



**Regular Meeting Agenda**  
**City Council**

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

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**Wednesday, March 16, 2022 7:00 PM**

**Virtual Meeting**  
**Link to join the meeting can be found below**

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**VIRTUAL MEETING GUIDELINES AND PUBLIC COMMENT**

In accordance with Executive Order N-25-20 and guidance from the California Department of Public Health on gatherings, remote public participation is allowed. Physical meetings will not be in the City Council Chamber until further notice. City Council meetings will be live-streamed on Channel 17, on the City's website, and on the City's Facebook page. Those members of the community that would like to participate in the meetings remotely may do so by joining the virtual meeting at: <https://bit.ly/MHCityCouncilMeeting> or by calling (669) 900-9128, then enter the webinar id: 873 3200 8380#.

Public comment may be provided in the following ways:

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

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

## **CALL TO ORDER**

## **ROLL CALL ATTENDANCE**

## **DECLARATION OF POSTING AGENDA**

Per Government Code Section 54954.2

## **REGULAR MEETING**

7:00 P.M.

## **PROCLAMATIONS**

Proclaiming the month of March 2022 as American Red Cross Month

## **PRESENTATIONS**

### **YAC Presentation - Asset #3 - Other Adult Relationships**

## **CITY COUNCIL REPORTS**

Council Member Martinez Beltran

## **CITY MANAGER'S REPORT**

## **CITY ATTORNEY'S REPORT**

## **OTHER REPORTS**

## **PUBLIC COMMENT**

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



ccpubliccomment@morganhill.ca.gov to receive a response. (See additional noticing at the end of this agenda)

## **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.

Time Estimate for Consent Calendar: 1 - 10 Minutes

1. **ACCEPT GENERAL PLAN AND HOUSING ELEMENT ANNUAL PROGRESS REPORT (APR) 2021**

Recommendation:

Accept the 2021 General Plan and Housing Element Annual Progress Report (APR) and direct staff to file the report with the Governor's Office of Planning and Research (OPR) and the State Department of Housing and Community Development (HCD).

2. **ADOPT ORDINANCE NO. 2329, NEW SERIES, PERMANENTLY ADOPTING AND RATIFYING ORDINANCE NUMBER 2320 PREVIOUSLY ADOPTED AS AN URGENCY ORDINANCE ADDING SECTION 18.76.140 (" MAXIMUM DOCK HIGH DOOR RATIO") TO CHAPTER 18.76 PERFORMANCE STANDARDS") AND AMENDING SECTIONS 18.124.050 ("INDUSTRIAL USES") OF CHAPTER 18.124 (" LAND USE DEFINITIONS") AND 18.128.020 ("DEFINITIONS") OF CHAPTER 18.128 ("GENERAL TERMS") OF TITLE 18 ("ZONING") OF THE MORGAN HILL MUNICIPAL CODE TO CREATE A MAXIMUM DOCK - HIGH - DOOR RATIO FOR CERTAIN STRUCTURES AND TO ADD DEFINITIONS**

Recommendation:

Waive the reading, adopt Ordinance No. 2329, 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.

3. **ADOPT RESOLUTION DETERMINING THAT CONDUCTION OF IN-PERSON MEETINGS WOULD PRESENT A PUBLIC HEALTH RISK AND CONTINUING TELECONFERENCE MEETINGS**

Recommendation:

Adopt resolution to continue holding City Council and commission meetings by teleconference.

4. **ADOPT RESOLUTION AUTHORIZING THE DISPLAY OF THE NATIONAL**

**FLAG OF UKRAINE AT CITY FACILITIES IN SUPPORT OF THE LEADERS AND PEOPLE OF UKRAINE**

Recommendation:

Adopt resolution authorizing the display of the national flag of Ukraine at the Community and Cultural Center, Centennial Recreation Center, and City Hall from March 19 to April 19, 2022, to support the leaders and people of Ukraine.

**5. APPROVE MITIGATED NEGATIVE DECLARATION FOR THE FISHER CREEK DETENTION BASIN EXPANSION PROJECT**

Recommendation:

Approve and certify the project Mitigated Negative Declaration.

**6. APPROVE THE MARCH 2, 2022 SPECIAL/REGULAR CITY COUNCIL MEETING MINUTES**

Recommendation:

Approve the March 2, 2022 Special/Regular City Council Meeting Minutes.

**7. REAPPOINTMENT OF TWO (2) COMMISSIONERS ON THE LIBRARY, CULTURE, AND ARTS COMMISSION (LCAC) AND TWO (2) COMMISSIONERS ON THE PARKS AND RECREATION COMMISSION (PRC) AND RECRUITMENT TO FILL VACANCIES ON THE TWO COMMISSIONS**

Recommendation:

1. Reappointment of Commissioners Emily Borchers and Patrice Lyn to the Library, Culture, and Arts Commission with terms ending April 1, 2026;
2. Reappointment of Commissioners Craig van Keulen and Maureen Grzan-Pieracci to the Parks and Recreation Commission with terms ending April 1, 2026;
3. Extending the terms of Commissioners Neil Berman and Ron Locicero until such time that their seats can be filled; and
4. Direct staff to commence recruitment efforts to fill the one (1) vacancy on the LCAC and the two (2) vacancies on the PRC.

**PUBLIC HEARINGS**

**8. ADOPT INDUSTRIAL PRESERVATION AND OPTIMIZATION POLICY**

Recommendation:

Adopt an Industrial Land Preservation and Optimization Policy

Estimated Time: 30 Minutes

**9. ADOPT ZONING CODE AMENDMENT TO SECTION 18.26.020 (LAND USE**

**REGULATIONS) OF CHAPTER 18.26 (INDUSTRIAL ZONING DISTRICTS) OF  
TITLE 18 (ZONING) TO MODIFY THE LAND USES PERMITTED IN THE  
INDUSTRIAL ZONING DISTRICTS**

Recommendation:

1. Open/close the public hearing.
2. Waive first and second reading of the Ordinance Amendment; and
3. Introduce Ordinance Amendment as recommended by staff and amended by the Planning Commission.

Estimated Time: 30 Minutes

**OTHER BUSINESS**

**10. MONTHLY BUDGET UPDATE AND JANUARY 2022 FINANCIAL AND  
INVESTMENT REPORTS**

Recommendation:

Accept and file report.

Estimated Time: 10 Minutes

**FUTURE COUNCIL INITIATED AGENDA ITEMS**

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

**ADJOURNMENT**

## NOTICE

Any documents produced by the City and distributed to the majority of the City Council less than 72 hours prior to an open meeting, will be made available for public inspection at the City Clerk's Counter at City Hall located at 17575 Peak Avenue, Morgan Hill, CA, 95037 and at the Morgan Hill Public Library located at 660 West Main Avenue, Morgan Hill, California, 95037 during normal business hours. (Pursuant to Government Code 54957.5)

## PUBLIC COMMENT

Members of the Public are entitled to directly address the City Council concerning any item that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Council on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Council Chambers and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order to speak to the Council, but it is very helpful. When you are called, proceed to the podium and the Mayor will recognize you. If you wish to address the City Council on any other item of interest to the public, you may do so during the public comment portion of the meeting following the same procedure described above. Please limit your comments to three (3) minutes or less.

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

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

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

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

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

## AMERICANS WITH DISABILITIES ACT (ADA)

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

# SUSTAINABLE MORGAN HILL



## Vision

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



## Choose Morgan Hill

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



## City Council Ongoing Priorities

- Enhancing Public Safety
- Protecting the Environment and Preserving Open Space and Agricultural Land
- Maintaining and Enhancing Infrastructure
- Supporting our Youth, Seniors, and Entire Community
- Fostering a Positive Organizational Culture
- Preserving and Cultivating Public Trust
- Preserving our Community History
- Enhancing Diversity and Inclusiveness
- Advancing Regional Initiatives



## 2022-2023 Strategic Priorities

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



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





# March

## Developmental Asset #3

### Other Adult Relationships

Young person receives support from three or more non-parent adults.



# March

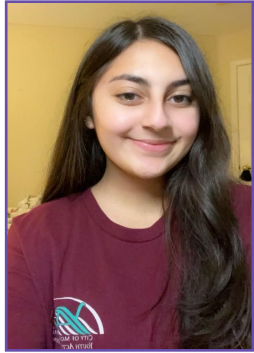
## Complementary Asset #14

### Adult Role Models

Parent(s) and other adults model positive, responsible behavior.

# Aahana Singh

## YAC Active Member



What is the benefit of having non-parent adult relationships?

- ◆ Different perspective
- ◆ Learn from their challenges and experiences
- ◆ Make better decisions



# Ria Deshpande YAC President



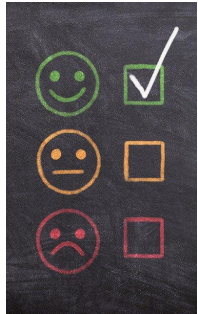
How do you foster other adult relationships?

- ◆ Identify your role models
- ◆ Reach out, even if it's scary
- ◆ Recognize that you are valued



# Harrison Guire

## YAC Active Member



What is the value of getting feedback from someone outside of your family?

- ◆ Objective assessment
- ◆ Different outlook
- ◆ More grounded feedback



## Questions to Council

What is an experience you have shared with other non-parent adults that you carry with you?



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: March 16, 2022**

**PREPARED BY:**

Adam Paszkowski, Principal Planner

**APPROVED BY:** City Manager

## **ACCEPT GENERAL PLAN AND HOUSING ELEMENT ANNUAL PROGRESS REPORT (APR) 2021**

### **RECOMMENDATION(S)**

Accept the 2021 General Plan and Housing Element Annual Progress Report (APR) and direct staff to file the report with the Governor's Office of Planning and Research (OPR) and the State Department of Housing and Community Development (HCD).

**Estimated Time:**

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

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

Supporting our Youth, Seniors, and Entire Community

Enhancing Diversity and Inclusiveness

Advancing Regional Initiatives

#### **2022-2023 Strategic Priorities**

Affordable Housing and Homelessness

#### **Guiding Documents**

Morgan Hill 2035 General Plan

### **REPORT NARRATIVE:**

California Government Code Section 65400 mandates that all 58 counties and non-charter cities, including the City of Morgan Hill, submit an Annual Progress Report (APR) on the status of the General Plan and progress made regarding its implementation. The APR must be submitted to the Governor's Office of Planning and Research (OPR) and the Department of Housing and Community Development (HCD) by April 1st of each year. APRs must also be presented to the local legislative body for review and acceptance, as a consent or discussion item on a regular agenda.

The APR for 2021, includes implementation highlights of the Morgan Hill 2035 General Plan and lists applications submitted in 2021 for General Plan Land Use Map amendments.

The Housing Element implementation portion of the APR is reported on separate forms adopted by HCD. These completed forms are attached to the APR and provide information regarding the City's progress towards meeting its "fair share" of Regional Housing Needs Allocation (RHNA) goals and compliance with State Housing Law.

## **COMMUNITY ENGAGEMENT:**

### **Inform**

This report serves to inform the community about the City's progress towards meeting its "fair share" of Regional Housing Needs Allocation (RHNA) goals and compliance with State Housing Law.

On August 11, 2021, City staff held a regional Community Meeting with the City of Gilroy and the County of Santa Clara called "Let's Talk Housing Santa Clara County - Housing Element Update." The Community Meeting served as an introduction to the Housing Element Update for the public to learn more about the update process, how to participate, and join a breakout session to discuss housing. In addition, Spanish language interpretation was provided at this regional community meeting.

On February 17, 2022, City staff held a Town Hall regarding the "Housing Element 2023-2031 Update." Topics covered during the Town Hall included what is a Housing Element, new Housing Element laws, the Housing Needs Assessment, and Morgan Hill's Housing Element Update Process. In addition, Spanish language interpretation was provided at this Town Hall meeting.

In addition to the above community engagement, City staff has also held over 30 focused meetings with Community Based Organizations (CBOs) to discuss the needs of the hard-to-reach and all economic segments of our community as required by the new Affirmatively Furthering Fair Housing (AFFH) law, Assembly Bill 686.

## **ALTERNATIVE ACTIONS:**

Not Applicable

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

On January 25, 2022, the Planning Commission held a workshop for the 6th Cycle Housing Element Update regarding an "Introduction to the 2023-2031 Housing Element Update". The workshop included discussions on what is a Housing Element, new Housing Element laws, Affirmatively Furthering Fair Housing (AFFH), and Housing Needs Assessment, and a brief description of the Regional Housing Need Allocation (RHNA) and the Sites Inventory.

On February 22, 2022, the Planning Commission held a workshop for the 6th Cycle Housing Element Update regarding the "Site Inventory." The workshop included discussions and a deeper explanation into the Regional Housing Need Allocation (RHNA), what is a Sites Inventory, residential projects in the pipeline, and Site Inventory laws.

On March 8, 2022, the Planning Commission held a workshop for the 6th Cycle Housing Element

Update regarding the "Evaluation of Past Performance." This workshop highlighted the accomplishments of the current 5th Cycle Housing Element, reviewed previous and present Housing Element Programs, reviewed the survey results from the 'Morgan Hill 6th Cycle Housing Element Questionnaire,' and discussed the review of the 5th Cycle Housing Element Policies and Programs.

**FISCAL AND RESOURCE IMPACT:**

Staff annually submits an APR to the State in compliance with State Housing Law; and therefore, the cost is borne, and work is accommodated, within the respective division's annual workplan and budget.

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

Not a Project

Pursuant to CEQA Guidelines Section 15378(b)(5), the Morgan Hill 2035 APR is not considered a "project" in that it is considered an administrative activity of government that will not result in direct or indirect physical changes in the environment.

**RESOLUTION NO. 22-XXX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ACCEPTING THE 2021 GENERAL PLAN ANNUAL PROGRESS REPORT AND DIRECTING STAFF TO FILE THE REPORT WITH THE GOVERNOR’S OFFICE OF PLANNING AND RESEARCH (OPR) AND THE STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)**

WHEREAS, on July 27, 2016, the City Council adopted the General Plan entitled, “Morgan Hill 2035 General Plan”, by Resolution No. 16-128; and

WHEREAS, the Morgan Hill 2035 General Plan incorporates the City’s Housing Element, which was adopted by City Council on February 18, 2015 and certified by the State Housing and Community Development Department (HCD) in April 2015; and

WHEREAS, California Government Code Section 65400 mandates that all 58 counties and non-charter cities submit an annual report on the status of the General Plan and progress on its implementation to the Governor’s Office of Planning and Research (OPR) and the State Department of Housing and Community Development (HCD); and

WHEREAS, the City Council is the decision-making body for review and acceptance of the Annual Progress Report.

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

Section 1. The Morgan Hill 2035 General Plan Annual Progress Report has been reviewed and accepted and staff is hereby directed to submit the report to OPR and HCD by no later than April 1, 2022.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Morgan Hill at a regular meeting held on the March 16, 2022.

**AYES: COUNCIL MEMBERS:**

**NOES: COUNCIL MEMBERS:**

**ABSTAIN: COUNCIL MEMBERS:**

**ABSENT: COUNCIL MEMBERS:**

**APPROVED:**

**ATTEST:**

\_\_\_\_\_  
**RICH CONSTANTINE, Mayor**

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

**∞ CERTIFICATION ∞**

**I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California**, do hereby certify that the foregoing is a true and correct copy of Resolution No. 22-XXX, adopted by the City Council at a regular meeting held on March 16, 2022.

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

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

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





# Annual Progress Report

2021

## 1. Introduction

On July 27, 2016 the Morgan Hill 2035 General Plan was adopted by City Council [Resolution No. 16-128](#). The Morgan Hill 2035 General Plan is a comprehensive update of the City's 2001 General Plan.

The General Plan incorporates the City's Housing Element, which was adopted by City Council on February 18, 2015 and certified by the State Housing and Community Development Department (HCD) in April 2015.

With voter approval of Measure S, the City's Residential Development Control System (RDCS) on November 8, 2016, the RDCS Ordinance (Ordinance No. 2229 New Series) became effective. The RDCS Ordinance amended the General Plan text to be consistent with the provisions of Measure S.

On December 6, 2017 the City Council adopted [Resolution No. 17-098](#) approving General Plan Land Use and Text Amendments (File Nos. GPA2017-0001 and GPA2017-0002) to correct miscellaneous Land Use Map, figure, and text errors.

Government Code Section 65400 mandates that certain cities and all 58 counties submit an annual progress report (APR) on the status of the General Plan and progress on its implementation to the Governor's Office of Planning and Research (OPR) and the Department of Housing and Community Development (HCD) by April 1 of each year. This document and the attached forms meet this requirement for the City of Morgan Hill.

## 2. Implementation Highlights by General Plan Element

### CITY AND NEIGHBORHOOD FORM ELEMENT

#### Development Services - Planning

- Continued to implement permit processing for SB330 including utilizing objective criteria established at the end of 2019.
- Created new guidance documents for both SB330 and SB35 application processing.
- Completed update to Development Services Fees making current fee schedule more accurate to achieve greater cost recovery and held development workshop.
- Continued to create and improve resources for public information regarding development activity in the city.

*Goal CNF-1 An improved, effective, efficient, fair, equitable, flexible, and user-friendly planning and decision-making process.*

- Amended the Zoning Ordinance implementing miscellaneous code amendments due to clerical errors and inconsistencies.

*Goal CNF-2 An improved, orderly, and efficient pattern of urban development.*

### HOUSING ELEMENT

- See Attached Housing Element Annual Progress Report

#### Development Services - Housing

- Surveyed 132 unhoused Morgan Hill individuals and successfully enrolled 48 individuals in a Rapid Rehousing or Permanent Housing Program.
- Partnered with Rebuilding Together to help 15 households (seniors and low-income residents) with 107 home repairs.
- The BMR portfolio has 568 owner-occupied units, the HouseKeys Program provided 5 Resales, 5 Acquisitions, 32 Refinances, 1,973 City of Morgan Hill Registrants (1,172 Ownership & 801 Rental Registrants), provided 69 Educational (Ownership/Rental) Webinars, 12 BMR Ownership Program Opportunity Drawings, and 2 BMR Rental Program Opportunity Drawings.
- Accepted a \$450,000 grant from Destination: Home to develop and advance local implementation of the Community Plan to End Homelessness.
- Council adopted the revised Inclusionary Housing Ordinance solidifying the intent of the Affordable Housing Program and accepting housing in-lieu fees to fund ELI and VLI homes to further the City's RHNA goals.

- Participated in the Santa Clara County Isolation and Quarantine program that assisted 128 households in Morgan Hill with in-home support (groceries, cleaning supplies, etc.) and 69 households with financial assistance. Placed 18 households into hotel isolation and quarantine.
- Participated in the implementation of the “Great Plates Program” offering food delivery to 60 home bound senior citizens in Morgan Hill.
- Conducted “Housing Conversation’s 2021” – a series of seven workshops in both English and Spanish as a launching pad to the Housing Element Community Engagement work underway.

*Goal HE-1 Adequate new housing to meet the full range of future community housing needs, including affordability and accessibility, Goal HE-2 Preservation and rehabilitation of the existing housing supply, and Goal HE-3 Adequate housing for groups with special needs.*

#### Development Services - Planning

- In coordination with the Housing team, conducted four City Council workshops on issues related to housing – 2021 Housing Conversation.
- Secured Local Early Action Planning (LEAP) grant for \$150,000 and Regional Early Action Planning (REAP) grant for approximately \$27,000 to assist in funding the preparation and adoption of the Housing Element Update of the General Plan to facilitate compliance with the sixth cycle RHNA.
- Participated in RHNA Methodology process and closely tracked process that determined the City’s sixth cycle RHNA.

*Goal HE-1 Adequate new housing to meet the full range of future community housing needs, including affordability and accessibility.*

## ECONOMIC DEVELOPMENT ELEMENT

### City Manager

- Executed Business Recovery Plan during COVID-19 to support recovery of the restaurant industry, retailers, and other businesses, to encourage tourism, and support new investment.

*Goal ED-2 A strong, unique, stable, and diverse economic base that supports fiscal sustainability.*

### Economic Development

- Continued to support the Economic Development Business Recovery Plan to support recovery of the restaurant industry, retailers, and small businesses, to encourage tourism, and support new investment.
- Monitored the Morgan Hill al Fresco program to encourage restaurants to continue outdoor dining through the end of the year.
- Coordinated “Sidewalk Saturdays”, an outdoor pop-up retail event for retailers that do not have a storefront to join an outdoor retail market opportunity in Downtown.
- Supported and coordinated reserved parking signage for curbside pick-up at Downtown restaurants.
- Participated in a two-day UrbanPlan Workshop taught by ULI that provided hands-on training to better understand the trade-offs and risk at play in the entitlement and negotiations process associated with land use.
- Conducted Business Walk and Survey in Downtown Morgan Hill to help assess Downtown parking needs for the Downtown Traffic Calming and Monterey Road Lane Reduction and Place Branding/Beautification Project.
- Drafted Industrial Preservation and Optimization Policy and proposed Zoning Code amendments.

*Goal ED-3 A high-quality business community with established roots in Morgan Hill.*

### Development Services - Planning

- Brought the second draft of a Form-Based Code for the Monterey Road Corridor to Planning Commission for review.
- Updated the City’s Industrial Zoning Code prohibiting fulfillment centers, defining Large Scale Projects, and moving review and approval authority from City Staff to Planning Commission.
- Created Urgency Ordinance 2320 regulating building type and changing definitions for Dock-High-Door, Dock-High-Door to Square Foot Ratio, Ceiling Height, and Light Manufacturing uses.

*Goal ED-6 A mix of uses along Monterey Corridor that supports the Downtown and encourages walking and biking and Goal ED-8 Office and industrial areas that provide high-quality work locations for existing and new businesses.*

## HEALTHY COMMUNITY ELEMENT

### Public Services

- Re-opened the Community and Cultural Center for events.
- Re-opened the Senior Center for programs.
- Continued to provide grab and go senior lunches to 100+ Morgan Hill residents a day.
- Secured Edward Boss Prado Foundation sponsorship for free passes for 232 youth and their families to attend the Aquatics Center for summer recreation swim.
- Opened a pop-up mini golf site Downtown for four months.

*Goal HC-3 Usable, complete, well-maintained, safe, and high-quality activities and amenities, including active and passive parks and recreational facilities, community gardens, and trails that are accessible to all ages, functional abilities, and socio-economic groups.*

## TRANSPORTATION ELEMENT

### Economic Development

- Hosted the Downtown Monterey Road Visioning Summit, a conversation about creating space and destination through complete streets.
- Supported Working Group and Community Meetings, and Conducted Business Walk and Survey in Downtown Morgan Hill to help assess Downtown parking needs for the Downtown Traffic Calming and Monterey Road Lane Reduction and Place Branding/Beautification Project.

*Goal TR-4 Emphasis on transportation improvements in the Butterfield, Hale/Santa Teresa, and Monterey corridors.*

### Development Services - Planning

- Held Workshop with the City Council regarding the City's implementation of SB 743 and the transition from Level-of-Service (LOS) to Vehicle-Miles-Traveled (VMT) metric for transportation analysis under the California Environmental Quality Act (CEQA) for development projects. Developed RFP based on City Council feedback to pursue a Morgan Hill centric VMT standard.

*Goal TR-11 Coordinated transportation planning efforts with local, regional, State and federal agencies.*

## Public Services

- Commenced construction on the Hale Avenue Extension project.  
*Goal TR-4 Emphasis on transportation improvements in the Butterfield, Hale/Santa Teresa, and Monterey corridors.*
- Completed the 2021 pavement rehabilitation project paving sections of two arterial streets, three collector streets, and five residential streets.  
*Goal TR-3 A coordinated, continuous network of streets and roads.*
- Completed the Madrone Channel Trail Improvement Phase I extending a paved bike/pedestrian path from Cochrane to Main Avenue.  
*Goal TR-2 A system designed for a healthy, active community based on complete streets, smart growth, and Sustainable Communities strategies; reflecting a balanced, safe, multi-modal transportation system for all users, especially in Downtown where pedestrian, bicycle, and transit facilities will be emphasized along with vehicular facilities.*

## NATURAL RESOURCES AND ENVIRONMENT ELEMENT

### Public Services

- Completed Morgan Hill's first Climate Action Plan.  
*Goal NRE-15 An adaptive and resilient community that responds to climate change.*

## SAFETY, SERVICES, AND INFRASTRUCTURE ELEMENT

### City Manager

- Served as the City of Morgan Hill's Director of Emergency Services throughout COVID-19.
- Continued COVID-19 messaging and updates in English and Spanish, webpages, and curated content.  
*Goal SSI-11 Efficient police, fire, and emergency medical response and services, and access to local medical facilities and Goal SSI-12 Reduce risk to life and property associated with emergencies and natural and manmade disasters.*

### Fire

- Firefighters participated in the County Wide Fire/EMS in-home vaccine clinic.
- Outfitted ambulance and completed the filings and inspections required to receive the licenses/permits necessary to operate an ambulance.



- Converted an existing Type VI Fire Engine into a Squad and placed it into service.
- Began design of Butterfield Fire Station and issued RFP.

*Goal SSI-3 Minimal threat to persons, property, and the environment from fire hazards and Goal SSI-12 Reduce risk to life and property associated with emergencies and natural and manmade disasters.*

## Police

- Formed the Crime Prevention Unit.
- Implemented the Youth Diversion Program.
- Implemented the Mobile Crisis Response Team.
- Implemented text to 911 integration with Vesta 911 phone system.

*Goal SSI-11 Efficient police, fire, and emergency medical response and services, and access to local medical facilities and Goal SSI-12 Reduce risk to life and property associated with emergencies and natural and manmade disasters.*



### 3. General Plan Amendment Applications

#### GPA2021-0004: COCHRANE COMMONS-PHASE II

General Plan Land Use Map Amendment – Commercial to Mixed Use Flex on an approximately 20.7-acre site on the northern side of Cochrane Road between De Paul Drive and Mission View Drive. <Pending>

#### GPA2021-0005: MONTEREY-CITY VENTURES (THE GATES)

General Plan Land Use Map Amendment – Commercial to Mixed Use Flex on approximately 3.8-acre site located at the western intersection of Monterey Street and Jarvis Drive. < Pending >

Please Start Here

| General Information     |                                                                                          |
|-------------------------|------------------------------------------------------------------------------------------|
| Jurisdiction Name       | Morgan Hill                                                                              |
| Reporting Calendar Year | 2021                                                                                     |
| Contact Information     |                                                                                          |
| First Name              | Christie                                                                                 |
| Last Name               | Thomas                                                                                   |
| Title                   | Housing Program Coordinator                                                              |
| Email                   | <a href="mailto:christie.thomas@morganhill.ca.gov">christie.thomas@morganhill.ca.gov</a> |
| Phone                   | 4083104674                                                                               |
| Mailing Address         |                                                                                          |
| Street Address          | 17575 Peak Ave                                                                           |
| City                    | Morgan Hill                                                                              |
| Zipcode                 | 95037                                                                                    |

**Optional:** Click here to import last year's data. This is best used when the workbook is new and empty. You will be prompted to pick an old workbook to import from. Project and program data will be copied exactly how it was entered in last year's form and must be updated.

v 9\_10\_21

**Optional:** This runs a macro which checks to ensure all required fields are filled out. The macro will create two files saved in the same directory this APR file is saved in. One file will be a copy of the APR with highlighted cells which require information. The other file will be list of the problematic cells, along with a description of the nature of the error.

**Optional:** Save before running. This copies data on Table A2, and creates another workbook with the table split across 4 tabs, each of which can fit onto a single page for easier printing. Running this macro will remove the comments on the column headers, which contain the instructions. Do not save the APR file after running in order to preserve comments once it is reopened.

**Optional:** This macro identifies dates entered that occurred outside of the reporting year. RHNA credit is only given for building permits issued during the reporting year.

Link to the online system: <https://apr.hcd.ca.gov/APR/login.do>

### Submittal Instructions

**Please save your file as Jurisdictionname2021 (no spaces).** Example: the city of San Luis Obispo would save their file as SanLuisObispo2021

Housing Element Annual Progress Reports (APRs) forms and tables must be submitted to HCD and the Governor's Office of Planning and Research (OPR) on or before April 1 of each year for the prior calendar year; submit separate reports directly to both HCD and OPR pursuant to Government Code section 65400. There are two options for submitting APRs:

**1. Online Annual Progress Reporting System - Please see the link to the online system to the left.** This allows you to upload the completed APR form into directly into HCD's database limiting the risk of errors. If you would like to use the online system, email [APR@hcd.ca.gov](mailto:APR@hcd.ca.gov) and HCD will send you the login information for your jurisdiction. *Please note: Using the online system only provides the information to HCD. The APR must still be submitted to OPR. Their email address is [opr.apr@opr.ca.gov](mailto:opr.apr@opr.ca.gov).*

**2. Email -** If you prefer to submit via email, you can complete the excel Annual Progress Report forms and submit to HCD at [APR@hcd.ca.gov](mailto:APR@hcd.ca.gov) and to OPR at [opr.apr@opr.ca.gov](mailto:opr.apr@opr.ca.gov). Please send the Excel workbook, not a scanned or PDF copy of the tables.



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|                 |             |                         |
|-----------------|-------------|-------------------------|
| Jurisdiction    | Morgan Hill |                         |
| Reporting Year  | 2021        | (Jan. 1 - Dec. 31)      |
| Planning Period | 5th Cycle   | 01/31/2015 - 01/31/2023 |

**ANNUAL ELEMENT PROGRESS REPORT**  
**Housing Element Implementation**  
(CCR Title 25 §6202)

This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs.  
Please contact HCD if your data is different than the material supplied here

| Table B                                    |                     |                                 |      |      |      |      |      |      |      |      |      |                                 |                                      |
|--------------------------------------------|---------------------|---------------------------------|------|------|------|------|------|------|------|------|------|---------------------------------|--------------------------------------|
| Regional Housing Needs Allocation Progress |                     |                                 |      |      |      |      |      |      |      |      |      |                                 |                                      |
| Permitted Units Issued by Affordability    |                     |                                 |      |      |      |      |      |      |      |      |      |                                 |                                      |
|                                            |                     | 1                               | 2    |      |      |      |      |      |      |      |      | 3                               | 4                                    |
| Income Level                               |                     | RHNA Allocation by Income Level | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total Units to Date (all years) | Total Remaining RHNA by Income Level |
| Very Low                                   | Deed Restricted     | 273                             | 12   | 29   | -    | 39   | -    | -    | -    | -    | -    | 80                              | 193                                  |
|                                            | Non-Deed Restricted |                                 | -    | -    | -    | -    | -    | -    | -    | -    | -    |                                 |                                      |
| Low                                        | Deed Restricted     | 154                             | 118  | 23   | 13   | 24   | 11   | 1    | 2    | -    | -    | 192                             | -                                    |
|                                            | Non-Deed Restricted |                                 | -    | -    | -    | -    | -    | -    | -    | -    | -    |                                 |                                      |
| Moderate                                   | Deed Restricted     | 185                             | -    | -    | -    | 1    | 1    | -    | 1    | -    | -    | 418                             | -                                    |
|                                            | Non-Deed Restricted |                                 | 107  | 6    | 9    | 262  | 13   | 5    | 13   | -    | -    |                                 |                                      |
| Above Moderate                             |                     | 316                             | 647  | 219  | 192  | 193  | 142  | 38   | 82   | -    | -    | 1,513                           | -                                    |
| Total RHNA                                 |                     | 928                             |      |      |      |      |      |      |      |      |      |                                 |                                      |
| Total Units                                |                     |                                 | 884  | 277  | 214  | 519  | 167  | 44   | 98   | -    | -    | 2,203                           | 193                                  |

Note: units serving extremely low-income households are included in the very low-income permitted units totals and must be reported as very low-income units.

Please note: For the last year of the 5th cycle, Table B will only include units that were permitted during the portion of the year that was in the 5th cycle. For the first year of the 6th cycle, Table B will only include units that were permitted during the portion of the year that was in the 6th cycle.

Please note: The APR form can only display data for one planning period. To view progress for a different planning period, you may login to HCD's online APR system, or contact HCD staff at [apr@hcd.ca.gov](mailto:apr@hcd.ca.gov).



# ANNUAL ELEMENT PROGRESS REPORT

## Housing Element Implementation

(CCR Title 25 §6202)

|                                                                                                                                                                                                                                                                                  |                                                                                                                                                                   |                         |                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Jurisdiction</b>                                                                                                                                                                                                                                                              |                                                                                                                                                                   | Morgan Hill             |                                                                                                                                                                                                                                                                                                 |
| <b>Reporting Year</b>                                                                                                                                                                                                                                                            |                                                                                                                                                                   | 2021                    | (Jan. 1 - Dec. 31)                                                                                                                                                                                                                                                                              |
| <b>Table D</b>                                                                                                                                                                                                                                                                   |                                                                                                                                                                   |                         |                                                                                                                                                                                                                                                                                                 |
| <b>Program Implementation Status pursuant to GC Section 65583</b>                                                                                                                                                                                                                |                                                                                                                                                                   |                         |                                                                                                                                                                                                                                                                                                 |
| <p style="text-align: center;"><b>Housing Programs Progress Report</b></p> <p>Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.</p> |                                                                                                                                                                   |                         |                                                                                                                                                                                                                                                                                                 |
| <b>1</b>                                                                                                                                                                                                                                                                         | <b>2</b>                                                                                                                                                          | <b>3</b>                | <b>4</b>                                                                                                                                                                                                                                                                                        |
| <b>Name of Program</b>                                                                                                                                                                                                                                                           | <b>Objective</b>                                                                                                                                                  | <b>Timeframe in H.E</b> | <b>Status of Program Implementation</b>                                                                                                                                                                                                                                                         |
| INCLUSIONARY HOUSING ORDINANCE NO. 2278                                                                                                                                                                                                                                          | REQUIRE EACH NEW DEVELOPMENT TO PROVIDE AT LEAST 15% AFFORDABLE HOUSING OUTSIDE OF DOWNTOWN AND 10% DOWNTOWN                                                      | 2018-2023               | EFFECTIVE 07/25/18                                                                                                                                                                                                                                                                              |
| City of Morgan Hill Below Market Rate (BMR) Program                                                                                                                                                                                                                              | Facilitate the construction of very low and low rental BMR's (55 year affordability restriction, and moderate ownership BMRs (45 year affordability restrictions) | 2015-2023               | 2 Low Income & 1 Moderate ownership BMR permits issued in 2021. 6 Moderate ADU's were finalized in 2021. To date, Morgan Hills BMR program consist of over 561 BMR's as a result of the City's RDCS system (Residential Development Control System) AND Inclusionary Housing Ordinance No. 2278 |
| City of Morgan Hill Housing Rehab Program, <i>Minor</i> Home Repair                                                                                                                                                                                                              | Facilitate the rehabilitation of affordable housing units                                                                                                         | 2015-2023               | The City rehabbed 10 senior low income mobile and single family residence home units in 2021, through a grant program administered by Rebuilding Together. Repairs are funded by City funds and County Community Development Block Grant Funds                                                  |
| City of Morgan Hill "Unhoused Specialist" Case Manager                                                                                                                                                                                                                           | Outreach, engagement and case management with the unhoused to provide support, services, offer shelter, basic needs, and to facilitate housing opportunities      | 2015-2023               | FY 20/21 - 21/22 - City of Morgan Hill has allocated \$50,000. per FY to create 1 full time Case Manager. City Received \$450,000 (3 year) capacity building grant from Destination Home to hire an "Unhoused Case Manager," who began in December of 2021.                                     |



|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Measure A Housing Bond, County of Santa Clara                                                                                                                                                      | Create new units at the ELI and VLI level. \$3,400,000 in Measure A funds provided to a Very Low Income Project (The Crossings UHC) that was finaled and leased up in 2021 - consists of 39 units (7 eli, 25 vli, & 8 li) (received \$5.5 million of Measure A funds). Two additional 100% affordable projects were entitled in 2021 "Magnolia's" First Community Housing - consists of 66 units (42 eli, 9 vli, 14 li, & 1 managers unit) and the "Royal Oak Village" UHC - consists of 73 units (48 eli, 24 vli, & 1 managers unit) (will receive \$9.9 million in Measure A funds). | 2015-2023 | In November of 2016 Santa Clara County voters approved a \$950 million bond (Measure A) which will fund the development of 4,800 extremely low-income (ELI) housing units throughout the County serving the homeless. It is expected that the 4,800 - unit goal will generate 10,000 new construction, affordable housing units countywide, by leveraging resources. Additionally, \$150 million of Measure of Measure A funds will be set aside for workforce housing and down payment assistance. The County's goal is to create 4,800 affordable ELI units Countywide, of which 97 units have been designated as the Measure A affordable housing goal for the City of Morgan Hill, over a ten-year period. Morgan Hill has already almost met that goal and intends to develop additional units ELI & Low Income ownership units with additional Measure A funding. The remaining balance is planned to be distributed throughout the County in the other cities equivalently, based on Regional Housing Needs Allocation (RHNA) methodology. The Housing team has actively participated in discussions regading implementation of the bond program and provided program recommendations. |
| City an County Partnership began July 1, 2017 and is ongoing, funded annually, two part-time homeless outreach workers began assessing Homeless individuals and connecting to services and housing | Outreach and assessmnet of homeless individuals to offer shelter, basic needs and conduct a housing assessment survey that leads to housing oportunities as they arrise                                                                                                                                                                                                                                                                                                                                                                                                                | 2015-2023 | City and County Partnership: July 1, 2017 through current- two part-time homeless outreach workers began conducting interviews and assessments with homeless individuals in South County. This is a critical first step as the City is beginning to see homeless individuals assessed through a coordinated effort with the goal connecting them to the appropriate case manager, program, service and housing opportunites. The City contributed \$25,000. in 2018/19, \$25,000 in 2019-2020, \$25,000 in 2020-2021 fy and another \$25,000 in fy 2021/2022 to the larger countywide "outreach" effort. Outreach workers are tasked with engaging the homeless and conducting a housing assessmnet, providing resources and support with the goal of providing supportive housing as it becomes available. <b>UPDATE: From 1/1/2021 to 12/31/2021- 132 unhoused MH individuals have been assessed using the VI-SPDAT tool. Out of the 132 assessed, 111 Morgan Hill individuals enrolled in PSH program and 100 of those enrolled were housed. Between the two programs (PSH &amp; RR box below) 122 out of 132 Morgan Hill's surveyed individuals were housed!</b>                          |

|                                                                  |                                                                                                                   |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Homeless Prevention through rental assistance                    | Prevent residents from experiencing homelessness                                                                  | 2015-2023 | City and County Partnership: August 1, 2017 - current: Homeless Prevention and Rapid Rehousing (rental assistance). Program for families, targeting families with children in the school district at risk of homelessness. The City contributed \$50,000. in fy 17/18, an additional \$25,000 in 2018/19, \$25,000 in 2019/2020, \$25,000 in 2020/2021 fy and \$25,000 in 2021/2022 fy to this larger countywide effort. <b>UPDATE: From 1/1/2021 to 12/31/2021 - 37 Morgan Hill individuals enrolled on the Rapid Rehousing waiting list, with the intent to provide rapid rehousing. Out of the 37 enrolled, 22 have been housed.</b>                                                                                                                                   |
| Homeless Safe Parking Program                                    | Provide respite and services, and attempts to provide housing for South County residents living in their vehicles | 2015-2023 | Partnered with the faith based community to create an (8) eight space, pet welcome, Safe Parking Program called "Focus". It was launched on July 8, 2017 at a local church for eight homeless families living in their cars (up to 30 people) where they are receiving coordinated assessment, services, meals, and support with the goal of providing some stability and getting them into permanent housing. The Program typically serves eight families, (approx. 25 people and 8 children.) City contributed \$30,000 in fy 2018/2019, \$30,000 in fy 2019/2020, \$30,000 in fy 2020/2021 and \$30,000 in fy 2021/2022. During 2021, 14 households (approximately 28 people) were housed with the help of this program.                                               |
| Housing Authority of the County of Santa Clara Section 8 Program | Maintain full lease up of section 8 vouchers                                                                      | 2015-2023 | There are 344 total vouchers in Morgan Hill. This includes 20 PBV's for the newly leased up UHC Monterey Crossings 100% project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Accessory Dwelling Unit Ordinance update                         | Implement AB68 prior to January 1, 2020                                                                           | 2015-2023 | EFFECTIVE January 2020 - continuing to update as Legislation passes and to make permit issuance streamlined.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Inclement Cold Weather Shelter                                   | Partner with Community Christian Church to create an Inclement Weather Shelter                                    | 2015-2023 | In January 2020, the City of Morgan Hill partnered with Community Christian Church to create an Inclement Cold Weather shelter that operates when the County issues a Cold Weather alert. The shelter has a 10 bed capacity. City of Morgan Hill provides cots, bedding, snacks, water, COVID PPE, and training of volunteers. The city also funds Gilroy Compassion Center employee(s) to process referrals and manage check in process. City pays for nightly security at shelter from 7pm - 7am. Shelter is mostly run by volunteers. As of December 2021, the cities "Unhoused Specialist" goes out into the community to let unhoused individuals know that the shelter is open, and Santa Clara County Homeless Hotline alerts individuals of its location as well. |
|                                                                  |                                                                                                                   |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                                                  |                                                                                                                   |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                                                  |                                                                                                                   |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                                                  |                                                                                                                   |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |



|                  |             |                         |
|------------------|-------------|-------------------------|
| Jurisdiction     | Morgan Hill |                         |
| Reporting Period | 2021        | (Jan. 1 - Dec. 31)      |
| Planning Period  | 5th Cycle   | 01/31/2015 - 01/31/2023 |

