related traffic safety event or program, particularly events that are highly publicized beforehand with anticipated media coverage, so OTS has sufficient notice to arrange for attendance and/or participation in the event. If unable to attend, email the OTS PIO and coordinator brief highlights and/or results, including any media coverage (broadcast, digital, print) of event within 7 days following significant grant-related event or program. Media and program highlights are to be reflected in QPRs.
- Any press releases, work plans, scripts, storyboards, artwork, graphics, videos or any educational or informational materials that received OTS PIO approval in a prior grant year needs to be resubmitted for approval in the current grant year.
- For additional guidance, refer to the [OTS Grants Materials Approval Process Guidelines](#) and [OTS Grants Media Approval Process FAQs](#) on the OTS website.

- Contact the OTS PIO or your OTS grant coordinator for consultation when changes from any of the above requirements might be warranted.

C. Phase 3 – Data Collection & Reporting (Throughout Grant Year)

1. Prepare and submit grant claim invoices (due January 30, April 30, July 30, and October 30)
2. Prepare and submit Quarterly Performance Reports (QPR) (due January 30, April 30, July 30, and October 30)
 - Collect and report quarterly, appropriate data that supports the progress of goals and objectives.
 - Provide a brief list of activity conducted, procurement of grant-funded items, and significant media activities. Include status of grant-funded personnel, status of contracts, challenges, or special accomplishments.
 - Provide a brief summary of quarterly accomplishments and explanations for objectives not completed or plans for upcoming activities.
 - Collect, analyze and report statistical data relating to the grant goals and objectives.

4. METHOD OF EVALUATION

Using the data compiled during the grant, the Grant Director will complete the “Final Evaluation” section in the fourth/final Quarterly Performance Report (QPR). The Final Evaluation should provide a brief summary of the grant’s accomplishments, challenges and significant activities. This narrative should also include whether goals and objectives were met, exceeded, or an explanation of why objectives were not completed.

5. ADMINISTRATIVE SUPPORT

This program has full administrative support, and every effort will be made to continue the grant activities after grant conclusion.

FUND NUMBER	CATALOG NUMBER (CFDA)	FUND DESCRIPTION	TOTAL AMOUNT
164AL-25	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	\$59,000.00
402PT-25	20.600	State and Community Highway Safety	\$28,000.00

COST CATEGORY	FUND NUMBER	UNIT COST OR RATE	UNITS	TOTAL COST TO GRANT
A. PERSONNEL COSTS				
<u>Straight Time</u>				\$0.00
<u>Overtime</u>				
DUI/DL Checkpoints	164AL-25	\$13,000.00	2	\$26,000.00
DUI Saturation Patrols	164AL-25	\$2,150.00	7	\$15,050.00
Warrant Service Operations	164AL-25	\$1,450.00	1	\$1,450.00
Court Stings	164AL-25	\$1,450.00	2	\$2,900.00
Traffic Enforcement	402PT-25	\$1,700.00	9	\$15,300.00
Know Your Limit	164AL-25	\$1,375.00	2	\$2,750.00
Distracted Driving	402PT-25	\$2,000.00	3	\$6,000.00
Traffic Safety Educational Presentations	402PT-25	\$725.00	3	\$2,175.00
Category Sub-Total				\$71,625.00
B. TRAVEL EXPENSES				
In State Travel	402PT-25	\$4,525.00	1	\$4,525.00
				\$0.00
Category Sub-Total				\$4,525.00
C. CONTRACTUAL SERVICES				
				\$0.00
Category Sub-Total				\$0.00
D. EQUIPMENT				
				\$0.00
Category Sub-Total				\$0.00
E. OTHER DIRECT COSTS				
DUI Checkpoint Supplies	164AL-25	\$4,000.00	1	\$4,000.00
Portable Light Tower	164AL-25	\$6,850.00	1	\$6,850.00
Category Sub-Total				\$10,850.00
F. INDIRECT COSTS				
				\$0.00
Category Sub-Total				\$0.00
GRANT TOTAL				\$87,000.00

BUDGET NARRATIVE
PERSONNEL COSTS DUI/DL Checkpoints - Overtime for grant funded law enforcement operations conducted by appropriate department personnel. DUI Saturation Patrols - Overtime for grant funded law enforcement operations conducted by appropriate department personnel. Warrant Service Operations - Overtime for grant funded Warrant Service Operations conducted by appropriate department personnel. Court Stings - Overtime for grant funded law enforcement operations conducted by appropriate department personnel. Traffic Enforcement - Overtime for grant funded law enforcement operations conducted by appropriate department personnel. Know Your Limit - Overtime for grant funded traffic safety presentations or campaigns conducted by appropriate department personnel. Distracted Driving - Overtime for grant funded law enforcement operations conducted by appropriate department personnel. Traffic Safety Educational Presentations - Overtime for grant funded traffic safety educational presentations conducted by appropriate department personnel.
TRAVEL EXPENSES In State Travel - Costs are included for appropriate staff to attend conferences and training events supporting the grant goals and objectives and/or traffic safety. Local mileage for grant activities and meetings is included. Anticipated travel may include Lifesavers in Long Beach and the OTS Traffic Safety Law Enforcement Forum. All conferences, seminars or training not specifically identified in the Budget Narrative must be approved by OTS. All travel claimed must be at the agency approved rate. Per Diem may not be claimed for meals provided at conferences when registration fees are paid with OTS grant funds. Cost to send 1 Officer to DRE Training
CONTRACTUAL SERVICES -
EQUIPMENT -
OTHER DIRECT COSTS DUI Checkpoint Supplies - On-scene supplies needed to conduct sobriety checkpoints. Costs may include 28" traffic cones, MUTCD compliant traffic signs, MUTCD compliant high visibility vests (maximum of 10), traffic counters (maximum of 2), generator, gas for generators, lighting, reflective banners, electronic flares, PAS Device/Calibration Supplies, heater, propane for heaters, fan, anti-fatigue mats, and canopies. Additional items may be purchased if approved by OTS. The cost of food and beverages will not be reimbursed. Each item must have a unit cost of less than \$5,000 (including tax and shipping). Portable Light Tower - High intensity light on a telescoping shaft and stabilized platform to illuminate a wide area for greater visibility during night time operations. Costs may include a generator, battery, cart, and accessories.
INDIRECT COSTS -
STATEMENTS/DISCLAIMERS There will be no program income generated from this grant. Nothing in this "agreement" shall be interpreted as a requirement, formal or informal, that a particular law enforcement officer issue a specified or predetermined number of citations in pursuance of the goals and objectives here under.

The OTS grant funded activities must be separate from the CHP Cannabis Tax Fund Grant Program activities and maintained under separate accounting/tracking/other codes (example: the same DUI checkpoint may not be funded by both the CHP and the OTS).

Certifications and Assurances for Fiscal Year 2024 Highway Safety Grants (23 U.S.C. Chapter 4 or Section 1906, Public Law 109-59, as amended by Section 25024, Public Law 117-58)

The officials named on the grant agreement, certify by way of signature on the grant agreement signature page, that the Grantee Agency complies with all applicable Federal statutes, regulations, and directives and State rules, guidelines, policies, and laws in effect with respect to the periods for which it receives grant funding. Applicable provisions include, but are not limited to, the following:

GENERAL REQUIREMENTS

The State will comply with applicable statutes and regulations, including but not limited to:

- 23 U.S.C. Chapter 4—Highway Safety Act of 1966, as amended;
- Sec. 1906, [Public Law 109-59](#), as amended by Sec. 25024, [Public Law 117-58](#);
- [23 CFR part 1300](#)—Uniform Procedures for State Highway Safety Grant Programs;
- [2 CFR part 200](#)—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
- [2 CFR part 1201](#)—Department of Transportation, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

NONDISCRIMINATION

(applies to all subrecipients as well as States)

The State highway safety agency [and its subrecipients] will comply with all Federal statutes and implementing regulations relating to nondiscrimination (“Federal Nondiscrimination Authorities”). These include but are not limited to:

- *Title VI of the Civil Rights Act of 1964* ([42 U.S.C. 2000d](#) et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- [49 CFR part 21](#) (entitled *Non-discrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964*);
- [28 CFR 50.3](#) (U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964);
- *The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970*, ([42 U.S.C. 4601](#)), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- *Federal-Aid Highway Act of 1973*, ([23 U.S.C. 324 et seq.](#)), and *Title IX of the Education Amendments of 1972*, as amended ([20 U.S.C. 1681-1683](#) and [1685-1686](#)) (prohibit discrimination on the basis of sex);
- *Section 504 of the Rehabilitation Act of 1973*, ([29 U.S.C. 794 et seq.](#)), as amended, (prohibits discrimination on the basis of disability) and [49 CFR part 27](#);
- *The Age Discrimination Act of 1975*, as amended, ([42 U.S.C. 6101 et seq.](#)), (prohibits discrimination on the basis of age);
- *The Civil Rights Restoration Act of 1987*, (Pub. L. 100-209), (broadens scope, coverage, and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal aid recipients, subrecipients and contractors, whether such programs or activities are Federally-funded or not);
- *Titles II and III of the Americans with Disabilities Act* ([42 U.S.C. 12131-12189](#)) (prohibits discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing) and [49 CFR parts 37](#) and [38](#);
- [Executive Order 12898](#), *Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations* (preventing discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations);
- [Executive Order 13166](#), *Improving Access to Services for Persons with Limited English Proficiency* (requiring that recipients of Federal financial assistance provide meaningful access for applicants and beneficiaries who have limited English proficiency (LEP));
- [Executive Order 13985](#), *Advancing Racial Equity and Support for Underserved Communities through the Federal Government* (advancing equity across the Federal Government); and
- [Executive Order 13988](#), *Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation* (clarifying that sex discrimination includes discrimination on the grounds of gender identity or sexual orientation).

The preceding statutory and regulatory cites hereinafter are referred to as the “Acts” and “Regulations,” respectively.

GENERAL ASSURANCES

In accordance with the Acts, the Regulations, and other pertinent directives, circulars, policy, memoranda, and/or guidance, the Recipient hereby gives assurance that it will promptly take any measures necessary to ensure that:

“No person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity, for which the Recipient receives Federal financial assistance from DOT, including NHTSA.”

The Civil Rights Restoration Act of 1987 clarified the original intent of Congress, with respect to Title VI of the Civil Rights Act of 1964 and other non-discrimination requirements (the Age Discrimination Act of 1975, and Section 504 of the Rehabilitation Act of 1973), by restoring the broad, institutional-wide scope and coverage of these nondiscrimination statutes and requirements to include all programs and activities of the Recipient, so long as any portion of the program is Federally assisted.

SPECIFIC ASSURANCES

More specifically, and without limiting the above general Assurance, the Recipient agrees with and gives the following Assurances with respect to its Federally assisted Highway Safety Grant Program:

1. The Recipient agrees that each “activity,” “facility,” or “program,” as defined in § 21.23(b) and (c) of [49 CFR part 21](#) will be (with regard to an “activity”) facilitated, or will be (with regard to a “facility”) operated, or will be (with regard to a “program”) conducted in compliance with all requirements imposed by, or pursuant to the Acts and the Regulations.
2. The Recipient will insert the following notification in all solicitations for bids, Requests For Proposals for work, or material subject to the Acts and the Regulations made in connection with all Highway Safety Grant Programs and, in adapted form, in all proposals for negotiated agreements regardless of funding source: *“The [name of Recipient], in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that in any contract entered into pursuant to this advertisement, disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award.”*
3. The Recipient will insert the clauses of appendix A and E of this Assurance (also referred to as DOT Order 1050.2A) in every contract or agreement subject to the Acts and the Regulations.
4. The Recipient will insert the clauses of appendix B of DOT Order 1050.2A, as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a Recipient.
5. That where the Recipient receives Federal financial assistance to construct a facility, or part of a facility, the Assurance will extend to the entire facility and facilities operated in connection therewith.
6. That where the Recipient receives Federal financial assistance in the form of, or for the acquisition of, real property or an interest in real property, the Assurance will extend to rights to space on, over, or under such property.
7. That the Recipient will include the clauses set forth in appendix C and appendix D of this DOT Order 1050.2A, as a covenant running with the land, in any future deeds, leases, licenses, permits, or similar instruments entered into by the Recipient with other parties:
 - a. for the subsequent transfer of real property acquired or improved under the applicable activity, project, or program; and
 - b. for the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, project, or program.
8. That this Assurance obligates the Recipient for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the Assurance obligates the Recipient, or any transferee for the longer of the following periods:
 - a. the period during which the property is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits; or
 - b. the period during which the Recipient retains ownership or possession of the property.
9. The Recipient will provide for such methods of administration for the program as are found by the Secretary of Transportation or the official to whom he/she delegates specific authority to give reasonable guarantee that it, other recipients, sub-recipients, sub-grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the Acts, the Regulations, and this Assurance.
10. The Recipient agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the Acts, the Regulations, and this Assurance.

By signing this ASSURANCE, the State highway safety agency also agrees to comply (and require any sub-recipients, sub-grantees, contractors, successors, transferees, and/or assignees to comply) with all applicable provisions governing NHTSA's access to records, accounts, documents, information, facilities, and staff. You also recognize that you must comply with any program or compliance reviews, and/or complaint investigations conducted by NHTSA. You must keep records, reports, and submit the material for review upon request to NHTSA, or its designee in a timely, complete, and accurate way. Additionally, you must comply with all other reporting, data collection, and evaluation requirements, as prescribed by law or detailed in program guidance.

The State highway safety agency gives this ASSURANCE in consideration of and for obtaining any Federal grants, loans, contracts, agreements, property, and/or discounts, or other Federal-aid and Federal financial assistance extended after the date hereof to the recipients by the U.S. Department of Transportation under the Highway Safety Grant Program. This ASSURANCE is binding on the State highway safety agency, other recipients, sub-recipients, sub-grantees, contractors, subcontractors and their subcontractors', transferees, successors in interest, and any other participants in the Highway Safety Grant Program. The person(s) signing below is/are authorized to sign this ASSURANCE on behalf of the Recipient.

THE DRUG-FREE WORKPLACE ACT OF 1988 (41 U.S.C. 8103)

The Subgrantee will provide a drug-free workplace by:

- a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace, and specifying the actions that will be taken against employees for violation of such prohibition;
- b. Establishing a drug-free awareness program to inform employees about:
 1. The dangers of drug abuse in the workplace;
 2. The grantee's policy of maintaining a drug-free workplace;
 3. Any available drug counseling, rehabilitation, and employee assistance programs;
 4. The penalties that may be imposed upon employees for drug violations occurring in the workplace;
 5. Making it a requirement that each employee engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- c. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will—
 1. Abide by the terms of the statement;
 2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;
- d. Notifying the agency within ten days after receiving notice under subparagraph (c)(2) from an employee or otherwise receiving actual notice of such conviction;
- e. Taking one of the following actions, within 30 days of receiving notice under subparagraph (c)(2), with respect to any employee who is so convicted—
 1. Taking appropriate personnel action against such an employee, up to and including termination;
 2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- f. Making a good faith effort to continue to maintain a drug-free workplace through implementation of all of the paragraphs above.

POLITICAL ACTIVITY (HATCH ACT)

(applies to all subrecipients as well as States)

The State will comply with provisions of the Hatch Act (5 U.S.C. 1501-1508), which limits the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

CERTIFICATION REGARDING FEDERAL LOBBYING

(applies to all subrecipients as well as States)

CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions;
3. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grant, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

RESTRICTION ON STATE LOBBYING (applies to subrecipients as well as States)

None of the funds under this program will be used for any activity specifically designed to urge or influence a State or local legislator to favor or oppose the adoption of any specific legislative proposal pending before any State or local legislative body. Such activities include both direct and indirect (e.g., "grassroots") lobbying activities, with one exception. This does not preclude a State official whose salary is supported with NHTSA funds from engaging in direct communications with State or local legislative officials, in accordance with customary State practice, even if such communications urge legislative officials to favor or oppose the adoption of a specific pending legislative proposal.

CERTIFICATION REGARDING DEBARMENT AND SUSPENSION (applies to all subrecipients as well as States)

INSTRUCTIONS FOR PRIMARY TIER PARTICIPANT CERTIFICATION (STATES)

1. By signing and submitting this proposal, the prospective primary tier participant is providing the certification set out below and agrees to comply with the requirements of [2 CFR parts 180](#) and [1200](#).
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective primary tier participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary tier participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default or may pursue suspension or debarment.
4. The prospective primary tier participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary tier participant learns its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms **covered transaction, civil judgment, debarment, suspension, ineligible, participant, person, principal, and voluntarily excluded**, as used in this clause, are defined in [2 CFR parts 180](#) and [1200](#). You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under [48 CFR part 9, subpart 9.4](#), debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary tier participant further agrees by submitting this proposal that it will include the clause titled "Instructions for Lower Tier Participant Certification" including the "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions and will require lower tier participants to comply with [2 CFR parts 180](#) and [1200](#).
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under [48 CFR part 9, subpart 9.4](#), debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or

otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any prospective lower tier participants, each participant may, but is not required to, check the System for Award Management Exclusions website (<https://www.sam.gov/>).

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under [48 CFR part 9, subpart 9.4](#), suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate the transaction for cause or default.

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS— PRIMARY TIER COVERED TRANSACTIONS

1. The prospective primary tier participant certifies to the best of its knowledge and belief, that it and its principals:
 - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in covered transactions by any Federal department or agency;
 - b. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - d. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.
2. Where the prospective primary tier participant is unable to certify to any of the Statements in this certification, such prospective participant shall attach an explanation to this proposal.

INSTRUCTIONS FOR LOWER TIER PARTICIPANT CERTIFICATION

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below and agrees to comply with the requirements of [2 CFR parts 180](#) and [1200](#).
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms **covered transaction, civil judgment, debarment, suspension, ineligible, participant, person, principal, and voluntarily excluded**, as used in this clause, are defined in [2 CFR parts 180](#) and [1200](#). You may contact the person to whom this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under [48 CFR part 9, subpart 9.4](#), debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include the clause titled "Instructions for Lower Tier Participant Certification" including the "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions and will require lower tier participants to comply with [2 CFR parts 180](#) and [1200](#).
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under [48 CFR part 9, subpart 9.4](#), debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or

otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any prospective lower tier participants, each participant may, but is not required to, check the System for Award Management Exclusions website (<https://www.sam.gov/>).

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under [48 CFR part 9, subpart 9.4](#), suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension or debarment.

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION— LOWER TIER COVERED TRANSACTIONS

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in covered transactions by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

BUY AMERICA

(applies to subrecipients as well as States)

The State and each subrecipient will comply with the Buy America requirement (23 U.S.C. 313) when purchasing items using Federal funds. Buy America requires a State, or subrecipient, to purchase with Federal funds only steel, iron and manufactured products produced in the United States, unless the Secretary of Transportation determines that such domestically produced items would be inconsistent with the public interest, that such materials are not reasonably available and of a satisfactory quality, or that inclusion of domestic materials will increase the cost of the overall project contract by more than 25 percent. In order to use Federal funds to purchase foreign produced items, the State must submit a waiver request that provides an adequate basis and justification for approval by the Secretary of Transportation.

CERTIFICATION ON CONFLICT OF INTEREST

(applies to subrecipients as well as States)

GENERAL REQUIREMENTS

No employee, officer, or agent of a State or its subrecipient who is authorized in an official capacity to negotiate, make, accept, or approve, or to take part in negotiating, making, accepting, or approving any subaward, including contracts or subcontracts, in connection with this grant shall have, directly or indirectly, any financial or personal interest in any such subaward. Such a financial or personal interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or personal interest in or a tangible personal benefit from an entity considered for a subaward. Based on this policy:

1. The recipient shall maintain a written code or standards of conduct that provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents.
 - a. The code or standards shall provide that the recipient's officers, employees, or agents may neither solicit nor accept gratuities, favors, or anything of monetary value from present or potential subawardees, including contractors or parties to subcontracts.
 - b. The code or standards shall establish penalties, sanctions, or other disciplinary actions for violations, as permitted by State or local law or regulations.
2. The recipient shall maintain responsibility to enforce the requirements of the written code or standards of conduct.

DISCLOSURE REQUIREMENTS

No State or its subrecipient, including its officers, employees, or agents, shall perform or continue to perform under a grant or cooperative agreement, whose objectivity may be impaired because of any related past, present, or currently planned interest, financial or otherwise, in organizations regulated by NHTSA or in organizations whose interests may be substantially affected by NHTSA activities. Based on this policy:

1. The recipient shall disclose any conflict of interest identified as soon as reasonably possible, making an immediate and full disclosure in writing to NHTSA. The disclosure shall include a description of the action which the recipient has taken or proposes to take to avoid or mitigate such conflict.
2. NHTSA will review the disclosure and may require additional relevant information from the recipient. If a conflict of interest is found to exist, NHTSA may (a) terminate the award, or (b) determine that it is otherwise in the best interest of NHTSA to continue the award and include appropriate provisions to mitigate or avoid such conflict.
3. Conflicts of interest that require disclosure include all past, present, or currently planned organizational, financial, contractual, or other interest(s) with an organization regulated by NHTSA or with an organization whose interests may be substantially affected by NHTSA activities, and which are related to this award. The interest(s) that require disclosure include those of any recipient, affiliate, proposed consultant, proposed subcontractor, and key personnel of any of the above. Past interest shall be limited to within one year of the date of award. Key personnel shall include any person owning more than a 20 percent interest in a recipient, and the officers, employees or agents of a recipient who are responsible for making a decision or taking an action under an award where the decision or action can have an economic or other impact on the interests of a regulated or affected organization.

PROHIBITION ON USING GRANT FUNDS TO CHECK FOR HELMET USAGE

(applies to all subrecipients as well as States)

The State and each subrecipient will not use 23 U.S.C. Chapter 4 grant funds for programs to check helmet usage or to create checkpoints that specifically target motorcyclists.

POLICY ON SEAT BELT USE

In accordance with Executive Order 13043, Increasing Seat Belt Use in the United States, dated April 16, 1997, the Grantee is encouraged to adopt and enforce on-the-job seat belt use policies and programs for its employees when operating company-owned, rented, or personally-owned vehicles. The National Highway Traffic Safety Administration (NHTSA) is responsible for providing leadership and guidance in support of this Presidential initiative. For information and resources on traffic safety programs and policies for employers, please contact the Network of Employers for Traffic Safety (NETS), a public-private partnership dedicated to improving the traffic safety practices of employers and employees. You can download information on seat belt programs, costs of motor vehicle crashes to employers, and other traffic safety initiatives at www.trafficsafety.org. The NHTSA website (www.nhtsa.gov) also provides information on statistics, campaigns, and program evaluations and references.

POLICY ON BANNING TEXT MESSAGING WHILE DRIVING

In accordance with Executive Order 13513, Federal Leadership On Reducing Text Messaging While Driving, and DOT Order 3902.10, Text Messaging While Driving, States are encouraged to adopt and enforce workplace safety policies to decrease crashes caused by distracted driving, including policies to ban text messaging while driving company-owned or rented vehicles, Government-owned, leased or rented vehicles, or privately-owned vehicles when on official Government business or when performing any work on or behalf of the Government. States are also encouraged to conduct workplace safety initiatives in a manner commensurate with the size of the business, such as establishment of new rules and programs or re-evaluation of existing programs to prohibit text messaging while driving, and education, awareness, and other outreach to employees about the safety risks associated with texting while driving.



Department of Justice (DOJ)

Office of Justice Programs

Bureau of Justice Assistance

Washington, D.C. 20531

Name and Address of Recipient:

CITY OF MORGAN HILL
17575 PEAK AVE

City, State and Zip:

MORGAN HILL, CA 95037

Recipient UEI:

CG4EJ16FEMD8

Project Title: City of Morgan Hill Police
Department Driving Under the Influence and
Vision Zero Campaign

Award Number: 15PBJA-24-GG-00155-BRND

Solicitation Title: BJA FY24 Invited to Apply- Byrne Discretionary Community Project Grants/Byrne Discretionary Grants Program

Federal Award Amount: \$100,000.00

Federal Award Date: 8/15/24

Awarding Agency:

Office of Justice Programs
Bureau of Justice Assistance

Funding Instrument Type:

Grant

Opportunity Category: D

Assistance Listing:

16.753 - Congressionally Recommended Awards

Project Period Start Date: 5/1/24

Project Period End Date: 4/30/25

Budget Period Start Date: 5/1/24

Budget Period End Date: 4/30/25

Project Description:

The Morgan Hill Police Department seeks to elevate our traffic patrol efforts and DUI enforcement by purchasing two motorcycles and implementing a sobriety checkpoint campaign. Increased residential growth and popularity of Morgan Hill's vibrant downtown correlates to a growing number of motorists driving under the influence, demonstrating the need for additional law enforcement. Additionally, the City Council has adopted the Vision Zero Campaign as a strategic priority. Vision Zero is a traffic safety improvement initiative that began in Sweden in 1997 and has been credited with reducing traffic fatalities. The core principles are building better and safer streets, educating the public on traffic safety, enforcing traffic laws, and adopting policy changes that save lives. The goal is to create a culture that prioritizes safety, creates livable streets, and seeks to eliminate traffic fatalities.

Award Letter

August 15, 2024

Dear Mario Ramirez,

On behalf of Attorney General Merrick B. Garland, it is my pleasure to inform you the Office of Justice Programs (OJP) has approved the application submitted by CITY OF MORGAN HILL for an award under the funding opportunity entitled 2024 BJA FY24 Invited to Apply- Byrne Discretionary Community Project Grants/Byrne Discretionary Grants Program. The approved award amount is \$100,000.

Review the Award Instrument below carefully and familiarize yourself with all conditions and requirements before accepting your award. The Award Instrument includes the Award Offer (Award Information, Project Information, Financial Information, and Award Conditions) and Award Acceptance. For COPS Office and OVW funding the Award Offer also includes any Other Award Documents.

Please note that award requirements include not only the conditions and limitations set forth in the Award Offer, but also compliance with assurances and certifications that relate to conduct during the period of performance for the award. These requirements encompass financial, administrative, and programmatic matters, as well as other important matters (e.g., specific restrictions on use of funds). Therefore, all key staff should receive the award conditions, the assurances and certifications, and the application as approved by OJP, so that they understand the award requirements. Information on all pertinent award requirements also must be provided to any subrecipient of the award.

Should you accept the award and then fail to comply with an award requirement, DOJ will pursue appropriate remedies for non-compliance, which may include termination of the award and/or a requirement to repay award funds.

Prior to accepting the award, your Entity Administrator must assign a Financial Manager, Grant Award Administrator, and Authorized Representative(s) in the Justice Grants System (JustGrants). The Entity Administrator will need to ensure the assigned Authorized Representative(s) is current and has the legal authority to accept awards and bind the entity to the award terms and conditions. To accept the award, the Authorized Representative(s) must accept all parts of the Award Offer in the Justice Grants System (JustGrants), including by executing the required declaration and certification, within 45 days from the award date.

To access your funds, you will need to enroll in the Automated Standard Application for Payments (ASAP) system, if you haven't already completed the enrollment process in ASAP. The Entity Administrator should have already received an email from ASAP to initiate this process.

Congratulations, and we look forward to working with you.

Brent J. Cohen

Acting Assistant Attorney General

Office for Civil Rights Notice for All Recipients

The Office for Civil Rights (OCR), Office of Justice Programs (OJP), U.S. Department of Justice (DOJ) enforces federal civil rights laws and other provisions that prohibit discrimination by recipients of federal financial assistance from OJP, the Office of Community Oriented Policing Services (COPS), and the Office on Violence Against Women (OVW).

Several civil rights laws, including Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973, require recipients of federal financial assistance (recipients) to give assurances that they will comply with those laws. Taken together, these and other civil rights laws prohibit recipients from discriminating in the provision of services and employment because of race, color, national origin, religion, disability, and sex or from discriminating in the provision of services on the bases of age.

Some recipients of DOJ financial assistance have additional obligations to comply with other applicable nondiscrimination provisions like the Omnibus Crime Control and Safe Streets Act of 1968, which prohibits

discrimination on the basis of religion in addition to race, color, national origin, and sex. Recipients may also have related requirements regarding the development and implementation of equal employment opportunity programs.

OCR provides technical assistance, training, and other resources to help recipients comply with civil rights obligations. Further, OCR administratively enforces civil rights laws and nondiscrimination provisions by investigating DOJ recipients that are the subject of discrimination complaints. In addition, OCR conducts compliance reviews of DOJ recipients based on regulatory criteria. These investigations and compliance reviews permit OCR to evaluate whether DOJ recipients are providing services to the public and engaging in employment practices in a nondiscriminatory manner.

For more information about OCR, your civil rights and nondiscrimination responsibilities, how to notify your employees or beneficiaries of their civil rights protections and responsibilities and how to file a complaint, as well as technical assistance, training, and other resources, please visit www.ojp.gov/program/civil-rights-office/outreach. If you would like OCR to assist you in fulfilling your civil rights or nondiscrimination responsibilities, please contact us at askOCR@ojp.usdoj.gov or www.ojp.gov/program/civil-rights-office/about#ocr-contacts.

Memorandum Regarding NEPA

NEPA Letter Type

OJP - Categorical Exclusion

NEPA Letter

None of the following activities will be conducted whether under the Office of Justice Programs federal action or a related third-party action:

- (1) New construction
- (2) Any renovation or remodeling of a property located in an environmentally or historically sensitive area, including property (a) listed on or eligible for listing on the National Register of Historic Places, or (b) located within a 100-year flood plain, a wetland, or habitat for an endangered species
- (3) A renovation that will change the basic prior use of a facility or significantly change its size
- (4) Research and technology whose anticipated and future application could be expected to have an effect on the environment
- (5) Implementation of a program involving the use of chemicals (including the identification, seizure, or closure of clandestine methamphetamine laboratories)

Additionally, the proposed action is neither a phase nor a segment of a project that when reviewed in its entirety would not meet the criteria for a categorical exclusion.

Consequently, the subject federal action meets the Office of Justice Programs' criteria for a categorical exclusion as contained in paragraph 4(b) of Appendix D to Part 61 of Title 28 of the Code of Federal Regulations.

Questions about this determination may be directed to your grant manager or Orbin Terry, Environmental Coordinator for the Bureau of Justice Assistance.

NEPA Coordinator

First Name

Orbin

Middle Name

Terry

Award Information

This award is offered subject to the conditions or limitations set forth in the Award Information, Project Information, Financial Information, and Award Conditions.

Recipient Information

Recipient Name

CITY OF MORGAN HILL

UEI

CG4EJ16FEMD8

Street 1

17575 PEAK AVE

Street 2

City

MORGAN HILL

State/U.S. Territory

California

Zip/Postal Code

95037

Country

United States

County/Parish

Province

Award Details

Federal Award Date

8/15/24

Award Type

Initial

Award Number

15PBJA-24-GG-00155-BRND

Supplement Number

00

Federal Award Amount

\$100,000.00

Funding Instrument Type

Grant

Assistance Listing

Number

16.753

Assistance Listings Program Title

Congressionally Recommended Awards

Statutory Authority

Department of Justice Appropriations Act, 2024 (Pub. L. No. 118-42, 138 Stat. 25, 146-47)

[]

I have read and understand the information presented in this section of the Federal Award Instrument.

Project Information

This award is offered subject to the conditions or limitations set forth in the Award Information, Project Information, Financial Information, and Award Conditions.

Solicitation Title

2024 BJA FY24 Invited to Apply- Byrne Discretionary
Community Project Grants/Byrne Discretionary Grants
Program

Awarding Agency

OJP

Program Office

BJA

Application Number

GRANT14135891

Grant Manager Name

Letha Bell

Phone Number

[202-702-8112](tel:202-702-8112)

E-mail Address

Letha.Bell@usdoj.gov

Project Title

City of Morgan Hill Police Department Driving Under the Influence and Vision Zero Campaign

Performance Period Start

Date

05/01/2024

Performance Period End Date

04/30/2025

Budget Period Start Date

05/01/2024

Budget Period End Date

04/30/2025

Project Description

The Morgan Hill Police Department seeks to elevate our traffic patrol efforts and DUI enforcement by purchasing two motorcycles and implementing a sobriety checkpoint campaign. Increased residential growth and popularity of Morgan Hill's vibrant downtown correlates to a growing number of motorists driving under the influence, demonstrating the need for additional law enforcement. Additionally, the City Council has adopted the Vision Zero Campaign as a strategic priority. Vision Zero is a traffic safety improvement initiative that began in Sweden in 1997 and has been credited with reducing traffic fatalities. The core principles are building better and safer streets, educating the public on traffic safety, enforcing traffic laws, and adopting policy changes that save lives. The goal is to create a culture that prioritizes safety, creates livable streets, and seeks to eliminate traffic fatalities.

[]

I have read and understand the information presented in this section of the Federal Award Instrument.

Financial Information

This award is offered subject to the conditions or limitations set forth in the Award Information, Project Information, Financial Information, and Award Conditions.

A financial analysis of budgeted costs has been completed. Costs under this award appear reasonable, allowable, and consistent with existing guidelines. Exceptions / Adjustments are noted below.

Year 1	Total
Personnel	
\$0	\$0
Fringe Benefits	
\$0	\$0
Travel	
\$0	\$0
Equipment	
\$100,000	\$100,000
Supplies	
\$0	\$0
Construction	
\$0	\$0
SubAwards	
\$0	\$0
Procurement Contracts	
\$0	\$0
Other Costs	
\$0	\$0
Total Direct Costs	
\$100,000	\$100,000
Indirect Costs	
\$0	\$0
Total Project Costs	

\$100,000

\$100,000

Spacer

Federal

Non-Federal

Year1

\$100,000

\$0

Spacer

\$100,000

\$0

Budget Totals

	Total	Percentage
Total Project Cost	\$100,000	
Federal Funds	\$100,000	100.00~symbolPlaceholder~
Non-Federal Amount	\$0	0.00~symbolPlaceholder~
Match Amount	\$0	0.00~symbolPlaceholder~
Program Income	\$ 0	

0.00~symbolPlaceholder~

Empty Space

Budget Category
Personnel
Fringe Benefits
Travel
Equipment
Supplies
Construction
SubAwards

Procurement Contracts

Other Costs

Indirect Costs

[]

I have read and understand the information presented in this section of the Federal Award Instrument.

Award Conditions

This award is offered subject to the conditions or limitations set forth in the Award Information, Project Information, Financial Information, and Award Conditions.

1

Meaningful access requirement for individuals with limited English proficiency

The recipient, and any subrecipient at any tier, must take reasonable steps to ensure that individuals with limited English proficiency (LEP) have meaningful access to their programs and activities to comply with Title VI of the Civil Rights Act of 1964 (Title VI), which prohibits discrimination on the basis of national origin, including discrimination against individuals with LEP. Such steps may require providing language assistance services, such as interpretation or translation services. The Department of Justice guidance on compliance with this requirement may be found at "Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons" (67 Fed. Reg. 41455-41472) (<https://www.federalregister.gov/d/02-15207>) and is incorporated by reference here.

2

Compliance with general appropriations-law restrictions on the use of federal funds (FY 2024)

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable restrictions on the use of federal funds set out in federal appropriations statutes. Pertinent restrictions that may be set out in applicable appropriations acts are indicated at <https://ojp.gov/funding/Explore/FY24AppropriationsRestrictions.htm>, and are incorporated by reference here.

Should a question arise as to whether a particular use of federal funds by a recipient (or a subrecipient) would or might fall within the scope of an appropriations-law restriction, the recipient is to contact OJP for guidance, and may not proceed without the express prior written approval of OJP.

3

Requirements of the award; remedies for non-compliance or for materially false statements

The conditions of this award are material requirements of the award. Compliance with any assurances or certifications submitted by or on behalf of the recipient that relate to conduct during the period of performance also is a material requirement of this award.

Limited Exceptions. In certain special circumstances, the U.S. Department of Justice ("DOJ") may determine that it will not enforce, or enforce only in part, one or more requirements otherwise applicable to the award. Any such exceptions regarding enforcement, including any such exceptions made during the period of performance, are (or will be during the period of performance) set out through the Office of Justice Programs ("OJP") webpage entitled "Legal Notices: Special circumstances as to particular award conditions" (ojp.gov/funding/Explore/LegalNotices-AwardReqs.htm), and incorporated by reference into the award.

By signing and accepting this award on behalf of the recipient, the authorized recipient official accepts all material

requirements of the award, and specifically adopts, as if personally executed by the authorized recipient official, all assurances or certifications submitted by or on behalf of the recipient that relate to conduct during the period of performance.

Failure to comply with one or more award requirements -- whether a condition set out in full below, a condition incorporated by reference below, or an assurance or certification related to conduct during the award period -- may result in OJP taking appropriate action with respect to the recipient and the award. Among other things, the OJP may withhold award funds, disallow costs, or suspend or terminate the award. DOJ, including OJP, also may take other legal action as appropriate.

Any materially false, fictitious, or fraudulent statement to the federal government related to this award (or concealment or omission of a material fact) may be the subject of criminal prosecution (including under 18 U.S.C. 1001 and/or 1621, and/or 34 U.S.C. 10271-10273), and also may lead to imposition of civil penalties and administrative remedies for false claims or otherwise (including under 31 U.S.C. 3729-3730 and 3801-3812).

Should any provision of a requirement of this award be held to be invalid or unenforceable by its terms, that provision shall first be applied with a limited construction so as to give it the maximum effect permitted by law. Should it be held, instead, that the provision is utterly invalid or -unenforceable, such provision shall be deemed severable from this award.

4

Effect of failure to address audit issues

The recipient understands and agrees that the DOJ awarding agency (OJP or OVW, as appropriate) may withhold award funds, or may impose other related requirements, if (as determined by the DOJ awarding agency) the recipient does not satisfactorily and promptly address outstanding issues from audits required by the Part 200 Uniform Requirements (or by the terms of this award), or other outstanding issues that arise in connection with audits, investigations, or reviews of DOJ awards.

5

Applicability of Part 200 Uniform Requirements

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements in 2 C.F.R. Part 200, as adopted and supplemented by DOJ in 2 C.F.R. Part 2800 (together, the "Part 200 Uniform Requirements") apply to this award from OJP.

For more information and resources on the Part 200 Uniform Requirements as they relate to OJP awards and subawards ("subgrants"), see the OJP website at <https://ojp.gov/funding/Part200UniformRequirements.htm>.

Record retention and access: Records pertinent to the award that the recipient (and any subrecipient ("subgrantee") at any tier) must retain -- typically for a period of 3 years from the date of submission of the final expenditure report (SF 425), unless a different retention period applies -- and to which the recipient (and any subrecipient ("subgrantee") at any tier) must provide access, include performance measurement information, in addition to the financial records, supporting documents, statistical records, and other pertinent records indicated at 2 C.F.R. 200.334.

In the event that an award-related question arises from documents or other materials prepared or distributed by OJP that may appear to conflict with, or differ in some way from, the provisions of the Part 200 Uniform Requirements, the recipient is to contact OJP promptly for clarification.

6

Reporting potential fraud, waste, and abuse, and similar misconduct

The recipient, and any subrecipients ("subgrantees") at any tier, must promptly refer to the DOJ Office of the Inspector General (OIG) any credible evidence that a principal, employee, agent, subrecipient, contractor, subcontractor, or other person has, in connection with funds under this award-- (1) submitted a claim that violates the False Claims Act; or (2) committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct.

Potential fraud, waste, abuse, or misconduct involving or relating to funds under this award should be reported to the OIG by—(1) online submission accessible via the OIG webpage at <https://oig.justice.gov/hotline/contact-grants.htm> (select "Submit Report Online"); (2) mail directed to: U.S. Department of Justice, Office of the Inspector General, Investigations Division, ATTN: Grantee Reporting, 950 Pennsylvania Ave., NW, Washington, DC 20530; and/or (3) by facsimile directed to the DOJ OIG Investigations Division (Attn: Grantee Reporting) at (202) 616-9881 (fax).

Additional information is available from the DOJ OIG website at <https://oig.justice.gov/hotline>.

7

Compliance with DOJ regulations pertaining to civil rights and nondiscrimination - 28 C.F.R. Part 38

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements of 28 C.F.R. Part 38.

Among other things, 28 C.F.R. Part 38 includes rules that prohibit specific forms of discrimination on the basis of religion, a religious belief, a refusal to hold a religious belief, or refusal to attend or participate in a religious practice. Part 38 also sets out rules and requirements that pertain to recipient and subrecipient ("subgrantee") organizations that engage in or conduct explicitly religious activities, as well as rules and requirements that pertain to recipients and subrecipients that are faith-based or religious organizations.

Recipients and subrecipients that provide social services under this award must give written notice to beneficiaries and prospective beneficiaries prior to the provision of services (if practicable) which shall include language substantially similar to the language in 28 CFR Part 38, Appendix C, sections (1) through (4). A sample written notice may be found at <https://www.ojp.gov/program/civil-rights-office/partnerships-faith-based-and-other-neighborhood-organizations>.

In certain instances, a faith-based or religious organization may be able to take religion into account when making hiring decisions, provided it satisfies certain requirements. For more information, please see <https://www.ojp.gov/funding/explore/legaloverview2024/civilrightsrequirements>.

8

Requirements related to "de minimis" indirect cost rate

A recipient that is eligible under the Part 200 Uniform Requirements and other applicable law to use the "de minimis" indirect cost rate described in 2 C.F.R. 200.414(f), and that elects to use the "de minimis" indirect cost rate, must advise OJP in writing of both its eligibility and its election, and must comply with all associated requirements in the Part 200 Uniform Requirements. The "de minimis" rate may be applied only to modified total direct costs (MTDC) as defined by the Part 200 Uniform Requirements.

9

Compliance with applicable rules regarding approval, planning, and reporting of conferences, meetings, trainings, and other events

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable laws, regulations, policies, and official DOJ guidance (including specific cost limits, prior approval and reporting requirements, where applicable) governing the use of federal funds for expenses related to conferences (as that term is defined by DOJ), including the provision of food and/or beverages at such conferences, and costs of attendance at such conferences.

Information on the pertinent DOJ definition of conferences and the rules applicable to this award appears in the DOJ Grants Financial Guide (currently, as section 3.10 of "Postaward Requirements" in the "DOJ Grants Financial Guide").

10

Requirement for data on performance and effectiveness under the award

The recipient must collect and maintain data that measure the performance and effectiveness of work under this award. The data must be provided to OJP in the manner (including within the timeframes) specified by OJP in the program solicitation or other applicable written guidance. Data collection supports compliance with the Government

Performance and Results Act (GPRA) and the GPRA Modernization Act of 2010, and other applicable laws.

11

Compliance with DOJ Grants Financial Guide

References to the DOJ Grants Financial Guide are to the DOJ Grants Financial Guide as posted on the OJP website (currently, the "DOJ Grants Financial Guide" available at <https://ojp.gov/financialguide/DOJ/index.htm>), including any updated version that may be posted during the period of performance. The recipient agrees to comply with the DOJ Grants Financial Guide.

12

Compliance with DOJ regulations pertaining to civil rights and nondiscrimination - 28 C.F.R. Part 42

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements of 28 C.F.R. Part 42, specifically including any applicable requirements in Subpart E of 28 C.F.R. Part 42 that relate to an equal employment opportunity program.

Among other items, 28 C.F.R. § 42.106(d), 28 C.F.R. § 42.405(c), and 28 C.F.R. § 42.505(f) contain notice requirements that covered recipients must follow regarding the dissemination of information regarding federal nondiscrimination requirements.

13

Determination of suitability to interact with participating minors

SCOPE. This condition applies to this award if it is indicated -- in the application for the award (as approved by DOJ)(or in the application for any subaward, at any tier), the DOJ funding announcement (solicitation), or an associated federal statute -- that a purpose of some or all of the activities to be carried out under the award (whether by the recipient, or a subrecipient at any tier) is to benefit a set of individuals under 18 years of age.

The recipient, and any subrecipient at any tier, must make determinations of suitability before certain individuals may interact with participating minors. This requirement applies regardless of an individual's employment status.

The details of this requirement are posted on the OJP web site at <https://ojp.gov/funding/Explore/Interact-Minors.htm> (Award condition: Determination of suitability required, in advance, for certain individuals who may interact with participating minors), and are incorporated by reference here.

14

Requirement to disclose whether recipient is designated "high risk" by a federal grant-making agency outside of DOJ

If the recipient is designated "high risk" by a federal grant-making agency outside of DOJ, currently or at any time during the course of the period of performance under this award, the recipient must disclose that fact and certain related information to OJP by email at OJP.ComplianceReporting@ojp.usdoj.gov. For purposes of this disclosure, high risk includes any status under which a federal awarding agency provides additional oversight due to the recipient's past performance, or other programmatic or financial concerns with the recipient. The recipient's disclosure must include the following: 1. The federal awarding agency that currently designates the recipient high risk, 2. The date the recipient was designated high risk, 3. The high-risk point of contact at that federal awarding agency (name, phone number, and email address), and 4. The reasons for the high-risk status, as set out by the federal awarding agency.

15

Employment eligibility verification for hiring under the award

1. The recipient (and any subrecipient at any tier) must--

A. Ensure that, as part of the hiring process for any position within the United States that is or will be funded (in whole or in part) with award funds, the recipient (or any subrecipient) properly verifies the employment eligibility of the individual who is being hired, consistent with the provisions of 8 U.S.C. 1324a(a)(1).

B. Notify all persons associated with the recipient (or any subrecipient) who are or will be involved in activities under this award of both--

(1) this award requirement for verification of employment eligibility, and

(2) the associated provisions in 8 U.S.C. 1324a(a)(1) that, generally speaking, make it unlawful, in the United States, to hire (or recruit for employment) certain aliens.

C. Provide training (to the extent necessary) to those persons required by this condition to be notified of the award requirement for employment eligibility verification and of the associated provisions of 8 U.S.C. 1324a(a)(1).

D. As part of the recordkeeping for the award (including pursuant to the Part 200 Uniform Requirements), maintain records of all employment eligibility verifications pertinent to compliance with this award condition in accordance with Form I-9 record retention requirements, as well as records of all pertinent notifications and trainings.

2. Monitoring

The recipient's monitoring responsibilities include monitoring of subrecipient compliance with this condition.

3. Allowable costs

To the extent that such costs are not reimbursed under any other federal program, award funds may be obligated for the reasonable, necessary, and allocable costs (if any) of actions designed to ensure compliance with this condition.

4. Rules of construction

A. Staff involved in the hiring process

For purposes of this condition, persons "who are or will be involved in activities under this award" specifically includes (without limitation) any and all recipient (or any subrecipient) officials or other staff who are or will be involved in the hiring process with respect to a position that is or will be funded (in whole or in part) with award funds.

B. Employment eligibility confirmation with E-Verify

For purposes of satisfying the requirement of this condition regarding verification of employment eligibility, the recipient (or any subrecipient) may choose to participate in, and use, E-Verify (www.e-verify.gov), provided an appropriate person authorized to act on behalf of the recipient (or subrecipient) uses E-Verify (and follows the proper E-Verify procedures, including in the event of a "Tentative Nonconfirmation" or a "Final Nonconfirmation") to confirm employment eligibility for each hiring for a position in the United States that is or will be funded (in whole or in part) with award funds.

C. "United States" specifically includes the District of Columbia, Puerto Rico, Guam, the Virgin Islands of the United States, and the Commonwealth of the Northern Mariana Islands.

D. Nothing in this condition shall be understood to authorize or require any recipient, any subrecipient at any tier, or any person or other entity, to violate any federal law, including any applicable civil rights or nondiscrimination law.

E. Nothing in this condition, including in paragraph 4.B., shall be understood to relieve any recipient, any subrecipient at any tier, or any person or other entity, of any obligation otherwise imposed by law, including 8 U.S.C. 1324a(a)(1).

Questions about E-Verify should be directed to DHS. For more information about E-Verify visit the E-Verify website (<https://www.e-verify.gov/>) or email E-Verify at E-Verify@dhs.gov. E-Verify employer agents can email E-Verify at E-VerifyEmployerAgent@dhs.gov.

Questions about the meaning or scope of this condition should be directed to OJP, before award acceptance.

Pursuant to Executive Order 13513, "Federal Leadership on Reducing Text Messaging While Driving," 74 Fed. Reg. 51225 (October 1, 2009), DOJ encourages recipients and subrecipients ("subgrantees") to adopt and enforce policies banning employees from text messaging while driving any vehicle during the course of performing work funded by this award, and to establish workplace safety policies and conduct education, awareness, and other outreach to decrease crashes caused by distracted drivers.

17

Reclassification of various statutory provisions to a new Title 34 of the United States Code

On September 1, 2017, various statutory provisions previously codified elsewhere in the U.S. Code were editorially reclassified (that is, moved and renumbered) to a new Title 34, entitled "Crime Control and Law Enforcement." The reclassification encompassed a number of statutory provisions pertinent to OJP awards (that is, OJP grants and cooperative agreements), including many provisions previously codified in Title 42 of the U.S. Code.

Effective as of September 1, 2017, any reference in this award document to a statutory provision that has been reclassified to the new Title 34 of the U.S. Code is to be read as a reference to that statutory provision as reclassified to Title 34. This rule of construction specifically includes references set out in award conditions, references set out in material incorporated by reference through award conditions, and references set out in other award requirements.

18

Restrictions and certifications regarding non-disclosure agreements and related matters

No recipient or subrecipient ("subgrantee") under this award, or entity that receives a procurement contract or subcontract with any funds under this award, may require any employee or contractor to sign an internal confidentiality agreement or statement that prohibits or otherwise restricts, or purports to prohibit or restrict, the reporting (in accordance with law) of waste, fraud, or abuse to an investigative or law enforcement representative of a federal department or agency authorized to receive such information.

The foregoing is not intended, and shall not be understood by the agency making this award, to contravene requirements applicable to Standard Form 312 (which relates to classified information), Form 4414 (which relates to sensitive compartmented information), or any other form issued by a federal department or agency governing the nondisclosure of classified information.

1. In accepting this award, the recipient--

a. represents that it neither requires nor has required internal confidentiality agreements or statements from employees or contractors that currently prohibit or otherwise currently restrict (or purport to prohibit or restrict) employees or contractors from reporting waste, fraud, or abuse as described above; and

b. certifies that, if it learns or is notified that it is or has been requiring its employees or contractors to execute agreements or statements that prohibit or otherwise restrict (or purport to prohibit or restrict), reporting of waste, fraud, or abuse as described above, it will immediately stop any further obligations of award funds, will provide prompt written notification to the federal agency making this award, and will resume (or permit resumption of) such obligations only if expressly authorized to do so by that agency.

2. If the recipient does or is authorized under this award to make subawards ("subgrants"), procurement contracts, or both--

a. it represents that--

(1) it has determined that no other entity that the recipient's application proposes may or will receive award funds (whether through a subaward ("subgrant"), procurement contract, or subcontract under a procurement contract) either requires or has required internal confidentiality agreements or statements from employees or contractors that currently prohibit or otherwise currently restrict (or purport to prohibit or restrict) employees or contractors from reporting waste, fraud, or abuse as described above; and

(2) it has made appropriate inquiry, or otherwise has an adequate factual basis, to support this representation; and

b. it certifies that, if it learns or is notified that any subrecipient, contractor, or subcontractor entity that receives funds under this award is or has been requiring its employees or contractors to execute agreements or statements that prohibit or otherwise restrict (or purport to prohibit or restrict), reporting of waste, fraud, or abuse as described above, it will immediately stop any further obligations of award funds to or by that entity, will provide prompt written notification to the federal agency making this award, and will resume (or permit resumption of) such obligations only if expressly authorized to do so by that agency.

19

OJP Training Guiding Principles

Any training or training materials that the recipient -- or any subrecipient ("subgrantee") at any tier -- develops or delivers with OJP award funds must adhere to the OJP Training Guiding Principles for Grantees and Subgrantees, available at <https://www.ojp.gov/funding/implement/training-guiding-principles-grantees-and-subgrantees>.

20

Specific post-award approval required to use a noncompetitive approach in any procurement contract that would exceed \$250,000

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements to obtain specific advance approval to use a noncompetitive approach in any procurement contract that would exceed the Simplified Acquisition Threshold (currently, \$250,000). This condition applies to agreements that -- for purposes of federal grants administrative requirements -- OJP considers a procurement "contract" (and therefore does not consider a subaward).

The details of the requirement for advance approval to use a noncompetitive approach in a procurement contract under an OJP award are posted on the OJP web site at <https://ojp.gov/funding/Explore/NoncompetitiveProcurement.htm> (Award condition: Specific post-award approval required to use a noncompetitive approach in a procurement contract (if contract would exceed \$250,000)), and are incorporated by reference here.

21

Requirement to report potentially duplicative funding

If the recipient currently has other active awards of federal funds, or if the recipient receives any other award of federal funds during the period of performance for this award, the recipient promptly must determine whether funds from any of those other federal awards have been, are being, or are to be used (in whole or in part) for one or more of the identical cost items for which funds are provided under this award. If so, the recipient must promptly notify the DOJ awarding agency (OJP or OVW, as appropriate) in writing of the potential duplication, and, if so requested by the DOJ awarding agency, must seek a budget-modification or change-of-project-scope Grant Award Modification (GAM) to eliminate any inappropriate duplication of funding.

22

Required training for Grant Award Administrator and Financial Manager

The Grant Award Administrator and all Financial Managers for this award must have successfully completed an "OJP financial management and grant administration training" by 120 days after the date of the recipient's acceptance of the award. Successful completion of such a training on or after January 1, 2021, will satisfy this condition.

In the event that either the Grant Award Administrator or a Financial Manager for this award changes during the period of performance, the new Grant Award Administrator or Financial Manager must have successfully completed an "OJP financial management and grant administration training" by 120 calendar days after the date the Entity Administrator enters updated Grant Award Administrator or Financial Manager information in JustGrants. Successful completion of such a training on or after January 1, 2021, will satisfy this condition.

A list of OJP trainings that OJP will consider "OJP financial management and grant administration training" for purposes of this condition is available at <https://onlinegfmt.training.ojp.gov/>. All trainings that satisfy this condition include a session on grant fraud prevention and detection.

The recipient should anticipate that OJP will immediately withhold ("freeze") award funds if the recipient fails to comply with this condition. The recipient's failure to comply also may lead OJP to impose additional appropriate conditions on this award.

23

Compliance with 41 U.S.C. 4712 (including prohibitions on reprisal; notice to employees)

The recipient (and any subrecipient at any tier) must comply with, and is subject to, all applicable provisions of 41 U.S.C. 4712, including all applicable provisions that prohibit, under specified circumstances, discrimination against an employee as reprisal for the employee's disclosure of information related to gross mismanagement of a federal grant, a gross waste of federal funds, an abuse of authority relating to a federal grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal grant.

The recipient also must inform its employees, in writing (and in the predominant native language of the workforce), of employee rights and remedies under 41 U.S.C. 4712.

Should a question arise as to the applicability of the provisions of 41 U.S.C. 4712 to this award, the recipient is to contact the DOJ awarding agency (OJP or OVW, as appropriate) for guidance.

24

Requirements pertaining to prohibited conduct related to trafficking in persons (including reporting requirements and OJP authority to terminate award)

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements (including requirements to report allegations) pertaining to prohibited conduct related to the trafficking of persons, whether on the part of recipients, subrecipients ("subgrantees"), or individuals defined (for purposes of this condition) as "employees" of the recipient or of any subrecipient.

The details of the recipient's obligations related to prohibited conduct related to trafficking in persons are posted on the OJP web site at <https://ojp.gov/funding/Explore/ProhibitedConduct-Trafficking.htm> (Award condition: Prohibited conduct by recipients and subrecipients related to trafficking in persons (including reporting requirements and OJP authority to terminate award)), and are incorporated by reference here.

25

Potential imposition of additional requirements

The recipient agrees to comply with any additional requirements that may be imposed by the DOJ awarding agency (OJP or OVW, as appropriate) during the period of performance for this award, if the recipient is designated as "high-risk" for purposes of the DOJ high-risk grantee list.

26

Requirement to report actual or imminent breach of personally identifiable information (PII)

The recipient (and any "subrecipient" at any tier) must have written procedures in place to respond in the event of an actual or imminent "breach" (OMB M-17-12) if it (or a subrecipient) -- (1) creates, collects, uses, processes, stores, maintains, disseminates, discloses, or disposes of "Personally Identifiable Information (PII)" (2 CFR 200.1) within the scope of an OJP grant-funded program or activity, or (2) uses or operates a "Federal information system" (OMB Circular A-130). The recipient's breach procedures must include a requirement to report actual or imminent breach of PII to an OJP Program Manager no later than 24 hours after an occurrence of an actual breach, or the detection of an imminent breach.

27

Requirements related to System for Award Management and Universal Identifier Requirements

The recipient must comply with applicable requirements regarding the System for Award Management (SAM), currently

accessible at <https://www.sam.gov/>. This includes applicable requirements regarding registration with SAM, as well as maintaining the currency of information in SAM.

The recipient also must comply with applicable restrictions on subawards ("subgrants") to first-tier subrecipients (first-tier "subgrantees"), including restrictions on subawards to entities that do not acquire and provide (to the recipient) the unique entity identifier required for SAM registration.

The details of the recipient's obligations related to SAM and to unique entity identifiers are posted on the OJP web site at <https://ojp.gov/funding/Explore/SAM.htm> (Award condition: System for Award Management (SAM) and Universal Identifier Requirements), and are incorporated by reference here.

This condition does not apply to an award to an individual who received the award as a natural person (i.e., unrelated to any business or non-profit organization that he or she may own or operate in his or her name).

28

Compliance with restrictions on the use of federal funds--prohibited and controlled equipment under OJP awards

Consistent with Executive Order 14074, "Advancing Effective, Accountable Policing and Criminal Justice Practices To Enhance Public Trust and Public Safety," OJP has prohibited the use of federal funds under this award for purchases or transfers of specified equipment by law enforcement agencies. In addition, OJP requires the recipient, and any subrecipient ("subgrantee") at any tier, to put in place specified controls prior to using federal funds under this award to acquire or transfer any property identified on the "controlled equipment" list. The details of the requirement are posted on the OJP web site at <https://www.ojp.gov/funding/explore/prohibited-and-controlled-equipment> (Award condition: Compliance with restrictions on the use of federal funds--prohibited and controlled equipment under OJP awards), and are incorporated by reference here.

29

Restrictions on "lobbying"

In general, as a matter of federal law, federal funds awarded by OJP may not be used by the recipient, or any subrecipient ("subgrantee") at any tier, either directly or indirectly, to support or oppose the enactment, repeal, modification, or adoption of any law, regulation, or policy, at any level of government. See 18 U.S.C. 1913. (There may be exceptions if an applicable federal statute specifically authorizes certain activities that otherwise would be barred by law.)

Another federal law generally prohibits federal funds awarded by OJP from being used by the recipient, or any subrecipient at any tier, to pay any person to influence (or attempt to influence) a federal agency, a Member of Congress, or Congress (or an official or employee of any of them) with respect to the awarding of a federal grant or cooperative agreement, subgrant, contract, subcontract, or loan, or with respect to actions such as renewing, extending, or modifying any such award. See 31 U.S.C. 1352. Certain exceptions to this law apply, including an exception that applies to Indian tribes and tribal organizations.

Should any question arise as to whether a particular use of federal funds by a recipient (or subrecipient) would or might fall within the scope of these prohibitions, the recipient is to contact OJP for guidance, and may not proceed without the express prior written approval of OJP.

30

All subawards ("subgrants") must have specific federal authorization

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements for authorization of any subaward. This condition applies to agreements that -- for purposes of federal grants administrative requirements -- OJP considers a "subaward" (and therefore does not consider a procurement "contract").

The details of the requirement for authorization of any subaward are posted on the OJP web site at <https://ojp.gov/funding/Explore/SubawardAuthorization.htm> (Award condition: All subawards ("subgrants") must have specific federal authorization), and are incorporated by reference here.

31

Compliance with DOJ regulations pertaining to civil rights and nondiscrimination - 28 C.F.R. Part 54

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements of 28 C.F.R. Part 54, which relates to nondiscrimination on the basis of sex in certain "education programs."

Among other items, 28 C.F.R. § 54.140 contains notice requirements that covered recipients must follow regarding the dissemination of information regarding federal nondiscrimination requirements.

32

The recipient understands that, in accepting this award, the Authorized Representative declares and certifies, among other things, that he or she possesses the requisite legal authority to accept the award on behalf of the recipient entity and, in so doing, accepts (or adopts) all material requirements that relate to conduct throughout the period of performance under this award. The recipient further understands, and agrees, that it will not assign anyone to the role of Authorized Representative during the period of performance under the award without first ensuring that the individual has the requisite legal authority.

33

Verification and updating of recipient contact information

The recipient must verify its Grant Award Administrator, Financial Manager, and Authorized Representative contact information in JustGrants, including telephone number and e-mail address. If any information is incorrect or has changed, the award recipient's Entity Administrator must make changes to contact information through DIAMD. Instructions on how to update contact information in JustGrants can be found at <https://justicegrants.usdoj.gov/training/training-entity-management>.

34

FFATA reporting: Subawards and executive compensation

The recipient must comply with applicable requirements to report first-tier subawards ("subgrants") of \$30,000 or more and, in certain circumstances, to report the names and total compensation of the five most highly compensated executives of the recipient and first-tier subrecipients (first-tier "subgrantees") of award funds. The details of recipient obligations, which derive from the Federal Funding Accountability and Transparency Act of 2006 (FFATA), are posted on the OJP web site at <https://ojp.gov/funding/Explore/FFATA.htm> (Award condition: Reporting Subawards and Executive Compensation), and are incorporated by reference here.

This condition, including its reporting requirement, does not apply to-- (1) an award of less than \$30,000, or (2) an award made to an individual who received the award as a natural person (i.e., unrelated to any business or non-profit organization that he or she may own or operate in his or her name).

35

Body-worn cameras, policies and procedures

In accepting this award, the recipient agrees not to use award funds for purchases of body-worn cameras or related expenses for any agency unless that agency has policies and procedures in place that reinforce appropriate agency Use of Force policies and training and address technology usage, evidence acquisition, data storage and retention, as well as privacy issues, accountability and discipline.

36

Body armor - compliance with NIJ standards and other requirements

Ballistic-resistant and stab-resistant body armor purchased with award funds may be purchased at any threat level, make or model, from any distributor or manufacturer, as long as the body armor has been tested and found to comply with applicable National Institute of Justice ballistic or stab standards, and is listed on the NIJ Compliant Body Armor Model List. In addition, ballistic-resistant and stab-resistant body armor purchased must be made in the United States

and must be uniquely fitted, as set forth in 34 U.S.C. 10202(c)(1)(A). The latest NIJ standard information and the NIJ Compliant Body Armor List may be found by following the links located on the NIJ Body Armor page: <https://nij.ojp.gov/topics/equipment-and-technology/body-armor>. In addition, if recipient uses funds under this award to purchase body armor, the recipient is strongly encouraged to have a "mandatory wear" policy in effect. There are no requirements regarding the nature of the policy other than it be a mandatory wear policy for all uniformed officers while on duty.

37

The recipient agrees to comply with OJP grant monitoring guidelines, protocols, and procedures, and to cooperate with BJA and OCFO on all grant monitoring requests, including requests related to desk reviews, enhanced programmatic desk reviews, and/or site visits. The recipient agrees to provide to BJA and OCFO all documentation necessary to complete monitoring tasks, including documentation related to any subawards made under this award. Further, the recipient agrees to abide by reasonable deadlines set by BJA and OCFO for providing the requested documents. Failure to cooperate with BJA's/OCFO's grant monitoring activities may result in sanctions affecting the recipient's DOJ awards, including, but not limited to: withholdings and/or other restrictions on the recipient's access to grant funds; referral to the Office of the Inspector General for audit review; designation of the recipient as a DOJ High Risk grantee; or termination of an award(s).

38

Any written, visual, or audio publications funded in whole or in part under this award, with the exception of press releases, shall contain the following statements: "This project was supported by Grant No. <AWARD_NUMBER> awarded by the Bureau of Justice Assistance. The Bureau of Justice Assistance is a component of the Department of Justice's Office of Justice Programs, which also includes the Bureau of Justice Statistics, the National Institute of Justice, the Office of Juvenile Justice and Delinquency Prevention, the Office for Victims of Crime, and the SMART Office. Points of view or opinions in this document are those of the author and do not necessarily represent the official position or policies of the U.S. Department of Justice." The current edition of the DOJ Grants Financial Guide provides guidance on allowable printing and publication activities.

39

Any Web site that is funded in whole or in part under this award must include the following statement on the home page, on all major entry pages (i.e., pages (exclusive of documents) whose primary purpose is to navigate the user to interior content), and on any pages from which a visitor may access or use a Web-based service, including any pages that provide results or outputs from the service: "This Web site is funded in whole or in part through a grant from the Bureau of Justice Assistance, Office of Justice Programs, U.S. Department of Justice. Neither the U.S. Department of Justice nor any of its components operate, control, are responsible for, or necessarily endorse, this Web site (including, without limitation, its content, technical infrastructure, and policies, and any services or tools provided)." The full text of the foregoing statement must be clearly visible on the home page. On other pages, the statement may be included through a link, entitled "Notice of Federal Funding and Federal Disclaimer," to the full text of the statement.

40

Confidentiality of data

The recipient (and any subrecipient at any tier) must comply with all confidentiality requirements of 34 U.S.C. 10231 and 28 C.F.R. Part 22 that are applicable to collection, use, and revelation of data or information. The recipient further agrees, as a condition of award approval, to submit a Privacy Certificate that is in accord with requirements of 28 C.F.R. Part 22 and, in particular, 28 C.F.R. 22.23.

41

The recipient agrees to cooperate with any assessments, national evaluation efforts, or information or data collection requests, including, but not limited to, the provision of any information required for the assessment or evaluation of any activities within this project.

42

Protection of human research subjects

The recipient (and any subrecipient at any tier) must comply with the requirements of 28 C.F.R. Part 46 and all OJP

policies and procedures regarding the protection of human research subjects, including obtainment of Institutional Review Board approval, if appropriate, and subject informed consent.

43

Justification of consultant rate

Approval of this award does not indicate approval of any consultant rate in excess of \$650 per day. A detailed justification must be submitted to and approved by the OJP program office prior to obligation or expenditure of such funds.

44

The recipient agrees that no funds under this grant award (including via subcontract or subaward, at any tier) may be used for unmanned aircraft systems (UAS), which includes unmanned aircraft vehicles (UAV), or for any accompanying accessories to support UAS.

45

Compliance with 28 C.F.R. Part 23

With respect to any information technology system funded or supported by funds under this award, the recipient (and any subrecipient at any tier) must comply with 28 C.F.R. Part 23, Criminal Intelligence Systems Operating Policies, if OJP determines this regulation to be applicable. Should OJP determine 28 C.F.R. Part 23 to be applicable, OJP may, at its discretion, perform audits of the system, as per the regulation. Should any violation of 28 C.F.R. Part 23 occur, the recipient may be fined as per 34 U.S.C. 10231(c)-(d). The recipient may not satisfy such a fine with federal funds.

46

Justice Information Sharing

Information sharing projects funded under this award must comply with DOJ's Global Justice Information Sharing Initiative (Global) guidelines. The recipient (and any subrecipient at any tier) must conform to the Global Standards Package (GSP) and all constituent elements, where applicable, as described at: https://it.ojp.gov/gsp_grantcondition. The recipient (and any subrecipient at any tier) must document planned approaches to information sharing and describe compliance with the GSP and appropriate privacy policy that protects shared information, or provide detailed justification for why an alternative approach is recommended.

47

In accepting this award, the recipient agrees that grant funds cannot be used for Facial Recognition Technology (FRT) unless the recipient has policies and procedures in place to ensure that the FRT will be utilized in an appropriate and responsible manner that promotes public safety, and protects privacy, civil rights, and civil liberties and complies with all applicable provisions of the U.S. Constitution, including the Fourth Amendment's protection against unreasonable searches and seizures and the First Amendment's freedom of association and speech, as well as other laws and regulations. Recipients utilizing funds for FRT must make such policies and procedures available to DOJ upon request.

48

The recipient agrees that it will submit quarterly financial status reports (the SF 425 Federal Financial Report) to OJP in JustGrants, no later than the deadlines set out in the DOJ Financial Guide and the JustGrants guidance (typically 30 days after the end of each calendar quarter). Delinquent reports may lead to funds being frozen and other remedies.

49

The recipient shall submit semiannual performance reports. Performance reports shall be submitted within 30 days after the end of the reporting periods, which are June 30 and December 31, for the life of the award. These reports will be submitted to the Office of Justice Programs, on-line through the Internet at <https://justgrants.usdoj.gov>

50

As of the first day of the period of performance for the award, the recipient may choose to incur project costs using

non-federal funds, but any such project costs are incurred at the recipient's risk until, at a minimum, all applicable withholding conditions are removed by OJP (via an Award Condition Modification (ACM)).

Except to the extent (if any) that an award condition expressly precludes reimbursement of project costs incurred "at-risk," if and when the recipient makes a valid acceptance of this award and OJP removes each applicable withholding condition through an Award Condition Modification (ACM), the recipient is authorized to reimburse itself for project costs incurred "at-risk" earlier during the period of performance (such as project costs incurred prior to award acceptance or prior to removal of an applicable withholding condition), provided that those project costs otherwise are allowable costs under the award.

☐ I have read and understand the information presented in this section of the Federal Award Instrument.

Award Acceptance

Declaration and Certification to the U.S. Department of Justice as to Acceptance

By checking the declaration and certification box below, I--

- A. Declare to the U.S. Department of Justice (DOJ), under penalty of perjury, that I have authority to make this declaration and certification on behalf of the applicant.
- B. Certify to DOJ, under penalty of perjury, on behalf of myself and the applicant, to the best of my knowledge and belief, that the following are true as of the date of this award acceptance: (1) I have conducted or there was conducted (including by applicant's legal counsel as appropriate and made available to me) a diligent review of all terms and conditions of, and all supporting materials submitted in connection with, this award, including any assurances and certifications (including anything submitted in connection therewith by a person on behalf of the applicant before, after, or at the time of the application submission and any materials that accompany this acceptance and certification); and (2) I have the legal authority to accept this award on behalf of the applicant.
- C. Accept this award on behalf of the applicant.
- D. Declare the following to DOJ, under penalty of perjury, on behalf of myself and the applicant: (1) I understand that, in taking (or not taking) any action pursuant to this declaration and certification, DOJ will rely upon this declaration and certification as a material representation; and (2) I understand that any materially false, fictitious, or fraudulent information or statement in this declaration and certification (or concealment or omission of a material fact as to either) may be the subject of criminal prosecution (including under 18 U.S.C. §§ 1001 and/or 1621, and/or 34 U.S.C. §§ 10271-10273), and also may subject me and the applicant to civil penalties and administrative remedies under the federal False Claims Act (including under 31 U.S.C. §§ 3729-3730 and/or §§ 3801-3812) or otherwise.

Agency Approval

Title of Approving Official	Name of Approving Official	Signed Date And Time
Acting Assistant Attorney General	Brent J. Cohen	8/9/24 8:49 PM

Authorized Representative

Entity Acceptance

Title of Authorized Entity Official
Captian

Signed Date And Time
—

RESOLUTION NO. 24-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO THE CITY'S FISCAL YEAR 24-25 BUDGET ACCEPTING GRANT PAYMENTS OF \$215,700 FROM CALIFORNIA STATE OFFICE OF TRAFFIC SAFETY AND THE BYRNE DISCRETIONARY COMMUNITY PROJECT AND APPROPRIATING \$215,700 FOR OVERTIME EXPENDITURES AND DUI CHECKPOINT SUPPLIES RELATED TO DUI AND TRAFFIC ENFORCEMENT, PURCHASE OF TWO BMW 1250 RT POLICE MOTORCYCLES, AND A SOFTWARE UPGRADE TO THE DEPARTMENTS TRAFFIC CITATION AND TRAFFIC COLLISION SOFTWARE

WHEREAS, the City of Morgan Hill, 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"), is authorized to enter into contracts and agreements for the benefit of the City; and

WHEREAS, the reasons supporting the purchase described in, and that is the subject of, this Resolution are set forth in detail in that certain City Council Staff Report entitled Accept Grant Fund submitted for City Council consideration at its meeting of October 23, 2024, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

WHEREAS, recommended amendments are needed and proposed to the City's previously adopted Annual Budget for Fiscal Year 24-25, as set forth to this Resolution, to appropriate the requisite funds to implement the actions authorized by this Resolution; and

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

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

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

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

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

Section 2. Approval and Authorization. The City Council does further resolve, order and/or

direct as follows:

- a. The City supports the payment for the overtime costs and DUI checkpoint supplies related to DUI and traffic enforcement, purchase of two 2024 BMW 1250 RT police motorcycles, and a software upgrade to the Police Department's traffic citation and traffic collision software.
- b. That the City's previously adopted Fiscal Year 24-25 Budget, as the same has been amended to date, is hereby further amended in accordance with and as reflected on Exhibit A attached hereto and incorporated herein by this reference; and
- c. That the City Clerk is hereby authorized and directed to forward a copy of this Resolution to the City's Finance Director, who is hereby authorized and directed to take all actions necessary to implement the terms of this Resolution pertaining to the Fiscal Year 24-25 Budget of the City; and
- d. That the City Manager is hereby delegated authority to and is authorized to take all other ministerial actions that may be necessary or appropriate to implement the provisions of this Resolution.

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

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 23rd day of October 2024 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

COUNCIL MEMBERS:
COUNCIL MEMBERS:
COUNCIL MEMBERS:
COUNCIL MEMBERS:

DATE: _____

Mark Turner, MAYOR

➤ **CERTIFICATION** ☞

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. 24-XXX , adopted by the City Council at the meeting held on October 23, 2024.

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

DATE: _____

Michelle Bigelow, CITY CLERK

EXHIBIT A

AGENDA BUDGET SCORECARD

FISCAL YEAR 2024-2025

ADJUSTMENT #

002

FUND:

FUNCTION:

DEPARTMENT:

DIVISION:

OBJECT:

010	General Fund
20	Public Safety
20	Police
3210	Filed Operations
VARIOUS	Various

AGENDA DATE:

AGENDA ITEM TITLE:

10/23/24
OTS and Byrne Grants

	07/01/24 PROJECTED BEGINNING FUND BALANCE	ESTIMATED REVENUES	AMENDED APPROPRI- ATIONS	07/01/25 PROJECTED ENDING FUND BALANCE
ORIGINAL BUDGET	29,684,560	56,220,919	64,717,663	21,187,816
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	53,123	53,123	-
RECOMMENDED ACTION		215,700	215,700	-
RESULT OF RECOMMENDED ACTION	29,684,560	56,489,742	64,986,486	21,187,816

CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

Shane Palsgrove, Police Chief

APPROVED BY: City Manager

ADOPT RESOLUTION SUPPORTING PROPOSITION 36

RECOMMENDATION(S)

Adopt a resolution in support of Proposition 36: The Homeless, Drug Addition, and Theft Reduction Act.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Supporting our Youth, Seniors, and Entire Community

Preserving and Cultivating Public Trust

Advocating for Local, Regional, and State Legislative Initiatives

REPORT NARRATIVE:

In 2014, Proposition 47 changed the law so that some theft and drug crimes are charged as misdemeanors instead of as felonies. For example, shoplifting (stealing items worth \$950 or less from a store) and drug possession generally become crimes charged as misdemeanors. Proposition 36, an initiative statute on the November 2024 ballot, makes several key changes related to punishments for theft and drug crimes.

Proposition 36 proposes the following key changes to California law as outlined in the California Legislative Analyst's Office Analysis (Attachment 1):

1. Increases punishment for some theft and drug crimes.
2. Creates a new treatment-focused court process for some drug possession crimes.
3. Requires courts to warn people convicted of selling or providing illegal drugs to others that they can be charged with murder if they keep doing so and someone dies.

Statewide, there is a growing coalition of elected officials, district attorneys, and law enforcement agencies supporting stronger penalties for retail theft and drug crimes via Proposition 36. The League of California Cities also supports Proposition 36.

Retail theft has impacted businesses in Morgan Hill. The following tables contain information regarding all thefts (including motor vehicle thefts and commercial

burglaries) organized by type from January 1, 2021 through September 24, 2024. At this time, data validation for 2024 is not complete.

Crime Type	Sum of Property Loss
All Other Larceny	\$1,858,852
Burglary/Breaking and Entering	\$508,824
Motor Vehicle Theft	\$2,634,621
Pocket-Picking	\$49,776
Purse-Snatching	\$900
Shoplifting	\$382,246
Theft From Building	\$169,845
Theft From Coin-Operated Machine or Device	\$500
Theft From Motor Vehicle	\$526,193
Parts/Accessories From Motor Vehicle	\$96,546
Grand Total	\$6,228,303

Business Type	Sum of Property Loss
Auto Dealership	\$523,182
New/Used	
Clothing Store	\$32,025
Commercial/Office Building	\$1,461,910
Construction Site	\$435,266
Convenience Store	\$110,763
Department/Discount Store	\$227,062
Grocery/Supermarket	\$148,818
Hotel/Motel/Etc.	\$800,933
Parking/Drop Lot/Garage	\$2,127,948
Service/Gas Station	\$124,596
Specialty Store	\$187,290
Sporting Goods Store	\$48,510
Grand Total	\$6,228,303

Item Type	Sum of Property Loss
Alcohol	\$7,972
Artistic Supplies/Accessories	\$1,085
Automobiles	\$2,691,721
Bicycles	\$69,931

Building Materials	\$10,148
Camping/Hunting/Fishing	\$206
Equipment/Supplies	
Clothes/Furs	\$44,873
Computer Hardware/Software	\$91,463
Consumable Goods	\$16,704
Drug/Narcotic Equipment	\$211
Firearm Accessories	\$350
Firearms	\$10,158
Fuel	\$225
Heavy Construction/Industrial Equipment	\$377,957
Household Goods	\$13,597
Jewelry/Precious Metals/Gems	\$415,150
Law Enforcement Equipment	\$400
Lawn/Yard/Garden Equipment	\$16,569
Medical/Medical Lab Equipment	\$200,100
Merchandise	\$251,487
Money	\$87,081
Musical Instruments	\$2,700
Negotiable Instruments	\$1,200
Office-type Equipment	\$4,200
Other	\$970,346
Other Motor Vehicles	\$158,001
Photographic/Optical Equipment	\$3,150
Portable Electronic Communications	\$25,448
Purses/Handbags/Wallets	\$38,226
Radios/TVs/VCRs/DVD Players	\$11,078
Recreational/Sports Equipment	\$19,884
Structures Other	\$41,845
Structures Other Commercial/Business	\$25,275
Tools	\$331,275
Toys	\$290
Trailers	\$65,392
Trucks	\$73,000
Vehicle Parts/Accessories	\$149,557
Weapons Other	\$48
Grand Total	\$6,228,303

COMMUNITY ENGAGEMENT:

Inform - this report serves to inform the Community of the City's position on the upcoming ballot measure and how it will impact the City of Morgan Hill.

ALTERNATIVE ACTIONS:

The City Council may consider opposing Proposition 36, or take no formal stance, allowing individual members to advocate independently for their positions on the issue.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None.

FISCAL AND RESOURCE IMPACT:

If Proposition 36 is approved by voters, there may be fiscal impacts for the City of Morgan Hill, including:

- **Increased Costs:** The City may face increased costs related to law enforcement, legal processes, and correctional services due to more frequent felony charges and longer prison sentences for certain crimes.
- **Reduced Savings:** By undoing parts of Proposition 47, Proposition 36 reduces the state savings from Proposition 47. This would reduce the amount the state must spend on mental health and drug treatment, school truancy and dropout prevention, and victim services.

CEQA (California Environmental Quality Act):

Not a Project - administrative action/activity without an impact.



PROPOSITION 36

Allows Felony Charges and Increases Sentences for Certain Drug and Theft Crimes. Initiative Statute.

ANALYSIS OF MEASURE

BACKGROUND

Punishment Depends on Seriousness of Crime and Criminal History

Punishment for Felonies. A felony is the most serious type of crime. People can be sentenced to county jail or state prison for felonies, depending on the crime and their criminal history. In some cases, people can be supervised in the community by a county probation officer instead of serving some or all of their sentence in jail or prison. This is called county community supervision. The length of a sentence mostly depends on the crime. For example, murder can be punished by 15 years or more in prison. In contrast, selling drugs can be punished by up to five years in jail or prison, depending on the drug. Sentences can also be lengthened due to details of the crime. For example, sentences for selling certain drugs (such as fentanyl, heroin, cocaine, or methamphetamine) can be lengthened based on the amount sold.

Punishment for Misdemeanors. A misdemeanor is a less serious crime. Examples include assault and drug possession. People can be sentenced to county jail, county community supervision, and/or a fine for misdemeanors. Sentences can be up to one year in jail.

Proposition 47 Reduced Punishments for Some Theft and Drug Crimes

In 2014, Proposition 47 changed some theft and drug crimes from felonies to misdemeanors. For example, shoplifting (stealing items worth \$950 or less from a store) and drug possession generally became misdemeanors.

PROPOSAL

Proposition 36 makes several key changes related to punishments for theft and drug crimes. First, it increases punishment for some of these crimes. Second, it creates a new treatment-focused court process for some drug possession crimes. Third, it requires courts to warn people convicted of selling or providing illegal drugs to others that they can be charged with murder if they keep doing so and someone dies.

Increases Punishment for Some Theft and Drug Crimes

Proposition 36 increases punishment for some theft and drug crimes in three ways:

- ***Turns Some Misdemeanors Into Felonies.*** For example, currently, theft of items worth \$950 or less is generally a misdemeanor. Proposition 36 makes this crime a felony if the person has two or more past convictions for certain theft crimes (such as shoplifting, burglary, or carjacking). The sentence would be up to three years in county jail or state prison. These changes undo some of the punishment reductions in Proposition 47.
- ***Lengthens Some Felony Sentences.*** For example, Proposition 36 allows felony sentences for theft or damage of property to be lengthened by up to three years if three or more people committed the crime together.
- ***Requires Some Felonies Be Served in Prison.*** For example, as discussed above, sentences for selling certain drugs (such as fentanyl, heroin, cocaine, or methamphetamine) can be lengthened based on the amount sold. Currently, these sentences are served in county jail or state prison depending on the person's criminal history. Proposition 36 generally requires these sentences be served in prison.

Creates New Court Process for Some Drug Possession Crimes

Proposition 36 allows people who possess illegal drugs to be charged with a “treatment-mandated felony,” instead of a misdemeanor, in some cases. Specifically, this applies to people who (1) possess certain drugs (such as fentanyl, heroin, cocaine, or methamphetamine) and (2) have two or more past convictions for some drug crimes (such as possessing or selling drugs). These people would generally get treatment, such as mental health or drug treatment. Those who finish treatment would have their charges dismissed. Those who do not finish treatment could serve up to three years in state prison. This change undoes some of the punishment reductions in Proposition 47.

Requires Warning of Possible Murder Charges for Selling or Providing Drugs

Proposition 36 requires courts to warn people that they could be charged with murder if they sell or provide illegal drugs that kill someone. This warning would be given to people convicted of selling or providing certain drugs (such as fentanyl, heroin, cocaine, and methamphetamine). This could make it more likely for them to be convicted of murder if they later sell or provide illegal drugs to someone who dies.

FISCAL EFFECTS

Proposition 36 would have various fiscal effects on the state and local governments. The size of these effects would depend on uncertain factors, such as what decisions local prosecutors would make.

Increases State Criminal Justice Costs. Proposition 36 would increase state criminal justice costs in two main ways.

- ***Increase in State Prison Population.*** It would require some people who now serve their sentences at the county level to serve them in state prison. Also, it lengthens some prison sentences. In total, the prison population could increase by around a few thousand people. (There are about 90,000 people in prison now.)

- ***Increase in State Court Workload.*** This is because felonies usually take more time to resolve than misdemeanors. Also, treatment-mandated felonies would increase court workload.

In total, Proposition 36 would **increase state criminal justice costs, likely ranging from several tens of millions of dollars to the low hundreds of millions of dollars each year (annually)**. This amount is less than one-half of 1 percent of the state's total General Fund budget. (The General Fund is the account the state uses to pay for most public services, including education, health care, and prisons.)

Increases Local Criminal Justice Costs. Proposition 36 would increase local criminal justice costs in two main ways.

- ***Net Increase in County Jail and Community Supervision Population.*** In some ways, Proposition 36 would reduce the jail and community supervision population. This is because some people would go to state prison instead of the county level. In other ways, it would increase this population. This is because some people would spend more time in county jail or on community supervision. Overall, Proposition 36 likely would increase the county population. This increase could be around a few thousand people. (There are about 250,000 people at the county level now.)
- ***Increase in Local Court-Related Workload.*** It would also increase workload for local prosecutors and public defenders. This is because felonies usually take more time to resolve than misdemeanors. Also, treatment-mandated felonies would create workload for some county agencies (such as probation or behavioral health departments).

In total, Proposition 36 would **increase local criminal justice costs, likely by tens of millions of dollars annually**.

Reduces Amount State Must Spend on Certain Services. Proposition 47 created a process in which the estimated state savings from its punishment reductions must be spent on mental health and drug treatment, school truancy and dropout prevention, and victim services. These estimated savings totaled \$95 million last year. By undoing parts of Proposition 47, Proposition 36 reduces the state savings from Proposition 47. This would reduce the amount the state must spend on mental health and drug treatment, school truancy and dropout prevention, and victim services. This reduction likely would be in the low tens of millions of dollars annually.

Other Fiscal Impacts. Proposition 36 could have other fiscal effects on the state and local governments. For example, if the increased punishments or mandated treatment reduce crime, some state and local criminal justice costs could be avoided. However, it is unknown if these or other effects would occur.

YES/NO STATEMENT

A **YES** vote on this measure means: People convicted of certain drug or theft crimes could receive increased punishment, such as longer prison sentences. In certain cases, people who possess illegal drugs would be required to complete treatment or serve up to three years in prison.

A **NO** vote on this measure means: Punishment for drug and theft crimes would remain the same.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- Increased state criminal justice costs, likely ranging from several tens of millions of dollars to the low hundreds of millions of dollars annually, primarily due to an increase in the prison population.
- Increased local criminal justice costs, likely in the tens of millions of dollars annually, primarily due to county jail, community supervision, and court-mandated mental health and drug treatment workload.

BALLOT LABEL

Fiscal Impact: State criminal justice costs likely ranging from several tens of millions of dollars to the low hundreds of millions of dollars annually. Local criminal justice costs likely in the tens of millions of dollars annually.

RESOLUTION NO. 24-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL IN SUPPORT OF PROPOSITION 36: THE HOMELESS, DRUG ADDICTION, AND THEFT REDUCTION ACT

WHEREAS, while Prop 47 achieved notable success in making California's criminal justice system more equitable, Prop 47 has also led to unintended consequences over the past decade; and

WHEREAS, unintended consequences of Prop 47 include repeat and often organized retail theft, inner-city store closings, and difficulty convincing people to seek drug and mental health treatment; and

WHEREAS, these unintended consequences can only be corrected by the voters at the ballot box with modest amendments to Prop 47; and

WHEREAS, Prop 36, the Homelessness, Drug Addiction, and Theft Reduction Act is a bi-partisan measure that provides common sense, targeted reforms to Prop 47 that legislative proposals alone are unable to deliver; and

WHEREAS, rampant retail theft is harming businesses and residents in California because those who commit these crimes know they'll get away with it, even if they are caught; and

WHEREAS, this measure will hold repeat offenders accountable for the safety of our communities, rather than putting them back on the streets; and

WHEREAS, the fentanyl crisis has reached alarming levels, and is now responsible for 20 percent of youth deaths in California; and

WHEREAS, Prop 36, the Homelessness, Drug Addiction, and Theft Reduction Act will define fentanyl as a hard drug, hold individuals convicted of trafficking fentanyl accountable, and grant judges greater discretion in sentencing drug traffickers; and

WHEREAS, breaking the cycle of repeat offenders means addressing the many root causes of retail theft; and

WHEREAS, Prop 36, the Homelessness, Drug Addiction, and Theft Reduction Act provides critical mental health, drug treatment services, and job training within our justice system for people who are homeless and suffering from mental illness or struggling with substance abuse; and

WHEREAS, it's time for meaningful reforms to our justice system that ensure our communities are safe;

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

The City of Morgan Hill formally expressed support for Prop 36, the Homelessness, Drug Addiction, and Theft Reduction Act and the benefit that it provides for our community's safety.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 23rd day of October, 2024 by the following vote:

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

APPROVED:

ATTEST:

MARK TURNER, Mayor

MICHELLE BIGELOW, City Clerk

∞ CERTIFICATION ∞

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No.24-XXX adopted by the City Council at the meeting held on the 23rd day of October, 2024.

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

DATE: _____

MICHELLE BIGELOW, City Clerk

CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

David Gittleson, Associate Engineer

APPROVED BY: City Manager

APPROVE ACQUISITION OF SEWER EASEMENT FROM PG&E (APN 841-10-027 & 039) FOR THE SEWER RELIEF TRUNK LINE PROJECT

RECOMMENDATION(S)

1. Authorize the purchase of a sewer easement (9,476 square feet), APN 841-10-027 and APN 841-10-039, for \$23,000 plus escrow and closing costs from Pacific Gas and Electric (PG&E), for the Sewer Relief Trunk Line Project; and
2. Authorize the City Manager to execute all documents and make minor modifications as necessary in order to consummate the transaction and acquire the easement.

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

2024-2025 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Morgan Hill 2035 General Plan

Wastewater System Master Plan

REPORT NARRATIVE:

As part of the Sewer Relief Trunk Line Project (Attachment 3-Project Location), the City needs to obtain three additional sewer easements along the proposed sewer trunk alignment prior to completing the design. One required easement is from PG&E at the PG&E substation at the end of Renz lane in Gilroy. The City has been working with PG&E since August 2022 to obtain the necessary easement and has finally reached an agreement to purchase the 9,476 square foot sewer easement for \$23,000 (Attachment 1-PG&E Sewer Agreement).

The two remaining easements that need to be acquired for the project are from the

Nguyen Family and the City of Gilroy. Staff is in the process of finalizing the acquisition of the sewer easement from the Nguyen Family and the City of Gilroy and plan to seek City Council approval of the acquisition in the next two months.

Staff recommends that City Council approve the easement purchase as: 1) the easement is required for the project, 2) the property owner is a willing seller, and 3) the cost to litigate would be substantially greater. The purchase price is \$23,000 plus escrow, closing costs, and title insurance.

COMMUNITY ENGAGEMENT:

Inform

Numerous community engagement and design meetings were held throughout the early planning and design phases of the project. In addition, the Environmental Report process also included opportunities for the community to provide input regarding the scope, content, and potential environmental impacts from the project. Staff will continue to provide updates throughout the design and construction phases on the City's website and through Nextdoor.

ALTERNATIVE ACTIONS:

No feasible alternative options. Without the sewer easement, the City would not be able to install the sewer relief trunk line as designed. The current alignment was previously approved by the City of Gilroy. Changing the alignment now would be cost prohibitive and would not guarantee that other easements would not be required.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On May 4, 2016, City Council approved a design agreement with HydroScience Engineers, Inc. for \$651,760 for the preparation of design plans and specifications for the sewer trunk segment between Highland Avenue and Cohansey Avenue.

On April 19, 2017, City Council approved a First Amendment with Hydrosience Engineers, Inc. for \$521,900 to accelerate and extend the design to Renz Lane in Gilroy.

On December 15, 2021, City Council approved a Fourth Amendment with Hydrosience Engineers, Inc. for an additional \$75,000 and approved and certified the project's Mitigated Negative Declaration.

On November 16, 2022, City Council approved the acquisition of the Patel sewer easement for the Sewer Relief Trunk Line Project.

On August 23, 2023, City Council approved the acquisition of the Tsai sewer easement for the Sewer Relief Trunk Line Project.

FISCAL AND RESOURCE IMPACT:

Sufficient funds for the sewer easement acquisition plus escrow and closing costs have been budgeted for the project. Closing costs are estimated at \$2,000, thus the total

price to acquire the easement is approximately \$25,000. The project is budgeted in the approved Fiscal Year 2024-25 through 2029-30 Capital Improvement Program under CIP WW3008 in the Sewer Impact Fund (641).

CEQA (California Environmental Quality Act):

Not a Project

The sewer easement acquisition is not considered a project, as defined in Section 15378 of the State CEQA Guidelines. However, the Sewer Relief Trunk Line project itself is a project. David J. Powers prepared an Initial Study and the City Council approved and certified a mitigated negative declaration at the December 15, 2021 City Council meeting.

LD _____

Sewer Easement (_____)
RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

PACIFIC GAS AND ELECTRIC COMPANY
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Attn: Land Rights Library

Location: City of Gilroy
Recording Fee \$0.00 (Government Code Section 27383)
Document Transfer Tax \$0.00 (Revenue and Taxation Code Section 11922)
☐ This is a conveyance where the consideration and
Value is less than \$100.00 (R&T 11911).
☐ Computed on Full Value of Property Conveyed, or
☐ Computed on Full Value Less Liens
& Encumbrances Remaining at Time of Sale
☐ Exempt from the fee per GC 27388.1 (a) (2); This
document is subject to Documentary Transfer Tax

Signature of declarant or agent determining tax

(A portion of APN 841-10-027; 841-10-039)

EASEMENT AGREEMENT (Sewer Line Easement)

This Easement Agreement (“**Agreement**”) is made and entered into this
_____ (the “**Effective Date**”) by PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation, hereinafter called “**PG&E**”, and CITY OF MORGAN
HILL, a Municipal Corporation of the State of California hereinafter called “**Grantee**.”

RECITALS

A. PG&E owns certain real property within the County of Santa Clara State of California, commonly known as Llagas Substation, Assessor’s Parcel Number 841-10-027, 841-10-039, State Board of Equalization No. 135-43-072A-2, 135-43-072A-1 and more particularly described in **Exhibit A**, attached hereto and made a part hereof (hereinafter, the “**Property**”).

B. Grantee proposes to construct a sewer line on the Property, and in connection therewith, Grantee has requested that PG&E grant an easement to excavate, construct, reconstruct, replace (of the initial or any other size), remove, maintain, inspect, and use

facilities and associated equipment for public sewer purposes, as shown in **Exhibit B** (hereinafter, the “**Facilities**”).

C. PG&E is willing to grant such easement(s) on the terms and subject to the conditions set forth herein.

Now, therefore, in consideration of Grantee’s agreement to pay the sum of Twenty-Three Thousand Dollars (\$23,000), for good and valuable consideration, PG&E and Grantee agree as follows:

1. Grant of Easement(s): PG&E hereby grants to Grantee, upon the terms and conditions set forth in this Agreement, the following easement(s):

(a) Sewer Easement: A non-exclusive easement to excavate, construct, reconstruct, replace (of the initial or any other size), remove, maintain, inspect, and use facilities and associated equipment for public sewer purposes on and under a portion of the Property (the “**Easement Area**”) described in EXHIBIT A and shown upon EXHIBIT B

1. Limitations on Use.

(a) The Easement Area, and any facilities permitted to be constructed thereon, are to be used by Grantee only for those uses permitted in Section 1 above, and for no other purpose.

(b) PG&E reserves the right to restrict access to the Easement Area or any portion or portions thereof in the event of fire, earthquake, storm, riot, civil disturbance, or other casualty or emergency, or in connection with PG&E’s response thereto, or if emergency repairs or maintenance are required to PG&E facilities within or in the vicinity of the Easement Area, or otherwise when PG&E deems it advisable to do so, including in connection with events and emergencies occurring or affecting PG&E’s business operations located elsewhere than in the immediate vicinity of the Property.

2. Condition of Easement Area. Grantee accepts the Easement Area in its existing physical condition, without warranty by PG&E or any duty or obligation on the part of PG&E to maintain the Easement Area. Grantee acknowledges that one or more of the following (collectively, “**Potential Environmental Hazards**”) may be located in, on or underlying the Property and/or the Easement Area:

(a) electric fields, magnetic fields, electromagnetic fields, electromagnetic radiation, power frequency fields, and extremely low frequency fields, however designated, and whether emitted by electric transmission lines, other distribution equipment or otherwise (“**EMFs**”);

(b) Hazardous Substances (as hereinafter defined). For purposes hereof, the term “**Hazardous Substances**” means any hazardous or toxic material or waste which is or becomes regulated by Legal Requirements (as hereinafter defined) relating to the protection of

human health or safety, or regulating or relating to industrial hygiene or environmental conditions, or the protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, including, but not limited to, laws, requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of such substances into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of such substances. Without limiting the generality of the foregoing, the term Hazardous Substances includes any material or substance:

(1) now or hereafter defined as a “hazardous substance,” “hazardous waste,” “hazardous material,” “extremely hazardous waste,” “restricted hazardous waste” or “toxic substance” or words of similar import under any applicable local, state or federal law or under the regulations adopted or promulgated pursuant thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§9601 et seq. (“CERCLA”); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§6901 et seq.; the Clean Air Act, 42 U.S.C. §§7401 et seq.; the Clean Water Act, 33 U.S.C. §§1251 et seq.; the Toxic Substance Control Act, 15 U.S.C. §§2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§136 et seq.; the Atomic Energy Act of 1954, 42 U.S.C. §§2014 et seq.; the Nuclear Waste Policy Act of 1982, 42 U.S.C. §§10101 et seq.; the California Hazardous Waste Control Law, Cal. Health and Safety Code §§25100 et seq.; the Porter-Cologne Water Quality Control Act, Cal. Water Code §§13000 et seq.; the Carpenter-Presley-Tanner Hazardous Substance Account Act (Health and Safety Code §§25300 et seq.); and the Medical Waste Management Act (Health and Safety Code §§25015 et seq.); or

(2) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by the United States, the State of California, any local governmental authority or any political subdivision thereof, or which cause, or are listed by the State of California as being known to the State of California to cause, cancer or reproductive toxicity; or

(3) the presence of which on the Property poses or threatens to pose a hazard to the health or safety of persons on or about the Property or to the environment; or

(4) which contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(5) which contains lead-based paint or other lead contamination, polychlorinated biphenyls (“PCBs”) or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or

(6) which contains radon gas;

(c) fuel or chemical storage tanks, energized electrical conductors or equipment, or natural gas transmission or distribution pipelines; and

(d) other potentially hazardous substances, materials, products or conditions.

Grantee shall be solely responsible for the health and safety of, and shall take all necessary precautions to protect, its employees, contractors, consultants, agents and invitees (“**Grantee’s Representatives**”) from risks of harm from Potential Environmental Hazards. Grantee acknowledges that it has previously evaluated the condition of the Easement Area and all matters affecting the suitability of the Easement Area for the uses permitted by this Agreement, including, but not limited to, the Potential Environmental Hazards listed herein.

3. Grantee’s Covenants. Grantee hereby covenants and agrees:

(a) Construction of Improvements. Grantee agrees to construct and install, at no cost to PG&E, such facilities and improvements (“**Improvements**”) as may be necessary and appropriate for Grantee’s permitted use, as specified in Section 1. All such construction shall be performed in accordance with detailed plans and specifications (“**Plans**”) previously approved by PG&E and shall comply with all Legal Requirements. Before commencing construction of any Improvements, Grantee shall obtain all permits, authorizations or other approvals, at Grantee’s sole cost and expense as may be necessary for such construction. Without limiting the generality of the foregoing, Grantee shall be responsible for complying with any and all applicable requirements of the National Environmental Policy Act (“**NEPA**”) and the California Environmental Quality Act (“**CEQA**”) and satisfying, at Grantee’s sole expense, any and all mitigation measures under CEQA that may apply to Grantee’s proposed occupancy and use of the Easement Area, and to the construction, maintenance and use of Grantee’s proposed Improvements and facilities. Grantee shall promptly notify PG&E of any and all proposed mitigation measures that may affect PG&E or the Property. If PG&E determines in good faith that any such mitigation measures may adversely affect PG&E or the Property, or impose limitations on PG&E’s ability to use the Property as specified in Section 8, then PG&E shall have the right, without liability to Grantee, to give notice of termination of this Agreement to Grantee, whereupon this Agreement and the rights granted to Grantee shall terminate and revert in PG&E, unless within ten (10) days following delivery of such notice, Grantee gives notice to PG&E by which Grantee agrees to modify its proposed Project (as that term is defined under CEQA) so as to eliminate the necessity for such mitigation measures. In the event of such termination, PG&E and Grantee shall each be released from all obligations under this Agreement, except those which expressly survive termination. Grantee acknowledges and agrees that PG&E’s review of Grantee’s Plans is solely for the purpose of protecting PG&E’s interests, and shall not be deemed to create any liability of any kind on the part of PG&E, or to constitute a representation on the part of PG&E or any person consulted by PG&E in connection with such review that the Plans or the Improvements contemplated by such Plans are adequate or appropriate for any purpose, or comply with applicable Legal Requirements. Grantee shall not commence construction or installation of any Improvements without the prior written consent of PG&E, which consent shall not be unreasonably withheld, conditioned or delayed, and the prior consent, to the extent required by applicable law or regulation, of the California Public Utilities Commission (hereinafter, “**CPUC**”);

(b) Compliance with Laws. Grantee shall, at its sole cost and expense, promptly comply with (a) all laws, statutes, ordinances, rules, regulations, requirements or orders of municipal, state, and federal authorities now in force or that may later be in force, including, but not limited to, those relating to the generation, use, storage, handling, treatment, transportation or disposal of Hazardous Substances, as defined herein, or to health, safety, noise, environmental protection, air quality or water quality; (b) the conditions of any permit, occupancy certificate,

license or other approval issued by public officers relating to Grantee's use or occupancy of the Easement Area; and (c) with any liens, encumbrances, easements, covenants, conditions, restrictions and servitudes (if any) of record, or of which Grantee has notice, which may be applicable to the Easement Area (collectively, "**Legal Requirements**"), regardless of when they become effective, insofar as they relate to the use or occupancy of the Easement Area by Grantee. Grantee shall furnish satisfactory evidence of such compliance upon request by PG&E. The judgment of any court of competent jurisdiction, or the admission of Grantee in any action or proceeding against Grantee, whether or not PG&E is a party in such action or proceeding, that Grantee has violated any Legal Requirement relating to the use or occupancy of the Easement Area, shall be conclusive of that fact as between PG&E and Grantee.

(c) Notice of Enforcement Proceedings. Grantee agrees to notify PG&E in writing within three (3) business days of any investigation, order or enforcement proceeding which in any way relates to the Property, or to any contamination or suspected contamination on, within or underlying the Property. Such notice shall include a complete copy of any order, complaint, agreement, or other document which may have been issued, executed or proposed, whether draft or final;

(d) Non-Interference. Grantee agrees not to interfere in any way or permit any interference with the use of the Property by PG&E and other entitled persons. Interference shall include, but not be limited to, any activity by Grantee that places any of PG&E's gas or electric facilities in violation of any of the provisions of General Order Nos. 95 (Overhead Electric), 112 (Gas), and 128 (Underground Electric) of the CPUC or to any other Legal Requirements under which the operations of utility facilities are controlled or regulated. Grantee shall not erect, handle, or operate any tools, machinery, apparatus, equipment, or materials closer to any of PG&E's high-voltage electric conductors than the minimum clearances set forth in the High-Voltage Electrical Safety Orders of the California Division of Industrial Safety; which minimum clearances are incorporated herein by reference; but in no event closer than ten (10) feet to any energized electric conductors or appliances. Grantee shall not drill, bore, or excavate within thirty (30) feet of any of PG&E's underground facilities, including, but not limited to, gas pipelines, valves, regulators or electric conduits. Grantee shall provide notice to Underground Service Alert at 1-800-227-2600 at least two (2) business days prior to commencing any drilling, boring or excavating permitted hereunder to assist Grantee with locating any and all underground facilities, including, but not limited to, gas pipelines, valves, regulators or electric conduits;

(e) Avoiding Dangerous Activities. Grantee agrees to conduct its activities and operations within and on the Easement Area in such a manner so as not to endanger the Property, PG&E's utility facilities, the environment and human health and safety. Grantee shall not cause or permit any Hazardous Substances, as defined herein, to be brought upon, produced, stored, used, discharged or disposed of on, or in the vicinity of the Property, except in compliance with all applicable Legal Requirements. Grantee shall be responsible for the cost of remediating any discharge or release of Hazardous Substances resulting from or arising in connection with Grantee's use of the Property and shall immediately notify PG&E and the appropriate regulatory authorities where required by law, of any such release. If PG&E determines that Grantee's activities in any way endanger the Property, PG&E's utility facilities, the environment, or human health and safety, PG&E may, in PG&E's sole and absolute discretion, require that Grantee halt such activities until appropriate protective measures are taken to PG&E's satisfaction. Grantee

shall hold PG&E harmless from any claims resulting from any delay under this paragraph. PG&E's right to halt activities under this paragraph shall not in any way affect or alter Grantee's insurance or indemnity obligations under this Agreement, nor shall it relieve Grantee from any of its obligations hereunder that pertain to health, safety, or the protection of the environment;

(f) Maintenance. Grantee agrees to maintain its facilities and Improvements in good condition and repair, and be responsible for the security of, the facilities installed hereunder;

(g) Repairing Damage. Grantee agrees to repair any damage it may cause to PG&E's facilities and improvements in or around said Easement Area;

(h) Coordination. Grantee agrees to coordinate all activities regarding the easements granted herein to reasonably minimize any interference and inconvenience with the use by PG&E of the Easement Area and PG&E's adjoining lands.

(i) ; and

(j) PG&E Right to Cure. Grantee agrees that if Grantee fails to perform any act or other obligation on its part to be performed hereunder, and such failure is not remedied within fifteen (15) days following notice from PG&E (or in the case of an emergency, following such notice, if any, as may be reasonably practicable under the existing circumstances), PG&E may (but without obligation to do so, and without waiving or releasing Grantee from any of its obligations) perform any such act or satisfy such obligation, or otherwise remedy such emergency or such failure on the part of Grantee. All costs incurred by PG&E in responding to or remedying such failure by Grantee shall be payable by Grantee to PG&E on demand.

4. Indemnification; Release.

(a) Grantee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold harmless PG&E, its parent corporation, subsidiaries and affiliates, and their respective officers, managers, directors, representatives, agents, employees, transferees, successors and assigns (each, an "**Indemnitee**" and collectively, "**Indemnitees**") from and against all claims, losses (including, but not limited to, diminution in value), actions, demands, damages, costs, expenses (including, but not limited to, experts fees and reasonable attorneys' fees and costs) and liabilities of whatever kind or nature (collectively, "**Claims**"), including Claims arising from the passive or active negligence of the Indemnitees, which arise from or are in any way connected with the occupancy or use of the Easement Area by Grantee or Grantee's Representatives, or the exercise by Grantee of its rights hereunder, or the performance of, or failure to perform, Grantee's duties under this Agreement, including, but not limited to, Claims arising out of: (1) injury to or death of persons, including but not limited to employees of PG&E or Grantee (and including, but not limited to, injury due to exposure to EMFs and other Potential Environmental Hazards in, on or about the Property); (2) injury to property or other interest of PG&E, Grantee or any third party; (3) violation of any applicable federal, state, or local laws, statutes, regulations, or ordinances, including all Legal Requirements relating to human health or the environment, and including any liability which may be imposed by law or regulation without regard to fault; excepting only with respect to any Indemnitee, to the extent of any Claim arising from the sole negligence or willful misconduct of such Indemnitee. Without limiting the generality of the foregoing, Grantee shall, to

the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless from and against Claims arising out of or in connection with any work of improvement constructed or installed at or on, labor performed on, or materials delivered to, or incorporated in any improvements constructed on, the Easement Area by, or at the request or for the benefit of, Grantee. In the event any action or proceeding is brought against any Indemnitee for any Claim against which Grantee is obligated to indemnify or provide a defense hereunder, Grantee upon written notice from PG&E shall defend such action or proceeding at Grantee's sole expense by counsel approved by PG&E, which approval shall not be unreasonably withheld, conditioned or delayed.

(b) Grantee acknowledges that all Claims arising out of or in any way connected with releases or discharges of any Hazardous Substance, or the exacerbation of a Potential Environmental Hazard, occurring as a result of or in connection with Grantee's use or occupancy of the Easement Area or the surrounding Property, or any of the activities of Grantee and Grantee's Representatives, and all costs, expenses and liabilities for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remediation and other response costs, including reasonable attorneys' fees and disbursements and any fines and penalties imposed for the violation of Legal Requirements relating to the environment or human health, are expressly within the scope of the indemnity set forth above.

(c) Grantee's use of the Property shall be at its sole risk and expense. Grantee accepts all risk relating to its occupancy and use of the Easement Area. PG&E shall not be liable to Grantee for, and Grantee hereby waives and releases PG&E and the other Indemnitees from, any and all liability, whether in contract, tort or on any other basis, for any injury, damage, or loss resulting from or attributable to any occurrence on or about the Easement Area, the condition of Easement Area, or the use or occupancy of the Easement Area.

(d) Grantee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless against claims, losses, costs (including, but not limited to, attorneys' fees and costs), liabilities and damages resulting from the failure of Grantee, or any of its contractors or subcontractors, to comply with the insurance requirements set forth in **Exhibit C**, attached hereto and made a part hereof. If Grantee fails to so indemnify, protect, defend or hold harmless any Indemnitee, then at PG&E's option, this Agreement shall terminate, and the estate and interest herein granted to Grantee shall revert to and revest in PG&E, if such failure continues for five (5) days following the giving of written notice of termination to Grantee, unless within such time such failure is cured to the reasonable satisfaction of PG&E.

(e) The provisions of this Section 5 shall survive the termination of this Agreement.

5. Additional Facilities. Grantee shall not install any additional facilities or improvements in, on, under or over the Easement Area without the prior written consent of PG&E, which consent may be granted or withheld in PG&E's sole and absolute discretion, and the prior consent, to the extent required by applicable law or regulation, of the CPUC. Grantee shall submit plans for installation of any proposed additional facilities within the Easement Area to PG&E for its written approval at the address specified in Section 13.

6. [Term] Abandonment, Termination. In the event Grantee abandons the facilities installed hereunder, this Agreement shall terminate, and all of the easements and other rights of Grantee hereunder shall revert to PG&E. The non-use of such facilities for a continuous period of two (2) years, unless such nonuse is due to factors outside Grantee's reasonable control, in which case such period is extended to four (4) years, shall be conclusive evidence of such abandonment. Upon any termination of this Agreement, Grantee shall remove, at no cost to PG&E, such of Grantee's facilities and equipment installed pursuant to this Agreement as PG&E may specify. Upon any termination of this Agreement, Grantee shall execute, acknowledge and deliver to PG&E a quitclaim deed or such other documents or instruments, in a form reasonably acceptable to PG&E, as may be reasonably necessary to eliminate this Agreement as an encumbrance on the title to the Easement Area or any larger parcel of property containing the Easement Area.

7. Reserved Rights. Subject to the provisions of Section 10 below, PG&E reserves the right to use the Easement Area for any and all purposes which will not unreasonably interfere with Grantee's facilities. Without limiting the generality of the foregoing:

(a) PG&E reserves the right to make use of the Easement Area for such purposes as it may deem necessary or appropriate if, and whenever, in the interest of its service to its patrons or consumers or the public, it shall appear necessary or desirable to do so.

(b) Grantee acknowledges that PG&E may have previously granted, and may in the future grant, certain rights in and across the Easement Area to others, and the use of the word "grant" in this Agreement shall not be construed as a warranty or covenant by PG&E that there are no such other rights.

(c) Grantee shall not make use of the Easement Area in any way which will endanger human health or the environment, create a nuisance or otherwise be incompatible with the use of the Easement Area, the Property, or PG&E's adjacent property, by PG&E or others entitled to use such property.

(d) This grant is made subject to all applicable provisions of General Order No. 95 (Overhead Electric), General Order 112 (Gas) and General Order No. 128 (Underground Electric) of the CPUC, in like manner as though said provisions were set forth herein.

8. Governmental Approvals. This Agreement shall not become effective, notwithstanding that it may have been executed and delivered by the parties, and Grantee shall not commence construction or other activities hereunder, unless and until PG&E notifies Grantee in writing of receipt of final, unconditional, and unappealable approval by the CPUC and that the terms and conditions of such CPUC approval are satisfactory to PG&E in its sole and absolute discretion. Grantee further acknowledges and agrees that PG&E makes no representation or warranty regarding the prospects for CPUC approval, and Grantee hereby waives all Claims against PG&E which may arise out of the need for such CPUC approval or the failure of the CPUC to grant such approval. This Agreement is made subject to all the provisions of such approval, as more particularly set forth in CPUC (☐ Disposition Letter ☐ Advice Letter ☐ Decision ____), in like manner as though said provisions were set forth in full herein.

9. Relocation. Subject to the provisions of this Section 10, the rights granted to Grantee herein shall forever be subordinate to PG&E's right to replace, reconstruct, relocate, operate and maintain PG&E's existing and/or future facilities. If PG&E's use of its reserved rights described above necessitates the relocation of any of Grantee's facilities, Grantee shall relocate such facilities to an alternate location, within the easement or adjacent PG&E owned property, mutually agreed upon between PG&E and Grantee, provided Grantee is given at least twenty (720) days prior written notice of such required relocation. The cost of Relocation of Grantee's facilities shall be 50% at Grantee's expense and 50% PG&E's expense. Any such relocation of Grantee's facilities shall be coordinated and scheduled between PG&E and Grantee so as to minimize, to the extent practicable, any interference with Grantee's use and operation of its facilities resulting from such relocation

10. Compliance; Insurance. PG&E shall have a right to access and inspect the Easement Area at any time to confirm Grantee's compliance with Legal Requirements and the provisions of this Agreement. Prior to the Effective Date of this Agreement, Grantee shall procure, and thereafter Grantee shall carry and maintain in effect at all times during the term of the Agreement, with respect to the Easement Area and the use, occupancy and activities of Grantee, its employees and agents on or about the Easement Area, the insurance specified in **Exhibit C**, attached hereto and made a part hereof by this reference, provided that PG&E reserves the right to review and modify from time to time the coverages and limits of coverage required hereunder, as well as the deductibles and/or self-insurance retentions in effect from time to time (but PG&E agrees that it will not increase required coverage limits more often than once in any five-year period). Prior to Grantee's entry on the Property, and thereafter thirty (30) days prior to the expiration date of any policy, Grantee shall provide PG&E with evidence of the insurance coverage, or continuing coverage, as required by this Agreement. All insurance required under this Agreement shall be effected under valid, enforceable policies issued by insurers of recognized responsibility, as reasonably determined by PG&E, and shall be written on forms and with insurance carriers acceptable to PG&E. Grantee is also responsible for causing its agents, contractors and subcontractors to comply with the insurance requirements of this Agreement at all relevant times (provided, however, that Grantee, in the exercise of its reasonable judgment, may permit contractors and subcontractors to maintain coverages and limits lower than those required of Grantee, provided the coverages and limits required by Grantee are commercially reasonable in light of applicable circumstances). Any policy of liability insurance required to be maintained hereunder by Grantee may be maintained under a so-called "blanket policy" insuring other locations and/or other persons, so long as PG&E is specifically named as an additional insured under such policy and the coverages and amounts of insurance required to be provided hereunder are not thereby impaired or diminished. In addition, liability insurance coverages may be provided under single policies for the full limits, or by a combination of underlying policies with the balance provided by excess or umbrella liability insurance policies.

11. Mechanics' Liens. Grantee shall keep the Property free and clear of all mechanics', material suppliers' or similar liens, or claims thereof, arising or alleged to arise in connection with any work performed, labor or materials supplied or delivered, or similar activities performed by Grantee or at its request or for its benefit. If any mechanics' liens are placed on the Property in connection with the activities or facilities set forth in this Agreement, Grantee shall promptly cause such liens to be released and removed from title, either by payment or by recording a lien release bond in the manner specified in California Civil Code Section 8424 or any successor statute.

12. Notice. Any notices hereunder shall be in writing and shall be personally delivered, or sent by first class mail, certified or registered, postage prepaid, or by national overnight courier, with charges prepaid for next business day delivery, addressed to the addressee party at the address or addresses listed below, or to such other address or addresses as such party may from time to time designate in writing. Notices shall be deemed received upon actual receipt or refusal of the notice by the party being sent the notice. Any communication hereunder shall be in writing and can be personally delivered as described above or by email transmission.

If to PG&E by standard U.S. mail or by registered or certified mail or personal delivery or overnight courier, return receipt requested:

Pacific Gas and Electric Company
Land Management
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Attn: Land Rights Library

With a copy to:

Pacific Gas and Electric Company
Law Department
P.O. Box 1018
Oakland, CA 94612-9991
Attn: Managing Counsel, Law Regulatory

Pacific Gas and Electric Company
Land Management
300 Lakeside Dr
Oakland, CA 94612
Attn: Land Agent

If to Grantee:

David Gittleson, P.E.
Associate Engineer
City of Morgan Hill
Engineering & Utilities
17575 Peak Avenue, Morgan Hill, CA 95037
P: 408.310.4642
david.gittleson@morganhill.ca.gov

13. Governing Law. This Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of the State of California.

14. Entire Agreement. This Agreement supersedes all previous oral and written agreements between and representations by or on behalf of the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be amended except by a written agreement executed by both parties.

15. Binding Effect. This Agreement and the covenants and agreements contained herein shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, successors and assigns (subject to the provisions of Section 18). No assignment or delegation by Grantee, whether by operation of law or otherwise, shall relieve Grantee of any of its duties, obligations or liabilities hereunder, in whole or in part. The covenants of PG&E hereunder shall run with the land.

16. Assignment. Grantee shall not assign, convey, encumber (other than as may be specifically permitted by the terms of this Agreement), or otherwise transfer the easements and other rights herein conveyed, or any portion thereof or interest herein, without the prior written consent of PG&E. Such consent may be given or withheld by PG&E for any reason or for no reason, provided, however, that notwithstanding the foregoing, PG&E agrees that its consent will not be unreasonably withheld, delayed or conditioned in the case of: (a) a proposed transfer or dedication to a governmental agency, or (b) a proposed transfer to an Affiliate (as hereinafter defined) of Grantee [add the following optional clause (c) only if this easement is being granted to service a power plant or peaker plant for which the term "Plant" is being defined in Section 2] [, or (c) a proposed transfer to a public or private utility to which Grantee also transfers its interest in the Plant]. For purposes of the foregoing, an Affiliate of Grantee means an entity that controls, is controlled by, or is under common control with Grantee; the term "**control**" means the possession, directly or indirectly, of the power, whether or not exercised, to direct or cause the direction of the management or policies of an entity, whether through the ownership of voting securities, by contract or otherwise; and the term "**controlled**" and "**common control**" have correlative meanings. Grantee acknowledges and agrees that in any instance where PG&E is required not to unreasonably withhold its consent, it shall be reasonable for PG&E to withhold its consent if any regulatory agency having or asserting jurisdiction over PG&E or the Easement Area, or having or claiming a right to review and/or approve the proposed transfer, fails to grant approval thereof (or imposes conditions on such approval which are not acceptable to PG&E, in its reasonable discretion). Grantee further acknowledges and agrees that in any instance where PG&E is required not to unreasonably delay giving or withholding its consent, it shall be reasonable for PG&E to make application for approval to any regulatory agency having or asserting jurisdiction, and to defer the giving or withholding of consent, without liability hereunder for delay, during the pendency and for a reasonable time following the conclusion of any such regulatory proceedings.

17. Attorneys' Fees. Should either party bring an action against the other party, by reason of or alleging the failure of the other party with respect to any or all of its obligations hereunder, whether for declaratory or other relief, then the party which prevails in such action shall be entitled to its reasonable attorneys' fees (of both in-house and outside counsel) and expenses related to such action, in addition to all other recovery or relief. A party shall be deemed to have prevailed in any such action (without limiting the generality of the foregoing) if such action is dismissed upon the payment by the other party of the sums allegedly due or the performance of obligations allegedly not complied with, or if such party obtains substantially the relief sought by it in the action, irrespective of whether such action is prosecuted to judgment. Attorneys' fees shall include, without limitation, fees incurred in discovery, contempt proceedings and bankruptcy litigation, and in any appellate proceeding. The non-prevailing party shall also pay the attorney's fees and costs incurred by the prevailing party in any post-judgment proceedings to collect and enforce the judgment. The covenant in the preceding sentence is separate and several and shall

survive the merger of this provision into any judgment on this Agreement. For purposes hereof, the reasonable fees of PG&E's in-house attorneys who perform services in connection with any such action shall be recoverable, and shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the relevant subject matter area of the law, in law firms in the City of San Francisco with approximately the same number of attorneys as are employed by PG&E's Law Department.

18. No Waiver. No waiver with respect to any provision of this Agreement shall be effective unless in writing and signed by the party against whom it is asserted. No waiver of any provision of this Agreement by a party shall be construed as a waiver of any subsequent breach or failure of the same term or condition, or as a waiver of any other provision of this Agreement.

19. No Offsets. Grantee acknowledges that PG&E is executing this Agreement in its capacity as the owner of the Easement Area, and not in its capacity as a public utility company or provider of electricity and natural gas. Notwithstanding anything to the contrary contained herein, no act or omission of Pacific Gas and Electric Company or its employees, agents or contractors as a provider of electricity and natural gas shall abrogate, diminish, or otherwise affect the respective rights, obligations and liabilities of PG&E and Grantee under this Agreement. Further, Grantee covenants not to raise as a defense to its obligations under this Agreement, or assert as a counterclaim or cross-claim in any litigation or arbitration between PG&E and Grantee relating to this Agreement, any claim, loss, damage, cause of action, liability, cost or expense (including, but not limited to, attorneys' fees) arising from or in connection with Pacific Gas and Electric Company's provision of (or failure to provide) electricity and natural gas.

20. No Dedication. Nothing contained in this Agreement shall be deemed to be a gift or dedication of land or rights to the general public. The right of the public or any person, including Grantee, to make any use whatsoever of the Easement Area(s) or any portion thereof, other than as expressly permitted herein or as expressly allowed by a recorded map, agreement, deed or dedication, is by permission and is subject to the control of PG&E in its sole discretion.

21. No Third Party Beneficiary. This Agreement is solely for the benefit of the parties hereto and their respective successors and permitted assigns, and, except as expressly provided herein, does not confer any rights or remedies on any other person or entity.

22. Captions. The captions in this Agreement are for reference only and shall in no way define or interpret any provision hereof.

23. Time. Except as otherwise expressly provided herein, the parties agree that as to any obligation or action to be performed hereunder, time is of the essence.

24. Severability. If any provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each provision of this Agreement shall be valid and enforced to the full extent permitted by law, provided the material provisions of this Agreement can be determined and effectuated.

25. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument. Each Party may rely upon executed copies of this Agreement transmitted

in a portable document format (“pdf”) version by email and such copies shall be deemed to be the same force and effect as the original.

26. Other Documents. Each party agrees to sign any additional documents or permit applications which may be reasonably required to effectuate the purpose of this Agreement. Provided, however, that PG&E will not be required to take any action or execute any document that would result in any cost, expense or liability to PG&E.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

City of Morgan Hill, a Municipal Corporation
of the State of California

By: _____

By: _____

Name: _____

Name: Christina J. Turner

Its: _____

Its: City Manager

Date: _____

Date: _____

Exhibits A, B and C attached



EXHIBIT "A"
SANITARY SEWER EASEMENT

REAL PROPERTY in the City of Gilroy, County of Santa Clara, State of California, being a portion of that parcel of land described in the Grant Deed recorded June 21, 1949, in Book 1807 of Official Records, page 218 and that parcel of land described in the Director's Deed recorded April 10, 1972, in Book 9779 of Official Records, page 670, both of Santa Clara County Records, described as follows:

COMMENCING at the 1" iron pipe at the northwesterly terminus of that course shown as "North 23°24'29" West, 182.85'" on that certain Record of Survey filed for record on April 19, 1990 in Book 613 of Maps, page 5, Santa Clara County Records, from which a 1" iron pipe bears South 22°47'15" East, 182.85 feet (adopted as basis of bearings), being on the southwesterly line of Renz Lane;
Thence North 15°03'35" East, 124.93 feet, to the easterly corner of said parcel of land described in the Director's Deed, being on the northwesterly line of Renz Lane;
Thence along said northwesterly line, South 65°55'04" West, 45.74 feet, to the TRUE POINT OF BEGINNING;

Thence continuing along said northwesterly line, South 65°55'04" West, 15.01 feet;
Thence North 22°28'07" West, 20.52 feet;
Thence North 25°38'46" West, 230.01 feet;
Thence North 17°06'11" West, 185.76 feet;
Thence North 23°23'31" West, 150.12 feet;
Thence South 70°40'36" West, 30.93 feet, to the northeasterly line of the South Valley Freeway;
Thence along said northeasterly line, North 22°51'58" West, 15.03 feet;
Thence North 70°40'36" East, 45.83 feet;
Thence South 23°23'31" East, 164.92 feet;
Thence South 17°06'11" East, 185.46 feet;
Thence South 25°38'46" East, 229.31 feet;
Thence South 22°28'07" East, 20.51 feet, to the TRUE POINT OF BEGINNING.

Containing 9,476 square feet or 0.22 acres, more or less.

As shown on Exhibit "B" attached hereto and made a part hereof.

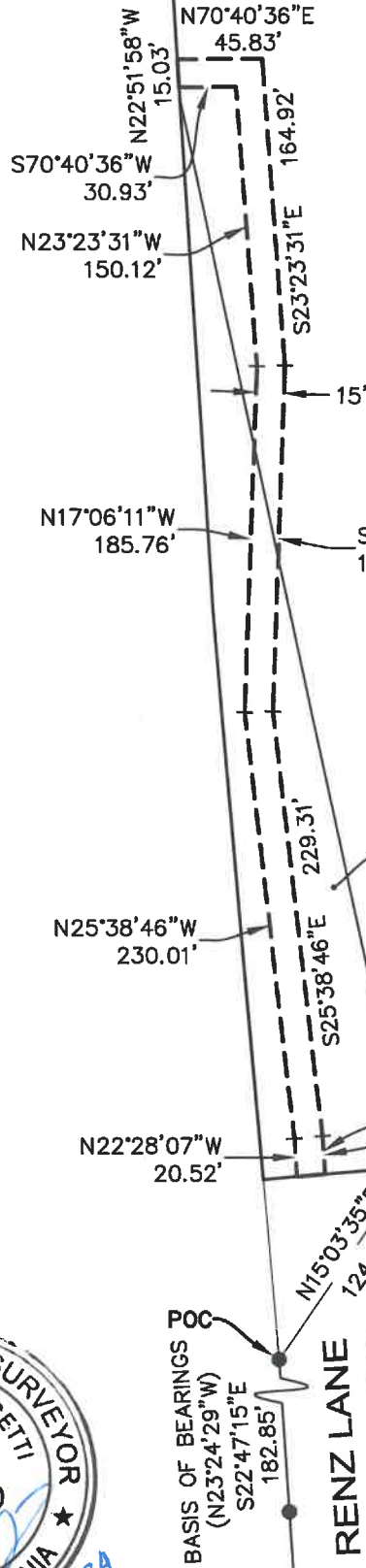
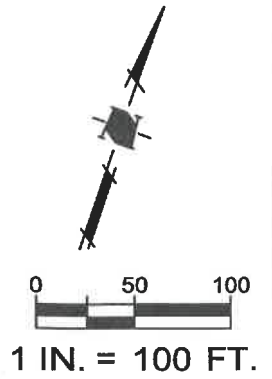
This legal description was prepared by me or under my direction in accordance with the Professional Land Surveyors Act.

Date: 4-18-24

Tracy L. Giorgetti
Tracy L. Giorgetti, LS 8720



SOUTH VALLEY FREEWAY 101

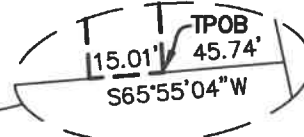


LANDS OF PG&E
1807-OR-218
APN 841-10-039

LANDS OF COSTCO WHOLESALE CORP

LANDS OF PG&E
9779-OR-670
APN 841-10-027

DETAIL
NTS



POC
BASIS OF BEARINGS
(N23°24'29"W)
S22°47'15"E
182.85'

RENZ LANE

LANDS OF PIRES

LEGEND

- POC POINT OF COMMENCEMENT
- TPOB TRUE POINT OF BEGINNING

SHEET 1 OF 1

Date: 2024-04-18
Designed: —
Drawn: RF
Checked: TG
Proj. Engr.: —
489700PL04



1570 Oakland Road (408) 487-2200
San Jose, CA 95131 HMMHca.com

EXHIBIT "B"
PLAT TO ACCOMPANY DESCRIPTION:
SANITARY SEWER EASEMENT

CITY OF GILROY

CALIFORNIA

EXHIBIT C

INSURANCE REQUIREMENTS

Grantee shall procure, carry and maintain in effect throughout the term of this Agreement the following insurance coverage. Grantee is also responsible for its contractors and subcontractors maintaining sufficient limits of the appropriate insurance coverages.

A. Workers' Compensation and Employers' Liability

1. Workers' Compensation insurance indicating compliance with any and all applicable labor codes, acts, laws or statutes, state or federal.
2. Employer's Liability insurance shall not be less than \$1,000,000 for injury or death, each accident.

B. Commercial General Liability

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Commercial General Liability insurance "occurrence" form with no additional coverage alterations.
2. The limits shall not be less than \$2,000,000¹ per occurrence [and \$3,000,000 aggregate] for bodily injury, property damage and products and completed operations. Defense costs are to be provided outside the policy limits.
3. Coverage shall include: a) an "Additional Insured" endorsement (ISO Additional Insured form CG 2010 11/85 or equivalent coverage) adding as additional insureds PG&E, its affiliates, subsidiaries, and parent company, and PG&E's directors, officers, agents and employees with respect to liability arising out of work performed by or for Grantee. If the policy includes "blanket endorsement by contract," the following language added to the certificate of insurance will satisfy PG&E's requirement: "by blanket endorsement, PG&E, its affiliates, subsidiaries, and parent company, and PG&E's directors, officers, agents and employees with respect to liability arising out of the work performed by or for the Grantee are included as additional insured"; and b) an endorsement or policy provision specifying that the Grantee's insurance is primary and that any insurance or self-insurance maintained by PG&E shall be excess and non-contributing.

C. Additional Insurance Provisions

1. Upon the Effective Date of the Easement Agreement Grantee shall furnish PG&E with two (2) sets of certificates of insurance including required endorsements.

¹ See table B for required insurance coverages; note that some of the coverages listed may not be required in particular instances.

2. Documentation shall state that coverage shall not be canceled except after thirty (30) days prior written notice has been given to PG&E.
3. The documents must be signed by a person authorized by that insurer to bind coverage on its behalf and submitted to:

Pacific Gas and Electric Company
300 Lakeside Dr
Oakland, CA 94612
Attn: Land Agent

4. Upon request, Grantee shall furnish PG&E evidence of insurance for its agents or contractors.
5. PG&E may inspect the original policies or require complete certified copies at any time.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A PURCHASE AGREEMENT FOR A SEWER EASEMENT (APN 841-10-027 & 039) FROM THE PACIFIC GAS AND ELECTRIC COMPANY, FOR THE SEWER RELIEF TRUNK LINE PROJECT

WHEREAS, the Sewer Relief Trunk Line Project is included in the Fiscal Years 2022-23 Capital Improvement Program under CIP#308A08 with funding budgeted for purchasing right of way and design professional services. The subject property from the Pacific Gas and Electric Company (PG&E), is required in order to construct the project, and therefore in the public's interest to acquire a portion of the real property for the public Project (Sewer Relief Trunk Line Project); and

WHEREAS, on August 15, 2022, the City of Morgan Hill made a voluntary offer to purchase a sewer easement (9,476 square feet) from PG&E, as Trustee, for the appraised value of \$23,000 from a state certified MAI appraiser; and

NOW, THEREFORE, City Council of the City of Morgan Hill, based upon the foregoing and all documents, statements and facts known to City Council, does hereby resolve:

SECTION 1. Approval of Easement Purchase Agreement. City Council approves the Easement Purchase Agreement to acquire a sewer easement (9,476 SF) for a total amount of \$23,000 from PG&E, see Attachment 1. The Settlement amount of \$23,000 plus the escrow, closing costs (\$2,000 est.) are hereby approved.

