



Regular Meeting Agenda
City Council

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

Wednesday, April 2, 2025 6:00 PM

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

Morgan Hill City Council meetings are held in person with the option for the public to attend 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. Public comment is limited to three minutes, but the Mayor may adjust time limits for individual or total comments while ensuring all viewpoints are heard, encouraging speakers to avoid repetition, and allowing a designated spokesperson for organized support or opposition to present longer if needed.

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

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

Public comment will be heard 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.

CALL TO ORDER

ROLL CALL ATTENDANCE

DECLARATION OF POSTING AGENDA

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Arts, Culture, and Creativity Month
Donate Life Month
Earth Day
Parkinson's Awareness Month
Women's History Month

PRESENTATIONS

YAC Presentation
VTA Presentation

CITY COUNCIL REPORTS

Council Member Iwanaga

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)

Public Comment Supplements

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 COMMUNITY LAW ENFORCEMENT FOUNDATION (CLEF)
DONATION IN THE AMOUNT OF \$38,364**

Recommendation:

Authorize the City Manager to accept a donation from the Community Law Enforcement Foundation (CLEF) in the amount of \$38,364 for the purchases of new Police K9 - "Marco Polo" and new expenses related to K9 equipment and training; 60 trauma medical kits; and Police Department challenge coins.

2. **ACCEPTANCE OF THE MADRONE CHANNEL TRAIL IMPROVEMENTS
PHASE II PROJECT IN THE AMOUNT OF \$472,324**

Recommendation:

1. Accept as complete the Madrone Channel Trail Improvements Phase II Project;
2. Authorize the City Engineer to sign the Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

3. **APPROVE CONSULTANT AGREEMENT WITH MAZE & ASSOCIATES FOR PROFESSIONAL AUDITING SERVICES**

Recommendation:

1. Approve a three-year consultant agreement with Maze & Associates for professional auditing services for the not to exceed amount of \$136,078; and
2. Authorize the City Manager to execute and administer the agreement.

4. **APPROVE COST SHARE AGREEMENT WITH THE COUNTY OF SANTA CLARA FOR REPAVING OF EAST MAIN AVENUE FOR \$341,495**

Recommendation:

Authorize the City Manager to execute and administer a cost sharing agreement with the County of Santa Clara for the repaving of East Main Avenue from Condit Road to approximately 830 feet from Elm Road.

5. **APPROVE THE MARCH 5, 2025 CITY COUNCIL MEETING MINUTES**

Recommendation:

Approve minutes.

6. **AUTHORIZE WRITE-OFF OF CERTAIN UNCOLLECTIBLE RECEIVABLES IN ACCORDANCE WITH THE CITY'S WRITE-OFF POLICY**

Recommendation:

Authorize write-off of certain uncollectible receivables in the amount of \$55,925 in accordance with the City's write-off policy.

7. **AUTHORIZE THE CITY MANAGER TO SUBMIT THE APPLICATION FOR WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT (WIFIA) LOAN WITH THE U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA) TO FINANCE THE CONSTRUCTION OF A NEW SEWER TRUNK LINE**

Recommendation:

Authorize the City Manager to submit the application and address other matters related to the Water Infrastructure Finance and Innovation Act (WIFIA) loan with the U.S. Environmental Protection Agency (EPA) to finance the construction of a new sewer trunk line.

8. **APPROVE THE FIRST AMENDMENT TO THE SERVICE MAINTENANCE AGREEMENT WITH PETERSON POWER SYSTEMS, INC. FOR GENERATOR MAINTENANCE AND REPAIR**

Recommendation:

Approve and authorize the City Manager to execute an amendment to increase the not to exceed amount of the generator maintenance agreement with Peterson Power Systems by \$157,473. This increase will bring the not to exceed amount to \$452,668.

9. **PAVEMENT CONDITION UPDATE AND PAVEMENT REHABILITATION
PLANNING UPDATE**

Recommendation:
Receive update.

10. **RATIFY CITY POSITION ON PENDING LEGISLATION**

Recommendation:
Ratify the City's position supporting pending legislation, Senate Bill 456 (Ashby)
Community Beautification Act.

11. **RECEIVE MONTHLY BUDGET UPDATE AND FEBRUARY 2025 FINANCIAL
AND INVESTMENT REPORTS**

Recommendation:
Receive and file reports.

OTHER BUSINESS

12. **ADOPT RESOLUTION FURTHER REAFFIRMING THE CITY'S COMMITMENT
TO A DIVERSE, SUPPORTIVE, INCLUSIVE COMMUNITY AND PROTECTING
THE CONSTITUTIONAL RIGHTS OF ITS RESIDENTS**

Recommendation:
Adopt resolution further reaffirming the City's commitment to a diverse,
supportive, inclusive community and protecting its residents' constitutional rights.

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

U.S.D.O.T. & Federal Railroad Administration Investigation of California High Speed Rail

From: Joseph P Thompson (translaw@pacbell.net)

To: dotexecsec@dot.gov

editor@garlic.com; manny@gilroy.org

Date: Friday, March 7, 2025 at 09:45 AM PST

Item # Public Comment

AGENDA DATE: 04/02/2025

SUPPLEMENT # 1

Honorable Sean Duffy
Secretary U.S. Department of Transportation

Dear Mr. Secretary,

Please include my personal letter to Editor of Gilroy **Dispatch**, Hollister **Freelance**, and Morgan Hill **Times** (attached hereto), in the official record of the proceedings in this matter.

Thank you.

Joseph P. Thompson
(408) 848-5506
E-Mail: TransLaw@PacBell.



cc: Editor, Gilroy **Dispatch**, Hollister **Freelance**, and Morgan Hill **Times**
cc: Gilroy Chamber of Commerce



FREELANCE NEWS 3-6-2025.pdf

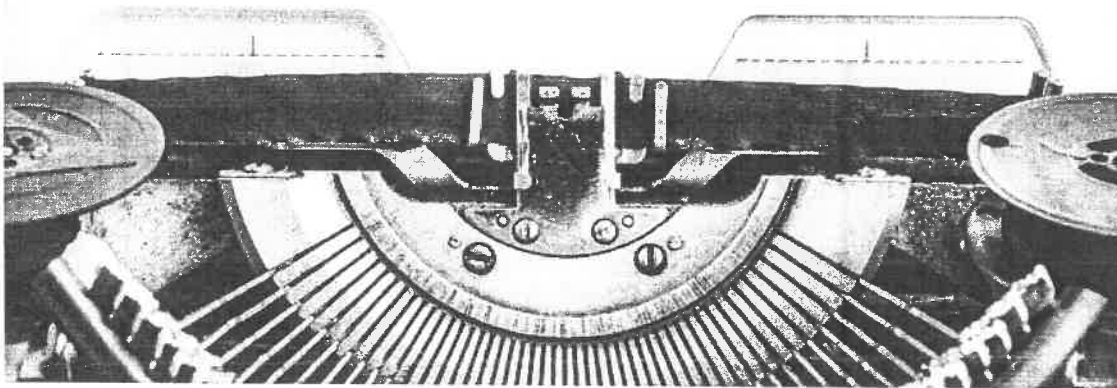
70 KB

San Benito 

Letter: Taxpayers deserve the truth in transportation

BY JOSEPH P. THOMPSON, ESQ. - March 6, 2025

LETTER TO THE EDITOR



Referring to the U.S.D.O.T. Secretary's announcement of the federal government investigation of the California High Speed Rail Association's SuperMassive Black Hole Bullet Train, taxpayers deserve truth-in-transportation, which we are not getting from public sector transit advocates, e.g., CAHSRA high speed rail Trojan Horse Monstrosity.

Taxpayers say, "Get Real." We cannot afford the additional gas taxes and other taxes/fees that will be required to pay for the construction and capital costs, plus the estimated \$1 billion per year annual operating losses, that independent experts predict. What are they smoking at CAHSRA?

Worse than the public sector transit model that we already subsidize with our gas taxes, sales taxes, etc., you can see that they are lying, again, if you do the math yourself, and don't swallow the BS-Baloney from CAHSRA and public sector transit advocates.

Using their numbers, 1 million annual riders from Merced to Bakersfield means 500,000 round trips. Fifty billion dollars in capital and construction costs, plus \$1 billion in annual operating costs equals \$51 billion; if paid by 500,000 riders means fully amortized fares, fully remunerative fares (i.e., fares cover all costs), would put a round trip at \$102,000 per passenger.

3/7/25, 8:39 AM

Letter: Taxpayers deserve the truth in transportation - SanBenito.com | Hollister, San Juan Bautista, CA

At that price it would be cheaper for taxpayers to buy each HSR rider his own Mercedes or BMW.

If you stretch recovery of capital and construction costs over a 20 year period, then the fare price drops to only \$5,100.00 for a round trip ticket. How many riders are going to pay that fare price? Zero.

So, to get riders aboard HSR, you will need to collect the majority (99%) of the fare price from the California taxpayers (federal taxpayers are not going along for this socialist ride as they do for Amtrak).

If you tax California's taxpayers out of their cars, how will you pay for public sector transit of any kind?

Since October 2008 when the Gilroy and Morgan Hill Chambers of Commerce had me debate the Honorable Rod Diridon on the pros and cons of Prop. 1A, CAHSRA's advocates have lied to the voters. In concluding my side of the debate, I pointed out that UPRR would not permit CAHSRA on, over, or under its properties, and that since the Class Ones have federal eminent domain authority, the CAHSRA's inferior (State) eminent domain authority would fall to the Class One under federal preemption principles in the U.S. Constitution.

The two chambers' members knew the HSR advocates were lying on hearing Rod's closing response to my conclusion: "Don't worry," he told the audience, "We'll run on BNSF tracks and make Gilroy a South Bay Hub of the Bullet Train."

Since the closest BNSF tracks to Gilroy are on Stockton-Fresno Corridor in SJV, the audience could see how the Bullet Train advocates lied to the voters.

Since then, nothing has changed, except CAHSRA's lies have grown bigger and bigger. And taxpayers are getting ripped off to pay for the government's utopian pipedreams, or real nightmares for those paying for them.

Voters deserve the truth in transportation, and I believe that we ought to give it to them.

Caveat viator.

Joseph P. Thompson, Esq.

Past-Chair, Legislation Committee, Transportation Lawyers Assn.

JOSEPH P. THOMPSON, ESQ.

Fw: LETTER OR GUEST EDITORIAL, ALL THREE PAPERS: VIABLE ALTERNATIVE FOR HIGH SPEED RAIL

From: Joseph P Thompson (translaw@pacbell.net)

To: dotexecsec@dot.gov

Cc: tomlorimcc@comcast.net; ca01dlima@mail.house.gov; reachvince@mail.house.gov; repkevinkiley@mail8.housecommunications.gov; repdavidvaladao@mail.house.gov; repobernolte@mail8.housecommunications.gov; assemblymember.tangipa@outreach.assembly.ca.gov; carl@reformcalifornia.org; rosalia.alexander@asm.ca.gov; info@garrybredefeld.com

Date: Monday, March 3, 2025 at 11:38 AM PST

Dear Mr. Secretary,

Re: Current Investigation of California High Speed Rail

Please have this included as my personal public comment in the official record of proceedings in this matter.

Thank you.

Joseph P. Thompson
Fresno, CA 93711 in Mr. McClintock's District
(408) 848-5506

cc: Congressmen McClintock, LaMalfa, Fong, Kiley, Valadao & Obernolte
cc: Assemblymen Tangipa, DeMaio, and Assemblywoman Macedo
cc: Fresno County Supervisor Bredefeld

----- Forwarded Message -----

From: Michael Moore <mmoore@weeklys.com>

To: Joseph P Thompson <translaw@pacbell.net>

Sent: Monday, March 3, 2025 at 11:15:30 AM PST

Subject: Re: LETTER OR GUEST EDITORIAL, ALL THREE PAPERS: VIABLE ALTERNATIVE FOR HIGH SPEED RAIL

Hi Joe, I have this lined up for a letter to the editor. Thank you.

Michael Moore Editor

t 408-709-3963

Morgan Hill Times Hollister Free Lance

On Mon, Mar 3, 2025 at 11:10 AM Joseph P Thompson <translaw@pacbell.net> wrote:

PUBLIC COMMENT: NEXT MEETING; REAL OR VIRTUAL; REGULAR OR SPECIAL; STUDY SESSION OR PUBLIC WORKSHOP:--

Dear Friends,

As I said to the "Godfather" of the Bullet Train in 1996, the Honorable Judge and State Senator Quintin Kopp, and to the HSRC before it became an "Authority," we ought to learn from history, and build on the bedrock of capitalism, not in the quicksand of socialism.

I said it over and over again from their podium in five different cities, and in formal comments

made in response to CAHSRA's invitations for comment, private sector solutions are the only ones that deserve our support. And I said it in the pre-Election debate on Prop. 1A at the Gilroy & Morgan Hill Chambers' joint meeting in Oct. 2008, and elsewhere.

CAHSRA would require taxpayer subsidies like those we give to Amtrak, Caltrain, Metroliner, ACE Train, SMART Train, Lite Rail, and BART, only bigger. The most recent independent prediction from transport funding experts shows that CAHSRA's socialist-style high speed rail will require \$1B/year for operations. That does not include repayment of the construction costs.

Presently existing technology, and revenue tonnage flows, north and south, in California exist to replace taxpayers' dollars.

Instead of building **Stonehenge II** as a monument to radical socialist control of California's sick transport funding, we should rely on what makes America's Class Ones the envy of the world.

I urge you to demand what the voters voted for in 2008, when we voted for Prop. 1A's self-sufficient high speed rail.

Here's some of my reasons why we ought to rely on private sector transport:

Q: Could the high speed rail be a private sector success to increase industrial and commercial capacity, serving agribusiness and others, if we would use our decision to have self-sufficient high speed rail with intermodal facilities?

A: Yes. If we build them on the high speed rail infrastructure like America's Class Ones have done in the past, as recommended by the **Governor's Goods Movement Plan**.

Economical, truck competitive service, and friendly to the environment, our transport policy leaders must re-think

their options, rely on success that we've seen in the past.

Harnessing the superior capabilities of the private-sector over the public-sector, we can capture enough revenue to accomplish the badly-needed transportation improvements that cry-out for an affordable solution, and reject the public sector transit model of failure we see at all the transit agencies in California.

An intermodal facility, where trailers and containers are loaded onto and off of railroad flat cars, is the best way that we have to make viable high speed rail a reality.

BY SWITCHING TO PRIVATE SECTOR SOLUTIONS WE COULD DO THE FOLLOWING:

1. Facilitate High-Paying Industrial Jobs, Greater Commerce and Trade
2. Improve Transportation (Passenger and Freight)
3. Stimulate State's Economy, Stop Job Flight
4. Create Jobs, Increase Industrial & Commercial Tax Base
5. Increase Local Capital Spending and Investment
6. Reduce Highway Maintenance Expenses, Gets Tonnage Off Local Roads
7. Reduce Air Pollution and Improve Air Quality
8. Reduce Highway Congestion (Divert Trailers & Containers to Rail Routes)
9. Improve Highway Safety and Reduce Accidents
10. Increase Government Tax Base By Growing Private Sector
11. Create Transport Options for Growers, Packers & Shippers & Receivers
12. Improve Product Profitability During Truck Shortages
13. Reduce Ag Time-Sensitive Delays for Ag's Products in Domestic USA Trade
14. Retain Affordable Housing by Reducing Traffic Impact Fees
15. Maintain Character and Environment of California
16. Reduce Family Farms Insolvency and Preserve Agricultural Land and Small Farms
17. Reduce Fuel Consumption, Improve Air Quality
18. Reduce Driver Fatigue-Related Accidents
19. More Responsive Management to Competitive Marketplace
20. Less Government, Less Taxes, and Therefore, Greater Competitive Success Rate and Fewer Business Failures and Bankruptcies

[Repeated from previous presentations for the past 25 years.]

Joe Thompson,

Past-Chair, Legislation Committee, Transportation Lawyers Assn.

TransLaw@PacBell.Net,

408-848-5506



JOSEPH THOMPSON

High Speed Rail project is a giant boondoggle

The following was submitted by email to the Morgan Hill City Council as public input prior to the council's scheduled Nov. 15 workshop on the California High Speed Rail project.

I am a past President of Gilroy-Morgan Hill Bar Association, a member of the Transportation Lawyers Association, and past Chair of TLA's Legislation Committee. I have practiced transportation law in the South County for 38 years, and have done post-doctoral study of transportation law and policy at the Norman Y. Mineta International Institute for Surface Transportation Policy Studies, and at Transportation Research Board, Georgetown University; and at the Library of Congress. I am a graduate of SJSU, and the University of Santa Clara Law School, and I have 52 years of transportation industry experience dating back to my junior year at Cupertino High School, when I worked for the SPRR, and later at UPRR in San Jose (1970-1980).

My comments are personal, and not made on behalf of a client or any professional organization to which I belong.

For a state that cannot afford adequate fire suppression, or water storage, it is bad public policy to add to the public transit boondoggles that the taxpayers (mostly motorists) already shoulder, under the worst tax/fee burdens among all the states.

What the California High Speed Rail Authority is doing, which is not what voters voted for in Prop. 1A in 2008, is contrary to the conclusions of both the President's Blue Ribbon Commission on Transportation Funding, and the California Transportation Commission. Both of them concluded that we ought to fund transport with "user fees."

Giving away transit rides, by any mode, with fares near zero, diverting the costs to motorists' gas and diesel taxes, is unfair,

unsound, and unsustainable transport policy.

Taxing people out of their cars is a public policy plunging us down the Road to Serfdom, intended to cripple our state's economy.

We already pay our taxes for many wasteful boondoggles like Amtrak, Caltrain, ACE Train, BART, Light Rail and county transit, when it would be much cheaper for taxpayers if we just purchased each transit rider his own BMW, or paid his taxi fare, or his Uber fare.

“We already pay our taxes for many wasteful boondoggles like Amtrak, Caltrain, ACE Train, BART, Light Rail and county transit, when it would be much cheaper for taxpayers if we just purchased each transit rider his own BMW.”

California's voters voted for self-sufficient high speed rail, not a Supermassive Black Hole added to the already intolerable public sector transit Black Holes that our lost leadership forces us to subsidize.

This bad public policy is making California into Northern Venezuela. I urge local leaders to support the repeal of Prop. 1A.

Caveat viator.

Joseph Thompson is an attorney whose law offices are in Gilroy. He can be reached at translaw@pacbell.net.



U.S. Department
of Transportation

**Federal Railroad
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

February 20, 2025

Mr. Ian Choudri
Chief Executive Officer
California High-Speed Rail Authority
770 L Street, Suite 620
Sacramento, CA 95814

Subject: Compliance Review of California High-Speed Rail Authority

Dear Mr. Choudri:

The Federal Railroad Administration (FRA) is notifying you of its intention to initiate a review of the California High-Speed Rail Authority's (CHSRA) compliance under FRA-administrated grants for the California High-Speed Rail Project, including but not limited to the following agreements: **FR-HSR-0118-12** and **69A36524521070FSPCA**.

FRA is initiating this compliance review consistent with the terms and conditions of **FR-HSR-0118-12** and **69A36524521070FSPCA**. As you are aware, FRA recently completed an annual monitoring review on October 23, 2024. The monitoring review identified six areas of interest. In addition, the CHSRA Inspector General published a report on February 3, 2025, that reviewed the Merced-Bakersfield segment of the project and found CHSRA's schedule may not accurately account for current conditions and risks.¹ FRA intends to seek additional information to evaluate CHSRA's performance and ability to perform under the FRA-administered funding agreements, including whether it is complying with the requirements set forth therein. FRA may conduct site visits and review project activities, systems, and documents, including financial records, as appropriate. As required under the terms of the various agreements, FRA expects CHSRA will fully and promptly cooperate with the compliance review.

FRA is further advising CHSRA that the compliance review and resulting findings may result in remedial action up to and including withholding of reimbursement and termination of cooperative agreements. Please be advised that any work completed from the date of this notice forward is at the risk of CHSRA. This notice is effective immediately.

¹ CHSRA Inspector General, *Merced to Bakersfield Segment: The Authority Is Unlikely to Complete the Segment as Currently Envisioned within Its Planned Schedule* (Feb. 3, 2025).

Please confirm receipt of this notice and acknowledge your intent to comply. FRA appreciates your prompt attention and cooperation as it implements this compliance review.

Sincerely,

Kyle Fields
Chief Counsel

KEVIN KILEY
3RD DISTRICT, CALIFORNIA
HOUSE COMMITTEE ON EDUCATION
AND THE WORKFORCE
CHAIRMAN
SUBCOMMITTEE ON
EARLY CHILDHOOD, ELEMENTARY
AND SECONDARY EDUCATION
kiley.house.gov

Congress of the United States
House of Representatives
Washington, DC 20515-0503

2045 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-0503
(202) 225-2523
HOUSE COMMITTEE ON JUDICIARY
HOUSE COMMITTEE ON
TRANSPORTATION &
INFRASTRUCTURE

March 4, 2025

Mr. Kash Patel
Director
Federal Bureau of Investigation
935 Pennsylvania Ave., NW
Washington, D.C. 20535
Delivered Via Email

Dear Director Patel:

Congratulations on your appointment and confirmation. As a member of the House Judiciary Committee and the Crime Subcommittee, I look forward to working with you and your team on our shared mission of protecting Americans from those who would do us harm.

While I know that many issues are competing for your time, one issue that deserves your attention is California's High Speed Rail Project.

Nearly seventeen years ago, California and the United States were sold on the dream of high-speed rail in California. Originally projected to cost \$33 billion and scheduled to be completed by 2020, that dream has become a nightmare. According to the California High Speed Rail Authority's (HSRA) own estimates, the total project cost has now ballooned by over \$100 billion above that original estimate. Moreover, California's Auditor reports the HSRA will miss its latest 2033 deadline (one of many) without having completed a single segment of the track. Indeed, the New York Times reported that according to, "projections widely used by engineers and project managers, **the train could not be completed in this century.**" [emphasis added]

This malfeasance leads to questions that transcend mere incompetence. How is it possible to have spent over \$13 billion without a single station opening? Where have these funds gone? Who benefited?

Because the project has consumed billions in federal funding, the FBI has both the authority, and I would argue the responsibility, to pursue these questions and deliver answers to the American people. The Public Integrity Division is uniquely qualified to root out any corruption, recover stolen funds, and restore confidence that our tax dollars are being stewarded carefully.

On behalf of my constituents and the people of California, thank you for your consideration of this request. I look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Kiley". The signature is stylized with a large "K" and a smaller "K" followed by a dot.

Kevin Kiley
Member of Congress

JOSEPH P. THOMPSON

Attorney at Law

8339 Church Street, Suite 114, Gilroy, CA 95020

Post Office Box 154, Gilroy, CA 95021-0154

Telephone (408) 848-5506; Fax (408) 848-4246

E-Mail: TransLaw@PacPell.Net

Fax (408) 842-2206

February 18, 2010

Editor and Editorial Board

The *Dispatch*

6400 Monterey Road

Gilroy, CA 95020

Re: MyBulletTrain: Profitable for who?

Dear Editor,

Bullet Train blitzkrieg, multi-million dollar campaign, using taxpayers' money to sell them on the boondoggle claims that it will be profitable. Yeh, but for whom? The planners, consultants, ad men, bond salesmen, foreign equipment manufacturers. The bankruptcy of all State-owned railroads in the USA in 1830's ought to tell us something about the right way to build a railroad. The American experience with nationalization of the railroads in 1918, the collapse of the USSR, and the world-wide privatization revolution of the 1990's should teach us a valuable lesson in railroad building. The insolvency of Amtrak, Caltrain. The bankruptcy last month of the Las Vegas Monorail, etc.—lessons abound from our history, but will we learn from them?

Sustainable rail transport hinges on the bottom line on the balance sheet; do revenues exceed costs? If we use VTA government-style accounting methods, like Enron did, like Bernie Madoff did, we won't see an unsustainable Bullet Train—we'll be given a snow job like County Transit snow jobs, concealing the truth about their insolvency.. We must use the same accounting used by the world's most successful railroads, UP, BNSF, CSX, etc., America's Class One Railroads. If you lose money moving passengers, then you have to make-up your losses by moving freight. **Intermodal tonnage on Bullet Trains, moved on separate trains during non-peak commute hours, is how I've told the California High Speed Rail Commission, now High Speed Rail Authority, to do it. If the taxpayers purchase the infrastructure for the Bullet Train's owners, it will be like financing the Interstate Highway System, and the State Highways, for the trucking industry.**

Transport me as a tourist, and I'll need a 99% fare subsidy. But transport me as a deceased traveller, and my estate, or relatives, have to pay 100% of the cost of moving the dead freight. So, to create a sustainable Bullet Train, you have to think like railroaders, not horizontal elevators in communist nations. Caveat Victor!

Why do our leaders want to grow bigger government, when common sense people, e.g., Editorial Board of Gilroy Dispatch, say we should be doing just the opposite? Do we have leaders who give a damn about the harm their decisions inflict? Why do we tolerate such hypocrites?

Respectfully yours,

JOSEPH P. THOMPSON, ESQ.

Member, Executive Committee, Debtor-Creditor-Bankruptcy Section, SCCBA

Member, Legislation Committee, Transportation Lawyers Assn.

Member, Association for Transportation Law, Logistics & Policy

Candidate, American Society of Transportation & Logistics

Winner, AST&L's Best Research Paper Award 1997

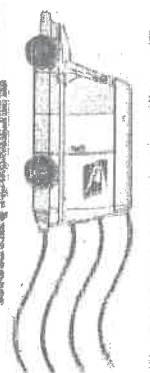
President, Gilroy-Morgan Hill Bar Assn.

Post-Doctoral Student, Transportation Law & Policy

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Joseph P. Thompson
ATTORNEY AT LAW
952 SCHOOL STREET, 3RD FLOOR
NAPA, CALIFORNIA 94559

FRESNO CA 936
7 MAR 2025 PM 1 L



Public Comment-NEXT MEETING:--

Clerk
City Council
17575 Peak Ave.
Morgan Hill, CA 95037-4128

95037-412875



E-mail: TransLaw@PacBell.Net



Joseph P. Thompson
Attorney at Law

952 School St. #376
Napa, CA 94559

TEL: 408/848-5506

U.S.D.O.T. & Federal Railroad Administration Investigation of California High Speed Rail

From: Joseph P Thompson (translaw@pacbell.net)

To: dotexecsec@dot.gov

Cc: editor@garlic.com; editor@gilroydispatch.com; echalhoub@weeklys.com; mmoore@weeklys.com;
manny@gilroy.org; allcouncilmembers@ci.gilroy.ca.us; mark.turner@morganhill.ca.gov; cityclerk@hollister.ca.gov

Date: Tuesday, March 11, 2025 at 06:28 PM PDT

Honorable Sean Duffy
Secretary, U.S. Department of Transportation

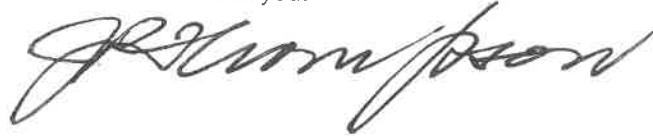
Item # Public Comment

AGENDA DATE: 04/02/2025
SUPPLEMENT # 2

Dear Mr. Secretary,

Please include my three personal letters to three Editors of local newspapers, Gilroy **Dispatch**, Hollister **Freelance**, and Morgan Hill **Times** (attached hereto), in the official record of the proceedings in this matter. Thank you.

Joseph P. Thompson
(408) 848-5506
E-Mail: TransLaw@PacBell.Net



cc: Editor, Gilroy **Dispatch**, Hollister **Freelance**, and Morgan Hill **Times**
cc: Gilroy Chamber of Commerce
cc: Gilroy City Council, Morgan Hill City Council, & Hollister City Council

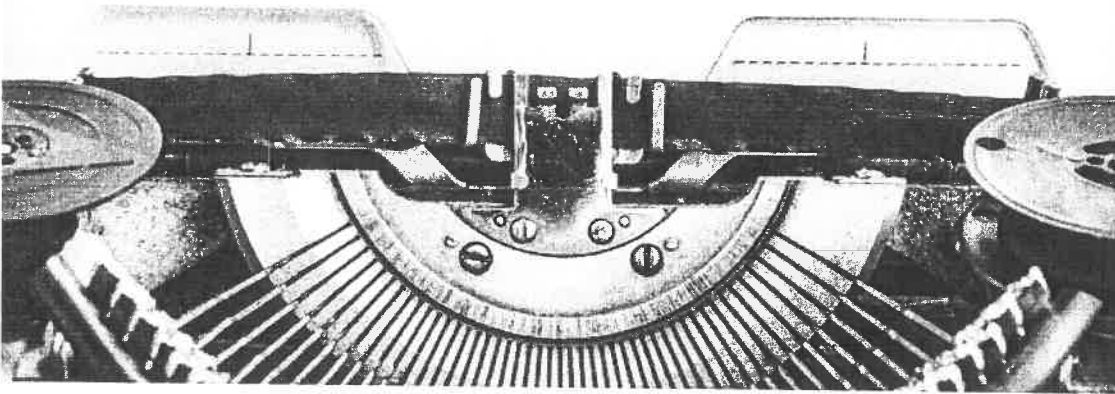
 truth-in-transportation 3 papers 3-11-2025.pdf
208.5kB

GILROY DISPATCH

Letter: Taxpayers deserve the truth in transportation

BY JOSEPH P. THOMPSON, ESQ. - March 11, 2025

LETTER TO THE EDITOR



Referring to the U.S.D.O.T. Secretary's announcement of the federal government investigation of the California High Speed Rail Association's SuperMassive Black Hole Bullet Train, taxpayers deserve truth-in-transportation, which we are not getting from public sector transit advocates, e.g., CAHSRA high speed rail Trojan Horse Monstrosity.

Taxpayers say, "Get Real." We cannot afford the additional gas taxes and other taxes/fees that will be required to pay for the construction and capital costs, plus the estimated \$1 billion per year annual operating losses, that independent experts predict. What are they smoking at CAHSRA?

Worse than the public sector transit model that we already subsidize with our gas taxes, sales taxes, etc., you can see that they are lying, again, if you do the math yourself, and don't swallow the BS-Baloney from CAHSRA and public sector transit advocates.

Using their numbers, 1 million annual riders from Merced to Bakersfield means 500,000 round trips. Fifty billion dollars in capital and construction costs, plus \$1 billion in annual operating costs equals \$51 billion; if paid by 500,000 riders means fully amortized fares, fully remunerative fares (i.e., fares cover all costs), would put a round trip at \$102,000 per passenger.

At that price it would be cheaper for taxpayers to buy each HSR rider his own Mercedes or BMW.

If you stretch recovery of capital and construction costs over a 20 year period, then the fare price drops to only \$5,100.00 for a round trip ticket. How many riders are going to pay that fare price? Zero.

So, to get riders aboard HSR, you will need to collect the majority (99%) of the fare price from the California taxpayers (federal taxpayers are not going along for this socialist ride as they do for Amtrak).

If you tax California's taxpayers out of their cars, how will you pay for public sector transit of any kind?

Since October 2008 when the Gilroy and Morgan Hill Chambers of Commerce had me debate the Honorable Rod Diridon on the pros and cons of Prop. 1A, CAHSRA's advocates have lied to the voters. In concluding my side of the debate, I pointed out that UPRR would not permit CAHSRA on, over, or under its properties, and that since the Class Ones have federal eminent domain authority, the CAHSRA's inferior (State) eminent domain authority would fall to the Class One under federal preemption principles in the U.S. Constitution.

The two chambers' members knew the HSR advocates were lying on hearing Rod's closing response to my conclusion: "Don't worry," he told the audience, "We'll run on BNSF tracks and make Gilroy a South Bay Hub of the Bullet Train."

Since the closest BNSF tracks to Gilroy are on Stockton-Fresno Corridor in SJV, the audience could see how the Bullet Train advocates lied to the voters.

Since then, nothing has changed, except CAHSRA's lies have grown bigger and bigger. And taxpayers are getting ripped off to pay for the government's utopian pipedreams, or real nightmares for those paying for them.

Voters deserve the truth in transportation, and I believe that we ought to give it to them.

Caveat viator.

Joseph P. Thompson, Esq.

Past-Chair, Legislation Committee, Transportation Lawyers Assn.

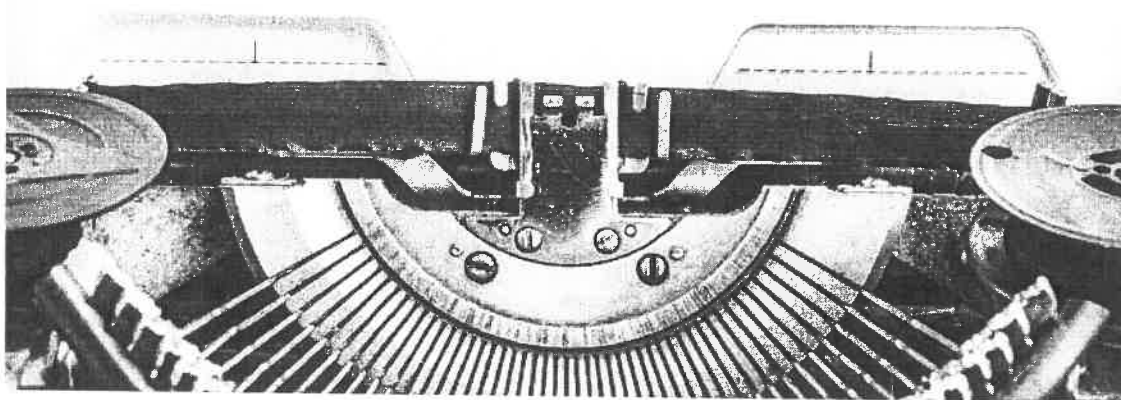
JOSEPH P. THOMPSON, ESQ.



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Joseph P. Thompson, Esq.

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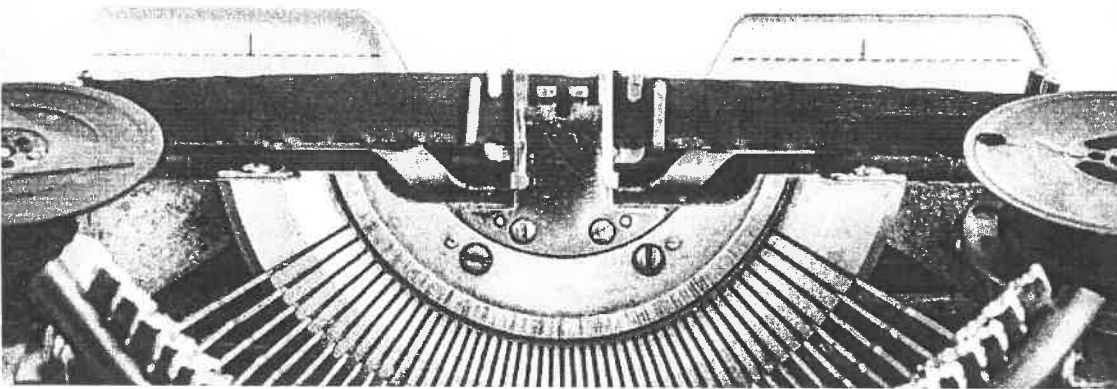
JOSEPH P. THOMPSON, ESQ.



Letter: Taxpayers deserve the truth in transportation

BY JOSEPH P. THOMPSON, ESQ. - March 6, 2025

LETTER TO THE EDITOR



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Joseph P. Thompson, Esq.

Past-Chair, Legislation Committee, Transportation Lawyers Assn.

JOSEPH P. THOMPSON, ESQ.

JOSEPH THOMPSON

High Speed Rail project is a giant boondoggle

The following was submitted by email to the Morgan Hill City Council as public input prior to the council's scheduled Nov. 15 workshop on the California High Speed Rail project.

I am a past President of Gilroy-Morgan Hill Bar Association, a member of the Transportation Lawyers Association, and past Chair of TLA's Legislation Committee. I have practiced transportation law in the South County for 38 years, and have done post-doctoral study of transportation law and policy at the Norman Y. Mineta International Institute for Surface Transportation Policy Studies, and at Transportation Research Board, Georgetown University; and at the Library of Congress. I am a graduate of SJSU, and the University of Santa Clara Law School, and I have 52 years of transportation industry experience dating back to my junior year at Cupertino High School, when I worked for the SPRR, and later at UPRR in San Jose (1970-1980).

My comments are personal, and not made on behalf of a client or any professional organization to which I belong.

For a state that cannot afford adequate fire suppression, or water storage, it is bad public policy to add to the public transit boondoggles that the taxpayers (mostly motorists) already shoulder, under the worst tax/fee burdens among all the states.

What the California High Speed Rail Authority is doing, which is not what voters voted for in Prop. 1A in 2008, is contrary to the conclusions of both the President's Blue Ribbon Commission on Transport Funding, and the California Transportation Commission. Both of them concluded that we ought to fund transport with "user fees."

Giving away transit rides, by any mode, with fares near zero, diverting the costs to motorists' gas and diesel taxes, is unfair,

unsound, and unsustainable transport policy.

Taxing people out of their cars is a public policy plunging us down the Road to Serfdom, intended to cripple our state's economy.

We already pay our taxes for many wasteful boondoggles like Amtrak, Caltrain, ACE Train, BART, Light Rail and county transit, when it would be much cheaper for taxpayers if we just purchased each transit rider his own BMW, or paid his taxi fare, or his Uber fare.

“We already pay our taxes for many wasteful boondoggles like Amtrak, Caltrain, ACE Train, BART, Light Rail and county transit, when it would be much cheaper for taxpayers if we just purchased each transit rider his own BMW.”

California's voters voted for self-sufficient high speed rail, not a Supermassive Black Hole added to the already intolerable public sector transit Black Holes that our lost leadership forces us to subsidize.