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Note: "+" indicates an optional field

Cells in grey contain auto-calculation formulas

| Table F                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                             |                              |                         |                          |                                                                                                                                                                                                                       |                              |                         |                          |                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------------------|-------------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Units Rehabilitated, Preserved and Acquired for Alternative Adequate Sites pursuant to Government Code section 65583.1(c)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                             |                              |                         |                          |                                                                                                                                                                                                                       |                              |                         |                          |                                                                                                                                       |
| Please note this table is optional: The jurisdiction can use this table to report units that have been substantially rehabilitated, converted from non-affordable to affordable by acquisition, and preserved, including mobilehome park preservation, consistent with the standards set forth in Government Code section 65583.1, subdivision (c). Please note, motel, hotel, hostel rooms or other structures that are converted from non-residential to residential units pursuant to Government Code section 65583.1(c)(1)(D) are considered net-new housing units and must be reported in Table A2 and not reported in Table F. |                                                                                             |                              |                         |                          |                                                                                                                                                                                                                       |                              |                         |                          |                                                                                                                                       |
| Activity Type                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Units that Do Not Count Towards RHNA <sup>+</sup><br>Listed for Informational Purposes Only |                              |                         |                          | Units that Count Towards RHNA <sup>+</sup><br>Note - Because the statutory requirements severely limit what can be counted, please contact HCD to receive the password that will enable you to populate these fields. |                              |                         |                          | The description should adequately document how each unit complies with subsection (c) of Government Code Section 65583.1 <sup>+</sup> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Extremely Low-Income <sup>+</sup>                                                           | Very Low-Income <sup>+</sup> | Low-Income <sup>+</sup> | TOTAL UNITS <sup>+</sup> | Extremely Low-Income <sup>+</sup>                                                                                                                                                                                     | Very Low-Income <sup>+</sup> | Low-Income <sup>+</sup> | TOTAL UNITS <sup>+</sup> |                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                             |                              |                         |                          |                                                                                                                                                                                                                       |                              |                         |                          |                                                                                                                                       |
| Rehabilitation Activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                             |                              |                         |                          |                                                                                                                                                                                                                       |                              |                         |                          |                                                                                                                                       |
| Preservation of Units At-Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                             |                              |                         |                          |                                                                                                                                                                                                                       |                              |                         |                          |                                                                                                                                       |
| Acquisition of Units                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                             |                              |                         |                          |                                                                                                                                                                                                                       |                              |                         |                          |                                                                                                                                       |
| Mobilehome Park Preservation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                             |                              |                         |                          |                                                                                                                                                                                                                       |                              |                         |                          |                                                                                                                                       |
| Total Units by Income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                             |                              |                         |                          |                                                                                                                                                                                                                       |                              |                         |                          |                                                                                                                                       |

|                         |             |                         |                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                     |
|-------------------------|-------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| <b>Jurisdiction</b>     | Morgan Hill |                         | <p><b>NOTE:</b> This table must only be filled out if the housing element sites inventory contains a site which is or was owned by the reporting jurisdiction, and has been sold, leased, or otherwise disposed of during the reporting year.</p> <p><b>ANNUAL ELEMENT PROGRESS REPORT</b></p> <p><b>Housing Element Implementation</b></p> <p>(CCR Title 25 §6202)</p> | <p>Note: "*" indicates an optional field</p> <p>Cells in grey contain auto-calculation formulas</p> |
| <b>Reporting Period</b> | 2021        | (Jan. 1 - Dec. 31)      |                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                     |
| <b>Planning Period</b>  | 5th Cycle   | 01/01/2015 - 01/01/2023 |                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                     |



|                 |             |                         |
|-----------------|-------------|-------------------------|
| Jurisdiction    | Morgan Hill |                         |
| Reporting Year  | 2021        | (Jan. 1 - Dec. 31)      |
| Planning Period | 5th Cycle   | 01/31/2015 - 01/31/2023 |

| Building Permits Issued by Affordability Summary |                     |              |
|--------------------------------------------------|---------------------|--------------|
| Income Level                                     |                     | Current Year |
| Very Low                                         | Deed Restricted     | 0            |
|                                                  | Non-Deed Restricted | 0            |
| Low                                              | Deed Restricted     | 2            |
|                                                  | Non-Deed Restricted | 0            |
| Moderate                                         | Deed Restricted     | 1            |
|                                                  | Non-Deed Restricted | 13           |
| Above Moderate                                   |                     | 82           |
| Total Units                                      |                     | 98           |

Note: Units serving extremely low-income households are included in the very low-income permitted units totals

| Units by Structure Type | Entitled | Permitted | Completed |
|-------------------------|----------|-----------|-----------|
| SFA                     | 34       | 40        | 6         |
| SFD                     | 8        | 45        | 44        |
| 2 to 4                  | 0        | 0         | 0         |
| 5 +                     | 0        | 0         | 0         |
| ADU                     | 3        | 12        | 4         |
| MH                      | 0        | 0         | 0         |
| Total                   | 45       | 97        | 54        |

| Housing Applications Summary                           |     |
|--------------------------------------------------------|-----|
| Total Housing Applications Submitted:                  | 8   |
| Number of Proposed Units in All Applications Received: | 307 |
| Total Housing Units Approved:                          | 72  |
| Total Housing Units Disapproved:                       | 0   |

| Use of SB 35 Streamlining Provisions          |   |
|-----------------------------------------------|---|
| Number of Applications for Streamlining       | 0 |
| Number of Streamlining Applications Approved  | 0 |
| Total Developments Approved with Streamlining | 0 |
| Total Units Constructed with Streamlining     | 0 |

| Units Constructed - SB 35 Streamlining Permits |        |           |       |
|------------------------------------------------|--------|-----------|-------|
| Income                                         | Rental | Ownership | Total |
| Very Low                                       | 0      | 0         | 0     |
| Low                                            | 0      | 0         | 0     |
| Moderate                                       | 0      | 0         | 0     |
| Above Moderate                                 | 0      | 0         | 0     |
| Total                                          | 0      | 0         | 0     |

Cells in grey contain auto-calculation formulas

|                |                         |
|----------------|-------------------------|
| Jurisdiction   | Morgan Hill             |
| Reporting Year | 2021 (Jan. 1 - Dec. 31) |

| ANNUAL ELEMENT PROGRESS REPORT<br>Local Early Action Planning (LEAP) Reporting<br>(CCR Title 25 §6202)                                                                                                                                                                                  |                   |                                       |                                                                              |               |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------------------|------------------------------------------------------------------------------|---------------|-------------|
| Please update the status of the proposed uses listed in the entity's application for funding and the corresponding impact on housing within the region or jurisdiction, as applicable, categorized based on the eligible uses specified in Section 50515.02 or 50515.03, as applicable. |                   |                                       |                                                                              |               |             |
| Total Award Amount                                                                                                                                                                                                                                                                      | \$                | 150,000.00                            | Total award amount is auto-populated based on amounts entered in rows 15-26. |               |             |
| Task                                                                                                                                                                                                                                                                                    | \$ Amount Awarded | \$ Cumulative Reimbursement Requested | Task Status                                                                  | Other Funding | Notes       |
| Task 1: Project Coordination                                                                                                                                                                                                                                                            | \$8,000.00        | \$0.00                                | In Progress                                                                  | None          |             |
| Task 2: Community Engagement                                                                                                                                                                                                                                                            | \$12,500.00       | \$0.00                                | In Progress                                                                  | None          |             |
| Task 3: 2023-2031 Housing Element                                                                                                                                                                                                                                                       | \$100,000.00      | \$0.00                                | In Progress                                                                  | None          |             |
| Task 4: Consultation with HCD                                                                                                                                                                                                                                                           | \$5,000.00        | \$0.00                                | Other (Please Specify in Notes)                                              | None          | Not Started |
| Task 5: Inclusionary Housing Ordinance                                                                                                                                                                                                                                                  | \$12,500.00       | \$0.00                                | Completed                                                                    | None          |             |
| Task 6: Public Hearings                                                                                                                                                                                                                                                                 | \$12,000.00       | \$0.00                                | Other (Please Specify in Notes)                                              | None          | Not Started |
|                                                                                                                                                                                                                                                                                         |                   |                                       |                                                                              |               |             |
|                                                                                                                                                                                                                                                                                         |                   |                                       |                                                                              |               |             |
|                                                                                                                                                                                                                                                                                         |                   |                                       |                                                                              |               |             |
|                                                                                                                                                                                                                                                                                         |                   |                                       |                                                                              |               |             |
|                                                                                                                                                                                                                                                                                         |                   |                                       |                                                                              |               |             |
|                                                                                                                                                                                                                                                                                         |                   |                                       |                                                                              |               |             |
|                                                                                                                                                                                                                                                                                         |                   |                                       |                                                                              |               |             |

Summary of entitlements, building permits, and certificates of occupancy (auto-populated from Table A2)

| Completed Entitlement Issued by Affordability Summary |                     |              |
|-------------------------------------------------------|---------------------|--------------|
| Income Level                                          |                     | Current Year |
| Very Low                                              | Deed Restricted     | 173          |
|                                                       | Non-Deed Restricted | 0            |
| Low                                                   | Deed Restricted     | 210          |
|                                                       | Non-Deed Restricted | 0            |
| Moderate                                              | Deed Restricted     | 5            |
|                                                       | Non-Deed Restricted | 8            |
| Above Moderate                                        |                     | 37           |
| Total Units                                           |                     | 433          |

| Building Permits Issued by Affordability Summary |                     |              |
|--------------------------------------------------|---------------------|--------------|
| Income Level                                     |                     | Current Year |
| Very Low                                         | Deed Restricted     | 0            |
|                                                  | Non-Deed Restricted | 0            |
| Low                                              | Deed Restricted     | 2            |
|                                                  | Non-Deed Restricted | 0            |
| Moderate                                         | Deed Restricted     | 1            |
|                                                  | Non-Deed Restricted | 13           |
| Above Moderate                                   |                     | 82           |
| Total Units                                      |                     | 98           |

| Certificate of Occupancy Issued by Affordability Summary |                     |              |
|----------------------------------------------------------|---------------------|--------------|
| Income Level                                             |                     | Current Year |
| Very Low                                                 | Deed Restricted     | 0            |
|                                                          | Non-Deed Restricted | 0            |
| Low                                                      | Deed Restricted     | 0            |
|                                                          | Non-Deed Restricted | 0            |
| Moderate                                                 | Deed Restricted     | 0            |
|                                                          | Non-Deed Restricted | 6            |
| Above Moderate                                           |                     | 51           |
| Total Units                                              |                     | 57           |



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: March 16, 2022**

PREPARED BY:

Kim Mancera, Municipal Services Assistant

APPROVED BY: City Manager

**ADOPT ORDINANCE NO. 2329, NEW SERIES, PERMANENTLY ADOPTING AND RATIFYING ORDINANCE NUMBER 2320 PREVIOUSLY ADOPTED AS AN URGENCY ORDINANCE ADDING SECTION 18.76.140 (" MAXIMUM DOCK HIGH DOOR RATIO") TO CHAPTER 18.76 PERFORMANCE STANDARDS") AND AMENDING SECTIONS 18.124.050 ("INDUSTRIAL USES") OF CHAPTER 18.124 (" LAND USE DEFINITIONS") AND 18.128.020 ("DEFINITIONS") OF CHAPTER 18.128 ("GENERAL TERMS") OF TITLE 18 ("ZONING") OF THE MORGAN HILL MUNICIPAL CODE TO CREATE A MAXIMUM DOCK - HIGH - DOOR RATIO FOR CERTAIN STRUCTURES AND TO ADD DEFINITIONS**

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

Waive the reading, adopt Ordinance No. 2329, 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.

**Estimated Time:**

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

Preserving and Cultivating Public Trust

#### **REPORT NARRATIVE:**

On March 2, 2022, the City Council introduced Ordinance No. 2329 New Series, by the following roll call vote: AYES: Borgioli, Constantine, Martinez Beltran, McKay, Spring; NOES: None; ABSTAIN: None; ABSENT: None

This ordinance ratifies the original language used in Urgency Ordinance 2320 adopted April 7, 2021. It creates a new Section under Chapter 18.76 "Performance Standards" to create a maximum dock-high door ratio that reads as follows: 18.76.140 - Maximum Dock High Door Ratio The maximum Dock High Door to Square Foot Ratio for a facility that has a floor area of seventy-five thousand (75,000) square feet or greater and a ceiling height of more than thirty-four (34) feet over more than twenty-five (25) percent of the floor area is 1:25,000. The addition of this prevents any building that would

encompass all three elements - size, ceiling height and more dock doors than 1 per 25,000 square feet from being built in the City. It also adds definitions for ceiling height, dock-high-door and dock-high-door-to-square-foot ratio. It also makes a minor change to the definition of light manufacturing.

### **COMMUNITY ENGAGEMENT:**

A 10-day public hearing notice was published in the February 18, 2022 edition of the Morgan Hill Times pursuant to Government Code Sections 65090-65096. Notices were also provided on the City's 411, the City's website, and via social media. Staff also shared the information at the Morgan Hill Chamber of Commerce Economic Development Committee on January 13, 2022, and via a virtual City of Morgan Hill Townhall meeting on January 27, 2022.

### **ALTERNATIVE ACTIONS:**

City Council could choose not to ratify Ordinance 2320 into a permanent Ordinance. The Urgency Ordinance expires on April 7, 2022. Without adopting the permanent Ordinance, the Ordinance cannot be placed on the ballot. The original Ordinance created by the MHRGC via the initiative process would then move on to the voters for consideration in November 2022.

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

On September 22, 2020, the Planning Commission recommended changes to the Zoning Ordinance that included language implementing provisions of the Initiative related to the review of large projects. The September 22 recommendation also prohibited all large-scale e-commerce distribution uses but would have allowed some local delivery.

On October 28, 2020, the City Council introduced a Zoning Ordinance amendment adopting the Planning Commission's recommendations and prohibiting local e-commerce delivery uses. This ordinance was adopted on November 18, 2020.

On March 3, 2021, the City Council certified the sufficiency of the Morgan Hill Responsible Growth Coalition's (RG4MH) Initiative Petition.

On April 7, 2021, the City Council passed Urgency Ordinance 2320, prohibiting certain types of buildings that meet three cumulative characteristics of dock-high-doors, dock-high-door to square foot ratio, and ceiling height, and adopted a resolution placing the Morgan Hill Responsible Growth Coalition Initiative petition on the November 2022 ballot.

On February 8, 2022, the Planning Commission unanimously approved Resolution 22-04 recommending approval of the ratification Ordinance.

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

Election Cost: The Initiative will be placed on the November 8, 2022 ballot. The cost of a

November 2022 ballot measure is estimated to be \$61,502.

Resource Impact: Thus far, staff has been able to accommodate the additional work due to the urgency ordinance within its existing workplan.

Ordinance Impact: At Council's direction, staff focused efforts on collaborating with the Morgan Hill Responsible Growth Coalition.

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

This ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines, as the proposed text amendments to the Morgan Hill Zoning Code is not a project with the potential to cause a significant effect on the environment, requiring California Environmental Quality Act (CEQA) analysis. Additionally, on July 27, 2016, the City Council certified an environmental impact report (EIR) for the Morgan Hill 2035 General Plan. This ordinance is consistent with, and implements, the General Plan and therefore was analyzed in the EIR for the 2035 General Plan. Pursuant to Section 15162 and Section 15183 of the State CEQA Guidelines, no additional review under the California Environmental Quality Act is required.

**ORDINANCE NO. 2329, NEW SERIES**

**AN ORDINANCE OF THE CITY OF MORGAN HILL PERMANENTLY ADOPTING AND RATIFYING ORDINANCE NUMBER 2320 PREVIOUSLY ADOPTED AS AN URGENCY ORDINANCE ADDING SECTION 18.76.140 (" MAXIMUM DOCK HIGH DOOR RATIO") TO CHAPTER 18.76 PERFORMANCE STANDARDS") AND AMENDING SECTIONS 18. 124.050 ("INDUSTRIAL USES") OF CHAPTER 18.124 (" LAND USE DEFINITIONS") AND 18.128.020 ("DEFINITIONS") OF CHAPTER 18.128 ("GENERAL TERMS") OF TITLE 18 ("ZONING") OF THE MORGAN HILL MUNICIPAL CODE TO CREATE A MAXIMUM DOCK - HIGH - DOOR RATIO FOR CERTAIN STRUCTURES AND TO ADD DEFINITIONS.**

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES ORDAIN AS FOLLOWS:

**Section 1.** Section 18.76.140 ("Maximum Dock High Door Ratio") of Chapter 18.76 ("Performance Standard") of Title 18 ("Zoning") is hereby added to read as follows (additions in underline, deletions in strikeout):

18.76.140 - Maximum Dock High Door Ratio

The maximum Dock High Door to Square Foot Ratio for a facility that has a floor area of seventy-five thousand (75,000) square feet or greater and a ceiling height of more than thirty-four (34) feet over more than twenty-five (25) percent of the floor area is 1:25,000

**Section 2.** Subsection (D) ("Manufacturing, Light") of Section 18.124.050 ("Industrial Uses") of Chapter 18.124 ("Land Use Definitions") of Title 18 ("Zoning") is hereby amended to read as follows:

D. Manufacturing, Light. The manufacture, predominantly from previously prepared materials, of finished products or parts, including processing, fabrication, assembly, treatment, and packaging of such products, and incidental storage, sales and distribution of such products, but excluding basic industrial processing and custom manufacturing. Includes manufacture of electric and electronic instruments and devices. Excludes saw and planing mill sand manufacturing uses involving primary production of wood, metal or chemical products from raw materials. For purpose of this definition, the term "Assembly" includes creation of a component or end item made from a number of parts and subassemblies. Assembly does not include the putting together of kits, gift baskets, or packaging items produced elsewhere for purposes of e-commerce or of wholesale trading.

**Section 3.** Subsection (C) ("C' Terms") of Section 18.128.020 ("Definitions") of Chapter 18.128 ("General Terms") of Title 18 ("Zoning") is hereby amended to read as follows:

C. "C" Terms.

1. California Room. A room or space in a building where one or more sides is open and exposed (without a wall or windows) to adjacent outdoor space.
2. Ceiling Height. The clear vertical distance from the finished floor to the finished ceiling. If the ceiling is unfinished, the ceiling height is the distance from the floor to the lowest projecting beams, joists, or truss work.
3. Cessation of Use. The discontinuation of a use, either temporarily or permanently, whether with the intent to abandon such use or not.
4. City Geologist. A registered professional geologist certified by the state of California in the specialty of engineering geology (C.E.G.) who is either a city staff member or a consultant retained by the city.
5. Clear Triangle. A triangular area bounded by the street right-of-way lines of a corner lot and a line joining points along said street lines 20 feet from the point of intersection.
6. Commercial. Any activity on or use of land which involves the buying, selling, processing or improving of things not produced on the land, and having financial gain as the primary aim of the activity or use, whether or not such activity or use is for hire or on account of the buyer, seller, processor or improver.
7. Conditional Use. A use that requires approval of a conditional use permit or an administrative use permit.
8. Condominium. Individual ownership of a dwelling unit within a multiple-unit structure exclusive of the land underlying such structure.
9. Condominium Development. A structure and appurtenant premises divided in ownership by the existence of the condominiums as defined in Section 783 of the California Civil Code. Includes instances where ownership is divided following prior single ownership of the entire structure and premises, as well as new structures divided in ownership.

**Section 4.** Subsection (D) ("D' Terms") of Section 18.128.020 ("Definitions") of Chapter 18.128 ("General Terms") of Title 18 ("Zoning") is hereby amended to read as follows:

D. "D" Terms.

1. Deck. A platform, either freestanding or attached to a building, that is supported by piers, pillars or posts.
2. Dock-High-Door. An opening to the outside of a building used to interface with trucks for the loading and/or unloading of goods, products, merchandise or wares of any type and where the bottom of the opening is not at ground level but rather elevated by twenty-four (24) inches or more.
3. Dock-High-Door-to-Square-Foot Ratio. The ratio of the total number of Dock-High-Doors that a building has to the total square feet of building floor area.
4. Driveway. A permanently surfaced area on a lot designed and required to provide direct access for vehicles between a street and a private garage, carport or other parking space, parking area, or loading area.
5. Driveway Aisle, Major. A driveway providing principal access to the parking area or the driveway providing principal circulation throughout the parking areas or premises.
6. Driveway Apron. A paved area providing principal access from a drive aisle or street right-of-way to a garage or other covered parking space.
7. Dwelling. A building or portion thereof designed or used exclusively as the residence or sleeping place of one or more persons. Excludes tents, cabins, trailers and trailer coaches.
8. Dwelling Unit. A room or group of rooms including living, sleeping, eating, cooking and sanitation facilities, constituting a separate and independent housekeeping unit, occupied or intended for occupancy by one family on a non-transient (less than thirty-day stay) basis and having not more than one kitchen.
9. Density. The number of dwelling units permitted per net lot area.

**Section 5. Severability.** Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

**Section 6. Effective Date; Posting.** This Ordinance shall take effect on March 16, 2022. The City Clerk is hereby directed to publish this Ordinance or a summary thereof pursuant to Government Code Section 36933.

This ordinance was introduced at a meeting of the City Council held on the 2nd day of March 2022 and adopted at a meeting held on the 16<sup>th</sup> day of March, 2022, and said ordinance was duly passed and adopted in accordance with law by the following vote:

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

**APPROVED:**

**ATTEST:**

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**Rich Constantine, Mayor**

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**MICHELLE BIGELOW, City Clerk**

**∞ CERTIFICATE OF THE CITY CLERK ∞**

**I, MICHELLE BIGELOW, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Ordinance No. 2329, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 16<sup>th</sup> day of March 2022.

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

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

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**MICHELLE BIGELOW, City Clerk**

## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: March 16, 2022**

PREPARED BY:

Kim Mancera, Municipal Services Assistant

APPROVED BY: City Manager

## **ADOPT RESOLUTION DETERMINING THAT CONDUCTION OF IN-PERSON MEETINGS WOULD PRESENT A PUBLIC HEALTH RISK AND CONTINUING TELECONFERENCE MEETINGS**

### **RECOMMENDATION(S)**

Adopt resolution to continue holding City Council and commission meetings by teleconference.

### **Estimated Time:**

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

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

Enhancing Public Safety

Preserving and Cultivating Public Trust

### **REPORT NARRATIVE:**

In light of the existing state of emergency and [the County Health Officer's recommendation](#), the attached Resolution has been prepared to enable all legislative bodies of the City of Morgan Hill to continue to meet remotely in accordance with AB 361. The Resolution directs all legislative bodies subject to the Brown Act, including the City Council, Planning Commission, Parks and Recreation Commission, and the Library, Culture, and Arts Commission, to continue to only meet remotely in accordance with AB 361. The Resolution also makes the necessary findings under AB 361 by finding that a state of emergency continues to exist relating to COVID-19 and this necessitates that legislative bodies continue to meet remotely. The Resolution is consistent with the County Health Officer's recommendation that legislative bodies continue to meet remotely to promote social distancing to reduce the risk of COVID-19 transmission.

### **COMMUNITY ENGAGEMENT:**

This report serves to inform the Community of the recommendation to continue teleconferenced meetings.

### **ALTERNATIVE ACTIONS:**



The Council could choose not to adopt the proposed resolution and continue its March 16, 2022 meeting to a date certain for an in-person meeting. All meetings of the City and its commissions going forward would also be in-person.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

Each month since October 6, 2021, the City Council has adopted a resolution determining that conducting in-person meetings would present an imminent risk to attendees' health and electing to continue conducting meetings using teleconferencing.

**FISCAL AND RESOURCE IMPACT:**

Continued use of teleconferencing software has a minimal 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 are not projects that require environmental review.

## **RESOLUTION NO. 22-XXX**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL DETERMINING THAT CONDUCTING IN-PERSON MEETINGS OF THE CITY COUNCIL AND ITS BOARDS AND COMMISSIONS WOULD PRESENT IMMINENT RISKS TO ATTENDEES' HEALTH, AND ELECTING TO CONTINUE CONDUCTING MEETINGS USING TELECONFERENCING IN ACCORDANCE WITH GOVERNMENT CODE SECTION 54953(e) (AB 361)**

WHEREAS, on March 4, 2020, Governor Newsom declared a state of emergency related to the COVID-19 global pandemic, a state of emergency that is ongoing; and

WHEREAS, on March 13, 2020, the City Manager in her capacity as Emergency Services Director declared a local emergency due to the spread of COVID-19, and that emergency declaration was ratified on March 18, 2020; and

WHEREAS, the City of Morgan Hill remains in a state of emergency due to the continuing spread of COVID-19; and

WHEREAS, the Centers for Disease Control and Prevention recommends physical distancing of at least six (6) feet whenever possible, avoiding crowds, and avoiding spaces that do not offer fresh air from the outdoors, particularly for people who are not fully vaccinated, or are at a higher risk of severe illness due to COVID-19; and

WHEREAS, the City's public meeting facility is indoor and not designed to ensure circulation of fresh/outdoor air, and not designed to ensure that attendees can remain six (6) feet apart; and

WHEREAS, holding in-person meetings would encourage community members to come to City facilities to participate in local government, and some of them would be at high risk of severe illness due to COVID-19; and

WHEREAS, technology exists that allows full participation from members of the public without requiring in-person attendance at a City Council meeting.

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

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

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

1. The conduct of in-person public meetings would pose imminent risks to the health of attendees.
2. Public health and safety and the public right to participate in local government are both critically important. The City of Morgan Hill is committed to balancing both by making City Council and commission meetings accessible through multiple formats and by allowing real-time public comment through teleconferencing solutions.
3. The City Council will renew these findings at least every thirty (30) days in accordance with Government Code section 54953(e) until the state of emergency related to COVID-19 has been lifted or until the City Council determines that in-person meetings no longer pose imminent risks to the health of attendees, whichever comes first.

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

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Morgan Hill at a regular meeting held on the March 16, 2022.

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

**APPROVED:**

**ATTEST:**

\_\_\_\_\_  
**RICH CONSTANTINE, Mayor**

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

**∞ CERTIFICATION ∞**

**I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California,** do hereby certify that the foregoing is a true and correct copy of Resolution No. 22-XXX, adopted by the City Council at a regular meeting held on March 16, 2022.

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

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

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

## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: March 16, 2022**

PREPARED BY:

Christina Turner, City Manager

APPROVED BY: City Manager

## **ADOPT RESOLUTION AUTHORIZING THE DISPLAY OF THE NATIONAL FLAG OF UKRAINE AT CITY FACILITIES IN SUPPORT OF THE LEADERS AND PEOPLE OF UKRAINE**

### **RECOMMENDATION(S)**

Adopt resolution authorizing the display of the national flag of Ukraine at the Community and Cultural Center, Centennial Recreation Center, and City Hall from March 19 to April 19, 2022, to support the leaders and people of Ukraine.

### **Estimated Time:**

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

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

Supporting our Youth, Seniors, and Entire Community  
Enhancing Diversity and Inclusiveness

#### **2022-2023 Strategic Priorities**

Community Outreach, Engagement, and Messaging

### **REPORT NARRATIVE:**

During the March 2, 2022 City Council Meeting, Council Member Spring requested the City Council consider adopting a resolution to support the people of Ukraine as they defend against Russia's military attack on their sovereign nation.

On September 27, 2017, the Council adopted a City Council policy on Flag Raising (CP17-02). Per the City Council's Flag Raising Policy, "the City's flag poles are not intended to serve as a forum for free expression by the public, but rather for the display of the Flags of the United States and the State of California. The flag poles located at City Hall, the CCC, and the CRC may also be used to display the flags of the City of Morgan Hill, Sister Cities, and any Commemorative Flags as may be authorized by the City Council as an expression of the City's official sentiments."

Under the policy, a commemorative flag "means a flag that identifies with a specific date, historical event, cause, nation or group of people, whereby the City honors or

commemorates the date, event, cause, nation or people by flying the flag. Commemorative Flags shall be displayed at City facilities only upon City Council direction, consistent with the City's vision, mission, and ongoing and strategic priorities, incorporating themes of diversity, equity, social justice, and inclusion."

Commemorative flags may only be hung at City Hall, the CCC, and/or the CRC. Per the policy, commemorative flags may be hung no longer than 30 days. Authorization of commemorative flags must be approved by City Council resolution.

City staff believe displaying the proposed flag meets the criteria outlined in the policy, specifically in that the flag relates to an event, cause, nation or people; is consistent with the City's ongoing priorities; and incorporates equity, social justice, and inclusion. The attached resolution supports the Sovereign Democracy of Ukraine and authorizes the City to display the Ukrainian flag at City Hall, the CRC, and CCC from March 19 - April 19, 2022.

#### **COMMUNITY ENGAGEMENT:**

Inform - this report serves to inform the community of the recommended flag raising.

#### **ALTERNATIVE ACTIONS:**

Alternatively, the Council could:

1. Not adopt the resolution.
2. Adopt the resolution supporting the people of Ukraine, but not raise the Ukrainian flag.

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

On September 27, 2017 the Council adopted a City Council policy on Flag Raising (CP-17-02).

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

None.

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

Not a Project.

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

**RESOLUTION NO. 22-XXX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY  
OF MORGAN HILL IN SUPPORT OF THE LEADERS AND  
PEOPLE OF UKRAINE AS THEY DEFEND AGAINST  
RUSSIA’S MILITARY ATTACK ON THEIR SOVEREIGN  
NATION**

**WHEREAS**, on February 24, 2022, a massive military assault was launched by the Russian government on the sovereign democratic nation of Ukraine; and

**WHEREAS**, the continuing assault has been met by the strong resistance of the Ukrainian military joined by armed civilians; and

**WHEREAS**, Russian attacks on nonmilitary, residential areas of Ukraine’s cities have forced the evacuation of millions of civilians to neighboring countries; and

**WHEREAS**, the City of Morgan Hill urges the safe evacuation of Ukrainians; and

**WHEREAS**, the City of Morgan Hill wishes to support a secure, independent, and democratic Ukraine; and

**WHEREAS**, the City of Morgan Hill condemns the violent invasion by Russia.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Morgan Hill supports the people of Ukraine by displaying the National Flag of Ukraine at City Hall, the Centennial Recreation Center, and Community and Cultural Center from March 19 – April 19, 2022.

**PASSED AND ADOPTED** by the City Council of Morgan Hill on this 16<sup>th</sup> day of March 2022 by the following vote:

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

**APPROVED:**

**ATTEST:**

\_\_\_\_\_  
**RICH CONSTANTINE, Mayor**

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

∞ **CERTIFICATION** ∞

**I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California,** do hereby certify that the foregoing is a true and correct copy of Resolution No. 22-XXX, adopted by the City Council at its meeting held on March 16, 2022.

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

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

\_\_\_\_\_  
**Michelle Bigelow, City Clerk**

# **CITY OF MORGAN HILL**

## **COUNCIL POLICIES AND PROCEDURES**

**CP-17-02**

**SUBJECT: FLAG RAISING**

**EFFECTIVE DATE SEPTEMBER 27, 2017**

**ORIGINATING DEPARTMENT: CITY ATTORNEY'S OFFICE**

### **BACKGROUND**

The City of Morgan Hill displays the flags of the State of California and of the United States of America on poles located at facilities throughout Morgan Hill. City flag poles are not a public forum, but from time to time the City Council will authorize the display of ceremonial flags consistent with the City's ongoing and strategic priorities.

### **PURPOSE**

Establish guidelines for the City Council to approve the display of flags other than those of the City of Morgan Hill, the State of California or the United States of America.

### **POLICY**

It is the policy of the City of Morgan Hill that the City's flag poles are not intended to serve as a forum for free expression by the public, but rather for the display of the Flags of the United States and the State of California. The flag poles located at City Hall, the Community and Cultural Center and Centennial Recreation Center may also be used to display the flags of the City of Morgan Hill, Sister Cities, and any Commemorative Flags as may be authorized by the City Council as an expression of the City's official sentiments.

A Commemorative Flag under this policy means a flag that identifies with a specific date, historical event, cause, nation or group of people, whereby the City honors or commemorates the date, event, cause, nation or people by flying the flag. Commemorative Flags shall be displayed at City facilities only upon City Council direction, consistent with the City's vision, mission, and ongoing and strategic priorities, incorporating themes of diversity, equity, social justice, and inclusion.

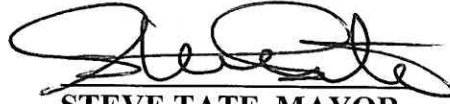
### **PROCEDURE**

In addition to the flags of the State of California and the United States of America, the City Council may, by resolution, direct City staff to display any Commemorative Flag on the flag poles of City Hall, the Community and Cultural Center and/or the Centennial Recreation Center as an expression of the City's official sentiments, for those dates and times and on those terms and conditions as set forth in the resolution. Commemorative Flags shall be displayed for a period of time that is reasonable or customary for the subject that is to be commemorated, but no longer than 30 continuous days.



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

**APPROVED:**



**STEVE TATE, MAYOR**

## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: March 16, 2022**

PREPARED BY:

Yat Cho, Senior Project Manager

APPROVED BY: City Manager

## **APPROVE MITIGATED NEGATIVE DECLARATION FOR THE FISHER CREEK DETENTION BASIN EXPANSION PROJECT**

### **RECOMMENDATION(S)**

Approve and certify the project Mitigated Negative Declaration.

### **Estimated Time:**

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

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

Enhancing Public Safety

Protecting the Environment and Preserving Open Space and Agricultural Land

Maintaining Infrastructure

#### **2022-2023 Strategic Priorities**

Fiscal Sustainability

#### **Guiding Documents**

Storm Drain Master Plan

### **REPORT NARRATIVE:**

Per the City of Morgan Hill 2018 Storm Drain System Master Plan, the capacity of the Fisher Drainage Basin needs to be increased to detain additional storm water run-off. The basin is located in the Morgan Hill Ranch Business Park and provides stormwater detention capacity within the Fisher Creek Drainage Basin (see attached vicinity map). The intent of the project is to increase the detention capacity of the Fisher Drainage Basin thus reducing the risk of flooding within the Fisher Creek Drainage Basin and downstream along Fisher Creek during major storm events.

The Fisher Creek Detention Basin Expansion Project will involve excavating approximately 81,000 cubic yards of soil (with a net export of approximately 45,000 cubic yards) from the existing Fisher Drainage Basin to increase its capacity for stormwater detention. In preparation for the design and construction of the project, staff worked with David J. Powers for an Initial Study (IS) for the Fisher Basin Expansion Project. The IS was circulated for a 30-day public review and comment period beginning

November 22, 2021. During this period, the IS was available to local, state, and federal agencies and any interested parties for review and comments. No comments were received during this circulation period.

If the Initial Study/Mitigated Negative Declaration (MND) is approved, staff will work with David J. Powers to file a Notice of Determination (NOD) to finalize the IS/NOD. Staff recommends the approval of the MND.

### **COMMUNITY ENGAGEMENT:**

#### **Inform**

City staff had previous conversations with businesses and developments in the immediate vicinity affected by the Fisher Creek Detention Basin Expansion Project. The construction project is currently advertised for bidding. Once the project is awarded, both the contractor and the City will provide additional information through emails, social media, and the City Website.

### **ALTERNATIVE ACTIONS:**

City Council may decide not to approve the mitigated negative declaration. However, this would prevent the project from moving forward into the construction phase and will delay the overall delivery of the project.

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

On June 17, 2020, City Council adopted the Fiscal Year 2020-21 and 2021-22 Operating Budget and the Fiscal Years 2020-21 through 2025-26 Capital Improvement Program (CIP) Budget which includes the Fisher Creek Detention Basin Expansion Project (Project No. 415020).