SECTION 2. Authority to City Manager. City Council authorizes the City Manager to execute the Agreement and all documents necessary to consummate the transactions contemplated therein, including without limitation, accepting the Grant Deed. City Council further authorizes the City Manager to make minor modifications to the foregoing described documents which may be necessary to consummate the transactions.

SECTION 3. CEQA.

Not a Project

The sewer easement acquisition is not considered a project, as defined in Section 15378 of the State CEQA Guidelines. However, the Sewer Relief Trunk Line project itself is a project. David J. Powers prepared an Initial Study and the City Council approved and certified a mitigated negative declaration at the December 15, 2021 City Council meeting.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 23th day of October 2024 by the following vote:

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

APPROVED:

ATTEST:

MARK TURNER, Mayor

MICHELLE BIGELOW, City Clerk

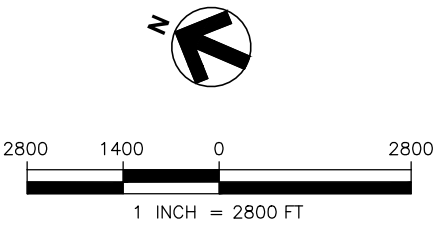
CERTIFICATION

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. 24-xxx, adopted by the City Council at the meeting held on October 23, 2024.

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

DATE: _____

MICHELLE BIGELOW, City Clerk



- LEGEND:
- EXISTING JOINT SEWER TRUNK
 - SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY WASTEWATER TREATMENT PLANT
 - TRUNK SEWER SOUTH OF HIGHLAND
 - TIE-IN TO HARDING AVE RELIEF SEWER TRUNK
 - TIE-IN TO CITY OF GILROY RELIEF SEWER TRUNK

FIGURE 1
CITY OF MORGAN HILL
TRUNK SEWER SOUTH OF HIGHLAND
PROJECT AREA



City Council

Meeting Minutes

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

Wednesday, September 4, 2024 5:00 PM

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

SPECIAL/REGULAR MEETING

A special meeting of the City Council was called at 5:00 p.m. for the purpose of conducting Library, Culture, and Arts Commission interviews and conducting a closed session.

SPECIAL MEETING

5:00 p.m. Library, Culture, and Arts Commission interviews and Closed Session

CALL TO ORDER

Mayor Turner called the City Council meeting to order at 5:00 p.m.

ROLL CALL ATTENDANCE

City Clerk Michelle Bigelow called the roll.

PRESENT	Rene Spring, Gino Borgioli, Yvonne Martinez Beltran, Mark Turner, Marilyn Librers
ABSENT	None

Council Member Librers arrived at 5:06 p.m.

DECLARATION OF POSTING AGENDA

City Clerk Michelle Bigelow declared the posting of the agenda.

COMMISSION INTERVIEWS

1. INTERVIEW CANDIDATES TO FILL ONE (1) SEAT ON THE LIBRARY, CULTURE, AND ARTS COMMISSION (LCAC)

Recommendation:

1. Mayor shares the characteristics/traits that a successful applicant would possess;
2. Conduct Interviews;
3. Council Members identify the top applicant(s) and provide recommendations to the Mayor; and
4. Discuss and/or appoint an applicant.

Mayor Turner shared the desired qualities of commissioners and the interview process.

The Council interviewed Mark Fiorenza, Kendra O'Donoghue, and Nadia Suleman.

CLOSED SESSION

City Attorney Larkin announced the closed session item.

CONFERENCE WITH LABOR NEGOTIATORS

Authority: Pursuant Government Code Section 54957.6

City Negotiators: Christina Turner, City Manager; Donald Larkin, City Attorney; Michael

Horta, Human Resources Director; Dat Nguyen, Finance Director
Employee Organization: Morgan Hill Police Officers Association; AFSCME Local 101
Morgan Hill; Community Service Officers Association; Employees Covered under
Management Resolution #23-051

OPPORTUNITY FOR PUBLIC COMMENT

Public comment opened at 5:43 p.m. There being no requests to speak, public comment closed.

ADJOURN TO CLOSED SESSION

The meeting adjourned to closed session at 5:43 p.m.

REGULAR MEETING

Mayor Turner called the City Council meeting to order at 6:00 p.m.

City Clerk Bigelow announced that the Council appointed Mark Fiorenza to the Library, Culture, and Arts Commission.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Proclaiming the month of September as National Preparedness Month
Proclaiming the month of September as Childhood Cancer Awareness Month
Proclaiming September 17-23 as Constitution Week

CITY COUNCIL REPORTS

Mayor Pro Tem Librers shared that she was asked to join a round table group with Silicon Valley at Home. The event was very eye-opening and informative. In August, she spent five days in Washington, DC, attending a class on advanced leadership for elected officials. The class will continue online for the next six weeks.

CITY MANAGER'S REPORT

City Manager Turner shared that the City is very excited to announce the grand opening and ribbon cutting ceremony for our 4 new outdoor pickleball courts this Saturday, September 7th, at 10:00 a.m. at the Community Park. Also taking place on September 7th, the Leadership Morgan Hill Class of 2024 is holding a ribbon cutting of their class project, a new community picnic area at the Community and Cultural Center. Enjoy live music and light refreshments and celebrate on Saturday, September 7th, at 11:00 a.m. She spoke about the transportation community survey. This is an online survey for the community to provide input and share their priorities on transportation in our community. This survey is available in English and Spanish through September 22, 2024. The City is nearing completion of its first comprehensive Transportation Master Plan. The Plan will set priorities for the City's transportation efforts and provide a foundation for an update to the City's General Plan Transportation Element. For more information, visit our Transportation Master Plan webpage or email ttmp@morganhill.ca.gov. She also shared that on Wednesday, September 18th at 5:00 p.m. we will have our Mid-Year Goal Check-in Workshop. Due to the Rosh Hashanah holiday and the CalCities conference, the next City Council meeting will be October 23rd.

CITY ATTORNEY'S REPORT

City Attorney Larkin announced that there was no reportable action from the closed session earlier in the meeting.

OTHER REPORTS

Council Member Martinez Beltran spoke about attending the Overdose Awareness event last Saturday and the profound impact the event had on the community. She also attended the opening of Voices Academy.

PUBLIC COMMENT

Public comment opened at 6:12 p.m.

Eli Robles was called to speak.

There being no further requests to speak, public comment closed.

ADOPTION OF AGENDA

MOTION:

Adopting the agenda as posted.

RESULT:	Passed
MOVER:	Council Member Spring
SECONDER:	Council Member Borgioli

AYES:	Council Member Spring, Council Member Borgioli, Council Member Martinez Beltran, Mayor Turner, Mayor Pro Tem Librers
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.

MOTION:

Approving consent calendar items 2, 3, and 5 through 7.

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

**2. ADOPT RESOLUTION ACCEPTING THE SANTA CLARA COUNTY
MULTIJURISDICTIONAL LOCAL HAZARD MITIGATION PLAN UPDATE
INCLUDING THE CITY OF MORGAN HILL'S ANNEX**

Recommendation:

Adopt resolution accepting the Santa Clara County Multijurisdictional Local Hazard Mitigation Plan Update including the City of Morgan Hill's Annex.

3. AMEND CONFLICT OF INTEREST CODE REPORTING CATEGORIES

Recommendation:

Adopt resolution amending the list of positions subject to the City's Conflict of Interest Code.

**5. APPROVE COST SHARE AGREEMENT WITH THE CITY OF GILROY FOR
JOINT WASTEWATER TRUNK LINE REPAIRS**

Recommendation:

Authorize the City Manager to execute and administer a cost sharing agreement with the City of Gilroy for the design and repairs to the jointly owned wastewater trunk line for \$1,814,455.

6. APPROVE THE AUGUST 28, 2024 CITY COUNCIL MEETING MINUTES

Recommendation:

Approve minutes.

7. APPROVE CONSULTANT AGREEMENT WITH SCHAAF & WHEELER CONSULTING CIVIL ENGINEERS IN THE AMOUNT OF \$74,472 FOR BUTTERFIELD BASIN FEASIBILITY STUDY

Recommendation:

Authorize the City Manager to execute and administer a consultant agreement in the amount of \$74,472 with Schaaf & Wheeler Consulting Civil Engineers for feasibility design work at the Butterfield Basin.

ITEM PULLED FOR DISCUSSION

4. APPROVE CONSULTANT AGREEMENT WITH JAYSON ARCHITECTURE IN THE AMOUNT OF \$375,000 FOR DESIGN OF VILLA MIRA MONTE PHASE 1 IMPROVEMENTS

Recommendation:

Authorize the City Manager to execute a consultant agreement for design services totaling \$375,000 for the Phase 1 Villa Mira Monte Improvements.

Public Services Director Chris Ghione provided a report.

Public comment opened at 6:31 p.m. There being no requests to speak, public comment closed.

MOTION:

Continue this item until an updated MOU is executed.

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

MOTION:

Approving the recommended actions.

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

PUBLIC HEARINGS**8. ADOPT RESOLUTION TO ESTABLISH NEW AND UPDATED FEES FOR PLANNING, BUILDING, AND LAND DEVELOPMENT ENGINEERING**

Recommendation:

1. Open/Close Public Hearing; and
2. Adopt resolution to establish new and updated Planning, Building, and Land Development Engineering fees as proposed.

Assistant City Manager Edith Ramirez introduced the item and the Development Services Team presenting the report and presentation: Development Services Director Jennifer Carman, Building Official Eric Blomquist, Planning Consultant Andrew Crabtree, and Public Services Director Chris Ghione.

The Council moved to item 9 to allow time to address technical difficulties with Zoom on item 8.

MOTION:

Continuing item to October 23, 2024 and to not start this item before 6:00 p.m.

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

ABSENT:	None
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9. **ADOPT RESOLUTION TO ESTABLISH NEW CARRY CONCEALED WEAPON (CCW) LICENSE RENEWAL FEE, FINGERPRINT ROLL AND LIVE SCAN FEE, AND UPDATE LIVE ENTERTAINMENT ANNUAL PERMIT FEE**

Recommendation:

Adopt resolution to establish new CCW license renewal fee, Fingerprint Roll and Live Scan fee, and update Live Entertainment Annual Permit fee.

Police Captain Mario Ramirez provided the report.

The public hearing opened at 6:53 p.m.

Kyle Merritt was called to speak.

There being no further requests to speak, the public hearing closed.

MOTION:

Approving the recommended actions

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

OTHER BUSINESS

10. **INTRODUCE ORDINANCE PROHIBITING SMOKING IN MULTIUNIT RESIDENTIAL BUILDINGS**

Recommendation:

1. Waive first and second reading of the Ordinance; and
2. Introduce new Ordinance prohibiting smoking in multiunit residential buildings.

City Attorney Donald Larkin, Deputy City Attorney Dorothy Ma, and Leslie Zellers from the County of Santa Clara provided the presentation and report.

Public comment opened at 7:58 p.m. The following people were called to speak:
 Bryan Lark
 Judy Scovel
 Doug Muirhead
 Jen Grans-Lejano (Zoom) - City Attorney Larkin read Jen's comments into the record.
 Kate Rodman (Zoom) - City Attorney Larkin read Jen's comments into the record.
 There being no further requests to speak, public comment closed.

MOTION:

Waiving the first and second reading of the ordinance.

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

MOTION:

Introducing the ordinance.

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

11. APPROVE SUPPORT OF THE CAL CITIES RESOLUTION TO BE CONSIDERED AT THE 2024 ANNUAL CONFERENCE

Recommendation:

1. Confirm "support" for the resolution to be considered on "Fair and Equal

- Treatment of All Government Officials at All Levels of Government"; and
2. Authorize the City's voting delegate(s) to vote on the resolution to be considered at the Cal Cities annual conference.

City Attorney Larkin provided the report.

Public comment opened at 8:25 p.m. There being no requests to speak, public comment closed.

MOTION:

Approving the recommended actions.

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

The meeting recessed at 8:27 p.m. and reconvened at 8:38 p.m.

FUTURE COUNCIL INITIATED AGENDA ITEMS

Council Member Spring requested an ordinance banning smoking in all residential properties.

Council Member Martinez Beltran requested a conversation about trash cans throughout the city.

ADJOURNMENT

There being no further business, Mayor Turner adjourned the meeting at 8:48 p.m.

Minutes Prepared by:

Michelle Bigelow, City Clerk



City Council

Meeting Minutes

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

Wednesday, September 18, 2024 5:00 PM

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

CALL TO ORDER

Mayor Turner called the City Council meeting to order at 5:00 p.m.

ROLL CALL ATTENDANCE

City Clerk Michelle Bigelow called the roll.

PRESENT	Rene Spring, Gino Borgioli, Yvonne Martinez Beltran, Mark Turner, Marilyn Librers
ABSENT	None

Council Member Spring left at 8:01 p.m.

DECLARATION OF POSTING AGENDA

City Clerk Michelle Bigelow declared the posting of the agenda.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Proclaiming September 19, 2024 as Rich Firato Day

PRESENTATIONS

PG&E UPDATE

PUBLIC COMMENT

Public comment opened at 5:08 p.m.

Carlos Duran was called to speak.

There being no further requests to speak, public comment closed.

ADOPTION OF AGENDA

WORKSHOP

1. CITY COUNCIL MID-YEAR GOAL CHECK-IN WORKSHOP

Recommendation:

Review and discuss:

1. Team Morgan Hill Department Updates
2. 2024-2025 Sustainable Morgan Hill, including Vision, Ongoing Priorities, and Strategic Priorities
3. 2024-2025 Strategic Priorities Workplan
4. Future Council Initiated Agenda Items
5. Update on Encampments
6. City Council Disturbance Policy
7. City Council Conference, Travel, and Meeting Spending Policy

City Manager Turner provided an overview of the evening's agenda. The Department Directors then provided departmental updates.

Christina Ramos of PG&E provided a presentation and answered questions on the status of PG&E in Morgan Hill.

The meeting recessed at 7:01 p.m. and reconvened at 7:15 p.m.

The Council moved to item 2. The Council then went back to the Goal Check-In Workshop items.

City Manager Turner reviewed the Sustainable Morgan Hill vision, priorities, and work plan items. The discussion then moved to the Future Council Initiated Agenda Items. City Attorney Larkin provided an update on encampments. The Council discussion then progressed to the City Council Disturbance Policy and City Council Conference, Travel, and Meeting Spending Policy.

Public comment opened at 8:26 p.m.
Doug Muirhead was called to speak.
There being no further requests to speak, public comment closed.

CONSENT CALENDAR (To be heard at 6:00 p.m. or later)

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.

2. ADOPT ORDINANCE NO. 2356, NEW SERIES, AN ORDINANCE OF THE CITY OF MORGAN HILL ADDING CHAPTER 8.42 (“SMOKING IN MULTIUNIT BUILDINGS”) OF TITLE 8 (“HEALTH AND SAFETY”) TO THE MORGAN HILL MUNICIPAL CODE TO PROHIBIT SMOKING IN AND AROUND MULTIUNIT RESIDENCES

Recommendation:

Waive the reading, adopt Ordinance No. 2356, 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.

Public comment opened at 7:16 p.m. There being no requests to speak, public comment closed.

MOTION:

Approving the recommended action.

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

ADJOURNMENT

There being no further business, Mayor Turner adjourned the meeting at 8:29 p.m.

Minutes Prepared by:
Michelle Bigelow, City Clerk

CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

Chris Ghione, Public Services Director

APPROVED BY: City Manager

AWARD BUTTERFIELD PARK – PHASE 1 PROJECT TO S&H CONSTRUCTION, INC. IN THE AMOUNT OF \$3,268,600

RECOMMENDATION(S)

1. Approve the Butterfield Park - Phase 1 Project Plans and Specifications;
2. Award contract to S&H Construction, Inc. for the Butterfield Park - Phase 1 Project in the amount of \$3,268,600;
3. Authorize the expenditure of construction contingency funds not to exceed \$326,860; and
4. Authorize the City Manager to execute and administer the construction contract with S&H Construction, Inc.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Supporting our Youth, Seniors, and Entire Community

2024-2025 Strategic Priorities

Economic Development and Tourism

Healthy Community

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

REPORT NARRATIVE:

The initial development process for the Butterfield Park was conducted for an application to the State of California Department of Park and Recreation for its Statewide Parks Program. Unfortunately, due to the competitive nature of the grant program and the City's demographic makeup, the City's grant applications (in 2019 and 2020) for the program were not successful. However, during the grant application process, the City engaged potential partners on maintaining and operating the park. The City continued to see interest from prospective partners in the development of this property for both the benefit of the community and the partner organizations. Based on this interest, in 2022, the City released an "Invitation to Partner" to allow the City to more formally explore potential partners in the development and operation of the park

and recreation space. The City moved forward with investigating the site development with two potential partners and a design consultant to plan for the construction of a park facility with adjacent BMX and Baseball Field partners on the 8 acre site.

The planning work led to an update on the original grant funded design for the concept site plan (Attachment 2), which was reviewed by the Parks and Recreation Commission and the City Council. The concept plan demonstrated that there was adequate space for both partners on the site along with public park facilities. On March 15, 2023 the City Council approved a partnership agreement with the Foundation for a Better Ride/USA BMX to build a BMX track adjacent to the proposed park facility. Additionally, the Council approved an agreement with Verde Design to take the conceptual designs to construction documents for bidding. A partnership agreement was not completed with the baseball group. The final design is relatively the same as the original proposed design, without the baseball field component and with the bathrooms shifted to the west to reduce infrastructure costs.

The plans and specifications were completed in July 2024 and the project was advertised for bidding on July 26, 2024. The bid opening was held on October 2, 2024. Thirteen (13) bids were received and are listed below:

1	S&H Construction, Inc.	\$3,268,600
2	Guerra Construction Group	\$3,597,450
3	Gradetech, Inc.	\$3,820,000
4	Azul Works Inc.	\$4,032,800
5	QLM-Inc.	\$4,063,000
6	Robert A Bothman Inc DBA Robert A Bothman Construction	\$4,375,000
7	Galeb Paving, Inc.	\$4,538,000
8	Suarez & Munoz Construction, Inc.	\$4,910,000
9	Schreder & Brandt MFG, Inc.	\$4,982,600
10	Brannon Corporation	\$5,171,395
11	Joseph J. Albanese, Inc.	\$5,238,363
12	KYA Service AKA The KYA Group	\$5,291,223
13	James Nicholson Enterprise/Dinsmore Landscape (bid not responsive)	\$ 410,198

The lowest responsive bidder, S&H Construction, Inc.'s bid amount of \$3,268,600 is approximately 2.14% above the engineer's estimate of \$3,200,000. S&H Construction, Inc. has experience working on landscape improvements, playgrounds, and HVAC and electrical work for school districts and a park district in the Bay Area. City staff have received strong positive references for S&H Construction. Staff recommends the award of the contract to S&H Construction, Inc. in the amount of \$3,268,600. Staff also requests a ten (10) percent construction contingency for this project (\$326,860). This project is scheduled to start in January 2025 and be completed by March 2026.

The plans and specifications are available for review on the City's webpage under the Government tab and Community Projects site:

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

COMMUNITY ENGAGEMENT:

Involve/Collaborate

Through the prior grant process, significant outreach to the community was performed on the design of the site. The original park design has remained similar to the proposed grant planned park site, but with the funding limitations, the baseball field will not be constructed in this phase and the City will be partnering on the BMX component of the park. The proposed collaboration with the community partners is critical for the financial feasibility of the project and the local BMX community has been involved with the City's partner (Foundation for a Better Ride) in the planning of the BMX component.

ALTERNATIVE ACTIONS:

City Council may elect not to award this construction contract and request the project be re-bid or canceled. Staff does not recommend re-bidding the project as competitive bids were received. Rebidding the project is not likely to result in significant savings, and it will delay the project approximately three to four months.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Developing new park and recreation facilities is a central tenet of the Bikeways, Trails, Parks and Recreation Master Plan that the Council adopted in July 2017. The City Council authorized a grant application for development of this park site in July 2019 and again in October 2020. The City Council received an update on the partnership opportunities on August 3, 2022. The Parks and Recreation Commission reviewed this item and recommended moving forward with partnership agreement negotiation on November 15, 2022. On March 15, 2023 the City Council approved a partnership agreement with the Foundation for a Better Ride/USA BMX to build a BMX track adjacent to the proposed park facility. On March 15, 2023, the Council also approved an agreement with Verde Design to take the conceptual designs to construction documents for bidding.

FISCAL AND RESOURCE IMPACT:

Funds for this project are budgeted within the approved FY24-25 Capital Improvement Budget under the Butterfield Park Project PR1009 from the Park Impact Fund (301) and Quimby Fund (375). Total contract costs of \$3,595,460 (\$3,268,600 base bid and \$326,860 contingency) are within the project budget.

CEQA (California Environmental Quality Act):

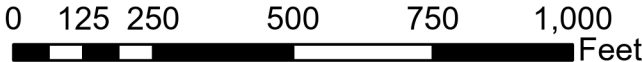
Project

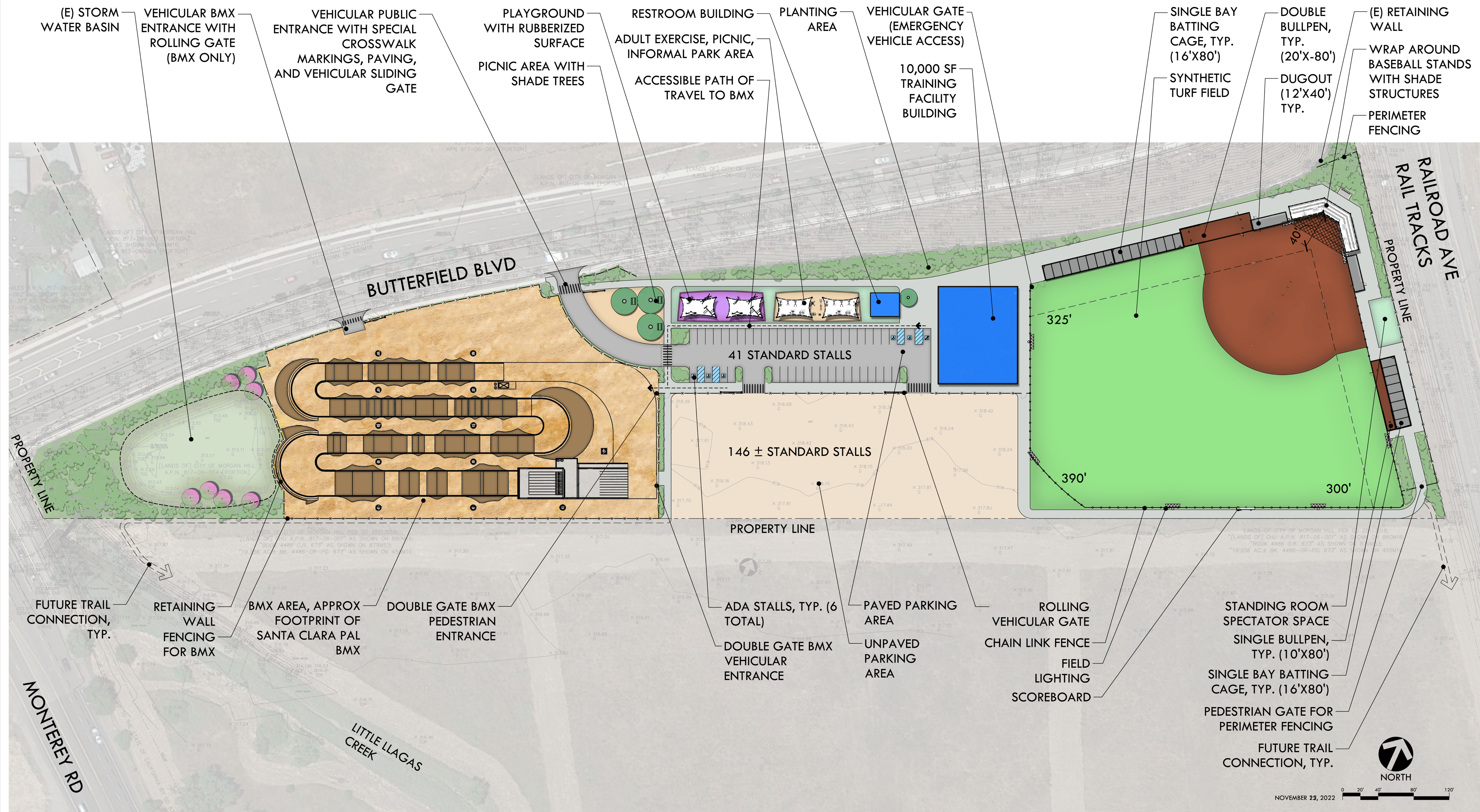
An environmental assessment, including an Initial Study and Mitigated Negative Declaration (MND), was prepared for the project by David J. Powers & Associates, Inc. in conformance with CEQA for the initial site plan and uses in 2019. In 2023 an Addendum to the Initial Study and MND was prepared for modifications to the site plan and uses.



**Public Services Department
Engineering Division**

Project Location Map Butterfield Park Phase 1 Project





CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

Cynthia Iwanaga, Management Analyst

APPROVED BY: City Manager

AWARD MAINTENANCE SERVICE AGREEMENT TO PRECISION EMPRISE, LLC DBA PRECISION CONCRETE CUTTING IN THE AMOUNT OF \$150,000 FOR ON-CALL CONCRETE CUTTING SIDEWALK REPAIR SERVICES AND SIDEWALK ASSET MANAGEMENT SURVEYING SERVICES

RECOMMENDATION(S)

1. Award maintenance service agreement to Precision Emprise, LLC dba Precision Concrete Cutting in the not-to-exceed amount of \$150,000 for on-call concrete cutting sidewalk repairs and sidewalk asset management surveying services;
2. Determine that said purchase may be made cooperatively, as provided in Section 3.04.180 of the Morgan Hill Municipal Code;
3. Determine that competitive bids upon notice would not likely result in a lower price to the City from a responsible bidder or would cause unnecessary expense or delay under the circumstances as provided in Section 3.04.150 (2) of the Morgan Hill Municipal Code; and
4. Authorize the City Manager to execute and administer that certain construction contract with Precision Emprise, LLC dba Precision Concrete Cutting.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining and Enhancing Infrastructure

2024-2025 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

The purpose of this item is to provide the City Council with an opportunity to consider the award of a maintenance service agreement to Precision Emprise, LLC dba Precision Concrete Cutting ("Precision Concrete Cutting") in the not-to-exceed amount of \$150,000 to provide on-call concrete cutting services to remove tripping hazards from City sidewalks and, if needed, sidewalk asset management surveying services throughout Morgan Hill. The proposed agreement would have an initial two-year term

with a maximum of three one-year options to extend in amounts not to exceed 105% of the prior year's annual amount, subject to whether the City Council has appropriated sufficient funds.

Precision Concrete Cutting has pioneered and patented a new technique for repair of uneven sidewalks or uplifts that is compliant with the Americans with Disability Act (ADA) requirements. The company uses a saw-cutting method, which horizontally slices the trip hazard away, and matches the sidewalks at the control joint. This method preserves the existing infrastructure, and saves time and money by eliminating the immediate need for removal and replacement of sidewalk panels. Although the City has gone out to bid in the past for removal and replacement of sidewalks in order to repair tripping hazards, staff is recommending concrete cutting as a more time-efficient and cost-efficient approach to repairing tripping hazards.

Per the City of Morgan Hill Municipal Code Section 3.04.180, the purchasing officer has the authority to join with other public jurisdictions in cooperative purchasing plans or programs, including, but not limited to, California Communities Purchasing Program (CCPP), the California Department of General Services (CADGS), the California Multiple Award Schedule (CMAS), the National Association of Counties (NACo), or similar arrangements or plans, as determined by the purchasing officer to be in the City's best interest, and upon determination that competitive bids upon notice would not likely result in a lower price to the City from a responsible bidder or would cause unnecessary expense or delay under the circumstances as provided in Section 3.04.150 (2) of the Morgan Hill Municipal Code.

Precision Concrete Cutting submitted a [proposal](#) to the City according to pricing from the Texas Association of School Board, Inc. cooperative contract #657-21 through the BuyBoard National Purchasing Cooperative. The City of Morgan Hill is a member of the BuyBoard National Purchasing Cooperative, and may utilize the contract with the addition of ensuring that California laws and regulations must be followed, including payment of California Department of Industrial Relations (DIR) prevailing wages. The procurement process utilized for the cooperative contract was reviewed and meets the City of Morgan Hill requirements. Other northern California cities such as Monterey and Livermore have also utilized the BuyBoard National Purchasing Cooperative to enter into contract with Precision Concrete Cutting for concrete cutting/sidewalk repair services and sidewalk asset management surveying services.

In November 2023, the City Council awarded a consultant agreement to Infrastructure Management Services ("IMS") to conduct a citywide sidewalk assessment survey. As part of this effort, IMS is surveying sidewalks in the City and identifying sites with displaced sidewalks greater than 1/4 inch. The proposed contract with Precision Concrete Cutting would focus on those sidewalk locations with an elevation difference of 1/4 inch to up to two inches.

Staff recommends approving the on-call maintenance service agreement with Precision Concrete Cutting for \$150,000 for its patented concrete cutting sidewalk repair services and sidewalk asset management surveying services based on the City Council's

determination that said purchase may be made cooperatively as provided in Section 3.04.180 of the Morgan Hill Municipal Code, and upon determination that competitive bids upon notice would not be likely to result in a lower price to the City from a responsible bidder or would cause unnecessary expense or delay under the circumstances as provided in Section 3.04.150 (2) of the Morgan Hill Municipal Code (Attachment 1).

COMMUNITY ENGAGEMENT:

Inform

As sidewalk maintenance and repair services are a regular and expected City service, no efforts were made to inform the community about this proposed agreement. The actual sidewalk maintenance work resulting from this agreement is shared via City communication tools, including the "The Scoop," weekly maintenance updates on the City of Morgan Hill website, and Nextdoor.

ALTERNATIVE ACTIONS:

The City Council could decide not to approve this agreement, and direct staff to proceed with a request for proposals (RFP) for sidewalk repair services in order to enter into an on-call maintenance services agreement. This is not recommended as the proposed use of the cooperative agreement through BuyBoard National Purchasing Cooperative allows for a more time-efficient and cost-efficient completion of uneven sidewalk repairs.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

While the City Council has not previously taken action on this particular item, conducting sidewalk repairs is an ongoing public safety activity, and the Council has approved numerous contracts for sidewalk repairs in the past.

FISCAL AND RESOURCE IMPACT:

If approved, the total funding authorization for the new contract with Precision Concrete Cutting will be a not-to-exceed amount of \$150,000. The costs will be paid by the adopted Capital Improvement Program (CIP) project # SR5008, Fund 346 Public Facilities.

CEQA (California Environmental Quality Act):

Categorical Exemption

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

MAINTENANCE SERVICE AGREEMENT
Precision Emprise, LLC dba Precision Concrete Cutting

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Precision Emprise, LLC dba Precision Concrete Cutting, a California limited liability company ("SERVICE PROVIDER") hereinafter referred to collectively as "Parties." In consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority.** This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, _____, 20____.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until December 31, 2026 at which time SERVICE PROVIDER'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum of three one-year extensions. Any such extension shall be in writing and signed by both Parties to this Agreement.
3. **Scope of Service.** The services to be performed by SERVICE PROVIDER shall be on-call ADA compliant uneven sidewalk repair and sidewalk asset management surveying services as further described in **Exhibit A**.
4. **Compensation.** SERVICE PROVIDER shall be compensated as follows:
 - 4.1. **Amount.** \$150,000.00. Total compensation to SERVICE PROVIDER under this Agreement during its initial term set forth in Section 2 above shall not exceed One Hundred Fifty Thousand dollars and shall be billed based on the rate and basis set forth in **Exhibit B**. If the City Manager extends the term of this Agreement pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to SERVICE PROVIDER during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to SERVICE PROVIDER for one year of service during the immediately preceding prior year of service.
 - 4.2. **Billing.** SERVICE PROVIDER shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by SERVICE PROVIDER on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 14 Notices. Payment will be made to SERVICE PROVIDER within thirty (30) days of receipt of invoice by CITY. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY'S judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

5. **Termination.** CITY or SERVICE PROVIDER shall have the right to terminate this Agreement, without cause, by giving thirty (30) days' written notice or less under urgent circumstances. Upon such termination, SERVICE PROVIDER shall submit to CITY an itemized statement of services performed for which compensation has not been paid. CITY may require SERVICE PROVIDER to complete certain work product or documents and SERVICE PROVIDER shall deliver to CITY all documents in its possession without additional compensation to SERVICE PROVIDER. The City Manager is authorized to terminate this Agreement, in whole or in part, on behalf of CITY.

5.1. **Non-Appropriations.** Notwithstanding anything contained in this Agreement to the contrary, if insufficient funds are appropriated, or funds are otherwise unavailable in the budget for CITY for any reason whatsoever in any fiscal year, for payments due under this Agreement, CITY will immediately notify SERVICE PROVIDER of such occurrence, and this Agreement shall terminate after the last day during the fiscal year for which appropriations shall have been budgeted for CITY or are otherwise available for payments.

5.2. **Temporary Suspension of Services.** CITY'S need for services may be suspended due to unforeseeable or unavoidable circumstances beyond its control. Such circumstances include, but are not limited to, earthquake, fire, explosion, flood, or other natural catastrophe; governmental legislation, condemnation, acts, orders, or regulation; war or acts of terrorism; strikes or labor difficulties; and quarantine, epidemic, or pandemic. CITY shall provide a 5-days' written notice or less under urgent circumstances to temporarily suspend services at specific CITY facilities. CITY reserves the right to request which CITY facilities are to be serviced or not serviced due to unforeseeable or unavoidable circumstances; and the level of service at each CITY facility. Upon suspension, SERVICE PROVIDER shall submit to CITY an itemized statement of services performed for which compensation has not been paid up to the date of the suspension. No further payments will be made for services provided after the date of the suspension. CITY shall provide 5 days' written notice when the circumstances for the suspension of specific facilities' services are removed for SERVICE PROVIDER to commence providing services.

6. **Performance of Work.** SERVICE PROVIDER represents that it is qualified by virtue of experience, training, education, and expertise to accomplish these services. Services shall be performed by SERVICE PROVIDER in accordance with professional practices in a manner consistent with a level of care, competence and skill exercised by qualified members of SERVICE PROVIDER'S profession. By delivery of completed work, SERVICE PROVIDER certifies that the work conforms to the requirements of this Agreement and all applicable federal, state, and local laws. SERVICE PROVIDER is liable for any property damage caused by SERVICE PROVIDER or its Subcontractors during performance of the services and shall notify the CITY of damage within 24 hours of the occurrence. SERVICE PROVIDER must promptly repair or replace any real or personal property damage, and must promptly restore the property to its original or intended condition. CITY may repair or replace the real or personal property damage if SERVICE PROVIDER fails to do so, and the cost of the repairs or replacement may be deducted or offset from any compensation due to SERVICE PROVIDER.

6.1. **Schedule.** SERVICE PROVIDER shall perform all work and services under this Agreement in conformance with the time schedule set forth on **Exhibit C**, "Schedule of Performance," attached hereto and incorporated herein by this reference. The City Manager is authorized on behalf of CITY to modify the timeframes set forth on the Schedule of Performance within the term of this Agreement.

6.2. **Storage of Service Provider's Equipment.** If SERVICE PROVIDER desires to leave or store any of SERVICE PROVIDER'S equipment at a CITY site while SERVICE PROVIDER is performing work or service pursuant to this Agreement, SERVICE PROVIDER will first obtain the consent of the City Manager, or his/her delegate, to do so, and any such storage shall occur only in the manner and location allowed by such CITY official and entirely at SERVICE PROVIDER'S sole risk.

7. **Hazardous Materials.** Without limiting any other requirement or obligation of SERVICE PROVIDER under this Agreement, if SERVICE PROVIDER needs to use any material or chemical considered to be a hazardous material under any federal, state, or local law, regulation or policy, SERVICE PROVIDER agrees to fully and timely abide by and comply with all laws, regulations and policies pertaining to the use, transport, removal, handling, disposal, or other activity related to any and all such materials or chemicals. Prior to commencement of work or services under this Agreement, SERVICE PROVIDER shall provide CITY with a complete list of the hazardous materials SERVICE PROVIDER reasonably anticipates it may need to use to provide the services of SERVICE PROVIDER under this Agreement, together with the reasonably anticipated quantities thereof, if requested by CITY.

8. **Insurance Requirements.** SERVICE PROVIDER shall procure and provide proof of the insurance coverage required by this section in the form of certificates and endorsements. The required insurance must cover the activities of SERVICE PROVIDER, including its subcontractors, employees, and agents, relating to, or arising from, the performance of any work or service under this Agreement, and must remain in full force and effect at all times during the period covered by this Agreement. The coverages may be arranged under a single policy for the full limits required or by a combination of underlying policies with the balance provided by excess or "umbrella" policies, provided each such policy complies with the requirements set forth herein. Any deductibles or self-insured retentions must be declared to and approved by City. SERVICE PROVIDER further understands that CITY reserves the right to modify the insurance requirements set forth herein, with thirty (30) days' notice provided to SERVICE PROVIDER, at any time as deemed necessary to protect the interests of CITY.

8.1. **Insurance Types and Amounts.**

8.1.1. **Commercial General Liability (CGL).** SERVICE PROVIDER shall maintain CGL against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

8.1.2. **Automobile Liability.** SERVICE PROVIDER shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if SERVICE PROVIDER does not own automobiles, then SERVICE PROVIDER shall maintain Hired/Non-owned Automobile Liability) against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

8.1.3. Workers' Compensation Insurance and Employer's Liability. SERVICE PROVIDER shall maintain Workers Compensation coverage, as required by law, in the minimum amount of: (i) one million dollars (\$1,000,000.00) for any one accident or occurrence, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater. If SERVICE PROVIDER is self-insured, SERVICE PROVIDER shall provide its Certificate of Permission to Self-Insure, duly authorized by the Department of Industrial Relations.

8.1.4. Pollution (Environmental) Liability. If the performance of SERVICE PROVIDER'S work or service under this Agreement involves hazardous materials, contaminated soil disposal, and/or a risk of accidental release of fuel oil, chemicals or other toxic gases or hazardous materials, SERVICE PROVIDER shall procure and maintain Pollution Liability covering the SERVICE PROVIDER'S liability for bodily injury, property damage and environmental damage resulting from pollution and related cleanup costs arising out of the work or services to be performed under this Agreement. Coverage shall be provided for both work performed on site, as well as during the transport of hazardous materials. Such coverage shall be in the minimum amount of: (i) one million dollars (\$1,000,000.00) for any one accident or occurrence, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

8.1.5. Professional Liability.

8.1.5.1. If the performance of SERVICE PROVIDER'S work or service under this Agreement involves professional and/or technical services (examples include, but are not limited to, architects, engineers, land surveyors, and appraisers), SERVICE PROVIDER shall procure and maintain either a claims made or occurrence Errors and Omission liability insurance in the minimum amount of: (i) one million dollars (\$1,000,000.00) each claim, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater. Further, if SERVICE PROVIDER maintains a claims-made policy, SERVICE PROVIDER shall provide written evidence of such insurance to CITY for at least five (5) years after the completion of work performed under this Agreement.

8.1.5.2. If the performance of SERVICE PROVIDER'S work or service under this Agreement relates to Information Technology or related services (examples include, but are not limited to computer programmers, software designers, hardware engineers, or other systems consultants), SERVICE PROVIDER shall procure and maintain a claims made Errors and Omission liability insurance, including Cyber Liability and Data Breach, in the minimum amount of: (i) one million dollars (\$1,000,000.00) each claim, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

- 8.1.6. **Sexual Abuse/Molestation Liability (SML)**: If the performance of SERVICE PROVIDER'S work or service under this Agreement involves contact with minors, SERVICE PROVIDER shall procure and maintain Sexual Abuse and Molestation insurance in the minimum amount of: (i) two hundred thousand dollars (\$200,000.00) each claim, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.
- 8.2. **Endorsements**. SERVICE PROVIDER shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:
- 8.2.1. **General Liability and pollution liability (when pollution liability applies)**.
- 8.2.1.1. "Additionally Insured" - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds on a form at least as broad as ISO Form CG 20 10 for ongoing operations.
- 8.2.1.2. "Waiver of Rights of Subrogation" - The insurer waives the right of subrogation against the City of Morgan Hill and CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and
- 8.2.1.3. "Primary and Non-Contributing" - Insurance shall be endorsed to be primary and non-contributory and will not seek contribution from the City's insurance or self-insurance and shall be at least as broad as ISO Form CG 20 01.
- 8.2.2. **Workers Compensation**.
- If the performance of SERVICE PROVIDER'S work or service under this Agreement involves access to or activity on any property or premises owned or occupied by the CITY, including, but not limited to, SERVICE PROVIDER'S presence during site visits and meetings, then insurer waives the right of subrogation against the City of Morgan Hill and the CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.
- 8.3. **Qualification of Insurers**. All insurance required pursuant to this Agreement must be issued by a company licensed and admitted, or otherwise legally authorized to carry out insurance business in the State of California, and each insurer must have a current A.M. Best's financial strength rating of "A" or better and a financial size rating of "VII" or better.
- 8.4. **Certificates**. SERVICE PROVIDER shall furnish CITY with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, SERVICE PROVIDER shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to SERVICE PROVIDER'S agreement with CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 8. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

City of Morgan Hill
Attn: Risk Management
17575 Peak Avenue
Morgan Hill, CA 95037

9. **Non-Liability of Officials and Employees of CITY.** No official or employee of CITY shall be personally liable for any default or liability under this Agreement.

10. **Compliance with Law.**

10.1. SERVICE PROVIDER and its officers, employees, agents, and subcontractors shall comply with all applicable laws, ordinances, administrative regulations, and permitting requirements in carrying out their obligations under this Agreement. SERVICE PROVIDER and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon any basis prohibited by State or Federal law, including but not limited to, race, color, creed, religion, gender, marital status, age, sexual orientation, national origin, mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.

10.2. Without limiting the provisions of Section 10.1 above, each worker performing work under this Agreement shall be paid at a rate not less than the prevailing wage as defined in Sections 1771 and 1774 of the Labor Code. The prevailing wage rates are available online at <http://www.dir.ca.gov/dlsr>. SERVICE PROVIDER shall post a copy of the applicable prevailing rates at the Worksite.

10.2.1. Pursuant to Labor Code Section 1775, SERVICE PROVIDER and any subcontractor shall forfeit to CITY as a penalty up to two hundred dollars (\$200.00) for each calendar day, or portion thereof, for each worker paid less than the applicable prevailing wage rate. SERVICE PROVIDER shall also pay each worker the difference between the applicable prevailing wage rate and the amount actually paid to that worker.

10.2.2. SERVICE PROVIDER must comply with the provisions of Labor Code Sections 1776 and 1812 and all implementing regulations, which are fully incorporated by this reference, including requirements for electronic submission of payroll records.

10.2.3. As applicable, if the Agreement Amount exceeds Thirty Thousand Dollars (\$30,000.00), SERVICE PROVIDER is responsible for compliance with the requirements governing employment and payment of apprentices, as set forth in Labor Code Section 1777.5, which is fully incorporated by reference.

10.2.4. SERVICE PROVIDER must comply with the provisions of Labor Code Section 1815 with respect to payment of overtime.

10.2.5. Under Labor Code Section 1813, SERVICE PROVIDER will forfeit to CITY as a penalty, the sum of Twenty-Five Dollars (\$25.00) for each day during which a worker employed by SERVICE PROVIDER or any subcontractor is required or permitted to work more than eight (8) hours in any one (1) calendar day or more

than forty (40) hours per calendar week, except if such workers are paid overtime under Labor Code Section 1815.

- 10.3. DIR Registration. CITY will not accept a Bid Proposal from or enter into a contract with a SERVICE PROVIDER, without first receiving proof to the satisfaction of CITY that SERVICE PROVIDER and its subcontractors are registered with the California Department of Industrial Relations to perform public work under Labor Code Section 1725.5, subject to limited legal exceptions. Under Labor Code section 1771.4, this Agreement is subject to compliance monitoring and enforcement by the California Department of Industrial Relations.
- 10.4. Compliance with Wage and Hour Laws. SERVICE PROVIDER, and any subcontractor it employs to complete work under this Agreement, shall comply with all applicable federal, state, and local wage and hour laws. Applicable laws may include, but are not limited to, the Federal Fair Labor Standards Act and the California Labor Code.

Final Judgments, Decisions, and Orders: For purposes of this Section, a “final judgment, decision, or order” refers to one for which all appeals have been exhausted or the time to appeal has expired. Relevant investigatory government agencies include: the federal Department of Labor, the California Division of Labor Standards Enforcement, or any other governmental entity or division tasked with the investigation and enforcement of wage and hour laws.

Prior Judgments against SERVICE PROVIDER and/or its Subcontractors: BY SIGNING THIS AGREEMENT, SERVICE PROVIDER AFFIRMS THAT IT HAS DISCLOSED ANY FINAL JUDGMENTS, DECISIONS OR ORDERS FROM A COURT OR INVESTIGATORY GOVERNMENT AGENCY FINDING – IN THE FIVE (5) YEARS PRIOR TO EXECUTING THIS AGREEMENT – THAT SERVICE PROVIDER OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. SERVICE PROVIDER FURTHER AFFIRMS THAT IT OR ITS SUBCONTRACTOR(S) HAS SATISFIED AND COMPLIED WITH – OR HAS REACHED AGREEMENT WITH THE CITY REGARDING THE MANNER IN WHICH IT WILL SATISFY – ANY SUCH JUDGMENTS, DECISIONS OR ORDERS.

Judgments or Decisions During Term of Contract: If at any time during the term of this Agreement, a court or investigatory government agency issues a final judgment, decision or order finding that SERVICE PROVIDER or any subcontractor it employs to perform work under this Agreement has violated any applicable wage and hour law, or SERVICE PROVIDER learns of such a judgment, decision, or order that was not previously disclosed, SERVICE PROVIDER shall inform the City Attorney, no more than fifteen (15) days after the judgment, decision or order becomes final or of learning of the final judgment, decision or order. SERVICE PROVIDER and its subcontractors shall promptly satisfy and comply with any such judgment, decision, or order, and shall provide the City Attorney with documentary evidence of compliance with the final judgment, decision, or order within five (5) days of satisfying the final judgment, decision, or order. CITY reserves the right to require SERVICE PROVIDER to enter into an agreement with CITY regarding the manner in which any such final judgment, decision, or order will be satisfied.

City’s Right to Withhold Payment: Where SERVICE PROVIDER or any subcontractor it employs to perform work under this Agreement has been found in violation of any applicable wage and hour law by a final judgment, decision or order of a court or

government agency, CITY reserves the right to withhold payment to SERVICE PROVIDER until such judgment, decision or order has been satisfied in full.

Material Breach: Failure to comply with any part of this Section constitutes a material breach of this Agreement. Such breach may serve as a basis for immediate termination of this Agreement and/or any other remedies available under this Agreement and/or law.

Notice to City Related to Wage Theft Prevention: Notice provided to the City Attorney as required under this Section shall be addressed to: City Attorney, City of Morgan Hill, 17575 Peak Avenue, Morgan Hill, CA 95037. The Notice provisions of this Section are separate from any other notice provisions in this Agreement and, accordingly, only notice provided to the above address satisfies the notice requirements in this Section.

11. **Independent Contractor.** SERVICE PROVIDER is an independent contractor and not an agent or employee of CITY.

12. **Confidentiality.** All data, documents, or other information received by SERVICE PROVIDER from CITY or prepared in connection with SERVICE PROVIDER'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by SERVICE PROVIDER without prior written consent by CITY.

13. **Conflict of Interest and Reporting.** SERVICE PROVIDER shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement including, without limitation, complying with California Government Code section 1090 *et seq.*, the California Political Reform Act (California Government Code section 87100 *et seq.*) and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification (2 California Code of Regulations section 18700 *et seq.*). SERVICE PROVIDER will further comply, and will ensure that its agents and its subcontractors comply, with California Government Code section 84308 ("Levine Act") and the applicable regulations of the Fair Political Practices Commission concerning campaign disclosure (2 California Code of Regulations sections 18438.1 – 18438.8).

14. **Notices.** All notices shall be personally delivered or mailed, via first class mail to the below listed address. These addresses shall be used for delivery of service of process. Notices shall be effective five (5) days after date of mailing, or upon date of personal delivery.

Address of SERVICE PROVIDER is as follows:

Precision Emprise, LLC dba Precision Concrete Cutting
417 Harrison Street
Oakland, CA 94607

Address of CITY is as follows:

Public Services Dept. Director	with a copy to:
City of Morgan Hill	City Clerk
17575 Peak Avenue	City of Morgan Hill
Morgan Hill, CA 95037	17575 Peak Avenue
	Morgan Hill, CA 95037

15. **Licenses, Permits and Fees.** SERVICE PROVIDER shall obtain a City of Morgan Hill Business License, all permits and licenses to the extent required by ordinances, codes, and regulations of the federal, state, and local government.

16. **Service Provider's Proposal.** If applicable, this Agreement shall include SERVICE PROVIDER'S proposal or bid which is incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.

17. **Maintenance of Records.**

17.1. **Maintenance.** SERVICE PROVIDER shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and CITY rules and ordinances related to services provided under this Agreement. SERVICE PROVIDER shall maintain records for a period of at least 3 years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the 3-year period, then SERVICE PROVIDER shall retain said records until such action is resolved.

17.2. **Access to and Audit of Records.** CITY shall have the right to examine, monitor and audit all records, documents, conditions, and activities of SERVICE PROVIDER and its subcontractors related to services under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the Parties to this Agreement may be subject, at the request of CITY or as part of any audit of CITY, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.

17.3. **Ownership of Work Product.** All documents or other information developed or received by SERVICE PROVIDER for work performed under this Agreement shall be the property of CITY. SERVICE PROVIDER shall provide CITY with copies of these items upon demand or upon termination of this Agreement.

18. **Familiarity with Work.** By executing this Agreement, SERVICE PROVIDER represents that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should SERVICE PROVIDER discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at SERVICE PROVIDER'S risk, until written instructions are received from CITY.

19. **Time of Essence.** Time is of the essence in the performance of this Agreement.

20. **No Assignment.** Neither this Agreement nor any portion shall be assigned by SERVICE PROVIDER, without prior written consent of CITY. Any attempted assignment not first approved by CITY shall be void and, at CITY'S option, shall terminate this Agreement effective as of the date of such attempted assignment.

21. **Attorney Fees.** In any legal action, dispute or arbitration arising out of or relating to this Agreement, the prevailing party shall be entitled to an award of its reasonable attorney fees, costs and expenses incurred.

22. **Defense and Indemnification.**

22.1. **Defense and Indemnification.** SERVICE PROVIDER shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily

injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by SERVICE PROVIDER, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

22.2. Exceptions. SERVICE PROVIDER is not required to indemnify INDEMNITEES against liability for bodily injury, property damage or personal injury, or any other loss, damage or expense arising from the sole negligence or willful misconduct of CITY.

22.3. Not limited by insurance. The indemnity, defense and hold harmless provisions of this Agreement apply to all CLAIMS alleged against an INDEMNITEE, regardless of whether any insurance policies are applicable. Policy limits do not act as a limitation upon the amount of indemnification or defense to be provided by SERVICE PROVIDER.

22.4. Right to Offset. CITY shall have the right to offset against any compensation due SERVICE PROVIDER under this Agreement any amount due CITY from SERVICE PROVIDER as a result of SERVICE PROVIDER'S failure to pay CITY promptly any indemnification arising under this Section (22) and any amount due CITY from SERVICE PROVIDER arising from SERVICE PROVIDER'S failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

22.5. Interpretation. This Section shall constitute an agreement or contract of indemnity, incorporating the interpretations under California Civil Code Section 2778. It is expressly understood and agreed that the obligation of SERVICE PROVIDER to indemnify the INDEMNITEE shall be as broad and inclusive as permitted by the laws of the State of California and shall survive termination of this Agreement.

23. Entire Agreement; Modification; Conflicting Provisions. This Agreement constitutes the entire Agreement between the Parties and supersedes any previous agreements, oral or written. This Agreement may be modified or provisions waived only by a subsequent mutual written agreement executed by CITY and SERVICE PROVIDER. If the provisions contained in the main body of this Agreement conflict with any provision contained in an exhibit to this Agreement, the provisions of the main body of this Agreement shall govern and control over any provision contained in an exhibit to this Agreement.

24. Governing Law and Venue. This Agreement shall be construed in accordance with the laws of the State of California. This Agreement was entered into and is to be performed in the County of Santa Clara. Any action or dispute arising out of this Agreement shall only be brought in Santa Clara County.

25. Notice of Security and/or Privacy Incident. If SERVICE PROVIDER, or its subconsultant, suspect, discover or are notified of a data security incident or potential breach of security and/or privacy relating to CITY PII, PHI and/or PCI, SERVICE PROVIDER shall immediately, but in no event later than forty-eight (48) hours from suspicion, discovery or notification of the incident or potential breach, notify CITY of such incident or potential breach. SERVICE PROVIDER shall, upon CITY's request, investigate such incident or potential breach, inform the CITY of the results of any such investigation, and assist the CITY in maintaining the confidentiality of such information. In addition to the foregoing, SERVICE PROVIDER shall provide CITY with any assistance necessary to comply with any state and/or federal laws requiring the provision of notice of any privacy incident or security breach with respect to any CITY PII, PHI and/or PCI to the affected or impacted individuals and/or organizations, in addition to any notification to applicable state and federal agencies. SERVICE PROVIDER agrees that it shall reimburse CITY for all expenses, costs, attorneys' fees, and resulting fines, penalties, and damages associated with such incident, breach, investigation and/or notification.

26. **Interpretation.** This Agreement is a negotiated document and shall be deemed to have been drafted jointly by the Parties, and no rule of construction or interpretation shall apply against any particular Party based on a contention that the Agreement was drafted by one of the Parties including, but not limited to, California Civil Code § 1654, the provisions of which are hereby waived. This Agreement shall be construed and interpreted in a neutral manner.

27. **Preservation of Agreement.** If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the rest of the Agreement shall remain in full force and effect and shall in no way be affected or invalidated.

28. **Binding Agreement.** Notwithstanding the provisions of Section 20 above, this Agreement shall bind any and all successors in interest, legal representatives and/or other permitted assignees or transferees of SERVICE PROVIDER in the same manner as if those successors in interest, legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

29. **Electronic Signatures.** Unless otherwise prohibited by law or CITY policy, 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 a 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 CITY.

30. **Counterpart Signatures.** This Agreement may be signed in multiple counterparts, which shall, when executed by all the parties, constitute a single binding agreement.

Signatures on the following page.

31. **Authority to Execute.** Those individuals who are signing this Agreement on behalf of entities represent and warrant that they are, respectively, duly authorized to sign on behalf of the entities and to bind the entities fully to each and all of the obligations set forth in this Agreement.

IN WITNESS THEREOF, these Parties have executed this Agreement on the day and year shown below.

AS SET FORTH IN CA. CORP. CODE § 313, TWO SIGNATURES ARE REQUIRED FOR CALIFORNIA CORPORATIONS:

- (1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; AND
- (2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:	CITY OF MORGAN HILL
City Clerk/Deputy City Clerk	City Manager
Michelle Bigelow	Christina J. Turner
Print Name	Print Name
Date:	Date:
APPROVED AS TO FORM:	PRECISION EMPRISE LLC dba PRECISION CONCRETE CUTTING
City Attorney	
Donald A. Larkin	By: Marc Cussenot, CEO
Print Name	Print Name and Title of Signer.
Date:	If Corporate: Chairman, President or Vice President
	Date: 9/13/2024
	By:
	Print Name and Title of Signer.
	If Corporate: Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer
	Date:
1032474	821353472
Contractor's License Number(s) (if applicable)	Contractor's DIR Registration Number(s) (if applicable)
Expiration Date(s) 11/30/2025	Expiration Date(s) 06/30/2026

EXHIBIT A SCOPE OF SERVICES

On-Call ADA Compliant Uneven Sidewalk Repair Services & Sidewalk Asset Management Surveying Services

Service Provider shall provide full-service, on-call ADA compliant uneven sidewalk repair and sidewalk asset management surveying services throughout the city of Morgan Hill in compliance with all applicable laws, regulations, policies and procedures. The scope of services are described in the Buy Board National Purchasing Cooperative Contract #657-21 between the Texas Association of Schools Boards, Inc. and Precision Emprise, LLC dba Precision Concrete Cutting (PCC) dated December 1, 2021. The City of Morgan Hill is a member of the BuyBoard National Purchasing Cooperative. The the PCC contract is available to Cooperative members and establishes an agreed upon set of services and costs for professional sidewalk assessments and uneven sidewalk repair services.

Scope of Services:

1) ADA Compliant Uneven Sidewalk Repair Services: \$54/ Inch Foot (IF)

PCC uses a patented technique for repair of uneven sidewalks or uplifts. The PCC technique is a saw-cutting method that, which horizontally slices the trip hazard away, and matches the sidewalks at the control joint. This method preserves the existing infrastructure and saves time and money by eliminating the need for the removal or replacement of sidewalk panels.

All materials, labor and equipment required to shave uplifted concrete edges at an angle within City of Morgan Hill code requirements will be provided. Service Provider shall mobilize within 72 hours and provide the necessary workforce and equipment when requested by the City of Morgan Hill. The project locations for sidewalk repairs are to be identified by the City of Morgan Hill staff by describing or marking the specific area to be repaired.

- a. PCC shall repair all sidewalk trip hazards from ¼" and up to 2" differential, as long as the integrity of the sidewalk is not compromised, within the project area identified and documented by City staff.
- b. PCC shall remove hazards completely, from one end of the raised sidewalk joint to the other if applicable, leaving a zero point of differential between slabs.
- c. The PCC must completely and immediately clean up all debris after each hazard is repaired. All costs incurred for disposal of waste material shall be included in the unit cost. Service Provider shall not allow dispersal of dust during the process. At no additional charge the Service Provider shall properly collect, remove, and dispose of all shaving residue.
- d. No water-cooling is allowed unless all slurry and contaminants are contained. Under no circumstances shall any slurry or contaminants enter storm drains or cause excessive environmental impact. PCC shall use a dust abatement system and demonstrate such a system to the satisfaction of the City.
- e. At no additional charge the Service Provider shall properly remove and dispose of any existing temporary make-safes. Gutters and inlets shall be protected and cleaned of silt resulting from the Service Provider's operation. Service Provider shall not allow silt-laden water, generated from the cutting operations to flow into the public storm system or be

deposited into the public right of way. Service Provider shall be responsible for removing silt material from the job site.

- f. PCC shall guarantee specified repair slope (1:10 based upon requirements outlined in the Americans with Disabilities Act) is achieved. If a defined slope is not achieved, PCC shall repair to specification at no additional charge within 24 hours of discovery.
- g. PCC shall guarantee that the repaired trip hazard will have a uniform appearance and texture. The finished surface shall have a coefficient of friction of at least 0.6 and show via previous testing that the technique used yields the specified coefficient of friction.
- h. The hardware must be flush to the ground and capable of working at any angle and perform trip hazard removal in hard-to-reach areas, around obstacles, on narrow walkways, next to fences and retaining walls or buildings.
- i. Grinding or pulverization of the concrete is not acceptable or allowed, causing microcracks or weakening the concrete panel. PCC's sidewalk defect repairs shall not leave ridges or grooves that could hold water and prevent drainage of rainwater or irrigation.
- j. Dust collection device will be used in conjunction with high powered vacuums that use HEPA filters and collect 90% of dust.
- k. Service Provider shall take all necessary precautions to isolate and protect the public from hazardous conditions by using protective barricades during trip hazard repairs at no additional charge to the City.
- l. Other incidental and necessary work for performance of the above in conformance with the City of Morgan Hill Standard Details, the 2023 Caltrans Standard Specifications, and specified provisions of the 2023 Caltrans Standard Plans, all of which are incorporated by reference herein.

2. Sidewalk Asset Management Surveying: \$300 / Sidewalk Mile

PCC uses a proprietary software application to survey and record pedestrian infrastructure issues. The vertical height of an uneven sidewalk deflection is measured in the 8ths of an inch in order to determine the requisite slope required by the ADA to repair such location. This data is recorded and used to calculate the number of "inch feet" of concrete to be precisely cut away. PCC can gather additional data points, or data on additional variables that are desired for the survey.

If requested by City staff, PCC shall walk and visually inspect every sidewalk panel in the project area, and PCC shall use data collection that records the details of the work. The data shall be transmitted electronically to the City Maintenance Representative. The data shall be provided in both MS Excel or in HML or HMZ format that is suitable for use as a Google Earth layer. The data must include an itemized summary of all repaired hazards, including the data indicated below:

- a. Before and after photographs of each repair performed. These must be imbedded in or as hyperlinks in each data set.
- b. The physical location (street address) of each repair.
- c. The GPS coordinates with precision/repeatability of 2 ft. or better.
- d. An indication whether the hazard is to be repaired by sidewalk slicing or by another method such as removal and replacement.

Limitations

1. PCC removes only those trip hazards specifically requested or approved by City, and only removes trip hazards within its capabilities as identified in the scope of work, PCC therefore makes no guarantee or representation that areas adjacent to the work performed are free of trip hazards after the work is completed.
2. It is the City's responsibility to provide proper access and PCC assumes no liability for trip hazards that cannot be repaired due to parked vehicles or other obstacles preventing safe and practical access. Service Provider shall notify the City of the accessibility issue. After City has cleared the obstacle and notified Service Provider, PCC will return once to attempt completion of the repairs that could not be completed the first time.

EXHIBIT B

SCHEDULE OF COMPENSATION

The total not-to-exceed amount for this two-year on-call maintenance service agreement is \$150,000 per the following unit pricing:

1. ADA Compliant Uneven Sidewalk Repair Services Cost: \$54 / Inch Foot (IF)

Sidewalk Repair Billing Units: Services are billed in "Inch Feet." An inch foot is calculated by measuring the average height of the sidewalk off-set and multiplying this average by the length of the cut.

Example: A sidewalk off-set on a 4-foot wide sidewalk that consists of a 0.5" rise on one side, and tapers down to a zero rise on the other is calculated as follows:

$$\frac{0.5" + 0"}{2} \times 4\text{ft} = 1 \text{ inch-foot}$$

2. Sidewalk Asset Management Surveying Cost: \$300 /Sidewalk Mile

Sidewalk Asset Management Services Billing Unit: Services are billed per Sidewalk Mile ("SW-Mile"). SW-Miles are calculated as twice the total mileage

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

All work to be scheduled with Maintenance Services Manager, Maintenance Services Coordinator or other authorized City Project Manager designee.

CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

David Gittleson, Associate Engineer

APPROVED BY: City Manager

AWARD MONTEREY ROAD UNDERPASS CONCRETE SPALL AND CRACK REPAIR PROJECT TO ASHRON CONSTRUCTION AND RESTORATION INC. IN THE AMOUNT OF \$284,440

RECOMMENDATION(S)

1. Approve the Monterey Road Underpass Concrete Spall and Crack Repair Project Plans and Specifications;
2. Award contract to Ashron Construction and Restoration Inc. for the Monterey Road Underpass Concrete Spall and Crack Repair Project in the amount of \$284,440;
3. Authorize expenditures of construction contingency not to exceed \$28,444; and
4. Authorize the City Manager to execute and administer the construction contract with Ashron Construction and Restoration Inc.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining and Enhancing Infrastructure

2024-2025 Strategic Priorities

Fiscal Sustainability

Vision Zero

Guiding Documents

General Plan Circulation Element

REPORT NARRATIVE:

The City staff observed that the City owned underpass, which goes underneath the railroad tracks on Monterey Road, had developed cracking issues on the concrete bridge supports on either side of Monterey Road. In response, the City had the City's on-call structural engineering consultant, Biggs Cardosa Associates, inspect the concrete bridge supports for any failures. Upon inspection, Biggs Cardosa Associates determined that surface cracks had developed in the concrete and that the concrete was spalling in some areas, but that the structural integrity of the underpass was not

compromised. Biggs Cardosa Associates recommended that the concrete spalls be repaired and that the cracks be injected with epoxy. Thus, the City had Biggs Cardosa Associates, Inc. prepare plans and specifications to repair the problem areas on the bridge supports. The project's scope of work includes: mobilization, traffic control, job site management, meetings, water pollution control, repairing concrete spalled areas, repairing 4 inch deep concrete spalled areas, injecting cracks with epoxy, and painting concrete surfaces.

The Plans and Specifications were completed in July 2024 and the Notice Inviting Bids was advertised in the Morgan Hill Times on July 26th, 2024 and August 2, 2024. The bid opening was held on August 15, 2024, and four (4) bids were received as listed below:

1. Ashron Construction and Restoration, Inc. \$284,440
2. Zara Construction, Inc. \$287,300
3. Howard Ridley Co., Inc. \$340,525
4. American Civil Constructors West Coast LLC \$363,000

The lowest responsible bidder was Ashron Construction and Restoration, Inc. at \$284,440. The low bidder's bid amount of \$284,440 is approximately 12% lower than the engineer's estimate of \$320,000. The low bidder, Ashron Construction and Restoration Inc., has 22 years of experience as a contractor and has performed structural/concrete repair work for the City of Fresno, County of Napa, Town of Los Gatos, City of Alameda, City of Pleasanton, and the City of Calistoga.

Staff recommends the award of the contract to Ashron Construction and Restoration, Inc. in the amount of \$284,440. Due to the possibility of the expansion of the repair work area, staff is requesting a ten (10) percent construction contingency for the project of \$28,444.

This project is scheduled to start in November/December 2024 and be completed within 90 days. The plans and specifications are available on the City's web page under the Government tab and on the Community Projects site.

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

COMMUNITY ENGAGEMENT:

While there may be inconveniences for residents close by, staff will work with the contractor to minimize these inconveniences and provide email and door notifications prior to any construction activities. Staff will also provide regular updated construction information weekly through Next-door and on the City's website. Additionally, roadway signage will be used to inform drivers of planned lane closures on Monterey Road.

ALTERNATIVE ACTIONS:

City Council could decide not to award the construction contract. Doing so could reduce the life of the structure if the repairs are prolonged or not done at all. Staff recommends against this as competitive bids were received and rebidding is not likely to reduce prices.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None.

FISCAL AND RESOURCE IMPACT:

Fiscal:

If approved, the total construction authorization for this project shall be \$312,884, which includes a 10% contingency of \$28,444. The City does not have any funding for large bridge maintenance projects. However, bridge projects such as this are required roadway maintenance projects to ensure City roadways remain open. City staff propose using a portion of the budgeted roadway and pavement restoration project funds allocated in the FY 24/25 through 2029/2030 Capital Improvement Budget under Pavement Restoration Project (SR5004), presented to the City Council on June 19, 2024.

CEQA (California Environmental Quality Act):

Project: Categorical Exemption

The project is categorically exempt per Section 15301(d)-Existing Facilities, restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment to meet current standards of public health and safety which involves negligible or no expansion of an existing use.



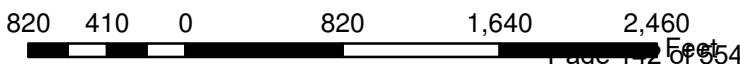
Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



Engineering and Utilities Department
CIP Engineering Division

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MONTEREY ROAD UNDERPASS CONCRETE SPALL & CRACK REPAIR



CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

Michelle Bigelow, City Clerk

APPROVED BY: City Manager

ADOPT A JOINT RESOLUTION DETAILING THE REPRESENTATIVE GOVERNANCE FOR SOUTH SANTA CLARA COUNTY CITIES ON SANTA CLARA VALLEY TRANSPORTATION AUTHORITY'S (VTA) BOARD OF DIRECTORS

RECOMMENDATION(S)

Adopt the joint Morgan Hill and Gilroy resolution detailing the representative governance for South Santa Clara County Cities on Santa Clara Valley Transportation Authority's (VTA) Board of Directors.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Advocating for Local, Regional, and State Legislative Initiatives

2024-2025 Strategic Priorities

Transportation

REPORT NARRATIVE:

The City of Morgan Hill participates with the City of Gilroy in representing the two South Santa Clara County cities on the Santa Clara Valley Transportation Authority (VTA) Board of Directors. VTA is a regional transportation authority that addresses regional transportation and congestion management throughout Santa Clara County.

The VTA is governed by its Board of Directors, a board comprising twelve voting members and six non-voting members. Five voting members are allocated to the City of San Jose, two to the County of Santa Clara, and the remaining five seats are divided among the small city groupings. The Cities of Gilroy and Morgan Hill (Cities) share one voting member and one alternate for the South County City Group, Group Four.

VTA delegated the determination of how each small city group would share representation and select their appointment to the cities within each group. Effective January 2012, the cities began self-determining the rotation of representation between cities. For Group Four, one city began providing the appointee, and the other provided the alternate. Every two years, the appointee and alternate would switch to the other city.

The auditors of a recent State audit of VTA identified the need to formally memorialize the shared representation structure.

Based on the identified need, staff has prepared a joint resolution between the Cities of Gilroy and Morgan Hill to memorialize the structure and the rotation of representation. The two cities are expected to adopt this resolution and provide a signed version to VTA. Should changes be required in the future, an amendment or rescission of the resolution by both cities would be required to adopt any changes.

Due to the timing, the City of Gilroy will be adopting first on October 21, 2024.

COMMUNITY ENGAGEMENT:

This report serves to inform the community of the proposed resolution to codify the ongoing process for appointing representatives to the VTA board.

ALTERNATIVE ACTIONS:

The Council may amend or reject the joint resolution. This is not recommended, as the structure outlined in the resolution has been the practice of both cities in cooperation since the shared representation began in 2012. Any amendment would require the process of memorializing the structure to be postponed until the changes can be evaluated with the City of Gilroy as a partner in the representative structure.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Assignments to outside agencies are generally reviewed and updated annually.

FISCAL AND RESOURCE IMPACT:

There is no fiscal impact associated with the adoption of this resolution.

CEQA (California Environmental Quality Act):

The adoption of this administrative resolution does not qualify as a project.

GILROY RESOLUTION NO. 2024-XX
MORGAN HILL RESOLUTION NO. XXXX

**A JOINT RESOLUTION OF THE CITY COUNCILS OF THE
CITIES OF GILROY AND MORGAN HILL TO
MEMORIALIZE THE ESTABLISHED SCHEDULE OF
SHARED REPRESENTATION ON THE SANTA CLARA
VALLEY TRANSPORTATION AUTHORITY'S BOARD OF
DIRECTORS FOR THE SOUTH COUNTY CITIES GROUP**

WHEREAS, the Santa Clara Valley Transportation Authority (VTA) is a regional transportation authority addressing regional transportation and congestion management throughout Santa Clara County; and

WHEREAS, the VTA is governed by its Board of Directors, a board comprised of twelve voting members, in addition to six non-voting members. Five of the voting members are allocated to the City of San Jose, two to the County of Santa Clara, and the remaining five seats are divided amongst the small city groupings; and

WHEREAS, the Cities of Gilroy and Morgan Hill (Cities) share one voting member, and one alternate for the South County City Group, Group Four; and

WHEREAS, the VTA delegated the determination of how each small city group would share representation and select their appointment to the cities within each group; and

WHEREAS, effective January of 2012, the Cities began self-determining the rotation of representation between the Cities, one city providing the appointee, the other providing the alternate. Every two years the appointee and alternate would switch to the other city; and

WHEREAS, the Cities would provide the name of the appointee and alternate to VTA on their appointment form; and

WHEREAS, in a recent State audit of VTA the need to formally memorialize the shared representation structure was identified by the auditors; and

WHEREAS, the Cities desire to adopt this joint resolution to accomplish the purpose as stated above.

NOW, THEREFORE, BE IT RESOLVED by the City Councils of the Cities of Gilroy and Morgan Hill that:

1. The Cities shall share representation through rotation of appointments to the Board of Director Seat for the South County Small Cities Group, Group Four.
2. Representation shall rotate on two-year terms, commencing January 1st of each odd year.
3. One city shall provide the appointee to the VTA Board of Directors, and the alternate shall come from the other city of the South County Small City Group.
4. Based on the current schedule, the City of Morgan Hill will provide the Appointee, and the City of Gilroy will provide the Alternate, for the period of January 1, 2025 through December 31, 2026. Every January 1st of each odd

year thereafter, the cities providing the Appointee and the Alternate shall each switch.

5. The City of Gilroy will have their representative selected by their Mayor with their City Council's approval in accordance with their existing Council policy.
6. The City of Morgan Hill will have their representative to the VTA Board selected by their Mayor in accordance with their existing Council policy.

PASSED AND ADOPTED by the City Council of the City of Gilroy at a regular meeting duly held on the 21st day of October, 2024 by the following roll call vote:

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

APPROVED:

Marie Blankley, Mayor

ATTEST:

Beth Minor, Interim City Clerk

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at a regular meeting duly held on the XX day of MONTH, 2024 by the following roll call vote:

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

APPROVED:

Mark Turner, Mayor

ATTEST:

Gilroy Resolution No. 2024-XX
Morgan Hill Resolution No. XXXX
VTA Board of Directors South County Small Cities Group Shared Representation
Gilroy City Council Regular Meeting | October 21, 2024
Morgan Hill City Council Regular Meeting | DATE
Page 3 of 3

Michelle Bigelow, City Clerk

CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

Andrew Crabtree, Development Services Consultant

APPROVED BY: City Manager

ADOPT RESOLUTION TO ESTABLISH NEW AND UPDATED FEES FOR PLANNING, BUILDING, AND LAND DEVELOPMENT ENGINEERING

RECOMMENDATION(S)

1. Open/Close Public Hearing; and
2. Adopt resolution to establish new and updated Planning, Building, and Land Development Engineering fees as proposed.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Preserving and Cultivating Public Trust

2024-2025 Strategic Priorities

Fiscal Sustainability

Guiding Documents

General Plan

Municipal Code

REPORT NARRATIVE:

Note: This item was originally scheduled for the September 4, 2024 City Council meeting. Due to technical difficulties within the City Council Chamber, the item was continued to this date.

The City of Morgan Hill is proposing to update the City's fees for land development permits issued by Planning, Engineering Land Development (a part of the Public Services Department), and Building programs. The California Government Code allows cities to recover all or a portion of the cost of providing exchange-based services through the application of fees. The City of Morgan Hill accordingly requires the payment of a fee as part of the application for Planning, Building and Land Development Engineering permits administered through the City's Development Services program. These fees reflect the cost to review and process applications required for new construction. The fees collected include compensation for time by City teammates on activities such as technical review, stakeholder meetings, communication and public

hearings, as well as costs incurred by the City such as noticing and general overhead expenses. These activities are intended to be 100% cost recovery, and therefore must be periodically reviewed to account for changes in personnel costs, overhead, internal service charges, and costs for supplies, technology, and services. Prior to the current analysis, planning and land development engineering permit fees were last reviewed in 2021 and building permit fees were last reviewed in 2017. The City Council finds that providing these services is of special benefit to applicants both separate and apart from the general benefit to the public; and therefore, in the interests of fairness to the general public, the City desires to better recover the costs of providing these services from applicants who have sought the City's services by revising its schedule of development fees

Analysis

City fees are adjusted on an annual basis through a general cost of living percentage increase. Building permit fees are mostly based on project valuation, which increased due to increasing costs within the construction industry. However, it has been three years for Planning and Land Development Engineering and seven years for Building since the fees have been updated. The current fee study provides an opportunity to more accurately connect fees to actual operating costs, address changes in staffing since the last fee study, and reassess assumptions made in previous studies. The current fee study relies upon an analysis of the actual costs of service delivery for a typical permit using the established methodology previously employed by the City and the City's consultants.

The current fee study addresses the following:

- 1) updated staffing model
- 2) updated costs for salaries, benefits and overhead
- 3) adjustments to the number of hours required to deliver a particular service
- 4) updated public information staffing costs (counter service)

Based on the Fee Study, staff is proposing to update the City's fees for land development permits issued by Planning, Engineering Land Development (a part of the Public Services Department), and Building programs. Fees for service are determined based upon two primary variables:

- Fully Burdened Hourly Rate (FBHR)
- Number of hours to perform the service (Hours per Service)

This study indicates that both the FBHR and the Hours per Service should be increased to implement a 100% cost recovery fee program. The FBHR is proposed to be adjusted based on changes to the current staffing composition, employee pay rates, program administrative costs, and Citywide overhead rates. The Hours per Service for each permit have been reviewed by staff and adjusted in this study to align with the amount of time currently spent by staff hours in the review and issuance of these permits.

In summary:

- Proposed FBHR increases are 53% for Planning, 49% for Engineering Land Development and 9% for the Building programs. (The Building Program includes Fire code permits.)
- Average permit fees increase by various amounts, ranging from 8% for Electrical permits issued by the Building Department up to 119% for Planning permits.
- Based upon projected activity levels by permit type, fees collected are expected to increase on average by program from between 9% for Mechanical, Electrical and Plumbing permits to 131% for Planning permits.
- The proposed increases to the FBHR and permit fees correspond to a 100% cost recovery model as established in the following analysis.

Proposed Change to FBHR	2024 Current	2024 Proposed	% Increase
Planning	\$253	\$387	53%
Engineering Land Development	\$248	\$370	49%
Building / Fire	\$234	\$256	9%

Average Permit Fee Increase	Unweighted	Weighted by Volume
Planning	119%	131%
Engineering Land Development	62%	51%
Building Permits	27%	33%
Building Plan Check	110%	92%
Building - Mechanical	9%	9%
Building - Electrical	8%	9%
Building - Plumbing	9%	9%
Fire	40%	14%

Planning permit fees increase by the greatest margin due to the increased Planning program FBHR and a significant increase in Hours per Service for most planning permits. Planning staff carefully reviewed the Hours per Service used in the two prior Fee Studies and determined that they significantly underrepresented the actual amount

of time spent by staff to process each permit. Engineering Land Development fees also increased significantly, due in large part to the increased Engineering Land Development FBHR, along with more modest increases in the standard Hours per Service.

Building Permit fees have a less significant increase, correlating mostly with the modest increase in the Building program FBHR. However, plan check fees have increased more significantly, particularly for projects that include review by Engineering Land Development and Planning, due to increased FBHR for both programs and increased Hours per Service for Engineering Land Development. Fire reviews have also increased more significantly, due to increased Hours per Service.

The proposed fee update proposes to continue subsidizing fees for six planning permit types and recover less than 100% cost recovery, as adopted in 2022. These planning permits are Appeals, Temporary Use for Non-Profits, Tree Removals, Administrative Use Permits, Temporary Use Amendments, and Residential Private Livestock. The cost to process an Appeal is kept at less than cost recovery so that the fee will not become a potential obstacle to public participation in the planning process. Similarly, costs for the other identified permits are set at less than 100% cost recovery so that permit fees do not become an obstacle to code compliance and/or desirable land use activities for which the full cost recovery fee would be cost prohibitive. Providing these permit activities at less than 100% cost recovery requires that the City supplement the planning permit program with a General Fund contribution equivalent to the average amount of revenue lost with the reduced fees.

Proposed Fee Modifications

Based upon the input received from stakeholder outreach, and the comparison with other cities, the proposed fee structure was modified to create a reduced fee for an SB 330 Preliminary Application and to reduce the rate of escalation in fees for multifamily residential projects and large subdivisions based on the number of units and lots. The SB330 Preliminary Application vests residential applications with current fees and regulations in existence on the day fees are received for the application and starts a 180-day clock where that vesting will expire if a formal application is not filed. For the SB330 Preliminary Application Fee, it is recommended to create a tier system with one small fee equal to three (3) hours of review that vests the application with no staff feedback and the standard fee that includes detailed analysis of the proposal and a meeting with a departmental team as shown below. This fee is shown highlighted on the Planning Fee Schedule in Exhibit A to the Draft Resolution.

Permit Type	Proposed Fee	Tiered Proposed Fee Approach
SB330 Preliminary Application	\$26,666	Vesting Only fee: \$1,161 Preliminary Review with department wide review and comment meeting: \$26,666

Fee Comparisons

The City began an effort to compare the proposed fees with the fees for comparable permit processes in Gilroy, San Jose, Campbell, Sunnyvale and Palo Alto. It was clear

from the initial research that the majority of cities use "time and materials" or "hourly rate" for applications or flat rates that are subsidized by the General Fund and are not 100% cost recovery. The City did not find a comparable city that used an average processing time to base the full cost recovery rate at 100%.

Implementation

The proposed fee schedule positions the City to recover as close to 100% cost recovery as feasible. Council may choose to adopt the fee schedule as proposed or may consider phased implementation over time until 100% cost recovery is met. For example, 50% of the proposed fee increase could take effect upon adoption, with an additional 25% increase at the end of the next two fiscal years. Staff have observed two, three and five year phased-in implementation of new fees in different Bay Area municipalities. It is important to note that a phased approach will require General Fund subsidies until 100% cost recovery is met.

COMMUNITY ENGAGEMENT:

Public Notices related to development fee consideration by the City Council have been distributed and advertised in accordance with the provisions of Sections 66016 through 66018 of the California Government Code.

Two public meetings with developers and community members, one in person and one virtual, were held on August 13th and 14th, 2024. No one attended the in-person meeting, but the virtual meeting held on August 14th was attended by six (6) individuals representing the development community, including a participant from the Builder's Industry Association (BIA). A detailed summary of that meeting is included on Page 21 of the Fee Study.

Communication regarding the proposed fees was also received outside of the outreach meetings. For example, an email from Pete Larko of JP DiNapoli Companies, Inc. expressed concern about the fee increase, but further clarified that relative to the cost of the City's impact fees, permit fees are not significant. The mention of impact fees was also a common point made in the development meeting on August 14th and represent a separate conversation. Impact fees do not follow the same formula as development application fees and are charged much later in the development process. Impact fees are a one-time charge to new development imposed under the Mitigation Fee Act. These fees are charged to mitigate impacts resulting from the development activity and cannot be used to fund existing deficiencies.

A letter was also received from Dennis Martin of the Builders Industry Association (BIA) prior to the original meeting date. A comprehensive City response to the questions in the letter and subsequent questions via email are included as an attachment. Mr. Martin submitted another letter and a Review of the City of Morgan Hill's Development Services Fund 206 Analysis performed by DFA (Development and Financial Advisory) (attached) for this hearing.

ALTERNATIVE ACTIONS:

City Council can choose to maintain existing permit fees, adopt fees at a less than full cost recovery level, or implement a phased-in approach for the fees as proposed.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

No prior City Council actions have been taken on this proposed fee update. Planning and Land Development Engineering permit fees were last updated by the City Council in January 2022. Building permit fees were last updated in October 2017.

This item was scheduled for the September 4, 2024 City Council meeting. Due to technical difficulties within the City Council Chambers, the item was continued to a date certain.

FISCAL AND RESOURCE IMPACT:

The annual impact on the Development Services Special Revenue Fund is anticipated to be an increase in revenue that will recoup more of the reasonable costs for providing a given service. If revenues fall short of operating expenses for any of the planning, building, and/or land development engineering programs, the General Fund will have to provide subsidies for the program.

Should the Council adopt the proposed updated fee schedule on October 23, 2024, the new and updated fees would go into effect on December 22, 2024.

CEQA (California Environmental Quality Act):

Not a Project.

The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment.

RESOLUTION NO. 24-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ESTABLISHING NEW AND UPDATED PLANNING, LAND DEVELOPMENT ENGINEERING, AND BUILDING FEES

WHEREAS, the City Council, pursuant to Section 3.50.010 of the Morgan Hill Municipal Code (“Code”), requires the recovery of costs reasonably born from fees and charges levied in providing the regulation, products or services enumerated in Code Chapter 3.50 – Fee and Service Charge Revenue/Cost Comparison System; and

WHEREAS, the City of Morgan Hill has conducted a fee analysis to calculate the costs reasonably borne to provide the specified Planning, Land Development Engineering, and Building services, which study has been available to the public for at least ten (10) days prior to the adoption of this Resolution; and

WHEREAS, an in-person public meeting and a virtual public meeting were held with members of the development community and other interested parties on August 13, 2024 and August 14, 2024 respectively; and

WHEREAS, the proposed establishment of the fees that are the subject of this Resolution was agendized for consideration by the City Council of the City of Morgan Hill at a duly noticed public hearing of the Council held on September 4, 2024 at which hearing all interested persons were afforded an opportunity to be heard on said proposed fees; and

WHEREAS, the Council heard all relevant testimony and reviewed all written materials submitted in connection with its hearing on this Resolution.

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

1. The City Council has conducted an extensive analysis of its Planning, Land Development Engineering, and Building Fees, including the cost to the City for special services and development applications and the revenues produced by those paying Planning, Land Development Engineering, and Building Fees; and
2. Current Planning, Land Development Engineering, and Building Fees charged for the City's Services do not adequately recoup the City's costs of providing certain Services; and
3. The City Council finds that providing these Services is of special benefit to Applicants both separate and apart from the general benefit to the public; and therefore, in the interests of fairness to the general public, the City desires to better recover the costs of providing these Services from Applicants who have sought the City's Services by revising its schedule of City-Wide Fees; and

4. The proposed Planning, Land Development Engineering, and Building Fees are initially based upon the information contained in a document prepared by City staff entitled "City of Morgan Hill Development Services Fund 206 Analysis", dated August 16, 2024; and
5. Based upon the analysis and the provided information, the City (i) identifies the purpose of the proposed fees, (ii) identifies the use to which the fees will be put, (iii) demonstrates a reasonable relationship between the fees' use and the types of services on which the fees are imposed, and (iv) demonstrates a reasonable relationship between the amount of the fees and the cost of the City's services attributable to the applications on which the fees are imposed; and
6. The City Council finds and determines the fees calculations utilized to establish new and updated Planning, Land Development Engineering and Building fees will not cause fee revenues to exceed the estimated cost reasonably borne of providing the services which the fees are levied; and
7. The City Council hereby adopts and approves the establishment of new and updated Planning, Land Development Engineering and Building fees as set forth in attached **Exhibit A** and incorporated by this reference; and
8. The City Council finds and determines that it is reasonable to continue to annually adjust the fees set forth in Schedule by the Consumer Price Index for Urban Wage Earners and Clerical Workers for the San Francisco, Oakland and San Jose Area, and hereby instructs, authorizes and directs the City Manager or his/her designee to so annually adjust the applicable fees as set forth Resolution 6503 adopted January 18, 2012; and
9. The City Manager or his/her designee is hereby authorized and directed to amend the City Fee Schedule to reflect the fees as set forth in **Exhibit A**.
10. Effective Date. This Resolution shall take effect upon its adoption; provided, however, that the New and Updated Planning, Land Development Engineering and Building Fees established hereunder shall first be imposed and collected sixty (60) days from the date of adoption of this Resolution.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morgan Hill at a regular meeting held on the 23rd day of October, 2024.

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. _____, adopted by the City Council at a regular meeting held on October 23, 2024.

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

DATE: _____

Michelle Bigelow, City Clerk

EXHIBIT A

City of Morgan Hill: Fund 206 Fee Analysis FY 2024-2025

Building Program - Building Permits	
Permit Type	Proposed Fee
(FBHR)	256.00
Building Permit (Not Combination) Valuation Based Fees	
\$1 - \$500	
Any Valuation	\$ 192
\$501 to \$2,000	
first \$500	\$ 256
each additional \$100 (round up)	\$ 8
\$2,001 - \$25,000	
first \$2,000	\$ 384
each additional \$1000 (round-up)	\$ 15
\$25,001 to \$50,000	
first \$25,000	\$ 768
each additional \$1000 (round-up)	\$ 18
\$50,001 to \$100,000	
first \$50,000	\$ 1,216
each additional \$1000 (round-up)	\$ 15
\$100,001 to \$500,000	
first \$100,000	\$ 2,048
each additional \$1000 (round-up)	\$ 5
\$500,001 to \$1,000,000	
first \$500,000	\$ 4,864
each additional \$1000 (round-up)	\$ 3
\$1,000,000 and up	
first \$1,000,000	\$ 7,168
each additional \$1000 (round-up)	\$ 8
Combination Building Permits Valuation Based Fees	
\$1 - \$500	
Any Valuation	\$ 256
\$501 to \$2,000	
first \$500	\$ 320
each additional \$100 (round up)	\$ 8
\$2,001 - \$25,000	
first \$2,000	\$ 448
each additional \$1000 (round-up)	\$ 23

\$25,001 to \$50,000	
first \$25,000	\$ 1,024
each additional \$1000 (round-up)	\$ 20
\$50,001 to \$100,000	
first \$50,000	\$ 1,536
each additional \$1000 (round-up)	\$ 31
\$100,001 to \$500,000	
first \$100,000	\$ 3,072
each additional \$1000 (round-up)	\$ 8
\$500,001 to \$1,000,000	
first \$500,000	\$ 6,656
each additional \$1000 (round-up)	\$ 10
\$1,000,000 and up	
first \$1,000,000	\$ 12,288
each additional \$1000 (round-up)	\$ 13
Grading - Permit Fees	
50 cubic yards or less	
Any Amount up to and including 50 cubic yards	\$ 384
51 to 100 cubic yards	
first 50 cubic yards	\$ 384
each additional cubic yard	\$ 5
101 to 1,000 cubic yards	
first 100 cubic yards	\$ 640
each additional 100 cubic yards	\$ 33
1,001 to 10,000 cubic yards	
First 1,000 cubic yards	\$ 960
each additional hundred cubic yards	\$ 10
10,001 to 100,000 cubic yards	
1st 10,000 cubic yards	\$ 2,048
each additional 10,000 cubic yards or fraction thereof	\$ 84
100,001 to 200,000 cubic yards	
1st 100,000 cubic yards	\$ 2,816
each additional 10,000 cubic yards or fraction thereof	\$ 26
Roofs	
Re-Roofs: Comp/Tile/Shake (Includes new roof sheath)	
1 - 15 SQUARES	\$ 256
16-30 SQUARES	\$ 384
31 and more SQUARES	\$ 448
Steel Roof System	
Any Size	\$ 512

Overlay	
Residential Composition Overlay - Lifetime	\$ 320
Miscellaneous Roof	
Single-ply Roof System 1-30 SQUARES	\$ 512
Single-ply Roof System 31 and more SQUARES	\$ 640
Tar & Gravel (Built-Up/BUR)	\$ 512

City of Morgan Hill: Fund 206 Fee Analysis
FY 2024-2025

Building Permit Program - Plan Check		Fee Calculation			
Permit Type	Base Buildig Fee	Land Dev Surcharge	Planning Surcharge	Fire Inspection Surcharge	Total (Max)
	\$ 256	\$ 370	\$ 387	\$ 204	
Multi-Department Plan Check Valuation Based Fees					
\$1 - \$500					
Any Valuation	\$ 256	\$ 93	\$ 97	\$ 51	\$ 496
	\$ -	\$ -	\$ -	\$ -	\$ -
\$501 - \$2,000					
first \$500	\$ 384	\$ 185	\$ 194	\$ 102	\$ 865
each additional \$100 (round-up)	\$ 8	\$ 11	\$ -	\$ -	\$ 19
\$2,001 - \$25,000					
first \$2,000	\$ 512	\$ 370	\$ 194	\$ 102	\$ 1,178
each additional \$1,000 (round-up)	\$ 13	\$ 15	\$ 4	\$ 2	\$ 34
\$25,001 - \$50,000					
first \$25,000	\$ 832	\$ 740	\$ 290	\$ 153	\$ 2,015
each additional \$1,000 (round-up)	\$ 5	\$ 15	\$ 4	\$ 2	\$ 26
\$50,001 - \$100,000					
first \$50,000	\$ 960	\$ 1,110	\$ 387	\$ 204	\$ 2,661
each additional \$1,000 (round-up)	\$ 20	\$ 7	\$ -	\$ -	\$ 28
\$100,001 - \$500,000					
first \$100,000.00	\$ 2,048	\$ 1,480	\$ 484	\$ 255	\$ 4,267
each additional \$1,000 (round-up)	\$ 5	\$ -	\$ -	\$ -	\$ 5
\$500,001 - \$1,000,000					
first \$500,000.00	\$ 4,096	\$ 1,850	\$ 1,161	\$ 612	\$ 7,719
each additional \$1,000 (round-up)	\$ 5	\$ -	\$ -	\$ -	\$ 5
\$1,000,001 and up					
first \$1,000,000.00	\$ 6,656	\$ 2,220	\$ 1,935	\$ 1,020	\$ 11,831
each additional \$1,000 (round-up)	\$ 8	\$ 4	\$ 4	\$ 2	\$ 17
Grading - Plan Review Fees					
50 cubic yards or less					
Any Amount up to and including 50 cubic yards	\$ 320	\$ 185	\$ 194	\$ -	\$ 699
51 to 100 cubic yards					
first 50 cubic yards	\$ 320	\$ 185	\$ 194	\$ -	\$ 699
each additional cubic yard	\$ 5	\$ -	\$ -	\$ -	\$ 5
101 to 1,000 cubic yards					
first 100 cubic yards	\$ 576	\$ 185	\$ 194	\$ -	\$ 955
each additional 100 cubic yards	\$ 13	\$ -	\$ -	\$ -	\$ 13
1,001 to 10,000 cubic yards					
First 1,000 cubic yards	\$ 704	\$ 185	\$ 194	\$ -	\$ 1,083
each additional hundred cubic yards	\$ 8	\$ -	\$ -	\$ -	\$ 8
10,001 to 100,000 cubic yards					
1st 10,000 cubic yards	\$ 1,536	\$ 185	\$ 194	\$ -	\$ 1,915
each additional 10,000 cubic yards or fraction thereof	\$ 64	\$ -	\$ -	\$ -	\$ 64

100,001 to 200,000 cubic yards					
1st 100,000 cubic yards	\$ 2,112	\$ 185	\$ 194	\$ -	\$ 2,491
each additional 10,000 cubic yards or fraction thereof	\$ 108	\$ -	\$ -	\$ -	\$ 108
200,001 cubic yards or more					
1st 200,000 cubic yards	\$ 3,200	\$ 185	\$ 194	\$ -	\$ 3,579
each additional 10,000 cubic yards or fraction thereof	\$ 26	\$ -	\$ -	\$ -	\$ 26
Standard Plan Check (Not Routed) Valuation Based Fees					
\$1 - \$500					
Any Valuation	\$ 192				\$ 192
\$501 - \$2,000					
first \$500	\$ 256				\$ 256
each additional \$100 (round-up)	\$ 8				\$ 8
\$2,001 - \$25,000					
first \$2000.00	\$ 384				\$ 384
each additional \$1,000 (round-up)	\$ 15				\$ 15
\$25,001 - \$50,000					
first \$25,000.00	\$ 768				\$ 768
each additional \$1,000 (round-up)	\$ 8				\$ 8
\$50,001 - \$100,000					
first \$50,000.00	\$ 960				\$ 960
each additional \$1,000 (round-up)	\$ 20				\$ 20
\$100,001 - \$500,000					
first \$100,000.00	\$ 2,048				\$ 2,048
each additional \$1,000 (round-up)	\$ 5				\$ 5
\$500,001 - \$1,000,000					
first \$500,000.00	\$ 4,352				\$ 4,352
each additional \$1,000 (round-up)	\$ 5				\$ 5
\$1,000,001 and up					
first \$1,000,000.00	\$ 7,168				\$ 7,168
each additional \$1,000 (round-up)	\$ 8				\$ 8

City of Morgan Hill: Fund 206 Fee Analysis
 FY 2024-2025

Fire Permit Program	
Permit Type	Proposed Fee
(FBHR)	\$ 256
Fire Alarm	
1-15 Devices	\$ 768
16-50 Devices	\$ 1,024
51-100 Devices	\$ 1,280
101-500 Devices	\$ 1,536
Each additional 50 devices over 500 devices	\$ 10
Fire Sprinklers	
Residential Single Family/Townhouse 13D System	\$ 768
Apartment/Condo	\$ 1,024
Additional time per unit	\$ 192
Master Plan Review	\$ -
Commercial - New Construction	
1-20 Appliances	\$ 896
21-100 Appliances	\$ 1,152
101-200 Appliances	\$ 1,344
201-350 Appliances	\$ 1,600
351-500 Appliances	\$ 1,920
Each additional 100 appliances over 500 appliances	\$ 192
Commercial - Tenant Improvements	
1-20 Appliances	\$ 832
21-100 Appliances	\$ 960
101-200 Appliances	\$ 1,088
201-350 Appliances	\$ 1,216
351-500 Appliances	\$ 1,344
Each additional 100 appliances over 500 appliances	\$ 192
High Piled Storage	\$ 768
Suppression System	\$ 704
Underground Piping / Hydrant System / Backflow	\$ 1,024
Each Additional Hydrant or Backflow	\$ 192
Medical Gas Systems	\$ 768

City of Morgan Hill: Fund 206 Fee Analysis
FY 2024-2025

Building Permit Program - Mechanical	
Permit Type	Proposed Fee
Permit Issuance	\$ 115
Furnaces Installation	
Residential: Installation or relocation of forced air or gravity-type furnace or burner, each	\$ 128
Commercial: Installation or relocation of forced air or gravity-type furnace or burner, each	\$ 256
Installation or relocation of suspended heater, recessed wall heater, floor furnace, or floor mounted unit heater including flue vent, each	\$ 192
Appliance Vents and Ducts	
Installation, relocation or replacement of appliance vent, ducts, per system	\$ 192
Condensing units (AC), each	\$ 128
Boilers, Compressors & Absorption Systems	
Installation or relocation of each boiler, compressors 1-15 horsepower, or absorption system 0 - 500,000 Btu/h, each	\$ 192
Installation or relocation of each boiler, compressors 16-50 horsepower, or absorption system 500,001 - 1,750,000 Btu/h, each	\$ 256
Installation or relocation of each boiler, compressors 51 and over horsepower, or absorption system 500,001 - 1,750,001 and over Btu/h, each	\$ 320
Air Handlers	
Installation or relocation of air-handling unit, each	\$ 192
Evaporative Coolers	
Each non-residential evaporative cooler other than portable type, each	\$ 256
Ventilation & Exhaust	
Residential: Ventilation fan or hoods connected to a single duct, exhaust fan for bathrooms, kitchens, or laundry rooms, each	\$ 192
Commercial: Installation of kitchen hood each which is served by mechanical exhaust, including the ducts for such hood, each	\$ 512
Ventilation system which is not a portion of any heating or air-conditioning, each	\$ 256
Repairs or Additions	
The repair, alteration, or addition to each heating appliance, refrigeration unit, cooling unit, absorption unit, or evaporative cooling system, including installation of controls, each	\$ 192
Incinerators	
Installation or relocation of commercial or industrial-type incinerator, each	\$ 768
Miscellaneous	
Each appliance or piece of equipment regulated by this code but not classed in other appliance categories, or for which no other fee is listed, each	\$ 256

City of Morgan Hill: Fund 206 Fee Analysis
FY 2024-2025

Building Permit Program - Electrical	
Permit Type	Proposed Fee
(FBHR)	\$ 256
Permit Issuance	\$ 115
Unit Fee Schedule	
Receptacle, switch, lighting outlets, lighting fixtures, sockets or other lamp holding devices, per system	\$ 128
Pole or platform-mounted lighting fixtures (up to 5), each	\$ 256
Theatrical-type lighting fixtures or assemblies, per system	\$ 640
Kitchen circuits - remodels	\$ 192
Bathroom circuits - remodels	\$ 128
Non-Residential Appliances, and Receptacle Outlets	\$ 320
Power Apparatus	
1 to 100 - HP or KW, each	\$ 256
101 and over - HP or KW, each	\$ 384
Services	
Services of 600 volts or less and not over 200 amperes in rating, each	\$ 256
Services of 600 volts or less and over 200 amperes and over, each	\$ 384
Photovoltaic	
Residential	\$ 307
Commercial <10kW	\$ 371
Commercial greater than or equal to 10kW - 49kW	\$ 499
Commercial >49kW	\$ 691
Solar Structure (0-50kW)	\$ 768
Each kW over 50kW	\$ 5
Residential: Repair of photovoltaic electrical systems, each	\$ 256
Commercial and Industrial: Repair of photovoltaic electrical systems, each	\$ 320
Miscellaneous Apparatus, Conduits, and Conductors	
Electrical apparatus, conduits and conductors for which a permit is required but for which	\$ 192
Busways	\$ 512
Temporary Power Service	
Temporary metered service power pole or pedestal including pole or pedestal-mounted receptacle outlets, each	\$ 256
Temporary distribution system (up to 5) poles including temporary lighting and receptacle outlets for construction sites, decorative light, Christmas tree sales lots, firework stands, each	\$ 256
Each additional distribution system	\$ 256
Private Swimming Pools - Repairs/Replacement	
For private, residential in-ground, swimming pools for single-family occupancies including a complete system of necessary branch circuit wiring, bonding, grounding, underwater lighting, water pumping and other similar electrical equipment directly related to the operation of a swimming pool, each pool	\$ 256

Carnivals and Circuses	
For electric generators, electrically driven rides, mechanically driven rides and walk through attractions or displays having electric lighting	\$ 512
Carnivals and circuses booth and pathway lighting	\$ 512
Signs, Outline Lighting, Marquees	
Signs, outline lighting systems or marquees supplies from one branch circuit	\$ 320
Additional branch circuits (up to 5) within the same sign, outline lighting system or marquee	\$ 256

City of Morgan Hill: Fund 206 Fee Analysis
 FY 2024-2025

Building Permit Program - Plumbing	
Permit Type	Proposed Fee
(FBHR)	\$ 256
Permit Issuance	\$ 115
Fixtures and Vents	\$ -
Installation or repair plumbing fixture, trap or set of fixtures on one trap, backflow device, including condensate lines	\$ 128
For repairs or alterations of drainage or vents piping, each	\$ 192
Sewers, Disposal Systems and Interceptors	
Building Sewer Lateral, each	\$ 256
Private sewage or disposal system, each	\$ 256
Industrial water pretreatment interceptor, each	\$ 512
Non-residential rainwater systems, up to 5 per drain	\$ 384
Water Piping and Water Heaters	
Installation, alteration or repair of water piping and/or water treating equipment, including pressure regulator, per system	\$ 256
For installation and replacement of water heater including vent, each	\$ 115
Gas Piping Systems	
Gas piping system, 1-10 outlets	\$ 115
Gas piping system, over 10 outlets	\$ 384
Lawn Sprinklers, Vacuum Breakers, Backflow Protections Devices	
Installation of lawn sprinkler systems including backflow protection device, and atmospheric-type vacuum breakers, per system	\$ 256
Swimming Pools and Spas - Plumbing Repair / Replacement	
Public pool including anti-entrapment device	\$ 320
Private pool including anti-entrapment device	\$ 256
Public spa including anti-entrapment device	\$ 320
Private spa including anti-entrapment device	\$ 256
Installation or replacement of anti-entrapment device	\$ 320
Thermal Solar Water Heating	\$ 256
Miscellaneous	
Each additional or piece of equipment regulated by the Plumbing Code but not classed in other appliance categories, or for which no other fee is listed in this code	\$ 192

City of Morgan Hill: Fund 206 Fee Analysis FY 2024-2025

Land Development Program	
Fee Description	Proposed Fee
Public Improvement - Plan Check	
\$1 - \$100,000	\$ 24,826
Any Valuation	
\$100,001 to \$200,000	
first \$100,000	\$ 24,826
each additional \$1,000 (round-up)	\$ 97
\$200,001 to \$500,000	
first \$200,000	\$ 34,538
each additional \$1,000 (round-up)	\$ 32
\$500,001 to \$1,000,000	
first \$500,000	\$ 44,009
each additional \$1,000 (round-up)	\$ 17
\$1,000,001 to \$5,000,000	
first \$1,000,000	\$ 52,704
each additional \$1,000 (round-up)	\$ 5
\$5,000,000 and up	
first \$5,000,000	\$ 71,481
each additional \$1,000 (round-up)	\$ 14
Public Improvement - Inspection	
\$1 - \$100,000	
Any Valuation	\$ 32,375
\$100,001 to \$200,000	
first \$100,000	\$ 32,375
each additional \$1,000 (round-up)	\$ 200
\$200,001 to \$500,000	
first \$200,000	\$ 52,355
each additional \$1,000 (round-up)	\$ 191
\$500,001 to \$1,000,000	
first \$500,000	\$ 109,705
each additional \$1,000 (round-up)	\$ 169
\$1,000,001 to \$5,000,000	
first \$1,000,000	\$ 194,435
each additional \$1,000 (round-up)	\$ 27
\$5,000,000 and up	
first \$5,000,000	\$ 302,845
each additional \$1,000 (round-up)	\$ 61

Plan Revision (after approval of Public Improvement Plans)	\$ 1,110
Map Check	
Parcel Map	\$ 15,511
Tract Map/Subdivision Map (Service #149)	\$ 18,357
Certificate of Compliance - Lot Line Adjustment / Lot Merger	\$ 11,743
Parcel Map - Lot Line Adjustment / Lot Merger	\$ 12,685
Streets/Easements	
Public Easement Review	\$ 4,995
Street Vacation	\$ 16,095
Easement Abandonment	\$ 14,430
Reimbursement Agreement	\$ 7,955
FEMA Compliance	
Base Fee	
New Structure	\$ 1,701
New Accessory Structure and New ADU	\$ 1,331
Improvement of Existing Structure:	
Non-Substantial Improvement w/o Detailed Review	\$ 1,181
Non-Substantial Improvement with Detailed Review	\$ 1,551
Substantial Improvement (not Accessory Structure)	\$ 2,163
Substantial Improvement of Accessory Structure/ADU	\$ 1,516
Additional Review Fees	
Elevation Certificate Review	\$ 1,018
Flood Field Inspection	\$ 925
Flood Study Review with Valley Water Coordination	\$ 2,405
Review of CLOMR/CLOMR-F/LOMR/LOMR-F	\$ 1,480
Public Outreach for LOMR/LOMR-F	\$ 2,220
Review of BFE Determination for Zone A w/o a BFE or Zone D	\$ 740
Stormwater Runoff Management Plan Review	
Tier 1 Project	\$ 4,255
Tier 2 Project	\$ 12,580
Tier 3 Project	\$ 17,760
Tier 4 Project	\$ 19,980
Erosion & Sediment Control/Stormwater Pollution Prevention Plan (SWPPP) Review & Compliance	
Type 1 & Type 2 Projects:	
< 1 Acre in Soil Disturbance	\$ 833
1+ Acre in Soil Disturbance	\$ 1,388
Type 3 Projects	\$ 648
Type 4 Projects	\$ 463
Stormwater BMP Operations & Maintenance Agreement	\$ 3,330

Private Sanitary Sewer Agreement	\$ 4,255
Assessment District Reapportionment	
City Staff Only (Contractor Costs Additional)	\$ 6,660
Preliminary Review on Projects / Engineering Services	\$ 3,700
Additional Plan Review (after 3rd submittal)	\$ 370
Re-Inspection Fee	\$ 370
Complexity Fee	\$ 4,440
Agreement Extensions / Improvement Agreement Amendments	
With City Manager Approval	\$ 4,625
With City Council Approval	\$ 7,030
Preliminary Fee Estimate	\$ 555
GIS / Technology Fee	5% of Public Improvement Fee

**City of Morgan Hill: Fund 206 Fee Analysis
FY 2024-2025**

Planning Permit Program	
Permit Type	Proposed Fee
Agreements	
Development Agreement, Non-Residential	\$ 23,220
Development Agreement, Residential	\$ 23,220
CC&Rs (Plus City Attorney Fees)	\$ 2,658
Other Agreements / Documents Review (Plus City Attorney Fees)	\$ 1,548
Appeals	
Commission/Board Decision - Applicant Appeal	\$ 17,330
Commission/Board Decision - Public Appeal	\$ 600
Staff Decision - Applicant Appeal	\$ 16,220
Staff Decision - Public Appeal	\$ 600
Approval Amendments	
Minor Amendment (per Code Section 17.20.190)	\$ 13,699
Major Approval Amendment (Non Admin - s/b Major)	\$ 29,737
Boundary Adjustments	
Annexation City Process	Actual Cost
Annexation LAFCO Process	\$ 85,140
Out of Agency Contract for Services	\$ 26,316
Urban Service Area Amendment City Process	Actual Cost
Urban Service Area Amendment LAFCO Process	\$ 85,140
(Plus additional fees collected by LAFCO/Other agencies)	
Design Permits	
Landscape Plan Review Only	\$ 3,870
Non-Residential Design Permit (Major, >10,000 SF in floor area)	\$ 50,563
Non-Residential Design Permit (Minor)	\$ 26,024
Plan Detail Review (misc. site details, e.g., lighting, trash encl.)	\$ 3,096
Residential Design Permit - 6 units or less	\$ 25,160
Residential Design Permit - 7 units to 15 units	\$ 28,222
Residential Design Permit - 16 -50	\$ 52,910
Projects with horizontal subdivision: Each Additional 10 units	\$ 20,121
Single-lot/condo projects: Each Additional 10 units	\$ 6,661
Site Plan Only (no new square footage)	\$ 13,358

Design Review (Preliminary Review)	
(Includes one Planning Commission hearing)	
Conceptual Plan Review (Staff)	\$ 14,737
Non-Residential (Major >10,000 SF) Preliminary Plan Review to PC	\$ 23,813
Non-Residential (Minor) Preliminary Plan Review to PC	\$ 16,898
Residential SB330 Preliminary Application Review (limited review)	\$ 1,161
Residential SB330 Preliminary Application Review (full review)	\$ 26,666
Residential - 6 units or less Preliminary Plan Review to PC	\$ 17,816
Residential - 7 units or more Preliminary Plan Review to PC	\$ 25,101
Projects with horizontal subdivision: Each Additional 10 units	\$ 12,836
Single-lot/condo projects: Each Additional 10 units	\$ 4,373
Environmental Review (CEQA)	
Expanded Initial Study (Internal Prep)	\$ 66,360
Historic Assessments - Historical Consultant (Deposit)	
Historic Assessments - Staff-level	\$ 16,084
Initial Environmental Assessment (Plus outside agency fees)	\$ 3,836
Mitigation Monitoring and Reporting Program (Long-term Mitigation Annual Monitoring)	\$ 1,935
SC County Habitat Plan Review	\$ 774
Exceptions	
Minor Exception	\$ 6,377
Variance	\$ 24,894
Administrative Extension of Time for Approvals	\$ 6,579
Non Administrative Extension of Time for Approvals	\$ 12,384
General Plan Amendment	
Land Use Diagram Amendment	\$ 49,400
Text Amendment	\$ 33,920
Historic/Cultural Resources	
Alteration-Minor - per 18.60.070B2a under \$10,000 valuation (plus additional fees if Planning Commission hearing is required)	\$ 1,161
Alteration-Major - per Section 18.60.070B2b \$10,000+ valuation (plus additional fees if Planning Commission hearing is required)	\$ 13,545
Demolition or Relocation (Formerly Alteration)	\$ 14,655
Designation	\$ 12,384
Miscellaneous	
Residential Private Livestock Permit	\$ 1,045
Reversion to Acreage Processing	\$ 4,838
Transfer of Development Credit (Per Hillside Combining District - 18.44 MHMC)	\$ 16,254
Williamson Act Cancelation	\$ 30,960
Williamson Act New Contract	\$ 17,415
Williamson Act Non-Renewal	\$ 7,740

Sign Review	
Alteration to Existing Sign (Limited Scope)	\$ 290
Sign Review Over the Counter - Copy Change	\$ 387
New Sign Permit - First Sign	\$ 581
Each additional Sign	\$ 194
New Sign within a Master Sign Program	\$ 290
Subdivision/Real Estate Tract Signs (on and/or off-site)	\$ 1,161
Temporary/Promotional Signs	\$ 290
Uniform Sign Program	\$ 10,836
Subdivision	
Tentative Parcel Map Review - 4 lots or less	\$ 11,878
Tentative Subdivision Map Review (5-15 lots)	\$ 15,646
Tentative Subdivision Map Review (16-25 lots)	\$ 19,482
Tentative Subdivision Map Review (26+ Lots per each 25 lots)	\$ 24,058
Each Additional 10 Lots	\$ 3,608
Tree Removals	
Tree Removal Permit	\$ 124
Use Permits	
Administrative Use Permit	\$ 8,449
Conditional Use Permit - New Construction	\$ 26,666
Conditional Use Permit - No New Construction	\$ 25,926
Temporary Use Permit	\$ 13,644
Temporary Use Permit (Non-Profit)	\$ 101
Temporary Use Permit Amendment	\$ 3,399
Zoning Requests (Includes one PC and one CC Hearing)	
Planned Development	\$ 52,871
Residential Planned Development Review	\$ 52,220
Residential Planned Development (concurrent with subdivision)	\$ 45,615
Zoning Map Amendment Review	\$ 47,920
Zoning Map Amendment Review (concurrent with GPA or ANX)	\$ 23,960
Zoning Text Amendment Review	\$ 31,700
Zoning Confirmation Letter (designation only, additional info: T&M)	\$ 774
Fees for Additional Services	
City Council Meeting / Additional Meeting	\$ 3,062
LAFCO Meeting / Additional Meeting	\$ 2,322
Planning Commission Meeting / Additional Meeting	\$ 3,062
Planning Consultation (Hourly)	\$ 387

City of Morgan Hill Development Services Fund 206 Analysis

August 16, 2024

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Executive Summary

Based on the analysis summarized in this report, the City of Morgan Hill is proposing to update the City’s fees for land development permits issued by Planning, Engineering Land Development (a part of the Public Services Department), and Building programs. Fees for service are determined based upon two primary variables:

- Fully Burdened Hourly Rate (FBHR)
- Number of hours to perform the service (Hours per Service)

This analysis indicates that both the FBHR and the Hours per Service should be increased to implement a 100% cost recovery fee program. The FBHR is proposed to be adjusted based on changes to the current staffing composition, employee pay rates, program administrative costs, and Citywide overhead rates. The Hours per Service for each permit have been reviewed by staff and adjusted in this study to align with the amount of time currently spent by staff in the review and issuance of these permits.

In summary:

- Proposed FBHR increases are 53% for Planning, 49% for Engineering Land Development and 9% for the Building programs. (The Building Program includes Fire code permits.)
- Average permit fees increase by various amounts, ranging from 8% for Electrical permits issued by the Building Department up to 119% for Planning permits.
- Based upon projected activity levels by permit type, fees collected are expected to increase on average by program from between 9% for Mechanical, Electrical and Plumbing permits to 131% for Planning permits.
- The proposed increases to the FBHR and permit fees correspond to a 100% cost recovery model as established in the following analysis.

Proposed Change to FBHR	2024 Current	2024 Proposed	% Increase
Planning	\$253	\$387	53%
Engineering Land Development	\$248	\$370	49%
Building / Fire	\$234	\$256	9%

Average Permit Fee Increase	Unweighted	Weighted by Volume
Planning	119%	131%
Engineering Land Development	62%	51%
Building Permits	27%	33%
Building Plan Check	110%	92%
Building - Mechanical	9%	9%
Building - Electrical	8%	9%
Building - Plumbing	9%	9%
Fire	40%	14%

Planning permit fees increase by the greatest margin due to the increased Planning program FBHR and a significant increase in Hours per Service for most planning permits. Planning staff carefully reviewed the Hours per Service used in the two prior Fee Studies and determined that they significantly underrepresented the actual amount of time spent by staff to process each permit.

Engineering Land Development fees also increase significantly, due in large part to the increased Engineering Land Development FBHR, along with more modest increases in the standard Hours per Service.

Building Permit fees have a less significant increase, correlating mostly with the modest increase in the Building program FBHR. However, plan check fees have increased more significantly, particularly for projects that include review by Engineering Land Development and Planning, due to increased FBHR for both programs and increased Hours per Service for Engineering Land Development. Fire reviews have also increased more significantly, due to increased Hours per Service.

In mid-August, the City conducted outreach to development stakeholders to gather input on the proposed fee increases. Five members of the public attended a virtual meeting and three spoke expressing opposition to fee increases as they would cause a barrier to development.

The City also compared the proposed fees with the fees for comparable permit processes in Gilroy, San Jose, Campbell, and Sunnyvale.

Based upon the input received from stakeholders, and the comparison with other cities, the proposed fee structure was modified to create a reduced fee for an SB 330 Preliminary Application and to reduce the rate of escalation in fees for multi-family residential projects based on the number of units.

Background

Land Use Permitting / Development Services

The City of Morgan Hill exercises regulative authority over land use activities within the City, including new construction, alterations to existing structures, and new land uses. This authority is implemented through the issuance of land use permits that ensure construction and land use activities conform to local, regional, and state policies and regulations. Permits are issued by different departments or discipline areas within the City, focused on planning (land use policy and zoning requirements), building (Building Code) and engineering (interface with public infrastructure). These three programs are referred to as Planning, Building and Engineering Land Development respectively. Collectively, they may be referred to as Development Services.

Per the City’s website, these three programs have the following purposes:

- The **Planning Division** performs a variety of services intended to protect, maintain and develop an attractive, safe, and healthy environment. The Planning Division is responsible for review/approval of Design Permits, Use Permits, Zoning changes, etc., including fulfillment of environmental review as required under the California Environmental Quality Act (CEQA). Many of these approvals are discretionary in nature and may require action to be taken by the City Council or Planning Commission.
- The **Building Division** serves the residents and developers within the City by answering general questions, providing plan review services, issuing grading and building permits, and much more. The Building Division is responsible for the issuance of Building Permits and Fire Permits and inspection of construction activities.
- **Engineering Land Development** provides development review/inspection services. It oversees all construction activities that pertain to the infrastructure constructed by developers within the City. Engineering Land Development is responsible for review/approval of Improvement Plans, Street Vacations, Final Subdivision Maps, etc. Engineering Land Development further reviews and inspects all onsite privately owned storm water treatment and detention/retention facilities in compliance with State mandates.

Cost Recovery Model

According to State law, local municipalities like the City of Morgan Hill, are allowed to establish fees for services such as the issuance of land use permits. The fee charged to an individual applicant should correspond to the general cost of delivering the corresponding service. For example, a Building Permit fee can be charged to pay for the work required to review and issue a Building Permit, including administrative activities for the permit, review of the proposed construction for consistency with the Building Code (plan check) and subsequent inspections by a Building Inspector to verify that construction is taking place consistent with the plans approved for the Permit.

Best Practices

In general, the City may choose to pass 100% of the costs for permitting services on to the applicants who are required to obtain a permit for a proposed land use. The costs for these services include front line staff costs (a proportional share of the salary and benefit costs for staff working directly on the issuance of permits), supplies and equipment (e.g., computers, stationary, vehicles, etc.), administrative staff costs (proportional share of management or support staff who enable the productivity of the front-line staff), and citywide overhead (e.g., building maintenance, IT, etc.). The City may elect to bear some of the costs of permitting through the use of other revenue sources, such as the City’s General Fund, which may consist of

monies collected from property, sales and hotel taxes. Attempting to fully fund permitting program costs through permit fees is referred to as a 100% cost recovery fee model.

To operate a 100% cost recovery fee program, the City must conduct periodic studies to quantify the exact cost of service delivery. These studies include an analysis of the Fully Burdened Hourly Rate (FBHR) as well as the typical number of hours (Hours per Service) required to process a permit. For the Hours per Service, it is permissible to utilize averages based on typical procedures in terms of hours spent in review, number of meetings or public hearings, number of inspections, etc. The FBHR is determined by calculating the true cost for an employee's hour of work. The Hours per Service are based on the experiences of City staff in processing recent permits. The product of the FBHR and Hours per Service is the standard fee for a particular permit. The permit fees are listed by type on a Fee Schedule so that applicants may know anticipated fees to process an application for a land use permit.

Like many cities, Morgan Hill typically increases fees annually using a generic inflationary rate. However, actual employee costs can change significantly independent of the general economy due to changes in staff team composition, salary rates, and other factors. Periodic review allows the fee levels to be set more accurately at the actual service cost.

Permit fees should not exceed the typical cost for the corresponding type of permit, or else they may be considered a form of taxation. On the other hand, if fees are less than 100% cost recovery, the cost of the permitting activity is being born (or subsidized) by some other funding source. A municipality may elect to charge a fee less than the amount required to fully cover the cost of the service (e.g., a cost recovery rate less than 100%), but should do so through a decision-making process that accounts for an alternative funding source to replace any fees not collected. If some fees are disproportionately high while others are low, the permittees paying the higher fees are subsidizing those paying the lower fees.

A 100% cost recovery program should generate a positive revenue balance for fee revenue when considered on an annual basis. In particular, the review and inspection of Building permit projects can take place over multiple fiscal years while fees are collected only at the beginning of either the plan check or building permit process. It is thus necessary for the City to maintain a positive balance across multiple fiscal years to cover the costs of work performed in a fiscal year subsequent to the fiscal year in which the corresponding revenue was collected. Planning and Engineering Land Development reviews may also cover multiple fiscal years, but to a lesser degree. Further, there may be fluctuations in the fund balance that are a result of the unpredictable increases and decreases in the demand for land use permits. Maintaining this slight buffer allows the City to retain experienced staff and overall productivity levels when construction activity and associated permit revenue drop.

While a time and materials fee could be the most precise means of tracking and collecting fees for full cost recovery, this approach creates significant administrative overhead. As a result, municipalities typically set fees based on the average cost of processing a type of permit, with time and materials fees only used for more unusual circumstances.

A 100% cost recovery approach may include limited exceptions for either legal or practical reasons. For example, if the City provides an appeal process for community members to challenge land use decisions, a substantial fee to file the appeal could be considered an undue burden on due process. As another example, the City may elect to subsidize a particular permit where a fee set at 100% cost recovery would discourage compliance with City regulations or unfavorably discourage land use activity. Typical examples

of Planning permits subsidized by cities include use permits for non-profit entities conducting a community event or a tree removal permit for a single-family homeowner.

Objectives

The City of Morgan Hill undertook this analysis to specifically review and propose updates to the permit fees for the City's Development Services activities and to align with the requirements for a 100% cost recovery fee program. Previously the City contracted with a consulting firm to conduct fee studies in 2021 (Planning and Engineering Land Development) and 2017 (Planning, Building and Engineering Land Development).

Since 2021, Planning and Engineering Land Development fees were increased annually based on a standardized inflationary adjustment. While Building Permit fees were not adjusted in the same manner, this was offset by the use of project valuation as an input to the Building Permit Fee. Project valuation, an estimated cost of construction for the project, increases periodically based on data collected by the construction industry on actual construction costs. Because Building Permit fees are calculated as a percentage of the expected construction costs (referred to as project valuation), they automatically increase as construction prices increase.

In addition to a desire to follow the best practice of periodic permit fee updates, the City was motivated by a desire to improve the fiscal stability of the Development Services Fund programs by better aligning revenues with actual costs. Fund 206 is used in the City's budget to track revenues and costs for Development Services, including Planning, Engineering Land Development and Building programs. Through the City's 2024-2025 budget process, it was noted that Fund 206 was continuing to operate in a deficit situation such that the City was forced to use General Fund money to cover some portion of the cost of Development Services.

Furthermore, as a best practice, the City has the objective of addressing changes in staffing composition, overhead costs, and permit procedures that had been implemented since the most recent fee studies and which could affect the cost of the Development Services permit program. Changes to staffing and overhead costs occur through the biennial adoption of the City's operating budget. Changes to permit procedures result from changes in State law as well as local land use regulations, and include the suspension of Morgan Hill's Residential Development Control System (RDCS) and a new preliminary review process brought on by the adoption of SB 330.

Methodology

Prior Fee Studies

Cities routinely conduct Fee Studies to support cost recovery fee programs, often with the assistance of an outside consultant. The nature of these studies is fairly routine, although their structure can vary significantly in terms of approach and detail. This particular analysis directly relies upon the methodology established in the City's two most recent Development Services Fee Studies, both of which were prepared by the same consultant and used the same methodology to determine an aggregate Fully Burdened Hourly Rate (FBHR) for each of the three main programs (Planning, Engineering Land Development and Building) and then to apply that rate to an aggregate of the number of hours for each enumerated permit included on the City's Fee Schedule. The following report provides a more detailed description of each step in this process.

Budget Alignment

As noted above, the City is using an aggregate FBHR for each program within Fund 206. This approach aligns well with the structure of the City's budget, which assigns staff on a proportionate basis to each program. For example, a portion of the funding for several positions (e.g., City Manager, Development Services Director, Assistant City Attorney, Management Analyst, etc.) are assigned within the City's budget to each of these programs. These positions or portions of these positions then become an administrative cost within the overall staffing cost for each program, rather than a specifically enumerated cost that is considered when determining the Hours per Service. An alternative approach would be to separate out one or more of these positions, calculate a separate FBHR specific to the position, and then allocate time specifically to that position at the specific FBHR. This approach would add both complexity and specificity, and may be desirable for the latter reason, but would not align well with the structure of the City's budget which allocates costs for materials, supplies, overhead, etc., as well as staffing, as an aggregate for each program.

Materials and supplies are included in the City's budget as a line item specific for each program. The Citywide overhead may also include materials and supplies, but in a generalized fashion where each program pays a proportionate share of the City's total costs. Some of the increase in Citywide overhead and corresponding decrease in materials and supplies costs for each program between 2021 and 2024 is attributed to a shift of materials and supplies cost from individual programs to the Citywide overhead.

Key Elements

Staff Team Composition

The following analysis begins with a quantification of the staff resources for each of the three programs. The following tables present the City’s staffing for each of the three Fund 206 programs as set forth in the City’s budget.

The key pieces of information for the fee analysis are the total number of hours spent on each activity and the percentage of those hours spent on each activity for each program. The first table summarizes the distribution between administrative, public information and permit processing for each program. Administrative activities include staff meetings, training, and administrative work such as contract management and supervision. Public information includes time spent in communication with the general public and/or applicants and other stakeholders, either in person, by phone, email or other means. Permit processing time is time available to work directly on the review and issuance of a land use permit. Notably, the Planning program has the greatest share of public information activity, while Engineering Land Development and Building have more hours dedicated to permit processing.

Distribution of Hours	Administrative		Public Information		Permit Processing	
Planning	3,978	39%	2,261	22%	4,026	39%
Land Development	3,023	37%	525	6%	4,703	57%
Building	3,514	22%	564	3%	12,176	75%

The allocation of hours to these different activities are further broken down in the following table. The table identifies staffing by position title and the percentage of that position assigned in the budget to the referenced Fund 206 program (% FTE or % Full Time Equivalent). The percentage of FTE assigned to the program determines how many productive hours are available for the work of the program by the indicated individual. The productive hours for each position, (productive hours being the total number of work hours in a year after subtraction of vacation, sick leave and break time), have been distributed between administrative, public information (counter) and permit processing activities as an indication of how much time is spent by each individual on each.

City of Morgan Hill –Development Services: Fund 206 Analysis
August 16, 2024

**City of Morgan Hill: Fund 206 Fee Study
FY 2024-2025**

Fund 206 Employee Time Resources

Fund 206 - Planning		Distribution of Work (%)			Distribution of Work (Hours)		
Position	FTE	Admin	Public Info	Permits	Admin	Public Info	Permits
City Manager	0.04	100%	-	-	64	-	-
Asst City Manager Development Services	0.30	64%	21%	15%	314	105	73
Development Services Director	0.30	54%	7%	39%	266	35	191
Senior Planner	1.00	22%	7%	71%	353	120	1,167
Associate Planner	0.80	25%	29%	46%	352	400	643
Assistant Planner	0.80	25%	28%	47%	354	400	673
Development Services Technician	0.05	6%	94%	-	5	81	-
Development Services Technician	0.90	13%	70%	17%	206	1,080	255
Part-Time / Temp	0.50	12%	3%	85%	123	25	852
Economic Development Coordinator	0.10	100%	-	-	168	-	-
Assistant City Attorney	0.17	33%	5%	62%	92	15	172
Business Assistant	0.10	100%	-	-	174	-	-
Municipal Service Assistant	0.80	100%	-	-	1,382	-	-
Management Analyst	0.07	100%	-	-	125	-	-
Total	5.93	39%	22%	39%	3,978	2,261	4,026

Fund 206 - Land Development		Distribution of Work (%)			Distribution of Work (Hours)		
Position	FTE	Admin	Public Info	Permits	Admin	Public Info	Permits
City Manager	0.02	100%	-	-	32	-	-
Public Services Director	0.03	33%	-	67%	16	-	33
Development Services Director	0.10	87%	-	13%	143	-	21
Deputy Director for Engineering	0.15	33%	-	67%	80	-	166
Senior Civil Engineer	0.75	43%	2%	55%	527	30	673
Supervising Civil Engineer	1.00	31%	7%	62%	503	120	1,017
Assistant Engineer	0.50	23%	17%	60%	206	150	540
Junior Engineer	0.75	23%	17%	60%	309	225	810
Senior Public Works Inspector	0.35	16%	-	84%	97	-	502
Senior Public Works Inspector	0.35	16%	-	84%	98	-	510
Environmental Programs Coordinator	0.45	56%	-	44%	453	-	353
Assistant City Attorney	0.07	32%	-	68%	37	-	78
Business Assistant	0.25	100%	-	-	436	-	-
Municipal Service Assistant	0.05	100%	-	-	86	-	-
Management Analyst	-	-	-	-	-	-	-
Total	4.82	37%	6%	57%	3,023	525	4,703

Fund 206 - Building		Distribution of Work (%)			Distribution of Work (Hours)		
Position	FTE	Admin	Public Info	Permits	Admin	Public Info	Permits
City Manager	0.02	100%	-	-	32	-	-
Asst City Manager Development Services	0.05	100%	-	-	82	-	-
Development Services Director	0.20	100%	-	-	328	-	-
Building Official	1.00	40%	2%	58%	663	25	952
Building Division Manager	1.00	24%	-	76%	393	-	1,247
Development Services Technician	0.75	13%	11%	76%	172	140	972
Development Services Technician	0.10	12%	40%	47%	21	69	81
Development Services Technician	1.00	12%	9%	79%	217	165	1,410
Development Services Technician	1.00	12%	10%	78%	212	165	1,335
Building Inspector II	1.00	12%	-	88%	214	-	1,522
Building Inspector II	1.00	12%	-	88%	214	-	1,530
Building Inspector II	1.00	12%	-	88%	217	-	1,575
Plan Check Engineer	1.00	12%	-	88%	216	-	1,552
Assistant City Attorney	0.16	100%	-	-	262	-	-
Business Assistant	0.10	100%	-	-	174	-	-
Municipal Service Assistant	0.05	100%	-	-	86	-	-
Management Analyst	0.07	100%	-	-	125	-	-
Total	9.50	22%	3%	75%	3,514	564	12,176

Notes

DPW Admin hours include floodplain and special projects

Fully Burdened Hourly Rate

The next step in the analysis process was to calculate a FBHR for each of the three programs based on staff team composition and the associated budget. The FBHR reflects the full cost, including all forms of overhead, for one hour of staff work on a permit. The FBHR is calculated by adding up all of the costs required to conduct the permit program, including salary, benefits, administration, public information, equipment and supplies and dividing the total costs by the total number of hours available. Based on this calculation, the analysis supports significant increases to the current FBHR for the Planning and Engineering Land Development programs, and a modest increase for the Building program as shown.

Proposed Change to FBHR	2024 Current	2024 Proposed	Increase	% Increase
Planning	\$253	\$387	\$134	53%
Engineering Land Development	\$248	\$370	\$122	49%
Building	\$234	\$256	\$22	9%

The calculation of the FBHR is the most complex part of this analysis and was carefully reviewed prior to making this recommendation as it will have a significant impact on the fees the City will be charging for new land use permits, and thus make new construction and land use activities more expensive.

The proposed increases reflect changes to:

- Cost of salary and benefits
- Proportion of staff time dedicated to administrative activities
- Availability of productive hours
- Equipment and supplies
- Citywide overhead
- Incorporation of public information costs within the permit program

The relative effect of each of these factors varies by program as discussed below.

Planning Program

The Planning Program FBHR is proposed to increase substantially from \$253 to \$387 per hour for the following reasons.