This bad public policy is making California into Northern Venezuela. I urge local leaders to support the repeal of Prop. 1A.

Caveat viator.

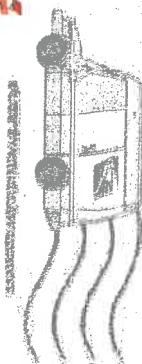
Joseph Thompson is an attorney whose law offices are in Gilroy. He can be reached at translaw@pacbell.net.

ATTORNEY AT LAW

862 SCHOOL STREET, #376
NAPA, CALIFORNIA 94558

FRESNO CA 936

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Public Comment-NEXT MEETING:-

Clerk

City Council

17575 Peak Ave.

Morgan Hill, CA 95037-4128

SECRET-4207-5



CITY COUNCIL STAFF REPORT

MEETING DATE: April 2, 2025

PREPARED BY:

Ray Ramos, Police Captain

APPROVED BY: City Manager

ACCEPT COMMUNITY LAW ENFORCEMENT FOUNDATION (CLEF) DONATION IN THE AMOUNT OF \$38,364

RECOMMENDATION(S)

Authorize the City Manager to accept a donation from the Community Law Enforcement Foundation (CLEF) in the amount of \$38,364 for the purchases of new Police K9 - "Marco Polo" and new expenses related to K9 equipment and training; 60 trauma medical kits; and Police Department challenge coins.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Fostering a Positive Organizational Culture

2024-2025 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Public Safety Master Plan

REPORT NARRATIVE:

The Community Law Enforcement Foundation (CLEF) is a non-profit volunteer organization dedicated to supporting and promoting public safety through partnerships that provide resources to enhance the operation of the Police Department. The CLEF Board of Directors and volunteers work to raise funds for the purchase of equipment and materials that fall outside the Department's operating budget. The CLEF Board wishes to provide a donation in the amount of \$38,364 for the purchases of new Police K9 - "Marco Polo" and new expenses related to K9 equipment and training; sixty (60) trauma medical kits; and police department challenge coins.

COMMUNITY ENGAGEMENT:

This staff report will serve to inform the community of a donation from CLEF in the amount of \$38,364 for the purchases of new Police K9 - "Marco Polo" and new expenses related to K9 equipment and training; sixty (60) trauma medical kits; and police department challenge coins.

ALTERNATIVE ACTIONS:

City Council could decide not to accept the donation.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Council has previously accepted donations from CLEF to enhance the Police Department's operations every year since 2010. The total donations from CLEF to date have exceeded \$300,000.

FISCAL AND RESOURCE IMPACT:

The CLEF donations and corresponding expenditures have been programmed in the current year's budget.

CEQA (California Environmental Quality Act):

Not a Project.

Continuing administrative activities, such as purchases of supplies and equipment, are not a project subject to environmental review.

CITY COUNCIL STAFF REPORT

MEETING DATE: April 2, 2025

PREPARED BY:

Kristian Wallace, Associate Engineer

APPROVED BY: City Manager

ACCEPTANCE OF THE MADRONE CHANNEL TRAIL IMPROVEMENTS PHASE II PROJECT IN THE AMOUNT OF \$472,324

RECOMMENDATION(S)

1. Accept as complete the Madrone Channel Trail Improvements Phase II Project;
2. Authorize the City Engineer to sign the Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Maintaining and Enhancing Infrastructure

Supporting our Youth, Seniors, and Entire Community

2024-2025 Strategic Priorities

Healthy Community

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

Climate Action Plan

Vision Zero

REPORT NARRATIVE:

On February 21, 2024, the Madrone Channel Trail Improvements Phase II Project was awarded to Beals Martin and Associates, Inc. in the amount of \$497,324 with a contingency of \$49,733. The project scope included the installation of approximately 1.8 miles of 7-foot-wide Class I asphalt concrete trail with a 2-foot-wide aggregate base shoulder from East Main Avenue to Tennant Avenue. The completion of this phase of the trail provides a non-motorized public pathway from Tennant Avenue to Cochrane Road along Madrone Channel and the completion of a key improvement identified in the City's Bikeways, Trails, Parks, and Recreation Master Plan.

Construction of this project began in May 2024 and was substantially complete in February 2025. One change order was authorized to reduce the contract price by \$25,000 due to unused bid line items (see Attachment 2). The final construction contract

with Beals Martin and Associates, Inc. is \$472,324. Staff recommends accepting this project as it has been completed in accordance with the plans and specifications. Additionally, staff recommends directing the City Clerk to file the Notice of Completion for the project (see Attachment 3).

COMMUNITY ENGAGEMENT:

Inform

Prior to and during construction of this project, City Staff and the Contractor worked closely to notify the public of construction progress and trail closures via the media, social media, and the City's website. An Opening Ceremony was held on February 8, 2025.

ALTERNATIVE ACTIONS:

Accepting the project in accordance with the contract documents is a required process and enables the City to release any retained funds owed to the Contractor per California Public Contract Code Section 7107.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

July 20, 2017 - City Council adopted the Bikeways, Trails, Parks and Recreation Master Plan.

January 23, 2019 - City Council adopted Resolution Authorizing Santa Clara Valley Water District Safe, Clean Water Grant Application.

May 15, 2019 - City Council adopted Resolution Authorizing Transportation Development Act Article 3 Grant Application.

February 19, 2020 - City Council approved Funding Agreement and Budget Amendment for Madrone Channel Trail Improvements Project Grant.

February 21, 2024 - City Council awarded the Madrone Channel Trail Improvements Phase II Project to Beals Martin and Associates, Inc.

FISCAL AND RESOURCE IMPACT:

The final contract amount for the Madrone Channel Trail Improvements Phase II Project is \$472,324. The project was awarded to Beals Martin and Associates, Inc. in the amount of \$497,324 with a contingency of \$49,733 (Total of \$547,057). The project is funded within the FY 2023-24 and FY 2024-25 Capital Improvement Program Budget, under project #PR1003, funded by the Park Impact Fund (301).

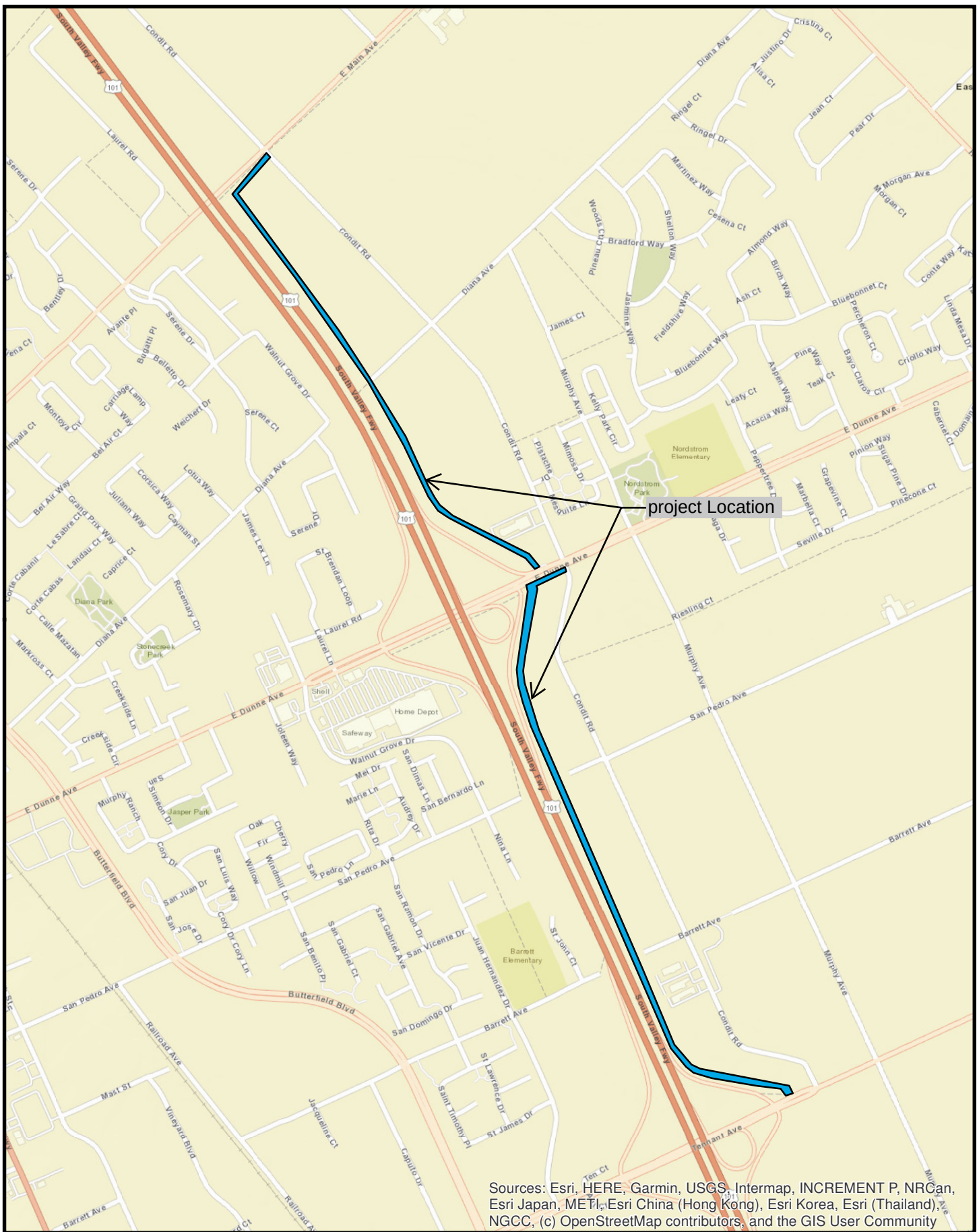
This project is the recipient of two grants totaling \$455,000. Valley Water's Safe, Clean Water Grant was rolled over from the Madrone Channel Trail Improvements Phase I Project and will reimburse \$120,000, and Santa Clara Valley Transportation Authority (VTA) 2016 Measure B Bicycle and Pedestrian Capital Projects Competitive Grant Program will reimburse a total of \$335,000 of project costs.

The unspent \$74,733 will be returned to the Park Impact Fund (301).

CEQA (California Environmental Quality Act):

Categorically Exempt.

The proposed improvements of the Madrone Channel Trail Improvements Phase II Project are categorically exempt under CEQA Section 15304, Minor Alteration to Land, which covers minor public or private alterations to the condition of land, water, and/or vegetation which do not include the removal of healthy, mature, or scenic trees for forestry or agricultural purposes, including the creation of bicycle lanes on existing right-of-way.



CITY OF MORGAN HILL

**Public Services Department
CIP Engineering Division**

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Madrone Channel Trail Improvements Phase II



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Miles

CIP Contract Acceptance Funding Closeout Statement

Project:	Madrone Channel Trail Improvements Phase II		
Project No:	PR1003		
Date of Project Award:	21-Feb-24	Project Award Amount:	\$497,324
Funding Source:	F301	Contingency Authorized:	\$49,733
Date of Project Acceptance:	2-Apr-25	Total Authorized:	\$547,057
		Actual Base Contract Spent:	\$497,324

Change Orders				
	Description	Date	Council Approval Req'd? (Y/N)	
C.O. #2:	Deductive Supplemental Work	11-Feb-25	N	-\$25,000.00
			Total C.O.:	-\$25,000.00

Additional Appropriations		
Source	Amount	Date
None		

		Total Construction Amount (Base Contract plus CO's):	\$472,324.00
Construction Fund Balance:	\$74,733.00		

Recording Requested By:

When Recorded Mail To:

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

NOTICE OF COMPLETION

Civil Code §§ 8182, 8184, 9204, and 9208

NOTICE IS HEREBY GIVEN THAT:

1. The undersigned is the Owner or agent of the Project described below.
2. Owner's full name is City of Morgan Hill.
3. Owner's address is 17575 Peak Avenue, Morgan Hill, CA.
4. The nature of Owner's interest in the Project is:
☐ Fee ownership ☐ Lessee ☒ Other: Joint Use Agreement with Valley Water
5. Construction work on the Project performed on Owner's behalf is generally described as follows: Installation of approximately 1.8 miles of paved 7-foot-wide Class I asphalt concrete trail with 2-foot-wide aggregate base shoulder and all appurtenances thereto.
6. The name of the original Contractor for the Project is: Beals Martin and Associates, Inc.
7. The Project was completed on: April 2, 2025.
8. The Project is located at: Madrone Channel from East Main Avenue to Tennant Avenue.

Verification: In signing this document, I, the undersigned, declare under penalty of perjury under the laws of the State of California that I have read this notice, and I know and understand the contents of this notice, and that the facts stated in this notice are true and correct.

Signature

Date

Scott Creer – City Engineer

CITY COUNCIL STAFF REPORT

MEETING DATE: April 2, 2025

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

APPROVE CONSULTANT AGREEMENT WITH MAZE & ASSOCIATES FOR PROFESSIONAL AUDITING SERVICES

RECOMMENDATION(S)

1. Approve a three-year consultant agreement with Maze & Associates for professional auditing services for the not to exceed amount of \$136,078; and
2. Authorize the City Manager to execute and administer the agreement.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Preserving and Cultivating Public Trust

2024-2025 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

The existing professional auditing services contract with Maze & Associates (Maze) ended with the completion of the prior fiscal year audit. In December 2024, the City issued a Request for Proposals (RFP) to seek professional independent audit services from qualified certified public accounting firms to conduct the annual independent audit of the City's financial transactions and to express an opinion on the fairness of the presentation of the city's financial statements, agreed-upon procedures report on the appropriations limit worksheet, Transportation Development Act (TDA) grants audits and reports, as well as Single Audit for federal awards, as applicable.

Proposals were due on February 17, 2025, and four (4) proposals were received. The firms responding to the request for proposals, and the three-year cost proposals are as follows:

Maze & Associates \$136,078

The Pun Group, LLP \$161,566

SingerLewak LLP \$180,400

Dimov Tax N/A*

*Dimov Tax only submitted a cost for FY 2024-25 of \$48,000.

The evaluation committee, consisting of finance and public services staff, and the City Treasurer, unanimously recommended awarding the three-year professional auditing services contract, with an option to extend for up to two additional years, to Maze & Associates. Since Maze was the City's most recent auditor, the evaluation committee determined that an interview was unnecessary, as staff are already familiar with their work and are satisfied with the services provided.

Maze & Associates has a solid reputation as a CPA firm, specializing in municipal and non-profit audits. It has been in business over 40 years and annually serves over 200 municipalities, with many similar to Morgan Hill. Government code and Government Finance Officer's Association's (GFOA) best practices do not require municipal governments to engage the services of a different audit firm at the end of the audit contract, as the high level of specialized expertise needed to perform a quality audit of a municipal government often limits competition, which means that a requirement to change audit firms at the end of the audit contract could have the unintended effect of forcing a government to engage the services of a less qualified audit firm. Instead, Government Code Section 12410.6(b) requires that the audit partner responsible for reviewing the audit to be rotated after no more than six consecutive fiscal years and GFOA best practices also recommend such rotation to provide a fresh perspective. The current audit partner at Maze & Associates that oversees the Morgan Hill audit has been overseeing the City audit for the last two fiscal years. Staff plan to request a new overseeing audit partner once the current audit partner has reached the six-year threshold.

COMMUNITY ENGAGEMENT:

Inform

The RFP was posted on the city website, and the California Society of Municipal Finance Officers (CSMFO) RFP online service. Staff also emailed the RFP to the known certified public accounting firms.

ALTERNATIVE ACTIONS:

The City Council could decline to approve this agreement with Maze & Associates and direct staff to select an alternative audit firm. This would require additional staff time to conduct a background review of an alternative firm, may result in increased audit costs, and delay in the audit of the current fiscal year.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On September 4, 2019, the City Council approved the consultant agreement with Maze & Associates for professional auditing services.

FISCAL AND RESOURCE IMPACT:

There are sufficient funds in the adopted FY 2024-26 Finance's operating budget for the next two fiscal year audit services. Subsequent years' audit services will be budgeted during the biennial budget development process.

CEQA (California Environmental Quality Act):
Project

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

City of Morgan Hill RFP: Professional Auditing Services
Summary of Evaluation Committee Scoring

Selection Criteria	Maze	Pun Group	Dimov	SingerLewak
1. Mandatory Elements (0-15 points) a. The audit firm is independent and licensed to practice in California b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years c. The firm has no conflict of interest about any other work performed by the firm for the City of Morgan Hill d. The firm submits a copy of its most recent external quality control review report, and the firm has a record of quality audit work e. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal f. Exception(s) to the City's Standard Consultant Services Agreement g. Insurance requirements h. City Business License i. Wage Theft Prevention Bid Certification	15	14	4	14
2. Technical Qualification: a. Expertise and Experience (0-40 points) (1) The firm's experience and performance on comparable government engagements (2) The quality of the firm's professional personnel to be assigned to the engagement b. Audit Approach (0-25 points) (1) Adequacy of a proposed staffing plan for various segments of the engagement (2) Adequacy of sampling techniques and procedures (3) Preliminary schedule for performing key phases of the audit	61	60	18	57
3. Cost (0-20 points)	20	16	12	13
TOTAL	95	90	34	84

**CONSULTANT AGREEMENT
MAZE & ASSOCIATES**

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Maze & Associates a California corporation ("CONSULTANT") 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 June 30, 2028 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum period of two years. 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 CONSULTANT shall be annual auditing and financial reporting as further described in **Exhibit A**.

4. **Compensation.** CONSULTANT shall be compensated as follows:

4.1. **Amount.** \$136,078.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed one hundred thirty six thousand and seven eight 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 provided that there is approved appropriation to be paid to CONSULTANT, 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 the term exceed the City Manager's authority pursuant to Chapter 3.04 of the Morgan Hill Municipal Code, unless otherwise authorized by City Council.

4.2. **Billing.** CONSULTANT 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 CONSULTANT 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 13 Notices. 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 CONSULTANT 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, CONSULTANT shall submit to CITY an itemized statement of services performed for which compensation has not been paid. CITY may require CONSULTANT to complete certain work product or documents and CONSULTANT shall deliver to CITY all documents in its possession without additional compensation to

CONSULTANT. The City Manager of CITY 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 CONSULTANT 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.

6. **Performance of Work.** CONSULTANT represents that it is qualified by virtue of experience, training, education, and expertise to accomplish these services. Services shall be performed by CONSULTANT in accordance with professional practices in a manner consistent with a level of care, competence and skill exercised by qualified members of the CONSULTANT'S profession. By delivery of completed work, CONSULTANT certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws. CONSULTANT 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. CITY's 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. If CONSULTANT desires to leave or store any of CONSULTANT's equipment at a CITY site while CONSULTANT is performing work or service pursuant to this Agreement, CONSULTANT will first obtain the consent of CITY's 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 CONSULTANT's sole risk.

7. **Insurance Requirements.** CONSULTANT 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 CONSULTANT, 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. CONSULTANT further understands that the CITY reserves the right to modify the insurance requirements set forth herein, with thirty (30) days' notice provided to CONSULTANT, at any time as deemed necessary to protect the interests of the CITY.

7.1. **Insurance Types and Amounts.**

- 7.1.1. **Commercial General Liability (CGL).** CONSULTANT 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 CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.
- 7.1.2. **Automobile Liability.** CONSULTANT shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if CONSULTANT does not own automobiles, then CONSULTANT 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 CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

7.1.3. Workers' Compensation Insurance and Employer's Liability. CONSULTANT 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 CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. If CONSULTANT is self-insured, CONSULTANT shall provide its Certificate of Permission to Self-Insure, duly authorized by the Department of Industrial Relations.

7.1.4. Pollution (Environmental) Liability. If the performance of CONSULTANT'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, CONSULTANT shall procure and maintain Pollution Liability covering the CONSULTANT'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 CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

7.1.5. Professional Liability.

7.1.5.1. If the performance of CONSULTANT'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), CONSULTANT 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 CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. Further, if CONSULTANT maintains a claims-made policy, CONSULTANT shall provide written evidence of such insurance to the CITY for at least five (5) years after the completion of work performed under this Agreement.

7.1.5.2. If the performance of CONSULTANT'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), CONSULTANT 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 CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

7.1.6. Sexual Abuse/Molestation Liability (SML): If the performance of CONSULTANT's work or service under this Agreement involves contact with minors, CONSULTANT 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 CONSULTANT under CONSULTANT's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

7.1.7. **Crime/Fidelity Bond.** If the performance of CONSULTANT'S work or service under this Agreement relates to or involves handling of CITY monies, CONSULTANT shall procure and maintain Crime insurance, in the minimum amount of: (i) three hundred thousand dollars (\$300,000.00) per occurrence, covering all CONSULTANT'S officers and employees, for loss of CITY monies caused by dishonesty and/or theft.

7.2. **Endorsements.** CONSULTANT shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:

7.2.1. **General Liability and pollution liability (when pollution liability applies).**

7.2.1.1. "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.

7.2.1.2. "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

7.2.1.3. "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.

7.2.2. **Workers Compensation.**

If the performance of CONSULTANT'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, CONSULTANT'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.

7.3. **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.

7.4. **Certificates.** CONSULTANT shall furnish CITY of Morgan Hill with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT's agreement with the 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 7. 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

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

9. **Compliance with Law.**

9.1. CONSULTANT 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. CONSULTANT 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.

9.2. Compliance with Wage and Hour Laws: Consultant, 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 CONSULTANT and/or its Subcontractors: BY SIGNING THIS AGREEMENT, CONSULTANT 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 CONSULTANT OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. CONSULTANT 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 CONSULTANT or an subcontractor it employs to perform work under this Agreement has violated any applicable wage and hour law, or CONSULTANT learns of such a judgment, decision, or order that was not previously disclosed, CONSULTANT 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. CONSULTANT 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. The City reserves the right to require CONSULTANT to enter into an agreement with the City regarding the manner in which any such final judgment, decision, or order will be satisfied.

City's Right to Withhold Payment: Where CONSULTANT 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, the City reserves the right to withhold payment to CONSULTANT 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.

10. **Independent Contractor.** CONSULTANT is an independent contractor and not an agent or employee of CITY.

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

12. **Conflict of Interest and Reporting.** CONSULTANT 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.). CONSULTANT 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).

13. **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 CONSULTANT is as follows:

Maze & Associates
3478 Buskirk Ave, Suite 217
Pleasant Hill, CA 94523

Address of CITY is as follows:

Finance Director
City of Morgan Hill
17575 Peak Ave.
Morgan Hill, CA 95037

with a copy to:
City Clerk
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

14. **Licenses, Permits and Fees.** CONSULTANT 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.

15. **Consultant's Proposal.** If applicable, this Agreement shall include CONSULTANT'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.

16. **Maintenance of Records.**

16.1. **Maintenance.** CONSULTANT 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. CONSULTANT 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 CONSULTANT shall retain said records until such action is resolved.

16.2. **Access to and Audit of Records.** The CITY shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the CONSULTANT 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 the CITY or as part of any audit of the 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.

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

17. **Familiarity with Work.** By executing this Agreement, CONSULTANT 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 CONSULTANT 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 CONSULTANT'S risk, until written instructions are received from CITY.

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

19. **No Assignment.** Neither this Agreement nor any portion shall be assigned by CONSULTANT, 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.

20. **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.

21. **Defense and Indemnification.**

21.1. **Defense and Indemnification.** CONSULTANT 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 CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

21.2. **Exceptions.** CONSULTANT 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 the CITY.

21.3. **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 CONSULTANT.

21.4. **Right to Offset.** CITY shall have the right to offset against any compensation due CONSULTANT under this Agreement any amount due CITY from CONSULTANT as a result of CONSULTANT's failure to pay CITY promptly any indemnification arising under this Section (21) and any amount due CITY from CONSULTANT arising from CONSULTANT's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

21.5. **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 the CONSULTANT 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.

22. **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 CONSULTANT. 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.

23. **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.

24. **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.

25. **Notice of Security and/or Privacy Incident.** If CONSULTANT, 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, CONSULTANT 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. CONSULTANT 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, CONSULTANT 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. CONSULTANT 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. **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.

27. **Binding Agreement.** Notwithstanding the provisions of Section 19 above, this Agreement shall bind any and all successors in interest, legal representatives and/or other permitted assignees or transferees of CONSULTANT in the same manner as if those successors in interest, legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

28. ☐ **Data Sharing.** This Agreement requires access by CONSULTANT to CITY's Geographic Information System (GIS) DATA for CONSULTANT to perform the work. CITY agrees to provide the GIS DATA to CONSULTANT solely for the purpose of performance of contracted work with the CITY upon the terms and conditions specified in Exhibit D, incorporated herein by this reference.

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.

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[Signatures on Next 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
Print Name

Christina J. Turner
Print Name

Date: _____

Date: _____

APPROVED AS TO FORM:
Donald A. Larkin

MAZE & ASSOCIATES

City Attorney

Vikki C. Rodriguez
By:

Print Name

Vikki C. Rodriguez, CEO

Print Name and Title of Signer.

If Corporate: Chairman, President or
Vice President

Date: _____

Date: *3/10/25*

By: _____

David Alvey, Secretary
Print Name and Title of Signer.

If Corporate: Secretary, Assistant
Secretary, Chief Financial Officer or
Assistant Treasurer

Date: *3/11/25*

EXHIBIT A SCOPE OF SERVICES

A. Scope of Work to be Performed

The City of Morgan Hill expects the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles.

The auditor is not required to audit the combining and individual funds, account group financial statements, and supporting schedules. However, the auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the statistical section of the report.

The auditor is not required to audit the schedule of federal financial assistance. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the basic financial statements.

B. Auditing Standards to be Followed

To meet requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Government Accountability Office's (GAO) Government Auditing Standards, the provisions of the U.S. Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, 2 CFR Part 200, as well as other applicable laws, regulations and rules.

C. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements of the City in conformity with generally accepted accounting principles
2. A report on the City's compliance with the Gann appropriation limit
3. A Single Audit report, if applicable.
4. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
5. A report on compliance with applicable laws and regulations.
6. An "in-relation-to" report on the schedule of federal financial assistance.
7. A report on the internal control structure used in administering federal financial assistance programs, if applicable.
8. A report on compliance with general and specific requirements related to major and non-major federal financial assistance programs, if applicable.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.

The compliance reports shall include all instances of noncompliance.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the following parties:

Mark Turner, Mayor
Cindy Murphy, Treasurer
Christina Turner, City Manager
Dat Nguyen, Finance Director

D. Special Considerations

1. As required by Statement No. 14 of the Governmental Accounting Standards Board (GASB), the City's financial statements include its component units. These component units are the Morgan Hill Wastewater Financing Corporation, and the Morgan Hill Financing Authority (both are blended).
2. The City of Morgan Hill will send its annual comprehensive financial report to the Government Finance Officers Association of the United States for review in its financial reporting award program. The auditor selected will be expected to review the ACFR and the award checklist to ensure compliance with the award program.
3. As opportunity arise, the City of Morgan Hill will prepare one or more official statements in connection with the sale of debt securities, which will contain the general-purpose financial statements and the auditor's report therein. The auditor shall be required, if requested by the financial advisor and/or underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."
4. The City of Morgan Hill has determined that the U.S. Department of Housing and Urban Development will function as the cognizant agency by the Single Audit Act Amendments of 1996 and the provisions of OMB's Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, 2 CFR Part 200, as well as other applicable laws, regulations and rules.
5. The schedules of federal financial assistance and related auditors' reports, as well as the reports on compliance and internal controls, are not to be included in the annual financial report but are to be issued separately.

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of Morgan Hill of the need to extend the retention period.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

F. Preparation of the Annual Comprehensive Financial Report (ACFR)

The audit firm will prepare the ACFR, including notes, with copies and distribution done by the City. The City will prepare the transmittal letter, the MD&A, and the statistical section. The report is expected to be provided to the City in printable PDF format. Any supporting Word and Excel documents will also be provided for the City's records.

G. Completion/Submission of Report of Financial Transactions to the State Controller's Office

The audit firm will complete the Report of Financial Transactions for the City based on the audited trial balance.

H. Government Accounting Standards Board (GASB) Pronouncements

In addition to expressing an opinion on the City's compliance with current governmental GAAP, the audit firm shall also be required to provide assistance to the implementation of applicable GASB pronouncements not yet in effect. The costs for these services should be included in the base contract price.

**EXHIBIT B
SCHEDULE OF COMPENSATION RATES**

TOTAL ALL - INCLUSIVE MAXIMUM PRICE (Continued)

Hours And Rates

**SUMMARY SCHEDULE OF PROFESSIONAL FEES
AND EXPENSES FOR THE FISCAL
YEARS ENDING JUNE 30,**

<u>Services</u>	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total 2025</u>	<u>Total 2026 (a)</u>	<u>Total 2027 (a)</u>	<u>Total 2028 (a)</u>	<u>Total 2029 (a)</u>
Partners	35	\$325	\$11,213	\$11,549	\$11,895	\$12,252	\$12,620
Supervisory Staff	80	135	10,800	11,124	11,458	11,802	12,156
Professional Staff	146	95	13,870	14,286	14,715	15,156	15,611
Other (Administrative Staff)	5	80	400	412	424	437	450
Continuing Client Discount			(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Audit Subtotal (b):	266		33,283	34,371	35,492	36,647	37,837
Single Audit Subtotal (c)*:	40		4,635	4,774	4,917	5,065	5,217
Transactions Report Subtotal*:	40		4,015	4,135	4,259	4,387	4,519
Transportation Development Act Subtotal*:	18		2,005	2,065	2,127	2,191	2,257
Out-of-pocket Expenses (d)							
Meals and Lodging (d)							
Transportation (d)							
Other (d)							
Total All-Inclusive Maximum Price:	<u>364</u>		<u>\$43,938</u>	<u>\$45,345</u>	<u>\$46,795</u>	<u>\$48,290</u>	<u>\$49,830</u>

Notes:

- (a) Our policy is to attempt to keep our clients' fees constant after inflation. The current CPI for San Francisco Bay Area Services Sector of the U.S. Department of Labor, Bureau of Labor Statistics for the San Francisco-Oakland Area is 3.5%. Fees for years subsequent to 2025 have been adjusted by 3%.
- (b) Includes Management Letter, Gann Limit Agreed Upon Procedures Report, Independent Audit Report for the Financial Statements, and Auditor's Report on Internal Controls
- (c) Additional major programs will cost \$4,635 each in fiscal year ending June 30, 2025.
- (d) Out-of-pocket expenses are included in our standard hourly rate.

Manner Of Payment

Progress billings will be sent on the basis of actual audit work completed during the course of the engagement. Interim billings do not cover a period of less than a calendar month. We do not bill for out-of-pocket expenses as they are included in our stated all-inclusive maximum price. Final payment can be made after the delivery of the City's final reports.

EXHIBIT C
SCHEDULE OF PERFORMANCE

Following is the tentative audit schedule for 2025:

Commencement of interim field work	April 14, 2025
Commencement of final field work	September 15, 2025
Completion of final field work	September 26, 2025
Auditors' submission of draft ACFR	October 13, 2025
Auditors' submission of the final ACFR with audit opinions and reports	November 17, 2025
ACFR presented to City Council	December 3, 2025

Dates are subject to change at the discretion of the City.

Upon completion of the audit examination and before issuing any audit reports or the management letter, the auditor will participate in an exit conference with the Director of Finance and or elected-City Treasurer, to discuss observations and findings. During the course of the engagement, the auditor will meet with and provide periodic status reports to the Director of Finance and Senior Accountant regularly. The auditor should also be available to meet with the Director of Finance as needed, to provide consultation on various accounting and auditing matters.

CITY COUNCIL STAFF REPORT

MEETING DATE: April 2, 2025

PREPARED BY:

Yat Cho, Senior Project Manager

APPROVED BY: City Manager

APPROVE COST SHARE AGREEMENT WITH THE COUNTY OF SANTA CLARA FOR REPAVING OF EAST MAIN AVENUE FOR \$341,495

RECOMMENDATION(S)

Authorize the City Manager to execute and administer a cost sharing agreement with the County of Santa Clara for the repaving of East Main Avenue from Condit Road to approximately 830 feet from Elm Road.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining and Enhancing Infrastructure

2024-2025 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

REPORT NARRATIVE:

As part of the 2025 Pavement Rehabilitation Project, one of the locations for paving repairs is along East Main Avenue from Condit Road to approximately 830' from Elm Road (Attachment 1 - Vicinity Map). At this location, approximately half of the roadway is City owned/maintained and the other half of the roadway is owned/maintained by the County of Santa Clara. Staff reached out to County of Santa Clara representatives to verify their interest in performing a joint project to repave this section of the roadway and the result is the attached cost share agreement to perform this work (Attachment 2).

The City of Morgan Hill will take the lead on this project and will incorporate this portion as part of the 2025 Pavement Rehabilitation Project. As per the joint use agreement, the County of Santa Clara will pay for their portion of work, any potential change orders, and an additional 10% of their overall costs for design and construction management of the project. The work will consist of cold planing existing pavement, new asphalt pavement, replacement of curb ramps, and replacement of affected traffic striping and other miscellaneous work.

COMMUNITY ENGAGEMENT:

Inform

If approved, this portion of the project will be part of the 2025 Pavement Rehabilitation Project. The project engineer, contractor, and other staff members will make best efforts to provide notification prior to and during the course of construction through citywide emails, social media posts, and regular updates on the City website. These updates will also include and inform the community of impacts, roadway closures and possible interruptions that may arise due to construction.

ALTERNATIVE ACTIONS:

The City Council may elect not to approve the agreement at this time and provide staff with alternate direction. This is not recommended as the roadway repavement work is necessary at East Main Avenue.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On January 17, 2024, the City Council received the Pavement Condition Update and Pavement Rehabilitation Planning Update.

FISCAL AND RESOURCE IMPACT:

Funding for this project has been planned and is available in the Capital Improvement Program FY25-26 Budget under project SR5004.

CEQA (California Environmental Quality Act):

Categorical Exemption

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



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community



**Public Services Department
CIP Engineering Division**

G:\R-14\Proj\GIS\Agustin\2025 pavement e main.mxd

2025 Pavement Rehabilitation Project (East Main Avenue)



820 410 0 820 1,640 2,460

Page 60 of 189

**AGREEMENT BETWEEN THE COUNTY OF SANTA CLARA
AND THE CITY OF MORGAN HILL
FOR THE REPAVING OF EAST MAIN AVENUE**

This agreement is by and between the County of Santa Clara, a political subdivision of the State of California (“COUNTY”), and the City of Morgan Hill, a California municipal corporation, (“MORGAN HILL”) (“Agreement”). COUNTY and MORGAN HILL may be referred to herein individually as “Party,” or collectively as “Parties.” This Agreement is effective on the last date signed by all Parties (“Effective Date”).

RECITALS

WHEREAS:

- A. COUNTY and MORGAN HILL contemplate repaving the following roadways or portions thereof over which COUNTY and MORGAN HILL have jurisdiction: East Main Avenue between Condit Road and 2605’ easterly of Condit Road (“ROAD”);
- B. It is in the public interest for COUNTY and MORGAN HILL to complete the portions of the PROJECT (as defined in Section 1, below) within their respective jurisdictions in a cooperative and economical manner by constructing both COUNTY and MORGAN HILL portions of the PROJECT together;
- C. The Parties acknowledge MORGAN HILL is the California Environmental Quality Act (CEQA) Lead Agency for the PROJECT, and MORGAN HILL’s, compliance with CEQA is a precondition to construction of any portion the PROJECT, including COUNTY’s portion.

In consideration of the above referenced recitals and the following mutual covenants, agreements, and obligations of the parties, COUNTY and MORGAN HILL agree as follows:

AGREEMENT PROVISIONS

1. PROJECT DESCRIPTION:

The work to be performed on the ROAD will consist of cold planing existing pavement, new asphalt pavement, replacement of curb ramps, replacement of traffic markings, markers, and legends. The locations of work to be performed are more fully described in Exhibit A, “Scope of Work and Schedule of Performance,” and depicted on Exhibits B-1, all of which are attached hereto and incorporated by reference (“PROJECT”). COUNTY will be responsible for 100% of COUNTY PROJECT cost within its jurisdiction, as well as an administrative fee to compensate MORGAN HILL’s costs in administering the project.

2. COUNTY’S OBLIGATIONS:

COUNTY agrees as follows:

- A. Pay MORGAN HILL for COUNTY’s share of the PROJECT costs plus an additional 10% for Project Delivery Costs (defined below), the total sum of which shall comprise the

COUNTY Construction Cost for the entire PROJECT. COUNTY's cost under this Agreement shall be in the total monetary sum of **THREE HUNDRED FORTY-ONE THOUSAND FOUR HUNDRED NINETY FIVE** dollars and **TWENTY FIVE** cents (**\$341,495.25**) ("COUNTY Construction Cost"). The COUNTY Construction Cost shall comprise COUNTY's total monetary obligation under this Agreement, subject to Subsection C, below.

- B. "Project Delivery Costs" is defined as engineering, construction management, and all associated management and administrative services provided by MORGAN HILL for the PROJECT.
- C. The Parties understand that the COUNTY Construction Cost is based in part upon the engineer's estimates and prior to public works bidding for the PROJECT, as set forth in Exhibit B, and is subject to change. The Parties acknowledge that the final COUNTY Construction Cost will be based on actual amounts incurred by MORGAN HILL for work on COUNTY's ROAD. To the extent the COUNTY Construction Cost needs to be modified by change order to the construction contract, MORGAN HILL will notify COUNTY at least seven working days in advance of the change order being executed.
- D. To pay the COUNTY Construction Cost within forty-five (45) business days of receiving the detailed invoice from MORGAN HILL, provided that the following conditions are met:
 - 1. The PROJECT has been completed and COUNTY has approved the portion of the work in its jurisdiction within a reasonable time. Acceptance by COUNTY shall be made in writing to MORGAN HILL. COUNTY may request documentation of such costs and may review the original invoices and weight certificates or request copies of same, which shall be provided within a reasonable time.
 - 2. The detailed invoice sets forth the cost of construction of all PROJECT work based on the actual contract unit prices paid and negotiated change order(s), if any.
 - 3. MORGAN HILL shall invoice COUNTY only one (1) time which shall occur after PROJECT completion, and this invoice shall be considered the final detailed invoice for the PROJECT, including the COUNTY Construction Cost.
- E. To assign as the designated project manager for COUNTY for the duration of the PROJECT Gavin Finley (email: gavin.finley@rda.sccgov.org). COUNTY's project manager shall have all the necessary authority to review and approve and accept technical and professional work within the scope of the Agreement and shall serve as the principal point of contact for COUNTY.