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

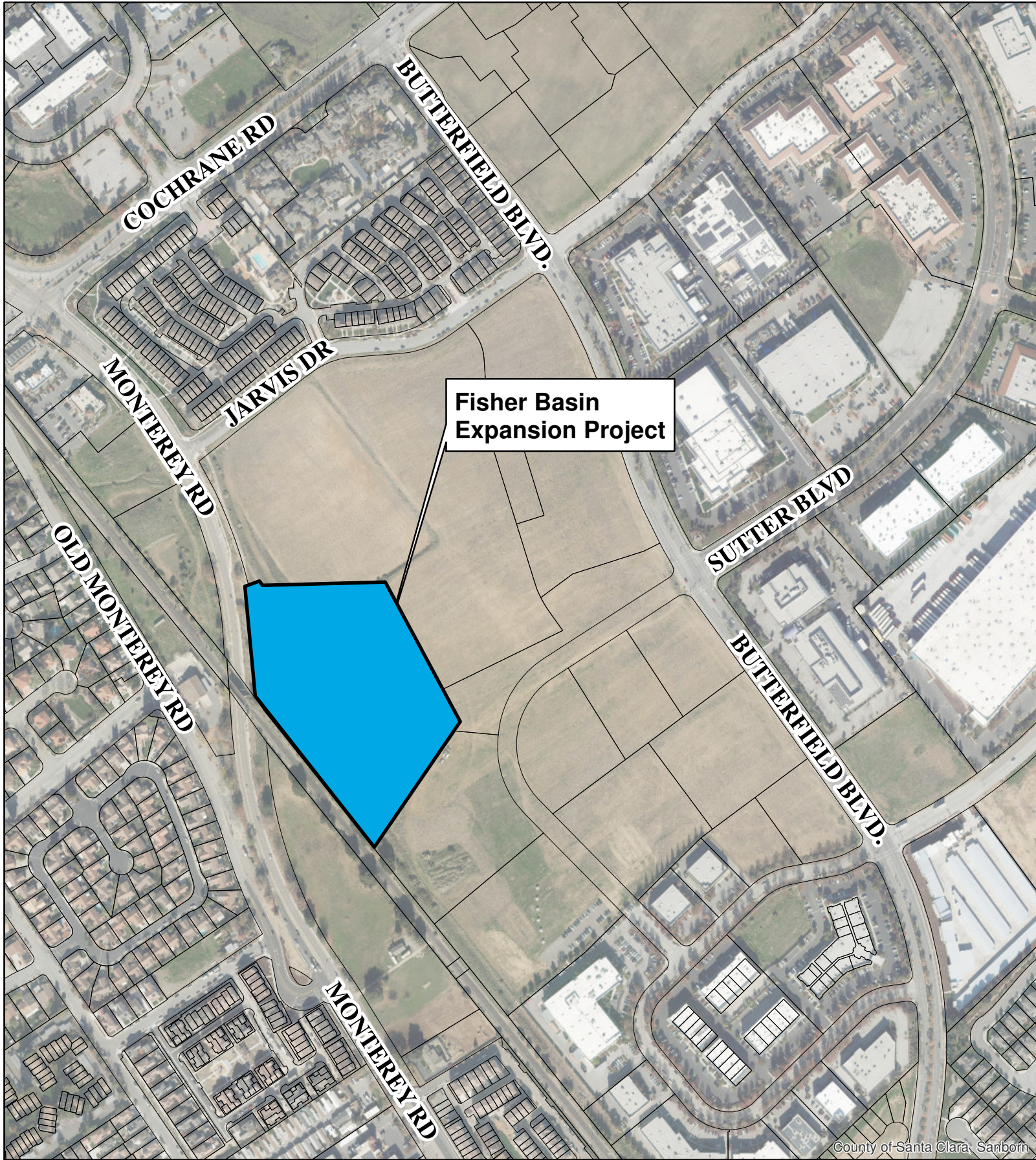
The approval of the mitigated negative declaration will have no fiscal impact.

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

#### **Project**

The Fisher Creek Detention Basin Expansion Project requires CEQA review. David J. Powers prepared an Initial study (IS) to identify and mitigate all environmental impacts from the project. The mitigated negative declaration is attached for your review and approval.





County of Santa Clara, Sanborn



**Engineering and Utilities Department**  
**CIP Engineering Division**

Document Path: G:\R-14\PROJ\Agustin\GIS\Fisher Basin Expansion Project.mxd

## **FISHER BASIN EXPANSION PROJECT**



0 190 380 760 1,140 1,520 Feet

Page 02 of 350



Initial Study

# Fisher Creek Detention Basin Expansion



**January 2022**

APPENDIX G

ENVIRONMENTAL CHECKLIST FORM

NOTE: The following is a sample form that may be tailored to satisfy individual agencies' needs and project circumstances. It may be used to meet the requirements for an initial study when the criteria set forth in CEQA Guidelines have been met. Substantial evidence of potential impacts that are not listed on this form must also be considered. The sample questions in this form are intended to encourage thoughtful assessment of impacts, and do not necessarily represent thresholds of significance.

1. Project title: Fisher Creek Detention Basin Expansion Project

2. Lead agency name and address:

**City of Morgan Hill**

**17575 Peak Avenue Morgan Hill, CA 95037**

3. Contact person and phone number: Chris Ghione

4. Project location: Near Monterey road in the City of Morgan Hill 500 feet south of Jarvis Drive

5. Project sponsor's name and address:

**City of Morgan Hill**

**17575 Peak Avenue Morgan Hill, CA 95037**

6. General plan designation: Open Space

7. Zoning: Open Space

8. Description of project: (Describe the whole action involved, including but not limited to later phases of the project, and any secondary, support, or off-site features necessary for its implementation. Attach additional sheets if necessary.)

**See section 1.0 of the attached document**

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9. Surrounding land uses and setting: (Briefly describe the project's surroundings)

**See section 3.0 of the attached document**

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10. Other public agencies whose approval is required: (e.g., permits, financing approval, or participation agreement.)

See section 2.0 of the attached document

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11. Have California Native American tribes traditionally and culturally affiliated with the project area requested consultation pursuant to Public Resources Code section 21080.3.1? If so, is there a plan for consultation that includes, for example, the determination of significance of impacts to tribal cultural resources, procedures regarding confidentiality, etc.?

No consultation has been requested

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NOTE: Conducting consultation early in the CEQA process allows tribal governments, lead agencies, and project proponents to discuss the level of environmental review, identify and address potential adverse impacts to tribal cultural resources, and reduce the potential for delay and conflict in the environmental review process. (See Public Resources Code section 21080.3.2.) Information may also be available from the California Native American Heritage Commission's Sacred Lands File per Public Resources Code section 5097.96 and the California Historical Resources Information System administered by the California Office of Historic Preservation. Please also note that Public Resources Code section 21082.3(c) contains provisions specific to confidentiality.

**ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:**

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact," as indicated by the checklist on the following pages.

|                                                             |                                                           |                                                             |
|-------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|
| <input type="checkbox"/> Aesthetics                         | <input type="checkbox"/> Agriculture / Forestry Resources | <input checked="" type="checkbox"/> Air Quality             |
| <input checked="" type="checkbox"/> Biological Resources    | <input checked="" type="checkbox"/> Cultural Resources    | <input type="checkbox"/> Energy                             |
| <input checked="" type="checkbox"/> Geology/Soils           | <input type="checkbox"/> Greenhouse Gas Emissions         | <input type="checkbox"/> Hazards and Hazardous Materials    |
| <input checked="" type="checkbox"/> Hydrology/Water Quality | <input type="checkbox"/> Land Use / Planning              | <input type="checkbox"/> Mineral Resources                  |
| <input type="checkbox"/> Noise                              | <input type="checkbox"/> Population / Housing             | <input type="checkbox"/> Public Services                    |
| <input type="checkbox"/> Recreation                         | <input type="checkbox"/> Transportation                   | <input type="checkbox"/> Tribal Cultural Resources          |
| <input type="checkbox"/> Utilities / Service Systems        | <input type="checkbox"/> Wildfire                         | <input type="checkbox"/> Mandatory Findings of Significance |

**DETERMINATION**

On the basis of this initial evaluation:

I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.

I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.

I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Signature



10/15/2021

Date

DocuSigned by:

Jennifer Carman

0E8679B4F4C541B...

2/23/2022



## EVALUATION OF ENVIRONMENTAL IMPACTS

1. A brief explanation is required for all answers except “No Impact” answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A “No Impact” answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A “No Impact” answer should be explained where it is based on project-specific factors, as well as general standards (e.g., the project would not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
2. All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
3. Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. “Potentially Significant Impact” is appropriate if there is substantial evidence that an effect may be significant. If there are one or more “Potentially Significant Impact” entries when the determination is made, an EIR is required.
4. “Negative Declaration: Less Than Significant With Mitigation Incorporated” applies where the incorporation of mitigation measures has reduced an effect from “Potentially Significant Impact” to a “Less Than Significant Impact.” The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level.
5. Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D). In this case, a brief discussion should identify the following:
  - a) Earlier Analyses Used. Identify and state where they are available for review.
  - b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
  - c) Mitigation Measures. For effects that are “Less than Significant with Mitigation Measures Incorporated,” describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
6. Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
7. Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.
8. This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project’s environmental effects in whatever format is selected.
9. The explanation of each issue should identify:
  - a) the significance criteria or threshold, if any, used to evaluate each question; and
  - b) the mitigation measure identified, if any, to reduce the impact to less than significance

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- Appendix B: Arborists Report
- Appendix C: Fisher Creek Biological Resources Report
- Appendix D: Construction Noise Memo
- Appendix E: Notice of Availability

## **SECTION 1.0 INTRODUCTION AND PURPOSE**

---

### **1.1 PURPOSE OF THE INITIAL STUDY**

The City of Morgan Hill, as the Lead Agency, has prepared this Initial Study for the Fisher Creek Detention Basin Expansion in compliance with the California Environmental Quality Act (CEQA), the CEQA Guidelines (California Code of Regulations §15000 et. seq.) and the regulations and policies of the City of Morgan Hill, California.

The project proposes to excavate 81,000 cubic yards of soil from the existing Fisher Creek Detention Basin to increase its capacity for stormwater detention. This Initial Study evaluates the environmental impacts that might reasonably be anticipated to result from implementation of the proposed project.

### **1.2 PUBLIC REVIEW PERIOD**

This Initial Study was circulated for a 30-day public review and comment period starting November 22, 2021. During this period, the Initial Study was available to local, state, and federal agencies and to interested organizations and individuals for review. The Notice of Availability for this circulation is attached as Appendix E of this document. No comments were received during the circulation period.

### **1.3 CONSIDERATION OF THE INITIAL STUDY AND PROJECT**

Following the conclusion of the public review period, the City of Morgan Hill will consider the adoption of the Initial Study/Mitigated Negative Declaration (MND) for the project at a regularly scheduled meeting. The City shall consider the Initial Study/MND together with any comments received during the public review process. Upon adoption of the MND, the City may proceed with project approval actions.

### **1.4 NOTICE OF DETERMINATION**

If the project is approved, the City of Morgan Hill will file a Notice of Determination (NOD), which will be available for public inspection and posted within 24 hours of receipt at the County Clerk's Office for 30 days. The filing of the NOD starts a 30-day statute of limitations on court challenges to the approval under CEQA (CEQA Guidelines Section 15075(g)).

## **SECTION 2.0 PROJECT INFORMATION**

---

### **2.1 PROJECT TITLE**

Fisher Creek Detention Basin

### **2.2 LEAD AGENCY CONTACT**

City of Morgan Hill  
Chris Ghione, Director of Public Works  
17575 Peak Avenue  
Morgan Hill, CA 95037  
Chris.Ghione@morganhill.ca.gov

### **2.3 PROJECT APPLICANT**

City of Morgan Hill

### **2.4 PROJECT LOCATION**

East side of Monterey Road, approximately 500 feet south of Jarvis Drive, across the street from 18300 Old Monterey Road, Morgan Hill, CA 95037

### **2.5 ASSESSOR'S PARCEL NUMBER**

726-25-028

### **2.6 GENERAL PLAN DESIGNATION AND ZONING DISTRICT**

Open Space (OS) General Plan and Zoning Designation

### **2.7 HABITAT PLAN DESIGNATION**

Pond

### **2.8 PROJECT-RELATED APPROVALS, AGREEMENTS, AND PERMITS**

Grading Permit

## SECTION 3.0 PROJECT DESCRIPTION

---

### Project Overview

The City of Morgan Hill owns and operates a regional drainage basin located east of the railroad tracks between Monterey Road and Butterfield Boulevard, North of Digital Drive and South of Jarvis Drive. The basin provides stormwater detention<sup>1</sup> for the Morgan Hill Ranch Business Park. The existing basin is approximately 7.5 acres at the top rim, 13.7 feet deep, and can hold approximately 43.9 acre-feet of water with no overflow.

To meet future detention and retention needs of the City in the Coyote Creek Watershed area, based upon new estimates of future rainfall load, the City desires to excavate approximately 10 feet of material out of the existing basin to increase the depth from 13.7 feet to 23.7 feet, and introduce more storage capacity. The project would excavate approximately 50,000 cubic yards (CY) of soil over the course of five weeks. This material would be excavated from the toe of the slopes, an area of roughly 2.77 acres, rendering the basin bottom 10 feet lower than the existing elevation. The proposed project would result in the removal of 56 trees on site, including 37 red willows and 19 Fremont cottonwoods. Materials from the excavation would be disposed at the Kirby Canyon Landfill or, if determined appropriate to serve as construction fill, sent to a development site in the City in need of surplus soil, which would reduce the length of trips (compared to Kirby Canyon) needed to deposit and dispose of the dirt this summer. Construction activities would occur from 7 am to 5 pm on weekdays utilizing one large excavator, one dozer, and one grader on site.

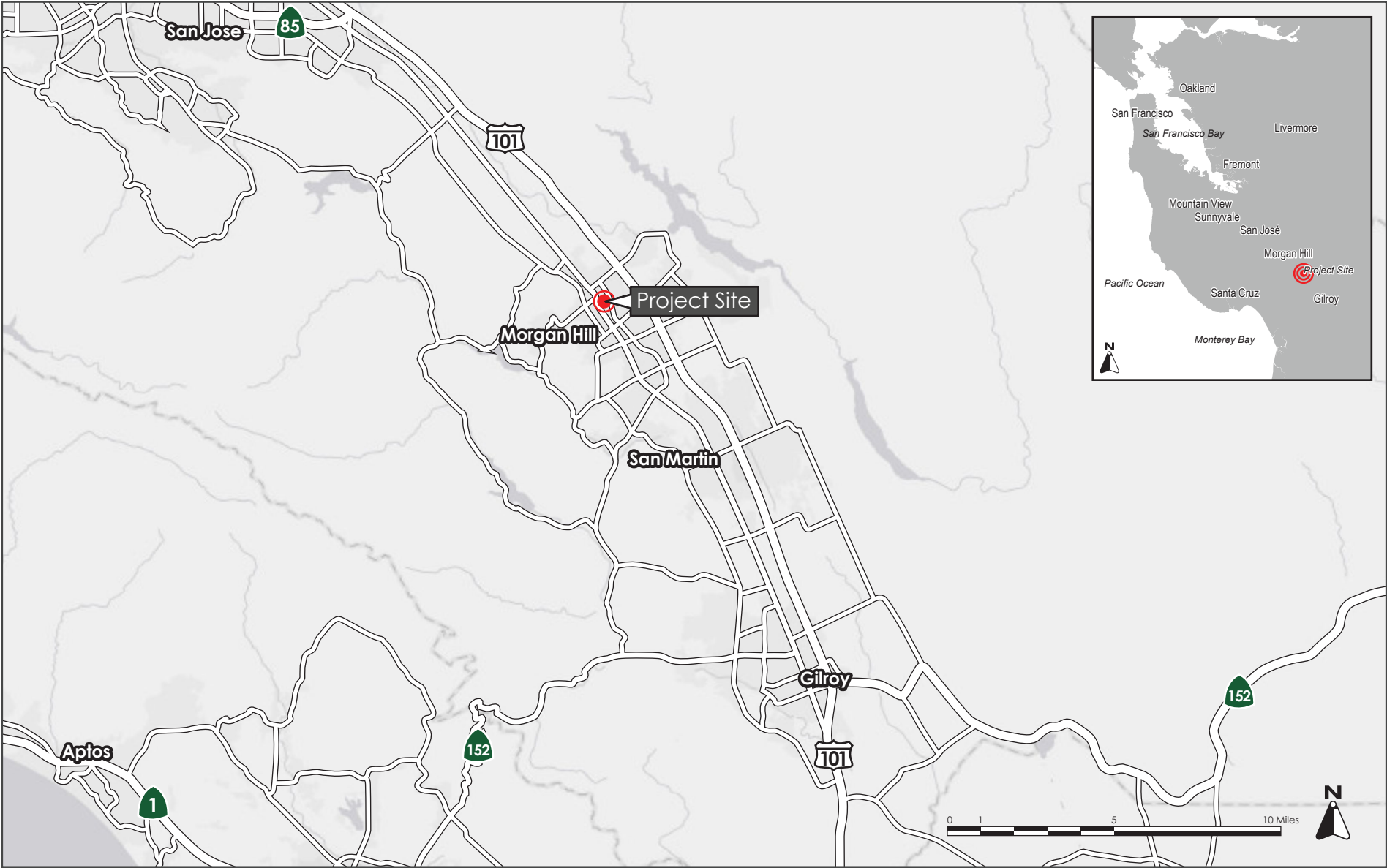
The location of the project in a regional and local context can be seen in Figures 3.0-1, 3.0-2, and 3.0-3. The extent of the project design can be seen in Figure 3.0-4

### Haul Route

The project proposes the haul route travel from Jarvis Drive to Monterey Road to Cochrane Road. This would then utilize the US 101 freeway to transport the material to its disposal site. Alternatively, the proposed project would use the new Sutter Blvd extension and travel from Butterfield Boulevard to Cochrane Road to reach the US 101 freeway. Approximately 8,400 truck haul trips would be required for the proposed project. No staging area is proposed.

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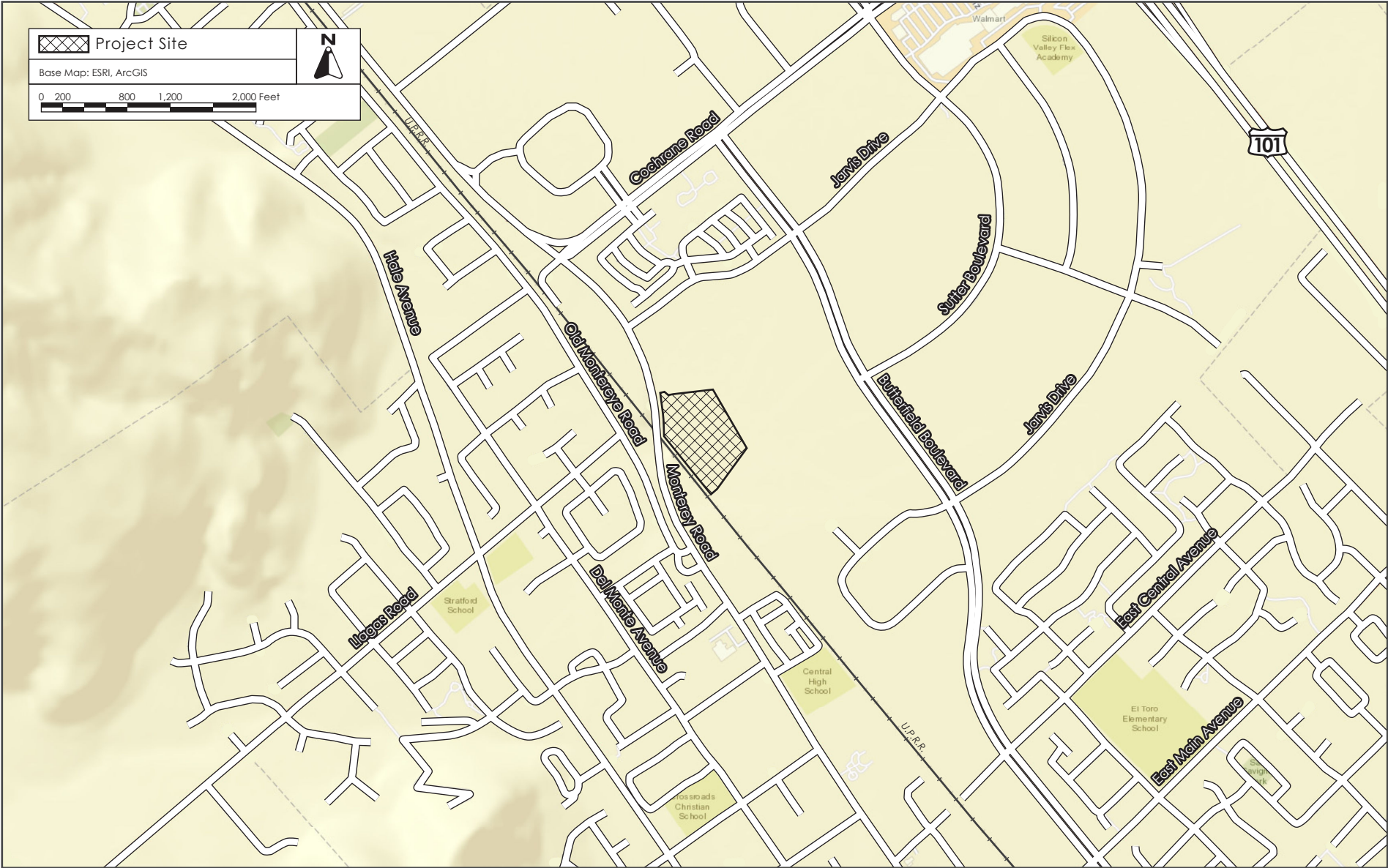
<sup>1</sup> A detention basin has an inlet and outlet which can release water, while a retention basin only has an inlet and retains the water that enters the basin.



REGIONAL MAP

FIGURE 3.0-1





VICINITY MAP

FIGURE 3.0-2

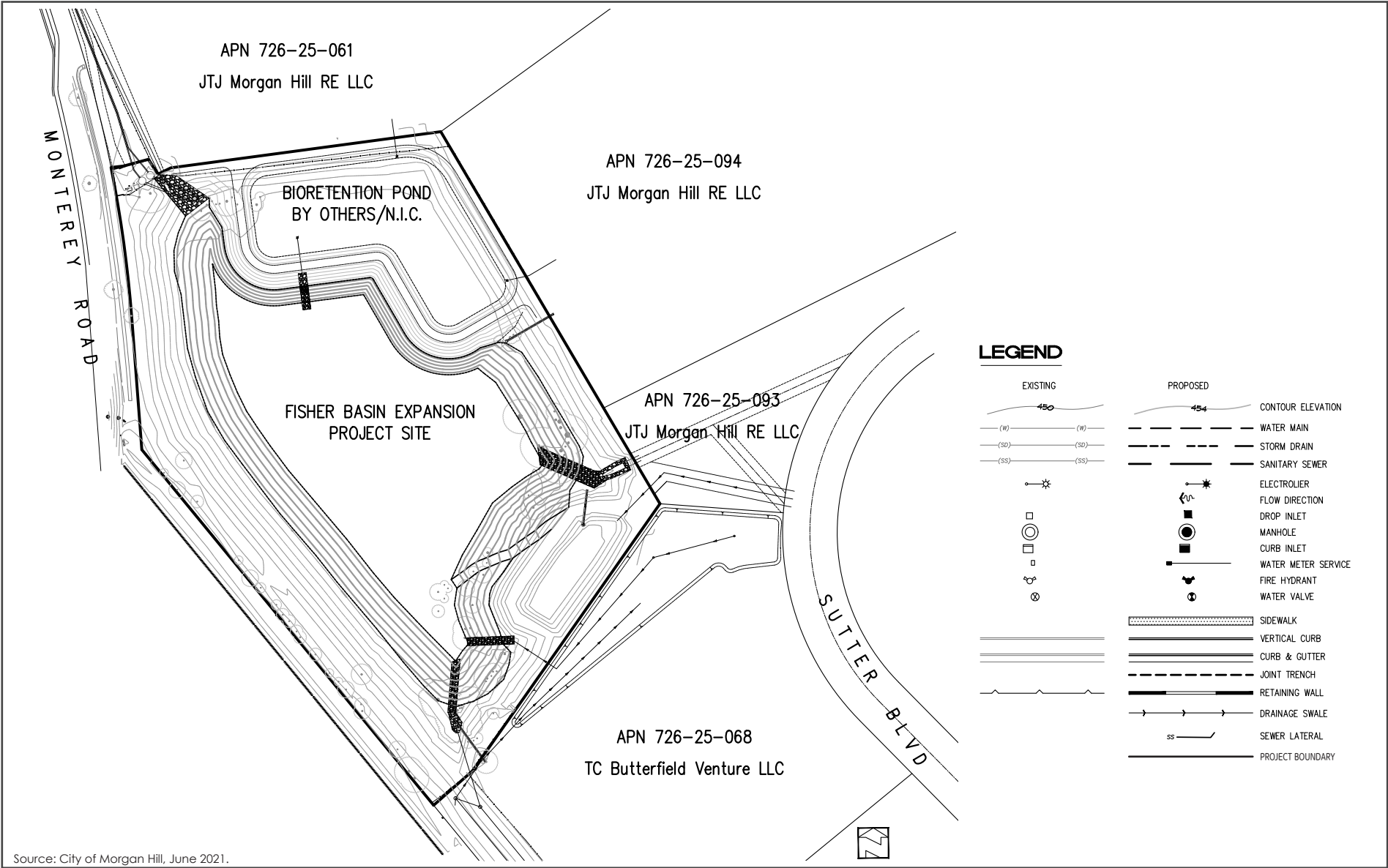




AERIAL PHOTOGRAPH AND SURROUNDING LAND USES

FIGURE 3.0-3





Source: City of Morgan Hill, June 2021.



SITE DESIGN

FIGURE 3.0-4

## SECTION 4.0 ENVIRONMENTAL SETTING, CHECKLIST, AND IMPACT DISCUSSION

---

This section presents the discussion of impacts related to the following environmental subjects in their respective subsections:

|      |                                    |      |                                    |
|------|------------------------------------|------|------------------------------------|
| 4.1  | Aesthetics                         | 4.12 | Mineral Resources                  |
| 4.2  | Agriculture and Forestry Resources | 4.13 | Noise                              |
| 4.3  | Air Quality                        | 4.14 | Population and Housing             |
| 4.4  | Biological Resources               | 4.15 | Public Services                    |
| 4.5  | Cultural Resources                 | 4.16 | Recreation                         |
| 4.6  | Energy                             | 4.17 | Transportation                     |
| 4.7  | Geology and Soils                  | 4.18 | Tribal Cultural Resources          |
| 4.8  | Greenhouse Gas Emissions           | 4.19 | Utilities and Service Systems      |
| 4.9  | Hazards and Hazardous Materials    | 4.20 | Wildfire                           |
| 4.10 | Hydrology and Water Quality        | 4.21 | Mandatory Findings of Significance |
| 4.11 | Land Use and Planning              |      |                                    |

The discussion for each environmental subject includes the following subsections:

- **Environmental Setting** – This subsection 1) provides a brief overview of relevant plans, policies, and regulations that compose the regulatory framework for the project and 2) describes the existing, physical environmental conditions at the project site and in the surrounding area, as relevant.
- **Impact Discussion** – This subsection 1) includes the recommended checklist questions from Appendix G of the CEQA Guidelines to assess impacts and 2) discusses the project's impact on the environmental subject as related to the checklist questions. For significant impacts, feasible mitigation measures are identified. "Mitigation measures" are measures that will minimize, avoid, or eliminate a significant impact (CEQA Guidelines Section 15370). Each impact is numbered to correspond to the checklist question being answered. For example, Impact BIO-1 answers the first checklist question in the Biological Resources section. Mitigation measures are also numbered to correspond to the impact they address. For example, MM BIO-1.3 refers to the third mitigation measure for the first impact in the Biological Resources section.

## 4.1 AESTHETICS

### 4.1.1 Environmental Setting

#### 4.1.1.1 *Regulatory Framework*

#### State

##### Streets and Highway Code Sections 260 through 263

The California Scenic Highway Program (Streets and Highway Code, Sections 260 through 263) is managed by the California Department of Transportation (Caltrans). The program is intended to protect and enhance the natural scenic beauty of California highways and adjacent corridors through special conservation treatment. There are no state-designated scenic highways in Morgan Hill. Interstate 280 from the San Mateo County line to State Route (SR) 17, which includes segments in Morgan Hill, is an eligible, but not officially designated, State Scenic Highway.<sup>2</sup>

In Santa Clara County, the one state-designated scenic highway is SR 9 from the Santa Cruz County line to the Los Gatos City Limit. Eligible State Scenic Highways (not officially designated) include: SR 17 from the Santa Cruz County line to SR 9, SR 35 from Santa Cruz County line to SR 9, Interstate 280 from the San Mateo County line to SR 17, and the entire length of SR 152 within the County.

#### 4.1.1.2 *Existing Conditions*

##### **Existing Aesthetic Environment**

The project site is a city owned detention basin located approximately 90 feet from the edge of Monterey Road, approximately 500 feet south of Jarvis Drive. The area around the basin is undeveloped lots containing grass and small shrub like vegetation. The basin is separated from Monterey Road by a retaining wall, as Monterey Road is depressed below grade under the railroad overcrossing, which blocks views of vehicles traveling on Monterey Road; however, the basin can be seen from the residences on Old Monterey Road, at a distance of about 300 feet. The basin is vegetated containing some medium sized trees and is dry a majority of the year.

##### **Scenic Resources**

Scenic resources in the City of Morgan Hill include hillsides that flank the City to the east and west. Additionally, the General Plan identifies a Greenbelt intended to separate the City from San José and San Martin. The project site is not within the defined areas or scenic resources as established in the General Plan.<sup>3</sup>

<sup>2</sup> California Department of Transportation. "Scenic Highways." Accessed December 10, 2020.

<https://dot.ca.gov/programs/design/lap-landscape-architecture-and-community-livability/lap-liv-i-scenic-highways>.

<sup>3</sup> City of Morgan Hill. 2035 General Plan. July 27, 2016. <http://www.morganhill.ca.gov/75/General-Plan>.

#### 4.1.2 Impact Discussion

|                                                                                                                                                                                                                                                                                                       | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact | No Impact                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|------------------------------------|-------------------------------------|
| Except as provided in Public Resources Code Section 21099, would the project:                                                                                                                                                                                                                         |                                      |                                                             |                                    |                                     |
| 1) Have a substantial adverse effect on a scenic vista?                                                                                                                                                                                                                                               | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 2) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?                                                                                                                                              | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 3) In non-urbanized areas, substantially degrade the existing visual character or quality of public views of the site and its surroundings? <sup>4</sup><br>If the project is in an urbanized area, would the project conflict with applicable zoning and other regulations governing scenic quality? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 4) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?                                                                                                                                                                                 | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |

---

**Impact AES-1: The project would not have a substantial adverse effect on a scenic vista. (No Impact)**

---

The proposed project would deepen the existing stormwater basin by approximately 10 feet and remove some of the existing vegetation within the basin. The trees which would be removed from the bottom of the basin would not be significantly visible from surrounding areas and their removal would not substantially alter views of the detention basin. The basin is not located in an area determined to be a scenic vista in the General Plan, the basin is not readily visible from Monterey Road due to grade changes, and deepening the basin would not alter an existing scenic vista. Therefore, the proposed project would not have an impact on scenic vistas. **(No Impact)**

---

**Impact AES-2: The project would not substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway. (No Impact)**

---

The project site is not located within a state designated scenic highway area. Additionally, the proposed project would not impact rock outcroppings or historic buildings in the area. Therefore, the proposed project would have no impact on scenic resources in a state scenic highway area. **(No Impact)**

---

<sup>4</sup> Public views are those that are experienced from publicly accessible vantage points.

---

**Impact AES-3: The project would not conflict with applicable zoning and other regulations governing scenic quality. (No Impact)**

---

The proposed project would not change the land use of the retention basin, nor would it introduce new structures to the site and therefore, the proposed project would not conflict with existing zoning or other regulations governing scenic quality. **(No Impact)**

---

**Impact AES-4: The project would not create a new source of substantial light or glare which would adversely affect day or nighttime views in the area. (No Impact)**

---

The project site does not contain light sources or sources of glare and the proposed project would not modify the existing conditions by introducing a new source of light or glare. Therefore, the proposed project would have no impact. **(No Impact)**

## 4.2 AGRICULTURE AND FORESTRY RESOURCES

### 4.2.1 Environmental Setting

#### 4.2.1.1 *Regulatory Framework*

#### State

##### Farmland Mapping and Monitoring Program

The California Department of Conservation's Farmland Mapping and Monitoring Program (FMMP) assesses the location, quality, and quantity of agricultural land and conversion of these lands over time. Agricultural land is rated according to soil quality and irrigation status. The best quality land is called Prime Farmland. In CEQA analyses, the FMMP classifications and published county maps are used, in part, to identify whether agricultural resources that could be affected are present on-site or in the project area.<sup>5</sup>

The California Land Evaluation and Site Assessment (LESA) is a point-based approach for rating the relative importance of agricultural land resources based upon specific measurable features. The LESA Model was developed to provide lead agencies with an optional methodology to ensure that potentially significant impacts on the environment as a result of agricultural land conversions are quantitatively and consistently considered in the environmental review process (Public Resources Code Section 21095).<sup>6</sup>

##### California Land Conservation Act

The California Land Conservation Act (Williamson Act) enables local governments to enter into contracts with private landowners to restrict parcels of land to agricultural or related open space uses. In return, landowners receive lower property tax assessments. In CEQA analyses, identification of properties that are under a Williamson Act contract is used to also identify sites that may contain agricultural resources or are zoned for agricultural uses.<sup>7</sup>

##### Fire and Resource Assessment Program

The California Department of Forestry and Fire Protection (CAL FIRE) identifies forest land, timberland, and lands zoned for timberland production that can (or do) support forestry resources.<sup>8</sup> Programs such as CAL FIRE's Fire and Resource Assessment Program and are used to identify

<sup>5</sup> California Department of Conservation. "Farmland Mapping and Monitoring Program." Accessed December 21, 2020. <http://www.conservation.ca.gov/dlrp/fmmp/Pages/Index.aspx>.

<sup>6</sup> California Department of Conservation. "Land Evaluation & Site Assessment Model." Accessed December 21, 2020. [http://www.conservation.ca.gov/dlrp/Pages/qh\\_lesa.aspx](http://www.conservation.ca.gov/dlrp/Pages/qh_lesa.aspx).

<sup>7</sup> California Department of Conservation. "Williamson Act." <http://www.conservation.ca.gov/dlrp/lca>.

<sup>8</sup> Forest Land is land that can support 10 percent native tree cover and allows for management of forest resources (California Public Resources Code Section 12220(g)); Timberland is land not owned by the federal government or designated as experimental forest land that is available for, and capable of, growing trees to produce lumber and other products, including Christmas trees (California Public Resources Code Section 4526); and Timberland Production is land used for growing and harvesting timber and compatible uses (Government Code Section 51104(g)).



whether forest land, timberland, or timberland production areas that could be affected are located on or adjacent to a project site.<sup>9</sup>

#### 4.2.1.2 *Existing Conditions*

The project site is identified as Open Space in the Morgan Hill General Plan and is located adjacent to land designated as grazing land.<sup>10</sup> The detention basin is not included in a Williamson Act contract and is not identified as Prime Farmland.

#### 4.2.2 Impact Discussion

|                                                                                                                                                                                                                                                                                            | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact | No Impact                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|------------------------------------|-------------------------------------|
| Would the project:                                                                                                                                                                                                                                                                         |                                      |                                                             |                                    |                                     |
| 1) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?                                             | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 2) Conflict with existing zoning for agricultural use, or a Williamson Act contract?                                                                                                                                                                                                       | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 3) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code Section 12220(g)), timberland (as defined by Public Resources Code Section 4526), or timberland zoned Timberland Production (as defined by Government Code Section 51104(g))? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 4) Result in a loss of forest land or conversion of forest land to non-forest use?                                                                                                                                                                                                         | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 5) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland to non-agricultural use or conversion of forest land to non-forest use?                                                                                | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |

<sup>9</sup> California Department of Forestry and Fire Protection. "Fire and Resource Assessment Program." Accessed December 21, 2020. <http://frap.fire.ca.gov/>.

<sup>10</sup> City of Morgan Hill. 2035 General Plan. December 2017. <https://www.morgan-hill.ca.gov/DocumentCenter/View/22839/MH2035-General-Plan---December-2017?bidId=>.

---

**Impact AG-1:      The project would not convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance, as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use. (No Impact)**

---

The proposed project site is not classified as Prime or Unique Farmland, nor is it identified as Farmland of Statewide Importance. Therefore, the proposed project would not impact Prime Farmland, Unique farmland, or Farmland of Statewide Importance. **(No Impact)**

---

**Impact AG-2:      The project would not conflict with existing zoning for agricultural use, or a Williamson Act contract. (No Impact)**

---

The proposed project site is not zoned for agricultural use and is not under an existing Williamson Act contract. Therefore, the proposed project would not conflict with an existing agricultural zoning or Williamson Act contract. **(No Impact)**

---

**Impact AG-3:      The project would not conflict with existing zoning for, or cause rezoning of, forest land, timberland, or timberland zoned Timberland Production. (No Impact)**

---

The proposed project site is not zoned for forest land, timberland or Timberland Production. Therefore, the proposed project would not conflict with these zoning designations. **(No Impact)**

---

**Impact AG-4:      The project would not result in a loss of forest land or conversion of forest land to non-forest use. (No Impact)**

---

The project site is not designated as forest land. The proposed project would not convert forest land resulting in a loss of forest land. **(No Impact)**

---

**Impact AG-5:      The project would not involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use. (No Impact)**

---

The proposed project would only modify the depth and capacity of the detention basin and would not result in the conversion of surrounding Farmland to non-agricultural use or the conversion of forest land to non-forest uses. Therefore, the proposed project would not impact surrounding agricultural or forest uses. **(No Impact)**

## 4.3 AIR QUALITY

The information in this section is based on the Fisher Detention Basin Construction Health Risk Assessment prepared by Illingworth and Rodkin dated March 11, 2021. This report is included in Appendix A.

### 4.3.1 Environmental Setting

#### 4.3.1.1 *Regulatory Framework*

#### **Federal and State**

##### Clean Air Act

At the federal level, the United States Environmental Protection Agency (EPA) is responsible for overseeing implementation of the Clean Air Act and its subsequent amendments. The federal Clean Air Act requires the EPA to set national ambient air quality standards for the six common criteria pollutants (discussed previously), including PM, O<sub>3</sub>, CO, SO<sub>x</sub>, NO<sub>x</sub>, and lead.

CARB is the state agency that regulates mobile sources throughout the state and oversees implementation of the state air quality laws and regulations, including the California Clean Air Act. The EPA and the CARB have adopted ambient air quality standards establishing permissible levels of these pollutants to protect public health and the climate. Violations of ambient air quality standards are based on air pollutant monitoring data and are determined for each air pollutant. Attainment status for a pollutant means that a given air district meets the standard set by the EPA and/or CARB.

##### Risk Reduction Plan

To address the issue of diesel emissions in the state, CARB developed the Risk Reduction Plan to Reduce Particulate Matter Emissions from Diesel-Fueled Engines and Vehicles. In addition to requiring more stringent emission standards for new on-road and off-road mobile sources and stationary diesel-fueled engines to reduce particulate matter emissions by 90 percent, the plan involves application of emission control strategies to existing diesel vehicles and equipment to reduce DPM (in addition to other pollutants). Implementation of this plan, in conjunction with stringent federal and CARB-adopted emission limits for diesel fueled vehicles and equipment (including off-road equipment), will significantly reduce emissions of DPM and NO<sub>x</sub>.