- 1) Public Information – the biggest factor increasing the FBHR for Planning is the allocation of 50% of the staff time spent on public information activities to the permit fee program. While it is not uncommon for a city to assume that the majority of public information time spent by Development Services staff (e.g., answering questions from potential applicants and/or community members during the workday at the counter, by email or by phone) is directly related to the issuance of permits, the previous two Studies assumed only 10% of this time would be allocated to the permit program based upon a rough estimation made by City staff. For this analysis, the City monitored public information over a two-week period and determined that 52% of the time spent on public information was in direct support of the conduct of the City’s land use permit program. To align with common practice, and with the support of the collected data, the City is proposing to increase the percentage of public information activities covered by permit fees from 10% to 50%. This adds administrative costs to the Planning fee program and thus increases the Planning FBHR.

- 2) Productive Hours – the second largest factor increasing the Planning FBHR is the loss of productive hours from the most recent Fee Study. Administrative costs and overhead are distributed over the total number of productive hours, so that when the number of productive hours is reduced, the FBHR is increased. The drop in productive hours is most notably the result of a reduction in staffing at the Senior Planner level. In the 2021 study the Planning program included two Senior Planner positions with a total of 3,288 productive hours. One position was removed and work duties reassigned so that in the current analysis, the remaining Senior Planner provides only 1,167 hours of productive time for permit processing. This reduction reflects increasing demand upon the Senior Planner to perform administrative tasks related to State Housing and Community Development requirements, the growing complexity of legal and procedural requirements placed upon local land use permitting, and other factors contributing to greater administrative workload.
- 3) Citywide Overhead – The third contributing factor to the increased Planning FBHR is an increase in Citywide overhead assigned to the Planning program. Increased administrative activity contributes as well. The potential increase in the Planning FBHR is somewhat offset by a decrease in the budget for supplies and equipment, but this decrease is also related to a shift in some of these expenses from a direct program specific line item in the budget to incorporation into the Citywide overhead.

Engineering Land Development

The Engineering Land Development Program FBHR is proposed to increase substantially from \$248 to \$370 per hour for the following reasons.

- 1) Citywide Overhead – The most significant factor increasing the Engineering Land Development FBHR is an increase in Citywide overhead for this program, due to a change in methodology for overhead allocation.
- 2) Productive Hours – The second factor for Engineering Land Development is a loss of productive hours. Due to changes in workload and revenue, Engineering Land Development staff were reassigned from Engineering Land Development to the City’s Capital Improvement Program, reducing the productive hours available within the Engineering Land Development program. As with Planning, this results in administrative and overhead costs being borne by a reduced number of productive hours, thereby resulting in a higher FBHR.
- 3) Public Information – The Engineering Land Development FBHR is also increased by a shift in public information hours to the fee program from 30% to 100%. Under current work assignments, all of the public information activities conducted by Engineering Land Development program staff are related to the permit program. This shift in public information has a lesser impact on Engineering Land Development than on the Planning program as the total number of hours for public information is considerably less (525 hours compared to 2,261 hours).
- 4) Labor Costs – The increase in the Engineering Land Development FBHR would be larger except that it is offset by reductions in the overall cost of labor and a reduction in administrative hours.

Building

By comparison to Planning and Engineering Land Development, the Building program has a modest proposed increase in FBHR from \$234 to \$256. While the Planning and Engineering Land Development programs were addressed in the 2021 Fee Study, the Building program was excluded and thus this analysis uses the 2017 Fee Study as a point of reference. This increase is a result of the following factors.

- 1) Labor Costs – The total labor cost for the Building program has increased substantially from the 2017 Study with the addition of new positions in the program.
- 2) Citywide Overhead – Citywide overhead has increased for the Building program and is the second largest factor increasing the Building FBHR.
- 3) Productive Hours – Factors causing increases to the FBHR are significantly offset by an increase in productive hours. The positions added within the program are focused on productive hours rather than administrative activities and thus have a much lesser effect on increasing the FBHR.
- 4) Public Information – Counter hour cost recovery is proposed to increase from 10% to 100% but this has a very minor impact on the FBHR as it is a small part of the Building program workload.

Calculation of FBHR

The following three tables present the calculation of the FBHR for each of the three programs. The FBHR is calculated by distributing program costs (salary, benefits, materials and supplies, and Citywide overhead) proportionately between work hours for administrative, public information, and permit processing activities.

The first category, Employee Services, includes the total cost of salary and benefits budgeted for each program. Overtime costs are subtracted from this total as any time spent as overtime should not be a factor in determining the FBHR for a regular work hour.

Non-Labor / Overhead includes the costs for supplies and materials and the general citywide overhead costs for each program as set in the budget.

The Total for Labor and Non-Labor is a calculation of the proportional cost for each of the three work activities including labor, supplies and materials and citywide overhead.

The fully burdened cost for administrative work hours is then distributed between the public information and permit processing time, so that each bears a proportional cost of the administrative activity.

50% of the public information hourly cost is added to 100% of the permit processing hourly cost to establish the Fully Burdened Hourly Rate (FBHR) for the Planning program. For Engineering Land Development and Building programs 100% of the public information costs are added to the FBHR.

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Fund 206 - Planning	Budgeted Program Cost			Allocation to Activity			
	FY 24-25	Adjustment	24-25 Net Expenditures	Admin	General Public	Permits	Total
Allocation of Labor Factor				39%	22%	39%	100%
Labor Hours				3,978	2,261	4,026	10,265
Employee Services							
Salaries-General	\$ 805,205	-	\$ 805,205	\$ 312,041	\$ 177,357	\$ 315,807	
Salaries-Part-Time Temp	\$ 97,000	-	\$ 97,000	\$ 37,590	\$ 21,366	\$ 38,044	
Salaries-Earned leave	\$ 25,758	-	\$ 25,758	\$ 9,982	\$ 5,674	\$ 10,102	
Overtime-General	\$ 2,500	(2,500)	\$ -	\$ -	\$ -	\$ -	
Benefits (sum)	\$ 377,596	-	\$ 377,596	\$ 146,330	\$ 83,170	\$ 148,095	
Total Labor Cost	\$ 1,308,059	\$ (2,500)	\$ 1,305,559	\$ 505,944	\$ 287,566	\$ 512,049	\$1,305,559
Non-Labor / Overhead							
Supplies & Services Total	\$ 131,440	(8,600)	\$ 122,840	\$ 47,604	\$ 27,057	\$ 48,179	
Capital Outlay Total	\$ -	-	\$ -	\$ -	\$ -	\$ -	
Internal Services Total	\$ 469,490	-	\$ 469,490	\$ 181,942	\$ 103,411	\$ 184,137	
Total Non-Labor / Overhead Cost	\$ 600,930	\$ (8,600)	\$ 592,330	\$ 229,546	\$ 130,468	\$ 232,316	\$ 592,330
Total Labor and Non-Labor	\$ 1,908,988	\$ (11,100)	\$ 1,897,888	\$ 735,490	\$ 418,035	\$ 744,364	\$1,897,888
Allocation of Administrative Costs							
Administrative				\$ 735,490			\$ 735,490
Productive					\$ 418,035	\$ 744,364	\$1,162,399
Productive (%)					36%	64%	
Proportional Admin					\$ 264,505	\$ 470,985	\$ 735,490
Productive + Proportional Admin					\$ 682,539	\$1,215,349	\$1,897,888
Calculation of Billing Rate							
Cost Recovery Target					50%	100%	
Targeted Fee Revenue					\$ 341,270	\$1,215,349	\$1,556,619
Funding from Alternative Source					\$ 341,270	\$ -	\$ 341,270
Productive Hours Available						4,026	
Productive Hour Cost (Billing Rate)					\$ 85	\$ 302	\$ 387

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Fund 206 - Land Development	Budgeted Program Cost			Allocation to Activity			
	FY 24-25	Adjustment	24-25 Net Expenditures	Admin	General Public	Permits	Total
Allocation of Labor Factor				37%	6%	57%	100%
Labor Hours				3,023	525	4,703	8,251
Employee Services							
Salaries-General	\$ 761,819	\$ (11,819)	\$ 750,000	\$ 274,785	\$ 47,721	\$ 427,493	
Salaries-Part-Time Temp	\$ 15,300	-	\$ 15,300	\$ 5,606	\$ 974	\$ 8,721	
Salaries-Earned leave	\$ 44,265	-	\$ 44,265	\$ 16,218	\$ 2,817	\$ 25,231	
Overtime-General	\$ 2,500	(2,500)	\$ -	\$ -	\$ -	\$ -	
Benefits (sum)	\$ 344,090	-	\$ 344,090	\$ 126,067	\$ 21,894	\$ 196,128	
Total Labor Cost	\$ 1,167,974	\$ (14,319)	\$ 1,153,654	\$ 422,676	\$ 73,405	\$ 657,573	\$ 1,153,654
Non-Labor / Overhead							
Supplies & Services Total	\$ 253,295	(1,250)	\$ 252,045	\$ 92,344	\$ 16,037	\$ 143,664	
Capital Outlay Total	\$ -	-	\$ -	\$ -	\$ -	\$ -	
Internal Services Total	\$ 336,235	-	\$ 336,235	\$ 123,190	\$ 21,394	\$ 191,651	
Total Non-Labor / Overhead Cost	\$ 589,530	\$ (1,250)	\$ 588,280	\$ 215,534	\$ 37,431	\$ 335,315	\$ 588,280
Total Labor and Non-Labor	\$ 1,757,504	\$ (15,569)	\$ 1,741,934	\$ 638,210	\$ 110,837	\$ 992,888	\$ 1,741,934
Allocation of Administrative Costs							
Administrative				\$ 638,210			\$ 638,210
Productive					\$ 110,837	\$ 992,888	\$ 1,103,725
Productive (%)					10%	90%	
Proportional Admin					\$ 64,090	\$ 574,120	\$ 638,210
Productive + Proportional Admin					\$ 174,926	\$ 1,567,008	\$ 1,741,934
Calculation of Billing Rate							
Cost Recovery Target					100%	100%	
Targeted Fee Revenue					\$ 174,926	\$ 1,567,008	\$ 1,741,934
Funding from Alternative Source					\$ -	\$ -	\$ -
Productive Hours Available						4,703	
Productive Hour Cost (Billing Rate)					\$ 37	\$ 333	\$ 370

City of Morgan Hill –Development Services: Fund 206 Analysis
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Fund 206 - Building	Budgeted Program Cost			Allocation to Activity			
	FY 24-25	Adjustment	24-25 Net Expenditures	Admin	General Public	Permits	Total
Allocation of Labor Factor				22%	3%	75%	100%
Labor Hours				3,514	564	12,176	16,254
Employee Services							
Salaries-General	\$ 1,471,302	-	\$ 1,471,302	\$ 318,085	\$ 51,053	\$ 1,102,164	
Salaries-Part-Time Temp	\$ 15,300	-	\$ 15,300	\$ 3,308	\$ 531	\$ 11,461	
Salaries-Earned leave	\$ 58,569	-	\$ 58,569	\$ 12,662	\$ 2,032	\$ 43,875	
Overtime-General	\$ 5,000	(5,000)	\$ -	\$ -	\$ -	\$ -	
Benefits (sum)	\$ 728,805	-	\$ 728,805	\$ 157,562	\$ 25,289	\$ 545,953	
Total Labor Cost	\$ 2,278,976	\$ (5,000)	\$ 2,273,976	\$ 491,618	\$ 78,905	\$ 1,703,453	\$ 2,273,976
Non-Labor / Overhead							
Supplies & Services Total	\$ 334,440	(45,500)	\$ 288,940	\$ 62,467	\$ 10,026	\$ 216,447	
Capital Outlay Total	\$ -	-	\$ -	\$ -	\$ -	\$ -	
Internal Services Total	\$ 552,546	-	\$ 552,546	\$ 119,457	\$ 19,173	\$ 413,917	
Total Non-Labor / Overhead Cost	\$ 886,986	\$ (45,500)	\$ 841,486	\$ 181,923	\$ 29,199	\$ 630,364	\$ 841,486
Total Labor and Non-Labor	\$ 3,165,962	\$ (50,500)	\$ 3,115,462	\$ 673,541	\$ 108,104	\$ 2,333,817	\$ 3,115,462
Allocation of Administrative Costs							
Administrative				\$ 673,541			\$ 673,541
Productive					\$ 108,104	\$ 2,333,817	\$ 2,441,921
Productive (%)					4%	96%	
Proportional Admin					\$ 29,818	\$ 643,723	\$ 673,541
Productive + Proportional Admin					\$ 137,922	\$ 2,977,540	\$ 3,115,462
Calculation of Billing Rate							
Cost Recovery Target					100%	100%	
Targeted Fee Revenue					\$ 137,922	\$ 2,977,540	\$ 3,115,462
Funding from Alternative Source					\$ -	\$ -	\$ -
Productive Hours Available						12,176	
Productive Hour Cost (Billing Rate)					\$ 11	\$ 245	\$ 256

Hours per Service

The second step in calculating individual permit fees is to determine the number of work hours needed for staff to process the permit. This number of work hours (referred to as Hours per Service) includes activities such as application intake, creation of permit records, review of application materials for consistency with applicable policies and regulations, communications between staff and applicants, conduct of public hearings, writing staff reports and creation of permit documents. This calculation is performed for each permit type the City issues. The Hours per Service for a particular permit is the average number of hours required for these activities to complete the City's processing and issuance of that permit type.

While some Fee Studies calculate the Hours per Service based on time spent for individual positions to process a permit (e.g., hours spent by a Permit Technician, Associate Planner, etc.), the City of Morgan Hill, in prior Fee Studies and this analysis, uses an aggregate approach where hours are grouped or aggregated for multiple positions within each program (Planning, Engineering Land Development and Building) as applicable. This total number of hours for each program is then multiplied by the FBHR for that program to determine the 100% cost recover amount for each program. The resulting numbers for each program are added together to determine the full cost for the City to process and issue the permit.

The City may elect to charge a fee equivalent to the full cost (100% cost recovery) or to charge less than the full cost consistent with other City goals. For any permit where the City decides to set a fee at less than 100% cost recovery, the City should budget alternative funding for the cost of work not being recovered by permit fees.

Hours per Service Tables

The attached tables present the calculations to determine the current full cost for issuance of permits within Planning, Engineering Land Development and Building programs. Building program permits are presented in multiple tables including Building Permits, Building Plan Check, Mechanical, Electrical, Plumbing and Fire. These tables indicate the updated Hours per Service for each permit, using the same methodology as used in the previous Fee Studies, with an updated FBHR and adjustments to the particular hours per service based on current staff experience. The Tables also indicate the proposed permit fee for each permit, in most cases based on 100% cost recovery.

Multi-Department Plan Check

One notable change was made to the Building program Plan Check fee for multi-department review. Previously, Building Plan Check was broken into two categories, Building-only review and multi-department review. In this approach, any permit that required referral to another department was charged the same fee regardless of whether it was referred to one, two or three other departments. For the current analysis, the multi-departmental referral fees have been calculated to provide separate cost-recovery fees for Planning, Engineering Land Development and Building-Fire Marshall. By identifying separate cost-recovery fees for each of these disciplines, the City will be able to assess fees more precisely, where an applicant will only pay for the cost of referrals relevant to their permit.

Summary

Other changes made to the Fee per Service analysis are minor in nature, reflecting changes in permit processes (e.g., the suspension of the Residential Development Control System or RDCS) or other procedural changes. In a few cases the fee has been dropped as no longer needed or replaced with an actual time and services fee given the unpredictability of the Hours per Service for that particular activity.

The resulting FBHR will then be applied for each permit activity (shown in the Fees per Service tables).

In summary, the increased FBHR and an average increase in the Hours per Service for each permit type result in significant increases to the proposed 100% cost-recovery fee for each permit type. The average increase for permit type by program is summarized in the following table. The “Unweighted” increase represents the average increase in the permit fee for all permits in the corresponding program. The “Weighted” increase is a calculation of the average increase in fees weighted according to the projected volume of permits by permit type. An increase in the fee for a commonly used permit type will thus have a greater impact on the weighted average than a permit type that is seldom used.

Average Permit Fee Increase	Unweighted	Weighted
Planning	119%	131%
Engineering Land Development	62%	51%
Building Permits	27%	33%
Building Plan Check	110%	92%
Building - Mechanical	9%	9%
Building - Electrical	8%	9%
Building - Plumbing	9%	9%
Fire	40%	14%

*Revised based on FY24-25 Fees, effective July 1, 2024

Planning permit fees increase by the greatest margin due to the increased Planning program FBHR and a significant increase in Hours per Service for most planning permits. Planning staff carefully reviewed the Hours per Service used in the two prior Fee Studies and determined that they significantly underrepresented the actual amount of time spent by staff to process each permit.

Engineering Land Development fees also increase significantly, due in large part to the increased Engineering Land Development FBHR, along with more modest increases in the standard Hours per Service.

Building Permit fees have a less significant increase, correlating mostly with the modest increase in the Building program FBHR. However, plan check fees have increased more significantly, particularly for projects that include review by Engineering Land Development and Planning, due to increased FBHR for both programs and increased Hours per Service for Engineering Land Development. Fire reviews have also increased more significantly, due to increased Hours per Service.

(Hours per Service tables attached as a separate document.)

Conclusions

Cost Recovery Revenue Projections

A key objective for this analysis is to provide an opportunity for the City of Morgan Hill to improve the performance of Fund 206 in alignment with a 100% cost recovery model. The City has consistently needed to use General Fund money to cover the costs of operating and is not meeting the best practice objective of carrying a positive balance from fiscal year to fiscal year. This analysis determined that the City is undercharging for land use permits and thus the current fees are not at a 100% cost recovery level.

As shown in the following table, the City's fees are currently set at a range between 47% of cost-recovery for Planning up to 92% cost recovery for Building-Mechanical and Building-Plumbing. When projected permit activity levels by permit type are taken into consideration, using the City's current fees, the Planning program would only collect 42% of the full cost of reviewing and issuing permits. Data for other programs is shown in the table below.

Current Cost Recovery	Unweighted	Weighted
Planning	47%	43%
Engineering Land Development	62%	66%
Building Permits	83%	75%
Building Plan Check	53%	52%
Building - Mechanical	92%	92%
Building - Electrical	82%	91%
Building - Plumbing	92%	92%
Fire	75%	86%

*Revised based on FY24-25 Fees, effective July 1, 2024

With the proposed update to 100% cost recovery (with limited exceptions in the Planning program), the projected revenue for Fund 206 more closely aligns with the City's budget projections as shown in the following table. Forecast revenue depends on the level of permit activity. With the proposed fee increases and anticipated number of permits for each type, Fund 206 would slightly exceed the Fund 206 revenue forecast (\$ 5.9M) included within the City's adopted Operating Budget for FY 2024-25. Actual revenues could be more or less depending upon actual activity levels. Without the proposed fee change, revenues are projected to fall significantly short of the Budget forecast.

Revenue Projections	Current Fee	Proposed Fee
Planning	\$ 823,180	\$ 1,899,989
Engineering Land Development	846,681	1,281,824
Building Permits	1,455,674	1,940,175
Building Plan Check	447,495	858,628
Building - Mechanical	41,543	45,210
Building - Electrical	218,147	238,502
Building - Plumbing	49,156	53,517
Fire	199,338	232,768
Fund 206 Total	\$ 4,081,214	\$ 6,550,614

*Revised based on FY24-25 Fees, effective July 1, 2024

Implementing the proposed fee increases will thus improve the condition of Fund 206 to reduce the need for General Fund subsidy and allow the Fund to carry a positive balance from fiscal year to fiscal year, in keeping with 100% cost recovery model best practices.

Stakeholder Input

City staff conducted outreach to development industry stakeholders through an in-person meeting on Tuesday, August 13, 2024 and an on-line meeting on Wednesday, August 14, 2024. There were no attendees at the in-person meeting, but five members of the public attended the August 14 meeting. The City invited an established contact list of development industry representatives (developers, architects, engineers, consultants, etc.) that the City typically uses to invite stakeholders to this type of meeting. This list includes representatives of the Building Industry Association (BIA) and trade unions, as well as local developers and builders. Information for the meetings was also posted on the City's website and both meetings were open to the general public.

Three of the attendees at the August 14 meeting provided feedback to the City on the proposed fee increases. Two other community members attended the meeting but did not make any comments.

Dennis Martin of the Building Industry Association (BIA) provided a significant number of comments objecting to the proposed fee increases and the process for adoption of the new fees. He requested that Council consideration of the fees be delayed for several months so that the BIA could prepare an analysis of the proposed fees. He questioned the need for a fee update when fees were studied in 2021 and are adjusted annually based on price indices. He objected to the timing (outreach in August and consideration right after Labor Day) as inconvenient for stakeholder participation, and the lack of early outreach in the process. He noted the benefits of new development to the community and suggested that General Fund subsidy is warranted, if necessary to avoid fee increases or reduce fees so that desirable development may move forward. He questioned that premise that growing complexity of State regulations adds to administrative costs for the City, noting that State laws are intended to streamline the development process and reduce the amount of staff work required. He said that fee increases if adopted should be phased in over a longer time-period than 18 months.

Rogg Collins, of Evergreen DevCo, also emphatically opposed a proposed fee increase, stating that current fees are already too high. He gave a specific example that they were unable to bring a grocery store into one of their retail spaces because of the City's impact fees. He added that high construction costs and interest rates, along with high fees, are making development infeasible. He stated that if the government wants development to occur, fees will need to be lowered.

A third speaker, Alejandra, echoed the concerns from the BIA that developer stakeholders had not been included earlier in the fee analysis process.

City Comparisons

To provide context for this analysis, a survey was conducted of five neighboring cities (Gilroy, San Jose, Santa Clara, Sunnyvale, and Palo Alto) to compare the proposed permit fees with those charged by other cities. Such comparisons are complicated by the varying approaches taken by different jurisdictions in how to regulate land development, organize City departments and conduct permitting activities. The comparison was limited to the types of permits included in the analysis (Planning, Engineering Land Development and Building) and did not take into account impact fees or other costs of development that

could affect future development activity. Results from the survey will be provided, along with stakeholder input, when these fees are brought forward for potential adoption.

Policy Considerations

This analysis is being provided as the basis for the City to implement a 100% cost recovery model for services provided through the City's Fund 206 land use permitting programs (Planning, Engineering Land Development and Building). The City may elect to adopt new fees in accordance with the 100% cost recovery fees identified in this analysis.

Alternatives to 100% Cost Recovery

Alternatively, the City may elect to set some fees at less than 100% cost recovery fee levels. In this case the City should identify an alternative source of funding for the staff time required to process the subject permit.

The analysis assumes that the fee for four permits will not be at 100% cost recovery. The first two are appeals:

- Commission/Board Decision - Public Appeal
- Staff Decision - Public Appeal

Setting the fee for an appeal by a member of the public at 100% cost-recovery would contradict City objectives in that it could create an undue burden upon the intended due process. Other appeals, made by an applicant, can be set at 100% cost recovery and accounted for as a cost of development.

In addition, the following two permits were also considered at less than 100% cost recovery, based on well-established practice in Morgan Hill:

- Tree Removal Permit
- Temporary Use Permit (Non-Profit)

In the case of a Tree Removal Permit, a full cost recovery fee would discourage compliance as these permits are for homeowners who would find a full cost recovery fee too expensive. The Temporary Use Permit for Non-Profits are typically issued for special events hosted by community groups, typically funded through donations or community fund raising and a full cost recovery fee would exceed the practical ability of these types of organizations to pay for services.

Based on projected permit volumes, collectively, to subsidize these four permit types will require approximately \$47,000 annually of alternative revenue.

Public Information

If the City implements the proposed FBHR and resulting fees as identified in this analysis, a greater percentage of public information activities will be funded through the permit program. The analysis is based on 50% cost-recovery for Planning public information activity and 100% for Engineering Land Development and Building. Because of the significantly greater amount of time spent by Planning on public information, this increase most significantly affects the Planning FBHR. The City could alternatively utilize the General Fund to pay for a greater share of the public information work and thereby reduce the Planning FBHR and planning permit fees.

Phased Implementation

Because the proposed permit fee increases are substantial, the City may consider implementing them in a delayed manner with a portion of the increase effective in the near-term and additional increases scheduled over a period of time until they reach 100% cost recovery. For example, 50% of the proposed fee increase could take effect upon adoption, with an additional 25% increase at the end of the next two fiscal years.

**City of Morgan Hill: Fund 206 Fee Study
FY 2024-2025**

Calculation of Fully Burdened Hourly Rate (FBHR)

Fund 206 - Planning				Budgeted Program Cost				Allocation to Activity			
				FY 24-25	Adjustment	24-25 Net Expenditures		Admin	General Public	Permits	Total
Allocation of Labor Factor								39%	22%	39%	100%
Labor Hours								3,978	2,261	4,026	10,265
Employee Services											
Salaries-General				\$ 805,205.00	-	\$ 805,205		\$ 312,041	\$ 177,357	\$ 315,807	
Salaries-Part-Time Temp				\$ 97,000.00	-	\$ 97,000		\$ 37,590	\$ 21,366	\$ 38,044	
Salaries-Earned leave				\$ 25,758.00	-	\$ 25,758		\$ 9,982	\$ 5,674	\$ 10,102	
Overtime-General				\$ 2,500.00	(2,500)	\$ -		\$ -	\$ -	\$ -	
Benefits (sum)				\$ 377,595.69	-	\$ 377,596		\$ 146,330	\$ 83,170	\$ 148,095	
Total Labor Cost				\$ 1,308,059	\$ (2,500)	\$ 1,305,559		\$ 505,944	\$ 287,566	\$ 512,049	\$1,305,559
Non-Labor / Overhead											
Supplies & Services Total				\$ 131,440	(8,600)	\$ 122,840		\$ 47,604	\$ 27,057	\$ 48,179	
Capital Outlay Total				\$ -	-	\$ -		\$ -	\$ -	\$ -	
Internal Services Total				\$ 469,490	-	\$ 469,490		\$ 181,942	\$ 103,411	\$ 184,137	
Total Non-Labor / Overhead Cost				\$ 600,930	\$ (8,600)	\$ 592,330		\$ 229,546	\$ 130,468	\$ 232,316	\$ 592,330
Total Labor and Non-Labor				\$ 1,908,988	\$ (11,100)	\$ 1,897,888		\$ 735,490	\$ 418,035	\$ 744,364	\$1,897,888
Allocation of Administrative Costs											
Administrative								\$ 735,490			\$ 735,490
Productive									\$ 418,035	\$ 744,364	\$1,162,399
Productive (%)									36%	64%	
Proportional Admin									\$ 264,505	\$ 470,985	\$ 735,490
Productive + Proportional Admin									\$ 682,539	\$ 1,215,349	\$1,897,888
Calculation of Billing Rate											
Cost Recovery Target									50%	100%	
Targeted Fee Revenue									\$ 341,270	\$1,215,349	\$1,556,619
Funding from Alternative Source									\$ 341,270	\$ -	\$ 341,270
Productive Hours Available										4,026	
Productive Hour Cost (Billing Rate)								\$ 85	\$ 302	\$ 387	

Fund 206 - Land Development				Budgeted Program Cost				Allocation to Activity			
				FY 24-25	Adjustment	24-25 Net Expenditures		Admin	General Public	Permits	Total
Allocation of Labor Factor								37%	6%	57%	100%
Labor Hours								3,023	525	4,703	8,251
Employee Services											
Salaries-General				\$ 761,819	\$ (11,819.34)	\$ 750,000		\$ 274,785	\$ 47,721	\$ 427,493	
Salaries-Part-Time Temp				\$ 15,300	-	\$ 15,300		\$ 5,606	\$ 974	\$ 8,721	
Salaries-Earned leave				\$ 44,265	-	\$ 44,265		\$ 16,218	\$ 2,817	\$ 25,231	
Overtime-General				\$ 2,500	(2,500)	\$ -		\$ -	\$ -	\$ -	
Benefits (sum)				\$ 344,089.61	-	\$ 344,090		\$ 126,067	\$ 21,894	\$ 196,128	
Total Labor Cost				\$ 1,167,974	\$ (14,319)	\$ 1,153,654		\$ 422,676	\$ 73,405	\$ 657,573	\$1,153,654
Non-Labor / Overhead											
Supplies & Services Total				\$ 253,295	(1,250)	\$ 252,045		\$ 92,344	\$ 16,037	\$ 143,664	
Capital Outlay Total				\$ -	-	\$ -		\$ -	\$ -	\$ -	
Internal Services Total				\$ 336,235	-	\$ 336,235		\$ 123,190	\$ 21,394	\$ 191,651	
Total Non-Labor / Overhead Cost				\$ 589,530	\$ (1,250)	\$ 588,280		\$ 215,534	\$ 37,431	\$ 335,315	\$ 588,280
Total Labor and Non-Labor				\$ 1,757,504	\$ (15,569)	\$ 1,741,934		\$ 638,210	\$ 110,837	\$ 992,888	\$1,741,934
Allocation of Administrative Costs											
Administrative								\$ 638,210			\$ 638,210
Productive									\$ 110,837	\$ 992,888	\$1,103,725
Productive (%)									10%	90%	

Proportional Admin				\$ 64,090	\$ 574,120	\$ 638,210
Productive + Proportional Admin				\$ 174,926	\$ 1,567,008	\$1,741,934
Calculation of Billing Rate						
Cost Recovery Target				100%	100%	
Targeted Fee Revenue				\$ 174,926	\$1,567,008	\$1,741,934
Funding from Alternative Source				\$ -	\$ -	\$ -
Productive Hours Available					4,703	
Productive Hour Cost (Billing Rate)				\$ 37	\$ 333	\$ 370

Fund 206 - Building	Budgeted Program Cost			Allocation to Activity			
	FY 24-25	Adjustment	24-25 Net Expenditures	Admin	General Public	Permits	Total
Allocation of Labor Factor				22%	3%	75%	100%
Labor Hours				3,514	564	12,176	16,254
Employee Services							
Salaries-General	\$ 1,471,302.00	-	\$ 1,471,302	\$ 318,085	\$ 51,053	\$1,102,164	
Salaries-Part-Time Temp	\$ 15,300.00	-	\$ 15,300	\$ 3,308	\$ 531	\$ 11,461	
Salaries-Earned leave	\$ 58,569.00	-	\$ 58,569	\$ 12,662	\$ 2,032	\$ 43,875	
Overtime-General	\$ 5,000.00	(5,000)	\$ -	\$ -	\$ -	\$ -	
Benefits (sum)	\$ 728,804.79	-	\$ 728,805	\$ 157,562	\$ 25,289	\$ 545,953	
Total Labor Cost	\$ 2,278,976	\$ (5,000)	\$ 2,273,976	\$ 491,618	\$ 78,905	\$1,703,453	\$2,273,976
Non-Labor / Overhead							
Supplies & Services Total	\$ 334,440	(45,500)	\$ 288,940	\$ 62,467	\$ 10,026	\$ 216,447	
Capital Outlay Total	\$ -	-	\$ -	\$ -	\$ -	\$ -	
Internal Services Total	\$ 552,546	-	\$ 552,546	\$ 119,457	\$ 19,173	\$ 413,917	
Total Non-Labor / Overhead Cost	\$ 886,986	\$ (45,500)	\$ 841,486	\$ 181,923	\$ 29,199	\$ 630,364	\$ 841,486
Total Labor and Non-Labor	\$ 3,165,962	\$ (50,500)	\$ 3,115,462	\$ 673,541	\$ 108,104	\$2,333,817	\$3,115,462
Allocation of Administrative Costs							
Administrative				\$ 673,541			\$ 673,541
Productive					\$ 108,104	\$2,333,817	\$2,441,921
Productive (%)					4%	96%	
Proportional Admin					\$ 29,818	\$ 643,723	\$ 673,541
Productive + Proportional Admin					\$ 137,922	\$ 2,977,540	\$3,115,462
Calculation of Billing Rate							
Cost Recovery Target					100%	100%	
Targeted Fee Revenue					\$ 137,922	\$2,977,540	\$3,115,462
Funding from Alternative Source					\$ -	\$ -	\$ -
Productive Hours Available						12,176	
Productive Hour Cost (Billing Rate)				\$ 11	\$ 245	\$ 256	

**City of Morgan Hill: Fund 206 Fee Study
FY 2024-2025**

Fund 206 Employee Time Resources

Fund 206 - Planning		Distribution of Work (%)			Distribution of Work (Hours)		
Position	FTE	Admin	Public Info	Permits	Admin	Public Info	Permits
City Manager	0.04	100%	0%	0%	64	-	-
Asst City Mgr. For Comm Dev	0.30	64%	21%	15%	314	105	73
Comm Development Director	0.30	54%	7%	39%	266	35	191
Senior Planner	1.00	22%	7%	71%	353	120	1,167
Associate Planner	0.80	25%	29%	46%	352	400	643
Assistant Planner	0.80	25%	28%	47%	354	400	673
Development Services Technician	0.05	6%	94%	0%	5	81	-
Development Services Technician	0.90	13%	70%	17%	206	1,080	255
Part-Time / Temp	0.50	12%	3%	85%	123	25	852
Economic Development Coordinator	0.10	100%	0%	0%	168	-	-
Assistant City Attorney	0.17	33%	5%	62%	92	15	172
Business Assistant	0.10	100%	0%	0%	174	-	-
Municipal Service Assistant	0.80	100%	0%	0%	1,382	-	-
Management Analyst	0.07	100%	0%	0%	125	-	-
Total	5.93	39%	22%	39%	3,978	2,261	4,026

Fund 206 - Land Development		Distribution of Work (%)			Distribution of Work (Hours)		
Position	FTE	Admin	Public Info	Permits	Admin	Public Info	Permits
City Manager	0.02	100%	0%	0%	32	-	-
Public Services Director	0.03	33%	0%	67%	16	-	33
Comm Development Director	0.10	87%	0%	13%	143	-	21
Deputy Director for Engineering	0.15	33%	0%	67%	80	-	166
Senior Civil Engineer	0.75	43%	2%	55%	527	30	673
Supervising Civil Engineer	1.00	31%	7%	62%	503	120	1,017
Assistant Engineer	0.50	23%	17%	60%	206	150	540
Junior Engineer	0.75	23%	17%	60%	309	225	810
Senior Public Works Inspector	0.70	16%	0%	84%	97	-	502
Senior Public Works Inspector	0.70	16%	0%	84%	98	-	510
Environmental Programs Coordinator	0.45	56%	0%	44%	453	-	353
Assistant City Attorney	0.07	32%	0%	68%	37	-	78
Business Assistant	0.25	100%	0%	0%	436	-	-
Municipal Service Assistant	0.05	100%	0%	0%	86	-	-
Management Analyst	0.00	0%	0%	0%	-	-	-
Total	5.52	37%	6%	57%	3,023	525	4,703

Fund 206 - Building		Distribution of Work (%)			Distribution of Work (Hours)		
Position	FTE	Admin	Public Info	Permits	Admin	Public Info	Permits
City Manager	0.02	100%	0%	0%	32	-	-
Asst City Mgr. For Comm Dev	0.05	100%	0%	0%	82	-	-
Comm Development Director	0.20	100%	0%	0%	328	-	-
Building Official	1.00	40%	2%	58%	663	25	952
Building Division Manager	1.00	24%	0%	76%	393	-	1,247
Development Services Technician	0.75	13%	11%	76%	172	140	972
Development Services Technician	0.10	12%	40%	47%	21	69	81
Development Services Technician	1.00	12%	9%	79%	217	165	1,410
Development Services Technician	1.00	12%	10%	78%	212	165	1,335
Building Inspector II	1.00	12%	0%	88%	214	-	1,522
Building Inspector II	1.00	12%	0%	88%	214	-	1,530
Building Inspector II	1.00	12%	0%	88%	217	-	1,575
Plan Check Engineer	1.00	12%	0%	88%	216	-	1,552
Assistant City Attorney	0.16	100%	0%	0%	262	-	-
Business Assistant	0.10	100%	0%	0%	174	-	-
Municipal Service Assistant	0.05	100%	0%	0%	86	-	-
Management Analyst	0.07	100%	0%	0%	125	-	-
Total	9.50	22%	3%	75%	3,514	564	12,176

Notes

DPW Admin hours include floodplain and special projects

City of Morgan Hill: Fund 206 Fee Analysis
FY 2024-2025

Building Permit Cost of Service

Building Program - Building Permits		Cost Recovery Analysis						Hours per Service Detail				
Permit Type		Hours per Service	Proposed Fee	Proposed % Cost Recovery	Current Fee	Current % Cost Recovery	Proposed % Increase	Permit Tech	Plan Check	Fire Plan Check	Building Inspector	Building Total
	(FBHR)		256.00									
Building Permit (Not Combination) Valuation Based Fees												
\$1 - \$500												
Any Valuation		0.75	\$ 192	100%	\$ 141	73%	36%	0.25	0.00	0.00	0.50	0.75
\$501 to \$2,000												
first \$500		1.00	\$ 256	100%	\$ 188	73%	36%	0.50	0.00	0.00	0.50	1.00
each additional \$100 (round up)		0.03	\$ 8	100%	\$ 11		-30%					0.03
\$2,001 - \$25,000												
first \$2,000		1.50	\$ 384	100%	\$ 376	98%	2%	0.75	0.00	0.00	0.75	1.50
each additional \$1000 (round-up)		0.06	\$ 15	100%	\$ 9		71%					0.06
\$25,001 to \$50,000												
first \$25,000		3.00	\$ 768	100%	\$ 611	80%	26%	1.50	0.00	0.00	1.50	3.00
each additional \$1000 (round-up)		0.07	\$ 18	100%	\$ 11		63%					0.07
\$50,001 to \$100,000												
first \$50,000		4.75	\$ 1,216	100%	\$ 893	73%	36%	2.00	0.00	0.00	2.75	4.75
each additional \$1000 (round-up)		0.06	\$ 15	100%	\$ 11		40%					0.06
\$100,001 to \$500,000												
first \$100,000		8.00	\$ 2,048	100%	\$ 1,504	73%	36%	3.00	0.00	0.00	5.00	8.00
each additional \$1000 (round-up)		0.02	\$ 5	100%	\$ 6		-15%					0.02
\$500,001 to \$1,000,000												
first \$500,000		19.00	\$ 4,864	100%	\$ 3,760	77%	29%	5.00	0.00	0.00	14.00	19.00
each additional \$1000 (round-up)		0.01	\$ 3	100%	\$ 4		-36%					0.01
\$1,000,000 and up												
first \$1,000,000		28.00	\$ 7,168	100%	\$ 5,640	79%	27%	6.00	0.00	0.00	22.00	28.00
each additional \$1000 (round-up)		0.03	\$ 8	100%	\$ 6		28%					0.03

Combination Building Permits Valuation Based Fees						
\$1 - \$500						
Any Valuation	1.00	\$ 256	100%	\$ 141	55%	82%
		\$ -				
\$501 to \$2,000						
first \$500	1.25	\$ 320	100%	\$ 188	59%	70%
each additional \$100 (round up)	0.03	\$ 8	100%	\$ 9		-15%
\$2,001 - \$25,000						
first \$2,000	1.75	\$ 448	100%	\$ 329	73%	36%
each additional \$1000 (round-up)	0.09	\$ 23	100%	\$ 13		77%
\$25,001 to \$50,000						
first \$25,000	4.00	\$ 1,024	100%	\$ 658	64%	56%
each additional \$1000 (round-up)	0.08	\$ 20	100%	\$ 19		8%
\$50,001 to \$100,000						
first \$50,000	6.00	\$ 1,536	100%	\$ 1,128	73%	36%
each additional \$1000 (round-up)	0.12	\$ 31	100%	\$ 23		34%
\$100,001 to \$500,000						
first \$100,000	12.00	\$ 3,072	100%	\$ 2,256	73%	36%
each additional \$1000 (round-up)	0.03	\$ 8	100%	\$ 6		28%
\$500,001 to \$1,000,000						
first \$500,000	26.00	\$ 6,656	100%	\$ 4,700	71%	42%
each additional \$1000 (round-up)	0.04	\$ 10	100%	\$ 8		28%
\$1,000,000 and up						
first \$1,000,000	48.00	\$ 12,288	100%	\$ 8,460	69%	45%
each additional \$1000 (round-up)	0.05	\$ 13	100%	\$ 8		60%
Grading - Permit Fees						
50 cubic yards or less						
Any Amount up to and including 50 cubic yards	1.50	\$ 384	100%	\$ 225	59%	71%
51 to 100 cubic yards						
first 50 cubic yards	1.50	\$ 384	100%	\$ 282	73%	36%
each additional cubic yard	0.02	\$ 5	100%	\$ 5		2%
101 to 1,000 cubic yards						
first 100 cubic yards	2.50	\$ 640	100%	\$ 451	70%	42%
each additional 100 cubic yards	0.13	\$ 33	100%	\$ 25		33%
1,001 to 10,000 cubic yards						
First 1,000 cubic yards	3.75	\$ 960	100%	\$ 676	70%	42%

each additional hundred cubic yards
10,001 to 100,000 cubic yards
1st 10,000 cubic yards
each additional 10,000 cubic yards or fraction thereof
100,001 to 200,000 cubic yards
1st 100,000 cubic yards
each additional 10,000 cubic yards or fraction thereof
Roofs
Re-Roofs: Comp/Tile/Shake (Includes new roof sheath)
1 - 15 SQUARES
16-30 SQUARES
31 and more SQUARES
Steel Roof System
Any Size
Overlay
Residential Composition Overlay - Lifetime
Miscellaneous Roof
Single-ply Roof System 1-30 SQUARES
Single-ply Roof System 31 and more SQUARES
Tar & Gravel (Built-Up/BUR)

0.04	\$ 10	100%	\$ 7		46%
8.00	\$ 2,048	100%	\$ 1,353	66%	51%
0.33	\$ 84	100%	\$ 88		-4%
11.00	\$ 2,816	100%	\$ 2,142	76%	31%
0.10	\$ 26	100%	\$ 23		11%
1.00	\$ 256	100%	\$ 297	116%	-14%
1.50	\$ 384	100%	\$ 469	122%	-18%
1.75	\$ 448	100%	\$ 587	131%	-24%
2.00	\$ 512	100%	\$ 587	115%	-13%
1.25	\$ 320	100%	\$ 469	147%	-32%
2.00	\$ 512	100%	\$ 469	92%	9%
2.50	\$ 640	100%	\$ 587	92%	9%
2.00	\$ 512	100%	\$ 469	92%	9%

				0.04
3.00	0.00	0.00	5.00	8.00
				0.33
4.00	0.00	0.00	7.00	11.00
				0.10
0.50	0.00	0.00	0.50	1.00
0.75	0.00	0.00	0.75	1.50
0.75	0.00	0.00	1.00	1.75
1.00	0.00	0.00	1.00	2.00
0.50	0.00	0.00	0.75	1.25
1.00	0.00	0.00	1.00	2.00
1.00	0.00	0.00	1.50	2.50
1.00	0.00	0.00	1.00	2.00

City of Morgan Hill: Fund 206 Fee Analysis
FY 2024-2025

Building Plan Check Fee Cost of Service

Building Permit Program - Plan Check					Building Avg. Review/Inspection Time					Referral Review Time			Fee Calculation				
Permit Type					Permit Tech	Plan Check	Fire Plan Check	Building Inspector	Building Total	Land Dev	Planning	Fire Plan Check	Base Buildig Fee	Land Dev Surcharge	Planning Surcharge	Fire Inspection Surcharge	Total (Max)
													\$ 256	\$ 370	\$ 387	\$ 204	
Multi-Department Plan Check Valuation Based Fees																	
\$1 - \$500																	
Any Valuation					0.75	0.25	0.00	0.00	1.00	0.25	0.25	0.25	\$ 256	\$ 93	\$ 97	\$ 51	\$ 496
													\$ -	\$ -	\$ -	\$ -	\$ -
\$501 - \$2,000																	
first \$500					1.25	0.25	0.00	0.00	1.50	0.50	0.50	0.50	\$ 384	\$ 185	\$ 194	\$ 102	\$ 865
each additional \$100 (round-up)									0.03	0.03	0.00	0.00	\$ 8	\$ 11	\$ -	\$ -	\$ 19
\$2,001 - \$25,000																	
first \$2,000					1.50	0.50	0.00	0.00	2.00	1.00	0.50	0.50	\$ 512	\$ 370	\$ 194	\$ 102	\$ 1,178
each additional \$1,000 (round-up)									0.05	0.04	0.01	0.01	\$ 13	\$ 15	\$ 4	\$ 2	\$ 34
\$25,001 - \$50,000																	
first \$25,000					1.75	1.50	0.00	0.00	3.25	2.00	0.75	0.75	\$ 832	\$ 740	\$ 290	\$ 153	\$ 2,015
each additional \$1,000 (round-up)									0.02	0.04	0.01	0.01	\$ 5	\$ 15	\$ 4	\$ 2	\$ 26
\$50,001 - \$100,000																	
first \$50,000					2.25	1.50	0.00	0.00	3.75	3.00	1.00	1.00	\$ 960	\$ 1,110	\$ 387	\$ 204	\$ 2,661
each additional \$1,000 (round-up)									0.08	0.02	0.00	0.00	\$ 20	\$ 7	\$ -	\$ -	\$ 28
\$100,001 - \$500,000																	
first \$100,000.00					3.00	5.00	0.00	0.00	8.00	4.00	1.25	1.25	\$ 2,048	\$ 1,480	\$ 484	\$ 255	\$ 4,267
each additional \$1,000 (round-up)									0.02	0.00	0.00	0.00	\$ 5	\$ -	\$ -	\$ -	\$ 5
\$500,001 - \$1,000,000																	
first \$500,000.00					5.00	11.00	0.00	0.00	16.00	5.00	3.00	3.00	\$ 4,096	\$ 1,850	\$ 1,161	\$ 612	\$ 7,719
each additional \$1,000 (round-up)									0.02	0.00	0.00	0.00	\$ 5	\$ -	\$ -	\$ -	\$ 5
\$1,000,001 and up																	
first \$1,000,000.00					8.00	18.00	0.00	0.00	26.00	6.00	5.00	5.00	\$ 6,656	\$ 2,220	\$ 1,935	\$ 1,020	\$ 11,831
each additional \$1,000 (round-up)									0.03	0.01	0.01	0.01	\$ 8	\$ 4	\$ 4	\$ 2	\$ 17
Grading - Plan Review Fees																	
50 cubic yards or less																	

Any Amount up to and including 50 cubic yards	0.50	0.75	0.00	0.00	1.25	0.50	0.50	0.00	\$ 320	\$ 185	\$ 194	\$ -	\$ 699
51 to 100 cubic yards													
first 50 cubic yards	0.50	0.75	0.00	0.00	1.25	0.50	0.50	0.00	\$ 320	\$ 185	\$ 194	\$ -	\$ 699
each additional cubic yard					0.02				\$ 5	\$ -	\$ -	\$ -	\$ 5
101 to 1,000 cubic yards													
first 100 cubic yards	1.00	1.25	0.00	0.00	2.25	0.50	0.50	0.00	\$ 576	\$ 185	\$ 194	\$ -	\$ 955
each additional 100 cubic yards					0.05				\$ 13	\$ -	\$ -	\$ -	\$ 13
1,001 to 10,000 cubic yards													
First 1,000 cubic yards	1.25	1.50	0.00	0.00	2.75	0.50	0.50	0.00	\$ 704	\$ 185	\$ 194	\$ -	\$ 1,083
each additional hundred cubic yards					0.03				\$ 8	\$ -	\$ -	\$ -	\$ 8
10,001 to 100,000 cubic yards													
1st 10,000 cubic yards	2.50	3.50	0.00	0.00	6.00	0.50	0.50	0.00	\$ 1,536	\$ 185	\$ 194	\$ -	\$ 1,915
each additional 10,000 cubic yards or fraction thereof					0.25				\$ 64	\$ -	\$ -	\$ -	\$ 64
100,001 to 200,000 cubic yards													
1st 100,000 cubic yards	3.25	5.00	0.00	0.00	8.25	0.50	0.50	0.00	\$ 2,112	\$ 185	\$ 194	\$ -	\$ 2,491
each additional 10,000 cubic yards or fraction thereof					0.42				\$ 108	\$ -	\$ -	\$ -	\$ 108
200,001 cubic yards or more													
1st 200,000 cubic yards	4.50	8.00	0.00	0.00	12.50	0.50	0.50	0.00	\$ 3,200	\$ 185	\$ 194	\$ -	\$ 3,579
each additional 10,000 cubic yards or fraction thereof					0.10				\$ 26	\$ -	\$ -	\$ -	\$ 26
Standard Plan Check (Not Routed) Valuation Based Fees													
\$1 - \$500													
Any Valuation	0.50	0.25	0.00	0.00	0.75				\$ 192				\$ 192
\$501 - \$2,000													
first \$500	0.75	0.25	0.00	0.00	1.00				\$ 256				\$ 256
each additional \$100 (round-up)					0.03				\$ 8				\$ 8
\$2,001 - \$25,000													
first \$2000.00	1.00	0.50	0.00	0.00	1.50				\$ 384				\$ 384
each additional \$1,000 (round-up)					0.06				\$ 15				\$ 15
\$25,001 - \$50,000													
first \$25,000.00	1.50	1.50	0.00	0.00	3.00				\$ 768				\$ 768
each additional \$1,000 (round-up)					0.03				\$ 8				\$ 8
\$50,001 - \$100,000													
first \$50,000.00	2.25	1.50	0.00	0.00	3.75				\$ 960				\$ 960
each additional \$1,000 (round-up)					0.08				\$ 20				\$ 20
\$100,001 - \$500,000													
first \$100,000.00	3.00	5.00	0.00	0.00	8.00				\$ 2,048				\$ 2,048

each additional \$1,000 (round-up)					0.02				\$	5			\$	5
\$500,001 - \$1,000,000														
first \$500,000.00	5.00	11.00	1.00	0.00	17.00				\$	4,352			\$	4,352
each additional \$1,000 (round-up)					0.02				\$	5			\$	5
\$1,000,001 and up														
first \$1,000,000.00	8.00	18.00	2.00	0.00	28.00				\$	7,168			\$	7,168
each additional \$1,000 (round-up)					0.03				\$	8			\$	8

City of Morgan Hill: Fund 206 Fee Analysis

FY 2024-2025

Building - Mechanical Permit Cost of Service

Building Permit Program - Mechanical		Fee Calculation		Cost Recovery Analysis		
Permit Type		Estimated Time	Proposed Fee	Current Fee	Current Cost Recovery %	Proposed % Increase
	(FBHR)		\$ 256			
Permit Issuance		0.45	\$ 115	\$ 106	92%	9%
Furnaces Installation						
Residential: Installation or relocation of forced air or gravity-type furnace or burner, each		0.50	\$ 128	\$ 118	92%	8%
Commercial: Installation or relocation of forced air or gravity-type furnace or burner, each		1.00	\$ 256	\$ 234	91%	9%
Installation or relocation of suspended heater, recessed wall heater, floor furnace, or floor mounted unit heater including flue vent, each		0.75	\$ 192	\$ 176	92%	9%
Appliance Vents and Ducts						
Installation, relocation or replacement of appliance vent, ducts, per system		0.75	\$ 192	\$ 176	92%	9%
Condensing units (AC), each		0.50	\$ 128	\$ 118	92%	8%
Boilers, Compressors & Absorption Systems						
Installation or relocation of each boiler, compressors 1-15 horsepower, or absorption system 0 - 500,000 Btu/h, each		0.75	\$ 192	\$ 176	92%	9%
Installation or relocation of each boiler, compressors 16-50 horsepower, or absorption system 500,001 - 1,750,000 Btu/h, each		1.00	\$ 256	\$ 234	91%	9%
Installation or relocation of each boiler, compressors 51 and over horsepower, or absorption system 500,001 - 1,750,001 and over Btu/h, each		1.25	\$ 320	\$ 293	92%	9%
Air Handlers						
Installation or relocation of air-handling unit, each		0.75	\$ 192	\$ 176	92%	9%
Evaporative Coolers						
Each non-residential evaporative cooler other than portable type, each		1.00	\$ 256	\$ 234	91%	9%
Ventilation & Exhaust						
Residential: Ventilation fan or hoods connected to a single duct, exhaust fan for bathrooms, kitchens, or laundry rooms, each		0.75	\$ 192	\$ 176	92%	9%
Commercial: Installation of kitchen hood each which is served by mechanical exhaust, including the ducts for such hood, each		2.00	\$ 512	\$ 469	92%	9%
Ventilation system which is not a portion of any heating or air-conditioning, each		1.00	\$ 256	\$ 233	91%	10%
Repairs or Additions						
The repair, alteration, or addition to each heating appliance, refrigeration unit, cooling unit, absorption unit, or evaporative cooling system, including installation of controls, each		0.75	\$ 192	\$ 176	92%	9%
Incinerators						
Installation or relocation of commercial or industrial-type incinerator, each		3.00	\$ 768	\$ 703	92%	9%
Miscellaneous						
Each appliance or piece of equipment regulated by this code but not classed in other appliance categories, or for which no other fee is listed, each		1.00	\$ 256	\$ 234	91%	9%

City of Morgan Hill: Fund 206 Fee Analysis
FY 2024-2025

Building - Electrical Permit Cost of Service

Building Permit Program - Electrical					Fee Calculation		Cost Recovery Analysis		
Permit Type					Estimated Time	Proposed Fee	Current Fee	Current Cost Recovery %	Proposed % Increase
(FBHR)						\$ 256			
Permit Issuance					0.45	\$ 115	\$ 106	92%	9%
Unit Fee Schedule									
Receptacle, switch, lighting outlets, lighting fixtures, sockets or other lamp holding devices, per system					0.50	\$ 128	\$ 118	92%	8%
Pole or platform-mounted lighting fixtures (up to 5), each					1.00	\$ 256	\$ 234	91%	9%
Theatrical-type lighting fixtures or assemblies, per system					2.50	\$ 640	\$ 587	92%	9%
Kitchen circuits - remodels					0.75	\$ 192	\$ 176	92%	9%
Bathroom circuits - remodels					0.50	\$ 128	\$ 118	92%	8%
Non-Residential Appliances, and Receptacle Outlets					1.25	\$ 320	\$ 293	92%	9%
Power Apparatus									
1 to 100 - HP or KW, each					1.00	\$ 256	\$ 234	91%	9%
101 and over - HP or KW, each					1.50	\$ 384	\$ 352	92%	9%
Services									
Services of 600 volts or less and not over 200 amperes in rating, each					1.00	\$ 256	\$ 234	91%	9%
Services of 600 volts or less and over 200 amperes and over, each					1.50	\$ 384	\$ 352	92%	9%
Photovoltaic									
Residential					1.20	\$ 307	\$ 280	91%	10%
Commercial <10kW					1.45	\$ 371	\$ 338	91%	10%
Commercial greater than or equal to 10kW - 49kW					1.95	\$ 499	\$ 454	91%	10%
Commercial >49kW					2.70	\$ 691	\$ 629	91%	10%
Solar Structure (0-50kW)					3.00	\$ 768	\$ -	0%	0%
Each kW over 50kW					0.02	\$ 5	\$ -	0%	0%
Residential: Repair of photovoltaic electrical systems, each					1.00	\$ 256	\$ 234	91%	9%
Commercial and Industrial: Repair of photovoltaic electrical systems, each					1.25	\$ 320	\$ 293	92%	9%
Miscellaneous Apparatus, Conduits, and Conductors									
Electrical apparatus, conduits and conductors for which a permit is required					0.75	\$ 192	\$ 176	92%	9%
Busways					2.00	\$ 512	\$ 469	92%	9%
Temporary Power Service									
Temporary metered service power pole or pedestal including pole or pedestal-mounted receptacle outlets, each					1.00	\$ 256	\$ 234	91%	9%
Temporary distribution system (up to 5) poles including temporary lighting and receptacle outlets for construction sites, decorative light, Christmas tree sales lots, firework stands, each					1.00	\$ 256	\$ 234	91%	9%
Each additional distribution system					1.00	\$ 256	\$ 234	91%	9%
Private Swimming Pools - Repairs/Replacement									
For private, residential in-ground, swimming pools for single-family occupancies including a complete system of necessary branch circuit wiring, bonding, grounding, underwater lighting, water pumping and other similar electrical equipment directly related to the operation of a swimming pool, each pool					1.00	\$ 256	\$ 234	91%	9%
Carnivals and Circuses									
For electric generators, electrically driven rides, mechanically driven rides and walk through attractions or displays having electric lighting					2.00	\$ 512	\$ 469	92%	9%
Carnivals and circuses booth and pathway lighting					2.00	\$ 512	\$ 469	92%	9%
Signs, Outline Lighting, Marquees									
Signs, outline lighting systems or marquees supplies from one branch circuit					1.25	\$ 320	\$ 293	92%	9%
Additional branch circuits (up to 5) within the same sign, outline lighting system or marquee					1.00	\$ 256	\$ 234	91%	9%

City of Morgan Hill: Fund 206 Fee Analysis
FY 2024-2025

Building - Plumbing Permit Cost of Service

Building Permit Program - Plumbing			Fee Calculation		Cost Recovery Analysis		
Permit Type			Estimated Time	Proposed Fee	Current Fee	Current Cost Recovery %	Proposed % Increase
(FBHR)				\$ 256			
Permit Issuance			0.45	\$ 115	\$ 106	92%	9%
				\$ -			
Fixtures and Vents							
Installation or repair plumbing fixture, trap or set of fixtures on one trap, backflow device, including condensate lines			0.50	\$ 128	\$ 118	92%	8%
For repairs or alterations of drainage or vents piping, each			0.75	\$ 192	\$ 176	92%	9%
Sewers, Disposal Systems and Interceptors							
Building Sewer Lateral, each			1.00	\$ 256	\$ 234	91%	9%
Private sewage or disposal system, each			1.00	\$ 256	\$ 234	91%	9%
Industrial water pretreatment interceptor, each			2.00	\$ 512	\$ 469	92%	9%
Non-residential rainwater systems, up to 5 per drain			1.50	\$ 384	\$ 352	92%	9%
Water Piping and Water Heaters							
Installation, alteration or repair of water piping and/or water treating equipment, including pressure regulator, per system			1.00	\$ 256	\$ 234	91%	9%
For installation and replacement of water heater including vent, each			0.45	\$ 115	\$ 106	92%	9%
Gas Piping Systems							
Gas piping system, 1-10 outlets			0.45	\$ 115	\$ 106	92%	9%
Gas piping system, over 10 outlets			1.50	\$ 384	\$ 352	92%	9%
Lawn Sprinklers, Vacuum Breakers, Backflow Protections Devices							
Installation of lawn sprinkler systems including backflow protection device, and atmospheric-type vacuum breakers, per system			1.00	\$ 256	\$ 234	91%	9%
Swimming Pools and Spas - Plumbing Repair / Replacement							
Public pool including anti-entrapment device			1.25	\$ 320	\$ 293	92%	9%
Private pool including anti-entrapment device			1.00	\$ 256	\$ 234	91%	9%
Public spa including anti-entrapment device			1.25	\$ 320	\$ 293	92%	9%
Private spa including anti-entrapment device			1.00	\$ 256	\$ 234	91%	9%
Installation or replacement of anti-entrapment device			1.25	\$ 320	\$ 293	92%	9%
Thermal Solar Water Heating			1.00	\$ 256	\$ 234	91%	9%
Miscellaneous							
Each additional or piece of equipment regulated by the Plumbing Code but not classed in other appliance categories, or for which no other fee is listed in this code			0.75	\$ 192	\$ 176	92%	9%

City of Morgan Hill: Fund 206 Fee Analysis
FY 2024-2025

Fire Permit Fee Cost of Service

Fire Permit Program			Fee Calculation		Cost Recovery Analysis		
Permit Type			Estimated Time	Proposed Fee	Current Fee	Current Cost Recovery %	Proposed % Increase
(FBHR)				\$ 256			
Fire Alarm							
1-15 Devices			3.00	\$ 768	\$ 704	92%	9%
16-50 Devices			4.00	\$ 1,024	\$ 937	92%	9%
51-100 Devices			5.00	\$ 1,280	\$ 1,171	91%	9%
101-500 Devices			6.00	\$ 1,536	\$ 1,407	92%	9%
Each additional 50 devices over 500 devices			0.04	\$ 10	\$ 9	88%	14%
Fire Sprinklers							
Residential Single Family/Townhouse 13D System			3.00	\$ 768	\$ 704	92%	9%
Apartment/Condo			4.00	\$ 1,024	\$ 704	69%	45%
Additional time per unit			0.75	\$ 192	\$ 118	61%	63%
Master Plan Review				\$ -	\$ 677		Actual Time
Commercial - New Construction							
1-20 Appliances			3.50	\$ 896	\$ 704	79%	27%
21-100 Appliances			4.50	\$ 1,152	\$ 937	81%	23%
101-200 Appliances			5.25	\$ 1,344	\$ 1,113	83%	21%
201-350 Appliances			6.25	\$ 1,600	\$ 1,348	84%	19%
351-500 Appliances			7.50	\$ 1,920	\$ 1,642	86%	17%
Each additional 100 appliances over 500 appliances			0.75	\$ 192	\$ 34	18%	465%
Commercial - Tenant Improvements							
1-20 Appliances			3.25	\$ 832	\$ 646	78%	29%
21-100 Appliances			3.75	\$ 960	\$ 761	79%	26%
101-200 Appliances			4.25	\$ 1,088	\$ 879	81%	24%
201-350 Appliances			4.75	\$ 1,216	\$ 996	82%	22%
351-500 Appliances			5.25	\$ 1,344	\$ 1,113	83%	21%
Each additional 100 appliances over 500 appliances			0.75	\$ 192	\$ -	0%	
High Piled Storage			3.00	\$ 768	\$ 704	92%	9%
Suppression System			2.75	\$ 704	\$ 704	100%	0%
Underground Piping / Hydrant System / Backflow			4.00	\$ 1,024	\$ 761	74%	35%
Each Additional Hydrant or Backflow			0.75	\$ 192	\$ -	0%	
Medical Gas Systems			3.00	\$ 768	\$ 704	92%	9%

City of Morgan Hill: Fund 206 Fee Analysis
FY 2024-2025

Land Development Program Cost of Service

Land Development Program						Hours per Service Detail			Activity/Service Cost Analysis			
Fee Description						Eng	Plng	Bldg	Eng	Plng	Bldg	Cost of Service for Activity
									\$ 370	\$ 387	\$ 256	FBHR
Public Improvement - Plan Check												
\$1 - \$100,000						66.75	0.00	0.50	\$ 24,698	\$ -	\$ 128	\$ 24,826
Any Valuation												
\$100,001 to \$200,000												
first \$100,000						66.75	0.00	0.50	\$ 24,698	\$ -	\$ 128	\$ 24,826
each additional \$1,000 (round-up)						0.263	0.000	0.000	\$ 97	\$ -	\$ -	\$ 97.13
\$200,001 to \$500,000												
first \$200,000						93.00	0.00	0.50	\$ 34,410	\$ -	\$ 128	\$ 34,538
each additional \$1,000 (round-up)						0.084	0.000	0.002	\$ 31	\$ -	\$ 0	\$ 31.57
\$500,001 to \$1,000,000												
first \$500,000						118.25	0.00	1.00	\$ 43,753	\$ -	\$ 256	\$ 44,009
each additional \$1,000 (round-up)						0.047	0.000	0.000	\$ 17	\$ -	\$ -	\$ 17.39
\$1,000,001 to \$5,000,000												
first \$1,000,000						141.75	0.00	1.00	\$ 52,448	\$ -	\$ 256	\$ 52,704
each additional \$1,000 (round-up)						0.013	0.000	0.000	\$ 5	\$ -	\$ -	\$ 4.69
\$5,000,000 and up												
first \$5,000,000						192.50	0.00	1.00	\$ 71,225	\$ -	\$ 256	\$ 71,481
each additional \$1,000 (round-up)						0.04	0.00	0.00	\$ 14	\$ -	\$ 0	\$ 14.30
Public Improvement - Inspection												
\$1 - \$100,000												
Any Valuation						87.50			\$ 32,375			\$ 32,375
\$100,001 to \$200,000												
first \$100,000						87.50			\$ 32,375			\$ 32,375
each additional \$1,000 (round-up)						0.54			\$ 200			\$ 199.80
\$200,001 to \$500,000												
first \$200,000						141.50			\$ 52,355			\$ 52,355
each additional \$1,000 (round-up)						0.517			\$ 191			\$ 191.17

\$500,001 to \$1,000,000											
first \$500,000	296.50	\$ 109,705	100%	\$ 73,488	49%	296.50			\$ 109,705		\$ 109,705
each additional \$1,000 (round-up)	0.46	\$ 169	100%	\$ 114	49%	0.458			\$ 169		\$ 169.46
\$1,000,001 to \$5,000,000											
first \$1,000,000	525.50	\$ 194,435	100%	\$ 130,248	49%	525.50			\$ 194,435		\$ 194,435
each additional \$1,000 (round-up)	0.07	\$ 27	100%	\$ 18	49%	0.073			\$ 27		\$ 27.10
\$5,000,000 and up											
first \$5,000,000	818.50	\$ 302,845	100%	\$ 202,869	49%	818.50			\$ 302,845		\$ 302,845
each additional \$1,000 (round-up)	0.16	\$ 61	100%	\$ 41	49%	0.16			\$ 61		\$ 60.57
Plan Revision (after approval of Public Improvement Plans)	3.00	\$ 1,110	100%	\$ 248	348%	3.00			\$ 1,110		\$ 1,110.00
Map Check											
Parcel Map	42.00	\$ 15,511	100%	\$ 9,401	65%	36.00	5.00	1.00	\$ 13,320	\$ 1,935	\$ 256 \$ 15,511
Tract Map/Subdivision Map (Service #149)	50.00	\$ 18,357	100%	\$ 11,107	65%	43.00	5.00	2.00	\$ 15,910	\$ 1,935	\$ 512 \$ 18,357
Certificate of Compliance - Lot Line Adjustment / Lot Merger	32.00	\$ 11,743	100%	\$ 7,408	59%	30.00	1.00	1.00	\$ 11,100	\$ 387	\$ 256 \$ 11,743
Parcel Map - Lot Line Adjustment / Lot Merger	34.50	\$ 12,685	100%	\$ 7,968	59%	31.50	2.00	1.00	\$ 11,655	\$ 774	\$ 256 \$ 12,685.00
Streets/Easements											
Public Easement Review	13.50	\$ 4,995	100%	\$ 3,347	49%	13.50			\$ 4,995		\$ 4,995.00
Street Vacation	43.50	\$ 16,095	100%	\$ 9,667	66%	43.50			\$ 16,095		\$ 16,095.00
Easement Abandonment	39.00	\$ 14,430	100%	\$ 9,667	49%	39.00			\$ 14,430		\$ 14,430.00
Reimbursement Agreement	21.50	\$ 7,955	100%	\$ 5,329	49%	21.50			\$ 7,955		\$ 7,955.00
FEMA Compliance											
Base Fee											
New Structure	4.75	\$ 1,701	100%	\$ 1,040	64%	4.25	0.00	0.50	\$ 1,573	\$ -	\$ 128 \$ 1,700.50
New Accessory Structure and New ADU	3.75	\$ 1,331	100%	\$ 791	68%	3.25	0.00	0.50	\$ 1,203	\$ -	\$ 128 \$ 1,330.50
Improvement of Existing Structure:											
Non-Substantial Improvement w/o Detailed Review	3.50	\$ 1,181	100%	\$ 592	99%	2.50	0.00	1.00	\$ 925	\$ -	\$ 256 \$ 1,181.00
Non-Substantial Improvement with Detailed Review	4.50	\$ 1,551	100%	\$ 839	85%	3.50	0.00	1.00	\$ 1,295	\$ -	\$ 256 \$ 1,551.00
Substantial Improvement (not Accessory Structure)	6.00	\$ 2,163	100%	\$ 1,349	60%	5.50	0.00	0.50	\$ 2,035	\$ -	\$ 128 \$ 2,163.00
Substantial Improvement of Accessory Structure/ADU	4.25	\$ 1,516	100%	\$ 916	65%	3.75	0.00	0.50	\$ 1,388	\$ -	\$ 128 \$ 1,515.50
Additional Review Fees											
Elevation Certificate Review	2.75	\$ 1,018	100%	\$ 682	49%	2.75			\$ 1,018		\$ 1,017.50
Flood Field Inspection	2.50	\$ 925	100%	\$ 620	49%	2.50			\$ 925		\$ 925.00
Flood Study Review with Valley Water Coordination	6.50	\$ 2,405	100%	\$ 1,611	49%	6.50			\$ 2,405		\$ 2,405.00
Review of CLOMR/CLOMR-F/LOMR/LOMR-F	4.00	\$ 1,480	100%	\$ 991	49%	4.00			\$ 1,480		\$ 1,480.00
Public Outreach for LOMR/LOMR-F	6.00	\$ 2,220	100%	\$ 1,487	49%	6.00			\$ 2,220		\$ 2,220.00
Review of BFE Determination for Zone A w/o a BFE or Zone D	2.00	\$ 740	100%	\$ 496	49%	2.00			\$ 740		\$ 740.00
Stormwater Runoff Management Plan Review											
Tier 1 Project	11.50	\$ 4,255	100%	\$ 2,850	49%	11.50			\$ 4,255		\$ 4,255.00

Tier 2 Project	34.00	\$ 12,580	100%	\$ 7,435	69%	34.00			\$ 12,580			\$ 12,580.00
Tier 3 Project	48.00	\$ 17,760	100%	\$ 10,658	67%	48.00			\$ 17,760			\$ 17,760.00
Tier 4 Project	54.00	\$ 19,980	100%	\$ 12,889	55%	54.00			\$ 19,980			\$ 19,980.00
Erosion & Sediment Control/Stormwater Pollution Prevention Plan (SWPPP) Review & Compliance												
Type 1 & Type 2 Projects:												
< 1 Acre in Soil Disturbance	2.25	\$ 833	100%	\$ 558	49%	2.25			\$ 833			\$ 832.50
1+ Acre in Soil Disturbance	3.75	\$ 1,388	100%	\$ 930	49%	3.75			\$ 1,388			\$ 1,387.50
Type 3 Projects	1.75	\$ 648	100%	\$ 435	49%	1.75			\$ 648			\$ 647.50
Type 4 Projects	1.25	\$ 463	100%	\$ 310	49%	1.25			\$ 463			\$ 462.50
Stormwater BMP Operations & Maintenance Agreement	9.00	\$ 3,330	100%	\$ 2,231	49%	9.00			\$ 3,330			\$ 3,330.00
Private Sanitary Sewer Agreement	11.50	\$ 4,255	100%	\$ 2,850	49%	11.50			\$ 4,255			\$ 4,255.00
Assessment District Reapportionment												
City Staff Only (Contractor Costs Additional)	18.00	\$ 6,660	100%	\$ 2,973	124%	18.00			\$ 6,660			\$ 6,660.00
Preliminary Review on Projects / Engineering Services	10.00	\$ 3,700	100%	\$ 2,478	49%	10.00			\$ 3,700			\$ 3,700.00
Additional Plan Review (after 3rd submittal)	1.00	\$ 370	100%	\$ 248	49%	1.00			\$ 370			\$ 370.00
Re-Inspection Fee	1.00	\$ 370	100%	\$ 248	49%	1.00			\$ 370			\$ 370.00
Complexity Fee	12.00	\$ 4,440	100%	\$ 2,973	49%	12.00			\$ 4,440			\$ 4,440.00
Agreement Extensions / Improvement Agreement Amendments												
With City Manager Approval	12.50	\$ 4,625	100%	\$ 3,099	49%	12.50			\$ 4,625			\$ 4,625.00
With City Council Approval	19.00	\$ 7,030	100%	\$ 4,709	49%	19.00			\$ 7,030			\$ 7,030.00
Preliminary Fee Estimate	1.50	\$ 555	100%	\$ 371	50%	1.50			\$ 555			\$ 555.00
GIS / Technology Fee		5% of Public Improvement Fee	100%	5% of Public Improvement Fee								

Notes

[1] Activity related to Public Improvement Plan Check & Inspection is based on the number of valuation increments, rather than number of projects.

City of Morgan Hill: Fund 206 Fee Analysis
FY 2024-2025

Planning Program Cost of Service

Planning Permit Program						Cost Recovery Analysis						Hours per Service Detail						Activity/Service Cost Analysis						
Permit Type						Hours per Service	Proposed Fee	Proposed % Cost Recovery	Current Fee	Proposed % Increase		PIng	Eng	Bldg	Fire	Housing	Police (Captain)	PIng	Eng	Bldg	Fire	Housing	Police (Captain)	Total
Agreements																		\$ 387	\$ 370	\$ 256	\$ 225	\$ 178	\$ 282	FBHR
Development Agreement, Non-Residential	60.00	\$ 23,220	100%	\$ 14,415	61%							60.00	0.00	0.00	0.00	0.00	0.00	\$ 23,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,220
Development Agreement, Residential	60.00	\$ 23,220	100%	\$ 14,415	61%							60.00	0.00	0.00	0.00	0.00	0.00	\$ 23,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,220
CC&Rs (Plus City Attorney Fees)	7.00	\$ 2,658	100%	\$ 1,250	113%							4.00	3.00	0.00	0.00	0.00	0.00	\$ 1,548	\$ 1,110	\$ -	\$ -	\$ -	\$ -	\$ 2,658
Other Agreements / Documents Review (Plus City Attorney Fees)	4.00	\$ 1,548	100%	\$ 505	207%							4.00	0.00	0.00	0.00	0.00	0.00	\$ 1,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,548
Appeals																								
Commision/Board Decision - Applicant Appeal	45.00	\$ 17,330	100%	\$ 8,960	93%							40.00	5.00	0.00	0.00	0.00	0.00	\$ 15,480	\$ 1,850	\$ -	\$ -	\$ -	\$ -	\$ 17,330
Commission/Board Decision - Public Appeal	45.00	\$ 600	3%	\$ 624	-4%							40.00	5.00	0.00	0.00	0.00	0.00	\$ 15,480	\$ 1,850	\$ -	\$ -	\$ -	\$ -	\$ 17,330
Staff Decision - Applicant Appeal	42.00	\$ 16,220	100%	\$ 7,329	121%							40.00	2.00	0.00	0.00	0.00	0.00	\$ 15,480	\$ 740	\$ -	\$ -	\$ -	\$ -	\$ 16,220
Staff Decision - Public Appeal	42.00	\$ 600	4%	\$ 624	-4%							40.00	2.00	0.00	0.00	0.00	0.00	\$ 15,480	\$ 740	\$ -	\$ -	\$ -	\$ -	\$ 16,220
Approval Amendments																								
Minor Amendment (per Code Section 17.20.190)	37.00	\$ 13,699	100%	\$ 7,651	79%							24.00	10.00	1.00	1.00	0.50	0.50	\$ 9,288	\$ 3,700	\$ 256	\$ 225	\$ 89	\$ 141	\$ 13,699
Major Approval Amendment (Non Admin - s/b Major)	80.00	\$ 29,737	100%	\$ 13,665	118%							55.00	19.00	2.00	2.00	1.00	1.00	\$ 21,285	\$ 7,030	\$ 512	\$ 450	\$ 178	\$ 282	\$ 29,737
Boundary Adjustments																								
Annexation City Process	334	Actual Cost	100%	\$ 26,491								320.00	8.00	2.00	2.00	1.00	1.00	\$ 123,840	\$ 2,960	\$ 512	\$ 450	\$ 178	\$ 282	\$ 128,222
Annexation LAFCO Process	220	\$ 85,140	100%	\$ 30,348	181%							220.00	0.00	0.00	0.00	0.00	0.00	\$ 85,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,140
Out of Agency Contract for Services	68.00	\$ 26,316	100%	\$ 10,559	149%							68.00	0.00	0.00	0.00	0.00	0.00	\$ 26,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,316
Urban Service Area Amendment City Process	328.00	Actual Cost	100%	\$ 16,399								320.00	8.00	0.00	0.00	0.00	0.00	\$ 123,840	\$ 2,960	\$ -	\$ -	\$ -	\$ -	\$ 126,800
Urban Service Area Amendment LAFCO Process	220.00	\$ 85,140	100%	\$ 30,348	181%							220.00	0.00	0.00	0.00	0.00	0.00	\$ 85,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,140
(Plus additional fees collected by LAFCO/Other agencies)																								
Design Permits																								
Landscape Plan Review Only	10.00	\$ 3,870	100%	\$ 2,528	53%							10.00	0.00	0.00	0.00	0.00	0.00	\$ 3,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,870
Non-Residential Design Permit (Major, >10,000 SF in floor area)	134.50	\$ 50,563	100%	\$ 18,767	169%							80.00	50.00	2.00	2.00	0.00	0.50	\$ 30,960	\$ 18,500	\$ 512	\$ 450	\$ -	\$ 141	\$ 50,563
Non-Residential Design Permit (Minor)	69.50	\$ 26,024	100%	\$ 10,316	152%							36.00	31.00	1.00	1.00	0.00	0.50	\$ 13,932	\$ 11,470	\$ 256	\$ 225	\$ -	\$ 141	\$ 26,024
Plan Detail Review (misc. site details, e.g., lighting, trash encl.)	8.00	\$ 3,096	100%	\$ 2,129	45%							8.00	0.00	0.00	0.00	0.00	0.00	\$ 3,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,096
Residential Design Permit - 6 units or less	67.50	\$ 25,160	100%	\$ 12,524	101%							40.00	24.00	1.00	1.00	1.00	0.50	\$ 15,480	\$ 8,880	\$ 256	\$ 225	\$ 178	\$ 141	\$ 25,160
Residential Design Permit - 7 units to 15 units	75.50	\$ 28,222	100%	\$ 15,528	82%							46.00	26.00	1.00	1.00	1.00	0.50	\$ 17,802	\$ 9,620	\$ 256	\$ 225	\$ 178	\$ 141	\$ 28,222
Residential Design Permit - 16 -50	142.00	\$ 52,910	100%	\$ 19,509	171%							80.00	55.00	2.00	2.00	2.00	1.00	\$ 30,960	\$ 20,350	\$ 512	\$ 450	\$ 356	\$ 282	\$ 52,910
Projects with horizontal subdivision: Each Additional 10 units	54.00	\$ 20,121	100%									40.00	10.00	1.00	1.00	1.00	1.00	\$ 15,480	\$ 3,700	\$ 256	\$ 225	\$ 178	\$ 282	\$ 20,121
Single-lot/condo projects: Each Additional 10 units	19.00	\$ 6,661	100%									10.00	5.00	1.00	1.00	1.00	1.00	\$ 3,870	\$ 1,850	\$ 256	\$ 225	\$ 178	\$ 282	\$ 6,661
Site Plan Only (no new square footage)	35.00	\$ 13,358		\$ 6,772	97%							24.00	11.00	0.00	0.00	0.00	0.00	\$ 9,288	\$ 4,070	\$ -	\$ -	\$ -	\$ -	\$ 13,358
Design Review (Preliminary Review)																								
(Includes one Planning Commission hearing)																								
Conceptual Plan Review (Staff)	40.00	\$ 14,737	100%	\$ 6,714	120%							28.00	8.00	1.00	1.00	1.00	1.00	\$ 10,836	\$ 2,960	\$ 256	\$ 225	\$ 178	\$ 282	\$ 14,737
PC	63.00	\$ 23,813	100%	\$ 10,682	123%							50.00	10.00	1.00	1.00	0.00	1.00	\$ 19,350	\$ 3,700	\$ 256	\$ 225	\$ -	\$ 282	\$ 23,813
Non-Residential (Minor) Preliminary Plan Review to PC	45.00	\$ 16,898	100%	\$ 7,410	128%							35.00	7.00	1.00	1.00	0.00	1.00	\$ 13,545	\$ 2,590	\$ 256	\$ 225	\$ -	\$ 282	\$ 16,898
Residential SB330 Preliminary Application Review (staff)	71.00	\$ 26,666	100%	\$ 13,654	95%							55.00	12.00	1.00	1.00	1.00	1.00	\$ 21,285	\$ 4,440	\$ 256	\$ 225	\$ 178	\$ 282	\$ 26,666
Residential - 6 units or less Preliminary Plan Review to PC	48.00	\$ 17,816	100%	\$ 8,090	120%							35.00	9.00	1.00	1.00	1.00	1.00	\$ 13,545	\$ 3,330	\$ 256	\$ 225	\$ 178	\$ 282	\$ 17,816
Residential - 7 units or more Preliminary Plan Review to PC	67.00	\$ 25,101	100%	\$ 11,611	116%							50.00	13.00	1.00	1.00	1.00	1.00	\$ 19,350	\$ 4,810	\$ 256	\$ 225	\$ 178	\$ 282	\$ 25,101
Projects with horizontal subdivision: Each Additional 10 units	35.00	\$ 12,836	100%									25.00	6.00	1.00	1.00	1.00	1.00	\$ 9,675	\$ 2,220	\$ 256	\$ 225	\$ 178	\$ 282	\$ 12,836
Single-lot/condo projects: Each Additional 10 units	13.00	\$ 4,373	100%									6.00	3.00	1.00	1.00	1.00	1.00	\$ 2,322	\$ 1,110	\$ 256	\$ 225	\$ 178	\$ 282	\$ 4,373
Environmental Review (CEQA)																								
Expanded Initial Study (Internal Prep)	172.00	\$ 66,360	100%	\$ 16,125	312%							160.00	12.00	0.00	0.00	0.00	0.00	\$ 61,920	\$ 4,440	\$ -	\$ -	\$ -	\$ -	\$ 66,360
Historic Assessments - Historical Consultant (Deposit)																								

Historic Assessments - Staff-level	42.00	\$ 16,084	100%	\$ 5,008	221%	32.00	10.00	0.00	0.00	0.00	0.00	\$ 12,384	\$ 3,700	\$ -	\$ -	\$ -	\$ -	\$ 16,084
Initial Environmental Assessment (Plus outside agency fees)	10.00	\$ 3,836	100%	\$ 2,271	69%	8.00	2.00	0.00	0.00	0.00	0.00	\$ 3,096	\$ 740	\$ -	\$ -	\$ -	\$ -	\$ 3,836
Mitigation Monitoring and Reporting Program (Long-term Mitigation Annual Monitoring)	5.00	\$ 1,935	100%	\$ 1,265	53%	5.00	0.00	0.00	0.00	0.00	0.00	\$ 1,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,935
SC County Habitat Plan Review	2.00	\$ 774	100%	\$ 505	53%	2.00	0.00	0.00	0.00	0.00	0.00	\$ 774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 774
Exceptions																		
Minor Exception	16.50	\$ 6,377	100%	\$ 3,222	98%	16.00	0.50	0.00	0.00	0.00	0.00	\$ 6,192	\$ 185	\$ -	\$ -	\$ -	\$ -	\$ 6,377
Variance	65.25	\$ 24,894	100%	\$ 10,831	130%	62.00	0.75	1.00	1.00	0.00	0.50	\$ 23,994	\$ 278	\$ 256	\$ 225	\$ -	\$ 141	\$ 24,894
Administrative Extension of Time for Approvals	17.00	\$ 6,579	100%	\$ 2,150	206%	17.00	0.00	0.00	0.00	0.00	0.00	\$ 6,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,579
Non Administrative Extension of Time for Approvals	32.00	\$ 12,384	100%	\$ 3,857	221%	32.00	0.00	0.00	0.00	0.00	0.00	\$ 12,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,384
General Plan Amendment																		
Land Use Diagram Amendment	128.00	\$ 49,400	100%	\$ 17,789	178%	120.00	8.00	0.00	0.00	0.00	0.00	\$ 46,440	\$ 2,960	\$ -	\$ -	\$ -	\$ -	\$ 49,400
Text Amendment	88.00	\$ 33,920	100%	\$ 10,077	237%	80.00	8.00	0.00	0.00	0.00	0.00	\$ 30,960	\$ 2,960	\$ -	\$ -	\$ -	\$ -	\$ 33,920
Historic/Cultural Resources																		
Alteration-Minor - per 18.60.070B2a under \$10,000 valuation (plus additional fees if Planning Commission hearing is required)	3.00	\$ 1,161	100%	\$ 380	206%	3.00	0.00	0.00	0.00	0.00	0.00	\$ 1,161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,161
Alteration-Major - per Section 18.60.070B2b \$10,000+ valuation (plus additional fees if Planning Commission hearing is required)	35.00	\$ 13,545	100%	\$ 5,438	149%	35.00	0.00	0.00	0.00	0.00	0.00	\$ 13,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,545
Demolition or Relocation (Formerly Alteration)	38.00	\$ 14,655	100%	\$ 6,182	137%	35.00	3.00	0.00	0.00	0.00	0.00	\$ 13,545	\$ 1,110	\$ -	\$ -	\$ -	\$ -	\$ 14,655
Designation	32.00	\$ 12,384	100%	\$ 8,092	53%	32.00	0.00	0.00	0.00	0.00	0.00	\$ 12,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,384
Miscellaneous																		
Residential Private Livestock Permit	9.00	\$ 1,045	100%	\$ 873	20%	9.00	0.00	0.00	0.00	0.00	0.00	\$ 3,483	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,483
Reversion to Acreage Processing	12.50	\$ 4,838	100%	\$ 3,162	53%	12.50	0.00	0.00	0.00	0.00	0.00	\$ 4,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,838
Transfer of Development Credit (Per Hillside Combining District - 18.44 MHMC)	42.00	\$ 16,254	100%	\$ 8,978	81%	42.00	0.00	0.00	0.00	0.00	0.00	\$ 16,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,254
Williamson Act Cancelation	80.00	\$ 30,960	100%	\$ 12,140	155%	80.00	0.00	0.00	0.00	0.00	0.00	\$ 30,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,960
Williamson Act New Contract	45.00	\$ 17,415	100%	\$ 6,576	165%	45.00	0.00	0.00	0.00	0.00	0.00	\$ 17,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,415
Williamson Act Non-Renewal	20.00	\$ 7,740	100%	\$ 1,012	665%	20.00	0.00	0.00	0.00	0.00	0.00	\$ 7,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,740
Sign Review																		
Alteration to Existing Sign (Limited Scope)	0.75	\$ 290	100%	\$ 189	54%	0.75	0.00	0.00	0.00	0.00	0.00	\$ 290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290
Sign Review Over the Counter - Copy Change	1.00	\$ 387	100%	\$ 253	53%	1.00	0.00	0.00	0.00	0.00	0.00	\$ 387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387
New Sign Permit - First Sign	1.50	\$ 581	100%	\$ 380	53%	1.50	0.00	0.00	0.00	0.00	0.00	\$ 581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 581
Each additional Sign	0.50	\$ 194	100%	\$ 126	54%	0.50	0.00	0.00	0.00	0.00	0.00	\$ 194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194
New Sign within a Master Sign Program	0.75	\$ 290	100%	\$ 189	54%	0.75	0.00	0.00	0.00	0.00	0.00	\$ 290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290
Subdivision/Real Estate Tract Signs (on and/or off-site)	3.00	\$ 1,161	100%	\$ 758	53%	3.00	0.00	0.00	0.00	0.00	0.00	\$ 1,161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,161
Temporary/Promotional Signs	0.75	\$ 290	100%	\$ 63	361%	0.75	0.00	0.00	0.00	0.00	0.00	\$ 290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290
Uniform Sign Program	28.00	\$ 10,836	100%	\$ 3,668	195%	28.00	0.00	0.00	0.00	0.00	0.00	\$ 10,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,836
Subdivision																		
Tentative Parcel Map Review - 4 lots or less	31.00	\$ 11,878	100%	\$ 7,299	63%	24.00	7.00	0.00	0.00	0.00	0.00	\$ 9,288	\$ 2,590	\$ -	\$ -	\$ -	\$ -	\$ 11,878
Tentative Subdivision Map Review (5-15 lots)	41.00	\$ 15,646	100%	\$ 9,797	60%	28.00	13.00	0.00	0.00	0.00	0.00	\$ 10,836	\$ 4,810	\$ -	\$ -	\$ -	\$ -	\$ 15,646
Tentative Subdivision Map Review (16-25 lots)	51.00	\$ 19,482	100%	\$ 12,317	58%	36.00	15.00	0.00	0.00	0.00	0.00	\$ 13,932	\$ 5,550	\$ -	\$ -	\$ -	\$ -	\$ 19,482
Tentative Subdivision Map Review (26+ Lots per each 25 lots)	63.00	\$ 24,058	100%	\$ 15,331	57%	44.00	19.00	0.00	0.00	0.00	0.00	\$ 17,028	\$ 7,030	\$ -	\$ -	\$ -	\$ -	\$ 24,058
Tree Removals																		
Tree Removal Permit	8.00	\$ 124	4%	\$ 125	-1%	8.00	0.00	0.00	0.00	0.00	0.00	\$ 3,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,096
Use Permits																		
Administrative Use Permit	45.00	\$ 8,449	50%	\$ 7,682	10%	38.00	4.00	1.00	1.00	0.50	0.50	\$ 14,706	\$ 1,480	\$ 256	\$ 225	\$ 89	\$ 141	\$ 16,897
Conditional Use Permit - New Construction	71.00	\$ 26,666	100%	\$ 12,168	119%	62.00	4.00	2.00	2.00	0.50	0.50	\$ 23,994	\$ 1,480	\$ 512	\$ 450	\$ 89	\$ 141	\$ 26,666
Conditional Use Permit - No New Construction	69.00	\$ 25,926	100%	\$ 11,672	122%	62.00	2.00	2.00	2.00	0.50	0.50	\$ 23,994	\$ 740	\$ 512	\$ 450	\$ 89	\$ 141	\$ 25,926
Temporary Use Permit	36.50	\$ 13,644	100%	\$ 6,178	121%	26.00	8.00	1.00	1.00	0.00	0.50	\$ 10,062	\$ 2,960	\$ 256	\$ 225	\$ -	\$ 141	\$ 13,644
Temporary Use Permit (Non-Profit)	29.50	\$ 101	1%	\$ 100	1%	26.00	1.00	1.00	1.00	0.00	0.50	\$ 10,062	\$ 370	\$ 256	\$ 225	\$ -	\$ 141	\$ 11,054
Temporary Use Permit Amendment	18.50	\$ 3,399	50%	\$ 3,304	3%	15.00	1.00	1.00	1.00	0.00	0.50	\$ 5,805	\$ 370	\$ 256	\$ 225	\$ -	\$ 141	\$ 6,797
Zoning Requests (Includes one PC and one CC Hearing)																		

Planned Development	138.00	\$ 52,871	100%	\$ 18,046	193%	130.00	5.00	1.00	1.00	0.50	0.50	\$ 50,310	\$ 1,850	\$ 256	\$ 225	\$ 89	\$ 141	\$ 52,871
Residential Planned Development Review	136.50	\$ 52,220	100%	\$ 17,644	196%	130.00	3.00	1.00	1.00	1.00	0.50	\$ 50,310	\$ 1,110	\$ 256	\$ 225	\$ 178	\$ 141	\$ 52,220
Residential Planned Development (concurrent with subdivision)	118.00	\$ 45,615	100%	\$ 11,112	311%	115.00	3.00	0.00	0.00	0.00	0.00	\$ 44,505	\$ 1,110	\$ -	\$ -	\$ -	\$ -	\$ 45,615
Zoning Map Amendment Review	124.00	\$ 47,920	100%	\$ 11,877	303%	120.00	4.00	0.00	0.00	0.00	0.00	\$ 46,440	\$ 1,480	\$ -	\$ -	\$ -	\$ -	\$ 47,920
Zoning Map Amendment Review (concurrent with GPA or ANX)	62.00	\$ 23,960	100%	\$ 9,600	150%	60.00	2.00	0.00	0.00	0.00	0.00	\$ 23,220	\$ 740	\$ -	\$ -	\$ -	\$ -	\$ 23,960
Zoning Text Amendment Review	82.00	\$ 31,700	100%	\$ 12,635	151%	80.00	2.00	0.00	0.00	0.00	0.00	\$ 30,960	\$ 740	\$ -	\$ -	\$ -	\$ -	\$ 31,700
Zoning Confirmation Letter (designation only, additional info: T&M)	2.00	\$ 774	100%	\$ 1,644	-53%	2.00	0.00	0.00	0.00	0.00	0.00	\$ 774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 774
Fees for Additional Services																		
City Council Meeting / Additional Meeting	8.00	\$ 3,062	100%	\$ 2,266	35%	6.00	2.00	0.00	0.00	0.00	0.00	\$ 2,322	\$ 740	\$ -	\$ -	\$ -	\$ -	\$ 3,062
LAFCO Meeting / Additional Meeting	6.00	\$ 2,322	100%	\$ 1,770	31%	6.00	0.00	0.00	0.00	0.00	0.00	\$ 2,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,322
Planning Commission Meeting / Additional Meeting	8.00	\$ 3,062	100%	\$ 2,393	28%	6.00	2.00	0.00	0.00	0.00	0.00	\$ 2,322	\$ 740	\$ -	\$ -	\$ -	\$ -	\$ 3,062
Planning Consultation (Hourly)	1.00	\$ 387	100%	\$ 253	53%	1.00	0.00	0.00	0.00	0.00	0.00	\$ 387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387

Item # 8

AGENDA DATE: 09/04/2024

SUPPLEMENT # 1

From: Christina Turner

To: Michelle Bigelow

Subject: Wednesday, September 4, 2024 City Council Meeting Questions

Supplement for Item 8 - ADOPT RESOLUTION TO ESTABLISH NEW AND UPDATED FEES FOR PLANNING, BUILDING, AND LAND DEVELOPMENT ENGINEERING

Date: Tuesday, September 3, 2024

Staff Report:

Proposed Change to FBHR	2024 Current	2024 Proposed	% Increase
Planning	\$253	\$387	53%
Engineering Land Development	\$248	\$370	49%
Building / Fire	\$234	\$256	9%

Question: Can you give a quick example of why the 53% increase, in numbers please.

Response: The largest factor causing the increase in Planning FBHR is the decision to move more of the cost of public information into the permit program. Other factors, such as increased administrative overhead, loss of frontline staff, and increased employee and overhead costs also contributed to the increase in FBHR. The full calculation for all divisions is on Page 24 of Exhibit A.



Item # 8
AGENDA DATE: 09/04/2024
SUPPLEMENT # 2

September 3, 2024

Mayor Mark Turner and City Councilmembers
City of Morgan Hill
TRANSMITTED VIA EMAIL

RE: Council Meeting 9.4.24 Agenda Item 8. ADOPT RESOLUTION TO ESTABLISH NEW AND UPDATED FEES FOR PLANNING, BUILDING, AND LAND DEVELOPMENT ENGINEERING

Dear Mayor Turner and Councilmembers,

BIA Bay Area, representing hundreds of home builders and related industry throughout the Bay Area, respectfully objects to the Staff recommendation to raise Development Services Fees by 53% in adherence with the August 16, 2024 Development Services Fund 206 Analysis Report (Report).

Because BIA Bay Area has timely filed a "Request for Fee Notification" with the Morgan Hill City Clerk, the City therefore has not complied with State Law with regard to written notification of the September 4, 2024 hearing. Consequently, the City Council should postpone hearing or action on this issue until proper notification in writing has taken place. BIA has also advised the City Clerk, the City Attorney, and the City Manager of this discrepancy.

BIA expects the City Council to adopt higher planning and building fees from time to time to support the development services enterprise fund. However, BIA and our members are seeking a fair fee structure, a longer-term predictable phasing plan and a timeline that would allow fee increases to become seamlessly incorporated into residual land values. Annual inflationary fee adjustments are anticipated, but repetitive fee studies over 7 years with huge fee increases plus annual inflationary increases is excessive and should be cause for concern and challenge from the building industry.

At the very least, the City Council should justify these massive fee increases by demanding more efficient, faster, and accountable development services. The City has a well-earned reputation for slow development service and building processes. Instead, the City proposes to significantly raise the cost of doing business while offering no improvements in service delivery.

Before enacting fees increases, BIA strongly encourages the City Council to direct that Staff return with concrete proposals to improve service with measurable goals and results. Higher fees should come with a promise from the City of more efficient and accountable city services and processes.

High fees are recognized in the City's Housing Element as a constraint on the development of housing of all types and levels and a major concern that must be analyzed and mitigated. Many of the potential fee increases identified in the Study are hefty increases on a percentage basis. Fee increases of up to 120% to reach full cost recovery are extremely concerning.

BIA did participate in a virtual stakeholder meeting on August 14, 2024. At BIA's insistence, this meeting was recorded so that the City and the public would have a record of comments. We ask that the recording of that meeting be preserved.

Since the August 14th meeting, Staff has made no effort to answer or respond to any of the points that BIA raised. Moreover, the Staff memo brushes over the urgency of BIA concerns, burying a synopsis of these remarks on page 21 of the Report. For the edification of the City Council, here are concerns, comments, and questions that BIA raised at that August 14th meeting:

- Inadequate outreach to Stakeholders – BIA builder members developing in Morgan Hill report that no outreach occurred to them. They learned of this fee increase through BIA's weekly association newsletter published Monday August 12. We ask that you check your stakeholder outreach rolls and update to include all home builders working in Morgan Hill.
- Inflated Fully Burdened Hourly Rate – The Report proposes FBHR increases of 53% for Planning and 49% for Engineering Land Development, two fees that affect our member home builders directly. These FBHR increases lead to very significant service fee increases of 120% average increase in planning fees, 57% increase in engineering and 92% in plan check.
- Multiple fee increases over short time period – This is the third development services study and commensurate increase in fees in the last seven years, not including annual inflationary adjustments, i.e., 2017, 2021, 2024. Most Cities do these major adjustments once every five to 10 years, not every 3 years. It defies logic that the costs of providing development services should increase up to 140% in 3 years.
- Massive increase in Development Services budget with no service improvement - Planning revenue more than doubles and other development services like engineering land development also propose significant revenue increases. The City proposes a total Fund 206 fee revenue increase of 64% with no corresponding improvement in delivery of service.
- More analysis needed - The Report points to the prior two Fee Studies in 2017 and 2021. We recommend an analysis of major components of the FBHR compared with the results of the last two studies so that the home building and construction industry, the City Council and the public can better understand why the costs of providing basic services to business and development is escalating at an outrageous rate.
- Annual inflationary rate not included - The report states that the City enacted annual fee increases based on a "generic inflationary rate". What has that rate increase been annually and cumulatively since the development services fee increases in 2017? How will the annual inflationary rate affect fee increases over the next 3 years?
- Significant adjustment in public information labor hours – The report proposes that the allocation of time to provide information to applicants and the public has increased 500%. Some of the cost of time providing additional information to permit applicants is justified but the counter service is also a public benefit and must be subsidized by the General Fund.
- Additional time to comply with State Law - The assertion that the City should charge home builders for spending more time to comply with State Laws like SB 330 and requirements from the Department of Housing and Community Development is inexplicable. A \$26,660 SB 330 fee seems extremely high.
- The Housing Accountability Act and other recent housing laws streamline many processes in City planning approvals, objective design standards and alleviating long approval timelines. Limits are now in place on the number of community meetings, hearings, and other time-consuming steps

that the City used to enforce through the RDCS. If anything, SB 330 and other recent State housing law should have imposed **time savings** for the City and for applicants.

- Inadequate Sampling of Labor Hours – A two-week study of time devoted to responding to the public or applicants is wholly inadequate. Between the last report in 2021 and this Report, the City had ample time to develop a more accurate method for measuring labor hours rather than relying on a two week period
- Productive hours – Please explain how the reduction in staff has led to higher fees? The explanation in the Report seems to be saying “we had two people we were paying to do this job, but now we only have one, so we’re going to double your fee”.
- Productive hours - The Report indicates that a loss of productive hours has occurred due to the reassignment of staff hours to the City’s Capital Improvement Program leading to a higher FBHR. It seems unfair that development should be shouldering the labor reassignment to CIP and the FBHR should be adjusted accordingly.
- Citywide overhead – please explain the detailed makeup of this component and why has it increased so much?
- General Fund responsibilities - The cost of producing the General Plan, Housing Element or other regulatory interactions required by HCD of the City should not be born solely by development but by the City’s General Fund as this is a function and requirement of the City and not of development projects per se.
- Phased implementation unclear - Near the end of the study is a perfunctory mention of a “Phased Implementation”, but the language is confusing. Please clarify, because if the City plans to produce another study in three years to attempt to justify another major fee increase then it would seem that a phased implementation would run up against that timeline.
- Housing Element “Constraints” amendment - The City’s Housing Element was certified in December 2023 with the current fee structure in place. Should this fee increase be adopted, BIA would expect the City to amend the Housing Element to reflect the greater constraint to the production of housing that these fees would impose.
- Requested delay to further analyze - BIA asks for flexibility in this schedule to have the time and opportunity to potentially commission a peer review of the study and the proposed fees.

BIA supports phasing fee increases into at least 4 steps with no more than 25% of the increase effective on January 1, 2025, 25% should then go into effect no earlier than July 1, 2025. The remaining 50% should be divided over the next two fiscal years. This would provide a workable timeline for land deals to amortize the fee increases. All phased increases should hinge on delivery of improved development service plans.

BIA Bay Area looks forward to working with the City of Morgan Hill on development issues. Thank you for your attention to these concerns.

Yours truly,

Dennis Martin
BIA Bay Area

Item # 8

AGENDA DATE: 09/04/2024

SUPPLEMENT # 3

From: [Christina Turner](#)
To: [CityClerk](#)
Cc: [Donald Larkin](#)
Subject: Fwd: [EXTERNAL] Failure to Properly Notify BIA Bay Area; City Council 9.4.24 Item 8. ADOPT RESOLUTION TO ESTABLISH NEW AND UPDATED FEES FOR PLANNING, BUILDING, AND LAND DEVELOPMENT ENGINEERING
Date: Wednesday, September 4, 2024 1:13:04 PM

Please supplement.

Begin forwarded message:

From: Donald Larkin <Donald.Larkin@morganhill.ca.gov>
Date: September 4, 2024 at 11:44:52 AM PDT
To: dmartin@biabayarea.com
Cc: Jennifer Carman <Jennifer.Carman@morganhill.ca.gov>, Edith Ramirez <Edith.Ramirez@morganhill.ca.gov>, Christina Turner <Christina.Turner@morganhill.ca.gov>, CityClerk <clerk@morganhill.ca.gov>
Subject: Re: [EXTERNAL] Failure to Properly Notify BIA Bay Area; City Council 9.4.24 Item 8. ADOPT RESOLUTION TO ESTABLISH NEW AND UPDATED FEES FOR PLANNING, BUILDING, AND LAND DEVELOPMENT ENGINEERING

Dear Mr. Martin,

The City Clerk's Office has no record of receiving a request for notice from the you (or anyone at the BIA). However, regardless of whether there was a request, the BIA was provided with notice. On August 6, 2024 we provided notice of the September 4 meeting date as well as the invitation to the outreach meetings (one of which you attended). The materials were included as part of that notice.

I would note that your e-mail below suggests that your request was under section 66013, which applies to notices of proposed increases to water and sewer rates. Water and sewer are not under consideration at the meeting tonight.

Regards,

Donald A. Larkin
City Attorney
City of Morgan Hill
Tel: (408) 778-3490
Email: donald.larkin@morganhill.ca.gov

This e-mail may contain confidential and/or attorney-client privileged material. If you have received this message in error, please immediately notify the sender and

delete this e-mail message from your computer.

From: Dennis Martin <dmartin@biabayarea.org>
Sent: Friday, August 30, 2024 3:45 PM
To: CityClerk <clerk@morganhill.ca.gov>; City Manager <CityManager@morganhill.ca.gov>
Cc: Jennifer Carman <Jennifer.Carman@morganhill.ca.gov>; Edith Ramirez <Edith.Ramirez@morganhill.ca.gov>
Subject: [EXTERNAL] Failure to Properly Notify BIA Bay Area; City Council 9.4.24 Item 8. ADOPT RESOLUTION TO ESTABLISH NEW AND UPDATED FEES FOR PLANNING, BUILDING, AND LAND DEVELOPMENT ENGINEERING

Greetings City Clerk;

This message is to notify you that the City of Morgan Hill (City) has not properly notified BIA Bay Area of this fee increase as required under State Law. BIA respectfully requests that the City postpone any hearing or action on this matter until such time as proper notification is distributed by the City and received by BIA Bay Area.

On January 10, 2024, BIA Bay Area filed a Request for Notification of Fee Increase with the Morgan Hill City Clerk. Under State law, this request requires the City to notify BIA Bay Area in writing 14 days prior to the meeting during which levying a new or modified fee or service charge is being considered.

Here is the content of the message that BIA sent to the City Clerk:

The Building Industry Association of the Bay Area (BIA) hereby requests notice of any action to adopt or increase a fee or charge as described in Gov't Code 66013.

Please send all notices via email to: feenotices@biabayarea.org

66016 (a) Prior to levying a new fee or service charge, or prior to approving an increase in an existing fee or service charge, a local agency shall hold at least one open and public meeting, at which oral or written presentations can be made, as part of a regularly scheduled meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that the data required by this section is available, shall be mailed at least 14 days prior to the meeting to any interested party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service.

At least 10 days prior to the meeting, the local agency shall make available to the public data indicating the amount of cost, or estimated cost, required to provide the service for which the fee or service charge is levied and the revenue sources anticipated to provide the service, including General Fund revenues...

66019(b) If a city, county, or city and county receives a request for mailed notice pursuant to this section, or a local agency receives a request for mailed notice pursuant to Section 66016, the city, county, or city and county or other local agency may provide the notice via electronic mail for those who specifically request electronic mail notification. A city, county, city or county, or other local agency that provides electronic mail notification pursuant to this subdivision shall send the electronic mail notification to the electronic mail address indicated in the request. The electronic mail notification authorized by this subdivision shall operate as an alternative to the mailed notice required by this section.

Thank you for your attention to this matter.

--

Dennis Martin

BIA | Bay Area



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.



Development Services Fees



October 23, 2024

Item 10
Page 222 of 554

Introduction

Development Services Fund 206

- Building
- Land Development Engineering
- Planning

100% Cost Recovery Fee Model

- Based upon cost of service delivery
- Reasonable and equitable
- Uphold statutory requirements
- Align with industry standards
- City Council goal to limit General Fund impacts

Background



Most Recent Fee Studies

- Planning and Engineering Land Development – 2021
- Building – 2017

Changes since prior studies

- Team staffing
- What and how services are provided (e.g., suspension of RDCS)
- Increased administrative burdens (State law compliance)
- Personnel cost

Considerations

- Cost Recovery Target %
- Fully Burdened Hourly Rate (FBHR)
- Hours per Service

Cost to issue permit =

FBHR x Hours per Service x Cost Recovery Target %

Considerations- Cost Recovery Target %

Updated 100% Cost Recovery Fees

- Reduce impact to City's General Fund
- Promote long-term sustainability for Development Services
- More accurately reflect the actual cost of services
- Allow improved service delivery
- Limited exceptions (tree removals, appeals, etc.)

Considerations-

Cost Recovery Target %

Cost Recovery Targets for Public Information
(Counter and other customer services)

Division	Current Percentage	Proposed Percentage
Planning	10%	50%
Land Development Engineering	30%	100%
Building	10%	100%

Considerations- FBHR

Fully Burdened Hourly Rate (FBHR)

Full cost for one hour of productive work available for review and issuance of a permit

Includes Proportional Allocation of:

- Salary
- Benefits
- Administrative time
- Materials and supplies
- Overhead
- **Public information**

Changes Affecting FBHR

- Team composition
- Productive vs. administrative hours
- Recovery of public information costs
- Citywide overhead

Considerations – FBHR

Calculation of Fully Burdened Hourly Rate (FBHR)

Division	2024 Current	2024 Proposed	Increase
Planning	\$253	\$387	53%
Engineering Land Development	\$248	\$370	49%
Building	\$234	\$256	9%

Considerations- Hours per Service

- Reviewed and updated hours per service
- Based on prior experience
- Accounts for all aspects of permit processing, including permit review, public hearings, and interactions related to permit
- Adjusted to reflect current permit procedures as consistent with new state law

Results

Average proposed fee increase by program

Permit Type	Unweighted	Weighted
Planning	119%	131%
Engineering Land Development	62%	51%
Building Permits	27%	33%
Building Plan Check	110%	92%
Building – Mechanical	9%	9%
Building – Electrical	8%	9%
Building – Plumbing	9%	9%
Fire	40%	14%

New or Modified Tiered Fees



- Modified multiplier on “Design Review 25 units or more” permits
- Limited time SB330 Preliminary Application
- Modified multiplier on “Subdivision 25 lots or more”

Outreach

- Two outreach meetings
 - In person – August 13, 2024
 - Via Zoom – August 14, 2024
- Received letters and email communications
- Concerns expressed over “impact fees”

Recommendation



Recommend adoption of
proposed fee schedule
(Exhibit A)

Development Services Fees



Questions and Discussion

From: [No Reply](#)
To: [CC Public Comment](#)
Subject: Public Comment Submission
Date: Wednesday, September 4, 2024 8:07:11 PM

Submitted by: Dennis Martin
Email Address: dmartin@biabayarea.org

Commented on event: <https://morganhillca.portal.civicclerk.com/event/886/overview>
If you are having trouble viewing the URL above, cut and paste the string into your browser window.

User comment: Comments to Morgan Hill City Council 9.4.24 Item 8 Development Services Fees Good evening Mayor Turner and City Councilmembers, Dennis Martin, speaking on behalf of BIA Bay Area. I call your attention to the BIA comment letter submitted yesterday. In it BIA raises several objections to the Fund 206 Analysis, including the methodology for calculating the Fully Burdened Hourly Rate, the City's alarming escalation of Development Services Fees, and the inadequate noticing and outreach to BIA and the development community working in Morgan Hill. The City is proposing yet another major Development Services fee increase, the third in six years, on top of annual fee increases. Yet the City proposes no corresponding plan on improving service, or even on how to be held accountable and measurable. Admittedly, developers often complain about slow service and other obstacles in home building, but they particularly single out Morgan Hill for having some of the slowest and most complicated processes in the Bay Area. BIA has submitted a significant number of questions, concerns and comments to which we have received virtually no response. Our association members builders working in Morgan Hill deserve better respect and engagement. We respectfully request a delay in any action on this issue to allow time for BIA to complete a peer review and submit it to the City. Thank you.



October 14, 2024

Mr. Martin,

The City of Morgan Hill reviewed your detailed list of questions submitted prior to the September 4 City Council meeting. Point by point responses are included below:

Inadequate outreach to Stakeholders – BIA builder members developing in Morgan Hill report that no outreach occurred to them. They learned of this fee increase through BIA's weekly association newsletter published Monday August 12. We ask that you check your stakeholder outreach rolls and update to include all home builders working in Morgan Hill.

Response: City sent an email communication to every developer currently working in Morgan Hill as well as past housing developers and other companies that have inquired. We appreciate BIA's engagement and your efforts to communicate with the building/development industry. We are continuously looking to update our builder/developer list, please provide us with any companies you want us to include in future mailings.

Inflated Fully Burdened Hourly Rate – The Report proposes FBHR increases of 53% for Planning and 49% for Engineering Land Development, two fees that affect our member home builders directly. These FBHR increases lead to very significant service fee increases of 120% average increase in planning fees, 57% increase in engineering and 92% in plan check.

Response: The FBHR is not inflated but was calculated using standard methodology and reflects the City's intent of a 100% cost recovery approach to the permit program. The calculations for the FBHR are provided and explained in the Fee Analysis.

Multiple fee increases over short time period – This is the third development services study and commensurate increase in fees in the last seven years, not including annual inflationary adjustments, i.e., 2017, 2021, 2024. Most Cities do these major adjustments once every five to 10 years, not every 3 years. It defies logic that the costs of providing development services should increase up to 140% in 3 years.

Response: There is no set time period for fee studies and some cities conduct them on an annual basis. More frequent analysis will result in a more accurate alignment of fees and actual costs. Factors that affect the cost of service delivery can change in any given year. In this case, the City experienced changes in staffing, permit procedures, overhead costs, salary costs and administrative obligations during the interval since the last fee study, all of which warranted a new analysis.

2017 – based on RDCS

2021 – first review under new housing laws and end of RDCS

2024 – refined based on 3 years of processing under new housing laws

Massive increase in Development Services budget with no service improvement - Planning revenue more than doubles and other development services like engineering land development also propose significant revenue increases. The City proposes a total Fund 206 fee revenue increase of 64% with no corresponding improvement in delivery of service.

Response: This review accounts for ALL the time spent on application, from the initial contact to the certificate of occupancy. Every point of contact is included in the processing time calculation. This was not done in the past and combined with a higher FBHR and an increased permit intake based on public counter communication, results in increased fees.

The fee analysis does not alter the Development Services budget, but will reduce the need for General Fund subsidy. The budget is set each year through the City's Operating Budget and is separate from this analysis.

More analysis needed - The Report points to the prior two Fee Studies in 2017 and 2021. We recommend an analysis of major components of the FBHR compared with the results of the last two studies so that the home building and construction industry, the City Council and the public can better understand why the costs of providing basic services to business and development is escalating at an outrageous rate.

Response: The full calculation for the FBHR is provided in Analysis so that it is possible to identify the contributing factors. Staff compared with the prior studies to better understand which factors had changed the most since the prior fee studies and the results of this were provided in the Analysis. As discussed, for Planning, the decision to assign 50% of public information/counter activity to the fee program was the most significant factor in the increase to the FBHR. However, changes in increased administrative work, a decrease in front-line staffing, and general increases to salary and overhead costs all contribute to the increase to the FBHR.

Annual inflationary rate not included - The report states that the City enacted annual fee increases based on a "generic inflationary rate". What has that rate increase been annually and cumulatively since the development services fee increases in 2017? How will the annual inflationary rate affect fee increases over the next 3 years?

Response: As set forth in the Resolution 6503, adopted January 18, 2012, the City applies Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers for the San Francisco, Oakland and San Jose Area annually, except those fees that have been recently increased by Council action within 12 months. Below is the annual CPI for Urban Wage Earners and Clerical Workers for the San Francisco, Oakland and San Jose Area since 2017.

Year	CPI	
2017	3.70%	Note 1
2018	3.40%	Note 1
2019	3.70%	
2020	0.70%	
2021	4.10%	
2022	6.50%	Note 2
2023	3.60%	
2024	4.00%	

Note 1 - 2017 Fee Study was phased in over two years. CPI was not applied.

Note 2 - 2021 Fee Study implemented. CPI was not applied.

Significant adjustment in public information labor hours – The report proposes that the allocation of time to provide information to applicants and the public has increased 500%. Some of the cost of time providing additional information to permit applicants is justified but the counter service is also a public benefit and must be subsidized by the General Fund.

If counter services results in an application that needs to be accounted for as part of the fee. Under Land Development and Building, there is virtually no interaction at the counter that is not connected to an actual permit. That time needs to be accounted for in order to be 100% cost recovery.

Response: The number of hours allocated for public service are based on actual staffing time. Staff recorded counter activity for two weeks and found that greater than 50% of the public information activity was permit related, but not currently accounted for in permit fees. The proposed fee increases account for this time.

Additional time to comply with State Law - The assertion that the City should charge home builders for spending more time to comply with State Laws like SB 330 and requirements from the Department of Housing and Community Development is inexplicable. A \$26,660 SB 330 fee seems extremely high.

Response: Based on feedback from HCD and confirmed by your statement, staff has proposed tiering the SB330 fee. The new fee will be based on a three (3) hour review that meets State requirements rather than the typical preliminary review process with extensive feedback provided to the applicant. The existing fees account for a multi-department review of a preliminary application and a meeting with the entire city team that has input into the project. Staff has found that the opportunities to point out red flags for applicants not only result in better and safer projects but also prevent the applicant from hitting the 20% change that would result in losing the vesting right proposed by an SB330 Preliminary Application.

The Housing Accountability Act and other recent housing laws streamline many processes in City planning approvals, objective design standards and alleviating long approval timelines. Limits are now in place on the number of community meetings, hearings, and other time-consuming steps through the RDCS. If anything, SB 330 and other recent State housing law should have imposed **time savings** for the City and for applicants.

Response: With the exception of the RDCS, Morgan Hill permitting processes were generally already streamlined and thus not affected in this manner. At the same time the State law creates new procedures that add to the complexity of the permitting process and additional reporting requirements, particularly related to the Housing Element, which must be borne by the permitting program.

The City complies with all new California housing laws. All applications processed since SB330 have followed the prescribed timelines except in cases where an applicant requested an extension. The SB330 process actually provides for up to 11 months for an applicant to move through the process should they file a Preliminary Application – this is without the additional CEQA timeline.

Inadequate Sampling of Labor Hours – A two-week study of time devoted to responding to the public or applicants is wholly inadequate. Between the last report in 2021 and this Report, the City had ample time to develop a more accurate method for measuring labor hours rather than relying on a two week period

Prior fee studies did not involve any data collection but rather just assumed a 10% cost recovery for public information. Staff who work in this role are confident that at least 50% of their work is permit related, as was supported by the data. Other jurisdictions use between 50% and 100% cost recovery for public information.

Productive hours – Please explain how the reduction in staff has led to higher fees? The explanation in the Report seems to be saying “we had two people we were paying to do this job, but now we only have one, so we’re going to double your fee”.

Response: The number and type of positions affect the fee schedule. Previously the City had more staff who were dedicated to working on permits, so that overhead costs could be distributed over a greater number of productive hours. With the reduction of frontline staff, administrative activity and overhead costs are increased for the remaining staff. At the same time, administrative activities have increased.

Productive hours - The Report indicates that a loss of productive hours has occurred due to the reassignment of staff hours to the City’s Capital Improvement Program leading to a higher FBHR. It seems unfair that development should be shouldering the labor reassignment to CIP and the FBHR should be adjusted accordingly.

Response: The permit program does not support CIP work. As discussed above, a reduction in frontline staff hours results in a concentration of administrative and overhead costs on fewer productive hours. Land Engineering shifts staff from permitting to CIP work due to a drop in permit activity and revenue. Another way to understand this is in terms of loss of economy of scale. Larger organizations can be more efficient from a cost recovery perspective.

Citywide overhead – please explain the detailed makeup of this component and why has it increased so much?

Response: The overhead includes the costs for required supplies and materials for each program/division, as well as each division/program share of the general citywide allocated costs or internal services cost (e.g., building maintenance, IT, etc.).

Some of the increase in overhead and corresponding decrease in materials and supplies costs for each program between 2021 and 2024 is attributed to a shift of materials and supplies cost from individual programs to the overhead.

General Fund responsibilities - The cost of producing the General Plan, Housing Element or other regulatory interactions required by HCD of the City should not be born solely by development but by the City’s General Fund as this is a function and requirement of the City and not of development projects per se.

Response: All development in the City has an impact on long range planning and as such, pays a minor surcharge on application fees to support the planning work that will in turn support proposed development.

Phased implementation unclear - Near the end of the study is a perfunctory mention of a “Phased Implementation”, but the language is confusing. Please clarify, because if the City plans to produce another study in three years to attempt to justify another major fee increase then it would seem that a phased implementation would run up against that timeline.

Response: The City Council has the ability to adopt the fees in full or choose a phased implementation approach similar to the 2017 Study.

Housing Element “Constraints” amendment - The City’s Housing Element was certified in December 2023 with the current fee structure in place. Should this fee increase be adopted, BIA would expect the City to amend the Housing Element to reflect the greater constraint to the production of housing that these fees would impose.

Response: A new constraints analysis will be produced for the seventh cycle as will an analysis of the events that occurred during the sixth cycle. Housing Elements do not currently have to be amended when application procedures or fees change. Should new law be proposed and go into effect in the future, those types of amendments will be made.

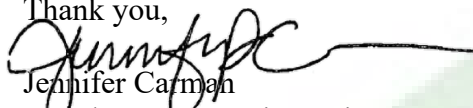
Comparison of fees in neighboring jurisdictions that we were told was supposed to be presented at the 9.4.24 hearing

Response: Staff stated an intent to include a comparison of other cities in the presentation on September 4th, however, this comparison was not completed due to the complexity of comparing fee schedules designed to be 100% cost recovery to fee schedules that are based on “time and materials” or are not 100% cost recovery. These comparisons are not apples to apples per se.

A list of personnel, including Staff and Consultants, that contributed to the Development Fund 206 Analysis Report.

Andrew Crabtree, Consultant
Jennifer Carman, Development Services Director
Adam Paszkowski, Principal Planner
Dat Nguyen, Finance Director
Eric Blomquist, Building Official
Chris Ghione, Public Services Director
Maria Angeles, Senior Civil Engineer
Edith Ramirez, Assistant City Manager for Development Services
Donald Larkin, City Attorney
Christina Turner, City Manager

Thank you,



Jennifer Carman
Development Services Director



Building Industry Association of the Bay Area
1000 Burnett Ave Suite 340
Concord, CA 94520

October 7, 2024

Mayor Mark Turner and City Councilmembers
City of Morgan Hill
TRANSMITTED VIA EMAIL

RE: Development Services Fund 206 Analysis, New and Updated Fees for Planning, Building, and Land Development Engineering

Dear Mayor Turner and Councilmembers,

BIA Bay Area, representing hundreds of home builders and related industries throughout the Bay Area, respectfully objects to the Staff recommendation to raise Development Services Fees based on the August 7, 2024 Development Services Fund 206 Analysis (Fee Study). BIA asserts that these substantial fee increases pose potentially significant constraints to the cost of housing production.

BIA has raised objections and provided comment to the Fee Study and associated fee increases on two separate occasions. On August 13, 2024 BIA participated in a stakeholder outreach meeting providing Staff with extensive comments. A summary of these comments is included in the September 4, 2024 Staff Report to City Council. Then on September 4, 2024, BIA submitted a comment letter spelling out several concerns with the Fee Study and proposed fee increases. To this date and despite several requests, no response from the City has been received.

Following up on our September 4, 2024 letter to City Council, BIA now submits additional comments for the record on this issue. These comments are reflected in a third-party Peer Review of the City of Morgan Hill Development Services Fund 206 Analysis (Fee Study) conducted by Development & Financial Advisory (DFA). The Peer Review examined City Budgets, past Development Services Fee Studies, and of course the August 7, 2024 Fee Study.

Based on the DFA Peer Review, BIA disagrees with the methodology employed in the City's Fee Study and recommends that the Fully Burdened Hourly Rate reflected in the City's Fee Study should be revised to accurately reflect the true cost of providing planning service for equitable cost recovery. DFA identifies significant concerns with the Fee Study:

- Inadequate measurements: The Fee Study relies on a two-week monitoring period for certain activities, far too short of a data collection period to be accurate;
- Questionable labor hour adjustments: The Fee Study describes how the City has shifted personnel to other departments resulting in significant increases across all programs;
- Deviations for the City-approved budget: The Fee Study uses higher internal service costs than those approved in the City budget resulting in higher fully burdened hourly rates than approved in the budget.

The Peer Review also examines the City's proposed comparison with other jurisdiction's development services fees and makes recommendations that the City compare fee levels with cities that are equivalent with Morgan Hill in size, growth projections, and development patterns. The proposed cities of San Jose, Santa Clara and Sunnyvale are not equitable with Morgan Hill in terms of a development services benchmarking study.

BIA urges the City Council to thoroughly examine the DFA Peer Review and consider the analysis, findings, and significant concerns contained therein. Please take these concerns into your deliberations on the proposed fee increases.

BIA Bay Area looks forward to working with the City of Morgan Hill on development issues. Thank you for your attention to these concerns.

Yours truly,

Dennis Martin
BIA Bay Area

Encl: BIA/DFA Peer Review of Fund 206 Analysis

October 7, 2024

Mr. Dennis Martin
Government Affairs
Building Industry Association of the Bay Area
150 Almaden Blvd., Suite 1100
San Jose, CA 95113

Mr. Martin:

On behalf of the Building Industry Association of the Bay Area (“BIA”), Development & Financial Advisory (“DFA”) reviewed the City of Morgan Hill’s (“City”) Development Services Fund 206 Analysis (“Fee Study”) dated August 7, 2024 (and later revised) to evaluate the adequacy of calculations of the City’s Fully Burdened Hourly Rates (“FBHR”) for land development permits issued by the Planning, Engineering Land Development and Building programs. We further reviewed the following additional source documents to determine their impact on our review of the Fee Study:

- The City of Morgan Hill Citywide User Fee Study prepared by NBS dated October 20, 2017.
- The City of Morgan Hill Comprehensive Fee Study of Planning and Land Development Engineering dated December 13, 2021.
- The City’s Council-Adopted Budgets from FY 2014-15 to FY 2024-26.
- The fee schedules of various surrounding jurisdictions.
- The Association of Bay Area Governments Regional Housing Needs Assessment (RHNA) Housing Allocation for 2023-2030.

Our review of the Fee Study focused on the reasonableness of factors used in the calculation of the FBHRs for Planning, Engineering Land Development, and Building programs. This report examines the service components used to calculate the FBHRs.

OUTCOMES

Based on our review of the Fee Study and examination of source documents, we disagree with the methodology employed in the Fee Study. Our findings conclude that the FBHRs should be revised to accurately reflect the true cost of providing planning services for equitable cost recovery. Reliance solely on budgeted amounts, which may not be reliable in this instance, does not ensure accurate cost allocation. DFA recommends that the BIA work with the City to expeditiously resolve concerns outlined in this review and to ensure the timely implementation of our recommendations to reduce the impact of the proposed FBHRs and fees on new development.

SIGNIFICANT CONCERNS

Inadequate measurements. The Fee Study’s reliance on a two-week monitoring period for public information activities is insufficient; a longer data collection period is needed to account for seasonal

fluctuations and provide a more accurate measure of labor hours. Despite consistently budgeting approximately 19.8 full-time equivalents (FTEs) for FY 2024-26, the two-week estimation deviates significantly from expected labor hours, even when accounting for staff time off, indicating inaccuracies in the Fee Study. Further, the reassignment of staff to the Capital Improvement Program has reduced productive hours in Planning and Engineering Land Development programs, leading to higher FBHRs. To address this, the City should consider reallocating or recruiting staff to prioritize Development Services appropriately. Additionally, the Fee Study overlooked best practices, such as using shared resources, and did not consider budgeted FTEs and workload hours required for permit activities.

Questionable labor hour adjustments. The Study indicates that productive hours in Planning and Engineering Land Development were reduced without considering labor-sharing between departments. In Planning, one position was removed, leaving only 1,167 productive hours for permit processing by the remaining Senior Planner. In Engineering, staff were reassigned to the Capital Improvement Program, reducing productive hours and increasing the FBHR, effectively causing the public to pay more for reduced services. Despite a slight increase in FTEs, labor hours have historically remained consistent. The Fee Study claims that public information tasks now represent 50% of Planning's workload, up from 10%, but provides no supporting data, making this figure seem arbitrary; the same issue exists for Engineering Land Development and Building programs. As a result, public information costs within the FBHRs have significantly increased across all programs compared to previous fee studies, with Planning experiencing a fourfold increase since the 2021 Fee Study.

Deviations from the City-approved budget and lack of due diligence. By using higher internal service costs than those approved in the City budget, the Fee Study increased FBHRs for all three programs; when the City-adopted budget for internal services is applied, the FBHRs are lower. Calculations using the Fee Study's methodology for previous years yield results that significantly differ from expected outcomes, raising concerns about its validity and inconsistency with prior analysis. Although this review acknowledges procedural changes and the elimination of the Residential Development Control System (RDCS) component and other components in the calculation of the FBHRs, the substantial variance undermines the consistency critical in rate-setting. Although the Fee Study mentions that it prepared a comparison of fees of various jurisdictions, the findings were never provided. In addition, fee comparisons with neighboring cities are problematic due to unavailable methodologies and differences in population size and development landscape, making sole reliance on fee comparisons insufficient for benchmarking. It is important to also review and improve the entire permitting process to refine the budget for more accurate cost recovery.

We thank you for your attention to this matter. Should you have any questions, please call our office at (916) 297-7655.

Sincerely,

Michael Whipple

Michael Whipple
Vice President

I. Review of the Fund 206 Analysis

A. Proposed Fully Burdened Hourly Rates (FBHR)

The Fee Study employed a cost recovery model comprising two key components: calculating the Fully Burdened Hourly Rate (FBHR) and determining the Hours per Service (HPS) for each permit type. The product of the FBHR and HPS gives the fee amount. Because the City aims to charge fees that cover the full cost of service delivery, it is the intent of the City to avoid the need to subsidize permitting activities with other City funds, such as the General Fund.

The City is proposing to increase the FBHRs for land development permits issued by the Planning, Engineering Land Development, and Building programs by 53%, 49% and 9%, respectively. Below are the progressive increases starting from the 2017 Fee Study.

Table 1. Historical Fully Burdened Hourly Rate (FBHR)

	Actual	Actual	Current	Proposed
Program / Division	2017	2021	2024	2024
Planning	\$240	\$235	\$253	\$387
Engineering Land Development	\$195	\$230	\$248	\$370
Building	\$188	\$204	\$234	\$256

Average Annual Increase	2017-2021	2021-24	Current - Proposed
Planning	-0.5%	2.6%	53.0%
Engineering Land Development	4.5%	2.6%	49.2%
Building	2.1%	4.9%	9.4%

Since 2021, Planning and Engineering Land Development fees have increased annually based on a standardized inflationary adjustment. In contrast, Building Permit fees were not adjusted in the same manner but were instead tied to project valuation, which reflected the estimated cost of construction. As construction costs rose, Building Permit fees automatically increased because they were calculated as a percentage of the project's expected costs.

B. Methodology Used in the Fee Study

The Hours per Service (HPS) for a specific permit represents the average time needed to complete the City's processing and issuance of permit type.

Table 2. Hours per Service (HPS)

Distribution of Hours	Administrative		Public Information		Permit Processing		Total	
Planning	3,978	39%	2,261	22%	4,026	39%	10,265	100%
Engineering Land Development	3,023	37%	525	6%	4,703	57%	8,251	100%
Building [a]	3,514	22%	564	3%	12,176	75%	16,254	100%
Total Hours	10,515		3,350		20,905		34,770	

[a] The Study has an arithmetical error in the number of HPS for Administrative-Building. The 3,514 shown in this table is incorrect and should be 3,628. A revision to the correct number does not result in a noticeable difference in the FBHR for the Building program.

The percentages in Table 2 and assumptions of cost allocations to each activity were used to calculate the FBHR for each program. Administrative costs were allocated to each activity. The calculation of the FBHR for the Planning program is shown below to illustrate how FBHRs were calculated. The Fee Study shows the calculation of the FBHRs for all three programs in detail.

Table 3. Calculation of the FBHR for Planning^[1]

FUND 206 - PLANNING	Budgeted Program Cost 24-25 Net Expenditures	Allocation to Activity			
		Admin	General Public	Permits	Total
Allocation of Labor Factor		39%	22%	39%	100%
Labor Hours		3,978	2,261	4,026	10,265
Labor Cost	1,305,559	\$ 505,944	\$ 287,566	\$ 512,049	\$ 1,305,559
Non-Labor / Overhead	592,330	\$ 229,546	\$ 130,468	\$ 232,316	\$ 592,330
Total	1,897,889	\$ 735,490	\$ 418,035	\$ 744,364	\$ 1,897,889
Allocation of Administrative Costs					
Admin		\$ 735,490			\$ 735,490
Productive			\$ 418,035	\$ 744,364	\$ 1,162,399
Productive %			36%	64%	100%
Proportional Admin		\$ 264,505	\$ 470,985		\$ 735,490
Productive + Proportional Admin		\$ 682,540	\$ 1,215,349		\$ 1,897,889
Calculation of Billing Rate					
Cost Recovery Target			50%	100%	
Targeted Fee Revenue		\$ 341,270	\$ 1,215,349		\$ 1,556,619
Funding from Alternative Source		\$ 341,270			\$ 341,270
Productive Hours Available				4,026	
Productive Hour Cost (Billing Rate)		\$ 85	\$ 302		\$ 387

[1] Calculations of the FBHRs for Engineering Land Development and Building are shown in the Fee Study.

One of the noticeable adjustments in this study was the increase in public information hours from significantly lower levels in previous studies to 100% in the current study. The public information component has been consistently included in the current and all previous fee studies, making it a suitable area for further analysis. The table below shows the historical assumptions for cost recovery targets related to public information hours.

Table 4. Cost Recovery Targets for General Public / Information

Program	2017	2021	2024
Planning	10%	10%	50%
Engineering Land Development	10%	30%	100%
Building	10%	10%	100%

II. Findings and Recommendations

Our findings below are followed by recommendations based on our review of source documents and analysis of the Fee Study's methodology.