3. **MORGAN HILLS'S OBLIGATIONS:**

MORGAN HILL agrees as follows:

- A. To design and construct the PROJECT. Performance shall include preparation of specifications, contract documents, and cost estimate; notification of local businesses; coordination with various agencies; preparation of all necessary environmental documents; obtaining permits; soliciting and obtaining bids; awarding the construction agreement;

administering the construction agreement; providing materials control and inspection services; and making progress payments to the contractor.

- B. To promptly provide COUNTY with final specifications and contract documents for the PROJECT.
- C. To cooperate with COUNTY should COUNTY raise any issues concerning the work in COUNTY's jurisdiction that requires correction prior to acceptance or within the warranty period of the PROJECT.
- D. To assign as the designated project manager for MORGAN HILL for the duration of the PROJECT Yat Cho or Nolen Ugalde (email: yat.cho@morganhill.ca.gov or nolen.ugalde@morganhill.ca.gov). MORGAN HILL's project manager shall have all authority to direct the work within the scope of the Agreement and shall serve as the principal point of contact for MORGAN HILL.
- E. To keep and maintain a complete copy of all records regarding costs and expenditures relating to the PROJECT, together with a complete copy of all plans, specifications, reports, contracts, and other documents relating to the PROJECT, and the same shall be available for inspection by COUNTY at any time during MORGAN HILL business hours.
- F. To allow COUNTY reasonable access to the PROJECT sites, at reasonable times and upon advance notice, to perform observation of any work on the COUNTY portion of the PROJECT.
- G. To provide COUNTY with a copy of as-built record drawings for the PROJECT including specifically the COUNTY portion thereof.
- H. To include in its contract with the construction contractor for the PROJECT, a requirement that the contractor include COUNTY, its officials, officers, employees, and agents as additional insureds, and that the contractor indemnify COUNTY, its officials, officers, employees, and agents to the same extent that MORGAN HILL is indemnified.
- I. To include a clause in its contract with the construction contractor for the PROJECT that COUNTY is an intended third-party beneficiary of the construction contract.
- J. To require that the construction contractor for the PROJECT obtain all required permits and approvals for all PROJECT work, including work associated with the COUNTY portion thereof.
- K. To provide a final accounting of all PROJECT costs associated with the COUNTY portion of the PROJECT to COUNTY within thirty (30) calendar days after the Parties accept the PROJECT as complete.

4. TERM OF AGREEMENT:

- A. Unless otherwise modified by a written amendment to this Agreement, the term of this Agreement shall be until PROJECT acceptance by both Parties and expire upon final payment of all outstanding balances.

- B. MORGAN HILL shall cause the construction contractor to provide a warranty period of at least one (1) year from the acceptance date.

5. OWNERSHIP AND MAINTENANCE:

- A. Upon completion of all work under this Agreement, ownership and title to all materials, equipment, and appurtenances installed as a part of the PROJECT within COUNTY's jurisdictional limits will automatically be vested in COUNTY, and all materials, equipment, and appurtenances installed within MORGAN HILL's jurisdictional limits will be vested in MORGAN HILL, and no further agreement will be necessary to transfer ownership.
- B. Nothing in this Agreement shall be construed to alter any authority or responsibility between COUNTY and MORGAN HILL with regard to maintenance, operation, or further repair responsibility for the ROAD.

6. CONTRACTOR SHALL BE AN INDEPENDENT CONTRACTOR:

Any contractor(s) hired by either Party to perform the work included in the PROJECT shall not be an agent or employee of either Party and will perform such work as an independent contractor. All persons employed by or contracted with such contractor(s) to furnish labor and/or materials in connection with the work in the PROJECT shall not be employees of either Party in any respect.

7. TERMINATION:

Once MORGAN HILL has awarded the construction contract for the PROJECT, the Agreement can be terminated only upon the mutual written consent and terms acceptable to both Parties.

8. NO PLEDGING OF EITHER PARTY'S CREDIT:

Under no circumstances shall either COUNTY or MORGAN HILL have authority or power to pledge the credit of the other Party or incur obligation in the name of the other Party.

9. NO THIRD PARTY BENEFICIARIES:

This Agreement shall not be construed or deemed to be an agreement for the benefit of any third party or parties and no third party or parties shall have any claim or right of action hereunder for any cause whatsoever.

10. AMENDMENTS:

No alternation or violation of the terms of this Agreement shall be valid unless made in writing and signed by the parties and incorporated into this Agreement.

11. NOTICES:

Notices are to be sent as follows:

To MORGAN HILL:

Yat Cho or Nolen Ugalde
Project Engineer
Public Services Department CIP Division
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

To COUNTY:

Chris Lamm
Deputy Director
Roads and Airports Department
County of Santa Clara
101 Skyport Drive
San José, CA 95110

12. SEVERABILITY CLAUSE:

If one or more of the provisions contained herein shall, for any reason, be held invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, it shall not affect the validity of the other provisions which shall remain in full force and effect.

13. ENCROACHMENT PERMITS:

MORGAN HILLS's construction contractor shall obtain all required encroachment permits for work on the PROJECT within COUNTY's jurisdiction from COUNTY and COUNTY shall provide all such permits at no cost.

14. CAPTIONS:

The captions of the various sections, paragraphs, and subparagraphs of this Agreement are for convenience only and shall not be considered nor referred to for resolving questions of interpretation of this Agreement.

15. INDEMNIFICATION:

In lieu of and notwithstanding the pro rata risk allocation which might otherwise be imposed between the Parties pursuant to Government Code section 895.6, the Parties agree that all losses or liabilities incurred by Party shall not be shared pro rata but, instead, COUNTY and MORGAN HILL agree that, pursuant to Government Code Section 895.4, each of the Parties hereto shall fully indemnify and hold each of the other Parties, their officers, board members, employees, and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined in Government Code section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying party, its officers, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such party under this Agreement. No party, nor any officer, board member or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of the other Parties hereto, their officers, board members, employees, or agents, under or in connection with or arising out of any work, authority, or jurisdiction delegated to such other Parties under this Agreement.

16. INSURANCE REQUIREMENTS:

MORGAN HILL shall require any contractor awarded a contract for any portion of the work to be done on the PROJECT to secure and maintain in full force and effect at all times during construction and performance of the PROJECT, and until said PROJECT is accepted by all Parties to this Agreement, and any other time periods specified in the 2025 Pavement Rehabilitation Project contract documents, insurance coverage described below, at no additional cost to either COUNTY or MORGAN HILL, with coverage amounts, required endorsements, certificates of insurance, and coverage verifications satisfactory and acceptable to all Parties. COUNTY, its Board of Supervisors, commissions, officers, employees, volunteers, and agents shall be added as additional insureds on the commercial general liability policy with respect to liability arising out of the contractor's work for MORGAN HILL on the PROJECT.

It is mutually understood that during the term of the construction activities on the PROJECT, MORGAN HILL will require the construction contractor to carry commercial general liability in amounts of not less than Two Million Dollars (\$2,000,000) per occurrence; automobile liability in an amount not less than Two Million Dollars (\$2,000,000) per accident; and a Workers' Compensation Insurance policy as required by the State of California, with Statutory and Employer's Liability Insurance limits of not less than One Million Dollars (\$1,000,000).

17. STATUTES AND LAW GOVERNING CONTRACT:

This Agreement shall be governed and construed in accordance with the statutes and laws of the State of California. MORGAN HILL shall require that any contractor awarded a contract for any portion of the work to be done on the PROJECT comply with the requirements for prevailing wage under Labor Code section 1770, *et seq.* The PROJECT shall be paid for and constructed in accordance with all ordinances, resolutions, rules, regulations, and laws of the applicable jurisdiction.

18. WAIVER:

The Parties' waiver of any term, condition or covenant, or breach of any term, condition or covenant shall not be construed as a waiver of any other term, condition or covenant or breach of any other term, condition, or covenant.

19. ENTIRE AGREEMENT:

This Agreement contains the entire Agreement between COUNTY and MORGAN HILL in relation to the PROJECT. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force or effect.

20. COUNTERPARTS; ELECTRONIC SIGNATURES

This Agreement may be executed in any number of counterparts, and all of such counterparts so executed together shall be deemed to constitute one and the same agreement, and each such counterpart shall be deemed to be an original provided all of the Parties have fully executed the Agreement. Unless otherwise prohibited by law or COUNTY 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 COUNTY.

21. EFFECTIVE DATE:

The Parties acknowledge and accept the terms and conditions of this Agreement as evidenced by the following signatures of their duly authorized representatives. It is intent of the Parties that this Agreement shall become operative on the effective date.

COUNTY: By: _____ Otto Lee President, Board of Supervisors Date: _____	MORGAN HILL: By: _____ Christina Turner – City Manger Date: _____
Signed and certified that a copy of this document has been delivered by electronic or other means to the President, Board of Supervisors ATTEST: By: _____ Curtis Boone Acting Clerk of the Board of Supervisors Date: _____	
APPROVED AS TO FORM AND LEGALITY: By: _____ John A. Castro Deputy County Counsel	APPROVED AS TO FORM: By: _____ Don Larkin City Attorney

EXHIBIT A

SCOPE OF WORK AND SCHEDULE OF PERFORMANCE

The PROJECT consists of cold planing existing pavement, new asphalt pavement, replacement of curb ramps, and replacement of affected traffic striping on the areas specified below:

1. Approximately 4,950 square yards of East Main Avenue between Condit Road and 2605' easterly of Condit Road is within COUNTY's jurisdiction.

MORGAN HILL is to deliver the PROJECT and prepare pavement design and striping plans within the PROJECT limits.

The work to be performed, including the PROJECT duration/schedule of performance, is fully described in MORGAN HILL's 2025 Pavement Rehabilitation Project contract documents. The above-mentioned contract documents are herein incorporated to this Agreement by reference. To the extent there is any conflict between MORGAN HILL's incorporated contract documents and this Agreement, the terms of this Agreement shall govern.

EXHIBIT B

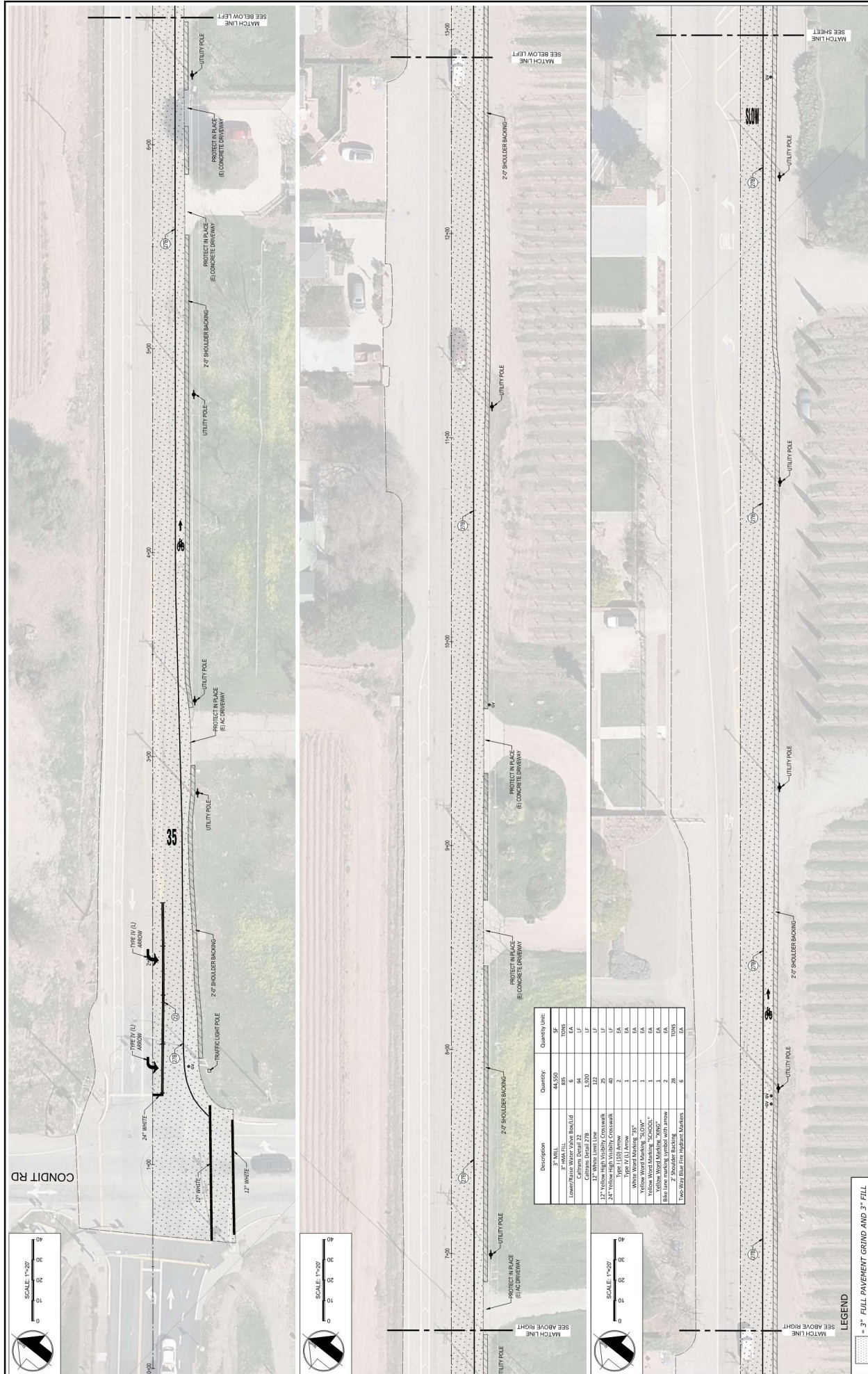
COST ESTIMATE - COUNTY

Bid Item Description	Quantity	Unit	Unit Price	Bid Item Total
Mobilization (up to 5%)	1	LS	\$12,155.63	\$12,155.63
Traffic Control Systems	1	LS	\$24,311.25	\$24,311.25
Remove Pavement Striping, Markings, and Makers	1	LS	\$5,000.00	\$5,000.00
3" Full Pavement Grind/Mill	44550	SF	\$1.15	\$51,232.50
3" Fill (1/2" HMA Overlay)	850	TONS	\$155.00	\$131,750.00
3" Asphalt Concrete Pavement Repair (Digout)	2230	SF	\$5.00	\$11,150.00
Shoulder Backing	28	TONS	\$200.00	\$5,600.00
Locate, Lower and Raise Monument Box and Cover	12	EA	\$1,000.00	\$12,000.00
Locate, Lower and Raise Water Valve Box and Cover	12	EA	\$1,000.00	\$12,000.00
Remove and Replace existing ADA Curb Ramp	1	EA	\$10,000.00	\$10,000.00
High Visibility X-Walk Striping – 12" Yellow	24	LF	\$16.00	\$384.00
High Visibility X-Walk Striping – 24" Yellow	30	LF	\$20.00	\$600.00
Type IV (L) Arrow	1	EA	\$225.00	\$225.00
Type I (10) Arrow	1	EA	\$225.00	\$225.00
Yellow Word Marking "XING"	1	EA	\$275.00	\$275.00
Yellow Word Marking "SCHOOL"	1	EA	\$275.00	\$275.00
Yellow Word Marking "SLOW"	1	EA	\$275.00	\$275.00
White Word Marking "35"	1	EA	\$275.00	\$275.00
Caltrans Detail 22	94	LF	\$5.00	\$470.00
Caltrans Detail 27B	1920	LF	\$3.00	\$5,760.00
Caltrans Detail 29	86	LF	\$6.00	\$516.00
Two-Way Blue Fire Hydrant Marker	5	EA	\$20.00	\$100.00
SUBTOTAL				\$284,579.38
10% CONTINGENCY				\$28,457.94
10% ADMINISTRATION				\$28,457.94
TOTAL COUNTY CONSTRUCTION COST				\$341,495.25

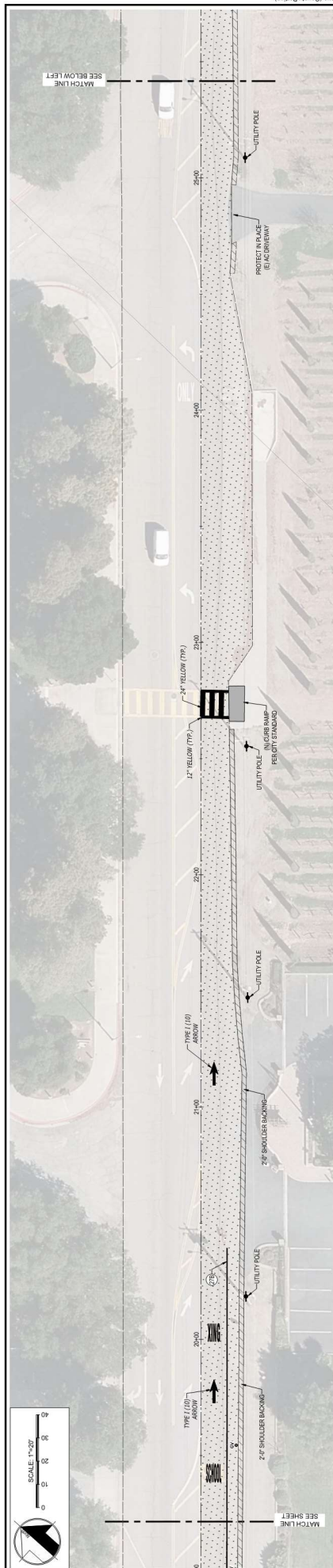
EXHIBIT B-1

Figure: East Main Avenue Project Limit and Location Map





 City of Morgan Hill Engineering & Utilities 17255 PEAK AVE. MORGAN HILL, CA 95037 (408) 776-6480 FAX (408) 779-2268										East Main Avenue (County Portion) 2025 Pavement Rehabilitation Project		11/27/25 SF55004		CALIFORNIA 13 of 17	
NO. DESCRIPTION DATE BY REVISIONS															



LEGEND

 = 3" FULL PAVEMENT GRIND AND 3" FILL

[illegible]



City Council

Meeting Minutes

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

Wednesday, March 5, 2025 6:00 PM

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

CALL TO ORDER

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

ROLL CALL ATTENDANCE

City Clerk Michelle Bigelow called the roll.

PRESENT	Mark Turner, Yvonne Martinez Beltran, Soraida Iwanaga, Marilyn Librers, Miriam Vega
ABSENT	None

DECLARATION OF POSTING AGENDA

City Clerk Michelle Bigelow declared the posting of the agenda.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Youth Arts Month

PRESENTATIONS

YAC Presentation

CITY COUNCIL REPORTS

Council Member Vega shared that she attended the Advent Group Ministry grand opening of their new building in San Jose. She also attended Coffee with the Mayor where City staff talked about housing and development projects. She also attended the Sutter Health Care Center Grand opening.

CITY MANAGER'S REPORT

City Manager Christina Turner provided the following updates:

Morgan Hill welcomes its newest team member, K9 Marco Polo. This 2-year-old German Shepherd from the Czech Republic will undergo extensive training with K9 Officer Matt Gallagher for patrol and explosive detection. Once training is complete, you can expect to see them out in the community.

On February 23rd, the City discovered thieves had stolen copper wiring from streetlights along Butterfield Boulevard. The theft caused several streetlights to lose power, though traffic signals remained unaffected. Thanks to a City employee's quick actions on February 25th, police arrested two suspects linked to the crime. The estimated damage exceeds \$20,000. In a separate incident, officers responded to suspicious activity near NAPA Auto and arrested two suspects attempting a break-in. They were found hiding nearby, covered in soot, with evidence connecting them to the crime.

The community is invited to attend Mayor Turner's State of the City Address on March 12th at the Granada Theater. Doors open at 5:30 p.m., with the program beginning at 6 p.m. For those unable to attend in person, a recording will be available on the City's YouTube channel.

With the arrival of March, the City reminds residents that lawn watering is now limited to three days per week through October. Details on the watering schedule can be found on the City's water conservation website. Meanwhile, road closures on Hale Avenue began on March 3rd as part of the Upper Llagas Flood Protection Project. This construction will impact traffic for the next eight months, with closures affecting Hale Avenue, Spring Avenue, and Cosmo Avenue. More information is available on the City's CIP website.

Looking ahead, the Community Drop-Off Day is set for March 8th. Residents and businesses can dispose of electronic waste, mattresses, and tires for free. The event, hosted in partnership with the Morgan Hill Chamber of Commerce and Zero Waste Silicon Valley, will take place at the Community & Cultural Center from 9 a.m. to 1 p.m. More details are available at ZeroWasteSV.org.

Finally, Morgan Hill's Parks & Recreation summer activity guide will be available online

starting March 21st. Registration for camps and programs opens on March 24th, followed by swim lesson sign-ups on March 26th. Residents are encouraged to explore the many fun and healthy opportunities for youth, adults, and seniors.

CITY ATTORNEY'S REPORT

None.

OTHER REPORTS

Mayor Pro Tem Martinez Beltran shared that she attended the Cal Cities Board of Directors meeting in Ontario. She shared that there was discussion on legislation regarding copper wire theft that is happening throughout the state. She also attended the Latino Caucus meeting, the Chamber Board of Directors meeting for the Morgan Hill Chamber, a Silicon Valley Clean Energy executive meeting, the Sutter Health grand opening, and a play in pure sign language this weekend. She worked with Nueva Esperanza on another Know Your Rights workshop.

Council Member Librers shared that she participated in the Chamber of Commerce's Rock the Mock event.

PUBLIC COMMENT

Public comment opened at 6:24 p.m. The following people were called to speak:

Kathy Chavez Napoli

Steve Chappell

There were no further requests to speak, so the public comment was closed.

Public Comment Supplements

ADOPTION OF AGENDA

MOTION:

Adopting the agenda as posted.

RESULT:	Passed
MOVER:	Council Member Librers
SECONDER:	Council Member Iwanaga
AYES:	Mayor Turner, Mayor Pro Tem Martinez Beltran, Council Member Iwanaga, Council Member Librers, Council Member Vega
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 the consent calendar items 1, 2, and 4 through 8.

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

1. **ACCEPTANCE OF THE CONDIT ROAD SEWER CAPACITY UPGRADE PROJECT IN THE AMOUNT OF \$1,895,930**

Recommendation:

1. Accept as complete the Condit Road Sewer Capacity Upgrade Project;
2. Authorize the City Engineer to sign the Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

2. **ADOPT A RESOLUTION AUTHORIZING GRANT APPLICATIONS FOR GRANT FUNDS FROM VALLEY WATER'S SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM**

Recommendation:

Adopt a resolution authorizing the City Manager to submit grant applications for grant funds from Valley Water's Safe, Clean Water and Natural Flood Protection Program.

4. **ADOPT ORDINANCE NO. 2363, NEW SERIES AMENDING CHAPTER 12.32 (RESTRICTIONS ON REMOVAL OF SIGNIFICANT TREES) WITHIN TITLE 12 (STREET, SIDEWALKS, AND PUBLIC PLACES) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL, AMENDING SECTION 17.20.040 (FORM AND CONTENTS) OF CHAPTER 17.20 (MAP REQUIREMENTS-FIVE OR MORE PARCELS) AND SECTION 17.24.030 (FORM AND CONTENT) OF**

CHAPTER 17.24 (MAP REQUIREMENTS-FOUR OR LESS PARCELS) WITHIN TITLE 17 (SUBDIVISIONS) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL IMPLEMENTING MINOR AMENDMENTS DUE TO INCONSISTENCIES, AND AMENDING TABLE 18.22-2 (DEVELOPMENT STANDARDS IN MIXED USE ZONING DISTRICTS) WITHIN SECTION 18.22.040 (DEVELOPMENT STANDARDS) OF CHAPTER 18.22 (MIXED USE ZONING DISTRICTS) WITHIN TITLE 18 (ZONING) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL TO REMOVE THE MAXIMUM FLOOR AREA RATIO (FAR) AND BUILDING COVERAGE WITHIN THE (MIXED USE FLEX) MU-F ZONING DISTRICT

Recommendation:

Waive the reading, adopt Ordinance No. 2363, 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.

5. APPROVE REVISIONS TO CITY COUNCIL POLICY CP 94-04, THE CITY'S INVESTMENT POLICY

Recommendation:

Approve revisions to City Council Policy CP 94-04, the City's Investment Policy.

6. APPROVE THE FEBRUARY 7, 2025 GOAL REVIEW WORKSHOP MEETING MINUTES AND THE FEBRUARY 19, 2025 CITY COUNCIL MEETING MINUTES

Recommendation:

Approve minutes.

7. AWARD ON-CALL GENERAL CONTRACTOR SERVICES CONTRACTS

Recommendation:

1. Award two-year on-call public works contracts for general contractor services to Castlewood Construction Company, Inc., Pueblo Construction, Inc. and Tucker Construction, Inc. in a not-to-exceed amount of \$220,000 each; and
2. Authorize the City Manager to execute and administer the contracts.

8. RECEIVE MONTHLY BUDGET UPDATE AND JANUARY 2025 FINANCIAL AND INVESTMENT REPORTS

Recommendation:

Receive and file reports.

ITEM PULLED FOR DISCUSSION

3. ADOPT EDITS TO THE SUSTAINABLE MORGAN HILL DOCUMENT

Recommendation:

Adopt edits to the Sustainable Morgan Hill document.

City Manager Christina Turner provided the report.

Public comment opened at 6:39 p.m. There were no requests to speak, so public comment was closed.

MOTION:

Adopting the updated Sustainable Morgan Hill Document with the addition of electricity to the second bullet of the healthy communities definition.

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

OTHER BUSINESS

9. CONSIDER ADOPTION OF A RESOLUTION AUTHORIZING THE DISPLAY OF THE DONATE LIFE FLAG

Recommendation:

Adopt or do not adopt a resolution authorizing the display of the Donate Life Flag for the month of April.

Assistant City Manager/Public Services Director Chris Ghione provided the report.

Public comment opened at 6:43 pm. There were no requests to speak, and public comment was closed.

MOTION:

Adopting the resolution.

RESULT:	Passed
MOVER:	Mayor Pro Tem Martinez Beltran

SECONDER:	Council Member Iwanaga
AYES:	Mayor Turner, Mayor Pro Tem Martinez Beltran, Council Member Iwanaga, Council Member Librers, Council Member Vega
NAYS:	None
ABSTAIN:	None
ABSENT:	None

10. ADOPT RESOLUTION FURTHER REAFFIRMING THE CITY'S COMMITMENT TO A DIVERSE, SUPPORTIVE, INCLUSIVE COMMUNITY AND PROTECTING THE CONSTITUTIONAL RIGHTS OF ITS RESIDENTS

Recommendation:

Adopt resolution further reaffirming the City's commitment to a diverse, supportive, inclusive community and protecting its residents' constitutional rights.

City Attorney Donald Larkin provided the report.

Public comment opened at 7:04 p.m. The following people were called to speak:

Kathy Chavez Napoli

Victoria Lam, Office of Supervisor Sylvia Arenas

Greer Rolin

Julee Klein

Armando Benavides

Sally Casas

Zain Yamma

Sarah Miller

Deborah Africa

Jeremy Barousse (Zoom)

Noshaba Afzal (Zoom)

Huy Tran (Zoom)

Wendy Greenfield (Zoom)

Najma Bachelani (Zoom)

There were no further requests to speak, so the public comment was closed.

MOTION:

Continue the item to the next meeting and direct staff to update the resolution incorporating changes proposed in writing by Mayor Pro Tem Martinez Beltran.

RESULT:	Failed for lack of a second
MOVER:	Mayor Pro Tem Martinez Beltran
SECONDER:	None

MOTION:

Adopting the resolution, incorporating the following change proposed by Council Member Vega: "hereby reaffirms all previous resolutions, policies, and actions approved by past City Councils regarding the protection of immigrants, and they remain in full force."

RESULT:	Substituted
MOVER:	Council Member Vega
SECONDER:	Council Member Iwanaga

SUBSTITUTE MOTION:

Continue the item to the next meeting and direct staff to update the resolution incorporating changes proposed in writing by Mayor Pro Tem Martinez Beltran and Council Member Vega.

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

The meeting recessed at 7:59 p.m. and reconvened at 8:08 p.m.

11. PROVIDE DIRECTION TO STAFF ON PROPOSED FUTURE COUNCIL INITIATED AGENDA ITEM REGARDING USE OF CELL PHONES DURING COUNCIL MEETINGS

Recommendation:

Determine if the majority of the City Council wants the following item agendized at a future meeting for discussion:

Prohibiting the use of cell phones by Council Members during Council meetings.

City Manager Christina Turner provided the report.

Public comment opened at 8:28 p.m. The following people were called to speak:

Julee Klein

Deborah Africa

Armando Benavides

Kathy Chavez Napoli

There were no further requests to speak, so the public comment was closed.

MOTION:

Review the policy and spell out texting during the meeting.

RESULT:	Failed
MOVER:	Council Member Librers

SECONDER:	None
AYES:	None
NAYS:	None
ABSTAIN:	None
ABSENT:	None

FUTURE COUNCIL INITIATED AGENDA ITEMS

Mayor Pro Tem Martinez Beltran requested a conversation about land acknowledgment statement during City Council Meetings.

Mayor Pro Tem Martinez Beltran requested a Know Your Rights event partnering with the City and Nueva Esperanza.

Mayor Pro Tem Martinez Beltran requested a proclamation for the April 2nd City Council meeting to mark Women's History Month.

ADJOURNMENT

There being no further business, Mayor Turner adjourned the meeting at 8:42 p.m. in honor of former Mayor and Council Woman Lorraine Barke.

Minutes Prepared by:

Michelle Bigelow, City Clerk

CITY COUNCIL STAFF REPORT

MEETING DATE: April 2, 2025

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

AUTHORIZE WRITE-OFF OF CERTAIN UNCOLLECTIBLE RECEIVABLES IN ACCORDANCE WITH THE CITY'S WRITE-OFF POLICY

RECOMMENDATION(S)

Authorize write-off of certain uncollectible receivables in the amount of \$55,925 in accordance with the City's write-off policy.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Preserving and Cultivating Public Trust

2024-2025 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

While Finance staff make every effort to collect unpaid receivables, some inevitably become uncollectible and must be removed from the general ledger. It is the City's policy to actively pursue collections, regularly review the status of past-due accounts, and write off amounts determined to be uncollectible. It is also best practice to write off (remove) uncollectible amounts from the general ledger account balances to prevent overstating the City's assets.

A recent review identified certain receivables which were deemed uncollectible and all efforts to recover the amounts owed have been exhausted. As a result, staff is recommending that the City Council authorize staff to write off \$55,925 in uncollectible receivables.

COMMUNITY ENGAGEMENT:

Inform

This staff report serves to inform the community of the proposed write-off of certain uncollectible receivables.

ALTERNATIVE ACTIONS:

Not Applicable

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 21, 2023, City Council authorized the write-off of certain uncollectible receivables in the amount of \$161,494.

FISCAL AND RESOURCE IMPACT:

The write-off amount of \$55,925 would decrease the receivables in the General Fund.

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

FISCAL POLICIES AND PROCEDURES

SUBJECT: WRITE-OFF POLICY
EFFECTIVE DATE: June 7, 2017

PURPOSE

The purpose of this policy is to ensure that all reasonable diligence has been used to collect accounts receivable, improve measurement of the City's accounts receivable, and ensure the most efficient use of City revenue collection resources.

POLICY

It is the policy of the City of Morgan Hill to actively pursue collection of past-due accounts receivable, regularly review the status of past-due accounts, and write-off amounts determined to be uncollectible.

Approval Authority for Write-Off Request:

- a) The Director of Finance is authorized to approve the write-off of accounts with an outstanding balance of up to \$2,500;
- b) The City Manager is authorized to approve the write-off of accounts with an outstanding balance in excess of \$2,500 and up to \$5,000;
- c) Write-off of accounts with an outstanding balance in excess of \$5,000 must be approved by action of the City Council.

A write-off of uncollectible accounts receivable from the City's accounting records does not constitute forgiveness of the debt or gift of public funds. Subsequent collection of an account previously written-off will be treated as new revenue in the appropriate fund.

PROCEDURES

Collection procedures are established by the Finance Department and will vary depending on the nature of the receivable. Types of receivables covered by this approval authority include but are not limited to: business license tax; water and wastewater utility billings; fees for services; recovery for damage to City property; fines and penalties; and legal judgments.

I. Designation of an Account as Uncollectible

An account will be considered uncollectible after the appropriate collection procedures have been followed if it meets the three following criteria or the City Council has approved the action:

- The amount remains unpaid after one year;
- Finance Department has exhausted all collection efforts;
- The cost of further collection efforts will exceed the estimated recovery amount.

II. Preparation of Request for Write-Off of Accounts Receivable

At least annually, Finance staff, in conjunction with responsible departments, will identify any accounts receivable that meet the criteria for designation as an uncollectible account. A request for write-off of accounts receivable will be prepared by Finance staff, and submitted to the Director of Finance.

The request for write-off of accounts receivable must include an itemized list of the uncollectible accounts to be written off specifying the following:

- Debtor name;
- Account balance;
- Due date;
- Brief description of receivable type;
- Criteria under which the account was deemed uncollectible; and
- Account number of the receivable in the City's accounting system.

For each uncollectible account, documentation must be attached to the request to support the uncollectible account designation and substantiate that the responsible departments and/or Finance have followed its collection procedures and exercised due diligence in its collection efforts. Due diligence documentation could include:

- Invoices, reminder letters, or collection letters (and any documentation that are returned as undeliverable, no known forwarding address, etc.);
- Information from the California Department of Corporations;
- Referral to the City's collection agency;
- Bankruptcy claim and any related plan or discharge;
- Judgment awarded by a court or settlement agreement; and
- Notice of discontinuation of services.

Cust #	Customer Name	Invoice #	Description	Amount
12337	RAVIKANT JAIRAM IYER	325032	HYDRANT DAMAGE	\$5,482.72
12954	TIFFANY NICOLE BENNETTALEMAN	328717	PROP DAMAGE: LIGHT POLE	\$5,835.07
12878	ROJAS, MIKHALA MARIE	328413	PD VEHICLE DAMAGE	\$6,450.16
12929	LAKTINEH, ELIAS	328582	PROP DAMAGE: LIGHT POLE	\$7,066.95
13041	COLE CLAYTON	218	EMERGENCY RESPONSE	\$7,206.74
12894	THURSTON, DAVID	328470	PROP DAMAGE: LIGHT POLE	\$7,236.14
12955	IMELDA RODRIGUEZ PENA	328716	PROP DAMAGE: LIGHT POLE	\$8,090.41
12897	DIRECT DRILLING	328475	10" WATER MAIN	\$8,556.83
				\$55,925.02

CITY COUNCIL STAFF REPORT

MEETING DATE: April 2, 2025

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

AUTHORIZE THE CITY MANAGER TO SUBMIT THE APPLICATION FOR WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT (WIFIA) LOAN WITH THE U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA) TO FINANCE THE CONSTRUCTION OF A NEW SEWER TRUNK LINE

RECOMMENDATION(S)

Authorize the City Manager to submit the application and address other matters related to the Water Infrastructure Finance and Innovation Act (WIFIA) loan with the U.S. Environmental Protection Agency (EPA) to finance the construction of a new sewer trunk line.

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

Preserving and Cultivating Public Trust

2024-2025 Strategic Priorities

Fiscal Sustainability

Community Engagement

Economic Development and Tourism

Healthy Community

Guiding Documents

Wastewater System Master Plan

REPORT NARRATIVE:

The new parallel sewer trunk line, which will increase the current capacity, is included in the City of Morgan Hill's Adopted FY2024-25 to FY2029-30 Capital Improvement Program (CIP). The designs for the new trunk line are 99% complete, and staff plans to issue the request for proposals later this year. The project is estimated to cost \$69 million, with 25% of the cost attributed to existing users, which will be funded by the Wastewater Operating Fund (640), and 75% attributed to future users, which will be funded by the Wastewater Impact Fee Fund (641).

Both the Adopted CIP and the 2024 Wastewater Rate Study plan for debt financing for the new trunk line project. The City has been invited to apply for a Water Infrastructure Finance and Innovation Act (WIFIA) loan through the U.S. Environmental Protection Agency (EPA). The WIFIA program, established by the Water Infrastructure Finance and Innovation Act of 2014, is a federal credit program administered by the EPA for eligible water and wastewater infrastructure projects. It offers long-term, low-cost supplemental loans for regionally and nationally significant projects.

A key feature of the program is that it only funds projects with a minimum project size of \$20 million for large communities (population over 25,000), with a maximum funding amount of up to 49% of the total eligible project cost. This means the City is eligible to receive a loan of up to approximately \$34 million of the total estimated project cost of \$69 million.

There are several reasons why staff is seeking to finance the new sewer trunk line project with a WIFIA loan. These include a lower interest rate compared to standard bond issuance, a flexible loan term (up to 35 years), and a customizable repayment plan. Additionally, the WIFIA loan is a reimbursement-based loan rather than an advance funding loan. The City will only need to request reimbursement for eligible costs as needed, ensuring that it only finances and pays interest on the amount drawn. Furthermore, the program allows for a one-time interest rate adjustment from the time the loan is approved until before the first loan drawdown.