#### **Regional**

##### 2017 Clean Air Plan

The Bay Area Air Quality Management District (BAAQMD) is the agency primarily responsible for assuring that the federal and state ambient air quality standards are maintained in the San Francisco Bay Area. Regional air quality management districts, such as BAAQMD, must prepare air quality plans specifying how state and federal air quality standards will be met. BAAQMD's most recently adopted plan is the Bay Area 2017 Clean Air Plan (2017 CAP). The 2017 CAP focuses on two related BAAQMD goals: protecting public health and protecting the climate. To protect public health, the 2017 CAP describes how BAAQMD will continue its progress toward attaining state and

federal air quality standards and eliminating health risk disparities from exposure to air pollution among Bay Area communities. To protect the climate, the 2017 CAP includes control measures designed to reduce emissions of methane and other super-greenhouse gases (GHGs) that are potent climate pollutants in the near-term, and to decrease emissions of carbon dioxide by reducing fossil fuel combustion.<sup>11</sup>

### CEQA Air Quality Guidelines

The BAAQMD CEQA Air Quality Guidelines are intended to serve as a guide for those who prepare or evaluate air quality impact analyses for projects and plans in the San Francisco Bay Area. Jurisdictions in the San Francisco Bay Area Air Basin utilize the thresholds and methodology for assessing air quality impacts developed by BAAQMD within their CEQA Air Quality Guidelines. The guidelines include information on legal requirements, BAAQMD rules, methods of analyzing impacts, and recommended mitigation measures.

## **Local**

### Morgan Hill 2035 General Plan

Adopted July 27, 2016, the Morgan Hill 2035 General Plan includes goals, policies, and actions to improve air quality issues facing the City of Morgan Hill. The following goals, policies, and actions are applicable to the proposed project:

#### **Goal NRE-10: Reduced air pollution emissions.**

Policy NRE-10.2 State and Federal Regulation. Encourage effective regulation of mobile and stationary sources of air pollution and support State and federal regulations to improve automobile emission controls.

#### **Goal NRE-11: Minimized exposure of people to toxic air contaminants such as ozone, carbon monoxide, lead, and particulate matter.**

Policy NRE-11.3 Health Risk Assessments. For proposed development that emits toxic air contaminants, require project proponents to prepare health risk assessments in accordance with Bay Area Air Quality Management District procedures as part of environmental review and implement effective mitigation measures to reduce potential health risks to less-than-significant levels.

Alternatively, require these projects to be located an adequate distance from residences and other sensitive receptors to avoid health risks. Consult with the Bay Area Air Quality Management District to identify stationary and mobile toxic air contaminant sources and determine the need for and requirements of a health risk assessment for proposed developments

Policy NRE-11.4 Truck Routes. For development projects generating significant heavy-duty truck traffic, designate truck routes that minimize exposure of sensitive receptors to toxic air contaminants and particulate matter.

<sup>11</sup> BAAQMD. *Final 2017 Clean Air Plan*. April 19, 2017. <http://www.baaqmd.gov/plans-and-climate/air-quality-plans/current-plans>.

Policy NRE-11.5 Truck Idling. For development projects generating significant truck traffic, require signage to remind drivers that the State truck idling law limits truck idling to five (5) minutes.

Policy NRE-11.6 Vegetation Buffers. Encourage the use of pollution-absorbing trees and vegetation in buffer areas between substantial sources of toxic air contaminants and sensitive receptors.

### **Goal NRE-12: Minimized air pollutant emissions from demolition and construction activities**

Policy NRE-12.1: Best Practices. Requirement that development projects implement best management practices to reduce air pollutant emissions associated with construction and operation of the project.

Policy NRE-12.2 Conditions of Approvals. Include dust, particulate matter, and construction equipment exhaust control measures as conditions of approval for subdivision maps, site development and planned development permits, grading permits, and demolition permits. At a minimum, conditions shall conform to construction mitigation measures recommended in the current Bay Area Air Quality Management District CEQA Guidelines.

Policy NRE-12.3 Control Measures. Require construction and demolition projects that have the potential to disturb asbestos (from soil or building material) to comply with all the requirements of the California Air Resource Board's air toxics control measures (ATCMs) for Construction, Grading, Quarrying, and Surface Mining Operations.

Policy NRE-12.4 Grading. Require subdivision designs and site planning to minimize grading and use landform grading in hillside areas.

- **Action NRE-12.A Standard Measures for Demolition and Grading.** Adopt and periodically update dust, particulate matter, and exhaust control standard measures for demolition, grading, and construction activities to include on project plans mitigation measures as conditions of approval based Bay Area Air Quality Management District CEQA Guidelines. Include measures to prevent silt loading on roadways that generates particulate matter air pollution by prohibiting unpaved or unprotected access to public roadways from construction sites.
- **Action NRE-12.B Grading Ordinance.** Revise the grading ordinance and condition grading permits to require that graded areas be stabilized from the completion of grading to commencement and construction.

#### **4.3.1.2 Existing Conditions**

The project site is a detention basin for stormwater and does not currently contribute substantial emissions to the surrounding area. Limited vehicle visits to the detention basin may be conducted for maintenance but this results in negligible emissions created by the site. The nearest sensitive receptors to the project site are located in the residential buildings located 300 feet to the west across Old Monterey Road.

### 4.3.2 Impact Discussion

|                                                                                                                                                                                                   | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|--------------------------|
| Would the project:                                                                                                                                                                                |                                      |                                                             |                                     |                          |
| 1) Conflict with or obstruct implementation of the applicable air quality plan?                                                                                                                   | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3) Expose sensitive receptors to substantial pollutant concentrations?                                                                                                                            | <input type="checkbox"/>             | <input checked="" type="checkbox"/>                         | <input type="checkbox"/>            | <input type="checkbox"/> |
| 4) Result in other emissions (such as those leading to odors) adversely affecting a substantial number of people?                                                                                 | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Note: Where available, the significance criteria established by the applicable air quality management district or air pollution control district may be relied upon to make the determinations.

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**Impact AIR-1: The project would not conflict with or obstruct implementation of the applicable air quality plan. (Less than Significant Impact)**

---

### Construction Emissions

The proposed project would require excavation on site and hauling of the materials off site with approximately 8,400 truck trips, with approximately 336 truck trips a day (over the course of 25 days). The predicted emissions created during construction of the proposed project over approximately five weeks are presented in Table 4.3-1 below.

| Table 4.3-1 Construction Period Emissions                                                                               |             |             |              |               |
|-------------------------------------------------------------------------------------------------------------------------|-------------|-------------|--------------|---------------|
| Year                                                                                                                    | ROG         | NOx         | PM10 Exhaust | PM2.5 Exhaust |
| <i>Construction Emissions Per Year (Tons)</i>                                                                           |             |             |              |               |
| Project construction and hauling in 2021                                                                                | 0.04        | 0.47        | 0.02         | 0.01          |
| <i>Annualized Daily Construction Emissions (pounds/day)</i>                                                             |             |             |              |               |
| Average daily emissions                                                                                                 | 0.31        | 3.65        | 0.13         | 0.11          |
| <i>BAAQMD Thresholds (pounds per day)</i>                                                                               | 54 lbs./day | 54 lbs./day | 82 lbs./day  | 54 lbs./day   |
| <b>Exceed Threshold?</b>                                                                                                | No          | No          | No           | No            |
| Source: Illingworth and Rodkin, Inc. <i>Fisher Detention Basin Construction Health Risk Assessment</i> . March 11, 2021 |             |             |              |               |

The construction of the proposed project would not exceed the BAAQMD significance thresholds for daily construction emissions and would be consistent with the 2017 Clean Air Plan. **(Less than Significant Impact)**

### **Operations**

The proposed project would operate in the same manner as the existing detention basin and would not generate emissions of air quality pollutants. Therefore, the proposed project would have no impacts during operations. **(Less than Significant Impact)**

---

**Impact AIR-2:      The project would not result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard. (Less than Significant Impact)**

---

As noted above in Impact AIR-1, project construction and operational emissions would be below established BAAQMD thresholds of significance used to determine whether a project would result in a cumulatively considerable contribution of any criteria pollutant for which the region is in non-attainment. Therefore, the construction and operations of the proposed project would result in less than significant net increase of criteria pollutants for the region under applicable federal and state ambient air quality standard. **(Less than Significant Impact)**

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**Impact AIR-3:      The project would not expose sensitive receptors to substantial pollutant concentrations. (Less than Significant Impact with Mitigation Incorporated)**

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Construction activities, particularly during site preparation and grading, would generate fugitive dust in the form of PM<sub>10</sub> and PM<sub>2.5</sub>. Sources of fugitive dust would include disturbed soils at the construction site and trucks carrying uncovered loads of soils. Vehicles leaving the site would deposit mud on local streets, which would be an additional source of airborne dust after it dries.

Additionally, construction equipment and heavy-duty truck traffic generates diesel exhaust which expose sensitive receptors to toxic air contaminants (TACs) and PM<sub>2.5</sub>. Residential sensitive receptors along the truck haul routes were considered for impacts from construction emissions in addition to the residential uses to the south and west of the project site. The impacts to sensitive receptors from the proposed project are summarized in Table 4.3-2 below. The Maximally Exposed Individual (MEI) for the proposed project, which is the sensitive receptor identified with the maximum increased cancer risk, is located approximately 900 feet southeast of the project in the residential development.

| <b>Table 4.3-2 Project Community Risk Impacts</b>                                                                                                                                                                                                                                                                                                                              |                                         |                                            |                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|---------------------|
| <b>Source</b>                                                                                                                                                                                                                                                                                                                                                                  | <b>Cancer Risk at MEI (per million)</b> | <b>Maximum Annual</b>                      |                     |
|                                                                                                                                                                                                                                                                                                                                                                                |                                         | <b>PM<sub>2.5</sub> (ug/m<sub>3</sub>)</b> | <b>Hazard Index</b> |
| Project Construction (year 2021)                                                                                                                                                                                                                                                                                                                                               | 0.60                                    | 0.01                                       | <0.01               |
| Truck Trips Haul Route 1 (year 2021)                                                                                                                                                                                                                                                                                                                                           | 0.09                                    | <0.01                                      | <0.01               |
| Truck Trips Haul Route 2 (year 2021)                                                                                                                                                                                                                                                                                                                                           | 0.10                                    | <0.01                                      | <0.01               |
| Total                                                                                                                                                                                                                                                                                                                                                                          | 0.79                                    | 0.01                                       | <0.01               |
| <b>BAAQMD Single-Source Threshold</b>                                                                                                                                                                                                                                                                                                                                          | <b>&gt;10.0</b>                         | <b>&gt;0.3</b>                             | <b>&gt;1.0</b>      |
| <i>Exceed Threshold?</i>                                                                                                                                                                                                                                                                                                                                                       | No                                      | No                                         | No                  |
| Source: Illingworth and Rodkin. Fisher Detention Basin Construction Health Risk Assessment.<br>Notes: The hauling routes were split into entry and exit paths for the site. Haul Route 1 was determined to only be an exit route for the site and Haul Route 2 would accommodate entry and exit routes. Based on this information the trips were split amongst the two routes. |                                         |                                            |                     |

The proposed project would result in an impact through the generation of dust and other particulate matter during construction.

**Impact AIR-1:** The proposed project would result in fugitive dust impacts in the form of PM<sub>2.5</sub> and PM<sub>10</sub> during construction of the project. **(Significant Impact)**

#### Mitigation Measures

**MM-AIR-1** During any construction period ground disturbance, the applicant shall ensure that the project contractor implement measures to control dust and exhaust. Implementation of the measures recommended by BAAQMD and listed below would reduce the air quality impacts associated with grading and new construction to a less-than-significant level. Additional measures are identified to reduce construction equipment exhaust emissions. The contractor shall implement the following best management practices that are required of all projects:

1. All exposed surfaces (e.g., parking areas, staging areas, soil piles, graded areas, and unpaved access roads) shall be watered two times per day.
2. All haul trucks transporting soil, sand, or other loose material off-site shall be covered.
3. All visible mud or dirt track-out onto adjacent public roads shall be removed using wet power vacuum street sweepers at least once per day. The use of dry power sweeping is prohibited.
4. All vehicle speeds on unpaved roads shall be limited to 15 miles per hour (mph).
5. All roadways, driveways, and sidewalks to be paved shall be completed as soon as possible.
6. Idling times shall be minimized either by shutting equipment off when not in use or reducing the maximum idling time to 5 minutes (as required by the California airborne toxics control measure Title 13, Section 2485 of California Code of



Regulations [CCR]). Clear signage shall be provided for construction workers at all access points.

7. All construction equipment shall be maintained and properly tuned in accordance with manufacturer's specifications. All equipment shall be checked by a certified mechanic and determined to be running in proper condition prior to operation.
8. Post a publicly visible sign with the telephone number and person to contact at the Lead Agency regarding dust complaints. This person shall respond and take corrective action within 48 hours. The Air District's phone number shall also be visible to ensure compliance with applicable regulations.

Project contributions to overall community risk impacts are below the single-source thresholds. Few cumulative sources, besides the project, are near the project and sensitive receptors. According to BAAQMD, a project will only have a cumulative considerable contribution if the project exceeds the single source threshold. The project is located near the Monterey Road and railroad tracks which contribute to air quality impacts in the surrounding areas. Although the proposed project would contribute to existing emissions, the project impacts are minimal to the point where they would not represent a contribution to a cumulative impact. Therefore, nearby sources within 1,000 feet of the project site, in addition to project construction, would not cause community risk levels to exceed the cumulative thresholds.

Therefore, with the implementation of MM-AIR-1, the proposed project would not result in significant pollutant concentrations which would impact sensitive receptors in the area and the proposed project would result in a less than significant impact. **(Less than Significant Impact with Mitigation Incorporated)**

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**Impact AIR-4:      The project would not result in other emissions (such as those leading to odors) adversely affecting a substantial number of people. (Less than Significant Impact)**

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The proposed project would not result in any odors or other emissions during the construction or operation of the detention basin. Therefore, the proposed project would not result in other emission impacts adversely affecting a substantial number of people. **(Less than Significant Impact)**

## 4.4 BIOLOGICAL RESOURCES

The information in this section is based on the Arborists Report prepared by Live Oak Associates Inc. on March 9, 2021, and the Fisher Creek Biological Resources Report prepared by H.T. Harvey and Associates dated May 25, 2021. The full reports are included in Appendix B and Appendix C, respectively.

### 4.4.1 Environmental Setting

#### 4.4.1.1 *Regulatory Framework*

#### **Federal and State**

##### Endangered Species Act

Individual plant and animal species listed as rare, threatened, or endangered under state and federal Endangered Species Acts are considered special-status species. Federal and state endangered species legislation has provided the United States Fish and Wildlife Service (USFWS) and the California Department of Fish and Wildlife (CDFW) with a mechanism for conserving and protecting plant and animal species of limited distribution and/or low or declining populations. Permits may be required from both the USFWS and CDFW if activities associated with a proposed project would result in the take of a species listed as threatened or endangered. To “take” a listed species, as defined by the State of California, is “to hunt, pursue, catch, capture, or kill, or attempt to hunt, pursue, catch, capture, or kill” these species. Take is more broadly defined by the federal Endangered Species Act to include harm of a listed species.

In addition to species listed under state and federal Endangered Species Acts, Sections 15380(b) and (c) of the CEQA Guidelines provide that all potential rare or sensitive species, or habitats capable of supporting rare species, must be considered as part of the environmental review process. These may include plant species listed by the California Native Plant Society and CDFW-listed Species of Special Concern.

##### Migratory Bird Treaty Act

The federal Migratory Bird Treaty Act (MBTA) prohibits killing, capture, possession, or trade of migratory birds except in accordance with regulations prescribed by the Secretary of the Interior. Hunting and poaching are also prohibited. The taking and killing of birds resulting from an activity is not prohibited by the MBTA when the underlying purpose of that activity is not to take birds.<sup>12</sup> Nesting birds are considered special-status species and are protected by the USFWS. The CDFW also protects migratory and nesting birds under California Fish and Game Code Sections 3503, 3503.5, and 3800. The CDFW defines taking as causing abandonment and/or loss of reproductive efforts through disturbance.

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<sup>12</sup> United States Department of the Interior. “Memorandum M-37050. The Migratory Bird Treaty Act Does Not Prohibit Incidental Take.” Accessed December 21, 2020. <https://www.doi.gov/sites/doi.gov/files/uploads/m-37050.pdf>.

### Sensitive Habitat Regulations

Wetland and riparian habitats are considered sensitive habitats under CEQA. They are also afforded protection under applicable federal, state, and local regulations, and are generally subject to regulation by the United States Army Corps of Engineers (USACE), Regional Water Quality Control Board (RWQCB), CDFW, and/or the USFWS under provisions of the federal Clean Water Act (e.g., Sections 303, 304, 404) and State of California Porter-Cologne Water Quality Control Act.

### Fish and Game Code Section 1602

Streambeds and banks, as well as associated riparian habitat, are regulated by the CDFW per Section 1602 of the Fish and Game Code. Work within the bed or banks of a stream or the adjacent riparian habitat requires a Streambed Alteration Agreement from the CDFW.

## **Regional and Local**

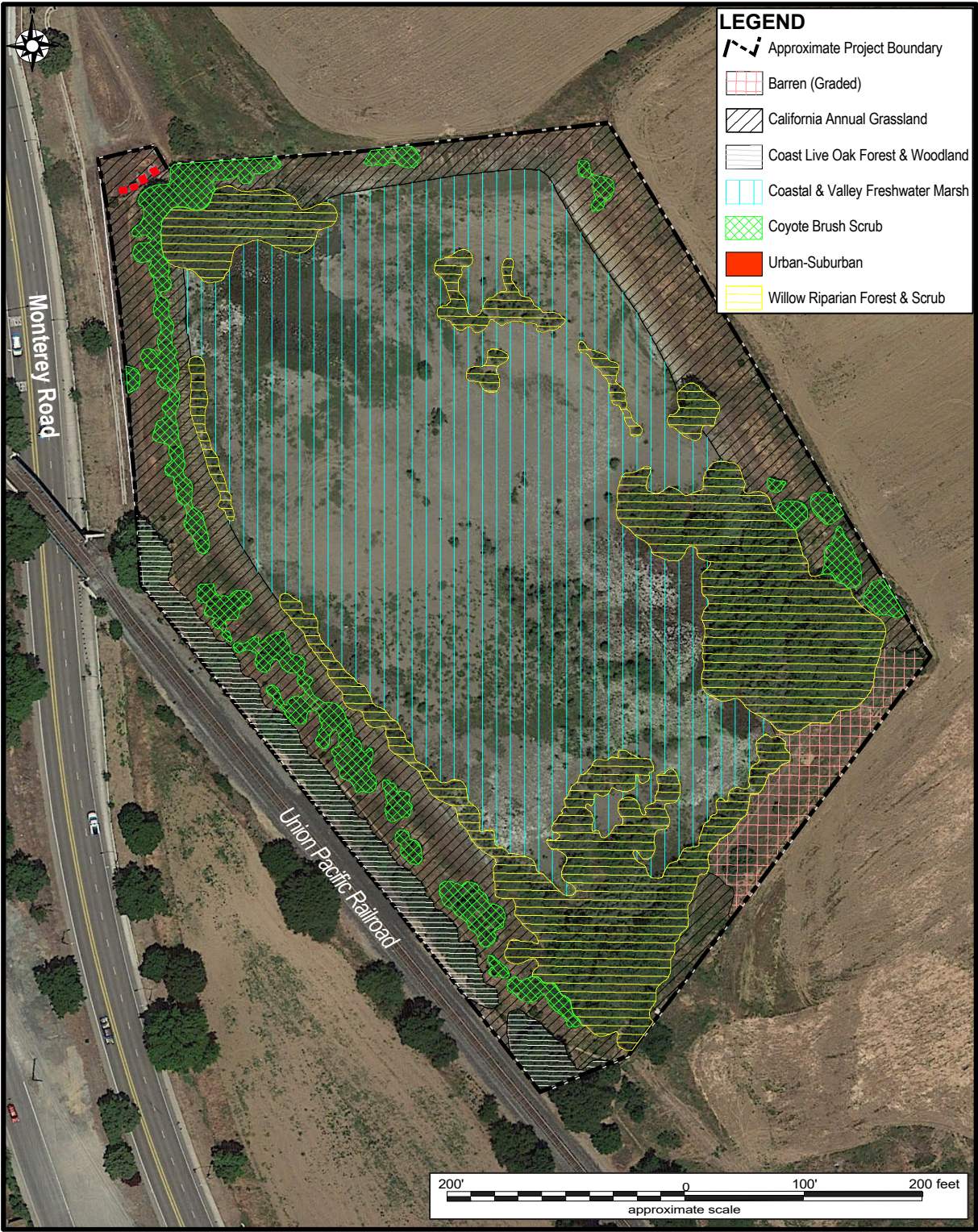
### Santa Clara Valley Habitat Plan/Natural Community Conservation Plan

The Santa Clara Valley Habitat Plan/Natural Community Conservation Plan (Habitat Plan) covers approximately 520,000 acres, or approximately 62 percent of Santa Clara County. It was developed and adopted through a partnership between Santa Clara County, the Cities of San José, Morgan Hill, and Gilroy, Santa Clara Valley Water District (Valley Water), Santa Clara Valley Transportation Authority (VTA), USFWS, and CDFW. The Habitat Plan is intended to promote the recovery of endangered species and enhance ecological diversity and function, while accommodating planned growth in southern Santa Clara County. The Santa Clara Valley Habitat Agency is responsible for implementing the plan.

#### **4.4.1.2      *Existing Conditions***

The project site is occupied by a 7.5 acre, 13-foot deep detention basin that contains water during storm events. The bottom of the detention basin is primarily identified as valley freshwater marsh and willow riparian forest/scrub. The upland areas of the basin are mostly California annual grassland with some areas of northern coastal scrub/Diablan sage scrub, and Coast Live Oak woodland. Habitats on the project site can be seen in Figure 4.4-1.





Source: Live Oak Associates, Inc., October 20, 2020.

LAND COVER ON PROJECT SITE

FIGURE 4.4-1

### Special Status Species

Four special-status bird species, the tricolored blackbird (*Agelaius tricolor*), loggerhead shrike (*Lanius ludovicianus*), grasshopper sparrow (*Ammodramus savannarum*), and American peregrine falcon (*Falcon peregrinus anatum*) can occasionally occur within the project site as nonbreeding foragers (i.e., they do not nest within the project site).

The pallid bat (*Antrozous pallidus*), a California species of special concern, may also forage aerially over habitats within the project site. These species are not expected to nest, roost, or breed in or immediately adjacent to the project site.

The yellow warbler (*Setophaga petechia*), white-tailed kite (*Elanus leucurus*), and monarch butterfly (*Danaus plexippus*) could potentially breed in very low numbers within or immediately adjacent to the project site.

### Sensitive Natural Communities and Habitats

The natural communities on site are considered to be secure and are not at risk of endangerment at a state or global scale. The areas at and below the top of the bank are considered to be riparian habitat under CDFW jurisdiction and this habitat extends to the outer edges of riparian tree canopies surrounding the basin.

Based on the vegetation, soils, and hydrology of the basin, the area at the base of the basin supports wetland vegetation and would likely be considered jurisdictional under the Clean Water Act. Additionally, the RWQCB would likely also consider the riparian vegetation located below the top of the bank of the basin (i.e., willow riparian forest and scrub land cover type) to be important buffers to Waters of the State associated with the basin.

### On-site Trees

The primary resources located on the project site are the 91 trees, including 88 indigenous trees and three non-indigenous trees. A summary of the ordinance-sized, indigenous tree species on site include; 46 red willows (*Salix laevigata*), 33 Fremont's cottonwood, five coast live oaks (*Quercus agrifolia*); three Goodding's black willow (*Salix gooddingii*); and one valley oak (*Quercus lobata*). The non-indigenous trees on site include two potentially ordinance-sized evergreen ash (*Fraxinus uhdei*) and a Brazilian pepper (*Schinus terebinthifolia*), and one non-ordinance sized plane tree (*Platanus occidentalis*).

### Hydrologic Connectivity

Three inlets direct storm flows into the basin including two inlets in the easternmost corner and a third inlet in the southernmost corner. All storm drains are fed by sheet flow from adjacent upland areas. The only outlet for water in the basin is via a pump in the northwesternmost corner, which leads to headwaters for Fisher Creek. This pump is up high on the bank, and is intended to be used when the basin fills during large or successive storm events. The pump leads to a pipe which outfalls into Fisher Creek near the intersection of Jarvis Drive and Monterey Road. Because the basin was constructed in an upland area, it is not considered a part of Fisher Creek.

#### 4.4.2 Impact Discussion

|                                                                                                                                                                                                                                                                                                                                              | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|--------------------------|
| Would the project:                                                                                                                                                                                                                                                                                                                           |                                      |                                                             |                                     |                          |
| 1) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife (CDFW) or United States Fish and Wildlife Service (USFWS)? | <input type="checkbox"/>             | <input checked="" type="checkbox"/>                         | <input type="checkbox"/>            | <input type="checkbox"/> |
| 2) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations, or by the CDFW or USFWS?                                                                                                                                                     | <input type="checkbox"/>             | <input checked="" type="checkbox"/>                         | <input type="checkbox"/>            | <input type="checkbox"/> |
| 3) Have a substantial adverse effect on state or federally protected wetlands (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?                                                                                                                 | <input type="checkbox"/>             | <input checked="" type="checkbox"/>                         | <input type="checkbox"/>            | <input type="checkbox"/> |
| 4) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?                                                                                                           | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?                                                                                                                                                                                                          | <input type="checkbox"/>             | <input checked="" type="checkbox"/>                         | <input type="checkbox"/>            | <input type="checkbox"/> |
| 6) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?                                                                                                                                                         | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

---

**Impact BIO-1:**     **The project would not have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the CDFW or USFWS. (Less than Significant Impact with Mitigation Incorporated)**

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The proposed project would require the removal of multiple trees on site and would also require work adjacent to multiple trees remaining on-site. The disturbance of trees on the project site would potentially disturb birds using these trees as nesting or foraging habitat, including the tri-colored blackbird, which is part of a survey area that the site occupies. The site would also provide habitat or



breeding area for multiple species which may be present in the area based on the land cover types within the basin area. Therefore, the deepening of the basin and other disturbance on the project site would impact sensitive or special status species identified in local or regional plans, policies, or regulations, or by the CDFW or USFWS.

### **Regionally Common Land Cover Types and Common Plant and Wildlife Species**

The proposed project would result in 0.12 acres of temporary impacts California annual grassland and 0.02 acres of permanent impacts to northern coastal scrub/Diablan sage scrub. These impacts can be seen in Figure 4.4-2. The location of this habitat on site is on the engineered banks of the existing basin and this does not provide regionally rare or especially high-value habitat. California annual grassland and northern coastal scrub/Diablan sage scrub are abundant and widespread regionally, are not considered sensitive by the Habitat Plan and are not particularly valuable from the perspective of providing important plant or wildlife habitat. Therefore, impacts on these habitats would result in a less than significant impact on habitat for native vegetation or wildlife, or special-status species.

**(Less than Significant Impact)**

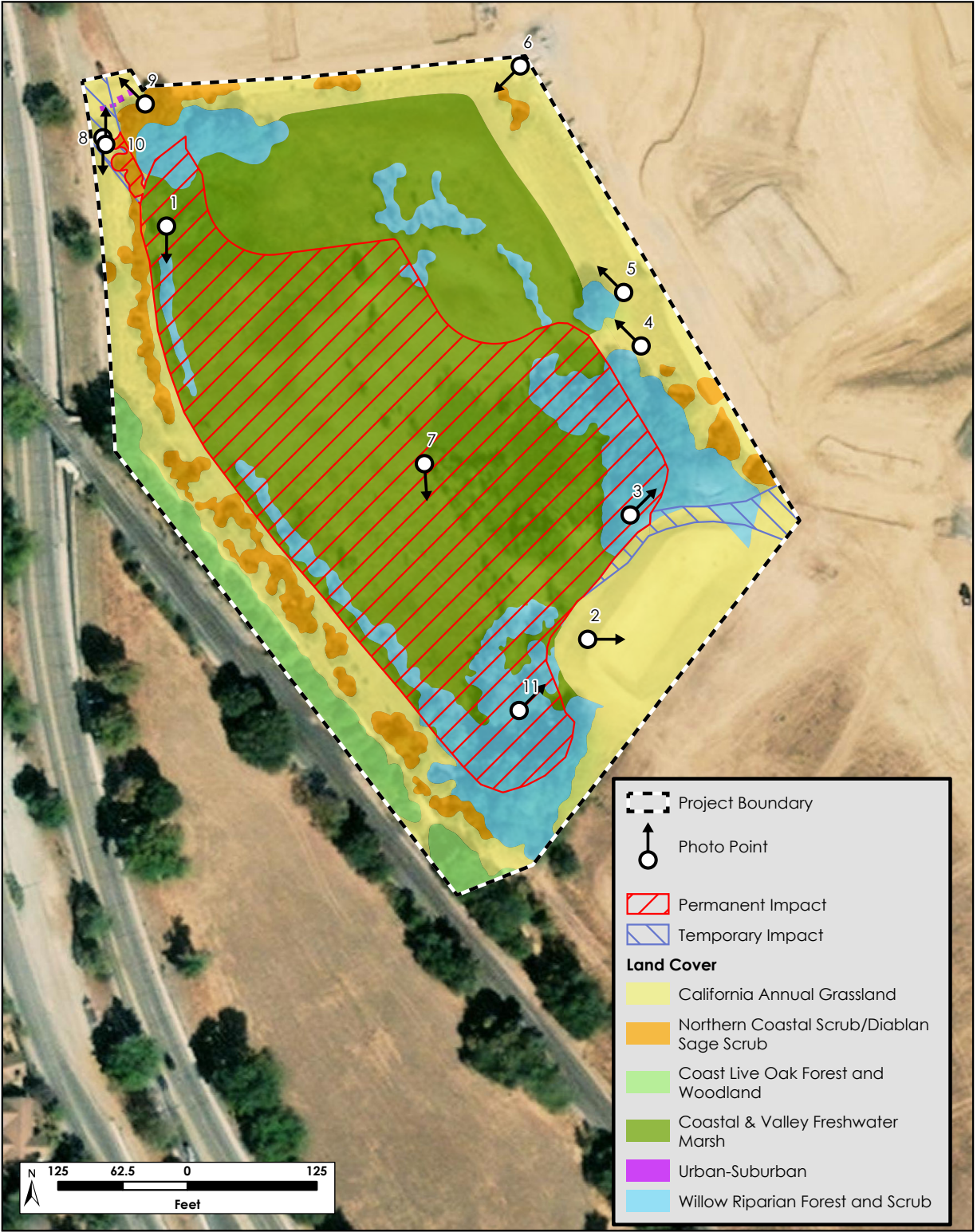
### **Nonbreeding Special-Status Birds and Mammals**

Additionally, the project site is known to contain tricolored blackbird, the loggerhead shrike, the grasshopper sparrow, the American peregrine falcon, and the pallid bat as nonbreeding migrants, transients, or foragers. Activities under the proposed project would have potential to impact foraging habitats and individuals of these species through the alteration of foraging patterns (e.g., avoidance of work sites because of increased noise and activity levels during maintenance activities) but would not result in the loss of individuals, as individuals of these species would move away from any construction areas or equipment before they could be injured or killed. Further, the habitats within the project site do not provide important foraging habitat used regularly by large numbers of individuals of any of these species. Therefore, impacts of the proposed project would not substantially impact on these species' foraging habitat or regional populations of these species and would result in a less than significant impact. **(Less than Significant Impact)**

### **Yellow Warbler and White-Tailed Kite**

The yellow warbler (a California species of special concern) and white-tailed kite (a state fully protected species) could potentially nest in riparian habitat within and immediately adjacent to the project site around the detention basin. Yellow warbler's may forage in this habitat during migration and winter, and white tailed kites may forage in surrounding grasslands year-round. According to site observations performed as part of the biological assessment, it is likely that no more than two pairs of yellow warblers and one pair of white-tailed kites could potentially nest within or immediately adjacent to the project site.

The project would result in the temporary and permanent loss of suitable nesting and foraging habitat for these species through the temporary and permanent removal of trees and upland areas. In addition, activities that occur during the nesting season would cause a substantial increase in noise or human activity near active nests of yellow warblers or white-tailed kites resulting in the abandonment of active nests (i.e., nests with eggs or young). Additionally, heavy ground disturbance, noise, and vibrations created by project activities could also potentially disturb nesting and foraging individuals and cause them to move away from the project site.



Source: H.T. Harvey & Associates, May 2021.

HABITAT IMPACTS

FIGURE 4.4-2



The number of individuals from each species that would be affected by activities at the project site would be limited to only one or two nesting pairs. Therefore, the construction would not impact a substantial number of species and the disturbance of habitat would not create substantial impact to activities on site. To prevent the potential for impacts, the proposed project would be required to comply with standard conditions included in the Habitat Plan as seen below.

**Impact BIO-1:** Construction activities on the project site could result in the loss of raptor and/or migratory bird eggs or nestlings, either directly by destroying an active nest or indirectly by disturbing and causing the abandonment of an active nest. **(Significant Impact)**

**Mitigation Measures:** The following mitigation measures will ensure impacts to nesting birds are reduced to a less than significant level.

**MM-BIO-1.1:** Construction shall be scheduled to avoid the nesting season to the extent feasible. If construction can be scheduled to occur between September 1st and January 31st (inclusive) to avoid the raptor nesting season, no impacts will be expected. If construction will take place between February 1st and August 31st, then preconstruction surveys for nesting birds shall be completed by a qualified ornithologist to ensure that no nests will be disturbed during project implementation. Surveys shall be completed within 30 days of the on-set of site clearing or construction activities. During this survey, the ornithologist shall inspect all trees and other potential nesting habitats (e.g., trees, shrubs, buildings) onsite trees as well as all trees within 250 feet of the site for nests.

**MM-BIO-1.2:** If an active nest is found sufficiently close to work areas to be disturbed by these activities, the ornithologist shall determine the extent of a disturbance-free buffer zone to be established around the nest (typically 250 feet for raptors and 50-100 feet for other species) that shall remain off limits to construction until the nesting season is over, to ensure that no nests of species protected by the Migratory Bird Treaty Act and California Fish and Wildlife Code will be disturbed during project implementation. A report indicating the result of the survey and any designated buffer zones shall be submitted to the satisfaction of the Development Services Director prior to issuance of a grading permit.

Through compliance with the standard conditions of the Habitat Plan the proposed project would have a less than significant impact on the yellow warbler and white-tailed kite. **(Less than Significant Impact with Mitigation Incorporated)**

### **Monarch Butterfly**

Construction of the proposed project would result in minimal temporary impacts monarch butterflies within the project site. However, the site is only occasional used for food or breeding, and the proposed project will not prevent the presence of suitable nectar sources or habitat for milkweed. The site would therefore continue to provide resources for the monarch butterfly following project activities. In addition, the site supports a small proportion of regionally available nectar sources and

milkweed plants, therefore, the temporary or permanent impacts to habitat on the site will not have substantial impacts habitat for monarchs.

There is a possibility for project activities to impact eggs or larvae of this species in the event that they are breeding on the site, however, any such impact would represent a small proportion of regional populations and therefore would not have a significant impact on them. The proposed project would also be required to pay Habitat Plan impact fees to offset any potential impacts which may occur as a part of the project. Therefore, the impacts to monarch butterflies on the project site would be less than significant. **(Less than Significant Impact)**

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**Impact BIO-2:**      **The project would not have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the CDFW or USFWS. (Less than Significant Impact with Mitigation Incorporated)**

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The proposed project would require disturbance of ground surfaces primarily at the bottom of the detention basin and along the toe of the slope on the edge of the basin. Willow riparian forest and scrub is the primary habitat type in this location and the proposed project would result in approximately 0.74 acres of vegetation removal within this area. Additionally, the proposed project would require temporary modification of 0.02 acres this habitat on the corners of the site, via tree trimming, removal of ground cover, and minor tree removal, to allow for construction access.

The proposed project would be required to comply with Condition 3 included in the Habitat Plan to reduce impacts to this habitat area.

**Impact BIO-2:**      The proposed project would disturb willow riparian forest and would require fee payment and avoidance and minimization measures to reduce impacts.  
**(Significant Impact)**

**Mitigation Measures:** The following mitigation measures will ensure impacts to riparian are reduced to a less than significant level.

**MM-BIO-2.1:**      The proposed project would be required to comply with Habitat Plan Condition 3 which applies to all projects and identifies a set of programmatic BMPs, performance standards, and control measures to minimize increases of peak discharge of stormwater and to reduce runoff of pollutants to protect water quality, including during project construction. These requirements include preconstruction, construction site, and post-construction actions.

Preconstruction conditions are site design planning approaches that protect water quality by preventing and reducing the adverse impacts of stormwater pollutants and increases in peak runoff rate and volume. They include hydrologic source control measures that focus on the protection of natural resources. Construction site conditions include source and treatment control measure to prevent pollutants from leaving the construction site and minimizing site erosion and local stream sedimentation during construction.

Post-construction conditions include measures for stormwater treatment and flow control.

**MM-BIO-2.2:** The project will pay VHP impact fees for impacts of the project on natural habitats, including riparian impact fees. Those fees will contribute to the VHP’s conservation program, which includes restoration, enhancement, and management of riparian habitats, thus compensating for impacts of VHP covered projects on riparian habitats. The Santa Clara Valley Habitat Agency uses these fees to fund the acquisition and restoration of similar riparian habitats within the Plan area, thus compensating for the small loss of riparian habitat.

Therefore, through compliance with the standard conditions identified in the Habitat Plan the proposed project would have a less than significant impact on riparian or other sensitive habitats on the project site. **(Less than Significant Impact with Mitigation Incorporated)**

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**Impact BIO-3:**     **The project would not have a substantial adverse effect on state or federally protected wetlands through direct removal, filling, hydrological interruption, or other means. (Less than Significant Impact with Mitigation Incorporated)**

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The proposed project would disturb approximately 2.82 acres of coastal and valley freshwater marsh wetland area during soil excavation for the construction period. The degree to which wetland vegetation re-establishes would be based on the expected duration of seasonal inundation following the grading and whether that will result in open water habitat persisting and replacing the current wetland vegetation. Because the replacement is currently unknown at this time, the removal of the wetland vegetation for excavation purposes is considered a permanent impact on wetland areas. The proposed project would implement Condition 3 and Condition 12 required by the Habitat Plan to reduce the impacts to wetland areas.

**Impact BIO-3:**     The proposed project would disturb coastal and valley freshwater marsh wetland and would require fee payment and avoidance and minimization measures to reduce impacts. **(Significant Impact)**

**Mitigation Measures:** The following mitigation measures will ensure impacts to state or federally protected wetlands are reduced to a less than significant level.

**MM-BIO-3.1:** The proposed project would be required to comply with Habitat Plan Condition 3 which applies to all projects and identifies a set of programmatic BMPs, performance standards, and control measures to minimize increases of peak discharge of stormwater and to reduce runoff of pollutants to protect water quality, including during project construction. These requirements include preconstruction, construction site, and post-construction actions.

Preconstruction conditions are site design planning approaches that protect

water quality by preventing and reducing the adverse impacts of stormwater pollutants and increases in peak runoff rate and volume. They include hydrologic source control measures that focus on the protection of natural resources. Construction site conditions include source and treatment control measure to prevent pollutants from leaving the construction site and minimizing site erosion and local stream sedimentation during construction. Post-construction conditions include measures for stormwater treatment and flow control.

**MM-BIO-3.2:** The project will pay VHP impact fees for impacts of the project on natural habitats, including wetland impact fees, in accordance with Condition 12. These fees will contribute to the VHP's conservation program, which includes restoration, enhancement, and management of wetland habitats, thus compensating for impacts of VHP-covered projects on such habitats. The Santa Clara Valley Habitat Agency uses these fees to fund the restoration of similar wetland habitats within the Plan area, thus compensating for these impacts.