A. Inadequate Measurements

1. **Inadequate sampling of labor hours.** While the study monitored the activity for two weeks to determine the amount of time spent in public information, two weeks may not provide a comprehensive measure. It would be more effective to keep records of time over a longer period to account for fluctuations due to seasonal activities that may occur throughout the year. This approach would offer a more accurate and representative understanding of the time required for the activity. Between 2021 and 2024, the City had ample time to develop a more accurate method for measuring labor hours, rather than relying solely on a two-week period.

According to the FY 2024-26 Adopted Budget, about 19.8 full time equivalents (FTE) have been budgeted for FY 2024-26 (Table 5). This FTE figure has not significantly changed in the past few years. The two-week estimation in the Fee Study significantly deviates from the expected number of hours worked across the three programs, even when accounting for personal time off by City staff is considered.

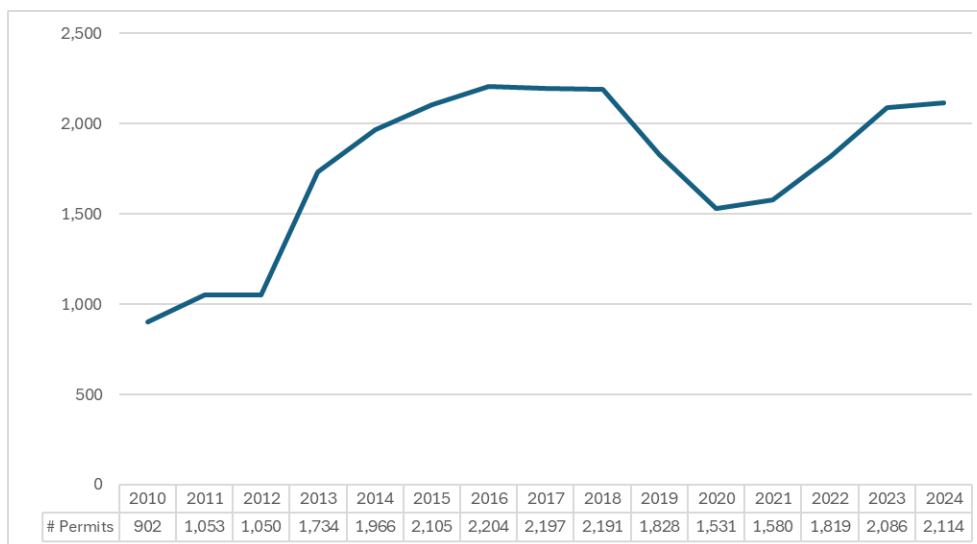
Table 5. Historical and Budgeted Full Time Equivalents (FTEs) and Work Hours^[a]

Program	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Planning	6.86	6.54	6.54	6.54	5.96	5.96	5.43	5.43
Building	7.23	8.22	8.22	8.22	8.43	8.43	9.50	9.50
Land Development Engineering	4.80	4.12	4.12	4.12	5.39	5.39	4.89	4.89
Total	18.89	18.88	18.88	18.88	19.78	19.78	19.82	19.82
Total Hours Annually per Budget	39,291	39,270	39,270	39,270	41,142	41,142	41,226	41,226
Total Hours Annually per Fee Study						34,770	34,770	34,770
Difference						6,372	6,456	6,456

[a] Assumes a 40-hour week and 52 weeks in a year.

2. **Inadequate planning and allocation of labor resources.** Productive hours are a significant factor in calculating the FBHR. The Fee Study indicates that a loss of productive hours in the Planning and Engineering Land Development program areas has occurred due to the reassignment of staff hours to the City's Capital Improvement Program, leading to a higher FBHR. The reduction in staff hours at Development Services indicates that the City's Development Services are not given the same priority as other City services.

The use of shared resources either does not appear to be a management practice or was not recognized as a fundamental best practice in the Fee Study. Diversion of staff resources to related services that overlap reduced the number of hours allocated to Development Services activities, resulting in a higher FBHR. It is unclear why the Fee Study did not consider budgeted FTEs and increasing workload hours required to service permit activities, despite permit processing returning to pre-pandemic levels (Figure 1).

Figure 1. Number of Permits Issued^[a]

[a] As of August 2024, a total of 1,409 permits have been issued for the year, averaging 176 permits per month. The projected total of 2,114 permits shown in the chart is based on this monthly average.

Recommendation:

When calculating the FBHRs, the City should consider allocating more staff hours to the programs. To enhance the precision of productive hour estimates, the Fee Study should re-examine workloads at a longer time period, especially at a time when permit reviews and approvals appear to be returning to pre-pandemic levels, as shown in the chart above.

B. Questionable Labor Hour Adjustments

1. *Reduction of labor hours in the cost-of-service formula increases the FBHR.* According to the Study, both the Planning and Engineering Land Development productive hours were reduced, without accounting for labor-sharing between departments.

- Planning Program Productive Hours: “One position was removed, and work duties reassigned so that in the current analysis, the remaining Senior Planner provides only 1,167 hours of productive time for permit processing.”
- Engineering Land Development: “The second factor for Engineering Land Development is a loss of productive hours. Due to changes in workload and revenue, Engineering Land Development staff were reassigned from Engineering Land Development to the City’s Capital Improvement Program, reducing the productive hours, thereby resulting in a higher FBHR.”

In summary, the above is analogous to stating that the public “will pay more for reduced services.” As indicated in Table 5 above, while the number of labor hours has historically remained consistent, it has recently increased slightly due to a modest rise in FTEs.

2. **The substantial increase in public information labor hours seems inconsistent with the reduction in productive hours in Planning and Engineering Land Development.** As the Fee Study claims, there was a significant increase in labor hours dedicated to public information. The Study noted that public information for Planning now represents 50% of the workload, up from 10%. However, the 50% figure seems arbitrary, as the Study did not provide any data to support this number. The same is true for the Engineering Land Development and Building programs.

The public information component of the FBHR appears disproportional to actual costs (Figure 2) and the public information cost component of the FBHRs for all divisions have significantly increased from the previous fee studies (Figures 2 and 3). Public information activities nearly make up one-quarter of the FBHR for Planning, a four-fold increase from the FY 2021 Fee Study (Table 6).

Figure 2. Comparison of General Public Costs^[a]

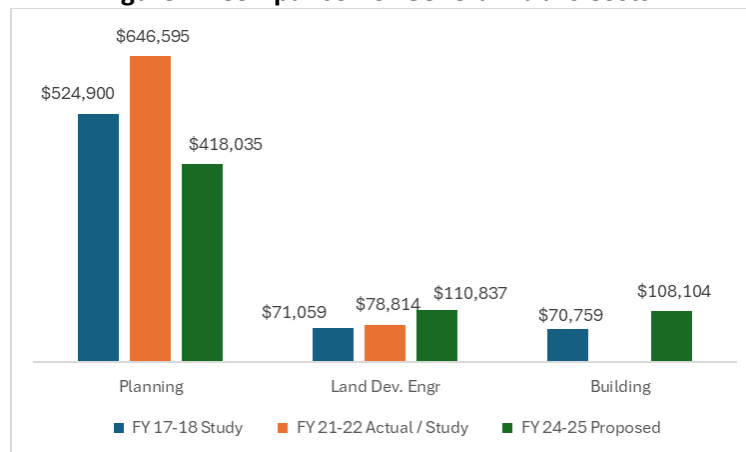
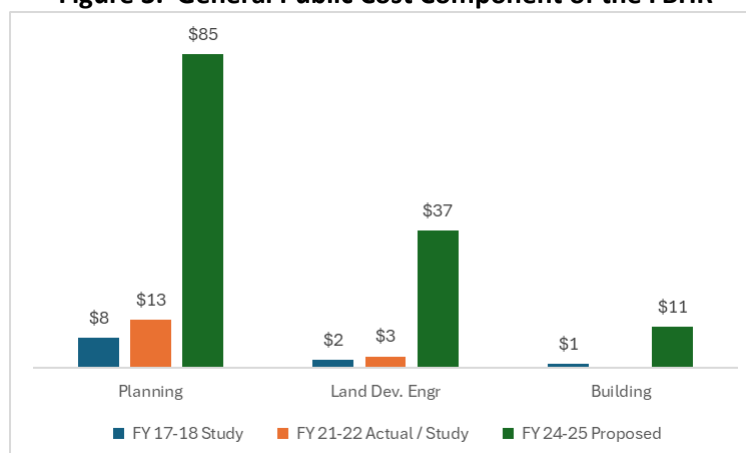


Figure 3. General Public Cost Component of the FBHR



[a] The public information component of the FBHR for Building is not available for FY 21-22

Table 6. General Public Cost as % of FBHR

Division	FY 17-18 Study	FY 21-22 Study	FY 24-25 Proposed
Planning	3.3%	5.5%	22.0%
Land Dev. Engr	1.1%	1.3%	10.0%
Building	0.5%	0.0%	4.3%

- 3. Inefficiencies in the budget process.** The Fee Study indicated that Fund 206 continues to operate at a deficit, such that the General Fund covered some portion of the cost of Development Services. Application of the City-approved budget in the cost-recovery approach appears unreliable, especially when the Fee Study already demonstrates deviation from the adopted budget, as shown in Table 7 below.

Recommendation:

Adjust workloads through collaboration with other departments and examine budget and permit process inefficiencies alongside fee increases.

C. Deviations from the City-approved Budget and Lack of Due Diligence

- 1. Deviations from the City-approved budget.** The Fee Study deviated from the City-approved budget for internal services by using a higher amount, resulting in higher FBHRs for all three programs (see Exhibit A for the calculations in Table 8 below).

Table 7. Deviation from the Cost of Internal Services

Program	FY 24-25 Adopted Budget	FY 24-25 Fee Study	Difference
Planning	\$254,615	\$469,490	\$214,875
Engr. Land Dev.	\$196,922	\$336,235	\$139,313
Building	\$388,494	\$552,546	\$164,052

Applying the City-approved internal services budget lowers the FBHRs for all three programs.

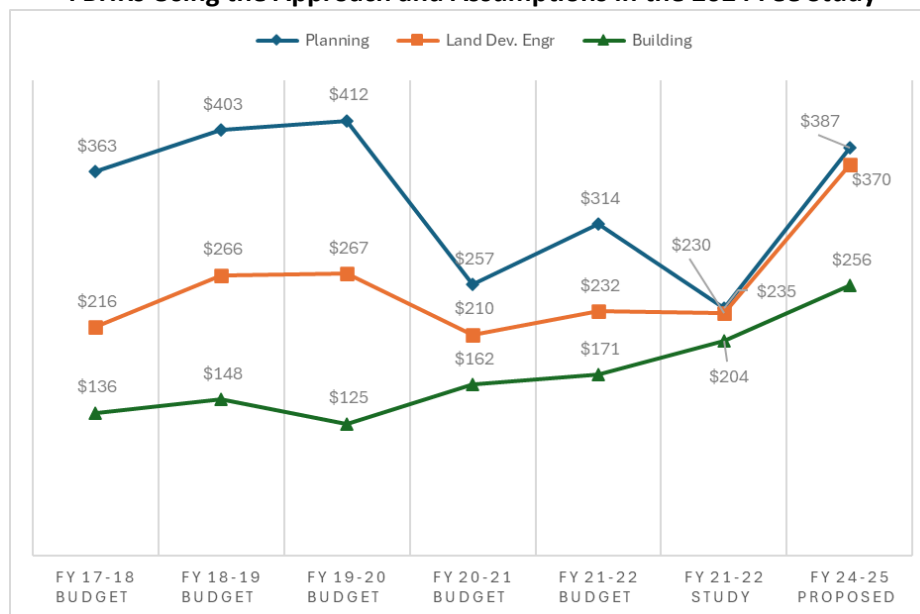
Table 8. FBHRs Using the City-Adopted Budget for Internal Services vs. The Study

Fully Burdened Hourly Rate (FBHR)	Study	City Adopted
Program	2024	FY 24-25
Planning	\$ 387	\$ 343
Engr. Land Dev.	\$ 370	\$ 341
Building	\$ 256	\$ 242

- 2. The Fee Study's methodology produces inconsistencies in rate-setting.** When the FBHRs are calculated for previous fiscal years using the Fee Study's methodology and assumptions, the results differ significantly from expected outcomes. Significant fluctuations in the FBHRs shown below when the Fee Study's methodology is used raise concerns about the validity of the Fee Study's approach and its departure from prior studies. This review acknowledges the suspension of the Residential Development Control System or RDCS and other procedural changes that may affect the calculation of FBHRs. However, the virtue of consistency is critical

in rate-setting and the variance between expected outcomes to prior studies is too material to ignore. Note the FBHRs established in the fee studies in 2017 and 2021 significantly differ from FBHRs calculated in between these years using the approach and assumptions in the 2024 Fee Study.

Figure 4. Comparison of FBHRs in the 2017 Fee Study with the FBHRs Using the Approach and Assumptions in the 2024 Fee Study



- 3. Lack of due diligence and transparency.** Research comparing fees from various agencies is not included in the Fee Study and was withheld at its planned adoption at the previous City Council meeting. According to the Fee Study, a survey of five neighboring cities (Gilroy, San Jose, Santa Clara, Sunnyvale and Palo Alto) was conducted. The Fee Study points out that, “such comparisons are complicated by the varying approaches taken by different jurisdictions in how to regulate land development, organize City departments and conduct permitting activities.” We acknowledge and agree with this statement. The methodologies or fee studies for these five cities in which FBHRs are calculated are not published publicly and are not readily available. In addition, it is impractical to compare FBHRs on a one-to-one basis, making it unclear why the City would make such a statement without providing the corresponding results. Table 9 below presents our review’s attempt to shed light on labor rates for similar activities in the planning departments of neighboring jurisdictions. Although the FBHRs in the table below may not be directly comparable across agencies, they may still provide insights into true costs.

Table 9. FBHRs of Comparable Cities^[a]

Jurisdiction	Planning	Building	Engineering
Morgan Hill (2024 Proposed)	\$387	\$256	\$370
Morgan Hill (Current)	\$253	\$234	\$248
Campbell ^[b]	\$237	\$218	\$267
Saratoga ^[c]	\$103 - \$157	\$132 - \$197	\$135 - \$211
Watsonville ^[d]	\$207	[e]	[e]

[a] While hourly rates may not be directly comparable across agencies due to variations in calculation methodologies and services, they may still provide insights into true costs.

[b] Planning rate shown is the standard hourly rate for planning services; building rate shown is the general building plan check hourly rate; engineering rate shown is public works engineering personnel hourly rate. All rates shown are FY 2023-24.

[c] Planning rate range shown are for assistant, associate and senior planners and permit technicians; building rate range shown are for building inspector and building official; engineering rate range shown are for assistant engineers, associate civil engineers and engineering services managers.

[d] Planning rate shown is for plan check.

[e] Determining an exact equivalency of FBHRs is difficult.

In addition, except for the City of Gilroy, the cities of San Jose, Santa Clara, Sunnyvale and Palo Alto are not comparable in population size and to the development landscape of the City of Morgan Hill. Lastly, it is important not to focus solely on fee comparisons, but also on the entire permitting process in order to improve it and refine the budget process for Fund 206 for more accurate cost recovery.

Table 10. Cities Compared in the 2024 Fee Study^[a]

Jurisdiction	Population 2024	RHNA Baseline 2050 Households	Square Miles
Gilroy	57,785	1,285	16.5
Palo Alto	65,057	6,086	26.0
Santa Clara	131,886	11,739	18.2
Sunnyvale	150,872	11,966	22.1
San Jose	956,433	62,761	179.9

Table 11. Recommended Cities for Comparing Fees

Jurisdiction	Population 2024	RHNA Baseline 2050 Households	Square Miles
Morgan Hill	44,075	1,047	12.9
Campbell	41,005	3,005	6.3
Los Gatos	31,816	1,998	11.4
Gilroy	57,785	1,285	16.5
Saratoga	29,171	1,712	12.78
Watsonville	50,328	2,053	6.8

[a] Findings of the permit fees was not provided by the City.

Recommendation:

Compare the fees of the following neighboring cities that have the same population size and development landscape as the City of Morgan Hill.

D. Full Cost-Recovery Not Applicable to All Cost Categories

It is important to note that the Development Services Fund (206) is a Special Revenue Fund that can be supported by the General Fund as opposed to an Enterprise Fund, which is designed to be self-sustaining through user charges and operate similarly to a private business, with the goal of recovering all costs through fees.

The Fee Study calculated the fees based on 100% cost recovery in all aspects, treating Fund 206 as if it were an Enterprise Fund, which it is not, especially when calculating the cost associated with providing information to the general public. Property owners, including landowners applying for permits, are already paying these costs through property taxes. The Fee Study states that the City was "forced to use General Fund money to cover some portion of the cost of Development Services." The Fee Study also states that the City "may elect to set some fees at less than 100% cost recovery," suggesting that this is an option. However, Fund 206 is not an enterprise fund, and should not be treated as such, and a portion of its costs should be paid by the General Fund, as is typically the case with other basic functions of the City. The 2021 fee study (and the 2017 fee study) also recognized this, especially when considering the approach to calculating the general public information component of the FBHR, stating that public counter/general information are:

"Activities associated with responding to phone calls and general information requests that support the development review process. Typically, some portion of costs for the provision of general public information and assistance do not apply toward recovery from fees and are considered a basic function of governmental services to the public. Planning staff estimated that approximately 10% of these costs support land use application review activities, while the remaining costs should not be considered in the calculation of fees for services."

Furthermore, the City's FY 2024-26 Adopted Budget states that for planning, "fees are applied according to a City-adopted fee schedule that aims to be full-cost recovery with the exception of some selected fees, such as counter service and permits that support the Community, pre-development work, appeals and public information, and non-projected-related activities."

Lack of or inefficiencies in funding from the General Fund is not due to the cost of providing services to the development community. To ensure fairness, the development community should not be burdened with inefficiencies associated with the management of the General Fund.

Recommendation:

Apply cost-recovery targets that account for costs associated with the normal operating activities of the City.

III. Summary of Findings

Our analysis of the Fee Study warrants its re-examination to evaluate the reasonableness of the FBHRs and ensure alignment with the previous Fee Studies. Our findings are summarized below.

- *The Fee Study inadequately sampled labor hours due to an insufficient data collection period.* Relying on a two-week monitoring period fails to capture seasonal fluctuations and does not provide a comprehensive measure of time spent on public information activities. A longer data collection period would offer a more accurate understanding of workloads, especially since approximately 19.8 full-time equivalents (FTEs) have been consistently budgeted for FY 2024-26, and the two-week estimation deviates significantly from expected hours.
- *Labor resources were inefficiently allocated.* The reassignment of staff to the Capital Improvement Program reduced productive hours in Planning and Engineering Land Development, leading to higher Fully Burdened Hourly Rates (FBHRs) and suggesting that Development Services are not given equal priority. The Fee Study failed to consider budgeted FTEs and necessary workload hours for permit activities and did not employ shared resource management practices, further increasing the FBHR.
- *The Fee Study reduced productive labor hours in its cost-of-service formula for Planning and Engineering Land Development without accounting for labor-sharing between departments.* This reduction—due to staff reassignments—led to higher FBHRs, effectively making the public pay more for reduced services despite a slight increase in full-time equivalents (FTEs).
- *Discrepancies in labor hours cast doubt on the assumptions made in the Fee Study.* The claimed substantial increase in public information labor hours, asserting that it now represents 50% of Planning's workload (up from 10%), appears arbitrary and unsupported by data, and conflicts with the reduction in productive hours elsewhere. This inconsistency resulted in significant increases in the public information cost component of the FBHRs across all programs.
- *Inefficiencies in the budget process are evident as Fund 206 operates at a deficit, requiring the General Fund to cover some Development Services costs.* The Fee Study's own deviation from the adopted budget raises concerns about the reliability of its cost-recovery approach, indicating that budget and permit process inefficiencies should be addressed alongside any fee increases. The Fee Study deviated from the City-approved budget by using higher internal service amounts than those approved, resulting in increased FBHRs for all three programs. When the City-adopted budget is applied, the FBHRs decrease accordingly.
- *Methodological inconsistencies in rate-setting emerged.* Calculating FBHRs for previous fiscal years using the Fee Study's methodology yields results that significantly differ from expected outcomes and prior studies from 2017 and 2021, raising concerns about the validity of the Fee Study's approach and its departure from prior analysis.
- *Information was withheld during its planned adoption at the previous City Council meeting.* Although it references a survey of five neighboring cities—Gilroy, San Jose, Santa Clara, Sunnyvale, and Palo Alto—these cities (except Gilroy) are not comparable to Morgan Hill in population size or development landscape, and their methodologies are not accessible in the public domain.
- *The Development Services Fund (206) should also be supported by the General Fund and not require full cost recovery for all its activities through fees.* The Fee Study's 100% cost recovery

approach unfairly burdens landowners who already pay for basic government functions through property taxes.

Exhibit A - Internal Services Budget Amounts Using the City-Approved Budget

FUND 206 - PLANNING

Allocation of Labor Factor
Labor Hours

Employee Services:

Salaries - General
Salaries - Part-Time Temp
Salaries - Earned Leave
Overtime - General
Benefits (sum)

Total Labor Cost

Non-Labor / Overhead:

Supplies & Services Total
Capacity Outlay Total
Internal Services Total

Total Non-Labor / Overhead

Total Labor and Non-Labor

Allocation of Administrative Costs

Admin
Productive
Productive %
Proportional Admin
Productive + Proportional Admin

Calculation of Billing Rate

Cost Recovery Target
Targeted Fee Revenue
Funding from Alternative Source
Productive Hours Available
Productive Hour Cost (Billing Rate)

Budgeted Program Cost			Allocation to Activity			
FY 24-25	Adjustment	24-25 Net Expenditures	Admin	General Public	Permits	Total
			39%	22%	39%	100%
			3,978	2,261	4,026	10,265
\$ 805,205	\$ -	\$ 805,205	\$ 312,041	\$ 177,357	\$ 315,807	
97,000	-	97,000	37,590	21,366	38,044	
25,758	-	25,758	9,982	5,674	10,102	
2,500	(2,500)	-	-	-	-	
377,596	-	377,596	146,330	83,170	148,096	
1,308,059	(2,500)	1,305,559	505,944	287,566	512,049	1,305,559
131,440	(8,600)	122,840	47,604	27,057	48,179	
-	-	-	-	-	-	
254,615	-	254,615	98,671	56,082	99,862	
386,055	(8,600)	377,455	146,275	83,139	148,040	377,455
\$ 1,694,114	\$ (11,100)	\$ 1,683,014	\$ 652,219	\$ 370,706	\$ 660,089	\$ 1,683,014
			652,219			652,219
				370,706	660,089	1,030,795
				36%	64%	100%
				234,558	417,661	652,219
				605,264	1,077,750	1,683,014
				50%	100%	
				302,632	1,077,750	1,380,382
				302,632		302,632
					4,026	
				\$ 75	\$ 268	\$ 343

Exhibit A - Internal Services Budget Amounts Using City-Approved Budget

FUND 206 - ENGR LAND DEVELOPMENT

Allocation of Labor Factor

Labor Hours

Employee Services:

Salaries - General

Salaries - Part-Time Temp

Salaries - Earned Leave

Overtime - General

Benefits (sum)

Total Labor Cost

Non-Labor / Overhead:

Supplies & Services Total

Capacity Outlay Total

Internal Services Total

Total -Labor / Overhead

Total Labor and Non-Labor

Allocation of Administrative Costs

Admin

Productive

Productive %

Proportional Admin

Productive + Proportional Admin

Calculation of Billing Rate

Cost Recovery Target

Targeted Fee Revenue

Funding from Alternative Source

Productive Hours Available

Productive Hour Cost (Billing Rate)

Budgeted Program Cost			Allocation to Activity			
FY 24-25	Adjustment	24-25 Net Expenditures	Admin	General Public	Permits	Total
			37%	6%	57%	100%
			3,023	525	4,703	8,251
\$ 761,819	\$ (11,819)	\$ 750,000	\$ 274,785	\$ 47,721	\$ 427,494	
15,300	-	15,300	5,606	974	8,721	
44,265	-	44,265	16,218	2,817	25,231	
2,500	(2,500)	-	-	-	-	
344,090	-	344,090	126,068	21,894	196,128	
1,167,974	(14,319)	1,153,655	422,676	73,406	657,574	1,153,655
253,295	(1,250)	252,045	92,344	16,037	143,664	
-	-	-	-	-	-	
196,922	-	196,922	72,148	12,530	112,244	
450,217	(1,250)	448,967	164,492	28,567	255,907	448,967
\$ 1,618,191	\$ (15,569)	\$ 1,602,622	\$ 587,168	\$ 101,973	\$ 913,481	\$ 1,602,622
			587,168			587,168
				101,973	913,481	1,015,454
				10%	90%	100%
				58,964	528,204	587,168
				160,937	1,441,685	1,602,622
				100%	100%	
				160,937	1,441,685	1,602,622
				-		-
					4,703	
			\$	34	\$	307
					\$	341

Exhibit A - Internal Services Budget Amounts Using City-Approved Budget

FUND 206 - BUILDING

Allocation of Labor Factor
Labor Hours

Employee Services:

Salaries - General
Salaries - Part-Time Temp
Salaries - Earned Leave
Overtime - General
Benefits (sum)

Total Labor Cost

Non-Labor / Overhead:

Supplies & Services Total
Capacity Outlay Total
Internal Services Total

Total -Labor / Overhead

Total Labor and Non-Labor

Allocation of Administrative Costs

Admin
Productive
Productive %
Proportional Admin
Productive + Proportional Admin

Calculation of Billing Rate

Cost Recovery Target
Targeted Fee Revenue
Funding from Alternative Source
Productive Hours Available
Productive Hour Cost (Billing Rate)

Budgeted Program Cost			Allocation to Activity			
FY 24-25	Adjustment	24-25 Net Expenditures	Admin	General Public	Permits	Total
			22%	3%	75%	100%
			3,514	564	12,176	16,254
\$ 1,471,302	\$ -	\$ 1,471,302	\$ 318,085	\$ 51,053	\$ 1,102,164	
15,300	-	15,300	3,308	531	11,461	
58,569	-	58,569	12,662	2,032	43,875	
5,000	(5,000)	-	-	-	-	
728,805		728,805	157,562	25,289	545,954	
2,278,976	(5,000)	2,273,976	491,618	78,905	1,703,453	2,273,976
334,440	(45,500)	288,940	62,467	10,026	216,447	
-	-	-	-	-	-	
388,494	-	388,494	83,990	13,480	291,024	
722,934	(45,500)	677,434	146,456	23,506	507,471	677,434
\$ 3,001,910	\$ (50,500)	\$ 2,951,410	\$ 638,074	\$ 102,411	\$ 2,210,925	\$ 2,951,410
			638,074			638,074
				102,411	2,210,925	2,313,336
				4%	96%	100%
				28,248	609,826	638,074
				130,659	2,820,751	2,951,410
				100%	100%	
				130,659	2,820,751	2,951,410
					12,176	
			\$	11	\$	232
					\$	242

CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

Cynthia Hasson, Assistant City Attorney

APPROVED BY: City Manager

INTRODUCE ORDINANCE TO AMEND THE CITY OF MORGAN HILL DOWNTOWN SPECIFIC PLAN DELETING THE CONDITIONAL USE PERMIT REQUIREMENT FOR BARS ASSOCIATED WITH A RESTAURANT

RECOMMENDATION(S)

1. Waive first and second reading of the Ordinance; and
2. Introduce an Ordinance deleting from the Morgan Hill Downtown Specific Plan the conditional use permit requirement for bars associated with a restaurant.

COUNCIL PRIORITIES, GOALS & STRATEGIES

2024-2025 Strategic Priorities

Economic Development and Tourism

Guiding Documents

Economic Blueprint

Morgan Hill 2035 General Plan

Morgan Hill Downtown Specific Plan

REPORT NARRATIVE:

POLICY CONSIDERATION:

Should the Downtown Specific Plan be amended to be consistent with the Morgan Hill 2035 General Plan to allow restaurant bars to operate without a Conditional Use Permit, similarly to restaurants outside of downtown?

REPORT NARRATIVE:

The Downtown Specific Plan (DTSP) was adopted by the City Council on November 4, 2009. One of the goals of the DTSP is to create an active Downtown village through intensifying residential, retail, restaurant and entertainment uses, with a diversity of restaurant and entertainment uses that will draw office workers to Downtown during the day, and provide a destination for individuals and families at night and on the weekend. The plan lists restaurants with a full-service bar as a conditionally permitted use. Any new restaurant desiring to open in the downtown area of Morgan Hill with a full service bar is required to obtain a conditional use permit at a public hearing before the Planning

Commission. The proposal is to amend the Morgan Hill Downtown Specific Plan to allow restaurants to have bars selling alcohol allowed by right, subject to a license issued by the ABC.

The Morgan Hill zoning code was substantially revised in 2018. The requirement for a Conditional Use Permit (CUP) for restaurants with a full-service bar located outside of downtown was eliminated with the adoption of the zoning code update in 2018, causing downtown restaurants to be treated differently than restaurants outside of downtown.

A Type 47 license is typical for restaurants where both food and beverages will be served during the same hours of operation. Alcohol licenses are issued under the authority of the State's Department of Alcoholic Beverage Control (ABC). Each census tract has a limited number of licenses that can be issued based on the population within the census tract and crime rates, but additional licenses may be issued if findings for "public convenience or necessity" (PCN) are made by the ABC. While this PCN finding is determined by the ABC alone for Type 47 licenses, the allowance for alcohol sales is consistent with the City's General Plan goals of providing thriving restaurants and bars that meet local residents' needs and attract tourists. Such a concentration is typical and considered appropriate for a downtown area that contains multiple dining and drinking establishments.

The proposed amendment is consistent with the Morgan Hill 2035 General Plan, adopted by the City Council on July 27, 2016, because the allowance for alcohol sales is typical of most restaurants in Downtown that operate with a Type 47 license and will be consistent with the City's General Plan Goals, including Goal ED-7, by providing thriving restaurants that meet local residents' needs and attracting tourists.

The Vision Statement of the Downtown Specific Plan is: "Strengthening Downtown as the gathering place, a connecting force, the social and activity heart of Morgan Hill, is the overriding aspiration of the Plan - a place where residents from all segments of the community can live, work, meet, shop, dine and participate in public celebrations, and share in the richness of Morgan Hill's community life..."

Downtown is the priority district for dining and entertainment. Allowing for a variety of restaurants contributes to the variety of available dining options and provides a unique experience. Applying for a CUP is a significant expense and causes delays for new restaurants. Because restaurants outside of downtown are not required to obtain a CUP, restaurants in the downtown are placed at a disadvantage, contrary to the intent of the General Plan and the Specific Plan. Economically, restaurants need to have the ability to offer a range of beverages to compete in today's dining market.

COMMUNITY ENGAGEMENT:

A 10-day public hearing notice was published in the Friday, October 11, 2024 edition of the Morgan Hill Times pursuant to Government Code sections 65090-65096.

ALTERNATIVE ACTIONS:

Council could choose not to introduce the ordinance. Applicants for restaurants in the downtown specific plan area would continue to be required to apply for and obtain a conditional use permit (CUP) to include a bar in the restaurant.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

This ordinance was heard by the Planning Commission on September 24, 2024. The Planning Commission voted to recommend adoption of the ordinance by a vote of 6 to 0.

FISCAL AND RESOURCE IMPACT:

The impact of this ordinance is fiscally neutral. The City will no longer collect the application fee which paid for staff time for a Planning Commission Public Hearing.

CEQA (California Environmental Quality Act):

This ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines, as the proposed text amendment to the Morgan Hill Downtown Specific Plan is not a project with potential for causing a significant effect on the environment requiring California Environmental Quality Act (CEQA) analysis.

ORDINANCE NO. , NEW SERIES

AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING THE 2009 DOWNTOWN SPECIFIC PLAN OF THE CITY OF MORGAN HILL DELETING THE CONDITIONAL USE PERMIT REQUIREMENT FOR BARS ASSOCIATED WITH A RESTAURANT

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES ORDAIN AS FOLLOWS:

Section 1. Figure 8 of the Morgan Hill Downtown Specific Plan is hereby amended to read as follows (additions in underline, deletions in ~~strikeout~~):

Permitted Uses

Figure 8 below lists uses that are permitted (P), conditionally permitted (C), conditionally permitted with a Downtown Administrative Use Permit (A), and not permitted (N).

Figure 8
Permitted Uses (within the Specific Plan Boundary)

Use <i>(Block 16 is subject to special use restrictions. Uses with an N in the column after the CBD column means that retail or commercial use is prohibited on Block 16)</i>	CBD	CB D Bloc k 16	GF O	D-PF	R2 D-R3 D-R4	RE
Commercial/Service/Retail Uses						
Antique shop, vintage clothing and collectibles	P	N	P	N	N	N
Arts and crafts gallery	P	N	P	N	N	N
Bed and Breakfast Lodging	C	N	N	N	C	C
Commercial recreation (3,000 sq. ft. or less)	P		C	C	N	N
Commercial recreation (greater than 3,000 sq. ft.)	C		C	C	N	N
Commercial service	P		A	N	N	N
Convenience market/store	C	N	C	N	N	N
Dry cleaner, shoe repair	P	N	C	N	N	N
Family day care, small	C		N	N	P	P
Financial services, bank	P		C	N	N	N
Food service, takeout	P	N	P	N	N	N
Hotel	C	N	C	N	N	N
Nightclub and bar (ancillary to a restaurant)	C	N	C	N	N	N
Nightclub, bar, theater (not ancillary to a restaurant)	C	N	C	N	N	N
Nursery school/large family day care facility	C		N	C	C	C
Personal services	P		A	N	N	N
Public/quasi-public building (education, cultural, or public-service)	C		A	P	C	C

Public Parking Lots or Structures	P	C	P	C	N
Restaurant (bars and beer & wine permitted, bars conditionally permitted)	P	N	P	N	N
Retail store	P	N	P	N	N
School, general educational	C	N	N	C	N
Social hall, lodge, fraternal organization, community club, religious facilities	C	N	N	C	C
Specialty food market	P	N	P	N	N
Theater	C	N	C	N	N
Residential Uses					
Duplex, triplex	C	N	N	P	N
Congregate care for the elderly/assisted living facility (>6)	N	N	C	C	N
Home occupations (in accordance with Chapter 18.04.225: Home Occupations, of the Zoning Ordinance)	P	C	N	P	P
Live/work unit	P	C	N	N	N
Mixed use residential (residential use above some other use)	P	P	N	N	N
Multi-family dwelling	C	C	N	P	N
Nursing/convalescent hospital	N	N	C	C	N
Residential congregate care facility - large (>6)	N	N	C	C	N
Residential congregate care facility - small (≤6)	N	N	N	P	P
Single-family attached dwelling	C	N	N	P	P
Single-family detached dwelling	C	N	N	P	P
Office/Professional Uses					
Business, trade or tutoring school	P	A	C	N	N
Business support services	P	A	N	N	N
Hospital	P	N	N	N	N
Medical office	P	N	N	N	N
Office, administrative	P	A	C	N	N
Professional office	P	A	C	N	N
Other Uses					
Drive-in establishments	C	N	N	N	N
Public Parking Lots or Structures	P	C	P	C	N
Other uses similar to permitted or conditionally permitted uses as determined by the Planning Commission to be permitted	C	C	C	C	C

Section 2. Severability. Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

Section 3. Effective Date; Posting. This Ordinance shall take effect on the 31st day after adoption. The City Clerk is hereby directed to publish this Ordinance or a summary thereof

pursuant to Government Code Section 36933.

This ordinance was introduced at a meeting of the City Council held on the 23rd day of October, 2024, and adopted at a meeting held on the ____ day of November, 2024, and said ordinance was duly passed and adopted in accordance with law by the following vote:

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

APPROVED:

ATTEST:

MARK TURNER, Mayor

MICHELLE BIGELOW, City Clerk

CERTIFICATE OF THE CITY CLERK

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 Ordinance No. XXXX, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the ____ day of November, 2024.

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

DATE: _____

MICHELLE BIGELOW, City Clerk



Morgan Hill Downtown Specific Plan

November 2009



ACKNOWLEDGEMENTS

City Council

Mayor Steve Tate
Councilmember Larry Carr
Councilmember Mark Grzan (to November 2008)
Councilmember Marby Lee
Councilmember Marilyn Librers
Councilmember Greg Sellers

Planning Commission

Geno Acevedo (to June 2009)
Mike Davenport (to November 2008)
Robert Escobar
Nancy Hart
Susan Koepp-Baker
John Liegl
Ralph Lyle (to June 2009)
John Moniz
Joseph Mueller
Wayne Tanda

ADOPTED NOVEMBER 4, 2009

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Chapter 1: Vision

Overview

The City of Morgan Hill is located approximately 12 miles south of San Jose, 10 miles north of Gilroy and 15 miles inland from the Pacific Coast. The City is centered on U.S. Highway 101, which is the major north-south transportation corridor in the region. The City is located approximately 25 miles south of the San Jose International Airport. The Morgan Hill Downtown Specific Plan boundary covers 18 blocks and approximately 110 acres. Downtown Morgan Hill is centered on Monterey Road and is bound by Main Avenue, Butterfield Boulevard, Dunne Avenue, and Del Monte Avenue (see Figures 1 and 2). The Downtown Core is generally defined by Main Avenue, the railroad tracks, Dunne Avenue, and Del Monte Avenue. This area has smaller lots and is closer to a traditional Main Street downtown atmosphere than the area east of the railroad, which is more downtown serving in nature.

This 2009 Downtown Specific Plan has its roots in a downtown plan created almost thirty years ago. In 1980, the community held a series of public workshops to address issues of Downtown revitalization, which was necessary due to changes stemming from completion of Highway 101, and subsequent shift of traffic from Monterey Road through the Downtown area over to the freeway. From these workshops, a bold 1981 Downtown Plan emerged that has created a unique Downtown image for Morgan Hill along with the modest attraction of new uses and the construction of additional buildings. That 1981 Plan established a series of recommendations for the Downtown area, many of which have since been implemented, with the key change being the Monterey Road streetscape with its large median and wide sidewalks.



Residences converted to interesting shops and offices



Restaurants with windows on the street

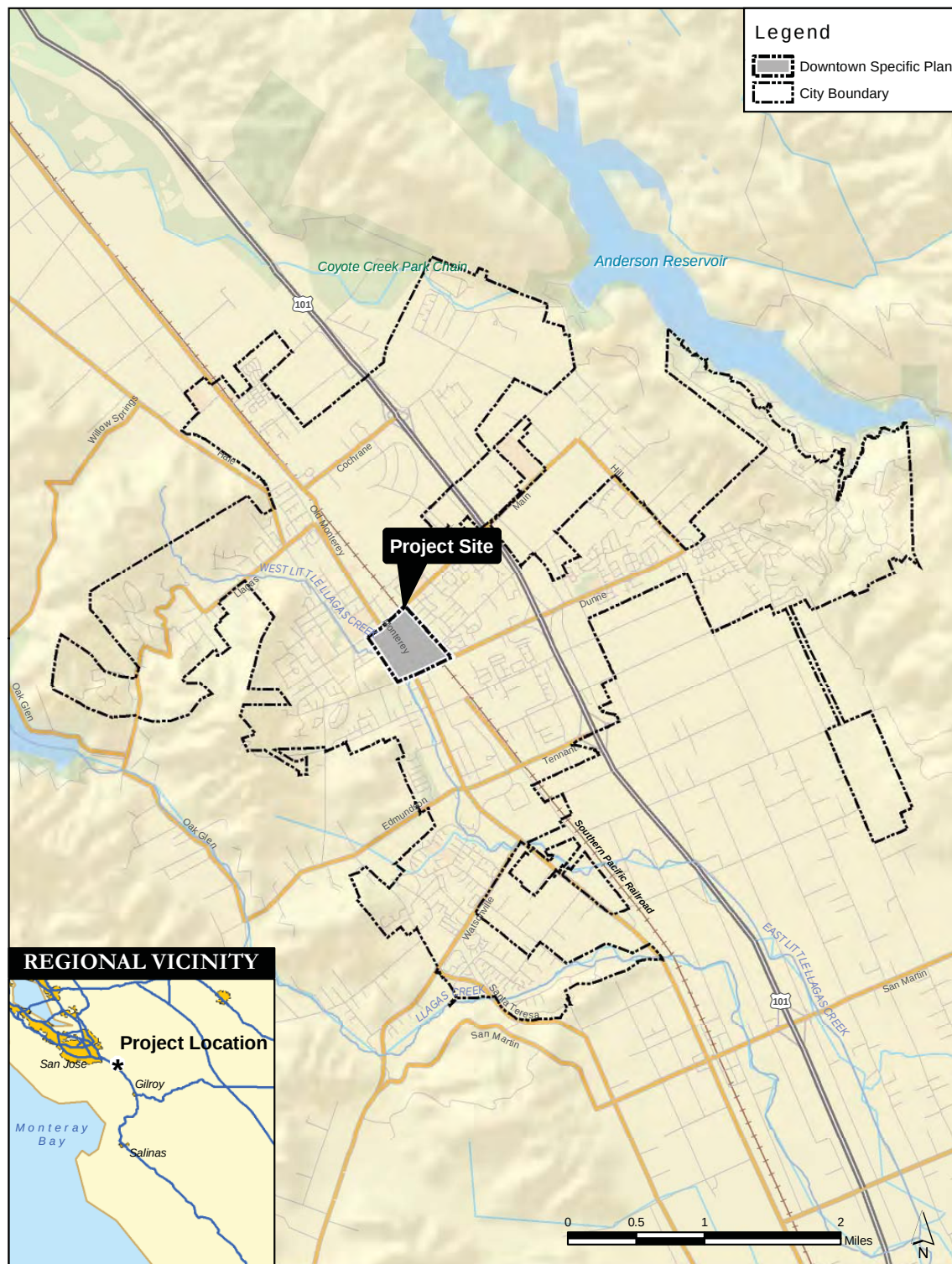


Attractive storefronts



Continuity of interesting shops

Examples from other communities



Local Vicinity

Figure 1



In 2003, a task force worked with the community and a consulting firm to prepare an update to the 1981 Plan. The 2003 update built on the success of the original Plan and proposed many recommendations and guidelines for Downtown improvements. Because full implementation of the Plan required preparation of an Environmental Impact Report (EIR), it was decided that the City Council would accept, rather than adopt the 2003 Plan. A Mitigated Negative Declaration was adopted and was used in conjunction with approval and implementation of certain aspects of the Plan, such as ordinances to increase density on certain opportunity sites and to modify certain parking requirements.

Following acceptance of the 2003 Downtown Plan, the City's Residential Density Control System (RDCS) was amended to make it easier for higher density residential and vertical mixed-use Downtown projects to compete for residential building allocations against the detached single-family residential projects. In 2005, the City held a competition for projects in the area in and around Downtown (see Figure 2 for the Downtown RDSCS boundary), resulting in 363 residential building allocations awarded into fiscal year '09/'10. Of the 363 units, 255 were located within the 18-block boundary of this Specific Plan.

In November 2006, voters approved a ballot measure (which modified the RDSCS) to allocate 100 additional units for projects of 25 units or less within the Specific Plan "Downtown Core" area. The measure also allows projects with Downtown RDSCS allocations spread out over multiple years to advance the timing of construction.

In May 2009, voters approved another ballot measure which provides an exemption from the RDSCS for 500 housing units located in the 20-block area of the Downtown.

In 2007, another update to the Plan was initiated to refine land use and public improvement objectives for Downtown, and to add the necessary information to so that it would become a "specific plan", which is a legal document that supplements the Morgan Hill General Plan and Zoning Ordinance for the Downtown area. The intent of the Downtown Specific Plan update is to focus on:

- increased residential density within the Specific Plan boundary, as well as on opportunity sites outside the Specific Plan boundary;
- development standards for new commercial spaces;
- coordination of a parking strategy with realistic growth projections;
- examination of circulation patterns; and
- creating a plan for public investment, given that the Redevelopment Plan Amendment was approved in 2005, which provides a substantial amount of funding for downtown and public infrastructure projects and activities.

Appendix A (Background) contains a more detailed history of the City and the Plan, as well as major topics from the previous plans. Appendix B (Workshop Results) provides a summary from the joint Planning Commission/City Council special meeting from June 19, 2007, the Downtown Plan Update Process Workshop from October 16, 2007, and the Downtown Specific Plan Stakeholder Workshop from February 19, 2008.

This chapter presents urban design goals and a vision statement for the Morgan Hill Downtown Specific Plan. The Downtown Task Force created this vision statement during the 2003 Morgan Hill Downtown Plan update process. It addresses the following key elements: land use, parking, Downtown access, Downtown focal point, landscaping and lighting, and signage.

Urban Design Goals

The primary urban design goals and objectives addressed by this Specific Plan include:

- creating an active Downtown village through intensifying residential, retail, restaurant, and entertainment uses, within an urban setting improved with unified landscaping and streetscape improvements;
- making Monterey Road and Third Street more pedestrian and retail friendly, and improve other roads with better street lighting and streetscape improvements;
- strengthening Downtown's identity and scale with new design related to a traditional character; and
- creating visual and physical linkages to Downtown with landscaping, bike paths and entry area features; and with linking downtown commercial uses to common parking areas available to the general public.

Vision Statement

Strengthening Downtown as the gathering place, a connecting force, the social and activity heart of Morgan Hill, is the overriding aspiration of this Plan – a place where residents from all segments of the community can live, work, meet, shop, dine and participate in public celebrations, and share in the richness of Morgan Hill's community life. It will be a place like nowhere else – a place with its own scale, character and uses.

Land Use

Downtown will encourage and accommodate a wide diversity of uses serving the community. It will offer needed goods and services as well as provide a congenial home for new and unique businesses. It will be a village where each use has its own distinct character, and where walking from use to use is an interesting and stimulating experience. Preserving public views of Nob Hill and El Toro will be a consideration as Downtown develops with new buildings.

A diversity of restaurant and entertainment uses will draw office workers to Downtown during the day, and provide a destination for individuals and families at night and on the weekend.

Specialty retail and food stores (i.e. bakeries, wine shops, and take-home gourmet meal delis) will serve commuters as well as provide residents with a greater range of shopping choices.

New and existing homes and apartments in and around downtown will provide support for Downtown businesses.

A variety of office and small businesses uses such as gift shops, bookstore, copy service, financial services, and law offices will provide a worker population in the downtown and offer needed supplies and services.

Parking

Existing Downtown parking lots will be improved with landscaping and lighting to provide convenient and attractive one-stop locations to leave the car while walking to several destinations along well-landscaped sidewalks. Additional pedestrian and vehicular linkages between Downtown parking lots will be created. On-street parking spaces will serve as convenient spaces for quick in-and-out stops while additional parking lots will be added over time to accommodate longer term parking needs. Shared parking will be encouraged.



Downtown Access

Pedestrian and bicycle access to Downtown will become more common in the future as bicycle lanes are added to Monterey Road north and south of Downtown, with links along Depot Street to the rail station. As streets are beautified with landscaping and street furniture, walking in Downtown will be a more pleasant experience. A trail along Upper Llagas Creek has been proposed as part of flood control improvements. This trail would provide pedestrians and bicyclists access from Downtown to areas north and south along the creeks. Due to right-of-way limitations, an off-street trail along the entire length of Upper Llagas Creek may not be feasible and Downtown sidewalks and bike lanes may be used as necessary. This trail is discussed further in Chapter 2 (Land Uses and Development Standards) and Chapter 8 (Implementation and Plan for Investment).

Key Downtown Streets and Focal Point

Along with Monterey Road, Third Street will become a focus of activity and outdoor dining in downtown. Widened sidewalks with landscaping and tree plantings on each side of Third Street will accommodate outdoor dining and specialty shops such as art galleries. Portions of the street, designed more as a plaza than a street, will be closed for special events including activities such as music and art shows. A focal point, possibly with public art, near the Monterey Road end of Third Street will provide a gathering place for activities and lighting will add a festive quality to the street.



Third Street



Third Street Plaza

Landscaping and Lighting

Downtown will have the feel of a well landscaped neighborhood with side streets lined with trees and street lights of a character related to the quality of landscaping and paving along Monterey Road and Third Street. Streetscape improvements along side streets (i.e. First, Second, Fourth, and Fifth Streets; and Main Avenue) will add to the quality of Downtown and provide a positive image of place and pride to those visiting from other areas. Attention to paving will bring additional scale and interest to pedestrian areas. Individual shops will have flower boxes and pots in front of their storefronts and entries to add color and an individual personality to each business. Side streets east of Monterey Road will be more urban, while side streets west of Monterey Road will transition from “Main Street” to a more “downtown residential” character.



Example of a side street west of Monterey Road in Downtown

Examples from Downtown Morgan Hill and other communities



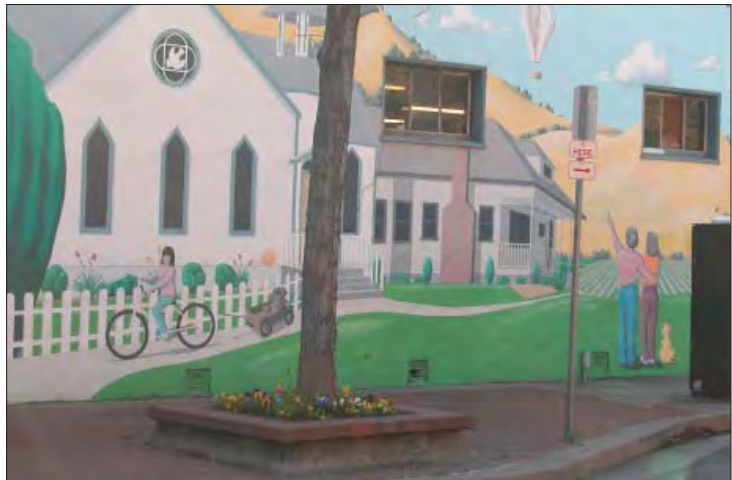
Attractive second floor uses



Indoor/outdoor businesses



Variety of restaurants and menus



Public art



Diversity of shops



Sculptures



Morgan Hill Downtown Specific Plan

Signage

New public signage will assist in finding public parking lots and other destinations, while directional signage near Highway 101 and throughout Morgan Hill will assist visitors in finding their way to Downtown. Identity signs or gateway features marking the Downtown entries will have a character unique to Morgan Hill, and will assist in announcing to motorists that they are entering a pedestrian-oriented zone where speeds are slower and pedestrian crossings are frequent.

Private signs will be well designed to provide visual interest and express the individuality of each business.

Examples from other communities

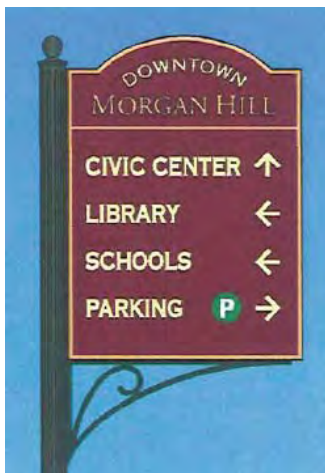


Signage with unique personality



Distinctive storefronts and signage

Examples from the Draft Citywide Directional Sign Program



Creative and user-friendly directional signage

Chapter 2: Land Uses and Development Standards

Overview

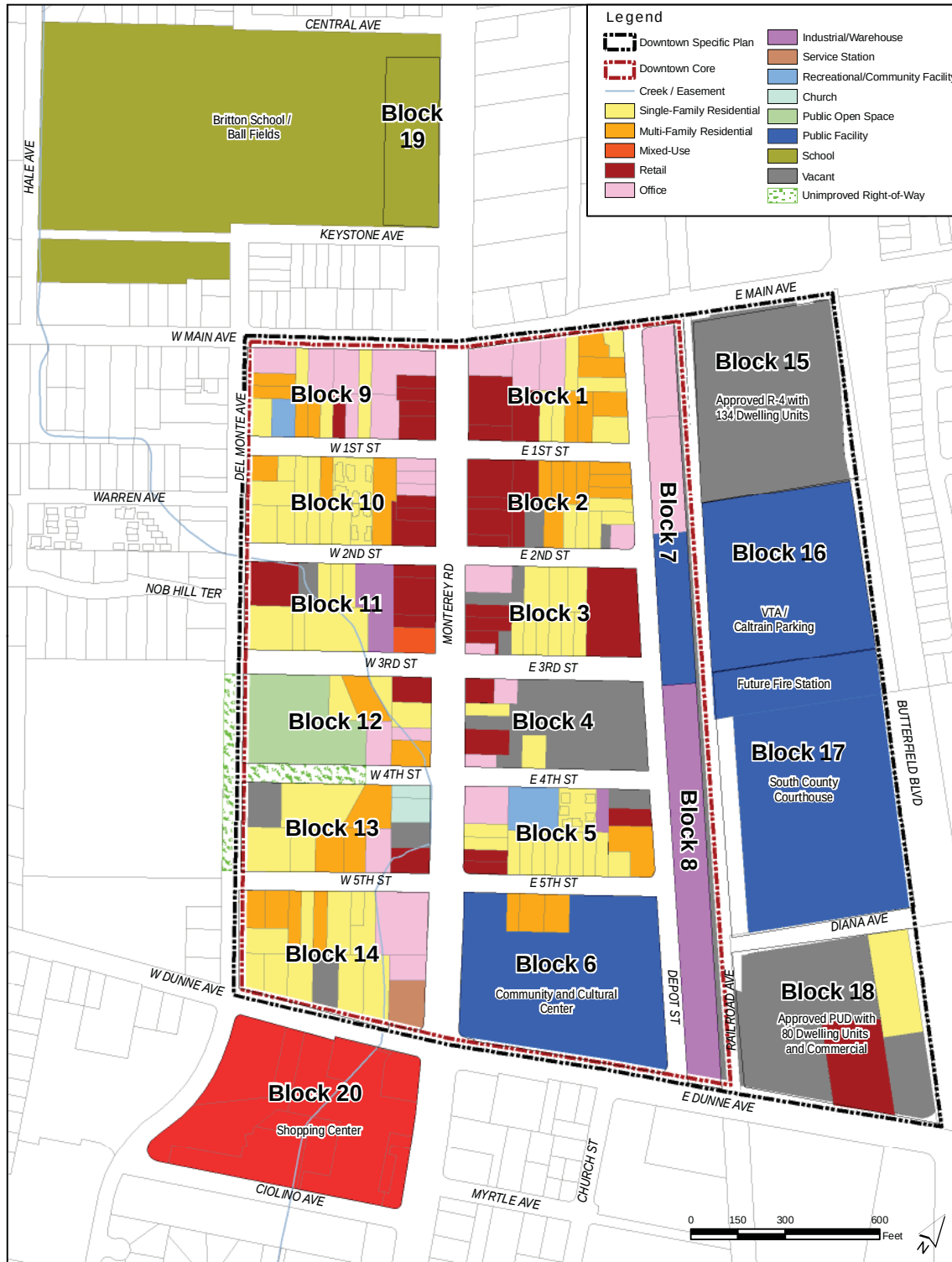
Downtown Morgan Hill is unique in that it has a commuter rail station within easy walking distance to a variety of retail, office, and residential uses. Figure 3 shows the existing land uses and highlights special uses, such as the Morgan Hill Community and Cultural Center.

Future development should focus on promoting pedestrian activity, increasing the Downtown residential population, and increasing shopping and employment opportunities with appropriately designed spaces throughout Downtown. The Specific Plan General Plan land use designations and Zoning Ordinance classifications reflect the development needs of Downtown Morgan Hill. Figures 4 and 5 show the General Plan land use designations and Zoning Ordinance classifications, respectively.

Mixed Use land use designation and the CBD zoning district make up the majority of the area along Monterey Road and between Monterey Road and the railroad tracks. A variety of residential densities are designated for a majority of the area west of Monterey Road and at the north and south ends of Butterfield Boulevard. Public Facilities exist at the Morgan Hill Community and Cultural Center, along Monterey Road and Dunne Avenue, as well as the future fire station and County Courthouse along Butterfield Boulevard. The Ground Floor Overlay (GFO) covers certain properties along Monterey Road and Third Street. The intent of this overlay is to provide ground-floor retail, as well as restaurant and entertainment uses to encourage pedestrian activity.

Morgan Hill voters approved a ballot measure in May 2009 modifying the Residential Development Control System (RDSCS) to better accommodate Downtown development, by providing an exemption for 500 housing units located in the 20-block Downtown area. The RDSCS is an ordinance approved by City voters aimed at controlling residential growth in the City. The current RDSCS extends through the year 2020, and is focused on a City population of 48,000 in 2020. The RDSCS has helped to assure that residential development pays for itself and that the rate of development does not outstrip the availability of public services and infrastructure to serve the City's residents. The RDSCS has also encouraged more efficient patterns of development by directing growth to areas that are contiguous to existing development and served by adequate infrastructure. Proposed residential projects are rated on a point-based system to determine which projects would best serve the City. Several Downtown property and business owners have expressed concern that this system favors development outside of Downtown. The RDSCS is an obstacle for mixed use and attached housing projects, which are key types of developments desired in the Downtown Specific Plan area. Downtown residential development encourages walking and transit use, utilizes previously developed land, and supports local businesses. Since this Specific Plan guarantees infrastructure keeps pace with development (see Chapter 7: Infrastructure and Chapter 8: Implementation and Plan for Investment) and since development included in this Specific Plan is City-centered growth, the approved modification of the RDSCS to allow for 500 Downtown housing units to the year 2020 to be exempt from the RDSCS and its competition requirement, will assist with attaining the community's vision for Downtown.

This Specific Plan assigns block numbers to Downtown blocks for ease of discussion (see Figure 3). Blocks 1-14 are within the Downtown Core and Blocks 1-18 are within the Specific Plan boundary. This Specific Plan also addresses land uses for Blocks 19 and 20, which are outside the Specific Plan boundary.



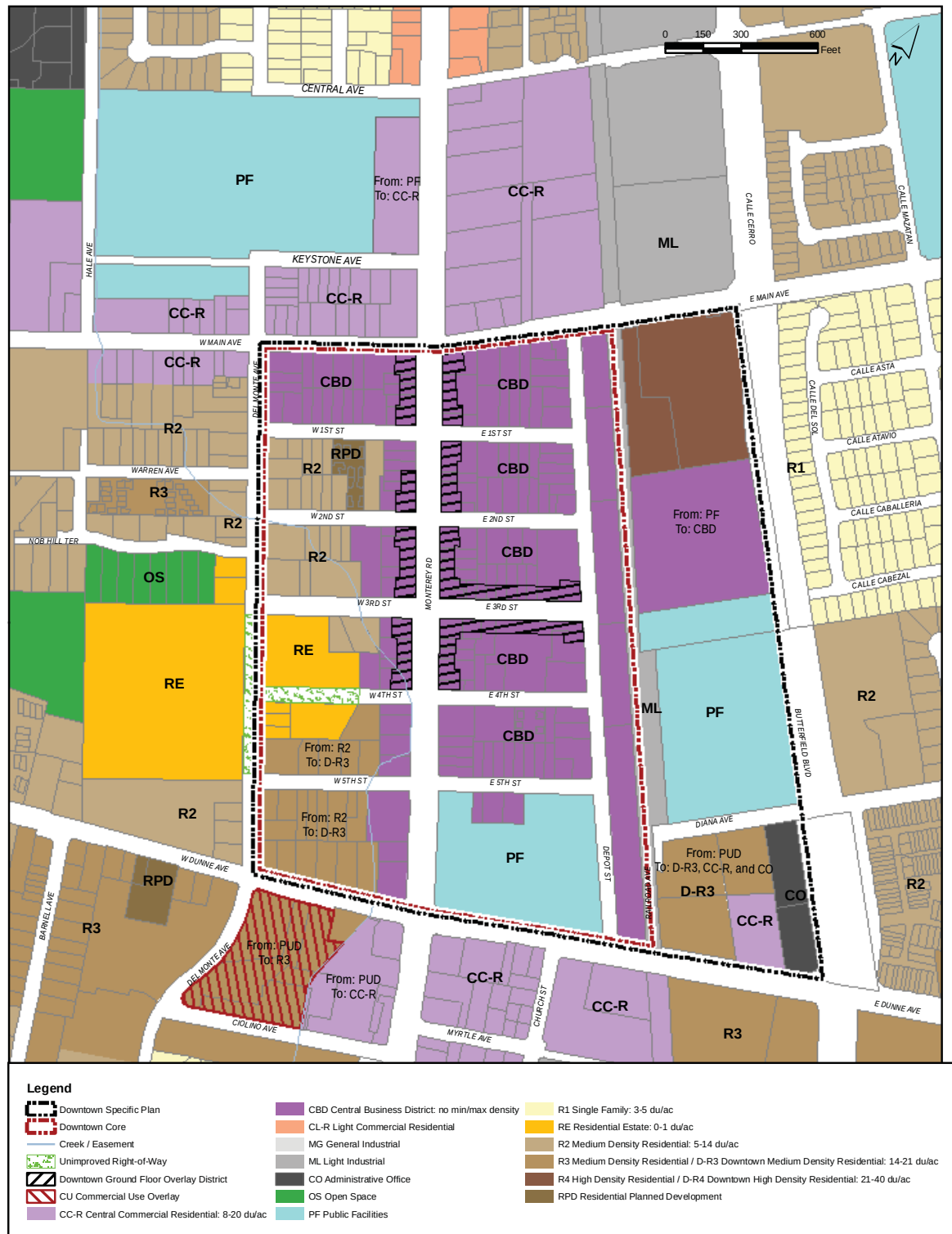
Existing and Approved Land Uses

Figure 3



Proposed General Plan Land Use Designations

Figure 4



Proposed Zoning Designations

Figure 5

Goals, Policies, and Actions

The Morgan Hill General Plan identifies a goal of the Downtown to be “a vibrant, identifiable downtown”. The following land use goals and objectives will guide public planning and implementation activities.

Land Use Goals and Objectives

- Encourage a diverse mix of uses emphasizing specialty retail, restaurant, entertainment, residential and commuter-serving uses.
- Emphasize Monterey Road and Third Street as the main commercial spines in Downtown.
- Emphasize transit-oriented uses which do not require large amounts of on-site parking.
- Rehabilitate existing Downtown residential units within residential areas; encourage redevelopment of key opportunity sites currently occupied with low-intensity residential uses to more intense mixed use projects.
- Add a substantial number of residential units in and near Downtown with densities ranging from 18 to 40 or more dwelling units per acre.
- Strengthen downtown through emphasis on the infill development of vacant lots along Monterey Road and Third Street.
- Encourage the conversion of residential uses on side streets between Monterey Road and Depot Street to mixed-use projects consistent with CBD zoning.
- Increase allowable density in the residential neighborhood west of Monterey Road and along Dunne Avenue, Fifth Street, and part of Fourth Street (Blocks 13 and 14).
- Allow for visitor-serving lodging and “bed and breakfast” uses in the Downtown Area.

The following policies and actions support and will help implement these goals and objectives.

Policies

- Encourage new development to expand pedestrian-oriented uses and amenities, especially along Monterey Road and Third Street.
- Encourage land uses that have weekend and evening peak demands to better accommodate shared parking.
- Promote high- and medium-density residential units in mixed-use development to increase the Downtown residential population. Adoption of this Specific Plan includes land use and zoning changes resulting in higher density near Dunne Avenue and Fifth Street (Block 14 and portions of Block 13) and on the VTA/Caltrain parking lot (Block 16).
- Encourage mixed-use development that accommodates both the retail and residential land uses.
- Promote Transit-Oriented Development along Third and Depot Streets, as well as on Block 16, to strengthen the relationship between the train station and residential uses. While Block 16 is designated for Mixed Use-CBD, desired development is for high-density residential use, Caltrain/VTA parking, with perhaps some office uses. Any commercial service use should be minor or ancillary, and retail uses are prohibited under this Specific Plan, as the goal is that retail uses be concentrated in the Downtown Core.
- Encourage the preservation of the small-scale residential neighborhoods west of Monterey Road and north of Fourth Street.
- Encourage development surrounding Downtown to promote transit-oriented, pedestrian-friendly development that would complement Downtown.
- Allow residential-to-commercial conversions for uses such as offices, gift shops, beauty salons, health spas, restaurants, art galleries and studios, bed and breakfast hotels, or other similar uses.

Actions

- Provide funding assistance using redevelopment funds for programs such as facade improvement grants, commercial rehabilitation loans, and housing rehabilitation loans.
- Implement the Third Street Plaza/ Promenade streetscape reconstruction and beautification project.
- Work with and encourage the Downtown Association and Chamber of Commerce to attract new businesses and to provide educational sessions for Downtown property and business owners.
- Review plans for new developments to ensure they provide sufficient retail building space, where appropriate.
- Enhance lighting by installing streetlights throughout Downtown, including along side streets and in parking areas to create a safe environment.
- Work with the Downtown Association and Downtown businesses to encourage more consistent operating hours and days.
- Work with the Downtown Association and other relevant organizations to provide assistance for Downtown activities, such as farmers markets, art shows, concerts, and other similar events.
- Provide Redevelopment Agency assistance to ensure that an operating theater use is retained Downtown. This could involve redevelopment of the Granada Theatre site or in another suitable location.
- Concurrent with adoption of this Specific Plan, amend the General Plan and Zoning Ordinance to extend the Mixed Use land use and CC-R (Central Commercial Residential) zoning designation north to Block 19.
- Concurrent with the adoption of this Specific Plan, amend the General Plan and Zoning Ordinance to increase the maximum density for Mixed Use land use designation and CC-R zoning district from 18 dwelling units per acre to 20 dwelling units per acre.
- Review plans for new development or remodels within the R2 and D-R3 zoning districts throughout Downtown to ensure compatibility with the existing residential development.
- This Specific Plan assumes that the shopping center at the intersection of Del Monte Avenue and West Second Street is retained. This site could be rezoned as CBD or R2 for redevelopment as a mixed-use or residential project if determined to be feasible and desirable.
- Concurrent with this Specific Plan, change land use designation and zoning, and support redevelopment of the existing shopping center located at the southwest corner of Dunne Avenue and Monterey Road (Block 20) to CC-R east of the SCVWD Upper Llagas Creek easement and D-R3 use west of the SCVWD easement, with a Commercial Use Overlay for the residential portion.
- Use Redevelopment Agency resources to facilitate mixed-used development along Third Street.

Land Use Targets

While the vision for Downtown Morgan Hill is one welcoming a diversity of uses, it is important to work toward a mix of uses that are mutually supportive and consistent with the vision of a pedestrian-oriented downtown. Emphasis is placed on retaining and attracting the following uses:

1. Restaurants

A wide range of eating establishments is desired from simple grilles to white tablecloth restaurants. However, in the context of Morgan Hill, franchise fast food restaurants are felt to be appropriately located in places other than Downtown. Restaurants with outside dining or with openable window walls adjacent to the sidewalk will be especially promoted.

2. Entertainment Uses

Entertainment uses are desired. Cinema venues and music provided in conjunction with restaurant dining are most desirable.

3. Food Shops

Bakeries; natural food and local produce markets; wine, cheese and olive shops; and other special food businesses will add richness to the Downtown environment and provide convenient services near the commuter rail station.

4. Home Furnishings

The income levels of Morgan Hill residents offer a market for art and interior decorating items and services. Art galleries and decorative arts shops will increase the visual appeal of storefront windows and add to the pedestrian experience in Downtown.

5. Specialty Retail Uses

Niche markets will continue to allow for diverse and interesting additions to Downtown - especially those small businesses started by local residents with an interest in and passion for unique goods and a willingness to become active retailers. The feasibility of an "international walk of shops" that offers imported items from countries around the world should be analyzed. Such a use could develop in Downtown if determined to be feasible and desirable.

6. Professional Offices

Offices will provide additional life and vitality to Downtown as office workers provide activity on the sidewalks, and support retail shops and restaurants. Careful location of these uses, however, will be important to avoid gaps in retail and active frontages. Locations on upper floors above retail and restaurant uses, on side streets away from the Monterey Road and East Third frontages, and near Butterfield Boulevard will be most appropriate.

7. Commercial Services

Uses that serve Downtown visitors, residents, businesses, and commuters will increase the diversity of Downtown and increase the amount of time spent on each individual trip to the area. Beauty and nail salons, real estate and insurance offices, and businesses providing services to other businesses will be included. These uses are encouraged on streets other than Monterey Road and East Third Street to maximize the amount of retail along these corridors. Conversion of existing homes or new construction of small buildings on the side streets offer opportunities for these uses.

8. Residential Apartments and For-Sale Housing

Residents in and adjacent to Downtown will assist in extending the hours of activity in the area while providing important support for Downtown businesses and restaurants. Housing types that are appropriate to a location near a commuter rail station will be emphasized while low density housing projects that are similar to those in other areas of the community will not be allowed Downtown.

9. Grocery Market

A grocery store should be developed in or near Downtown to serve residents of Downtown and the surrounding neighborhoods. Smaller specialty food, wine, produce, bakery and deli goods are desired and anticipated to locate throughout Downtown. The grocery store and specialty shops are not expected to be in direct competition with one another.

10. Non-Retail Uses (e.g., Banks)

The Redevelopment Agency and Morgan Hill Downtown Association should work with banks and other non-retail uses on key sites within the Downtown Core along Monterey Road and Third Street, to either relocate to areas not zoned CBD, or to temporarily relocate the uses until the sites are intensified with more intensive mixed-use projects, when the uses would return to the sites.

In particular, the property owners, business owners and Morgan Hill Redevelopment Agency are strongly encouraged to pursue as priority projects the redevelopment of the two existing banks at the southwest and southeast corners of Main Avenue and Monterey Road, in a manner that

would accommodate desirable road improvements and widening to address traffic congestion of the Main Avenue road segment.

11. Mixed Use Opportunities outside Specific Plan Area

- The Britton School field south of the auditorium, located west of Monterey Road and between West Central and Keystone Avenues (Block 19), is currently designated as Public Facilities. This area should be reclassified to Mixed Use / CC-R to accommodate mixed-use development with a mix of office and residential uses (Block 19).
- Concurrent with adoption of this Specific Plan, the site of the existing shopping center at the southwest corner of Monterey Road and Dunne Avenue (Block 20), should be reclassified to Mixed Use/CC-R east of the creek easement and Medium Density Residential/D-R3 west of the easement (with a Commercial Use Overlay). This area should include a mix of residential and commercial uses with mixed-use or commercial uses on the east portion of site and residential uses on the west portion on the site. This site may offer an opportunity for a larger “national retailer” type of tenant, with from 15,000 to 20,000 square feet of ground floor space.

Note: For the purpose of this Specific Plan, the term “retail use” includes restaurants, entertainment uses, food and grocery stores, retail uses, home furnishings, and other uses determined to be “retail” in nature, as opposed to offices, personal services and the like.

Retail Real Estate Overview

Downtown offers a quaint, pedestrian-friendly environment, and acts as the central hub of activity in Morgan Hill. Its close proximity to the train station and bus transit facilities provide direct access for residents and visitors. There is significant interest among municipal and local property owners to transform Downtown into a more successful vibrant environment. In addition, there is interest in increasing Downtown residential, commercial and retail densities. Historically, Downtown has had a successful schedule of annual events including the Mushroom Mardi Gras, Taste of Morgan Hill, Fourth of July celebration, and Summer Music Series. Additionally, the new courthouse is anticipated to increase the daytime business population, generating employees and visitors to the area.

Types of Retail

The amount of “supportable” retail is directly proportional to the size of the trade area and the amount of other retail in the trade area. Supportable retail can also vary based on geography, competition, success of existing retail, proximity to customer traffic generators; and it can expand or contract based on the combination of these factors.

The size of a retail facility determines whether it is a destination or convenience use. Larger format stores present depth and breadth of a wider range of merchandise, which allows them to be more destination uses. Smaller format stores are limited in what products or services they can offer, thus they are more convenience uses. Typically, destination uses are anchor business, which attract people to an area. Convenience uses are supported by customers of the destination uses and by nearby business and residents.

Types of Customers

There are three groups of retail customers, each having distinct hours for shopping and dining:

- **Local Residents:** If employed outside the area, local residents will shop or dine in the late afternoon through the evening, and on weekends. Others will shop or dine from 11:00 a.m. to 5:00 p.m. or later
- **Daytime Business Population**
Employees: This group of people will dine from 11:00 a.m. to 2:00 p.m., and shop and/or dine after 5:00 p.m. on weekdays. Most will not return on weekends.
- **Visitors:** Visitors will shop and/or dine from 11:00 a.m. to 8:00 or 9:00 p.m. every day, but because they have time to invest in shopping, they are more willing to travel to other competing shopping destinations.

Site Selection

The key factor for a retailer’s assessment of a location is the sales potential. In the retail business, location is directly linked to sales and profitability. Sales potential determines whether to invest money and “people capital” in that particular location relative to other opportunities.

Selecting a potentially profitable location is dependent on several factors, including:

- complementary retail uses;
- pedestrian access;
- easy parking access;
- demographics of the trade area;
- cost of the leasable space; and
- historical sales performance.

Transitional/Temporary Uses

Until there is a strong market demand for retail in Downtown, property owners might find it difficult to find retail tenants. Property owners should design ground-floor spaces to accommodate retail uses (i.e. building depth, outdoor eating areas, and ground-floor ceiling height) and should actively search for retail tenants. Once there is a stronger demand for retail, interim uses such as office uses can transition out while retail uses take over the spaces.

Challenges to Retail

The most significant challenge with improving Downtown is attracting a strong retail and entertainment base. Currently, there is not enough residential critical mass in and around Downtown to support a dramatic increase in retail and service uses. Regional retail competition also poses challenges. Many residents shop at regional competition retail centers including Valley Fair, Oakridge, Gilroy Premium Outlets, Gilroy Crossing and Cochrane Commons. Currently, there is limited regional draw to downtown, mostly due to the lack of retail critical mass of destination uses.

Additionally, as the Downtown Core increases its retail square footage, creation of enough parking becomes necessary. Other challenges include the lack of a daytime business population and the lack of consistent hours of operation by retail and restaurant owners. It is a combination of factors that will attract a retail base, residential uses, entertainment destination uses, and additional office space. This plan seeks to create a critical mass by increasing residential densities, working with or modifying the RDCS to ensure accommodation of Downtown development, and ensuring construction of appropriately designed commercial space.

2015 and 2030 Development Projections

Redevelopment within Downtown Morgan Hill is expected to occur gradually over time. Major factors affecting the pace of development include:

- how RDCS applies to Downtown;
- the amount and type of public investment in Downtown;
- the success of initial Downtown redevelopment projects; and
- the risk levels Downtown property owners are willing to accept.

Overall, Downtown is expected to be a vibrant, mixed-use and pedestrian-friendly environment with an average of three story heights especially along Monterey Road and East Third Street. Larger sites of about one-half acre in size will be able to develop with up to four stories.

The City's Redevelopment Agency has completed various improvements throughout the Downtown area, including the construction of bulbouts at several intersections and infrastructure improvements along Depot Street, including street trees, lighting, and wide sidewalks. The Redevelopment Agency is investing up to \$40 million on additional improvements and projects throughout Downtown. These improvements will greatly affect the timing of future private development projects.

Properties such as the Sunsweet site and the Downtown Mall site have received residential allotments for mixed-use projects. Other property owners may look to the success of these projects before moving forward with projects of their own. These property owners will need to closely evaluate the risk associated with redevelopment. If this risk is beyond their comfort level, they may choose not to redevelop or the Redevelopment Agency will have to provide assistance as a public/private partnership project.

With these and other factors in mind, City Staff, RBF Consulting, Johnston Real Estate Services, and DKS Associates projected the sites most likely to redevelop by 2015 and 2030. The purpose of the projection was to guide development and phasing assumptions in the Master Environmental Impact Report (EIR) and traffic analysis, and to guide development of the Parking Resources Management Strategy (see Chapter 4 for a summary). The sites projected to redevelop by 2015 were selected based on communications with property owners and an assessment of the existing built conditions. Likewise, the development projected to occur between 2015 and 2030 is based on present and expected market conditions and an understanding of parking and retail needs in the Downtown area.

The sites selected for the 2015 Development Projection generally have residential allotments through the Residential Development Control System (RDCS) and have property owners or developers who are actively evaluating and preparing development plans. For the purpose of defining a first phase, this Specific Plan assumes that Blocks 1, 2, 3, 4, 7, portions of 13 and 14, 15, 17, and 18 would redevelop by 2015 (see Figure 3 or 6 for block numbers). Block 20 (outside of the Specific Plan boundary) was initially projected to redevelop by 2015, but due to 2008/2009 Recession conditions, it was determined that the Master EIR Traffic Study would assume continued commercial use of the block, in order to present “worst case” traffic conditions. The previously projected 82 new residential units for this block were shifted for the purpose of the Traffic Study to Block 16, the Caltrain parking lot site. However, redevelopment of Block 20 in the manner proposed by the Specific Plan, to Multi-family Medium/R-3 west of the SCVWD ROW and Mixed Use/CC-R east of the ROW remains a land use goal for Block 20. A “Commercial Use Overlay” has been added to the Multi-Family Medium parcels, to allow for use of a Commercial Administrative Use Permit Process for Block 20,

so that commercial use could continue to occur in the interim before redevelopment of the block is feasible. Property owners are encouraged to work with the City/Redevelopment Agency to develop and carry out a strategy for redevelopment of the west portion to residential use.

It must be emphasized that the phasing assumptions are not intended to and will not be interpreted to act as a geographic or numeric constraint to the location, level and/or timing of development. Under this adopted Specific Plan, other blocks, or portions of blocks, may redevelop first. The overall level and location of actual development will be monitored by the City to ensure that land use regulations, parking management activities, and environmental (CEQA) compliance is appropriate to actual conditions over time.

Also, the projections do not represent the maximum buildout potential of all sites or of all of Downtown, which is determined by the maximum development permitted by the Zoning Ordinance, and future development applications submitted by property owners may propose different types or densities of development. Again, actual development will be monitored, with future actions taken as necessary, for consistency and appropriate regulatory and CEQA compliance.

The projections intend to present a reality-based “likely redevelopment scenario” for 2015 and 2030, for the purpose of focusing policies, programs and activities. The Master EIR and Parking Resources Management Strategy will use these projections instead of the “maximum buildout” in order to realistically assess the future of Downtown. Using the maximum potential development approach would likely result in providing excessive parking or requiring unnecessary mitigations. It is intended that the Master EIR provide environmental clearance to the projected realistic 2030 level of development, and if future projects exceed that level, a future CEQA document will be needed.

Figure 6 shows the Ground Floor Overlay (GFO), which **requires** ground-floor retail uses along portions of Monterey Road and Third Street. See the Ground Floor Overlay (GFO) discussion in the Zoning Districts section below for minimum ground-floor retail building depths and floor to ceiling heights required by the GFO.

Figure 7 shows areas **encouraged** to include ground-floor retail uses and the recommended ground-floor retail building depths for these locations. These recommendations are based on an analysis prepared by Johnston Real Estate Services and discussions with City Staff, RBF Consulting, and Downtown business and property owners.

Overall Assumptions

Currently the Downtown Core (Blocks 1-14) has approximately 123,000 square feet of retail, 122,000 square feet of office, 1,500 square feet of industrial, 53,000 square feet of public facilities, and 190 residential units (City of Morgan Hill data, 2007).

Future projections for Downtown are described below and are shown in the tables on the following pages.

Future projections were calculated based on total development by 2015 and total development by 2030 (which includes the development included in the 2015 projections).

These projections are then classified as “net new” and “total” development. Net new development represents the amount of new development less any existing development that will be replaced. For example, if a site with a 1,000 square foot building is to be redeveloped with a project with a 5,000 square foot building, this would represent a net new development of 4,000 square feet (5,000 new square feet minus 1,000 existing square feet to be redeveloped). Total development represents the net new development plus additional existing development. For example, if the above 4,000

net new square feet is developed in an area with 10,000 additional existing square feet, the total development would be 14,000 total square feet (4,000 net new square feet plus 10,000 additional existing square feet).

The future projections were further classified into three boundaries to better assess the future of Downtown development and to provide more specific information for related reports, such as the Parking Resources Management Strategy and the Master Environmental Impact Report (EIR). These three boundaries are the Downtown Core boundary (Blocks 1-14), the Specific Plan boundary (Blocks 1-18), and the Specific Plan boundary with Blocks 19 and 20 (Blocks 1-20).

The 2015 residential development projections assume the existing residential development control system (RDCS) of 255 units within Blocks 1-20 (allocations awarded by March 2006), an additional 100 residential units provided by Measure F (November 2006 ballot measure), and 495 of the 500 exempt housing units provided by the May 2009 ballot measure approved by the voters, for a total of 850 units.

These projections serve to identify the potential change in development for the CEQA analysis, Parking Resources Management Strategy, traffic analysis, and other relevant studies and analyses.

Refer to Appendix C (Development Projections by Block) for a more detailed table summarizing the development projections and assumptions by block.



Ground Floor Retail Overlay

Figure 6



Figure 7

CHAPTER 2: LAND USES AND DEVELOPMENT STANDARDS

City of Morgan Hill Downtown Specific Plan 2030 Development Summary - Blocks 1-14 (Downtown Core)

Land Use	Existing Development ¹	Development by 2015		Development by 2030	
		Net New	Total	Net New	Total
Retail	123,365 Sq Ft	94,221 Sq Ft	217,586 Sq Ft	166,490 Sq Ft	289,855 Sq Ft
Residential	193 DU	546 DU	739 DU	681 DU	874 DU
Office/Service	122,248 Sq Ft	30,157 Sq Ft	152,405 Sq Ft	60,591 Sq Ft	182,839 Sq Ft

¹ Blocks 1-14 excluding public facilities (including schools, Community and Cultural Center, churches, social halls) and industrial

Assumptions		
Existing Retail Development to be Replaced by Projected Redevelopment		
16,800 sq ft	from the existing Downtown Mall at Monterey Road and First Street (Block 2)	
20,050 sq ft	from the existing bookstore building along Depot Street (Block 3)	
2,050 sq ft	from the existing liquor store at Monterey Road and Third Street (Block 4)	
total	38,900 sq ft	

City of Morgan Hill Downtown Specific Plan 2030 Development Summary - Blocks 1-18 (Downtown Specific Plan Boundary)

Land Use	Existing Development ¹	Development by 2015		Development by 2030	
		Net New	Total	Net New	Total
Retail	123,365 Sq Ft	94,221 Sq Ft	217,586 Sq Ft	166,490 Sq Ft	289,855 Sq Ft
Residential	193 DU	760 DU	953 DU	1,081 DU	1,274 DU
Office/Service	122,248 Sq Ft	30,157 Sq Ft	152,405 Sq Ft	60,591 Sq Ft	182,839 Sq Ft

¹ Blocks 1-18 excluding public facilities (including schools, Community and Cultural Center, churches, social halls) and industrial

Assumptions		
Existing Retail Development to be Replaced by Projected Redevelopment		
16,800 sq ft	from the existing Downtown Mall at Monterey Road and First Street (Block 2)	
20,050 sq ft	from the existing bookstore building along Depot Street (Block 3)	
2,050 sq ft	from the existing liquor store at Monterey Road and Third Street (Block 4)	
total	38,900 sq ft	

City of Morgan Hill Downtown Specific Plan 2030 Development Summary - Blocks 1-20 (Downtown Specific Plan Boundary and Blocks 19-20)

Land Use	Existing Development ¹	Development by 2015		Development by 2030	
		Net New	Total	Net New	Total
Retail	213,365 Sq Ft	21,221 Sq Ft	234,586 Sq Ft	93,490 Sq Ft	306,855 Sq Ft
Residential	201 DU	850 DU	1,051 DU	1,190 DU	1,393 DU ²
Office/Service	122,248 Sq Ft	30,157 Sq Ft	152,405 Sq Ft	85,591 Sq Ft	207,839 Sq Ft

¹ Blocks 1-20 excluding public facilities (including schools, Community and Cultural Center, churches, social halls) and industrial

² Includes an additional 10 dwelling units to account for the increase in density for the CC-R zoning district

Assumptions		
Existing Retail Development to be Replaced by Projected Redevelopment		
16,800 sq ft	from the existing Downtown Mall at Monterey Road and First Street (Block 2)	
20,050 sq ft	from the existing bookstore building along Depot Street (Block 3)	
2,050 sq ft	from the existing liquor store at Monterey Road and Third Street (Block 4)	
90,000 sq ft	from the existing shopping center at Monterey Road and Dunne Avenue (Block 20)	
total	128,900 sq ft	

Assumptions by Block

Each block in Downtown has a distinct character and potential for redevelopment based on the land use, zoning, and proximity to Monterey Road and East Third Street. Refer to Figure 6 for the required minimum retail depths for properties within the Ground Floor Overlay (GFO) district and Figure 7 for encouraged ground-floor retail locations and **recommended** building depths.

Development assumptions by block include:

- **Block 1:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. The projected redevelopment occurs primarily along Monterey Road and includes ground-floor retail uses with offices or residential on the upper floor(s). The required minimum depth of ground-floor retail is 60 feet along Monterey Road and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet). This block contains an existing bank located at the southeast corner of Main Avenue and Monterey Road. The property owner and the Redevelopment Agency are encouraged to work together to redevelop the site in a manner that would accommodate desirable road improvements and widening to address traffic congestion of the Main Avenue road segment, better accommodate left turns from Monterey, and improve the Main/Monterey intersection.
- **Block 2:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. The projected redevelopment occurs primarily along Monterey Road and includes ground-floor retail uses with offices or residential on the upper floor(s). Redevelopment of this block may incorporate a remodeled or new Granada Theater for a cinema or entertainment use, however the Specific Plan does not require this, and a cinema on an alternate downtown site is acceptable. Under any scenario, however, it is a goal of the Specific Plan that the existing Granada upright sign and marquee be retained in the downtown, associated with a cinema or entertainment use. The projected redevelopment offers the potential for a parking structure internal to the block or underground parking. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet). Retail spaces along East First and Second Streets are strongly encouraged with depths between 80 and 120 feet.
- **Block 3:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. The projected redevelopment occurs primarily along Third Street and includes ground-floor retail uses with offices or condominiums/apartments on the upper floor(s). Restaurants with outdoor dining areas and specialty shops are encouraged along Third Street. Property owners of smaller parcels are encouraged to combine lots and take advantage of the higher floor-area ratio (2.25 FAR for sites of 22,000 square feet or more, rather than the base 2.0 FAR for sites less than 22,000 square feet). Four story heights may be proposed on sites of 22,000 square feet or more, with a fourth floor setback. Development on this block should act as a landmark for Downtown and should be more intense than development along adjacent streets. Large projected redevelopment sites offer the potential for underground parking. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and Third Street, and 80 feet at each intersection with Monterey Road and Depot Street (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet). Retail spaces along East Second Street are strongly encouraged with depths between 80 and 120 feet. Relocation of the Granada Theater

sign and marquee to the Monterey Road frontage of this block would be a suitable redevelopment project, for a new cinema or entertainment use if the existing Granada Theater site is used for other purposes.

- **Block 4:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. The projected redevelopment occurs primarily on the parcels generally referred to as the “Sunsweet Site” and includes ground-floor retail uses with offices or condominiums/apartments on the upper floor(s). Restaurants with outdoor dining areas and specialty shops are encouraged along Third Street. Property owners of smaller parcels are encouraged to combine lots and take advantage of the higher floor-area ratio (2.25 FAR for sites of 22,000 square feet or more, rather than the base 2.0 FAR for sites less than 22,000 square feet). Four story heights may be proposed on sites of 22,000 square feet or more, with a fourth floor stepback. Development on this block should act as a landmark for Downtown and should be more intense than development along adjacent streets. Large projected redevelopment sites offer the potential for underground parking. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and Third Street, and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet).
- **Block 5:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. This block is not within the Ground Floor Retail Overlay (GFO) zoning district. Should ground-floor retail uses develop, the recommended minimum depth of such uses is between 50 and 80 feet along Monterey Road and at the intersection of Monterey Road and Fourth Street.
- **Block 6:** This block has a CBD Mixed Use and Public Facilities (General Plan) and D-PF and CBD (Zoning Ordinance) designation. This block is not within the GFO district. No redevelopment of existing buildings is assumed; however redevelopment may occur on the existing residential properties. This Plan projections for this block assumed the retention of the existing Community and Cultural Center (CCC), Gavilan Collage building, and outdoor amphitheater. The site offers the potential for structured parking on the existing CCC surface parking lot to increase the public parking supply and the parking could be a designated parking area for Downtown employees. The Specific Plan identifies a preferred future project consisting of re-routing Depot Street through the CCC parking lot, in order to create an intersection with Church Street at the signal. This allows Depot Street to remain connected to Dunne Avenue even when the Dunne/UPRR grade separation project (undercrossing of RR tracks) occurs. This project should be designed in a manner that allows sufficient site area for structured parking, accommodates private property access requirements, and facilitates pedestrian travel to CCC and Gavilan uses.
- **Block 7:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. This block is not within the GFO district. The site offers the potential for structured parking on the existing surface parking lot to increase the parking supply. Long-term and visitor secured bicycle parking facilities are encouraged within the parking area.
- **Block 8:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. This block is not within the GFO district. The site offers the potential for surface or structured parking to increase the parking supply.

- **Block 9:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet). The bank parcel offers an opportunity for redevelopment with a mixed-use project. The property owners and the Redevelopment Agency are encouraged to work together to redevelop the office building site and/or the existing bank site at the southwest corner of Main/Monterey in a manner that would accommodate desirable road improvements and widening to address traffic congestion of the Main Avenue road segment and improve the Main/Monterey intersection. It is also desirable on this block to pursue a continuous parking lot from Main Avenue through to First Street, behind the Monterey frontage buildings.
- **Block 10:** This block has a CBD Mixed Use and Multi-Family Low (General Plan) and CBD, R2, and RPD (Zoning Ordinance) designation. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet).
- **Block 11:** This block has a CBD Mixed Use and Multi-Family Low (General Plan) and CBD and R2 (Zoning Ordinance) designation. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet). Retail spaces along West First and Second Streets are strongly encouraged with depths between 80 and 120 feet. The City-owned parcel at Upper Llagas Creek is planned for a passive park with a creek interpretive element, which would link to a pedestrian/bicycle pathway to Del Monte Avenue. As stated above in the Actions section, the existing shopping center at the intersection of Del Monte Avenue and West Second Street is assumed to be retained. If feasible and desirable, this site could redevelop with a mixed use or residential project.
- **Block 12:** This block has a CBD Mixed Use, Multi-Family Low, and Residential Estate (General Plan) and CBD, R2, and RE (Zoning Ordinance) designation. This block contains the “Nob Hill” geographic feature, which has the large-lot residential designation given the hillside topography. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet). The site offers the potential for a restaurant development oriented toward the Upper Llagas Creek corridor. The RDA parcel could serve as a passive park.

- **Block 13:** This block has a CBD Mixed Use, Multi-Family Medium, and Residential Estate (General Plan) and CBD, D-R3, and RE (Zoning Ordinance) designation. This block is not within the GFO district. The projected redevelopment assumes the existing multi-family low (R2) designation is increased to multi-family medium (R3) to a density of up to 21 dwelling units per acre. The site offers the potential for a restaurant development oriented toward the Upper Llagas Creek corridor.
- **Block 14:** This block has a CBD Mixed Use and Multi-Family Medium (General Plan) and CBD and D-R3 (Zoning Ordinance) designation. This block is not within the GFO district. The projected redevelopment assumes the existing multi-family low (R2) designation is increased to Downtown multi-family medium (D-R3) to a density of up to 21 dwelling units per acre. Redevelopment of the site offers the potential for residential uses and approximately 30,000 square feet of offices.
- **Block 15:** This block has a Multi-Family High (General Plan) and D-R4 (Zoning Ordinance) designation. This block is not within the GFO district. The projected redevelopment includes development of an approved housing project with 134 dwelling units (99 of which have RDCS allotments). The Redevelopment Agency is providing assistance so that the existing concrete batch plant will be relocated from this site to a more suitable site outside of the Downtown area.
- **Block 16:** This block has a CBD Mixed Use (General Plan) and CBD Central Business District (zoning), with no maximum density. Redevelopment of the surface parking lot offers the potential for a transit-oriented development with high density residential units. Offices could also be appropriate in a mixed use project. Redevelopment of this block assumes the retention of the Caltrain parking spaces, but the spaces may be provided in a structure on the site or nearby. The level of projected development assumed in the EIR Traffic Study included 268 residential housing units and the parking spaces. If other uses beyond residential and parking are considered for this block, offices would be appropriate, and perhaps some minor or ancillary commercial services, however retail uses are prohibited on this block, in order to support the Specific Plan goal that retail uses locate within the 14-block Downtown Core. It would be appropriate to develop this block with land use intensity, and four story heights are allowed on this block, subject to Design Review.
- **Block 17:** This block has a Public Facility (General Plan) and D-PF (Zoning Ordinance) designation. This block is not within the GFO district. This block is the site of the South County Courthouse, which opened in April 2009. This block is also the site of a planned fire station and a pedestrian plaza connection offering an at-grade pedestrian/bike connection across the railroad tracks to East Third Street.
- **Block 18:** This block is planned for a mix of uses. The existing parcels with frontage on Butterfield Boulevard are proposed for a General Plan change from “Mixed Use” to “Office Industrial” and a zoning change from “PUD” to “CO - Administrative Office”. The parcel containing the existing Mama Mia’s restaurant would remain designated Mixed Use, with a CC-R zoning. The parcels on the remainder of the block are proposed for a General Plan change from “Mixed Use” to “Multi-Family Medium” and a zoning change from “PUD” to “D-R3 Downtown Medium Density Residential/PUD”, and this portion of the block has 80 residential allocations in place.

- **Block 19:** This block is outside of the Specific Plan boundary, but is recommended for land use designation changes concurrent with adoption of this Specific Plan. This block has a Mixed Use (General Plan) and CC-R (Zoning Ordinance) designation. This block is not within the GFO district. The projected redevelopment offers the potential for a mixed-use development with 27 dwelling units and 25,000 square feet of office uses fronting Monterey Road, south of the existing school auditorium.
- **Block 20:** This block is outside of the Specific Plan boundary, but is recommended for land use designation changes concurrent with adoption of this Specific Plan. This block has a Mixed Use and Multi-Family Medium (General Plan) and CC-R and R3 (Zoning Ordinance) designation with a Commercial Use Overlay on the R-3 portion. This block is not within the GFO district. The projected redevelopment offers the potential for mixed use development east of the creek easement and medium density residential units west of the creek easement, to total approximately 90 dwelling units and 17,000 square feet of ground-floor retail uses on the block. However, due to 2008/2009 Recession conditions, it was determined that the Master EIR Traffic Study would assume continued commercial use of the block, in order to present “worst case” traffic conditions. The previously projected 82 new residential units for this block were shifted for the purpose of the Traffic Study to Block 16, the Caltrain parking lot site. The goal of the Plan for the westerly portion of the block is for multi-family medium use, but a Commercial Use Overlay District will allow for a Commercial Administrative Use Permit Process for at least 5 years so that commercial use can continue to occur in the interim before redevelopment of the block is feasible.

Ground Floor Overlay District and Downtown Administrative Use Permit

To enhance the pedestrian character of Downtown and assist in guiding the location of businesses in support of Downtown’s vision, ground floor spaces along portions of Monterey Road and Third Street within the Downtown Ground Floor Overlay District (GFO) will be restricted to retail shops, restaurant and entertainment uses, and certain service commercial businesses that are determined to support a continuity of display window visual interest. These businesses could include florists, dry cleaners, and similar uses that serve the community and commuters on a daily or weekly basis. Recently constructed buildings that are clearly designed for office uses and civic buildings are not included in the GFO (assessor parcel numbers 767-07-027, -028, and -029). See Figure 6 for the location of the GFO.

The Downtown Administrative Use Permit (DAUP) allows for commercial, professional and medical office uses, and personal services uses to locate in first floor locations on parcels located within the GFO district if the retail market is not yet sufficiently strong to accommodate a retail use within the space. Ground floor personal service uses may be allowed within a tenant space if the use is ancillary to a retail use occupying the same space and will provide continuity of display window visual interest that includes the retail component.

Affordable Housing

The City's regulations exempt residential development within the Specific Plan boundary from providing deed-restricted affordable housing for rental or for-sale housing. Projected residential development is anticipated to include mixed-use developments and smaller unit sizes than the City as a whole and, therefore, the units would "naturally" be more affordable than development outside of Downtown. Rental units also add to the overall supply of affordable housing, which would be provided by apartments and other rental housing units.

Residential Development Control System (RDCS)

Morgan Hill voters approved a ballot measure in May 2009 to exempt 500 residential units from the RDCS process within the Downtown area (Blocks 1 – 20), within the city's current RDCS population cap of 48,000 persons in the year 2020. The 500 units represents an average of 45 units per year. Under the exemption, residential and mixed use development in Downtown that are consistent with the Specific Plan will need to secure a Design Permit, Development, Agreement, and Building Permit, with some uses also requiring a Conditional Use Permit or DAUP. If a project proposes a change to the Specific Plan development standards, a Planned Development zoning designation would be required, but the residential units would still be exempt from the RDCS.

Zoning Districts

The following sections serve as the land use and certain parking zoning regulations and standards for this Specific Plan. The regulations and standards in these sections supersede those in the Morgan Hill Zoning Ordinance (Zoning Ordinance) for properties within the Specific Plan area boundary. Zoning districts in this area include:

- CBD Central Business District (no minimum, no maximum density)
- Ground Floor Overlay (GFO)
- RE Residential Estate (0-1 du/ac)
- D-R2 Downtown Medium-Density Residential (5-14 du/ac)
- D-R3 Downtown Medium-Density Residential (14-21 du/ac)
- D-R4 Downtown High-Density Residential (21-40 du/ac)
- D-PF Downtown Public Facilities
- PD Planned Development

Sites designated as CC-R or CO zoning districts shall use the standards provided in the Zoning Ordinance and Municipal Code.

Figure 8 lists the permitted, conditionally permitted, permitted by Downtown Administrative Use Permit, and not permitted uses for the above zoning districts (excluding Planned Development).

Other Morgan Hill Zoning Ordinance and Municipal Code provisions, where not in conflict with the standards within this Specific Plan, continue to apply. Examples include, but are not limited to, Flood Damage Prevention Overlay District (Chapter 18.42), Design Permit (Chapter 18.74), Historic and Archaeological Resources (Chapter 18.75), Water-Conserving Landscape (Chapter 18.73), Significant Tree (Chapter 12.32), and Parking Ordinance (Chapter 18.50) provisions not in conflict with this Plan.

Morgan Hill Downtown Specific Plan

Permitted Uses

Figure 8 below lists uses that are permitted (P), conditionally permitted (C), conditionally permitted with a Downtown Administrative Use Permit (A), and not permitted (N).

Figure 8

Permitted Uses (within the Specific Plan Boundary)

Use (Block 16 is subject to special use restrictions. Uses with an N in the column after the CBD column means that retail or commercial use is prohibited on Block 16)	CBD	CBD Block 16	GFO	D-PF	R2 D-R3 D-R4	RE
Commercial/Service/Retail Uses						
Antique shop, vintage clothing and collectibles	P	N	P	N	N	N
Arts and crafts gallery	P	N	P	N	N	N
Bed and Breakfast Lodging	C	N	N	N	C	C
Commercial recreation (3,000 sq. ft. or less)		P	C	C	N	N
Commercial recreation (greater than 3,000 sq. ft.)		C	C	C	N	N
Commercial service		P	A	N	N	N
Convenience market/store	C	N	C	N	N	N
Dry cleaner, shoe repair	P	N	C	N	N	N
Family day care, small		C	N	N	P	P
Financial services, bank		P	C	N	N	N
Food service, takeout	P	N	P	N	N	N
Hotel	C	N	C	N	N	N
Nightclub and bar (ancillary to a restaurant)	C	N	C	N	N	N
Nightclub, bar, theater (not ancillary to a restaurant)	C	N	C	N	N	N
Nursery school/large family day care facility		C	N	C	C	C
Personal services		P	A	N	N	N
Public/quasi-public building (education, cultural, or public-service)		C	A	P	C	C
Public Parking Lots or Structures		P	C	P	C	N
Restaurant (beer & wine permitted; bars conditionally permitted)	P	N	P	N	N	N
Retail store	P	N	P	N	N	N
School, general educational	C	N	N	C	N	N
Social hall, lodge, fraternal organization, community club, religious facilities	C	N	N	C	C	C
Specialty food market	P	N	P	N	N	N
Theater	C	N	C	N	N	N
Residential Uses						
Duplex, triplex		C	N	N	P	N
Congregate care for the elderly/assisted living facility (>6)		N	N	C	C	N
Home occupations (in accordance with Chapter 18.04.225: Home Occupations, of the Zoning Ordinance)		P	C	N	P	P
Live/work unit		P	C	N	N	N
Mixed use residential (residential use above some other use)		P	P	N	N	N
Multi-family dwelling		C	C	N	P	N
Nursing/convalescent hospital		N	N	C	C	N
Residential congregate care facility - large (>6)		N	N	C	C	N
Residential congregate care facility - small (≤6)		N	N	N	P	P
Single-family attached dwelling		C	N	N	P	P
Single-family detached dwelling		C	N	N	P	P

Figure 8 (Continued)

Permitted Uses (within the Specific Plan Boundary)

Use (Block 16 is subject to special use restrictions. Uses with an N in the column after the CBD column means that retail or commercial use is prohibited on Block 16)	CBD	CBD Block 16	GFO	D-PF	R2 D-R3 D-R4	RE
Office/Professional Uses						
Business, trade or tutoring school		P	A	C	N	N
Business support services		P	A	N	N	N
Hospital		P	N	N	N	N
Medical office		P	N	N	N	N
Office, administrative		P	A	C	N	N
Professional office		P	A	C	N	N
Other Uses						
Drive-in establishments		C	N	N	N	N
Public Parking Lots or Structures		P	C	P	C	N
Other uses similar to permitted or conditionally permitted uses as determined by the Planning Commission to be permitted		C	C	C	C	C

Requirement for Air Quality and Transportation Demand Management Plan (AQ-TDM Plan)

As part of the Design Permit process, all projects subject to the Design Review requirements shall submit a proposed Air Quality and Transportation Demand Management Plan (AQ-TDM Plan) for review and action by the Community Development Director. The AQ-TDM Plan will incorporate appropriate measures at appropriate locations as determined through the design permit process, such as the following, to reduce air quality impacts:

- Provide bicycle lanes, sidewalks and/or paths, connecting project residences to adjacent schools, parks, the nearest transit stop and nearby commercial areas.
- Provide secure and conveniently placed bicycle parking and storage facilities at parks and other facilities.
- Allow only natural gas fireplaces. No wood burning devices would be allowed.
- Construct transit amenities such as bus turnouts/bus bulbs, benches, shelters, etc.

- Provide direct, safe, attractive pedestrian access from project land uses to transit stops and adjacent development.
- Provide showers and lockers for employees bicycling or walking to work.
- Provide transit information kiosks and bicycle parking at commercial facilities.
- Provide secure and conveniently located bicycle parking and storage for workers and patrons.

Public parking lots constructed or assisted by the City or Redevelopment Agency of Morgan Hill and private residential parking facilities of 50 spaces or more shall include the following amenities:

- Electric vehicle charging facilities.
- Preferential parking for Low Emission Vehicles (LEVs).

Central Business District (CBD)

A large portion of Downtown along Monterey Road and to the west of the railroad tracks, as well as the VTA/RDA Block 16, is within the CBD Central Business District. Each project will be carefully reviewed to ensure compatibility with the vision and intent of this plan. The design guidelines included in this document will serve to assist city staff, the Planning Commission and/or the City Council in making consistency determinations and with design permits.

Purpose of the CBD District

The CBD designation is generally applied to parcels within the Downtown Core and over Block 16, the existing VTA/Caltrain parking lot. Figure 9, below, illustrates the development standards for the CBD zoning district.

The purposes of this district are to:

- implement the goals and objectives of the Downtown Morgan Hill Specific Plan;
- support traditional architectural styles and features, while also allowing for design creativity and use of contemporary materials in a manner found to be compatible with the Downtown vision and character;
- provide a variety and intermixture of residential, commercial, and public activities in the downtown core;
- provide additional housing stock, and conserve housing stock in residential areas west of Monterey Road; and
- increase residential and commercial densities in the Downtown Core.

Density

- No minimum; and no specified maximum

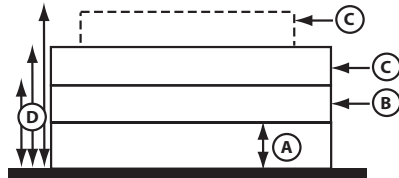
Development Standards

- Lot area: 3,500 square feet minimum
- Lot width: 40 feet minimum
- Lot depth: 80 feet minimum

- Maximum building coverage: not specified;
- Floor area ratio: 2.0 maximum or 2.25 maximum for sites of 22,000 square feet or more. FAR is the total building square footage (excluding parking areas) divided by the total site (parcel) square footage;
- Minimum number of floors: 2 stories;
- Maximum number of floors: 3 stories, except that 4 stories are allowed on sites of 22,000 square feet or more. A setback is required for buildings with 4 stories. There is no specific distance for the setback; however, the setback shall maintain a “human scale” and provide for adequate solar access to the adjacent street. The setback is subject to review and a design permit to ensure that the design provides for a human scale and adequately maintains solar access onto adjacent public sidewalks;
- Maximum building height (measured from ground to top of the roof plate):
 - Two story building: 35 feet;
 - Three story building: 45 feet; and
 - Four story building: 55 feet.
- Setbacks:
 - Front: 0 feet minimum and 10 feet maximum for commercial/office/mixed-use; and 6 feet minimum and 15 feet maximum for residential uses. Residential porches or similar structure may extend into the setback up to 5 feet;
 - Side: 0 feet minimum for commercial/office/mixed-use; and 5 feet minimum for residential uses; and
 - Rear: 0 feet minimum for commercial/office/mixed-use; and 10 feet minimum for residential uses.

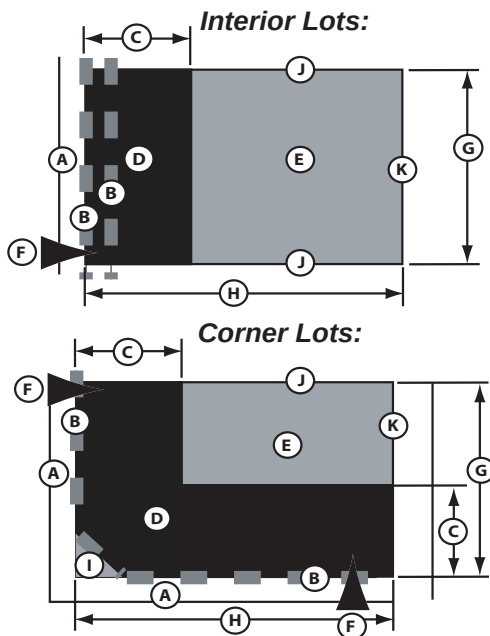
Figure 9
CBD Development Standards

Mass/Height Specifications:



- A: First Floor Ceiling Height: 14' minimum for non-residential uses.
- B: Minimum Number of Floors: 2
- C: Maximum number of Floors: 3 stories, except that 4 stories are allowed on sites of 22,000 square feet or more. A stepback is required for buildings with 4 stories. There is no specific distance for the stepback; however, the stepback shall maintain a "human scale" and provide for adequate solar access to the adjacent street. The stepback shall be subject to a design permit.
- D: Maximum building height (measured from ground to top of roof plate): 35 feet (for 2 story building), 45 feet (for 3 story building), or 55 feet (for 4 story building).
- E: Maximum Floor-Area Ratio (FAR): 2.0 for sites less than 22,000 square feet, or 2.25 for sites 22,000 square feet or greater.

Site Specifications:



- A: Sidewalk
- B: Front Building Facade: The facade shall be built anywhere within 0' to 10' (commercial/office/mixed-use) and 6' to 15' (residential) of property lines adjacent to the street. Storefronts, building entrances, and upper floor balconies may be recessed into the facade. Residential porches or similar structures may encroach into the setback by up to 5'.
- C: Building Depth: 50' (minimum) and 120' (maximum) as measured from the front building facade, unless otherwise labeled in Figure 6.
- D: Building Zone: No maximum building coverage is specified (a building may occupy up to 100% of the site). Rear areas not covered by a building may be occupied by rear yards, courtyards, plazas, parking lots, and/or loading/unloading zones
- E: Minimum Lot Area: 3,500 square feet.
- F: Access to parking and loading/unloading facilities shall include a minimum driveway width of 20'. The center line of all driveways shall be at least 30' from an intersection.
- G: Minimum Lot Width: 40'.
- H: Minimum Lot Depth: 80'.
- I: Building Corner: The setback at the building corner adjacent to the intersection may be angled, curved, or recessed if a building entrance is created at the corner.
- J: Side Setback: 0' minimum for commercial; office; and mixed-use; and 5' minimum for residential.
- K: Rear Setback: 0' minimum for commercial, office, and mixed-use; and 10' minimum for residential.

- Ground floor “floor-to-ceiling clear” height: 14 feet minimum for non-residential uses;
- Ground floor building depth: retail depth minimums as specified by Figure 6;
- The above standards are intended to ensure creation of spaces appropriate for retail and restaurant uses; such spaces may be occupied by other uses such as live/work, personal services, and offices upon issuance of a DAUP; and
- Parking:
 - Retail*: 2.8 spaces per 1,000 square feet;
 - Office*: 4.0 spaces per 1,000 square feet; and
 - Residential*:
 - 1.0 space per unit (600 or fewer square feet in unit);
 - 1.5 spaces per unit (>600 to 1,350 square feet in unit); and
 - 2.0 spaces per unit (>1,350 square feet in unit).

** Parking requirements based on all new and redeveloped square footage or dwelling units.*

- In the CBD, exceptions to parking design requirements of Chapter 18.50: Off-street Parking and Paving Standards, may be approved through the Design Permit process

Additional Required Conditions

- All development is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74: Design Review. Approval of Design Permits shall be subject to making findings that the proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan, as well as with applicable design standards and guidelines as contained in the city’s Design Review Handbook.
- Noticed Public Hearings shall be held for all projects subject to Design Permit requirements. The Community Development Director shall determine the appropriate process for consideration of Design Permits; smaller or more minor projects may be acted upon by staff, while larger and more significant projects should be referred to the Planning Commission or City Council. Any Design Permit which involves Redevelopment Agency or City-owned sites, or for which the RDA is entering into an Agreement to assist with the development, should be acted upon by the City Council, after receiving a recommendation from staff and/or the Planning Commission, as determined by the Community Development Director.

Ground Floor Overlay (GFO)**Purpose of the GFO District**

- To implement the Morgan Hill Downtown Specific Plan, the downtown ground floor overlay district is intended to modify the uses allowed in the CBD district to require retail, restaurant and entertainment uses on the ground floor that support a continuity of display window visual interest. For the purposes of this chapter, “ground floor” means the first floor which is above grade. Where the GFO district is combined with the CBD district, the uses permitted or conditionally permitted within the GFO district shall apply in lieu of the uses as normally allowed in the CBD district. Except for the regulations relating to uses as set forth in this section, all other regulations shall be those of the applicable underlying CBD district.
- This district shall apply to parcels that have frontage along portions of Monterey Road and Third Street as shown on Figure 6. These parcels are required to provide ground floor retail, restaurant, and/or entertainment uses with a minimum depth of 60 feet along Monterey Road (80 feet at intersections) and 50 feet along Third Street (80 feet at intersections).

Permitted Uses

See Figure 8 for permitted uses.

Conditional Uses

See Figure 8 for conditionally permitted uses.

Downtown Administrative Use Permits (DAUPs)**Purpose of the Downtown Administrative Use Permit**

The purpose of Downtown Administrative Use Permits (DAUPs) is to allow for commercial, professional and medical office uses, live/work, and personal services uses to locate in first floor locations on parcels located in the ground floor overlay district fronting Monterey Road or Third Street, upon a determination that the retail market is not sufficiently strong to accommodate a retail use, and therefore that ground floor office, live/work, or personal service uses may be allowed. Additionally, ground floor personal service uses may be allowed within a tenant space if the use is ancillary to a retail use occupying the same space and will provide a continuity of display window visual interest that includes the retail component.

Application Contents

An application for a Downtown Administrative Use Permit (DAUP) shall be made by the property owner or agent thereof, on a form issued by the Community Development Department. An application shall be accompanied by the following information except as may be waived by the Community Development Director for proposed uses in existing structures:

- Vicinity map;
- Site plan;
- Floor plan;
- Building elevations for facades along Monterey Avenue and Third Street;
- Signing and landscape plan;
- Statement of proposed operations, including but not limited to number of employees, proposed hours of operation, and if applicable, how a personal service use relates to the retail use within the tenant space;

- Materials which demonstrate that the subject space in the building has been advertised for lease to retail tenants for at least ninety days, but the owner has been unable to locate a suitable retail tenant at market rates; and
- Other materials as required by the Community Development Department.

Application Process

- An application for a DAUP shall be filed with the Community Development Department, in a form prescribed by the Community Development Director. After an application is deemed complete by the Community Development Department, such application shall be routed to affected city departments for comments.
- The department shall notify by mail the applicant and owners of properties located within 300 feet of the proposed site of the proposed use and application for a DAUP, at least 10 days prior to the scheduled date for decision by the department, in order to receive comments. The department shall also notify the chamber of commerce, downtown association and other organizations with a known interest in Downtown.
- After the notice period has occurred and comments have been considered, the Community Development Director will take action on the DAUP. Appeals of the decision of the Community Development Department shall be filed within 10 days, and appeals shall be considered by the planning commission at a noticed public hearing. Appeals of the decision of the planning commission shall be filed within 10 days, and appeals shall be considered by the city council at a noticed public hearing. The decision of the city council shall be final.

Evaluation, Conditions and Findings

The Community Development Director or designee shall evaluate the application for consistency with the following criteria:

- The suitability of the site and building for the proposed use;
- The impact of the use on the surrounding properties, and on the GFO and CBD districts in general.
- The impact of the use on traffic circulation and planned capacity of the street system.
- The compatibility of the use and design with adjacent uses within the district and its surroundings;
- Whether the use will adversely affect the peace, health, safety, morals or welfare of persons residing or working in the vicinity of the use;
- Whether the use will impair the utility or value of property of other persons located in the vicinity of the site;
- The applicability and conformity of the use with provisions of Chapter 8.40 (Hazardous Materials Storage) of the Zoning Ordinance as existing or hereafter amended;
- Review of the building with regard to suitability of design and location to accommodate first floor retail use(s);
- Review of materials submitted by the applicant and determination that the subject space in the building has been advertised for lease to retail tenants for at least 90 days, but the owner has been unable to locate a suitable retail tenant at market rates;
- Whether the use will provide a public benefit to the city and its citizens;
- Vacancy rate for commercial buildings in the Downtown Core; and
- Whether the use is clearly ancillary to a retail use within the tenant space and will provide a continuity of display window visual that includes the retail component.

The Community Development Director may impose reasonable conditions on an approval of a DAUP. Conditions may include, but shall not be limited to, conditions requiring a review of the use at some future time or upon certain triggering event(s); conditions providing for expiration of the Administrative Use Permit at some future time or upon certain triggering event(s); conditions imposing requirements for site maintenance and/or improvements; conditions requiring a personal service to be ancillary to a retail use with the same tenant space and maintenance of display window visual interest that includes the retail component; conditions requiring installation and maintenance of landscaping, regulation of vehicular ingress and egress, traffic circulation, regulation of signs, establishment of development schedules or time limits for performance or completion, and/or any other conditions as deemed necessary by the Community Development Director.

Approval of and issuance of the DAUP shall be subject to the Community Development Director making one or more of the following findings:

- The subject space in the building has been advertised for lease to retail tenants for at least 90 days, but the owner has been unable to locate a suitable retail tenant at market rates;
- The vacancy rate for commercial space exceeds five percent in the ground floor combining district for the quarter. The Downtown Association or other entity as determined by the City may assist with vacancy rate surveys (as needed); or
- If the use is personal service, the applicant has demonstrated that the use is ancillary to a retail use within the tenant space and provides a continuity of display window visual interest.

Expiration and Extensions

- Approval of a DAUP shall be valid for three years from the date of approval.
- The approval may be extended one or more times by the Community Development Director for up to up to three years for each extension, upon the applicant requesting in writing such extension and paying the established fee. An application for an extension may be submitted no sooner than nine months before the expiration date of the previously approved DAUP. The application process, including public noticing and appeals, shall occur in accordance with Section 18.54.260 of the Zoning Ordinance. Approval of a DAUP extension shall be subject to the Community Development Director making the required findings as described in this Specific Plan. The Community Development Director may impose reasonable conditions on an approval of a DAUP as outlined in this Specific Plan. Conditions imposed on an extension may be different from the conditions imposed on the originally approved DAUP.

Residential Estate (RE)

Purpose of the RE District

Very low density residential uses are generally not included in downtown areas; however, given the presence of Nob Hill (which has steep slopes, a water tank, and other constraints), a portion of the Downtown Core is designated as RE (Residential Estate). The RE (Residential Estate) district is intended to promote and encourage a suitable environment for family life on large parcels of land or where topography precludes a smaller lot pattern (such as on Nob Hill within the Specific Plan boundary). The RE district is to be used only for suburban single-family homes, appropriate agricultural uses, and the community services and facilities appurtenant thereto.

Permitted Uses

See Figure 8 for permitted uses.

Conditional Uses

See Figure 8 for conditionally permitted uses.

Density

- 0-1 dwelling units per acre.

Development Standards

RE standards are as follows:

- Minimum lot area: 100,00 square feet;
- Minimum lot width: 150 feet;
- Minimum lot depth: 150 feet;
- Maximum building coverage: 25 percent;
- Minimum setbacks:
 - Front, 50 feet,
 - Rear, 25 feet,
 - Side, 25 feet;
- Maximum height: two and one-half stories, or 30 feet;

- Side street side yard: a side yard along the side street lot line of a corner lot shall have a width of not less than fifteen feet or one-half the required depth of the front yard, whichever is greater; and
- Parking requirements: as specified in Chapter 18.50 (Off-Street Parking and Paving Standards) of the Zoning Ordinance.

Additional Required Conditions

- All development is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74: Design Review. Approval of Design Permits shall be subject to making findings that the proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan, as well as with applicable design standards and guidelines as contained in the city's Design Review Handbook.
- No building shall be constructed within 80 feet of a ridgeline. To the extent feasible, developments near Upper Llagas Creek should follow the "Guidelines and Standards for Land Use Near Streams" (Santa Clara Valley Water District, 2006). This includes, but is not limited to, restricting development at least 20 feet from the top of bank, maintaining a 2 to 1 structural slope stability requirement, and conducting a stability analysis. All proposed structures shall be constructed outside of the 100-year floodplain unless such development is consistent with the limitations contained in Chapter 18.42 (Flood Damage Prevention) of the Zoning Ordinance.

Downtown Medium-Density Residential (R2)**Purpose of District**

The R2 district is intended to stabilize and protect the residential character of neighborhoods and to promote and encourage a suitable environment for family life. The R2 district is intended for suburban detached or attached single-family homes, and the community services appurtenant thereto.

Permitted Uses

See Figure 8 for permitted uses.

Accessory Uses

The following accessory uses are permitted in the R2 district:

- Signs, complying with the applicable regulations set forth in Chapter 18.76 (Sign Code) of the Zoning Ordinance;
- Private garage and parking areas;
- Home occupations; and
- Other accessory uses and buildings customarily appurtenant to a permitted use.

Conditional Uses

See Figure 8 for conditionally permitted uses.

Density

- 5-14 dwelling units per acre.

Development Standards

R2 standards are as follows:

- Minimum lot area: 3,400 square feet
- Minimum site area per dwelling unit: 1,500 square feet;
- Minimum lot width: 40 feet;
- Minimum lot depth: 85 feet;
- Maximum building coverage: 50 percent;

- Minimum setbacks:
 - Front, 20 feet,
 - Rear, 15 feet,
 - Side, five feet;
- Maximum height: two and one-half stories, or 30 feet; and
- Parking requirements: as specified in Chapter 18.50 (Off-Street Parking and Paving Standards) of the Zoning Ordinance.

Additional Required Conditions

The following additional conditions shall apply in an R2 district:

- All development, except a single-family home on a lot of less than 20,000 square feet, a duplex on one lot, or a single unit addition to an existing structure (unless such are “sensitive sites” per Section 18.74.060 of the Design Review Ordinance), is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74: Design Review. Approval of Design Permits shall be subject to making findings that the proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan, as well as with applicable design standards and guidelines as contained in the city’s Design Review Handbook.
- All manufactured homes are subject to Design Permit approval.

- No building shall be constructed within 80 feet of a ridgeline. To the extent feasible, developments near Upper Llagas Creek should follow the “Guidelines and Standards for Land Use Near Streams” (Santa Clara Valley Water District, 2006). This includes, but is not limited to, restricting development at least 20 feet from the top of bank, maintaining a 2 to 1 structural slope stability requirement, and conducting a stability analysis. All proposed structures shall be constructed outside of the 100-year floodplain unless such development is consistent with the limitations contained in Chapter 18.42 (Flood Damage Prevention) of the Zoning Ordinance.

Downtown Medium-Density Residential (D-R3)

The D-R3 district is intended to stabilize and protect the residential character of neighborhoods, and to promote a suitable environment for family and adult communities in a higher-density environment than other residential zoning categories would allow.

Permitted Uses

See Figure 8 for permitted uses.

Accessory Uses.

The following accessory uses are permitted in the D-R3 district:

- Signs, complying with the applicable regulations set forth in Chapter 18.76 (Sign Code) of the Zoning Ordinance;
- Private garages and parking areas;
- Home occupations;
- Other accessory uses and accessory buildings customarily appurtenant to a permitted use.

Conditional Uses

See Figure 8 for conditionally permitted uses.

Density

- 14-21 dwelling units per acre.

Development Standards

D-R3 standards are as follows:

- Minimum lot area: 3,200 square feet;
- Minimum site area per dwelling unit: 1,200 square feet;
- Minimum lot width: 40 feet;
- Minimum lot depth: 80 feet;
- Maximum building coverage: 70 percent;

- Minimum setbacks:
 - Front, 15 feet,
 - Rear, 15 feet,
 - Side, 5 feet;
- Maximum height: 3 stories, or 35 feet;
- All residential development fronting on an arterial street as defined by the general plan, shall provide a minimum front yard setback of 20 feet; and
- Parking requirements as specified in Chapter 18.50 (Off-Street Parking and Paving Standards) of the Zoning Ordinance.
- No building shall be constructed within 80 feet of a ridgeline. To the extent feasible, developments near Upper Llagas Creek should follow the “Guidelines and Standards for Land Use Near Streams” (Santa Clara Valley Water District, 2006). This includes, but is not limited to, restricting development at least 20 feet from the top of bank, maintaining a 2 to 1 structural slope stability requirement, and conducting a stability analysis. All proposed structures shall be constructed outside of the 100-year floodplain unless such development is consistent with the limitations contained in Chapter 18.42 (Flood Damage Prevention) of the Zoning Ordinance.

Additional Required Conditions

- All development, except a single-family home on a lot of less than 20,000 square feet, a duplex on one lot, or a single unit addition to an existing structure (unless such are “sensitive sites” per Section 18.74.060 of the Design Review Ordinance), is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74: Design Review. Approval of Design Permits shall be subject to making findings that the proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan, as well as with applicable design standards and guidelines as contained in the city’s Design Review Handbook.
- All manufactured homes are subject to Design Permit approval.

Downtown High-Density Residential (D-R4)

The D-R4 district is intended to promote a suitable environment for family and adult communities in a higher-density environment than other residential zoning categories would allow.

Permitted Uses

See Figure 8 for permitted uses.

Accessory Uses

The following accessory uses are permitted in the D-R4 district:

- Signs, complying with the applicable regulations set forth in Chapter 18.76 (Sign Code) of the Zoning Ordinance;
- Private garages and parking areas;
- Home occupations;
- Other accessory uses and accessory buildings customarily appurtenant to a permitted use.

Conditional Uses

See Figure 8 for conditionally permitted uses.

Density

- 21-40 dwelling units per acre.

Development Standards

D-R4 standards are as follows:

- Minimum lot area: 3,000 square feet;
- Minimum site area per dwelling unit: 700 square feet.
- Minimum lot width: 40 feet;
- Minimum lot depth: 75 feet;
- Maximum building coverage: 80 percent;
- Minimum setbacks:
 - Front, 10 feet,
 - Rear, 15 feet,
 - Side, 5 feet;

- Maximum height: three stories; or 45 feet; and
- All residential development fronting on an arterial street as defined by the general plan, shall provide a minimum front yard setback of 20 feet.
- Parking*:
 - 1.0 space per unit ($\leq$ 600 square foot unit);
 - 1.5 spaces per unit (600 - 1,350 square foot unit); and
 - 2.0 spaces per unit ($\geq$ 1,350 square foot unit).

* Parking requirements based on all new and redeveloped dwelling units.

Additional Required Conditions

- All development, except a single-family home on a lot of less than 20,000 square feet, a duplex on one lot, or a single unit addition to an existing structure (unless such are “sensitive sites” per Section 18.74.060 of the Design Review Ordinance), is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74: Design Review. Approval of Design Permits shall be subject to making findings that the proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan, as well as with applicable design standards and guidelines as contained in the city’s Design Review Handbook.
- All manufactured homes are subject to Design Permit approval.

- No building shall be constructed within 80 feet of a ridgeline. To the extent feasible, developments near Upper Llagas Creek should follow the “Guidelines and Standards for Land Use Near Stream” (Santa Clara Valley Water District, 2006). This includes, but is not limited to, restricting development at least 20 feet from the top of bank, maintaining a 2 to 1 structural slope stability requirement, and conducting a stability analysis. All proposed structures shall be constructed outside of the 100-year floodplain unless such development is consistent with the limitations contained in Chapter 18.42 (Flood Damage Prevention) of the Zoning Ordinance.

Downtown Public Facilities (D-PF)

The D-PF public facilities district is intended to accommodate governmental, public utility, educational and community service or recreational facilities. The D-PF district is intended to be applied to existing public facilities as identified by the general plan and other areas where deemed appropriate.

Permitted Uses

See Figure 8 for permitted uses.

Conditional Uses

See Figure 8 for conditionally permitted uses.

Development Standards

D-PF standards are as follows:

- Minimum lot area: not specified;
- Minimum lot width: not specified;
- Minimum lot depth: not specified;
- Maximum building coverage: not specified;
- Minimum setbacks: not specified;
- Maximum height: three stories, or 45 feet as measured from the ground to the top of the roof plate;
- Parking requirements: Parking spaces shall be provided in the amount as specified in Chapter 18.50: Off-street Parking and Paving Standards. In the D-PF Downtown Public Facilities District, exceptions to parking design requirements of Chapter 18.50 may be approved through the Design Permit process;
- Areas used for outdoor storage shall meet the minimum design standards applicable to off-street parking facilities with respect to paving, grading, drainage, access to public streets, safety and protective features, lighting, landscaping and screening;

- All uses, whether permitted or conditional, shall be conducted in such a manner so as to avoid any nuisance, hazard or commonly recognized offensive condition or characteristic, as established by the performance standards of Chapter 18.48 (Performance Standards) of the Zoning Ordinance; and
- Signs shall be regulated in accordance with Chapter 18.76 (Sign Code) of the Zoning Ordinance and Chapter 6 (Signage Guidelines) of this Specific Plan.

Additional Required Conditions

- All development is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74: Design Review. Approval of Design Permits shall be subject to making findings that the proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan, as well as with applicable design standards and guidelines as contained in the city's Design Review Handbook.

Planned Development (PD)

Purpose of District

The purpose of the Planned Development (PD) overlay district is to:

- Facilitate and promote coordination of design, access, use, and other features associated with development of multiple adjacent properties or large single properties;
- Encourage flexibility of site planning when it will enhance the area in which it is proposed; and
- Allow construction and reservation of housing units for lower income or senior households.

General Provisions

To achieve the purpose of the PD overlay district, variations from the standards specified elsewhere in the above development standards and in Division I of the Morgan Hill Zoning Ordinance may be allowed as long as they variations are consistent with the overall intent, goals, and policies of this Specific Plan. Variations can include but are not limited to permitted or conditional uses (consistent with the Plan designation on the site), lot sizes, lot coverage, setback requirements, parking, building height, floor-area ratio (FAR), and density, the City Council determines and finds that , the proposed development will provide substantial compliance with the district regulations and other provisions in this Specific Plan and Division I of the Zoning Ordinance related to the public health, safety and general welfare.

In that the CBD Mixed Use General Plan land use designation has no maximum density, PD amendments which may increase density via greater height and FAR than base Specific Plan standards for the CBD District, will be processed as a PD zoning and Specific Plan zoning amendment, but will not require an amendment to the General Plan.

Applicability

- Any development within any zoning district which proposes to deviate from standards of the underlying zoning district.

Establishment and Initiation.

A PD overlay district may be established upon the application of a property owner in accordance with procedures established in Chapter 18.62 (Amendments) of the Zoning Ordinance and by fulfilling the provisions of this chapter.

The Planning Commission or City Council may initiate a PD overlay zone in accordance with the procedures set forth in Chapter 18.62 (Amendments) of the Zoning Ordinance without a development plan submittal. A conceptual plan for future development of land zoned as PD by the City Council shall be submitted by the first applicant proposing to develop within the PD subsequent to its establishment by the city. Future development of land designated as PD would be subject to development plan submittal requirements and all other requirements specified in this chapter.

Development Plan, Review, and Approval

A request for establishment of or amendment to a PD shall follow the same procedures as established for zoning amendments, as defined and described in Chapter 18.62 (Amendments) of the Zoning Ordinance or as specified within this chapter.

Preliminary review for Mixed Use and Non-Residential Overlays.

Prior to filing an application for approval of a PD overlay district a preliminary plan review application should be completed. The preliminary review process will include the review and recommendations from the Development Review Committee and public hearings before the Planning Commission and City Council.

Residential Density

Where residential development is proposed as part of the planned development, the residential portion of the development shall not exceed the density limits established by this Specific Plan except that density bonuses may be granted pursuant to the provisions of Chapter 18.47 (Affordable Housing Bonuses and Other Incentives) and Chapter 18.78 (Residential Development Control System) of the Zoning Ordinance.

Permitted Uses

- All permitted uses in the respective underlying zoning district unless otherwise noted in the PD plan or text.
- All uses shown on the development plan and/or specified with PD text for a particular PD district as approved by the City Council.
- In the industrial portions of a PD overlay zone only, “adult businesses” as defined by Sections 18.04.018.2 et seq. and 18.48.170 and 18.48.180 of the Zoning Ordinance are permitted subject to conformity to all city codes, including receipt and maintenance in good standing of a police permit pursuant to Sections 5.60.010 et seq. of the Municipal Code.
- Signs, complying with the applicable regulations set forth in Chapter 18.76 (Sign Code) of the Zoning Ordinance.
- Park for approved and conditional uses.
- Home occupations.
- Other accessory uses and buildings customarily appurtenant to a permitted use.

All uses must meet the performance standards established in Chapter 18.48 (Performance Standards) of the Zoning Ordinance.

Conditional Uses

- All conditional uses in the underlying zoning district unless otherwise noted in the PD plan or text.
- All uses shown as conditional on the development plan and/or specified within the PD text as conditional for a particular PD district as approved by the City Council.

Design Review and Approval

- Architectural and site review approval shall be required of all uses situated on sensitive sites, as defined in Chapter 18.74 (Design Review) of the Zoning Ordinance, such as hillsides, streams, historic structures, and other uses as defined in Chapter 18.74 (Design Review).

Development Plan and Implementation

- The design and location of all physical and landscape improvements shall be consistent with the Development Plan established for the PD.

Modification to Approved Planned Developments

- No significant modifications to an approved PD shall be permitted unless approved by the City Council. Minor modifications consistent with the approved final development plans may be approved by Community Development Director based on the following findings:
 - The modification is consistent with the intent, goals, and policies of this Specific Plan.
 - The modification is consistent with the intent of the original PD approval.
 - The modification will not have an adverse impact upon the owners of surrounding properties.
 - The modified project is consistent with the environmental determination.

- When the Community Development Director finds that a proposed modification differs substantially from the approved PD, an amendment to the approved PD will be required through the public hearing process, planning commission and City Council.