COMMUNITY ENGAGEMENT:

Inform

The City has shared information on the sewer Trunk Line through its design process on the City website. The City is also working collaboratively with the County of Santa Clara and the City of Gilroy on permitting and future communication as the construction impacts will occur outside of Morgan Hill and within County and City of Gilroy jurisdiction. This staff report serves to inform the community of the proposed WIFIA loan application with the U.S. EPA to finance the construction of a new sewer trunk line.

ALTERNATIVE ACTIONS:

The City Council could direct City staff to seek financing from other funding sources for the new sewer trunk line. However, this is not recommended, as the WIFIA loan currently offers the most advantageous terms and flexibility.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 19, 2024, the City Council adopted the FY2024-25 through FY2029-30 Capital Improvement Program with the New Sewer Trunk Line (Project No. WW3008).

FISCAL AND RESOURCE IMPACT:

Submitting the loan application requires a refundable application fee of \$100,000. The total cost of the loan typically ranges from \$150,000 to \$250,000 for most borrowers to

reimburse the EPA for the cost of providing credit assistance and retaining expert firms, including financial, engineering, and legal services, to assist in the underwriting and servicing of federal credit instruments in the field of municipal and project finance. Sufficient funding is available in the Sewer Operating and Impact Fee Funds (640 and 641) to cover the initial application fee for the WIFIA loan.

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.



The WIFIA program accelerates investment in our nation's water infrastructure by providing long-term, low-cost supplemental loans for regionally and nationally significant projects. The WIFIA program was established by the Water Infrastructure Finance and Innovation Act of 2014.

ELIGIBILITY

Eligible borrowers

- Local, state, tribal, and federal government entities
- Partnerships and joint ventures
- Corporations and trusts
- Clean Water and Drinking Water State Revolving Fund (SRF) programs

WIFIA can fund development and implementation activities for eligible projects

- Wastewater conveyance and treatment projects
- Drinking water treatment and distribution projects
- Enhanced energy efficiency projects at drinking water and wastewater facilities
- Desalination, aquifer recharge, and water recycling projects
- Acquisition of property if it is integral to the project or will mitigate the environmental impact of a project
- A combination of eligible projects secured by a common security pledge or submitted under one application by an SRF program

FUNDING AVAILABILITY

EPA announces WIFIA funding availability and application process details in the Federal Register and on its website.

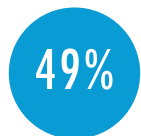
IMPORTANT PROGRAM FEATURES



Minimum project size for large communities.



Minimum project size for small communities (population of 25,000 or less).



Maximum portion of eligible project costs that WIFIA can fund.



Maximum final maturity date from substantial completion.



Maximum time that repayment may be deferred after substantial completion of the project.



Interest rate will be equal or greater to the US Treasury rate of a similar maturity.



Projects must be creditworthy.



NEPA, Davis-Bacon, American Iron and Steel, Buy America, Build America, and all federal cross-cutter provisions apply.



STAY IN TOUCH



WEBSITE: www.epa.gov/wifia



EMAIL: wifia@epa.gov



Sign-up to receive announcements about the WIFIA program at <https://tinyurl.com/wifianews>



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

02/24/2025

Mr. Chris Ghione
Assistant City Manager for Public Services
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

Subject: City of Morgan Hill Selection Notification

Dear Mr. Ghione,

Thank you for submitting your Water Infrastructure Finance and Innovation Act (WIFIA) letter of interest. We have reviewed these materials and are very pleased to inform you that the Sewer Trunk Line Project has been selected to submit an application and has been assigned the WIFIA ID number 24109CA.

You are being invited to apply for a loan for up to \$33,940,053 but not to exceed 49 percent of total eligible project costs. We have administratively reserved funding for your project and will hold this funding as long as we receive your application by 3/31/2026. You may request an increase in your loan amount during the application process. Loan increase requests will be reviewed on a case-by-case basis and are subject to the availability of funding.

We will soon be reaching out to you to schedule an initial pre-application meeting to discuss the WIFIA process in greater detail. Amelia Letnes will be your point of contact and is available by e-mail at letnes.amelia@epa.gov or by phone at (202) 564-5627 to answer any immediate questions you may have.

Once we receive your complete application, the WIFIA team will commence underwriting your transaction. Receipt of a WIFIA loan remains subject to negotiation of an agreement on terms and conditions satisfactory to the Agency as well as the project's compliance with Federal requirements, including the National Environmental Protection Act (NEPA) and domestic preference laws.

We look forward to working with you on this project.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jorianne Jernberg", is positioned below the "Sincerely," text.

Jorianne Jernberg
Director, WIFIA Program



For the WIFIA Application Instructions

The U.S. Environmental Protection Agency (EPA) will invite selected applicants to submit an application for Water Infrastructure Finance and Innovation Act (WIFIA) loans. Unsolicited applications will not be considered. Following selection, each selected applicant will be assigned a transaction team led by an underwriter. The transaction team can answer the applicant's questions regarding the application form, its attachments, and the project review, negotiation, and closing processes.

The applicant should answer all questions in this form. It may indicate if a requirement is not applicable to its project. Narrative answers can reference source documents by including the name of the document and relevant pages or sections and providing any referenced documents as attachments. The applicant must sign the Certification in the appropriate space and submit a scanned version of the signature pages to EPA. If the applicant anticipates a delay in one or more source documents, it should discuss the situation with its transaction team and indicate the anticipated date of submitting that document in the application. Additionally, the applicant is required to notify and submit to EPA any updated application materials that become available during the review period. EPA may request additional items from applicants on a case-by-case basis.

The applicant may assert a Confidential Business Information (CBI) claim covering part or all of the information submitted to EPA as part of its letter of interest, in a manner consistent with 40 C.F.R. 2.203, 41 Fed. Reg. 36902 (Sept. 1, 1976), by placing on (or attaching to) the information a cover sheet, stamped or typed legend, or other suitable form of notice employing language such as trade secret, proprietary, or company confidential. The applicant should also state whether it desires confidential treatment until a certain date or until the occurrence of a certain event. Information covered by a business confidentiality claim will be disclosed by EPA only to the extent and only by means of the procedures set forth under 40 C.F.R. Part 2, Subpart B. Information that is not accompanied by a business confidentiality claim when it is received by EPA may be made available to the public by EPA without further notice to the applicant. More information about CBI is available in the WIFIA program handbook and frequently asked questions (FAQ) available at <http://www.epa.gov/wifia>.

The applicant must submit a non-refundable application fee. The application fee is \$25,000 for an application for a project serving small communities (population of not more than 25,000 people). For all other project applications, the application fee is \$100,000. For further information regarding the application fee, as well as the credit processing fee which will be charged at loan closing, and any other applicable fees, please see the [WIFIA fee rule](#).

WIFIA Application Submission

The final application submission must include:

1. Completed application form;
2. All attachments requested and referenced in this form; and
3. The application fee.



The applicant should reference the supporting document checklist provided on page 4 to ensure all needed information is provided in the application submission. Upon receipt of the application fee and materials, EPA will provide a confirmation email.

Application Form and Attachment Submittal: When finished, the application form and attachments must be uploaded to EPA's SharePoint site. To be granted access to the WIFIA SharePoint site, the applicant should email the WIFIA Underwriter assigned to the applicant with the names and emails of all staff that need access.

Application Fee Submittal: The applicant should use of Pay.gov to make electronic payments to EPA. In Pay.gov, the applicant can track its payments to EPA and schedule recurring or automatic payments. Although it is not mandatory to register for a user id to access and use Pay.Gov, registration is recommended to have access to all Pay.gov system functionality. To use Pay.gov, follow these instructions:

1. Access the Pay.gov system by going to <https://www.pay.gov> and search for WIFIA or click on the following hyperlink to directly launch the [WIFIA Loan Collection & Fees Form](#).
2. Provide the following information on the payment to ensure proper credit:
 - Remitter's contact phone number
 - Company/Organization Name as it appears on EPA document
 - Complete address, including city, state, zip code
 - Project Name
 - Loan Number: this is EPA WIFIA Loan number, NOT the remitter's number
 - From the "Payment Type" drop down menu select "Application Fee (Fee01)"
 - Other Description: please enter the EPA WIFIA Loan number followed by -FEE01, for example 16123DC-FEE01
3. Follow the remaining on-screen instructions to successfully process the payment to EPA.
4. Send an email to OCFO-OC-ACD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that a payment has been made.

The application fee may also be paid via FEDWIRE; for questions about payments, email to OCFO-OC-ACD-WIFIA@epa.gov and wifia_portfolio@epa.gov. For detailed payment instructions, contact the WIFIA program.

Burden

The public reporting and recordkeeping burden for this collection of information is estimated to average 200 hours per response. Send comments on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including through the use of automated collection techniques to the Director, Regulatory Support Division, U.S. Environmental Protection Agency (2822T), 1200 Pennsylvania Ave., NW, Washington, D.C. 20460. Include the OMB control number in any correspondence. Do not send the completed form to this address.

Warning



US Environmental Protection Agency
WIFIA Program
Application

OMB Control No. 2040-0292

EPA Form No. 6100-032

Approval expires 4/24/2023

Falsification or misrepresentation of information or failure to file or report information required to be reported may be the basis for denial of financial assistance by the Environmental Protection Agency. Knowing and willful falsification of information required to be submitted and false statements to a Federal Agency may also subject you to criminal prosecution. See, for example, 18 U.S.C. §1001.

Additional information is available at <https://epa.gov/wifia> and by contacting wifia@epa.gov.



SUPPORTING DOCUMENT CHECKLIST

The applicant should submit its completed application form plus all relevant supporting documents listed in the checklist as attachments.

Question	Supporting Document(s)*	Included
Application Fee – Refer to fee instructions on page 2		
Section A: Key Applicant and Loan Information* (No attachments)		
10. System for Award Management (SAM) registration	Screen shot verifying active SAM registration¹*	☐
Section B: Applicant Background		
5. Capital Improvement Planning Process	Current year and previous 3 years Capital Improvement Plans	☐
7. Liabilities	Liabilities Description	☐
8. System Condition	System Master Plan	☐
	System Condition Assessment	☐
12. Organization Chart	Organization Chart	☐
Section C: Financing Plan		
4. Preliminary Rating Letter	Preliminary Rating Letter*	☐
5. Audited Financial Statements	Audited Financial Statements (3 years)*	☐
6. Cash flow pro forma(s)	Cash flow pro forma*	☐
7. Rate Setting Process	Rate Studies	☐
	Rate Schedules	☐
8. Flow of Funds	Flow of Funds	☐
9. Loan Agreement	Master Indenture	☐
	Bond Ordinance	☐
Section D: Federal Requirements		
1. National Environmental Policy Act (NEPA)/ Programmatic Environmental Assessment Questionnaire	Environmental Assessment (Draft or Final)	☐
	Environmental Impact Statement (Draft or Final)	☐
	Supporting Documentation	☐
	Programmatic Environmental Assessment Questionnaire	☐
2. SRF Environmental Review	SRF Findings	☐
	SRF Consultation Documentation	☐
4. Cross-Cutter Consultation Agencies	State Historic Preservation Officer	☐
	Fish and Wildlife Service	☐
	National Marine and Fisheries Service	☐
	Coastal Zone Management Agency	☐
	Other: Click or tap here to enter text..	☐
5. Additional Permits	Click or tap here to enter text.	☐

¹ Applicants must have an active registration in SAM to do business with the Federal Government. Registration information is available at <https://sam.gov/SAM/>.



	- Click or tap here to enter text. - Click or tap here to enter text.	☐ ☐
7. Additional Forms	 epa_form_6600_06.pdf  SFLL_2_0-V2.0 (1).pdf  epa_form_4700_4.pdf	☐ ☐ ☐
8. Uniform Act	Narrative of Compliance	☐
Section E: Contract Information (Refer to Supplemental Spreadsheet)		
Complete Section E of spreadsheet and indicate which of the following attachments are included: - Project Map - Preliminary Engineering Report - Preliminary Design Report - Planning Document - Executed Contract Documents - Procurement Documents - Detailed project schedule(s)* - Engineer's Cost Estimate associated with detailed project scope* - Existing Operation and Maintenance Plan - Professional Service Contract or similar evidence of new Operation and Maintenance Plan to be developed - Risk Mitigation Plan/Matrix - Project Management Plan - Evidence of Experience with similar projects - Draft of Final Bid Specifications with required language - Sample of Final Bid Specifications with required language		☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐
Certifications		☐

*Required



APPLICATION FORM

Provide the following information in this form. Narrative answers can reference source documents (include the name of the document and relevant pages or sections). Provide any referenced documents as attachments.

Section A: Key Applicant and Loan Information

1. Legal name of prospective borrower:

Click or tap here to enter text.

2. Project name (for purposes of identification assign a short name to the project):

Click or tap here to enter text.

3. Has the project description changed since Letter of Interest selection?

☐ Yes ☐ No

If yes, please provide a brief updated project description.

Click or tap here to enter text.

4. Estimated total eligible project costs (in dollars):

Click or tap here to enter text.

☐ Check here if total eligible project costs have changed since the letter of interest submittal

5. Requested amount of the WIFIA loan (in dollars):

Click or tap here to enter text.

6. Anticipated Closing Date and what is driving date: Click or tap here to enter text.

7. Applicant Contact Information

Team Member	Name and Title	Email	Phone Number
Authorized Signatory	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
WIFIA Point of Contact	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.



Financial Advisor	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
Bond Counsel	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
Project Manager	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
Environmental Review Contact	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
Other: Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
Other: Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
Other: Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.

8. Employer/taxpayer identification number (EIN/TIN):

Click or tap here to enter text.

9. Dun and Bradstreet Data Universal Number System (DUNS) number:

Click or tap here to enter text.

10. Is the applicant registered in the System for Award Management (SAM)?

☐ Yes ☐ No

If yes, provide a PDF or JPEG screenshot that shows evidence of the SAM registration and an "active status" for the entity receiving the WIFIA loan.



Section B: Applicant Background

1. Describe the authorizing actions required by the applicant in order to enter into a loan agreement with the WIFIA program (e.g., board vote, local vote, ordinance).

Click or tap here to enter text.

2. Disclose any current, threatened, or pending litigation involving the applicant related to permitting, public involvement, environmental irregularities, construction defects, securities fraud, conflict of interest, failure to perform under a State or Federal contract, or other charges which may reflect on the applicant's financial position or ability to complete the project(s).

Click or tap here to enter text.

3. List the historical, if available, or projected customer concentration analysis, including a breakdown of customers by class (residential, non-residential, commercial, bulk, etc.), usage, and revenues for the past 12 months and a list of the top ten (10) customers by percentage of revenues.

Click or tap here to enter text.

4. Provide the average residential customer combined water and sewer rates as a percentage of Median Household Income.

Click or tap here to enter text.

5. Describe the applicant's capital improvement planning process. Include a capital improvement plan, other planning documents, and capital budgets produced in the current year and previous three (3) years as attachments.

Click or tap here to enter text.

6. Describe accounts receivables outstanding, including the 12-month trailing average of on-time payment amounts as a percentage of amount billed per period. Include a brief description of the process for collections.

Click or tap here to enter text.

7. Describe or provide an attachment with the status of liabilities and funding for pension contributions, defined benefits, and other post-employment benefits.

Click or tap here to enter text.

8. Provide the latest system condition assessment report or master plan available for the water and/or wastewater system this project supports. If a report or plan is unavailable, provide a



brief description of significant facilities (i.e. pump stations or treatment plants) within the system, including construction and major rehabilitation dates, and any asset management processes utilized for the system.

.Click or tap here to enter text.

9. If applicable, describe community outreach efforts conducted to date and planned for the project(s). Include community meetings, outreach sessions and groups contacted.

Click or tap here to enter text.

10. Provide a description of the environmental, societal, or quality of life benefits to the community as a result of the project, such as (but not limited to), improving system resiliency, mitigating climate change, supporting small and/or disadvantaged communities, improving access to safe water, addressing contaminants, developing the water workforce.

Click or tap here to enter text.

11. Will the project assist in complying with applicable regulatory requirements?

☐ Yes ☐ No

If yes, describe how the project assists with regulatory compliance.

Click or tap here to enter text.

For Project and Corporate Financing Transactions Only:

12. Provide a project-level organizational chart, include the major parties involved in planning, owning, financing, providing supply and/or offtake, constructing, operating, and/or maintaining the project(s). Include the major service contractors that have been, or will be, retained for the project (e.g., architects, developers, engineers, attorneys, financial advisors and underwriters, environmental consultants). Please also disclose if there is a financial relationship between the project sponsor and any key project partners.

Click or tap here to enter text.



Section C: Financing Plan

1. Provide a sources and uses of funds table for the proposed project(s), including the proposed WIFIA assistance. For applicants other than Public Entities, please identify the amount and source(s) of project equity, letters of credit, and other sources of debt as applicable. Note any ineligible project costs. More information about eligible costs is available in the [WIFIA program handbook](#). If other debt is being issued, including a SRF loan, describe the timing and certainty.

Sources Category	Estimated Dollar Value
1. WIFIA Loan (cannot exceed 49% of eligible costs)	Click or tap here to enter text.
2. Revenue Bonds	Click or tap here to enter text.
3. SRF Loan	Click or tap here to enter text.
4. Borrower Cash	Click or tap here to enter text.
5. Previously Incurred Eligible Costs*	Click or tap here to enter text.
6. Other (please specify) Click or tap here to enter text.	Click or tap here to enter text.
TOTAL SOURCES	Click or tap here to enter text.
Uses Category	Estimated Cost
1. Construction	Click or tap here to enter text.
2. Design	Click or tap here to enter text.
3. Planning	Click or tap here to enter text.
4. Land Acquisition	Click or tap here to enter text.
5. Other Capital Costs	Click or tap here to enter text.
6. Contingency	Click or tap here to enter text.
7. Total Capital Costs	Click or tap here to enter text.
8. Financing Costs	Click or tap here to enter text.
8. Ineligible Costs (if applicable)	Click or tap here to enter text.
9. Other (please specify) Click or tap here to enter text.	Click or tap here to enter text.
10. Other (please specify) Click or tap here to enter text.	Click or tap here to enter text.
TOTAL USES	Click or tap here to enter text.

*Previously Incurred Eligible Costs are project related costs incurred prior to the WIFIA loan's execution. Please see the WIFIA Program Handbook for additional information on Eligible Costs.

2. Describe the proposed credit terms of the WIFIA assistance. Complete the following table and include additional text below.

Credit Term	Proposed Credit Term for WIFIA
Lien Priority	☐ Senior Lien: all debt for the project (including WIFIA) will be senior/first lien debt ☐ Subordinate Lien: all debt for the project (including WIFIA) will be subordinated/second lien debt



	☐ Subordinate Lien: all debt for the project (including WIFIA) will be subordinated/second lien debt ☐ Subordinate Lien: WIFIA will be subordinated/second lien and other debt for the project will be senior/first lien debt (in this case, WIFIA will automatically spring to senior/first lien debt upon the occurrence of a bankruptcy related event)
Security Pledge	Click or tap here to enter text.
WIFIA Loan Maturity Date	Click or tap here to enter text.

3. Describe all dedicated revenue sources to be used to repay project financing, the expected rate(s), and the base to which such rates will be applied (e.g. average monthly consumption). Include rate covenant requirements that may affect these revenue sources. If the dedicated source for repayment is different from the assets covered by the security pledge described in the above table, please specify this in the response.

Click or tap here to enter text.

4. Provide the file name for and submit a new or recent preliminary rating letter from a nationally recognized statistical rating organization opining on the proposed WIFIA financing and describing the applicant's ability to obtain an investment grade rating on the project's senior obligations. An existing rating may be used in place of a preliminary rating letter if it is recent and actively maintained. The applicant should discuss using an existing rating with its transaction team prior to application submittal. Note, this application will not be deemed complete without inclusion of a preliminary rating letter.

Click or tap here to enter text.

5. Provide the year-end audited financial statement for the applicant for past three (3) years, as an attachment, and enter the file names below.

Click or tap here to enter text.

6. Attach the financial model for the project(s) security structure (i.e. the system for system credits or project for P3/project financings) and provide its file name below. All amounts should be expressed on a cash (year-of-expenditure) basis and should clearly show assumptions used to arrive at such estimates. A sample pro forma can be found [here](#). The pro forma(s) should include:



-
- a. Details on projected revenues, operations and maintenance expense, capital expenditures and other key line items. Include rate changes and inflation factors as appropriate;
 - b. Estimated total debt service coverage. Also show senior and junior lien debt coverages separately, if applicable;
 - c. Disbursement and repayment schedule for all debt sharing the WIFIA security, addressing, as applicable, senior- and junior-lien debt. Same lien debt amounts may be aggregated;
 - d. Anticipated disbursement and repayment schedule of the requested WIFIA loan.

Click or tap here to enter text.

7. Describe the rate setting process, including regulations governing rate setting, approval requirements, timing for implementation, etc. Include 10 years of rate schedule history for the applicant and specify if recommended rate increases were ever rejected.

Click or tap here to enter text.

8. If available, provide a flow of funds diagram or description and summarize key obligations in the flow of funds.

Click or tap here to enter text.

9. Describe what document(s) will be the starting point for the WIFIA loan agreement:

- ☐ Standard WIFIA loan agreement.
- ☐ Existing Master Indenture or Bond Ordinance. Included as an attachment is the Existing Master Indenture or Bond Ordinance.
- ☐ Customized loan agreement for the project(s) and applicant.
- ☐ Other.

Click or tap here to enter text.

Additional notes for loan agreement: Click or tap here to enter text.



Section D: Federal Requirements Compliance

1. Has the project completed or is in the process of completing an environmental review in accordance with the National Environmental Policy Act (NEPA)?

☐ Yes ☐ No

If yes, identify the lead federal agency for the NEPA review, and provide an agency staff contact name/email/phone number.

Click or tap here to enter text.

If no, please complete the [Programmatic Environmental Assessment \(PEA\) Questionnaire](#) unless one of the following exceptions are true:

- The proposed project is a pipeline replacement or rehabilitation project, or an upgrade or expansion of an existing facility
- The proposed project contains a large number of components in a wide geographic location

2. Is the project co-financed by the State Revolving Loan Fund?

☐ Yes ☐ No

If yes, is the scope of the SRF project the same as the scope of the WIFIA project?

☐ Yes ☐ No

If no, note scope differences.

Click or tap here to enter text.

3. Has the project completed or is in the process of completing an environmental review with the SRF?

☐ Yes ☐ No ☐ Not Applicable

If yes, identify the lead agency for the SRF environmental review, provide an agency staff contact name/email/phone number, and if applicable, submit the available SRF Findings and/or SRF consultation documentation.

Click or tap here to enter text.

If no, give an estimated timeline for the SRF environmental review and/or submittal of application materials to SRF.



Click or tap here to enter text.

4. Identify any agencies with which cross-cutter consultations have been undertaken for the project and include supporting documentation as attachments. (Check all that apply)

- ☐ None
☐ State Historic Preservation Officer
☐ Fish and Wildlife Service
☐ National Marine and Fisheries Service
☐ Coastal Zone Management Agency
☐ Other [Click or tap here to enter text.](#)

5. Describe the status of any additional permits and approvals that the project(s) may require. Add additional rows as needed. If providing permit information as attachments, list the filenames below.

Major Permits or Approvals Required	Approving Authority	Status	Expected Approval Date
Enter text here.	Enter text here.	Enter text here.	Enter date here.
Enter text here.	Enter text here.	Enter text here.	Enter date here.
Enter text here.	Enter text here.	Enter text here.	Enter date here.

Click or tap here to enter text.

6. Does the project involve a new or relocated discharge, either permanent or temporary, to surface or groundwater or are new or relocated water intakes expected?

☐ Yes ☐ No ☐ Not Applicable

7. Additional forms will need to be completed and submitted prior to closing the WIFIA loan. Check all that are included with the application:

Form	Included	Not Applicable
 epa_form_6600_06.pdf	☐	
 SFLLL_1_2-V1.2.pdf	☐	☐ <i>Note: this form only needs to be submitted to disclose lobbying activities</i>



 epa_form_4700_4.pdf	☐	
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8. If the project(s) include acquisition of real property, identify how the project complies or will comply with [Uniform Relocation Assistance and Real Property Acquisition Policies Act](#) (Uniform Act).

Click or tap here to enter text.

Section E: Contract Information

Complete the "Section E: Supplemental Spreadsheet." Instructions for each column are available on the first tab labeled "Instructions – Section E". Provide answers for each project in the application using separate rows designated, "Contract 1, Contract 2, etc."



CERTIFICATIONS

1. *National Environmental Policy Act:* The applicant acknowledges that any project receiving credit assistance under this program must comply with all provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.)
2. *American Iron and Steel:* The applicant acknowledges that any project receiving credit assistance under this program for the construction, alteration, maintenance, or repair of a project may only use iron and steel products produced in the United States and must comply with all applicable guidance.
3. *Prevailing Wages:* The applicant acknowledges that all laborers and mechanics employed by contractors or subcontractors on projects receiving credit assistance under this program shall be paid wages at rates not less than those prevailing for the same type of work on similar construction in the immediate locality, as determined by the Secretary of Labor, in accordance with sections 3141-3144, 3146, and 3147 of Title 40 (Davis-Bacon wage rules).
4. *Credit Ratings:* This applicant has received a preliminary rating opinion letter(s) on the project's senior debt instrument, from one or more rating agencies. These letters or ratings are attached.
5. *Credit Processing Fees:* The undersigned certifies that it will reimburse EPA for its costs incurred in negotiating the credit agreement, irrespective of whether the credit agreement is executed.
6. *Lobbying:* Section 1352 of Title 31, United States Code provides that none of the funds appropriated by any Act of Congress may be expended by a recipient of a contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, or an employee of a Member of Congress in connection with the award or making of a Federal contract, grant, loan, or cooperative agreement or the modification thereof. EPA interprets this provision to include the use of appropriated funds to influence or attempt to influence the selection for assistance under the WIFIA program.

WIFIA applicants must file a declaration: (a) with the submission of an application for WIFIA credit assistance; (b) upon receipt of WIFIA credit assistance (unless the information contained in the declaration accompanying the WIFIA application has not materially changed); and (c) at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in any declaration previously filed in connection with the WIFIA credit assistance.

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 an 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 subawards at all tiers (including subcontracts, subgrants, and contracts under grants, 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.

7. *Debarment:* The undersigned further certifies that it is not currently: 1) debarred or suspended from participating in any Federal programs; 2) formally proposed for debarment, with a final determination still pending; or 3) indicted, convicted, or had a civil judgment rendered against it for any of the offenses listed in the Regulations Governing Debarment and Suspension (Governmentwide Nonprocurement Debarment and Suspension Regulations: 2 C.F.R. Part 180 and Part 1532).
8. *Default/Delinquency:* The undersigned further certifies that neither it nor any of its subsidiaries or affiliates are currently in default or delinquent on any debt or loans provided or guaranteed by the Federal Government.
9. *Other Federal Requirements:* The applicant acknowledges that it must comply with all other federal statutes and regulations, as applicable. A non-exhaustive list of federal cross-cutting statutes and regulations can be found at: <https://www.epa.gov/wifia/wifia-resources#complianceanchor>.
10. *Signature:* By submitting this application, the undersigned certifies that the facts stated and the certifications and representations made in this application are true, to the best of the applicant's knowledge and belief after due inquiry, and that the applicant has not omitted any material facts. The undersigned is an authorized representative of the applicant.

Name:
Title:
Organization:
Street Address:
City/State/Zip:
Phone:
E-mail:

Signature: _____

Date Signed: _____



KEY DEFINITIONS

- (a) *Administrator* means the Administrator of EPA.
- (b) *Community water system* has the meaning given the term in section 1401 of the Safe Drinking Water Act (42 U.S.C. 300f).
- (c) *Credit assistance* means a secured loan or loan guarantee under WIFIA.
- (d) *Credit agreement* means a contractual agreement between EPA and the project sponsor (and the lender, if applicable) that formalizes the terms and conditions established in the term sheet (or conditional term sheet) and authorizes the execution of a secured loan or loan guarantee.
- (e) *Eligible project costs* mean amounts, substantially all of which are paid by, or for the account of, an obligor in connection with a project, including the cost of:
 - (1) Development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work, and other preconstruction activities;
 - (2) Construction, reconstruction, rehabilitation, and replacement activities;
 - (3) The acquisition of real property or an interest in real property (including water rights, land relating to the project, and improvements to land), environmental mitigation (including acquisitions pursuant to section 33 U.S.C. §3905(7)), construction contingencies, and acquisition of equipment; and
 - (4) Capitalized interest necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction.
- (f) *Investment-grade rating* means a rating category of BBB minus, Baa3, bbb minus, BBB (low), or higher assigned by a nationally recognized statistical rating organization (NRSRO) to project obligations offered into the capital markets.
- (g) *Iron and steel products* means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.
- (h) *Nationally Recognized Statistical Rating Organization (NRSRO)* means a credit rating agency identified and registered by the Office of Credit Ratings in the Securities and Exchange Commission.
- (i) *Project* means:
 - (1) Any project for flood damage reduction, hurricane and storm damage reduction, environmental restoration, coastal or inland harbor navigation improvement, or inland and intracoastal waterways navigation improvement that the Secretary determines is technically sound, economically justified, and environmentally acceptable, including—



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- (A) a project to reduce flood damage;
 - (B) a project to restore aquatic ecosystems;
 - (C) a project to improve the inland and intracoastal waterways navigation system of the United States; and
 - (D) a project to improve navigation of a coastal or inland harbor of the United States, including channel deepening and construction of associated general navigation features.
- (2) 1 or more activities that are eligible for assistance [under section 1383\(c\) of this title](#), notwithstanding the public ownership requirement under paragraph (1) of that subsection.
 - (3) 1 or more activities described in section [300j-12\(a\)\(2\) of title 42](#).
 - (4) A project for enhanced energy efficiency in the operation of a public water system or a publicly owned treatment works.
 - (5) A project for repair, rehabilitation, or replacement of a treatment works, community water system, or aging water distribution or waste collection facility (including a facility that serves a population or community of an Indian reservation).
 - (6) A brackish or sea water desalination project, including chloride control, a managed aquifer recharge project, a water recycling project, or a project to provide alternative water supplies to reduce aquifer depletion.
 - (7) A project to prevent, reduce, or mitigate the effects of drought, including projects that enhance the resilience of drought-stricken watersheds.
 - (8) Acquisition of real property or an interest in real property—
 - (A) if the acquisition is integral to a project described in paragraphs (1) through (6); or
 - (B) pursuant to an existing plan that, in the judgment of the Administrator or the Secretary, as applicable, would mitigate the environmental impacts of water resources infrastructure projects otherwise eligible for assistance under this section.
 - (9) A combination of projects, each of which is eligible under paragraph (2) or (3), for which a State infrastructure financing authority submits to the Administrator a single application.
 - (10) A combination of projects secured by a common security pledge, each of which is eligible under paragraph (1), (2), (3), (4), (5), (6), (7), or (8), for which an eligible entity, or a combination of eligible entities, submits a single application.
- (j) *Public entity* means:
- (1) a Federal, State, or local Governmental entity, agency, or instrumentality; or
 - (2) a Tribal Government or consortium of Tribal Governments.
- (k) *Publicly sponsored* means the obligor can demonstrate, to the satisfaction of the Administrator that it has consulted with the affected State, local or Tribal Government in which the project is located, or is otherwise affected by the project, and that such government supports the proposed project. Support can be shown by a certified letter signed by the approving municipal department or similar agency, mayor or other similar designated authority, local ordinance, or any other means by which local government approval can be evidenced.



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- (l) *Small Community* means a community with a population of no more than 25,000 individuals.
- (m) *State* means any one of the fifty states, the District of Columbia, Puerto Rico, or any other territory or possession of the United States.
- (n) *State infrastructure financing authority* means the State entity established or designated by the Governor of a State to receive a capitalization grant provided by, or otherwise carry out the requirements of, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et. seq.) or section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12).
- (o) *Term sheet* means a contractual agreement between EPA and the project sponsor (and the lender, if applicable) that sets forth the key business terms and conditions of a Federal credit instrument. Execution of this document represents a legal obligation of budget authority.
- (p) *Treatment works* has the meaning given the term in section 212 of the Federal Water Pollution Control Act (33 U.S.C. 1292).
- (q) *WIFIA* means the Water Infrastructure Finance and Innovation Act of 2014, Pub. L. 113-121, 128 Stat, 1332, codified at 33 U.S.C. §§ 3901-3914.

CITY COUNCIL STAFF REPORT

MEETING DATE: April 2, 2025

PREPARED BY:

Inga Alonzo, Management Analyst

APPROVED BY: City Manager

APPROVE THE FIRST AMENDMENT TO THE SERVICE MAINTENANCE AGREEMENT WITH PETERSON POWER SYSTEMS, INC. FOR GENERATOR MAINTENANCE AND REPAIR

RECOMMENDATION(S)

Approve and authorize the City Manager to execute an amendment to increase the not to exceed amount of the generator maintenance agreement with Peterson Power Systems by \$157,473. This increase will bring the not to exceed amount to \$452,668.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining and Enhancing Infrastructure

2024-2025 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Public Safety Master Plan

Water System Master Plan

Wastewater System Master Plan

REPORT NARRATIVE:

REPORT NARRATIVE:

The City's fleet of generators is required to provide electrical power back-up for well sites, booster stations, water storage tanks, sewer lift stations, 911 dispatching towers, the Police Department, and other City facilities in the event of power outages. It is crucial to maintain the constant readiness of these generators through annual servicing, ongoing repairs, parts (as needed), rentals for equipment downtime, and preventive maintenance on a three-year rotational servicing schedule. These generators are also permitted through the state of California and must meet the emissions and reporting requirements in order to continue the units when needed.

In March 2023, a detailed Request for Proposals (RFP) was posted to select a highly experienced and capable contractor for maintenance, repair, and emergency servicing for the City's 28 standby generators and City Council awarded Peterson Power the

three-year agreement. The agreement total had \$20,000 built in for repair services over the three years, but that has proven to be an exceedingly low estimate for the aging fleet of generators. Troubleshooting and repairs have been required on 15 of the units and have totaled \$151,151 thus far and prompted the need for replacement of two generators at the Fire Stations. City staff are also working on a grant to replace the Police Department generator which has required multiple repairs under this agreement thus far. The agreement's not to exceed amount has now been exhausted due to repair needs. The additional funds requested for this agreement are calculated as follows:

\$ 9,113	Needed to finish Annual and PM3 services in 2025
\$ 68,615	Annual Services 2026
\$ 29,745	Preventative Maintenance Services (PM3) 2026
<u>\$ 50,000</u>	Repairs and Emergency work (estimate for remainder of agreement)
\$157,473	

COMMUNITY ENGAGEMENT:

Not Applicable

Since maintenance of the City's facility, water, and wastewater generators is a regular operational function of the City, no efforts were made to inform the community about this proposed project.

ALTERNATIVE ACTIONS:

City Council could choose not to approve this increase and have the City do a new bid for services. This is not recommended as it would leave the City without service for a period of time and is not likely to result in a contract with added value. Generators are required to provide back-up power to water and wastewater facilities as well as City facilities in the event of a power outage and are necessary for the provision of essential services to the community. Ongoing maintenance and repair are crucial in assuring the generators are functioning properly at all times.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 21, 2023, City Council approved a three-year agreement with Peterson Power Systems for generator maintenance services in the amount of \$295,195.

FISCAL AND RESOURCE IMPACT:

Funds for this agreement are budgeted within the specific areas serviced by the generators: Water Operations (48%, Fund 650), Sewer Operations (32%, Fund 640), Fire Operations (8%, Fund 010) and Building Maintenance (12%, Fund 740). No additional appropriation is needed, as sufficient funds are programmed in both the FY 2024-25 and FY 2025-26 budgets.

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

The planned maintenance and management of existing City infrastructure falls within the CEQA categorical exemption of Class 1, Existing Facilities.

**FIRST AMENDMENT TO AGREEMENT
PETERSON POWER SYSTEMS, INC.**

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on _____ (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and PETERSON POWER SYSTEMS, INC., a California Corporation ("SERVICE PROVIDER"), hereinafter referred to collectively as the "Parties".

RECITALS

The following recitals are a substantive part of this Agreement:

1. This First Amendment to Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, 2025.
2. The CITY and SERVICE PROVIDER entered into that "Maintenance Service Agreement" made as of July 4, 2023, for services for a maximum compensation of Two Hundred Ninety-Five Thousand One Hundred Ninety-Five Dollars (\$295,195.00) ("MAINTENANCE SERVICE AGREEMENT"). The MAINTENANCE SERVICE AGREEMENT is attached as Exhibit "1" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the MAINTENANCE SERVICE AGREEMENT, as attached as Exhibit "1," shall remain in full force and effect; except that the following amendments shall be made as set forth below:

A. Paragraph 4.1 shall be amended and replaced in its entirety by the following:

"4.1. **Amount.** Compensation under this Agreement shall not exceed Four Hundred Fifty-Two Thousand Six Hundred Sixty-Eight Dollars (\$452,668.00) 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."

B. Paragraph 5 shall be amended and replaced in its entirety by the following:

"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."

C. Paragraph 10.2 shall be amended and replaced in its entirety by the following:

"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.”

D. Paragraph 13 shall be amended and replaced in its entirety by the following:

“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).”

E. There is no change to the amounts to be charged for Tasks 1 and 2. The remaining funds budgeted for generator work shall be expended solely as requested by City staff in writing by City for Task 3, On Call Emergency and Non-Emergency Repairs.

F. All references in Exhibit A, Exhibit B, and Exhibit C to “Contractor” shall be updated to “Service Provider”.

2. **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.
3. **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.
4. **Counterpart Signatures.** This Agreement may be signed in multiple counterparts, which shall, when executed by all the Parties, constitute a single binding agreement.