Therefore, through compliance with the standard conditions and payment of Habitat Plan fees the impacts to wetland habitat would be minimized to the greatest extent possible and impacted areas would be restored or enhanced in commensurate areas near the project site, and the proposed project would have a less than significant impact on wetland areas. **(Less than Significant Impact with Mitigation Incorporated)**

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**Impact BIO-4:**     **The project would not interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites. (Less than Significant Impact)**

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The project site provides area for animals to breed, but the site does not contain important wildlife nursery areas which would be impacted by activity on the project site.

In the proposed project region, natural habitats are important for movement as long as no barriers to connectivity exist. However, the habitats comprising the project site are separated from natural lands (e.g., in the hills on either side of Coyote Valley, or along Fisher Creek or Coyote Creek) by extensive urban development, which limits the potential for the site to support regional wildlife movement.

The proposed project would temporarily create noise and disturbance which would cause species that commonly utilize habitat in the project site to avoid normal dispersal pathways temporarily. This temporary discouragement would only occur for the duration of construction over five weeks, therefore, the impact to migratory species would be low and the project site would return to pre-project conditions after this period.

The removal of vegetation at the base of the basin would also result in a more permanent limitation of movement for species on the project site. This limitation would only marginally decrease the value

of the detention basin for wildlife movement; however, the proposed project would pay Habitat Plan impact fees to limit impacts on migratory pathways through the site. Therefore, the proposed project would have a less than significant impact on the movement of any native resident or migratory fish or wildlife species, would not significantly impact established native resident or migratory wildlife corridors, and would not impede the use of native wildlife nursery sites. **(Less than Significant Impact)**

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**Impact BIO-5:**      **The project would not conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance. (Less than Significant Impact with Mitigation Incorporated)**

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The proposed project would result in the removal of 56 trees on site, including 37 red willows and 19 Fremont cottonwoods. In addition, construction activities would be conducted in close proximity to multiple other trees on-site. The removal and potential for damage to trees retained on site would require the proposed project to comply with the standard tree protection and replacement measures identified by the City of Morgan Hill.

**Impact BIO-5:**      The removal, cutting down, poisoning, or other destruction of protected trees, including pruning that would reduce the canopy area by more than 25 percent of any Ordinance sized tree, would require permits or mitigation measures under the City Municipal Code (Chapter 12.32). **(Significant Impact)**

**Mitigation Measures:** The following mitigation measures will ensure impacts to ordinance sized trees are reduced to a less than significant level.

**MM BIO-5.1:**      To the extent feasible, activities shall avoid impacts to any protected trees. Avoidance is considered to be completely avoiding any work or staging under the dripline of trees. The boundary of the designated avoidance buffer shall be flagged or fenced prior to initial ground disturbance. If complete avoidance is not feasible, BIO MM-5.2 shall be implemented.

**MM BIO-5.2:**      The project proponent shall comply with local ordinances and submit permit applications for removal, trimming, damage, or relocation of all trees covered by the City ordinance. Any trees to be removed shall require replacement at a two to-one ratio on a comparable ratio of size. The replacement trees shall be planted on site to the extent feasible and the project proponent shall comply with all other replacement requirements imposed by the City.

In accordance with Municipal Code Section 12.32.080, the City would replace these trees with plantings of trees in compliance with landscaping requirements in Chapter 18.74 of the municipal code. Since the project is required to comply with the City's Municipal Code Chapter 12.32 for tree removal and replacement, the project would not result in a significant impact due to the loss of trees. Therefore, incorporation of the above conditions to ensure compliance with the City of Morgan Hill tree ordinance, any potential impacts related to conflict with local policies or ordinances protecting trees would be less than significant. **(Less than Significant Impact with Mitigation Incorporated)**

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**Impact BIO-6:      The project would not conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan. (Less than Significant Impact)**

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The City of Morgan Hill is a signatory to the Habitat Plan, which is a Habitat Conservation Plan and Natural Community Conservation Plan. As described in above, the proposed project is considered a “covered project” under the Habitat Plan. Species covered under the Habitat Plan are not expected to be significantly impacted by the proposed project as discussed in the impact discussion above. Similarly, impacts on sensitive habitats, such as stream and riparian habitats for which the Habitat Plan requires specific impact fees, are discussed above. The project will apply for Habitat Plan coverage and will adhere to all applicable Habitat Plan Conditions during project implementation. Therefore, the proposed project would not conflict with the Habitat Plan.

The proposed project would not conflict with any other adopted habitat conservation plans or natural community conservation plans, or with any other approved local, regional, or state habitat conservation plans or natural community conservation plans. Therefore, impacts associated with conflicts between the proposed project and any adopted habitat conservation plan or natural community conservation plan are less than significant. **(Less than Significant Impact)**

## 4.5 CULTURAL RESOURCES

### 4.5.1 Environmental Setting

#### 4.5.1.1 *Regulatory Framework*

#### **Federal and State**

##### National Historic Preservation Act

Federal protection is legislated by the National Historic Preservation Act of 1966 (NHPA) and the Archaeological Resource Protection Act of 1979. These laws maintain processes for determination of the effects on historical properties eligible for listing in the National Register of Historic Places (NRHP). Section 106 of the NHPA and related regulations (36 Code of Federal Regulations [CFR] Part 800) constitute the primary federal regulatory framework guiding cultural resources investigations and require consideration of effects on properties that are listed or eligible for listing in the NRHP. Impacts to properties listed in the NRHP must be evaluated under CEQA.

##### California Register of Historical Resources

The California Register of Historical Resources (CRHR) is administered by the State Office of Historic Preservation and encourages protection of resources of architectural, historical, archeological, and cultural significance. The CRHR identifies historic resources for state and local planning purposes and affords protections under CEQA. Under Public Resources Code Section 5024.1(c), a resource may be eligible for listing in the CRHR if it meets any of the NRHP criteria.<sup>13</sup>

Historical resources eligible for listing in the CRHR must meet the significance criteria described previously and retain enough of their historic character or appearance to be recognizable as historical resources and to convey the reasons for their significance. A resource that has lost its historic character or appearance may still have sufficient integrity for the CRHR if it maintains the potential to yield significant scientific or historical information or specific data.

The concept of integrity is essential to identifying the important physical characteristics of historical resources and, therefore, in evaluating adverse changes to them. Integrity is defined as “the authenticity of a historical resource’s physical identity evidenced by the survival of characteristics that existed during the resource’s period of significance.” The processes of determining integrity are similar for both the CRHR and NRHP and use the same seven variables or aspects to define integrity that are used to evaluate a resource’s eligibility for listing. These seven characteristics include 1) location, 2) design, 3) setting, 4) materials, 5) workmanship, 6) feeling, and 7) association.

##### California Native American Historical, Cultural, and Sacred Sites Act

The California Native American Historical, Cultural, and Sacred Sites Act applies to both state and private lands. The act requires that upon discovery of human remains, construction or excavation activity must cease and the county coroner be notified.

<sup>13</sup> California Office of Historic Preservation. “CEQA Guidelines Section 15064.5(a)(3) and California Office of Historic Preservation Technical Assistance Series #6.” Accessed August 31, 2020. <http://www.ohp.parks.ca.gov/pages/1069/files/technical%20assistance%20bulletin%206%202011%20update.pdf>.

### Public Resources Code Sections 5097 and 5097.98

Section 15064.5 of the CEQA Guidelines specifies procedures to be used in the event of an unexpected discovery of Native American human remains on non-federal land. These procedures are outlined in Public Resources Code Sections 5097 and 5097.98. These codes protect such remains from disturbance, vandalism, and inadvertent destruction, establish procedures to be implemented if Native American skeletal remains are discovered during construction of a project, and establish the Native American Heritage Commission (NAHC) as the authority to resolve disputes regarding disposition of such remains.

Pursuant to Public Resources Code Section 5097.98, in the event of human remains discovery, no further disturbance is allowed until the county coroner has made the necessary findings regarding the origin and disposition of the remains. If the remains are of a Native American, the county coroner must notify the NAHC. The NAHC then notifies those persons most likely to be related to the Native American remains. The code section also stipulates the procedures that the descendants may follow for treating or disposing of the remains and associated grave goods.

#### **4.5.1.2      *Existing Conditions***

The existing site has been excavated to 13 feet below the ground surface to construct the existing detention basin.

### **Archeological Setting**

There have been several noteworthy studies of the archaeological resources in Morgan Hill. Within this body of research, cultural, temporal, and spatial units were separated from each other and assigned them to six chronological periods: Paleo-Indian (10000 to 6000 B.C.), Lower, Middle and Upper Archaic (6000 B.C. to A.D. 500), and Emergent (Upper and Lower, A.D. 500 to 1800). According to a report by Circa: Historic Property Development, the first inhabitants to the Morgan Hill area arrived approximately 10,000 years ago, shortly after the Ice Age. Tribes in the area were hunter gatherers and relied on local terrestrial and marine flora and fauna.

Waterfowl were captured by local tribes in nets using decoys to attract them. Native peoples constructed watercraft from tule reeds and possessed bow and arrow technology, fashioned blankets from sea otter pelts, and fabricated basketry from twined reeds of various types. They also assembled a variety of stone and bone tools in their assemblages. Buried remnants of this lifestyle would constitute archeological resources.

Archaeological surveys conducted in Morgan Hill have identified numerous prehistoric sites with shell midden components, including human burials. This finding indicates there is potential for additional undiscovered archeological resources in the City.

### **Historical Setting**

The project site does not contain structures however the project is adjacent to the Monterey Road UPRR Train Trestle, also known as the Madrone Underpass, which is listed on local historic registers.



## 4.5.2 Impact Discussion

|                                                                                                                                      | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                           |
|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Would the project:                                                                                                                   |                                      |                                                             |                                     |                                     |
| 1) Cause a substantial adverse change in the significance of a historical resource pursuant to CEQA Guidelines Section 15064.5?      | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 2) Cause a substantial adverse change in the significance of an archaeological resource pursuant to CEQA Guidelines Section 15064.5? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 3) Disturb any human remains, including those interred outside of dedicated cemeteries?                                              | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

---

**Impact CUL-1: The project would not cause a substantial adverse change in the significance of a historical resource pursuant to CEQA Guidelines Section 15064.5. (No Impact)**

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The proposed project would involve the excavation of the existing detention basin. The existing site does not contain historic structures; however, it is located near the Monterey Road UPRR Train Trestle which is a listed historic structure, on state or local historic registers. The bridge is currently in operation and is structurally stable with train traffic occurring frequently on the bridge. The bridge is adjacent to the site; however, it will not receive substantial vibratory impacts from construction and would not represent an impact on historic resources. Therefore, the proposed project would result in a less than significant impact on a historical resource pursuant to CEQA Guidelines Section 15064.5. **(No Impact)**

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**Impact CUL-2: The project would not cause a substantial adverse change in the significance of an archaeological resource pursuant to CEQA Guidelines Section 15064.5. (Less than Significant Impact)**

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The proposed project would excavate the bottom of the existing detention basin to increase the depth by approximately 10 feet. Due to the presence of cultural resources in the City of Morgan Hill, during excavation there is a chance that unknown archaeological resources may be uncovered, including human remains. In the event that the proposed project encounters archeological resources, the proposed project will incorporate the following Standard Conditions of Approval.

Standard Condition CUL-1 (Unintentional Discovery of Resources): In the event of the unintentional discovery of undocumented human remains or significant historic or archaeological materials during construction, the following policies and procedures for treatment and disposition measures shall be implemented:

- If human remains are encountered, they shall be treated with dignity and respect as due to them. Information about such a discovery shall be held in confidence by all project personnel

on a need to know basis. The rights of Native Americans to practice ceremonial observances on sites, in labs and around artifacts shall be upheld.

- Remains shall not be held by human hands. Surgical gloves shall be worn if remains need to be handled.
- Surgical mask shall also be worn to prevent exposure to pathogens that may be associated with the remains.
- In the event that known or suspected Native American remains are encountered, or significant historic or archaeological materials are discovered, ground-disturbing activities shall be immediately stopped.<sup>27</sup> Ground-disturbing project activities may continue in other areas that are outside the discovery location.
- An “exclusion zone” where unauthorized equipment and personnel are not permitted shall be established (e.g., taped off) around the discovery area plus a reasonable buffer zone by the Contractor Foreman or authorized representative, or party who made the discovery, or if onsite at the time of discovery, by the Monitoring Archaeologist (typically 25 to 50 foot buffer for a single burial or archaeological find).
- The discovery location shall be secured as directed by the City if considered prudent to avoid further disturbances.
- The Contractor Foreman or authorized representative, or party who made the discovery shall be responsible for immediately contacting by telephone the parties listed below to report the find and initiate the consultation process for treatment and disposition:
  - The City of Morgan Hill Development Services Director
  - The Contractor's Point(s) of Contact
  - The Coroner of the County of Santa Clara (if human remains found)
  - The Native American Heritage Commission (NAHC) in Sacramento
  - The Amah Mutsun Tribal Band
- The Coroner will have two working days to examine the human remains after being notified of the discovery. If the remains are Native American, the Coroner has 24 hours to notify the NAHC. The NAHC is responsible for identifying and immediately notifying the Most Likely Descendant (MLD) from the Amah Mutsun Tribal Band. (Note: NAHC policy holds that the Native American Monitor will not be designated the MLD.)
- Within 24 hours of their notification by the NAHC, the MLD will be granted permission to inspect the discovery site if they so choose.
- Within 24 hours of their notification by the NAHC, the MLD may recommend to the City's Development Services Director the recommended means for treating or disposing, with appropriate dignity, the human remains and any associated grave goods. The recommendation may include the scientific removal and non-destructive or destructive analysis of human remains and items associated with Native American burials. Only those osteological analyses or DNA analyses recommended by the Amah Mutsun Tribal Band may be considered and carried out.
- If the MLD recommendation is rejected by the City of Morgan Hill, the parties will attempt to mediate the disagreement with the NAHC. If mediation fails, then the remains and all associated grave offerings shall be reburied with appropriate dignity on the property in a location not subject to further subsurface disturbance.

Through the integration of these standard conditions of approval, the proposed project would not result in a significant impact on undiscovered cultural resources. **(Less than Significant Impact)**

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**Impact CUL-3:     The project would not disturb any human remains, including those interred outside of dedicated cemeteries. (Less than Significant Impact)**

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As stated above the proposed project would require 10 feet of excavation and has the potential to expose undiscovered human remains due to the activities in the areas around the project site. The project would implement the Standard Conditions of Approval above which would reduce the potential impact to a less than significant level. Therefore, the proposed project would not have a significant impact from the disturbance of human remains on the project site. **(Less than Significant Impact)**

## 4.6 ENERGY

### 4.6.1 Environmental Setting

#### 4.6.1.1 *Regulatory Framework*

#### **Federal and State**

##### Energy Star and Fuel Efficiency

At the federal level, energy standards set by the EPA apply to numerous consumer products and appliances (e.g., the EnergyStar™ program). The EPA also sets fuel efficiency standards for automobiles and other modes of transportation.

##### Renewables Portfolio Standard Program

In 2002, California established its Renewables Portfolio Standard Program, with the goal of increasing the percentage of renewable energy in the state's electricity mix to 20 percent of retail sales by 2010. Governor Schwarzenegger issued Executive Order (EO) S-3-05, requiring statewide emissions reductions to 80 percent below 1990 levels by 2050. In 2008, EO S-14-08 was signed into law, requiring retail sellers of electricity serve 33 percent of their load with renewable energy by 2020. In October 2015, Governor Brown signed SB 350 to codify California's climate and clean energy goals. A key provision of SB 350 requires retail sellers and publicly owned utilities to procure 50 percent of their electricity from renewable sources by 2030. SB 100, passed in 2018, requires 100 percent of electricity in California to be provided by 100 percent renewable and carbon-free sources by 2045.

##### Executive Order B-55-18 To Achieve Carbon Neutrality

In September 2018, Governor Brown issued an executive order, EO-B-55-18 To Achieve Carbon Neutrality, setting a statewide goal "to achieve carbon neutrality as soon as possible, and no later than 2045, and achieve and maintain net negative emissions thereafter." The executive order requires CARB to "ensure future Scoping Plans identify and recommend measures to achieve the carbon neutrality goal." EO-B-55-18 supplements EO S-3-05 by requiring not only emissions reductions, but also that, by no later than 2045, the remaining emissions be offset by equivalent net removals of CO<sub>2</sub> from the atmosphere through sequestration.

##### California Building Standards Code

The Energy Efficiency Standards for Residential and Nonresidential Buildings, as specified in Title 24, Part 6 of the California Code of Regulations (Title 24), was established in 1978 in response to a legislative mandate to reduce California's energy consumption. Title 24 is updated approximately every three years.<sup>14</sup> Compliance with Title 24 is mandatory at the time new building permits are issued by city and county governments.<sup>15</sup>

<sup>14</sup> California Building Standards Commission. "California Building Standards Code." Accessed December 21, 2020. <https://www.dgs.ca.gov/BSC/Codes#@ViewBag.JumpTo>.

<sup>15</sup> California Energy Commission (CEC). "2019 Building Energy Efficiency Standards." Accessed December 21, 2020. <https://www.energy.ca.gov/programs-and-topics/programs/building-energy-efficiency-standards/2019-building-energy-efficiency>.

4.6.1.2      *Existing Conditions*

The project site is a detention basin and has minimal energy consumption in its existing state. The pump on the northwest corner of the project site would periodically result in energy consumption during storm events however this is not a regular recurring source of energy use.

4.6.2      Impact Discussion

|                                                                                                                                                                                     | Potentially<br>Significant<br>Impact                                                                                                                                                                                                         | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------|--------------------------|
| Would the project:                                                                                                                                                                  |                                                                                                                                                                                                                                              |                                                             |                                     |                          |
| 1) Result in a potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation? | <input type="checkbox"/>                                                                                                                                                                                                                     | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2) Conflict with or obstruct a state or local plan for renewable energy or energy efficiency?                                                                                       | <input type="checkbox"/>                                                                                                                                                                                                                     | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <hr/>                                                                                                                                                                               |                                                                                                                                                                                                                                              |                                                             |                                     |                          |
| <b>Impact EN-1:</b>                                                                                                                                                                 | <b>The project would not result in a potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation. (Less than Significant Impact)</b> |                                                             |                                     |                          |

**Construction**

During construction the proposed project would utilize construction equipment and dump trucks to excavate and haul the material from the bottom of the detention basin. The construction process would use the most efficient, cost effective machinery to complete the excavation which would not result in wasteful consumption or accidental loss of fuel on site. In addition, the proposed project would only temporarily result in the use of energy resources on-site. Therefore, the proposed project would not result in wasteful, inefficient, or unnecessary consumption of energy resources, during project construction. **(Less than Significant Impact)**

**Operational**

The proposed project would not contribute to energy consumption during operations because the detention basin does not require lighting or other energy consumptive features. The pump on the northwest side of the site would not be modified as part of the project and would continue to operate during storm events in a manner similar to under existing conditions. Therefore, the proposed project would result in less than significant impacts from energy consumption during operations. **(Less than Significant Impact)**

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**Impact EN-2:      The project would not conflict with or obstruct a state or local plan for renewable energy or energy efficiency. (Less than Significant Impact)**

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The proposed project would not increase the energy consumption of the project site over existing usage and therefore the proposed project would not conflict with or obstruct a state or local plan for renewable energy or energy efficiency. **(Less than Significant Impact)**

## **4.7 GEOLOGY AND SOILS**

### **4.7.1 Environmental Setting**

#### **4.7.1.1 *Regulatory Framework***

#### **State**

##### **Alquist-Priolo Earthquake Fault Zoning Act**

The Alquist-Priolo Earthquake Fault Zoning Act was passed following the 1971 San Fernando earthquake. The act regulates development in California near known active faults due to hazards associated with surface fault ruptures. Alquist-Priolo maps are distributed to affected cities, counties, and state agencies for their use in planning and controlling new construction. Areas within an Alquist-Priolo Earthquake Fault Zone require special studies to evaluate the potential for surface rupture to ensure that no structures intended for human occupancy are constructed across an active fault.

##### **Seismic Hazards Mapping Act**

The Seismic Hazards Mapping Act (SHMA) was passed in 1990 following the 1989 Loma Prieta earthquake. The SHMA directs the California Geological Survey (CGS) to identify and map areas prone to liquefaction, earthquake-induced landslides, and amplified ground shaking. CGS has completed seismic hazard mapping for the portions of California most susceptible to liquefaction, landslides, and ground shaking, including the central San Francisco Bay Area. The SHMA requires that agencies only approve projects in seismic hazard zones following site-specific geotechnical investigations to determine if the seismic hazard is present and identify measures to reduce earthquake-related hazards.

##### **California Building Standards Code**

The CBC prescribes standards for constructing safe buildings. The CBC contains provisions for earthquake safety based on factors including occupancy type, soil and rock profile, ground strength, and distance to seismic sources. The CBC requires that a site-specific geotechnical investigation report be prepared for most development projects to evaluate seismic and geologic conditions such as surface fault ruptures, ground shaking, liquefaction, differential settlement, lateral spreading, expansive soils, and slope stability. The CBC is updated every three years.

##### **California Division of Occupational Safety and Health Regulations**

Excavation, shoring, and trenching activities during construction are subject to occupational safety standards for stabilization by the California Department of Industrial Relations, Division of Occupational Safety and Health (Cal/OSHA) under Title 8 of the California Code of Regulations and Excavation Rules. These regulations minimize the potential for instability and collapse that could injure construction workers on the site.

Public Resources Code Section 5097.5

Paleontological resources are the fossilized remains of organisms from prehistoric environments found in geologic strata. They range from mammoth and dinosaur bones to impressions of ancient animals and plants, trace remains, and microfossils. These materials are valued for the information they yield about the history of the earth and its past ecological settings. California Public Resources Code Section 5097.5 specifies that unauthorized removal of a paleontological resource is a misdemeanor. Under the CEQA Guidelines, a project would have a significant impact on paleontological resources if it would disturb or destroy a unique paleontological resource or site or unique geologic feature.

4.7.1.2 Existing Conditions

Earthquake Faults and Soil Conditions

The nearest fault to the project site, the Coyote Creek Fault Zone, is located two miles to the east. Additionally, the project site is located 3.5 miles from the Calaveras Fault Zone. According to the web soil survey the soils underlaying the project site are classified as San Ysidro loam, 0 to 2 percent slopes which is known to have some amount of shrink swell capacity. The project site has relatively low slope and is not located in a zone at risk of landslides or lateral spreading.<sup>16</sup>

Paleontological Setting

This geologic area is unique and quite unusual because Morgan Hill is located between two major active fault lines including, the Sargent and San Andreas faults to the west in the Santa Cruz Mountains, and the Calaveras fault in the Diablo range to the east.

A byproduct of this active geological area and the geologic units in the Morgan Hill area is the existence of a rare metamorphic stone, Poppy Jasper. Additionally, the geologic units in the Project Area consist of 12 to 15 feet of poorly sorted, fine sandy silt and clayey silt.

Below this, the Santa Clara Valley formation is an older alluvium made up of partially consolidated clay, silt, sand, and gravel deposited more than 11,000 years ago.

4.7.2 Impact Discussion

|                                                                                                                                | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact | No Impact |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|------------------------------------|-----------|
| Would the project:                                                                                                             |                                      |                                                             |                                    |           |
| 1) Directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving: |                                      |                                                             |                                    |           |

<sup>16</sup> Santa Clara County. Santa Clara County Geologic Hazard Zones. Map. Oct 26, 2012.



|                                                                                                                                                                                                                                                                                        | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Would the project:                                                                                                                                                                                                                                                                     |                                      |                                                             |                                     |                                     |
| – Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault (refer to Division of Mines and Geology Special Publication 42)? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| – Strong seismic ground shaking?                                                                                                                                                                                                                                                       | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| – Seismic-related ground failure, including liquefaction?                                                                                                                                                                                                                              | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| – Landslides?                                                                                                                                                                                                                                                                          | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 2) Result in substantial soil erosion or the loss of topsoil?                                                                                                                                                                                                                          | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 3) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?                                                    | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 4) Be located on expansive soil, as defined in the current California Building Code, creating substantial direct or indirect risks to life or property?                                                                                                                                | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 5) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?                                                                                                     | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 6) Directly or indirectly destroy a unique paleontological resource or site or unique geological feature?                                                                                                                                                                              | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

**Impact GEO-1: The project would not directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault; strong seismic ground shaking; seismic-related ground failure, including liquefaction; or landslides. (Less than Significant Impact)**

The proposed project would not introduce development on the project site and the project site would remain unoccupied. The project site does not contain any earthquake faults and is not at risk of fault rupture or seismic related ground failure in the event of an earthquake.

The project site may undergo strong seismic ground shaking during an earthquake however this would not result in a risk of loss, injury, or death because the project site will continue its current use as a detention basin with engineered slopes.

Finally, the project site is relatively level, other than the basin's engineered slopes, and would not experience landslides in the event of earthquakes. Therefore, the proposed project would not cause potential substantial adverse effects, including the risk of loss, injury, or death involving rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map. **(Less than Significant Impact)**

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**Impact GEO-2: The project would not result in substantial soil erosion or the loss of topsoil. (Less than Significant Impact)**

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Excavation and transport of soil materials related to the proposed project would result in ground disturbance at the site. Ground disturbance would expose soils and increase the potential for wind or water related erosion and sedimentation at the site until construction is complete. The City has developed standard conditions to avoid significant soil erosion impacts during construction. The following conditions would be included as part of the project:

Standard Condition GEO-1 (Storm Drain System): Prior to final map approval or issuance of a grading permit the applicant shall complete the following to the satisfaction of the City Engineer.

1. Plan describing how material excavated during construction will be controlled to prevent this material from entering the storm drain system.
2. Water Pollution Control Drawings for Sediment and Erosion Control.

Standard Condition GEO-2 (NPDES Permit Conformance): As required by the State Water Resources Control Board (SWRCB) Order No. 99-08-DWQ, construction activity resulting in a land disturbance of one acre or more of soil, or whose projects are part of a larger common plan of development that in total disturbs more than one (1) acre, are required to obtain coverage under the National Pollutant Discharge Elimination System (NPDES) General Permit No. CAS000002 for Discharges of Storm Water Associated with Construction Activity (General Permit). To be permitted with the SWRCB under the General Permit, owners must file a complete Notice of Intent (NOI) package and develop a Storm Water Pollution Prevention Plan (SWPPP) Manual in accordance with Section A, B, and C of the General Permit prior to the commencement of soil disturbing activities. A NOI Receipt Letter assigning a Waste Discharger Identification number to the construction site will be issued after the State Water Resource Control Board (SWRCB) receives a complete NOI package (original signed NOI application, vicinity map, and permit fee); copies of the NOI Receipt Letter and SWPPP shall be forwarded to the Building and Land Development Engineering Divisions review. The SWPPP shall be made a part of the improvement plans (SWRCB NPDES General Permit CA000002).

By implementing the standard conditions discussed above, the project would have a less than significant impact on soil erosion. **(Less than Significant Impact)**

---

**Impact GEO-3:     The project would not be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse. (No Impact)**

---

The proposed project would not cause the project site to become unstable and as stated above the project site is flat, other than the engineered basin slopes, and does not have a substantial risk of landslides or lateral spreading. Additionally, the project is not located in an area that has a risk of liquefaction and would not encounter subsidence during operations of the detention basin. Therefore, the proposed project would not be located on unstable soil or geologic units and would not result in impacts of landslide, lateral spreading, subsidence, liquefaction, or collapse. **(No Impact)**

---

**Impact GEO-4:     The project would not be located on expansive soil, as defined in the current California Building Code, creating substantial direct or indirect risks to life or property. (Less than Significant Impact)**

---

The proposed project is deepening the existing detention basin which has been constructed in compliance with California Building Code requirements. The proposed project would not be impacted by the presence of expansive soils because the soils would not be supporting foundations of structures and the detention basin would be constructed with engineering methods suitable for the soils underlying the project site. **(Less than Significant Impact)**

---

**Impact GEO-5:     The project would not have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater. (No Impact)**

---

The proposed project does not include structures requiring the use of septic tanks or alternative wastewater disposal systems. Therefore, the proposed project would not result in an impact. **(No Impact)**

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**Impact GEO-6:     The project would not directly or indirectly destroy a unique paleontological resource or site or unique geological feature. (Less than Significant Impact)**

---

The proposed project would require excavation of the existing detention basin. Excavation of the site occurred when the detention basin was originally constructed, and further excavation is not expected to discover and disturb paleontological resources on-site. Additionally, there are no identified paleontological resources in the City of Morgan Hill. Therefore, the excavation proposed by the project would not cause an impact on a unique paleontological resource or site or unique geological feature. **(Less than Significant Impact)**

## **4.8 GREENHOUSE GAS EMISSIONS**

### **4.8.1 Environmental Setting**

#### **4.8.1.1 *Regulatory Framework***

#### **State**

##### **Assembly Bill 32**

Under the California Global Warming Solutions Act, also known as AB 32, CARB established a statewide GHG emissions cap for 2020, adopted mandatory reporting rules for significant sources of GHGs, and adopted a comprehensive plan, known as the Climate Change Scoping Plan, identifying how emission reductions would be achieved from significant GHG sources.

In 2016, SB 32 was signed into law, amending the California Global Warming Solution Act. SB 32, and accompanying Executive Order B-30-15, require CARB to ensure that statewide GHG emissions are reduced to 40 percent below the 1990 level by 2030. CARB updated its Climate Change Scoping Plan in December of 2017 to express the 2030 statewide target in terms of million metric tons of CO<sub>2</sub>E (MMTCO<sub>2</sub>e). Based on the emissions reductions directed by SB 32, the annual 2030 statewide target emissions level for California is 260 MMTCO<sub>2</sub>e.

##### **Senate Bill 375**

SB 375, known as the Sustainable Communities Strategy and Climate Protection Act, was signed into law in September 2008. SB 375 builds upon AB 32 by requiring CARB to develop regional GHG reduction targets for automobile and light truck sectors for 2020 and 2035. The per-capita GHG emissions reduction targets for passenger vehicles in the San Francisco Bay Area include a seven percent reduction by 2020 and a 15 percent reduction by 2035.

Consistent with the requirements of SB 375, the Metropolitan Transportation Commission (MTC) partnered with the Association of Bay Area Governments (ABAG), BAAQMD, and the Bay Conservation and Development Commission to prepare the region's Sustainable Communities Strategy (SCS) as part of the Regional Transportation Plan process. The SCS is referred to as Plan Bay Area 2040. Plan Bay Area 2040 establishes a course for reducing per-capita GHG emissions through the promotion of compact, high-density, mixed-use neighborhoods near transit, particularly within identified Priority Development Areas (PDAs).

#### **Regional and Local**

##### **2017 Clean Air Plan**

To protect the climate, the 2017 CAP (prepared by BAAQMD) includes control measures designed to reduce emissions of methane and other super-GHG that are potent climate pollutants in the near-term, and to decrease emissions of carbon dioxide by reducing fossil fuel combustion.

## CEQA Air Quality Guidelines

The BAAQMD CEQA Air Quality Guidelines are intended to serve as a guide for those who prepare or evaluate air quality impact analyses for projects and plans in the San Francisco Bay Area. The jurisdictions in the San Francisco Bay Area Air Basin utilize the thresholds and methodology for assessing GHG impacts developed by BAAQMD within the CEQA Air Quality Guidelines. The guidelines include information on legal requirements, BAAQMD rules, methods of analyzing impacts, and recommended mitigation measures.

### **4.8.1.2      *Existing Conditions***

Unlike emissions of criteria and toxic air pollutants, which have regional and local impacts, emissions of GHGs have a broader, global impact. Global warming is a process whereby GHGs accumulating in the upper atmosphere contribute to an increase in the temperature of the earth and changes in weather patterns.

The project site does not contain substantial sources of greenhouse gas emissions and does not contribute to emissions besides the pump on the northwest corner of the site.

### **4.8.2      Impact Discussion**

|                                                                                                                                                                                                | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|--------------------------|
| Would the project:                                                                                                                                                                             |                                      |                                                             |                                     |                          |
| 1) Generate greenhouse gas (GHG) emissions, either directly or indirectly, that may have a significant impact on the environment?                                                              | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2) Conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of GHGs?                                                                          | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <b>Impact GHG-1:</b> The project would not generate GHG emissions, either directly or indirectly, that may have a significant impact on the environment. <b>(Less than Significant Impact)</b> |                                      |                                                             |                                     |                          |

The proposed project would generate temporary GHG emissions during construction. These truck emissions would only occur for a period of five weeks while the soil material is removed from the project site. This increase would only represent a small increase in the total GHG emission for the City of Morgan Hill and would not represent a permanent change. Therefore, the proposed project would not result in a significant GHG emission impact.

During operations of the project an increase of GHG is not expected because no new structures or new activities at the site are proposed. The operation of the existing pump would not change as a result of the deepened basin. Therefore, the proposed project would not generate increased operational greenhouse gas emissions. **(Less than Significant Impact)**

---

**Impact GHG-2: The project would not conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of GHGs. (Less than Significant Impact)**

---

The proposed project would only result in temporary emissions of GHGs during construction and would not conflict with the adoption of policies or plans for reducing GHG emissions. Therefore, the proposed project would not result in an impact on reaching SB 32 targets or Clean Air Plan reductions and the proposed project would result in a less than significant impact. **(Less than Significant Impact)**

## **4.9 HAZARDS AND HAZARDOUS MATERIALS**

### **4.9.1 Environmental Setting**

#### **4.9.1.1 *Regulatory Framework***

##### **Overview**

The storage, use, generation, transport, and disposal of hazardous materials and waste are highly regulated under federal and state laws. In California, the EPA has granted most enforcement authority over federal hazardous materials regulations to the California Environmental Protection Agency (CalEPA). In turn, local agencies have been granted responsibility for implementation and enforcement of many hazardous materials regulations under the Certified Unified Program Agency (CUPA) program.

Worker health and safety and public safety are key issues when dealing with hazardous materials. Proper handling and disposal of hazardous material is vital if it is disturbed during project construction. Cal/OSHA enforces state worker health and safety regulations related to construction activities. Regulations include exposure limits, requirements for protective clothing, and training requirements to prevent exposure to hazardous materials. Cal/OSHA also enforces occupational health and safety regulations specific to lead and asbestos investigations and abatement.

##### **Federal and State**

#### **Federal Aviation Regulations Part 77**

Federal Aviation Regulations, Part 77 Objects Affecting Navigable Airspace (FAR Part 77) sets forth standards and review requirements for protecting the airspace for safe aircraft operation, particularly by restricting the height of potential structures and minimizing other potential hazards (such as reflective surfaces, flashing lights, and electronic interference) to aircraft in flight. These regulations require that the Federal Aviation Administration (FAA) be notified of certain proposed construction projects located within an extended zone defined by an imaginary slope radiating outward for several miles from an airport's runways, or which would otherwise stand at least 200 feet in height above the ground.

#### **Comprehensive Environmental Response, Compensation, and Liability Act**

The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as Superfund, was enacted by Congress on December 11, 1980. This law created a tax on the chemical and petroleum industries and provided broad federal authority to respond directly to releases or threatened releases of hazardous substances that may endanger public health or the environment. Over five years, \$1.6 billion was collected and the tax went to a trust fund for cleaning up abandoned or uncontrolled hazardous waste sites. CERCLA accomplished the following objectives:

- Established prohibitions and requirements concerning closed and abandoned hazardous waste sites;

- Provided for liability of persons responsible for releases of hazardous waste at these sites; and
- Established a trust fund to provide for cleanup when no responsible party could be identified.

The law authorizes two kinds of response actions:

- Short-term removals, where actions may be taken to address releases or threatened releases requiring prompt response; and
- Long-term remedial response actions that permanently and significantly reduce the dangers associated with releases or threats of releases of hazardous substances that are serious, but not immediately life-threatening. These actions can be completed only at sites listed on the EPA's National Priorities List.

CERCLA also enabled the revision of the National Contingency Plan (NCP). The NCP provided the guidelines and procedures needed to respond to releases and threatened releases of hazardous substances, pollutants, or contaminants. The NCP also established the National Priorities List. CERCLA was amended by the Superfund Amendments and Reauthorization Act on October 17, 1986.<sup>17</sup>

#### Resource Conservation and Recovery Act

The Resource Conservation and Recovery Act (RCRA), enacted in 1976, is the principal federal law in the United States governing the disposal of solid waste and hazardous waste. RCRA gives the EPA the authority to control hazardous waste from the "cradle to the grave." This includes the generation, transportation, treatment, storage, and disposal of hazardous waste. RCRA also sets forth a framework for the management of non-hazardous solid wastes.

The Federal Hazardous and Solid Waste Amendments (HSWA) are the 1984 amendments to RCRA that focused on waste minimization, phasing out land disposal of hazardous waste, and corrective action for releases. Some of the other mandates of this law include increased enforcement authority for the EPA, more stringent hazardous waste management standards, and a comprehensive underground storage tank program.<sup>18</sup>

#### Government Code Section 65962.5

Section 65962.5 of the Government Code requires CalEPA to develop and update a list of hazardous waste and substances sites, known as the Cortese List. The Cortese List is used by state and local agencies and developers to comply with CEQA requirements. The Cortese List includes hazardous substance release sites identified by the Department of Toxic Substances Control (DTSC) and State Water Resources Control Board (SWRCB).<sup>19</sup>

<sup>17</sup> United States Environmental Protection Agency. "Superfund: CERCLA Overview." Accessed May 11, 2020. <https://www.epa.gov/superfund/superfund-cercla-overview>.

<sup>18</sup> United States Environmental Protection Agency. "Summary of the Resource Conservation and Recovery Act." Accessed May 11, 2020. <https://www.epa.gov/laws-regulations/summary-resource-conservation-and-recovery-act>.

<sup>19</sup> California Environmental Protection Agency. "Cortese List Data Resources." Accessed May 28, 2020. <https://calepa.ca.gov/sitecleanup/corteselist/>.



### Toxic Substances Control Act

The Toxic Substances Control Act (TSCA) of 1976 provides the EPA with authority to require reporting, record-keeping and testing requirements, and restrictions relating to chemical substances and/or mixtures. Certain substances are generally excluded from TSCA, including, among others, food, drugs, cosmetics, and pesticides. The TSCA addresses the production, importation, use, and disposal of specific chemicals including polychlorinated biphenyls (PCBs), asbestos, radon, and lead-based paint.

### California Accidental Release Prevention Program

The California Accidental Release Prevention (CalARP) Program aims to prevent accidental releases of regulated hazardous materials that represent a potential hazard beyond the boundaries of a property. Facilities that are required to participate in the CalARP Program use or store specified quantities of toxic and flammable substances (hazardous materials) that can have off-site consequences if accidentally released. The Santa Clara County Department of Environmental Health reviews CalARP risk management plans as the CUPA.

#### **4.9.1.2 Existing Conditions**

The 5.65-acre project site is utilized as a detention basin. A review of federal, state, and local regulatory agency databases was completed to evaluate the likelihood of contamination incidents at and near the project site. The project site is not identified on any of the regulatory databases and is not on the Cortese list.<sup>20</sup> The San Martin Airport is located approximately 4.5 miles south of the project site. The project site is not located within an Airport Influence Area (AIA) of a Comprehensive Land Use Plan and is not located within an FAA height restriction area for new structures.