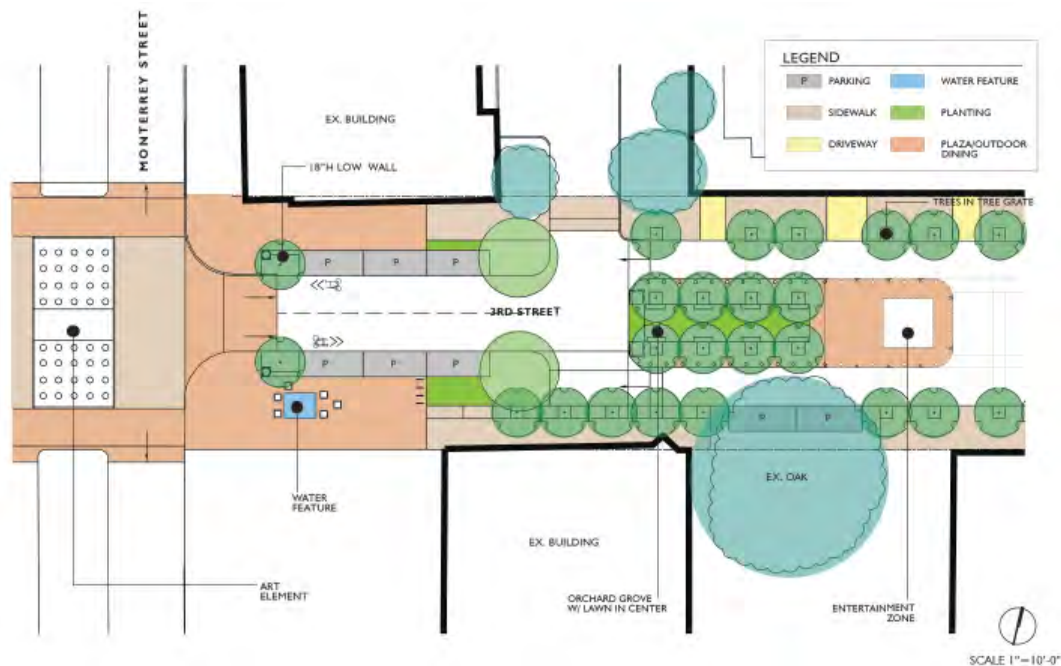
Designation on Zoning Map

Once a Planned Development Overlay District has been established by the approval of the City Council the official zoning map shall be amended to include the symbol “PD” for all development along with the underlying zoning designation.

Chapter 3: Multi-Modal Circulation and Streetscapes

Overview

Streetscape improvements have already been completed for Depot Street between Main Avenue and Fifth Street. Streetscape improvements for the Third Street Plaza and Promenade project will be complete by January 2010. This chapter discusses other priorities for circulation and streetscape improvements.



Sketch and plan for the proposed redesign of Third Street

Monterey Road

Monterey Road provides major access to Downtown from both the north and the south. With four travel lanes (two in each direction), it serves not only as a major access route to Downtown, but also as a circulation route for through traffic. In the past, Monterey Road served as an alternative route to U.S. Highway 101 when traffic backed up on the freeway. By virtue of its width and large through-traffic volumes, Monterey Road can pose internal circulation conflicts within Downtown. In addition, the perceived width of the street, traffic volumes, and vehicle speeds have resulted in a physical and psychological barrier separating Downtown into two segments: one east and one west of Monterey Road. The improvements to East Third Street will extend across Monterey Road to West Third Street and will have the added benefit of traffic calming.

Several construction projects have been completed or have started in recent years that have, or soon will, increase overall traffic capacity in the north-south direction. Highway 101 was widened in 2001 to provide additional lanes and traffic capacity. Butterfield Boulevard has been completed between Cochrane Road and Tennant Avenue, and within the next five years will be extended north to Madrone and south to Watsonville Road to provide an alternative north-south route through Morgan Hill to the east of Downtown.

Additionally, the Santa Teresa Corridor, which includes Santa Teresa Boulevard, Sunnyside Avenue, DeWitt Avenue, and Hale Avenue, is planned to become a unified north-south route that would roughly parallel Monterey Road to the west of downtown. A major portion of this corridor (Main Avenue to Dewitt Avenue) will be completed within the next five years.

The planned parallel north-south routes could allow traffic to be shifted off Monterey, enabling reduction of travel lanes from four to two. This would free up right of way for dedication to other purposes such as wider sidewalks, angled parking and other streetscape amenities, to support a truly pedestrian-friendly, human-scale downtown where people, rather than cars, are emphasized.

The existing conflicts and barriers along Monterey Road should be reduced or eliminated to increase safety and encourage pedestrian activity. Monterey Road improvements through Downtown should be considered after feasibility analyses are complete and the improvements are determined to be feasible and desirable. It is estimated that improvements would likely occur after 2015. The new Citywide traffic model and master traffic analysis will provide information regarding the traffic levels of service and phasing conditions to be met prior to reducing lanes on Monterey Road.

Two approaches could be used to improve the conditions along Monterey Road: reducing the number of travel lanes through Downtown and applying traffic calming measures.

Monterey Road Narrowing

The City of Morgan Hill has studied a possible Circulation Element Amendment to narrow Monterey Road from 4 lanes to 2 lanes, between Main and Dunne Avenues. This Downtown Specific Plan will accommodate any decision that may be made regarding Monterey Road through the downtown area; the goals of the Plan can be met with Monterey Road remaining 4 lanes, and could also be met under a 2-lane Monterey Road configuration. Decisions about the configuration of Monterey Road through Downtown will be made in the context of the Circulation Element of the General Plan, not the Downtown Specific Plan.

There are a variety of options for use of the right-of-way if Monterey Road is reduced to two vehicular travel lanes. Some of these options include the addition of either bike routes or “sharrows”, through Downtown, widening of sidewalks, or the construction of diagonal parking to increase parking resources. The center median may, or may not, be retained. The exact use of the right-of-way would be subject to a community decision-making process.

Monterey Road Streetscape and Traffic Calming

Steps should be taken to slow traffic speeds in order to make crossing easier for pedestrians and to enhance its visual appearance and strengthen the image of downtown as a unique pedestrian zone. Based on further study and design, public improvement plans will be developed, drawing on the following techniques:

1. Entry Point Treatment

Trees, landscaping and/or public art focal point improvements should be added at the corners of Dunne and Main Avenues to signal entry into a special zone. Special raised paving bands could be constructed north of Dunne Avenue and south of Main Avenue to provide a tactile and visual signal for traffic to slow down. Special signage or some other identity feature such as public art or sculpture should be installed at the Dunne Avenue and Main Avenue entries to signal Downtown as a special zone.

2. Special Banner Signage

Support standards for the display of seasonal or special events banners should be installed on existing and new streetlights. Banner poles should also be considered.



Existing special paving on Depot Street

3. Third Street Improvements

These improvements should be installed to link the east and west sides of Monterey Road visually.

4. Median Landscaping and Tree Lighting

Encourage consistent landscaping throughout the existing center median between Main Avenue and Dunne Avenue. Pin lighting or up lighting should be installed to median trees to signal entry into a nighttime activity area.

5. Pedestrian Crosswalk Emphasis

Special treatments should be implemented to increase the visibility of crosswalks to motorists by:

- enhancing the color edge striping, and
- adding push button-activated flashing pin lights in crosswalk striping, in areas with wide crossings.



Existing median with landscaping and pedestrian space on Monterey Road

6. Speed Humps for Four-Lane Monterey Road

Speed humps have been installed near Third Street to reduce the speed of vehicles. If Monterey Road is narrowed, these speed humps should be removed along with the associated signage.

7. Bike Routes

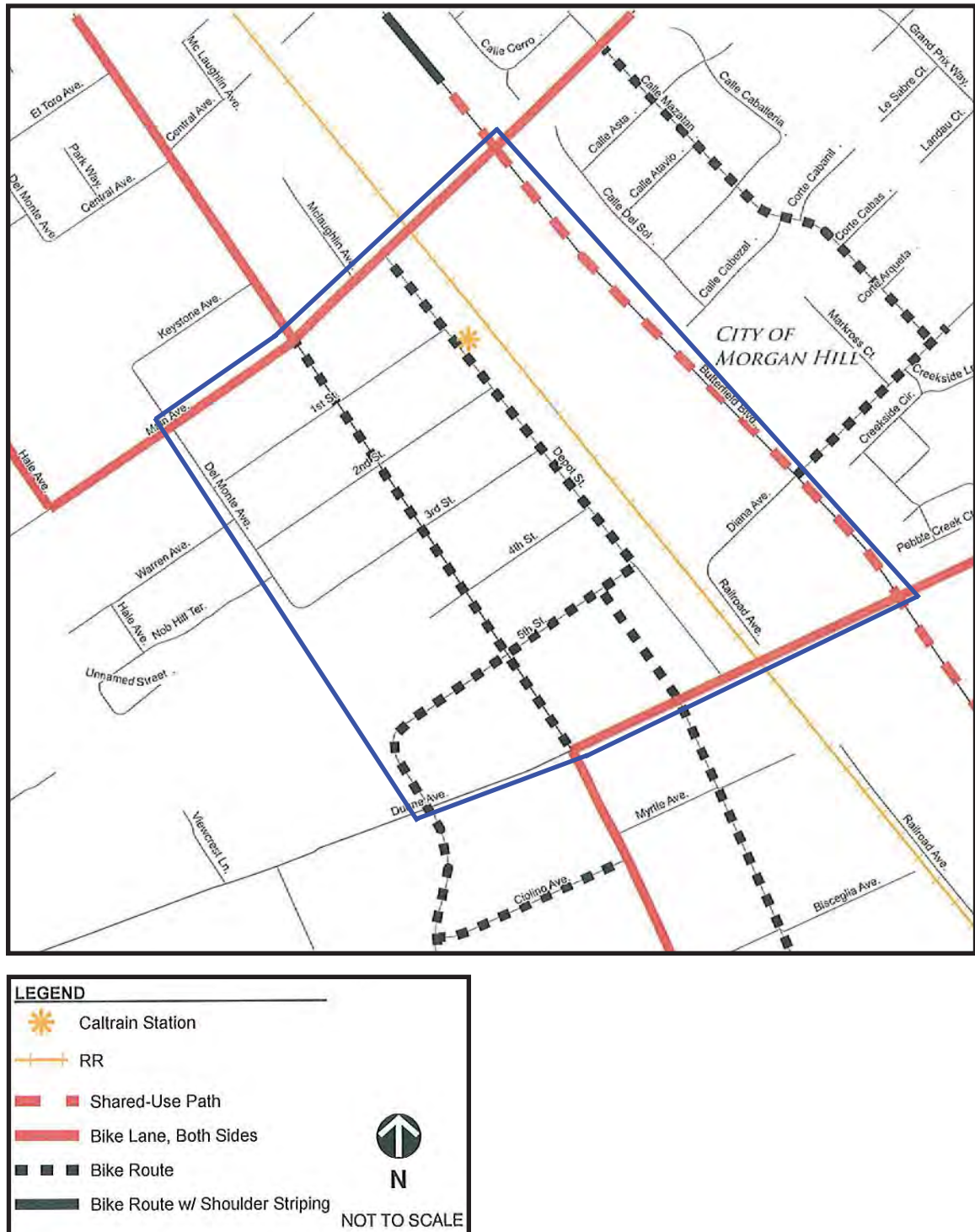
Bike routes or “sharrows” between Dunne Avenue and Main Avenue are encouraged. These may consist of markings on the road and/or signage alerting motorists to share the lane with bicyclists. This is consistent with the City’s Bike Map (see Figure 10).



Existing speed humps on Monterey Road

Figure 10

Bike Map



Source: City of Morgan Hill

Third Street

Third Street is wider than the other east-west streets in Downtown, possibly because of its historic linkage between the railroad and the Monterey Highway (now Monterey Road), which was the main route through the community. This street carries very little traffic and will soon be reconfigured with one traffic lane in each direction, on-street parking, and wider sidewalks. The sidewalks will be wide enough to accommodate outside dining, displays (i.e. produce and flowers), and additional landscaping. Bulbouts and a mid-block pedestrian crossing will be constructed to encourage pedestrian activity and slow vehicular traffic along the street. The final street design should be coordinated with private development to ensure consistency of design and that the private/public spaces are complementary to one another.

The landscape improvements and the activities along the street will serve to provide a strong link between the commuter rail station on Depot Street and the uses along Monterey Road. Third Street will be designed to allow it to be closed off periodically for informal markets, art shows, music events, and other community activities.



Potential to move the Farmers' Market to Third Street

Depot Street

Depot Street has been improved with landscaping, streetlights, bike lanes, bulbouts, and enhanced sidewalks to serve as a strong pedestrian link between the train station, the Community and Cultural Center, the neighborhoods to the north, and Downtown via Third Street.



Looking south along Depot Street

The City of Morgan Hill has studied a possible Circulation Element Amendment to change the current plan to close Depot Street when the planned Dunne/UPRR grade separation (undercrossing) project occurs, so that Depot Street can remain connected to Dunne Avenue. Depot Street offers an important alternate north-south travel route within the downtown, and provides access to public parking lots located on Depot Street. This Downtown Specific Plan will accommodate any decision that may be made regarding Depot Street; however, the preferred option would be a plan to re-route Depot Street through the existing Community & Cultural Center parking lot, to connect to Dunne Avenue at the existing Church/Dunne traffic signal, to create an intersection. This would allow Depot Street to remain connected to Dunne Avenue even when the Dunne/UPRR grade separation project occurs. This project should be designed in a manner that allows sufficient site area for structured parking, accommodates private property access requirements, and facilitates pedestrian travel to CCC and Gavilan College uses.

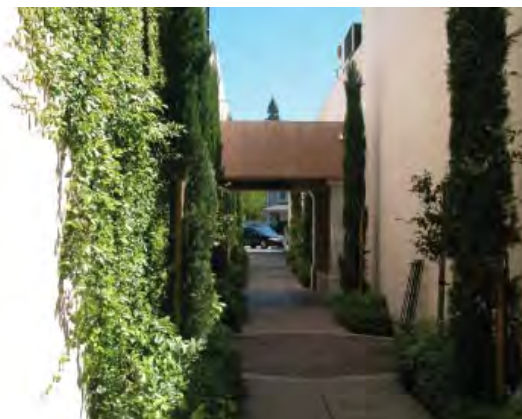
Pedestrian-Friendly, Multi-Modal Circulation

Other streets in the Downtown Core should have beautification improvements including narrowing the streets if possible, providing bulbouts, installing special paving at corners or in crosswalks, bike route signs or “sharrow” markings, on-street parking improvements, lighting and landscaping improvements. As stated earlier, improvements along Depot Street have recently been constructed and improvements are underway along Third Street. Streetscape improvements along Monterey Road should be given a high priority, under either the existing 4-lane configuration or a possible 2-lane configuration. The City should carry out a Monterey Road Streetscape alternatives design planning process, with broad public participation, in order to develop the preferred improvements for Monterey Road. Other side streets should also be planned for streetscape improvements, though not as elaborate as Third Street. Since the Sunsweet Site (on Block 4) is relatively large and will likely redevelop soon, Fourth Street should be given the highest priority for improvements among the side streets. After Fourth Street, priority should be given to Second Street, First Street, Fifth Street, and Main Street, all between Monterey Road and Depot Street.

Two-way streets (streets with vehicular movement in both directions) are strongly encouraged, and one-way streets should be avoided, whenever feasible. One way side streets may require removal of parking spaces along one side of the street and could negatively impact vehicular circulation, both of which are not recommended.

Mid-block crossings (using bulbouts to expand the sidewalk into parking space areas to narrow the paved street surface) on commercial and mixed-use streets are strongly encouraged to facilitate pedestrian activity and increase pedestrian connectivity.

Pedestrian links are strongly encouraged to connect parking lots to Monterey Road, Third Street, and larger developments, such as the Sunsweet Site. Mid-block pedestrian connections are encouraged to connect one side street to another (i.e. an off-street pedestrian link that connects Third Street to Fourth Street). Pedestrian connections should be provided by the property owner and developer.



Pedestrian links from Monterey Road to rear parking lot increase accessibility to lots without creating additional driveways

The City constructed a plaza between the County Courthouse on Butterfield Boulevard and the Pedestrian Railroad Crossing just east of the corner of Depot and Third Street. This plaza is designed to facilitate pedestrian travel from the Courthouse into Downtown. The Plaza serves as a demonstration site for sustainable design and landscaping techniques. Figure 11 contains a conceptual plan for the County Courthouse, plaza, and pedestrian connections.

If additional tracks or high-speed trains are added, a grade-separated pedestrian/bike connection should be studied and constructed as part of these improvements. The design of this crossing should complement Downtown development, make users feel safe and welcome, and serve as a gateway statement to train passengers.

The Santa Clara Valley Water District and the City of Morgan Hill have created preliminary plans for flood control improvements along Upper Llagas Creek through the downtown area. Due to the right-of-way constraints and underground locations, providing a Downtown creekside trail may not be feasible from Second to Fourth Street, from Fifth Street to Dunne Avenue, or along Monterey Road and Second Street. Right-of-way widths to the north and south of those Downtown areas are less restrictive and a trail will be developed in these areas. Where the trail connection through Downtown is not feasible along the creek, signs should be posted at the north and south trailheads to direct pedestrians and bicyclists to sidewalks and bike routes or “sharrows” through Downtown, and then connecting to the other trailheads.

A majority of the West Third Street parcel

owned by the Redevelopment Agency will be needed to accommodate the PL566 flood control project improvements. Prior to that time, the parcel should be used as passive open space with on-street parking. When the PL566 project is implemented, this parcel could become a passive pocket park and pedestrian amenity with a strong connection to the creek improvements, perhaps with interpretive signage about the PL566 Upper Llagas project purposes of flood control and riparian habitat. Figure 12 shows the property owned by the Redevelopment Agency and Upper Llagas Creek.

As a good practice measure to support pedestrian safety and promote safe vehicular travel, the City of Morgan Hill should carry out regular monitoring of the unsignalized intersections in the Downtown area, especially those at Monterey/Fifth, Monterey/Fourth, and Monterey/Central, to evaluate the possibility of restricting cross traffic movements or implementing other restrictions supportive of safe travel downtown.

Source: City of Morgan Hill

Figure 11

County Courthouse and Plaza

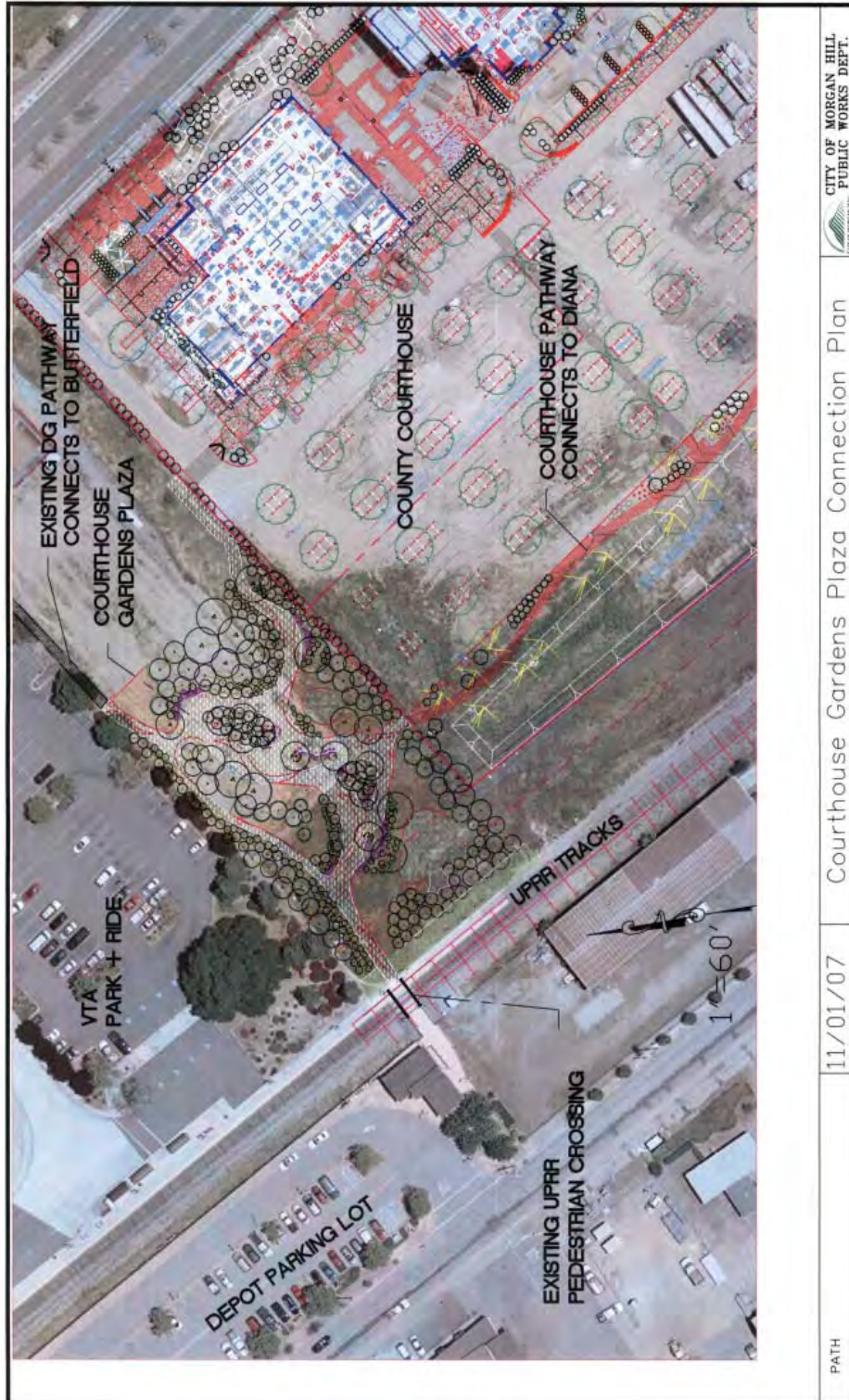
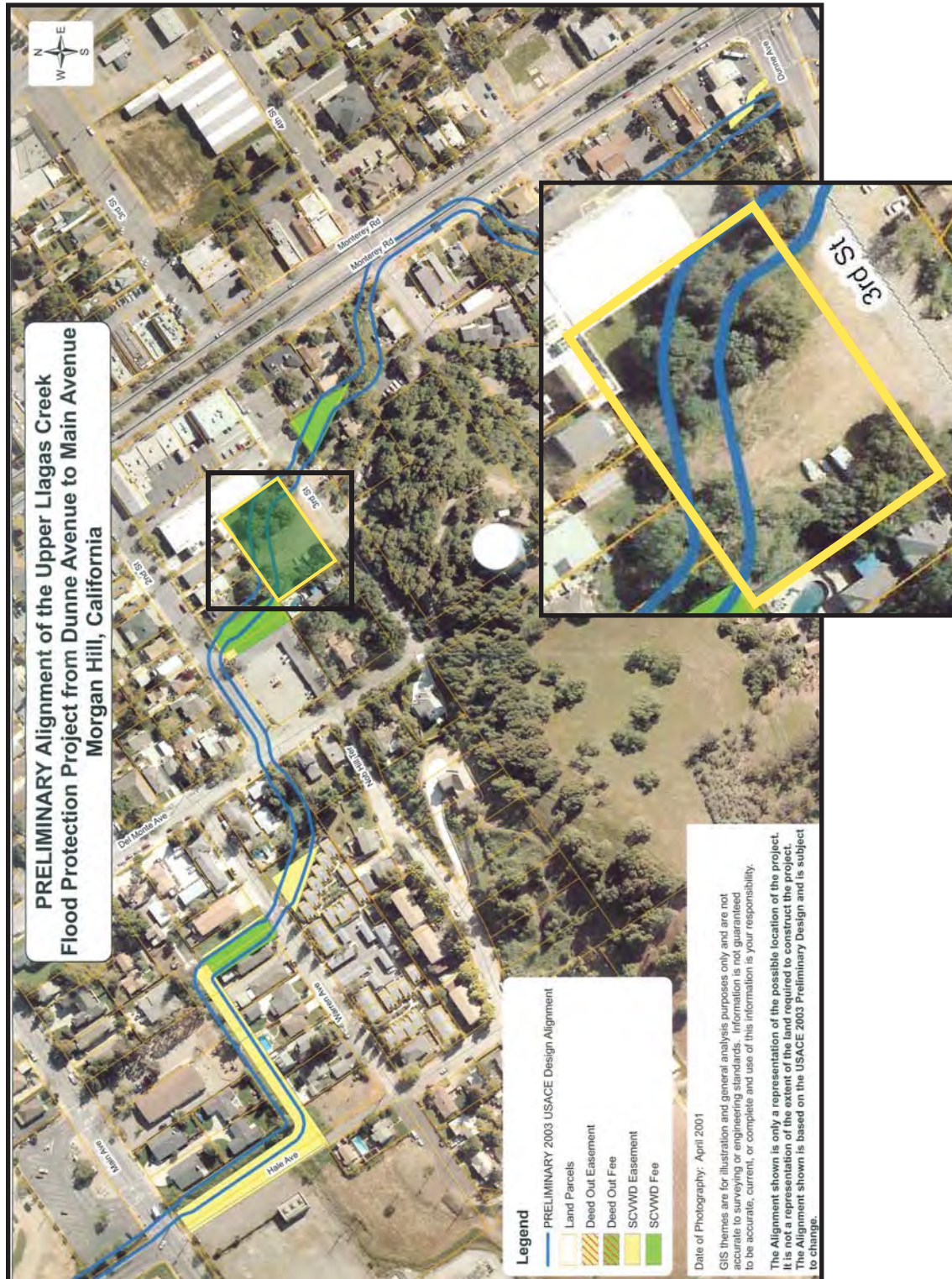


Figure 12

Redevelopment Agency Parcel



Source: City of Morgan Hill

Downtown Streetscape Design

The following figures are representations of what each street may look like based on the above standards. Figure 13 shows the existing improvements made to Depot Street. Figure 14 shows conceptual design parameters for East Third Street. Figure 15 shows a possible layout for side streets. Streetscape planning efforts with public participation opportunities will be carried out prior to any final decisions by the City Council regarding sidewalk widths, arrangement of parking spaces, provision of bike routes or sharrows, and other streetscape amenities.

Monterey Road

Monterey Road presently includes four travel lanes, and center landscaped median, parallel parking on each side, and sidewalks. The wide right-of-way allows for several options for redesigning the street layout. Some options that residents and business and property owners have discussed are:

- wider sidewalks;
- angled parking; and
- removing all or portions of the median.

The actual use of the right-of-way will be subject to a community decision-making process.

Main Avenue/Monterey Road Intersection Operations

The intersection of Main Avenue and Monterey Road is one of the most congested in Morgan Hill, but there are limited opportunities to improve operations due to the existence of buildings on each of the corners of the intersection. While this Plan does encourage the property owners and the Redevelopment Agency to work together to redevelop the uses along Monterey Road and at the corners, there may be opportunities to implement certain operational measures that could improve service. As an action item of this Plan, the City should evaluate the traffic lights and controls at the intersection, and study not allowing left turns from Main to Monterey and to parking lots in either direction during peak hours, and implement as feasible.

Depot Street

Depot Street is 60 feet wide and has one travel lane in each direction. Depot Street has recently received various streetscape improvements, such as bulbouts, wider sidewalks, and bike lanes on each side. There are no additional streetscape improvements for Depot Street at this time due to the recent upgrades.

Figure 13

Existing Depot Street Layout

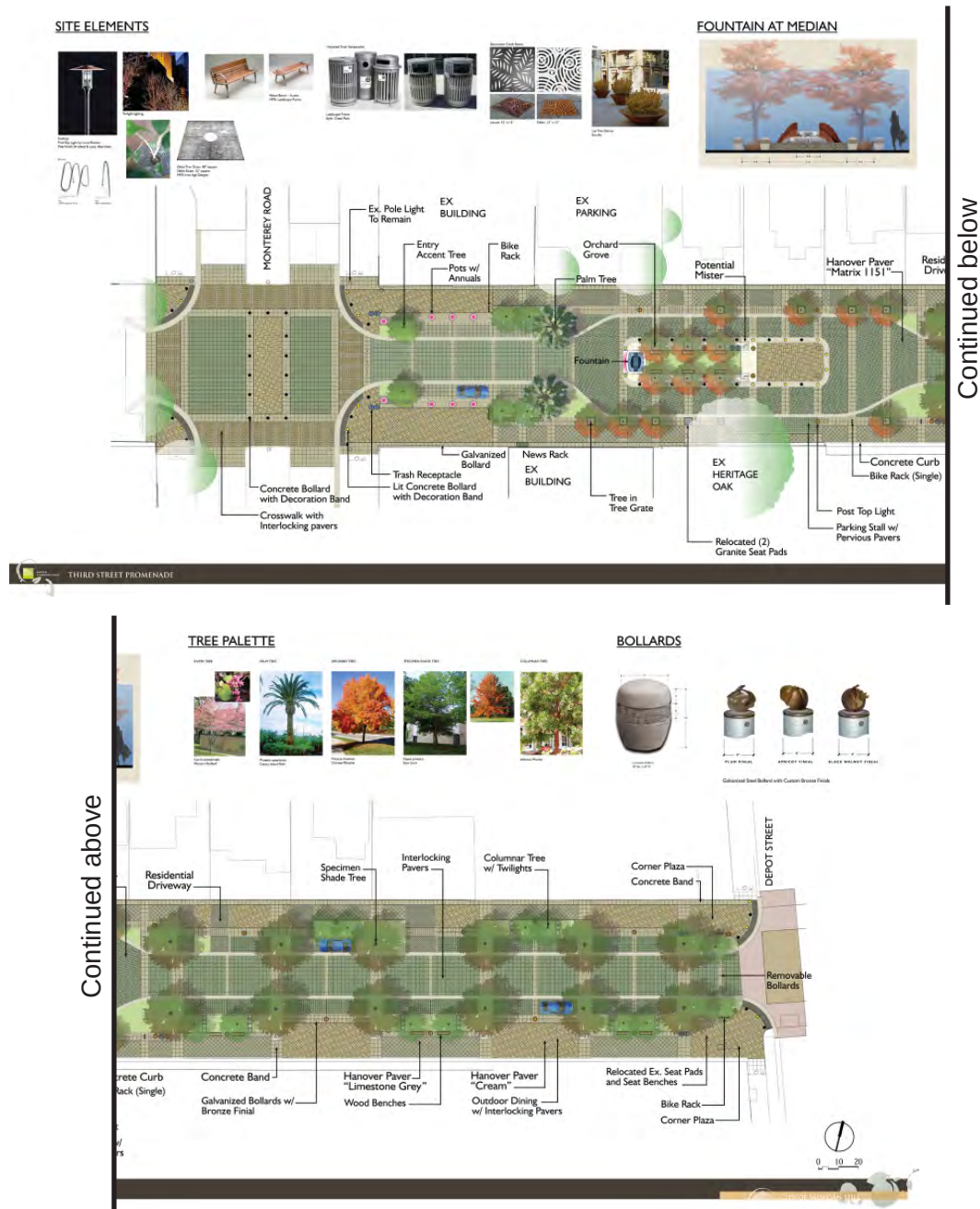


East Third Street

East Third Street is the widest east-west street in Downtown, with a width of 80 feet. The layout adopted by the City Council for East Third Street includes two 11.5-foot travel lanes, an 18-foot sidewalk along the north, and a 23-foot sidewalk along the south. Sidewalks have been designed to encourage outdoor dining amenities for adjacent restaurants. This street also incorporates trees, landscaping, and a public plaza.

Figure 14

East Third Street Design



Side Streets

The side streets in Downtown (First through Fifth Streets, excluding East Third Street) generally consist of a 60-foot right-of-way with one travel lane in each direction, parallel parking on each side, and sidewalks. As redevelopment occurs throughout Downtown, it will be important to enhance these streets with wider sidewalks (as feasible) and landscaping. Existing low-density neighborhood streets may transition to higher-density residential or mixed-use streets along part of the street or the entire corridor.

Each street will include different uses and the exact layout may differ between each street. A possible layout would be to have two 12-foot travel lanes, parallel parking on each side, and wide sidewalks. Some areas, such as residential streets may include a landscaped parkway between the street and the sidewalk. Other streets, or portions of the streets, may have wider sidewalks with trees (protected with tree grates and root guards) in the sidewalks.

Figure 15

Possible Side Street Layout



Chapter 4: Parking Resources Management Strategy

Overview

In May 2008, DKS Associates developed recommendations for parking resources in the Downtown area based on existing and projected parking demands. Existing parking conditions were evaluated using surveys conducted in 2004 and 2006. The analysis investigated several characteristics including occupancy, turnover, access, circulation, conditions of parking lot pavement and lighting conditions.

In general, the existing parking occupancy is less than capacity for both on-street and off-street facilities. Parking turnover varied from short durations to all-day parking for Downtown employees. Signage, lighting and pavement conditions are typically adequate; however, observations made during the 2004 surveys identified a few candidate locations for potential improvements.

While current parking demand is less than the available supply, projected development and redevelopment is anticipated to increase parking demand while removing some of the existing off-street and on-street parking supply. Based on no on-site parking requirements for new retail and office developments, retaining the existing availability of 103 on-street spaces for existing residential uses, and targeting a 92 percent occupancy rate, 808 public spaces would need to be added to the supply by 2030.

To improve parking conditions in the Downtown area and address the projected parking needs, this report recommends several near-term and long-term strategies. In the near-term, the City of Morgan Hill should consider reducing the time limit and increasing enforcement of restricted parking spaces. A designated parking lot for Downtown employees would increase the availability of desired parking spaces for Downtown business patrons. The City should also work with property owners to improve the lighting and pavement conditions of private parking lots.

Long-term recommendations focus on increasing the public parking capacity to meet the projected rise in parking demand. The City of Morgan Hill plans to fund additional public parking capacity by converting private parking to public parking lots and by building new off-street facilities, possibly in the form of a joint parking structure for multi-use shared parking. The private sector would be responsible for some construction costs, streetscape improvements, and maintenance through in-lieu fees, a Parking Assessment District, and/or contributions to the Downtown Business Improvement District. Modified parking requirements should be established for new developments, with particular requirements for residential uses to provide sufficient designated parking. If a meter program is considered, a Parking Pricing Strategy should be implemented. Finally, a Parking Monitoring Program should be created to ensure that the parking occupancy rate remains at the desired level.

The complete analysis conducted by DKS Associates is available through the City of Morgan Hill Community Development Department.

Survey Methodology

The 2002 Morgan Hill Parking Survey found that there was sufficient parking available in the Downtown area to meet the needs of current development levels. A limited follow-up survey was conducted in November 2004 to detect any changes in parking patterns since the 2002 comprehensive study.

The Downtown study area extends from Main Street to the north, Dunne Avenue to the south, Del Monte to the west, and Depot Street to the east. To account for the greater parking demand observed along Monterey Road between Main Avenue and Third Street, a smaller “focus” area was established in the 2004 follow-up survey. The “focus” area consisted of both restricted (2-hour time limit) and unrestricted parking spaces along the entire length of Third Street between Monterey Road and Depot Street. In addition, the “focus” area included the restricted on-street parking spaces on Monterey Road between Main Avenue and Third Street, and along First, Second, and Third Streets approximately within 100-200 feet of Monterey Road. Figure 16 depicts the entire study area, including the boundaries of the “focus” area.

The limited follow-up surveys were conducted during one Weekday morning and one Saturday morning from 10:00 A.M. to 1:00 P.M. Occupancy and parking duration were measured along the five on-street segments and in the five parking lots with the highest occupancy identified in the 2002 report. Figure 17 lists the parking survey sites.

In addition to the 2002 comprehensive parking surveys and the 2004 follow-up surveys, the Metropolitan Transportation Commission (MTC) conducted surveys in July 2006 for parking policy recommendations supporting smart growth in the Morgan Hill area. Because the results of these surveys were found to be generally consistent, an updated comprehensive parking survey was not conducted for the 2008 report.

Existing Conditions

There are approximately 1,237 parking spaces located within the Downtown study area (not including a total of 699 spaces at the Caltrain parking lot and at the Community and Cultural Center). All parking in the Downtown core area is currently free to users.

On-Street Parking

Of the approximately 477 on-street parking spaces in the study area, 115 are restricted spaces limited to either 2-hour parking (107 spaces) or 20-minute parking (9 spaces). Figure 18 illustrates on-street parking locations.

Since the 2004 survey, however, 54 on-street spaces have been removed due to the Third Street Redevelopment Project and the Depot Street Redevelopment Project. 423 spaces remain.

Off-Street Parking

The study area consists of approximately 760 off-street parking spaces available in public parking lots, private lots provided for customers for specific commercial uses, and private lots prohibited to the public. Only two public parking lots have posted time restrictions. The 232 spaces available in the Morgan Hill Community and Cultural Center parking lot and the 467 spaces at the Caltrain/VTA parking lot were not included in the study. Figure 19 illustrates the off-street parking facilities in the study area.

Figure 16
Project Study Area



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Figure 17
Parking Survey Sites

	Side/Lot#	Segment/Location	To/From Street
On-Street	West	Monterey Road	Main Street to First Street
	East	Monterey Road	First Street to Second Street
	West	Monterey Road	Third Street to Fourth Street
	East	Monterey Road	Fourth Street to Fifth Street
	North	Third Street	First Street to Second Street
Parking Lot ¹	#8	Wells Fargo Bank	E. Main Street
	#8A	Public Lot	Monterey Road
	#13	BookSmart Bookstore/Just Breakfast Restaurant	Monterey Road between W. First Street and W. Second Street.
	#16	Bike Shop/Restaurant/Toy Store	W. Second Street to W. Third Street
	#19	Coffee/Bagel, restaurant	E. Third Street

¹ Off-Street parking lots for businesses as of 2004. See Figure 19 – Off Street Parking Facilities Location.

Figure 18
On-Street Parking Locations



PD4191- Revised Draft Final off-street parking 10-07.cdr 12/4/07

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Figure 19
Off-Street Parking Facilities Locations



P04191-Road Drift Final OnStreet Pricing no numbers.cdr-12/4/07

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Parking Utilization

In general, the follow-up parking surveys showed that existing parking occupancy is less than capacity for both on and off-street parking facilities. Figure 20 summarizes the observations of existing supply and demand for the designated “focus” area and entire Downtown study area.

The follow-up survey confirmed the 2002 report that the majority of on-street parking spaces are not fully utilized. Unrestricted parking spaces further away from the Downtown “focus” area (away from Monterey Road and south of Third Street) are considerably under-utilized (less than 50 percent). While some segments of on-street parking experience near full occupancy, especially during peak periods (lunch hour), additional on-street parking was still available on nearby side streets.

Off-street parking spaces were also observed to be under-utilized. Private lots reserved for restaurant customers experienced high occupancy during peak (lunch) hours, but off-street parking in public lots was found to be available nearby.

Parking Turnover

In general, the Downtown area would benefit from higher turnover rates to increase the availability of spaces near commercial businesses. While the average turnover for on-street parking spaces with the highest occupancy is typically less than two hours, in accordance with the posted limits, it was observed that a few vehicles remained parked for longer than two hours. Figure 21 shows the on-street parking turnover for the five locations with the highest occupancy. Likewise, vehicles generally park for one to three hours in the two time-restricted public parking lots, but many vehicles remain parked for more than the 4-hour limit. Figure 22 shows the estimated occupancy and duration for the five parking lots with the highest observed occupancy.

Physical Conditions of Parking Facilities

On-street restricted parking spaces within the study area are typically well signed and in good condition along paved curbs. Unrestricted parking outside of the “focus” area is generally for residential use and the conditions of the curbs and sidewalks vary from none to fully paved. In general, public parking lots are well maintained with good paving and lighting while the condition of private lots varies greatly. Many of the lots have poor striping conditions, which could reduce the total capacity of a parking lot if vehicles do not follow the designated parking spaces. Inter-lot connections could lead to more uniform management of Downtown parking resources, leading to aesthetic improvements and marginal efficiency gains. Conversations with Downtown stakeholders revealed that many business owners believe that upgrading the lighting and maintenance of existing parking structures is a top near-term priority.

Parking Signage

There are three main types of signs currently used to direct motorists to public parking lots and on-street parking: on-street parking signs, public parking signs with directional arrows, and public parking signs without directional arrows. While most signage is clear and consistent throughout the Downtown area, five signs are faded or damaged due to vandalism and entry to the public parking in Lot #16 is difficult to find. The City of Morgan Hill has recently implemented a new Downtown Directional Signage Program, which includes new decorative directional signage for parking and upgrades for deficient signs.

Figure 20
Existing Parking Supply and Demand

Type of Parking	Location	# of Spaces	Weekday Midday Peak Occupancy ^b	Weekend Midday Peak Occupancy ^b
			% Occupied	% Occupied
On-Street	Focus Area	144 ^a	74%	74%
	Downtown	477 ^c	39%	42%
Off-Street	Public ^d	88	82%	69%
	Private (Commercial) ^d	269	56%	41%
	Private (Restricted) ^d	32	53%	6%
	Downtown	750 ^e	49%	32%
All Parking Total	Focus Area	533	65%	52%
	Downtown	1227	45%	36%

Notes: a – # of On-Street spaces is based on field observations for the “Focus” area, and the 2002 Morgan Hill Parking Survey for other areas of Downtown

b – Occupancy percentages based on updated 2004 survey results.

c – Current supply has since been reduced to 320 spaces available to retail and office uses (26 spaces reduced due to the Third Street Redevelopment Project, 28 spaces reduced due to the Depot Street Redevelopment Project, and 103 spaces are currently used by existing residential development).

d – Off-street parking located within the “Focus Area”

e – Number of Off-Street spaces includes Parking Lot #37 (74 spaces, west of RR tracks), but not 37A, 37B (467 spaces, east of RR tracks), or 38 (Community and Cultural Center, 232 spaces), which were not included in the 2002 Report.

Figure 21
On-Street Parking Turnover

Time Period	Roadway Segment	Side of Street	Capacity	Average Occupancy	Average Duration (hr)
Weekday	Monterey Rd (Main - First)	West	4	69%	1.8
	Monterey Rd (First – Second)	East	8	56%	1.5
	Monterey Rd (Third – Fourth) ^c	East	3	8%	1.0
	Monterey Rd (Fourth - Fifth) ^c	East	8	28%	1.8
	Third Street (Monterey – Depot)	North	25	54% ^a	2.2 ^b
Weekend	Main St (Del Monte - Monterey)	South	9	47%	2.7
	Monterey Rd (Main – First)	East	5	50%	2.5
	Monterey Rd (First – Second)	West	4	81%	1.0
	Monterey Rd (First – Second)	East	8	66%	1.3
	Third Street (Monterey – Depot)	North	25	88% ^a	1.2 ^b

Notes: a – Average occupancy is based on the entire length of street (24 spaces).

b – Average duration based on the first 10 spaces observed for measurements of duration.

c – Non-focus area, non-restricted

Figure 22
Off-Street Parking Facilities Turnover

Time Period	Parking Lot ^a	Parking Facility Location	Capacity	Average Occupancy ^b	Average Duration (hr) ^c
Weekday	Lot #19	Coffee/Bagel, Restaurant (E. Third Street)	17	75%	1.9
	Lot #8A	Public Lot (Monterey Road) between E. Main St & E. Second St	23	74%	3.3
	Lot #10A	Paved – Maurizio's (E. First St)	7	68%	2.8
	Lot #7	Restaurant/Tattoo Shop (Monterey Rd)	22	59%	1.6
	Lot #16	Bike Shop/Restaurant (W. Second St & W. Third St)	36	50%	3.1
Weekend	Lot #19	Coffee/Bagel, Restaurant (E. Third St)	17	59%	1.5
	Lot #8	Public Lot (Monterey Road)	38	47%	1.4
	Lot #8A	Unpaved (Monterey Road)	23	68%	3.3
	Lot #13	Restaurant/Tattoo Shop (Monterey Road)	26	81%	2.5
	Lot #16	Bike Shop/Restaurant (W. Second St & W. Third St)	36	69%	2.2

Notes: a – See Figure 19 (Off-Street Parking Facilities Location).

b – Average occupancy is a measure of entire lot.

c – Only first 10 spaces observed for measurements of duration during limited parking survey

Parking Enforcement

On-street parking and publicly maintained parking lots are currently enforced on a complaint basis for vehicles parked for extended periods (typically greater than three days, per City ordinance). In previous years, parking enforcement of the posted 2 and 4-hour time limits was shown to be impractical by law enforcement and not desired by the Downtown business community. Enforcement is not urgently needed under current parking conditions as motorists generally adhere to posted parking signs.

Enforcement of privately owned parking lots is currently the responsibility of the business owners. While many of the private parking lots have posted signs warning non-patrons of potential towing, no enforcement was noted during the 2004 field study. However, there have been recent reports of increased enforcement by private lot owners of Lot #16.

Employee Parking Conditions

Currently there is no designated employee parking area for Downtown businesses. The 2004 field observations revealed that many employees use off-street parking lots and suggested that some employees park on Third Street and Fourth Street in the unrestricted on-street parking spaces. Because some vehicles were observed to park in 2-hour on-street spaces and in 4-hour off-street spaces for extended periods, it is likely that employees use restricted parking, limiting the availability of desirable spaces for business patrons.

Bicycle Parking Conditions

The 2001 City of Morgan Hill Bikeways Master Plan recognizes the potential to expand and improve existing bicycle facilities in the study area. Most bicycle parking in the Downtown area use inverted U bicycle racks, which follow Class I standards of bicycle parking as defined in the Santa Clara County VTA Countywide Bicycle Plan. However, there are two comb racks in the study area, which are classified as Class III bicycle parking facilities and are not secure.

Residential Parking Conditions

Observations from the 2004 parking survey suggest that approximately 103 vehicles in on-street parking spaces within the core Downtown area were related to existing residential uses. Because the availability of existing off-street residential supply is not identifiable, quantifying a future on-street parking demand would not be reliable. For the purposes of this analysis, the observed existing demand is considered static and accounted for as a reduction in available future supply.

Depot Street and Third Street Streetscape Projects

The 2002 and 2004 parking surveys that provided the data for this parking strategy only included on-street parking spaces along the west side of Depot Street, and 65 spaces existed prior to the Depot Street Streetscape Project. Post-project, there are 37 parking spaces along the west side of Depot Street, a reduction of 28 on-street spaces. The planned Third Street project will reduce on-street parking supply from 56 spaces to 25 on-street spaces, a reduction of 26 spaces. Therefore, a total of 54 on-street spaces are reflected as a reduction of future on-street supply in this analysis.

Future Projections

Future growth projections fall into two categories: short term (year 2015) and long term (year 2030). Based on projected development plans outlined in previous chapters, several existing parking facilities for commercial uses may be modified or removed. Although future developments typically include some parking supply for the intended land use, no additional spaces were assumed to be included in the future commercial developments. New residential uses are anticipated to provide adequate off-street parking at a rate of 1.0 space for units smaller than 600 square feet, 1.5 spaces per unit between 601 square feet and 1,350 square feet, and 2.0 spaces per unit larger than 1,350 square feet.

Short Term (Year 2015) Parking Conditions

Based on the projected 2015 development scenarios, the total parking demand in 2015 would be approximately 1,232 spaces for commercial land uses. The demand is expected to increase for retail parking by approximately 269 spaces and for office parking by approximately 121 spaces. Figure 23 shows the parking generation rates and total parking demand estimates for the existing and short-term conditions. Parking generation rates were obtained from a 2007 MTC study and reviewed by DKS Associates for use in this analysis.

The anticipated retail expansion and streetscape projects result in a loss of 208 parking spaces, reducing the supply from 1,237 spaces (760 off-street and 477 on-street) to 1,029 spaces (606 off-street and 423 on-street) within the Downtown area. Because approximately 103 of the on-street spaces are currently occupied by existing residential uses, the final estimated parking supply would be approximately 926 spaces. Considering the increase in demand for 1,232 spaces, a shortfall of 306 spaces will occur by 2015, focused around Blocks 2, 3, 4, and 7.

Long Term (Year 2030) Parking Conditions

Using the 2030 projected development scenario and the parking rates from the 2007 MTC study, the total estimated commercial parking demand for the year 2030 would be approximately 1,560 spaces. The demand is estimated to be 829 spaces for retail parking and 731 spaces for office parking. Figure 24 provided a summary of the total parking generation rates and demand estimates.

Developments throughout the remainder of the Downtown core area between 2015 and 2030 may eliminate up to 174 off-street parking spaces. Combining this estimate with the loss of 208 parking spaces due to the projected 2015 development and the assumption that approximately 103 spaces are occupied by existing residential parking, the parking supply will be reduced from 1,237 spaces to 752 spaces.

Based on the calculated demand of 1,560 spaces for commercial uses, there will be a net shortfall of approximately 808 spaces in the Downtown core area by the year 2030. Figure 25 summarizes the estimated parking demand, supply, and parking supply excess/shortfall for Downtown commercial uses only.

Figure 23
Short-Term Parking Generation Rates and Demand Estimates (2015)

Land Use	Units	Parking Rates	Existing		2015	
			Size	Demand	Size	Demand
Retail	sq. ft	2.86	123,365	353	217,586	622
Office	sq. ft	4.0	122,248	489	152,405	610
Retail and Office Demand				842		1,232
Residential	d.u.	tbd	193	tbd	546	Tbd

Source: Metropolitan Transportation Commission's (MTC) Parking Profile and Policy Recommendations – Morgan Hill. Figure 25 – Demand Based and Peak Based Parking Rates (parking/unit). Memorandum prepared by Wilbur Smith Associates for MTC. June 29, 2007.

Figure 24
Long-Term Parking Generation Rates and Demand Estimates (2030)

Land Use	Units	Parking Rates	Existing		2015		2030	
			Size	Demand	Size	Demand	Size	Demand
Retail	sq. ft	2.86	123,365	353	217,586	622	289,855	829
Office	sq. ft	4.0	122,248	489	152,405	610	182,839	731
Retail and Office Demand				842		1,232		1,560
Residential	d.u.	tbd	193	tbd	546	tbd	874	tbd

Note: Parking Rates are for combined weekday/weekend peak, per 1,000 square feet or per dwelling unit.

Figure 25
Commercial Parking Supply and Demand Comparison

Block	Estimated Commercial Demand			Estimated parking Supply			Parking Shortfall	
	Retail	Office	Total	Off-Street	On-Street ^a	Total	Off-Street Only	Total
Existing	353	489	842	760	320	1,080	-82	+238
Year 2015	622	610	1,232	606	320	926	-626	-306
Year 2030	829	731	1,560	432	320	752	-1,128	-808

Note: a – includes a reduction of 103 spaces to be occupied by existing residential land uses and a reduction of 81 spaces from Third Street Redevelopment Project and Depot Street Redevelopment Project

Recommendations

Near-Term Parking Improvements

On-street parking serving the Downtown area is generally well marked, and motorists typically adhere to posted parking signs and time limits. However, converting the 4-hour public parking lots to 2-hour parking with enforcement will reduce the number of vehicles that remain parked for longer than posted limits and increase parking turnover. A parking lot designated for Downtown employees should be established to further increase the availability of spaces near businesses for patrons. Public parking lots are generally well paved and adequately lit, but many of the private parking lots would benefit from improved lighting and pavement conditions. While existing bicycle racks are not always used, comb bicycle racks should be replaced with inverted U racks and locations for additional bike racks should be considered with input from local businesses.

On-Street Parking Recommendations

- Update street lighting to current standards for new on-street parking as outlined in the Caltrans Traffic Manual or by other agency standards. Improved lighting would address safety concerns, encouraging people to feel comfortable walking greater distances to parking lots, and potentially attract more business. In general, a luminaire pole should be provided every 150 feet with a luminance of approximately 2 to 3.5 foot-candles. Installation of a new luminaire pole with foundation typically costs between \$5,000 and \$10,000, with decorative styles being slightly more expensive.
- Replace five (Caltrans Type R32) signs due to fading and vandalism. Replacing existing signs costs approximately \$200 per sign.
- Consider regular scheduled sign maintenance, with landscaping and sign replacements conducted on an as needed basis.

- Direct business owners and employees to park in public lots outside of the core area, away from businesses along Monterey Road. Public lots near Depot Street and E. Fourth Street (Lots #30, #37, #37A, and #37B) and private lots near Del Monte Ave between W. First Street and W. Second Street (Lots #8, #11, and #15) are under-utilized.

Off-Street Parking Recommendations

- Resurface pavement in private lots typically used by Downtown business patrons (Lots #10A, #14, #31, and #33). Other private lots (Lots #3, #5, and #6) were also observed to have poor pavement conditions. Resurfacing existing paved parking lots with new asphalt-concrete typically costs about \$3.00 per square foot. This estimate does not include striping or grading, if needed. The property owners of private lots should be responsible for appropriate maintenance and lighting, although the City's Redevelopment Agency may develop a program to provide funding assistance for such improvements.
- Improve poor striping in public lots (#8A and #30) and private lots (#7, #13, #20, and #23) typically used by Downtown business patrons. Striping generally costs about \$1 per linear foot with costs ranging from \$20 to \$45 per parking space.
- Check lighting levels and inventory fixtures in parking lots that were observed to have poor lighting conditions (Lots #9, #10A, #13, #14, #22, and #31). Costs for lighting fixtures are discussed above in the first on-street parking recommendation.
- Add two new "Public Parking" signs to the entrances of Lot #16 at W. Second Street & W. Third Street. Adding a new sign costs approximately \$500, with decorative directional signs typically being more expensive.

- Establish a lot for Downtown employees located outside of the “focus” area to increase parking for business patrons. The City should work with the Downtown Association to identify potential locations, such as the 232-space parking lot at the Community and Cultural Center. The cost of designating a public lot as a long term parking facility would be negligible. A stakeholder meeting and support from private businesses would educate the public and increase compliance.
- Convert 4-hour public parking lots (Lots #8A and #17) to 2-hour parking with enforcement to encourage higher turnover. Costs for adding new signs and parking enforcements are described in the previous section.
- Add directional signs to off-street parking facilities on other blocks to help motorists find other available parking if their first choice of parking lot are fully occupied.
- Conduct parking demand surveys during peak hours at the Community and Cultural Center on weekdays, during the evenings, and on weekends to determine if there is a surplus parking supply that may be used as a shared parking resource. If a new parking facility were needed, it would cost between \$2,500 and \$5,000 per space to pave undeveloped land. Costs range due to the levels of excavation, grading, paving, curb installation, drainage, lighting, and signage. While developing new parking sites is considered a high priority for redevelopment and other funds allocated to Downtown, ongoing maintenance and operation costs would be shared among Downtown stakeholders.
- Facilitate inter-lot connections and circulation between private parking lots. The City should consider developing shared lease agreements with private entities, purchasing smaller parking lots, and encouraging physical improvements such as curbs, dirt fill, wood railing removal, grading, paving, re-striping and coordinated lighting.

Bicycle Parking

- Remove and replace two comb racks (located at the northeast corner of First Street & Monterey Road and the southwest corner of Second Street & Monterey Road) with inverted U bicycle racks as described in the City of Morgan Hill Bikeways Master Plan. Removing existing comb racks costs about \$100 each and installing new inverted U bicycle rack are approximately \$500 each.
- Work individually with local businesses to add new bicycle racks at locations with high bicycle demand. Selecting appropriate locations for bicycle racks may encourage additional and safer bicycle use.
- Investigate the feasibility of providing an attendant-serviced bicycle parking station for rail transit users and downtown employees.

Future Parking Improvements

The current parking forecast in the Morgan Hill Downtown area shows that the retail development at Blocks 2, 3, and 4 with the estimated removal of 208 parking spaces by 2015 (154 off-street and 54 on-street) will result in more demand than the current and projected supply can accommodate. Between 2015 and 2030, development throughout the remainder of the Downtown Core area may eliminate up to 174 additional off-street spaces. Because of this projection, the City should consider seven general strategies that are aimed at long-term development or financing of parking assets. Should the parking demand exceed the projections in this report due to increased development or for other reasons, one or more parking structures should be considered.

Long-term Parking Strategies

1. **Create additional public parking supply.** The Redevelopment Agency has recently allocated funds for increasing the supply of Downtown public parking and other funding sources such as in-lieu fees paid by non-residential developers will also be available. At the present time, the City of Morgan Hill intends to acquire and improve public parking spaces prior to the occupancy of new developments, increasing the public parking supply by 500 additional spaces by the year 2015. Several potential strategies are listed below.
 - **Convert private parking to public parking.** To increase the public parking supply, the City should consider acquiring private parking resources. The City would benefit from a greater parking supply and developers would reduce their expenses. The City/RDA would be responsible for improving the lots and for their operation and maintenance (using a variety of resources as discussed in other sections of this report). This strategy may also lead to better

opportunities to combine or adjust access to parking lots.

- **Build a pedestrian crossing over the railroad tracks.** To access the additional parking supply located east of the railroad tracks, City Council recommends building a grade-separated pedestrian crossing over (or under) the Caltrain railroad tracks.
2. **Commercial Parking.** If future commercial development is required to provide on-site parking, businesses will either not locate Downtown because they cannot afford to build parking or businesses will provide private parking, which increases the parking supply but not the revenue generated by parking resources.

Non-residential development will be exempted from on-site parking requirements, and instead will be responsible for paying in-lieu fees that fund a portion of the development, operations, and maintenance costs. Parking costs will be met with a combination of RDA funds, in-lieu fees, contributions to the Business Improvement District, and/or a Parking Assessment District.

- 3. Developer In-Lieu Fees.** Projects will pay in-lieu fees instead of being required to provide on-site private parking. In-lieu fees can be used for overall parking and streetscape improvements as well as maintenance. This strategy is effective as long as there is parking available when a new commercial development is built and the improvements attract more businesses, residents and patrons to the area.

An in-lieu fee program would consist of several elements that typically include:

- Fee Collection Process
- Amount of Fee
- Time of Collection of Fees
- Use of Fee
- Current Fee Schedule
- Disputes Resolution Process
- Trust Fund or Account Maintenance
- Termination of Program
- Fee Schedule and Escalation Provisions

The fee will be based on the revised Downtown parking requirements, per the MTC Study, and set forth in this Specific Plan (page 4-19). Other elements would be determined at the direction of the City. The MTC Study reports that current in-lieu fees vary widely across the Bay Area, ranging between approximately \$10,000 and \$30,000 per required space for office developments, and vary significantly depending on parking requirements from other land use types.

- 4. Create a Parking Assessment District.** Under a Parking Assessment District, business or property owners would contribute to a fund for both short-term and long-term parking improvements, maintenance, and operation. The fund would apply to all existing and future business or property owners proportionately.

Parking Assessment Districts are often considered in locations where parking meters are not desirable. If there is not a parking turnover problem or enough parking demand to generate the desired meter revenue, a Parking Assessment District may be more appropriate. The key difference is that business or property owners pay into the assessment district while the actual user pays into a meter program.

- 5. Use parking meter revenue in the Downtown Business Improvement District.** Currently, there are no user-paid parking revenue sources in Downtown Morgan Hill; however, parking meters generate revenue that could be funneled into the Downtown Business Improvement District. While many businesses will be concerned that parking meters will deter customers, parking meters lead to greater turnover of desired spaces (such as those fronting Monterey Road), and thus make the Downtown more inviting and accessible. The streetscape, parking and lighting improvements funded by meter revenue will make Downtown more attractive, and thus attract more people to the area.

6. **Create a Parking Pricing Strategy.** If a meter program is considered, then a parking pricing strategy should also be created for all of Downtown, including any potential future parking structures. Pricing should encourage longer-term parking (i.e., more than four hours) to park off-street and shorter-term parking to be located on-street at metered spaces. Free parking (to the user), if any, should be located on the fringe areas of Downtown, and would need to be enforced alongside the fee parking areas.
7. **Implement a Parking and Land Use Monitoring Program.** A Parking and Land Use Database and Monitoring Program shall be created to track changes as development occurs, and to ensure parking capacity is added to maintain adequate supply. Demand for parking from non-residential land uses shall be documented, along with changes in the parking supply, through the preparation of a monitoring report submitted to the City Council every two years to ensure planning, regulatory, and construction measures are undertaken to provide adequate parking supply as development and redevelopment occurs in the 14-block Downtown Core area. New parking facilities should be planned for when new retail uses are occupied. In addition, because redevelopment projects could remove existing parking supply and/or increase parking utilization rates, additional capacity may be needed. An on-going monitoring program will be conducted so that new parking facilities are made available as parking occupancy rises.

Parking Requirements for Downtown

As described previously in Figure 25, the estimated commercial demand (office and retail) will increase by 718 spaces to 1,560 by the year 2030 with full build-out. To accommodate the increased demand, modified parking requirements are adopted as set forth in Figure 26. Parking rates for office land uses are recommended to be 4.0 spaces per 1,000 square feet. This is consistent with the parking demand rate estimated in the MTC Parking Study as well as other parking publications. This would provide adequate parking for employees, and would discourage them from parking in shorter term, retail parking spaces. Up to 60,591 square feet of additional office space is projected to be developed by 2030. A parking rate of 4.0 spaces per 1,000 square feet would provide 242 parking spaces.

With the office land uses providing 242 parking spaces in addition to the projected supply of 752 spaces, a shortfall of 566 parking spaces would occur. Based on the Downtown Specific Plan, approximately 205,390 square feet of retail development is anticipated by 2030, and includes 38,900 square feet of redeveloped retail (166,490 square feet of net-new retail).

Retail redevelopment and net-new development are required to provide additional parking capacity, and a requirement of 2.8 parking spaces per 1,000 square feet of retail development is adopted. These rates are correlated to the land uses identified in this report, and may need adjusting over time if changes to the proposed land uses occur. Figure 26 summarizes these parking requirement rates. The parking requirement rates establish the basis for payment of in-lieu fees.

City Council Goal of 92 Percent Occupancy

One possible goal of the Morgan Hill City Council is to achieve a 92 percent occupancy rate of on-street parking in 2030. To do so, 1,696 spaces would have to be provided for the forecasted commercial (retail and office) demand of 1,560 spaces. To build 1,696 parking spaces, the recommended parking requirement rates presented in Section 4.2.1, Table 11 would need to be increased to 4.4 spaces per 1,000 square feet for new office development and 3.4 spaces per 1,000 square feet for new retail development and redevelopment. These rates were not adopted, but are presented for informational purposes.

Figure 26
Downtown Parking Requirement Rates

Retail	Office	Residential
2.8 spaces / 1,000 s.f.	4.0 spaces / 1,000 s.f.	1.0 space per unit < 600 s.f. 1.5 spaces per unit >600, <1,350 s.f. 2.0 spaces per unit > 1350 s.f.

Off-Street Parking Location Strategies

Based on the spatial patterns of the parking demand and supply shortfall estimates, several areas become apparent as locales with additional parking capacity needs.

Due to the proximity and relatively similar land uses on Blocks 2, 3, 4, and 5, single or multiple off-street parking facilities forming a system of commercial public spaces in this vicinity should be considered. If one main parking facility were desired, the most central location would be within Blocks 3 or 4. However, it may not be feasible to develop a large parking supply on these blocks because of the mixed-use development planned for Blocks 3 and 4. Single or multiple parking facilities serving Blocks 2, 3, 4, and 5 should provide approximately 126 spaces with the build-out of Blocks 2, 3, and 4 (by year 2015), and an additional 40 spaces by the build-out of Block 5 (166 spaces total by year 2030). Because of the space needed to accommodate 166 parking spaces, the sites should be limited to those that can provide the most parking spaces in one consolidated location.

Because of the isolated location of Block 14 in the southwest corner of Downtown and its primarily office land use, a self supporting/on-site parking facility of up to approximately 140 spaces should be provided at this site for the commercial land uses. Residential land uses within Block 14 are assumed to provide sufficient off-street parking supply for the residents. Some parking capacity at Block 6 (public community center) may be available as a potential site and could be pursued further.

The City of Morgan Hill has identified several alternative locations for additional parking that will not only increase the parking supply to address the projected parking shortfall, but also better accommodate the existing needs of the residential and commercial uses. Funding for new parking facilities will come from the long-term parking strategies outlined above, which will to be investigated further as the Plan is implemented. The Redevelopment Agency has identified several million dollars in funding for this effort.

- **The east side of Depot Street.** The area generally between Dunne Avenue & Third Street would accommodate several narrow surface lots with diagonal parking located between Depot Street and the railroad tracks. A narrow parking structure may be able to be constructed within this right of way.

The area between Third and Fourth Streets was acquired by the City Redevelopment Agency. An interim surface lot has been constructed at location, and it provides 92 public spaces. A longer-term plan may include a parking structure at this site.

- **A joint parking structure for multi-use shared parking.** The possibility for shared parking in the Downtown area parking lot should also be considered. While a more detailed financial analysis would have to be conducted specifically for this project, the idea of sharing costs, debt service, and revenue would benefit all participating parties. The mix of uses in a Downtown lends themselves very well to a shared parking concept. Two possible locations for a multi-use shared parking lot are:

- **Caltrain/VTA parking lot.** If the existing Caltrain/VTA parking lot became a joint parking facility, the needs of weekday commuters would compliment the nighttime and weekend uses for residents and other users. If the local agencies pay for part of any new parking structure, along with Parking Assessment District and in-lieu fees, it would alleviate some of the burden to new development of providing private parking spaces. A parking structure in this location will be proximal to the Downtown core area and, in particular, to much of the future development in Downtown.

In this Specific Plan, this parking lot is identified as a potential transit-oriented residential development site, and may have a separate shared parking arrangement between the residential uses and the transit riders. This proposal may limit the potential commercial parking capacity in this location. Residential parking would need to be in a distinct area separated from commercial or transit parking to guarantee residents a parking spot, provided at a ratio to meet the minimum zoning requirement. Guest parking and any extra residential parking would be part of the shared parking pool. Transit parking could also be provided in both a guaranteed area (often called a nested parking area) as well as in the shared parking area.

Monthly pass holders, for example, would park in a guaranteed transit parking area, while other transit users would park in the shared parking area. The success of the shared parking program would be dependent upon the allocation of spaces in each distinct area as well as the turnover of spaces in the shared parking area.

- **Community and Cultural Center parking lot.** A structure at the existing CCC lot on Block 6 would provide an alternative to creating a shared parking facility with the identified residential opportunity site. A three level parking structure at the CCC lot could create a capacity of up to 570 spaces total (190 spaces per level).

In addition to the sites identified above, several other locations should be considered for potential acquisition and construction of new parking structures. Ideal locations would be centrally located to the anticipated retail redevelopment areas, and may be integrated within the new or redeveloped retail areas in the form of a parking garage with ground floor retail fronting the street. These locations may potentially include:

- Existing Lot #2 behind the Downtown Mall (Block 2)
- Within the proposed Sunsweet Site or existing Lot #24 (Block 4)
- Unpaved property adjacent to Lot #8 (Block 1)

On-Street Parking Strategies

Parking demand generated by the new developments and the displaced vehicles are anticipated to park on First, Second, or Third Streets between Monterey Road and Depot. Although observations of current conditions show that parking is available, availability at prime locations may become limited during peak parking periods. The following recommendations should be incorporated based on findings from a future monitoring program as certain benchmarks are reached.

- Adopt a parking monitoring program to track both on-street and off-street parking conditions in the Downtown area. Parking surveys should be done on a regular basis (annually) and could be paid for by the City of Morgan Hill Redevelopment Agency or by developers as part of their application process. A report similar to the 2002 Parking Survey costs approximately \$5,000 to \$10,000 to complete.
- Enforce the 2-hour parking limit in restricted spaces to discourage long-term parking, and therefore increase turnover and the availability. Visitors to a proposed movie theater would need accommodations for longer parking durations. Personnel costs in a range between \$40 and \$85 per hour depending on the officer's classification; however, parking enforcement is typically a self-funded program via the revenue generated from the parking tickets.

- Expand the 2-hour parking zones to increase turnover if monitoring reports show that parking occupancy along specific street segments is fully utilized. Adding new parking signs would cost approximately \$500 each. The additional enforcement could be a neutral cost or positive revenue. If the expansion encroaches into residential areas, a residential parking permit may be implemented to allow local residents to park in designated restricted areas for greater than the 2-hour limit.

Street Improvements

Street and streetscape improvements should be prioritized to coincide with development improvements. Because Blocks 2, 3, and 4 are projected to experience redevelopment prior to other blocks, the likely candidates for initial street improvements are Fourth Street, Second Street, First Street, Fifth Street, and Main Street.

Similarly, other roadway and infrastructure improvements should be timed to match development intensification or changes. For example, the Third Street crossing west of Monterey Road serves a small parking area. If the parking lot is used more regularly, then the timing of the bridge improvement should coincide with the increased use. The bridge should be evaluated for structural integrity, and consideration should be given to a replacement that can accommodate two travel lanes, pedestrian, and bicyclists.

References

- Bikeways Master Plan. City of Morgan Hill. Prepared by Bellinger Foster Steinmetz, Bicycle Solutions and Higgins Associates. January 2001.
- Institute of Transportation Engineers. Parking Generation. T^{third} Edition. 2003.
- The Urban Land Institute. Shared Parking. 1983.
- Morgan Hill Parking Study – Final Report. Prepared for the City of Morgan Hill. Prepared by Wilbur Smith Associates. May 30, 2002.
- Morgan Hill Downtown Plan – Evaluation of Opportunity Sites Memorandum. Prepared by Keyser Marsten Associates Inc. July 8, 2002.
- Developing Parking Policies to Support Smart Growth in Local Jurisdictions: Best Practices. Prepared by Wilbur Smith Associates. March 12, 2007.
- Parking Profile and Policy Recommendations – Morgan Hill. Prepared for MTC by Wilbur Smith Associates. June 29, 2007.

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Chapter 5: Design Guidelines

Overview

Although there are a wide range of building sizes and architectural styles in Downtown Morgan Hill, a sense of small town architecture still remains. The current mix of “Main Street” commercial structures along Monterey Road and modest homes on the side streets in the residential areas provide visual variety along with a scale and texture that is pedestrian friendly and uniquely Morgan Hill.

It is the intent of this Plan to preserve and enhance that character and pedestrian scale, while accommodating areas for redevelopment and growth in a more dense and mixed-use pattern. The guidelines outlined in this chapter will be used in the review of all proposed development projects including additions and remodels (excluding non-historic single-family homes not located on a sensitive site).

These Design Guidelines include several of the best practices provided in the Santa Clara Valley Transportation Authority’s (VTA) *Community Design & Transportation: A Manual of Best Practices for Integrating Transportation and Land Use*. This manual provides a series of best practices and case studies for developments near transit. The guidelines below are divided into the following sections:

- A. All Building Facades
- B. Mixed-Use Building Facades (CBD Zoning District)
- C. Residential Building Facades (R-2, R-3, and R-4 Zoning Districts)
- D. Block 4 Special Guidelines (including Sunsweet Site)
- E. Roofs
- F. Awnings and Marquees
- G. Bay Windows
- H. Balconies
- I. Front Porches and Stoops
- J. Outdoor Open Space
- K. Service Areas
- L. Mechanical and Electrical Equipment
- M. Landscaping
- N. Fences, Walls, and Gates
- O. Site Lighting
- P. Plazas, Pedestrian Walkways, and Courtyards
- Q. Outdoor Dining
- R. Streetscape Furniture and Amenities



New compatible commercial structures.

Site Review Permit Process and Requirements

The City of Morgan Hill requires a **Design Permit** for new construction and significant remodels in accordance with Chapter 18.74 (Design Review) of the Zoning Ordinance, excluding non-historic single-family homes not located on a sensitive site. An **Encroachment Permit** is required for any uses or improvements that involve the public right of way, such as outdoor dining on wide sidewalk areas. These Design Guidelines are intended to guide property owners and architects in the design of new buildings, exterior changes to buildings, and other improvements. Prior to issuance of any Design Permit, the decision-making body must make a finding of substantial conformance of the proposed design with these Design Guidelines. The Public Works Director in coordination with the Community Development Director has authority to approve Encroachment Permits for outdoor dining. Noticed Public Hearings shall be held for all projects subject to Design Permit requirements. The Community Development Director shall determine the appropriate process for consideration of Design Permits; smaller or more minor projects may be acted upon by staff in accordance with Chapter 18.74, while larger and more significant projects should be referred to the Planning Commission or City Council. Any Design Permit which involves Redevelopment Agency or City-owned sites, or for which the RDA is entering into an Agreement to assist with the development, should be acted upon by the City Council, after receiving a recommendation from staff and/or the Planning Commission, as determined by the Community Development Director (minor projects may be approved by staff).

Basic Design Principles

These guidelines below are based on the following basic design principles. In the event that the guidelines in this document do not directly address a specific condition, City Staff and the relevant commissions and boards will use these principles to determine the appropriateness of proposed plans and architectural designs.

#1 Buildings should reflect the character of Downtown Morgan Hill.

Existing buildings in Downtown are relatively small in scale due to the small parcel sizes. New buildings should maintain the rhythm of parcel width, building breaks, and facade articulation. As a general rule, facade articulation and/or building breaks should occur at approximately 40 to 50 foot intervals, wherever feasible. Projects on larger or combined parcels should reflect this design pattern and should be broken up in form to avoid looking like a single project.

#2 Buildings along Monterey Road and Third Street should be designed in an architectural style compatible with traditional Main Street buildings.

Characteristics of traditional Main Street buildings include parapets with projecting decorative cornices, large ground floor display windows, deep-set upper floor windows, and decorative architectural details. Newer buildings are encouraged to include these elements to blend with the existing character, but may do so in a way that creates a more modern feel. It is not the intent of this principle to recreate historic structures, but rather to design buildings that share a similar character and create a harmonious district.

#3 Structures and landscaping on neighborhood streets west of Monterey Road (i.e., West First, Second, Third, Fourth, and Fifth Streets) should be visually compatible with the existing small-scale residential character of the area.

Since some existing residences will remain, either as residences or structures converted to commercial or office uses, the maintenance of visual compatibility will be very important. New buildings or expanded existing residential structures should not visually dominate the area.

#4 Buildings should provide a visual continuity of display windows along with architectural and landscape details to provide an interesting environment for pedestrians.

In commercial areas with buildings at or near the sidewalk, visual continuity is essential to the vitality of the street. Large display windows for product display are strongly encouraged, along with a richness in architectural detailing.

On side street areas with residential character buildings set back from the sidewalk, interesting building entries and architectural detailing are strongly encouraged. These areas also offer the potential for including visual richness through the use of landscape elements such as picket fences, trellis entries and residential landscaping (e.g., roses.)

#5 Each structure should be uniquely designed for Downtown Morgan Hill.

Stock designs and franchise architecture will not be accepted as a substitute for thoughtful designs based on the structure's use and location.

#6 Signage should be appropriate to location and building character.

Signage should be pedestrian-oriented. Large, aggressive and redundant signage is strongly discouraged. See Chapter 6 (Signage Guidelines) for specific guidelines associated with signage.

#7 All buildings and remodelings should utilize high quality materials and craftsmanship.

Exterior materials that will weather well over time are strongly encouraged, and all signs should be professionally fabricated and applied.

#8 All streets should be designed to balance safety and aesthetics.

All streets should be designed to balance pedestrian safety, aesthetics and the supply of on-street parking. All streets in Downtown should be designed to keep traffic traveling at safe speeds and to be pedestrian and bicycle friendly.

A. All Building Facades

DG-A1. Construct buildings with both solid surfaces and window openings.

Facades shall be designed with both solid surfaces and window openings to avoid the creation of blank walls or glass curtain walls. Blank walls on all facades that front a street, plaza, or other public spaces are strongly discouraged.

DG-A2. Provide distinctions between each floor.

Facades should provide a clear visual distinction between each floor, except where a floor is built into the roof form.



A clear visual distinction between each floor is provided.

Windows and solid surfaces are balanced on the facade, avoiding the creation of blank walls.



Blank walls and facades are strongly discouraged.

DG-A3. Design external stairways to complement the buildings.

Stairways should have a design that is compatible with overall structure. Stairs shall not have a tacked-on appearance or look like their design was an addition or afterthought. Stairways on front facades are discouraged.

DG-A4. Design the sides and rear of buildings to complement the front facade.

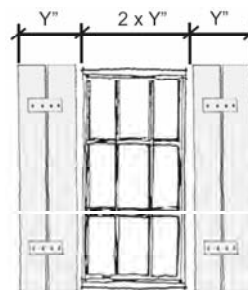
All sides of the facade shall be designed with similar architectural elements, materials, and colors as the front facade. However, the design of side and rear facades may be simpler, more casual, and more utilitarian in nature.



Appropriate relationship between front facade (left) and rear facade (right) is strongly encouraged.

DG-A5. Shutters should be designed to enclose the entire window or door.

If used, window and door shutters should have a width that would enclose the entire window or door opening when the shutters are closed.



When closed, the shutters would enclose the entire window.

DG-A6. Building modifications should use the same materials, details, and color as the rest of the building.

If a portion of an existing building is modified or if a building addition is constructed, it should use the same building materials, details, and color applications as the rest of the building. For example, if a portion of a brick facade with wood-framed windows and doors is modified, the modified portion of the facade shall use bricks, details, and wood-framed windows and doors that are compatible with the other parts of the building.

Original Structure:



Discouraged Addition to Structure:



Encouraged Addition to Structure:



DG-A7. Limit the number of building materials used on the facade.

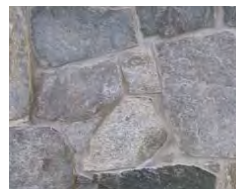
As a general rule, no more than 3 different types of materials should be used on a single facade.

DG-A8. Use appropriate materials.

Materials that are consistent with local vernacular architecture, as well as those that are indigenous to the region are desired. Finish materials that give a feeling of permanence and quality and that have relatively low maintenance costs are strongly encouraged. Appropriate building materials that are encouraged on facades as primary materials include:

- brick,
- stone,
- tile,
- stucco or plaster,
- painted or stained wood siding or trim,
- wood or metal frames for windows and doors, and
- wood, metal, and glass doors.

Examples of appropriate facade building materials:



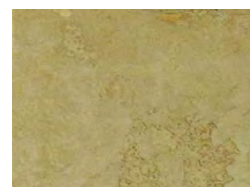
Stone



Brick



Wood



Stucco/Plaster

DG-A9. Avoid inappropriate building materials.

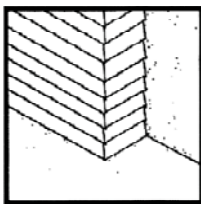
Inappropriate building materials that are discouraged on facades include:

- plywood,
- unfinished lumber,
- corrugated fiberglass,
- small tiles,
- shingles,
- cultured stone,
- rough finish materials,
- vinyl or aluminum siding,
- corrugated metal,
- reflective materials, and
- manmade building materials (other than hardie board) that are intended to simulate natural products/materials.

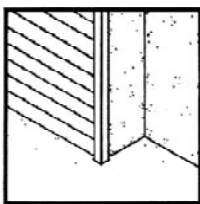
DG-A10. Changes in material should generally occur when there is a change in the plane of the facade.

If possible, the change in materials and color should occur on inside corners of the building. If a change is proposed along the line of a single plane, a pronounced expansion joint should be used to define a clear separation.

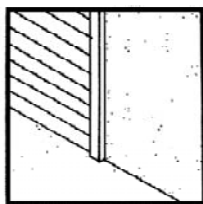
Encouraged:



Discouraged:



Permitted:



DG-A11. Facades should have finishes and colors similar to those found on traditional buildings in Morgan Hill.

Painted building surfaces should have a matte finish. Trim work may have a glossy finish.

DG-A12. The natural colors of brick and stone material should be maintained.

These materials should not be painted or glazed.

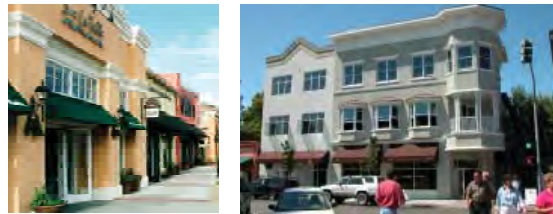
DG-A13. Muted and soft colors are encouraged.

Extensively bold, bright, fluorescent, and neon colors should be avoided. If used, extensively bold, bright, fluorescent, and neon colors should only be used as accent colors on window and door frames, building trim, and details.

DG-A14. Limit the number of colors used on facades.

Color applications on a facade should generally be limited to one or two main colors and two to three accent colors that complement the main color(s) of the structure.

Examples of appropriate use of color:



Example of inappropriate use of color:



DG-A15. Window openings should have vertical orientation and proportion.

Window openings should be taller than they are wide to reflect the traditional building characteristics of Downtown.

DG-A16. Basic and simple window shapes are encouraged.

Window shapes should be basic and simple to reflect the traditional building characteristics of Morgan Hill.

DG-A17. Follow the Secretary of the Interior's standards when renovating or modifying historic buildings.

When renovating or modifying historic buildings listed on the National Register of Historic Places or of local significance, the Secretary of Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings should be used.

B. Mixed-Use Building Facades (CBD Zoning District)

The CBD zoning district, primarily along Monterey Road and East Third Street, is an important retail and restaurant district that will strongly influence the economic viability and the image of Downtown Morgan Hill. The intent in this area is to provide continuity of storefronts with attractive display windows; restaurants with an open and inviting character; architectural styles and details that are traditional in character; and upper floor office and residential uses that are attractive in appearance and contribute to the visual attractiveness of downtown.

DG-B1. Design Articulated Facades.

Street facing building facades, as well as all facades that front a plaza or pedestrian walkway, shall be articulated to improve the quality of the design. Appropriate methods of articulation include, but are not limited to:

- increasing the number and/or size of window openings,
- creating a defined building cap or roofline,
- providing stylized windows and doors,
- creating a defined base for the building,
- providing three-dimensional expression lines (vertical and horizontal) between the floors of the structure and around storefronts and window openings,
- adding depth and detail to the cornice or roof parapet, and
- recessing storefronts and windows into the facade to create depth and cast shadow patterns.



Appropriate relationship between windows on ground floor and upper floors.

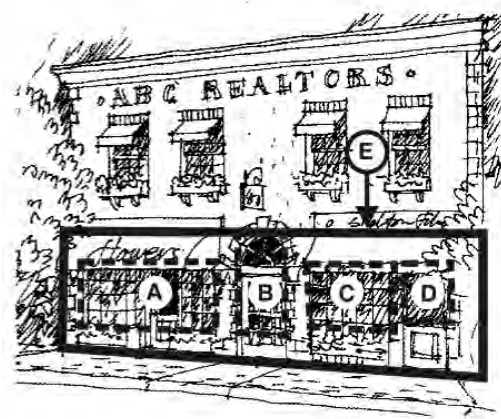


Examples of buildings with appropriate articulation.

DG-B2. Provide ground-floor storefront windows and vertically oriented upper-floor windows.

The ground floor facade should have more area dedicated to transparent window and door openings than the upper floors. Front building facades, as well as all facades that front a plaza, or pedestrian walkway, should be designed with:

- Ground floor storefront windows and doors that utilize clear transparent glass in order to provide clear views of storefront displays from the street and to allow natural surveillance of the street and adjacent outdoor spaces. Mirror and tinted glass is prohibited.
- Buildings that maintain a minimum of 60 percent transparent glazing along primary store frontage up to eight feet above grade. In the example to the right $A+B+C+D$ should equal at least 60 percent of E . Blank walls over 10 feet long should be avoided on primary frontages and for the first 50 feet from Monterey Road and Third Street along other public streets.



- Upper floor window openings that have a vertical orientation and proportion. Mirror and tinted glass is prohibited on upper floor facades.

DG-B3. Emphasize display windows and storefront entries.

- Interesting storefronts with prominent display windows are strongly encouraged. Traditional storefronts with bulkheads below the windows and glass on both the street front and the sides of the vestibule are desirable. However, larger and more contemporary display windows are also acceptable. Window proportions should generally reflect traditional storefront windows with proportions that are horizontal or approximately square.
- Display window lighting is strongly encouraged to improve the downtown's nighttime image and vitality. Examples include shielded or recessed spotlights to highlight display merchandise or pin lights used to define the outline of the windows.
- Entry doors should be selected to complement the design of the storefront and reflect the special personality of the business. Dutch doors, which have top halves that may be left open, are one good way to project a friendly, customer-oriented image.
- Planter boxes below windows and adjacent to windows are strongly encouraged. These generally add to the personality of downtown and provide seasonal color.



Mirrored and tinted glass is prohibited



Appropriate storefront windows.

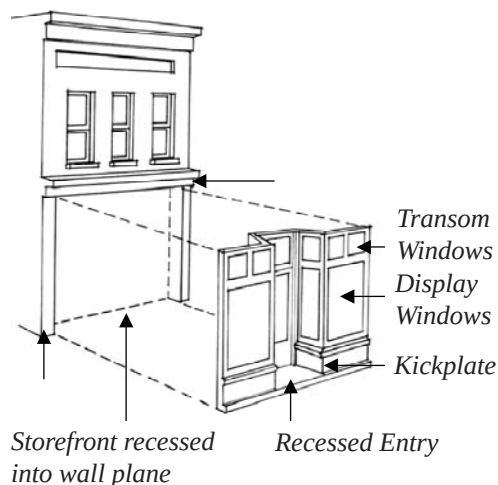
DG-B4. Create a continuous street wall.

Buildings should provide continuous facades along the street edge to create an interesting pedestrian environment. Breaks in the street wall may occur in areas where buildings have a setback to accommodate outdoor seating or other uses. At these locations, the outdoor space should meet the sidewalk at the same point as surrounding buildings to maintain the appearance of a street wall. At locations where driveways are required for access, such as along Third Street to accommodate parking for buildings fronting Monterey Road, side setbacks should be provided to allow sidewalks and landscaping adjacent to the driveways.

DG-B5. Design storefronts with traditional “Main Street” elements.

Elements of traditional “Main Street” storefronts are encouraged. These elements include:

- recessed entry door(s),
- display windows,
- kickplate or bulkhead, and
- transom windows.



DG-B6. Provide architectural details to enhance the visual interest of facades.

Projecting cornices with interesting detail appropriate to traditional Main Street commercial buildings should be used to establish a finished top to facade walls. Other architectural details should add visual richness to street facades. Examples include bay windows, decorative belt courses, moldings around windows, and planter boxes with flowers under windows.

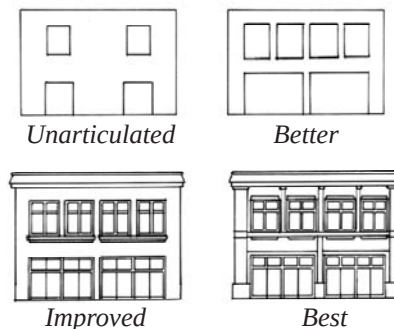
DG-B7. Building articulation features are encouraged.

Three-dimensional wall projections, horizontal expression lines, building columns, details and cornice treatments are encouraged on facades.

Cornice Treatment Details

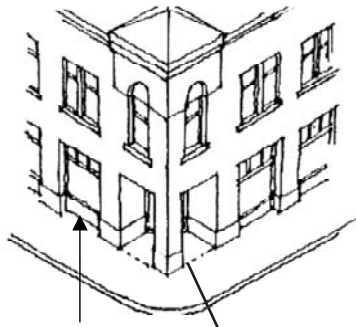


Building facades should be appropriately articulated:



DG-B8. Provide special accent design elements for corner buildings.

Corner pedestrian entries and design elements, such as towers, are desirable at street corners. Such elements provide a visual terminus to street frontages and a visual transition between Monterey Road, Third Street, Depot Street and side streets.



Structural bays and corner treatment

DG-B9. Design structural bays and recessed storefronts on ground floor facades.

Recessed storefront and structural bays are encouraged on ground floor facades. Storefronts should be recessed by at least 6 inches. The width of structural bays and storefronts should not exceed their height. Building piers, columns, cornices, and horizontal expression lines are encouraged to better define this space.

DG-B10. Provide upper floor and secondary entrances and windows.

Entries to upper floor uses should be located on facing streets or on landscaped pathways with direct access to the street. The entries should be distinctive and well defined with elements such as attractive doorways and sidelights, awnings, carriage lights, planters with flowers, appropriate signage, etc.

Upper levels should be designed with a distinctive character and design elements that will relate the upper levels to the street and provide visual interest. These elements might include bay windows, projecting balconies with landscaping and French doors, and awnings over the windows. Window proportions on the upper levels should generally be smaller than ground floor windows and vertical in proportion.

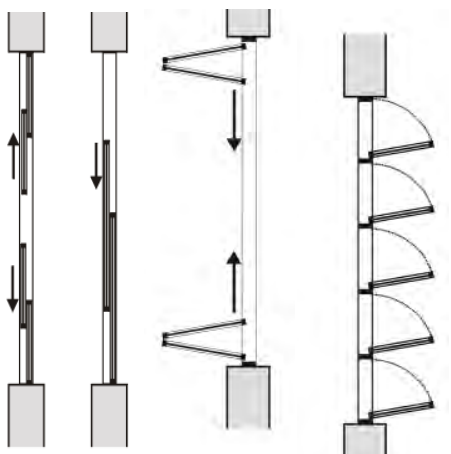
Secondary entrances and windows are strongly encouraged on rear facades that are adjacent to parking facilities.

DG-B11. Operable windows and French doors are encouraged for restaurants.

Restaurants with an indoor-outdoor character offer an opportunity to bring increased vitality to the street, and are especially appropriate given the pleasant climate of Morgan Hill. Window types and proportions should be complementary to the architecture and design of the facade. A variety of examples of operable restaurant facade windows are shown below and to the right. These are strongly encouraged along Monterey Road and Third Street.



Restaurant operable window.



Operable window options.

DG-B12. Provide off-street courtyards.

Courtyards that can accommodate smaller retail tenants, service commercial shops, and restaurants provide increased business opportunities and more pedestrian traffic along the street frontages. These are especially effective along major pedestrian corridors such as Monterey Road and Third Street. Courtyards should have good linkages and pleasant landscaped entries from the street.



Example of an off-street courtyard.

DG-B13. Facade Rehabilitation.

Remodeling existing buildings offers an opportunity to bring the overall building up to current standards and to improve the appearance of all facade elements. Encouraged improvements include:

- Cleaning and repairing all facade elements,
- Upgrading storefronts with attractive display windows and entry doors,
- Installing new business signs and removing any old or redundant signage, and
- Installing planter boxes below display windows and/or adjacent to entries.

DG-B14. Railroad Corridor Special Guidelines.

The following guidelines apply to new development on parcels adjacent to the railroad corridor.

- Entries on Blocks 7 and 8 should be oriented to Depot Street. To enhance the pedestrian qualities of the street and to activate the street, new structures should be strongly related to the street and provide visual surveillance of the sidewalk and street.
- Projects located on parcels adjacent to the railroad shall comply with the noise and vibration mitigation measures contained in the Mitigation Measures section of Chapter 8, Implementation.

C. Residential Building Facades (D-R2, D-R3, and D-R4 Zoning Districts)

This area between Monterey Road and Del Monte Avenue, excluding the Monterey Road frontages, currently contains a predominance of small residential structures. The existing scale and character should be preserved with new development. For areas in which the zoning designation is proposed to increase (i.e. the existing designation is R-2 and the proposed is R-3), some exceptions will be permitted in order to accommodate the additional densities permitted.

DG-C1. Provide overhanging roofs.

Overhanging roofs are strongly encouraged to delineate the top of the facade and to cast shadow patterns on residential buildings.

DG-C2. Design facade articulation within public view.

Street facing building facades, as well as all facades that face a plaza, park, or public space, shall be articulated to improve the quality of the design. Appropriate methods of articulation include, but are not limited to:

- offsetting or changing the direction of the wall plane by adding a building wing,
- increasing the number of window openings,
- balancing window openings on the facade to avoid blank areas on the wall surface,
- using more than one material, texture, or color to break up the mass of the facade,
- stepping back upper stories,
- using traditional building forms, such as bay windows,

porches, and dormers,

- utilizing compatible architectural details to reduce the scale and mass of buildings, and
- providing overhanging roof eaves that created depth and cast shadow.

DG-C3. Reflect the architecture of Morgan Hill in new buildings.

Building styles, forms, materials, and colors that reflect the region's vernacular residential architecture are encouraged on residential buildings. Materials should include wood or stucco. Roofs should be pitched in form with overhangs of at least 2 feet. Porches are encouraged and may encroach into the front setback up to 7 feet. Additions, remodelings, or new buildings should not be boxy in form and/or consist of plain or unarticulated building elements. The intent of this guideline is not to recreate exact replicas of historic or traditional building, but rather to create new buildings that reflect and honor the character and image of the



Residential facade with appropriate level of articulation and decorative elements.

region.

DG-C4. Single-family residences with building heights of three stories should incorporate varying rooflines and roof designs to break up the mass of the structure.

Single-family residential projects located in predominantly residential areas with third story space should employ techniques to ensure a human scale and appropriate relationship to its surroundings. For example, third story space could be integrated into the roof form of the structure.

DG-C5. Provide small-scale decorative elements.

Decorative roof and porch brackets, detailed porch railings, flag brackets, infill shingles on gable ends, wind vanes, and other traditionally residential detail elements are encouraged to add visual richness and pedestrian interest to the area.

DG-C6. Construct additions to the rear or side of the existing building.

Any additions to existing buildings should be to the rear of the existing building or to the side if setback limitations allow. New structures should be set back a distance to complement the setbacks of structures on nearby lots.

DG-C7. Design accessory building facades to match the main building facade.

The facades of detached garages and other accessory buildings should be designed with similar materials, colors, and details as the main residential building.

D. Block 4 Special Guidelines (Including Sunsweet Site)

Block 4 (which includes the “Sunsweet Site”) is unique in its location and importance to Downtown Morgan Hill. Its Third Street frontage faces a new planned commercial and activity area while its Fourth Street frontage faces smaller scale buildings and some residential uses. This Specific Plan will supercede the existing Planned Unit Development (PUD) that was adopted for the site in 2005. The following guidelines serve to supplement the other guidelines in this chapter for this particular block.

DG-D1. Construct appropriate uses.

Ground floor uses along Third Street and at the corner of Third and Depot Streets should be limited to retail shops, restaurants, bars, shops serving rail commuters, and entries to upper floor uses. Restaurant uses are strongly encouraged along this frontage. Fourth and Depot Streets should be lined with residential units, such as apartments, condominiums, or townhomes, although additional non-residential uses along Depot Street would be permissible. Unit or apartment entries may be directly oriented to the street, but should be located elsewhere in order to provide a retail emphasis to the Third Street frontages.

DG-D2. Construct appropriate buildings.

Buildings shall be a minimum of 2 stories in height and a maximum of 4 stories within certain blocks. 4 stories are allowed on large sites of at least 22,000 square feet; a Planned Development rezoning would need to be approved for heights over 4 stories. Any fourth floor shall be stepped back in accordance with the development standards for the CBD

zoning district (see Chapter 2: Land Uses and Development Standards).

DG-D3. Ground Floor Retail

Ground-floor retail building space shall be at least 50 feet deep and may be up to 100 to 120 feet deep, in accordance with the GFO minimum retail depth standard (see CBD/GFO Site Development Standards and Figure 6 in Chapter 2: Land uses and Development Standards).

DG-D4. Provide a high quality design.

Due to the relatively large size of this site, any development should be constructed to look like it is multiple developments rather than one larger development. Facade articulation should keep with the prevailing pattern of approximately 40 to 50 feet in width. The design should reflect traditional “Main Street” buildings and the characteristics of Downtown Morgan Hill.



Examples of buildings with high quality design and appropriate relation to the street.



DG-D5. No customer or resident parking entrances along Third Street.

Parking entries should be primarily oriented to the center of the development or on Depot Street. Minor parking entries may be oriented to Fourth Street. Parking entries along Third Street for customers and/or residents are not allowed; any entry from Third Street is to be limited to service vehicle or secondary purposes and only if no better feasible options exist.

DG-D6. Provide public parking.

Public parking should be constructed on the western portion of the site behind parcels fronting on Monterey Road. It should allow easy movement from this lot to adjacent lots and should provide pedestrian access to Third Street and allow for pedestrian access to Monterey Road when new development occurs along that frontage.

DG-D7. Design a consistent roof design for the entirety of each building.

The Sunsweet project on the site should employ roof designs that break up the mass of development. Different roof designs for separate buildings on the site may be used in order to create a sense that the whole site is a collection of building projects rather than one single large development project.

E. Roofs

DG-E1. Construct roofs that are compatible with the building's character.

Roofing forms and materials should be compatible with the overall style and character of the structure and Downtown Morgan Hill.

Appropriate types of roof materials include:

- slate shingles,
- galvanized metal,
- non-reflective aluminum and zinc alum,
- asphalt shingles,
- dimensional shingles, and
- other materials of similar quality, durability, and character to those listed above and approved by the Community Development Director or Design Permit.

Vinyl, plastic, fiberglass, and plywood roofing materials are discouraged.



Examples of appropriate roof materials.

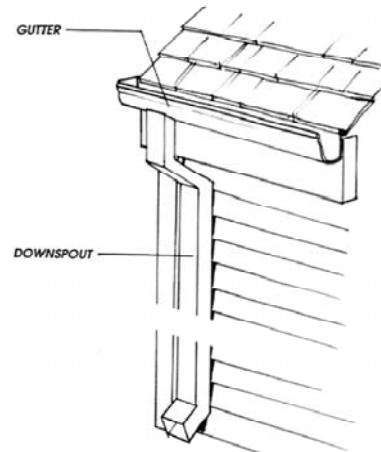
DG-E2. Design a consistent roof design for the entirety of each building.

A relatively consistent roof design (including overhangs, pitch, fascia, materials, and eaves) should be provided on all sides of a building. Large sites should employ roof designs that break up the mass of development. Different roof designs for separate buildings on the site may be used in order to create a sense that the whole site is a collection of building projects rather than one single large development project.

DG-E3. Construct gutters and downspouts that are compatible with the building's character.

All roofs shall be designed with gutters and downspouts to prevent water damage to buildings and to protect pedestrians and adjoining properties from dripping water. The design, materials, and color of gutters and downspouts should be compatible with the overall style and character of the structure. Gutters and downspouts shall be painted to match either the trim or body color of the building. Appropriate materials for gutters and downspouts include:

- aluminum,
- galvanized steel,
- PVC, and
- other materials of similar quality, durability, and character to those listed above and approved by the Community Development Director or Design Permit.



Example of gutter and downspout.

DG-E4. Minimize the public view of downspouts.

Whenever possible, downspouts should be located in the least conspicuous location, such as the rear or side facades of the building.

DG-E5. Screen rooftop mechanical equipment from public views.

Mechanical equipment on roofs shall be screened from public views from all sidewalks, plazas, parks, public spaces, and pedestrian walkways. This guideline applies to all buildings in downtown.

DG-E6. Design appropriate roof overhangs.

Roof overhangs, such as cornices, and eaves, may extend out from the facade of the building. However, roof overhangs shall not extend over a neighboring parcel.

DG-E7. Paint vent pipes to minimize public view.

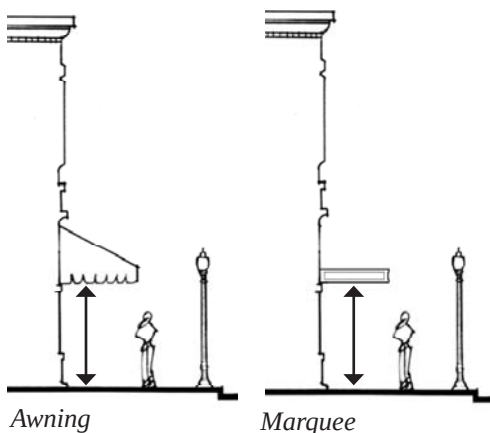
Vent pipes that are visible from streets, sidewalks, parks, plazas, and pedestrian walkways shall be painted to match the color of the roof to make them less conspicuous.

F. Awnings and Marquees

DG-F1. Construct appropriate awnings and marquees.

Awnings and marquees should only be used on mixed-use buildings. The following standards apply to projecting awnings and marquees:

- The valance, or front face, of an awning should not exceed 18 inches in height so it will not dominate the building facade.
- Awnings and marquees should not obscure views into storefront display windows or cover architectural expression lines or details.
- Generally use sloped front awnings that are visually compatible with awnings on adjacent storefronts. End panels returning to the building face are optional.
- There must be a minimum vertical clearance of 8 feet from the bottom of the awning or marquee and the ground.
- Awnings may have signs. See Chapter 6 (Signage Guidelines).



8 feet minimum clearance required between the bottom of the awning or marquee and the ground.

DG-F2. Use compatible materials.

Fabric awnings on painted tubular metal frames are strongly encouraged. Metal awnings and canopies, shiny fabrics, and backlit awnings that visually appear as large light sources should be avoided. Marquees should be constructed of:

- finished and painted wood,
- wrought iron,
- or other materials of similar durability, quality, and character that are approved by the Community Development Director or Design Permit.

Glossy or plastic materials are strongly discouraged.

DG-F3. Use multiple awnings instead of one large awning.

Multiple awnings located above storefronts are encouraged rather than a single awning that covers all storefront openings on the building. All awnings on a building should have a consistent design, color, and placement pattern.



Large awnings (left) are discouraged.

Instead, use multiple smaller awnings (below).



DG-F4. Use compatible materials.

Awnings should have basic and simple color patterns, such as one solid color or a vertical striping pattern with two colors.

DG-F5. Construct awnings with an appropriate height.

The height of the awning should be approximately $\frac{1}{3}$ to $\frac{2}{3}$ the depth of the awning.

G. Balconies

DG-G1. Construct appropriate balconies.

The following standards apply to projecting balconies:

- Balconies may be open or covered with a roof or upper story balcony.
- The distance between roof-supporting columns, piers, or posts on balconies shall not exceed their height.
- There must be a minimum vertical clearance of 8 feet from the bottom of the balcony and the ground.



Examples of appropriate balconies.

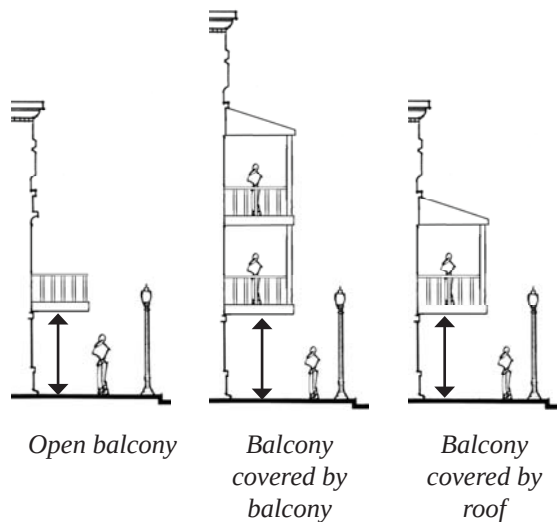
DG-G2. Use compatible materials.

Appropriate materials for balconies include:

- wrought iron,
- wood trim,
- finished and painted wood and wood trim, and
- other materials of similar quality, durability, and character to those listed above and approved by the Community Development Director or Design Permit.

DG-G3. Construct high quality balconies.

The design of balconies, including railings, balustrades, posts, columns, details, and roof covering, should be compatible with the overall style and form of the building. The balcony should not have a tacked-on appearance or look like it was an addition or afterthought. The sides of balconies should be designed with posts, railings, and balustrades rather than a solid wall plane.



8 feet minimum clearance required between the bottom of the balcony and the ground.

H. Bay Windows

DG-H1. Construct appropriate bay windows.

The following standards apply to projecting bay windows:

- The maximum width of a bay window shall be 8 feet.
- Upper floor bay windows on mixed-use buildings may encroach into the public right-of-way up to 3 feet along 25 percent of the street frontage.
- There must be a minimum vertical clearance of 8 feet from the bottom of the bay window and the ground.
- For facades with multiple bay windows, at least four feet should be provided between each bay window if the bay extends into the public right-of-way.
- Windows shall be provided on all sides of the bay window. Windows shall have a vertical orientation and proportion.

DG-H2. Use compatible materials.

The design of bay windows should be architecturally compatible with the other buildings on the site and their design should use similar forms, materials, and colors.



Examples of bay windows on mixed-use buildings.

I. Front Porches and Stoops

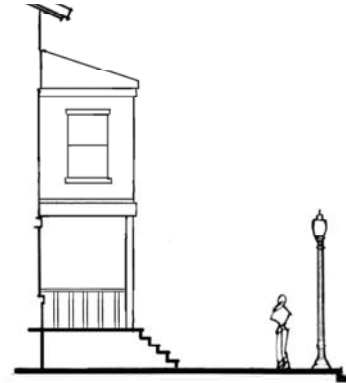
DG-I1. Construct appropriate front porches and stoops.

The following standards apply to front porches and stoops:

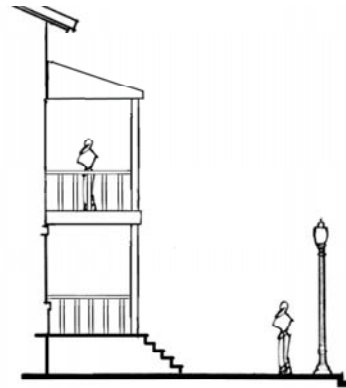
- Front porches and stoops should not be enclosed on the ground floor by permanent or temporary walls, windows, window screens, or plastic or fabric materials.
- Front porches and stoops may be covered with a roof, a upper-floor balcony, or an enclosed upper-floor habitable space. However, an enclosed habitable space shall not occur within a front, side, or rear setback.
- The spacing of supporting columns, piers, or posts on front porches and stoops should not exceed their height.
- The raised platform of a front porch (not including stairways) should be at least 50 square feet in size with no one dimension less than 6 feet in length.
- The raised platform of a stoop (not including stairways) should be at least 25 square feet in size with no dimension less than 5 feet in length.

DG-I2. Design compatible front porches and stoops.

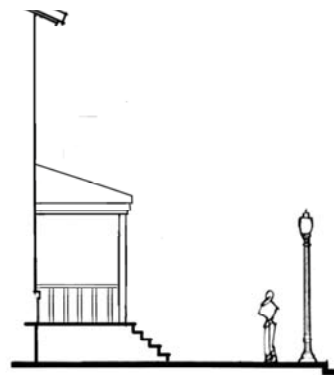
The design of front porches and stoops should be architecturally compatible with the other buildings on the site and their design should use similar forms, materials, and colors.



Porch/stoop covered by an enclosed habitable space



Porch/stoop covered by a balcony



Porch/stoop covered by a shed

J. Outdoor Open Space

DG-J1. Construct appropriate open space areas.

If provided, outdoor open spaces shall be designed to enhance the site and/or building as a place for pedestrians. Outdoor residential open space should include:

- outdoor seating,
- trash and recycling receptacles,
- a combination of landscaping and paved surfaces,
- pedestrian scaled lighting, and
- amenities or features that encourage people to gather. Such features include (but are not limited to) outdoor dining areas, outdoor fireplaces, barbecue facilities, public art, fountains, kiosks, planters, spas/hot tubs, and pools.

DG-J2. Design open spaces to be used throughout the year.

Outdoor open spaces should be useable throughout the year.

DG-J3. Construct open spaces to take advantage of views.

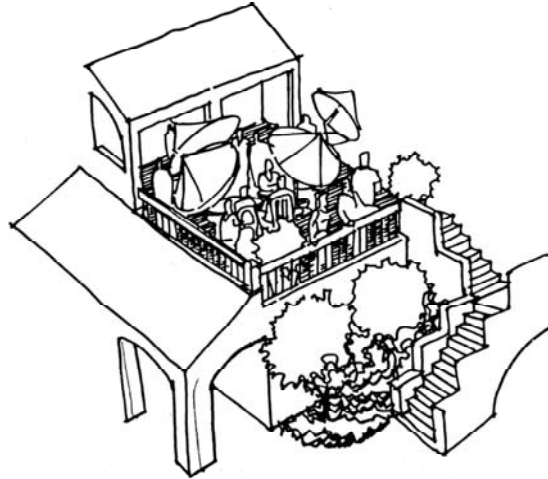
If provided, outdoor open spaces should be located or oriented on the site or building to take encourage pedestrian activity and to provide views of public spaces and streets, hills, and Upper Llagas Creek.

DG-J4. Design outdoor open spaces with a sense of enclosure.

Enclosure can be provided by locating the space between buildings or by defining the space with landscaping and wall features. Outdoor structures, such as pergolas and gazebos can also create a sense of enclosure within the space.

DG-J5. Provide connections between open spaces on adjacent parcels.

Outdoor open spaces on adjacent parcels should be connected and shared to create a large more attractive space.



Example of outdoor open space.

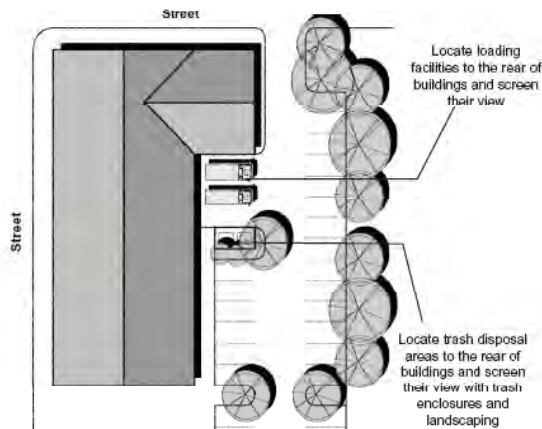
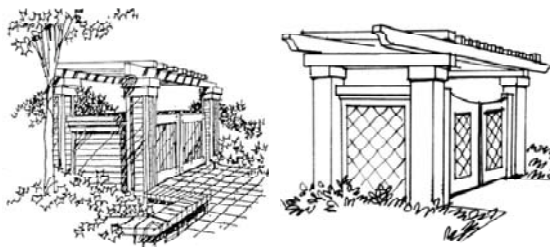
K. Service Areas

DG-K1. Construct service areas away from public view.

Trash disposal areas shall be screened from public views from all sidewalks, streets, plazas, and public spaces. Trash enclosures shall be used to store outdoor garbage containers or dumpsters. Trash disposal areas and shipping and receiving areas shall not be permitted along the street frontage.

DG-K2. Design compatible trash enclosures.

The design of trash enclosures should be architecturally compatible with the other buildings on the site and their design should use similar forms, materials, and colors.



Trash disposal area should be located to the rear of buildings and screened from public view.

L. Mechanical and Electrical Equipment

DG-L1. Construct service areas away from public view.

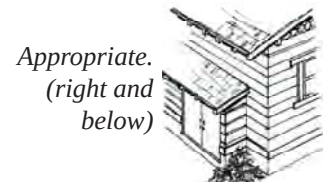
The following shall not be located within the public right-of-way and shall be screened from public views from streets, pedestrian walkways, sidewalks, plazas, and public spaces:

- electric and water utility meters,
- power transformers and sectors,
- heating/ventilation/cooling equipment,
- irrigation and pool pumps,
- satellite dishes greater than 18" in diameter,
- antennas,
- rooftop mechanical equipment, and
- other mechanical equipment.

Appropriate methods of screening include fencing, landscaping, roof parapets, and equipment enclosures. The design of screening devices shall be compatible with the main structure and conform to other sections of this Specific Plan. Noise levels of mechanical equipment shall be minimized. All utility and communication lines serving the site shall be underground.



Inappropriate.



*Appropriate.
(right and below)*



M. Landscaping

DG-M1. Provide landscaping in appropriate areas.

The following areas shall be landscaped and regularly maintained to be free of weeds, overgrown vegetation, and litter:

- unpaved portions of the site that are visible from public streets, sidewalks, plazas, and other public spaces,
- common outdoor areas within any development, and
- private and public surface parking lots.

DG-M2. Provide a variety of vegetation.

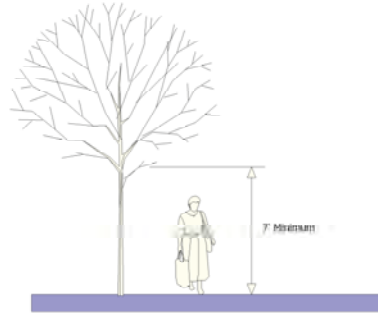
Landscaping treatments should include a combination of trees, grasses, shrubs, and flowering plants.

DG-M3. Avoid over-spray from automatic irrigation systems.

Automatic drip irrigation systems shall not produce over-spray on surfaces outside the planting area.

DG-M4. Provide at least 7 feet of vertical clearance between branches and sidewalk.

In order to provide adequate pedestrian clearance, trees shall be pruned regularly so that there is at least 7 feet of vertical clearance between the lowest branches of the tree and the grade of the adjacent sidewalk or pedestrian walkway. They shall also be pruned to maintain the health, vigor, and natural shape of the tree, and to maintain vehicular clearance and sight lines.



7 feet minimum clearance.

DG-M5. Construct an adequately sized planting area for all trees.

The size of the planting area shall be based on the amount of room needed for tree roots. Root barriers shall be used when trees are planted near pedestrian walkways and sidewalks.

DG-M6. Replace mature significant trees removed from the site.

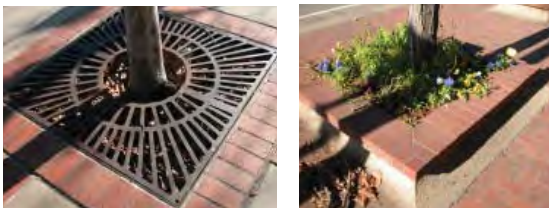
Significant trees and tree communities should be preserved whenever feasible. Removal of significant trees or tree communities from the site must be approved by the Community Development Department through a permit process, as described in Chapter 12.32 (Restrictions on Removal of Significant Trees) of the City's Municipal Code. When significant trees or tree communities are removed from a site, they should be replaced with new trees or tree communities (on- or off-site) in accordance with any conditions of approval and with Chapter 12.28 (Tree Planting Plan).

DG-M7. Maintain landscaped areas.

All landscaping shall be maintained in a healthy and attractive state and shall be watered, weeded, generally maintained, and replaced (if necessary) by the property owner/property manager.

DG-M8. Construct tree wells and grates for trees near a pedestrian walkway or plaza.

Trees placed within a courtyard, plaza, or pedestrian walkway shall be placed within tree wells covered by tree grates. Trees planted in front of mixed-use, retail, or office buildings should be planted in tree wells with metal tree grates or in planters similar to those along Monterey Road. Trees planted in front of residential buildings should be planted in a parkway (grass strip between the sidewalk and the curb). Parkway should be at least 5 feet wide.



Tree grates and planters are encouraged.

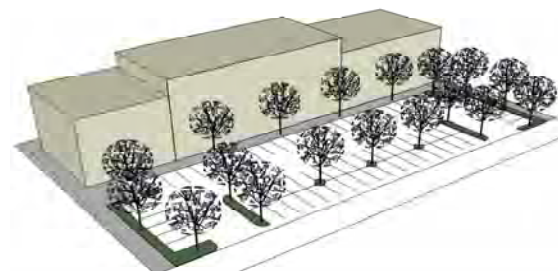
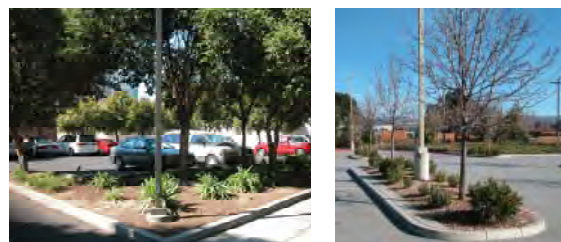
DG-M9. Surface parking lot landscaping.

All surface parking lots should be designed with the following landscaping features:

- Landscaped planters should be located between public sidewalks and parking lots. Landscaped planters should be at least 5 feet wide and should be planted with a combination of shrubs, trees, and flowering plants. Planter walls should be limited to a height of 24".

- Trees may be planted in landscaped planters, tree wells in pedestrian walkways, and/or diamond shaped planter boxes located between parking rows. Diamond-shaped planter boxes and tree wells should be at least 5 feet square. Tree grates and root guards shall be required for trees planted within pedestrian walkways.
- Ground cover, low-lying shrubs, and trees shall be planted within the planters and planter boxes. Tree grates or landscaping may be used in tree wells located within pedestrian walkways.
- Tree grates and tree staking should be inspected annually and adjusted as necessary to maintain the health of the tree.

Exceptions to these standards may be made if the Community Development Director or Design Permit decides the lot is too small to or it is otherwise not feasible to provide all the above features.



Examples of landscaped parking.

DG-M10. Plant appropriate trees near parking areas.

The Community Development Director or Design Permit shall approve all trees used around parking areas, including parking lots and on-street parking areas. Trees that do not drop heavy cones, sap, fruit, and seedlings should be selected to minimize potential damage to cars in the parking areas.

DG-M11. Construct public art in landscaped areas.

Public art and interpretative heritage plaques and kiosks should be incorporated into landscaped areas to highlight Morgan Hill's unique history and heritage.

DG-M12. Construct flowerpots and planter boxes.

Flowerpots and planter boxes are encouraged to add color and variety to the landscape. Flowerpots and planters are encouraged on porches, second-story balconies, and below windows. Flowerpots may also hang from porch overhangs and columns of posts. All flowerpots and planter boxes should be compatible with the architecture style of the building.

DG-M13. Design appropriate landscaping.

Properties should be landscaped with indigenous or drought-tolerant plants and trees that can grow in the microclimate of Downtown Morgan Hill. Plants and trees should be adaptable to the site's location, soil,

and solar orientation.

DG-M14. Design developments to incorporate mature landscaping.

When feasible, mature and healthy trees, landscaping, and natural site features should be preserved and incorporated into the design of the site and building.

DG-M15. Construct service areas away from public view.

Special design features should be incorporated into the design of parking lots. Appropriate features include:

- decorative paving at parking lot entrances and pedestrian walkways,
- the use of porous or pervious surfaces, which reduce the volume and rate of stormwater runoff and can add to the visual character of the parking lot,
- flowering plants and shrubs, and
- public art.

N. Fences, Walls, and Gates

DG-N1. Design compatible fences, walls, and gates.

The design of fences, walls, and gates shall be compatible with the architecture of the building. Wood picket fencing, trellis entries, and pergolas or entrance arbors on fences/walls are encouraged. Pergolas and entrance arbors are allowed on fences/walls, and shall not exceed 6 feet in height without a building permit. Appropriate materials for fences, walls, and gates include:

- wood,
- natural stone,
- wrought iron,
- concrete masonry,
- brick, and
- other materials of similar quality, durability, and character to those listed above and approved by the Community Development Director or Design Permit.

Fences and walls should be painted (or stained if wood) to match or complement the color of the building. However, walls constructed with brick and stone should not be painted in order to display the natural color of the materials.



Example of small wood fence with landscaping.

No fence or wall shall exceed three feet in height from the front of setback line of any property to the street right-of-way line except corner lots where any fence over three feet in height shall be set back five feet on any side yard setback, which is adjacent to street.

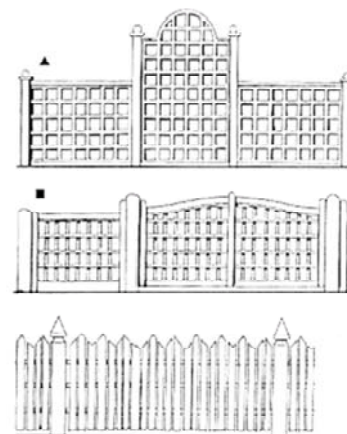
The following fence types within the Specific Plan area are prohibited unless otherwise approved by the architectural and site review board:

- barbed wire,
- razor wire,
- electrical, and
- chain link.

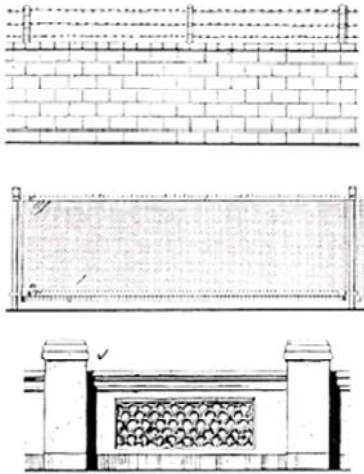
DG-N2. Design articulated fences and walls.

Fences and walls shall have an articulated design. Articulation can be created by having regularly spaced posts, changing the height of the fence or wall, and by using different building materials at the base, posts, or the cap of the fence or wall. Flat walls, chain link fences, and barbed wire fences are prohibited.

Encouraged

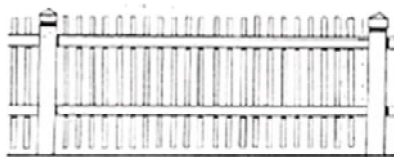


Discouraged

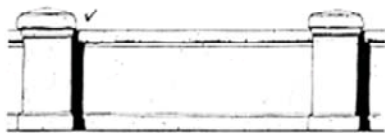


DG-N3. Design fences with an appropriate level of opacity.

Front yard fences should have an opacity of at least 50 percent. Walls (not including retaining walls for terraces) should be avoided in front yards.



*Example of fence with opacity
(see through)*



*Example of fence without opacity
(not see through)*

O. Site Lighting

DG-O1. Provide lighting in appropriate areas.

Illumination shall conform to the City of Morgan Hill Zoning Code. The following areas shall be illuminated at night to insure the safety of users and to minimize opportunities for crime:

- intersection of streets,
- surface parking lots,
- parking structures, including access points, elevators, and stairwells,
- pedestrian walkways and paths,
- plazas,
- sidewalks including side streets leading to parking lots,
- automated teller machines (ATMs),
- all entrances to buildings, including rear and service entrances,
- garbage disposal areas, and
- other areas that are routinely used by pedestrians.

Illumination of street trees and ornamental landscape trees is encouraged.

DG-O2. Design lighting to illuminate only the intended areas.

Site, building, and sign lighting shall be located and directed to light the intended area of illumination and to prevent off-site glare impacts on adjacent buildings or properties.

DG-O3. Avoid light and dark pockets.

Lighting should be provided at regular intervals to improve the perception of safety and to prevent the creation of light and dark pockets. Dark pockets can create uncomfortable areas for pedestrians and provide opportunities for criminals to hide in dark shadows. Light pockets can create a “fish bowl” effect. Within the light pocket (or the “fish bowl”), pedestrians may be observed, but their ability to see outside of the light pocket is limited, which creates discomfort and insecurity.

DG-O4. Avoid over-lighting buildings and sites.

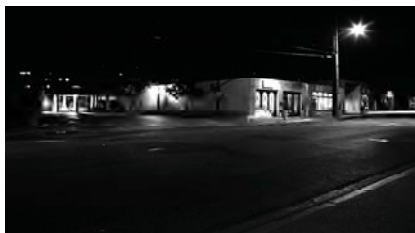
Over-lighting of buildings and sites should be avoided. Over-lighting can create an environment that feels like a car sales lot and can ruin desired nighttime ambience.

DG-O5. Provide storefront window lighting.

Lighting within storefront windows is encouraged to illuminate the sidewalk and create a desirable nighttime ambience.



Desirable night-time lighting.



Poor night-time lighting.

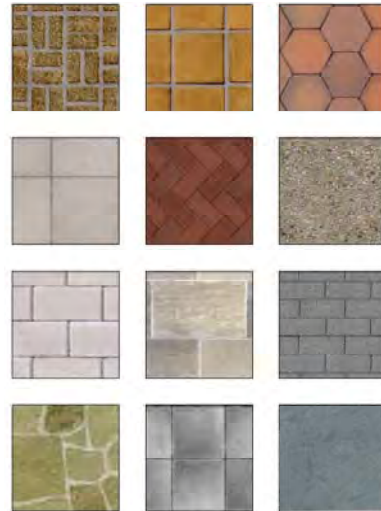
P. Plazas, Walkways, and Courtyards

DG-P1. Use ornamental surfaces that are different from the sidewalk.

All plazas, pedestrian walkways, and courtyards should be designed with an ornamental surface that is differentiated from the sidewalk and asphalt streets and parking lots. Appropriate types of ornamental paving include:

- natural stone,
- turf block,
- brick,
- slate,
- concrete unit pavers, and
- concrete with special textures, colors, and patterns.

DG-P2. Provide active ground floor uses



Examples of appropriate paving surfaces and patterns for public plazas.

around plazas and courtyards.

At least two sides of a plaza or courtyard should be defined by building facades with active ground floor uses (such as restaurants, retail stores, cafes, bars, etc.). Edges not defined by building facades should be defined with landscaping features, such as trees, low planters, seating, a pergola with vines, or sculptures.

DG-P3. Provide lighting in appropriate areas.

All plazas and courtyards shall be designed with pedestrian amenities, such as seating, dining tables with umbrellas, planters, trees, vine covered pergolas, pedestrian scaled lighting, public artwork, outdoor fireplaces, and fountains.

DG-P4. Provide lighting in plazas.

Plazas should be illuminated from dusk to dawn. A combination of overhead lighting and lighted bollards are encouraged.

DG-P5. Construct water, public art, or sculpture features in public plazas.

Water features, such as fountains, or installations of public art, such as sculptures, are encouraged for the design of larger public plazas.

DG-P6. Provide hard and soft surfaces in plazas and courtyards.

A combination of hard and soft surfaces should be incorporated into the design of plazas and courtyards to add visual interest and variety.

DG-P7. Provide public art and interpretative plaques.

Public art and interpretive heritage plaques should be incorporated into the design of plazas to highlight Downtown's history and heritage.

DG-P8. Provide mid-block pedestrian

walkways.

Mid-block pedestrian walkways should not only provide alternate access through Downtown but they should also provide an inviting public space. These walkways should also provide an atmosphere for persons to congregate, public seating and dining space, shade, landscaping with interesting night lighting. Mid-block pedestrian walkways should be adjacent to restaurant and retail space to provide an extension to the exterior for those uses.



Examples of pedestrian walkways and public plazas that are improved with pedestrian amenities.

Q. Outdoor Dining in the Public Right-of-Way

DG-Q1. Encourage outdoor dining areas.

Outdoor dining areas are strongly encouraged along the sidewalks on Monterey Road and Third Street, and along side streets where restaurants or similar uses are developed.

DG-Q2. Provide sufficient sidewalk clearance.

In accordance with the Sidewalk Encroachment Ordinance (Chapter 12.04 of the Municipal Code), sidewalk encroachments, including outdoor dining, shall provide a minimum sidewalk clearance of 5 feet, measured between the building and fixed objects (i.e. utility pole or wall), planter wells, and/or curbs. Sidewalk encroachments shall not occur within 10 feet of corner curb lines and corner crosswalks.

DG-Q3. Provide attractive barriers in appropriate areas.

Barriers, such as fences, gates, or ropes, should be used to clearly distinguish the seating area from the sidewalk when the outdoor dining areas extend more than 3 feet from the building edge. Restaurants that serve alcohol should provide a barrier along the entire perimeter of the outdoor dining area.

DG-Q4. Design appropriate barriers.

Barriers should be at least 36 inches in height and the lowest point of any rope or chain should be 27 inches. Access openings should be provided at convenient locations with a minimum opening of 44 inches.

Appropriate types of barriers include:

- sectional fencing (metal or wood, painted a dark color,
- rope or chain (connected to vertical posts, planters, or similar feature), and
- planter boxes (in conjunction with fencing, ropes, or chains).

Fabric insets, chain link, or other materials not appropriate elsewhere in these guidelines are not appropriate and should be avoided.



Example of an outdoor dining area without barrier.



Example of an outdoor dining area with barrier.

DG-Q5. Provide appropriate furniture.

Tables and chairs should be provided in outdoor seating areas. Umbrellas and overhead heaters (attached to the building wall or overhang) are encouraged to protect diners from sun or cold weather. Furniture shall be freestanding and shall not be attached to street infrastructure.

Other furniture including, but not limited to, serving stations, bar counters, shelving or racks, and sofas, shall not be placed within outdoor seating areas.

DG-Q6. Provide appropriate tables and chairs.

Small square, rectangular, or round (in where space permits) tables are encouraged in outdoor seating areas. Chairs should compliment the tables in their style, color, and size. Tables and chairs should not be plastic or painted with fluorescent or bright colors (including white).

DG-Q7. Provide appropriate furniture.

High quality canvas umbrellas are encouraged. Umbrellas should not be made from plastic or vinyl or painted with fluorescent or bright color. Umbrellas should be of one solid color and not contain words, logos, or other images.

R. Streetscape Furniture and Amenities

DG-R1. Construct amenities and furniture to minimize interference with pedestrians.

All streetlight fixtures, traffic signals, traffic and directional signs, pedestrian wayfinding signs, parking signs, bicycle racks, parking meters, and fire hydrants shall be located within one to three feet of the curb face. Streetscape furniture and amenities, including sidewalk dining furniture, shall be located to maintain a clear pedestrian path of at least five feet in width and shall not be located within ten feet from corner curb lines and corner crosswalks.

DG-R2. Construct appropriate streetlights and other amenities.

All streetlights, streetscape furniture, and other amenities shall be approved by the Community Development Director, City Council, or Design Permit. Streetlights should be scaled to pedestrians and should be no taller than 14 feet. Streetlights should be equipped with hardware to allow flowerpots and banners to hang from the streetlight. At least 8 feet of vertical clearance shall be provided from the sidewalk to the bottom of the flowerpot or banner.

DG-R3. Design safe and attractive bulbouts and pedestrian crossings.

Bulb-outs (or extensions of the sidewalk into the street at pedestrian crosswalks) are encouraged at street intersections. Trees, shrubs, and flowering plants may be planted in bulb-out planters. Pedestrian crossings should be provided at all street and alley intersections. Pedestrian crosswalks should be designed with a special pavement that has a differentiated texture and color than the sidewalk and the street.

DG-R4. Provide frequent amenities along streets.

Benches and trash/recycle receptacles should be provided on every block at intervals no greater than 200 feet. Drinking fountains, planter boxes, and other streetscape amenities are encouraged. The City should consider co-locating and consolidating news racks and public information kiosks at one or two locations in the downtown area.



Examples streetscape furniture and amenities. Clockwise from left: streetlight; bollard; bench (also serves as public art); trash receptacle; and paved crosswalk.

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Chapter 6: Signage Guidelines

Overview

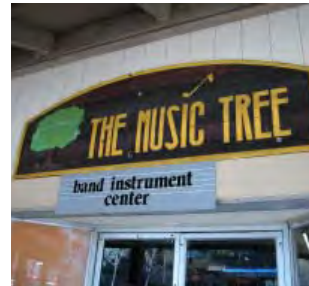
Business signs can have a significant impact on the image and character of a downtown. Interesting and well-designed signs that reflect the diversity of uses and the personality of individual businesses attract customers and add a visual richness to the streets. Downtown signs should be different from those in other parts of the city by virtue of Downtown's strong pedestrian orientation.

A. General Sign Guidelines

SG-A1. Allowed signage types.

Signs in Downtown shall be limited to the following types which are illustrated to the right and described on the following pages.

- Wall Signs
- Awning Signs
- Window Signs
- Projecting Signs
- Hanging Signs
- Freestanding Signs
- Plaque Signs
- Directional Signs and Entry Features (as permitted by the City-Wide Directionals, Entry Signs & Downtown Sign Program)
- Monument Signs
- Governmental Signs (such as for the Community and Cultural Center)



Wall Sign



Awning Sign



Hanging Sign



Monument Sign



Plaque Sign



Business Directional Sign



Window Sign



Projecting Sign

Examples from Downtown

SG-A2. Prohibited signage types.

The following signs are not appropriate for Downtown:

- Movable Letter Signs (except for cinemas, performing arts facilities, and the Community and Cultural Center)
- Electronic Signs (except for the Morgan Hill Community and Cultural Center)
- Roof-mounted Signs
- “A-frame” or median signs on the sidewalk
- Cloth, paper or fabric signs hung from the building or placed in windows except for Temporary Signs allowed under the City of Morgan Hill Sign Code

SG-A3. Maximum allowed sign area.

Sign area is limited to 1 square foot per linear foot of building frontage along Monterey Road, Third Street and Depot Street, and to 3/4 square foot per linear foot of frontage on other streets. This allowance is less than allowed in auto-oriented areas of Morgan Hill.

SG-A4. Avoid excessive wording and advertising messages.

Signs are most effective when their messages can be grasped quickly. Too many words or images compete for attention and reduce the readability of the sign.

SG-A5. Use no more than two letter font types per sign.