5. **Conflicts.** In the event of a conflict between the terms and provisions of this First Amendment to Agreement and the terms and provisions of the MAINTENANCE SERVICE AGREEMENT, the terms of this First Amendment to Agreement shall govern and control.

TWO SIGNATURES ARE REQUIRED FOR 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

Michelle Bigelow, City Clerk

Christina Turner, City Manager

Date: _____

Date: _____

APPROVED AS TO FORM:
Donald Larkin, City Attorney

PETERSON POWER SYSTEMS, INC

Date: _____

By:
Title: _____
Print Name and Title of Signer.
If Corporate: Chairman, President or
Vice President

Date: _____

By:
Title: _____
Print Name and Title of Signer.
If Corporate: Secretary, Assistant
Secretary, Chief Financial Officer or
Assistant Treasurer

Date: _____

507000

Contractor's License Number(s) (if applicable)

1000005682

Contractor's DIR Registration Number(s) (if
applicable)

Expiration Date(s) 3/31/2027

Expiration Date(s) 06/30/2025

Seal:

EXHIBIT 1

126-04-23-027

**MAINTENANCE SERVICE AGREEMENT
PETERSON POWER SYSTEMS, INC.**

THIS AGREEMENT is entered into and becomes effective on 7/4/2023 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Peterson Power Systems, Inc. a California corporation ("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 June 21st, 2023.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until June 30, 2027 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 period of one year. 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 Generator Maintenance and Repair Services as further described in **Exhibit A**.
4. **Compensation.** SERVICE PROVIDER shall be compensated as follows:
 - 4.1. **Amount.** \$295,195.00. Total compensation to SERVICE PROVIDER under this Agreement during its initial term set forth in Section 2 above shall not exceed Two Hundred Ninty-Five Thousand One Hundred Ninty-Five 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 the extended term exceed 105% of the maximum compensation allowed to be paid to SERVICE PROVIDER for one year of service during the initial term of this Agreement.
 - 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.

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. 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.
- 10.3. 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.

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:

Peterson Power Systems, Inc.
2828 Teagarden Street
San Leandro, CA 94577

Address of CITY is as follows:

Utilities Division
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

with a copy to:
City Clerk
City of Morgan Hill
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. **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.

26. **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.

27. **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.

28. **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.

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[Signatures on Next Page]

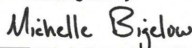
29. **Authority to Execute.** Those individuals who are signing this Agreement on behalf of entities represent and warrant that they are, respectively, duly authorized to sign on behalf of the entities and to bind the entities fully to each and all of the obligations set forth in this Agreement.

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:

DocuSigned by:

 Michelle Bigelow
 City Clerk/Deputy City Clerk

Michelle Bigelow

Print Name

Date: 7/5/2023

APPROVED AS TO FORM:

DocuSigned by:

 Donald A. Larkin
 City Attorney

Donald A. Larkin

Print Name

Date: 6/26/2023

CITY OF MORGAN HILL

DocuSigned by:

 Christina J. Turner
 City Manager

Christina J. Turner

Print Name

Date: 7/4/2023

Peterson Power Systems, Inc

DocuSigned by:

 John Krummen
 By: John Krummen

EVP

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

6/23/2023

Date:

DocuSigned by:

 Erin Sorgel
 By: Erin Sorgel

CFO/Secretary

Print Name and Title of Signer.

If Corporate: Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer

6/26/2023

Date:

507000

Contractor's License Number(s) (if applicable)

Expiration Date(s) 03/31/2025

Seal:

1000005682

Contractor's DIR Registration Number(s) (if applicable)

Expiration Date(s) 06/30/2025

EXHIBIT A SCOPE OF SERVICES

The scope of this contract is to provide routine, preventive, and emergency maintenance and repairs to the City of Morgan Hill's 28 generators at different location throughout the city. The contractor will be responsible for furnishing any and all necessary parts, labor, machine shop work, field work, shop and field welding, miscellaneous repair, travel time, expenses, and equipment necessary to do the work required.

Task 1 - Routine Annual Service

Routine annual service is performed once a year on every City generator listed in Attachment A, Task 1, and shall include the following services:

- 1. ENGINE LUBRICATING SYSTEM**
 - A. Check oil level and top off
 - B. Check oil pressure using unit mounted gauge
 - C. Check engine for unusual oil leaks
- 2. FUEL SYSTEM**
 - A. Check fuel pressure (if equipped)
 - B. Inspect fuel system for leaks
 - C. Check day tank fuel level & main tank (gage only)
- 3. INTAKE SYSTEM**
 - A. Check all hoses and connections
 - B. Visually check air cleaner
- 4. GOVERNOR**
 - A. Check all linkages & ball joints (if applicable)
 - B. Check oil in governor (if applicable)
 - C. Check any unusual oil/fuel leakage
- 5. COOLING SYSTEM**
 - A. Check coolant level & inhibitor content, top off
 - B. Check temperature of jacket water heater
 - C. Check condition of all belts, hoses and connections
- 6. ENGINE ELECTRICAL STARTING SYSTEM**
 - A. Check battery cap vents (lead acid only)
 - B. Check battery water levels & adj. (lead acid only)
 - C. Visually check batteries & connections
 - D. Check battery charging system for correct operation and adjust as needed
- 7. GENERATOR**
 - A. Check generator & instruments under bldg. load (if possible)
 - B. Check general appearance of air screen
- 8. ENGINE CONTROLS**
 - A. Check generator and instruments under bldg. load (if possible)
 - B. Check general appearance

9. GENERAL

- A. Visually check engine mounts**
- B. Visually check complete unit**

10. GENERATOR SWITCHGEAR & EMERGENCY SOURCE FEEDERS

- A. Operate generator circuit breaker manually at time of visit (if possible)**

11. RUNNING TEST

A. BEFORE STARTING ENGINE:

- Check engine oil level and coolant level.
- Check block heater-will maintain coolant temperature of about 90 degrees F in the block. Check fuel level in storage tank.
- Check battery water level and top as necessary.
- Check battery terminals for corrosion and connections for tightness (lead acid).

B. WITH ENGINE RUNNING:

- Check oil pressure.
- Check fuel pressure.
- Check oil level and add oil as required. Check RPM (frequency).
- Check generated voltage.
- Check for leaks of unusual noises.

C. AFTER STOPPING ENGINE:

- Check/verify all switches are in proper positions for automatic start. Check fuel level in tank.
- Record battery charger volts, check for proper operation. Remove, clean and reinstall all battery connections (lead acid). Inspect generator for cleanliness.
- Drain crankcase oil and replace with new oil. Remove and replace oil and fuel filters.
- Inspect air filter(s) and replace as required.
- Start engine and load with contractor supplied resistive load bank. Run under load for at least one hour.
- Check generator output. Take oil sample for analysis.

12. REPORTING:

- A. Provide the following reports for each generator to the Utilities Division in electronic form (Word, Excel, or PDF). Handwritten reports will not be accepted:**

- Service report – report must include the following:
 - a. Work order number, date, employee name
 - b. Generator City ID number, manufacturer, model, serial number, location
 - c. Status of all items and details on list 1-11 above
 - d. Any action items needed if status is not normal
- Load test - with full interpretation of results
- Oil Analysis – with full interpretation of results

- B. Advise customer of any/all unusual situations or potential problems which will require further attention.**

- C. Advise when main fuel tank is below 3/4 full.**

Routine annual services shall be performed on normal workdays defined as non-holiday Mondays through Thursdays, 6:30 AM through 4:00 PM and Fridays, 6:30 AM through 3:00 PM. These services shall be scheduled in the months of October through December. Invoices for

annual services shall not be sent to the City without the service, load test, and oil analysis reports completed and attached.

Task 2 - Preventive Maintenance Services

Preventive Maintenance Service is a three-year rotational program (PM-3) in which the contractor shall include the following services on City generators per the rotational schedule per Attachment A. Task 2:

1. Replacement of fan and alternator drive belts.
2. Replacement of engine cooling system hoses.
3. Block heater hoses replaced with high temperature silicone hoses.
4. Replacement of standard ethylene glycol coolant.
5. Replacement of the batteries.

PM-3 and routine annual service shall be performed concurrently on those generators that are due for PM-3 maintenance in that fiscal year. Preventive maintenance and repair services shall be performed on normal workday hours defined as non-holiday Mondays through Thursdays, 6:30 AM through 4:00 PM and Fridays, 6:30 AM through 3:00 PM. Preventive maintenance services shall be scheduled in the months of October through December.

Task 3 - On-Call Emergency and Non-Emergency Repair Services

Contractor shall provide on-call emergency and non-emergency repairs on a time and material basis. Hourly rates paid to under the agreement shall be only for actual productive hours on the job site. The City shall not be directly invoiced for the following:

- Travel and/or transportation of workers;
- Parts and materials acquisition including freight, handling, and delivery; and
- Movement of Contractor owned or rented equipment,

For purposes of the agreement, these are considered overhead, and the costs shall be included in the fixed hourly rates in Attachment A, Task 3. All invoices to the City for on-call emergency and non-emergency repair services must include a breakdown of number of hours for all fixed rates charged and the original cost and mark up price for all parts and materials charged. The City shall reserve the right to request backup documentation for the contractor's original cost on parts and materials.

The City will not consider any proposal with a parts and materials markup in excess of 25%.

A. Non-Emergency Repair Services

Contractor shall provide written, "not to exceed," estimates on all non-emergency repairs. These estimates shall include number of hours, hourly rate, number and type of employees required, estimated material costs, markup cost, and completion date. All work for non-emergency repairs shall be performed during regular operating hours and per the regular rates on Attachment A, Task 3. Contractor shall respond to email or phone requests for estimates within 24 hours and provide written estimates within three business days of the original request date. It shall be the Contractor's responsibility to ensure it has all information to prepare accurate estimates. No repair will be done without the written approval by the City's representative.

B. Emergency Repair/After Hours Services

Contractor shall provide a fixed hourly rate for emergency/after-hours services. Contractor shall have the ability to respond to emergency repairs twenty-four hours a day, seven days per week. The contractor shall provide the City with a current directory its emergency response personnel including phone numbers and emails and/or details on how to contact them on a 24 hour basis. The contractor shall keep the City informed of any changes in emergency response personnel and provide updated contact information. Once the City initiates a communication for emergency service, the Contractor must be able to reach the site of the emergency within 2 hours of the initial communication. It will be at the sole discretion of the City to determine if a situation is an emergency or not. It is possible to have instances where an initial service is an emergency or after hour event, and the rest of the service is non-emergency.

Per Addendum 1 to the project RFP documents, three of the existing generators have been bid for replacement. The City does not know exactly when they will be replaced. They are all being replaced with Kohler brand generators. Therefore, the instructions for the Schedule of Compensation Rates for Routine Annual Services were included in the Addendum as follows: For Routine Annual Services, the three affected line items are below. Contractor shall calculate the FY24 Service Cost for the manufacturer and model for the generator listed for that line on Page 16. For FY 25 and FY26 on those line items, Contractor shall calculate the routine annual cost for the replacement generator manufacturer and model listed below and record the cost in the appropriate field.

	Location	Address	Manufacturer	Model
Line 6	Jackson Booster	3482 White Oak Ct.	Kohler	200REOZJF
Line 14	C Lift Station	3272 Quail Lane	Kohler	80REOZJF
Line 16	I Lift Station	19160 Saffron Drive	Kohler	30REOZK

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

Task 1 - Routine Annual Services – All Generators

As described in the scope of work, the annual services cost per unit must include all parts, materials, field work, shop work, welding, labor, travel, mileage, and any other expenses required to do the work.

	UNIT #	LOCATION	ADDRESS	MANUFACTURER	MODEL	SERIAL #	YEAR	KW	FY24 Routine Annual Service Cost	FY25 Routine Annual Service Cost	FY26 Routine Annual Service Cost	
1	W19016	PORTABLE TRAILER*	105 Edes Street Bus Yard*	Blue Star	VD150-02FT4	7008485967	2019	150	\$2295	2495	2595	
2	W17014	PORTABLE TRAILER*	1100 Diana Avenue Diana #3 Well*	Blue Star	VD150-02FT4	103507	2017	150	\$2295	\$2495	\$2595	
3	W16013	PORTABLE TRAILER*	1240 San Pedro Avenue San Pedro Well*	Blue Star	VD150-02FT4	L-10981	2016	150	\$2295	\$2495	\$2595	
4	W13007	PORTABLE TRAILER*	100 East Dunne Avenue Dunne # 1 & 2 Wells*	Doosan	G190	451800UCKES7	2013	190	\$2295	\$2495	\$2595	
5	W05020	HOLIDAY RESERVOIR	3100 Lakeview Court	Kohler	10ROZ	2037908	2005	10	\$1655	\$1795	\$1950	
6	W06022	JACKSON BOOSTER	3482 White Oak Ct	Katolight	D200FRJ 4T2	106704-0405	2006	200	\$2295	\$2495	\$2595	
7	W16005	JACKSON RESERVOIR	16360 Oak Canyon Drive	Kohler	150REOZIF	SGM32GT36	2016	150	\$2295	\$2495	\$2595	
8	W92008	E. DUNNE BOOSTER	2375 East Dunne Avenue	Catapillar	3412	81211841	1992	500	\$3615	\$3830	\$3995	
9	W15012	PORTABLE TRAILER*	200 Diana Avenue Diana #1 Well*	Magnum	6068HFG95A	PE6068R054060	2015	150	\$2295	\$2495	\$2595	
10	W09023	PORTABLE TRAILER*	490 Llagas Road LlagasBooster*	Kohler	150REOZJD	2259122	2009	150	\$2295	\$2495	\$2595	
11	W14011	PORTABLE TRAILER*	470 East Main Avenue Main Well*	Doosan	G190	461126UAYES7	2014	190	\$2295	\$2495	\$2595	
12	W19017	PORTABLE TRAILER*	17002 Murphy Avenue Nordstom Well*	Blue Star	VD 150-02FT4	7008495531	2019	150	\$2295	\$2495	\$2595	
13	W19024	PORTABLE TRAILER*	105 Edes Street Bus Yard*	Blue Star	VD 150-02FT4	7008499277	2019	150	\$2295	\$2495	\$2595	
14	S03006	C LIFT STATION	3272 Quail Lane	Kohler	80REOZJB	0768962	2003	80	\$1955	\$2130	\$2295	
15	S03018	B LIFT STATION	17558 Holiday Drive	Kohler	40RE0ZIB	0761654	2003	40	\$1650	\$1795	\$1995	
16	S04019	I LIFT STATION	19160 Saffron Drive	Synergy	30JDA	00-210323-01	2004	30	\$1650	\$1795	\$1995	
17	S06021	G LIFT STATION	18615 Monterey Road	Olympian	DP40P2	OLY00000KNPF358	2006	40	\$1650	\$1795	\$1995	
18	S18025	J LIFT STATION	16035 Jackson Oaks Drive	Kohler	40REOZK4	33G3GMFN0007	2018	40	\$1650	\$1795	\$1995	
19	S14009	PORTABLE TRAILER*	105 Edes Street Bus Yard*	Generac	MMG75D	1409119	2014	75	\$1995	\$2195	\$2395	
20	S15010	PORTABLE TRAILER*	105 Edes Street Bus Yard*	Magnum	4045HFG92	PE4045R089480	2015	75	\$1995	\$2195	\$2395	
21	S17003	PORTABLE TRAILER*	17670 Racoon Court A Lift Station*	Grand Watts	TADS71VE	7005308517	2017	60	\$1995	\$2195	\$2395	
22	SG035	WOODLAND COMM SITE	2275 Rolling Hills Drive	Generac	SG003SAG035	3001737818	2017	32	\$1650	\$1795	\$1995	
23	B01002	EL TORO RESERVOIR	1305 West Dunne Avenue	Generac	1554330100	2062789	2001	45	\$1650	\$1795	\$1995	
24	B89004	CITY HALL	17555 Peak Avenue	Catapillar	3408	78203200	1989	400	\$2585	\$2745	\$2945	
25	B85001	SCHOOL DIST/ CORP YARD	105 Edes Street	DMT	250 G CUMMINS	860280	1985	250	\$2450	\$2615	\$2795	
26	B99013	POLICE STATION	16200Vineyard Boulevard	Generac	6063TK35R	06R0774364	1999	350	\$2585	\$2745	\$2945	
27	#813	FIRE STATION	2100 East Dunne Avenue	Generac	Engine# 67057 95A00415-S	2020473		50	\$1650	\$1795	\$1995	
28	#822	FIRE STATION	18300 Old Monterey Road	Generac	95A004133-S	2022956		50	\$1650	\$1795	\$1995	
* LOCATIONS CHANGE ON PORTABLE UNITS									Annual Total	\$59,275	\$64,250	\$68,615
										Three Year Total	\$194,075.00	

THIS FORM MUST BE USED WHEN SUBMITTING PROPOSAL

Task 2- Preventive Maintenance Services (PM-3)*

The Preventive Maintenance Service is a 3-year rotational program. PM-3 maintenance costs shall include all parts, materials, field work, welding, labor, travel, mileage, and any other expenses required to do the work. PM-3 services and routine annual services shall be performed concurrently on those generators that are due for PM-3 maintenance in that fiscal year.

	FY 23/24	PM-3 Cost/Unit	FY 24/25	PM-3 Cost/Unit	FY 25/26	PM-3 Cost/Unit
1	B01002	\$2055	B85001	\$4275	B89004	\$4210
2	S14009	\$2875	B99013	\$4225	S06021	\$2055
3	W17014	\$3145	S03018	\$2055	S15010	\$2850
4	W92008	\$4275	S17003	\$2850	W16013	\$3145
5	W13007	\$3310	S18025	\$2025	W19016	\$3145
6	W14011	\$3145	SG035	\$2025	W19017	\$3145
7	W15012	\$3145	W05020	\$1690	W19024	\$3145
8	Fire #813	\$1995	W06022	\$3145	S23006	\$2850
9	Fire #822	\$1995	W09023	\$3145	S23019	\$2055
10					W23022	\$3145
Total	FY23/24	\$25,940	FY24/25	\$25,435	FY25/26	\$29,745
				PM-3 Total Three years	\$81,120	

Generator manufacturer and model information is listed on Page 16 except for units S23006, S23019, and W23022. Manufacturer and Model for those units listed below:

S23006 - Kohler 80REOZIF

S23019 - Kohler 30REOZK

W23022 Kohler 200REOZIF

*This is a revised version of page 17 and shall be used in place of the original page 17.

Task 3 - On-Call Emergency and Non-Emergency Repairs

Time and material costs associated with emergency/after-hours and non-emergency generator repair services. The City shall not be directly invoiced for the following:

- Travel and/or transportation of workers;
- Parts and materials acquisition including freight, handling, and delivery; and
- Movement of Contractor owned or rented equipment.

For purposes of the agreement, these are considered overhead, and the costs shall be included in the fixed hourly labor rates on this page. All invoices to the City for on-call emergency and non-emergency repair services must include a breakdown of number of hours for all fixed rates charged and the original cost and mark up price for all parts and materials charged. The City shall reserve the right to request backup documentation for the contractor's original cost on parts and materials.

NON-EMERGENCY REPAIR SERVICE	FIXED HOURLY RATE
SUPERVISOR	\$ 251.75/HOUR
SERVICEPERSON	\$ 251.75/HOUR
SERVICEPERSON ASSISTANT	\$ 251.75/HOUR
SHOP WORK	
SHOP LABOR	\$ 251.75/HOUR
EMERGENCY/AFTER-HOURS REPAIRS	
MONDAY-FRIDAY AFTER HOURS	\$ 378/HOUR
SATURDAY	\$ 378/HOUR
HOLIDAY/Sunday	\$ 480/HOUR
PARTS AND MATERIALS	
MARK UP OVER COST on non CAT parts	%20

THIS FORM MUST BE USED WHEN SUBMITTING PROPOSAL

If needed - Generator Rentals

Weekly rates shall include all costs to transport to and from the site and labor and materials for setup. The contractor shall confirm equipment and connection compatibility of rental generators with City facilities.

Generator	Weekly Rates Through 2026
20 KW	\$ size not available
36 KW	\$ size not available
50 KW	\$ size not available
60 KW	\$995
70 KW	\$ size not available
80 KW	\$ size not available
100 KW	\$1125
150 KW	\$1200
200 KW	\$1795
250 KW	\$ size not available
300 KW	\$ size not available
350 KW	\$3175
400 KW	\$3300

THIS FORM MUST BE USED WHEN SUBMITTING PROPOSAL

EXHIBIT C SCHEDULE OF PERFORMANCE

Routine annual services shall be performed on normal workdays defined as non-holiday Mondays through Thursdays, 6:30 AM through 4:00 PM and Fridays, 6:30 AM through 3:00 PM. These services shall be scheduled in the months of October through December. Invoices for annual services shall not be sent to the City without the service, load test, and oil analysis reports completed and attached.

PM-3 and routine annual service shall be performed concurrently on those generators that are due for PM-3 maintenance in that fiscal year. Preventive maintenance and repair services shall be performed on normal workday hours defined as non-holiday Mondays through Thursdays, 6:30 AM through 4:00 PM and Fridays, 6:30 AM through 3:00 PM. Preventive maintenance services shall be scheduled in the months of October through December.

Non-Emergency Repairs - Contractor shall respond to email or phone requests for estimates within 24 hours and provide written estimates within three business days of the original request date. It shall be the Contractor's responsibility to ensure it has all information to prepare accurate estimates. Emergency Repairs - Once the City initiates a communication for emergency service, the Contractor must be able to reach the site of the emergency within 2 hours of the initial communication.

CITY COUNCIL STAFF REPORT

MEETING DATE: April 2, 2025

PREPARED BY:

Chris Ghione, Public Services Director

APPROVED BY: City Manager

PAVEMENT CONDITION UPDATE AND PAVEMENT REHABILITATION PLANNING UPDATE

RECOMMENDATION(S)

Receive update.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining and Enhancing Infrastructure

2024-2025 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Transportation Master Plan

REPORT NARRATIVE:

The purpose of this update is two-fold. One, to share and provide a comprehensive report on pavement conditions and, two, to provide an update on future pavement condition planning for the City.

Pavement Condition Update

The City's most recent overall system-wide Pavement Condition Index (PCI) rating for the end of calendar year 2024 was 74. This is a slight reduction in the overall system-wide PCI rating of 75 at the end of 2023. Until 2024, the City has steadily improved the condition of its streets since 2018 through investment of City dollars, annual funding from State Senate Bill 1 (Road Repair and Accountability Act of 2017), and Measure B funding (2016 voter approved countywide half-cent sales tax to enhance transportation). However, the City still does not have the adequate funds to improve the pavement condition into the future. In 2024, the City had a consultant complete a detailed Pavement Management Report and a survey of pavement conditions throughout the City. This report was funded through grant funding from MTC and is available online here:

www.morganhill.ca.gov/DocumentCenter/View/53950/Updated-Morgan-Hill-PTAP-25-

[Rev01-for-Web](#)

The survey of City streets was taken in late 2024 and the report was completed in January 2025. The report also identifies a backlog of \$32.4 million in pavement rehabilitation. Comparatively, in 2017, the City had an estimated backlog of \$23.2 million, which, with inflation in today's dollars, would be \$29.8 million. This effectively means the City has seen a slight increase in its backlog since 2017. The report provides various details and scenarios on pavement conditions and the prediction of pavement conditions based on various funding scenarios.

Pavement Planning

The City prioritizes use of its limited funding in the repair of the City's streets using the following criteria:

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

City staff are in the process of preparing the 2025 Pavement Rehabilitation Project. As planned, the project prioritizes the repair of the City's arterial and collector roadways, while allocating available funds to the resurfacing of residential streets that are significantly degraded. It should be noted that the City is looking to rehabilitate residential streets in Woodland Estates, which has not seen a rehabilitation since being constructed in the late 1960's. The planned work for the coming five years is available on the City's Pavement Rehabilitation webpage at: <https://morganhill.ca.gov/2539/Pavement-Rehab-Street-Cut-Moratorium>. It is also included graphically in Attachment 1. The pavement rehab plans for the next 3 years are included in the report below for convenience:

2025 Planned Pavement Rehabilitation

- Llagas Road - West of Llagas Court
- Streets within Woodland Acres Neighborhood, including Rolling Hills Drive, Woodland Avenue, Woodland Court, Rocky Ridge Road, Greenwood Avenue, Black Oak Court
- Tilton Avenue - West of Dougherty
- Main Avenue - Condit Road east to the City Limit - Jointly funded with the County of Santa Clara

- Sunnyside Avenue - Spot repairs
- Arterial Street Sealing – Streets TBD
- Crack Sealing - Streets TBD
- Monterey Road from Cochrane Road to East Middle Avenue/City limit - Grant Project**
 **Project will include median work, sidewalk extensions, ADA ramp improvements and Bike Lane improvements. It will likely occur over a period of late 2025 through Summer 2026.

2026 Planned Pavement Rehabilitation

- Streets within western Jackson Meadows Neighborhoods, including Gallop Drive, Hay Loft Way, Hay Loft Court, Fountain Oaks Drive, Fountain Court, Saddleback Drive, Gitano Court, Huston Court, Pinto Court, Palomino Court, Buckskin Court, Sorrel Way, Cimarron Drive, Calero Court, Saddlehorn Way, Ranger Court, Arabian Court, Feliz Court, Ponderosa Court, Fountain Avenue
- John Telfer Drive from W Main Ave to the north end
- Arterial Street Sealing – Streets TBD

2027 Planned Pavement Rehabilitation

- Streets within the Calle Mazatan Area, including Calle Mazatan, Corte Arqueta, Corte Cabas, Calle Cabezal, Calle Del Sol Way, Calle Caballeria, Calle Atavio, Calle Asta, Calle Caballeria Ct, Bel Air Way, Corte Cabanil, Grand Prix Way, Caprice Court, Landau Court, La Sabre Court, Bel Air Court, Biscayne Court, Impala Court, and Diana Avenue from Butterfield Boulevard to Grand Prix Way
- Butterfield Boulevard from Cochrane Road to Watsonville Road
- Arterial Street Sealing – Streets TBD

COMMUNITY ENGAGEMENT:

Inform

City staff work on a significant communication planning effort to be implemented ahead of the work, which is planned to occur during the summer months. City staff regularly receive requests for pavement repairs from throughout the community and these are reviewed and repaired by street maintenance staff if smaller in nature or incorporated into the larger pavement rehab planning if larger in nature. The City has a page dedicated to pavement rehabilitation on the City's website that outlines long term planning for pavement rehabilitation. The page is available at:

www.morganhill.ca.gov/2539/Pavement-Rehab-Street-Cut-Moratorium

ALTERNATIVE ACTIONS:

The City Council could provide staff with additional direction or feedback as deemed appropriate. Since it takes City staff a significant amount of time to design a project, Council would be able to provide comments or direct changes for the 2026 project and later without delaying project work.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On January 17, 2024, the City Council received an Update Regarding Pavement Rehabilitation Planning.

On May 15, 2024, the City Council adopted a resolution approving FY2024-25 list of street rehabilitation projects funded by Senate Bill (SB) 1: the Road Repair and Accountability Act.

On June 19, 2024, the City Council adopted the FY2024-25 through 2029-30 Capital Improvement Program Budget.

FISCAL AND RESOURCE IMPACT:

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

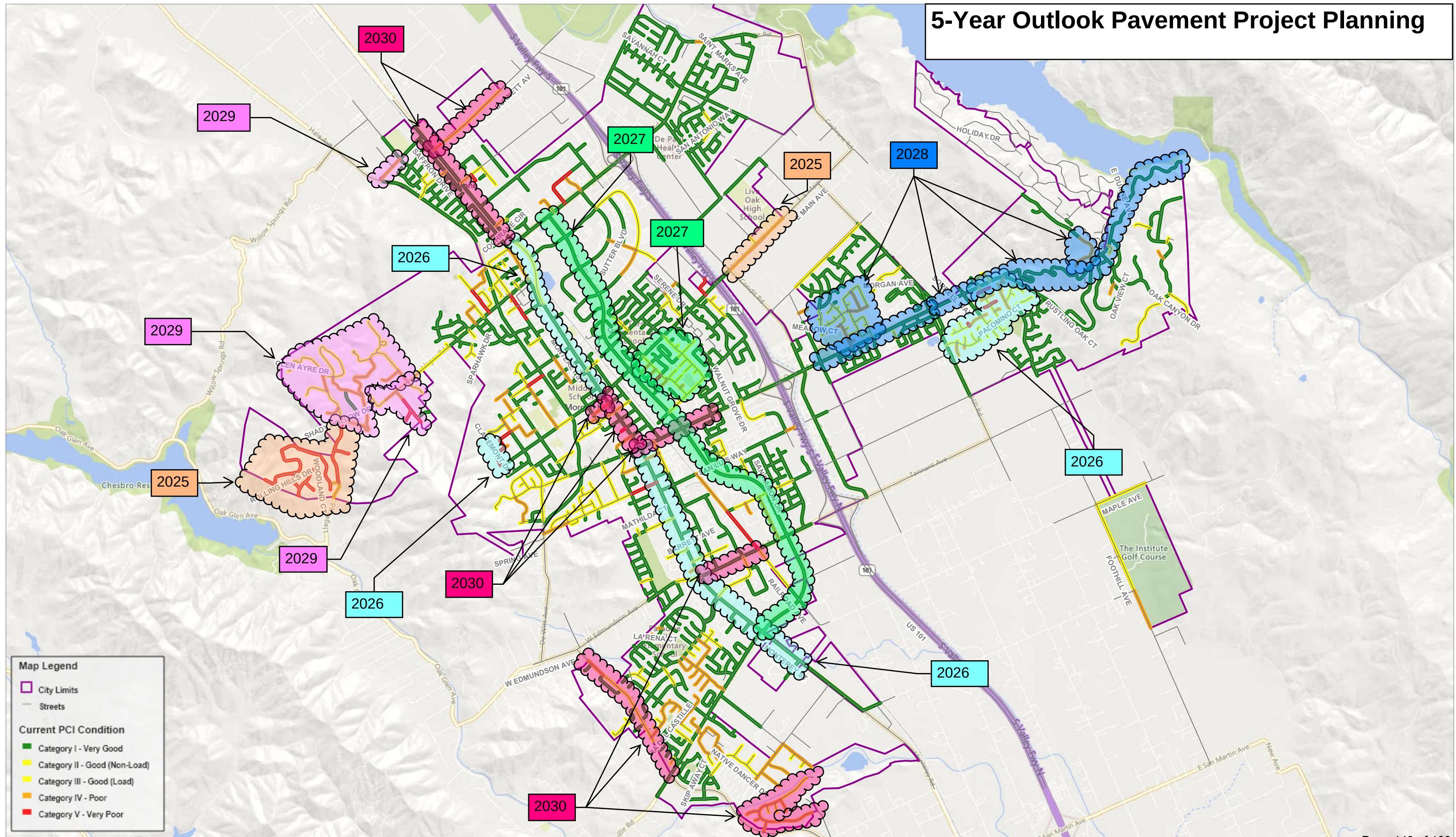
CEQA (California Environmental Quality Act):

Categorical Exemption

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



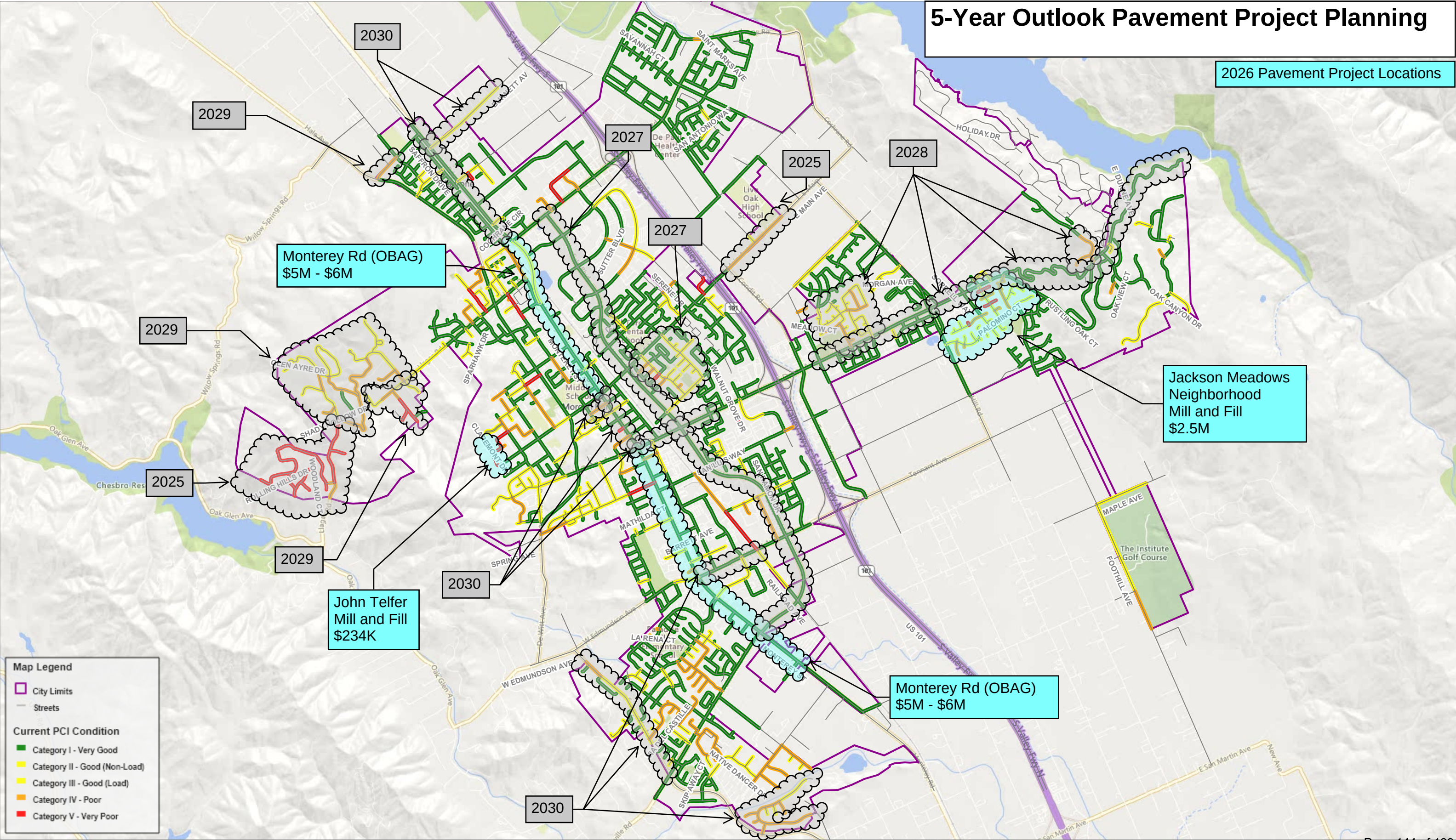
Current PCI Condition





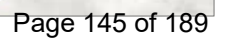
Current PCI Condition

Printed: 2/18/2025





Printed: 2/18/2025





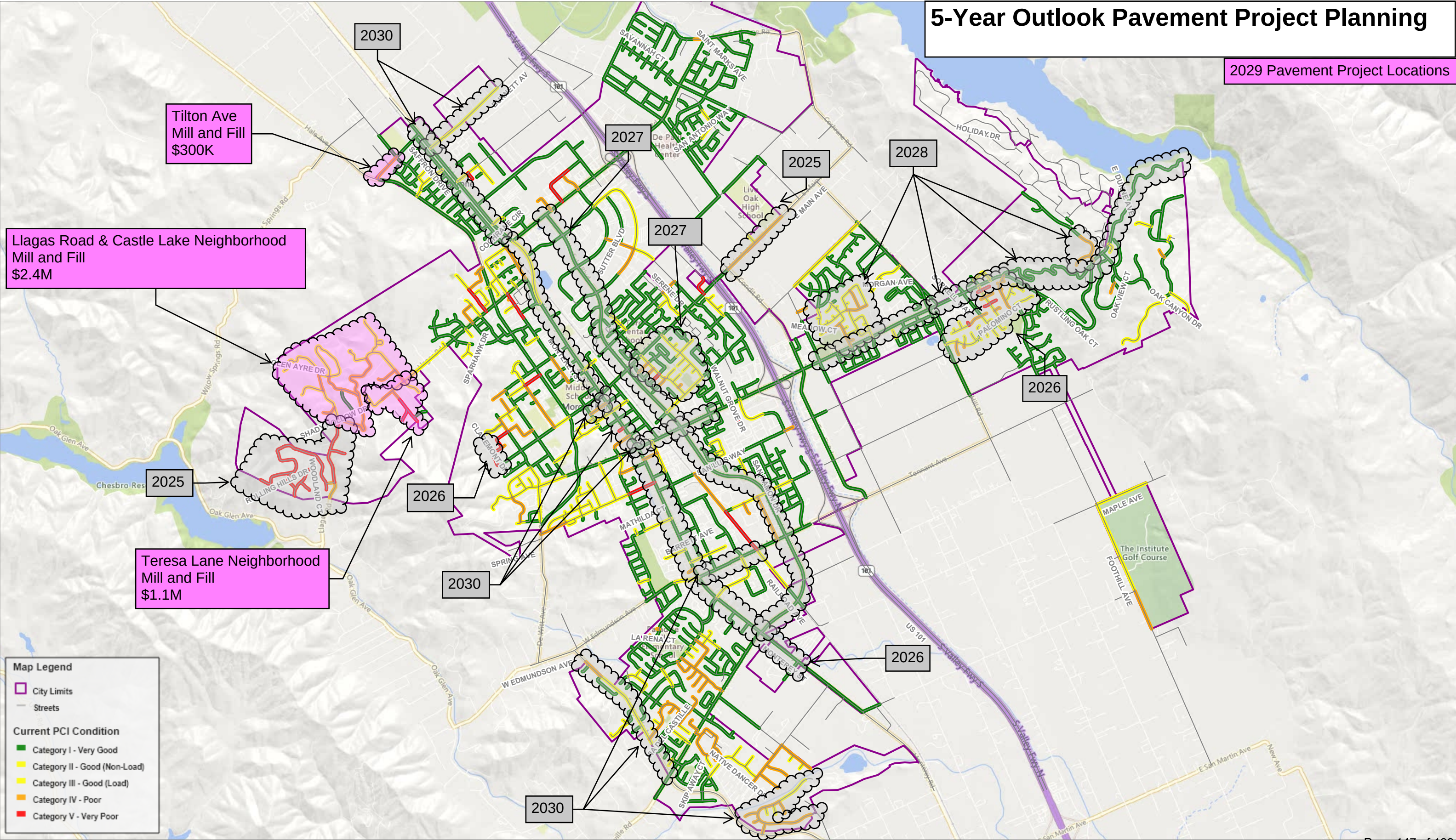
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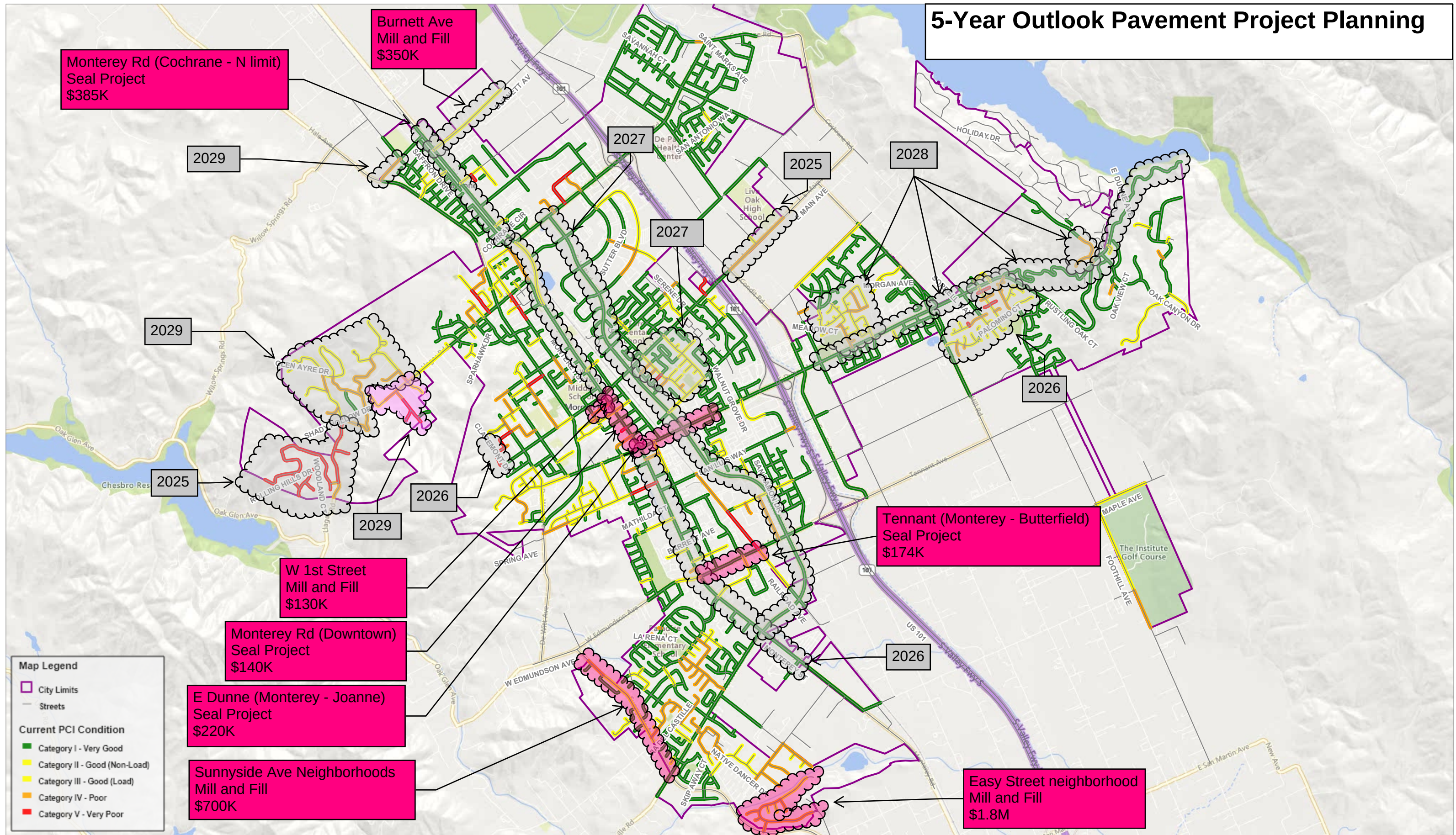
Current PCI Condition