#### **4.9.2 Impact Discussion**

|                                                                                                                                                                                                 | Potentially<br>Significant<br>Impact | Less than<br>Significant with<br>Mitigation<br>Incorporated | Less than<br>Significant<br>Impact | No Impact                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|------------------------------------|-------------------------------------|
| Would the project:                                                                                                                                                                              |                                      |                                                             |                                    |                                     |
| 1) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?                                                         | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 2) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 3) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?                                 | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |

<sup>20</sup> California Environmental Protection Agency. Cortese List Data Resources. Accessed October 26, 2020. <https://calepa.ca.gov/sitecleanup/corteselist/>.

|                                                                                                                                                                                                                                                                   | Potentially<br>Significant<br>Impact | Less than<br>Significant with<br>Mitigation<br>Incorporated | Less than<br>Significant<br>Impact | No Impact                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|------------------------------------|-------------------------------------|
| Would the project:                                                                                                                                                                                                                                                |                                      |                                                             |                                    |                                     |
| 4) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?                                    | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 5) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, result in a safety hazard or excessive noise for people residing or working in the project area? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 6) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?                                                                                                                                         | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 7) Expose people or structures, either directly or indirectly, to a significant risk of loss, injury, or death involving wildland fires?                                                                                                                          | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |

---

**Impact HAZ-1: The project would not create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials. (No Impact)**

---

The proposed project would operate as a detention basin which does not require the transport, use, or disposal of hazardous materials. The proposed project would therefore create no significant hazard to the public or environment through the transportation of these materials. **(No Impact)**

---

**Impact HAZ-2: The project would not create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment. (Less than Significant Impact)**

---

The project site is not included on a list of hazardous materials sites and the site is not expected to contain hazardous materials. The construction of the proposed project would involve the excavation and transport of soils and other materials removed from the bottom of the detention basin. The City would be testing the excavated soils to determine if the material would be suitable as fill on nearby development sites or requires disposal at a nearby landfill. This excavation is not expected to foreseeably encounter hazardous materials and would not create a significant hazard to the public or the environment. During operations, the proposed project would function as a detention basin which would not foreseeably create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving hazardous materials. Therefore, the proposed project would have a less than significant impact related to the release of hazardous materials through foreseeable accidents during construction or operations. **(No Impact)**

---

**Impact HAZ-3:     The project would not emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school. (No Impact)**

---

The proposed project would continue to operate as a detention basin and would not require the emission or handling of acutely hazardous materials, substances, or waste. Additionally, the nearest school is located approximately 0.4 miles from the project site. Therefore, the proposed project would result in a no impact from handling hazardous materials within a quarter mile of an existing or proposed school. **(No Impact)**

---

**Impact HAZ-4:     The project would not be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, create a significant hazard to the public or the environment. (No Impact)**

---

The project site is not included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5. Therefore, the proposed project would not create a significant hazard to the public or the environment resulting from hazardous materials sites. **(No Impact)**

---

**Impact HAZ-5:     The project would not be located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport. The project would not result in a safety hazard or excessive noise for people residing or working in the project area. (No Impact)**

---

The proposed project is an existing detention basin which would continue its use as a detention basin on site. The existing basin does not affect nearby airports and the proposed project would not result in a safety hazard or excessive noise for people residing or working in the project area. **(No Impact)**

---

**Impact HAZ-6:     The project would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan. (No Impact)**

---

The proposed project would not change the on-site use of the project as a detention basin. The proposed project would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan. **(No Impact)**

---

**Impact HAZ-7:     The project would not expose people or structures, either directly or indirectly, to a significant risk of loss, injury, or death involving wildland fires. (No Impact)**

---

The proposed project would not construct structures or add people to the project site because the project would only modify the depth and storage capacity of an existing detention basin. Therefore,

the proposed project would not create an impact by exposing people or structures, either directly or indirectly, to a significant risk of loss, injury, or death involving wildland fires. **(No Impact)**

## **4.10 HYDROLOGY AND WATER QUALITY**

### **4.10.1 Environmental Setting**

#### **4.10.1.1 *Regulatory Framework***

##### **Federal and State**

The federal Clean Water Act and California's Porter-Cologne Water Quality Control Act are the primary laws related to water quality in California. Regulations set forth by the EPA and the SWRCB have been developed to fulfill the requirements of this legislation. EPA regulations include the National Pollutant Discharge Elimination System (NPDES) permit program, which controls sources that discharge pollutants into the waters of the United States (e.g., streams, lakes, bays, etc.). These regulations are implemented at the regional level by the Regional Water Quality Control Boards (RWQCBs). The project site is within the jurisdiction of the Central Coast RWQCB.

##### National Flood Insurance Program

The Federal Emergency Management Agency (FEMA) established the National Flood Insurance Program (NFIP) to reduce impacts of flooding on private and public properties. The program provides subsidized flood insurance to communities that comply with FEMA regulations protecting development in floodplains. As part of the program, FEMA publishes Flood Insurance Rate Maps (FIRMs) that identify Special Flood Hazard Areas (SFHAs). An SFHA is an area that would be inundated by the one-percent annual chance flood, which is also referred to as the base flood or 100-year flood.

##### Statewide Construction General Permit

The State Water Resources Control Board (SWRCB) has implemented an NPDES General Construction Permit for the State of California (Construction General Permit). For projects disturbing one acre or more of soil, a Notice of Intent (NOI) must be filed with the RWQCB by the project sponsor, and a Storm Water Pollution Prevention Plan (SWPPP) must be prepared by a qualified professional prior to commencement of construction and filed with the RWQCB by the project sponsor. The Construction General Permit includes requirements for training, inspections, record keeping, and, for projects of certain risk levels, monitoring. The general purpose of the requirements is to minimize the discharge of pollutants and to protect beneficial uses and receiving waters from the adverse effects of construction-related storm water discharges.

##### **Regional and Local**

##### San Francisco Bay Basin Plan

The San Francisco Bay RWQCB regulates water quality in accordance with the Water Quality Control Plan for the San Francisco Bay Basin (Basin Plan). The Basin Plan lists the beneficial uses that the San Francisco Bay RWQCB has identified for local aquifers, streams, marshes, rivers, and the San Francisco Bay, as well as the water quality objectives and criteria that must be met to protect these uses. The San Francisco Bay RWQCB implements the Basin Plan by issuing and enforcing waste discharge requirements, including permits for nonpoint sources such as the urban runoff

discharged by a City's stormwater drainage system. The Basin Plan also describes watershed management programs and water quality attainment strategies.

### Municipal Regional Permit Provision C.3

The San Francisco Bay RWQCB re-issued the Municipal Regional Stormwater NPDES Permit (MRP) in 2015 to regulate stormwater discharges from municipalities and local agencies (co-permittees) in Alameda, Contra Costa, San Mateo, and Santa Clara Counties, and the cities of Fairfield, Suisun City, and Vallejo.<sup>21</sup> Under Provision C.3 of the MRP, new and redevelopment projects that create or replace 10,000 square feet or more of impervious surface area are required to implement site design, source control, and Low Impact Development (LID)-based stormwater treatment controls to treat post-construction stormwater runoff. LID-based treatment controls are intended to maintain or restore the site's natural hydrologic functions, maximizing opportunities for infiltration and evapotranspiration, and using stormwater as a resource (e.g. rainwater harvesting for non-potable uses). The MRP also requires that stormwater treatment measures are properly installed, operated, and maintained.

In addition to water quality controls, the MRP requires new development and redevelopment projects that create or replace one acre or more of impervious surface to manage development-related increases in peak runoff flow, volume, and duration, where such hydromodification is likely to cause increased erosion, silt pollutant generation, or other impacts to local rivers, streams, and creeks. Projects may be deemed exempt from these requirements if they do not meet the minimized size threshold, drain into tidally influenced areas or directly into the Bay, or drain into hardened channels, or if they are infill projects in subwatersheds or catchment areas that are greater than or equal to 65 percent impervious.

### Water Resources Protection Ordinance and District Well Ordinance

Valley Water operates as the flood control agency for Santa Clara County. Their stewardship also includes creek restoration, pollution prevention efforts, and groundwater recharge. Permits for well construction and destruction work, most exploratory boring for groundwater exploration, and projects within Valley Water property or easements are required under Valley Water's Water Resources Protection Ordinance and District Well Ordinance.

### Dam Safety

Since August 14, 1929, the State of California has regulated dams to prevent failure, safeguard life, and protect property. [The California Water Code](#) entrusts dam safety regulatory power to California Department of Water Resources, Division of Safety of Dams (DSOD). The DSOD provide oversight to the design, construction, and maintenance of over 1,200 [jurisdictional sized dams](#) in California.<sup>22</sup>

<sup>21</sup> MRP Number CAS612008

<sup>22</sup> California Department of Water Resources, Division of Safety of Dams. [https://water.ca.gov/Programs/All-Programs/Division-of-Safety-of-Dams#:~:text=Since%20August%2014%2C%201929%2C%20the,Safety%20of%20Dams%20\(DSOD\)](https://water.ca.gov/Programs/All-Programs/Division-of-Safety-of-Dams#:~:text=Since%20August%2014%2C%201929%2C%20the,Safety%20of%20Dams%20(DSOD)). Accessed June 9, 2020.

As part of its comprehensive dam safety program, Valley Water routinely monitors and studies the condition of each of its 10 dams. Valley Water also has its own Emergency Operations Center and a response team that inspects dams after significant earthquakes. These regulatory inspection programs reduce the potential for dam failure.

#### Construction Dewatering Waste Discharge Requirements

Each of the RWQCBs regulate construction dewatering discharges to storm drains or surface waters within its Region under the NPDES program and Waste Discharge Requirements.

#### **4.10.1.2 Existing Conditions**

The project site is entirely occupied by an existing detention basin. Drainage of the site is directed inward to the detention basin and the entirety of the site is pervious surfaces. The project site is located within the Zone X, 0.2 percent annual chance of flood event, FEMA flood hazard zone designation.

#### **4.10.2 Impact Discussion**

|                                                                                                                                                                                                                        | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|--------------------------|
| Would the project:                                                                                                                                                                                                     |                                      |                                                             |                                     |                          |
| 1) Violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water quality?                                                                             | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2) Substantially decrease groundwater supplies or interfere substantially with groundwater recharge such that the project may impede sustainable groundwater management of the basin?                                  | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would: | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| – result in substantial erosion or siltation on- or off-site;                                                                                                                                                          | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| – substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site;                                                                                              | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| – create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff; or                                | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| – impede or redirect flood flows?                                                                                                                                                                                      | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

|                                                                                                                         | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|--------------------------|
| Would the project:                                                                                                      |                                      |                                                             |                                     |                          |
| 4) In flood hazard, tsunami, or seiche zones, risk release of pollutants due to project inundation?                     | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5) Conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

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**Impact HYD-1: The project would not violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water quality. (Less than Significant Impact)**

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### Construction

Impacts on water quality in the basin could potentially occur as a result of sediment mobilization or contaminant spills during construction. Indirect impacts on Fisher Creek, the local groundwater aquifer, or on general water quality are unlikely due to the distance between these activities and the creek and the filtration process when contaminants leach through the soil horizons; however, the potential for water quality impacts due to these activities is possible.

Standard Condition HYD-1 (Stormwater Management): The proposed project would implement erosion and sediment control measures, as well as BMPs for work near aquatic environments. Construction projects in California causing land disturbances that are equal to one acre or greater must comply with state requirements to control the discharge of storm water pollutants under the NPDES General Permit for Storm Water Discharges Associated with Construction and Land Disturbance Activities (Construction General Permit; Water Board Order No. 2009-0009- DWQ).

Prior to the start of construction/demolition, a Notice of Intent must be filed with the SWRCB describing the project. A Storm Water Pollution Prevention Plan must be developed and maintained during the project and it must include the use of BMPs to protect water quality until the site is stabilized. Standard permit conditions under the Construction General Permit require that the applicant utilize various measures including:

- on-site sediment control BMPs
- damp street sweeping, temporary cover of disturbed land surfaces to control erosion during construction
- utilization of stabilized construction entrances and/or wash racks,

Through compliance with the above standard condition, the proposed project would not result in significant water quality impacts during construction of the proposed project. **(Less than Significant Impact)**



## Operations

The proposed project would continue operations of the detention basin and would not feature increased impervious surfaces or sources of water quality contaminants. Therefore, the proposed project would not violate any water quality standards or waste discharge requirements or substantially degrade surface or ground water quality. **(Less than Significant Impact)**

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**Impact HYD-2:     The project would not substantially decrease groundwater supplies or interfere substantially with groundwater recharge such that the project may impede sustainable groundwater management of the basin. (Less than Significant Impact)**

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The proposed project is deepening the existing detention basin located on site. This detention basin has a permeable, natural bottom that allows the water to infiltrate into the ground below. The proposed project would not decrease groundwater supplies or interfere with natural recharge for the project site. Therefore, the proposed project would not substantially decrease groundwater supplies or interfere with groundwater recharge. **(Less than Significant Impact)**

---

**Impact HYD-3:     The project would not substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would result in substantial erosion or siltation on- or off-site; substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site; create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff; or impede or redirect flood flows. (Less than Significant Impact)**

---

The existing use of the site is a detention basin which captures water from two watersheds. The proposed project would not change the existing use of the site and would improve the detention basin's capability for water detention in high intensity storm events. The proposed project would not introduce additional impervious surfaces and would not result in increased erosion or siltation due to increased impervious surface. Additionally, the proposed project would provide for greater stormwater runoff control for the drainage basin served by the detention basin. Therefore, the proposed project would not alter the existing drainage patterns of the site area and would not create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems. **(Less than Significant Impact)**

---

**Impact HYD-4:     The project would not risk release of pollutants due to project inundation in flood hazard, tsunami, or seiche zones. (No Impact)**

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The project site is not located within a tsunami or seiche area. The project site is located within the Zone X, 0.2 percent annual chance of flood event. As discussed in Section 4.9 Hazards and Hazardous Materials, the proposed project would not make the use of hazardous chemicals or other materials that would risk the release of pollutants in the event of inundation. Therefore, the proposed

project would not risk the release of pollutants in the event of inundation resulting from a flood event. **(Less than Significant Impact)**

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**Impact HYD-5: The project would not conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan. (Less than Significant Impact)**

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The proposed project would not introduce additional runoff to the drainage system and would not create sources of water pollution that may obstruct the implementation of water quality control plans for the City of Morgan Hill. Additionally, the proposed project would provide greater capacity to the existing stormwater drainage which would decrease the impacts of existing stormwater quality issues.

The detention basin would also provide the same amount of infiltration capacity for groundwater replenishment and would not change the implementation of sustainable groundwater plans for the City of Morgan Hill. **(Less than Significant Impact)**

## 4.11 LAND USE AND PLANNING

### 4.11.1 Environmental Setting

#### 4.11.1.1 *Existing Conditions*

The project site is zoned as Open Space and is classified as Open Space in the General Plan. The open space designation is meant to remain unimproved and devoted to the preservation of natural resources, managed production of resources, or public health and safety, as well as to complement adjacent, higher density residential, and commercial development. Allowed uses in the Open Space designation include agriculture, outdoor recreation, and a secondary dwelling unit. One single family home per parcel is allowed, with appropriate permits.

#### 4.11.2 Impact Discussion

|                                                                                                                                                                                        | Potentially<br>Significant<br>Impact | Less than<br>Significant with<br>Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Would the project:                                                                                                                                                                     |                                      |                                                             |                                     |                                     |
| 1) Physically divide an established community?                                                                                                                                         | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 2) Cause a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

---

#### **Impact LU-1: The project would not physically divide an established community. (No Impact)**

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The proposed project would not modify the land use on the project site and would not alter the land uses of areas surrounding the project site. Additionally, the proposed project would not introduce a new incompatible use and would not divide the surrounding community through barriers or other methods. Therefore, the proposed project would not physically divide established communities in the areas surrounding the project. **(No Impact)**

---

#### **Impact LU-2: The project would not cause a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect. (Less than Significant Impact)**

---

The proposed project would not alter the existing uses on the project site, which would continue to be used as a detention basin after improvements are completed. Additionally, the consistency of the proposed project with applicable land use plans, policies, and regulations are discussed in their respective sections in this Initial Study. Therefore, the proposed project would not conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect. **(Less than Significant Impact)**

## 4.12 MINERAL RESOURCES

### 4.12.1 Environmental Setting

#### 4.12.1.1 *Regulatory Framework*

#### State

#### Surface Mining and Reclamation Act

The Surface Mining and Reclamation Act (SMARA) was enacted by the California legislature in 1975 to address the need for a continuing supply of mineral resources, and to prevent or minimize the negative impacts of surface mining to public health, property, and the environment. As mandated under SMARA, the State Geologist has designated mineral land classifications in order to help identify and protect mineral resources in areas within the state subject to urban expansion or other irreversible land uses which would preclude mineral extraction. SMARA also allowed the State Mining and Geology Board (SMGB), after receiving classification information from the State Geologist, to designate lands containing mineral deposits of regional or statewide significance.

#### 4.12.1.2 *Existing Conditions*

The Morgan Hill General Plan does not identify mineral uses of state, regional or local importance within the city of Morgan Hill.

### 4.12.2 Impact Discussion

|                                                                                                                                                                        | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact | No Impact                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|------------------------------------|-------------------------------------|
| Would the project:                                                                                                                                                     |                                      |                                                             |                                    |                                     |
| 1) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?                                 | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 2) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |

---

**Impact MIN-1: The project would not result in the loss of availability of a known mineral resource that would be of value to the region and residents of the state. (No Impact)**

---

The proposed project would not occur within an area containing a mineral resource of value to the region or residents of the state. Therefore, the proposed project would not impact the availability of a known mineral resource that would be of value to the region and residents of the state. **(No Impact)**

---

**Impact MIN-2:     The project would not result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan. (No Impact)**

---

The proposed project would not occur within an area containing a mineral resource of value to the local municipalities. Therefore, the proposed project would not impact the availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan. **(No Impact)**

## 4.13 NOISE

The information in this section is based on the Construction Noise Memo Prepared by Illingworth and Rodkin Inc. dated March 5, 2021. The full memo is included in Appendix D.

### 4.13.1 Environmental Setting

#### 4.13.1.1 *Regulatory Framework*

#### **Federal**

##### Federal Transit Administration Vibration Limits

The Federal Transit Administration (FTA) has developed vibration impact assessment criteria for evaluating vibration impacts associated with transit projects. The FTA has proposed vibration impact criteria based on maximum overall levels for a single event. The impact criteria for groundborne vibration are shown in Table 4.13-1 below. These criteria can be applied to development projects in jurisdictions that lack vibration impact standards.

| <b>Table 4.13-1: Groundborne Vibration Impact Criteria</b>                                                     |                                                               |                              |                              |
|----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|------------------------------|------------------------------|
| <b>Land Use Category</b>                                                                                       | <b>Groundborne Vibration Impact Levels<br/>(VdB inch/sec)</b> |                              |                              |
|                                                                                                                | <b>Frequent<br/>Event</b>                                     | <b>Occasional<br/>Events</b> | <b>Infrequent<br/>Events</b> |
| <b>Category 1:</b> Buildings where vibration would interfere with interior operations                          | 65                                                            | 65                           | 65                           |
| <b>Category 2:</b> Residences and buildings where people normally sleep                                        | 72                                                            | 75                           | 80                           |
| <b>Category 3:</b> Institutional land uses with primarily daytime use                                          | 75                                                            | 78                           | 83                           |
| Source: Federal Transit Administration. <i>Transit Noise and Vibration Assessment Manual</i> . September 2018. |                                                               |                              |                              |

#### **Local**

##### City of Morgan Hill Municipal Code.

The City of Morgan Hill's Municipal Code Chapter 8.28 states that "It is unlawful and a misdemeanor for any person to make or continue, or cause to be made or continued, any loud, disturbing, unnecessary or unusual noise or any noise which annoys, disturbs, injures or endangers the comfort, health, repose, peace or safety of other persons within the city." The following sections of the code would be applicable to the project:

1. Construction activities as limited below. "Construction activities" are defined as including but not limited to excavation, grading, paving, demolition, construction, alteration or repair of any building, site, street or highway, delivery or removal of construction material to a site,

or movement of construction materials on a site. Construction activities are prohibited other than between the hours of seven a.m. and eight p.m., Monday through Friday and between the hours of nine a.m. to six p.m. on Saturday. Construction activities may not occur on Sundays or federal holidays. No third person, including but not limited to landowners, construction company owners, contractors, subcontractors, or employers, shall permit or allow any person working on construction activities which are under their ownership, control or direction to violate this provision. Construction activities may occur in the following cases without violation of this provision:

- a. In the event of urgent necessity in the interests of the public health and safety, and then only with a permit from the chief building official, which permit may be granted for a period of not to exceed three days or less while the emergency continues, and which permit may be renewed for periods of three days or less while the emergency continues.
- b. If the chief building official determines that the public health and safety will not be impaired by the construction activities between the hours of eight p.m. and seven a.m., and that loss or inconvenience would result to any party in interest, the chief building official may grant permission for such work to be done between the hours of eight p.m. and seven a.m. upon an application being made at the time the permit for the work is issued or during the progress of the work.
- c. The city council finds that construction by the resident of a single residence does not have the same magnitude or frequency of noise impacts as a larger construction project. Therefore, the resident of a single residence may perform construction activities on that home during the hours in this subsection, as well as on Sundays and federal holidays from nine a.m. to six p.m., provided that such activities are limited to the improvement or maintenance undertaken by the resident on a personal basis.
- d. **Public work projects are exempt from this section and the public works director shall determine the hours of construction for public works projects.**
- e. Until November 30, 1998, construction activities shall be permitted between the hours of ten a.m. to six p.m. on Sundays, subject to the following conditions. No power-driven vehicles, equipment or tools may be used during construction activities, except on the interior of a building or other structure which is enclosed by exterior siding (including windows and doors) and roofing, and which windows and doors are closed during construction activities. Construction activities must be situated at least one hundred fifty feet from the nearest occupied dwelling. No delivery or removal of construction material to a site, or movement of construction materials on a site, is permitted. No activity, including but not limited to the playing of radios, tape players, compact disc players or other devices, which creates a loud or unusual noise which offends, disturbs or harasses the peace and quiet of the persons of ordinary sensibilities beyond the confines of the property from which the sound emanates is allowed.

2. If it is determined necessary in order to ensure compliance with this section, the chief building official may require fences, gates or other barriers prohibiting access to a construction site by construction crews during hours in which construction is prohibited by this subsection. The project manager of each project shall be responsible for ensuring the fences, gates or barriers are locked and/or in place during hours in which no construction is allowed. This subsection shall apply to construction sites other than public works projects or single dwelling units which are not a part of larger projects.

#### 4.13.1.2 *Existing Conditions*

The project site contains a detention basin and does not produce ambient noise under existing conditions. According to the noise contours provided in the General Plan, the project site is within the 60 dBA contour and according to the study prepared by Illingworth and Rodkin the road noise fluctuates between 55 and 65 dBA.<sup>23</sup>

#### 4.13.2 Impact Discussion

|                                                                                                                                                                                                                                                                                                           | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Would the project result in:                                                                                                                                                                                                                                                                              |                                      |                                                             |                                     |                                     |
| 1) Generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?                                                         | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 2) Generation of excessive groundborne vibration or groundborne noise levels?                                                                                                                                                                                                                             | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 3) For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

<sup>23</sup> City of Morgan Hill. 2035 Morgan Hill General Plan FEIR. January 13, 2016.



**Impact NOI-1: The project would not result in generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies. (Less than Significant Impact)**

### Excavation of the Basin

The proposed project is planned to start construction in July 2021 and would be completed by September 2021. The construction activities in the detention basin areas would generate elevated noise levels during the excavation and hauling activities. The estimated noise levels for construction would range between 80 to 90 dBA at a distance of 50 feet from the project site. A more detailed breakdown of the noise generated can be seen in Table 4.13-2 below, under the far-right column entitled Public Works Roads & Highways, Sewers, and Trenches.

| Table 4.13-2 Typical Ranges of Construction Noise Levels at 50 feet |                  |    |                                                        |    |                                                                                      |    |                                                     |    |
|---------------------------------------------------------------------|------------------|----|--------------------------------------------------------|----|--------------------------------------------------------------------------------------|----|-----------------------------------------------------|----|
|                                                                     | Domestic Housing |    | Office Building, Hotel, Hospital, School, Public Works |    | Industrial Parking Garage, Religious Amusement & Recreations, Store, Service Station |    | Public Works Roads & Highways, Sewers, and Trenches |    |
|                                                                     | I                | II | I                                                      | II | I                                                                                    | II | I                                                   | II |
| Ground Clearing                                                     | 83               | 83 | 84                                                     | 84 | 84                                                                                   | 83 | 84                                                  | 84 |
| Excavation                                                          | 88               | 75 | 89                                                     | 79 | 89                                                                                   | 71 | 88                                                  | 78 |
| Foundations                                                         | 81               | 81 | 78                                                     | 78 | 77                                                                                   | 77 | 88                                                  | 88 |
| Erection                                                            | 81               | 65 | 87                                                     | 75 | 84                                                                                   | 72 | 79                                                  | 78 |
| Finishing                                                           | 88               | 72 | 89                                                     | 75 | 89                                                                                   | 74 | 84                                                  | 84 |
| I - All pertinent equipment present at site.                        |                  |    |                                                        |    |                                                                                      |    |                                                     |    |
| II - Minimum required equipment present at site.                    |                  |    |                                                        |    |                                                                                      |    |                                                     |    |

Sensitive receptors for noise impacts in the area surrounding the project site include the City of Morgan Hill El Toro Fire Station (approximately 450 feet west the center of the basin) and the Bender Circle single family residences (approximately 575 feet southwest the center of the basin). The noise levels for the fire station are expected to range from 61 to 68 dBA and noise levels for the housing would range from 59 to 66 dBA during construction. The noise levels for construction would further decrease by approximately five to 10 dBA as the basin is deepened and more barriers are placed between activity and receptors. Therefore, the proposed project would not produce noise levels that would substantially exceed existing noise levels during excavation of the basin.

The proposed project is also located approximately 1,000 to 1,200 feet from the multi and single-family residences along Jarvis Drive and between the Old Monterey Road and the Union Pacific Railroad Tracks. These uses would experience noise levels from 52 to 61 dBA during unshielded

construction and these noise levels would decrease by 5 to 10 dBA as the basin is deepened. As stated above, the traffic noise levels for areas surrounding the project site range from 55 to 65 dBA. Therefore, the proposed project would not produce construction noise levels that would substantially exceed existing noise levels during excavation of the basin. **(Less than Significant Impact)**

### Hauling of Soil and Debris

Once materials are excavated from the Fisher Basin, the project proposes to haul these materials to the Kirby Canyon Landfill for disposal or to an unspecified development site in the City in need of surplus soil. Haul trucks would either utilize the route of Jarvis Drive to Monterey Road to Cochrane Road to Highway 101, or alternatively, the proposed project would use the new Sutter Boulevard extension to Butterfield Boulevard to Cochrane Road and Highway 101.

Based on the estimate of 50,581 cubic yards of materials and 12 cubic yards of hauling capacity per truck, the proposed project would require 256 truck hauls daily over the course of a 10-hour period over five weeks. Approximately 26 trips would occur each hour of the standard workday and these trips would create noise levels ranging from 54 to 57 dBA. This would typically be below the below ambient traffic noise levels in the area and would result in a less than significant impact. **(Less than Significant Impact)**

### Operational Impacts

The proposed project would continue to be used as a detention basin which would not alter the existing noise levels of the site. No change in the operation of the existing pump is proposed or expected. Therefore, there would be no impact on noise levels at the site during operations. **(No Impact)**

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**Impact NOI-2: The project would not result in generation of excessive groundborne vibration or groundborne noise levels. (Less than Significant Impact)**

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### Construction Impacts

The proposed project would generate vibration through the operations of construction equipment on site during the excavation of the basin. The nearest uses to the project site are approximately 450 feet from the detention basin which is well outside the distance where construction equipment would create perceptible vibrations. Vibrations of standard construction equipment are described below in Table 4.13-3.

| <b>Table 4.13-3 Typical Vibratory Intensity at Different Distances</b> |         |                                 |                                          |                                           |                                           |
|------------------------------------------------------------------------|---------|---------------------------------|------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>Equipment</b>                                                       |         | <b>PPV (in/sec)</b>             |                                          |                                           |                                           |
|                                                                        |         | <b>Source Level<br/>(25 ft)</b> | <b>50 feet from the<br/>Project Site</b> | <b>110 feet from<br/>the Project Site</b> | <b>150 feet from<br/>the Project Site</b> |
| Clam shovel drop                                                       |         | 0.202                           | 0.094                                    | 0.040                                     | 0.028                                     |
| Hydromill<br>(slurry wall)                                             | in soil | 0.008                           | 0.004                                    | 0.002                                     | 0.001                                     |
|                                                                        | in rock | 0.017                           | 0.008                                    | 0.003                                     | 0.002                                     |

|                                                                                                                                                                                                                                                                 |       |       |       |       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|-------|
| Vibratory Roller                                                                                                                                                                                                                                                | 0.210 | 0.098 | 0.041 | 0.029 |
| Hoe Ram                                                                                                                                                                                                                                                         | 0.089 | 0.042 | 0.017 | 0.012 |
| Large bulldozer                                                                                                                                                                                                                                                 | 0.089 | 0.042 | 0.017 | 0.012 |
| Caisson drilling                                                                                                                                                                                                                                                | 0.089 | 0.042 | 0.017 | 0.012 |
| Loaded trucks                                                                                                                                                                                                                                                   | 0.076 | 0.035 | 0.015 | 0.011 |
| Jackhammer                                                                                                                                                                                                                                                      | 0.035 | 0.016 | 0.007 | 0.005 |
| Small bulldozer                                                                                                                                                                                                                                                 | 0.003 | 0.001 | 0.001 | 0.000 |
| Source: Transit Noise and Vibration Impact Assessment Manual, Federal Transit Administration, Office of Planning and Environment, U.S. Department of Transportation, FTA Report No. 0123, September 2018, as modified by Illingworth & Rodkin, Inc., July 2020. |       |       |       |       |

The historic train trestle located adjacent to the site would also experience some vibration from construction, however, these would be less than the current daily operation of train traffic over the trestle and would not represent a significant impact. Based on the distance of the project site from any buildings, construction of the proposed project would not result in generation of excessive groundborne vibration or groundborne noise levels. **(Less than Significant Impact)**

### Operations

The proposed project would continue to be operated as a detention basin which does not create vibratory impacts under existing conditions. Therefore, operations of the proposed project would have no vibratory impacts. **(No Impact)**

---

**Impact NOI-3:     The project would not be located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport. The project would not expose people residing or working in the project area to excessive noise levels. (No Impact)**

---

The proposed project would not introduce sensitive land uses for excessive noise levels because the proposed project would retain the existing detention basin use. Additionally, the project site is located more than two miles from any airports in the area. Therefore, the proposed project would not expose people residing or working in the project area to excessive noise levels from airports or airstrips. **(No Impact)**

## **4.14 POPULATION AND HOUSING**

### **4.14.1 Environmental Setting**

#### **4.14.1.1 *Regulatory Framework***

#### **State**

##### **Housing-Element Law**

State requirements mandating that housing be included as an element of each jurisdiction's general plan is known as housing-element law. The Regional Housing Need Allocation (RHNA) is the state-mandated process to identify the total number of housing units (by affordability level) that each jurisdiction must accommodate in its housing element. California housing-element law requires cities to: 1) zone adequate lands to accommodate its RHNA; 2) produce an inventory of sites that can accommodate its share of the RHNA; 3) identify governmental and non-governmental constraints to residential development; 4) develop strategies and a work plan to mitigate or eliminate those constraints; and 5) adopt a housing element and update it on a regular basis.<sup>24</sup> The City of Morgan Hill Housing Element and related land use policies were last updated in 2015.

#### **Regional and Local**

##### **Plan Bay Area 2040**

Plan Bay Area 2040 is a long-range transportation, land-use, and housing plan intended support a growing economy, provide more housing and transportation choices, and reduce transportation-related pollution and GHG emissions in the Bay Area. Plan Bay Area 2040 promotes compact, mixed-use residential and commercial neighborhoods near transit, particularly within identified Priority Development Areas (PDAs).<sup>25</sup>

ABAG allocates regional housing needs to each city and county within the nine-county San Francisco Bay Area, based on statewide goals. ABAG also develops forecasts for population, households, and economic activity in the Bay Area. ABAG, MTC, and local jurisdiction planning staff created the Regional Forecast of Jobs, Population, and Housing, which is an integrated land use and transportation plan through the year 2040 (upon which Plan Bay Area 2040 is based).

#### **4.14.1.2 *Existing Conditions***

The project site does not contain housing or businesses that contribute to the population of Morgan Hill.

<sup>24</sup> California Department of Housing and Community Development. "Regional Housing Needs Allocation and Housing Elements" Accessed December 21, 2020. <http://hcd.ca.gov/community-development/housing-element/index.shtml>.

<sup>25</sup> Association of Bay Area Governments and Metropolitan Transportation Commission. "Project Mapper." <http://projectmapper.planbayarea.org/>. Accessed December 21, 2020.

#### 4.14.2 Impact Discussion

|                                                                                                                                                                                                                     | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Would the project:                                                                                                                                                                                                  |                                      |                                                             |                                     |                                     |
| 1) Induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 2) Displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere?                                                                                     | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

---

**Impact POP-1:     The project would not induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure). (Less than Significant Impact)**

---

The proposed project would not contribute to population growth in the area surrounding the project site. Expansion of the detention basin would provide additional drainage for the area around the proposed project however this would not expand the potential for future development in the area. Therefore, the proposed project would not induce substantial unplanned population growth in an area, either directly or indirectly. **(Less than Significant Impact)**

---

**Impact POP-2:     The project would not displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere. (No Impact)**

---

The proposed project is not occupied by housing and therefore, would not relocate existing people or housing, necessitating the construction of replacement housing. **(No Impact)**

## **4.15 PUBLIC SERVICES**

### **4.15.1 Environmental Setting**

#### **4.15.1.1 *Regulatory Framework***

#### **State**

##### Government Code Section 66477

The Quimby Act (included within Government Code Section 66477) requires local governments to set aside parkland and open space for recreational purposes. It provides provisions for the dedication of parkland and/or payment of fees in lieu of parkland dedication to help mitigate the impacts from new residential developments. The Quimby Act authorizes local governments to establish ordinances requiring developers of new residential subdivisions to dedicate parks, pay a fee in lieu of parkland dedication, or perform a combination of the two.

##### Government Code Section 65995 through 65998

California Government Code Section 65996 specifies that an acceptable method of offsetting a project's effect on the adequacy of school facilities is the payment of a school impact fee prior to the issuance of a building permit. Government Code Sections 65995 through 65998 set forth provisions for the payment of school impact fees by new development by "mitigating impacts on school facilities that occur (as a result of the planning, use, or development of real property)" (Section 65996[a]). The legislation states that the payment of school impact fees "are hereby deemed to provide full and complete school facilities mitigation" under CEQA (Section 65996[b]).

Developers are required to pay a school impact fee to the school district to offset the increased demands on school facilities caused by the proposed residential development project. The school district is responsible for implementing the specific methods for mitigating school impacts under the Government Code.

#### **Regional and Local**

##### Countywide Trails Master Plan

The Santa Clara County Trails Master Plan Update is a regional trails plan approved by the Santa Clara County Board of Supervisors. It provides a framework for implementing the County's vision of providing a contiguous trail network that connects cities to one another, cities to the county's regional open space resources, County parks to other County parks, and the northern and southern urbanized regions of the County. The plan identifies regional trail routes, sub-regional trail routes, connector trail routes, and historic trails.

#### **4.15.1.2 *Existing Conditions***

The project site does not necessitate the need for public services such as schools, parks, or other public facilities such as community centers.

Fire Protection

The project site is located approximately 150 feet from the nearest fire station, El Toro Fire Station, located at 18300 Old Monterey Road in Morgan Hill.

Police Protection

The project site is nearest to the Morgan Hill Police Department located approximately 2 miles to the south at 16200 Vineyard Boulevard in Morgan Hill.

4.15.2 Impact Discussion

|                                                                                                                                                                                                                                                                                                                                                                                                                           | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact | No Impact                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|------------------------------------|-------------------------------------|
| Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for any of the public services: |                                      |                                                             |                                    |                                     |
| 1) Fire Protection?                                                                                                                                                                                                                                                                                                                                                                                                       | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 2) Police Protection?                                                                                                                                                                                                                                                                                                                                                                                                     | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 3) Schools?                                                                                                                                                                                                                                                                                                                                                                                                               | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 4) Parks?                                                                                                                                                                                                                                                                                                                                                                                                                 | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 5) Other Public Facilities?                                                                                                                                                                                                                                                                                                                                                                                               | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |

|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Impact PS-1: | <b>The project would not result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for fire protection services. (No Impact)</b> |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The existing use of the project site would not be altered by the proposed project. The fire services provided by the nearby fire station would not be impacted by the proposed project and no new facilities would be needed. Therefore, the proposed project would result in no impact on the provision of fire protection services. **(No Impact)**

|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Impact PS-2: | <b>The project would not result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for police protection services. (No Impact)</b> |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The existing use of the project site would not be altered by the proposed project. The police protection services provided by the nearby police station would not be impacted by the proposed project and no new facilities would be needed. Therefore, the proposed project would result in no impact on the provision of police protection services. **(No Impact)**

---

**Impact PS-3:**      **The project would not result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for schools. (No Impact)**

---

The proposed project is excavation of an existing detention basin, this would result in no impact on school facilities because the project neither requires nor expands the need for school facilities. **(No Impact)**

---

**Impact PS-4:**      **The project would not result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for parks. (No Impact)**

---

The proposed project is excavation of an existing detention basin, this would result in no impact on park facilities because the project neither requires nor expands the need for park facilities. **(No Impact)**

---

**Impact PS-5:**      **The project would not result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for other public facilities. (No Impact)**

---

The proposed project is excavation of an existing detention basin, this would result in no impact on other public facilities because the project neither requires nor expands the need for other public facilities. **(No Impact)**



**4.16 RECREATION****4.16.1 Environmental Setting****4.16.1.1 *Regulatory Framework*****State****Government Code Section 66477**

The Quimby Act (included within Government Code Section 66477) requires local governments to set aside parkland and open space for recreational purposes. It provides provisions for the dedication of parkland and/or payment of fees in lieu of parkland dedication to help mitigate the impacts from new residential developments. The Quimby Act authorizes local governments to establish ordinances requiring developers of new residential subdivisions to dedicate parks, pay a fee in lieu of parkland dedication, or perform a combination of the two.

**4.16.1.2 *Existing Conditions***

The project site does not feature park facilities and does not contain population that contributes to the use of park facilities. The nearest park facility is Sierra Park located approximately 600 feet west of the project site on Llagas Road.