The primary purpose of a sign is to quickly convey information to passing pedestrians and motorists. More than two letter styles make readability more difficult.

SG-A6. Stress one line of text in multi-line text.

Signs with more than one line of text should emphasize one line over the others.

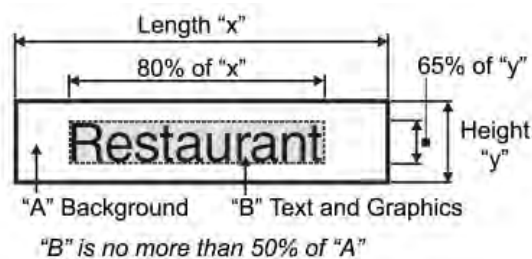


Sign limited to two font types. First line (store name) has a larger font than the second line (what is sold at the store).

SG-A7. Keep the size of letters and graphics in proportion to overall sign area.

Text and graphics are difficult to read if they crowd the borders of the sign. Smaller letters with space around them will have more impact than larger letters with limited space around them.

SG-A8. Use high quality materials.



General sign guidelines.

Generally be cleanly finished.
Appropriate materials include:

- finished wood,
- metal, and
- woven fabric (for projecting banner signs)

SG-A9. Avoid inappropriate materials.

The following materials should be avoided in the design of signs:

- vinyl,
- plastic, and
- signs painted directly on the building.

SG-A10. Use simple and symmetrical sign shapes.

Geometrical shapes such as rectangles, squares, circles, ovals and triangles are visually stable shapes which help focus attention on the sign message. These should be used in almost all cases. Combinations of geometric shapes will also generally produce a good sign shape.



Signs with simple and symmetrical shapes.

SG-A11. Sign Lighting.

Use direct illumination (spot lights) for wall, projecting, and freestanding signs rather than internally illuminated letters or cabinets. “Halo” style lights, although internally illuminated, are appropriate for Downtown Morgan Hill. Light luminaires should be well designed fixtures with shielding to avoid light glare. Examples of good sign lighting are shown below.



Example of sign with direct illumination.



Example of sign with “halo” lighting.

SG-A12. Limit the size of neighborhood streets signage.

Signs in residential areas should be sensitive to the scale of the buildings. They should be smaller and fewer in number (i.e., one-half square foot of sign area per linear foot of parcel frontage.) Types should be limited to freestanding, hanging and plaque signs.



Example of a sign on a neighborhood street.

B. Wall Signs

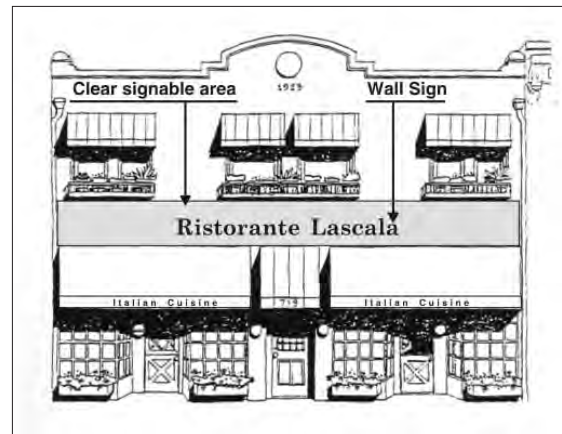
SG-B1. Relate wall signs to the architecture and proportions of the bldg.

Wall signs should be placed:

- above doors and windows,
- within plain fascia bands, and
- on plain panel areas.

SG-B2. Avoid covering architectural features with signage.

Signs should not cover windows, transom windows, or features such as columns, recessed areas, moldings or architectural trim. Wall signs should remain within the limits of the storefront zone except where there is only one ground floor tenant space. If a building does not have good locations for a wall sign, other allowed sign types such as window or awning signs may be used.



Examples of wall signs.

C. Awning Signs

SG-C1. Sign location.

Awning signs may be located either on the vertical valance at the front of the awning or on the sloped front awning face.

SG-C2. Sign size.

Letters and logos should be limited to 2/3 of the vertical valance height or 8 inches, whichever is less and to 2/3 of the width of the valance. Text or graphics placed on the awning face should not exceed 15% of the sloped surface area.



Example of an awning sign.

D. Window Signs

SG-D1. Limit the amount of signage used.

Window signs should be limited to a maximum of 25% of any individual window, and an aggregate area on no more than 10% of all ground floor windows on any building face.

SG-D2. Limit the size of lettering.

The maximum height of letters should be 10 inches. Exceptions may be granted for the leading capital letter of text (see the "Rockridge Café" sign below).

SG-D3. Use logos and creative sign type.

Graphic logos and images along with special text formats can add personality and interest to window signs. Some examples are shown below.



Examples of window signs.

SG-D4. Use high quality materials and application methods.

Appropriate window sign materials include:

- paint or vinyl film applied directly to the inside face of the window,
- tubular neon suspended behind the window glass,
- wood or metal panels with applied lettering, and
- etched glass
- paper signs placed in windows are not allowed.

E. Projecting Signs**SG-E1. Use high quality materials.**

Appropriate materials include:

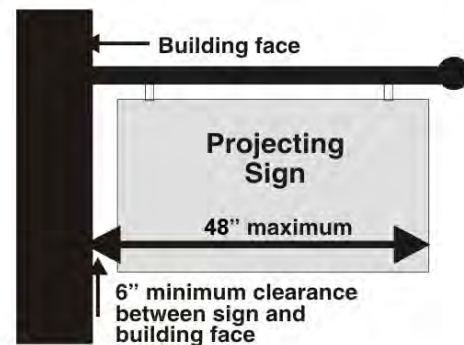
- wood,
- metal, and
- non-glassy fabrics.



Examples of projecting signs.

SG-E2. Limit the number and size of projecting signs.

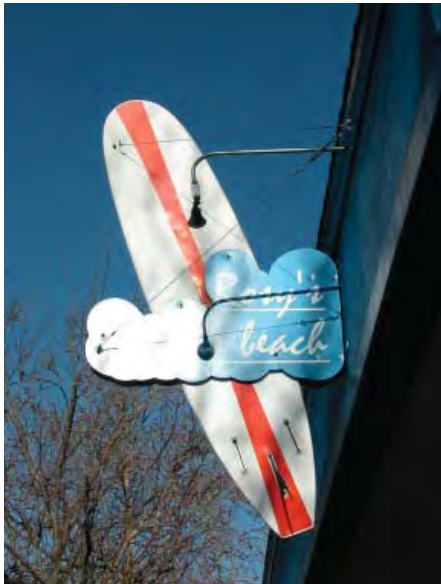
Only one projecting sign should be allowed per business frontage. Projecting signs should not exceed 5 square feet in area. Signs should not be projected more than 48 inches from the building face. At least 6 inches should be provided between the inside edge of the sign and the building.



Dimensions of projecting sign.

SG-E3. Design appropriate projecting signs and supports.

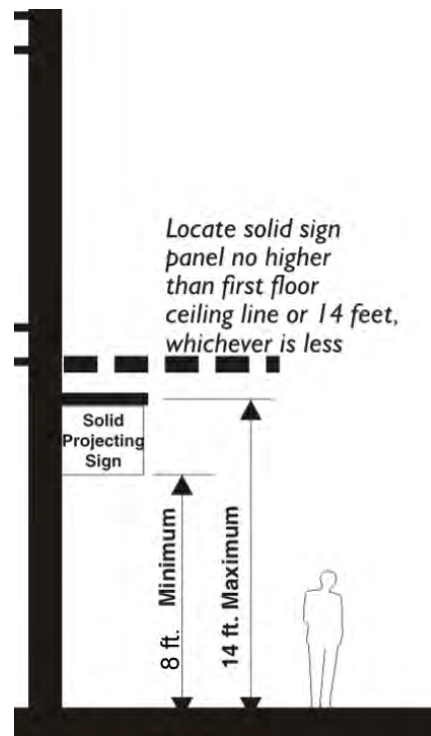
The design of projecting signs and supports should reflect the character of the building. Simple round or square horizontal supports with capped ends, painted black or white, are generally acceptable. However, more decorative approaches may be desirable when appropriate to the sign and/or architectural character of the building.



Creative projecting sign.

SG-E4. Position projecting signs to complement the building's architectural details.

Solid panel signs should be located below the first floor ceiling line or no more than 14 feet above the sidewalk, whichever is less. At least 8 feet should be provided from the bottom of projecting signs to the ground in pedestrian areas and 14 feet along streets.



Appropriate position for projecting signs.

F. Hanging Signs

SG-F1. Use high quality materials.

Appropriate materials include wood or metal. Glossy materials are discouraged. All exposed edges should be finished. Signs should be suspended with metal rods, small-scale chains, cables, or hooks.

SG-F2. Limit the number and size of hanging signs.

No more than 1 hanging sign should be allowed per business. Signs should not exceed 3 square feet in area. Signs should be mounted to provide a minimum of 8 feet clearance between the sign and the sidewalk.

SG-F3. Orient hanging signs to pedestrian traffic.

Signs should be mounted under awnings, bay windows or other projections with their orientation perpendicular to the building face to increase visibility along sidewalks. If multiple hanging signs are placed along a business frontage, they should all be mounted with their bottom edge the same distance above the sidewalk, and should be of a similar size and shape.



Examples of hanging signs.

G. Freestanding Signs

SG-G1. Limit freestanding signs to businesses in residential scale areas.

Businesses located on residential streets east of Monterey Road are appropriate places for freestanding signs. These signs should be located in the front setback area. These signs should only be allowed on the properties that have front yards.

SG-G2. Limit the number and area of freestanding signs.

No more than one freestanding sign shall be installed on any single parcel. More than one business may be identified on the sign as long as the type style and color are identical for the individual businesses. Signs should not exceed 6 square feet in area, excluding the supporting structure, which should be relatively small in scale. The maximum height of any sign should be 7 feet. Appropriate materials for supports and sign panels include wood or painted metal. Interesting icon designs are strongly encouraged.

SG-G3. Provide soft and subtle lighting.

Because of the mix of uses in the neighborhood areas of Downtown, signage for businesses in residential areas should not intrude unnecessarily on their neighbors. Lighting should be limited to the evening hours while the business remains open. Lighting, when needed, should be provided by small spot lights mounted either above the sign or at the ground level. Fixtures should be shielded to minimize light glare into surrounding areas. Fixtures should be well-designed; standard spotlights without shades are prohibited.



Example of freestanding sign.

H. Plaque Signs

SG-H1. Limit the location and size of plaque signs.

Signs should be located only on wall surfaces adjacent to tenant entries or entry passageways to off-street courtyards. Signs identifying a single business should not exceed 4 square feet in area. Directory signs for the identification of multiple second floor or courtyard tenants may be larger, but no more than 8 square feet in area.



SG-H2. Use plaque signs for the display of restaurant menus.

A restaurant district is enhanced when customers are able to walk from one restaurant to the next to compare menus and prices. Attractive menu boxes with lighting assist in this process. Menu signs or boxes should not exceed 6 square feet in area and should have internal, indirect lighting (e.g., bulbs located in the frame to cast direct light over the menu surface) or direct lighting using decorative fixtures.



Examples of plaque signs.

I. Directional Signs and Entry Features

SG-I1. Encourage entry features and directional signs.

Encourage attractive and appropriate entry features, directional signs, and kiosks within Downtown Morgan Hill in accordance with the City-Wide Directional Sign Program. Street-spanning or other entry features should be located on Monterey Road at the intersections with Main Avenue, Third Street, and Dunne Avenue. Directional signs for motorists should be located around these areas as well. Directional signs and kiosks for pedestrians should be located in high concentration areas such as Monterey Road, Third Street, and the train station area.

SG-I2. Encourage kiosks in strategic locations.

Kiosks should be located in strategic locations where there will be high volumes of pedestrian traffic, such as near the train station or near public parking. These signs should inform pedestrians of local businesses and events and should provide a map with key locations. These kiosks will be constructed by the City, but should be managed by either the Property Based Improvement District of the Morgan Hill Downtown Association.



Examples of proposed designs for a directional sign and kiosk for Downtown Morgan Hill.

J. Monument Signs**SG-J1. Limit the use of monument signs.**

Larger projects, including the Morgan Hill Community and Cultural Center, may require signs to identify them to passing motorists. Signs should be limited to the project name and logo or that of a single tenant, and should not include the names of multiple tenants unless all tenant names use the same type style and color.

SG-J2. Limit the size of monument signs.

Signs should not exceed 60 square feet in area, 6 feet in height, and 10 feet in length.

K. Governmental Signs**SG-K1. Allow flexibility for Governmental Signs.**

Governmental Signs shall be designed in a manner that best carries out the purpose of the governmental building or facility.



Examples of monument signs.

Permit Requirements

All signage within the Downtown Specific Plan area requires a Sign Permit. Applications shall include plans, drawings and other descriptive materials sufficient to depict the sign proposal, as well as all other proposed or existing signage on the same property, to enable evaluation of the proposal's substantial conformance with these Signage Guidelines. Applications for sign permits are subject to review and action by the Community Development Director, who shall find that the signage substantially conforms to these Signage Guidelines and applicable provisions of the Morgan Hill Municipal Code.

The provisions of Morgan Hill Municipal Code section 18.76.260 shall remain in effect, however the term "Downtown Design Plan" shall be replaced with "Downtown Specific Plan", and references to "CC-R central commercial/residential mixed use" shall be replaced with "CBD Central Business District".

Chapter 7: Infrastructure

Overview

Morgan Hill has a variety of infrastructure services including transportation, water, sewer, storm drainage, solid waste, and energy systems to meet the demands of residents and businesses. Much of Downtown is located within the floodplain of Upper Llagas Creek. Floodplain regulations must be met by development until such time that the Upper Llagas Creek Flood Protection Project (PL566) is constructed. The development anticipated from this Specific Plan will be served by the following infrastructure improvements, some of which already exist and some of which are planned for improvement within the next five to 10 years.



Morgan Hill Caltrain Station near Third and Depot Streets



VTA bus stop shelter

Transportation

Existing Roadways

Regional access to Downtown Morgan Hill is provided by Monterey Road. Local access is provided by Butterfield Boulevard, Main Avenue, Dunne Avenue, and Depot Street.

Monterey Road runs north-south and is the main street in Downtown. Through Downtown, it currently has four lanes with on-street parallel parking. The City of Morgan Hill has studied a possible Circulation Element Amendment to narrow Monterey Road from 4 lanes to 2 lanes, between Main and Dunne Avenues. This Downtown Specific Plan will accommodate any decision that may be made regarding Monterey Road through the downtown area; the goals of the Plan can be met with Monterey Road remaining 4 lanes, and could also be met under a 2-lane Monterey Road configuration. Decisions about the configuration of Monterey Road through Downtown will be made in the context of the Circulation Element of the General Plan, not the Downtown Specific Plan. Streetscape improvements along Monterey Road should be given a high priority, under either the existing 4-lane configuration or the possible 2-lane configuration. The City should carry out a Monterey Road Streetscape alternatives design planning process, with broad public participation, in order to develop the preferred improvements for Monterey Road.

Butterfield Boulevard runs north-south and is the easternmost street in Downtown. Through the Downtown area it is a four-lane roadway.

Main Avenue runs east-west and is the northern boundary of this Specific Plan area. Through the Downtown area it is a two-lane roadway.

Dunne Avenue runs east-west and is the southern boundary of this Specific Plan area. Through the Downtown area it is a four-lane roadway, with right-of-way for six lanes.

Depot Street runs north-south and is in between the railroad tracks and Monterey Road. Through the Downtown area it is a two-lane roadway. While at one time Depot Street was proposed to be modified to remove its current connection to Dunne Avenue (by implementing a cul-de-sac at Fifth Street), this Specific Plan recommends retaining the connection to Dunne by re-routing Depot Street through the existing Community & Cultural Center parking lot, to connect to Dunne Avenue at the existing Church/Dunne traffic signal to create an intersection so that Depot remains a parallel north-south route in Downtown.

Existing Transit Service

Bus service in Morgan Hill is operated by the Santa Clara Valley Transportation Authority (VTA). Four bus routes operate in or near Downtown:

- Route 16 is a local community bus route that provides service between Burnett Avenue and the Morgan Hill Civic Center. In Downtown, Route 16 operates on Main Avenue.
- Route 68 is a regional bus route that provides service between the City of Gilroy and the San Jose Diridon Caltrain Station. In Downtown, Route 68 operates on Monterey Road and Main Avenue.
- Route 121 is an express bus route that provides service between the City of Gilroy and the Lockheed Martin Light Rail Station in Sunnyvale. In Downtown, Route 121 operates on Butterfield Boulevard and Dunne Avenue. This route services the Morgan Hill Caltrain station.
- Express Route 168 provides direct service between the Gilroy, Morgan Hill and the San Jose Diridon Transit Centers, via the recently approved HOV (carpool) lanes on Route 87.

Commuter rail service, Caltrain, is operated by the Peninsula Joint Powers Board and connects to the Cities of San Francisco and Gilroy. Caltrain provides northbound service from Morgan Hill and Gilroy during the morning commute period and southbound service to Morgan Hill and Gilroy during the evening commute period. During the 2015 to 2030 timeframe, Caltrain service is projected to increase frequency and to construct double-tracking through Morgan Hill, which will better serve a “reverse commute”.

This UPRR/Caltrain rail corridor has also been identified as the possible location for accommodating the through route of the California High Speed Rail (HSR) Project. Conceptual plans call for an elevated track within the UPRR right of way, with no station planned for Morgan Hill. California voters approved some funding toward High Speed Rail in November 2008, and the federal government has also identified funding that may be awarded to California High Speed Rail. The City of Morgan Hill has expressed a strong preference for a US 101 corridor alignment for the segment of High Speed Rail through Morgan Hill (possibly with a station) rather than having HSR within or near the UPRR corridor in the downtown area, as an elevated HSR would be visually intrusive and impede the Specific Plan goals for the 20-block Downtown, in terms of unifying the blocks into a cohesive downtown.

Existing Pedestrian and Bicycle Facilities

Pedestrian facilities consist of sidewalks, crosswalks, and pedestrian signals. Crosswalks exist at all of the intersections on Monterey Road between Main Avenue and Dunne Avenue. Sidewalks are provided on both sides of Monterey Road.

Bicycle facilities consist of bike paths, bike lanes, “sharrow” markings (a symbol painted in the travel lane to establish a road shared by vehicles and bicycles) bike routes, bike racks and lockers. There are bicycle lanes on Main Avenue and

Dunne Avenue east of Monterey Road. The Third Street Promenade includes “sharrow” markings. A more detailed discussion of bicycle facilities is included in Chapter 4 (Parking Resources Management Strategy).

Streetlights are generally provided throughout Downtown; however, lighting and safety are some of the top concerns of residents and Downtown property and business owners. Depot Street has recently received new lighting at a pedestrian scale. Although some feel this street now has too much lighting, once the trees mature this street should have proper lighting. New pedestrian-scaled streetlights will eventually be provided along Monterey Road, East Third Street, and various side streets. Pedestrian paths linking parking lots to streets will also include proper lighting either by the City or by property owners as the areas are redeveloped.

Transportation Projections and Improvements

The Master Environmental Impact Report provides transportation projections and improvements for Downtown.

Monterey Road: The City of Morgan Hill has studied a possible Circulation Element Amendment to narrow Monterey Road from 4 lanes to 2 lanes, between Main and Dunne Avenues. This Downtown Specific Plan will accommodate any decision that may be made regarding Monterey Road through the downtown area; the goals of the Plan can be met with Monterey Road remaining 4 lanes, and could also be met under a 2-lane Monterey Road configuration. Decisions about the configuration of Monterey Road through Downtown will be made in the context of the Circulation Element of the General Plan, not the Downtown Specific Plan. Streetscape improvements along Monterey Road should be given a high priority, under either the existing 4-lane configuration or the possible 2-lane configuration. The City should carry out a Monterey Road Streetscape alternatives design

planning process, with broad public participation, in order to develop the preferred improvements for Monterey Road.

Depot Street: The City of Morgan Hill has studied a possible Circulation Element Amendment to change the current plan to close Depot Street when the planned Dunne/UPRR grade separation (undercrossing) project occurs, so that Depot Street can remain connected to Dunne Avenue. Depot Street offers an important alternate north-south travel route within the downtown, and provides access to public parking lots located on Depot Street. This Downtown Specific Plan will accommodate any decision that may be made regarding Depot Street; however, the preferred option would be a plan to re-route Depot Street through the existing Community & Cultural Center parking lot, to connect to Dunne Avenue at the existing Church/Dunne traffic signal, to create an intersection. This would allow Depot Street to remain connected to Dunne Avenue even when the Dunne/UPRR grade separation project occurs. This project should be designed in a manner that allows sufficient site area for structured parking, accommodates private property access requirements, and facilitates pedestrian travel to CCC and Gavilan College uses.

In the future, signalization of the Depot/Main intersection will be necessary. In planning for installation of the traffic signal, it will be necessary to carefully coordinate signal timing, given the at-grade UPRR road crossing and proximity of other signals at Main/Monterey and Main/Butterfield. The Morgan Hill Redevelopment Agency should pay for installation of the signal when warranted by traffic levels, and should also pursue extending Depot Street north of Main, and then curving to connect with McGlaughlin Drive, to establish a route to/from Central Avenue.

VTA Bus Route and Monterey Road: The City of Morgan Hill and the Santa Clara Valley Transportation Authority should continue to work together to improve the pedestrian and

transit environment along Monterey Road. Locating attractive bus stops at appropriate locations adequately separated from outdoor dining areas, and using “bulb outs” to provide plaza areas and comfortable pedestrian crossing distances, is encouraged. Upgrading the bus stops with attractive custom shelters, signage, paving treatments, lighting and other amenities would ensure that transit helps in improving the downtown. A key objective for the City of Morgan Hill will be to ensure appropriate locations for the bus stops serving downtown, such as not directly in front of outdoor dining areas.

Water Service

Existing Water Service

The City of Morgan Hill provides potable water service to its residential, commercial, industrial, and institutional customers within the City limits. The City has 15 groundwater wells, 1 potable water storage tank, 10 booster stations, and more than 160 miles of pressured pipes that range from 2 to 14 inches in diameter. The water distribution system meets the needs of existing customers. Figure 27 shows the existing water system in Downtown.

Water Service Projections and Improvements

The vast majority of the proposed projects in the Water Master Plan consist of new or increased capacity pipelines that are needed to extend service. Because the Downtown area is predominantly developed, improvements primarily consist of upgrading the existing pipelines to the current 8-inch City Standards. This project is not on the list for impact fees and, therefore, will be funded by the Redevelopment Agency and private development (as a potential condition of approval). Additionally, the City will be upgrading the water main from Monterey Road to Peak/Main booster Station to 12-inch per City's Water Master Plan.

The City has a program to implement these improvements and water infrastructure does not and will not act as a constraint to the intensity of development within the Specific Plan. The improvements will be paid for by the Redevelopment Agency and/or private development (as a potential condition of approval) in accordance with Chapter 3.56 (Development Impact Mitigation Fees) and Chapter 12.02 (Street and Sidewalk Development).

Sanitary Sewer System

Existing Sanitary Sewer System

The City of Morgan Hill has a sewer collection system that contains approximately 135 miles of 6-inch through 30-inch diameter sewers, and includes 15 sewage lift stations and associated force mains. This system also consists of trunk sewers that are generally 12 inches in diameter and larger, which convey the collected wastewater flows through an outfall that continues south to the Wastewater Treatment Facility (WWTF) in Gilroy. This WWTF is jointly owned by the Cities of Gilroy and Morgan Hill. Morgan Hill's sewer collection system meets the needs of existing customers. Figure 27 shows the existing sanitary sewer system in Downtown.

Sanitary Sewer System Projections and Improvements

The vast majority of the proposed projects in the Sanitary Sewer Master Plan consist of new or increased capacity pipelines that are needed to extend service. Because the Downtown area is predominantly developed, improvements primarily consist of upgrading the existing pipelines to the current 8-inch City Standards. This project is not on the list for impact fees and, therefore, will be funded by the Redevelopment Agency and private development (as a potential condition of approval). Additionally, City will be upgrading the sewer main from just east of the railroad tracks on Main Avenue to Hale Avenue to 18 inches per City's Sewer Master Plan. Refer

to Figure 27 for further details.

The City has a program to implement these improvements and sanitary sewer infrastructure does not and will not act as a constraint to the intensity of development within the Specific Plan. The improvements will be paid for by the Redevelopment Agency and/or private development (as a potential condition of approval) in accordance with Chapter 3.56 (Development Impact Mitigation Fees) and Chapter 12.02 (Street and Sidewalk Development).

Storm Drainage System

Existing Storm Drainage System

The City's storm drainage system consists of curb and gutter facilities, curb inlets, underground pipelines, and bubblers. These facilities drain to the nearest creek or manmade natural retention areas that flow through the City. These are tributary to either the Monterey Bay or San Francisco Bay. The City's storm drainage system meets existing drainage needs.

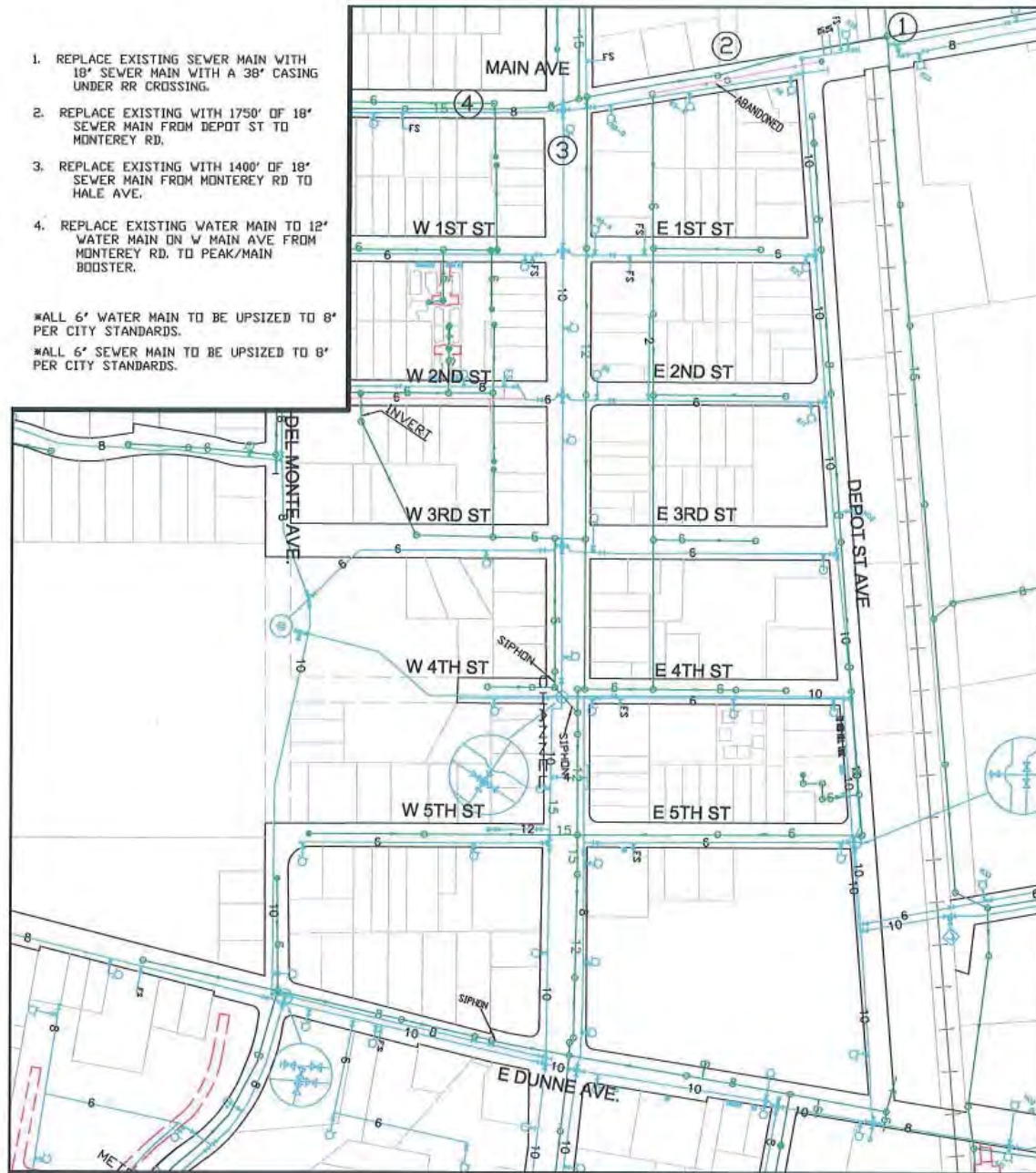
Storm Drainage System Projections and Improvements

The City's Storm Drain Master Plan does not call for any improvements to the existing storm drain system in Downtown, except for the Upper Llagas Creek Flood Protection Project (also known as PL566). PL566 is intended to provide flood protection for the Cities of Gilroy and Morgan Hill and the unincorporated portion of Santa Clara County known as San Martin. The project will consist of a series of channels, box culverts, and bridges designed to protect the floodplain from a one-percent flood. The southerly, downstream portion has been completed which protects the City of Gilroy. The northerly upstream portion that will someday protect Morgan Hill is not complete due to a lack of funding.

The Santa Clara Valley Water District (SCVWD) is the sponsor of the project and has been working with the Corps of Engineers (COE) to prepare

Figure 27

Existing Downtown Sanitary Sewer and Water System



DOWNTOWN MORGAN HILL
SANITARY SEWER AND WATER SYSTEM

Date: 12/4/2007

Drwn by: JJ

Chkd by: JB



SCALE: 1"=300'

Source: City of Morgan Hill

environmental documents and preliminary design. The COE has maintained minimal federal funding over the past five years to keep the environmental process moving forward. The SCVWD has taken on the property acquisition portion of the project and has made some progress. The overall construction cost to complete the project through Morgan Hill is approximately \$105 million. The full federal share has been authorized in the 2007 Water Resources and Development Act pending annual appropriations. Progress on the project has been limited to right-of-way acquisition and preliminary engineering.

Upper West Little Llagas Creek winds through the Downtown area. The PL 566 flood control project offers the opportunity to incorporate a trail along Upper Llagas Creek as part of flood control improvement. This trail would provide pedestrians and bicyclists access from Downtown to areas north and south along the creek. The flood control project will be comprised of open channels in the downtown area, however the locations where the creek now runs under Monterey Road and under the shopping center on Block 20 (SW corner Dunne/Monterey) will likely continue to run through a below-ground box culvert. However, project design and other property redevelopment efforts could explore the feasibility of “daylighting” the creek and offering a continuous trail alongside of the flood control project.

Floodplain Regulations

A significant portion of Downtown is in the floodplain (see Figure 28). These areas are most susceptible to flooding and will require additional measures to protect the properties from flood damage.

Development within the floodplain is required to comply with the Flood Damage Prevention ordinance (Chapter 18.42), which provides various standards for construction, subdivisions, utilities, and other issues. Standards for new developments include, but are not limited to:

- anchoring building structures;
- using appropriate materials;
- flood-proofing commercial buildings;
- providing drainage paths;
- elevating residential structures; and
- designing utilities to minimize infiltration of floodways.

Solid Waste

Existing Solid Waste Service

Morgan Hill residents and businesses receive solid waste and recycling services from South Valley Disposal & Recycling, Inc. (SVDR). SVDR transports solid waste to the Pacheco Pass Landfill, recyclables to recycling processing facilities, and yard waste to South Valley Organics, a compost facility located at Pacheco Pass Landfill. The Pacheco Pass landfill is expected to close within the next 5 to 10 years. Santa Clara County has landfill capacity to serve the City of Morgan Hill.

Solid Waste Projections and Improvements

Energy

Existing Energy Service

The City’s Energy Service is being fed through overhead services. In the Downtown area, there are two locations where overhead utilities have recently been undergrounded:

- Depot Street from Main Avenue to Fifth Street; and
- Monterey Road from Main Avenue to Dunne Avenue.

Energy Projections and Improvements

Currently, the City is working to underground overhead utilities on Third Street between Monterey Road and Depot Street. The remaining overhead utilities in Downtown will be undergrounded at the time that street

Figure 28

Downtown Floodplain



NOTE: Map is general and approximate. Consult an engineering map for additional and more precise detail.

improvements are made.

Fire Service

Existing Fire Service

Fire suppression and prevention services are provided by the Santa Clara County Fire Department.

Fire Service Projections and Improvements

A new fire station is proposed north of the County Courthouse along Butterfield Boulevard.

A Fire and Medical Services Master Plan Update Prepared by DMG Maximus in 2002 identified the need for a station located in the area of Dune Avenue and Butterfield Boulevard (see Figure 3 in Chapter 2: Land Uses and Development Standards) to redistribute the call load (reducing the 60-percent call demand upon the El Toro Station), as well as to provide enhanced response time to approximately 30 percent of the systems present call for services. It was estimated that overall system response times would be improved by approximately 37 percent as a greater number of calls would be within a reduced travel time of a fire station and there would be a decrease in delayed responses caused by engines out of their districts providing ancillary services to the southern end of the City. The station will be constructed as operational funding becomes available (capital construction funds are available).

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Chapter 8: Implementation and Plan for Investment

Overview

Achievement of the Downtown Morgan Hill vision will require the commitment of public and private resources and creativity over an extended period of time. Some elements of the plan (e.g., changes to governmental regulations) can be accomplished in relatively short order, and some will occur through the adoption of this Specific Plan. The City and its Redevelopment Agency can appropriate funding for a number of catalyst projects and programs over the next five to ten years. The Redevelopment Agency has indicated an intent to invest up to \$40 million in the Downtown area to construct infrastructure projects and otherwise assist with implementation of this Specific Plan. While the Agency may be able to assist private development projects that are not otherwise feasible, most projects, plan implementation activities and financial investment will be carried out by individual entrepreneurs with assistance from interested groups like the Downtown Association over a period of years.

The implementation strategy set forth in this document focuses primarily on the steps that can be taken by the public sector to encourage and facilitate those private sector initiatives. Priorities will be established by the City's Redevelopment Agency. Together the priorities and implementation tasks serve as a general road map for actions over the next five to ten years. While these are time-tested as appropriate and effective tools for Downtown revitalization, flexibility should be maintained to respond to special opportunities that may be presented. However, before significant changes in priorities or funding allocation are made, new opportunities will be evaluated as to their relative contribution to meeting the goals and vision set forth in this Specific Plan.

Figure 29 illustrates the Redevelopment Agency's Project Area.

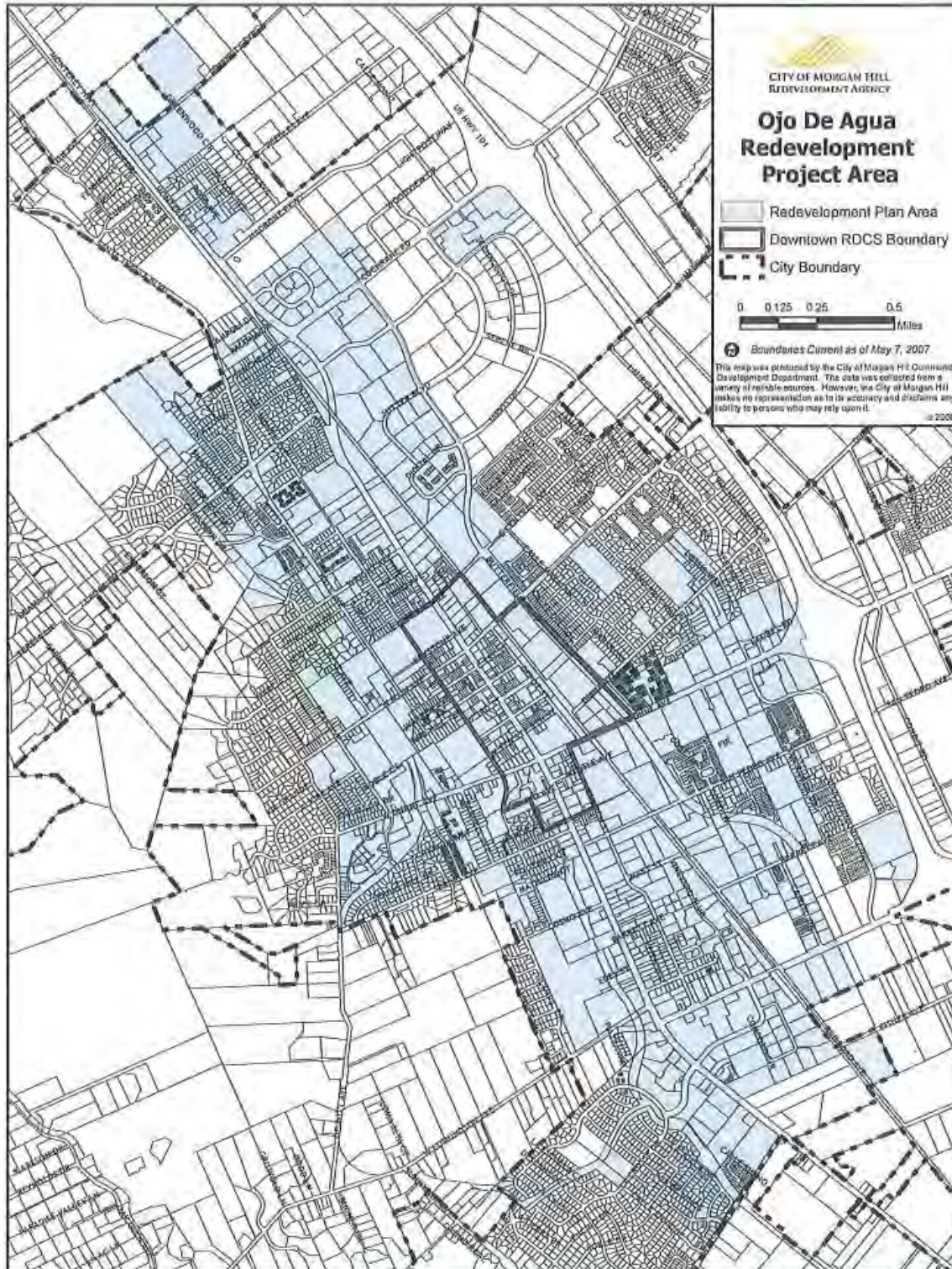


Successful implementation will help achieve the vision for Downtown Morgan Hill.



Figure 29

Redevelopment Agency Boundary



Source: City of Morgan Hill

Implementation Goals

To support the land use, parking, design and infrastructure goals and objectives outlined in earlier chapters of this Specific Plan, there are many actions and activities that the city and other organizations can undertake.

Public Actions and Assistance

- Working with the Morgan Hill Downtown Association, The Chamber of Commerce, and the Property Based Improvement District, retain existing businesses and actively recruit desirable new businesses
- Work with property owners to rehabilitate or redevelop major existing buildings
- Work with property owners of undeveloped and under developed properties to bring new investment to Downtown
- Implement PL566 flood control improvements as soon as feasible to reduce flooding
- Encourage coordination of new development among property owners
- The Redevelopment Agency will take a more active role in assembling opportunity sites and recruiting developers to build projects on those sites consistent with the objectives of this Plan.
- The Redevelopment Agency will work to minimize impacts on businesses that are impacted by street reconstruction activities during the period of construction.
- Coordinate public infrastructure improvements with private development
- The Redevelopment Agency will continue to fund existing programs such as facade improvement grants, commercial rehab loans, and housing rehab loans.

Implementation Programs and Plan for Investment

1. Redevelopment Agency Capital Improvements and Implementation Plan

The City of Morgan Hill Redevelopment Agency (“Agency”) anticipates funding a variety of projects and programs for Downtown with the goal of making Downtown a vibrant destination for residents and visitors alike. The strategy to implement this key goal as well as the other goals of the Agency is to use public investment to attract and stimulate private investment.

The Agency anticipates funding the following projects and programs in Downtown over the next five years:

- **Third Street Promenade Improvements:** The creation of pedestrian-friendly, multi-modal street and plaza as envisioned by this Specific Plan including street reconstruction, utility undergrounding, landscaping, lighting, and various pedestrian amenities. The improvements also include utility undergrounding, water, sewer, and storm drain improvements. The project also has received a \$1.7M Livable Communities grant from the Metropolitan Transportation Commission (MTC).
- **Downtown Street Revitalization Improvements:** Revitalization of various streets in Downtown including traffic calming improvements, street furniture, median improvements, pavement repair/replacement, curb, gutter and sidewalks, lighting and landscaping enhancements and improvements, and utility undergrounding.

- **Downtown Entry Features:** The design and installation of Downtown entry features to achieve the goals of this plan.
- **Courthouse Plaza Improvements:** The design and construction of a plaza connecting the Morgan Hill Courthouse to the pedestrian railroad crossing and Downtown to facilitate pedestrian traffic to the Downtown.
- **Parks and Pathways:** The design and construction of small parks or paths in or to the Downtown area as outlined in the Specific Plan.
- **Downtown Parking:** The Agency will take actions per the Downtown Parking Resources Management Strategy to develop an adequate supply of accessible and affordable public parking. These actions may include the acquisition/lease of parcels to preserve or expand existing parking and the design and construction of surface and structured parking to provide the needed spaces.
- **Sewer Improvements:** The Agency has funded Downtown development's share of sewer plant improvements. As a result, sewer impact fees for residential and commercial properties in Downtown are eliminated, thus, removing a potential barrier to development.
- **Historic Preservation:** Provide loans/grants to preserve historic resources in Downtown, such as the Morgan Hill United Methodist Church property.
- **Downtown Business Improvement and Assistance Programs:** The Agency will continue to fund existing programs such as the Facade Improvement Grant and the Commercial Rehabilitation Loan programs. The Agency may also develop programs to assist businesses during the construction of public improvements. These programs could include such tasks as signage, advertising, and direct mailings to inform the community that Downtown is open during construction.
- **Business Relocation and Site Redevelopment:** The Agency may also provide assistance to certain businesses deemed to be incompatible uses in Downtown, or to certain sites/uses that impede achievement of the community's vision for downtown. For example, the Agency is providing assistance to facilitate relocation of the concrete batch plant from Block 15 to a block outside of the downtown area. In the future, the property owners, business owners and Morgan Hill Redevelopment Agency are strongly encouraged to pursue as priority projects the redevelopment of the two existing banks at the southwest and southeast corners of Main Avenue and Monterey Road, in a manner that would accommodate desirable road improvements and widening to address traffic congestion of the Main Avenue road segment.

The Agency will also consider the creation of new programs to stimulate private investment and to create and resurrect retail/entertainment space including the redevelopment and opening of a movie theater in Downtown.

2. Capital Improvement Program

Other capital improvements will be included from time to time in the Capital Improvement Program that is adopted as part of the annual budget for the City of Morgan Hill and Redevelopment Agency. Certain of these projects, even those located outside of the Specific Plan boundaries, have the potential to assist with achievement of Specific Plan goals and objectives.

3. Facade Improvement Program

The Morgan Hill Redevelopment Agency's Facade Improvement Program provides financial rebates for projects within the CBD Zoning District of the Downtown (as well as outside of Downtown in the City's commercial districts).

Eligible applicants may receive up to \$4,000 reimbursement for architecture/design costs, full reimbursement for City architecture review fees, and up to 50-percent reimbursement for eligible exterior improvements, maximum \$45,000.

The program may be modified from time-to-time as dictated by market conditions.

4. Downtown Commercial Rehabilitation Loan Program

The Commercial Rehabilitation Loan Program offers low interest loans, up to \$100,000, to small businesses within the Property-Based Improvement District boundary area, which is the same as the Specific Plan Boundary. The program is designed to assist property owners and tenants with funding to rehabilitate existing commercial buildings, allowing new businesses to locate in the

Downtown or existing Downtown businesses to expand, thereby increasing the vitality of the Downtown entertaining and shopping district. Funding for this program comes from the Morgan Hill Redevelopment Agency.

5. Housing Rehabilitation Grant and Loan Programs

The Morgan Hill Redevelopment Agency also has several housing rehabilitation grant and loan programs that are available for residential properties in the Downtown. The Housing Rehabilitation Loan Program provides low interest loans to income qualified single-family owner occupants. Loans are also available to owners of multi-family housing with income-qualified tenants.

Loans of up to \$40,000 can be approved administratively while loan requests over \$40,000 require Redevelopment Agency Board approval. The Senior Housing Repair Program provides income eligible seniors with grants of up to \$5,000 for minor home repairs.

6. Business Retention and Attraction

The Morgan Hill Downtown Association will take the lead to identify the needs of existing businesses and find ways to help them. It will also work to identify and attract specific businesses that would help to create a vital Downtown entertainment and shopping district. Business attraction and retention targets will be identified and a plan developed to meet those targets. Additional help in this effort will be provided by the City's Business Assistance and Housing Services Department.

7. Morgan Hill Downtown Association

City governments are good mechanisms to initiate Downtown revitalization activities, provide some initial seed capital, and support private efforts through targeted funding assistance and public improvements. In the long run it will be the Downtown property and business owners that will provide the bulk of the funding and creative energy to make Downtown a success.

Implementation activities should support the Downtown Association, and work toward an increased level of autonomy and self-funding of the Morgan Hill Downtown Association, including the retention of the Property-Based Business Improvement District.

8. Develop RDA Assistance Criteria

There will be situations when desirable development may need some form of public assistance (e.g., low interest loans) to make implementation feasible. The Morgan Hill Redevelopment Agency (RDA) will be the primary source of assistance to the private sector in revitalizing the Downtown area. This is in addition to the facade improvement program.

RDA will carefully evaluate every request and channel assistance to projects that will contribute most to the realization of the vision set forth in this Downtown Specific Plan. To guide the Agency's decisions and to assist property owners in understanding the City's priorities, the Agency will establish and publish criteria to guide the City's use of resources. The RDA's criteria will take into account the:

- likelihood that the project will attract new retail, restaurant or entertainment uses to Downtown;

- ability of the project to activate Downtown with new vitality and visitors;
- contribution the project makes to the strengthening of the primary Monterey Road and Third Street commercial frontages;
- project ability to add new residential units to Downtown (the Redevelopment Agency's housing set-aside funds may assist developments in exchange for affordable covenants);
- degree to which the renovation of an existing building will substantially improve the exterior attractiveness of the streetscape;
- degree to which the project increases the critical mass of uses (e.g., three story new development versus one story infill);
- relative amount of private investment that can be leveraged with public funds;
- degree it meets the City's Business Attraction Program and Economic Development Strategy;
- degree to which it contributes to a critical mass of retail uses; and
- degree to which it contributes to the desired downtown sense of place.

9. Public Art Program

A Public Art Program should be established to encourage public art throughout the Downtown area. The encouragement of public art is another way that cities have found to enrich their downtown environments. Public art can be used as a part of entry identity features, integrated into the design of street furniture, included as a part of special sidewalk and street paving, or any number of other ways. Some communities fund such improvements in public areas. Others require or encourage public art as a part of private development projects.



Existing murals on a recycle bin and wall

Phasing Plan

PHASE 1 (0 TO 3 YEARS)

1. Additional New Parking Lots

New or improved parking facilities will be needed to accommodate additional businesses and residences Downtown. The Parking Resources Management Strategy (see Chapter 4 for a summary) provides greater detail to the location and size of facilities.

To comply with a mitigation measure in the DTSP Master EIR, the City of Morgan Hill shall create a land use and parking database for the downtown area and shall document the demand for parking from retail/service and office development (non-residential land uses) and changes in parking supply, through the preparation of a monitoring report submitted to the City Council every two years to ensure planning, regulatory and construction measures are undertaken to provide adequate parking supply as development and redevelopment occurs in the 14-block Downtown Core area.

2. Third Street Urban Design Improvements and Focal Point

Third Street Promenade and Plaza improvements will be complete by January 2010. Redevelopment of sites on Blocks 3 and 4 can be managed to not adversely impact the completed improvements of the private development.

3. Upgraded Downtown Entry Features

Entry features help establish a sense of arrival into a district. Entry features at the intersections of Monterey Road and Main and Dunne Avenues would better establish the edges of Downtown on the Monterey Road corridor. Entry features in these locations would not only serve as a welcome to visitors and residents, but would also alert motorists that this area is a pedestrian-oriented district. Entry features could include monument gateways, distinct landscaping, pavers, banner poles, public art/sculpture, or other elements that identify the edge of Downtown.

4. Railroad Pedestrian Crossing and Courthouse Plaza

In addition to the recently completed pedestrian crossings at the train station, the City is constructing a plaza between the County Courthouse on Butterfield Boulevard and the pedestrian crossing east of the Depot Street/Third Street intersection. Designed to facilitate pedestrian travel from the Courthouse into Downtown, the Plaza is scheduled to be completed in January 2009. The Plaza will also serve as a demonstration site for sustainable design and landscaping techniques.

5. Facade and Private Signage Improvements

The City should emphasize improving the appeal of existing buildings to attract new customers and signal a resurgence of commitment to Downtown.

6. Downtown Logo and Identity Elements

A brand for Downtown will help the Downtown Association and business owners market it as a unified district. Downtown promotion is a crucial step to attracting more businesses and people to visit, shop, and dine in Downtown.

7. Public and Directional Signage Improvements

A unified design for Downtown signage and directional signage leading to Downtown will add to the other improvements noted above to establish a stronger sense of Downtown as a major community focal point. Signs directing motorists from U.S. Highway 101 will be especially important in attracting tourists and residents from surrounding communities. Improved signage will be linked closely with the Downtown Logo and Identity programs.

8. Coordinated Marketing, Leasing and Retail Strategies

The Redevelopment Agency, Downtown Association, Downtown PBID, and property and business owners should work together to create coordinated marketing, leasing and retail strategies.

PHASE 2 (3 TO 5 YEARS)

1. Additional New Parking Lots and/or Parking Structures

New or improved parking facilities will be needed to accommodate additional businesses and residences Downtown. The Parking Resources Management Strategy (see Chapter 4 for a summary) provides greater detail to the location and size of facilities.

2. Other Streetscape Improvements for Downtown Streets

Other streets in Downtown will transition over time from their existing development to new uses and developments. As redevelopment occurs, these streets should be improved with wider sidewalks (as feasible) and landscaping. Each street will have different uses and building types so the layout for each may vary slightly.

3. Neighborhood Streets Landscaping and Urban Design Improvements

Property improvements will occur in areas away from Monterey Road and Third Street over an extended period of time. These improvements will provide visual unity. Improvements should include regularly spaced shade trees, sidewalk improvements, and other improvements to enhance the urban design of these streets.

4. Re-Route Depot Street To Connect to Church Street

If the Community & Cultural Center parking lot is modified or a parking structure created on this lot during Phase 2, then Depot Street should be re-routed through the existing Community & Cultural Center parking lot, to connect to Dunne Avenue at the existing Church/Dunne traffic signal, to create an intersection. This would allow Depot Street to remain connected to Dunne Avenue even when the Dunne/UPRR grade separation project occurs. This project should be designed in a manner that allows sufficient site area for structured parking, accommodates private property access requirements, and facilitates pedestrian travel to CCC and Gavilan College uses. This project may not occur until Phase 3 or later, depending upon the method of

implementing the parking strategy or circulation strategy.

PHASE 3 (6 or More Years)

1. Additional New Parking Lots and/or Parking Structures

New or improved parking facilities will be needed to accommodate additional businesses and residences Downtown. The Parking Resources Management Strategy (see Chapter 4 for a summary) provides greater detail to the location and size of facilities.

2. Monterey Road Narrowing and Streetscape Improvements

The City of Morgan Hill has studied a possible Circulation Element Amendment to narrow Monterey Road from 4 lanes to 2 lanes, between Main and Dunne Avenues. This Downtown Specific Plan will accommodate any decision that may be made regarding Monterey Road through the downtown area; the goals of the Plan can be met with Monterey Road remaining 4 lanes, and could also be met under a 2-lane Monterey Road configuration. Decisions about the configuration of Monterey Road through Downtown will be made in the context of the Circulation Element of the General Plan, not the Downtown Specific Plan. Streetscape improvements along Monterey Road should be given a high priority, under either the existing 4-lane configuration or the possible 2-lane configuration. The City should carry out a Monterey Road Streetscape alternatives design planning process, with broad public participation, in order to develop the preferred improvements for Monterey Road.

There are a variety of options for use of the right-of-way if Monterey Road is reduced to two vehicular travel lanes. Some of these options include the addition of either bike routes or “sharrows” through Downtown, widening of sidewalks, establishment of outdoor dining areas, and the construction of angled parking to increase parking resources. The center median could be retained, renovated with new landscaping, or eliminated. The specific use of the right of way would be subject to a community design planning process.

3. North and South Monterey Road Streetscape Improvements

Street trees, improved sidewalks and landscaped medians on Monterey Road north and south of Downtown will provide attractive linkages to Downtown, and assist in calming the traffic since the street would no longer visually resemble a highway.

4. Upper Llagas Creek Flood Control Improvements

This will be an on-going process that will take some time given the number of agencies involved and the limited funding currently available.

5. Upper Llagas Creek Landscaping and Bicycle Paths

Improved linkages with Downtown will enhance its role as the social heart of the City and encourage greater use of the commuter rail system. If feasible, landscaping improvements and creek path should be constructed through Downtown in conjunction with flood control improvements.

6. Railroad Corridor Landscaping

Landscaping along the railroad corridor

is encouraged to provide a more aesthetically pleasing atmosphere along the corridor and to shield views of and reduce noise from passing trains. These improvements will become more important as the County Courthouse and other development occurs along Butterfield Boulevard.

7. Dunne Avenue Urban Design Improvements

Design improvements along Dunne Avenue will provide attractive visual linkages to Downtown and will likely be implemented in the context of larger City beautification actions.

8. Potential Additional Grade-Separated Railroad Crossing for Pedestrians, Bicycles and Emergency Vehicles

The feasibility of a grade-separated railroad crossing should be studied, and if feasible, constructed. The crossing should accommodate pedestrians and bicyclists and, if feasible, emergency vehicle access. If the California High Speed Rail is constructed above the existing railroad tracks, an underground crossing may be more feasible. If determined feasible and if funding is secured, this crossing could be constructed concurrently with the future fire station.

It may be that the most viable location for such a crossing would be closer to Diana Avenue; emergency vehicles could travel on Diana and/or through the Courthouse parking lot to an undercrossing of the railroad tracks, with the connection ending near a relocated Depot Street in an area that is now the Community & Cultural Center parking lot, which is planned for reconfiguration.

Subsequent Development Entitlements and Permits

Proposed projects that meet the overall intent of the Specific Plan but which are not in substantial conformance with the development standards of the applicable zoning district, will need to file an application for rezoning as a Planned Development pursuant to Chapter 18.30 (Planned Development District) of the Zoning Ordinance. The Planned Development (PD) process allows for variations to standard development requirements. As an example, if a 5-story development were to be proposed on the current site of the VTA/Caltrain parking lot on Block 16, this would need to be pursued as a PD rezoning which would also amend the Specific Plan land use map.

Encroachment permits are required for any property that places an object within the public right-of-way pursuant to Chapter 12.04 (Sidewalk Encroachment) of the Municipal Code.

Conditional Use permits are required for uses or development proposals listed as conditional uses in the district regulations in Chapter 2 (Land Uses and Development Standards) of this Specific Plan or elsewhere in the Zoning Ordinance. Chapter 18.54 (Conditional and Temporary Use Permits) of the Zoning Ordinance provides more details and regulations for conditional use permits.

Temporary Use Permits are required for uses of a temporary nature on private property for a specified length of time. Chapter 18.54 (Conditional and Temporary Use Permits) of the Zoning Ordinance provides more details on Temporary Use Permits.

A Development Agreement is required for projects proposing to secure some of the 500 “exempt RDCS allotments”, which must be processed concurrently with the Design Permit application.

Downtown Administrative Use Permits are required to permit commercial, professional and medical office, live/work, and personal services uses to locate on the ground floor of parcels within the Ground Floor Overlay (see Chapter 2: Land Uses and Development Standards, of this Specific Plan or Chapter 18.23: GF Downtown Ground Floor Overlay District, of the Zoning Ordinance).

Design Permits are required for projects located in the Downtown, pursuant to Chapter 18.74 (Design Review) of the Zoning Ordinance. Within the 18-block Specific Plan area, noticed public hearings shall be held for all projects subject to Design Permit requirements. The Community Development Director shall determine the appropriate process for consideration of Design Permits; smaller or more minor projects may be acted upon by staff in accordance with Chapter 18.74, while larger and more significant projects should be referred to the Planning Commission or City Council. Any Design Permit which involves Redevelopment Agency or City-owned sites, or for which the RDA is entering into an Agreement to assist with the development, should be acted upon by the City Council, after receiving a recommendation from staff and/or the Planning Commission, as determined by the Community Development Director (minor projects may be approved by staff).

Entertainment Permits would be required from the Chief of Police for any establishment providing entertainment or dancing in conjunction with the selling of food and/or alcoholic beverages (see Chapter 5.28: Amusement and Entertainment Premises, of the Municipal Code).

Key Opportunities for Public/Private Redevelopment and Improvements

Figure 30 shows key opportunities for public and private redevelopment areas and improvements. The process for several of these has already begun. These opportunities are described below.

1. Third Street Promenade

The City received a grant for streetscape improvements along this corridor. Development along this corridor will enhance the pedestrian environment and take advantage of the nearby train station. It will also provide a public plaza to accommodate public events and activities.

2. Monterey Road Improvements

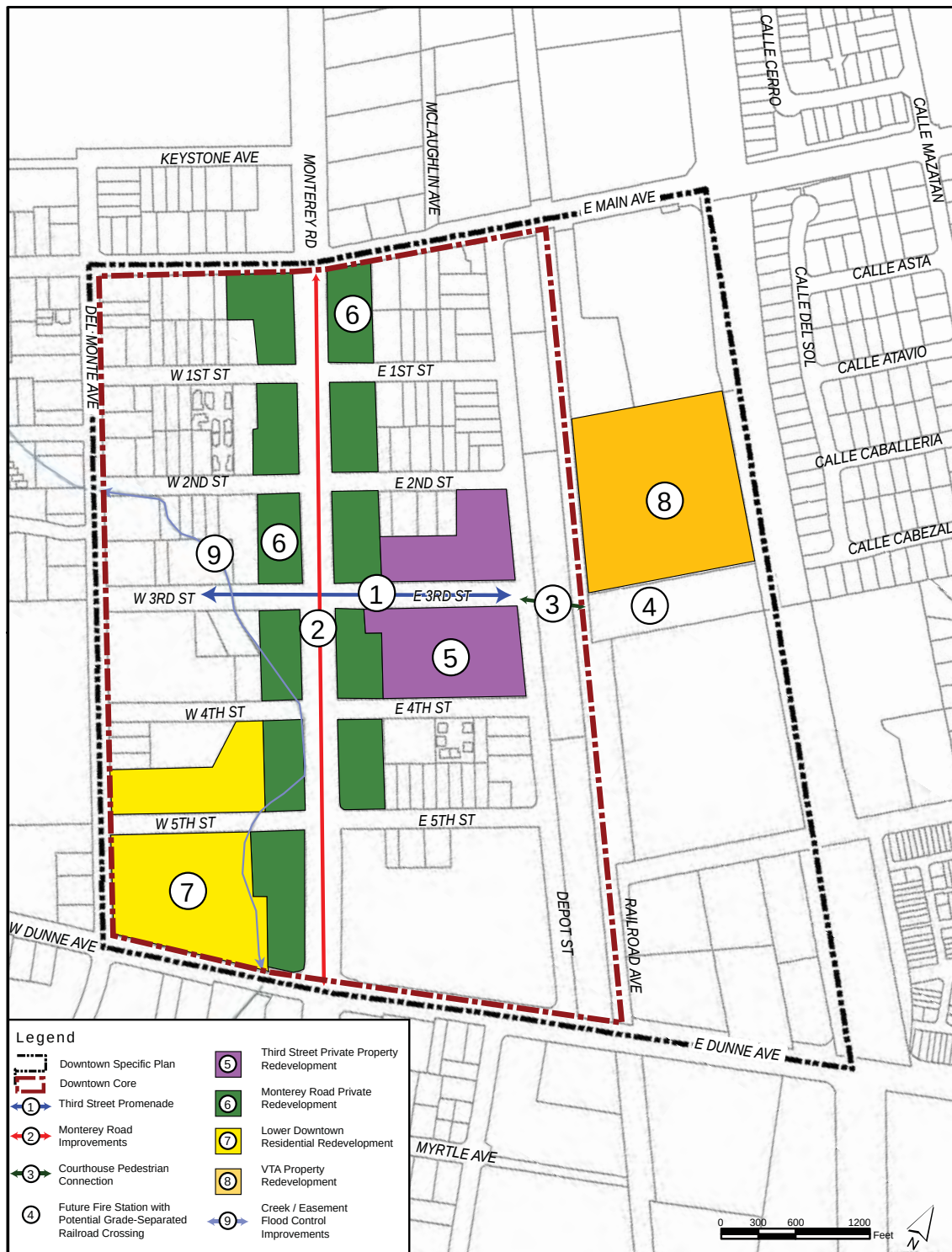
Monterey Road is a major regional road and is the main street through the Downtown Core. The street is designed currently with on-street parallel parking, two travel lanes in each direction, and a wide median. This corridor could be reduced to one travel lane in each direction to accommodate on-street parking (which could be either angled and/or parallel) and wider sidewalks. This could increase the parking supply and would help create a more pedestrian friendly environment. A future streetscape planning process with public participation opportunities will determine the use of the right of way and design of improvements.

3. Courthouse Pedestrian Connection

The City is constructing a plaza between the County Courthouse on Butterfield Blvd. and the Pedestrian Railroad Crossing just east of the corner of Depot and 3rd Ave. Designed to facilitate pedestrian travel from the Courthouse into Downtown, the Courthouse Plaza is scheduled to be completed in June, 2008. The Plaza will also serve as a demonstration site for sustainable design and construction techniques.

4. Future Fire Station with Potential Grade-Separated Railroad Crossing

The feasibility of a grade-separated railroad crossing should be studied, and if feasible, constructed. The crossing should accommodate pedestrians and bicyclists and, if feasible, emergency vehicle access. If the California High Speed Rail is constructed above the existing railroad tracks, an underground crossing may be more feasible. If determined feasible and if funding is secured, this crossing could be constructed concurrently with the future fire station. The possibility of adding a grade-separated undercrossing of the railroad tracks for pedestrians, bicycles and possibly emergency vehicles, should be studied. It may be that the most viable location for such a crossing would be closer to Diana Avenue; emergency vehicles could travel on Diana and/or through the Courthouse parking lot to an undercrossing of the railroad tracks, with the connection ending near a relocated Depot Street in an area that is now the Community & Cultural Center parking lot, which is planned for reconfiguration.



Key Opportunities for Public/Private Redevelopment & Improvements

Figure 30

5. Third Street Private Property Redevelopment

Several property owners along Third Street have expressed an interest in redeveloping their properties. The largest site along the corridor, the Sunsweet site, has preliminary plans and the City adopted a PUD for the site in 2005, however, that PUD zoning will be superseded by the standards in this Specific Plan with the adoption of this Specific Plan.

6. Monterey Road Private Redevelopment and Public/Private Partnerships

Monterey Road is the main street through the Downtown Core and several property owners have expressed an interest in redeveloping their properties. The City of Morgan Hill has also purchased several Downtown properties and intends to seek one or more developers to enter into public/private partnership to develop the sites.

7. Lower Downtown Residential Redevelopment

This Specific Plan proposes changing the General Plan land use designation and Zoning Code classification for several properties at the southwest corner of the Specific Plan area. Properties include select parcels west of Monterey Road and along Fourth Street, Fifth Street, and Dunne Avenue. Allowed density for these parcels would increase to up to 21 dwelling units per acre.

8. VTA Property Redevelopment

This site would accommodate a residential transit-oriented development. The Parking Resources Management Strategy (see Chapter 4 for a summary) describes the process for shared parking.

9. Creek / Easement Flood Control Improvements

The Santa Clara Valley Water District and the City have created preliminary plans for flood control improvements along Upper Llagas Creek through the Downtown area. Due to the right-of-way constraints, providing a Downtown trail may not be feasible from Second Street to Fourth Street, Fifth Street to Dunne Avenue, and along Monterey Road. Right-of-way widths to the north and south of these points in the Downtown area are less restrictive and a trail may develop in these areas. If a trail connection through Downtown is not feasible along the creek, signs should be posted at the north and south of Downtown at the trailheads to direct pedestrians and bicyclists to use the sidewalks and bike lanes through Downtown, and then connect to the other trailheads.

Relationship to the General Plan

The Morgan Hill General Plan was adopted by the City Council in 2001 and amended in 2005. The Morgan Hill Downtown Specific Plan is consistent with the General Plan, with adoption of General Plan amendments to reflect the land use and circulation policies of the Specific Plan. The General Plan references the 2003 Morgan Hill Downtown Plan and identifies the Downtown area as a unique planning area.

The General Plan identifies a series of goals, policies, and actions within seven elements: Community Development, Economic Development, Circulation, Open Space and Conservation, Public Health and Safety, Regional Coordination, and Housing. These goals, policies,

and actions cover a variety of topics such as ensuring that Morgan Hill remains a unique place that is safe, has active businesses, and supports a range of transportation options. The Morgan Hill Downtown Specific Plan is consistent with and reinforces the goals and policies of the General Plan. The Specific Plan builds on the existing General Plan goals and policies and tailors them to the Downtown area. The General Plan will be amended as needed to reflect this Specific Plan.

Table 2 on page 16 of the Morgan Hill General Plan will be amended to create a new General Plan land use designation to accommodate the unique provisions established for the Central Business District, as follows:

Land Use Designation	Acres	Primary Uses	Density Range	Minimum Lot Area	Maximum Bldg Lot Coverage	Maximum Height*
Mixed Use-CBD	45	Downtown	no min / no max	3,500 sf	NA	2-story: 35' to roof plate 3-story: 45' to roof plate 4-story: 55' to roof plate

* additional height would be considered under a Planned Development (PD) rezoning

Page 18 of the Morgan Hill General Plan shall be amended to delete the current text description of “Mixed Use”, and to substitute the following:

Mixed Use. The Mixed Use designation has two expressions: the “Mixed Use-CBD” is applied to certain Central Business District (CBD) parcels within the Downtown Specific Plan area, and the Downtown Specific Plan is adopted as the General Plan land use map, goals, policies, programs and zoning standards applicable to the Downtown. The remainder of the “Mixed Use” locations, totalling approximately 23 acres, are located in areas near downtown, and the density range provides for 8 to 20 units per acre, as implemented by the Central Commercial-Residential (CC-R) zoning district.

The General Plan shall also be amended to include a policy to allow the Multi-Family Medium land use category to allow for Commercial Use Overlay Zoning to be placed on the residentially-designated portion of Downtown Plan Block 20, to allow commercial uses within existing buildings through obtaining a Commercial Administrative Use permit, during the time prior to redevelopment of the residentially-designated portion of the block with residential uses.

CEQA Compliance

Adoption of the Downtown Specific Plan constitutes a project under the California Environmental Quality Act (CEQA). A Master Environmental Impact Report (MEIR) has been prepared in accordance with CEQA to identify potentially significant impacts and mitigation and avoidance measures to be implemented to address these impacts. Subsequent projects will rely upon this Master EIR and shall be subject to the mitigation and avoidance measures. A summary of these mitigation and avoidance measures is contained as the last section of this Chapter 8.

The Morgan Hill City Council has certified the Final MEIR in conjunction with approving the Downtown Specific Plan, and has made appropriate findings and adopted a Statement of Overriding Considerations for impacts that cannot be fully mitigated to a less than significant level.

Subsequent Projects

Projects proposed subsequent to city adoption of this Specific Plan that are consistent with the Plan and within the descriptions of public projects and within the “development envelope” of projected development to 2030 will be able to use the Master EIR as their CEQA document for at least 5 years, and possibly longer, if the required findings for use of a Master EIR can be met.

It must be emphasized that the phasing assumptions are not intended to and will not be interpreted to act as a geographic or numeric constraint to the location, level and/or timing of development. Under the adopted Specific Plan and Master EIR, other blocks or portions of blocks may develop sooner or later than the projections in Chapter 2 of this Plan. The overall level and location of actual development will be monitored by the City to ensure that land use regulations, parking supply and management activities, and environmental (CEQA) compliance is appropriate to actual conditions over time.

Relationship with Other City Policies and Programs

Residential Development Control System (RDCS)

Morgan Hill voters approved a ballot measure in May 2009 to exempt 500 residential units from the RDCS process within the Downtown area (Blocks 1 – 20), within the city's current RDCS population cap of 48,000 persons in the year 2020. The 500 units represents an average of 45 units per year. Under Measure F, there are another 100 allotments for downtown that can be obtained without competing (although projects must be reviewed to ensure that the RDCS minimum score is obtained). Under the exemption, residential and mixed use development in Downtown that are consistent with the Specific Plan will need to secure a Design Permit, Development Agreement and Building Permit, with some uses also requiring a Conditional Use Permit or DAUP. If a project proposes a change to the Specific Plan development standards, a Planned Development zoning designation would be required, but the residential units would still be exempt from the RDCS.

See Chapter 2 (Land Uses and Development Standards) for additional information.

Administration of the Specific Plan

The Morgan Hill Downtown Specific Plan represents a long-term plan for the Downtown area. Buildout will be monitored by City Staff to ensure that added development does not exceed projections included in this Specific Plan. Once development projections are exceeded, it will be necessary to prepare/update the Master EIR in accordance with CEQA.

It may be necessary to modify certain components of the Specific Plan either to reflect changing conditions or to update the City's goals and policies. Modifications to the Morgan Hill Downtown Specific Plan should:

- be consistent with and strengthen the elements of the General Plan;
- be consistent with the goals, objectives, and policies of the General Plan and the Morgan Hill Downtown Specific Plan;
- maintain compatibility of land uses within the Downtown Core and surroundings; and
- be consistent with other applicable City policies and programs.

Summary of Impacts and Mitigation & Avoidance Measures from Master Environmental Impact Report (MEIR)

The Master EIR presents impacts and mitigation/avoidance measures for two timeframes: 2015 and 2030, and for two possible configurations of Monterey Road in the downtown between Main Avenue and Dunne Avenue. The Downtown Specific Plan Project approved by the City of Morgan Hill in 2009 consists of “The Project”, which assumes Monterey Road remains 4 lanes through the Downtown. The “Project Alternate” information presented in the Master EIR pertains to the configuration of Monterey Road as a 2-lane facility, and impacts/mitigation measures applicable to the Project Alternate are denoted by addition of “-A” to the impact/MM numbering system.

The following mitigation measures and avoidance measures shall be imposed as conditions of approval for development projects, or otherwise carried out by the City of Morgan Hill, Morgan Hill Redevelopment Agency, or other appropriate entity, as described in the Mitigation Monitoring and Reporting Program (MMRP) adopted in conjunction with certification of the Master EIR and adoption of the 2009 Downtown Specific Plan.

Summary of Significant Impacts

The following information summarizes the significant effects of the proposed project and mitigation measures proposed to reduce these effects. Impacts that are less than significant are not described in this summary and can be found in the text of the MEIR. A complete description of the project and of its impacts and proposed mitigation measures can be found in the text of the MEIR.

Significant Impact	Mitigation and Avoidance Measures
Transportation Impacts	
Impact TRANS-1: Under 2015 conditions, the proposed project would exacerbate LOS D intersection operations at Monterey Road/Main Avenue during the AM peak hour. (Significant Impact)	MM TRANS-1.1: <u>Monterey Road/Main Avenue.</u> The addition of 2015 project traffic volumes would exacerbate LOS D intersection operations during the AM peak hour. The mitigation required to reduce the impact from the proposed project to less than significant during the AM peak hour would be to provide for Main Avenue protected east/west phasing with modifications to the eastbound approach (i.e., a left-turn lane and a shared-through right) and widening of the westbound approach (i.e., a separate left, through, and right lane with an overlap phase). The implementation of this mitigation would require reduced travel lane and sidewalk widths below City standards due to the proximity of existing buildings. The implementation of this mitigation would require reduced travel lane and sidewalk widths below City standards due to the proximity of existing buildings. At the time the adjacent blocks redevelop with new buildings a lane could be added, however, one of the City's policies for the Downtown Specific Plan is to create a vibrant downtown destination with pedestrian-friendly amenities including widened sidewalks and roadway widths that do not increase the visual separation between uses or allow for increased vehicle speeds in pedestrian oriented areas. While redevelopment of the corner properties adjacent to the intersection of Main Avenue and Monterey Road conceivably could accommodate the necessary improvements, there is no assurance that the property owners will redevelop or that the City or RDA could acquire and redevelop these properties to meet all of the goals, objectives and design guidelines in the Downtown Specific Plan and, therefore, the impact at this intersection is significant and unavoidable. (Significant Unavoidable Impact)

Significant Impact	Mitigation and Avoidance Measures
Impact TRANS-1a: Under 2015 conditions, the project alternate would result in impacts to the intersection of Monterey Road/Main Avenue (LOS F during AM and LOS D- during PM peak hour). (Significant Impact)	MM TRANS-1a.1: <u>Monterey Road/Main Avenue.</u> The addition of 2015 traffic volumes on the project alternate roadway network would exacerbate LOS D intersection operations to LOS F and LOS D- during the AM and PM peak hours, respectively. The mitigation required to reduce the impact from the project alternate to less than significant during the AM and PM peak hours would be to provide for Main Avenue protected east/west phasing with modifications to the eastbound approach (i.e., a left-turn lane and a shared-through right) and widening of the westbound approach (i.e., a separate left, through, and right lane with an overlap phase). The southbound approach would need to be widened to include two southbound left-turn lanes, a through lane, and a right-turn lane. These improvements would not conflict with the narrowing of Monterey Road from four to two lanes. The implementation of this mitigation would require reduced travel lane and sidewalk widths below City standards due to the proximity of existing buildings. At the time the adjacent blocks redevelop with new buildings a lane could be added, however, one of the City's policies for the Downtown Specific Plan is to create a vibrant downtown destination with pedestrian-friendly amenities including widened sidewalks and roadway widths that do not increase the visual separation between uses or allow for increased vehicle speeds in pedestrian oriented areas. While redevelopment of the corner properties adjacent to the intersection of Main Avenue and Monterey Road conceivably could accommodate the necessary improvements, there is no assurance that the property owners will redevelop or that the City or RDA could acquire and redevelop these properties to meet all of the goals, objectives and design guidelines in the Downtown Specific Plan and, therefore, the impact at this intersection is significant and unavoidable. (Significant Unavoidable Impact)

Significant Impact	Mitigation and Avoidance Measures
Impact TRANS-2a: Under 2015 conditions, the project alternate would result in impacts to the intersection of Dunne Avenue/Monterey Road (LOS D during PM peak hour). (Significant Impact)	MM TRANS-2a.1: <u>Monterey Road/Dunne Avenue.</u> The addition of 2015 traffic volumes on the project alternate roadway network would degrade acceptable (LOS D+) operations to LOS D operations during the PM peak hour. The mitigation required to reduce the impact from the project alternate to a less than significant level during the PM peak hour would be to provide for Dunne Avenue an eastbound right-turn overlap phase and a southbound approach with a left-turn, through lane and shared through-right lane. This configuration would be inconsistent with narrowing Monterey Road from four to two lanes between Dunne Avenue to Fifth Street and would require modification of the narrowing proposed under the Project Alternate to retain four lanes on Monterey Road between Dunne Avenue and Fifth Street. During a future Monterey Road streetscape planning process, the City of Morgan Hill should explore feasibility and desirability of retaining additional lanes in the block of Monterey Road between Dunne Avenue and Fifth Street; however, with the current project alternate roadway network, the impact at this intersection is significant and unavoidable. (Significant Unavoidable Impact)
Impact TRANS-4: The proposed Specific Plan, under 2030 conditions, would degrade Monterey Road/Main Avenue intersection operations from LOS D to LOS E and LOS D- during the AM and PM peak hours, respectively. (Significant Impact)	MM TRANS-4.1: <u>Monterey Road/Main Avenue.</u> The addition of 2030 traffic volumes would degrade the Monterey Road and Main Avenue intersection operations from LOS D to LOS E and LOS D- during the AM and PM peak hours, respectively. To mitigate this impact, Main Avenue would need protected east/west phasing with modifications to the eastbound approach (i.e., a left-turn lane and a shared-through right) and widening of the westbound approach (i.e., separate left, through, and right lane with an overlap phase). The implementation of this mitigation would require reduced travel lane and sidewalk widths below City standards due to the proximity of existing buildings. At the time the adjacent blocks redevelop with new buildings a lane could be added, however, one of the City's policies for the Downtown Specific Plan is to create a vibrant downtown destination with pedestrian-friendly amenities including widened sidewalks and roadway widths that do not increase the visual separation between uses or allow for increased vehicle speeds in pedestrian oriented areas. While redevelopment of the corner properties adjacent to the intersection of Main Avenue and Monterey Road conceivably could accommodate the necessary improvements, there is no assurance that the property owners will redevelop or that the City or RDA could acquire and redevelop these properties to meet all of the goals, objectives and design guidelines in the Downtown Specific Plan and, therefore, the impact at this intersection is significant and unavoidable. (Significant Unavoidable Impact)

Significant Impact	Mitigation and Avoidance Measures
Impact TRANS-4a: The proposed Specific Plan, under 2030 Project Alternate conditions, would degrade Main Avenue/Monterey Road intersection operations from LOS D to LOS F and LOS E during the AM and PM peak hours, respectively. (Significant Impact)	MM TRANS-4a.1: <u>Monterey Road/Main Avenue.</u> The addition of 2030 traffic volumes on the project alternate roadway network would degrade the Monterey Road and Main Avenue intersection operations from LOS D to LOS F and LOS E during the AM and PM peak hours, respectively. To mitigate this impact, Main Avenue would need protected east/west phasing with modifications to the eastbound approach (i.e., a left-turn lane and a shared-through right) and widening the westbound approach (i.e., separate left, through, and right lane with an overlap phase). The southbound approach would also need to be widened (i.e. two southbound left-turn lanes, a through-lane, and a right-lane) and the northbound approach would require a northbound left-turn lane, a through-lane, and a shared through-right lane. The northbound approach would conflict with the potential narrowing of Monterey Road from four to two lanes between Main Avenue and Dunne Avenue. The implementation of this mitigation would require reduced travel lane and sidewalk widths below City standards due to the proximity of existing buildings. At the time the adjacent blocks redevelop with new buildings a lane could be added, however, one of the City's policies for the Downtown Specific Plan is to create a vibrant downtown destination with pedestrian-friendly amenities including widened sidewalks and roadway widths that do not increase the visual separation between uses or allow for increased vehicle speeds in pedestrian oriented areas. While redevelopment of the corner properties adjacent to the intersection of Main Avenue and Monterey Road conceivably could accommodate the necessary improvements, there is no assurance that the property owners will redevelop or that the City or RDA could acquire and redevelop these properties to meet all of the goals, objectives and design guidelines in the Downtown Specific Plan and, therefore, the impact at this intersection is significant and unavoidable. (Significant Unavoidable Impact)
Impact TRANS-5: The proposed Specific Plan, under 2030 conditions, would degrade Depot Street/Main Avenue intersection operations from LOS C to LOS E during the AM peak hour and would meet the peak hour signal warrant criteria. (Significant Impact)	MM TRANS-5.1: <u>Depot Street/Main Avenue.</u> The addition of 2030 traffic volumes would degrade the Depot Street/Main Avenue intersection operations from LOS C to LOS E during the AM peak hour and the peak-hour signal warrant would be met. Signalizing this intersection would mitigate this impact to a less than significant level. It should be noted that signalization at this location was recommended in the Circulation Element update that is currently in progress. The City of Morgan Hill will monitor traffic at this location and provide for installation of a signal or make other improvements at the time the intersection is projected to operate at an unacceptable level and meet signal warrants. (Less Than Significant Impact with Mitigation)

Significant Impact	Mitigation and Avoidance Measures
Impact TRANS-5a: The proposed Specific Plan, under 2030 Project Alternate conditions, would degrade Main Avenue/Depot Street intersection operations from LOS C and D to LOS E and F during the AM and PM peak hours, respectively, and would meet the peak hour signal warrant criteria. (Significant Impact)	MM TRANS-5a.1: <u>Main Avenue/Depot Street.</u> The addition of 2030 traffic volumes on the project alternate roadway network would degrade the Main Avenue and Depot Street intersection from LOS C and LOS E to an unacceptable LOS E and LOS F during the AM and PM peak hours, respectively. In addition, the peak hour warrant is exceeded during both peak hours. Providing a signal at this location would reduce this impact to a less than significant level and provide acceptable (LOS D+ or better) operations during both peak hours. It should be noted that the recommendation for a signal is also identified in the recommended roadway network for the General Plan Circulation Element update that is currently in progress. The City of Morgan Hill will monitor traffic at this location and provide for installation of a signal or make other improvements at the time the intersection is projected to operate at an unacceptable level and meet signal warrants. (Less Than Significant Impact with Mitigation)
Impact TRANS-6a: The proposed Specific Plan, under 2030 Project Alternate conditions, would degrade Main Avenue/Hale Avenue intersection operations from LOS B to LOS E during the AM peak hour and would meet the peak hour signal warrant criteria. (Significant Impact)	MM TRANS-6a.1: <u>Main Avenue/Hale Avenue.</u> The addition of 2030 traffic volumes on the project alternate roadway network would degrade the intersection of Main Avenue and Hale Avenue from LOS B to an unacceptable LOS E during the AM peak hour. In addition, the peak hour warrant is exceeded during the AM peak hour. Providing a signal at this location would reduce this impact to a less than significant level and provide acceptable (LOS D+ or better) operations during both peak hours. It should be noted that the recommendation for a signal is also identified in the recommended roadway network for the General Plan Circulation Element update that is currently in progress. The City of Morgan Hill will monitor traffic at this location and provide for installation of a signal or make other improvements at the time the intersection is projected to operate at an unacceptable level and meet signal warrants. (Less Than Significant Impact with Mitigation)

Significant Impact	Mitigation and Avoidance Measures
Impact TRANS-7a: The proposed Specific Plan, under 2030 Project Alternate conditions, would degrade Dunne Avenue/Monterey Road intersection operations from LOS D+ to LOS D during the PM peak hour. (Significant Impact)	MM TRANS-7a.1: Dunne Avenue/Monterey Road. The addition of 2030 traffic volumes on the project alternate roadway network would degrade the intersection of Monterey Road and Dunne Avenue from an acceptable LOS D+ to an unacceptable LOS during the PM peak hour. The mitigation required to reduce the impact from the project alternate to a less than significant level during the PM peak hour would be to provide an eastbound right-turn overlap phase, and a southbound approach with a left-turn, through lane and shared through-right lane to operate acceptably (LOS D+ or better). This configuration would be inconsistent with narrowing Monterey Road from four to two lanes between Dunne Avenue to Fifth Street and would require modification of the narrowing proposed under the Project Alternate. During a future Monterey Road streetscape planning process, the City of Morgan Hill could explore feasibility and desirability of retaining additional lanes in the block of Monterey Road between Dunne Avenue to Fifth Street; however, with the current project alternate roadway network, the impact at this intersection is significant and unavoidable. (Significant Unavoidable Impact)
Impact TRANS-8a: The proposed Specific Plan, under 2030 Project Alternate conditions, would degrade Main Avenue/Butterfield Boulevard intersection operations from LOS D+ to LOS D during the PM peak hour. (Significant Impact)	MM TRANS-8a.1: Main Avenue/Butterfield Boulevard. The addition of 2030 traffic volumes on the project alternate roadway network would degrade the intersection of Main Avenue/Butterfield Boulevard from an acceptable LOS D+ to an unacceptable level of service LOS D during the PM peak hour. This intersection requires a second northbound left-turn to operate acceptably. However, this improvement may require right-of-way from the northwest and southeast corners of the intersection, and physical constraints exist along the east side of Butterfield Boulevard due to the open canal. Overall, the implementation of a second northbound left-turn lane is considered physically feasible and would mitigate this impact to a less than significant level. The City of Morgan Hill will monitor traffic at this location and make necessary improvements at the time the intersection is projected to operate at an unacceptable level. (Less Than Significant Impact with Mitigation)

Significant Impact	Mitigation and Avoidance Measures
Impact TRANS-10: While implementation of some or all of the parking strategies outlined in the Specific Plan would increase parking supply in the Downtown to meet parking demand as development in the Downtown Core intensifies, the City has no adopted program to monitor parking availability and undertake measures to provide adequate supply. (Significant Impact)	MM TRANS-10.1: The City shall create a land use and parking database for the downtown area and shall be required to document the demand for parking from retail and office development and changes in parking supply through the preparation of a monitoring report submitted to the City Council every two years to ensure planning, regulatory, and construction measures are undertaken to provide adequate parking supply. Implementation of this measure would reduce the impact of the Specific Plan development on parking supplies to a less than significant level. (Less Than Significant Impact with Mitigation)
Noise and Vibration Impacts	
Impact NV-1: Residential development proposed under the Downtown Specific Plan would be exposed to exterior noise levels exceeding 60 dBA L_{dn} from traffic noise and 70 dBA L_{dn} from railroad noise. Exterior noise levels exceeding the acceptable General Plan standards would result in significant impacts to outdoor spaces in new residential development in the Downtown. (Significant Impact)	MM NV-1.1: Residential development shall be setback from traffic and railroad noise sources to reduce ambient noise levels in outdoor use areas to the extent feasible. Noise-sensitive outdoor spaces shall be shielded with buildings or noise barriers wherever possible. Residential development proposed under the Specific Plan shall strive to reduce traffic noise levels to 60 dBA L_{dn} or less and railroad train noise levels to 70 dBA L_{dn} or less in outdoor use areas through a combination of setbacks, noise barriers, and building design/layout. The specific determination of what treatments are necessary would be conducted on a project-by-project basis. Implementation of these measures would reduce noise impacts to outdoor use areas to a less than significant level for many of the proposed downtown residential units, however, even with incorporation of these mitigation measures to the extent feasible, the outdoor spaces for some residential units will continue to be impacted and, therefore, this impact is significant and unavoidable. (Significant Unavoidable Impact)

Significant Impact	Mitigation and Avoidance Measures
Impact NV-2: Interior noise levels would be reduced through the incorporation of standard measures, however, L_{max} noise levels of up to 110 dBA from train warning whistles, would exceed the City's L_{max} noise standards. (Significant Impact)	MM NV-2.1: Project-specific acoustical analyses shall be submitted for all residential and mixed-use projects where exterior noise levels exceed 60 dBA L_{dn}. Special building construction techniques (e.g., sound-rated windows and building facade treatments) may be required for new residential uses adjacent to the UPRR, Monterey Road, or Butterfield Boulevard. Special building construction techniques (e.g., sound-rated windows and building facade treatments) would be required to reduce maximum instantaneous noise levels (L_{max}) to 50 dBA in bedrooms and 55 dBA in other habitable rooms. These treatments include, but are not limited to, sound rated windows and doors, sound rated wall construction, acoustical caulking, insulation, acoustical vents, etc. Large windows and doors should be oriented away from the railroad where possible, and sensitive interior spaces should be located further from the railroad corridor. Projects shall also incorporate setbacks, as great as feasible, from the railroad corridor and construct noise barriers. The specific determination of what treatments are necessary would be conducted on a unit-by-unit basis. Results of the analysis, including the description of the necessary noise control treatments, would be submitted to the City along with the building plans and approved prior to issuance of a building permit. The City should also explore designation of the at-grade rail crossings as “quiet zones”. Quiet zones could be established so that trains would not be required to sound their warning whistles but would require greater safety controls at the crossings. Wayside horn systems could be installed at the at-grade crossings to confine horn noise only in the immediate vicinity of the crossings. For some downtown residential properties incorporation of project-specific noise reduction treatments will reduce this impact to a less than significant level; however, for many units on properties adjoining the railroad the interior L_{max} noise standards may not be met even with incorporation of feasible and best available methods and, therefore, this impact would be significant and unavoidable. (Significant Unavoidable Impact)
Impact NV-3: Residential uses allowed under the Specific Plan within approximately 50 feet of the UPRR would be subject to vibration from railroad trains that would exceed the FTA impact guidelines. (Significant Impact)	MM NV-3.1: Residential structures shall be located at least 50 feet from the nearest railroad track unless project specific vibration analyses indicate that vibration levels at the building site and/or the design of the project result in vibration levels of 75 VdB or less. (Less Than Significant Impact with Mitigation)

Significant Impact	Mitigation and Avoidance Measures
Impact NV-4: Construction activities, even with incorporation of standard measures, could impact noise sensitive receptors in the project area for more than one year. (Significant Impact)	MM NV-4.1: The following mitigation measures shall be implemented, as conditions of approval, in addition to construction hour limitations in the Morgan Hill Municipal Code, to reduce potential construction related noise impacts to nearby sensitive receptors: ▪ Equip all internal combustion engine driven equipment with intake and exhaust mufflers that are in good condition and appropriate for the equipment. ▪ Locate stationary noise generating equipment (e.g. rock crushers, compressors) as far as possible from adjacent residential receivers. ▪ Acoustically shield stationary equipment located near residential receivers with temporary noise barriers or recycled demolition materials. ▪ Utilize “quiet” air compressors and other stationery noise sources where technology exists. ▪ The contractor shall prepare a detailed construction plan identifying the schedule for major noise-generating construction activities. The construction plan shall identify a procedure for coordination with adjacent residential land uses so that construction activities can be scheduled to minimize noise disturbance. ▪ Designate a “disturbance coordinator” who would be responsible for responding to any complaints about construction noise. The disturbance coordinator would determine the cause of the noise complaint (e.g, bad muffler, etc.) and would require that reasonable measures be implemented to correct the problem. Implementation of the mitigation and standard measures identified above, would reduce noise generated by construction projects in the Specific Plan project area, however, given the duration of time (greater than one year) that sensitive receptors may be exposed to construction noise, this impact would remain significant and unavoidable. (Significant Unavoidable Impact)

Significant Impact	Mitigation and Avoidance Measures
Air Quality Impacts Impact AQ-2: Projected new development through 2015 and 2030 under the proposed project would result in an increase in regional air pollutant emissions of ROG and PM₁₀ in excess of BAAQMD thresholds and, therefore, would result in significant impacts to regional air quality. (Significant Impact)	
	MM AQ-2.1: The Specific Plan shall be amended to require submission of an Air Quality and Transportation Demand Management (AQ-TDM) Plan as part of the Design Permit (Architectural and Site Review) application for review and approval by the Community Development Director. The AQ-TDM Plan will incorporate appropriate measures at appropriate locations as determined through the design permit process, such as the following, to reduce air quality impacts: ▪ Provide bicycle lanes, sidewalks and/or paths, connecting project residences to adjacent schools, parks, the nearest transit stop and nearby commercial areas. ▪ Provide secure and conveniently placed bicycle parking and storage facilities at parks and other facilities. ▪ Allow only natural gas fireplaces. No wood burning devices would be allowed. ▪ Construct transit amenities such as bus turnouts/bus bulbs, benches, shelters, etc. ▪ Provide direct, safe, attractive pedestrian access from project land uses to transit stops and adjacent development. ▪ Provide showers and lockers for employees bicycling or walking to work. ▪ Provide transit information kiosks and bicycle parking at commercial facilities. ▪ Provide secure and conveniently located bicycle parking and storage for workers and patrons. MM AQ-2.2: Public parking lots constructed or assisted by the City or Redevelopment Agency of Morgan Hill and private residential parking facilities of 50 spaces or more shall include the following amenities: ▪ Electric vehicle charging facilities. ▪ Preferential parking for Low Emission Vehicles (LEVs). The above measures have the potential to reduce project-related regional emissions by five to ten percent. A reduction of this magnitude would not reduce emissions to below the BAAQMD significance threshold of 80 pounds per day for ROG and PM₁₀. Project regional air quality impacts, therefore, would remain significant and unavoidable. (Significant Unavoidable Impact)

Significant Impact	Mitigation and Avoidance Measures
Impact AQ-5: D e m o l i t i o n and construction activities due to redevelopment in the Specific Plan project area, even with incorporation of City of Morgan Hill standard measures, may generate construction-period exhaust and fugitive dust that would temporarily affect local air quality. (Significant Impact)	MM AQ-5.1: The Bay Area Air Quality Management District (BAAQMD) has prepared a list of feasible demolition and construction dust control measures to reduce construction impacts to a less than significant level. The following construction practices shall be incorporated into dust mitigation plans implemented during demolition and construction phases of proposed development in the Specific Plan project area to reduce dust and exhaust emissions: ▪ Water active demolition areas to control dust generation during demolition of structures and break up of pavement. ▪ Cover all trucks hauling demolition debris from the site. ▪ Use dust proof chutes to load debris into trucks whenever feasible. ▪ Water all active construction areas at least twice daily. ▪ Water or cover stockpiles of debris, soil, sand, or other materials that can be blown by the wind. ▪ Cover all trucks hauling soil, sand, and other loose materials, or require all trucks to maintain at least two feet of freeboard. ▪ Pave, apply water three times daily, or apply (non toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas at construction sites. ▪ Sweep daily (with water sweepers) all paved access roads, parking areas, and staging areas at construction sites. ▪ Sweep streets daily (with water sweepers) if visible soil material is carried onto adjacent public streets. ▪ Hydroseed or apply (non-toxic) soil stabilizers to inactive construction areas (previously graded areas inactive for ten days or more). ▪ Enclose, cover, water twice daily, or apply (non-toxic) soil binders to exposed stockpiles (dirt, sand, etc.). ▪ Limit traffic speeds on unpaved roads to 15 miles per hour. ▪ Install sandbags or other erosion control measures to prevent silt runoff to public roadways. ▪ Replant vegetation in disturbed areas as quickly as possible. AM AQ-5.1: The following additional measures recommended by the BAAQMD to reduce engine exhaust emissions: ▪ Use alternative fueled construction equipment, when feasible. ▪ Minimize idling time (five minutes maximum). ▪ Maintain properly tuned equipment. ▪ Limit the hours of operation of heavy equipment and/or the amount of equipment in use. (Less Than Significant Impact with Mitigation)

Significant Impact	Mitigation and Avoidance Measures
Hazards and Hazardous Materials	
Impact HM-1: Soil and/or groundwater in the project area may be contaminated by hazardous materials that could be disturbed, exposed, or released due to development and redevelopment in the project area. (Significant Impact)	MM HM-1.1: A Phase I Environmental Site Assessment shall be required for all properties proposed for redevelopment with residential uses where previous uses include industrial, commercial or agricultural use. If warranted, a Phase II Environmental Site Assessment shall be prepared which identifies specific remediation measures required to ensure the site is suitable for residential development. MM HM-1.2: If remediation activities are required on any parcel within the Specific Plan project area, these activities shall be carried out in accordance with a Remediation Plan prepared to address the findings of the Phase II Environmental Site Assessment. The Remediation Plan shall specify the cleanup levels that will be applied and the anticipated regulatory agency responsible for oversight. Potential impacts associated with the remediation activities, such as air and health impacts associated with excavation activities, transportation impacts from removal or remedial activities, and risk of upset in the event of an accident at the site or during transport of contaminated soil shall also be addressed to ensure no significant impacts from implementation of the Remediation Plan. MM HM-1.3: The Central Coast Regional Water Quality Control Board (RWQCB) and County of Santa Clara Department of Environmental Health Local Oversight Program (LOP) are responsible for overseeing cleanup of contaminated soil and water and for overseeing development activities on contaminated sites. In accordance with the Fuel Leak Site Case Closure for Unocal #6169 (Case No. 14-668, SCVWDID No. 09S3E28C03f), the County, RWQCB, and the Community Development Department shall be notified prior to any changes in land use, grading activities, excavation, and installation of water wells on the Unocal 76 station parcel of Block 14. A Clearance Letter from either of these agencies outlining site history and any requirements for cleanup or handling of residual contamination shall be submitted to the Community Development Director prior to the issuance of a site development permit. MM HM-1.4: The Central Coast Regional Water Quality Control Board and County of Santa Clara Department of Environmental Health Local Oversight Program are responsible for overseeing cleanup of contaminated soil and water and for overseeing development activities on contaminated sites. Prior to the issuance of a site development permit on Block 20, a Clearance Letter from either of these agencies outlining site history and requirements for cleanup or handling of residual hydrocarbon contamination on the site shall be submitted to the Community Development Director. (Less Than Significant with Mitigation)

Significant Impact	Mitigation and Avoidance Measures
Impact BIO-1: Tree removal during the nesting season could impact protected tree-nesting raptors. Any loss of fertile bird eggs, or individual nesting birds, or any activities resulting in nest abandonment during construction, would constitute a significant impact. (Significant Impact)	Biological Resources
	MM BIO-1.1: Removal of trees in the Specific Plan area could be scheduled between September and December (inclusive) to avoid the raptor nesting season and no additional surveys would be required. MM BIO-1.2: If removal of the trees on-site would take place between January and August (inclusive), a pre-construction survey for nesting raptors shall be conducted by a qualified ornithologist to identify active nesting raptor nests that may be disturbed during project implementation. Between January and April (inclusive) pre-construction surveys shall be conducted no more than 14 days prior to the initiation of construction activities or tree relocation or removal. Between May and August (inclusive), pre-construction surveys shall be conducted no more than thirty (30) days prior to the initiation of these activities. The surveying ornithologist shall inspect all trees in and immediately adjacent to the construction area for raptor nests. If an active raptor nest is found in or close enough to the construction area to be disturbed by these activities, the ornithologist shall, in consultation with the State of California, Department of Fish & Game (CDFG), designate a construction-free buffer zone (typically 250 feet) around the nest until the end of the nesting activity. The applicant shall submit a report indicating the result of the pre-construction survey and any designated buffer zones to the satisfaction of the Community Development Director.
	(Less Than Significant Impact with Mitigation)

Significant Impact	Mitigation and Avoidance Measures
Cumulative Impacts	
Impact C-TRANS-1: The proposed project, along with other pending General Plan amendments, would result in significant cumulative impacts to three signalized intersections and one unsignalized intersection. (Significant Cumulative Impacts)	MM C-TRANS-1.1: <u>Monterey Road/Main Avenue.</u> The combination of cumulative traffic from all of the proposed projects and from implementation of the Project Alternate to narrow Monterey Road to one lane in each direction would cause the intersection to operate at LOS F during the AM and PM peak hours. To mitigate this impact, Main Avenue would need protected east/west phasing with modifications to the eastbound approach (i.e., a left-turn lane and a shared-through right) and widening the westbound approach (i.e., separate left, through, and right lane with an overlap phase). The southbound approach of Monterey Road would also need to be widened (i.e. two southbound left-turn lanes, a through-lane, and a shared through-right lane) and the northbound approach would require a northbound left-turn lane, a through-lane, and a shared through-right lane. The northbound approach would conflict with the potential narrowing of Monterey Road from four to two lanes between Main Avenue and Dunne Avenue. The implementation of this mitigation would require reduced travel lane and sidewalk widths below City standards due to the proximity of existing buildings. At the time the adjacent blocks redevelop with new buildings a lane could be added, however, one of the City's policies for the Downtown Specific Plan is to create a vibrant downtown destination with pedestrian-friendly amenities including widened sidewalks and roadway widths that do not increase the visual separation between uses or allow for increased vehicle speeds in pedestrian oriented areas. While redevelopment of the corner properties adjacent to the intersection of Main Avenue and Monterey Road conceivably could accommodate the necessary improvements, there is no assurance that the property owners will redevelop or that the City or RDA could acquire and redevelop these properties to meet all of the goals, objectives and design guidelines in the Downtown Specific Plan and, therefore, the impact at this intersection is significant and unavoidable. (Significant Unavoidable Impact) MM C-TRANS-1.2: <u>Monterey Road/Dunne Avenue.</u> The addition of cumulative traffic and the narrowing of Monterey Road would degrade the intersection operations from LOS D+ to LOS D during the PM peak hour. This intersection requires an eastbound right-turn overlap phase, and a southbound approach with a left-turn lane, through lane and shared through-right lane to operate acceptably (LOS D+ or better) and reduce the project's contribution to this cumulatively significant impact. These improvements (two southbound through lanes at this intersection) would conflict with narrowing of Monterey Road and the installation of traffic calming and pedestrian improvements evaluated as the project alternate.

Significant Impact	Mitigation and Avoidance Measures
	One of the City's goals for the proposed Downtown Specific Plan is to create a vibrant downtown destination with pedestrian-friendly amenities including widened sidewalks and traffic calming measures. This mitigation is not consistent with the priority of reducing vehicle speeds on Monterey Road and is not proposed by the project. During a future Monterey Road streetscape planning process, the City of Morgan Hill should explore the feasibility and desirability of incorporating this mitigation measure, to retain additional lanes in the block of Monterey Road, between Dunne Avenue and Fifth Street. (Significant Unavoidable Cumulative Impact) MM C-TRANS-1.3: <u>Main Avenue and Butterfield Boulevard.</u> The addition of cumulative traffic at this location would degrade the intersection operations from LOS C- and LOS D+ to LOS D during the AM and PM peak hours, respectively. This intersection requires a second northbound left-turn to operate acceptably. However, this improvement may require right-of-way from the northwest and southeast corners of the intersection, and physical constraints exist along the east side of Butterfield Boulevard due to the open canal. Overall, the implementation of a second northbound left-turn lane is considered physically feasible and would mitigate this impact to a less than significant level. The City of Morgan Hill will monitor this intersection and implement this measure at such time, based on monitoring of LOS and anticipated traffic from approved developments, that the intersection will degrade below an acceptable level of service. (Less Than Significant Cumulative Impact with Mitigation) MM C-TRANS-1.4: <u>Dunne Avenue and Del Monte Street.</u> The addition of cumulative traffic at this location would degrade intersection operations from LOS B to LOS E and LOS F during the AM and PM peak hours, respectively. The peak-hour traffic volumes at this intersection would meet the peak-hour signal warrant during the PM peak hour and installation of a traffic signal would mitigate the impact at this intersection and provide LOS C (20.6 seconds of average delay) and LOS C+ (20.8 seconds of average delay) operations during the AM and PM peak hour. The City of Morgan Hill will monitor this intersection and implement this measure at such time, based on monitoring of LOS and anticipated traffic from approved developments, that the intersection will degrade below an acceptable level of service. (Less Than Significant Cumulative Impact with Mitigation)

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CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

Edith Ramirez, Assistant City Manager

APPROVED BY: City Manager

APPROVE PUBLIC ART FRAMEWORK AND DIRECT STAFF TO PREPARE AN ORDINANCE REQUIRING PUBLIC ART IN NEW DEVELOPMENT PROJECTS

RECOMMENDATION(S)

Approve Public Art Framework and direct staff to draft Public Art Ordinance.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

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

2024-2025 Strategic Priorities

Community Engagement

Economic Development and Tourism

Healthy Community

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

Communications, Outreach, and Engagement Plan

Economic Blueprint

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

POLICY CONSIDERATION:

Should the City Council require public art in new construction projects and establish a fee for art?

BACKGROUND:

On May 15, 2024, the City Council directed staff to create a Public Art Ordinance in response to Mayor Mark Turner's November 3, 2023 request for a fee-based revenue stream for public art. The fee for art would support the City's goals of community development, tourism, health, inclusiveness and economic development. The Morgan

Hill 2035 General Plan establishes art goals and the City's Library, Culture, and Arts Commission (LCAC) supports the City's efforts on advancing the City's arts and cultural programming. The LCAC Art Program is codified in Chapter 2.68 of the City's Municipal Code and aims to grow new projects, installations and preserve the City's public art collection.

ANALYSIS

Municipalities that wish to advance public art mandate public art installations or an art fee to fund public art. Fees for art projects range from .05% to 2% of project valuation with a popular 1% fee for many jurisdictions. Cities also limit the type and size of project that the fee applies to, often exempting small projects of 20 housing units or less, or affordable housing projects. In some cities, a ceiling is also established for contributions that would exceed a certain amount. While public art supports tourism, placemaking and community identity, the cost of a new fee may be challenging for many projects. The city's budget is focused on core city services such as public safety. The City's General Fund may be impacted by having to fund public art installations for City facilities. The proposed Public Art Framework aims to be measured on the application of such fees on city-funded projects. The proposed Public Art Framework (Attachment 1) identifies the program parameters and is summarized below.

PUBLIC ART FRAMEWORK:

Public art or a public art fee is proposed to be applied to new residential projects of 20 housing units or more, nonresidential projects of 5,000 square feet or larger, and new public buildings, facilities, and city parks. The public art rate is proposed at 1% of the project's total construction valuation. Applicable projects shall incorporate public art on-site of equal value of 1% of the total project's construction valuation or provide the City with an in-lieu payment of equal value during the building permit process with a maximum required in-lieu fee contribution of one million dollars (\$1,000,000). If the project chooses to incorporate the public art, the installations shall be in locations visible to and accessible by the public. Public art installations include sculptures, murals, installations, public art gardens, interactive art pieces, etc.

Exemptions include building renovations or additions as well as small-scale projects (residential building developments with fewer than 20 housing units or non-residential development projects with less than 5,000 square feet of new floor area). Staff proposes to provide exemptions for lower income affordable housing, non-profit agencies or non-municipal governmental projects, such as the Royal Oaks Village which is a low income affordable housing project that includes units for agricultural workers. Public projects exempt from Public Art include the City's public works projects such as streets, water, sewer, trails, bike lanes, and media, and Capital Improvement Projects (CIP) such as roofs, solar installations, building/facility renovations or expansions, and landscaping. Only new City facilities and parks would be applicable to the Public Art Framework. However, the City Council may exempt municipal, as well as private projects, on a case-by-case basis.

The public art project approval process would remain as it is today with the review of the

Library, Culture, and Art Commission and final approval of the City Council. Private art installations will be reviewed by the Planning Division during the project's design review and will also be reviewed by LCAC. Projects that choose to pay the In-lieu Art Fee, would be required to pay the fee during the time of building permit issuance and will be placed within the existing Public Art Fund and managed by the Public Services Department. Funds would be used for the procurement of new art installations.

The proposed Public Art Framework is consistent with the best practices in many of the jurisdictions that have a fee for art programs. Should the Council approve the proposed Public Art Framework, staff will come back with an Ordinance for formal adoption.

COMMUNITY ENGAGEMENT:

On May 15, 2024, the City Council held a public meeting discussing the fee for art policy. Staff presented to the Library, Culture, and Arts Commission twice, on June 4 and October 1, 2024.

Staff also held a Public Art Conversation on October 14, 2024, to explore how to curate the future of arts and culture in Morgan Hill, where more than 140 residents attended and provided feedback on public art and a public art framework. Staff received overwhelming support from attendees for a public art policy, consisting of assessing a public art fee on new construction, primarily for commercial and industrial development projects, with some support of assessing a public art fee towards market rate housing projects. A majority of the attendees indicated that the fee should apply to commercial and industrial projects that are 20,000 square feet in size or more and housing developments greater than 40 dwelling units. As part of the conversation, staff also gathered feedback from attendees indicating what types of public art they would like to see (in which there was equal support for architecture, music, paintings/murals, sculptures, and theater) and the locations they would want to see installations (in which there was equal support for installations at the City gateways/entrances, parks, public buildings, downtown, and freeway facing); and when asked about where they want to see performance arts, the three top locations included parks, sidewalks, and downtown.

ALTERNATIVE ACTIONS:

The Council may choose to amend elements of the proposed Public Art Framework such as make the percentage fee higher or lower and/or revise the eligible projects. The Council may also choose not to move forward with a Public Art Framework at this time.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On May 15, 2024, the City Council held a public meeting discussing the fee for public art. LCAC discussed the fee for public art at the June 4 and at the October 1, 2024 meetings.

FISCAL AND RESOURCE IMPACT:

The fee for public art may impact future city buildings, facilities, and parks eligible for public art. At the same time, the City could also generate revenue from private

developments that choose to pay the in lieu fee, which would support public art installations. Currently, the City has no dedicated funding source for public art projects.

CEQA (California Environmental Quality Act):

Not a Project.

This Public Art Framework is exempt from environmental review pursuant to Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines. The proposed Public Art Framework 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. The creation of a Public Art Framework does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment.

City of Morgan Hill Public Art Framework

Public Art Framework Objective

To promote and enhance the visual arts within the city by requiring works of art on public and private development projects and establishing an in-lieu fee that supports public art projects and related art initiatives.

Public Art Applicability

- **Applicable Projects:** New residential building developments of 20 housing units or more; nonresidential development projects of 5,000 square feet or more; and new public buildings and new city parks.
- **Program Allocation:** 1% of the project's total construction valuation.
- **Application:** Eligible projects shall incorporate public art of equal value of 1% of total project's construction valuation on the development site or provide the City an in-lieu contribution of equal value with a maximum required in-lieu fee contribution of one million dollars (\$1,000,000).
- **Location:** Public art installations shall be in locations visible to and accessible by the public such as the adjacent right-of-way.

Public Art Projects

- Public Art projects may include, but are not limited to the following:
 - Glass;
 - Installations;
 - Interactive art pieces;
 - Mosaics;
 - Murals;
 - Neon;
 - Photography;
 - Public art gardens;
 - Sculptures;
 - Waterworks; and
 - Other permanent public artwork approved by the City Council.

Exemptions:

- Public Art is not required for the following types of projects:
 - Building/facility renovations or additions;
 - Public Works projects such as streets, water, sewer, trails, bike lanes, medians, etc.;
 - Capital Improvement Projects such as roofs, solar, building/facility renovations or expansions, landscaping, etc.;
 - Non-Municipal Governmental projects;
 - Non-Profit Organization development projects;
 - Low-income affordable housing development projects;
 - Small-scale projects (residential building developments fewer than 20 housing units or non-residential development projects less than 5,000 square feet of new floor area); and
 - Municipal projects when the City Council finds that, based upon the characteristics of the project or the project budget, it is in the best interests of the Morgan Hill community to do so.

Public art does NOT include the following:

- Mass-produced, standard design art objects such as playground equipment, benches or fountains;
- Decorative or functional architectural elements designed solely by the project architect;
- Directional elements such as super graphics, signage or color coding;
- Logos or corporate identity;

City of Morgan Hill Public Art Framework

- Reproduction, by mechanical or other means, of original works of art;
- Construction of indoor or outdoor stages or performance spaces;
- Cultural arts and arts programming; and
- Art that signifies political or religious affiliations.

Program Administration

- **Art Installations:** The Planning Division shall review the location of the proposed art installation as part of the project design approval process. The Library, Culture, and Arts Commission shall review the proposed artwork.
- **City Commissioned Public Art Project Installations:** The Library, Culture, and Arts Commission shall review the proposed artwork and provide a recommendation to the City Council. The City Council shall review and act on all public art projects.
- **In-lieu Fee Collection:** The City's Engineering Division shall be responsible for collecting the in-lieu fee as a development impact fee during the time of building permit issuance.
- **Administration:** The City's Public Services Department shall be responsible for the administration of the Public Art Fund.

Use of In-lieu Fee Funds:

Public Art funds may be used for the following activities:

- For the design, acquisition, purchase, commission, installation, placement, improvement, relocation, conservation, and insurance of artwork acquired by the City;
- For preventative care, maintenance, and utility charges related to the artwork and real property purchase;
- To sponsor or support the performing arts;
- For the acquisition and improvement of real property for the purpose of displaying artwork or conducting performing arts activities, which has been or may be subsequently approved by the City;
- For costs associated with administering the public art program;
- Other City-produced cultural or art education programs;
- Structures that enable the display of artwork(s); artistic design and fabrication fees; labor of assistants, materials and contracted services required for the production and installation of the work of art; any required permit or certificate fees, business and legal costs directly related to the project; and
- Preparation of site to receive artwork.

CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

Matt Mahood, Economic Development Director

APPROVED BY: City Manager

ACCEPT MORGAN HILL TOURISM BUSINESS IMPROVEMENT DISTRICT (MHTBID) OWNERS ASSOCIATION ANNUAL REPORT (DBA VISIT MORGAN HILL)

RECOMMENDATION(S)

Accept and file the Visit Morgan Hill Annual Report.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Maintaining and Enhancing Infrastructure

Preserving and Cultivating Public Trust

2024-2025 Strategic Priorities

Fiscal Sustainability

Economic Development and Tourism

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

Economic Blueprint

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

Every year, Visit Morgan Hill, the Owners' Association of the Morgan Hill Tourism Business Improvement District (MHTBID) is required to present an annual report at the end of each year of operation to the Morgan Hill City Council pursuant to Streets and Highways Code §36650. The Purpose of this staff report is to present the MHTBID's Annual Report (Attachment 1) for acceptance by the City Council.

Background:

On January 23, 2019, the City Council adopted a resolution establishing a Morgan Hill Tourism Business Improvement District (MHTBID) for a five-year term. The MHTBID provides for the collection of a 1.5% assessment of gross short-term room rental revenue, separate from and in addition to the City's Transient Occupancy Tax (TOT) of 11%. The City's 11% TOT revenues are public funds that support the General Fund. In comparison, the 1.5% MHTBID assessments are public funds managed by a non-profit board and are used for marketing and sales promotions and sports facility

improvements/programs designed to market the area as a tourism and event destination and increase room night sales at assessed lodging businesses. On March 1, 2024, the MHTBID entered a new term of 10 years, through February 28, 2034.

The Streets and Highways Code 36650 requires the MHTBID to provide the City Council with an Annual Report that articulates the following:

- Any proposed changes in the boundaries of the improvement district or any benefit zones or classification of businesses within the district.
- The improvements and activities provided for that fiscal year.
- An estimate of the cost of providing the improvements and the activities for that fiscal year.
- The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against their business for that fiscal year.
- The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

Management District Plan:

A Management District Plan (Plan) identifies the MHTBID's boundaries, budget, services, and governance. Below is a summary of MHTBID's Plan:

- **Boundary:** All lodging businesses located within the boundaries of the City of Morgan Hill.
- **Term:** Ten (10) -year assessment beginning March 1, 2024, through February 28, 2034, with an annual 30-day period of protest for termination by assessed businesses.
- **Budget:** Annual assessment rate of 1.5% (on top of the existing TOT) of gross short-term room rental revenue producing an annual budget of approximately \$341,000. The Management Plan allows the Owners Association to annually approve incremental increases or decreases to the MHTBID rate of up to 0.5%. The cumulation of approved rate increases or decreases shall not exceed a maximum MHTBID rate of 3% or minimum rate of 1.5%.
- **Mission:** Marketing and sales promotions as well as sports facility improvements/programs designed to market the area as a tourism and event destination and increase room night sales at assessed lodging businesses.
- **Governance:** A non-profit corporation, Visit Morgan Hill, serves as the "Owners' Association" charged with the management of funds and implementation of the MHTBID Management District Plan. An annual report is required to be provided to the City Council within 120 days of the MHTBID's fiscal year (October 30).

Owners' Association Makeup (Visit Morgan Hill Board of Directors):

The Owners' Association, Visit Morgan Hill (VMH), is a private entity separate from the

City of Morgan Hill. The make-up of the VMH Board of Directors includes up to four (4) but not less than (3) lodging representatives, two (2) City of Morgan Hill representatives, and up to three (3) but not less than (1) community representatives within the areas associated with wineries, sports recreation, and the community at large with interest in tourism. Currently, the Assistant City Manager of Development Services and the Public Services Director serve on the VMH Board.

Annual Report

The Owners' Association is required to present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 within one hundred-twenty (120) days of the MHTBID's fiscal year (October 30). The 2024 Annual Report is attached for the City Council's review and acceptance (Attachment 1). VMH's Annual Report does not propose any changes to the boundaries, benefit zones, or classifications of businesses. A list of activities and accomplishments undertaken by the district are listed in the Annual Report, including the implementation of a Strategic Plan, Brand Marketing, and other various visitor marketing and promotions efforts.

The City collects 2% of the MHTBID for management and administration. The MHTBID is expected to collect approximately \$341,000 annually. In Fiscal Year 2023-24, VMH's income for July 1, 2023 – June 30, 2024, was \$332,438. This amount consists of \$330,444 of TBID funds and \$1,994 in event registration and miscellaneous funds.

COMMUNITY ENGAGEMENT:

Inform

The Visit Morgan Hill board of directors meets every other month and conforms with Brown Act noticing requirements. These meetings are open to the public, and meeting records are kept at visitmorganhill.org.

ALTERNATIVE ACTIONS:

No alternative action is recommended, as this is an annual report on activities which have already occurred.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On July 18, 2018, the City Council directed staff to proceed with the creation of a Morgan Hill Tourism Business Improvement District (MHTBID) and voted to establish it and adopted the Management Plan on January 23, 2019. VMH has provided annual reports to the City since the inception of the district with the most recent annual report provided on October 4, 2023.

On December 6, 2023, the City Council adopted a resolution and ordinance establishing and renewing the MHTBID with a 10-year assessment.

FISCAL AND RESOURCE IMPACT:

The City is responsible for collecting the assessment on a monthly basis from each lodging business located in the District boundaries. The City forwards the assessments to the Owners' Association, known as Visit Morgan Hill (VMH), a nonprofit corporation in

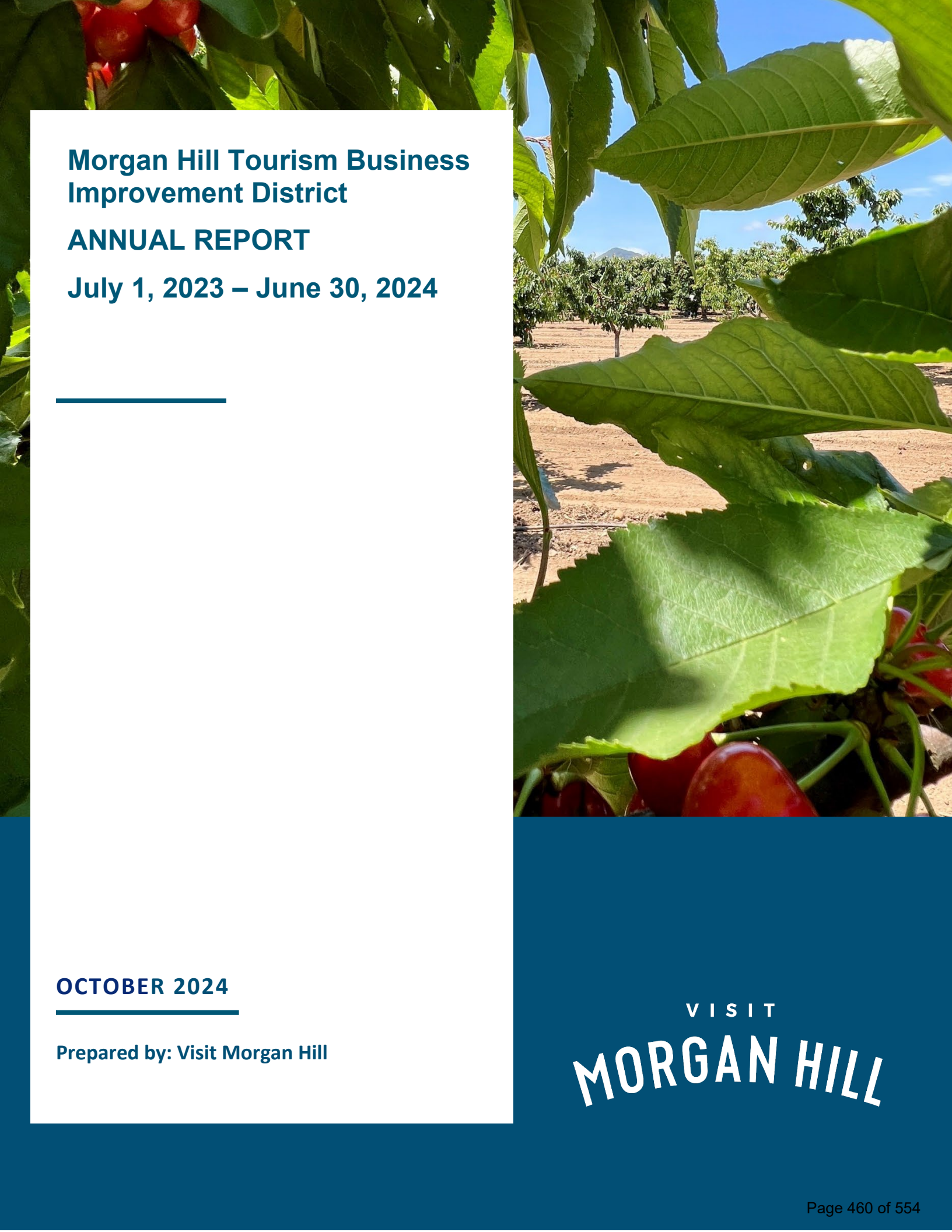
charge of managing District programs as provided in the Management District Plan. The City gets paid a fee equal to two percent (2%) of the amount of assessment collected to cover its collection and administration costs. The City collects a 1.5% gross short-term room rental assessment rate on behalf of the MHTBID.

In FY 2023-24, the City collected \$6,743.76 from the administration fee. These revenues are separate from and in addition to the City's Transient Occupancy Tax (TOT) of 11%. The TBID funds are public funds managed by a non-profit board (VMH). They are used for marketing and sales promotions and sports facility improvements/programs designed to market the area as a tourism and event destination and increase room night sales at assessed lodging businesses.

CEQA (California Environmental Quality Act):

Categorical Exemption

Pursuant to CEQA, organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment are exempt activities.

A photograph of a cherry orchard with large green leaves and red cherries in the foreground, and rows of trees in the background under a blue sky.

Morgan Hill Tourism Business Improvement District

ANNUAL REPORT

July 1, 2023 – June 30, 2024

OCTOBER 2024

Prepared by: Visit Morgan Hill

VISIT
MORGAN HILL

ANNUAL REPORT

This report serves as the Annual Report from Visit Morgan Hill (VMH), responsible for the Morgan Hill Tourism Business Improvement District (MHTBID), to the Morgan Hill City Council.

MHTBID BACKGROUND

The MHTBID assessment was implemented beginning March 1, 2019 and continued for five (5) years through February 29, 2024. The MHTBID began a new term of ten (10) years, from March 1, 2024 – February 28, 2034. The assessment collects 1.5% of hotel tax revenue for the purpose of marketing and promoting Morgan Hill as an overnight tourism destination.

VISIT MORGAN HILL

The Owners’ Association responsible for the MHTBID is the Visit Morgan Hill Board of Directors (known as the advisory body) and is made up of 1) three to four hotel representatives, 2) up to three community members representing the wineries, sports, and community at large; and 3) two representatives from the City of Morgan Hill representing Public Services and Economic Development. VMH was formed in March 2019.

As of June 30, 2024, the Visit Morgan Hill Board members, their representation areas, and terms were:

Representative	Industry	Term
Michael Meredith	Hotel	2023-2025
Chris Ghione	City	N/A
Edith Ramirez	City	N/A
Gene Guglielmo	Winery	2023-2025
Alexis Solis	Hotel	2023-2025
Doug Hall	Sports Recreation	2023-2024
Victoria San Nicolas	Hotel	2024-2026
John McKay	Community	2024-2026
Bina Roy Desai	Hotel	2024-2026

The initial appointment terms beginning at VMH’s formation in March 2019 are as follows:

Representative	Industry	Term
Michael Meredith	Hotel	2019-2021
Chris Ghione	City	N/A
Edith Ramirez	City	N/A
Andrew Firestone	Hotel	2019-2021
Gene Guglielmo	Winery	2019-2021

Carrie Benjamin*	Sports/Recreation	2019-2021
Karen Mendes	Hotel	2019-2020
Frank Leal	Community	2019-2020
Bina Roy Desai	Hotel	2019-2020
*Formerly David Eadie		

METHOD AND BASIS OF LEVYING ASSESSMENT

The annual MHTBID assessment rate is 1.5% of gross short-term room rental revenue. Assessments are not collected on stays of more than thirty (30) consecutive days or stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty. The City of Morgan Hill is responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the MHTBID. The MHTBID has a ten (10) year life, beginning March 1, 2024 through February 28, 2034. Pursuant to Streets and Highways Code §36670, once per year, beginning on the anniversary of MHTBID formation, there is a thirty (30) day period in which owners paying fifty percent (50%) or more of the assessment may protest and initiate a City Council hearing on MHTBID termination.

IMPROVEMENTS AND ACTIVITIES

See Appendix Item A

A summary of Visit Morgan Hill’s improvements and activities is provided here. Please see detailed overview in Appendix Item A (pgs. 5-9).

- Developed and Implemented Annual Budget and Work Plan
- Conducted Required Tax, Insurance, and Administrative Filings
- Maintained Visitor Information & Business Listings on visitmorganhill.org
- Maintained Online Public Event Calendar
- Implemented Digital Advertising, Email, and Marketing Campaigns
- Hosted Journalists and Influencers and Secured Media Coverage
- Published Organic Social Media Content, Campaigns, and Influencer Partnerships
- Generated Group Event Leads for Hotels, Sports Centers, and Event Venues
- Posted Visitor Information Signage at Sports Facilities
- Continued Tourism Brochure Distribution at Travel Centers
- Continued Strategic Partnerships & Advocacy for Tourism Development

COST OF PROVIDING IMPROVEMENTS AND ACTIVITIES

See Appendix Items B & D (pgs. 10 & 11)

For the fiscal year July 1, 2023 – June 30, 2024, operating expenses totaled \$346,345.91.

INCOME STATEMENT

See Appendix Item B (pg. 10)

VMH's income for July 1, 2023 – June 30, 2024 was \$332,438.36. This amount is made up of \$330,443.98 in TBID funds and \$1,994.38 in event registration and miscellaneous refunds. There is a 2-month processing period before VMH receives monthly TBID funds. May and June 2024 TBID collections are distributed to VMH in July and August 2024, respectively. For July 1, 2023 – June 30, 2024 the TBID income collected, but not all distributed to VMH within the fiscal year was \$328,718.13.

BALANCE SHEET

See Appendix Item C (pg. 11)

ESTIMATED AMOUNT OF SURPLUS OR DEFICIT REVENUES CARRIED OVER

See Appendix Item D (pg. 11)

The ending cash balance on June 30, 2024 was \$286,238.13.

CASH SUMMARY

See Appendix Item D (pg. 11)

TAXES WERE PREPARED WITHOUT AUDIT

Visit Morgan Hill's 2023 Federal Return of Organization Exempt from Income Tax has been electronically filed and accepted with the Internal Revenue Service, Federal and State. No tax is payable with the filing of this return. Visit Morgan Hill's 2023 California Exempt Organization Annual Information Return was also electronically filed. No audit conducted.

OTHER CONTRIBUTIONS

No other financial contributions to Visit Morgan Hill were made.

PROPOSED CHANGES

There are no proposed changes to the boundaries of the improvement district or to any of the benefit zones or classification of businesses within the district.

APPENDIX Item A: IMPROVEMENTS AND ACTIVITIES DETAIL

Below are the improvements and activities Visit Morgan Hill implemented for July 1, 2023 – June 30, 2024.

BACKGROUND

Visit Morgan Hill (VMH) has a comprehensive [Strategic Plan](#) which serves as the long-term guide for its Improvements and Activities. The strategy includes an asset analysis, opportunities/gaps, market assessments, key priorities, and tactical approach.

Each year, VMH establishes a Work Plan, based on strategic priorities and market research, which is approved by the Board of Directors. The Work Plan outlines VMH's initiatives, in accordance with the District Plan. Staff reports monthly to the Board on Work Plan progress.

VMH implemented a robust Work Plan this term, with a focus on benchmarking its first five years and recalibrating the strategy for forthcoming years. Despite the increased administrative lift to execute milestone projects, VMH achieved notable successes in the areas of marketing, business development, and partnership.

Operations & Administrative

- Completed MHTBID Renewal
 - Led a multi-month consensus building process to establish a new 10-year term, with over 84% of lodging support.
- Held Tourism Summit Event
 - Orchestrated a dynamic [event](#) for 80 people highlighting VMH's efforts, neighboring destination perspectives, and local business owner anecdotes.
- Published Tourism Market Assessment Report
 - Completed a custom [market report](#) to comprehensively communicate the state of Morgan Hill tourism to stakeholders.



Marketing Communications

- Continued all [website](#) listings, blogs, newsletters, and event calendar
 - Maintained listings for 235 businesses/orgs
 - Published 14 original [blog](#) articles
 - Listed 700 local events on [event calendar](#)
 - Quarterly Consumer [Newsletter](#) | 58% open rate, 9.6% click rate
 - Web Pageviews: 236,675 Total | 11% yr/yr
 - Web Unique Visitors: 123,906 Total | 9% yr/yr
 - Web Visits: 149,579 | 9% yr/yr
 - Web Referrals From Social Media: 9,516 | 76% yr/yr
 - Outbound Clicks/Referrals: 38,169 | 125% yr/yr
- Enhanced media efforts and partnerships
 - Attracted and coordinated 2 earned media visits
 - Secured 13 media stories
 - [Visit California Pickup](#)
 - [Sedona Monthly](#) (partnership w/ Visit CA, Santa Cruz, SJ, Paso)
 - Wander With Wonder, California Bountiful, 7x7, Tinybeans, Bay Area News Group
 - Began writing a recurring VMH column for Morgan Hill Life
- Hosted 3 influencers/content creator visits
 - Brits Bella Vita – 2 reels, 1 carousel, stories
 - Cait Outdoors – 1 weekend reel
 - Smilko's Lens – content creation
- Enhanced Social Media efforts
 - Posted 50 [Reels](#)/72 posts on FB, IG, TT (versus 33/38 the previous year)
 - Increased Social Media Following by 45%
 - Achieved Engagement rate of 4.7%
- Continued distribution of Morgan Hill brochure at California travel hubs
- Conducted marketing campaigns and placements:
 - Meta Digital Co-op “Fall Winter”
 - Bay Country Radio Ad Summer 2024
 - Central Coast Visitors Map
 - [Visit National Parks Media Feature](#)
 - [Visit California Road Trips Guide](#)
 - [PJIFF “Cinema & Chill” Promo](#)



Business Development

- Distributed 52 leads to hotels and event venues
- More than doubled the number of room nights leads by 132% yr/yr
- Fielded 75 visitor information requests
- Secured IFL Bay Area Panthers training facility for 2nd year by coordinating host contracts for City facility rentals, MHOSC rental, hotel accommodations, and sponsorship
- Supported the acquisition of 2 Santa Clara Swim Club swim meets
- Continued to publish MH [Sports Facility Calendar](#) of tournaments
- Installed Visitor Information Signage at Sports Facilities
- Created a new Wedding [webpage](#) and wedding-specific social media [A](#), [B](#)
- Monthly “sports” meetings with MHOSC and City Parks & Rec
- Engagement with SJ Sports Authority on site tours and bids for national events



Partnership & Product Development

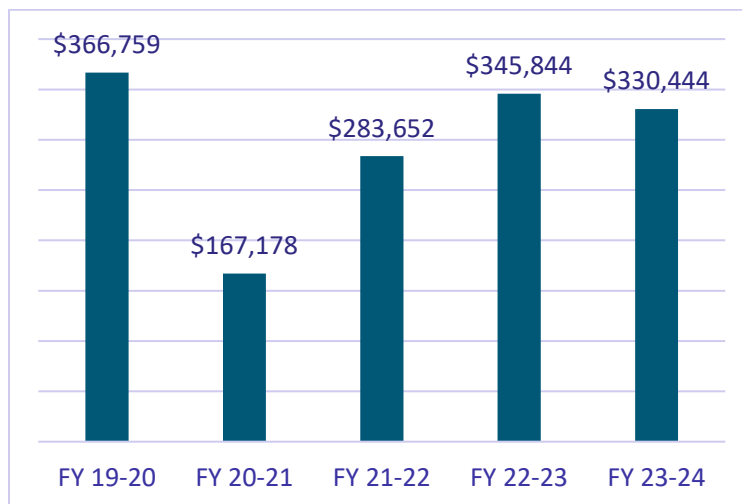
- Strategic Partnership
 - Attended partner organization meetings and provided report outs as needed to MH Chamber Board and Economic Development Committee, Downtown Association, PBID (Destination Downtown), and Wineries of Santa Clara Valley.
 - Collaborated with the City of Morgan Hill Economic Development Department, Parks and Recreation Department, and attended the ELEVATE Morgan Hill seminar
- Industry Relations

- Attended the Visit California Tourism Outlook conference, Visit California’s Bay Area Strategic Planning Steering Committee, and the Central Coast Tourism Marketing committee (a Visit California Regional Grant Program).
- Local Events
 - List all events of visitor-interest on website and promote major festivals
 - Worked with Destination Downtown & local businesses to coordinate a “Country Weekend” promotion surrounding Boots & Brews concert
 - Marketing partnership with MH Mushroom Festival & PJIFF
 - Volunteered for the Wine Auction presented by Morgan Hill Community Foundation and Wineries of Santa Clara Valley
- Advocacy - VMH engaged on the following topics relative to tourism:
 - Transportation Master Planning Process
 - Fattoria Public Market agritourism proposal
 - City Goal Setting Workshop
 - MOHI Hotel by Appellation tax rebate proposal

MARKET INDICATORS

MHTBID Collections

MHTBID funds received by Visit Morgan Hill from July 1, 2023 – June 30, 2024 were \$330,443.98, a 4.45% year over year decline.