Printed: 2/18/2025





5-Year Outlook Pavement Project Planning



CITY COUNCIL STAFF REPORT

MEETING DATE: April 2, 2025

PREPARED BY:

Hilary Holeman, Administrative Analyst

APPROVED BY: City Manager

RATIFY CITY POSITION ON PENDING LEGISLATION

RECOMMENDATION(S)

Ratify the City's position supporting pending legislation, Senate Bill 456 (Ashby) Community Beautification Act.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Supporting our Youth, Seniors, and Entire Community

Enhancing Diversity and Inclusiveness

Advocating for Local, Regional, and State Legislative Initiatives

REPORT NARRATIVE:

Per Resolution No. 20-010 (Attachment 1), the City Council recognizes occasional situations arise where communication indicating support or opposition on pending State, County, or other regional boards' legislation or action that could be important and may occur prior to the next scheduled City Council meeting. Under these circumstances, the Mayor or City Manager is delegated the authority to prepare, execute and transmit written or verbal communications indicating a City's position when any of the following criteria are met: a) the League of California Cities, or a similar organization, has requested the City to comment or take a position, b) the timing to express a position occurs prior to the next scheduled Council meeting, and c) the pending State, County, or other regional boards' legislation or action clearly supports or clearly hinders the implementation or fulfillment of an adopted City Council Priority, Goal, or Strategy in a substantial manner such that it is in the best interest of the City to indicate its comment or position. When this occurs, a written report to the City Council for acceptance is required at the next possible meeting.

BACKGROUND

In 2023, the Contractors State License Board began notifying cities that muralists fall within the definition of a "contractor" and therefore must carry a license for projects exceeding \$500. To do this, muralists must accumulate years of specialized experience, pass an examination, and pay annual fees.

On March 5, 2025 the League of California Cities issued a [press release](#) announcing they are co-sponsoring SB 456 (Ashby) with California Arts Advocates making it easier

for cities to commission murals by providing a narrow exemption to these state licensing requirements.

The City of Morgan Hill recognizes that public art and murals are proven drivers of community and economic health, attracting tourists, supporting jobs, generating revenue, and improving public safety and well-being. The City has previously hired muralists to perform on various City facilities, both large and small. Many of these muralists are local and are doing their art as secondary employment and/or passion projects. In many of these cases, under current state law, these artists would be unable to take the necessary steps to become licensed. This has and will continue to result in few local artists being able to create murals for the City.

For these reasons, on March 14, 2025, the City sent a letter in support of the Community Beautification Act (Attachment 2) via the California Legislature Position Portal. The full SB 456 Bill Text is included as Attachment 3.

COMMUNITY ENGAGEMENT:

Inform - this report serves to inform the Community on the City's position on pending legislation that directly impacts the City of Morgan Hill.

ALTERNATIVE ACTIONS:

The City Council could rescind the position taken.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

City Council periodically ratifies City positions on various pending State, County or other regional board legislation or actions that have a direct impact on the City of Morgan Hill.

FISCAL AND RESOURCE IMPACT:

Tracking legislation is an activity included in the annual workplan of the City Manager's Office.

CEQA (California Environmental Quality Act):

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

RESOLUTION NO. 20-010

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING THE MAYOR OR CITY MANAGER TO PREPARE, EXECUTE AND TRANSMIT COMMUNICATIONS INDICATING A POSITION ON PROPOSED STATE, COUNTY, OR OTHER REGIONAL BOARDS' LEGISLATION OR ACTION ON CERTAIN MATTERS THAT MAY HAVE IMPACTS UPON THE CITY IN CERTAIN CIRCUMSTANCES AND DIRECTING A REPORT BACK TO CITY COUNCIL ON ANY SUCH COMMUNICATIONS TRANSMITTED. (THIS RESOLUTION RESCINDS RESOLUTION NO. 6851)

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 indicate City's position on proposed legislation of the State of California and is sometimes requested to so indicate City's position on such legislation for the benefit of the City; and

WHEREAS, the reasons supporting the adoption of this Resolution are set forth in detail in that certain City Council Staff Report submitted for City Council consideration at its meeting of February 5, 2020, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

WHEREAS, the 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 California Environmental Quality Act of 1970; and

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

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

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

Section 2. Approval and Authorization. The City Council prefers, whenever possible, that determinations on whether to take a position on pending State, County, or other regional boards' legislation or action be brought before the City Council as a whole for consideration and action. However, the City Council recognizes that occasional, limited situations arise where communications indicating support or opposition on pending State, County, or other regional boards' legislation or action that could be important to City are requested from cities within timeframes that have deadlines occurring prior to the next scheduled meeting of the City Council as a whole at which the City Council could consider and determine City's position on such pending legislation. For these reasons, the City Council does further resolve, order and/or direct as follows:

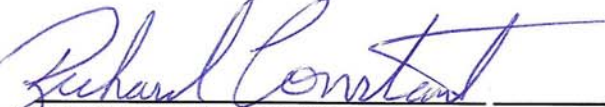
- a. That the Mayor and/or the City Manager is delegated authority to and is authorized to prepare, execute and transmit written or verbal communications indicating a City position on proposed pending State, County or other regional boards' legislation or action that may have impacts upon City when any of the following criteria are met:
 - i. The League of California Cities, or a successor or similar organization, has requested City comment or position on a piece of pending legislation or action, or the City has otherwise become aware of such pending legislation or action;
 - ii. A public hearing and an opportunity for City to comment or take a position upon such pending legislation or action is occurring in a timeframe and with a deadline to comment or express a position that occurs prior to the next scheduled meeting of the City Council at which the City Council could consider and determine City's comment or position on such pending legislation or action; or
 - iii. The pending legislation or action clearly supports or clearly hinders the implementation or fulfillment of an adopted City Council Priority, Goal or Strategy in a substantial manner such that it is in the best interests of City to indicate its comment or position on such pending legislation or action.
- b. That the Mayor and/or City Manager is hereby directed to provide a written report to the City Council for the Council's comment and acceptance at the City Council's next possible meeting whenever the Mayor or City Manager prepares, executes and transmits a communication indicating a comment or position on pending legislation or action pursuant to the authority delegated under this Resolution, which report shall include a copy of such pending legislation or action, and the comment or position transmitted.

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 5th day of February 2020 by the following vote:

AYES:	COUNCIL MEMBERS:	Yvonne Martinez Beltran, Rene Spring, John McKay, Larry Carr, Rich Constantine
NOES:	COUNCIL MEMBERS:	None
ABSTAIN:	COUNCIL MEMBERS:	None
ABSENT:	COUNCIL MEMBERS:	None

APPROVED:



RICH CONSTANTINE, Mayor

ATTEST:



IRMA TORREZ, City Clerk

∞ CERTIFICATION ∞

I, Irma Torrez, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. 20-010, adopted by the City Council at the meeting held on the 5th day of February 2020.

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

DATE: 3/3/2020



Irma Torrez, CITY CLERK



17575 Peak Avenue
Morgan Hill, CA 95037-4128
TEL: (408) 779-7271
FAX: (408) 779-3117
www.morganhill.ca.gov

March 14, 2025

The Honorable Angelique Ashby
California State Senate
1021 O Street, Room 8630
Sacramento, CA 95814

RE: SB 456 (Ashby) Community Beautification Act.
Notice of SUPPORT *(As Introduced 02/19/25)*

Dear Senator Ashby,

The City of Morgan Hill is pleased to support **SB 456 (Ashby)**, which would exempt muralists from having to obtain a contractors license through the California State Licensing Board (CSLB) before being commissioned for public and private art projects.

The City of Morgan Hill recognizes that public art and murals are proven drivers of community and economic health, attracting tourists, supporting jobs, generating revenue, and improving public safety and well-being.

However, in 2023, public [notices](#) began being issued to municipalities indicating that muralists fall within the definition of a "contractor" under Business and Professions Code section 7026. As a result, muralists must carry a contractor's license if they undertake a mural on a building for more than \$500. Additionally, per Business and Professions Code section 7028.15 (e), city staff may be fined for knowingly hiring an unlicensed muralist. Due to these licensure requirements, cities across California have had to cease or stall the implementation of mural projects.

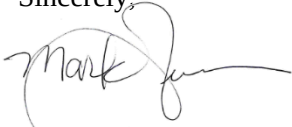
To qualify for these commercial licenses, muralists must accumulate four years of specialized experience under a licensed contractor, pass the Law and Business examination, and pay annual licensing fees. These requirements create unnecessary barriers to work on public art projects and expose city employees and artists to fines if such requirements are not met.

The City of Morgan Hill has previously hired muralists to perform on various City facilities, both large and small. Many of these muralists are local and are doing their art as secondary employment and/or passion projects. In many of these cases these artists would be unable to take the necessary steps to become licensed. This has resulted in few local artists being able to create murals for the City.

Muralists provide a fundamentally different service than a painting contractor, as their work is an artistic expression rather than addressing the structural integrity of a building. It is appropriate to provide a narrow exception to the state's licensing requirements for muralists, as SB 456 seeks to provide them with the flexibility to continue their artistic expression.

For these reasons, the City of Morgan Hill is pleased to support **SB 456 (Ashby)**.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Turner", with a long, sweeping horizontal line extending to the right.

Mark Turner
Mayor

cc: Assemblymember Gail Pellerin

Senator Dave Cortese

Montana Cruz, Regional Public Affairs Manager, League of California Cities, mcruz@calcities.org

Meg Desmond, League of California Cities, cityletters@cacities.org

**Introduced by Senator Ashby
(Coauthor: Senator Laird)**

February 19, 2025

An act to amend Section 7044 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 456, as introduced, Ashby. Contractors: exemptions: muralists.

Existing law, the Contractors State License Law, establishes the Contractors State License Board within the Department of Consumer Affairs and sets forth its powers and duties relating to the licensure and regulation of contractors. Existing law makes it a misdemeanor for a person to engage in the business, or act in the capacity, of a contractor without a license, unless exempted. Existing law exempts from the Contractors State License Law, among other things, a nonprofit corporation providing assistance to an owner, as specified.

This bill would exempt from that law a muralist, as defined, who produces a mural, as defined, pursuant to an agreement with a person who could legally authorize the work.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 7044 of the Business and Professions
- 2 Code is amended to read:
- 3 7044. (a) This chapter does not apply to any of the following:

1 (1) An owner who builds or improves a structure on ~~his or her~~
2 *the owner's* property, provided that both of the following conditions
3 are met:

4 (A) None of the improvements are intended or offered for sale.

5 (B) The property owner personally performs all of the work or
6 any work not performed by the owner is performed by the owner's
7 employees with wages as their sole compensation.

8 (2) An owner who builds or improves a structure on ~~his or her~~
9 *the owner's* property, provided that both of the following conditions
10 are met:

11 (A) The owner directly contracts with licensees who are duly
12 licensed to contract for the work of the respective trades involved
13 in completing the project.

14 (B) For projects involving single-family residential structures,
15 no more than four of these structures are intended or offered for
16 sale in a calendar year. This subparagraph shall not apply if the
17 owner contracts with a general contractor for the construction.

18 (3) A homeowner improving ~~his or her~~ *the homeowner's*
19 principal place of residence or appurtenances thereto, provided
20 that all of the following conditions exist:

21 (A) The work is performed prior to sale.

22 (B) The homeowner has actually resided in the residence for
23 the 12 months prior to completion of the work.

24 (C) The homeowner has not ~~availed himself or herself of~~ *claimed*
25 the exemption in this paragraph on more than two structures more
26 than once during any three-year period.

27 (4) A nonprofit corporation providing assistance to an
28 owner-builder, as defined in subdivision (a) of Section 50692 of
29 the Health and Safety Code, who is participating in a mutual
30 self-help housing program, as defined in Section 50078 of the
31 Health and Safety Code.

32 (5) *A muralist who produces a mural.*

33 (A) *For purposes of this section, a "muralist" means an artist*
34 *who draws, paints, applies, executes, restores, conserves, or affixes*
35 *visual art directly onto walls, ceilings, or other fixtures of a*
36 *building or structure pursuant to an agreement with a person who*
37 *could legally authorize the work.*

38 (B) *For purposes of this section, a "mural" means a unique*
39 *work of visual art that is protected by copyright, trademark, label,*
40 *or patent and that is drawn or painted by hand directly upon, or*

1 *affixed directly to, an exterior or interior wall or ceiling of a*
2 *building or structure.*

3 (b) In all actions brought under this chapter, both of the
4 following shall apply:

5 (1) Except as provided in paragraph (2), proof of the sale or
6 offering for sale of a structure by or for the owner-builder within
7 one year after completion of the structure constitutes a rebuttable
8 presumption affecting the burden of proof that the structure was
9 undertaken for purposes of sale.

10 (2) Proof of the sale or offering for sale of five or more
11 structures by the owner-builder within one year after completion
12 constitutes a conclusive presumption that the structures were
13 undertaken for purposes of sale.

O

CITY COUNCIL STAFF REPORT

MEETING DATE: April 2, 2025

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

RECEIVE MONTHLY BUDGET UPDATE AND FEBRUARY 2025 FINANCIAL AND INVESTMENT REPORTS

RECOMMENDATION(S)

Receive and file reports.

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 February 2025 financial and investment reports.

February 2025 Financial Report

The Revenue and Expense Summary through February 2025 is included on page 4 of the attached monthly financial and investment reports. Overall, General Fund revenues total \$30.0 million or about 53% of the budget. Expenditures, including encumbrances, amounted to \$40.9 million, of which approximately \$2.8 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of \$38.3 million. This represents an increase of \$2.6 million, including encumbrances, compared to the prior year. Excluding the encumbrances, expenditures increased by about \$3.4 million, mainly due to overall cost increases.

Budget Update

There has been no material change since the last budget update to the Council on March 5, 2025. Regarding water revenue, Morgan Hill residents consumed approximately 8% more water through February compared to the prior three-year average. As a result, no revenue stabilization water rate was implemented.

COMMUNITY ENGAGEMENT:

Inform

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

ALTERNATIVE ACTIONS:

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
February 28, 2025 - 67% of Year Complete



CITY OF MORGAN HILL

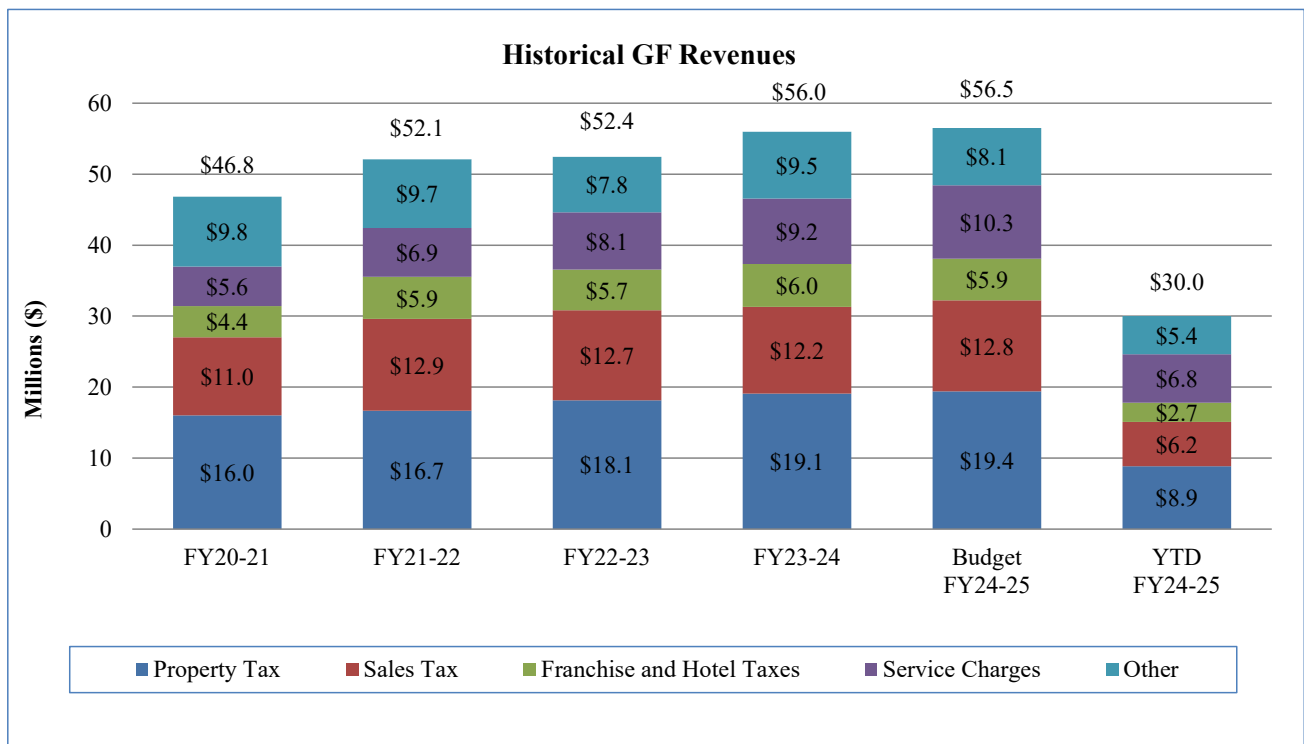
Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2024-25
FOR THE MONTH ENDED FEBRUARY 2025 – 67% OF YEAR COMPLETE

- **General Fund** – Revenues through February totaled \$30.0 million, or about 53% of the budget. Regarding the property tax revenue forecast, the County estimates the City will receive approximately \$20.0 million in property tax revenue for the current fiscal year, slightly exceeding 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 shows only a modest increase over the budget. As for sales tax, HdL, the City's sales tax consultant, further revised downward the City's current fiscal year sales tax revenue estimate (before tax rebates) to \$11.9 million. This represents a reduction of approximately \$1.0 million from the current year's budget, partially attributable to lower tax receipts from vehicle sales and one-time adjustments in the prior year's receipts.

The chart below shows historical General Fund revenues by major revenue category from FY20-21 through FY23-24 Actual, FY24-25 Budget, and YTD as of February 28, 2025.



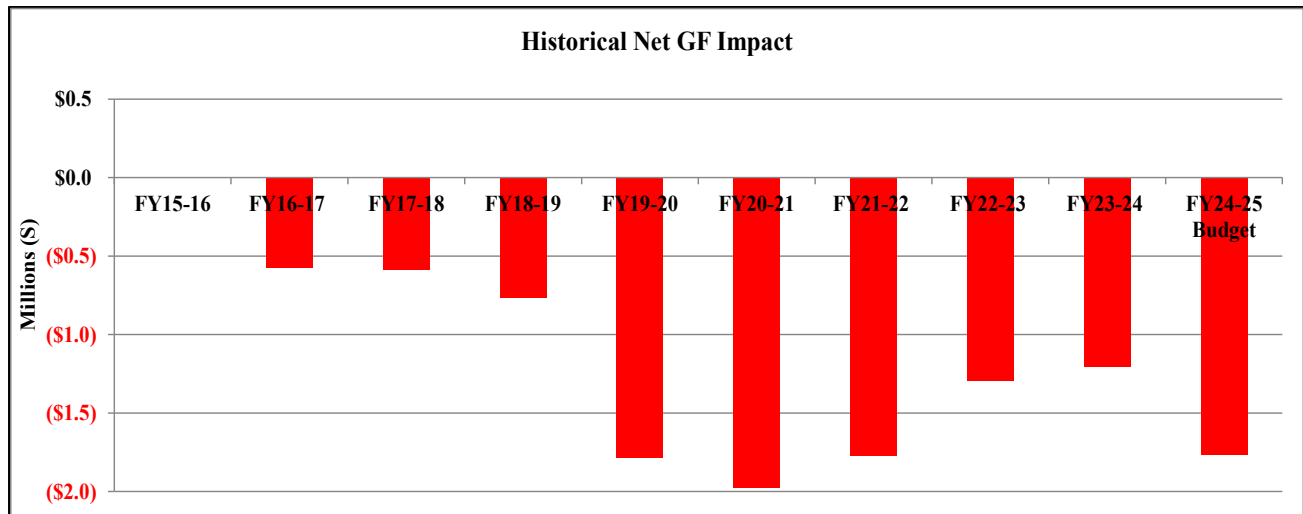
General Fund expenditures and encumbrances through February totaled \$40.9 million, of which approximately \$2.8 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of \$38.3 million. This represents an increase of \$2.6 million, including encumbrances, compared to the prior year. Excluding the encumbrances, expenditures increased by about \$3.4 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 \$1.3 million as of February 28, 2025. 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 FEBRUARY 2025 – 67% 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 February totaled \$3.9 million compared to the prior year to date amount of approximately \$3.7 million. Expenditures, including encumbrances, totaled \$4.2 million.
- **Debt Service Funds** – Expenditures through February totaled \$0.6 million. The debt service for the first half of the year includes both interest and principal, while the second half will include interest only. Debt service payments were scheduled when the bonds were issued and are budgeted for the months specified 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 FEBRUARY 2025 – 67% OF YEAR COMPLETE

- **Wastewater Operations** – Revenues through February 28, 2025 totaled \$10.2 million. Expenditures and outstanding encumbrances totaled \$11.0 million or 65% of the budget. The table below shows historical Wastewater Operations revenues and expenditures from FY20-21 through FY23-24 Actual, FY24-25 Budget, and YTD as of February 28, 2025.

(amount in millions)	FY20-21	FY21-22	FY22-23	FY23-24	Budget FY24-25	YTD FY24-25
Revenues	13.3	14.9	15.3	15.2	16.6	10.2
Expenditures	13.3	14.8	16.0	14.9	16.8	11.0
Operating Margin	-	0.1	(0.7)	0.3	(0.2)	(0.8)
Operating Margin without Encumbrances	-	0.1	(0.7)	0.3	(0.2)	(0.8)

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues through February 28, 2025 totaled \$12.7 million. Water Operations expenditures, including outstanding encumbrances, totaled \$13.4 million. Morgan Hill residents consumed about 8% more water through February 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 FY23-24 Actual, FY24-25 Budget, and YTD as of February 28, 2025.

(amount in millions)	FY20-21	FY21-22	FY22-23	FY23-24	Budget FY24-25	YTD FY24-25
Revenues	16.5	16.0	18.1	18.7	21.5	12.7
Expenditures	16.5	15.2	18.0	19.1	21.6	13.4
Operating Margin	-	0.8	0.1	(0.4)	(0.1)	(0.7)
Operating Margin without Encumbrances	-	0.8	0.1	(0.4)	(0.1)	(0.2)

- **Investments** – Five securities were called, and three new securities were purchased. Total interest earnings received on investments were \$405,000 during the month.

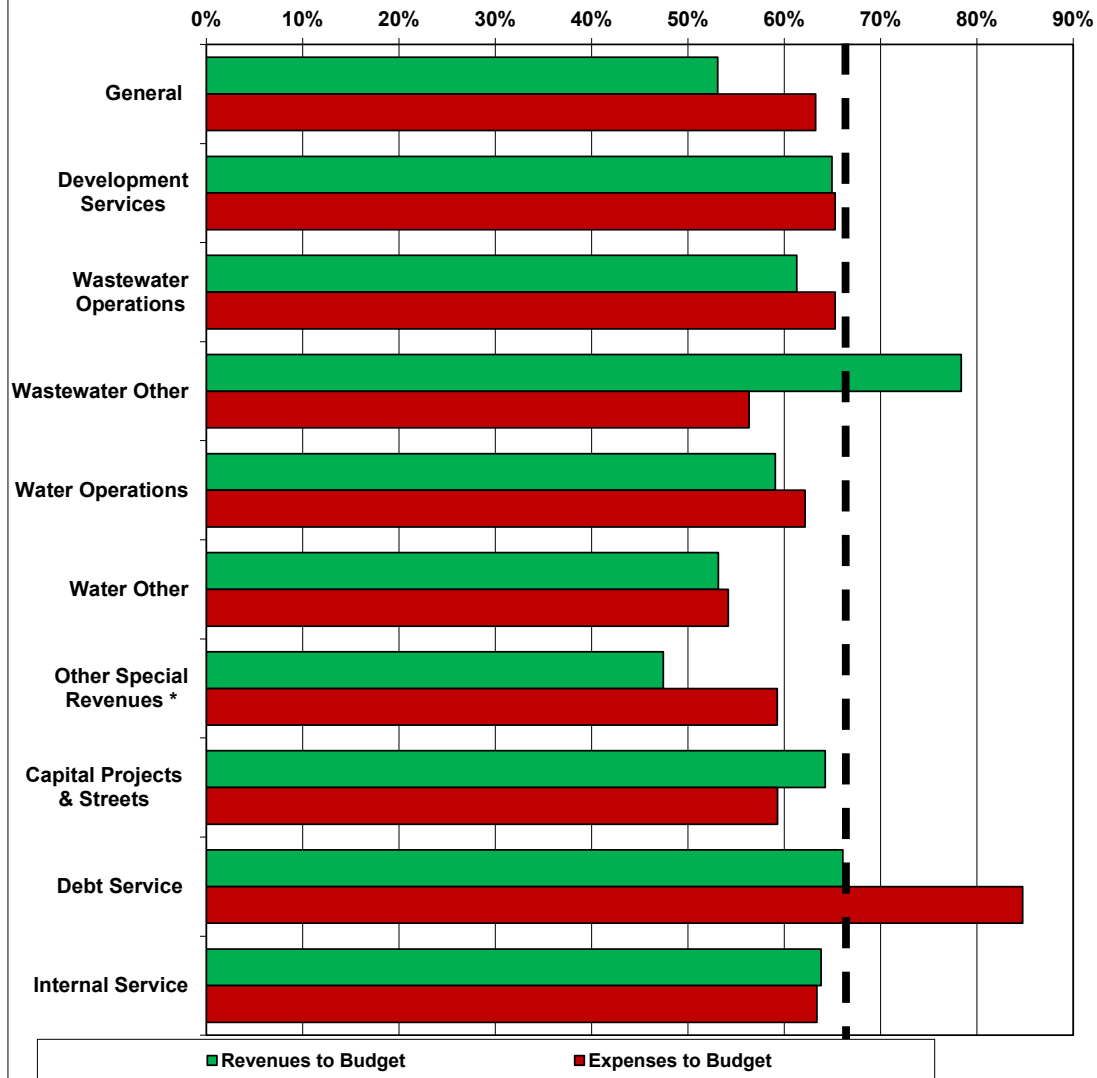


Morgan Hill YTD Revenue & Expense Summary

February 28, 2025 - 67% of Year Complete

Percentage of Actual to Budget

67%



FUND NAME	REVENUES		EXPENSES	
	ACTUAL	% OF BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET
General	\$ 30,021,077	53%	\$ 40,935,146	63%
Development Services	3,870,001	65%	4,179,471	65%
Wastewater Operations	10,201,603	61%	10,963,983	65%
Wastewater Other	14,168,645	78%	10,778,542	56%
Water Operations	12,732,984	59%	13,448,864	62%
Water Other	7,666,409	53%	13,195,465	54%
Other Special Revenues *	4,023,109	47%	6,707,402	59%
Capital Projects & Streets	20,974,138	64%	29,989,618	59%
Debt Service	456,939	66%	573,766	85%
Internal Service	9,259,244	64%	10,069,578	63%
TOTAL FOR ALL FUNDS	\$ 113,374,150	60%	\$ 140,841,835	61%

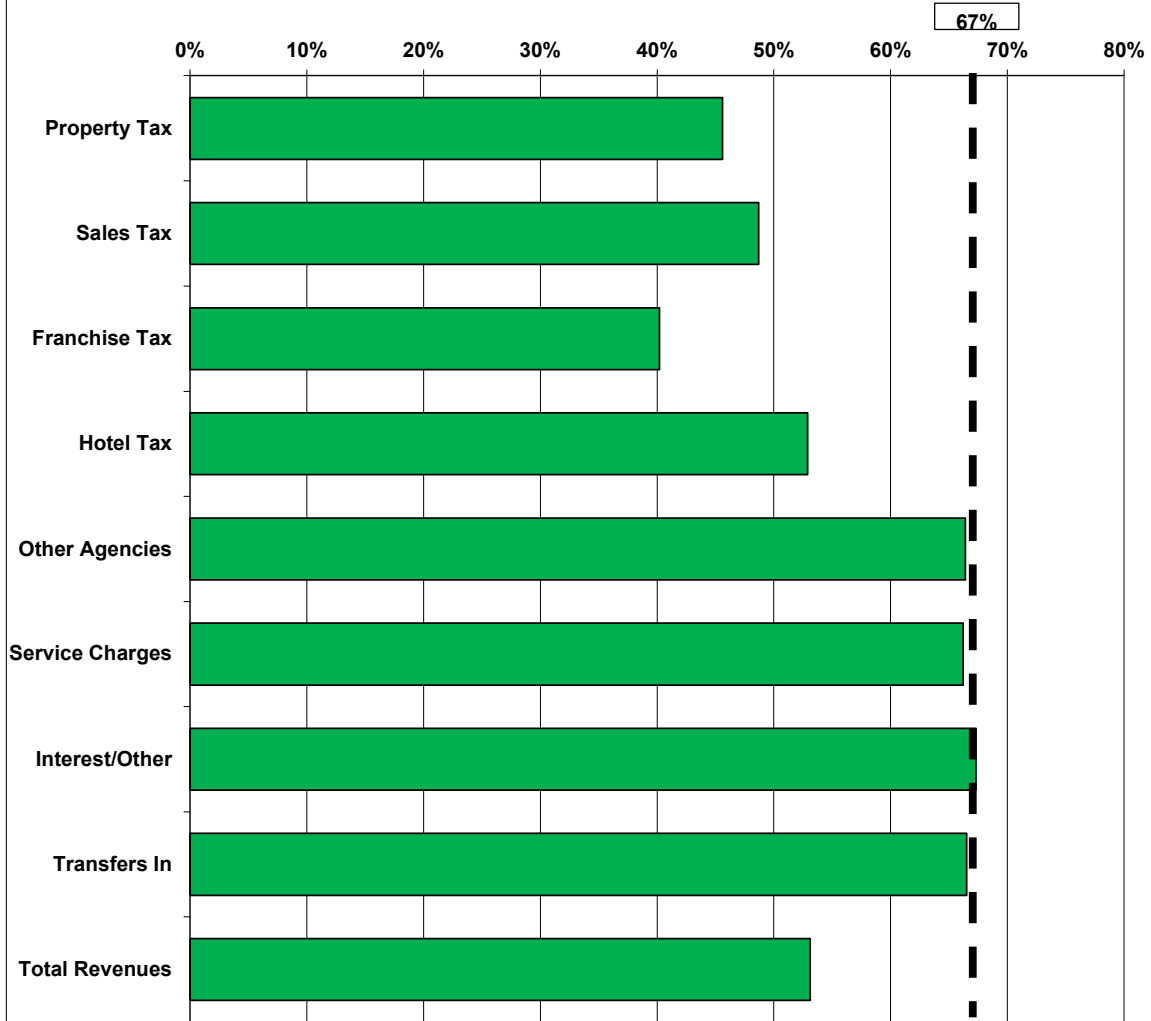
* Includes all Special Revenue Funds except Development Services Fund and Street Funds.