**4.16.2 Impact Discussion**

|                                                                                                                                                                                                                | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact | No Impact                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|------------------------------------|-------------------------------------|
| 1) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 2) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?                        | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |

---

**Impact REC-1: The project would not increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated. (No Impact)**

---

The proposed project would not increase the population of Morgan Hill and would not accelerate the deterioration of park facilities. Therefore, the project would have no impact on the physical condition of park facilities. **(No Impact)**

---

**Impact REC-2:     The project does not include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment. (No Impact)**

---

The proposed project only includes the excavation of the existing basin and would not require the construction or expansion of recreational facilities. Therefore, the proposed project would have no adverse physical impact associated with the construction of expansion of recreational facilities. **(No Impact)**

## **4.17 TRANSPORTATION**

### **4.17.1 Environmental Setting**

#### **4.17.1.1 *Regulatory Framework***

#### **State**

##### **Regional Transportation Plan**

MTC is the transportation planning, coordinating, and financing agency for the nine-county San Francisco Bay Area, including Santa Clara County. MTC is charged with regularly updating the Regional Transportation Plan, a comprehensive blueprint for the development of mass transit, highway, airport, seaport, railroad, bicycle, and pedestrian facilities in the region. MTC and ABAG adopted Plan Bay Area 2040 in July 2017, which includes a Regional Transportation Plan to guide regional transportation investment for revenues from federal, state, regional and local sources through 2040.

##### **Senate Bill 743**

SB 743 establishes criteria for determining the significance of transportation impacts using a vehicle miles traveled (VMT) metric intended to promote the reduction of GHG emissions, the development of multimodal transportation networks, and a diversity of land uses. Specifically, SB 743 requires analysis of VMT in determining the significance of transportation impacts. Local jurisdictions were required by Governor's Office of Planning and Research (OPR) to implement a VMT policy by July 1, 2020.

#### **Regional and Local**

##### **Congestion Management Program**

VTA oversees the Congestion Management Program (CMP), which is aimed at reducing regional traffic congestion. The relevant state legislation requires that urbanized counties in California prepare a CMP in order to obtain each county's share of gas tax revenues. State legislation requires that each CMP define traffic LOS standards, transit service standards, a trip reduction and transportation demand management plan, a land use impact analysis program, and a capital improvement element. VTA has review responsibility for proposed development projects that are expected to affect CMP-designated intersections.

#### **4.17.1.2 *Existing Conditions***

The project site does not contain sources of trips and does not generate traffic during normal operations.

#### 4.17.2 Impact Discussion

|                                                                                                                                                                  | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Would the project:                                                                                                                                               |                                      |                                                             |                                     |                                     |
| 1) Conflict with a program, plan, ordinance, or policy addressing the circulation system, including transit, roadways, bicycle lanes, and pedestrian facilities? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 2) Conflict or be inconsistent with CEQA Guidelines Section 15064.3, subdivision (b)?                                                                            | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 3) Substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 4) Result in inadequate emergency access?                                                                                                                        | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

---

**Impact TRN-1: The project would not conflict with a program, plan, ordinance, or policy addressing the circulation system, including transit, roadways, bicycle lanes, and pedestrian facilities. (Less than Significant Impact)**

---

The proposed project would not generate trips on an ongoing basis that would affect the existing roadways or other modes of transportation in the area. Construction activity would occur over five weeks and utilize two Haul Routes with approximately 336 trips per day. The haul routes would either exit the site from the northwest corner onto Monterey Road and then proceed down Cochrane Road to Highway 101 or exit the site on the southeast boundary, proceed north on Butterfield Boulevard, and turn onto Cochrane to continue to Highway 101.

The increased truck traffic would not contribute substantially to traffic on these major roadways and would not impact pedestrians or bicycle routes. Additionally, the short-term nature of the construction traffic would mean that the traffic patterns would only be temporarily changed and would not substantially alter traffic patterns along the haul routes. Therefore, the proposed project would not conflict with a program, plan, ordinance, or policy addressing the circulation system, including transit, roadways, bicycle lanes, and pedestrian facilities. **(Less than Significant Impact)**

---

**Impact TRN-2: The project would not conflict or be inconsistent with CEQA Guidelines Section 15064.3, subdivision (b). (Less than Significant Impact)**

---

The proposed project would not contribute to operational VMT and would only require temporary trips to and from the site for hauling of soils and other materials during construction. Therefore, the proposed project would not conflict or be inconsistent with CEQA Guidelines Section 15064.3, subdivision (b) because the proposed project would not generate additional VMT during operations of the project. **(Less than Significant Impact)**

---

**Impact TRN-3: The project would not substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment). (No Impact)**

---

The proposed project would not alter the circulation of roads in the area surrounding the project site. The proposed haul routes for transporting excavated soil are currently used by trucks on a regular basis. Therefore, the proposed project would not increase hazards due to a geometric design feature or incompatible use. **(No Impact)**

---

**Impact TRN-4: The project would not result in inadequate emergency access. (No Impact)**

---

Access to the site would be maintained and emergency access would be maintained through coordination with the City of Morgan emergency service providers. Additionally, the access points to the project site would not be modified, therefore, the proposed project would have no impact on emergency access. **(No Impact)**

4.18 TRIBAL CULTURAL RESOURCES

4.18.1 Environmental Setting

4.18.1.1 Regulatory Framework

State

Assembly Bill 52

AB 52, effective July 2015, established a new category of resources for consideration by public agencies called Tribal Cultural Resources (TCRs). AB 52 requires lead agencies to provide notice of projects to tribes that are traditionally and culturally affiliated with the geographic area if they have requested to be notified. Where a project may have a significant impact on a tribal cultural resource, consultation is required until the parties agree to measures to mitigate or avoid a significant effect on a tribal cultural resource or until it is concluded that mutual agreement cannot be reached.

Under AB 52, TCRs are defined as follows:

- Sites, features, places, cultural landscapes, sacred places, and objects with cultural value to a California Native American tribe that are also either:
  - Included or determined to be eligible for inclusion in the California Register of Historic Resources, or
  - Included in a local register of historical resources as defined in Public Resources Code Section 5020.1(k).
- A resource determined by the lead agency to be a TCR.

4.18.1.2 Existing Conditions

AB 52 requires lead agencies to conduct formal consultations with California Native American tribes during the CEQA process to identify tribal cultural resources that may be subject to significant impacts as a result of a project. This consultation requirement applies only if the tribes have sent written requests for notification of projects to the lead agency. The City of Morgan Hill has not been contacted for notification and consultation by a tribe pursuant to AB 52.

4.18.2 Impact Discussion

|                                                                                                                                                                                                                                                                                                                                                                                             | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact | No Impact |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|------------------------------------|-----------|
| Would the project cause a substantial adverse change in the significance of a tribal cultural resource, defined in Public Resources Code Section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is: |                                      |                                                             |                                    |           |

- |                                                                                                                                                                                                                                                                                                                                                                                                                          |                          |                          |                                     |                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|-------------------------------------|--------------------------|
| 1) Listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code Section 5020.1(k)?                                                                                                                                                                                                                              | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2) A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1? In applying the criteria set forth in subdivision (c) of Public Resources Code Section 5024.1, the lead agency shall consider the significance of the resource to a California Native American tribe. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

---

**Impact TCR-1:     The project would not cause a substantial adverse change in the significance of a tribal cultural resource that is listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code Section 5020.1(k). (Less than Significant Impact)**

---

As described in Section 4.18.1, no tribes have requested notice under AB 52 and no known tribal cultural resources are present on-site.

However, in the event of the unintentional discovery of undocumented human remains or other tribal cultural resources, measures listed under Standard Condition CUL-1 would be implemented. For these reasons, the project would not cause an adverse change in the significance of tribal cultural resources listed on the California Register or City of Morgan Hill historic properties inventory. **(Less than Significant Impact)**

---

**Impact TCR-2:     The project would not cause a substantial adverse change in the significance of a tribal cultural resource that is determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1. (Less than Significant Impact)**

---

As discussed in the response to Impact TCR-1, there are no known tribal cultural resources on-site. The project would, therefore, have a less than significant impact in the significance of a tribal cultural resource. **(Less than Significant Impact)**

## 4.19 UTILITIES AND SERVICE SYSTEMS

### 4.19.1 Environmental Setting

#### 4.19.1.1 *Existing Conditions*

The project site is a detention basin that does not have utilities connections. Water drains into the detention basin through multiple stormwater drainage inlets including a 24-inch stormdrain pipe on the northeast side of the basin, an 84-inch stormdrain pipe on the east corner of the basin, and an 18-inch stormdrain pipe on the south corner of the basin. In addition, the project site features two 30-inch inlet pipes leading to a pump station with pumps into a 48-inch concrete stormdrain on the north corner of the basin.

### 4.19.2 Impact Discussion

|                                                                                                                                                                                                                                                                                     | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Would the project:                                                                                                                                                                                                                                                                  |                                      |                                                             |                                     |                                     |
| 1) Require or result in the relocation or construction of new or expanded water, wastewater treatment or stormwater drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 2) Have insufficient water supplies available to serve the project and reasonably foreseeable future development during normal, dry and multiple dry years?                                                                                                                         | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 3) Result in a determination by the wastewater treatment provider which serves or may serve the project that it does not have adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?                                         | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 4) Generate solid waste in excess of state or local standards, or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals?                                                                                             | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 5) Be noncompliant with federal, state, or local management and reduction statutes and regulations related to solid waste?                                                                                                                                                          | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |



---

**Impact UTL-1:**     **The project would not require or result in the relocation or construction of new or expanded water, wastewater treatment or stormwater drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects. (No Impact)**

---

The proposed project would not increase the need for water, wastewater treatment or stormwater drainage, electric power, natural gas, or telecommunications facilities at the project site because the proposed project would retain the use of a detention basin on site. Additionally, alterations to the detention basin would not alter the storm drainage system leading into the detention basin. Therefore, the proposed project would not result in the relocation or construction of new and expanded facilities and would have no impact on the environment from the construction of these facilities. **(No Impact)**

---

**Impact UTL-2:**     **The project would not have insufficient water supplies available to serve the project and reasonably foreseeable future development during normal, dry and multiple dry years. (No Impact)**

---

The proposed project would not require water supplies to serve the project, nor would it affect groundwater recharge to the underlying aquifer. Therefore, the proposed project would have no impact on water supplies. **(No Impact)**

---

**Impact UTL-3:**     **The project would not result in a determination by the wastewater treatment provider which serves or may serve the project that it does not have adequate capacity to serve the project's projected demand in addition to the provider's existing commitments. (No Impact)**

---

The proposed project would not require wastewater treatment capacity to serve the project. Therefore, the proposed project would have no impact on wastewater treatment capacity. **(No Impact)**

---

**Impact UTL-4:**     **The project would not generate solid waste in excess of state or local standards, or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals. (Less than Significant Impact)**

---

During construction to proposed project would require the disposal of soil and other debris to local waste disposal sites, in the event excavated soils are not suitable for use in a development site needing fill soils. The 50,000 cubic yards of material is a small fraction of the remaining capacity of the nearby landfills and therefore this would not represent a significant impact on local infrastructure. During operations the proposed project would not contribute to solid waste disposal capacity and therefore, the proposed project would not impact solid waste disposal needs. **(Less than Significant Impact)**

---

**Impact UTL-5:     The project would not be noncompliant with federal, state, or local management and reduction statutes and regulations related to solid waste. (Less than Significant Impact)**

---

The proposed project would not require substantial, ongoing waste disposal and would comply with all waste disposal regulations and management statutes. Additionally, the proposed project would not require waste disposal during operations and therefore, the proposed project would maintain compliance with federal, state, or local management and reduction statutes and regulations related to solid waste. **(Less than Significant Impact)**

## 4.20 WILDFIRE

### 4.20.1 Environmental Setting

#### 4.20.1.1 *Regulatory Framework*

#### State

##### Fire Hazard Severity Zones

CAL FIRE is required by law to map areas of significant fire hazards based on fuels, terrain, weather, and other relevant factors. Referred to as Fire Hazard Severity Zones (FHSZs), these maps influence how people construct buildings and protect property to reduce risk associated with wildland fires. FHSZs are divided into areas where the state has financial responsibility for wildland fire protection, known as state responsibility areas (SRAs), and areas where local governments have financial responsibility for wildland fire protection, known as local responsibility areas (LRAs). Homeowners living in an SRA are responsible for ensuring that their property is in compliance with California's building and fire codes. Only lands zoned for very high fire hazard are identified within LRAs.

##### California Fire Code Chapter 47

Chapter 47 of the California Fire Code sets requirements for wildland-urban interface fire areas that increase the ability of buildings to resist the intrusion of flame or burning embers being projected by a vegetation fire, in addition to systematically reducing conflagration losses through the use of performance and prescriptive requirements.

##### California Public Resources Code Section 4442 through 4431

The California Public Resources Code includes fire safety regulations that restrict the use of equipment that may produce a spark, flame, or fire; require the use of spark arrestors on construction equipment that uses an internal combustion engine; specify requirements for the safe use of gasoline-powered tools on forest-covered land, brush-covered land, or grass-covered land; and specify fire suppression equipment that must be provided onsite for various types of work in fire-prone areas. These regulations include the following:

- Earthmoving and portable equipment with internal combustion engines would be equipped with a spark arrestor to reduce the potential for igniting a wildland fire (Public Resources Code Section 4442);
- Appropriate fire suppression equipment would be maintained during the highest fire danger period, from April 1 to December 1 (Public Resources Code Section 4428);
- On days when a burning permit is required, flammable materials would be removed to a distance of 10 feet from any equipment that could produce a spark, fire, or flame, and the construction contractor would maintain appropriate fire suppression equipment (Public Resources Code Section 4427); and
- On days when a burning permit is required, portable tools powered by gasoline-fueled internal combustion engines would not be used within 25 feet of any flammable materials (Public Resources Code Section 4431).

## California Code of Regulations Title 14

The California Board of Forestry and Fire Protection has adopted regulations, known as SRA Fire Safe Regulations, which apply basic wildland fire protection standards for building, construction, and development occurring in a SRA. The future design and construction of structures, subdivisions and developments in SRAs are required to provide for the basic emergency access and perimeter wildfire protection measures discussed in Title 14.

### Fire Management Plans

CAL FIRE has developed an individual Unit Fire Management Plan for each of its 21 units and six contract counties. CAL FIRE has developed a strategic fire management plan for the Santa Clara County Unit, which covers the project area and addresses citizen and firefighter safety, watersheds and water, timber, wildlife and habitat (including rare and endangered species), unique areas (scenic, cultural, and historic), recreation, range, structures, and air quality. The plan includes stakeholder contributions and priorities and identifies strategic areas for pre-fire planning and fuel treatment as defined by the people who live and work with the local fire issues.

#### **4.20.1.2      *Existing Conditions***

The project site is not located in the very high fire severity zone as determined by the Cal Fire's Fire and Resource Assessment Program (FRAP) maps.<sup>26</sup>

#### **4.20.2      Impact Discussion**

|                                                                                                                                                                                                                                                                     | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact | No Impact                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|------------------------------------|-------------------------------------|
| If located in or near state responsibility areas or lands classified as very high fire hazard severity zones, would the project:                                                                                                                                    |                                      |                                                             |                                    |                                     |
| 1) Substantially impair an adopted emergency response plan or emergency evacuation plan?                                                                                                                                                                            | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 2) Due to slope, prevailing winds, and other factors, exacerbate wildfire risks, and thereby expose project occupants to pollutant concentrations from a wildfire or the uncontrolled spread of a wildfire?                                                         | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |
| 3) Require the installation or maintenance of associated infrastructure (such as roads, fuel breaks, emergency water sources, power lines, or other utilities) that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |

<sup>26</sup> Cal Fire. Fire and Resource Assessment Program Very High Fire Severity Map: Morgan Hill. October 9, 2008.

|                                                                                                                                                                                         | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact | No Impact                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|------------------------------------|-------------------------------------|
| <hr/>                                                                                                                                                                                   |                                      |                                                             |                                    |                                     |
| If located in or near state responsibility areas or lands classified as very high fire hazard severity zones, would the project:                                                        |                                      |                                                             |                                    |                                     |
| 4) Expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input type="checkbox"/>           | <input checked="" type="checkbox"/> |

The project site is not located in or near state responsibility areas or lands classified as very high fire hazard severity zones; therefore, the project would not result in wildfire impacts. **(No Impact)**

## 4.21 MANDATORY FINDINGS OF SIGNIFICANCE

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Potentially<br>Significant<br>Impact | Less than<br>Significant<br>with Mitigation<br>Incorporated | Less than<br>Significant<br>Impact  | No Impact                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------|--------------------------|
| 1) Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory? | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2) Does the project have impacts that are individually limited, but cumulatively considerable? (“Cumulatively considerable” means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.)                                                                                                                                        | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?                                                                                                                                                                                                                                                                                                                                           | <input type="checkbox"/>             | <input type="checkbox"/>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

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**Impact MFS-1:**    **The project does not have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory. (Less than Significant Impact)**

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As discussed in the previous sections of this Initial Study, the proposed project would not degrade the quality of the environment with implementation of identified Standard Permit Conditions and mitigation measures. As discussed in Section 4.4, Biological Resources, with implementation of the identified standard Habitat Plan measures, the project would not significantly impact sensitive habitats or species. As discussed in Section 4.5, Cultural Resources, with implementation of the identified standard measures, the project would result in a less than significant impact on archaeological resources. The project would have a less than significant impact on the historic train trestle and would have no impact on tribal cultural resources. **(Less than Significant Impact)**

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**Impact MFS-2: The project does not have impacts that are individually limited, but cumulatively considerable. (Less than Significant Impact)**

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Under Section 15065(a)(3) of the CEQA Guidelines, a lead agency shall find that a project may have a significant effect on the environment where there is substantial evidence that the project has potential environmental effects “that are individually limited, but cumulatively considerable.” As defined in Section 15065(a)(3) of the CEQA Guidelines, cumulatively considerable means “that the incremental effects of an individual project are significant when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.” This Initial Study evaluates the environmental impacts of the proposed basin excavation project. This Initial Study also takes into account other past, pending, and probable future projects whose impacts could combine to produce cumulative impacts.

**Resource Topics not Impacted by the Project**

The project would result in no wildfire hazards and would have no impact on aesthetics, agricultural resources, mineral resources, public services, recreational facilities, or wildfire; therefore, the project has no potential to combine with other projects to result in cumulative impacts to those resources. **(No Cumulative Impact)**

**Resource Topics with Less than Significant Project Impacts**

Air Quality

The proposed project would contribute to emissions in the air basin during the construction period of the project. Additionally, the construction would create dust in the form of PM<sub>2.5</sub> And PM<sub>10</sub> which would be mitigated through best management practices on site. With the incorporation of best management practices, the proposed project would not significantly contribute to harmful particulates in the area around the project site. Additionally, the proposed project would only temporarily contribute to air quality impacts in the area and would not significantly contribute to cumulative impacts in the project area. Therefore, the proposed project would not result in significant cumulative impacts to air quality. **(Less than Significant Cumulative Impact)**

Biological Resources

The proposed project would disturb species and habitats on site and result in the removal of wetland areas within the detention basin. The proposed project would comply with the Habitat Plan protecting biological resources in the area which would require the payment of fees and incorporation of standard conditions to reduce impacts and protect resources in the environment around the project site. The proposed project is adjacent to two other detention basin excavations within the same parcel, which have been analyzed in other environmental clearances. These basins would contribute to impacts near the project site however, they would also have to comply with the conditions in the habitat plan and would have their impact reduced to a less than significant level and would not contribute to a significant cumulative impact. Through compliance with the Habitat Plan the impacts of the proposed project would be limited to the project site and would not significantly contribute to impacts in the surrounding area. Therefore, the proposed project would have a less than significant cumulative impact. **(Less than Significant Cumulative Impact)**

### Cultural and Tribal Cultural Resources

The proposed project would require the excavation of the bottom of the detention basin which would potentially disturb unknown cultural resources on site. The proposed project would comply with standard measures protecting cultural resources if they are discovered on site, therefore, the proposed project would not result in significant cumulative impacts because the project would not contribute to the loss of cultural resources within the area around the project site. Other construction and development projects in the area would be subject to the same standard measures to protect known and unknown resources that may be present. **(Less than Significant Cumulative Impact)**

### Energy Resources

The proposed project would utilize energy resources efficiently during construction and would not contribute to long term increases in energy at the project site. The proposed project would not significantly contribute to ongoing energy impacts or create a substantial use in energy which would interfere with the implementation of energy conservation plans. Therefore, the proposed project would have a less than significant cumulative impact. **(Less than Significant Cumulative Impact)**

### Geology and Soil Resources

The proposed project would disturb soil on site however, construction of the project would incorporate standard construction measures to prevent the loss of soil on site. The detention basin would not increase the risk of loss of life or damage of property as a result of geologic incident. Therefore, the proposed project would result in a less than significant cumulative impact. **(Less than Significant Cumulative Impact)**

### Greenhouse Gas Emissions

The proposed project would temporarily result in emissions from increased construction activities, however the proposed project on its own would not significantly result in the release of greenhouse gas emission. Therefore, the proposed project would have a less than significant cumulative impact on greenhouse gas emission in the air basin. **(Less than Significant Cumulative Impact)**

### Hazards and Hazardous Materials

The project would not increase the concentration of hazardous materials used on site or result in the transport of hazardous materials in the area around the project site. Therefore, the project would not impact the surrounding sites and would not result in cumulative increases in hazards around the project site. **(Less than Significant Cumulative Impact)**

### Hydrologic Resources

The proposed project would incorporate standard measures to prevent water quality impacts during construction as a result of ground disturbance within the detention basin. The proposed project would have a localized less than significant impact and would not substantially contribute to water quality issues in water bodies around the project site. Therefore, the proposed project would result in a less than significant cumulative impact. **(Less than Significant Cumulative Impact)**



Land Use

The proposed project would not substantially change the land uses on the project site and would not contribute to changes in the surrounding land uses. Therefore, the proposed project would result in a less than significant cumulative impact. **(Less than Significant Cumulative Impact)**

Noise

The proposed project would create construction noise for the five-week duration of the excavation of the detention basin, however the construction of the basin would not coincide with the construction of other surrounding projects and the proposed project would result in a less than significant cumulative impact. Once constructed, the project would not contribute to operational noise in the area. **(Less than Significant Cumulative Impact)**

Population

The proposed project would allow for greater drainage capacity for the surrounding area; however this would not eliminate an existing constraint on growth, and would have no impact on the prospective development planned in the surrounding area beyond what is planned in the General Plan. Additionally, the proposed construction would not displace existing housing, therefore, the proposed project would not contribute to significant cumulative population and housing impacts. **(Less than Significant Cumulative Impact)**

Transportation

The proposed project would not alter the transportation systems in the area around the project site and would only result in temporary traffic increases during construction due to soil hauling. The proposed project would not contribute to existing transportation impacts in the area and would not result in long term impacts to the area around the project site. Therefore, the proposed project would have a less than significant cumulative impact. **(Less than Significant Cumulative Impact)**

Utilities

The proposed project would result in a minor increase in solid waste generation through the transport of soil to local landfills. This waste would be a minor increase in the overall waste disposal of the county and would not significantly contribute to an increase in solid waste. Therefore, the proposed project would result in a less than significant cumulative impact. **(Less than Significant Cumulative Impact)**

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**Impact MFS-3:     The project does not have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly. (Less than Significant Impact)**

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Consistent with Section 15065(a)(4) of the CEQA Guidelines, a lead agency shall find that a project may have a significant effect on the environment where there is substantial evidence that the project has the potential to cause substantial adverse effects on human beings, either directly or indirectly. Pursuant to this standard, a change to the physical environment that might otherwise be minor must

be treated as significant if people would be significantly affected. This factor relates to adverse changes to the environment of human beings generally, and not to effects on particular individuals. While changes to the environment that could indirectly affect human beings would be represented by all of the designated CEQA issue areas, the impact areas of the project that could directly affect human beings is air quality. Implementation of the best management practices, standard permit conditions, mitigation measures, and adherence to General Plan, City Code, and state and federal regulations described in these sections of the report, would avoid significant impacts. No other direct or indirect adverse effects on human beings have been identified. **(Less than Significant Impact)**

## SECTION 5.0 REFERENCES

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The analysis in this Initial Study is based on the professional judgement and expertise of the environmental specialists preparing this document, based upon review of the site, surrounding conditions, site plans, and the following references:

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<https://dot.ca.gov/programs/design/lap-landscape-architecture-and-community-livability/lap-liv-i-scenic-highways>.

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California Building Standards Commission. “California Building Standards Code.” Accessed December 21, 2020. <https://www.dgs.ca.gov/BSC/Codes#@ViewBag.JumpTo>.

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California Department of Housing and Community Development. “Regional Housing Needs Allocation and Housing Elements” Accessed December 21, 2020. <http://hcd.ca.gov/community-development/housing-element/index.shtml>.

Association of Bay Area Governments and Metropolitan Transportation Commission. Accessed December 21, 2020. “Project Mapper.” <http://projectmapper.planbayarea.org/>.

Cal Fire. Fire and Resource Assessment Program Very High Fire Severity Map: Morgan Hill. October 9, 2008.

## **SECTION 6.0 LEAD AGENCY AND CONSULTANTS**

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### **6.1 LEAD AGENCY**

#### **City of Morgan Hill**

Chris Ghione, Director of Public Works

Yat Cho, Senior Project Manager

### **6.2 CONSULTANTS**

#### **David J. Powers & Associates, Inc.**

Environmental Consultants and Planners

Akoni Daniels, Principal Project Manager

Patrick Kallas, Associate Project Manager

Ryan Osako, Graphics Artist

#### **Illingworth and Rodkin, Inc.**

Air Quality and Noise Consultant

#### **Live Oak Associates, Inc.**

Arborist

#### **H.T. Harvey and Associates, Inc.**

Biological Consultant

## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: March 16, 2022**

PREPARED BY:

Michelle Bigelow, City Clerk

APPROVED BY: City Manager

### **APPROVE THE MARCH 2, 2022 SPECIAL/REGULAR CITY COUNCIL MEETING MINUTES**

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

Approve the March 2, 2022 Special/Regular City Council Meeting Minutes.



## **Meeting Minutes**

### **City Council**

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

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**Wednesday, March 2, 2022 5:30 PM**

### **Virtual Meeting**

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#### **CALL TO ORDER**

Mayor Constantine called the Special City Council meeting to order at 5:30 p.m.

#### **ROLL CALL ATTENDANCE**

City Clerk Michelle Bigelow called the roll.

|                |                                                                                   |
|----------------|-----------------------------------------------------------------------------------|
| <b>PRESENT</b> | Rich Constantine, Rene Spring, Gino Borgioli, John McKay, Yvonne Martinez Beltran |
| <b>ABSTAIN</b> | None                                                                              |
| <b>ABSENT</b>  | None                                                                              |
| <b>EXCUSED</b> | None                                                                              |

Council Member McKay joined at 5:32 p.m.

#### **DECLARATION OF POSTING AGENDA**

City Clerk Michelle Bigelow declared the posting of the agenda.

#### **OTHER BUSINESS**

1. **INTERVIEW CANDIDATES TO FILL ONE (1) SEAT ON THE PLANNING COMMISSION**

Recommendation:

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

Estimated Time: 90 Minutes

Mayor Constantine asked the Council Members to share what they are looking for with a Planning Commissioner.

The following applicants were interviewed:

- Chelsea Doiguchi
- Mark Grisedale
- Paul Lake
- Thomas Spitters

Paul Lake was appointed to the Planning Commission with a term ending June 1, 2023.

The meeting recessed at 7:12 p.m. and reconvened at 7:22 p.m.

## **REGULAR MEETING**

The regular meeting was called to order at 7:22 p.m.

## **PROCLAMATIONS**

### **Proclaiming the month of March 2022 as Youth Arts Month**

## **CITY COUNCIL REPORTS**

Council Member Spring spoke regarding his assignment with the South County Regional Wastewater Authority. He shared that he is the Vice-Chair of the Santa Clara Valley Habitat Agency Governing Board and serves on their Implementation Board. He really enjoys serving on those boards as the agency does a great job of purchasing land for preservation, including a large area of the Tilton Ranch. He attended a wonderful event this weekend to show Morgan Hill's solidarity with the people of Ukraine. We have residents of Ukraine living in our community with families still living in Ukraine and asked for a moment of silence thinking of the people of Ukraine. He would like to ask as a future agenda item for staff to come back with a resolution in solidarity with Ukraine and hang the Ukrainian flag at 3 locations in the City.



## **CITY MANAGER'S REPORT**

City Manager Christina Turner announced the change in irrigation rules that started yesterday, March 1 through October 31st, typical lawn and garden bed sprinkler irrigation is now limited. More information can be found on the website: [www.mhvalueswater.com](http://www.mhvalueswater.com). The County announced changes to the current mask mandate that went into effect today. Teammates and members of the public may choose to continue to wear or remove their face coverings indoors and outdoors regardless of vaccination status. The California Department of Public Health continues to require masking in higher-risk settings such as public transit, healthcare facilities, shelters, jails, and long-term care facilities. The Mayor's State of the City Address will be held virtually on Zoom next Wednesday, March 9th at 7:00 pm. She also gave some project updates. The sewer main on East Fifth Street between Monterey Road and Depot Street, through Hale Lumber Yard to Diana Avenue is being upgraded. Work is underway and will take approximately two more weeks. The Depot/Church Realignment Project will realign Depot Street with Church Street through the Community and Cultural Center (CCC) Parking lot. Work on the clearing of that site has commenced and work in the public right-of-way will begin later this month, continuing through the summer. In collaboration with Valley Water and Graniterock Construction, an approximately two-mile paved trail has been installed along the maintenance road at West Little Llagas Creek from Monterey Road to Middle Avenue and Watsonville Road. Construction of the Magical Bridge Playground in Community Park is nearing completion and we hope to announce a Grand Opening date soon.

## **CITY ATTORNEY'S REPORT**

No report.

## **OTHER REPORTS**

Council Member Martinez Beltran expressed gratitude to the Morgan Hill Police Department on behalf of herself and her neighbors for the police department's professionalism, communication, and respectful behavior during a scary event involving a suspect that had evaded police and was hiding near her home. She thanked Sergeant Woodrow and Officer Tolentino for doing an excellent job.

Council Member McKay expressed his support for the Ukrainian people both here in our community and throughout the world. He shared that if you are looking to contribute to supporting refugees, Chuck Bergoff has brought forward a Non-Governmental Organization (NGO) that is highly rated, World Central Kitchen. You can go to [WCK.org](http://WCK.org) to contribute.

Mayor Constantine announced that he will adjourn tonight's meeting in honor of the Ukrainian people.

## **PUBLIC COMMENT**

Public comment opened at 7:35 p.m. The following people were called to speak:

Laura Clendaniel with Healthier Kids Foundation

Melissa Clark

Jim Perteet

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

## **ADOPTION OF AGENDA**

### **MOTION:**

Adopting the agenda as posted.

|                  |                                                                                                                         |
|------------------|-------------------------------------------------------------------------------------------------------------------------|
| <b>RESULT:</b>   | Passed                                                                                                                  |
| <b>MOVER:</b>    | Council Member Spring                                                                                                   |
| <b>SECONDER:</b> | Council Member Martinez Beltran                                                                                         |
| <b>AYES:</b>     | Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran |
| <b>NAYS:</b>     | None                                                                                                                    |
| <b>ABSTAIN:</b>  | None                                                                                                                    |
| <b>ABSENT:</b>   | None                                                                                                                    |

## **CONSENT CALENDAR**

### **MOTION:**

Approving consent calendar items 2 through 10 and 12.

|                  |                                                                                                                         |
|------------------|-------------------------------------------------------------------------------------------------------------------------|
| <b>RESULT:</b>   | Passed                                                                                                                  |
| <b>MOVER:</b>    | Mayor Pro Tem Borgioli                                                                                                  |
| <b>SECONDER:</b> | Council Member Martinez Beltran                                                                                         |
| <b>AYES:</b>     | Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran |
| <b>NAYS:</b>     | None                                                                                                                    |
| <b>ABSTAIN:</b>  | None                                                                                                                    |
| <b>ABSENT:</b>   | None                                                                                                                    |

## **2. RECEIVE UPDATE REGARDING PAVEMENT REHABILITATION PLANNING**

Recommendation:

Receive update on pavement rehabilitation planning.

## **3. ACCEPT BRITTON MIDDLE SCHOOL PEDESTRIAN ENHANCEMENT PROJECT**

Recommendation:

1. Accept as complete the Britton Middle School Pedestrian Enhancement Project;
2. Authorize the City Engineer to sign the Notice of Completion; and
3. Direct the City Clerk to file the Notice of Completion with the County Recorder's Office.

4. **AWARD 2022 SIDEWALK REPAIR PROJECT TO ASG BUILDERS, INC.**

Recommendation:

1. Adopt a resolution amending the Fiscal Year 2021-22 adopted budget to appropriate an additional \$13,407 from Fund 346: Public Facilities for the 2022 Sidewalk Repair Project;
2. Award a contract to ASG Builders, Inc. in the amount of \$67,860; and authorize the expenditure of 40% construction contingency funds not to exceed \$27,144 for a total authorization of \$95,004; and
3. Authorize the City Manager to execute and administer that certain construction contract with ASG Builders, Inc.

5. **AWARD AGREEMENT FOR COMPLETION OF THE SEWER PIPE INSPECTION AND CONDITION ASSESSMENT**

Recommendation:

Approve and authorize the City Manager to execute an agreement with Water Works Engineers, LLC. in the amount of \$679,852 inclusive of a 10% contingency to complete the sewer pipeline inspection and condition assessment project.

6. **ADOPT RESOLUTION ADDING SECTION 20516 COST SHARE TO THE MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEES RESOLUTION NO. 21-050**

Recommendation:

Adopt resolution adding Section 20516 Cost Share to the Management, Professional, and Confidential Employees Resolution No. 21-050.

7. **ADOPT RESOLUTION AMENDING THE CITY'S SOLID WASTE BUDGET AND APPROVE AN AMENDMENT TO THE FISCAL AGENT SERVICE AGREEMENT WITH THE COUNTY OF SANTA CLARA**

Recommendation:

1. Adopt a Resolution appropriating an additional \$156,658 to the City's Countywide Solid Waste Program (Fund 246);
2. Accept the first amendment to the Fiscal Agent Service Agreement with the County of Santa Clara to increase the amount of the contract by \$119,170 for a total contract amount of \$528,136;
3. Authorize the City Manager to execute and administer the amendment with the County of Santa Clara; and

4. Authorize the City Manager to extend the term of the Fiscal Agent Service Agreement with the County of Santa Clara for up to four additional one-year terms.

8. **ADOPT RESOLUTION AUTHORIZING SUBMITTAL OF APPLICATIONS FOR THE ANNUAL RECYCLING PAYMENT PROGRAM AND A ONE-TIME REGIONAL GRANT TO SUPPORT SB 1383 PROGRAMS**

Recommendation:

Adopt a resolution authorizing the City's application for recycling program funding through the annual CalRecycle payment program and for a one-time regional grant application to fund activities related to SB 1383 compliance.

9. **APPROVE FINAL MAP FOR SAN SEBASTIAN PHASE 3A - TRACT NO. 10530 AND RELATED SUBDIVISION IMPROVEMENTS AGREEMENT**

Recommendation:

1. Approve the Final Map;
2. Authorize the City Manager to execute the Subdivision Improvements Agreement with Toll CA XX, L.P.; and
3. Authorize the recordation of the Final Map and Subdivision Improvements Agreement.

10. **APPROVE AN IMPROVEMENT AGREEMENT WITH MORGAN HILL MULTIFAMILY LLC FOR THE BUTTERFIELD VILLAGE PROJECT**

Recommendation:

1. Approve an Improvement Agreement with Morgan Hill Multifamily LLC;
2. Authorize the City Manager to execute the Improvement Agreement; and
3. Authorize the recordation of the Improvement Agreement.

12. **APPROVE THE JANUARY 28 & 29, 2022 GOAL SETTING MINUTES AND FEBRUARY 16, 2022 CITY COUNCIL MEETING MINUTES**

Recommendation:

Approve the January 28 & 29, 2022 Goal Setting Minutes and February 16, 2022 City Council Meeting Minutes.

**ITEM PULLED FOR DISCUSSION**

11. **APPROVE THE CONSULTANT AGREEMENT WITH CIVITAS ADVISORS IN THE AMOUNT NOT TO EXCEED \$64,500 FOR THE FORMATION OF MORGAN HILL DOWNTOWN PROPERTY BUSINESS IMPROVEMENT DISTRICT (MHDPBID) AND DIRECT THE CITY MANAGER TO SIGN THE PETITION IN SUPPORT OF THE DOWNTOWN PBID FORMATION**

Recommendation:

1. Approve and authorize the City Manager to execute and administer a consulting agreement with Civitas Advisors not to exceed \$64,500 to form a Morgan Hill Downtown Property Business Improvement District (MHDPBID); and
2. Direct the City Manager to sign the MHDPBID petition indicating the City's support of the PBID formation.

Economic Development Director Matt Mahood provided the report and presentation. John Lambeth of Civitas answered questions.

This item was paused to start the Redistricting Public Hearing which had a time certain start of 8:00 p.m. The discussion on item 11 continued at the conclusion of item 15.

**MOTION:**

Extending the meeting until 12:00 a.m.

|                  |                                                                                                                         |
|------------------|-------------------------------------------------------------------------------------------------------------------------|
| <b>RESULT:</b>   | Passed                                                                                                                  |
| <b>MOVER:</b>    | Council Member Spring                                                                                                   |
| <b>SECONDER:</b> | Council Member Martinez Beltran                                                                                         |
| <b>AYES:</b>     | Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran |
| <b>NAYS:</b>     | None                                                                                                                    |
| <b>ABSTAIN:</b>  | None                                                                                                                    |
| <b>ABSENT:</b>   | None                                                                                                                    |

Public comment opened at 11:06 p.m. The following people were called to speak:  
 Joe Baranowski  
 Armando Benavides  
 There being no further requests to speak, public comment closed.