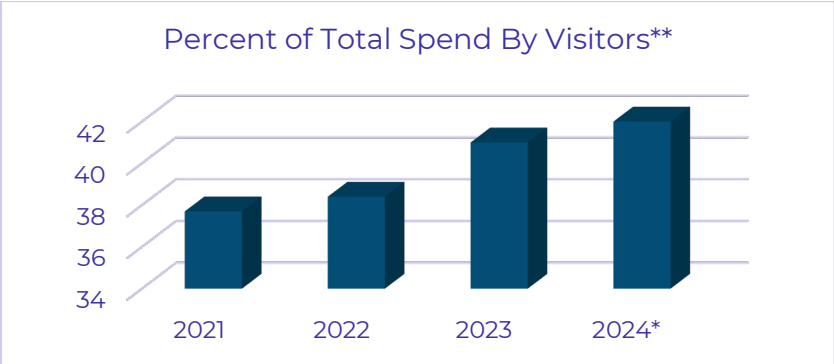
Hotel Metrics

Morgan Hill’s Smith Travel Research (STR) hotel metrics show (as of July 2024) a running 12-month average occupancy of 63.2%, average daily rate of \$123.35, and revenue per available room of \$78.00. Though June and July metrics were higher, weaker figures in November 2023

– February 2024 brought down the averages. An approximately 2% year over year decline in both occupancy and average daily rate resulted in a 4.3% revenue decrease, which aligns with the year over year MHTBID decline.

Visitor Spending

According to the representative sample provided by Visa Insights, the percentage of spending in Morgan Hill by visitors (non-residents) in all merchant categories was 42% at end June 2024. In 2021 this amount was about 37%. This indicates that the impact of non-residents on our local economy is growing.



**Data available January – June 2024*
***Based on representative sample from Visa Insights*

Conclusion

A variety of national and regional economic factors influence local hotel demand and revenue. Broader macroeconomic factors such as inflation, rising costs, and the shift away from business travel are impacting even well-known tourism destinations. Locally, seasonal fluctuations, such as fewer sports tournaments and outdoor private events during the winter, contribute to the softer year over year hotel revenue. The rebound in 2022 & 2023, following the pandemic, was due to pent up demand for travel and events, particularly in sports tourism. As the market normalized in 2023 & 2024, and families adjusted to new economic realities, some may have opted for fewer trips, weddings, or tournaments than the prior year. Furthermore, hotel inventory in San Jose has grown, meaning less compression into Morgan Hill hotels for business travel and other markets. Despite these challenges, Morgan Hill remains well positioned to attract visitors, and the Visa Insights data indicates a significant amount of local spending is made by non-residents.

For more information on the state of tourism, please see our [Market Assessment](#).

APPENDIX Item B: INCOME STATEMENT

Income Statement

July 1, 2023 - June 30, 2024

Income

TBID	\$330,443.98
Tourism Event Registration & Miscellaneous	
Refunds	\$1,994.38
Total Income	\$332,438.36

Operating Expenses

Administrative

Salaries	\$144,664.85
Tax Services	\$760.00
Employer tax	
Employee tax	
Payroll service fees & wire fees	\$764.86
Insurance	\$2,961.13
Softwares, Systems (adobe, office, squarespace)	\$1,953.87
Dues and subscriptions data	\$6,440.00
Office Supplies, hardware, postage, misc	\$494.48
TBID Renewal Services	\$29,952.00
	\$187,991.19

Marketing Communications

Agency Fees & Campaign Development	\$73,606.04
Additional Advertising	\$22,982.11
Content/Materials	\$17,238.08
	\$113,826.23

Business Development & Industry

Strategic Market Development	\$4,015.64
Hosting Fees	\$11.74
Sponsorship	\$17,500.00
	\$21,527.38

Industry & Community Relations

Tourism Event	\$17,864.81
Partner & Industry Development Meetings & Conference	\$5,136.30
	\$23,001.11

Total Operating Expense

\$346,345.91

Net Income (Loss)

(\$13,907.55)

APPENDIX Item C: BALANCE SHEET

Balance Sheet

June 30, 2024

Assets

Current Assets	Checking	\$286,238.13
	AR	\$0.00
Total Current Assets		\$286,238.13

Liabilities & Equity

Liabilities	\$0.00
-------------	--------

Equity	Balance July 1, 2023	\$300,145.68
	Year Earnings	\$332,438.36
	Less Op Exp	\$346,345.91
	Net	\$286,238.13

Total Liabilities & Equity	\$286,238.13
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APPENDIX Item D: CASH SUMMARY

Cash Summary

Year Ending June 30, 2024

Income

TBID	\$330,443.98
Tourism Event Reg & Misc. Refunds	\$1,994.38
Total	\$332,438.36

Less Operating Expenses

Administrative & Salary	\$151,599.19
Dues & Subscriptions	\$6,440.00
Agency & Digital Campaign	\$73,606.04
Additional Ads & Promo Material	\$40,220.19
Business Development	\$21,527.38
Industry & Community Relations	\$23,001.11
TBID Renewal Services	\$29,952.00
Total	\$346,345.91

Summary

Opening Balance July 1, 2023	\$300,145.68
Cash Movement	(\$13,907.55)
Closing Balance June 30, 2024	\$286,238.13

Morgan Hill Tourism Business Improvement District **FY 23-24 Annual Report**

Visit Morgan Hill

October 2024

Who We Are

- ▶ Visit Morgan Hill is a 501(c)6 non-profit destination marketing organization (DMO)
- ▶ Funded by the MHTBID, a 1.5% assessment on hotel stays
- ▶ Dedicated to attracting overnight hotel stays
- ▶ Separate entity from the City and led by a board of directors



Strategic Priorities

BUILD BRAND

- **Marketing Communications**

GENERATE DEMAND

- **Business Development**

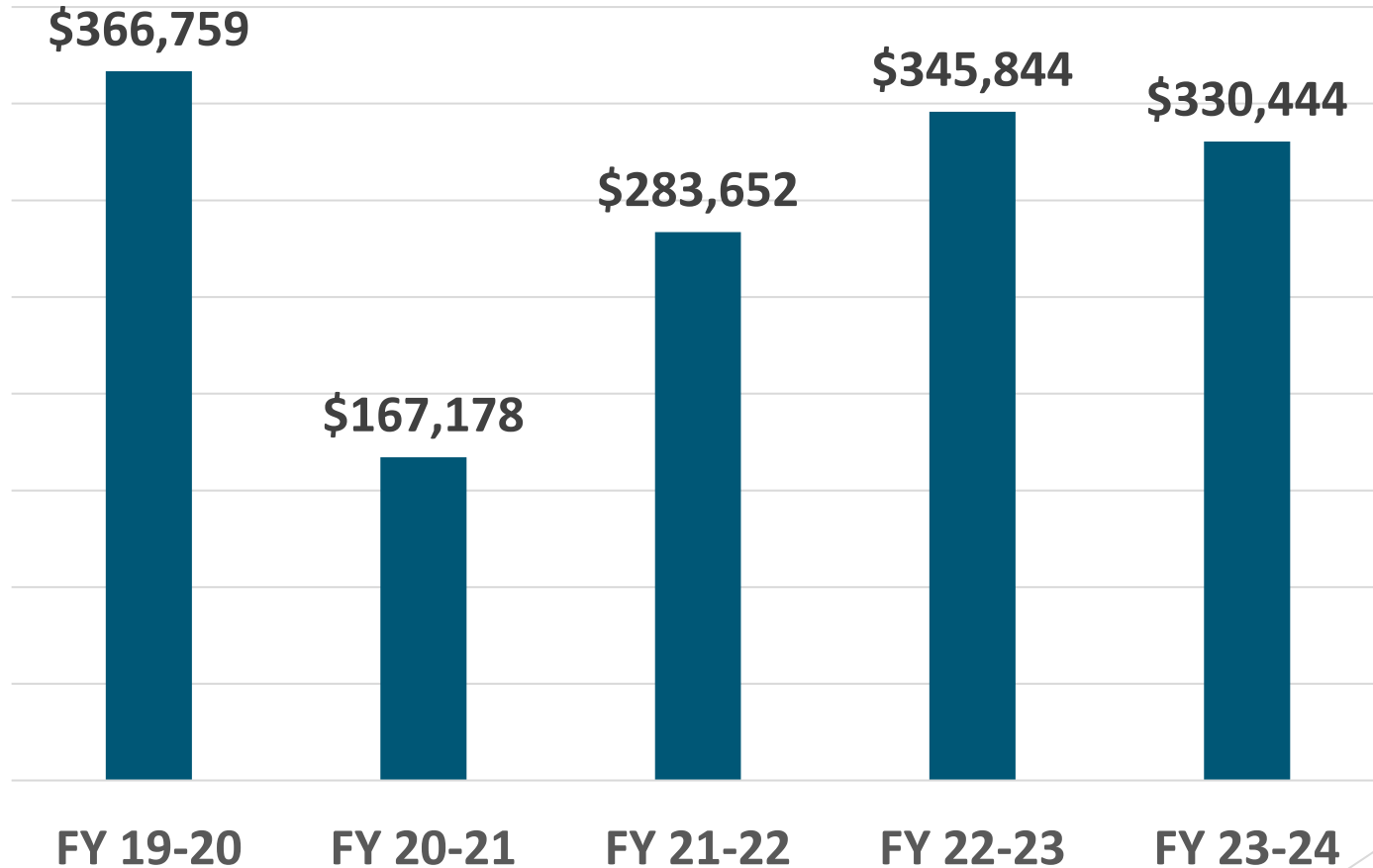
DEVELOP ASSETS

- **Industry Partnership**

Market Indicators

MHTBID HISTORY

VISIT
**MORGAN
HILL**



STR Hotel Performance*

Occupancy	63.2%	-2.1%
Average Daily Rate	\$122.97	-2.2%
Revenue Per Available Room	\$78.00	-4.3%

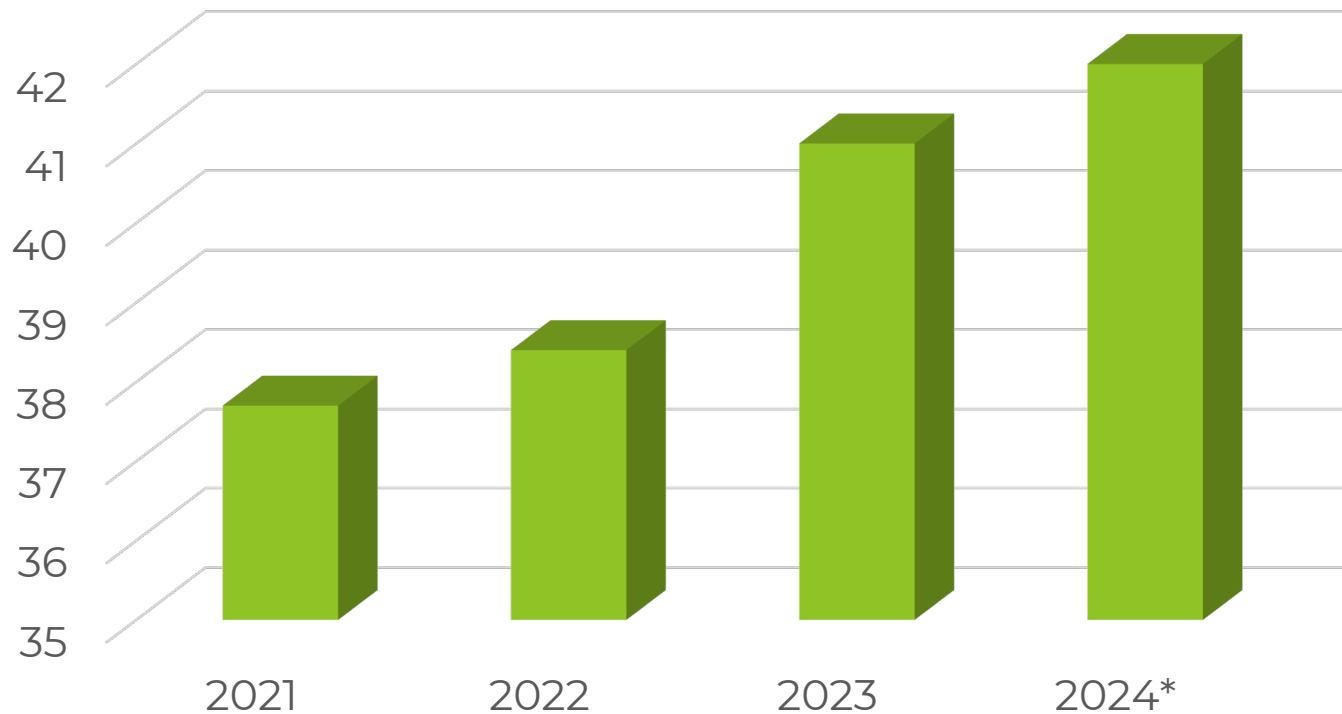
**FY July 1, 2023 – June 30, 2024 average*

**Aggregate for 9 reporting hotels in Morgan Hill*

Visitor Spending in Morgan Hill

VISIT
MORGAN
HILL

Percent of Total Spend By Visitors**



**Data available January – June 2024*

***Based on representative sample from Visa Insights*

Activities & Improvements

Operations & Administrative



- ▶ MHTBID
Renewal
- ▶ Tourism
Summit Event
- ▶ Market
Assessment
Report

VISIT
**MORGAN
HILL**

Website Development

- ▶ Published **14** Original Blog Stories
- ▶ Listed **700** Local Events on Calendar

New Culinary Debuts in Morgan Hill, California

Dining

Discover several new delicious developments in Morgan Hill dining, from brunches, to happy hours, and new openings for Fall 2024!

[Read More →](#)

5 Places to Taste Wine for \$15 or Less in Morgan Hill, California

Wineries

Sip on something new and inspiring--that won't break the bank--from Morgan Hill's award-winning wineries! Here are 5 places to tast for \$15 or less.

[Read More →](#)

7 Budget-Friendly Travel Tips for Morgan Hill, California

Itineraries, Groups

Morgan Hill is a fantastic getaway for those who want all the great experiences of a California vacation without the big city price tag. Here's 7 tips

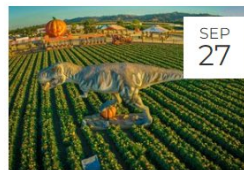
MORGAN HILL EVENT CALENDAR

Morgan Hill has a diverse range of community and public events. Scroll below to see what's coming up!
Check directly with venues to confirm event details.

[CALENDAR VIEW](#) | [SIGNATURE EVENTS](#) | [SPORTS CALENDAR](#)

[CLICK HERE FOR LOCAL WINERY EVENTS](#)

FEATURED EVENTS



SPINA FARMS PUMPKIN PATCH 2024
Sep 27, 2024 – Nov 2, 2024



TARANTULA FEST AT HENRY W. COE STATE PARK
Oct 5, 2024



SIDEWALK SATURDAYS
Oct 12, 2024



SADDLERACK THROWBACK AT GRANADA THEATER
Oct 12, 2024 – Oct 13, 2024

[FIND A PLACE TO STAY](#)

Website Development

- ▶ Maintained **235** Business Listings
- ▶ Newsletter | **58%** OR, **9.6%** CTR
- ▶ Pageviews: 236,675 | **+11%** yr/yr
- ▶ Social Referrals: 9,516 | **+76%** yr/yr
- ▶ Referrals: 38,169 | **+125%** yr/yr

VISIT
**MORGAN
HILL**



Public Relations

- ▶ Ongoing Story Pitching & Press Releases
- ▶ Hosted **2** Journalists
- ▶ Secured **13** Stories
 - ▶ Visit California
 - ▶ Sedona Monthly
 - ▶ 7x7
 - ▶ California Bountiful
 - ▶ Bay Area News Group
 - ▶ Tiny Beans
- ▶ Recurring Column in MH Life

VISIT
**MORGAN
HILL**

SEDONA
MONTHLY

ARIZONA'S MAGAZINE WITH THE GREAT VIEW

HIKES / BUSINESS DIRECTORY / HOROSCOPE / CALENDAR / FEATURES / RESTAURANTS / GALLERIES

LET'S GO: ESCAPE / JULY 12, 2024

LET'S GO: CALIFORNIA DREAMIN'

MORGAN HILL

About 40 minutes south of San Jose is Morgan Hill. We kicked off our first night with a meal at the vegan restaurant Craft Roots. We ordered a "chicken" sandwich and fries that were hearty and a perfect substitute for the real thing outside on the patio. The following day, we had breakfast at Mohi Farms. Downtown Morgan Hill's Mohi Farm is a bright, open-air restaurant that serves healthy cuisine. We had a latte and a poki bowl and then visited the farmer's market. Next, we headed out to hike at Uvas Canyon County Park. After some windy, two-lane winding country roads, we ended up at this lush park. We appreciated spending time in a wooded area that was relatively secluded. We took a loop trail to check out a variety of rushing waterfalls. After our hike, we headed over to P&V Winery to sample six of this boutique winery's creations.



P&V Winery.

Social Media

- ▶ Enhanced Posting Quality & Consistency on IG, FB, TT
- ▶ Hosted **3** Influencer Visits/Partnerships
- ▶ Posted **72** Times, including **50** Reels
- ▶ Increased Following **45%**
- ▶ Engagement Rate of **4.7%**





Marketing Campaigns

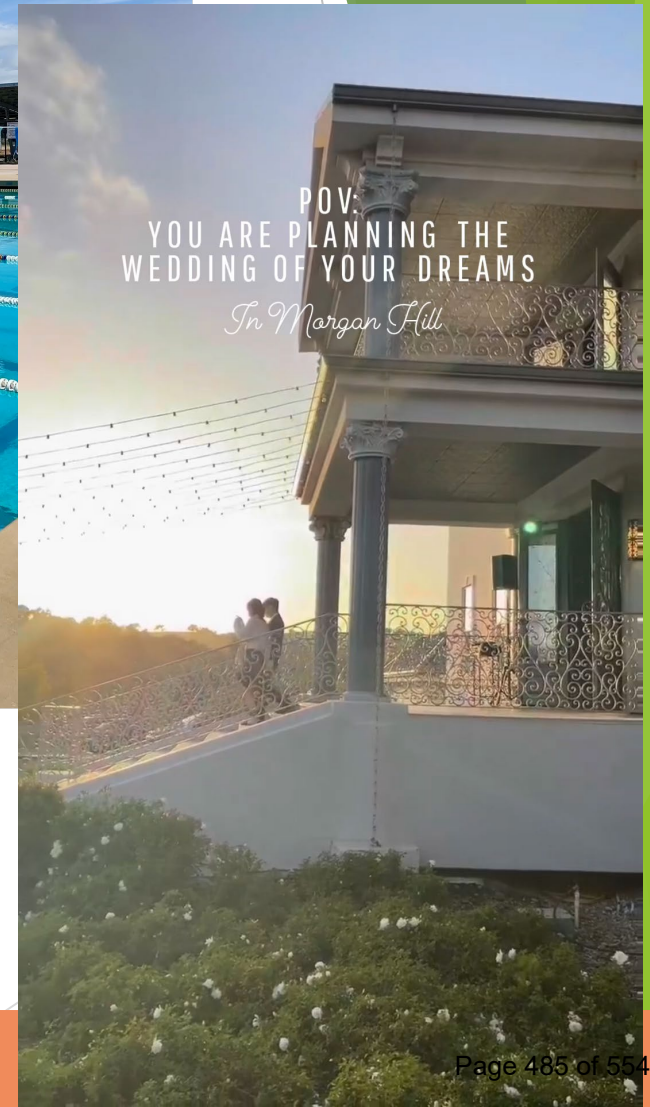
- ▶ Morgan Hill Brochure
- ▶ Visitor Signage at Facilities
- ▶ Meta Digital Co-op
- ▶ Bay Country Radio Ad
- ▶ Visit National Parks Media Feature
- ▶ Visit CA Road Trips Guide
- ▶ Central Coast Map
- ▶ PJIFF Cinema & Chill Promo

Lead Distribution

- ▶ Generated and distributed **52 Leads** for Hotels and Venues
- ▶ Representing **3,613** Room Nights
- ▶ **+132%** yr/yr Increase



VISIT
**MORGAN
HILL**



Sports & Group Development

- ▶ Secured IFL Bay Area Panthers Home Facility
- ▶ Sponsored 2 new Santa Clara Swim Meets
- ▶ Continued to Publish MH Sports Facility Calendar
- ▶ Created Wedding Webpage and Social Posts
- ▶ Monthly Local Sports Coalition Meetings
- ▶ Engagement with San Jose Sports Authority





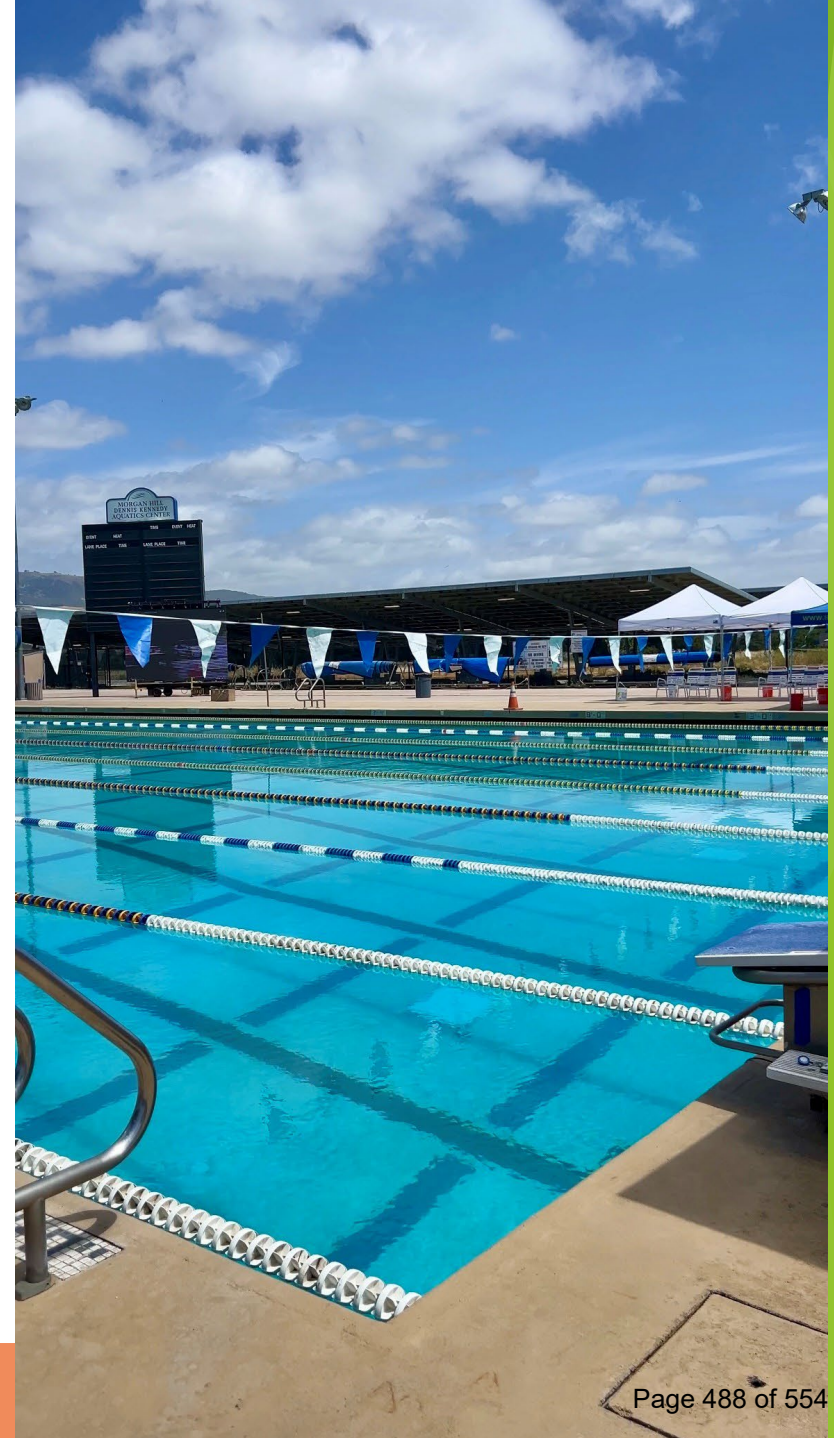
Strategic Partnerships

Continued to attend partner meetings and provide report outs.

VISIT
**MORGAN
HILL**

Local Events & Advocacy

- ▶ Promote Events on Calendar & Social Media
- ▶ Major Festival Campaigns
 - ▶ Country Weekend
 - ▶ PJIFF
 - ▶ Mushroom Fest
 - ▶ SCV Wine Auction
- ▶ Engaged in Tourism Topics
 - ▶ Transportation Master Planning Process
 - ▶ Fattoria Public Market
 - ▶ MOHI Hotel by Appellation
 - ▶ City Goal Setting





Connect

FACEBOOK

@VisitMorganHillCA

<https://www.facebook.com/VisitMorganHillCA/>

INSTAGRAM

@VisitMorganHillCA

<https://www.instagram.com/visitmorganhillca/>

TIKTOK

@VisitMorganHill

<https://www.tiktok.com/@visitmorganhill>

WEBSITE

www.visitmorganhill.org

Thank You!

CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

Edith Ramirez, Assistant City Manager

APPROVED BY: City Manager

ACCEPT ELEVATE MORGAN HILL - ECONOMIC MOBILITY REPORT

RECOMMENDATION(S)

Accept the ELEVATE Morgan Hill - Economic Mobility Report.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Supporting our Youth, Seniors, and Entire Community

Fostering a Positive Organizational Culture

Preserving and Cultivating Public Trust

Enhancing Diversity and Inclusiveness

2024-2025 Strategic Priorities

Affordable Housing and Homelessness

Community Engagement

Economic Development and Tourism

Guiding Documents

Communications, Outreach, and Engagement Plan

REPORT NARRATIVE:

Background:

In 2023, the City received a grant from the International City/County Management Association (ICMA) and the Gates Foundation to participate with nine other communities nationwide in an Economic Mobility and Opportunity (EMO) Cohort. ICMA is a professional local government organization that provides leadership, innovation, ethics, and management best practices to local government professionals worldwide. As a cohort member, Morgan Hill received a \$35,000 grant to advance local activities designed to boost upward mobility for residents.

The impetus of this work is the City's Housing Element, which, through the Affirmatively Furthering Fair Housing (AFFH) study, identified that the Hispanic population in Morgan Hill is falling far behind and suggested strategies such as connecting Spanish speakers to local jobs as part of the Housing Element work program. Another critical fact that influenced the scope of the economic mobility project was the 2022 Health and Social Needs Survey conducted by the Santa Clara County Health Plan (Health Plan), which

surveyed residents throughout South County and with over 700 responses, 74% of the Spanish-speaking Community shared that they do not have an organization they can trust. Therefore, Morgan Hill's economic mobility project is focused on connecting Spanish-speaking and low-income residents to housing resources and jobs while increasing their sense of belonging within the Community.

The ICMA EMO Cohort and grant allowed the City to collect Morgan Hill-specific data to analyze demographic and business composition and better understand the Community's needs. Through 2023, staff worked to identify the Community's needs through surveys, focus groups, and data collection from local providers. Staff convened meetings with over two dozen stakeholders, such as local employers, service providers, and educational institutions, to identify hiring trends and opportunities, apprenticeships, certification programs, and resources offered by local services.

This effort resulted in ELEVATE Morgan Hill, an Economic Mobility Report that seeks to promote overall well-being and upward mobility for all residents of Morgan Hill by connecting them to job and career opportunities and housing resources and enhancing their sense of belonging. The report was released at the Economic Mobility Symposium on May 30, 2024.

ANALYSIS:

SOCIO-ECONOMIC:

The report recognizes that the population in Morgan Hill is changing. The current population makeup is 44.1% White, 34.7% Hispanic, 15.8% Asian, and 5.4% Other. More than half of the population is now made up of the Hispanic and Asian segments, with the Asian segment the fastest growing. One in five Morgan Hill residents (9,400 people) is foreign-born. 82% of those residents speak a language other than English, and one-third of all Morgan Hill residents speak a language other than English at home.

While Morgan Hill's median household income is relatively healthy at \$139,161, Silicon Valley's cost of living and housing prices make it extremely challenging for residents.

The ELEVATE Morgan Hill report identified that 50% of Morgan Hill residents are cost-burdened, and 28% rely on some form of financial assistance. This data is consistent with the 2024 Index by Joint Venture Silicon Valley, which identified that nearly a third of Silicon Valley households struggle to afford basic necessities. The data also highlighted a concerning racial and ethnic disparity, with Hispanic or Latino non-citizens and individuals with limited English proficiency showing the highest risk of income inadequacy.

According to the City's Housing Needs Assessment, the Hispanic population has the highest poverty rate, is disproportionately renters, and is the most severely cost-burdened, with 21.5% spending more than 50% of their income on housing. This group also has the highest overcrowding rate. In Santa Clara County, Latinx residents represent 42.7% of the population experiencing homelessness. In the region, limited English proficiency (LEP) Spanish speakers are concentrated in Downtown, South, and

East San Jose, as well as in Morgan Hill, Gilroy, and Hollister.

BELONGING:

In recent years, the City of Morgan Hill launched the "Morgan Hill Together" initiative to promote community unity through enhanced outreach, cultural inclusivity, and engagement. The City expanded translation and interpretation services, improved community outreach, and offered more culturally responsive programming, such as during National Night Out. These efforts foster a sense of belonging and connection between diverse community groups.

To better understand the Community's needs and to be responsive to the County's Health Plan survey, the City conducted the "I BELONG/Yo Pertenezco" survey in English and Spanish. The survey assessed residents' sense of belonging, trust in the City, and overall concerns. The survey did not reveal distrust issues but did showcase significant differences between English and Spanish-speaking community members. For example, 71% of English-speaking participants held a bachelor's degree or higher, while 60% of Spanish-speaking respondents reported having only a high school diploma or GED. Income disparities were also evident, with 60% of English speakers earning \$100,000 or more compared to 50% of Spanish speakers earning less than \$35,000. Housing emerged as the top concern for all, but English speakers also expressed concern about healthcare and childcare, whereas Spanish speakers shared concerns about employment and education.

Fostering a genuine sense of belonging builds trust, empowers the community, and enhances economic mobility. To strengthen belonging and trust, particularly within the Spanish-speaking residents, the City has expanded opportunities for bilingual engagement. The City's communication team has added bilingual staff, expanded the City's Spanish translation of the City's website, and increased the availability of translated materials and documents in Spanish.

The ELEVATE Morgan Hill section on 'Belonging' identifies 3 strategies and 13 specific action items. The key strategies include:

- Improve visibility of Hispanic/Latinx community.
- Empower the Spanish-speaking community to promote autonomy and equity of voice.
- Create an active allyship workplace culture at City Hall.

Several of the specific tactics identified under each of the three strategies are currently being done as a part of the City's work program, including celebrating diversity by encouraging cultural events, engaging working families at events, offering childcare and food to encourage engagement and participation, raising awareness of unconscious biases, systematic inequities and the importance of belonging and allyship; and, preventing discrimination and promoting inclusivity through values campaigns and skills training.

HOUSING:

Housing costs in Morgan Hill have increased drastically. Morgan Hill's home values have escalated over 100% between 2009 and 2022, from \$695,935 to \$1,400,000 (Redfin). Rents increased nearly 60% from \$1,620 to \$2,590 between 2012 and 2023 (HUD). Unsurprisingly, 50% of Morgan Hill residents are cost-burdened (meaning they spend more than 50% of their income on housing). Consistent with regional trends identified in the 2024 Joint Venture Silicon Valley Index, 28% of all residents rely on some form of financial assistance. Nearly a third of Silicon Valley households, including Morgan Hill residents, struggle to afford basic necessities.

While Morgan Hill has been producing a lot of housing and has one of the largest affordable housing portfolios in the region, the need to continue to support housing for populations that require specialized housing types to address their needs is clearly articulated in the state-certified Housing Element.” Over 5,630 families are considered low, very low, or extremely low-income households, yet Morgan Hill only has 21% (1,196) of its homes meeting those incomes. This means there is a 79% shortage of income-adequate housing to meet the community's needs today.

According to the City of Morgan Hill's 2023 Housing Needs Assessment, the Hispanic/Latinx population has the highest poverty rate, is disproportionately renters, and is the most severely cost-burdened with one in five spending more than 50% of their income on housing. This ethnic group also has the highest overcrowding rate. In Santa Clara County, Hispanic/Latinx residents represent 42.7% of the population experiencing homelessness. In the region, limited English proficiency (LEP) Spanish speakers are concentrated in Downtown, South, and East San Jose, as well as in Morgan Hill, Gilroy, and Hollister.

The City has a dedicated full-time Unhoused Specialist supporting the unhoused community, connecting them to resources and the County's housing queue. While the 2023 Homeless Count by the County of Santa Clara's Office of Supportive Housing identified 230 individuals experiencing homelessness in Morgan Hill, much progress has been made:

- 132 households are currently in the housing queue.
- 214 households have completed assessments.
- 89 households have been placed in permanent housing.

This progress is due to the robust safety net of community partners like Destination Home, which funded the Unhoused Specialist for three consecutive years; the Safe Parking Program by Compassion Center; and the hotel vouchers and rental down payment assistance by St. Vincent de Paul.

The ELEVATE Morgan Hill 'Housing' section identified 3 strategies and 13 specific action items. The key strategies include:

- Empower residents: Building housing knowledge and access.

- Increase affordable housing assets.
- Break down barriers and foster inclusivity by redefining affordable housing.

In a collaborative effort to build a stronger, more inclusive community, Morgan Hill gathered diverse local residents to discuss the crucial connection between affordable housing and a thriving community. In partnership with Destination Home, the City created a "Building a Better Future: Investing in Workforce Housing" video that illustrates how income-based housing or affordable housing is needed to support economic development, economic prosperity and inclusivity in the community. The proposed strategies and action items are being and will be incorporated to the extent possible within the existing resources. Currently, the housing division is not fully staffed, with vacant Housing Coordinator and Director positions. The Housing Director position has been re-positioned to Housing and Economic Mobility Director, responsible for the implementation of the ELEVATE Morgan Hill work program.

JOBS:

Morgan Hill has approximately 1,600 businesses and about 19,000 jobs. One of the largest employment segments is associated with advanced manufacturing. Ideally, the City should have one job for every person able to work (a 1:1 ratio) and a match of job wages to the local workforce and workers. Of the 45,000 residential population, 21,775 are considered employed residents (residents able to work). Although the City of Morgan Hill has increased the number of local jobs in recent years, the ratio of jobs to resident workers is 0.85; thus, Morgan Hill is a net exporter of workers.

In Morgan Hill, there are more jobs with wages under \$50,000 and fewer jobs for wages above \$50,000, with a bigger gap for wages of \$75,000 or more. 65% of the workers in Morgan Hill leave the City for employment elsewhere in the region. The mean travel time to their place of employment is approximately 36 minutes. These residents leave the City because Morgan Hill has more low-wage jobs than low-wage residents.

2017 Census data shows that 23% of business owners in Morgan Hill are Hispanic/Latinx. While this represents almost a quarter of all businesses in Morgan Hill, of those businesses that self-identified as Hispanic/Latinx, only 5% of the Payroll Protection Program (PPP) funds administered through the Small Business Administration during the COVID-19 pandemic were provided to Hispanic/Latinx business owners. Of the \$86.1 million loaned to business owners in Morgan Hill, only \$4.6 million was provided to Hispanic/Latinx business owners. This disproportionate allocation of funds seems to indicate a lack of information and resources getting to the Hispanic/Latinx business owners.

The ELEVATE Morgan Hill's Gap and Opportunities Analysis shows that there are very few non-profit or government-supported service providers or job search/job training programs within the City of Morgan Hill—let alone organizations that address the unique needs of the Hispanic/Latinx community and the Spanish-speaking job-seeker. To some extent, Morgan Hill could be described as a service/resource desert for residents of the community who need it most.

The ELEVATE Morgan Hill Jobs section identified 3 strategies and 15 specific action items. The key strategies include:

- Increase access to education, training, and employment.
- Promote entrepreneurship.
- Expand employment opportunities locally.

Within the three strategies, the Economic Development team has identified 15 action items that can further advance the objective of lifting the City's most vulnerable community members out of low-wage jobs by providing them with more equitable access to jobs, job training, services, and resources. The action items are designed to establish partnerships with key organizations, leverage existing resources and activities, identify additional resource needs, and support internal and external capacity building.

The Economic Development team has been incorporating several of the action items into its existing 2024/25 work program, including:

- Developing relationships and partnerships with existing service providers.
- Making Business License applications available in Spanish via HDL
- Translating business start-up information and resources into Spanish.
- Established a local Morgan Hill employer resource page on the Choose Morgan Hill website.
- Conducting quarterly Human Resources Manager Roundtables to address the needs of local employers and looking to connect those employers to Spanish-speaking residents.
- Partnering with MHUSD and the Morgan Hill Chamber of Commerce to conduct student tours of local manufacturing facilities and to identify career pathways.

CONCLUSION:

The overall goal of ELEVATE Morgan Hill recognizes and addresses the growing socio-economic disparities and offers a focused approach to providing information, services, resources, and education. The City's economic prosperity depends on the economic health of its community. As the nation and the region continue to struggle with many unhoused residents, work associated with connecting people to jobs and housing is imperative.

The ELEVATE Morgan Hill Report provides nine strategies and 41 actions to support economic prosperity through the lens of jobs, housing, and belonging. The robust work program can guide the City and community partners in continuing to expand outreach efforts and programming. Some of the actions in the report are already being incorporated into the City's work program. With the acceptance of the ELEVATE Morgan Hill Report, staff will advance collaborations with other community partners and find ways to collaborate to have a greater collective impact.

COMMUNITY ENGAGEMENT:

In 2023, staff convened meetings with over two dozen stakeholders such as local employers, service providers, and educational institutions to identify hiring trends and opportunities, apprenticeships, and certification programs as well as resources offered by local services.

On May 30, 2024, staff hosted an Economic Mobility Symposium where a draft version of the ELEVATE Morgan Hill Report was released. Nearly 200 community members attended the event.

In August 2024, staff presented the report to the Planning Commission, held two community meetings, and shared the information at community and resource fairs and events.

The final report has been edited with feedback received from the community engagement meetings.

ALTERNATIVE ACTIONS:

The City Council may choose to provide alternative direction on the Economic Mobility work program, or may choose to not accept the report.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Describe all previous actions that have been taken on this item prior to this report by a City Commission and City Council, including fiscal year budget adoption actions.

FISCAL AND RESOURCE IMPACT:

In 2023, the City of Morgan Hill received a \$35,000 grant to advance local activities designed to boost upward mobility for residents and to pursue future economic mobility strategies. In addition, ICMA provided funds to secure an outside consultant to collect and prepare data for the Morgan Hill initiative. .

Future strategies and action items are currently unfunded. Some strategies and action items may be easily incorporated into department work plans, while other action items, may require future budget allocations or the pursuit of grant funding to achieve the desired outcomes.

CEQA (California Environmental Quality Act):

Not a Project - CEQA does not apply.

ELEVATE

MORGAN HILL

*2024 Economic Mobility Report
Morgan Hill, CA*



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Work2Future

Hispanic Foundation of Silicon Valley

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South County Compassion Center

South County Collaborative

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EXECUTIVE SUMMARY



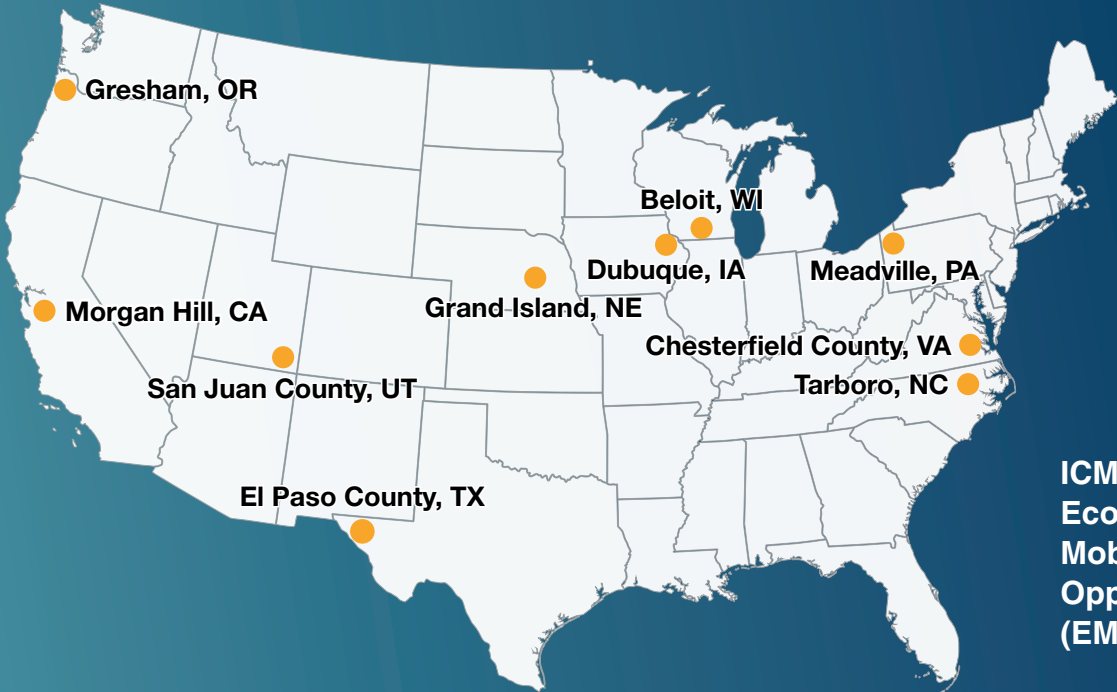
Background

The **ELEVATE Morgan Hill Economic Mobility Report** aims to connect Spanish-speaking residents and lower income community members to jobs and housing resources while increasing their sense of belonging to the Community. This work was influenced by the City’s **2023 Housing Element** and made possible by the International City/County Management Association (ICMA) and the Bill and Melinda Gates Foundation **2023 Economic Mobility and Opportunity (EMO) Cohort** grant.



Through the ICMA’s EMO Cohort, Morgan Hill, along with nine other cities throughout the nation, received training, technical assistance, and funding to inform policies and effect conditions that promote overall well-being and upward mobility.

The **Upward Economic Mobility Framework** developed by the Urban Institute was foundational to the training, which identified predictors that can bolster conditions that boost upward mobility. The concept of “social capital” is one of the measurable predictors of upward mobility under the Opportunity-Rich and Inclusive Neighborhoods pillar.



ICMA’s
Economic
Mobility
Opportunity
(EMO) Cohort

In essence, “social networks,” including access to information and resources as well as having close relationships, show a positive relationship to education, child well-being, lower crime rates, health, tolerance, happiness, and economic and civic equity.

To create a significant and lasting impact on community development, the City must ensure that all residents feel a sense of belonging and integration, foster strong social networks, and actively participate and contribute to the well-being.

The **ICMA’s EMO Cohort** also recommended developing policies, strategies, and programs founded on local data. ELEVATE Morgan Hill analyzed demographic and business composition data to better understand the Community’s needs. However, it is difficult for smaller cities like Morgan Hill to track local trends, as some of the data sets are not readily available for communities of 50,000 residents or less. With the help of ICMA, the City hired a consultant to analyze census, employment, and other data sets to understand local trends and gaps. The findings confirmed the growing need for housing resources and a refocus of resources to reach out to the Hispanic community to build trust and increase awareness of programs and job opportunities.

Data

Morgan Hill is located in the southern part of Silicon Valley within Santa Clara County. Home to approximately 45,000 residents, the population is 44.1% White, 34.7% Hispanic, 15.8% Asian, and 5.4% Other. While Morgan Hill's median household income is relatively healthy at \$139,161, the cost of living and housing prices in Silicon Valley make it extremely challenging for residents to survive, much less thrive. In Morgan Hill, home values have increased over 100% between 2009 and 2022, from \$695,935 to \$1,400,000 (Redfin)¹. Rents also increased by nearly 60% from \$1,620 to \$2,590 between 2012 and 2023 (HUD). It is no surprise that 50% of Morgan Hill residents are cost-burdened (which means that they spend more than 50% of their income on housing).



DID YOU KNOW?

28% of all residents rely on some form of financial assistance

The **ELEVATE Morgan Hill** study found that 28% of all residents rely on some form of financial assistance. While this may be shocking, the data is consistent with the 2024 Joint Venture

According to the City of Morgan Hill's 2023 Housing Needs Assessment, the Hispanic/Latinx population, which comprises of 34% of the population, has the highest poverty rate, are disproportionally renters, and are the most severely cost-burdened, with people spending more than 50% of their income on housing. This ethnicity group also has the highest overcrowding rate. In Santa Clara County, Hispanic/Latinx residents represent 42.7% of the population experiencing homelessness. In the region, limited English proficiency (LEP) Spanish speakers are concentrated in Downtown, South, and East San Jose, as well as in Morgan Hill, Gilroy, and Hollister. The assessment also showed that 25% of all businesses in Morgan Hill are Hispanic/Latinx-owned, yet less than 5% of COVID-19 business recovery loans were issued to Hispanic/Latinx-owned businesses.

Silicon Valley Index, which identified that nearly a third of Silicon Valley households struggle to afford basic necessities. The Index also highlighted concerning trends on the racial and ethnic disparity with Hispanic/Latinx non-citizens and individuals with limited English proficiency having the highest risk of income inadequacy.

- **51% of the community** could be considered low income after adjusted gross income.
- **5,600 families** are considered low, very low, and extremely low income.
- **Over 25% of businesses** in Morgan Hill are Hispanic-owned.
- **34% of the population is Hispanic.** 20% of the population is foreign-born. 12.5% of the population does not speak English.

About the Community

About the Need

- **Home values have doubled in price** over the last 10 years and rents increased over 60%. Average home is over \$1M. There is little rental product available.
- **Less than 5%** of COVID-19 Business Recovery loans were issued to Hispanic businesses.
- **74% of Spanish speakers** claim not to have an organization they can trust.

With this data on hand, it is not surprising that the 2023 Housing Element directs the City to work on connecting Spanish-speaking residents to local jobs and low-income residents to housing resources and information about fair housing laws.

The City of Morgan Hill has a robust Economic Development program guided by the Economic Blueprint and a strong track record of affordable housing production.

The direction from the 2023 Housing Element provides the City an opportunity to reimagine the way the City delivers services. The City can use a more intentional, quantifiable, and geo-targeted approach, ensuring the City serves the most vulnerable residents.

<https://www.redfin.com/city/12625/CA/Morgan-Hill/housing-market>





Findings

The findings of the **ELEVATE Morgan Hill** study confirmed the growing need for housing resources. According to the “2023 I BELONG, Morgan Hill” survey, the number one issue for the Community is access to housing. Healthcare and childcare were the second and third highest issues for people that responded to the English survey.

Those that responded to the Spanish survey said that after access to housing, the next biggest concerns were access to jobs and access to education. 41% of Spanish speakers said they worry about having sufficient food.

With one of eight homes being income-restricted as affordable housing, Morgan Hill is known as a leader in affordable housing production. The City’s Inclusionary Housing Ordinance that outlines the affordable housing pillars requires housing developments to deed-restrict a minimum of 15% (10% in Downtown) of the housing units as affordable housing. The City requires affordable housing to be integrated in the developments in a way that the units are dispersed throughout the development and match the entire project by size and type. Therefore, the affordable housing units are exactly the same as the market-rate units and fully integrated. By dispersing affordable housing throughout the community, it allows for more inclusivity and

seamless integration of the City’s low-income residents. Unfortunately, this approach limits the concentration of low-income residents, making the City less competitive when applying for grants and financial resources.

Given the City of Morgan Hill’s relatively low population of only 45,000 residents and its location in the southern part of the County, it is difficult to compete for resources that are intended to be countywide, such as workforce development programs or transportation resources. Another challenge for Morgan Hill residents is the lack of public transportation access. With limited bus and train service within Morgan Hill, residents without vehicles struggle to access social services and resources that may be located in adjacent communities and are at least 30 minutes away.



DID YOU KNOW?

41% of Spanish speakers said they worry about having sufficient food

ABOUT THE CITY

The City of Morgan Hill is located between the Diablo Mountain Range and the Santa Cruz Mountains, just 45 miles inland from the Pacific Coast. Morgan Hill sits along U.S. Highway 101, between San José and Gilroy, in the southern part of Santa Clara County.

Morgan Hill is surrounded by a natural geography of rolling hills and lakes along with golf courses, pick-your-own farms, and award-winning wineries. An energetic yet quaint Downtown offers visitors and residents memorable culinary experiences, unique shopping, and signature celebrations like the 4th of July Freedom Fest. All of these together make Morgan Hill a perfect Bay Area getaway destination.

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

The City’s housing stock comprises 15,233 homes, of which 77% are single-family homes and 74% are owner-occupied. Over 53% of the housing stock was built before 1990. There are 2,400 rental units, and approximately 50% of them are deemed affordable. The City has an extensive portfolio of 600+ units in the Below Market Rate ownership program.

The City has 1,600 businesses that provide nearly 19,000 jobs, of which 21% are associated with the manufacturing sector. The City’s largest private sector employers include Anritsu, Lusamerica, Paramit, Specialized Bicycle Components, and Toray Advanced Composites. The City’s diverse economy is supported by 7.7 million square feet of industrial space and 2.9 million square feet of commercial space.

Over 70% of residents commute out of Morgan Hill to the job centers, mostly located in northern Silicon Valley. Public transportation is limited to Caltrain service that runs four times daily and two primary Valley Transportation Authority (VTA) bus routes north and south.

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



WHY ECONOMIC MOBILITY?

Morgan Hill’s interest to learn about best practices for implementing economic mobility strategies was based on the 2023 Housing Element, which required the City to develop a plan to connect Spanish-speaking and lower-income community members to jobs and housing resources, while also increasing their sense of belonging to the greater community.

In 2023, the City of Morgan Hill applied to participate in the International City and County Management Association’s (ICMA) **Economic Mobility and Opportunity (EMO) Cohort**. ICMA selected 10 cities and counties located throughout the nation to receive training, technical assistance, and funding to inform policies and effect conditions that promote overall well-being and upward mobility through strategies, programs, policies, and practices. ICMA’s Economic Mobility and Opportunity initiative is funded by the Gates Foundation, which seeks to improve the security, health, and welfare of vulnerable residents across the country.

The City’s participation in the program and learning from the other cohort cities have resulted in the development and launch of **ELEVATE Morgan Hill**, which reimagines how local government can work beyond its traditional role to increase economic opportunity and mobility.

The overall goal of ELEVATE Morgan Hill is to identify and deploy a continuum of services that connect residents to job opportunities and housing resources while enhancing their sense of belonging in Morgan Hill. ELEVATE Morgan Hill identifies significant challenges for Morgan Hill residents and proposes strategies and actions to improve the quality of life for all. However, to create significant and beneficial change, especially for Spanish-speaking and lower-income residents where language barriers hinder prosperity and belonging, a focused approach to provide information, services, resources, and education is critical.

The City of Morgan Hill is committed to being a safe, healthy, welcoming, and inclusive community. Ensuring all residents feel like they belong in the Community and know how to access services and resources is essential to the City’s long-term sustainability. This work requires establishing a foundation of trust with the most disfranchised residents, aligning strategic partners, and being intentional to ensure meaningful and beneficial results that boost economic mobility for all.



DID YOU KNOW?

50% of all Morgan Hill residents are housing cost burdened

28% of all Morgan Hill residents receive financial assistance

Hispanic/Latinx residents in Morgan Hill have higher rates of poverty





The City, through ELEVATE Morgan Hill, researched community organizations and agencies located throughout the region that have successfully implemented services and programs that serve the needs of their Spanish-speaking and lower income residents. In the coming pages, are *Spotlights* on agencies that serve as an example of best practices and whose mission aligns with promoting belonging, boosting upward mobility, and connecting residents to jobs and training opportunities in their communities.



FRAMEWORK FOR UPWARD MOBILITY

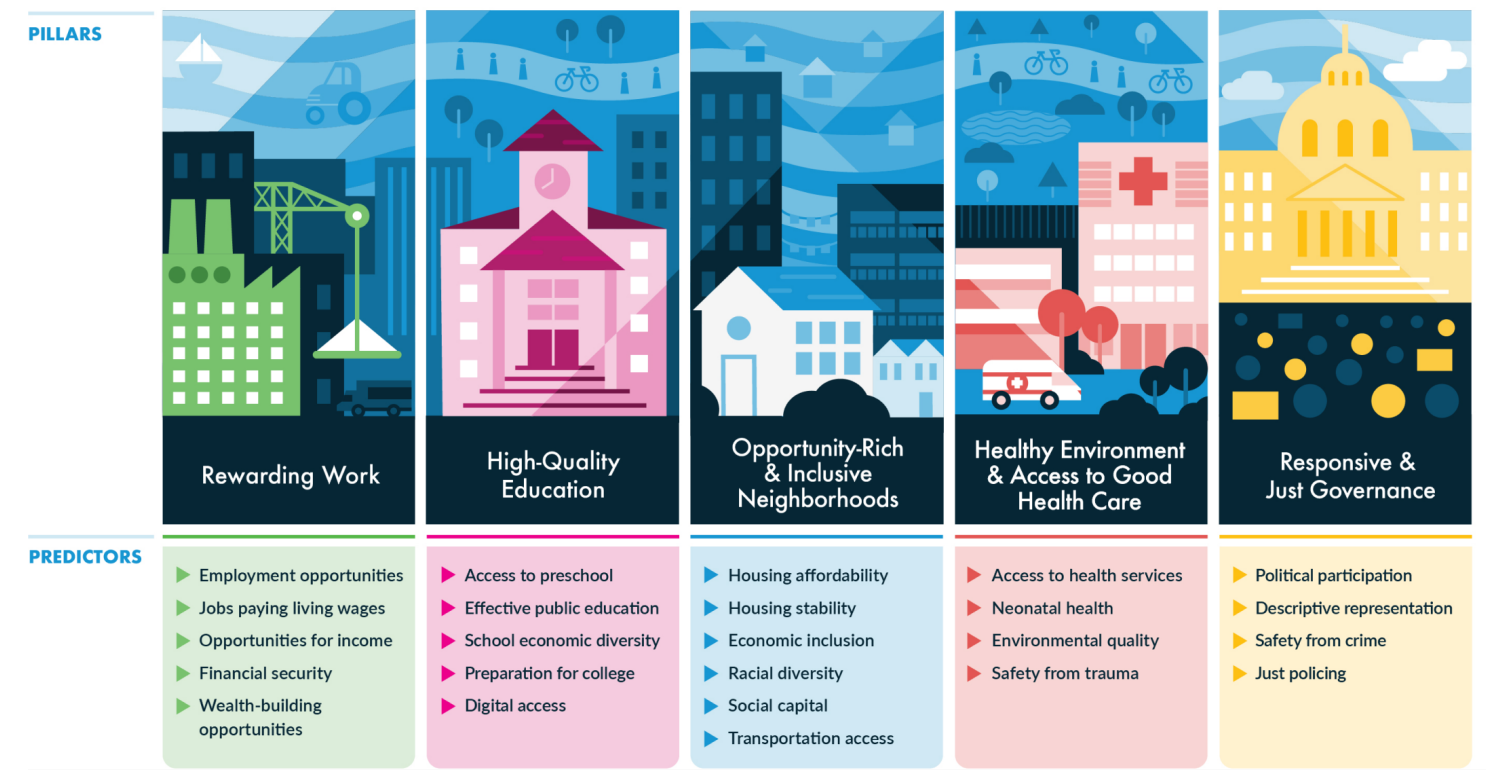
The **Urban Institute** was founded in 1968 by President Lyndon B. Johnson to provide “power through knowledge” to help solve the kinds of problems that weighed heavily on the nation’s hearts and minds such as political polarization, racial violence, segregation, and stark economic inequality. Many of these challenges and divisions from the 1960s still exist today, and the Urban Institute continues its work by using data and evidence to build a just and equitable society. An area of focus for the Urban Institute is upward mobility to lift individuals out of poverty so they can achieve economic opportunities and security.

To help local communities understand, address, and tackle barriers and policies that may be preventing residents from achieving upward economic mobility, the Urban Institute developed the **Upward Mobility Framework** (Framework) to provide guidance to communities.

The Framework project builds evidence and guides communities to create conditions that lift residents out of poverty and onto a pathway that advances their economic success, their power and autonomy, and their sense of dignity and belonging in their community.



The Framework identifies five pillars that support mobility from poverty. These include:



The Framework includes tools for measuring and making progress toward upward mobility and equity. It defines upward mobility not only in terms of economic success, but also in terms of power, autonomy, dignity, and belonging. Using the Framework, local community and government leaders can plan, advocate for, and implement a set of policy and program changes focused on boosting mobility from poverty.

For more information, see the [Urban Institute Upward Mobility Framework website](#).



BELONGING:

BUILDING TRUST AND A STRONG SOCIAL FABRIC

BELONGING

BUILDING TRUST AND A STRONG SOCIAL FABRIC

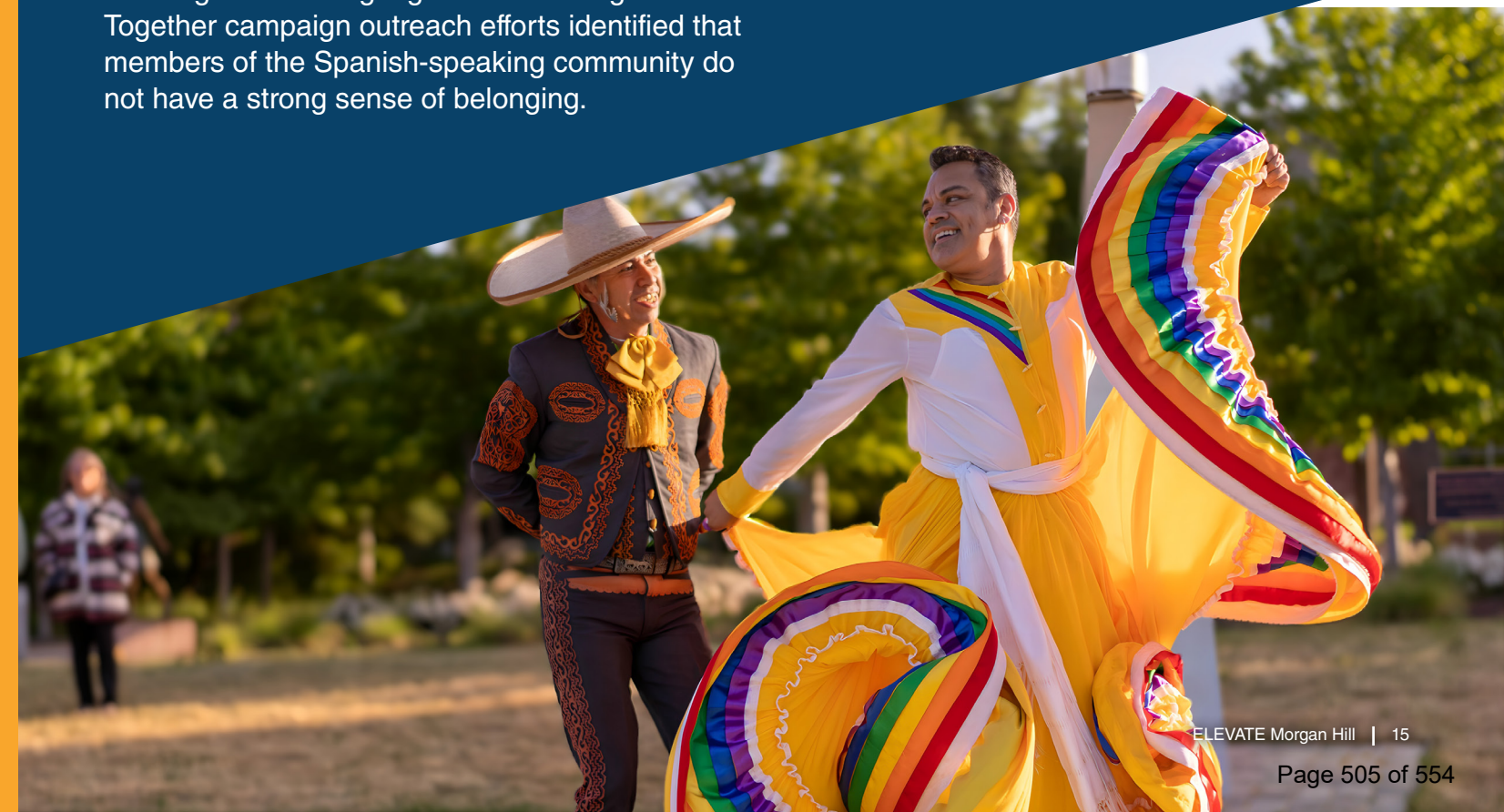
Morgan Hill's Diverse Community

Morgan Hill shares the rich blend of cultures and ethnic diversity of Santa Clara County and the greater Bay Area. Morgan Hill's approximately 45,000 residents are 44.1% White, 34.7% Hispanic, 15.8% Asian, and 5.4% Other. 20.2% of total residents are foreign-born, and 82.1% speak a foreign language. Morgan Hill, like the rest of Silicon Valley, is seeing demographical changes in the population, with Hispanic/Latinx and Asian residents growing at a faster rate than other demographics.

In 2021, the City approved a **Diversity, Equity, and Inclusion Plan** to be a more inclusive and welcoming community. The City also embarked on a **Morgan Hill Together** campaign to promote engagement, trust, and inclusiveness through listening and working together. The Morgan Hill Together campaign outreach efforts identified that members of the Spanish-speaking community do not have a strong sense of belonging.

Together, we will partner and plan for our future, ensuring that we preserve the uniqueness of our town, which we all know and love. **Together** with purpose, trust, and values, we will improve our engagement and work to listen and represent our community.

Together, we will celebrate our diverse, interwoven tapestry of culture and ethnicities.



2023 Community Survey

In late 2023, the City conducted a community survey entitled “**I BELONG /YO PERTENEZCO.**” The survey was conducted in English and Spanish with specific outreach to connect with Spanish-speaking residents. Overall, this survey showed that the majority of respondents trusted the City and had a sense of belonging and a feeling of safety.

For all respondents, Housing was the number one worry. However, there were some notable discrepancies in income, education, and areas of worry between those who responded to the English survey and those who responded to the Spanish survey. Highlights of the survey include:

71% of English speakers have at least a 4-year college degree, while 60% of Spanish speakers have only a High School Diploma/GED.

60% of English speakers make \$100,000 or more, while 50% of Spanish speakers make less than \$35,000.

While the number one worry for all respondents was Housing, English speakers’ second concerns are childcare and healthcare. In comparison, the Spanish speakers’ second concerns are securing jobs, food and access to education.

Community Challenges

With home prices doubling over the past ten years, and rents increasing by 60% from 2012 to 2023, it is no wonder some residents are falling behind and struggling day-to-day to make ends meet. Today, the median home price in Morgan Hill is over \$1.4 million, yet a survey by the Santa Clara Family Health Plan shows that 60% of respondents had a household income of less than \$50,000.²

Another challenge is the lack of social services and resources for Morgan Hill residents. While Morgan Hill has established effective partnerships with many agencies and organizations, the ELEVATE Morgan Hill Gap and Opportunities Analysis revealed that Morgan Hill has limited community-based and social service organizations dedicated to City residents and their needs. The lack of direct support services in Morgan Hill may be due to the smaller size of the Community (45,000 residents). Additionally, the fact that the City’s affordable housing is distributed throughout the entire City may make the need less apparent than in other communities, since there are no visible concentrations of low-income housing residents. A recent United Way study also showed that South County is a region that lacks philanthropic investment.



DID YOU KNOW?

6% of households DO NOT have internet connectivity

Source: US Census (2018-22)

8% of households have internet connectivity ONLY via a smart phone

Source: US Census (2018-22)

Results from 2023 I BELONG /YO PERTENEZCO Survey

32% of Spanish speakers do NOT feel confident in getting and keeping a job

41% of Spanish speakers worry about NOT having enough food

50% of Spanish speakers make less than \$35,000

Why is Belonging Important?

Soaring housing costs, high cost of living, limited transportation solutions, and limited social services and resources affect the Morgan Hill Community’s health, well-being, and opportunity for prosperity. The I BELONG /YO PERTENEZCO survey showed that many respondents were not confident in obtaining information on housing and jobs or how to voice a concern or ask questions of City staff or their local elected official.

A separate South County Community Health and Social Needs Survey, also conducted in 2023 by the Santa Clara Family Health Plan (SCFHP), showed that 74% of the Spanish-speaking residents throughout South County do not have an organization they can turn to. This lack of belonging is concerning because, as we have learned in the RAND Corporation³ study, “When sectors of a community feel they do not belong, it can affect not only their well-being but also their desire to collaborate with local government and their perception of its legitimacy.” This sentiment is echoed in the 2022 Upward Economic Mobility Framework developed by the Urban Institute, which affirmed that respect, dignity, and the sense of belonging that come from contributing to one’s Community are essential elements of mobility from poverty.⁴

²Santa Clara County Health Plan, “South County Community Health and Social Needs Survey Data,” April 20, 2023

³Irving, D., RAND Corporation, “Stress Accumulates in Marginalized Communities, Generation After Generation | RAND,” July 8 2020

⁴Turner, Margery A., Acs, Gregory, “Upward Mobility-Metrics to Inform Local Action,” The Urban Institute Upward Mobility Initiative, [Boosting Upward Mobility: Metrics to Inform Local Action, Second Edition \(urban.org\)](#), November 2022

Taking Steps to Enhance a Greater Sense of Belonging and Trust

Creating a true sense of belonging can build trust, elevate and empower communities, and boost economic mobility. To enhance a sense of belonging and trust throughout the Community, but especially between the City and Spanish-speaking residents, the City has increased opportunities for engagement. Examples of completed steps include increasing pay for bilingual Spanish-speaking staff members, ensuring the City’s website allows for seamless translation into Spanish, and increasing translation of materials and documents in Spanish.

Other completed efforts include:

- ▶ First Spanish-Language Community Police Academy, held by Morgan Hill Police Department
- ▶ First LISTOS (which means “READY” in Spanish) Emergency Preparedness Training held in Spanish
- ▶ Nametags with “Hablo Español” for City staff who speak Spanish
- ▶ 2023 Día De Los Muertos and Las Posadas celebrations, both culturally rich and community-driven events funded by the City Council
- ▶ A City-hosted Día De Los Muertos celebration at the all-inclusive Magical Bridge Park



BELONGING STRATEGIES AND ACTIONS

Three strategies and 13 actions have been identified to support **Belonging** in Morgan Hill, along with potential partnerships needed to support the best implementation of actions.

One of the strategies focuses on improving visibility of the Hispanic/Latinx Community, while the second is associated with empowering this Community to have a stronger voice. The last strategy focuses on City Hall’s culture to improve allyship in the workplace. Creating a workplace environment where employees use their voice to support others reduces discrimination and bias, makes people feel valued and respected, and increases productivity and engagement.

STRATEGY 1.A: IMPROVE VISIBILITY OF HISPANIC/LATINX COMMUNITY

- 1 Celebrate diversity by encouraging cultural events.
- 2 Praise Hispanic/Latinx faces of Morgan Hill and showcase their presence, culture, and contributions.
- 3 Encourage belonging through art that celebrates diversity.

STRATEGY 1.B: EMPOWER THE SPANISH-SPEAKING COMMUNITY TO PROMOTE AUTONOMY AND EQUITY OF VOICE

- 4 Implement a Leadership Academy to educate, train, build leadership skills, and develop promotores.
- 5 Engage working families at cultural, faith-based, retail, and Community hubs.
- 6 Conduct community meetings during times when working community members can attend, offering childcare, food, and incentives.
- 7 Invest in translation and interpretation services and culturally appropriate marketing programming.
- 8 Make City Hall more welcoming and inclusive by implementing signage that celebrates diversity.
- 9 Collaborate with the Police Department, Code Compliance, and other enforcement agencies to build trust.

STRATEGY 1.C: CREATE AN ACTIVE ALLYSHIP WORKPLACE CULTURE AT CITY HALL

- 10 Raise awareness of unconscious biases, systematic inequities, and the importance of belonging and allyship.
- 11 Prevent discrimination and promote inclusivity through values campaigns and skills training.
- 12 Foster a sense of Community through team-building, employee resource groups, and mentorship.
- 13 Continuously update hiring policies and review benefits with a lens to prevent discrimination and bias.
- 14 Provide all information and resources in Spanish and other relevant languages.



BELONGING SPOTLIGHT

MOSAIC AMERICA



Mosaic America's mission is to activate social cohesion by connecting people to place, history, and each other. This is achieved by first identifying and authentically representing the community in place, catalyzing inclusion through participative and co-created projects, and cultivating Belonging through consistent and purposeful multicultural gatherings.

At its core, Mosaic America's work weaves through the forgotten, remembered, and desired journeys in and of a specific Place by understanding and welcoming the community that has made its home there: **Every Place is a mosaic.**

Mosaic America's approach is informed by a deep appreciation of the need for cultural equity, which is the key to solving inequities in our society. Creating models of inclusion and participation despite differences is a forward-looking approach to social innovation. To achieve this, Mosaic America has launched **Mosaic Atlas**.

Mosaic Atlas is a suite of innovative cultural equity and inclusion tools created in partnership with San José State University. It includes a comprehensive database of assets rooted in over 120 culturally distinct communities of the San Francisco Bay Area, an interactive explorer map, and a library of digital narrative StoryMaps.

Mosaic America works with culture-bearers, local artists, and community leaders to identify, represent, and engage with cultures collaboratively, inclusively, exhaustively, and continually to create a compelling vision of a shared future.

Together, they offer actionable insights into cultural communities that can be used to develop equitable programs and policies. The Atlas includes a comprehensive and growing database of assets—people, places, organizations, and events—that are rooted in culturally distinct communities.

Find more information at the [Mosaic America](#) website.



BELONGING SPOTLIGHT

HISPANIC FOUNDATION OF SILICON VALLEY



The **Hispanic Foundation of Silicon Valley (HFSV)** is dedicated to empowering the lives and futures of Latinos in Silicon Valley through community philanthropy, investment in educational excellence, leadership development, and the convening and engaging of the region's dynamic Hispanic community.

Founded in 1989, the organization has developed and implemented key initiatives that have transformed countless lives and futures of Latinos in the region:

- ▶ The **Latinos in Technology Scholarship Initiative (LITSI)** is a unique program that offers up to three years of financial support, professional development, mentorship, and internship opportunities to Latino college students pursuing STEM-related majors.
- ▶ The **Hispanic Foundation College Success Programs (HFCSP)** is a comprehensive educational support system from middle school to college. It provides students and their parents with a wide range of resources, ensuring that every step of their academic journey is supported.
- ▶ The **Latino Board Leadership Academy (LBLA)** emerged as a catalyst for change, recruiting, training, and guiding Latino leaders to serve on local boards of nonprofit organizations.

The Foundation is deeply committed to convening and engaging the Latino community to raise awareness about issues impacting their quality of life:

- ▶ The **Latinx Speaker Series** serves as a platform for facilitating dialogue and collaboration through panel discussions and interactive sessions.
- ▶ The Annual **Hispanic Foundation Ball** is a celebration of collective achievements and a vital funding source for their programs.
- ▶ The **Silicon Valley Latino Report Card** provides a comprehensive overview of the quality of life for Latinos in the region, covering key areas such as Education, Health, Financial Stability, Housing, and Environment.

“I am honored to lead an organization that impacts countless lives of Latino families. By fostering education, excellence, cultivating leadership, and engaging the community, we continue to build bridges and amplify voices, ensuring that every Latino has the opportunity to thrive and contribute to Silicon Valley's region.”

- Ron Gonzales,
President & CEO Hispanic Foundation of Silicon Valley

For more information, visit the [Hispanic Foundation of Silicon Valley](#) website.





SPANISH-LANGUAGE CIVIC LEADERSHIP ACADEMY

Since 2017, the City of Mountain View has hosted a Civic Leadership Academy for Spanish-speaking residents. The City program aims to introduce residents to the workings of Mountain View City government.

Through the program, residents learn about city services, the budget process, volunteer opportunities, and ways to get involved in local decision-making. The Academy also prepares individuals to serve on City Council advisory bodies and committees.

Each session is led by staff from City departments and includes information on each department’s core service function, major activities, programs, and project overview. The program also features interactive exercises and group discussions. Since its launch 6 years ago, over 130 participants have graduated from the program.



“

“The program provides a safe place where people can learn and participate. Participants identified their own power and realized they can impact the City’s decision-making process.”

– Nancy Ducos, Mountain View
Multilingual Community Outreach
Coordinator

JOB:

SUPPORTING ENTREPRENEURSHIP,
WORKFORCE DEVELOPMENT AND
CAREER PATHWAYS



City of
Mountain View

JOB

SUPPORTING ENTREPRENEURSHIP, WORKFORCE DEVELOPMENT AND CAREER PATHWAYS

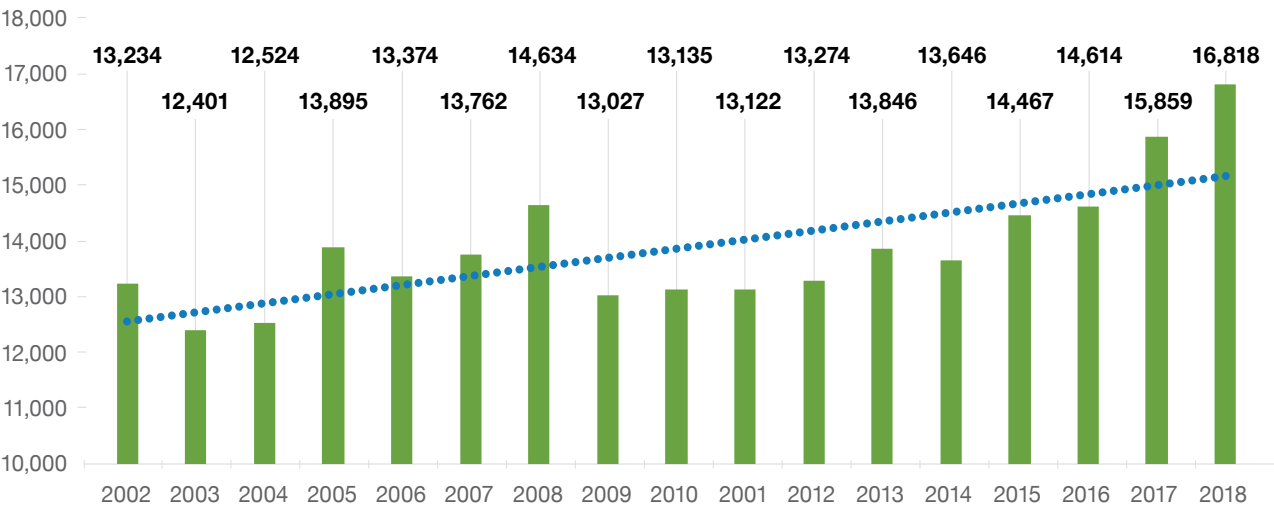
The City of Morgan Hill has 1,600 businesses which support nearly 19,000 jobs, of which 21% are associated with the manufacturing sector. The City's largest private sector employers include Anritsu, Lusamerica, Paramit, Specialized Bicycle Components, and Toray Advanced Composites. The City's diverse economy is supported by 7.7 million square feet of industrial space and 2.9 million square feet of commercial space.

The City's employment base reflects Morgan Hill's relationship with Silicon Valley, with diverse employment opportunities that range from low skilled workers needed for retail, hospitality, and manufacturing jobs; to jobs that require some level of training, education, and technical skills; to jobs that require advanced degrees in engineering or a particular science.

Jobs in Morgan Hill

Figure J-1 below demonstrates the growth of jobs located in the City of Morgan Hill. Since the great recession of 2008-2009, the City of Morgan Hill has seen steady job growth across all industry sectors.

Figure J-1: City of Morgan Hill Number of Jobs by Year



Across all of Morgan Hill's businesses, employment is available in the following industry categories:

Business Main Activity by NAICS Code	% of Total Jobs	# of Businesses
Retail/Consumer Services	26.6%	688
Government/Public Sector/Education	12.1%	67
Building/Construction/Real Estate	9.7%	231
Transportation/Distribution	8.1%	57
Miscellaneous Manufacturing	6.6%	35
Business Services	6.3%	106
Industrial Supplies and Services	5.7%	31
Electronic Component Manufacturing	4.8%	12
Semiconductors	4.5%	10
Health Care	4.5%	113
Corporate Offices	2.6%	5
Innovation Services	2.2%	91
Financial Services	1.9%	46
Visitor	1.5%	20
Bioscience	1.2%	8
Computer & Communications Hardware Manufacturing	0.8%	5
Software	0.7%	28
Other	0.4%	8

Employed Residents

Of the 45,000 residential population, 21,775 are considered employed residents (residents able to work). Employed residents may either work in the community in which they live or work elsewhere in the region, commuting to their place of employment. A city with a surplus of workers “exports” workers to other parts of the region, while a city with a surplus of jobs must conversely “import” them.

Although the City of Morgan Hill has increased the number of local jobs in recent years, the ratio of jobs to resident workers is 0.85; thus, Morgan Hill is a net exporter of workers. 65% of the workers in Morgan Hill leave the City for employment somewhere else in the region. The mean travel time to their place of employment is approximately 36 minutes.

44.3% of Morgan Hill residents have a bachelor's degree or higher and work in a variety of industries across the greater Silicon Valley.

Morgan Hill Employed Residents – Top Five General Industries*	% of Employment
Health & Educational Services	26.9%
Financial & Professional Services	21.5%
Manufacturing, Wholesale & Transportation	20.0%
Retail	10.9%
Construction	7.0%

*Source: City of Morgan Hill 2023 Housing Element



CHALLENGES TO BOOSTING ECONOMIC MOBILITY AND OPPORTUNITIES

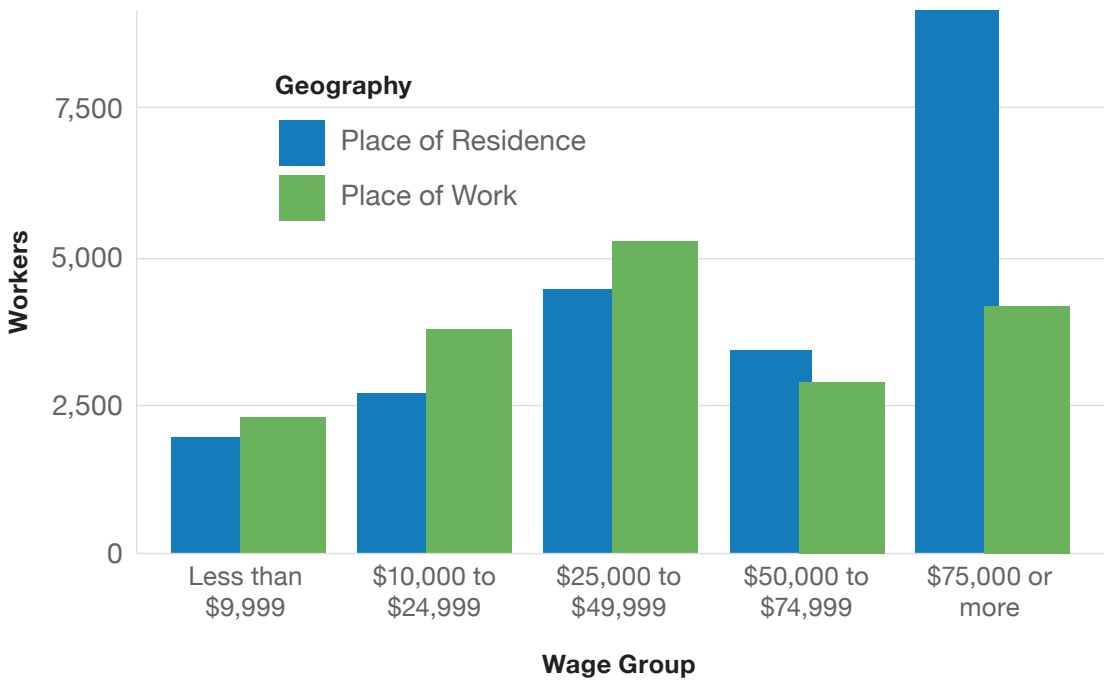
1 Local Jobs that Match Employed Residents

Figure J-2 below shows the balance when comparing jobs to workers, broken down by different wage groups, offering additional insight into local dynamics. A community may offer employment for relatively low-income workers but have relatively few housing options for those workers. Conversely, it may house residents who are low-wage workers, but offer few employment opportunities for them. Such relationships may cast extra light on potentially pent-up demand for housing in particular price categories.

A relative surplus of jobs relative to residents in a given wage category suggests the need to import those workers, while conversely, surpluses of workers in a wage group relative to jobs means the community will export those workers to other jurisdictions. Such flows are not inherently bad, though over time, sub-regional imbalances may appear.

Morgan Hill has more low-wage jobs than low-wage residents (where low-wage refers to jobs paying less than \$25,000). At the other end of the wage spectrum, the city has more high-wage residents than high-wage jobs (where high-wage refers to jobs paying more than \$75,000).

Figure J-2: Workers by Earnings, by Jurisdiction as Place of Work and Place of Residence



2 Employee Attraction and Retention

Morgan Hill’s innovation and technology-focused employers compete with the largest employers in Silicon Valley for the highest skilled, best educated, and most talented workers. Many of the Morgan Hill employers state that they have a difficult time competing with these “titans of industry” when it comes to total pay and benefits.

Employers in Morgan Hill often claim it is difficult to acquire and retain employees due to the high cost of living in the region and difficulty

in identifying local talent for both lower and higher-skilled jobs. Each day, approximately 65% of City residents commute from Morgan Hill to jobs in the north, leaving behind an extremely limited workforce whose skills do not necessarily align with the needs of employers here in Morgan Hill. The high cost of living/ housing and how it affects the City’s residents, and the available workforce, is addressed in the Housing section of this report.

3 Meeting the Needs of Low-Income Residents

According to the 2020 IRS return data, 51% of taxes filed by Morgan Hill residents have an adjusted gross income of \$75,000 or less, which is very low to extremely low income in Santa Clara County, depending upon family size.

The table below shows the Annual Income levels of Morgan Hill residents, both for individuals and for families. The Housing section identified that a single individual making less than \$102,300 a year is considered low-income. Based on this table below, 33.4% individuals living in Morgan Hill are making low-income wages.

Annual Income Levels in Morgan Hill*	Individuals	Families
< \$49,999	12.6%	9.2%
\$50,000 - \$74,999	9.9%	10.2%
\$75,000 - \$99,999	10.9%	9.5%
\$100,000 - \$149,999	15.5%	14.6%
\$150,000 - \$199,999	13.3%	16.0%
> \$200,000	37.8%	40.5%

*Source: 2022 US Census Data

According to the data collected by the ELEVATE Morgan Hill report, 50% of Morgan Hill residents are cost-burdened, and 28% rely on some form of financial assistance. This data is consistent with the 2024 Index by Joint Venture Silicon Valley, which identified that nearly a third of Silicon Valley households struggle to afford basic necessities.



4 Language Barriers

One third of all Morgan Hill residents speak a language other than English at home. One in five residents in Morgan Hill is foreign-born. Of the foreign-born residents (9,400 people), 82.1% speak a language other than English at home, and 37.9% speak English less than very well.

When conducting research for the ELEVATE Morgan Hill program, the City discovered startling disparities between certain segments of the City. For example, findings from the City’s I BELONG/YO PERTENEZCO survey unveiled that 41% of Spanish-speaking respondents worry about having sufficient food to feed themselves and their families, and 60% possess a high school diploma or GED, as compared to 71% of English-speaking respondents who have a 4-year college degree or beyond.

Residing in Morgan Hill with limited income, language barriers, a gap in job skills, and an absence of viable connections to employers are serious challenges that impede someone’s ability to prosper. Steps need to be taken to level the playing field and assist vulnerable community members to connect with jobs and job training programs.

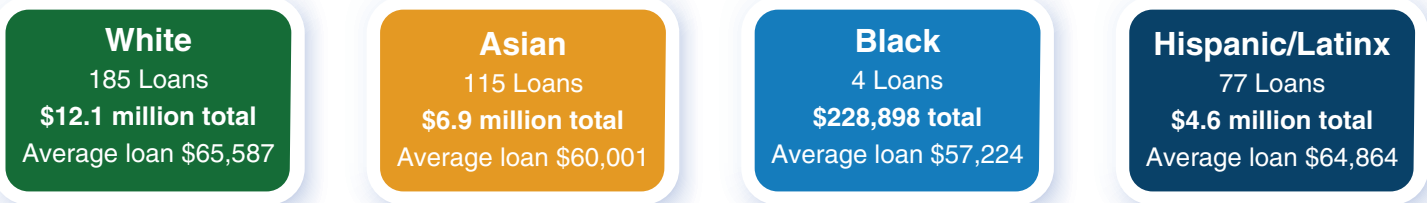
The City’s Housing Needs Assessment recognized this disparity and suggested that the City to focus on connecting Spanish-speaking residents to local jobs. The City of Morgan Hill wants to attract, retain, and grow the best-in-class employers and businesses. This requires retaining and building the best workforce. The City benefits when businesses are successful, providing high-quality, good-paying jobs to residents while also positively contributing to the City’s financial sustainability by paying various taxes. For these employers to be successful and to create a robust ecosystem that benefits the City and residents, the City must identify strategies to create a diverse, available, and skilled workforce.

The City of Morgan Hill recognizes the importance of connecting Spanish-speaking residents in Morgan Hill to local job opportunities and resources which will prepare them for higher-skilled and higher-paying jobs that will boost economic growth, social integration, employment, improved quality of life, and a stronger sense of belonging within the community.



5 Scarcity of Services

Scarcity of services was an alarming outcome felt during the COVID-19 pandemic. In addition, the 2017 census data reflects that 23% of business owners in Morgan Hill are Hispanic/Latinx. While this represents almost a quarter of all businesses in Morgan Hill, of those businesses that self-identified as Hispanic/Latinx, only 5% of the Payroll Protection Program funds administered through the Small Business Administration were provided to Hispanic/Latinx business owners. Of the \$86.1 million loaned to business owners in Morgan Hill, only \$4.6 million was provided to Hispanic/Latinx business owners.



The **ELEVATE** Morgan Hill’s Gap and Opportunities Analysis shows that there are very few non-profit or government-supported service providers or job search/job training programs within the City of Morgan Hill—let alone organizations that address the unique needs of the Hispanic/Latinx community and the Spanish-speaking job seeker. To some extent, Morgan Hill could be described as a service/ resource desert for residents of our community who need it most.

JOBS

STRATEGIES & ACTIONS

Three strategies have been identified to support **Jobs** in Morgan Hill. Embedded in each strategy are action items that will further the goal to lift the City’s most vulnerable community members out of low-wage jobs and provide them with more equitable access to jobs, job training, services, and resources. The action items are designed to establish partnerships with key organizations, leverage existing resources and activities, identify additional resource needs, and support capacity building both internally and externally.

We recognize these strategies and actions will only be successful if the outreach and marketing activities actually reach the targeted audience—and if those who are providing the information, resources, training, and opportunities are trusted providers. The City needs to build capacity in this area.

STRATEGY 2.A: INCREASE ACCESS TO EDUCATION, TRAINING AND EMPLOYMENT

- 15 Collaborate with partners on economic mobility strategies.
- 16 Connect Spanish-speakers and day workers to education, resources, training, and job opportunities.
- 17 Partner with NorCal Carpenters Union Training Center to provide trainings to Spanish-speaking residents.
- 18 Create an Economic Mobility Center to support day workers, rapid re-employment, education, training, and financial literacy.

STRATEGY 2.B: PROMOTE ENTREPRENEURSHIP

- 19 Expand business training programs such as “Fundamentos de Negocios” for Hispanic/Latinx entrepreneurs.
- 20 Implement an education campaign for Microenterprise Home Kitchen Operations (MEHKO).
- 21 Encourage development of home-based day care centers.
- 22 Offer business services and development services resources in Spanish.
- 23 Create an awareness and education campaign on bidding for City contracts.

STRATEGY 2.C: EXPAND EMPLOYMENT OPPORTUNITIES LOCALLY

- 24 Create an Economic Mobility Center as a one-stop shop for job and career opportunities. (Also noted as #18)
- 25 Encourage local employers to create job postings in Spanish.
- 26 Create a “Work Local” campaign promoting local employment opportunities.
- 27 Support hospitality and lodging with career opportunity pathways.
- 28 Collaborate with local companies and Morgan Hill Unified School District to create career pathways.
- 29 Capitalize on Morgan Hill Unified School District Adult School Program to provide training and career resources.

JOBS SPOTLIGHT

ECONOMIC ADVANCEMENT CENTER



In February 2022, the **City of South San Francisco** (City) opened the Economic Advancement Center (EAC), offering workforce development and small business and entrepreneurship resources and services to residents throughout North San Mateo County. During the COVID-19 pandemic, the City recognized the crucial need to serve its most vulnerable residents, many of whom had lost their service jobs during the shutdown. Connecting with services proved challenging, as few were offered in north San Mateo County.

The City Council approved an investment of \$2M in General Fund dollars to open the EAC as a resource hub. The city also secured additional funds from federal, state, county, and private entities. The EAC first opened virtually in July 2021, then opened in-person in February 2022 in a key downtown transit-rich location.

The goal of the EAC is to provide economic recovery tools to the most vulnerable residents and small businesses in the region. Most services and support are delivered in both Spanish and English. The EAC works with its partners to address the needs of the whole person from food insecurity, rental assistance and connecting to health services to skills development and small business start-up education. Partners include Job Train, Renaissance Entrepreneurship Center, YMCA, San Mateo County Social Services, El Concilio and the city’s Community Health Workers (Promotores).

“

“The investment the South San Francisco City Council made in establishing the Economic Advancement Center, serving all of North San Mateo County, has changed the lives of more than 1,000 community members. This Center is about more than just a counseling sessions and classes, it’s about giving business owners and job seekers tools to become more economically mobile and better equipped to thrive in this competitive, high-cost area.”

- Nell Selander, Director,
Economic & Community Development,
City of South San Francisco

Find more information at the [Economic Advancement Center](#) website.





LATINO BUSINESS FOUNDATION



The mission of the Latino Business Foundation of Silicon Valley (LBFSV) is to become Silicon Valley's premier resource hub for small and micro businesses, actively equipping minority entrepreneurs—especially those in underserved areas—with the tools they need to succeed. LBFSV's efforts empower business owners, fostering their growth and catalyzing the development of thriving, vibrant communities.

Through a variety of initiatives and programs, LBFSV helps small businesses and organizations survive and thrive and helps San José retain its unique cultural flavors even as the city attracts development from multinational corporations and large retail outlets.

- ▶ **Community Building:** Events, grand openings, and Neighborhood Business Associations to celebrate the achievements of the entrepreneurial community
- ▶ **Advocacy:** Support and advocacy for local entrepreneurs facing deep imbalances of power in negotiation with governments and corporations
- ▶ **Direct Small Business Services:** Human-centered, agile and responsive services to entrepreneurs to gather and engage with direct services

- ▶ **Latino Business Academy:** A collaborative partnership with My Own Business Institute (MOBI) of Santa Clara University to provide online training for aspiring immigrant entrepreneurs and business leaders
- ▶ **Business Incubator Program:** A combination of service, innovation and technology to disrupt traditional business models and create significant value for our customers
- ▶ **Women in Power:** A program focused on women entrepreneurs and the unique challenges they face by working cross-sectionally across other programs
- ▶ **Industry Business Councils:** An opportunity for business leaders to address their unique needs and industry pain points, with a focus on three key industries: Early Childcare, Beauty, and Restaurants
- ▶ **Small Business Support Hotline:** Anti-displacement hotline to address legal and eviction issues along with capital needs
- ▶ **Small Business Resource Center:** A one-stop-shop providing all these services and programs to cater to every need that small and micro businesses might have



HOUSING:

REINVENTING DELIVERY SYSTEMS AND TRANSFORMING THE LANDSCAPE

HOUSING

REINVENTING DELIVERY SYSTEMS AND TRANSFORMING THE LANDSCAPE

Morgan Hill is home to approximately 45,000 residents with a median household income of \$139,161, a median age of 38.5, and an estimated 2.84 residents per household.

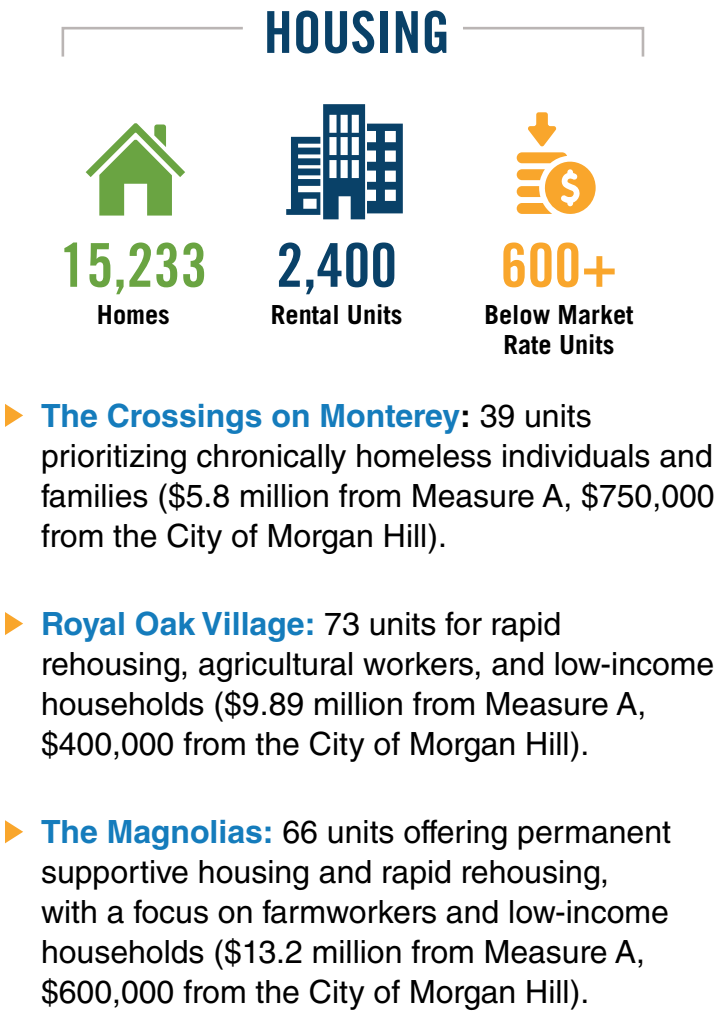
The City's housing stock is comprised of 15,233 homes, of which 77% are single family homes and 74% are owner-occupied. Over 53% of the housing stock was built before 1990.

Affordable Housing in Morgan Hill

The City of Morgan Hill has a large portfolio of affordable housing with 600+ units in the Below Market Rate (BMR) ownership program. There are 2,400 rental units; approximately 50% of those are deemed affordable, including 839 rent-controlled Mobile Homes. New housing developments are required to construct 10% to 15% of all units as income-restricted affordable.

The City of Morgan Hill is committed to ensuring that its current and future residents have access to diverse housing options. Morgan Hill has a long-standing commitment to providing affordable housing options for both moderate and lower-income families guided by its General Land Use Plan and its Housing Element. The vision includes housing for families of various sizes, ages, and incomes, as well as infill development and preservation of agriculture.

For over four decades, the City of Morgan Hill has been a leader in affordable housing production. In addition to helping over 600 families achieve their dream of home ownership, in recent years, the City has supported the development of 178 affordable housing units across three projects:



Creation of these projects that serve the most vulnerable residents is possible thanks to the leadership of mission-driven partners such as EAH, EDEN Housing, First Community Housing, and Urban Housing Communities, and with the financial support from Santa Clara County.



HOUSING SPOTLIGHT

CITY OF MORGAN HILL HOUSING PROGRAM PILLARS

Affordable Housing and Homelessness is one of the City of Morgan Hill's five strategic priorities. Like many other cities in the Bay Area, Morgan Hill is experiencing transformative growth and working to meet the housing needs of its current and future residents.

THE CITY'S HOUSING PROGRAM IS GROUNDED ON FIVE KEY PILLARS:



- 1

Production of New Affordable Housing Units: Improve, preserve, and develop new safe, quality, rental and ownership housing for residents at all income levels. The City's Inclusionary Housing Ordinance assists the City with production of income-restricted units.
- 2

Promotion of Housing Program: The City manages an inventory of Below-Market-Rate deed-restricted units and collaborates with the County of Santa Clara and local non-profits to connect residents to resources and elevate the voices of marginalized communities with lived experience.
- 3

Preservation of Existing Affordable Housing Inventory: The City has a robust inventory of Below-Market-Rate, income-restricted housing units.
- 4

Prevention of Homelessness: The work program for homeless prevention is focused on non-profit organizations and problem-solving at the local level. It includes increasing coordination with the County of Santa Clara, faith-based communities, non-profits, and service providers to offer resources and referrals. The primary goal is to prevent people from becoming homeless through proactive and responsive outreach and engagement as we strive to build a foundation of trust and dignity.
- 5

Protection of Quality of Life for New and Existing Neighborhoods: The City will continue to seek quality development and balance the needs of existing and new neighborhoods.

Cost of Housing and Cost of Living

The 2024 Santa Clara County Area Median Income (AMI) is \$184,300 for a family of four. This AMI is a benchmark, adjusted proportionately for households of different sizes, to determine income eligibility thresholds for housing assistance. The cost of living is so high in Santa Clara County that a single individual making \$102,300 or less is considered Low Income.

Santa Clara County AMI Income Limits (2024)

Number of Persons in Household		1	2	3	4	5	6	7	8
Santa Clara County Area Median Income: \$184,300	Acutely Low	\$19,350	\$22,100	\$24,900	\$27,650	\$29,850	\$32,050	\$34,300	\$36,500
	Extremely Low	\$38,750	\$44,250	\$49,800	\$55,300	\$59,750	\$64,150	\$68,600	\$73,000
	Very Low Income	\$64,550	\$73,750	\$82,950	\$92,150	\$99,550	\$106,900	\$114,300	\$121,650
	Low Income	\$102,300	\$116,900	\$131,500	\$146,100	\$157,800	\$169,500	\$181,200	\$192,900
	Median Income	\$129,000	\$147,450	\$165,850	\$184,300	\$199,050	\$213,800	\$228,550	\$243,300
	Moderate Income	\$154,800	\$176,900	\$199,050	\$221,150	\$238,850	\$256,550	\$274,250	\$291,900

The AMI being so high for Santa Clara County simply speaks to how expensive it is to live in Silicon Valley. Lack of housing is at the heart of the problem. Indicated by Joint Venture Silicon Valley, seven years into the last eight-year housing cycle of housing allocations, the region had yet to meet its share of new Extremely Low, Very Low, Low, or Moderate Income housing, a common theme among most jurisdictions.

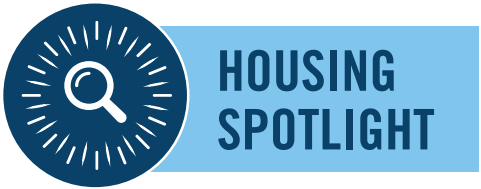
The region has met its share in the Above-Moderate income category. 76% of homes sold in Silicon Valley last year were above \$1 million; 30% were above \$2 million. In contrast, only 8%

of all homes sold within the region were below \$600,000, and 28% of these homes were all-cash sales, which suggests that lower-income buyers were not the likely buyers.⁵

In Morgan Hill, a staggering 5,630 families are classified as Low, Very Low, or Extremely Low income. Based on the current housing stock, there is a critical mismatch between residents’ housing needs and the available affordable options. The table below reveals a severe shortage of affordable housing units to meet the needs of the residents:

Type	Families	Available Units	%
Extremely Low Income	2,135	130	6%
Very Low Income	1,765	696	39%
Low Income	1,730	370	21%
Total	5,630	1,196	21%

⁵ Joint Venture Silicon Valley, Institute for Regional Studies, 2023 Index Highlights, 2023, p.10, 104, <https://jointventure.org/download-the-2023-index>



CITY OF MORGAN HILL
2023 HOUSING ELEMENT

In January 2023, the **City of Morgan Hill** adopted its 6th Cycle Housing Element, which took effect from January 31, 2023, to January 31, 2031. This is an eight-year strategy and commitment for how the City will meet the housing needs of everyone in the City.

The Housing Element was informed by extensive community outreach and engagement and includes seven goals, 81 policies, and 66 implementation items that the City will prioritize over the next eight years.

The 2023-2031 Housing Element Goals are as follows:

- **Goal 1:** Provide a diversified housing stock to meet the full range of future community housing needs.
- **Goal 2:** Encourage Extremely Low-Income (ELI) housing production, increasing availability of affordable and workforce housing.
- **Goal 3:** Advance equity and inclusion throughout the City.
- **Goal 4:** Preserve and rehabilitate existing housing supply.
- **Goal 5:** Promote housing for people experiencing homelessness.
- **Goal 6:** Provide adequate housing for groups with special needs.
- **Goal 7:** Increase community outreach and promote education about affordable housing.

At the heart of the plan is a duty to **Affirmatively Further Fair Housing (AFFH)**. According to the California Department of Housing and Community Development, “The goal of Affirmatively Furthering Fair Housing (AFFH) is to combat housing discrimination, eliminate racial bias, undo historic patterns of segregation, and lift barriers that restrict access to foster inclusive communities and achieve racial equity, fair housing choice, and opportunity for all Californians.” ¹²

The AFFH law requires that the City formulate policies and programs to promote equitable housing practices when inequalities exist. As per state law, AFFH involves “taking meaningful actions, in addition to combatting discrimination, that overcomes patterns of segregation and fosters inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.” ¹³ Working toward AFFH in Morgan Hill is the cornerstone of the City’s Housing team’s mission.

¹² The California Department of Housing and Community Development, “Affirmatively Furthering Fair Housing, Guidance for All Public Entities and for Housing Elements,” April 2021, https://www.hcd.ca.gov/community-development/affh/docs/AFFH_Document_Final_4-27-2021.pdf

¹³ U.S. Department of Housing and Urban Development (HUD), “Affirmatively Furthering Fair Housing (AFFH),” https://www.hud.gov/AFFH#_What_is_AFFH



The population of Morgan Hill increased by 38.3% from 2000 to 2020, which is above the growth rate for the greater Bay Area.

Source: Morgan Hill Housing Element 2023-31 Appendix A

Between 2009 and 2022, the typical **home value** increased over **100%** in Morgan Hill, from \$695,935 to \$1,400,000 (redfin)⁶, while the **median rent** increased by nearly **60%**, from \$1,620 to \$2,590 between 2012 and 2023 (HUD).

The escalating housing cost, combined with stagnant wages and rising cost of living, has intensified the need to protect housing equity for all residents. Housing equity is especially crucial for lower-income communities, who are vital contributors to the local workforce. A report by the California Housing Partnership underscores this urgency, revealing that people in Santa Clara County need to earn 3.2 times the minimum wage to afford the average asking rent as reflected in the chart below.

Extremely Low Income (ELI) households earn 30% or less than the Santa Clara County median income (up to \$55,300 for a family of four in 2024) and experience significant challenges accessing affordable housing.⁷ Many working-class families struggle to make ends meet, often working multiple jobs and spending 50% or more of their income on housing. The ELEVATE Morgan Hill study found that 28% of all residents rely on some form of financial assistance.

While the City and region have experienced economic and job growth since 1990, the income gap has widened. California is one of the most economically unequal states in the nation, and the Bay Area has the highest income inequality between high- and low-income households in the state.⁸ Morgan Hill is no exception, and the Hispanic/Latinx Community has among the highest poverty rates.



⁶ <https://www.redfin.com/city/12625/CA/Morgan-Hill/housing-market>

⁷ <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/income-limits-2024.pdf>

⁸ Bohn, S. et al. 2020. Income Inequality and Economic Opportunity in California. Public Policy Institute of California.



HOUSING SPOTLIGHT



UNDERSTANDING POVERTY AND PHILANTHROPIC GIVING DISPARITIES IN THE BAY AREA

In 2022, **United Way Bay Area** partnered with **Applied Survey Research** to conduct a study to assess how well the distribution of funds in the Bay Area aligns with community needs, with an emphasis on identifying opportunities to inform funding and program service delivery decisions.

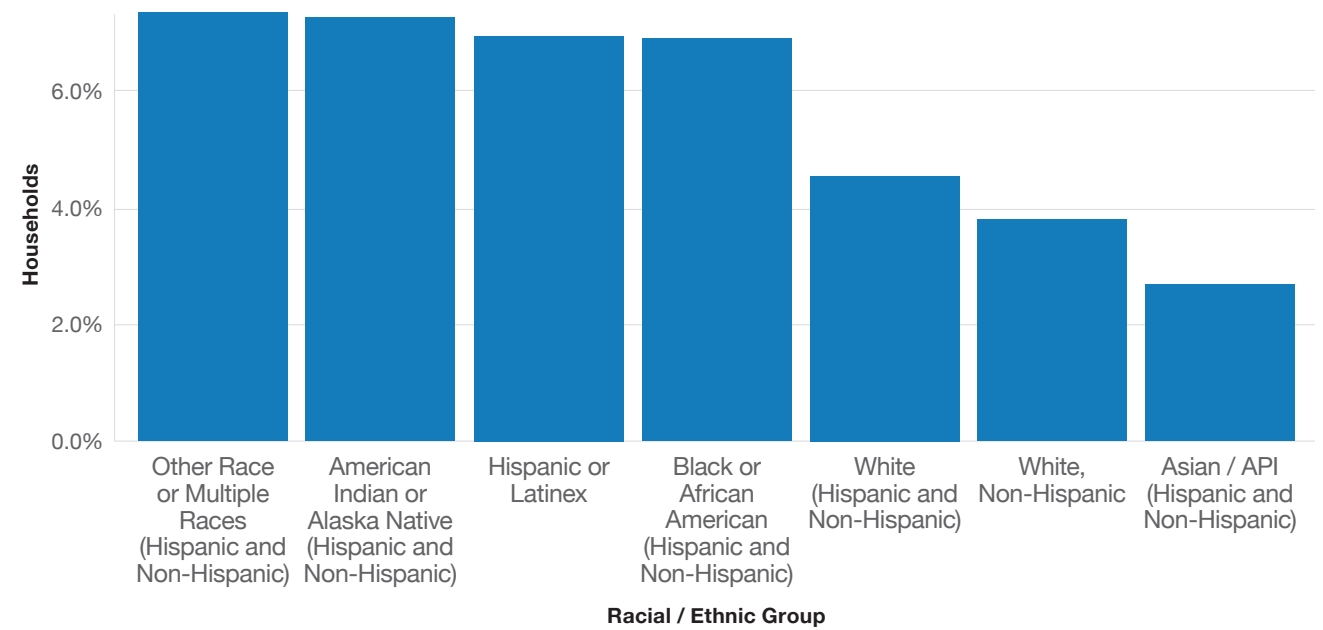
Community needs were defined primarily by four key indicators of poverty:

- ▶ Percentage of the population earning less than the Federal Poverty Level
- ▶ Percentage of the population experiencing unemployment
- ▶ True cost of living as defined by the Real Cost Measure
- ▶ Percentage of the population experiencing housing burden (spending more than 30% of their income on housing)



South County is grappling with significant income disparity and housing affordability issues. A **United Way Bay Area** report reveals that 36.4% of Morgan Hill residents and 39.1% of Gilroy residents are burdened by housing costs, exceeding the Santa Clara County average of 35.53%. The income disparity in Morgan Hill is \$8,353, while in Gilroy, it's \$11,534, higher than the County average of \$10,862. Notably, Gilroy is identified as one of the Bay Area cities with the highest economic needs, ranking among the 89 ZIP codes (out of 263 studied) with an overall high need score of 2.5.

PERCENT OF HOUSEHOLDS IN POVERTY STATUS BY RACE



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B17001(A-I)

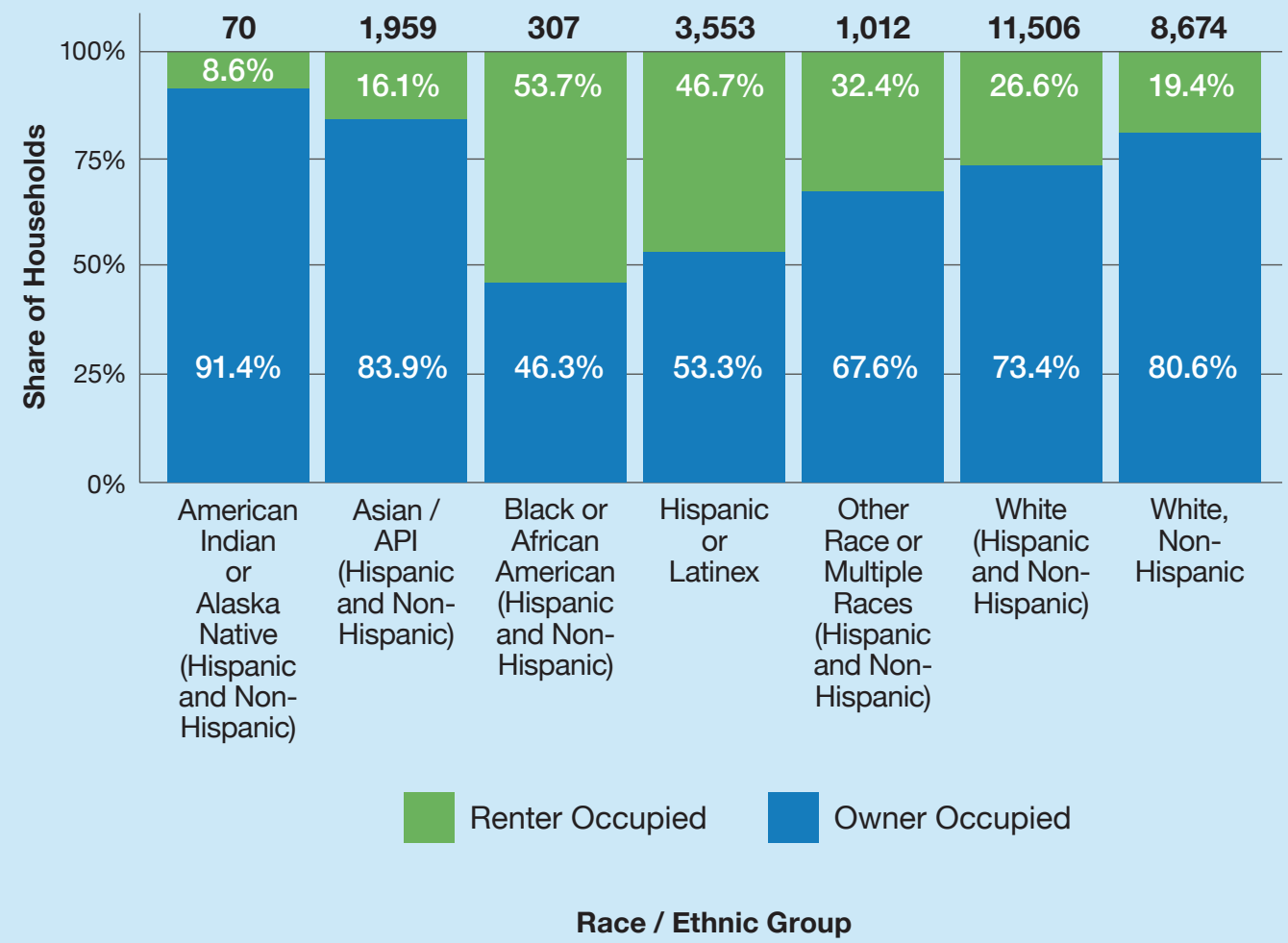
Hispanic/Latinx individuals are overrepresented among the ELI population, heightening racial disparities in housing costs. Hispanic/Latinx households, persons with disabilities, and large families all face housing insecurity at higher rates and tend to have less access to the highest resource parts of the region. People of color are more likely to experience poverty and financial instability due to federal and local housing policies that have historically excluded them from the same opportunities extended to others.⁹

Furthermore, the City's Hispanic/Latinx residents are the most severely cost-burdened, with 21.5% spending more than 50% of their income on housing. This is particularly crucial for the Hispanic/Latinx community, who represent a significant portion of renters in Morgan Hill, with 46.7% occupying rental units.

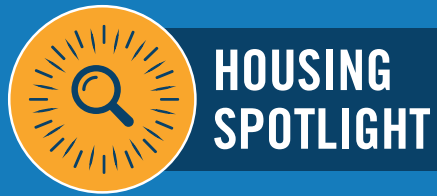
⁹ Moore, E., Montojo, N. and Mauri, N., 2019. Roots, Race & Place: A History of Racially Exclusionary Housing the San Francisco Bay Area. Hass Institute.



PERCENT OF HOUSING TENURE BY RACE OF HOUSEHOLDER



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25003 (A-I)



DESTINATION HOME SUPPORTING THE UNHOUSED COMMUNITY

Destination: Home is a leader in ending homelessness in Silicon Valley. The organization works to advance impactful strategies that address the root causes of homelessness and help ensure that our most vulnerable residents have a stable home.

Through unique public-private partnerships, Destination: Home brings stakeholders together in support of a common set of mutually reinforcing strategies:

- ▶ Expanding the supply of deeply affordable housing
- ▶ Helping people secure and maintain stable housing
- ▶ Improving access and equity within our system

Destination: Home stewards a Capacity Building Grant Program that provides funding tailored to the unique needs of local agencies. These grants and partnerships expand organizations' capacities to fulfill their missions, positively impact lives and communities, and play a stronger and more prominent role in the collaborative effort to prevent and end homelessness in Santa Clara County.

In 2021, the city of Morgan Hill received a \$450,000 grant award to fund an Unhoused Specialist position. This position works in the field, conducting real-time outreach and needs assessments to help unhoused residents access shelter, services, housing opportunities, and more. The response and strategies are designed to meet the immediate needs of unhoused residents through a mental health lens.

Our Unhoused Specialist works alongside partner agencies such as St. Vincent de Paul to build trust, conduct a needs assessment, and provide services and housing placement needs.

As a shining example of success, since 2021 Morgan Hill's Capacity Building Grant has empowered 118 individuals to transition from the streets into stable housing, significantly transforming their lives and contributing to the community's well-being.

- Referrals received: **459**
- Referrals connected with Unhoused Specialist: **438**
- Individuals housed: **118** (55 unhoused into housing, **63** in homeless prevention)
- Number of Vulnerability Index-Service Prioritization Decision Assessment Tool: **94**
- Individuals housed in shelter: **248**
- Referrals to legal services: **125**

“Destination: Home selected Morgan Hill to be a part of our local jurisdiction capacity building grant program because of the City's commitment to its most vulnerable residents, with **strategies and programming designed to directly help unhoused residents**, while also promoting the development of deeply affordable and supportive housing, Morgan Hill is a leader in showing what small cities can do to prevent and end homelessness.

Ray Bramson, Chief Operating Officer
Destination: Home



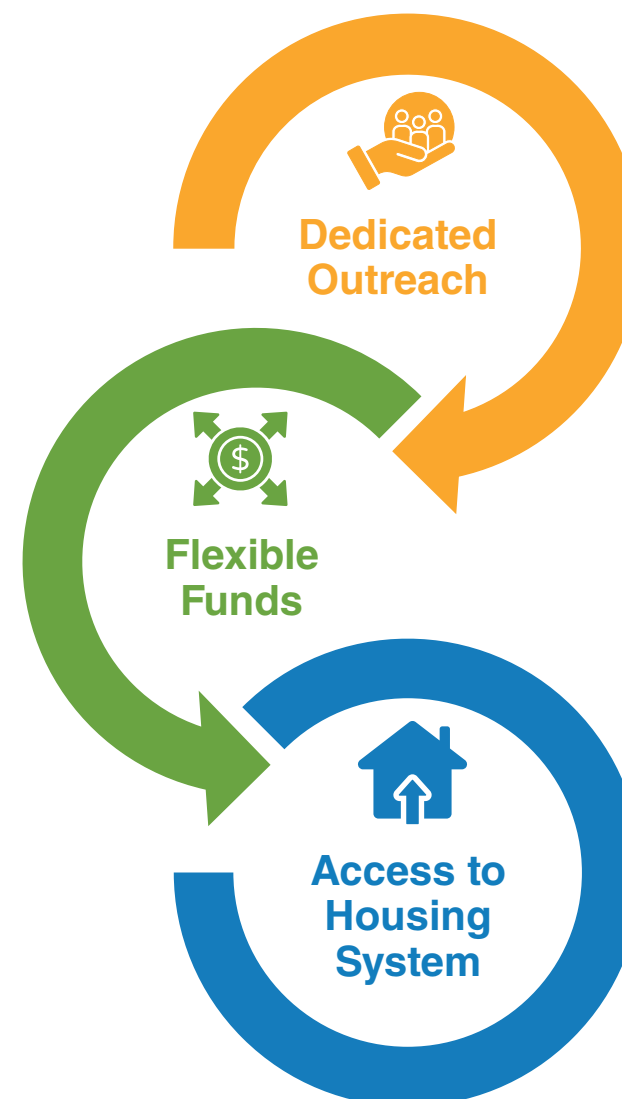
Homelessness

Throughout the region, including Morgan Hill, gentrification and displacement pressures are expanding. Homelessness also continues to increase in the City. In Santa Clara County, Hispanic/Latinx residents are disproportionately affected by the housing crisis, with 42.7% of the population experiencing homelessness.

In addition to addressing affordability for working-class families, the City of Morgan Hill has taken a proactive and sensible approach to support the unhoused community through partnerships and creative collaborations.

The **Safe Parking Program** enables up to eight families (or 30 people) to park safely overnight in a designated lot and offers showers, laundry, meals, and even job connections. Since 2018, this program has connected 110 individuals with permanent housing. In addition, since December 2021, a **Destination: Home** grant has funded a full-time Unhoused Specialist who supports the unhoused residents with housing resources. Since 2021, the Unhoused Specialist has received over 400 referrals, connected with 95% of them, and placed over 100 individuals into housing.

The City's successful homelessness response strategy is based on three distinct components:



- 1 Dedicated Outreach:** A dedicated Unhoused Specialist with a background in social work and a mental health lens which provides real time support.
- 2 Flexible Funds:** Partnerships with St. Vicent DePaul, Edward Boss Prado Foundation and other community organizations that provide resources and funding that is flexible to meet the varying needs of the community (e.g. money for gas, car repair, hotel vouchers, rent-gap money, furniture, clothing, and food).
- 3 Access To Housing System:** The Unhoused Specialist has access to the Santa Clara County's Vulnerability Index Service Prioritization Decision Assessment Tool (VISPDAT) system, which evaluates and prioritizes who gets help based on their need. The Unhoused Specialist can enlist individuals on the spot and update their applications based on new information.

Challenges to Connecting to Housing Resources

As noted previously, the cost of living and lack of housing in Silicon Valley is a challenge. The type of housing contributes to the housing crisis. A recent report issued by the Othering and Belonging Institute found that 95.80% of total residential land in California, and 77.82% among municipal and county jurisdictions, is zoned as single family, thus constraining the possibility for denser and more affordable housing.¹⁰ And as noted by the Turner Center for Housing Innovations *Affordability for Whom?* Study, home ownership is simply unattainable to many segments of the population. More rental housing is needed.

¹⁰ <https://belonging.berkeley.edu/single-family-zoning-california-statewide-analysis?emci=c2ffc4b-a017-ef11-86d0-6045bdd9e096&emdi=448c758b-5818-ef11-86d0-6045bdd9e096&ceid=7503189>

Eliminating barriers and leveling the playing field in obtaining housing is a key objective in assisting families to access economic mobility opportunities. The city’s recent I BELONG/YO PERTENEZCO community survey revealed that 34% of respondents don’t know how to find information on housing resources, with this concern heightened among Spanish speakers who cited “housing” as their top worry (28%).

This data emphasizes the need for targeted outreach and awareness campaigns specifically tailored to the city’s Spanish-speaking and to the lower-income community, ensuring they are informed and empowered to access available housing resources in Morgan Hill.



HOUSING STRATEGIES & ACTIONS

A deep dive into the needs of Spanish-speaking lower-income residents regarding housing revealed unmet needs and inspired corresponding strategies to address them. Research indicates that to elevate this community and boost economic mobility, residents must be met where they are, establishing a foundation of trust through well-curated strategies.

The City’s three strategies and twelve actions around Housing are centered on education leading to empowerment, the creation of more affordable housing and housing resources (called assets), and the idea of redefining affordable housing as an asset that will benefit the Community’s goals to attract and retain jobs, battle homelessness, and improve quality of life for all.

STRATEGY 3.A: EMPOWER RESIDENTS: BUILDING HOUSING KNOWLEDGE AND ACCESS

- 30 Provide housing resources and information in Spanish and other relevant languages.
- 31 Create user-friendly marketing and increase promotion of housing resources.
- 32 Build a network of trusted messengers (“promotores”) to connect with, inform, and engage the Spanish-speaking community.
- 33 Work with apartment managers to build relationships with community.

STRATEGY 3.B: INCREASE AFFORDABLE HOUSING ASSETS

- 34 Collaborate with community partners to establish an Economic Mobility Resource Center. (Also noted in the Jobs section as #18 and #24)
- 35 Encourage construction of Extremely Low Income (ELI) Housing.
- 36 Support rental housing production through zoning and funding.
- 37 Remove zoning barriers that prevent development of smaller housing units.
- 38 Secure funding and partnerships to expand housing programs and resources.

STRATEGY 3.C: BREAK DOWN BARRIERS AND FOSTER INCLUSIVITY BY REDEFINING AFFORDABLE HOUSING

- 39 Implement an educational campaign promoting affordability applies to and benefits everyone.
- 40 Counteract misinformation about affordable housing by celebrating stories of residents.
- 41 Promote equitable and fair access to housing.
- 42 Build a more inclusive community by empowering underrepresented voices.



AFFORDABILITY FOR WHOM?

The **Turner Center for Housing Innovation at U.C. Berkeley** recently launched an interactive tool to measure housing affordability. Titled **Affordability for Whom? Introducing an Inclusive Affordability Measure**, this research reveals the shortcomings of traditional metrics, which often neglect to consider who can actually afford to live and work in a given area. The study also highlights how existing measures overlook the full range of household expenses tied to location, including transportation and childcare.

The innovative metric proposes a more comprehensive approach, factoring in current residents and those who are priced out of living in a particular location due to high housing costs. This inclusive measure demonstrates affordability conditions for both existing and potential households across all of California's counties.¹¹

Below are two graphs representing the affordability metrics for both renters and homeowners in Santa Clara County. The metric compares traditional affordability indicators vs. new indicators for subsets of the population.

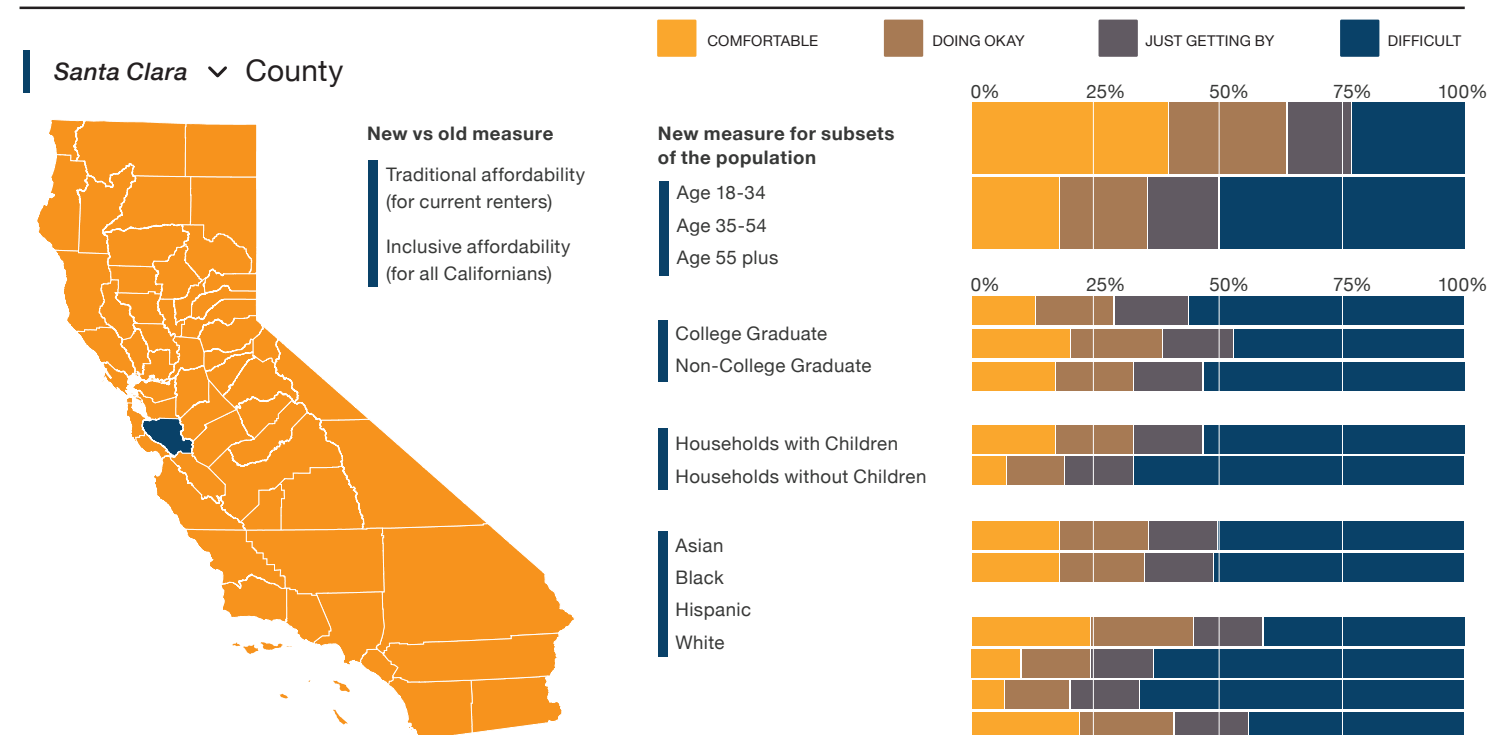
When the new metrics are applied, affordability is only for approximately 50% of the population. Affordability for homeownership is all but non-existent for all subsets of the population.



Renter Affordability Metric – Santa Clara County

Affordability for Whom? Terner Center for Housing Innovation

RENT OR OWN DOWN PAYMENT INTEREST RATE ☐ Transportation and Childcare Inclusive

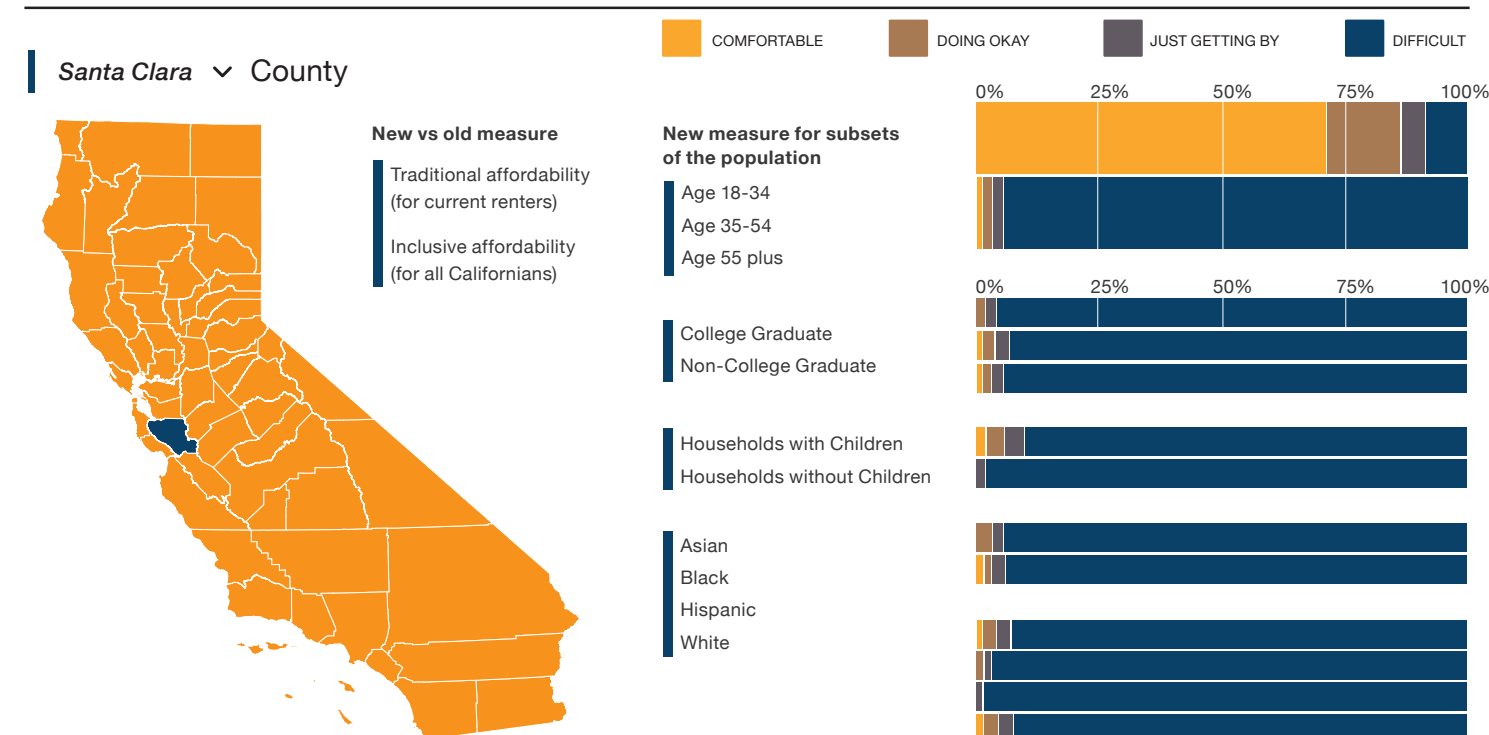


Owner Affordability Metric – Santa Clara County

Affordability for Whom? Terner Center for Housing Innovation

RENT OR OWN DOWN PAYMENT INTEREST RATE ☐ Transportation and Childcare Inclusive

Own ▼ \$100K ▼ 5% ▼



¹¹ Shoag, D, Romem I, Reid, C, “Affordability for Whom? Introducing an Inclusive Affordability Measure,” Turner Center for Housing Innovations, [Home - Turner Center](https://turnercenter.org/berkeleyedu) (berkeley.edu), May 2, 2024.

CONCLUSION

The **ELEVATE Morgan Hill** report offers strategies and actions to improve economic mobility with a focus on improving connections to housing resources for low-income residents, connecting Spanish-speaking residents to local jobs and to improving a feeling of belonging for the Spanish-speaking residents.

The demographics of Morgan Hill are changing, with over 50% of the population being Hispanic/Latinx and Asian. The City has an opportunity to reflect on its service delivery and create a more targeted approach to better serve all the people of the community. With strategic partnerships, the City can foster upward economic and social mobility for all.