Morgan Hill YTD General Fund Revenues

February 28, 2025 - 67% of Year Complete

Percent of Actual to Budget



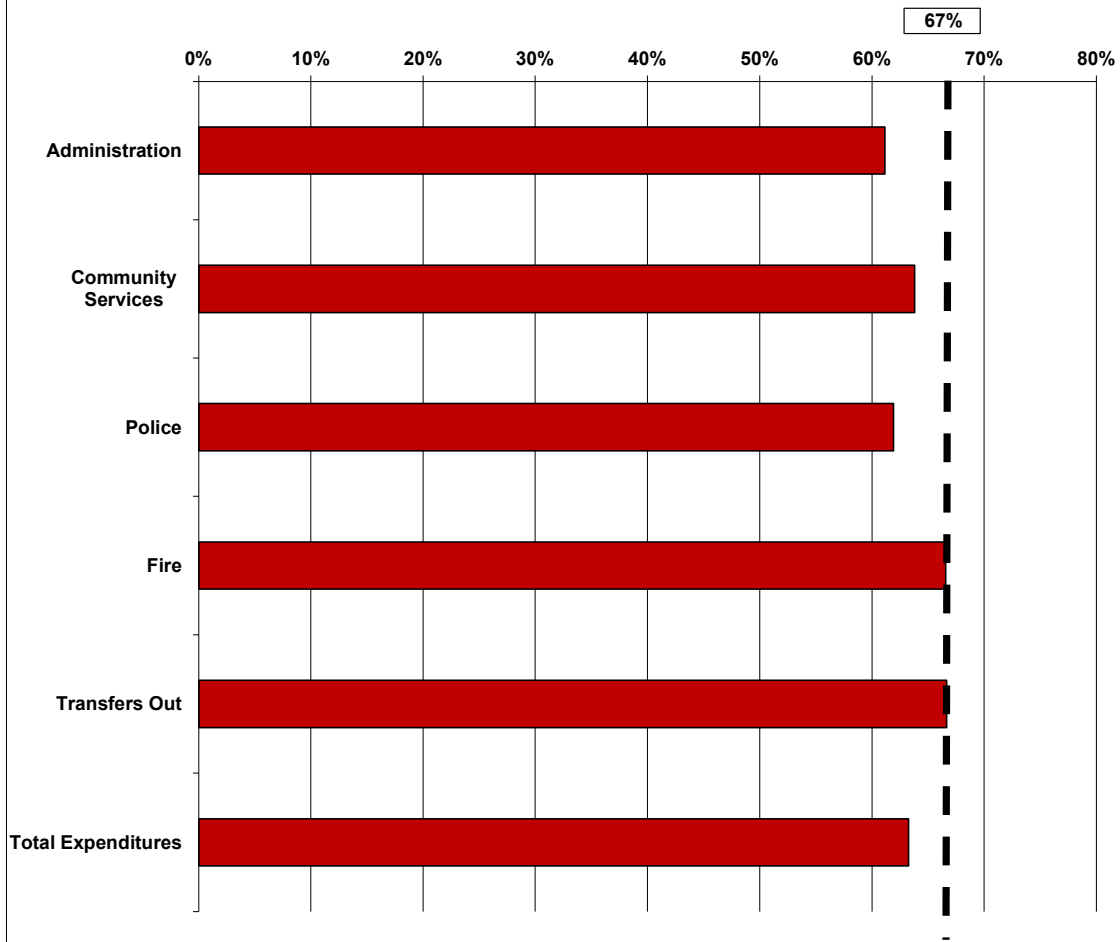
REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Property Tax	\$ 19,411,020	\$ 8,856,061	46%	\$ 8,847,308	0%
Sales Tax	12,816,469	6,243,211	49%	6,575,702	-5%
Franchise Tax	3,185,872	1,282,171	40%	1,371,910	-7%
Hotel Tax	2,678,000	1,415,821	53%	1,444,634	-2%
Other Agencies	1,601,204	1,062,660	66%	656,193	62%
Service Charges	10,323,751	6,830,160	66%	6,742,679	1%
Interest/Other	3,107,665	2,092,860	67%	1,585,954	32%
Transfers In	3,365,760	2,238,133	67%	2,145,310	4%
TOTAL REVENUES	\$ 56,489,742	\$ 30,021,077	53%	\$ 29,369,692	2%



Morgan Hill YTD General Fund Expenditures

February 28, 2025 - 67% of Year Complete

Percent of Actual to Budget



EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YTD PLUS ENCUMBRANCES	% CHANGE FROM PRIOR YEAR
Administration	\$ 7,351,159	\$ 4,495,750	61%	\$ 4,111,553	9%
Community Services	19,922,029	12,708,480	64%	12,147,827	5%
Police	25,598,203	15,847,915	62%	14,842,048	7%
Fire	10,381,160	6,910,847	67%	6,289,335	10%
Transfers Out	1,458,230	972,153	67%	869,178	12%
TOTAL EXPENDITURES	\$ 64,710,781	\$ 40,935,146	63%	\$ 38,259,940	7%

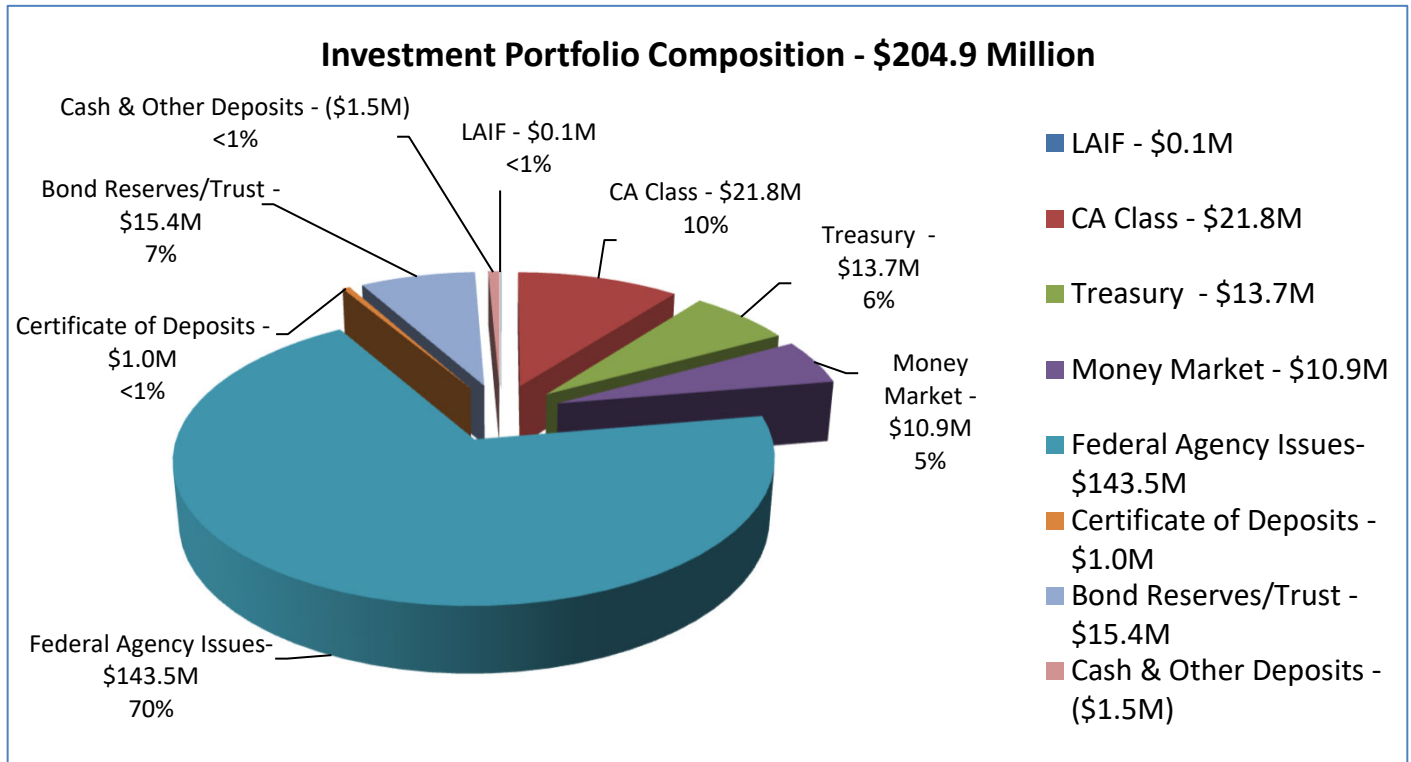


City of Morgan Hill
Recreation Report - Fiscal Year 2024-25
For the Month Ended February 28, 2025
67% of Year Complete

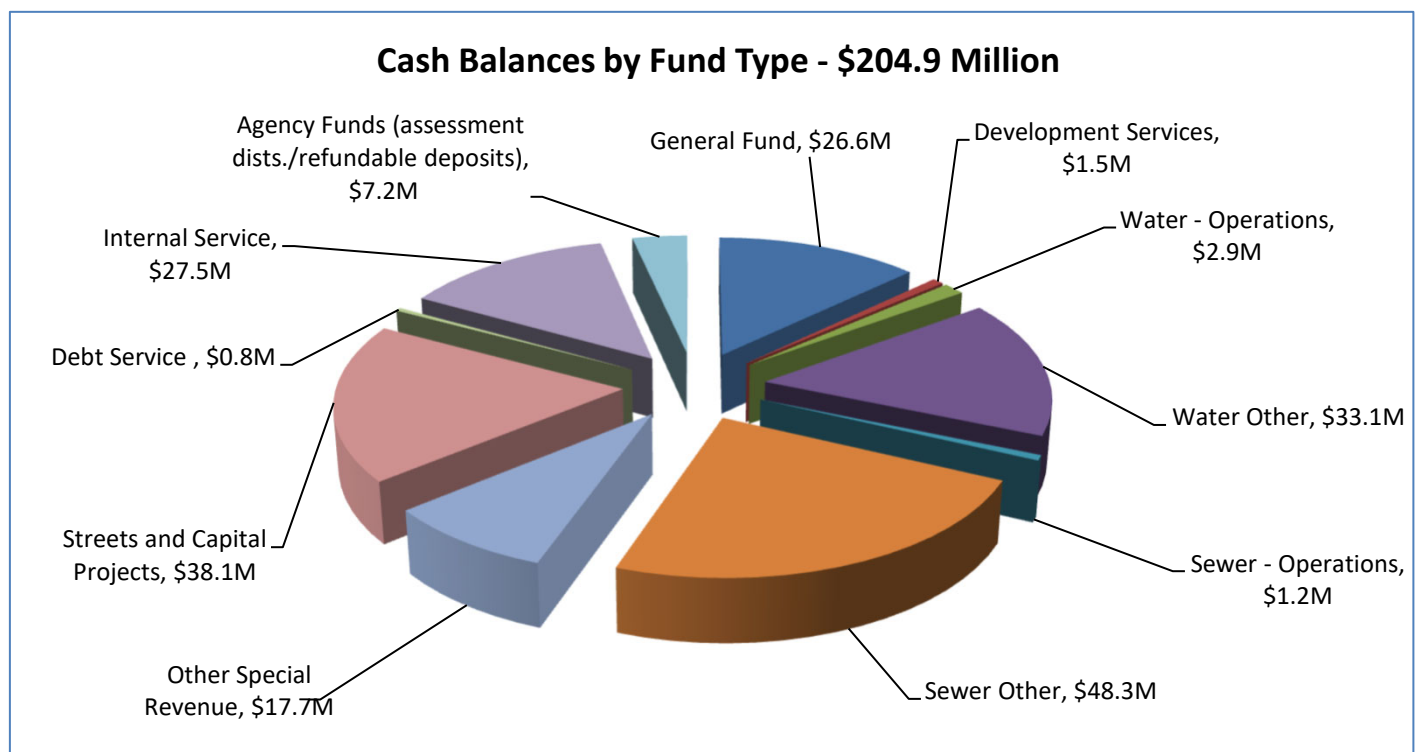
	<u>Budget</u>	<u>February 2025</u>	<u>YTD</u>	<u>% of Budget</u>
Revenues				
Membership Services & Rec Programs	\$ 6,222,399	\$ 459,456	\$ 4,055,985	
Facility Rentals	1,197,395	117,446	1,018,254	
Community Services	147,498	2,410	116,352	
Transfers in	100,000	6,250	66,667	
Total Revenues	<u>\$ 7,667,292</u>	<u>\$ 585,562</u>	<u>\$ 5,257,258</u>	69%
Less: Expenditures				
Membership & Program Services	\$ 8,040,818	\$ 448,664	\$ 4,700,699	
Facility Rentals	633,051	43,537	361,122	
Community Services	761,973	49,537	373,606	
Total Expenditures	<u>\$ 9,435,843</u>	<u>\$ 541,737</u>	<u>\$ 5,435,426</u>	58%
Net Impact without encumbrances	<u>\$ (1,768,551)</u>	<u>\$ 43,824</u>	<u>\$ (178,168)</u>	
Encumbrances	-	-	1,107,067	
Net Impact with encumbrances	<u>\$ (1,768,551)</u>	<u>\$ 43,824</u>	<u>\$ (1,285,235)</u>	

City of Morgan Hill Monthly Investment Report - February 28, 2025

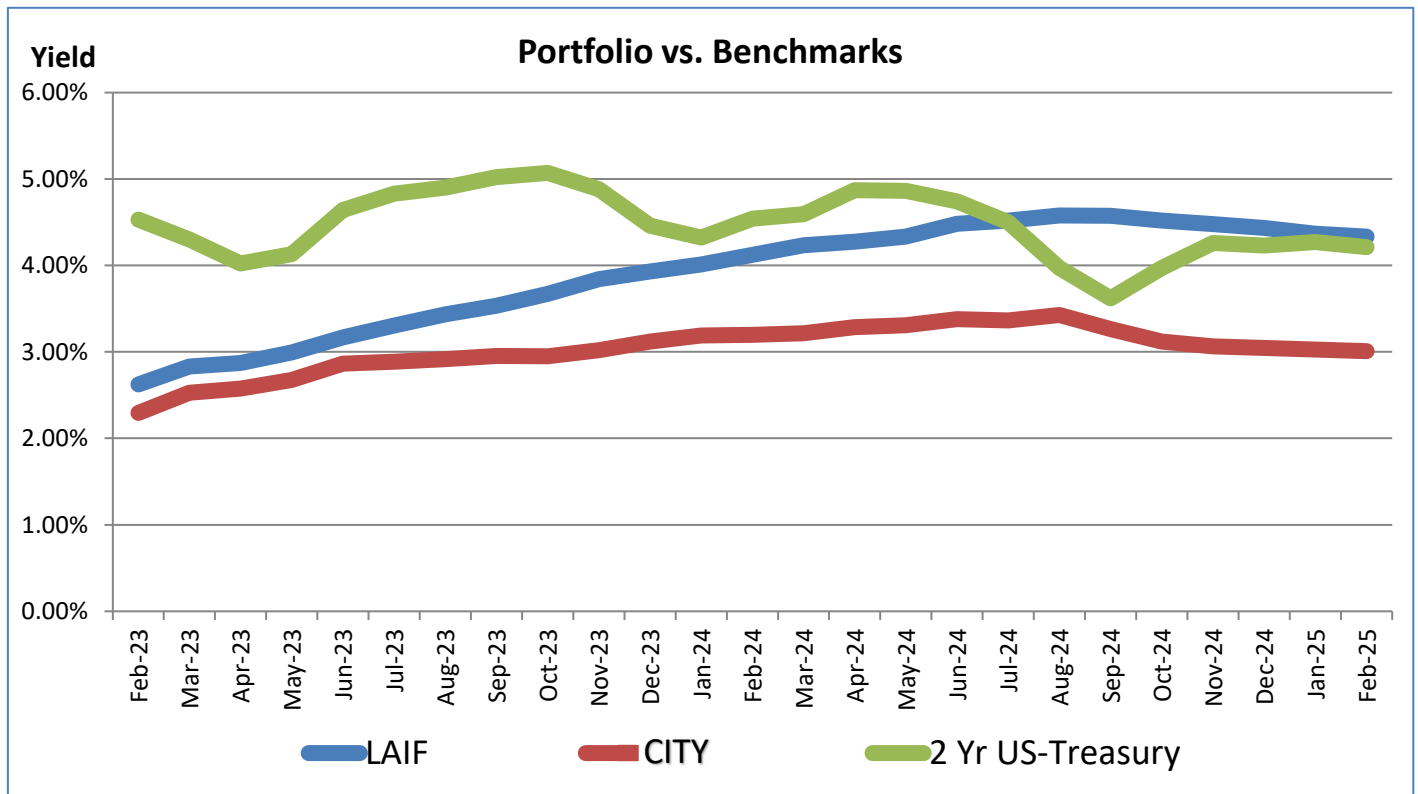
The following are the snapshots of City's investment portfolio as of February 28, 2025. The first chart shows the portfolio composition by investment type:



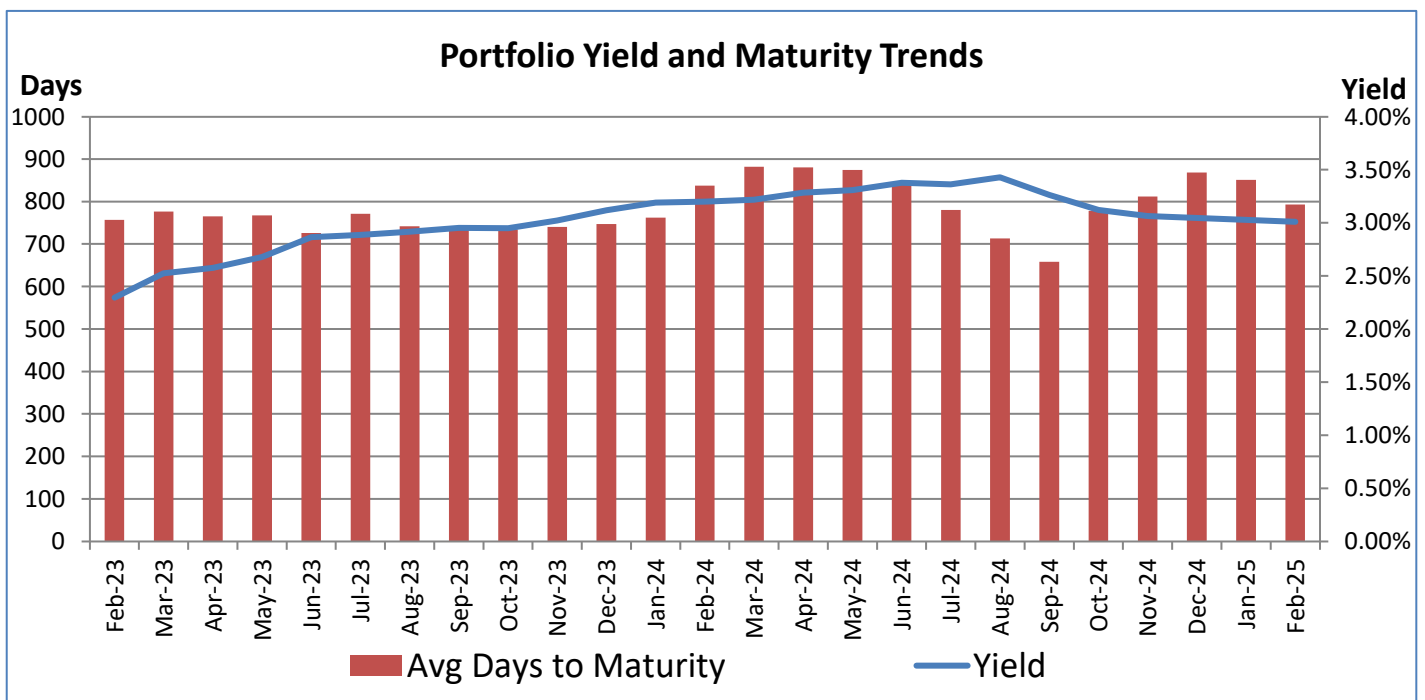
The chart below shows cash balances by fund type reconciled to City's financial system:



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 February 28, 2025

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			\$ 62,536	\$ 62,536	0.0%	\$ 62,512	4.33%		
California C L A S S			21,743,716	21,743,716	10.6%	21,743,716	4.41%		
WFB Money Market			5,128,649	5,128,649	2.5%	5,128,649	4.28%		
US Bank - Portfolio of Securities									
Dreyfus Treasury Agency MM	261908107		5,773,265	5,773,265	2.8%	5,773,265	4.24%		
Treasury Note	91282CCZ2	10/8/2021	1,987,656	1,996,069	1.0%	1,904,300	1.00%	9/30/2026	9/30/2026
Treasury Note	912828U24	6/13/2022	1,904,688	1,963,137	1.0%	1,933,900	3.16%	11/15/2026	11/15/2026
Treasury Note	91282CFL0	9/30/2024	2,031,719	2,029,096	1.0%	1,988,280	3.53%	9/30/2029	9/30/2029
Treasury Note	91282CLL3	10/1/2024	1,994,323	1,992,544	1.0%	1,971,400	3.53%	9/15/2027	9/15/2027
Treasury Note	91282CCV1	10/4/2024	1,822,536	1,838,922	0.9%	1,814,620	3.61%	8/31/2028	8/31/2028
Treasury Note	31282CFJ5	10/7/2024	1,949,794	1,947,962	1.0%	1,927,420	3.76%	8/31/2029	8/31/2029
Treasury Note	91282CFY2	12/19/2024	1,959,077	1,956,799	1.0%	1,987,820	4.39%	11/30/2029	11/30/2029
FFCB Bond	3133ELC28	5/27/2020	2,000,000	2,000,000	1.0%	1,982,260	0.73%	3/5/2025	5/27/2025
FHLMC Bond	3134GWZG4	10/20/2020	2,000,000	2,000,000	1.0%	1,954,520	0.60%	7/20/2025	10/20/2025
FHLMC Bond	3134GW3X2	10/27/2020	2,000,000	2,000,000	1.0%	1,953,380	0.63%	7/27/2025	10/27/2025
FFCB Bond	3133EMFR8	11/3/2020	2,000,000	2,000,000	1.0%	1,951,760	0.54%	3/5/2025	11/3/2025
FNMA Bond	3135GA4P3	11/18/2020	2,000,000	2,000,000	1.0%	1,949,500	0.65%	11/18/2025	11/18/2025
FHLMC Bond	3134GXEJ9	11/24/2020	2,000,000	2,000,000	1.0%	1,949,120	0.64%	5/24/2025	11/24/2025
FFCB Bond	3133EMHF2	11/24/2020	1,000,000	1,000,000	0.5%	974,110	0.60%	3/5/2025	11/24/2025
FHLMC Bond	3134GXCS1	11/25/2020	3,000,000	3,000,000	1.5%	2,922,900	0.63%	11/25/2025	11/25/2025
FHLMC Bond	3134GXFA7	11/30/2020	2,000,000	2,000,000	1.0%	1,948,880	0.65%	5/26/2025	11/26/2025
FFCB Bond	3133EMLC4	12/22/2020	2,000,000	2,000,000	1.0%	1,941,120	0.47%	3/5/2025	12/22/2025
FHLB Bond	3130AKQ74	1/22/2021	2,000,000	2,000,000	1.0%	1,937,940	0.63%	5/22/2025	1/22/2026
FNMA Bond	3135G06R9	1/28/2021	2,000,000	2,000,000	1.0%	1,935,680	0.55%	5/28/2025	1/28/2026
FHLB Bond	3130AKRN8	1/28/2021	2,000,000	2,000,000	1.0%	1,937,080	0.65%	5/28/2025	1/28/2026
FHLB Bond	3130ALCV4	2/24/2021	2,000,000	2,000,000	1.0%	1,934,660	0.75%	5/24/2025	2/24/2026
FHLB Bond	3130ALDB7	2/25/2021	2,000,000	2,000,000	1.0%	1,932,960	0.66%	5/25/2025	2/25/2026
FHLB Bond	3130AKZ25	2/26/2021	2,000,000	2,000,000	1.0%	1,932,680	0.65%	5/26/2025	2/26/2026
FHLB Bond	3130ALGS7	3/10/2021	2,000,000	2,000,000	1.0%	1,933,580	0.85%	3/10/2025	3/10/2026
FHLB Bond	3130ALEP5	3/16/2021	2,000,000	2,000,000	1.0%	1,931,960	0.70%	3/16/2025	3/16/2026
FHLB Bond	3130ALDN1	3/16/2021	2,000,000	2,000,000	1.0%	1,930,500	0.80%	3/16/2025	3/16/2026
FHLB Bond	3130AMNH1	6/9/2021	2,000,000	2,000,000	1.0%	1,923,140	1.08%	3/5/2025	6/9/2026
FHLB Bond	3130AMYJ5	6/30/2021	2,000,000	2,000,000	1.0%	1,918,020	1.00%	3/30/2025	6/30/2026
FHLB Bond	3130AMYP1	7/15/2021	3,000,000	3,000,000	1.5%	2,883,330	1.13%	7/15/2025	7/15/2026
FHLB Bond	3130AMYS5	7/15/2021	2,000,000	2,000,000	1.0%	1,974,020	0.85%	7/15/2025	7/15/2025
FHLB Bond	3130ANJC5	8/26/2021	2,000,000	2,000,000	1.0%	1,904,580	0.80%	8/26/2025	8/26/2026
FHLB Bond	3130ANLW8	8/26/2021	3,000,000	3,000,000	1.5%	2,864,190	1.00%	5/26/2025	8/26/2026
FHLB Bond	3130ANLZ1	8/26/2021	2,000,000	2,000,000	1.0%	1,907,440	0.90%	8/26/2025	8/26/2026
FHLB Bond	3130A8XY4	9/13/2021	2,103,340	2,031,784	1.0%	1,936,580	0.82%	9/11/2026	9/11/2026
FFCB Bond	3133EM4X7	9/28/2021	1,982,960	1,994,722	1.0%	1,902,340	0.98%	9/10/2026	9/10/2026
FHLB Bond	3130APCH6	9/29/2021	3,000,000	3,000,000	1.5%	2,862,630	1.13%	3/5/2025	9/29/2026
FHLB Bond	3130ANZE3	9/30/2021	2,000,000	2,000,000	1.0%	1,902,280	0.88%	9/30/2026	9/30/2026
FHLB Bond	3130AP6N0	9/30/2021	3,000,000	3,000,000	1.5%	2,859,030	1.05%	3/30/2025	9/30/2026
FHLB Bond	3130AP6M2	9/30/2021	3,000,000	3,000,000	1.5%	2,859,480	1.02%	3/30/2025	9/30/2026
FHLB Bond	3130APCG8	10/19/2021	2,000,000	2,000,000	1.0%	1,902,440	1.00%	7/19/2025	10/19/2026
FHLB Bond	3130APNX9	11/18/2021	2,000,000	2,000,000	1.0%	1,906,700	1.30%	11/18/2025	11/18/2026
FHLB Bond	3130AQHU0	1/19/2022	2,000,000	2,000,000	1.0%	1,934,560	1.74%	1/19/2027	1/19/2027
FHLB Bond	3130AQKT9	1/25/2022	2,000,000	2,000,000	1.0%	1,980,040	1.51%	7/25/2025	7/25/2025
FHLB Bond	3130AR4F5	3/10/2022	2,000,000	2,000,000	1.0%	1,997,440	3.48%	3/10/2025	3/10/2027
FHLMC Bond	3134GXUZ5	6/15/2022	2,000,000	2,000,000	1.0%	1,988,780	3.28%	12/15/2025	12/15/2025
FHLB Bond	3130ASPE3	7/28/2022	2,000,000	2,000,000	1.0%	1,995,820	4.30%	7/28/2025	7/28/2027
FHLMCTN Bond	3134H1QG1	1/26/2024	3,000,000	3,000,000	1.5%	3,007,260	4.66%	7/26/2025	1/26/2029
FHLB Bond	3130B2M85	9/6/2024	2,000,000	2,000,000	1.0%	2,000,300	5.20%	3/6/2025	9/6/2029
FHLB Bond	3130B2KZ7	9/11/2024	2,000,000	2,000,000	1.0%	1,999,080	5.00%	3/11/2025	9/11/2029
FHLMCMTN Bond	3134HAKY8	9/13/2024	2,985,210	2,986,566	1.5%	2,945,640	4.11%	12/13/2025	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%	2,997,660	5.00%	3/19/2025	9/19/2029

Investment Type	CUSIP	Settlement Date	Cost Value	Book Value	% of Portfolio	Market Value	YTM at Cost	Next Call Date	Date of Maturity
FHLB Bond	3130B2P58	9/26/2024	2,003,014	2,000,000	1.0%	1,968,440	3.87%	9/10/2026	9/10/2029
FHLB Bond	3130B2X59	9/27/2024	2,000,000	2,000,000	1.0%	1,978,120	4.00%	9/18/2025	9/18/2028
FHLMCMTN Bond	3134HANZ2	10/1/2024	3,000,000	3,000,000	1.5%	3,000,660	5.00%	2/1/2025	10/1/2029
FHLB Bond	3130B33T8	10/8/2024	2,500,000	2,500,000	1.2%	2,498,850	5.00%	7/2/2025	10/2/2029
FHLB Bond	3130B35N9	10/8/2024	2,000,000	2,000,000	1.0%	1,988,760	4.50%	10/1/2025	10/1/2029
FHLMCMTN Bond	3134HARE5	10/11/2024	2,000,000	2,000,000	1.0%	1,996,260	4.75%	4/11/2025	10/11/2029
FNMA Bond	3135GAW98	10/15/2024	2,000,000	2,000,000	1.0%	1,995,800	5.00%	4/1/2025	10/1/2029
FHLB Bond	3130B36N8	10/15/2024	1,944,000	1,994,443	1.0%	1,987,060	4.32%	4/15/2026	10/15/2029
FHLMCMTN Bond	3134HAVE0	10/30/2024	2,000,000	2,000,000	1.0%	1,999,980	5.25%	7/30/2025	10/30/2029
FHLMCMTN Bond	3134HAXT5	11/12/2024	2,000,000	2,000,000	1.0%	2,000,000	5.00%	5/7/2025	11/7/2029
FHLMCMTN Bond	3134HAZW6	11/15/2024	2,000,281	2,000,000	1.0%	1,995,440	5.43%	5/14/2025	11/14/2029
FHLMCMTN Bond	3134HAC92	11/19/2024	3,000,000	3,000,000	1.5%	3,009,900	5.00%	5/19/2025	11/19/2029
FNMA Bond	3135GAYV7	11/26/2024	3,000,000	3,000,000	1.5%	3,001,230	5.25%	3/26/2025	11/26/2029
FFCB Bond	3133ERF48	12/4/2024	2,000,000	2,000,000	1.0%	2,003,000	4.77%	12/4/2025	12/4/2028
FHLMCMTN Bond	3134HAM91	12/13/2024	2,000,000	2,000,000	1.0%	1,997,900	4.70%	6/13/2025	12/13/2027
FNMA Bond	3136GA4B2	12/20/2024	2,000,000	2,000,000	1.0%	2,000,860	5.01%	6/20/2025	12/20/2029
FNMA Bond	3136GA6M6	1/24/2025	2,000,000	2,000,000	1.0%	1,999,340	5.00%	7/24/2025	7/24/2028
FHLB Bond	3130B4MZ1	1/30/2025	2,000,000	2,000,000	1.0%	2,000,040	5.25%	7/22/2025	1/22/2030
FNMA Bond	3136GAAN9	2/13/2025	2,000,000	2,000,000	1.0%	2,001,900	5.05%	8/13/2025	2/13/2030
FNMA Bond	3136GABM0	2/25/2025	2,000,000	2,000,000	1.0%	1,998,800	5.06%	8/25/2025	2/25/2030
FHLB Bond	3130B5A73	2/26/2025	2,000,000	2,000,000	1.0%	1,999,740	4.75%	8/26/2026	2/26/2030
CD - Morgan Stanley Bank	61690DGT9	11/8/2023	250,000	250,000	0.1%	256,518	5.05%	11/8/2028	11/8/2028
CD - Morgan Stanley Private Bank	61768EE82	11/8/2023	250,000	250,000	0.1%	256,518	5.05%	11/8/2028	11/8/2028
CD - American Express	02589AF98	11/8/2023	250,000	250,000	0.1%	256,095	5.00%	11/8/2028	11/8/2028
CD - State Bank India	8562834U7	11/24/2023	250,000	250,000	0.1%	258,813	5.00%	11/24/2028	11/24/2028
Sub Total/Average			\$ 163,941,863	\$ 164,005,307	80.1%	\$ 161,037,517	2.78%		
Total City Managed/Average			\$ 190,876,764	\$ 190,940,208	93.2%	\$ 187,972,395	3.01%		
Bond Reserve Accounts - Held By Trustees			\$ 7,535,993	\$ 7,535,993	3.7%	\$ 7,535,993			
Cash/Deposits			\$ (1,490,101)	\$ (1,490,101)	-0.7%	\$ (1,490,101)			
PARS and CALPERS CERBT Trust			\$ 7,887,404	\$ 7,887,404	3.8%	\$ 9,733,607			
GRAND TOTAL/AVERAGE			\$ 204,810,060	\$ 204,873,504	100.0%	\$ 203,751,893			



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF FEBRUARY 28, 2025
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	4.33%	\$ 62,536	0.0%	\$ 62,512
California CLASS	All Funds Pooled	4.41%	21,743,716	10.6%	21,743,716
US Bank - Portfolio of Securities	All Funds Pooled	2.78%	164,005,307	80.1%	161,037,517
WFB MMA	All Funds Pooled	4.28%	5,128,649	2.5%	5,128,649
	SUBTOTAL		\$ 190,940,208	93.2%	\$ 187,972,395
Bond Reserve Accounts - held by trustees					
Zions Bank - Civic Center/Library Facility					
Blackrock Liq Fund	Debt Service	4.49%	249,367	0.1%	249,367
Zions Bank - MH Police Facility Lease Revenue Bonds					
Blackrock Liq Fund	Debt Service	4.49%	317,377	0.2%	317,377
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Agency Fund	3.92%	6,557,544	3.2%	6,557,544
Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015					
Blackrock Liquidity Temp Fund-2015	Agency Fund	4.49%	411,705	0.2%	411,705
	SUBTOTAL		7,535,993	3.7%	7,535,993
Other Cash/Deposits					
General Checking	All Funds		(1,535,951)	-0.7%	(1,535,951)
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%	6,527,089
PARS - PENSION Trust			2,650,000	1.3%	3,206,518 **
	SUBTOTAL		6,397,303	3.1%	8,243,506
Total Cash and Investments			\$ 204,873,504	100.0%	\$ 203,751,893

** As of 01/31/2025

CASH ACTIVITY SUMMARY
FY 2024-25

Fund Type	07/01/2024 Balance	Change in Cash Balance	2/28/2025 Balance
General Fund	\$ 30,617,860	\$ (4,016,963)	\$ 26,600,898
Development Services	1,939,319	(430,440)	1,508,880
Water - Operations	2,386,837	502,702	2,889,539
Water Other	27,894,107	5,188,801	33,082,908
Sewer - Operations	1,178,576	70,899	1,249,475
Sewer Other	41,964,736	6,330,708	48,295,443
Other Special Revenue	17,038,062	636,553	17,674,614
Streets and Capital Projects	39,467,115	(1,312,957)	38,154,158
Debt Service	346,933	448,711	795,644
Internal Service	27,935,786	(466,722)	27,469,064
Agency Funds (assessment dists./refundable deposits)	7,240,095	(87,214)	7,152,881
Total	\$ 198,009,426	\$ 6,864,078	\$ 204,873,504

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:

Reviewed by:

Dat Nguyen, Finance Director

Cindy Murphy, Treasurer



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2024-25
For the Month Ended February 28, 2025
67% 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	\$ 7,545,860	47%	\$ 7,698,342	\$ (152,481)	-2%
Property Tax - RPTTF Residual Distribution	2,895,920	2,895,920	1,160,036	40%	1,020,900	139,136	14%
Property Tax - Supplemental Roll	304,220	304,220	150,165	49%	128,067	22,098	17%
Sales Tax	12,352,215	12,352,215	6,062,813	49%	6,357,589	(294,776)	-5%
Public Safety Sales Tax	464,254	464,254	180,398	39%	218,113	(37,715)	-17%
Transient Occupancy Taxes	2,678,000	2,678,000	1,415,821	53%	1,444,634	(28,813)	-2%
Franchise (Refuse ,Cable ,PG&E)	3,185,872	3,185,872	1,282,171	40%	1,371,910	(89,738)	-7%
Property Transfer Tax	600,000	600,000	325,536	54%	260,993	64,544	25%
TOTAL TAXES	38,691,361	38,691,361	18,122,801	47%	18,500,548	(377,747)	-2%
LICENSES/PERMITS							
Business License	200,000	200,000	194,563	97%	169,249	25,314	15%
Other Permits	80,750	80,750	57,490	71%	26,774	30,716	115%
TOTAL LICENSES/PERMITS	280,750	280,750	252,052	90%	196,023	56,029	29%
FINES AND PENALTIES							
Parking Enforcement	9,800	9,800	6,312	64%	6,533	(221)	-3%
Bails & Fines	55,000	55,000	19,049	35%	31,182	(12,133)	-39%
Administrative Citations	20,000	20,000	11,277	56%	17,203	(5,926)	-34%
TOTAL FINES AND PENALTIES	84,800	84,800	36,638	43%	54,918	(18,280)	-33%
OTHER AGENCIES							
Motor Vehicle in-Lieu	61,800	61,800	73,134	118%	56,686	16,447	29%
Other Revenue - Other Agencies	1,332,381	1,601,204	1,062,660	66%	656,193	406,467	62%
TOTAL OTHER AGENCIES	1,394,181	1,663,004	1,135,794	68%	712,880	422,914	59%
CHARGES CURRENT SERVICES							
Police False Alarm Charge	33,500	33,500	20,668	62%	24,216	(3,549)	-15%
Business License Application Review	82,400	82,400	36,758	45%	76,389	(39,630)	-52%
Membership Services & Rec Programs	6,222,399	6,222,399	4,055,985	65%	3,827,185	228,800	6%
Facility Rentals	1,197,395	1,197,395	1,018,254	85%	1,048,244	(29,990)	-3%
Community Services	147,498	147,498	116,352	79%	48,643	67,710	139%
General Administration Overhead	1,756,111	1,756,111	1,121,940	64%	1,171,663	(49,723)	-4%
Other Charges Current Services	884,448	884,448	460,202	52%	546,340	(86,138)	-16%
TOTAL CURRENT SERVICES	10,323,751	10,323,751	6,830,160	66%	6,742,679	87,480	1%
OTHER REVENUE							
Use of money/property	1,375,045	1,375,045	890,889	65%	865,429	25,460	3%
Other Revenues	705,270	705,270	514,609	73%	151,905	362,704	239%
TOTAL OTHER REVENUE	2,080,315	2,080,315	1,405,499	68%	1,017,334	388,165	38%
TRANSFERS IN							
One Time Transfer	165,000	165,000	110,000	67%	120,000	(10,000)	-8%
Public Safety Facilities Fund	50,000	50,000	33,333	67%	33,333	-	0%
Supplemental Law Enforcement Fund	100,000	100,000	100,000	100%	100,000	-	n/a
Countywide Solid Waste	540,328	540,328	360,219	67%	248,667	111,552	45%
Streets	851,932	851,932	528,915	62%	492,682	36,233	7%
Park Maintenance	650,000	650,000	433,333	67%	433,333	-	n/a
Sewer Operations	413,700	413,700	275,800	67%	303,399	(27,599)	-9%
Water Operations	413,700	413,700	275,800	67%	309,830	(34,030)	-11%
Open Space	81,100	81,100	54,067	67%	54,067	-	n/a
Park Development	100,000	100,000	66,667	67%	50,000	16,667	33%
TOTAL TRANSFERS IN	3,365,760	3,365,760	2,238,133	66%	2,145,310	92,823	4%
TOTAL GENERAL FUND	56,220,919	56,489,742	30,021,077	53%	29,369,692	651,385	2%
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	851,932	851,932	523,940	62%	490,324	33,616	7%
Interest / Other Revenue/Other Charges	2,135	2,135	4,544	213%	5,007	(463)	-9%
202 STREET MAINTENANCE	854,067	854,067	528,484	62%	495,331	33,153	7%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2024-25
For the Month Ended February 28, 2025
67% 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	9,707	75%	7,282	2,425	33%
Police Grant/SLEF/JAG	100,000	100,000	136,330	136%	137,794	(1,464)	-1%
205 SUPPLEMENTAL LAW ENFORCEMENT FUND	112,957	112,957	146,037	129%	145,076	961	1%
206 DEVELOPMENT SERVICES							
Building Fees	3,510,850	3,510,850	2,400,776	68%	2,057,665	343,111	17%
Planning Fees	954,276	954,276	696,437	73%	1,072,334	(375,897)	-35%
Engineering Fees	942,327	942,327	587,552	62%	345,851	241,701	70%
Other Revenue/Current Charges	550,599	550,599	185,236	34%	184,944	292	0%
206 DEVELOPMENT SERVICES	5,958,052	5,958,052	3,870,001	65%	3,660,794	209,207	6%
207 LONG RANGE PLANNING	1,751,005	1,751,005	656,194	37%	592,335	63,859	11%
215 and 216 HCD BLOCK GRANT							
Interest Income/Other Revenue	1,161	1,161	1,533	132%	1,276	257	20%
215 and 216 HCD BLOCK GRANT	1,161	1,161	1,533	132%	1,276	257	20%
225 ASSET SEIZURE	2,807	2,807	2,336	83%	1,954	381	20%
229 LIGHTING AND LANDSCAPE	206,415	206,415	115,954	56%	115,109	845	1%
230 COMMUNITY FACILITIES DISTRICT	28,828	28,828	18,241	63%	29,626	(11,386)	-38%
232 ENVIRONMENTAL PROGRAMS	501,236	501,236	331,524	66%	399,228	(67,704)	-17%
234 MOBILE HOME PARK RENT STAB.	2,872	2,872	5,335	186%	4,995	339	7%
236 HOUSING MITIGATION	2,762,629	2,762,629	1,061,214	38%	2,374,017	(1,312,803)	-55%
240 EMPLOYEE ASSISTANCE	1,297	1,297	4,987	385%	5,528	(540)	-10%
246 COUNTYWIDE SOLID WASTE	2,279,503	2,279,503	1,286,743	56%	1,580,378	(293,635)	-19%
247 ENVIRONMENT REMEDIATION	-	-	-	n/a	2,685	(2,685)	-100%
255 HOUSING SUCCESSOR AGENCY	463,881	463,881	392,681	85%	315,085	77,596	25%
260 PUBLIC ART	1,411	1,411	330	23%	-	330	n/a
TOTAL SPECIAL REVENUE FUNDS	14,928,122	14,928,122	8,421,594	56%	9,723,418	(1,301,824)	-13%
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	1,999,271	1,999,271	1,799,328	90%	305,853	1,493,474	488%
302 PARK MAINTENANCE	15,507	15,507	56,892	367%	52,996	3,896	7%
303 LOCAL DRAINAGE	1,424,799	1,424,799	425,496	30%	411,773	13,723	3%
304 LOCAL DRAINAGE/NON AB1600	251,296	251,296	249,339	99%	25,686	223,653	871%
306 AGRICULTURE & OPEN SPACE PRESERVATION	18,459	18,459	420,221	2277%	149,259	270,961	182%
308 STREET CIP	3,886,877	3,886,877	3,313,265	85%	1,650,936	1,662,329	101%
309 TRAFFIC IMPACT	4,753,292	4,753,292	1,956,527	41%	687,889	1,268,638	184%
315 PUBLIC SAFETY FACILITIES IMPACT	3,203,214	12,153,214	5,950,194	49%	448,579	5,501,616	1226%
346 PUBLIC FACILITIES NON-AB1600	189,832	189,832	174,185	92%	192,814	(18,630)	-10%
347 PUBLIC FACILITIES IMPACT	451,223	451,223	330,702	73%	184,474	146,228	79%
348 LIBRARY	1,414,286	1,414,286	1,286,598	91%	657,498	629,101	96%
350 UNDERGROUNDING	74,302	74,302	72,147	97%	249,337	(177,190)	-71%
355 SCHOOL PEDESTRIAN/TRAFFIC SAFETY	-	-	-	n/a	31,536	(31,536)	-100%
360 COMMUNITY/REC IMPACT FUND	2,501,528	2,501,528	2,387,401	95%	1,122,448	1,264,953	113%
375 QUIMBY FEE	2,650,042	2,650,042	2,023,360	76%	2,876,579	(853,219)	-30%
TOTAL CAPITAL PROJECTS FUNDS	22,833,927	31,783,927	20,445,655	64%	9,047,657	11,397,998	126%
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	300,467	300,467	200,082	67%	197,012	3,070	2%
441 POLICE FACILITY BOND	390,939	390,939	256,857	66%	258,684	(1,827)	-1%
TOTAL DEBT SERVICE FUNDS	691,406	691,406	456,939	66%	455,696	1,243	0%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2024-25
For the Month Ended February 28, 2025
67% 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	9,955,743	62%	8,669,859	1,285,885	15%
Interest Income/Transfers	141,661	141,661	45,120	32%	38,331	6,789	18%
Other Revenue/Current Charges	397,200	397,200	200,739	51%	197,435	3,305	2%
640 WASTEWATER OPERATION	16,638,861	16,638,861	10,201,603	61%	8,905,624	1,295,979	15%
641 WASTEWATER EXPANSION							
Interest Income	275,047	275,047	499,837	182%	415,604	84,233	20%
Development Impact Fee	11,546,118	11,546,118	9,036,600	78%	4,201,785	4,834,815	115%
641 WASTEWATER EXPANSION	11,821,165	11,821,165	9,536,437	81%	4,617,389	4,919,048	107%
642 WASTEWATER RATE STABILIZATION	108,613	108,613	71,461	66%	185,567	(114,106)	-61%
643 WASTEWATER CAPITAL PROJECT	6,149,134	6,149,134	4,560,748	74%	3,724,904	835,844	22%
TOTAL SEWER FUNDS	34,717,773	34,717,773	24,370,249	70%	17,433,484	6,936,765	40%
650 WATER OPERATION							
Water Sales	19,620,000	19,620,000	11,590,245	59%	10,392,709	1,197,536	12%
Meter Install & Service	107,000	107,000	70,865	66%	76,003	(5,138)	-7%
Transfers-In / Interest Income	894,617	894,617	552,595	62%	451,842	100,753	22%
Other Revenue/Current Charges	926,109	926,109	519,279	56%	434,951	84,327	19%
650 WATER OPERATION	21,547,726	21,547,726	12,732,984	59%	11,355,505	1,377,479	12%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	92,467	92,467	116,167	126%	61,241	54,925	90%
Development Impact Fee	3,829,384	3,829,384	3,047,343	80%	1,099,957	1,947,386	177%
651 WATER EXPANSION	3,921,851	3,921,851	3,163,510	81%	1,161,198	2,002,311	172%
652 WATER RATE STABILIZATION	115,840	115,840	77,103	67%	64,176	12,927	20%
653 WATER CAPITAL PROJECT	10,380,062	10,380,062	4,425,797	43%	4,914,531	(488,735)	-10%
TOTAL WATER FUNDS	35,965,479	35,965,479	20,399,393	57%	17,495,412	2,903,982	17%
TOTAL ENTERPRISE FUNDS	70,683,252	70,683,252	44,769,642	63%	34,928,895	9,840,747	28%
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	2,883,241	2,883,241	1,923,998	67%	1,668,704	255,294	15%
740 BUILDING MAINTENANCE	1,421,485	1,421,485	950,319	67%	1,118,363	(168,044)	-15%
741 BUILDING REPLACEMENT	1,041,905	1,041,905	699,604	67%	641,275	58,329	9%
745 CIP ADMINISTRATION	2,582,015	2,582,015	1,332,835	52%	902,935	429,900	48%
760 UNEMPLOYMENT INSURANCE	10,206	10,206	6,218	61%	5,476	742	14%
770 WORKERS COMPENSATION	1,157,705	1,157,705	676,484	58%	632,656	43,828	7%
790 EQUIPMENT REPLACEMENT	1,680,580	1,704,881	1,234,780	72%	942,494	292,286	31%
791 EMPLOYEE BENEFITS	1,183,215	1,183,215	763,027	64%	570,632	192,396	34%
795 GENERAL LIABILITY INSURANCE	2,519,216	2,519,216	1,671,979	66%	1,405,361	266,617	19%
TOTAL INTERNAL SERVICE FUNDS	14,479,568	14,503,869	9,259,244	64%	7,887,896	1,371,348	17%
TOTAL FOR ALL FUNDS	\$ 179,837,194	\$ 189,080,318	\$ 113,374,150	60%	\$ 91,413,253	\$ 21,960,897	24%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2024-25
For the Month Ended February 28, 2025
67% 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	\$ 20,543	\$ 520,395	\$ 310,616	\$ -	\$ 310,616	60%	\$ 268,693
	CITY ATTORNEY	76,495	1,134,397	640,103	111,265	751,368	66%	577,518
	CITY MANAGER	48,707	1,007,624	443,991	6	443,997	44%	441,709
	HUMAN RESOURCES	72,027	1,087,175	617,131	-	617,131	57%	570,537
	COUNCIL SVCS & RECORDS MGMT							
	Council Svcs & Records Mgmt	44,692	609,913	367,304	-	367,304	60%	332,033
	Elections	2,817	354,364	273,858	-	273,858	77%	20,593
	COUNCIL SVCS & RECORDS MGMT	47,509	964,277	641,162	-	641,162	66%	352,626
	FINANCE	357,767	2,637,291	1,485,572	245,904	1,731,476	66%	1,174,179
	TOTAL ADMINISTRATION	623,048	7,351,159	4,138,576	357,174	4,495,750	61%	3,385,261
II. COMMUNITY SERVICES								
	Membership Services & Rec. Programs	448,664	8,040,818	4,700,699	1,029,560	5,730,259	71%	4,496,557
	Recreation Facility Rentals	43,537	633,051	361,122	41,720	402,842	64%	388,203
	Innovative Transit	84,364	590,944	473,917	15,179	489,096	83%	390,693
	Community Services	49,537	761,973	373,606	35,788	409,393	54%	373,177
	Park Maintenance	113,862	1,472,380	755,690	44,632	800,322	54%	689,348
	Environmental Services	58,313	1,067,544	411,302	13,934	425,236	40%	293,099
	Countywide Solid Waste Program	43,041	540,327	317,816	-	317,816	59%	261,273
	Street Maintenance	371,978	3,511,464	2,180,327	38,236	2,218,563	63%	1,589,267
	Downtown Maintenance	17,081	378,065	176,764	22,105	198,869	53%	178,220
	PD Building Maintenance	47,655	664,355	416,214	70,486	486,700	73%	331,197
	Cable Television	7,569	91,234	60,428	-	60,428	66%	59,637
	COMMUNITY SERVICES	1,285,601	17,752,155	10,227,884	1,311,640	11,539,524	65%	9,050,671
	CODE COMPLIANCE	32,935	405,637	254,490	-	254,490	63%	172,763
	INFRASTRUCTURE PLANNING & CONGESTION MGMT	29,210	555,166	281,498	-	281,498	51%	268,845
	ECONOMIC DEVELOPMENT PROGRAMS	72,467	1,209,072	560,470	72,499	632,968	52%	641,804
	TOTAL COMMUNITY SERVICES	1,420,213	19,922,029	11,324,341	1,384,139	12,708,480	64%	10,134,083
III. PUBLIC SAFETY								
	POLICE							
	PD Administration	104,833	2,296,286	1,054,625	43,267	1,097,892	48%	1,062,616
	Field Operations	1,006,329	13,884,900	7,564,707	538,797	8,103,504	58%	7,359,160
	Support Services	195,865	2,556,380	1,755,799	438,785	2,194,583	86%	1,837,900
	Emergency Services/Haz Mat	26,833	275,047	164,829	-	164,829	60%	147,209
	Special Operations	315,505	4,244,340	2,823,540	8,153	2,831,694	67%	2,462,561
	Dispatch Services	199,327	2,341,249	1,455,413	-	1,455,413	62%	1,295,093
	POLICE	1,848,692	25,598,203	14,818,913	1,029,002	15,847,915	62%	14,164,538
	FIRE	895,586	10,381,160	6,880,221	30,626	6,910,847	67%	6,167,204
	TOTAL PUBLIC SAFETY	2,744,278	35,979,363	21,699,134	1,059,628	22,758,762	63%	20,331,742
IV. TRANSFERS								
	Other	121,519	1,458,230	972,153	-	972,153	67%	869,178
	TOTAL TRANSFERS	121,519	1,458,230	972,153	-	972,153	67%	869,178
	TOTAL GENERAL FUND	4,909,059	64,710,781	38,134,204	2,800,942	40,935,146	63%	34,720,263



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2024-25
For the Month Ended February 28, 2025
67% 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	532,549	-	532,549	62%	496,144
205	PUBLIC SAFETY/SUPP.LAW	113	101,354	100,903	-	100,903	100%	100,859
206	DEVELOPMENT SERVICES FUND							
	Planning	143,622	1,700,561	1,044,272	1,045	1,045,316	61%	1,071,800
	Building	210,832	3,055,890	1,812,653	156,720	1,969,373	64%	1,560,823
	Engineering	113,112	1,644,092	987,015	177,767	1,164,782	71%	1,121,004
206	DEVELOPMENT SERVICES FUND	467,566	6,400,543	3,843,940	335,531	4,179,471	65%	3,753,628
207	LONG RANGE PLANNING	296,330	3,125,686	808,407	748,029	1,556,436	50%	532,825
215/216	CDBG	7	87	58	-	58	67%	55
225	ASSET SEIZURE	68	821	547	-	547	67%	521
229	LIGHTING AND LANDSCAPE	12,394	212,191	140,465	16,482	156,947	74%	113,908
230	COMMUNITY FACILITIES DISTRICT	1,638	23,511	15,891	-	15,891	68%	23,628
232	ENVIRONMENTAL PROGRAMS	27,731	453,818	245,176	4,523	249,699	55%	282,180
234	MOBILE HOME PARK	79	952	635	-	635	67%	605
236	HOUSING MITIGATION	127,079	2,214,529	799,516	762,938	1,562,454	71%	632,791
240	EMPLOYEE ASSISTANCE	83	20,993	4,162	-	4,162	20%	2,631
246	COUNTYWIDE SOLID WASTE PROGRAM	88,344	2,648,132	952,151	1,198,346	2,150,497	81%	1,048,971
255	HOUSING SUCCESSOR AGENCY	87,319	1,319,931	747,481	152,500	899,981	68%	823,384
260	PUBLIC ART	525	16,306	9,192	-	9,192	56%	-
TOTAL SPECIAL REVENUE FUNDS		1,109,731	17,396,238	8,201,074	3,218,348	11,419,422	66%	7,812,130
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	18,528	3,460,007	598,359	101,535	699,895	20%	468,543
302	PARK MAINTENANCE	54,205	1,650,000	435,439	-	435,439	26%	868,806
303	LOCAL DRAINAGE	10,566	10,931,065	3,539,047	556,819	4,095,865	37%	2,820,909
304	LOCAL DRAIN. NON-AB1600	264	505,176	75,590	3,930	79,520	16%	181,919
306	AGRICULTURE & OPEN SPACE PRESERVATION	10,680	128,157	85,438	-	85,438	67%	65,067
308	STREET CIP	17,715	4,992,517	3,824,545	946,570	4,771,115	96%	4,590,621
309	TRAFFIC IMPACT	11,812	4,593,527	3,177,722	258,283	3,436,004	75%	934,752
315	PUBLIC SAFETY FACILITIES IMPACT	491,059	8,993,315	5,500,786	2,269,247	7,770,032	86%	2,106,225
346	PUBLIC FAC.NON AB1600	14,461	1,652,085	45,619	215,744	261,364	16%	231,974
347	PUBLIC FACILITIES IMPACT	2,458	1,444,333	362,362	1,010,368	1,372,730	95%	122,119
348	LIBRARY IMPACT	226,135	2,713,615	1,809,077	-	1,809,077	67%	148,233
350	UNDERGROUNDING	103	401,505	128,045	-	128,045	32%	783
355	SCHOOL PEDESTRIAN & TRAFFIC SAFETY	-	-	-	-	-	n/a	24,582
360	COMM/REC CENTER IMPACT	5,684	1,430,662	326,622	435,558	762,180	53%	225,349
375	QUIMBY FEE	18,711	6,807,980	1,099,325	2,651,040	3,750,365	55%	23,882
TOTAL CAPITAL PROJECTS FUNDS		882,382	49,703,945	21,007,974	8,449,094	29,457,069	59%	12,813,764
DEBT SERVICE FUNDS								
420	CIVIC CENTER DEBT	284	291,714	243,508	-	243,508	83%	238,758
441	POLICE FACILITY BOND DEBT	375	385,093	330,258	-	330,258	86%	323,881
TOTAL DEBT SERVICE FUNDS		659	676,807	573,766	-	573,766	85%	562,639



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2024-25
For the Month Ended February 28, 2025
67% 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	1,355,950	16,796,487	10,943,141	20,843	10,963,983	65%	9,332,523
641	WASTEWATER CAPITAL EXPANSION	106,561	7,897,156	4,427,158	784,934	5,212,092	66%	5,743,817
642	WASTEWATER RATE STABILIZATION	164	1,966	1,311	-	1,311	67%	1,248
643	WASTEWATER CAPITAL PROJECTS	8,760	11,224,791	1,763,097	3,802,043	5,565,140	50%	2,700,492
TOTAL SEWER FUND(S)		1,471,435	35,920,399	17,134,706	4,607,819	21,742,526	61%	17,778,080
WATER								
	Water Operations	1,279,730	19,715,654	11,929,151	421,182	12,350,333	63%	11,586,325
	Utility Billing	105,609	1,502,560	839,039	36,590	875,629	58%	743,950
	Water Conservation	14,556	416,169	203,614	19,288	222,902	54%	232,081
650	WATER OPERATIONS	1,399,896	21,634,383	12,971,804	477,060	13,448,864	62%	12,562,356
651	WATER CAPITAL EXPANSION	166,624	4,406,112	694,646	2,929,712	3,624,358	82%	552,092
652	WATER RATE STABILIZATION	123	1,473	982	-	982	67%	935
653	WATER-CAPITAL PROJECTS	406,122	19,944,363	1,476,002	8,094,123	9,570,125	48%	1,478,153
TOTAL WATER FUND(S)		1,972,764	45,986,331	15,143,434	11,500,894	26,644,328	58%	14,593,536
TOTAL ENTERPRISE FUNDS		3,444,199	81,906,730	32,278,140	16,108,714	48,386,854	59%	32,371,616
INTERNAL SERVICE FUNDS								
730	INFORMATION SYSTEMS	147,800	2,961,976	1,503,050	30,240	1,533,290	52%	1,729,182
740	BUILDING MAINTENANCE	88,272	1,506,259	806,711	76,732	883,443	59%	651,542
741	BUILDING REPLACEMENT	60,377	3,059,856	959,274	542,770	1,502,044	49%	135,780
745	CIP ADMINISTRATION	204,874	2,584,581	1,530,993	4,723	1,535,716	59%	1,206,102
760	UNEMPLOYMENT	2,283	15,000	6,205	-	6,205	41%	11,826
770	WORKERS COMPENSATION	120,493	946,245	927,685	-	927,685	98%	737,559
790	EQUIPMENT REPLACEMENT	56,806	1,400,191	844,844	148,093	992,937	71%	304,785
791	EMPLOYEE BENEFITS FUND	2,913	1,000,000	560,342	-	560,342	56%	499,821
795	GEN. LIABILITY INSURANCE	9,140	2,411,618	2,127,915	-	2,127,915	88%	2,410,370
TOTAL INTERNAL SERVICE FUNDS		692,957	15,885,726	9,267,020	802,558	10,069,578	63%	7,686,967
REPORT TOTAL		\$ 11,038,986	\$ 230,280,227	\$ 109,462,178	\$ 31,379,656	\$ 140,841,835	61%	\$ 95,967,378



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2024-25
For the Month Ended February 28, 2025
67% of Year Complete

Fund No.	Fund Description	Beginning 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	\$ 31,073,823	\$ 30,021,077	53%	\$ 38,134,204	59%	\$ (8,113,127)	\$ 2,800,942	\$ 20,159,754
TOTAL GENERAL FUND		\$ 31,073,823	\$ 30,021,077	53%	\$ 38,134,204	59%	\$ (8,113,127)	\$ 2,800,942	\$ 20,159,754
202	STREET MAINTENANCE	72,734	\$ 528,484	62%	\$ 532,549	59%	\$ (4,065)	\$ -	\$ 68,669
205	PUBLIC SAFETY/SUPPL. LAW	415,174	146,037	129%	100,903	60%	45,134	-	460,308
206	DEVELOPMENT SERVICES	(1,144,436)	3,870,001	65%	3,843,940	60%	26,061	335,531	(1,453,906)
207	LONG RANGE PLANNING	1,306,215	656,194	37%	808,407	26%	(152,213)	748,029	405,973
215 / 216	CDBG	32,500	1,533	132%	58	67%	1,475	-	33,975
225	ASSET SEIZURE	104,495	2,336	83%	547	67%	1,788	-	106,283
229	LIGHTING AND LANDSCAPE	216,005	115,954	56%	140,465	66%	(24,510)	16,482	175,013
230	COMMUNITY FACILITIES DISTRICT	162,519	18,241	63%	15,891	68%	2,349	-	164,868
232	ENVIRONMENTAL PROGRAMS	488,875	331,524	66%	245,176	54%	86,348	4,523	570,700
234	MOBILE HOME PK RENT STAB.	81,475	5,335	186%	635	67%	4,700	-	86,175
235	SENIOR HOUSING	245,426	-	n/a	-	n/a	-	-	245,426
236	HOUSING MITIGATION	7,932,027	1,061,214	38%	799,516	36%	261,698	762,938	7,430,788
240	EMPLOYEE ASSISTANCE	62,481	4,987	385%	4,162	20%	825	-	63,306
246	COUNTYWIDE SOLID WASTE	323,153	1,286,743	n/a	952,151	36%	334,592	1,198,346	(540,601)
255	HOUSING SUCCESSOR AGENCY	3,818,193	392,681	85%	747,481	57%	(354,800)	152,500	3,310,893
260	PUBLIC ART	48,471	330	23%	9,192	56%	(8,862)	-	39,609
TOTAL SPECIAL REVENUE FUNDS		\$ 14,165,307	\$ 8,421,594	56%	\$ 8,201,074	47%	\$ 220,520	\$ 3,218,348	\$ 11,167,478
301	PARK DEV. IMPACT FUND	\$ 2,008,148	\$ 1,799,328	90%	\$ 598,359	17%	\$ 1,200,968	\$ 101,535	\$ 3,107,581
302	PARK MAINTENANCE	2,489,205	56,892	367%	435,439	26%	(378,546)	-	2,110,659
303	LOCAL DRAINAGE	9,621,788	425,496	30%	3,539,047	32%	(3,113,551)	556,819	5,951,419
304	LOCAL DRAINAGE/NON-AB1600	1,233,420	249,339	99%	75,590	15%	173,749	3,930	1,403,239
306	AG. AND OPEN SPACE PRESERVATION	672,578	420,221	2277%	85,438	67%	334,783	-	1,007,361
308	STREET CIP	4,287,249	3,313,265	85%	3,824,545	77%	(511,280)	946,570	2,829,399
309	TRAFFIC IMPACT FUND	3,808,198	1,956,527	41%	3,177,722	69%	(1,221,195)	258,283	2,328,721
315	PUBLIC SAFETY FACILITIES IMPACT	(1,553,435)	5,950,194	49%	5,500,786	61%	449,408	2,269,247	(3,373,273)
346	PUBLIC FACILITIES NON-AB1600	2,184,388	174,185	92%	45,619	3%	128,565	215,744	2,097,209
347	PUBLIC FACILITIES IMPACT FUND	1,328,671	330,702	73%	362,362	25%	(31,660)	1,010,368	286,643
348	LIBRARY IMPACT FUND	2,254,117	1,286,598	91%	1,809,077	67%	(522,478)	-	1,731,639
350	UNDERGROUNDING	1,768,551	72,147	97%	128,045	32%	(55,897)	-	1,712,654
355	SCHOOL PEDESTRIAN/TRAFFIC SFTY	-	-	n/a	-	n/a	-	-	-
360	COMM/REC CTR IMPACT FUND	2,297,534	2,387,401	95%	326,622	23%	2,060,779	435,558	3,922,754
375	QUIMBY FEE	3,984,952	2,023,360	76%	1,099,325	16%	924,035	2,651,040	2,257,947
TOTAL CAPITAL PROJECT FUNDS		\$ 36,385,364	\$ 20,445,655	64%	\$ 21,007,974	42%	\$ (562,320)	\$ 8,449,094	\$ 27,373,950
420	CIVIC CENTER DEBT	\$ 183,038	\$ 200,082	67%	\$ 243,508	83%	\$ (43,426)	\$ 249,367	\$ (109,755)
441	POLICE FACILITY BOND DEBT	163,896	256,857	66%	330,258	86%	(73,401)	317,377	(226,881)
TOTAL DEBT SERVICE FUNDS		\$ 346,934	\$ 456,939	66%	\$ 573,766	85%	\$ (116,827)	\$ 566,743	\$ (336,637)
640	WASTEWATER OPERATIONS	\$ 3,983,038	\$ 10,201,603	61%	\$ 10,943,141	65%	\$ (741,538)	20,843	3,220,658
641	WASTEWATER IMPACT FUND*	18,629,828	9,536,437	81%	4,427,158	56%	5,109,279	784,934	22,954,173
642	WASTEWATER RATE STABILIZATION	3,121,932	71,461	66%	1,311	67%	70,150	-	3,192,082
643	WASTEWATER CAPITAL PROJECTS	17,703,049	4,560,748	74%	1,763,097	16%	2,797,651	3,802,043	16,698,657
650	WATER OPERATIONS	4,083,455	12,732,984	59%	12,971,804	60%	(238,820)	477,060	3,367,575
651	WATER IMPACT FUND*	3,852,318	3,163,510	81%	694,646	16%	2,468,863	2,929,712	3,391,469
652	WATER RATE STABILIZATION	3,337,806	77,103	67%	982	67%	76,121	-	3,413,927
653	WATER -CAPITAL PROJECT	18,694,610	4,425,797	43%	1,476,002	7%	2,949,795	8,094,123	13,550,282
TOTAL ENTERPRISE FUNDS		\$ 73,406,036	\$ 44,769,642	63%	\$ 32,278,140	39%	\$ 12,491,502	\$ 16,108,714	\$ 69,788,824
730	INFORMATION SERVICES	\$ 656,565	\$ 1,923,998	67%	\$ 1,503,050	51%	\$ 420,948	\$ 30,240	\$ 1,047,273
740	BUILDING MAINTENANCE	94,619	950,319	67%	806,711	54%	143,608	76,732	161,495
741	BUILDING REPLACEMENT	5,083,004	699,604	67%	959,274	31%	(259,670)	542,770	4,280,564
745	CIP ENGINEERING	8,329	1,332,835	52%	1,530,993	59%	(198,158)	4,723	(194,552)
760	UNEMPLOYMENT	284,229	6,218	61%	6,205	41%	13	-	284,242
770	WORKERS COMPENSATION	2,381,319	676,484	58%	927,685	98%	(251,201)	30,000	2,100,118
790	EQUIPMENT REPLACEMENT	8,727,549	1,234,780	72%	844,844	60%	389,935	148,093	8,969,391
791	EMPLOYEE BENEFITS FUNDS	26,248	763,027	64%	560,342	56%	202,685	-	228,933
795	GEN. LIABILITY INSURANCE	984,307	1,671,979	66%	2,127,915	88%	(455,937)	-	528,370
TOTAL INTERNAL SERVICE FUNDS		\$ 18,246,169	\$ 9,259,244	64%	\$ 9,267,020	58%	\$ (7,776)	\$ 832,558	\$ 17,405,835

 CITY OF MORGAN HILL City of Morgan Hill Fund Activity Summary - Fiscal Year 2024-25 For the Month Ended February 28, 2025 67% of Year Complete							
Beginning 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

SUMMARY BY FUND TYPE

GENERAL FUND GROUP	\$ 31,073,823	\$ 30,021,077	53%	\$ 38,134,204	59%	\$ (8,113,127)	\$ 2,800,942	\$ 20,159,754
SPECIAL REVENUE GROUP	14,165,307	8,421,594	56%	8,201,074	47%	220,520	3,218,348	11,167,478
DEBT SERVICE GROUP	346,934	456,939	66%	573,766	85%	(116,827)	566,743	(336,637)
CAPITAL PROJECTS GROUP	36,385,364	20,445,655	64%	21,007,974	42%	(562,320)	8,449,094	27,373,950
ENTERPRISE GROUP	73,406,036	44,769,642	63%	32,278,140	39%	12,491,502	16,108,714	69,788,824
INTERNAL SERVICE GROUP	18,246,169	9,259,244	64%	9,267,020	58%	(7,776)	832,558	17,405,835
TOTAL ALL GROUPS	\$ 173,623,633	\$ 113,374,150	60%	\$ 109,462,178	48%	\$ 3,911,972	\$ 31,976,399	\$ 145,559,205

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 COUNCIL STAFF REPORT

MEETING DATE: April 2, 2025

PREPARED BY:

Donald Larkin, City Attorney

APPROVED BY: City Manager

ADOPT RESOLUTION FURTHER REAFFIRMING THE CITY'S COMMITMENT TO A DIVERSE, SUPPORTIVE, INCLUSIVE COMMUNITY AND PROTECTING THE CONSTITUTIONAL RIGHTS OF ITS RESIDENTS

RECOMMENDATION(S)

Adopt resolution further reaffirming the City's commitment to a diverse, supportive, inclusive community and protecting its residents' constitutional rights.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety and Quality of Life

Supporting our Youth, Seniors, and Entire Community

Preserving and Cultivating Public Trust

Enhancing Diversity and Inclusiveness

REPORT NARRATIVE:

At the City Council Goal Setting Workshop on February 7, 2025, Mayor Pro Tem Martinez Beltran proposed that the City Council consider adopting another resolution affirming the City's commitment to protecting the rights and safety of immigrant communities as a "Future Council Initiated Agenda Item." On February 19, 2025, the City Council voted (item #14) to proceed with considering the adoption of a resolution as a future agenda item.

On March 5, 2025, the City Council discussed a draft resolution and voted 3-2 to continue the item to allow consideration of possible additions to the resolution proposed by Mayor Pro Tem Martinez Beltran at the next City Council Meeting. Mayor Pro Tem Martinez Beltran's motion also incorporated an edit proposed by Councilmember Vega.

Attachment 1 is a red line of the resolution considered at the March 5, 2025, City Council meeting, incorporating the changes recommended by Mayor Pro Tem Martinez Beltran and Councilmember Vega. Note, rather than including Councilmember Vega's change as an additional paragraph to the report, the City Attorney is recommending that Councilmember Vega's change simply replace the original paragraph 1 in order to avoid redundancy.

Attachment 2 (alternate resolution) is a red line of the resolution considered at the March 5, 2025, City Council meeting with Councilmember Vega's recommended change.

COMMUNITY ENGAGEMENT:

The City's commitment to a diverse, supportive, and inclusive community is strongest when all community members, partners, and stakeholders actively engage and uphold these shared values.

ALTERNATIVE ACTIONS:

The City Council may choose:

- To further amend the resolution's language
- Adopt the alternate resolution (the original resolution presented on March 5, including Councilmember Vega's edit)
- Decide not to adopt a resolution

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- February 7, 2025 City Council Goal Setting - Council Member Martinez Beltran requested the resolution be considered as a future Council initiated agenda item.
- February 19, 2025 City Council Meeting - Council approved staff returning with a draft resolution for formal discussion.
- March 5, 2025 City Council Meeting - Council continued the item and directed the City Attorney to return with a markup showing suggested changes.

FISCAL AND RESOURCE IMPACT:

No fiscal impact.

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.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL FURTHER REAFFIRMING THE CITY'S COMMITMENT TO A DIVERSE, SUPPORTIVE, INCLUSIVE COMMUNITY, AND TO PROTECTING THE CONSTITUTIONAL RIGHTS OF ITS RESIDENTS REGARDLESS OF IMMIGRATION STATUS

WHEREAS, On December 14, 2016, the Morgan Hill City Council issued a Statement of Support and Assurance to the community, assuring that hate crimes will not be tolerated in Morgan Hill, our Police will not be used for federal immigration enforcement, and our residents' constitutional rights will be protected; and

WHEREAS, on May 3, 2017, the Morgan Hill City Council adopted a Resolution reaffirming the City's commitment to a diverse, supportive, inclusive community, and to protecting the constitutional rights of its residents; and

WHEREAS, on January 24, 2025, the Morgan Hill Police Department issued a message to the community reaffirming its commitment to support all community members, regardless of immigration status, and reaffirmed that all residents, regardless of immigration status, should feel safe reporting crimes or seeking assistance from local law enforcement; and

WHEREAS, on February 7, 2025, the Morgan Hill City Council reaffirmed its Vision Statement: To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community; and

WHEREAS, a large percentage of Morgan Hill Residents are foreign-born and many continue to fear that changes to immigration rules or enforcement could result in discrimination, deportation, or separation of their families; and indiscriminate deportation decreases cooperation with law enforcement, withdrawal from public spaces such as schools, and worsening public health outcomes; and

WHEREAS, Morgan Hill's immigrant population has and will continue to contribute to the City's economic and social prosperity by maintaining its role as a significant part of the City's workforce, by establishing and patronizing local businesses, by contributing to arts and culture, and through the achievement of significant educational accomplishments; and

WHEREAS, establishing and maintaining a relationship of trust, respect, and open communication between City officials and residents is essential to the City's mission of efficient delivery of public services in partnership with its community, an effort that ensures public safety and due process, a prosperous economic environment, opportunities for our youth, and a high quality of life for residents; and protecting safety, well-being and dignity of everyone who calls our city home.;

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

1. ~~Consistent with existing policy, the Morgan Hill City Council further reaffirms that all members of the city are valued regardless of religion, immigration status, ethnicity, disability, gender, sexual orientation, or gender identity; and~~The City of Morgan Hill hereby reaffirms all previous resolutions policies and actions approved by past City Councils regarding the protection of immigrants, and those resolutions, policies and actions remain in full force; and
2. The City of Morgan Hill reaffirms its position that all law-abiding residents, regardless of immigration status, should feel safe interacting with all City officials and employees and/or obtaining City services without fear of arrest or deportation based on immigration status; and
- 1.3. The City Council of the City of Morgan Hill supports the longstanding Police Department Policy that its officers will not arrest or detain persons based on immigration status. Law-abiding residents should not fear arrest or deportation for coming forward to report a crime as a victim or a witness.
- 2.4. The City of Morgan Hill, including its elected and appointed officials, will continue to work proactively to protect and defend the rights and privileges of everyone in the city, regardless of religion, country of birth, immigration status, disability, gender, sexual orientation, or gender identity.

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its regular meeting held on this ____ day of _____, 2025 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.XXXX , adopted by the City Council at its regular meeting held on , 201_.

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

DATE: _____

Michelle Bigelow, CITY CLERK

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL FURTHER REAFFIRMING THE CITY'S COMMITMENT TO A DIVERSE, SUPPORTIVE, INCLUSIVE COMMUNITY, AND TO PROTECTING THE CONSTITUTIONAL RIGHTS OF ITS RESIDENTS

WHEREAS, On December 14, 2016, the Morgan Hill City Council issued a Statement of Support and Assurance to the community, assuring that hate crimes will not be tolerated in Morgan Hill, our Police will not be used for federal immigration enforcement, and our residents' constitutional rights will be protected; and

WHEREAS, on May 3, 2017, the Morgan Hill City Council adopted a Resolution reaffirming the City's commitment to a diverse, supportive, inclusive community, and to protecting the constitutional rights of its residents; and

WHEREAS, on January 24, 2025, the Morgan Hill Police Department issued a message to the community reaffirming its commitment to support all community members, regardless of immigration status, and reaffirmed that all residents, regardless of immigration status, should feel safe reporting crimes or seeking assistance from local law enforcement; and

WHEREAS, on February 7, 2025, the Morgan Hill City Council reaffirmed its Vision Statement: To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community; and

WHEREAS, a large percentage of Morgan Hill Residents are foreign-born and many continue to fear that changes to immigration rules or enforcement could result in discrimination, deportation, or separation of their families.

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

- ~~1. Consistent with existing policy, the Morgan Hill City Council further reaffirms that all members of the city are valued regardless of religion, immigration status, ethnicity, disability, gender, sexual orientation, or gender identity; and~~
1. The City of Morgan Hill hereby reaffirms all previous resolutions policies and actions approved by past City Councils regarding the protection of immigrants, and those resolutions, policies and actions remain in full force; and
2. The City of Morgan Hill, including its elected and appointed officials, will continue to work proactively to protect and defend the rights and privileges of everyone in the city, regardless of religion, country of birth, immigration status, disability, gender, sexual orientation, or gender identity.

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its regular meeting held on this ____ day of _____, 2025 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.XXXX , adopted by the City Council at its regular meeting held on , 201_.

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

DATE: _____

Michelle Bigelow, CITY CLERK