The built environment should reflect the diverse community who lives and works in the City. While increasing affordable housing units is critical, it is not enough. Families need the knowledge, awareness, or comfort level to access housing and job resources. The City’s economic and fiscal sustainability relies on an ecosystem of companies and businesses. However, this ecosystem is not only large companies, but small businesses, microenterprises and entrepreneurs which are the backbone of the local economy. The City’s housing efforts improved job connections and strengthening belonging is the roadmap to strengthen economic opportunities and create mobility for families.

Moving forward, the City’s economic mobility goals benefit from:

- ▶ The continual reevaluation of service delivery with the intention to positively connect with and impact the low-income and the Spanish-speaking residents
- ▶ The collective impact from the regional partners, aligning resources to improve service delivery
- ▶ The construction of more extremely low and very low housing unit and more rental product to meet the needs of residents
- ▶ The investment in culturally appropriate community engagement and outreach
- ▶ The education and empowerment of Spanish-speaking residents
- ▶ The celebration of diversity and encouragement of inclusivity

The Elevate Morgan Hill program sets the path for the next 3-5 five years to implement the 40 actions.



SUMMARY OF STRATEGIES AND ACTIONS

Strategies And Actions

ELEVATE Morgan Hill identifies **nine strategies and 40 action items** that are intentional in creating equitable access to opportunities for everyone. Community leaders, service providers, local employers, educational institutions, and government and non-government organizations are invited to align resources and have a collective impact on creating a more prosperous, sustainable, inclusive, and resilient Morgan Hill.



BELONGING

STRATEGY 1.A: IMPROVE VISIBILITY OF HISPANIC/LATINX COMMUNITY

- 1 Celebrate diversity by encouraging cultural events.
- 2 Praise Hispanic/Latinx faces of Morgan Hill and showcase their presence, culture, and contributions.
- 3 Encourage belonging through art that celebrates diversity.

STRATEGY 1.B: EMPOWER THE SPANISH-SPEAKING COMMUNITY TO PROMOTE AUTONOMY AND EQUITY OF VOICE

- 4 Implement a Leadership Academy to educate, train, build leadership skills and develop promotores.
- 5 Engage working families at cultural, faith-based, retail, and Community hubs.
- 6 Conduct community meetings during times when working community members can attend, offering childcare, food, and incentives.
- 7 Invest in translation and interpretation services and culturally appropriate marketing programming across all City services.
- 8 Make City Hall more welcoming and inclusive by implementing signage that celebrates diversity.
- 9 Collaborate with the Police Department, Code Compliance, and other enforcement agencies to build trust.

STRATEGY 1.C: CREATE AN ACTIVE ALLYSHIP WORKPLACE CULTURE AT CITY HALL

- 10 Raise awareness of unconscious biases, systematic inequities, and the importance of belonging and allyship.
- 11 Prevent discrimination and promote inclusivity through values campaigns and skills training.
- 12 Foster a sense of Community through team-building, employee resource groups, and mentorship.
- 13 Continuously update hiring policies and review benefits with a lens to prevent discrimination and bias.
- 14 Provide all information and resources in Spanish and other relevant languages.

JOB

STRATEGY 2.A: INCREASE ACCESS TO EDUCATION, TRAINING AND EMPLOYMENT

- 15 Collaborate with partners on economic mobility strategies.
- 16 Connect Spanish-speakers and day workers to education, resources, training, and job opportunities.
- 17 Partner with NorCal Carpenters Union Training Center to provide trainings to Spanish-speaking residents.
- 18 Create an Economic Mobility Center to support day workers, rapid re-employment, education, and training. (Also noted as #24 and #34)

STRATEGY 2.B: PROMOTE ENTREPRENEURSHIP

- 19 Expand business training programs such as “Fundamentos de Negocios” for Hispanic/Latinx entrepreneurs.
- 20 Implement an education campaign for Microenterprise Home Kitchen Operations (MEHKO).
- 21 Encourage development of home-based day care centers.
- 22 Offer business services and development services resources in Spanish.
- 23 Create an awareness and education campaign on bidding for City contracts.

STRATEGY 2.C: EXPAND EMPLOYMENT OPPORTUNITIES LOCALLY

- 24 Create an Economic Mobility Center as a one-stop shop for job and career opportunities. (Also noted as #18 and #34)
- 25 Encourage local employers to create job postings in Spanish.
- 26 Create a “Work Local” campaign promoting local employment opportunities.
- 27 Support hospitality and lodging industry workers with career opportunity pathways.
- 28 Collaborate with local companies and Morgan Hill Unified School District to create career pathways.
- 29 Capitalize on Morgan Hill Unified School District Adult School Program to provide training and career resources.

HOUSING

STRATEGY 3.A: EMPOWER RESIDENTS: BUILDING HOUSING KNOWLEDGE AND ACCESS

- 30 Provide housing resources and information in Spanish and other relevant languages.
- 31 Create user-friendly marketing and increase promotion of housing resources.
- 32 Build a network of trusted messengers (“promotores”) to connect with, inform, and engage the Spanish-speaking community.
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- 41 Promote equitable and fair access to housing.
- 42 Build a more inclusive community by empowering underrepresented voices.



APPENDICES

APPENDIX A

I BELONG/YO PERTENEZCO SURVEY QUESTIONS

- 1 Do you currently live in the City of Morgan Hill?
- 2 Do you currently work in the City of Morgan Hill?
- 3 **TRUST.** To what extent do you agree with the following statement: I trust the City of Morgan Hill's ability to represent needs and interests. To trust means that you trust the City of Morgan Hill's government's ability to listen, address, and meet your needs and interests.
- 4 **BELONGING.** To what extent do you agree with the following statement: I feel like I belong in the City of Morgan Hill. To feel a sense of belonging means that you feel like you fit in, you are welcomed, and accepted in Morgan Hill.
- 5 **SAFETY.** To what extent do you agree with the following statement: I feel safe living in Morgan Hill.
- 6 **SAFETY OF EXPRESSION.** To what extent do you agree with the following statement: I feel safe to express my identity in Morgan Hill without having to worry about negative consequences. This may include your race, ethnicity, sexual orientation, religion, gender, and more.

Basic Needs:

- 7 How stable do you feel with your current housing situation?
- 8 Do you or your family worry about having enough food?
- 9 How confident do you feel in your ability to get or maintain employment?

Resourcefulness:

- 10 I know where to go to get information about housing.
- 11 I know where to get information about food assistance.
- 12 I know where to get assistance with jobs or employment.
- 13 I know how to engage with the City of Morgan Hill. Engaging with my local government means that you know how to express an opinion, attend a council meeting, or contact your local representative.

Needs:

- 14 What do you worry about the most? Please check all that apply: Housing/Access to Food/Employment/Job Training/Childcare/Education/Transportation/Healthcare/Other
- 15 To what extent do you agree with the following statement: I feel confident about my ability to prosper in Morgan Hill? To prosper means that you feel confident about your ability to improve your current financial and living conditions.

About You:

- 16 What is your age?
- 17 What is your gender Female/Male/Non-binary/Transgender/Other/Prefer Not to Say
- 18 What is your race/ethnicity American Indian or Alaskan Native/Asian/Pacific Islander/Black or African American/Hispanic or Latin/a/x/ White/Caucasian/Other/Prefer not to Say
- 19 What is your highest level of education?
- 20 What is your income level?
- 21 Thank you for completing the community survey. Please add your name and email below to receive a prize for completing the survey. Thank you again.
- 22 If you completed this at a restaurant, please tell us the name below.

I BELONG/YO PERTENEZCO SURVEY

KEY FACTS/TAKEAWAYS

n: 167/English Language | n: 113/Spanish Language

Overall, all respondents - English and Spanish-speaking - felt a high level of

- ▶ Trust in the City
- ▶ Feeling of Safety
- ▶ Sense of Belonging in Morgan Hill
- ▶ Housing Stability

Questions regarding **Basic Needs**, **Resourcefulness**, **Needs** and **About You** revealed unpredicted responses and shed light on differences between English and Spanish-speaking respondents in Morgan Hill.

Key Facts/Takeaways:

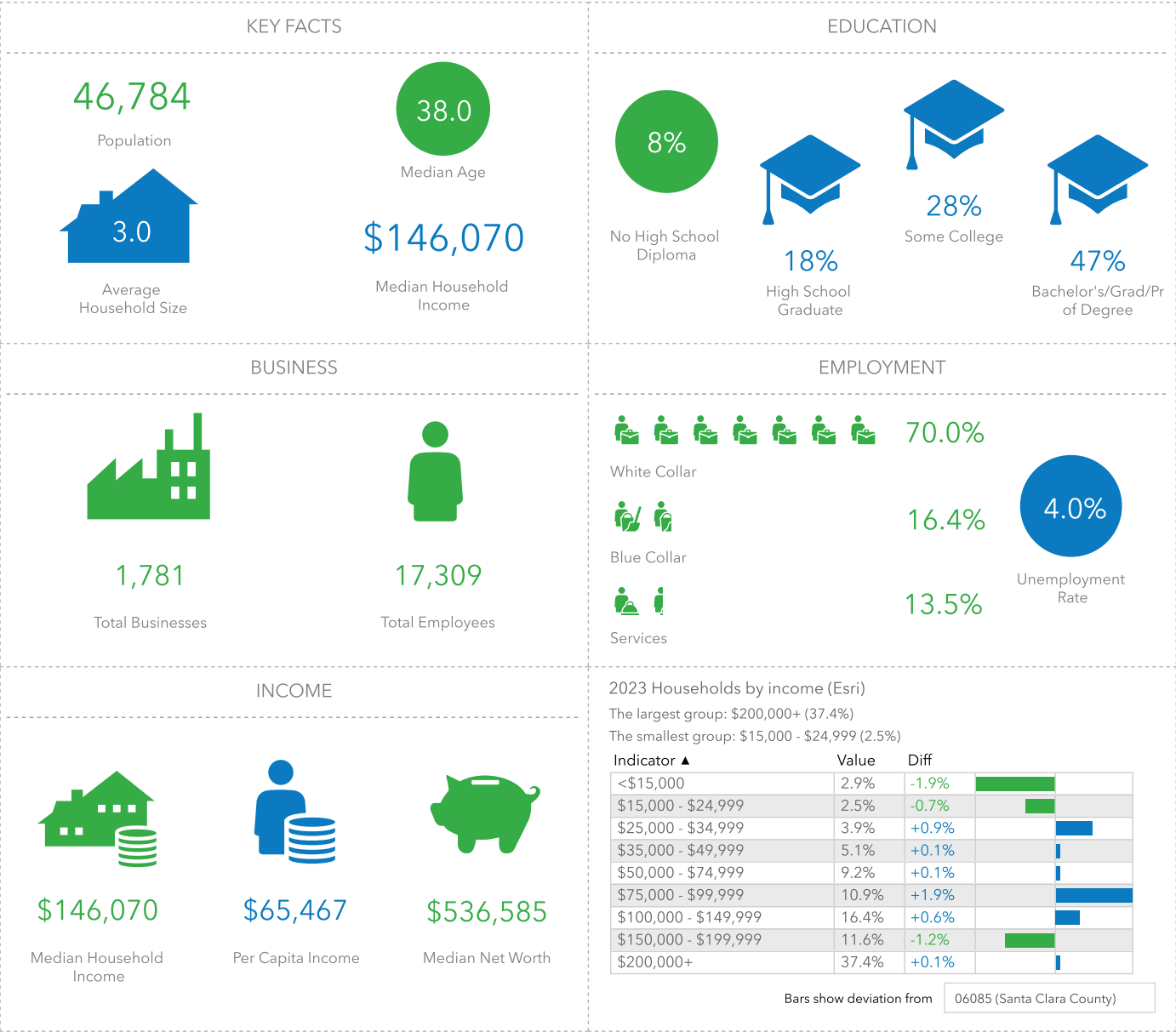
- ▶ 41% - Spanish speakers worry about obtaining enough food
- ▶ 34% - Spanish speakers do not know where to obtain information on housing
- ▶ 24% - Spanish speakers do not know how to connect with city government, elected officials
- ▶ 60 % - Spanish speakers have High School Diploma/GED
- ▶ 71 % - English speakers have college degree (4yr) and beyond
- ▶ 50% - Spanish speakers make LESS than \$35,000
- ▶ 60% - English speakers make \$100,000 or MORE
- ▶ Top 3 issues/worries for Hispanic/Latinx– Spanish speakers
 - ▶ Housing
 - ▶ Jobs
 - ▶ Food/Education (tied)
- ▶ Top 3 issues/worries for Hispanic/Latinx– Spanish speakers
 - ▶ Housing
 - ▶ Childcare
 - ▶ Healthcare

DEMOGRAPHIC DATA

John Lang | May 22, 2024

Key Facts

MORGAN HILL
Area: 12.9 square miles



This report is funded through the generous support of ICMA to research economic mobility for the City of Morgan Hill.

BACKGROUND

The City of Morgan Hill kicked off the Elevate Morgan Hill program in the Spring of 2023. The Elevate Morgan Hill Program is a concentrated and focused effort to create greater economic mobility for the City's Spanish speaking and lower income community members. Efforts will be focused on developing strategies that create opportunities for jobs and housing and increasing a sense of belonging to the community that has not historically been prioritized by the City of Morgan Hill. As part of this process for understanding the population and community, a market analysis of demographics and other indicators was commissioned to aid in helping inform strategies and tactics that will achieve the vision and goals of the Elevate Morgan Hill program.

The data analysis is focused on various geographic levels for Morgan Hill and the surrounding area. Data from the United States Census Bureau, Morgan Hill School District, State of California and other sources was utilized in the development of this report.

The report is focused on three categories of information:

- Business Composition
- People
- Housing

The report is intended to supplement and help inform program and policy decisions the City of Morgan Hill and its partners may wish to undertake and support greater economic mobility and belonging within Morgan Hill.

BUSINESSES

Race and Ethnic Makeup of Businesses

The most recent complete information regarding Business ownership for Morgan Hill comes from the United States Census Bureau, Survey of Business Owners (Survey that is conducted every 5 years). Data was last collected in 2017, unfortunately due to confidentiality requirements, much of the data has been redacted at the city level. However, in 2012, the Survey of Business Owners is complete for the City of Morgan Hill.

- In 2012, there were a total of 3,341 firms in Morgan Hill. 76.8% of the firms are non-Hispanic with a majority of those being white owned (72.1%), followed by Asian owned at 13.6%. Business ownership amongst Hispanic/Latin people is 22.6%.

Insights from COVID-19 and Small Business Administration Loans

The distribution of Paycheck Protection Program (PPP) loans from the Small Business Administration to Morgan Hill and South Santa Clara County was analyzed for distribution of funds and the funding institutions. The Small Business Administration asked for, but did not require, businesses to report race or ethnicity information when applying for PPP loans. In total there were 728 PPP loans in Morgan Hill under \$150,000 (Table 1). Of all the loans, 229 businesses reported race or ethnicity information as this was not a requirement or condition of the loans.

Table 1: Small Business Administration Payroll Protection Program Data on Morgan Hill businesses

Definition	Number of Business	Total Loans (Approved)	Lender (# of loans)
All Morgan Hill companies receiving PPP loans (<\$150k)	728	\$43,777,187	Wells Fargo (55), Chase (41), Union Bank (31)
Businesses that Identified Race and Ethnicity (Subset N=229)			
White	97	\$6,758,327	Bank of American (17), Union Bank (13), Union Bank/Pinnacle Bank, (All at 9)
Asian	56	\$3,000,949	Bank of America (29), Chase (5)
Hispanic/Latino	30	\$2,163,137	Bank of America (11), Chase (5)

Source: U.S. Small Business Administration. Paycheck Protection Program (PPP) data. Black and American Indian Responses are not displayed in the table above. <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program/ppp-data>

Table 2: Small Business Administration Payroll Protection Program Data on South County (Morgan Hill, Gilroy, San Martin combined)

Definition	Number of Business	Total Loans (Approved)	Lender (# of loans)
All Gilroy, Morgan Hill, San Martin companies receiving PPP loans (<\$150k)	1,472	\$86,085,453	Bank of America (262), Wells Fargo (159), Pinnacle (139), Chase (121), Union Bank (102), Cross River (72)
Businesses that Identified Race and/or Ethnicity (Subset, N=661)			
White	186	\$12,199,208	Bank of American (35), Union Bank (26), Wells Fargo (15)
Asian	115	\$6,910,498	Bank of America (45), Chase (10)
Hispanic/Latino	75	\$4,836,339	Bank of America (17), Chase/BMO/Union (All at 8)

Source: U.S. Small Business Administration. Paycheck Protection Program (PPP) data. Black, American Indian, and Native Hawaiian Responses are not displayed in the table above <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program/ppp-data>

Looking at the South County Statistics in Table 2, some inferences that can be drawn from the PPP data collected by the U.S. Small Business Administration, while Race and Ethnicity information was not collected for all loans (was asked as voluntary information), the number of Hispanic/Latinx firms self-identifying was lower relative to White and Asian firms. Looking at the average loans requested, Hispanic/Latin firms average PPP loan was at \$64,484. While White and Asian firms, the average loan value was at \$65,587 and \$60,091, respectfully. The two largest industry sectors by number of loans supported for White firms was Construction followed by Manufacturing. The two largest industry sectors by number of loans for Asian firms was Food Service and Healthcare. The two largest industry sectors by number of loans for Hispanic/Latinx firms was Construction and Food Service.

Entrepreneurship Pathways via Food Service - Mobile Food Vending

For individuals that are interested in owning or operating a business related to food, one of the more economical approaches is to establish either a Cottage Food Operator (packaged food-Table 3), Mobile Food Vending (Table 4) or a Microenterprise Home Kitchen Operation (MEHKO). The three pathways to entrepreneurship require a health permit with the County of Santa Clara. According to the most recent information from the Consumer Protection Department with the County of Santa Clara about 10% of the registered Cottage Food Operators are located in Gilroy and Morgan Hill. Only 4% of the registered Mobile Food Vendors for Santa Clara County are located in Gilroy and Morgan Hill.

Table 3. Cottage Food Operators (Gilroy, Morgan Hill)

City	Business Name	Cottage Food Operator License
Gilroy	Ashley's Baking Me Crazy	Class A
Gilroy	Buena Bella Sweets	Class A
Gilroy	Cookie Creations By Amy	Class A
Gilroy	Cupcakes For College	Class A
Gilroy	Dreamin Chocolat	Class A
Gilroy	Rocky Road Ahead	Class A
Gilroy	Snickerdoodle Sweets & Events	Class A
Gilroy	Time For Feast	Class A
Gilroy	Treats By Jess	Class A
Morgan Hill	Aces' Place Banana Breads	Class A
Morgan Hill	Chaithentic	Class A
Morgan Hill	Chinese Homemade Treats	Class A
Morgan Hill	Courtney Barros Confections	Class A
Morgan Hill	Dough & Batter	Class A
Morgan Hill	E 'N' E Snacks	Class B
Morgan Hill	Golden Poppy Custom Sweets	Class A
Morgan Hill	Kouign Raccoon Bakery	Class A
Morgan Hill	Miley Baking	Class A
Morgan Hill	Randodadrob's Kitchen	Class A
Morgan Hill	Whole Breads	Class B
Morgan Hill	Yola's Pralines	Class A

Source: County of Santa Clara Consumer Protection Division <https://cpd.sccgov.org/cottage-food-operations-cfo>

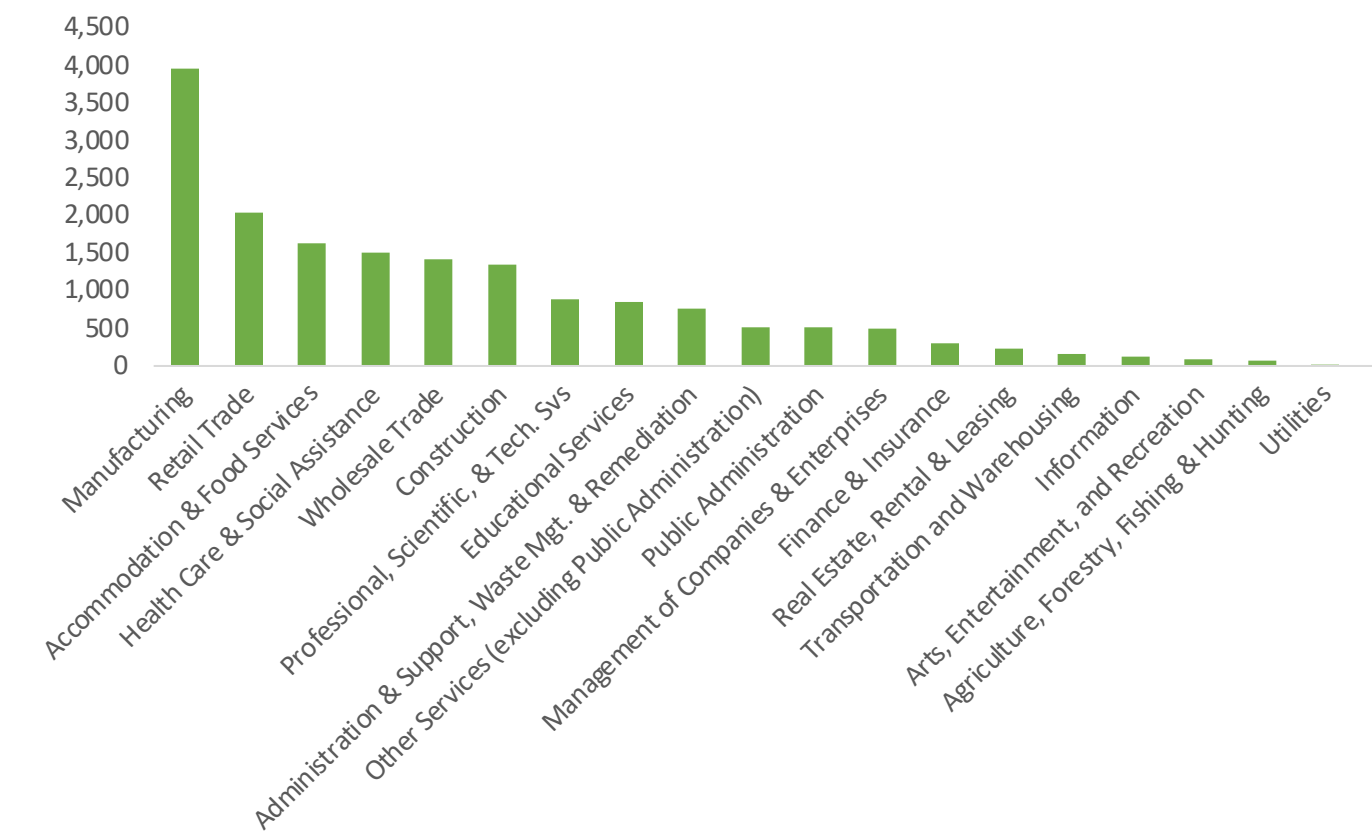
Table 4. Licensed Mobile Food Vendors (Gilroy, Morgan Hill)

City	Business Name	Mobile Food Vendors
Gilroy	Cmfo - Tacos Del Guero 4KU4738	Limited Food Prep
Gilroy	Cmfo - Tacos Del Guero De Gilroy 4LK8922	Limited Food Prep
Gilroy	Fire & Slice 8S80916	Full Food Prep
Gilroy	Frutas Del Guero 4JS4448	Limited Food Prep
Gilroy	Ricky's Grill 4LT3999	Full Food Prep
Gilroy	Sanchez Tacos 4KH8536	Limited Food Prep
Gilroy	Tacos Del Guero 6X02656	Full Food Prep
Gilroy	Tacos El Rufles 4UN2729	Limited Food Prep
Morgan Hill	A La Carte Of Loaves And Fishes	No Food Prep
Morgan Hill	Antojitos Alfaro 4SU1240	Full Food Prep
Morgan Hill	Birria El Vaquerito 4VG7957	Full Food Prep
Morgan Hill	Cheese On Board 4VR1656	Limited Food Prep
Morgan Hill	Cmfo - Antojitos Juquilita 4KU4443	Limited Food Prep
Morgan Hill	Cmfo - Churros La Guadalupana	Limited Food Prep
Morgan Hill	El Cabrite Taqueria De Texcoco 4TB5965	Full Food Prep
Morgan Hill	El Chavitaco 4Uk7453	Full Food Prep
Morgan Hill	Fruta Fresca El Oasis 4TM2422	Limited Food Prep
Morgan Hill	La Costa Chica 4KU4388	Limited Food Prep
Morgan Hill	Los Corias 50061P2	Full Food Prep
Morgan Hill	Ninos Ice Cream 68442X1	Limited Food Prep
Morgan Hill	Pinto Cocina Mexicana LIC 8H18177	Full Food Prep
Morgan Hill	Princess Fruit And Food 8X45133	Full Food Prep
Morgan Hill	Pupusa Lady 7CIN611	Full Food Prep
Morgan Hill	Quick Dogs	Limited Food Prep
Morgan Hill	Speedy Guzman 7ENG324	Full Food Prep
Morgan Hill	Tacos El Abuelo #2 2A89965	Full Food Prep
Morgan Hill	Tacos El Pelon De Oaxaca 4W12920	Full Food Prep
Morgan Hill	Tacos La Morenita 4PG5949	Full Food Prep
Morgan Hill	Valeri's Fruit 4JN8258	Limited Food Prep

Source: County of Santa Clara Consumer Protection Division <https://cpd.sccgov.org/food/mobile-food-facilities>

A majority of Morgan Hill jobs are within the Manufacturing Sector followed by Retail and Food Services (Figure 1). 35% of the workers in Morgan Hill are Hispanic/Latino and nearly 20% are of Asian descent.

Figure 1. Morgan Hill Jobs by Industry
Jobs by Industry, Morgan Hill



Morgan Hill Residents in the Workforce

According to the U.S. Census, American Community Survey for 2022, a disproportionate number of Morgan Hill working residents, who are Hispanic and Latinx, as a percentage, commute more than other races and ethnicities and have less opportunities to work from home (Table 5). Only 7% of Hispanic/LatinX workers, work from home compared with White and Asian Morgan Hill residents.

Table 5. Travel to Work by Race/Ethnicity

Travel to Work	White (9.5k)	Asian (3.8k)	Hispanic/Latinx (6.4k)
Drove Alone	70%	54%	76%
Public Transit/Carpool	9%	0%	0%
Walk	1%	0%	3%
Other Mobility	1%	1%	2%
Worked From Home	18%	28%	7%

Source: U.S. Census, American Community Survey, 5-year estimate 2018-2022, City of Morgan Hill

Another interesting factor is how housing tenure (whether you own or rent your housing) can play a factor in travel to work modes of transportation. Owner occupied housing has a much higher utilization rate of working from home as well as using public transit or carpooling than those who rent. Whereas individuals that are renting their housing, carpool and work from home far less, however they will also include more walking to work. (Table 6)

Table 6. Travel to Work by Housing Tenure

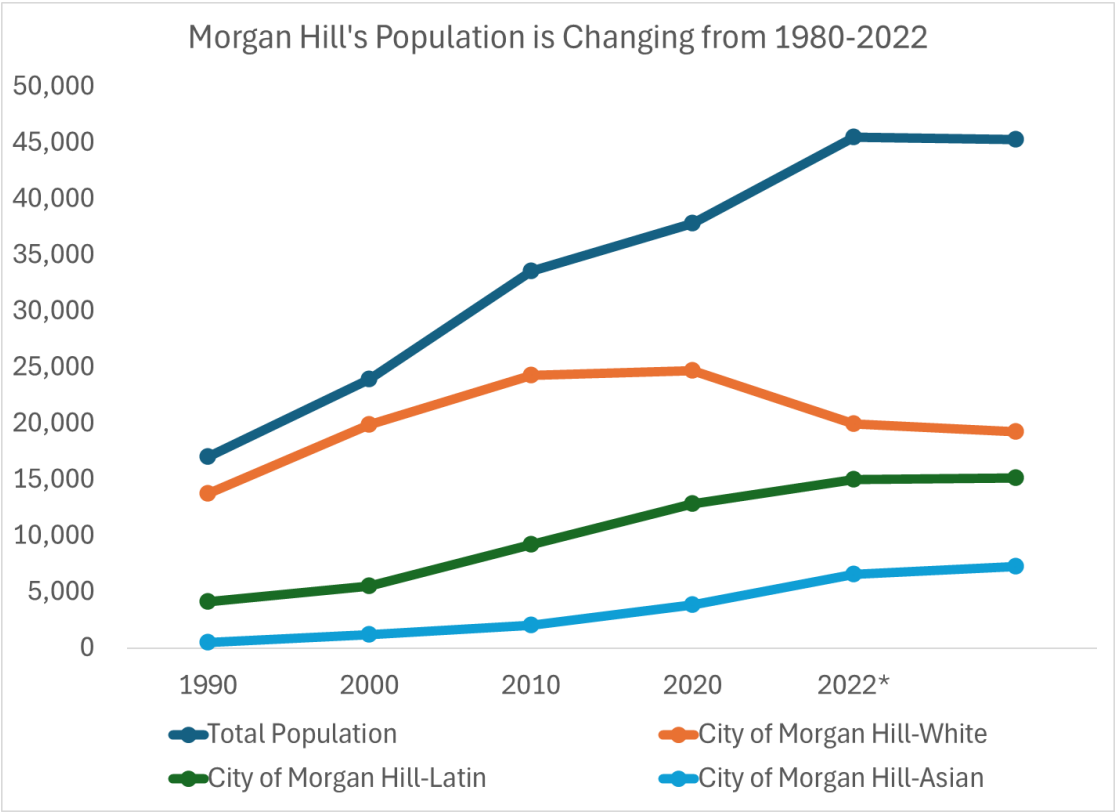
Housing Tenure	Drive Alone	Carpool/Public Transit	Walked	Other Mobility	Worked from Home
Owner	66%	12%	1%	1%	20%
Renter	75%	4%	3%	3%	8%

Source: U.S. Census, American Community Survey, 5-year estimate 2018-2022, City of Morgan Hill

THE PEOPLE OF MORGAN HILL

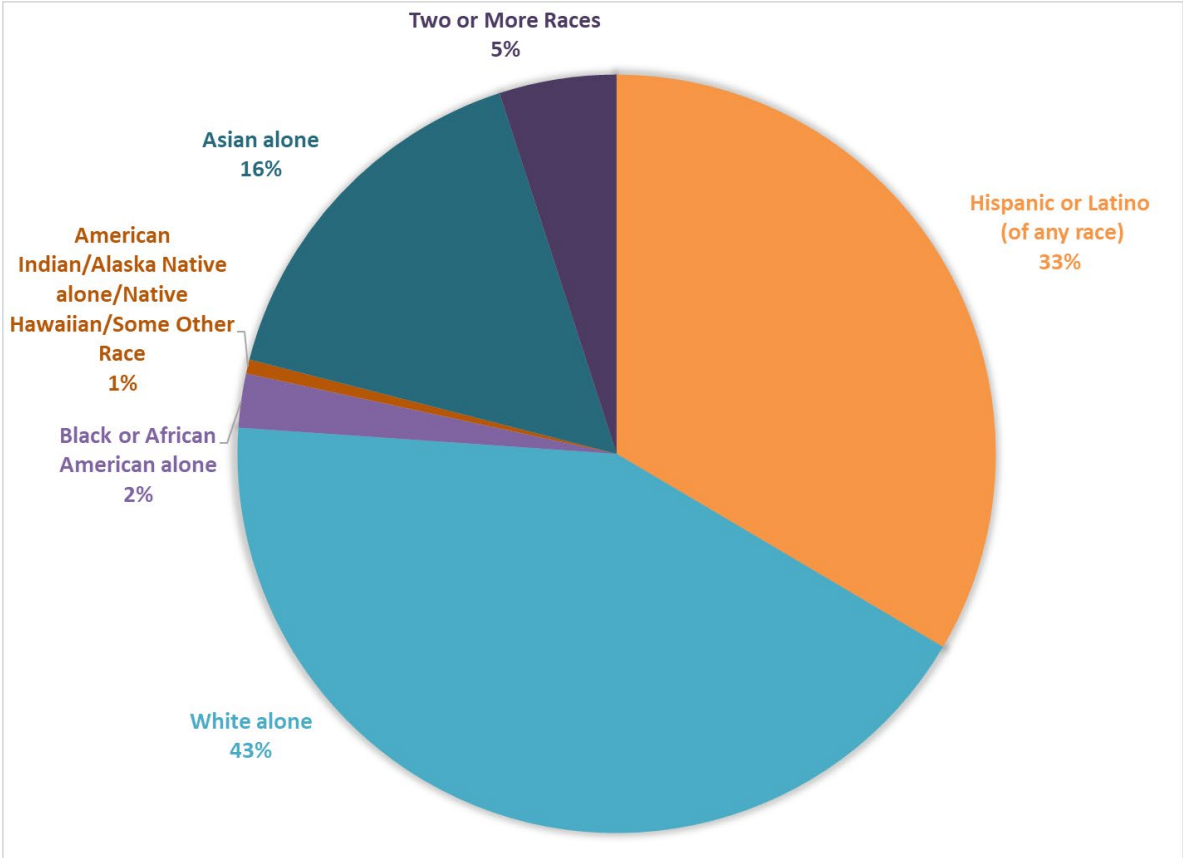
Morgan Hill’s population has grown over the last 30 years. As the population has grown, so has the demographic and ethnic makeup of the City. Like the rest of Silicon Valley, Morgan Hill is experiencing growth in Asian, Hispanic/Latinx people.

Figure 2. Historical Population of Morgan Hill



Sources: Bay Area Census, U.S. Census, American Community Survey, U.S. Census, American Community Survey, 5-year estimate 2018-2022, City of Morgan Hill

Figure 1. Morgan Hill Jobs by Industry



Source: U.S. Census, American Community Survey, 5-year estimate 2018-2022, City of Morgan Hill

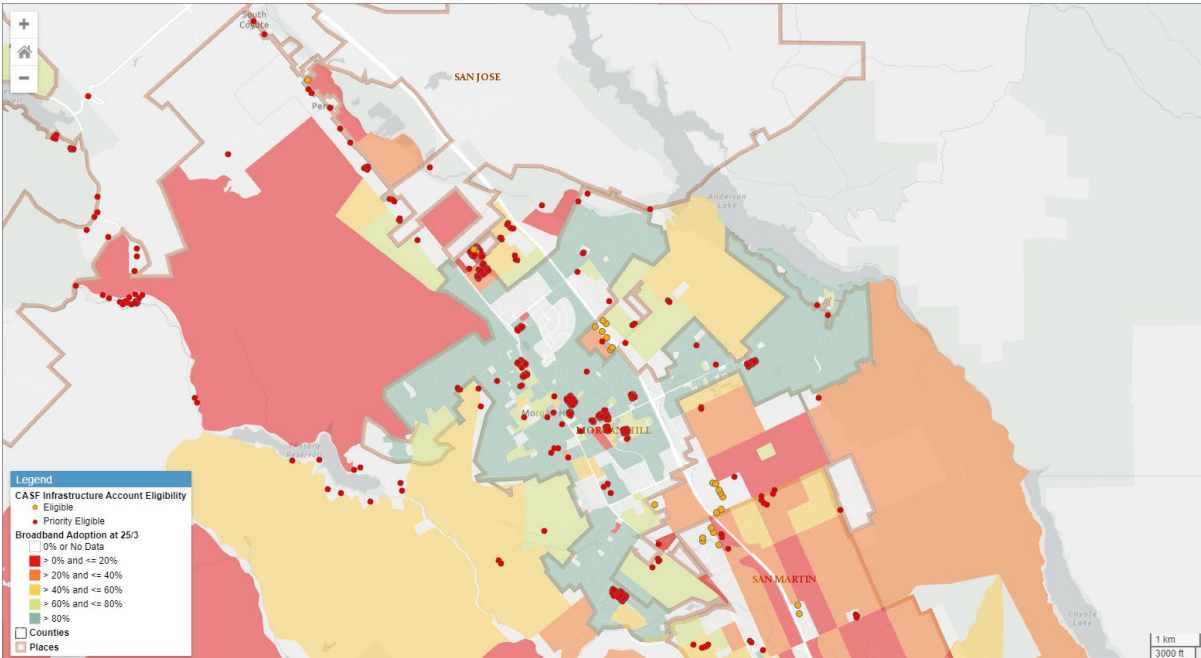
Morgan Hill’s racial and ethnic diversity also is evident in the language spoken at home. According to the U.S. Census Bureau, American Community Survey, 5-year estimates (2018-2022), 32% of the Morgan Hill population speaks a language other than English at home (Spanish being the largest). Additionally, people 65 and older across different races have the highest percentages of not speaking English well. According to the Morgan Hill Unified School District, 24% of their students are English Learners (Spanish speaking is native language) (FY 2023-2024) report.

Accessing Information and Broadband

The most recent Census information on broadband connectivity for Morgan Hill, shows that 5% of the Morgan Hill’s population access to broadband is ONLY through a cell phone. Additionally, 5% of the population has no access to broadband coverage.

According to the California Broadband for All Initiative, the census tracts within the City of Morgan Hill are eligible for funding to support 25/3 broadband goals (The Federal Communications Commission (FCC) broadband capability requires consumers to have access to actual download speeds of at least 25 Mbps and actual upload speeds of at least 3 Mbps) Figure 4 highlights with red dots that are eligible for funding. Polygons that are shaded in yellow, orange and red highlight less availability of broadband.

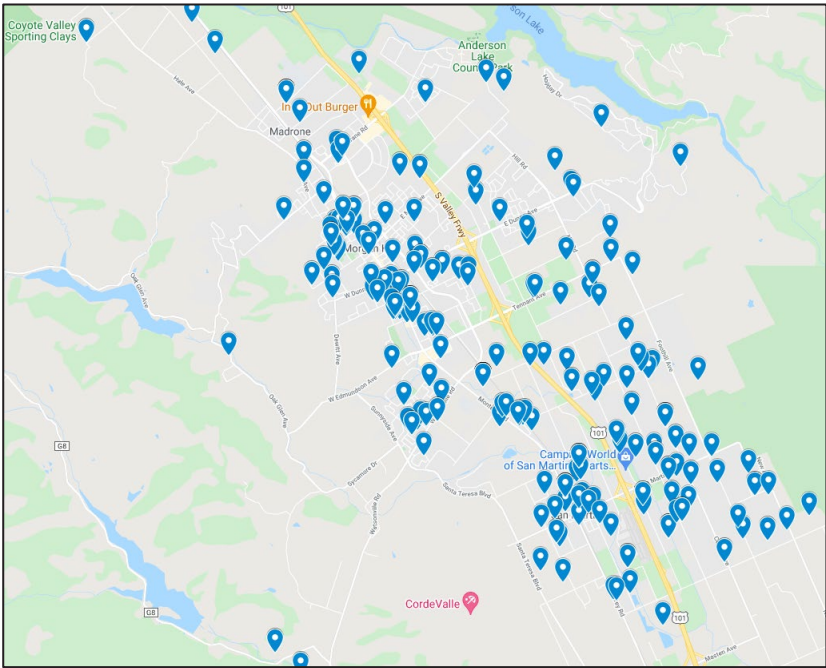
Figure 4. Broadband Coverage in Morgan Hill



Source: State of California Broadband for All <https://broadbandforall.cdt.ca.gov/interactive-broadband-map/>

According to the Morgan Hill Unified School District, at the start of the Pandemic in 2020, they had to deploy additional hotspots to students to aid in the connectivity. Below is a map that reflects the additional hotspots necessary to support Morgan Hill’s student population to access education.

Figure 5. Morgan Hill Unified School District Hotspot Deployment (2021)

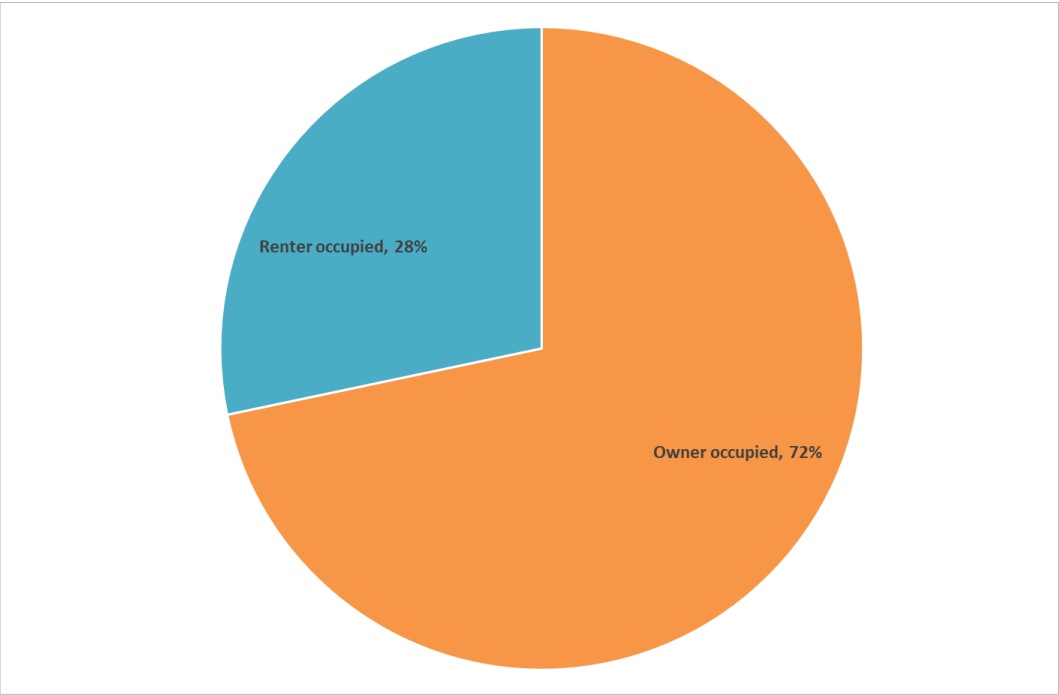


Source: Morgan Hill Unified School District

HOUSEHOLD DEMOGRAPHICS

Morgan Hill’s tenure rate for the City is 72% owner occupied housing with 28% being rentals. According to the United States Federal Reserve the national average for homeownerships is 65%.

Figure 6. Housing Tenure in Morgan Hill, 2022



Source: U.S. Census, American Community Survey, 5-year estimate 2018-2022, City of Morgan Hill

When analyzing the tenure rate through the lens of race and ethnicity it becomes clear that Hispanics/Latinx residents lag homeownership opportunities versus other races.

Table 7. Homeownership by Race and Ethnicity

	White	Hispanic/Latinx	Asian
Owner	80%	46%	84%
Renter	19%	53%	16%

Source: U.S. Census, American Community Survey, 5-year estimate 2018-2022, City of Morgan Hill

Jobs Housing Fit

Morgan Hill has a Jobs Housing Fit ratio of 7.39. Jobs-Housing Fit measures the mismatch between wages and housing affordability as the ratio of low-wage jobs (less than \$3,333/month) to the number of low-cost rental units (less than \$1,500/month). This translates into that there are more than 4 low-wage workers competing for each affordable home in Morgan Hill (assumes household size of 2).

APPENDIX C

LINKS TO RELEVANT DOCUMENTS

- ▶ City of Morgan Hill -Housing Element Appendix H-5 Affirmatively Further Fair Housing

<http://www.morganhill.ca.gov/DocumentCenter/View/48217/Appendix-H-5-Assessment-of-Fair-Housing>
- ▶ City of Morgan Hill Economic Development Blueprint and Strategy

<https://www.morganhill.ca.gov/2549/Economic-Development-Blueprint-Strategy>
- ▶ Urban Institute - Upward Mobility Framework

<https://upward-mobility.urban.org/mobility-metrics-framework>
- ▶ Joint Venture of Silicon Valley – 2024 Silicon Valley Index

<https://jointventure.org/publications/silicon-valley-index>

CITY COUNCIL STAFF REPORT

MEETING DATE: October 23, 2024

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

RECEIVE MONTHLY BUDGET UPDATE; SEPTEMBER 2024 FINANCIAL AND INVESTMENT REPORTS; AND CITY MANAGER AUTHORITY REPORT

RECOMMENDATION(S)

Accept and file report.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Preserving and Cultivating Public Trust

2024-2025 Strategic Priorities

Fiscal Sustainability

Community Engagement

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 September 2024 financial and investment reports.

September 2024 Financial Report

The Revenue and Expense Summary through September 2024 is included on the first page of the monthly financial report. Overall, General Fund revenues total \$6.3 million or about 11% of the budget. Expenditures, including encumbrances, amounted to \$15.6 million, of which approximately \$2.3 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of \$16.1 million. This represents a decrease of \$0.5 million, including encumbrances, compared to the prior year. Excluding the encumbrances, expenditures increased by about \$0.9 million mainly due to overall cost increases.

Budget Update

There has been no material change to the City's revenue since the last budget update to the Council on August 28, 2024. Based on the latest forecast provided by the County, the City is expected to receive approximately \$19.9 million in property tax revenue for the current fiscal year, slightly more than the budget of \$19.4 million. However, adjusting for the excess ERAF set aside of 20% or \$0.5 million, the revised property tax

revenue matches the budget. As for sales tax, HdL, the City's sales tax consultant revised the City's current fiscal year sales tax revenue estimate, before tax rebates, to \$12.6 million, a downward revision of about \$0.3 million from the current year budget, partially attributable to lower tax receipts from vehicle sales. For water revenue, Morgan Hill residents consumed about 8% more water through September compared to the prior three-year average. As such, no revenue stabilization water rate was implemented.

City Manager's Authority Report

Pursuant to the City Council Policy 18-05 - Report on delegation of authority to City Manager, Page 21 of Attachment 1 lists the contracts and or agreements between \$25,000 to \$60,000, or the limit of the California Uniform Public Construction Cost Accounting Act (CUPCCAA), entered into by the City Manager since the last report from August 20, 2024 through October 8, 2024.

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:

Not Applicable

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 agendaized under the Consent Agenda, and quarterly financial and investment reports be presented to City Council as an "Other Business" item.

FISCAL AND RESOURCE IMPACT:

The preparation of the report is a part of the Finance workplan.

CEQA (California Environmental Quality Act):

Not a Project

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

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
September 30, 2024 - 25% of Year Complete



CITY OF MORGAN HILL

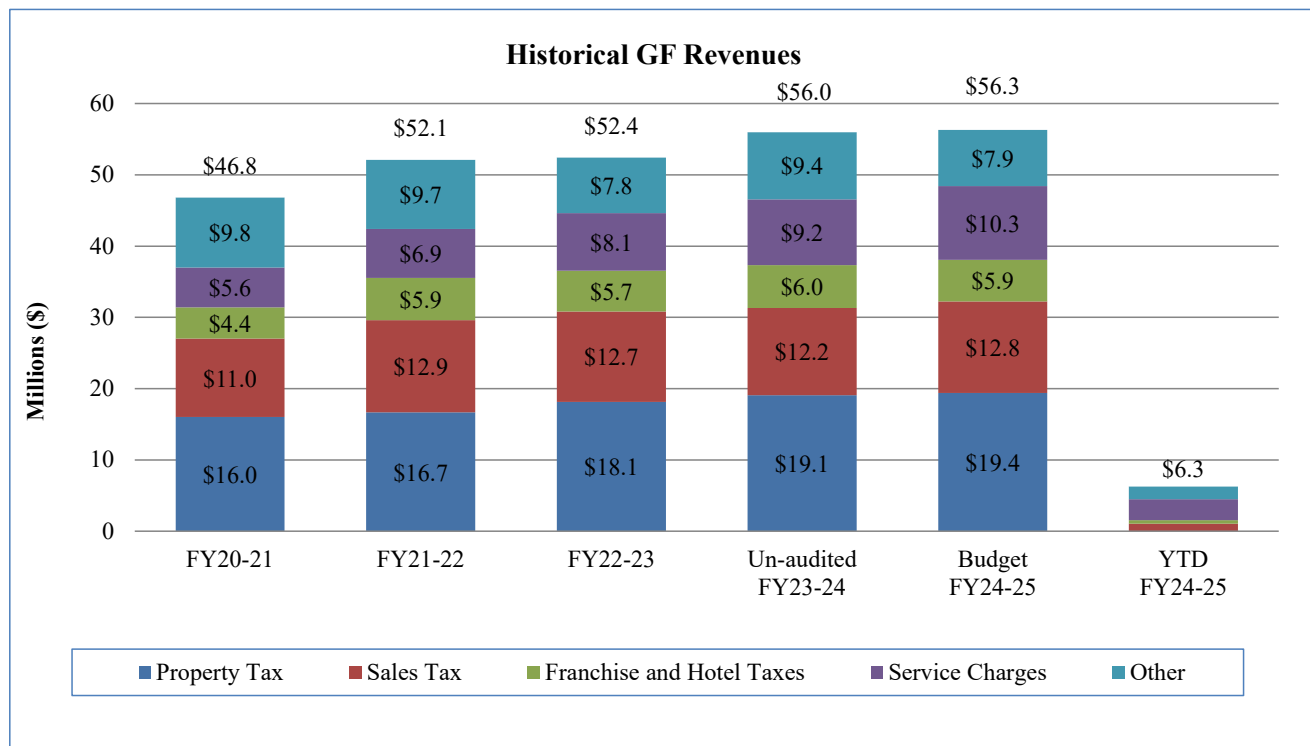
Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2024-25
FOR THE MONTH ENDED SEPTEMBER 2024 – 25% OF YEAR COMPLETE

- **General Fund** – Revenues through September totaled \$6.3 million, or about 11% of the budgeted 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 \$19.9 million in property tax revenue for the current fiscal year, slightly more than the budget of \$19.4 million. However, adjusting for the excess ERAF set aside of 20% or \$0.5 million, the revised property tax revenue matches the budget. As for sales tax, HdL, the City's sales tax consultant revised the City's current fiscal year sales tax revenue estimate, before tax rebates, to \$12.6 million, a downward revision of about \$0.3 million from the current year budget, partially attributable to lower tax receipts from vehicle sales.

The chart below shows historical General Fund revenues by major revenue category from FY20-21 through FY22-23 Actual, Un-audited FY23-24, FY24-25 Budget, and YTD as of September 30, 2024.



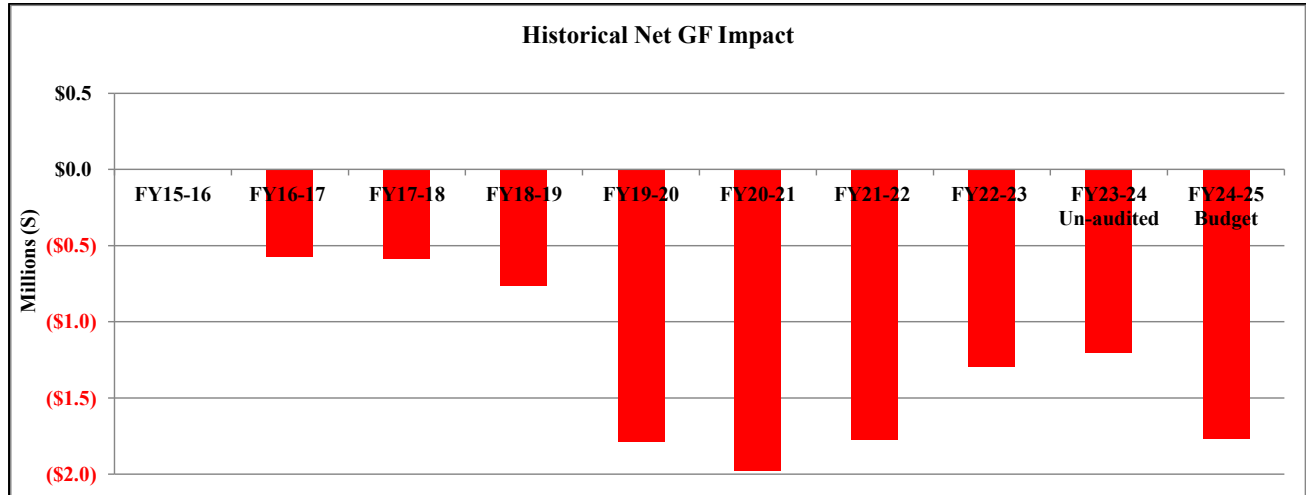
General Fund expenditures and encumbrances through September totaled \$15.6 million, of which approximately \$2.3 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of \$16.1 million. This represents a decrease of \$0.5 million, including encumbrances, compared to the prior year. Excluding the encumbrances, expenditures increased by about \$0.9 million mainly due to overall cost increases.

- **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 September 30, 2024. Recreation Services revenues continue to recover from the pandemic and are on target with budget.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2024-25
FOR THE MONTH ENDED SEPTEMBER 2024 – 25% OF YEAR COMPLETE

The chart below shows the historical net impact of Recreation Operations to the general fund.



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 represents best practice for non-grant funded City operations like utilities and information services.

- **Development Services Fund** – Revenues through September totaled \$1.3 million compared to the prior year to date amount of approximately \$1.1 million. Expenditures, including encumbrances, totaled \$1.6 million.
- **Debt Service Funds** – Expenditures through September totaled \$1,977. 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.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2024-25
FOR THE MONTH ENDED SEPTEMBER 2024 – 25% OF YEAR COMPLETE

- **Wastewater Operations** – Revenues through September 30, 2024 totaled \$2.6 million. Expenditures and outstanding encumbrances totaled \$2.7 million or 16% of the budget. The table below shows historical Wastewater Operations revenues and expenditures from FY20-21 through FY22-23 Actual, Un-audited FY23-24, FY24-25 Budget, and YTD as of September 30, 2024.

(amount in millions)	FY20-21	FY21-22	FY22-23	Un-audited FY23-24	Budget FY24-25	YTD FY24-25
Revenues	13.3	14.9	15.3	15.2	16.6	2.6
Expenditures	13.3	14.8	16.0	14.9	16.8	2.7
Operating Margin	-	0.1	(0.7)	0.3	(0.2)	(0.1)
Operating Margin without Encumbrances	-	0.1	(0.7)	0.3	(0.2)	(0.1)

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues through September 30, 2024 totaled \$4.6 million. Water Operations expenditures, including outstanding encumbrances, totaled \$4.8 million. Morgan Hill residents consumed about 8% more water through September compared to the prior three-year average. As such, no revenue stabilization water rate was implemented. The table below shows Water Operations revenues and expenditures from FY20-21 through FY22-23 Actual, Un-audited FY23-24, FY24-25 Budget, and YTD as of September 30, 2024.

(amount in millions)	FY20-21	FY21-22	FY22-23	Un-audited FY23-24	Budget FY24-25	YTD FY24-25
Revenues	16.5	16.0	18.1	18.7	21.5	4.6
Expenditures	16.5	15.2	18.0	19.1	21.6	4.8
Operating Margin	-	0.8	0.1	(0.4)	(0.1)	(0.2)
Operating Margin without Encumbrances	-	0.8	0.1	(0.4)	(0.1)	0.5

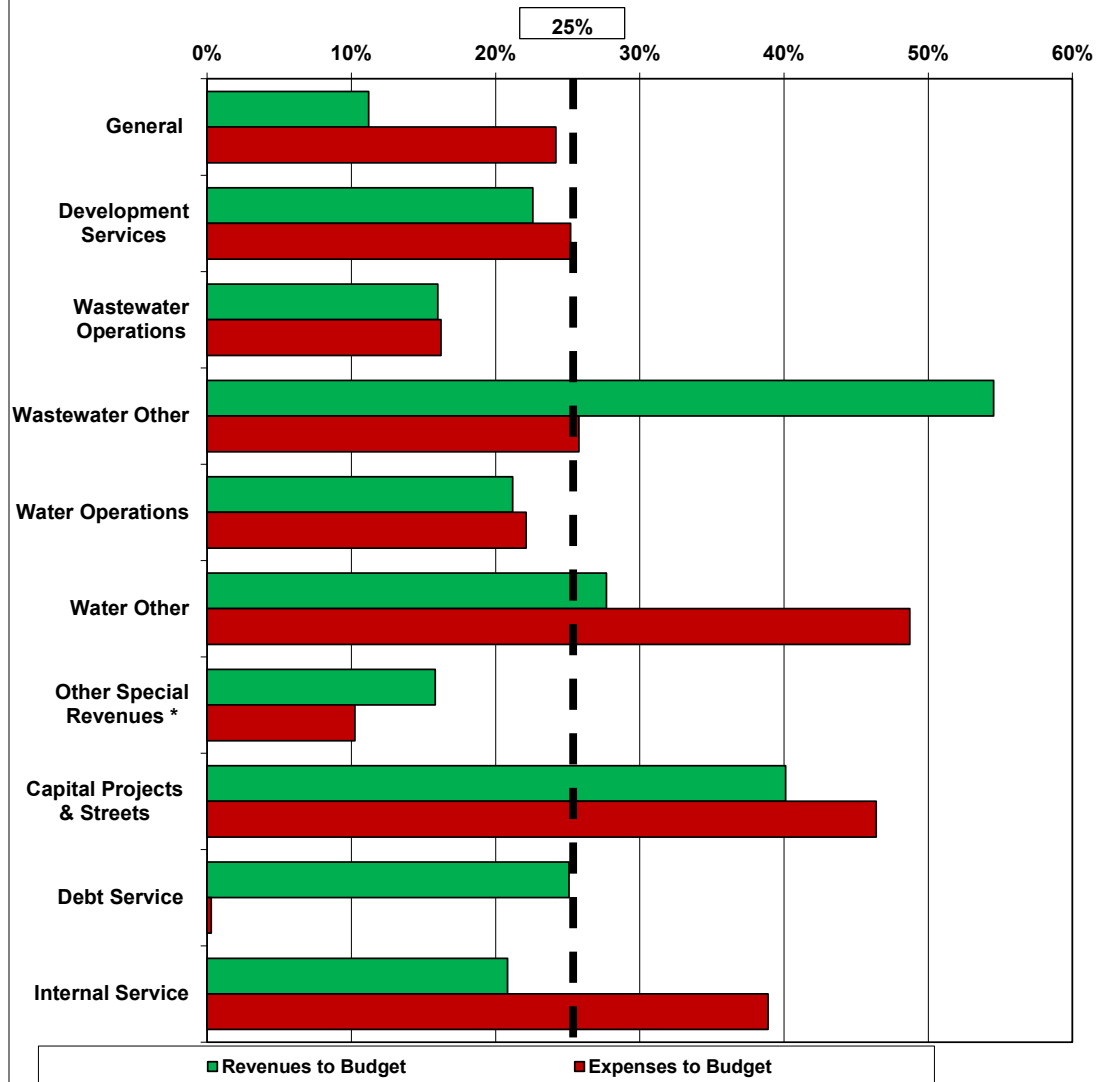
- **Investments** – Eleven securities were called, and eight new securities were purchased. Total interest earnings received on investments were \$742,000 during the month.



Morgan Hill YTD Revenue & Expense Summary

September 30, 2024 - 25% of Year Complete

Percentage of Actual to Budget



FUND NAME	REVENUES		EXPENSES	
	ACTUAL	% OF BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET
General	\$ 6,303,453	11%	\$ 15,587,542	24%
Development Services	1,345,226	23%	1,612,744	25%
Wastewater Operations	2,659,320	16%	2,719,508	16%
Wastewater Other	9,860,190	55%	4,305,901	26%
Water Operations	4,564,725	21%	4,784,110	22%
Water Other	3,992,727	28%	11,819,732	49%
Other Special Revenues *	1,476,642	16%	3,064,954	10%
Capital Projects & Streets	10,102,119	40%	17,364,211	46%
Debt Service	173,406	25%	1,977	0%
Internal Service	3,016,580	21%	5,474,228	39%
TOTAL FOR ALL FUNDS	\$ 43,494,386	24%	\$ 66,734,907	31%

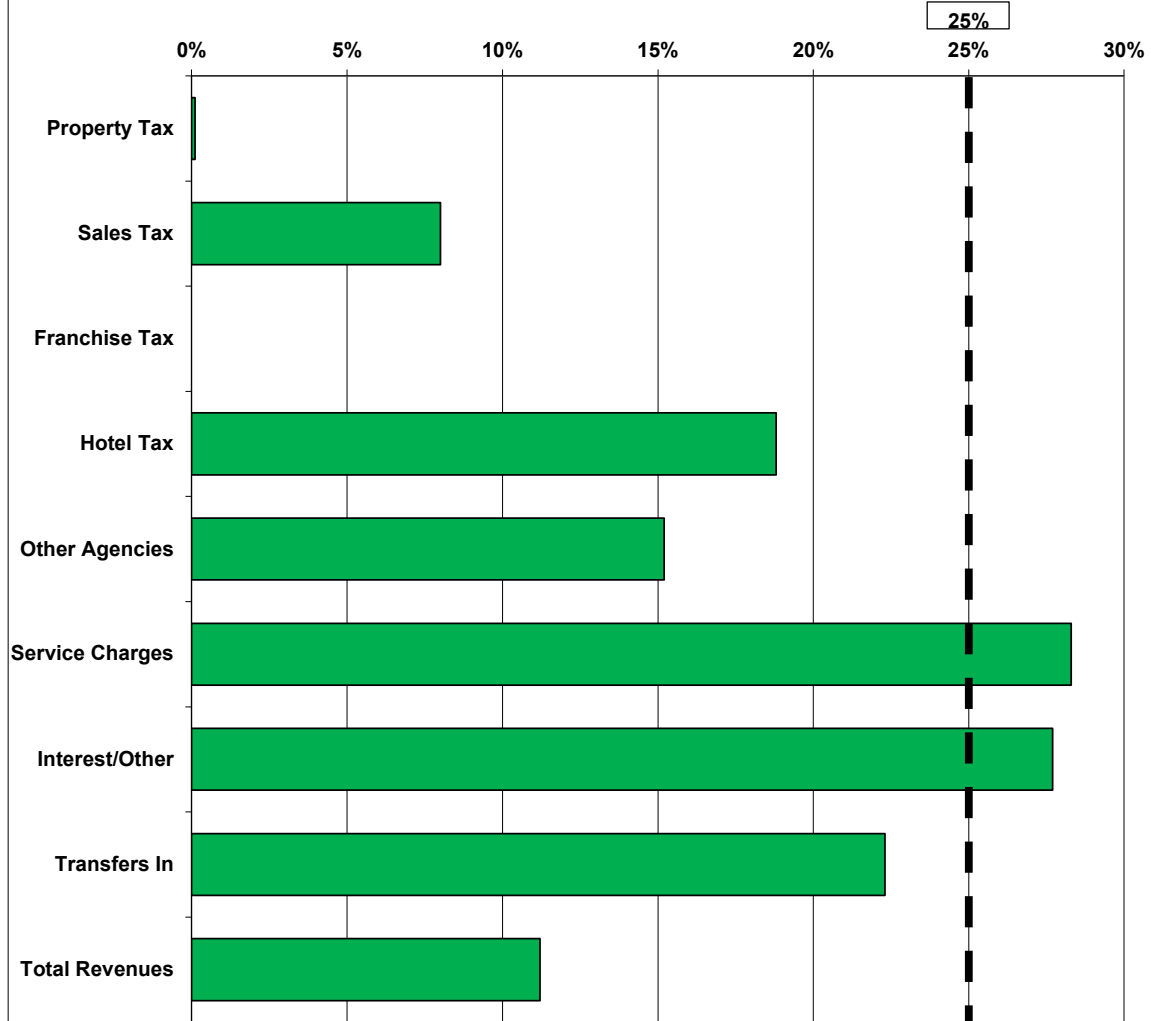
* Includes all Special Revenue Funds except Development Services Fund and Street Funds.



Morgan Hill YTD General Fund Revenues

September 30, 2024 - 25% of Year Complete

Percent of Actual to Budget



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Property Tax	\$ 19,411,020	\$ 25,899	0%	\$ 34,018	-24%
Sales Tax	12,816,469	1,025,941	8%	1,074,625	-5%
Franchise Tax	3,185,872	-	-	-	N/A
Hotel Tax	2,678,000	502,529	19%	495,598	1%
Other Agencies	1,385,504	210,641	15%	182,446	15%
Service Charges	10,323,751	2,926,782	28%	2,801,577	4%
Interest/Other	3,107,665	860,115	28%	695,547	24%
Transfers In	3,365,760	751,546	22%	689,933	9%
TOTAL REVENUES	\$ 56,274,042	\$ 6,303,453	11%	\$ 5,973,745	6%

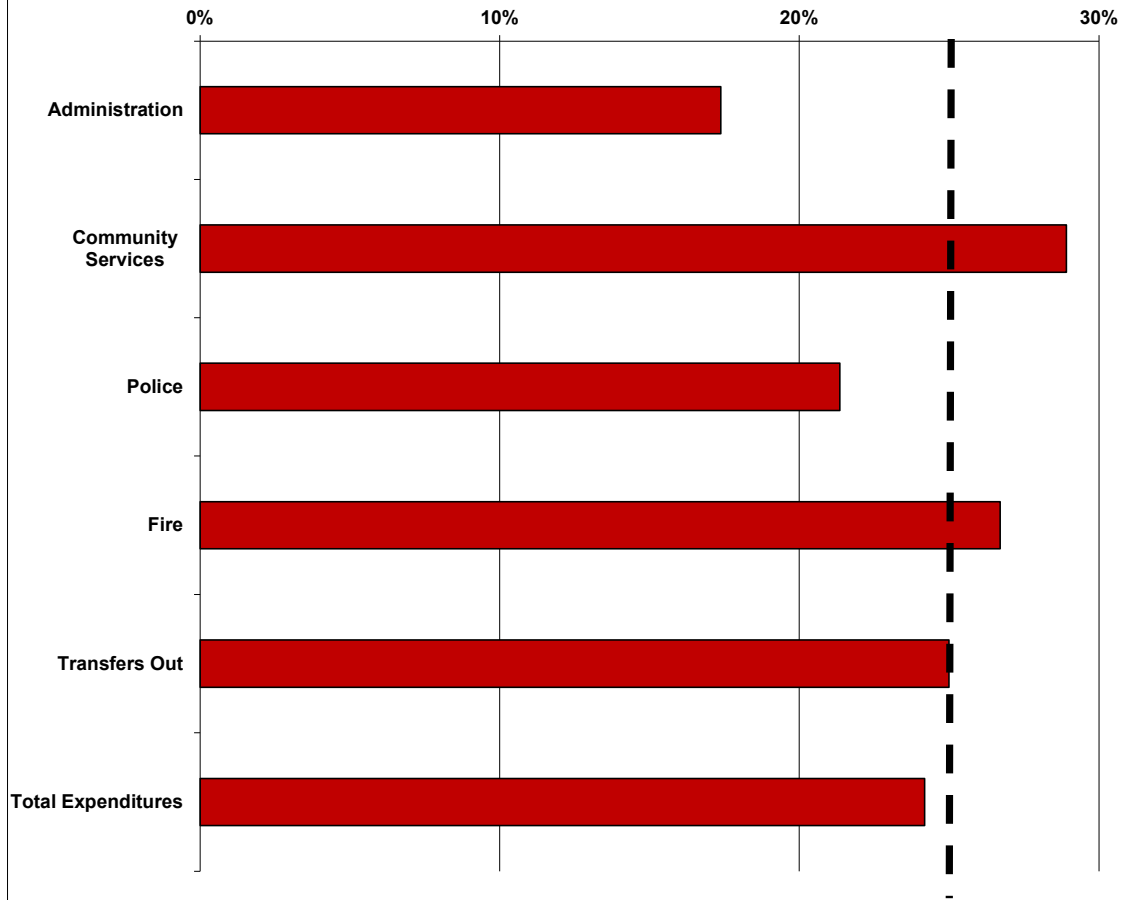


Morgan Hill YTD General Fund Expenditures

September 30, 2024 - 25% of Year Complete

Percent of Actual to Budget

25%



EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YTD PLUS ENCUMBRANCES	% CHANGE FROM PRIOR YEAR
Administration	\$ 7,317,859	\$ 1,272,196	17%	\$ 1,805,424	-30%
Community Services	19,922,029	5,759,120	29%	5,926,191	-3%
Police	25,382,503	5,419,265	21%	5,671,096	-4%
Fire	10,381,160	2,772,404	27%	2,398,924	16%
Transfers Out	1,458,230	364,558	25%	325,942	12%
TOTAL EXPENDITURES	\$ 64,461,781	\$ 15,587,542	24%	\$ 16,127,577	-3%

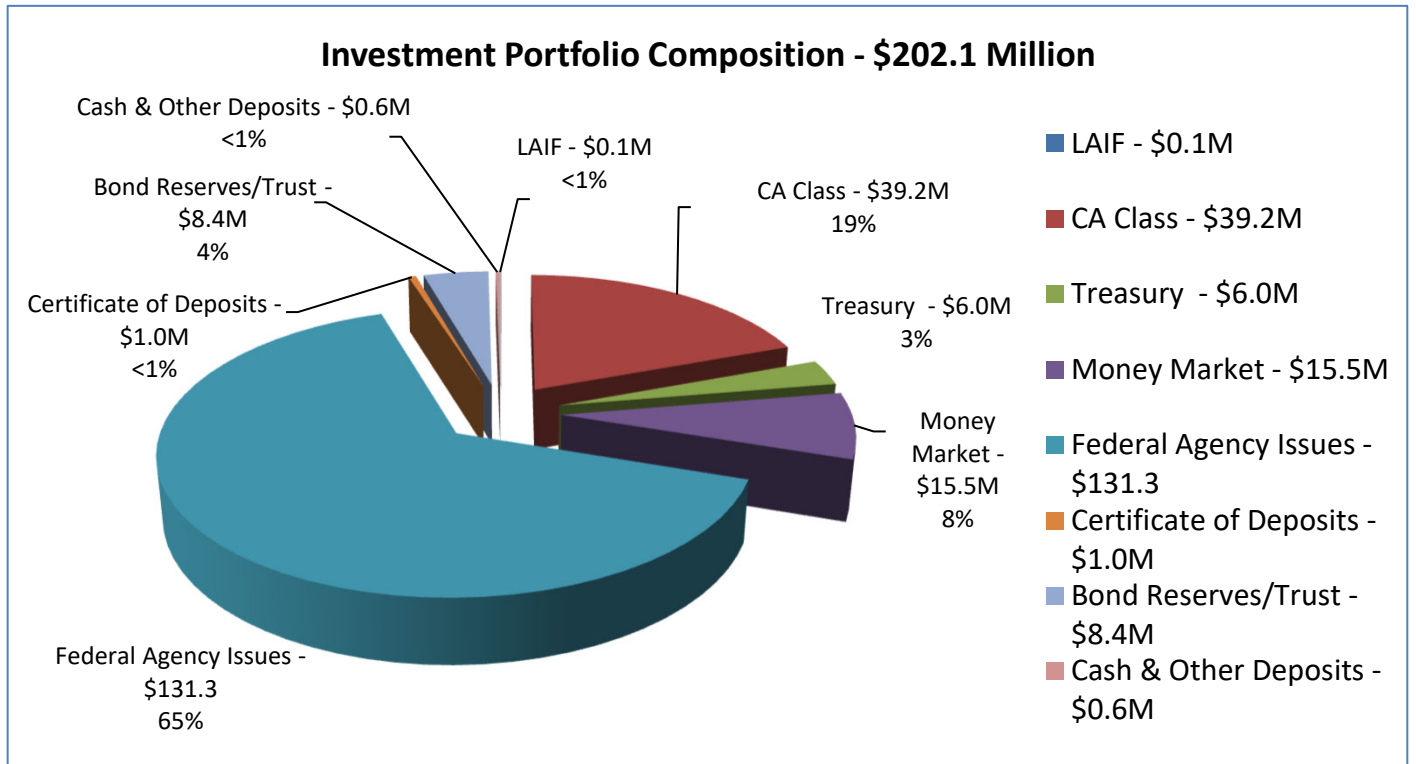


City of Morgan Hill
Recreation Report - Fiscal Year 2024-25
For the Month Ended September 30, 2024
25% of Year Complete

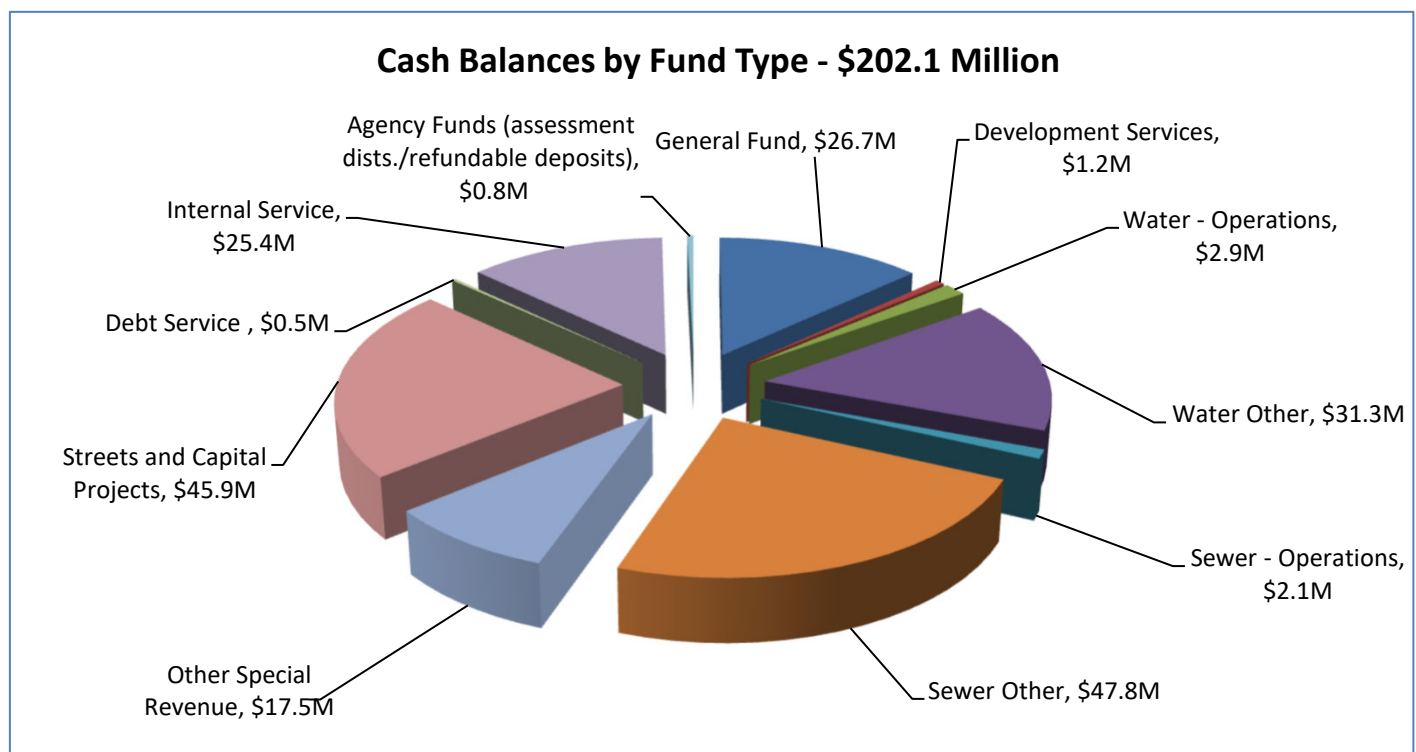
	<u>Budget</u>	<u>September 2024</u>	<u>YTD</u>	<u>% of Budget</u>
Revenues				
Membership Services & Rec Programs	\$ 6,222,399	\$ 429,274	\$ 1,752,626	
Facility Rentals	1,197,395	92,206	442,161	
Community Services	147,498	1,817	25,488	
Transfers in	100,000	6,250	25,000	
Total Revenues	<u>\$ 7,667,292</u>	<u>\$ 529,547</u>	<u>\$ 2,245,275</u>	29%
Less: Expenditures				
Membership & Program Services	\$ 8,040,818	\$ 532,168	\$ 1,970,500	
Facility Rentals	633,051	48,102	123,315	
Community Services	761,973	37,741	137,648	
Total Expenditures	<u>\$ 9,435,843</u>	<u>\$ 618,010</u>	<u>\$ 2,231,463</u>	24%
Net Impact without encumbrances	<u>\$ (1,768,551)</u>	<u>\$ (88,463)</u>	<u>\$ 13,813</u>	
Encumbrances	-	-	1,486,142	
Net Impact with encumbrances	<u>\$ (1,768,551)</u>	<u>\$ (88,463)</u>	<u>\$(1,472,330)</u>	

City of Morgan Hill Monthly Investment Report - September 30, 2024

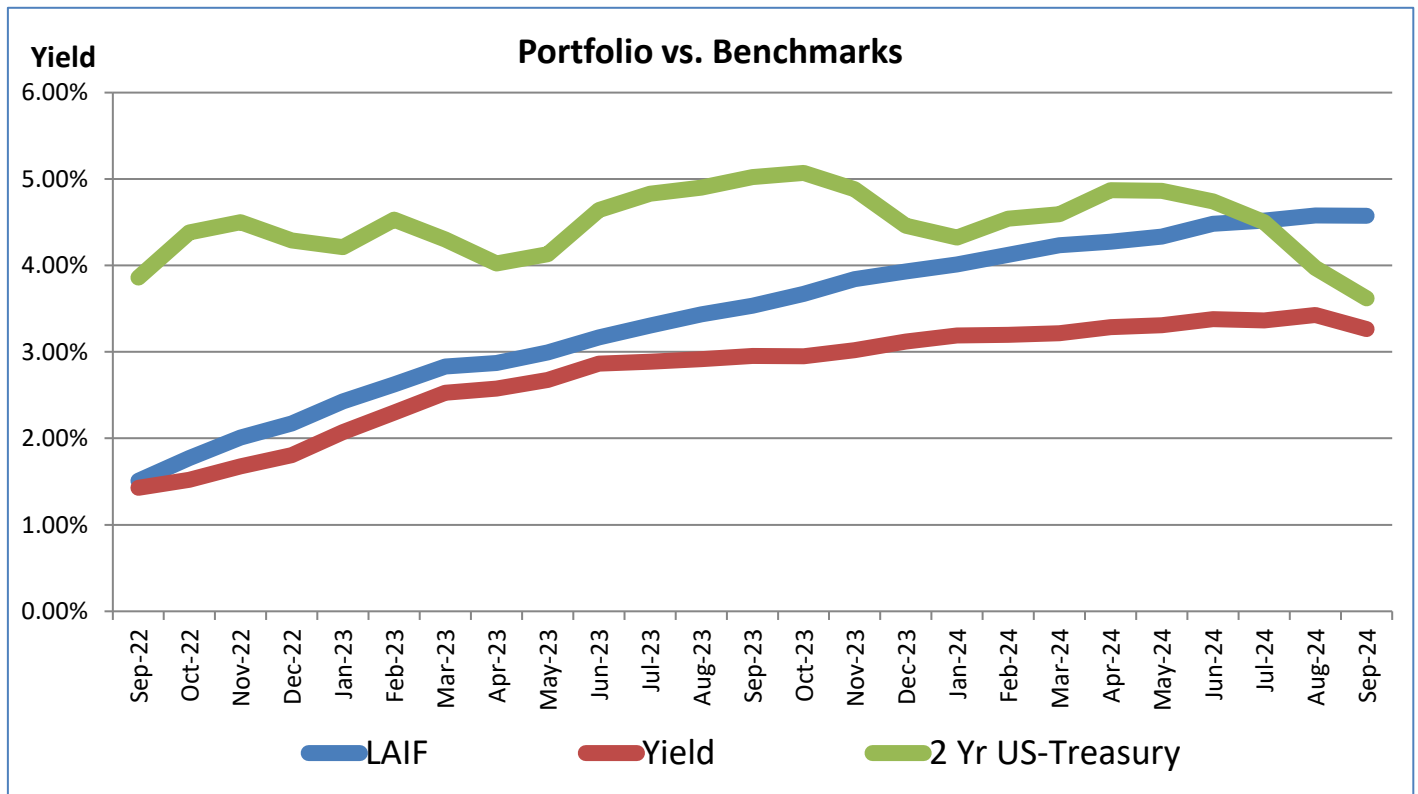
The following are the snapshots of City's investment portfolio as of September 30, 2024. The first chart shows the portfolio composition by investment type:



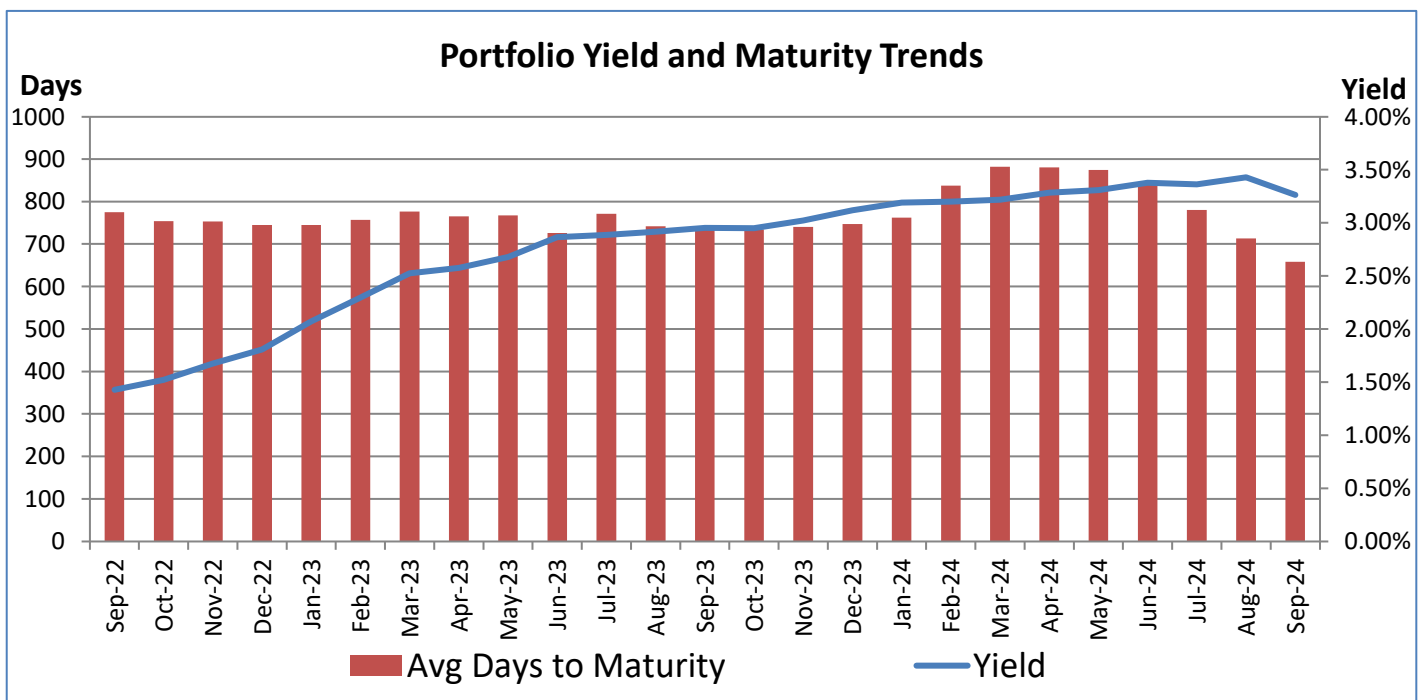
The chart below shows cash balances by fund type reconciled to City's financial system:



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
Investment Portfolio Detail
As of September 30, 2024

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			\$ 61,092	\$ 61,092	0.0%	\$ 60,867	4.58%		
California C L A S S			39,211,348	39,211,348	19.4%	39,211,348	5.26%		
US Bank - Portfolio of Securities									
Dreyfus Treasury Agency MM	261908107		9,460,310	9,460,310	4.7%	9,460,310	4.80%		
Treasury Note	91282CCZ2	10/8/2021	1,987,656	1,995,043	1.0%	1,894,540	1.00%	9/30/2026	9/30/2026
Treasury Note	912828U24	6/13/2022	1,904,688	1,954,231	1.0%	1,933,600	3.16%	11/15/2026	11/15/2026
Treasury Note	91282CFL0	9/30/2024	2,031,719	2,031,719	1.0%	2,025,400	3.53%	9/30/2029	9/30/2029
FFCB Bond	3133ELC28	5/27/2020	2,000,000	2,000,000	1.0%	1,954,960	0.73%	10/5/2024	5/27/2025
FHLMC Bond	3134GVYN2	6/3/2020	2,000,000	2,000,000	1.0%	1,985,440	0.60%	12/3/2024	12/3/2024
FHLMC Bond	3134GWZG4	10/20/2020	2,000,000	2,000,000	1.0%	1,935,300	0.60%	10/20/2024	10/20/2025
FHLMC Bond	3134GW3X2	10/27/2020	2,000,000	2,000,000	1.0%	1,934,600	0.63%	10/27/2024	10/27/2025
FFCB Bond	3133EMFR8	11/3/2020	2,000,000	2,000,000	1.0%	1,928,960	0.54%	10/5/2024	11/3/2025
FNMA Bond	3135GA4P3	11/18/2020	2,000,000	2,000,000	1.0%	1,931,580	0.65%	11/18/2024	11/18/2025
FHLMC Bond	3134GXEJ9	11/24/2020	2,000,000	2,000,000	1.0%	1,930,260	0.64%	11/24/2024	11/24/2025
FFCB Bond	3133EMHF2	11/24/2020	1,000,000	1,000,000	0.5%	964,680	0.60%	10/5/2024	11/24/2025
FHLMC Bond	3134GXCS1	11/25/2020	3,000,000	3,000,000	1.5%	2,882,580	0.63%	11/25/2024	11/25/2025
FHLMC Bond	3134GXFA7	11/30/2020	2,000,000	2,000,000	1.0%	1,930,140	0.65%	11/26/2024	11/26/2025
FFCB Bond	3133EMLC4	12/22/2020	2,000,000	2,000,000	1.0%	1,921,300	0.47%	10/5/2024	12/22/2025
FHLB Bond	3130AKQ74	1/22/2021	2,000,000	2,000,000	1.0%	1,917,220	0.63%	11/22/2024	1/22/2026
FNMA Bond	3135G06R9	1/28/2021	2,000,000	2,000,000	1.0%	1,917,760	0.55%	11/28/2024	1/28/2026
FHLB Bond	3130AKRN8	1/28/2021	2,000,000	2,000,000	1.0%	1,916,800	0.65%	11/28/2024	1/28/2026
FHLB Bond	3130ALCV4	2/24/2021	2,000,000	2,000,000	1.0%	1,912,440	0.75%	11/24/2024	2/24/2026
FHLB Bond	3130ALDB7	2/25/2021	2,000,000	2,000,000	1.0%	1,912,120	0.66%	11/25/2024	2/25/2026
FHLB Bond	3130AKZ25	2/26/2021	2,000,000	2,000,000	1.0%	1,911,680	0.65%	11/26/2024	2/26/2026
FHLB Bond	3130ALGS7	3/10/2021	2,000,000	2,000,000	1.0%	1,915,400	0.85%	12/10/2024	3/10/2026
FHLB Bond	3130ALEP5	3/16/2021	2,000,000	2,000,000	1.0%	1,910,200	0.70%	12/16/2024	3/16/2026
FHLB Bond	3130ALDN1	3/16/2021	2,000,000	2,000,000	1.0%	1,913,020	0.80%	12/16/2024	3/16/2026
FHLB Bond	3130AMNH1	6/9/2021	2,000,000	2,000,000	1.0%	1,910,860	1.08%	10/5/2024	6/9/2026
FHLB Bond	3130AMYJ5	6/30/2021	2,000,000	2,000,000	1.0%	1,905,060	1.00%	12/30/2024	6/30/2026
FHLB Bond	3130AMYP1	7/15/2021	3,000,000	3,000,000	1.5%	2,860,200	1.13%	10/15/2024	7/15/2026
FHLB Bond	3130AMYS5	7/15/2021	2,000,000	2,000,000	1.0%	1,946,240	0.85%	10/15/2024	7/15/2025
FHLB Bond	3130ANJC5	8/26/2021	2,000,000	2,000,000	1.0%	1,888,900	0.80%	8/26/2025	8/26/2026
FHLB Bond	3130ANLW8	8/26/2021	3,000,000	3,000,000	1.5%	2,846,070	1.00%	11/26/2024	8/26/2026
FHLB Bond	3130ANLZ1	8/26/2021	2,000,000	2,000,000	1.0%	1,892,540	0.90%	8/26/2025	8/26/2026
FHLB Bond	3130A8XY4	9/13/2021	2,103,340	2,040,290	1.0%	1,931,940	0.82%	9/11/2026	9/11/2026
FFCB Bond	3133EM4X7	9/28/2021	1,982,960	1,993,306	1.0%	1,892,600	0.98%	9/10/2026	9/10/2026
FHLB Bond	3130APCH6	9/29/2021	3,000,000	3,000,000	1.5%	2,848,170	1.13%	10/5/2024	9/29/2026
FHLB Bond	3130ANZE3	9/30/2021	2,000,000	2,000,000	1.0%	1,892,160	0.88%	9/30/2026	9/30/2026
FHLB Bond	3130AP6N0	9/30/2021	3,000,000	3,000,000	1.5%	2,840,850	1.05%	12/30/2024	9/30/2026
FHLB Bond	3130AP6M2	9/30/2021	3,000,000	3,000,000	1.5%	2,839,170	1.02%	12/30/2024	9/30/2026
FHLB Bond	3130APCG8	10/19/2021	2,000,000	2,000,000	1.0%	1,890,900	1.00%	10/19/2024	10/19/2026
FHLB Bond	3130APNX9	11/18/2021	2,000,000	2,000,000	1.0%	1,898,960	1.30%	11/18/2024	11/18/2026
FHLB Bond	3130AQHU0	1/19/2022	2,000,000	2,000,000	1.0%	1,937,180	1.74%	1/19/2027	1/19/2027
FHLB Bond	3130AQKT9	1/25/2022	2,000,000	2,000,000	1.0%	1,963,720	1.51%	7/25/2025	7/25/2025
FHLB Bond	3130AR4F5	3/10/2022	2,000,000	2,000,000	1.0%	1,991,720	3.48%	12/10/2024	3/10/2027
FHLMC Bond	3134GXUZ5	6/15/2022	2,000,000	2,000,000	1.0%	1,994,060	3.28%	12/15/2025	12/15/2025
FHLB Bond	3130ASPE3	7/28/2022	2,000,000	2,000,000	1.0%	1,997,880	4.30%	10/28/2024	7/28/2027
FHLMCMTN Bond	3134GYGB2	1/30/2023	2,000,000	2,000,000	1.0%	1,998,900	5.20%	10/26/2024	1/26/2028
FHLMCMTN Bond	3134GYG22	2/16/2023	3,000,000	3,000,000	1.5%	2,996,880	5.13%	11/16/2024	11/16/2026
FHLB Bond	3130AVL83	4/6/2023	2,000,000	2,000,000	1.0%	2,000,120	5.20%	10/7/2024	10/7/2024
FHLB Bond	3130AYF35	1/12/2024	2,000,000	2,000,000	1.0%	2,001,040	5.60%	10/12/2024	1/12/2029
FHLMCTN Bond	3134H1PC1	1/12/2024	2,000,000	2,000,000	1.0%	2,001,020	6.02%	10/12/2024	1/12/2029
FHLMCTN Bond	3134H1QG1	1/26/2024	3,000,000	3,000,000	1.5%	3,008,760	4.66%	1/26/2025	1/26/2029
FHLB Bond	3130AYLR5	2/2/2024	2,148,128	2,145,000	1.1%	2,145,558	5.25%	10/22/2024	1/22/2029
FHLB Bond	3130AYXA9	2/12/2024	2,000,000	2,000,000	1.0%	1,999,240	5.50%	11/12/2024	2/12/2029
FHLMCTN Bond	3134H1UN1	2/26/2024	1,200,000	1,200,000	0.6%	1,203,732	5.50%	2/26/2025	2/26/2029
FHLMCTN Bond	3134H1UN1	2/26/2024	2,000,000	2,000,000	1.0%	2,006,220	5.50%	2/26/2025	2/26/2029
FHLMCMTN Bond	3134H1P56	5/28/2024	2,000,000	2,000,000	1.0%	2,000,780	6.00%	11/25/2024	5/25/2029

Investment Type	CUSIP	Settlement Date	Cost Value	Book Value	% of Portfolio	Market Value	YTM at Cost	Next Call Date	Date of Maturity
FHLB Bond	3130B22Z7	8/1/2024	2,000,000	2,000,000	1.0%	2,001,720	5.55%	1/3/2025	7/30/2029
FHLB Bond	3130B2EG6	8/21/2024	2,000,000	2,000,000	1.0%	2,000,400	5.20%	2/21/2025	8/21/2029
FHLMCMTN Bond	3134HAFW8	8/26/2024	3,002,750	3,000,000	1.5%	3,001,830	5.50%	11/20/2024	8/20/2029
FHLB Bond	3130B2M85	9/6/2024	2,000,000	2,000,000	1.0%	2,001,160	5.20%	12/6/2024	9/6/2029
FHLB Bond	3130B2KZ7	9/11/2024	2,000,000	2,000,000	1.0%	2,001,020	5.00%	3/11/2025	9/11/2029
FHLMCMTN Bond	3134HAKY8	9/13/2024	2,985,210	2,985,350	1.5%	2,984,010	4.11%	12/13/2024	9/13/2029
FHLB Bond	3130B2MK8	9/19/2024	2,000,000	2,000,000	1.0%	1,999,120	5.00%	3/19/2025	9/19/2028
FHLMCMTN Bond	3134HALK7	9/19/2024	3,000,000	3,000,000	1.5%	2,999,400	5.00%	12/19/2024	9/19/2029
FHLB Bond	3130B2P58	9/26/2024	2,003,014	2,000,000	1.0%	1,996,560	3.87%	9/10/2026	9/10/2029
FHLB Bond	3130B2X59	9/27/2024	2,000,000	2,000,000	1.0%	1,997,400	4.00%	9/18/2025	9/18/2028
CD - Morgan Stanley Bank	61690DGT9	11/8/2023	250,000	250,000	0.1%	263,963	5.05%	11/8/2028	11/8/2028
CD - Morgan Stanley Private Bank	61768EE82	11/8/2023	250,000	250,000	0.1%	263,963	5.05%	11/8/2028	11/8/2028
CD - American Express	02589AF98	11/8/2023	250,000	250,000	0.1%	263,490	5.00%	11/8/2028	11/8/2028
CD - State Bank India	8562834U7	11/24/2023	250,000	250,000	0.1%	266,595	5.00%	11/24/2028	11/24/2028
Sub Total/Average			\$ 147,809,775	\$ 147,805,249	73.1%	\$ 144,412,350	2.65%		
WFB Money Market			\$ 6,038,233	\$ 6,038,233	3.0%	\$ 6,038,233	5.03%		
Total City Managed/Average			\$ 193,120,449	\$ 193,115,924	95.5%	\$ 189,722,799	3.26%		
Bond Reserve Accounts - Held By Trustees			\$ 557,794	\$ 557,794	0.3%	\$ 557,794			
Cash/Deposits			\$ 567,945	\$ 567,945	0.3%	\$ 567,945			
PARS and CALPERS CERBT Trust			\$ 7,887,404	\$ 7,887,404	3.9%	\$ 9,655,989			
GRAND TOTAL/AVERAGE			<u>\$ 202,133,592</u>	<u>\$ 202,129,067</u>	<u>100.0%</u>	<u>\$ 200,504,527</u>			



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF SEPTEMBER 30, 2024
FOR THE FISCAL YEAR OF 2024-25

	Invested in Fund	Yield	Book Value End of Month	% of Total	Market Value
Investments					
State Treasurer LAIF - City	All Funds Pooled	4.58%	\$ 61,092	0.0%	\$ 60,867
California CLASS	All Funds Pooled	5.26%	39,211,348	19.4%	39,211,348
US Bank - Portfolio of Securities	All Funds Pooled	2.65%	147,805,249	73.1%	144,412,350
WFB MMA	All Funds Pooled	5.03%	6,038,233	3.0%	6,038,233
	SUBTOTAL		\$ 193,115,924	95.5%	\$ 189,722,799
Bond Reserve Accounts - held by trustees					
Zions Bank - Civic Center/Library Facility	Debt Service	4.93%	131	0.0%	131
Zions Bank - MH Police Facility Lease Revenue Bonds	Debt Service	4.93%	167	0.0%	167
BNY - RDA Bonds	Agency Fund	4.56%	291,989	0.1%	291,989
Dreyfus Cash Mgmt 521	Agency Fund	4.93%	265,506	0.1%	265,506
Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015	Agency Fund				
Blackrock Liquidity Temp Fund-2015					
	SUBTOTAL		557,794	0.3%	557,794
Other Cash/Deposits					
General Checking	All Funds		522,095	0.3%	522,095
Workers' Comp Administrators	Workers' Comp		30,000	0.0%	30,000
Petty Cash & Emergency Cash	General Fund		15,850	0.0%	15,850
CALPERS CERBT - OPEB Trust			5,237,404	2.6%	6,582,307
PARS - PENSION Trust			2,650,000	1.3%	3,193,359 **
	SUBTOTAL		8,455,349	4.2%	10,343,611
Total Cash and Investments			\$ 202,129,067	100.0%	\$ 200,624,204

** As of 8/31/2024

CASH ACTIVITY SUMMARY
FY 2024-25

Fund Type	Unaudited 07/01/2024 Balance	Change in Cash Balance	9/30/2024 Balance
General Fund	\$ 30,617,860	\$ (3,966,494)	\$ 26,651,367
Development Services	1,939,319	(725,684)	1,213,635
Water - Operations	2,386,837	518,133	2,904,970
Water Other	27,894,107	3,429,870	31,323,977
Sewer - Operations	1,178,576	956,702	2,135,278
Sewer Other	41,964,736	5,805,937	47,770,673
Other Special Revenue	17,038,062	407,291	17,445,353
Streets and Capital Projects	39,467,115	6,471,995	45,939,110
Debt Service	346,933	171,429	518,362
Internal Service	27,935,786	(2,512,767)	25,423,019
Agency Funds (assessment dists./refundable deposits)	7,240,095	(6,436,770)	803,324
Total	\$ 198,009,426	\$ 4,119,640	\$ 202,129,067

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

I certify that information on the investment report 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

Approved by:


 Caitlin Jachimowicz, Treasurer

Reviewed by:


 Dat Nguyen, Finance Director



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2024-25
For the Month Ended September 30, 2024
25% 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	\$ 16,210,880	16,210,880	\$ -	n/a	\$ -	\$ -	n/a
Property Tax - RPTTF Residual Distribution	2,895,920	2,895,920	-	n/a	-	-	n/a
Property Tax - Supplemental Roll	304,220	304,220	25,899	9%	34,018	(8,120)	-24%
Sales Tax	12,352,215	12,352,215	991,800	8%	1,040,466	(48,666)	-5%
Public Safety Sales Tax	464,254	464,254	34,141	7%	34,159	(18)	0%
Transient Occupancy Taxes	2,678,000	2,678,000	502,529	19%	495,598	6,931	1%
Franchise (Refuse ,Cable ,PG&E)	3,185,872	3,185,872	-	n/a	-	-	n/a
Property Transfer Tax	600,000	600,000	80,805	13%	83,925	(3,120)	-4%
TOTAL TAXES	38,691,361	38,691,361	1,635,174	4%	1,688,167	(52,993)	-3%
LICENSES/PERMITS							
Business License	200,000	200,000	145,412	73%	147,518	(2,106)	-1%
Other Permits	80,750	80,750	16,976	21%	11,307	5,669	50%
TOTAL LICENSES/PERMITS	280,750	280,750	162,388	58%	158,826	3,563	2%
FINES AND PENALTIES							
Parking Enforcement	9,800	9,800	2,573	26%	2,030	543	27%
Bails & Fines	55,000	55,000	4,774	9%	13,746	(8,972)	-65%
Administrative Citations	20,000	20,000	11,150	56%	11,033	117	1%
TOTAL FINES AND PENALTIES	84,800	84,800	18,497	22%	26,809	(8,312)	-31%
OTHER AGENCIES							
Motor Vehicle in-Lieu	61,800	61,800	-	n/a	-	-	n/a
Other Revenue - Other Agencies	1,332,381	1,385,504	210,641	15%	182,446	28,194	15%
TOTAL OTHER AGENCIES	1,394,181	1,447,304	210,641	15%	182,446	28,194	15%
CHARGES CURRENT SERVICES							
Police False Alarm Charge	33,500	33,500	6,037	18%	5,770	267	5%
Business License Application Review	82,400	82,400	13,649	17%	53,593	(39,944)	-75%
Membership Services & Rec Programs	6,222,399	6,222,399	1,752,626	28%	1,687,617	65,009	4%
Facility Rentals	1,197,395	1,197,395	442,161	37%	420,515	21,647	5%
Community Services	147,498	147,498	25,488	17%	7,546	17,942	238%
General Administration Overhead	1,756,111	1,756,111	439,028	25%	453,288	(14,260)	-3%
Other Charges Current Services	884,448	884,448	247,793	28%	173,248	74,545	43%
TOTAL CURRENT SERVICES	10,323,751	10,323,751	2,926,782	28%	2,801,577	125,205	4%
OTHER REVENUE							
Use of money/property	1,375,045	1,375,045	543,239	40%	362,915	180,323	50%
Other Revenues	705,270	705,270	55,186	8%	63,072	(7,886)	-13%
TOTAL OTHER REVENUE	2,080,315	2,080,315	598,425	29%	425,987	172,438	40%
TRANSFERS IN							
One Time Transfer	165,000	165,000	41,250	25%	45,000	(3,750)	-8%
Public Safety Facilities Fund	50,000	50,000	12,500	25%	12,500	-	0%
Supplemental Law Enforcement Fund	100,000	100,000	-	n/a	-	-	n/a
Countywide Solid Waste	540,328	540,328	135,082	25%	93,250	41,832	45%
Streets	851,932	851,932	148,089	17%	140,658	7,431	5%
Park Maintenance	650,000	650,000	162,500	25%	162,500	-	n/a
Sewer Operations	413,700	413,700	103,425	25%	98,500	4,925	5%
Water Operations	413,700	413,700	103,425	25%	98,500	4,925	5%
Open Space	81,100	81,100	20,275	25%	20,275	-	n/a
Park Development	100,000	100,000	25,000	25%	18,750	6,250	33%
TOTAL TRANSFERS IN	3,365,760	3,365,760	751,546	22%	689,933	61,613	9%
TOTAL GENERAL FUND	56,220,919	56,274,042	6,303,453	11%	5,973,745	329,708	6%
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	851,932	851,932	146,404	17%	139,957	6,447	5%
Interest / Other Revenue/Other Charges	2,135	2,135	1,685	79%	701	984	140%
202 STREET MAINTENANCE	854,067	854,067	148,089	17%	140,658	7,432	5%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2024-25
For the Month Ended September 30, 2024
25% 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	12,957	12,957	5,034	39%	1,974	3,060	155%
Police Grant/SLEF/JAG	100,000	100,000	-	n/a	86,159	(86,159)	-100%
205 SUPPLEMENTAL LAW ENFORCEMENT FUND	112,957	112,957	5,034	4%	88,133	(83,099)	-94%
206 DEVELOPMENT SERVICES							
Building Fees	3,510,850	3,510,850	844,214	24%	711,219	132,995	19%
Planning Fees	954,276	954,276	198,319	21%	189,244	9,075	5%
Engineering Fees	942,327	942,327	241,371	26%	170,406	70,965	42%
Other Revenue/Current Charges	550,599	550,599	61,321	11%	34,600	26,721	77%
206 DEVELOPMENT SERVICES	5,958,052	5,958,052	1,345,226	23%	1,105,469	239,757	22%
207 LONG RANGE PLANNING	1,751,005	1,751,005	186,108	11%	183,338	2,770	2%
215 and 216 HCD BLOCK GRANT							
Interest Income/Other Revenue	1,161	1,161	880	76%	405	475	117%
215 and 216 HCD BLOCK GRANT	1,161	1,161	880	76%	405	475	117%
225 ASSET SEIZURE	2,807	2,807	1,343	48%	622	722	116%
229 LIGHTING AND LANDSCAPE	206,415	206,415	2,605	1%	1,131	1,474	130%
230 COMMUNITY FACILITIES DISTRICT	28,828	28,828	2,017	7%	896	1,121	125%
232 ENVIRONMENTAL PROGRAMS	501,236	501,236	119,265	24%	142,526	(23,262)	-16%
234 MOBILE HOME PARK RENT STAB.	2,872	2,872	4,183	146%	463	3,720	804%
236 HOUSING MITIGATION	2,762,629	2,762,629	454,230	16%	277,041	177,190	64%
240 EMPLOYEE ASSISTANCE	1,297	1,297	1,839	142%	1,973	(134)	-7%
246 COUNTYWIDE SOLID WASTE	2,279,503	2,279,503	432,896	19%	526,793	(93,897)	-18%
247 ENVIRONMENT REMEDIATION	-	-	-	n/a	853	(853)	-100%
255 HOUSING SUCCESSOR AGENCY	463,881	463,881	266,243	57%	82,066	184,176	224%
260 PUBLIC ART	1,411	1,411	-	n/a	-	-	n/a
TOTAL SPECIAL REVENUE FUNDS	14,928,122	14,928,122	2,969,957	20%	2,552,367	417,590	16%
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	1,999,271	1,999,271	1,652,734	83%	60,934	1,591,800	2612%
302 PARK MAINTENANCE	15,507	15,507	37,028	239%	25,107	11,921	47%
303 LOCAL DRAINAGE	1,424,799	1,424,799	358,199	25%	181,376	176,824	97%
304 LOCAL DRAINAGE/NON AB1600	251,296	251,296	69,667	28%	8,599	61,068	710%
306 AGRICULTURE & OPEN SPACE PRESERVATION	18,459	18,459	44,221	240%	13,728	30,493	222%
308 STREET CIP	3,886,877	3,886,877	619,781	16%	549,352	70,430	13%
309 TRAFFIC IMPACT	4,753,292	4,753,292	1,162,573	24%	104,865	1,057,708	1009%
315 PUBLIC SAFETY FACILITIES IMPACT	4,703,214	4,703,214	1,294,174	28%	69,073	1,225,100	1774%
346 PUBLIC FACILITIES NON-AB1600	189,832	189,832	33,350	18%	117,012	(83,662)	-71%
347 PUBLIC FACILITIES IMPACT	451,223	451,223	289,455	64%	20,156	269,299	1336%
348 LIBRARY	1,414,286	1,414,286	1,186,079	84%	59,888	1,126,191	1881%
350 UNDERGROUNDING	74,302	74,302	23,179	31%	10,408	12,770	123%
355 SCHOOL PEDESTRIAN/TRAFFIC SAFETY	-	-	-	n/a	555	(555)	-100%
360 COMMUNITY/REC IMPACT FUND	2,501,528	2,501,528	1,962,035	78%	100,962	1,861,073	1843%
375 QUIMBY FEE	2,650,042	2,650,042	1,221,556	46%	763,829	457,727	60%
TOTAL CAPITAL PROJECTS FUNDS	24,333,927	24,333,927	9,954,030	41%	2,085,843	7,868,187	377%
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	300,467	300,467	76,167	25%	73,932	2,235	3%
441 POLICE FACILITY BOND	390,939	390,939	97,239	25%	97,793	(554)	-1%
TOTAL DEBT SERVICE FUNDS	691,406	691,406	173,406	25%	171,724	1,681	1%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2024-25
For the Month Ended September 30, 2024
25% of Year Complete

	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 WASTEWATER OPERATION							
Sewer Service Fees	16,100,000	16,100,000	2,571,130	16%	2,514,086	57,044	2%
Interest Income/Transfers	141,661	141,661	26,809	19%	11,352	15,457	136%
Other Revenue/Current Charges	397,200	397,200	61,381	15%	53,549	7,832	15%
640 WASTEWATER OPERATION	16,638,861	16,638,861	2,659,320	16%	2,578,987	80,332	3%
641 WASTEWATER EXPANSION							
Interest Income	275,047	275,047	276,018	100%	137,702	138,316	100%
Development Impact Fee	11,546,118	11,546,118	7,580,710	66%	368,355	7,212,356	1958%
Transfer From-643 (Sewer Replacement)	-	-	-	n/a	-	-	n/a
641 WASTEWATER EXPANSION	11,821,165	11,821,165	7,856,728	66%	506,057	7,350,671	1453%
642 WASTEWATER RATE STABILIZATION	108,613	108,613	40,736	38%	66,015	(25,280)	-38%
643 WASTEWATER CAPITAL PROJECT	6,149,134	6,149,134	1,962,726	32%	1,378,161	584,566	42%
TOTAL SEWER FUNDS	34,717,773	34,717,773	12,519,510	36%	4,529,220	7,990,290	176%
650 WATER OPERATION							
Water Sales	19,620,000	19,620,000	3,918,873	20%	3,525,663	393,210	11%
Meter Install & Service	107,000	107,000	42,665	40%	46,080	(3,415)	-7%
Transfers-In / Interest Income	894,617	894,617	219,601	25%	167,023	52,578	31%
Other Revenue/Current Charges	926,109	926,109	383,585	41%	154,021	229,565	149%
650 WATER OPERATION	21,547,726	21,547,726	4,564,725	21%	3,892,787	671,938	17%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	92,467	92,467	55,431	60%	18,939	36,493	193%
Development Impact Fee	3,829,384	3,829,384	2,151,320	56%	89,980	2,061,340	2291%
651 WATER EXPANSION	3,921,851	3,921,851	2,206,751	56%	108,919	2,097,833	1926%
652 WATER RATE STABILIZATION	115,840	115,840	44,251	38%	20,377	23,873	117%
653 WATER CAPITAL PROJECT	10,380,062	10,380,062	1,741,725	17%	1,814,031	(72,306)	-4%
TOTAL WATER FUNDS	35,965,479	35,965,479	8,557,451	24%	5,836,114	2,721,338	47%
TOTAL ENTERPRISE FUNDS	70,683,252	70,683,252	21,076,961	30%	10,365,334	10,711,627	103%
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	2,883,241	2,883,241	723,784	25%	627,505	96,279	15%
740 BUILDING MAINTENANCE	1,421,485	1,421,485	356,696	25%	419,183	(62,487)	-15%
741 BUILDING REPLACEMENT	1,041,905	1,041,905	285,709	27%	234,271	51,438	22%
745 CIP ADMINISTRATION	2,582,015	2,582,015	-	n/a	-	-	n/a
760 UNEMPLOYMENT INSURANCE	10,206	10,206	3,627	36%	1,777	1,850	104%
770 WORKERS COMPENSATION	1,157,705	1,157,705	238,932	21%	214,891	24,041	11%
790 EQUIPMENT REPLACEMENT	1,680,580	1,680,580	490,125	29%	325,378	164,747	51%
791 EMPLOYEE BENEFITS	1,183,215	1,183,215	288,680	24%	213,101	75,579	35%
795 GENERAL LIABILITY INSURANCE	2,519,216	2,519,216	629,026	25%	528,599	100,427	19%
TOTAL INTERNAL SERVICE FUNDS	14,479,568	14,479,568	3,016,580	21%	2,564,706	451,874	18%
TOTAL FOR ALL FUNDS	\$ 181,337,194	\$ 181,390,317	\$ 43,494,386	24%	\$ 23,713,719	\$ 19,780,667	83%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2024-25
For the Month Ended September 30, 2024
25% 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
010 GENERAL FUND								
I. ADMINISTRATION								
	CITY COUNCIL	\$ 17,162	\$ 520,395	\$ 153,255	\$ -	\$ 153,255	29%	\$ 65,415
	CITY ATTORNEY	92,789	1,134,397	219,853	(15,997)	203,856	18%	194,261
	CITY MANAGER	40,740	1,007,624	107,144	-	107,144	11%	148,329
	HUMAN RESOURCES	82,397	1,087,175	258,475	-	258,475	24%	184,196
	COUNCIL SVCS & RECORDS MGMT							
	Council Svcs & Records Mgmt	43,777	609,913	119,556	-	119,556	20%	128,781
	Elections	2,785	354,364	(369)	-	(369)	0%	6,808
	COUNCIL SVCS & RECORDS MGMT	46,562	964,277	119,186	-	119,186	12%	135,589
	FINANCE	175,868	2,603,991	430,007	272	430,279	17%	433,302
	TOTAL ADMINISTRATION	455,518	7,317,859	1,287,920	(15,724)	1,272,196	17%	1,161,091
II. COMMUNITY SERVICES								
	Membership Services & Rec. Programs	532,168	8,040,818	1,970,500	1,350,340	3,320,840	41%	1,733,996
	Recreation Facility Rentals	48,102	633,051	123,315	64,740	188,055	30%	125,097
	Innovative Transit	68,558	590,944	141,491	186,711	328,202	56%	115,977
	Community Services	37,741	761,973	137,648	71,063	208,711	27%	113,047
	Park Maintenance	104,749	1,472,380	235,122	16,307	251,429	17%	224,002
	Environmental Services	44,327	1,067,544	136,888	4,699	141,587	13%	58,170
	Countywide Solid Waste Program	39,144	540,327	103,674	-	103,674	19%	86,665
	Street Maintenance	242,765	3,511,464	601,965	12,603	614,568	18%	443,711
	Downtown Maintenance	15,200	378,065	46,171	15,731	61,902	16%	57,544
	PD Building Maintenance	29,438	664,355	96,184	47,246	143,430	22%	57,549
	Cable Television	7,544	91,234	22,400	-	22,400	25%	21,108
	COMMUNITY SERVICES	1,169,735	17,752,155	3,615,358	1,769,439	5,384,797	30%	3,267,051
	CODE COMPLIANCE	31,164	405,637	84,614	-	84,614	21%	41,758
	INFRASTRUCTURE PLANNING & CONGESTION MGMT	28,463	555,166	86,116	-	86,116	16%	71,293
	ECONOMIC DEVELOPMENT PROGRAMS	61,691	1,209,072	183,839	19,754	203,594	17%	230,191
	TOTAL COMMUNITY SERVICES	1,291,052	19,922,029	3,969,927	1,789,193	5,759,120	29%	3,610,293
III. PUBLIC SAFETY								
	POLICE							
	PD Administration	130,378	2,296,286	408,684	50,000	458,684	20%	340,090
	Field Operations	838,207	13,669,200	2,396,048	419,498	2,815,546	21%	2,570,153
	Support Services	191,688	2,556,380	604,744	-	604,744	24%	695,536
	Emergency Services/Haz Mat	20,063	275,047	53,026	-	53,026	19%	47,570
	Special Operations	340,203	4,244,340	992,227	-	992,227	23%	894,526
	Dispatch Services	177,168	2,341,249	495,038	-	495,038	21%	440,378
	POLICE	1,697,707	25,382,503	4,949,767	469,498	5,419,265	21%	4,988,253
	FIRE	853,487	10,381,160	2,749,307	23,097	2,772,404	27%	2,344,964
	TOTAL PUBLIC SAFETY	2,551,195	35,763,663	7,699,074	492,595	8,191,669	23%	7,333,216
IV. TRANSFERS								
	Other	121,519	1,458,230	364,558	-	364,558	25%	325,942
	TOTAL TRANSFERS	121,519	1,458,230	364,558	-	364,558	25%	325,942
	TOTAL GENERAL FUND	4,419,284	64,461,781	13,321,478	2,266,064	15,587,542	24%	12,430,542



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2024-25
For the Month Ended September 30, 2024
25% 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
SPECIAL REVENUE FUNDS								
202	STREET MAINTENANCE	454	857,383	148,089	-	148,089	17%	141,956
205	PUBLIC SAFETY/SUPP.LAW	113	101,354	338	-	338	0%	322
206	DEVELOPMENT SERVICES FUND							
	Planning	135,436	1,700,561	348,550	1,246	349,796	21%	383,080
	Building	227,470	3,055,890	575,328	161,694	737,023	24%	558,896
	Engineering	131,327	1,644,092	331,026	194,900	525,926	32%	377,725
206	DEVELOPMENT SERVICES FUND	494,232	6,400,543	1,254,904	357,840	1,612,744	25%	1,319,701
207	LONG RANGE PLANNING	69,731	3,125,686	197,307	-	197,307	6%	205,113
215/216	CDBG	7	87	22	-	22	25%	21
225	ASSET SEIZURE	68	821	205	-	205	25%	196
229	LIGHTING AND LANDSCAPE	22,130	212,191	37,507	27,470	64,977	31%	38,010
230	COMMUNITY FACILITIES DISTRICT	2,596	23,511	6,347	-	6,347	27%	8,125
232	ENVIRONMENT PROGRAMS	29,850	453,818	86,923	8,844	95,767	21%	86,144
234	MOBILE HOME PARK	79	952	238	-	238	25%	227
236	HOUSING MITIGATION	44,238	2,183,789	179,829	81,505	261,335	12%	181,937
240	EMPLOYEE ASSISTANCE	83	20,993	248	-	248	1%	2,236
246	COUNTYWIDE SOLID WASTE PROGRAM	59,759	2,648,132	232,214	1,519,971	1,752,185	66%	111,250
255	HOUSING SUCCESSOR AGENCY	76,339	1,319,931	379,409	305,000	684,409	52%	370,217
260	PUBLIC ART	525	16,306	1,576	-	1,576	10%	-
TOTAL SPECIAL REVENUE FUNDS		800,207	17,365,498	2,525,156	2,300,631	4,825,787	28%	2,465,454
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	121,773	2,962,580	263,971	248,447	512,419	17%	122,451
302	PARK MAINTENANCE	54,167	650,000	164,091	-	164,091	25%	162,718
303	LOCAL DRAINAGE	4,127	4,400,317	9,597	466,068	475,665	11%	216,080
304	LOCAL DRAIN. NON-AB1600	1,574	505,176	8,561	-	8,561	2%	754
306	AGRICULTURE & OPEN SPACE PRESERVATI	10,680	128,157	32,039	-	32,039	25%	24,400
308	STREET CIP	1,928,639	4,356,319	1,986,194	2,236,740	4,222,934	97%	28,371
309	TRAFFIC IMPACT	18,372	4,593,527	263,159	183,042	446,202	10%	151,685
315	PUBLIC SAFETY FACILITIES IMPACT	296,561	4,676,083	1,034,539	4,688,595	5,723,135	122%	237,066
346	PUBLIC FAC.NON AB1600	5,317	1,652,085	19,529	(4,916)	14,613	1%	10,018
347	PUBLIC FACILITIES IMPACT	318,310	1,444,333	323,226	1,010,368	1,333,594	92%	47,319
348	LIBRARY IMPACT	226,135	2,713,615	678,404	-	678,404	25%	55,587
350	UNDERGROUNDING	103	401,505	309	-	309	0%	294
355	SCHOOL PEDESTRIAN & TRAFFIC SAFETY	-	-	-	-	-	n/a	5,132
360	COMM/REC CENTER IMPACT	190,675	1,430,662	211,210	(189,277)	21,933	2%	90,913
375	QUIMBY FEE	868,336	6,651,240	957,666	2,624,559	3,582,225	54%	15,184
TOTAL CAPITAL PROJECTS FUNDS		4,044,768	36,565,600	5,952,494	11,263,627	17,216,122	47%	1,167,973
DEBT SERVICE FUNDS								
420	CIVIC CENTER DEBT	284	291,714	851	-	851	0%	810
441	POLICE FACILITY BOND DEBT	375	385,093	1,126	-	1,126	0%	1,073
TOTAL DEBT SERVICE FUNDS		659	676,807	1,977	-	1,977	0%	1,883



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2024-25
For the Month Ended September 30, 2024
25% 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	WASTEWATER OPERATIONS	954,198	16,776,992	2,682,362	37,146	2,719,508	16%	2,272,886
641	WASTEWATER CAPITAL EXPANSION	954,644	6,067,395	1,812,474	619,803	2,432,277	40%	321,242
642	WASTEWATER RATE STABILIZATION	164	1,966	491	-	491	25%	468
643	WASTEWATER CAPITAL PROJECTS	1,264,551	10,628,655	1,455,782	417,351	1,873,133	18%	966,755
TOTAL SEWER FUND(S)		3,173,557	33,475,007	5,951,110	1,074,300	7,025,410	21%	3,561,351
WATER								
	Water Operations	1,682,576	19,715,654	3,707,846	749,075	4,456,921	23%	3,768,668
	Utility Billing	102,786	1,502,560	266,742	-	266,742	18%	204,923
	Water Conservation	22,768	416,169	60,447	-	60,447	15%	62,206
650	WATER OPERATIONS	1,808,131	21,634,383	4,035,035	749,075	4,784,110	22%	4,035,797
651	WATER CAPITAL EXPANSION	66,521	4,406,112	186,970	3,057,706	3,244,676	74%	181,321
652	WATER RATE STABILIZATION	123	1,473	368	-	368	25%	351
653	WATER-CAPITAL PROJECTS	474,090	19,848,286	483,613	8,091,075	8,574,687	43%	40,684
TOTAL WATER FUND(S)		2,348,865	45,890,254	4,705,986	11,897,856	16,603,842	36%	4,258,153
TOTAL ENTERPRISE FUNDS		5,522,422	79,365,261	10,657,095	12,972,156	23,629,252	30%	7,819,504
INTERNAL SERVICE FUNDS								
730	INFORMATION SYSTEMS	139,892	2,961,976	683,825	7,989	691,815	23%	646,447
740	BUILDING MAINTENANCE	148,675	1,506,259	322,519	80,541	403,059	27%	295,625
741	BUILDING REPLACEMENT	242,933	1,351,684	393,810	22,426	416,236	31%	31,730
745	CIP ADMINISTRATION	191,256	2,584,581	511,910	5,527	517,436	20%	388,245
760	UNEMPLOYMENT	-	15,000	3,922	-	3,922	26%	11,826
770	WORKERS COMPENSATION	9,227	946,245	646,194	-	646,194	68%	589,575
790	EQUIPMENT REPLACEMENT	89,346	1,302,421	528,047	102,374	630,421	48%	77,219
791	EMPLOYEE BENEFITS FUND	27,749	1,000,000	130,414	-	130,414	13%	57,865
795	GEN. LIABILITY INSURANCE	72,209	2,411,618	2,034,731	-	2,034,731	84%	2,288,597
TOTAL INTERNAL SERVICE FUNDS		921,286	14,079,784	5,255,372	218,856	5,474,228	39%	4,387,129
REPORT TOTAL		\$ 15,708,626	\$ 212,514,731	\$ 37,713,573	\$ 29,021,334	\$ 66,734,907	31%	\$ 28,272,486



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2024-25
For the Month Ended September 30, 2024
25% of Year Complete

Fund No.	Fund Description	Unaudited Begin. Fund Balance 07-01-24	Revenues		Expenses		Year to-Date Deficit or Carryover	Preliminary Ending Fund Balance	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved
010	GENERAL FUND	\$ 29,684,560	\$ 6,303,453	11%	\$ 13,321,478	21%	\$ (7,018,026)	\$ 2,266,064	\$ 20,400,470
TOTAL GENERAL FUND		\$ 29,684,560	\$ 6,303,453	11%	\$ 13,321,478	21%	\$ (7,018,026)	\$ 2,266,064	\$ 20,400,470
202	STREET MAINTENANCE	72,734	\$ 148,089	17%	\$ 148,089	19%	\$ 0	\$ -	\$ 72,734
205	PUBLIC SAFETY/SUPPL. LAW	415,174	5,034	4%	338	20%	4,695	-	419,869
206	DEVELOPMENT SERVICES	(1,144,436)	1,345,226	23%	1,254,904	20%	90,322	357,840	(1,411,954)
207	LONG RANGE PLANNING	1,306,215	186,108	11%	197,307	6%	(11,198)	-	1,295,017
215 / 216	CDBG	32,500	880	76%	22	25%	858	-	33,358
225	ASSET SEIZURE	104,495	1,343	48%	205	25%	1,138	-	105,633
229	LIGHTING AND LANDSCAPE	216,005	2,605	1%	37,507	18%	(34,902)	27,470	153,633
230	COMMUNITY FACILITIES DISTRICT	162,519	2,017	7%	6,347	27%	(4,330)	-	158,189
232	ENVIRONMENTAL PROGRAMS	344,364	119,265	24%	86,923	19%	32,342	8,844	367,862
234	MOBILE HOME PK RENT STAB.	81,475	4,183	146%	238	25%	3,945	-	85,420
235	SENIOR HOUSING	239,361	-	n/a	-	n/a	-	-	239,361
236	HOUSING MITIGATION	8,363,613	454,230	16%	179,829	8%	274,401	81,505	8,556,509
240	EMPLOYEE ASSISTANCE	62,481	1,839	142%	248	1%	1,591	-	64,072
246	COUNTYWIDE SOLID WASTE	414,362	432,896	n/a	232,214	9%	200,682	1,519,971	(904,927)
247	ENVIRONMENT REMEDIATION	144,512	-	n/a	-	n/a	-	-	144,512
255	HOUSING SUCCESSOR AGENCY	3,131,754	266,243	57%	379,409	29%	(113,167)	305,000	2,713,587
TOTAL SPECIAL REVENUE FUNDS		\$ 13,947,128	\$ 2,969,957	20%	\$ 2,525,156	15%	\$ 444,800	\$ 2,300,631	\$ 12,091,298
301	PARK DEV. IMPACT FUND	\$ 2,008,148	\$ 1,652,734	83%	\$ 263,971	9%	\$ 1,388,762	\$ 248,447	\$ 3,148,463
302	PARK MAINTENANCE	2,215,012	37,028	239%	164,091	25%	(127,063)	-	2,087,949
303	LOCAL DRAINAGE	9,330,934	358,199	25%	9,597	0%	348,602	466,068	9,213,469
304	LOCAL DRAINAGE/NON-AB1600	1,188,049	69,667	28%	8,561	2%	61,106	-	1,249,155
306	AG. AND OPEN SPACE PRESERVATION	1,432,578	44,221	240%	32,039	25%	12,181	-	1,444,759
308	STREET CIP	4,287,248	619,781	16%	1,986,194	46%	(1,366,413)	2,236,740	684,096
309	TRAFFIC IMPACT FUND	3,808,198	1,162,573	24%	263,159	6%	899,414	183,042	4,524,569
315	PUBLIC SAFETY FACILITIES IMPACT	(1,553,435)	1,294,174	28%	1,034,539	22%	259,634	4,688,595	(5,982,396)
346	PUBLIC FACILITIES NON-AB1600	2,088,584	33,350	18%	19,529	1%	13,821	(4,916)	2,107,321
347	PUBLIC FACILITIES IMPACT FUND	1,312,403	289,455	64%	323,226	22%	(33,771)	1,010,368	268,264
348	LIBRARY IMPACT FUND	2,254,117	1,186,079	84%	678,404	25%	507,675	-	2,761,792
350	UNDERGROUNDING	1,768,551	23,179	31%	309	0%	22,870	-	1,791,421
355	SCHOOL PEDESTRIAN/TRAFFIC SFTY	-	-	n/a	-	n/a	-	-	-
360	COMM/REC CTR IMPACT FUND	2,297,534	1,962,035	78%	211,210	15%	1,750,825	(189,277)	4,237,636
375	QUIMBY FEE	4,063,476	1,221,556	46%	957,666	14%	263,890	2,624,559	1,702,807
TOTAL CAPITAL PROJECT FUNDS		\$ 36,501,397	\$ 9,954,030	41%	\$ 5,952,494	16%	\$ 4,001,536	\$ 11,263,627	\$ 29,239,305
420	CIVIC CENTER DEBT	\$ 183,038	\$ 76,167	25%	\$ 851	0%	\$ 75,316	\$ 131	\$ 258,223
441	POLICE FACILITY BOND DEBT	163,896	97,239	25%	1,126	0%	96,112	167	259,841
TOTAL DEBT SERVICE FUNDS		\$ 346,934	\$ 173,406	25%	\$ 1,977	0%	\$ 171,429	\$ 298	\$ 518,064
640	WASTEWATER OPERATIONS	\$ 3,983,038	\$ 2,659,320	16%	\$ 2,682,362	16%	\$ (23,043)	37,146	3,922,849
641	WASTEWATER IMPACT FUND*	17,581,674	7,856,728	66%	1,812,474	30%	6,044,254	619,803	23,006,126
642	WASTEWATER RATE STABILIZATION	3,121,932	40,736	38%	491	25%	40,244	-	3,162,176
643	WASTEWATER CAPITAL PROJECTS	17,703,049	1,962,726	32%	1,455,782	14%	506,944	417,351	17,792,642
650	WATER OPERATIONS	4,083,455	4,564,725	21%	4,035,035	19%	529,689	749,075	3,864,070
651	WATER IMPACT FUND*	3,394,857	2,206,751	56%	186,970	4%	2,019,782	3,057,706	2,356,932
652	WATER RATE STABILIZATION	3,337,806	44,251	38%	368	25%	43,882	-	3,381,688
653	WATER -CAPITAL PROJECT	18,694,610	1,741,725	17%	483,613	2%	1,258,112	8,091,075	11,861,647
TOTAL ENTERPRISE FUNDS		\$ 71,900,421	\$ 21,076,961	30%	\$ 10,657,095	13%	\$ 10,419,866	\$ 12,972,156	\$ 69,348,131
730	INFORMATION SERVICES	\$ 656,565	\$ 723,784	25%	\$ 683,825	23%	\$ 39,958	\$ 7,989	\$ 688,534
740	BUILDING MAINTENANCE	94,619	356,696	25%	322,519	21%	34,177	80,541	48,256
741	BUILDING REPLACEMENT	5,083,004	285,709	27%	393,810	29%	(108,101)	22,426	4,952,477
745	CIP ENGINEERING	8,329	-	n/a	511,910	20%	(511,910)	5,527	(509,107)
760	UNEMPLOYMENT	284,229	3,627	36%	3,922	26%	(295)	-	283,934
770	WORKERS COMPENSATION	2,381,319	238,932	21%	646,194	68%	(407,262)	30,000	1,944,057
790	EQUIPMENT REPLACEMENT	8,727,549	490,125	29%	528,047	41%	(37,922)	102,374	8,587,253
791	EMPLOYEE BENEFITS FUNDS	26,248	288,680	24%	130,414	13%	158,267	-	184,515
795	GEN. LIABILITY INSURANCE	984,307	629,026	25%	2,034,731	84%	(1,405,704)	-	(421,397)
TOTAL INTERNAL SERVICE FUNDS		\$ 18,246,169	\$ 3,016,580	21%	\$ 5,255,372	37%	\$ (2,238,792)	\$ 248,856	\$ 15,758,521

 CITY OF MORGAN HILL City of Morgan Hill Fund Activity Summary - Fiscal Year 2024-25 For the Month Ended September 30, 2024 25% of Year Complete								
Unaudited Begin.	Revenues		Expenses		Year to-Date Deficit or Carryover	Preliminary Ending Fund Balance		
Fund Balance	YTD	% of	YTD	% of		Reserved ¹	Unreserved	
07-01-24	Actual	Budget	Actual	Budget				

SUMMARY BY FUND TYPE

GENERAL FUND GROUP	\$ 29,684,560	\$ 6,303,453	11%	\$ 13,321,478	21%	\$ (7,018,026)	\$ 2,266,064	\$ 20,400,470
SPECIAL REVENUE GROUP	13,947,128	2,969,957	20%	2,525,156	15%	444,800	2,300,631	12,091,298
DEBT SERVICE GROUP	346,934	173,406	25%	1,977	0%	171,429	298	518,064
CAPITAL PROJECTS GROUP	36,501,397	9,954,030	41%	5,952,494	16%	4,001,536	11,263,627	29,239,305
ENTERPRISE GROUP	71,900,421	21,076,961	30%	10,657,095	13%	10,419,866	12,972,156	69,348,131
INTERNAL SERVICE GROUP	18,246,169	3,016,580	21%	5,255,372	37%	(2,238,792)	248,856	15,758,521
TOTAL ALL GROUPS	\$ 170,626,609	\$ 43,494,386	24%	\$ 37,713,573	18%	\$ 5,780,813	\$ 29,051,633	\$ 147,355,789

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.

City Manager's Signature Authority**Contracts and Agreements Between \$25,000 to \$60,000 Entered From 8/20/2024 to 10/8/2024**

Vendor Name	Description of Service	Begin Date	End Date	Department	Amount
Kiwanis Club of Morgan Hill	MOU- Funding Assistance- Holiday Lights Parade	9/19/2024	6/30/2025	PS	\$27,500
Healthier Kids Foundation	MOU- Funding Assistance- Health screening for MHUSD	9/19/2024	6/30/2025	PS	\$26,000