**SUBSTITUTE MOTION:**

Direct staff to come back with a new contract to work with Civitas to prepare the district map and engineering report and look at excluding non-profits and public facilities and looking at including commercial residential.

|                  |                                 |
|------------------|---------------------------------|
| <b>RESULT:</b>   | Failed                          |
| <b>MOVER:</b>    | Council Member Martinez Beltran |
| <b>SECONDER:</b> | None                            |
| <b>AYES:</b>     | None                            |

|                 |      |
|-----------------|------|
| <b>NAYS:</b>    | None |
| <b>ABSTAIN:</b> | None |
| <b>ABSENT:</b>  | None |

**MOTION:**

Approving the recommended actions including what the exposure is to our non-profits, commercial residential, and city properties.

|                  |                                                                 |
|------------------|-----------------------------------------------------------------|
| <b>RESULT:</b>   | Passed                                                          |
| <b>MOVER:</b>    | Council Member McKay                                            |
| <b>SECONDER:</b> | Mayor Pro Tem Borgioli                                          |
| <b>AYES:</b>     | Mayor Constantine, Mayor Pro Tem Borgioli, Council Member McKay |
| <b>NAYS:</b>     | Council Member Spring, Council Member Martinez Beltran          |
| <b>ABSTAIN:</b>  | None                                                            |
| <b>ABSENT:</b>   | None                                                            |

**MOTION:**

Extending the meeting to 1:00 a.m.

|                  |                                                                              |
|------------------|------------------------------------------------------------------------------|
| <b>RESULT:</b>   | Failed                                                                       |
| <b>MOVER:</b>    | Mayor Constantine                                                            |
| <b>SECONDER:</b> | Mayor Pro Tem Borgioli                                                       |
| <b>AYES:</b>     | Mayor Constantine, Mayor Pro Tem Borgioli                                    |
| <b>NAYS:</b>     | Council Member Spring, Council Member McKay, Council Member Martinez Beltran |
| <b>ABSTAIN:</b>  | None                                                                         |
| <b>ABSENT:</b>   | None                                                                         |

**MOTION:**

Extending the meeting to hear items 14 and 18.

|                |                                 |
|----------------|---------------------------------|
| <b>RESULT:</b> | Passed                          |
| <b>MOVER:</b>  | Council Member Martinez Beltran |

|                  |                                                                              |
|------------------|------------------------------------------------------------------------------|
| <b>SECONDER:</b> | Council Member Spring                                                        |
| <b>AYES:</b>     | Council Member Spring, Council Member McKay, Council Member Martinez Beltran |
| <b>NAYS:</b>     | Mayor Constantine, Mayor Pro Tem Borgioli                                    |
| <b>ABSTAIN:</b>  | None                                                                         |
| <b>ABSENT:</b>   | None                                                                         |

## **OTHER BUSINESS**

### **13. MONTHLY BUDGET UPDATE AND JANUARY 2022 FINANCIAL AND INVESTMENT REPORTS**

Recommendation:

Accept and file report.

Estimated Time: 10 Minutes

Item 13 was not heard.

### **14. ADOPT RESOLUTION CERTIFYING THE INITIATIVE PETITION TITLED: CITIZENS' INITIATIVE AMENDING THE GENERAL PLAN TO REQUIRE VOTER APPROVAL OF ANY FUTURE MONTEREY ROAD LANE REDUCTION AND DIRECT STAFF TO PREPARE AN IMPACT REPORT**

Recommendation:

1. Adopt resolution accepting the City Clerk's Certificate of Sufficiency for the Initiative Petition Titled: Citizens' initiative amending the General Plan to require voter approval of any future Monterey Road lane reduction; and
2. Direct staff to prepare an impact report under Elections Code section 9212 within 30 days and no later than April 1, 2022, for City Council consideration at the April 6, 2022 City Council meeting.

Estimated Time: 15 Minutes

City Clerk Michelle Bigelow provided the report.

#### **MOTION:**

Adopting the resolution certifying the petition and placing the initiative on the November 8, 2022 ballot.

|                  |                                 |
|------------------|---------------------------------|
| <b>RESULT:</b>   | Failed                          |
| <b>MOVER:</b>    | Council Member Martinez Beltran |
| <b>SECONDER:</b> | None                            |
| <b>AYES:</b>     | None                            |
| <b>NAYS:</b>     | None                            |

|                 |      |
|-----------------|------|
| <b>ABSTAIN:</b> | None |
| <b>ABSENT:</b>  | None |

Public Comment opened at 12:10 a.m. The following people were called to speak:

Joe Baranowski

Armando Benavides

Patricia Darling

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

**SUBSTITUTE MOTION:**

Adopt resolution certifying the initiative, placing it on the ballot, and ensuring no action is taken to close lanes in Downtown prior to the results of the election.

|                  |                                                                 |
|------------------|-----------------------------------------------------------------|
| <b>RESULT:</b>   | Failed                                                          |
| <b>MOVER:</b>    | Council Member Spring                                           |
| <b>SECONDER:</b> | Council Member Martinez Beltran                                 |
| <b>AYES:</b>     | Council Member Spring, Council Member Martinez Beltran          |
| <b>NAYS:</b>     | Mayor Constantine, Mayor Pro Tem Borgioli, Council Member McKay |
| <b>ABSTAIN:</b>  | None                                                            |
| <b>ABSENT:</b>   | None                                                            |

**MOTION:**

Approving the recommended actions and directing staff to study all items listed on the staff report.

|                  |                                                                                                                         |
|------------------|-------------------------------------------------------------------------------------------------------------------------|
| <b>RESULT:</b>   | Passed                                                                                                                  |
| <b>MOVER:</b>    | Mayor Pro Tem Borgioli                                                                                                  |
| <b>SECONDER:</b> | Council Member Martinez Beltran                                                                                         |
| <b>AYES:</b>     | Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran |
| <b>NAYS:</b>     | None                                                                                                                    |
| <b>ABSTAIN:</b>  | None                                                                                                                    |
| <b>ABSENT:</b>   | None                                                                                                                    |



**PUBLIC HEARING (TO BE HEARD AT 8:00 P.M.)**

**15. REVIEW AND ADOPT NEW CITY COUNCIL DISTRICT MAP**

Recommendation:

1. Review and discuss draft maps 103, 104, 105, 106, 108, and NDC Green, including what about the maps work and does not work and what communities of interest would be protected or potentially divided; and
2. Adopt resolution adopting a City Council District map.

Estimated Time: 60 Minutes

City Clerk Michelle Bigelow, City Attorney Donald Larkin, and Dr. Justin Levitt with National Demographics Corporation provided the report and presentation.

Public comment opened at 9:27 p.m. The following people were called to speak:

Joe Baranowski  
Julissa Martinez  
Patricia Darling  
Delia Gomez  
Yolanda  
Elizabeth Garcia  
Sally Casas  
Roberto Aguirrez  
Armando Benavides  
Kathy Chavez Napoli  
Edith

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

The meeting recessed at 10:05 p.m. and reconvened at 10:10 p.m.

**MOTION:**

Call the question.

|                 |                                                                           |
|-----------------|---------------------------------------------------------------------------|
| <b>RESULT:</b>  | Failed                                                                    |
| <b>AYES:</b>    | Mayor Pro Tem Borgioli, Council Member McKay                              |
| <b>NAYS:</b>    | Mayor Constantine, Council Member Spring, Council Member Martinez Beltran |
| <b>ABSTAIN:</b> | None                                                                      |
| <b>ABSENT:</b>  | None                                                                      |

**MOTION:**

Adopt resolution adopting the NDC Green map.

|                  |                                                                           |
|------------------|---------------------------------------------------------------------------|
| <b>RESULT:</b>   | Failed                                                                    |
| <b>MOVER:</b>    | Council Member McKay                                                      |
| <b>SECONDER:</b> | Mayor Pro Tem Borgioli                                                    |
| <b>AYES:</b>     | Mayor Pro Tem Borgioli, Council Member McKay                              |
| <b>NAYS:</b>     | Mayor Constantine, Council Member Spring, Council Member Martinez Beltran |
| <b>ABSTAIN:</b>  | None                                                                      |
| <b>ABSENT:</b>   | None                                                                      |

**MOTION:**

Adopt resolution adopting public map 103.

|                  |                                                                           |
|------------------|---------------------------------------------------------------------------|
| <b>RESULT:</b>   | Passed                                                                    |
| <b>MOVER:</b>    | Council Member Martinez Beltran                                           |
| <b>SECONDER:</b> | Council Member Spring                                                     |
| <b>AYES:</b>     | Mayor Constantine, Council Member Spring, Council Member Martinez Beltran |
| <b>NAYS:</b>     | Mayor Pro Tem Borgioli, Council Member McKay                              |
| <b>ABSTAIN:</b>  | None                                                                      |
| <b>ABSENT:</b>   | None                                                                      |

**PUBLIC HEARINGS**

**16. ADOPT INDUSTRIAL PRESERVATION AND OPTIMIZATION POLICY**

Recommendation:

Adopt an Industrial Land Preservation and Optimization Policy

Estimated Time: 30 Minutes

Item 16 was not heard.

**17. ADOPT ZONING CODE AMENDMENT TO SECTION 18.26.020 (LAND USE REGULATIONS) OF CHAPTER 18.26 (INDUSTRIAL ZONING DISTRICTS) OF TITLE 18 (ZONING) TO MODIFY THE LAND USES PERMITTED IN THE INDUSTRIAL ZONING DISTRICTS**

Recommendation:

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

by the Planning Commission.

Estimated Time: 30 Minutes

Item 17 was not heard.

**18. ADOPTION AND RATIFICATION OF ORDINANCE NO. 2320 PREVIOUSLY ADOPTED AS AN URGENCY ORDINANCE**

Recommendation:

1. Open/close the public hearing;
2. Waive first and second reading of the Ordinance;
3. Introduce Ordinance; and
4. Adopt resolution placing Ordinance on the November 2022 ballot.

Estimated Time: 15 Minutes

Economic Development Director Matt Mahood provided the report and presentation.

The public hearing opened at 12:31 a.m.

Joe Baranowski was called to speak.

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

**MOTION:**

Waiving the first and second reading of the ordinance.

|                  |                                                                                                                         |
|------------------|-------------------------------------------------------------------------------------------------------------------------|
| <b>RESULT:</b>   | Passed                                                                                                                  |
| <b>MOVER:</b>    | Council Member Martinez Beltran                                                                                         |
| <b>SECONDER:</b> | Council Member Spring                                                                                                   |
| <b>AYES:</b>     | Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran |
| <b>NAYS:</b>     | None                                                                                                                    |
| <b>ABSTAIN:</b>  | None                                                                                                                    |
| <b>ABSENT:</b>   |                                                                                                                         |

**MOTION:**

Introducing the ordinance and adopting the resolution placing the measure on the November 8, 2022 ballot.

|                  |                                 |
|------------------|---------------------------------|
| <b>RESULT:</b>   | Passed                          |
| <b>MOVER:</b>    | Council Member Martinez Beltran |
| <b>SECONDER:</b> | Council Member Spring           |

|                 |                                                                                                                         |
|-----------------|-------------------------------------------------------------------------------------------------------------------------|
| <b>AYES:</b>    | Mayor Constantine, Council Member Spring, Mayor Pro Tem Borgioli, Council Member McKay, Council Member Martinez Beltran |
| <b>NAYS:</b>    | None                                                                                                                    |
| <b>ABSTAIN:</b> | None                                                                                                                    |
| <b>ABSENT:</b>  | None                                                                                                                    |

### **FUTURE COUNCIL INITIATED AGENDA ITEMS**

Council Member Spring requested a resolution come to the Council in support and solidarity of Ukraine, including a request to raise the Ukrainian flag for 30 days.

Council Member Martinez Beltran requested team building.

### **ADJOURNMENT**

There being no further business, Mayor Constantine adjourned the meeting at 12:42 a.m. in honor and recognition of Ukraine and the Ukrainian people.

### **Minutes Prepared by:**

Michelle Bigelow, City Clerk

## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: March 16, 2022**

**PREPARED BY:**

Kim Mancera, Municipal Services Assistant

**APPROVED BY:** City Manager

### **REAPPOINTMENT OF TWO (2) COMMISSIONERS ON THE LIBRARY, CULTURE, AND ARTS COMMISSION (LCAC) AND TWO (2) COMMISSIONERS ON THE PARKS AND RECREATION COMMISSION (PRC) AND RECRUITMENT TO FILL VACANCIES ON THE TWO COMMISSIONS**

**RECOMMENDATION(S)**

1. Reappointment of Commissioners Emily Borchers and Patrice Lyn to the Library, Culture, and Arts Commission with terms ending April 1, 2026;
2. Reappointment of Commissioners Craig van Keulen and Maureen Grzan-Pieracci to the Parks and Recreation Commission with terms ending April 1, 2026;
3. Extending the terms of Commissioners Neil Berman and Ron Locicero until such time that their seats can be filled; and
4. Direct staff to commence recruitment efforts to fill the one (1) vacancy on the LCAC and the two (2) vacancies on the PRC.

**Estimated Time:**

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

**City Council Ongoing Priorities**

Supporting our Youth, Seniors, and Entire Community

Fostering a Positive Organizational Culture

Preserving and Cultivating Public Trust

Preserving our Community History

Enhancing Diversity and Inclusiveness

**2022-2023 Strategic Priorities**

Community Engagement and Messaging

**REPORT NARRATIVE:**

The Library, Culture, and Arts Commission (LCAC) has three (3) seats with terms ending on April 1, 2022. Commissioner Paul Lake was selected to fill a vacancy on the

Planning Commission during interviews that took place during the City Council Meeting on March 2, 2022, leaving one (1) vacant seat. Current LCAC commissioners Emily Borchers and Patrice Lyn have expressed interest in reappointment.

The Parks and Recreation Commission (PRC) has four (4) seats with terms ending on April 1, 2022. Commissioners Neil Berman and Ronald Locicero notified staff that they would not be seeking reappointment, leaving two (2) vacant seats. Additionally, Commissioners Berman and Locicero have offered to stay on the commission until such time that their seats can be filled. Current PRC commissioners Craig van Keulen and Maureen Grzan-Pieracci have expressed interest in reappointment.

Staff recommends the reappointment of Commissioners Borchers and Lyn to the LCAC and Commissioners van Keulen and Grzan-Pieracci to the PRC, extending the terms of Commissioners Berman and Locicero until such time that their seats can be filled, and to direct staff to commence recruitment efforts to fill the one (1) vacancy on the LCAC and the two (2) vacancies on the PRC. Interviews are tentatively scheduled for Wednesday, May 4, 2022, at 5:30 p.m. with a deadline to apply of Friday, April 22, 2022, at 5:00 p.m.

#### **COMMUNITY ENGAGEMENT:**

Involve

Recruitment efforts will be undertaken to encourage citizens to apply for City Council appointment consideration to the PRC and the LCAC via the Morgan Hill Times, City Website, Government Access Channel, Facebook, NextDoor, outreach to community groups, and the weekly 411 emails.

#### **ALTERNATIVE ACTIONS:**

The City Council may choose not to reappoint Commissioners Borchers and Lyn to the LCAC and Commissioners van Keulen and Grzan-Pieracci to the PRC, extend their current terms, and direct staff to conduct recruitment and interviews for all available seats with terms ending April 1, 2022.

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

Every year, recruitment efforts are conducted to maintain the seven (7) member commissions.

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

There is no fiscal impact associated with the actions to interview and appoint, as the recruitment and appointment process is accommodated in the Council Services and Records Management operating budget.

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

Not a Project.

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

## Chapter 2.22 - MASTER PROVISIONS FOR BOARDS AND COMMISSIONS\*

**Sections:**

## 2.22.010 - Establishment of boards and commissions.

- A. There are established within the city the following boards and commissions:
  - 1. Planning commission;
  - 2. Parks and recreation commission;
  - 3. Library, culture and arts commission; and
  - 4. Disaster council.
- B. Unless otherwise set forth, all members of boards, commissions and committees shall be residents of the city and shall continue to be residents of the city during their terms of office. Notwithstanding the foregoing, individuals who reside within the Morgan Hill Unified School District boundary and who do not otherwise reside in any city other than Morgan Hill may be appointed to boards, commissions and committees provided that no more than thirty percent of the members of any board, commission or committee shall be non-Morgan Hill residents.
- C. Members shall be appointed by the mayor subject to approval of a majority vote of the city council and may be removed without cause by vote of any three members of the city council.
- D. The appointment terms of members may be extended, at the discretion of the city council, until such time as a successor member may be appointed and take office.
- E. Vacancies in the commission occurring other than by expiration of term shall be filled for the unexpired term in the same manner as original appointments.
- F. The members of the commission shall organize the commission and shall elect from its members a chair and vice-chair and such other officers as may be necessary in accordance with adopted city council policy.

(Ord. 1778 N.S. § 2 (part), 2006)

(Ord. No 1930 N.S., § 2, 4-22-2009; Ord. No. 1935 N.S., § 1, 6-3-2009)

## 2.22.030 - Clerk and secretary.

The city clerk or designate shall also act as clerk for each of the boards and commissions and shall have authority to sign any official notices and also to certify any resolution of the commissions or boards. The city council may appoint a person not a member of the commission or board to act as secretary of the



commission or board. The secretary shall keep a record of all proceedings of said board or commission, its resolutions, its findings and actions, which records shall be a public record and kept with the city clerk in the City Hall building.

(Ord. 1778 N.S. § 2 (part), 2006)

#### 2.22.040 - Rules of procedure.

- A. The chair shall preside at all meetings of the board or commission. The vice chair shall assume the duties of the chair in the absence of or in case of inability of the chair.
- B. A majority of the members of the commission or board shall constitute a quorum for the transaction of business.
- C. Unless otherwise specified herein, each board or commission may adopt its own rules and regulations for the transaction of its business. Such rules shall be subject to approval of the city council before becoming effective.

(Ord. 1778 N.S. § 2 (part), 2006)

#### 2.22.050 - Rules of attendance.

If any member is absent from three of any six consecutive regular board or commission meetings, unless such absence is with the permission of the chair, or vice chair in absence of the chair, expressed in the official minutes, the member's seat shall be deemed vacated. The city manager shall so notify the city council and the council shall take action to fill the seat within a reasonable period of time.

(Ord. 1778 N.S. § 2 (part), 2006)

#### 2.22.060 - Meetings.

Unless otherwise specified, the commission shall hold regular meetings once every two months at a designated time and place which shall be fixed and determined by the commission and entered upon in its minutes. Special meetings of the commission may be called at any time by the chair or by a majority of the members of the board upon notice being given to all members of the board and to all news media at least twenty-four hours in advance of the meetings, as required by the laws of the state of California.

(Ord. 1778 N.S. § 2 (part), 2006)

(Ord. No. 1930 N.S., § 3, 4-22-2009)

#### 2.22.070 - Compensation.

Members of the boards and commissions shall serve without compensation but may receive reimbursement for actual and necessary expenditures made or incurred in the performance of their prescribed duties in accordance with state law and the Municipal Code and policies of the city of Morgan Hill.

(Ord. 1778 N.S. § 2 (part), 2006)

#### 2.22.080 - Effect.

Nothing in this chapter shall be construed as restricting or curtailing any of the powers of the city council or city officers as defined by the laws of the state of California or by this Municipal Code. Except as otherwise set forth in Chapter 2.36, the city council declares that the public interest and convenience require the appointment of the boards and commissions established pursuant to Section 2.22.010 to act purely in an advisory capacity to the city council.

(Ord. 1778 N.S. § 2 (part), 2006)

## Chapter 2.68

### LIBRARY, CULTURE AND ARTS COMMISSION

#### Sections:

- 2.68.010**      **Created.**
- 2.68.020**      **Membership—Terms of office.**
- 2.68.030**      **Powers and duties.**

#### **2.68.010**      **Created.**

There is established a new commission which is entitled the "library, culture and arts commission" to serve in an advisory capacity to the city council. (Ord. 1778 N.S. § 9 (part), 2006: Ord. 1374 N.S. § 1 (part), 1998)

#### **2.68.020**      **Membership—Terms of office.**

The commission shall consist of seven members. Members shall not be officials or employees of the city, county library employees nor paid members of any organization receiving financial support from the city for library and art services. (Ord. 1778 N.S. § 9 (part), 2006: Ord. 1559 N.S. § 1, 2002: Ord. 1407 N.S. § 5, 1998; Ord. 1382 N.S. § 1, 1998; Ord. 1374 N.S. § 1 (part), 1998)

#### **2.68.030**      **Powers and duties.**

The powers and functions of the commission shall be as follows:

- A. To act in an advisory capacity to the city council in all matters pertaining to library, culture and arts in the community;
- B. To serve as a liaison between the city and the Santa Clara County library;
- C. To consult with private community groups supportive of library, culture and art programs and serve as a liaison between such groups and the city;
- D. To provide advice and recommendations regarding the adequacy of existing library facilities and operations;
- E. To look for opportunities for participation of artists and performers in city-sponsored activities, and ways to encourage community involvement in the arts;
- F. To work cooperatively with city boards and commissions and other public and private organizations in creating and promoting art and cultural programs and activities within the city;
- G. To coordinate and strengthen existing organizations in the arts and develop cooperation with regional organizations;
- H. To make recommendations to the city council regarding the funding of community art projects, including the search for private and public grants, and regarding the disbursement of revenues consistent with the needs of the community;
- I. To review and make recommendations to the city council upon all works of art to be acquired by the city, either by purchase, gift or otherwise, and exterior works of art installed in the city on public property;
- J. To recommend to the city council the adoption of such ordinances or policies as it may deem necessary for the administration and preservation of the arts and cultural development of the city;
- K. To perform such other tasks as may be expressly requested of it by the city council;
- L. To conduct such other hearings as are necessary and in accordance with its own rules and regulations for the transaction of its business, or rules for conduct; and
- M. To report its decisions and recommendations relating to the above matters, in writing to the city council. (Ord. 1778 N.S. § 9 (part), 2006: Ord. 1374 N.S. § 1 (part), 1998)

**Chapter 2.32****PARKS AND RECREATION COMMISSION\*****Sections:****2.32.010 Created.****2.32.020 Membership—Terms of office.****2.32.030 Powers and duties.**

\* Prior ordinance history: Ord. 1368 N.S.

**2.32.010 Created.**

There is established a new commission which is entitled the "Morgan Hill parks and recreation commission" to serve in an advisory capacity to the city council. (Ord. 1778 N.S. § 4 (part), 2006)

**2.32.020 Membership—Terms of office.**

The commission shall consist of seven members. Members shall not be officials or employees of the city nor be paid members of any organization receiving financial support from the city. Notwithstanding any language to the contrary, the mayor and city council may appoint a Morgan Hill Unified School District official as a member of the commission.

For the first seven members appointed, the terms of three of the members shall expire on May 1, 1999, and the terms of four of the members shall expire on May 1, 2000. All new full term appointments after April 1, 2006 shall be for a period of four years. (Ord. 1778 N.S. § 4 (part), 2006)

**2.32.030 Powers and duties.**

The powers and functions of the commission shall be as follows, provided that nothing in this Chapter 2.32 shall be construed to give the commission power or duty to supervise or administer any public buildings, public parks, streets or other public property or programs:

A. To hold hearings on matters pertaining to planning and development of parks, trails, recreation programs for all segments of the population,

bicycle facilities, and capital expenditures related to parks, trails, recreational facilities, and bicycle facilities;

B. To facilitate coordination of the efficient and effective use of recreation facilities by other public, private, and non-profit groups and organizations to city residents;

C. To consider, formulate and propose fiscally prudent programs, activities, resources, plans and development designed to provide for, regulate, and direct the future growth and development of the parks facilities and recreation programming for the people of the city;

D. To make investigations and reports for future acquisition of park sites;

E. To review opportunities for joint use of recreation/parks, and storm retention/detention;

F. To act on behalf of the city and function as the City of Morgan Hill Bicycle and Trails Advisory Committee;

G. To conduct such other hearings as are necessary and in accordance with its own rules and regulations for the transaction of its business, or rules for conduct; and

H. To report its decisions and recommendations relating to the above matters, in writing to the city council. (Ord. 1778 N.S. § 4 (part), 2006) (Ord. No. 1930 N.S., § 4, 4-22-2009)

## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: March 16, 2022**

PREPARED BY:

Matthew Mahood, Economic Development Director

APPROVED BY: City Manager

## **ADOPT INDUSTRIAL PRESERVATION AND OPTIMIZATION POLICY**

### **RECOMMENDATION(S)**

Adopt an Industrial Land Preservation and Optimization Policy

**Estimated Time:** 30 Minutes

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

#### **2022-2023 Strategic Priorities**

Fiscal Sustainability

Economic Development

#### **Guiding Documents**

Morgan Hill 2035 General Plan

Economic Blueprint

### **REPORT NARRATIVE:**

#### **POLICY CONSIDERATION:**

The City is proposing an Industrial Land Preservation and Optimization Policy that would be implemented through amendments to the zoning code.

#### **BACKGROUND:**

In April 2017, the City Council unanimously adopted the 2017 Morgan Hill Economic Blueprint; an economic development strategy intended to foster economic growth by attracting investment, development, and jobs that will ensure fiscal sustainability and vitality for the community. The Economic Blueprint identifies four industries that are key to Morgan Hill's future growth and further fiscal sustainability. The four key industries are:

1. Innovation and Advanced Manufacturing -- Grow existing companies, attract new industry and grow professional jobs.
2. Retail -- Grow retail offerings and strengthen commercial nodes.
3. Tourism -- Grow leisure, agriculture, wine country & recreational tourism.
4. Health Care -- Grow and foster the medical service and diagnostics industry by

attracting services and facilities.

The Economic Blueprint identified four core industries, 13 strategies and 35 action items. Amongst these items, the Economic Blueprint recommended adopting an employment (Industrial) land preservation policy (Action #1), and strengthening General Plan language to prevent the conversion of Industrial lands (Action #2).

To support the work outlined in the Economic Blueprint, in July 2020, the Economic Development Team, in partnership with the Urban Land Institute (ULI) and the Silicon Valley Economic Development Alliance (SVEDA), hosted four independent seminars with industry experts, and planning and economic development professionals to better understand today's market at a national, regional and local level. The seminars examined the future of the industrial and retail sectors, especially post-Covid-19, and identified tactical strategies for Morgan Hill to consider that would support our industrial preservation and retail concentration goals. In addition, Strategic Economics performed an analysis of the City's remaining industrial and commercial vacant properties. The findings and results from these presentations were shared at the [September 22, 2020 Planning Commission Meeting](#).

On [March 9, 2021, the Planning Commission](#) conducted an Industrial Preservation Policy Workshop to review proposed changes to the Zoning Code to support goals associated with industrial preservation. The proposed policy takes into consideration the Planning Commission's feedback and community feedback over the last year in regard to the Industrial Ordinance and rules and regulations for distribution facilities.

On February 8, 2022, the Planning Commission heard and adopted the proposed Industrial Preservation & Optimization Policy with one minor change. The original text of Goal E read, "Encourage conversion of Commercial Lands to Industrial Lands where appropriate." The Planning Commission expressed concern with the word "encourage" and requested to replace it with "consider" or "explore." Staff has made the amendment to Goal E to now read, "Explore conversion of Commercial Lands to Industrial Lands where appropriate."

**PROJECT DESCRIPTION:** The City's 2017 Morgan Hill Economic Blueprint identifies Innovation and Advanced Manufacturing as one of the four core industries key to Morgan Hill's future growth and fiscal sustainability. One of the key strategies is to preserve Industrial Lands. Specifically, Action #1 calls for the adoption of an employment (Industrial) land preservation Policy, and Action #2 calls to strengthen the General Plan language to prevent conversion of Industrial lands. This Industrial Land Preservation and Optimization Policy, in conjunction with the City's General Plan, Zoning Ordinance, and Economic Blueprint, aims to preserve the City's limited supply of industrial land that is critical to the City's economic vitality. The Industrial Land Preservation and Optimization Policy identifies five key goals (see below) that provide direction and guidance when developing, implementing, and managing policies, programs, and projects; including implementation of the Zoning Code and General Plan as it relates to industrial uses and industrial business parks.

## **FINDINGS:**

### **The Importance of Jobs**

Morgan Hill is a predominantly residential suburb and job exporter, with only 25.1 percent of Morgan Hill residents working within the City Limits. With 21,775 employed residents and 18,428 jobs in Morgan Hill, the ratio of jobs to resident workers is 0.85. This seems to indicate that there is not the “right” balance between the types of jobs, and the skills of residents. Moreover, nearly 75 percent of commuting residents drive alone despite High-Occupancy Vehicle (HOV) lanes existing most of the distance between San Jose and Morgan Hill. A majority of commuting residents drive longer than 30 minutes to and from work. This pattern negatively impacts quality of life, stresses the City's and region's transportation infrastructure, and is environmentally unsustainable.

There are several industry categories where the makeup of Morgan Hill business does not mirror the rest of Silicon Valley. Information, professional, scientific, education, and healthcare service careers are under-represented in Morgan Hill. Expanding job opportunities in these sectors, as well as continuing to attract advanced manufacturers, can help improve the match between resident skill sets and the jobs offered in Morgan Hill. To address the housing to jobs ratio, the City needs to continue to protect employment lands while growing high-quality jobs.

### **Loss of Employment Lands**

Factors that can impact the City's future job inventory, are the conversion of industrial land to commercial or residential uses and the granting of conditional use permits (CUP) to non-traditional industrial uses. Over the past 15 years, a significant amount of the City's industrial land has been lost to conversion. In 2013, there were 294 acres of vacant industrial land available. Today, Morgan Hill has approximately 120 acres of industrial land available for development and virtually no existing product available for lease or sale with vacancy rates in office and research and development (R&D) at a historic low of 2.9 percent. In less than eight years, the total number of available industrial acreage within the City has declined 59.1 percent, reducing any future supply to a 19–95-year window depending upon market absorption. It is possible that within the current time horizon of the newly adopted Morgan Hill 2035 General Plan, all available industrial land will be exhausted.

In addition, over the last 15 years, the City has issued 25 CUP's which have repurposed a total of 68 acres of property in industrial areas to low intensity or non-industrial uses, predominately mini-storage, recreation uses, community assembly, and medical offices. Lastly, considering the existing housing crisis and increasing challenges to meet the growing housing demand, pressure to convert industrial land to residential will only intensify. Currently, the California State Legislature is considering various legislation that could potentially allow the conversion of unused or under-utilized commercial lands to residential lands. Senate Bill 6 (SB6) is just one example of this type of pending and proposed legislation.

In 2020, the City Council approved Zoning Code Amendments that prohibit stand-alone large fulfillment centers and parcel sorting centers. This action endorses the focus on high-value employers in advanced manufacturing, R&D, innovation, and office uses.

When City staff engaged with industry subject-matter-experts and the Planning Commission to identify strategies and tactics to help protect employment lands and the City's economic sustainability, the following recommendations were shared:

1. Use it. The best way to preserve industrial/employment lands is to use them for their industrial purposes.
2. Revisit Policy CNF-17.1 language within the General Plan and replace 'discourage' with "prohibit" the conversion of industrial lands.
3. Limit discretion of CUP uses in employment generating uses.
4. Hold the line. Prioritize wanted uses such as OEM (original equipment manufacturer).
5. Brand, market, and promote industrial parks.
6. Incentivize Industrial Uses. Explore how fee structures and taxes align with land use outcomes. Explore ways to incentivize industrial development.
7. Activate the ground floor of industrial with a mix of uses. Allow for mixed uses within industrial. Consider office or other uses.
8. Consider post-COVID-19 uses. The pandemic may create new products and uses that are not currently articulated in city codes. Be flexible to allow for industries and new operations.

## **CONCLUSION:**

The proposed Industrial Land Preservation and Optimization Policy further clarifies the City's goals as it relates to Industrial Lands. This policy, once adopted, in conjunction with the City's General Plan, Zoning Ordinance and Economic Blueprint, will support the preservation and optimization of the City's limited supply of industrial land that is critical to the City's economic vitality. The proposed Industrial Land Preservation and Optimization Policy identifies five key goals that provide direction and guidance when developing, implementing, and managing policies, programs, and projects; including implementation of the Zoning Code and General Plan as it relates to industrial uses and industrial business parks.

The five key goals are:

- A. Encourage the attraction and expansion of Research and Development, Office and Advanced Manufacturing uses.
- B. Prohibit stand-alone e-commerce Warehouse and Distribution uses.
- C. Prohibit General Plan conversions of Industrial lands that cause a net loss of industrial employment lands.
- D. Protect existing Industrial lands and business parks by prohibiting non-compatible uses such as community assembly and recreational uses.
- E. Explore conversion of Commercial Lands to Industrial Lands where appropriate.

The Industrial Land Preservation and Optimization Policy supports amending the current zoning code to minimize and reduce incompatible uses within the industrial lands, while expanding compatible uses in the medical, healthcare, and medical office and clinic industries that meets current market demand, creates quality jobs and improves the quality of life for residents.

The team seeks the City Council's adoption of the Industrial Land Preservation and



Optimization Policy as amended by the Planning Commission.

**COMMUNITY ENGAGEMENT:**

Community engagement on this topic has taken place since July 2020 with the ULI and SVEDA seminars on Industrial Lands Utilization and Policy. The Planning Commission held meetings on this topic on September 22, 2020 and March 9, 2021. Staff presented the proposed policy at the Morgan Hill Chamber of Commerce Economic Development Committee meeting on January 13, 2022 and via a virtual City of Morgan Hill Townhall meeting on January 27, 2022. Information has been shared through the City's Citywide 411 Newsletter, the Choose Morgan Hill Economic Development eNewsletter and emails have been sent to stakeholders including industrial property owners, businesses, and commercial real estate brokers. In addition, this item was heard and the policy was adopted with one minor edit at the February 8, 2022 Planning Commission meeting.

**ALTERNATIVE ACTIONS:**

The City Council may choose to amend the proposed policy language or to not adopt the policy.

**PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

See above for Planning Commission actions.

**FISCAL AND RESOURCE IMPACT:**

No request of funds or negative impact to general fund.

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

This policy is categorically exempt from environmental review pursuant to Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines, as a City Policy is not a project with potential for causing a significant effect on the environment requiring California Environmental Quality Act (CEQA) analysis. Additionally, on July 27, 2016, the City Council certified an environmental impact report (EIR) for the Morgan Hill 2035 General Plan. This policy is consistent with, and implements, the General Plan and therefore was analyzed in the EIR for the 2035 General Plan. Pursuant to Section 15162 and Section 15183 of the State CEQA Guidelines, no additional review under the California Environmental Quality Act is required.

# CITY OF MORGAN HILL

## CITY COUNCIL POLICIES AND PROCEDURES

CP-22-\_\_

**SUBJECT: INDUSTRIAL LAND PRESERVATION & OPTIMIZATION POLICY**

**EFFECTIVE DATE:**

**ORIGINATING DEPARTMENT: ECONOMIC DEVELOPMENT DEPARTMENT**

The City of Morgan Hill seeks to support a diverse local economy and an expanded tax base by preserving existing job-generating land. The City's General Plan identifies strategies to diversify the economy, increase quality and quantity of job opportunities to support the community's well-being. Industrial lands are critically important to the economic health of the city and the community, by providing local jobs and supporting industry that contribute to the local economy.

The city seeks to have a job/housing balance, at a 1:1 ratio, that offers a job for every resident able to work in the city. Today, there are 21,775 employed residents, and 18,428 jobs in Morgan Hill - the ratio of jobs to resident workers is 0.85.

Industrial land supply has reduced over the years with conversions of industrial land to housing or allowance of non-industrial uses within the industrial parks. In eight years, available industrial land has declined by 59.1%. Today, Morgan Hill has approximately 120 acres of industrial land available for development and a historically low 2.6% vacancy rate. Additionally, non-industrial uses such as schools, recreational facilities, community assembly further threaten the ability to attract and retain industrial users due to conflicts with sensitive receptors.

The City's 2035 General Plan's Economic Development Element provides guidance on the type of jobs, uses, and activities that support the City's economic vitality and long-term sustainability. The Economic Blueprint identifies Innovation and Advanced Manufacturing as a key industry for Morgan Hill's future growth and further fiscal health.

This Industrial Land Preservation & Optimization Policy, in conjunction with the City's General Plan, Zoning Ordinance, and Economic Blueprint, aims to preserve the City's limited supply of industrial land that is critical to the City's economic vitality. The Industrial Land Preservation & Optimization Policy identifies five key goals that provide direction and guidance when developing, implementing, and managing policies, programs, and projects; including implementation of the Zoning Code and General Plan as it relates to industrial uses and industrial business parks. To preserve and optimize the City's limited industrial land inventory, the City should:

**A. Encourage the attraction and expansion of Research and Development, Office, and Advanced Manufacturing uses**

Given the limited availability of industrial lands and to maximize job and revenue-generating potential, the City through its Zoning Code, policies, and programs, should encourage and support innovation, advanced manufacturing, R&D, and office uses. To support the goals of the Economic Blueprint and to grow medical and healthcare amenities, medical office and clinics should be considered within the light industrial zoning.

**Supporting General Plan Policy & Goal:**

**ED-3.1 Business Retention, Expansion, and Attraction Efforts.** Encourage retention and expansion of existing businesses, and attract new businesses, that:

- generate revenue to the City General Fund (such as retail and point-of-sale manufacturing)
- help provide greater financial strength and stability to the City
- add industry diversity to the local economy
- stimulate other businesses to develop in the city

**ED-8.1 Office and Industrial Development:** Support the development of office and industrial facilities to meet local demand, compete for regional growth opportunities, and create high-quality jobs that match with local housing opportunities.

**Goal, ED-1.** High quality jobs for residents that support household incomes in line with local housing costs and higher-education institutions that enhance skills and increase access to high-quality education.

**B. Prohibit stand-alone e-commerce Warehouse and Distribution uses**

Logistics, warehouse, and distribution uses are one of the fastest growing sectors. While these uses are part of the eco-system that support retail, manufacturing, R&D and other desired uses in Morgan Hill; stand-alone distribution and warehouse uses are not desired uses. The limited inventory of available industrial land should maximize the job and revenue potential of these sites. Additionally, warehouse and distribution uses generate traffic, have impact to the City's infrastructure and have limited benefit to the economic health of the city or quality of life of the community. Finally, large distribution and warehouse uses do not fit the small-town aesthetic that Morgan Hill seeks to retain.

**C. Prohibit General Plan conversions of Industrial lands that cause a net loss of industrial employment lands**

As vacant land becomes more constrained, pressure to convert industrial land to residential will intensify to meet the growing housing demand. To protect the City's future economic sustainability, the City should update the General Plan language to prohibit the conversion of industrial lands to non-industrial uses unless there is a concurrent conversion of property ensuring there is a no net loss of industrial designated land.

**Supporting General Plan Policy:**

**Policy CNF-17.1 Industrial Land Conversion.** Discourage the conversion of property designated for industrial to non-industrial uses.

**Policy, Ed-3.2 Employment Land Supply.** Preserve the city's supply of industrial and commercial lands to support the City's goals and policies related to economic development and jobs-housing balance.

**D. Protect existing Industrial lands and business parks by prohibiting non-compatible uses such as community assembly and recreational uses.**

To protect the health of the longevity of the industrial parks and ensure current and future industrial users can locate in these parks, the City should minimize conflicts with sensitive receptors that may

adversely impact industrial activity. To prevent future non-compatible uses, the Zoning Code should prohibit specific non-compatible uses, including community assembly and commercial recreation uses by eliminating conditional use permits in these zones.

**Supporting General Plan Policy:**

**Policy CNF-17.2 Industrial Land Use Conflicts.** Ensure proposed new uses adjacent to industrial uses do not introduce land use conflicts that would adversely impact industrial activities.

**Policy ED-3.7 Flexible Business District Zoning.** Maintain flexibility within industrial, business park, and office zoning districts that support modern industry uses and that are integrated appropriately with other land uses and attract a broad range of users.

**E. Explore conversion of Commercial Lands to Industrial Lands where appropriate**

To grow our available industrial lands inventory, when appropriate, the City should work with property owners to identify possible property sites that can be converted from commercial to industrial and facilitate the conversion.

**Supporting General Plan Policy:**

**General Plan, Policy ED-1.2, Jobs/Housing Balance.** Balance jobs and housing supplies to minimize traffic congestion, and commute times, and to optimize economic diversity and capacity to provide services.

**General Plan, Policy ED-3.2 – Employment Land Supply:** Preserve the City’s supply of industrial and commercial lands to support the City’s goals and policies related to economic development and job-housing balance.

**From:** [Joe Baranowski](#)  
**To:** [Rich Constantine](#); [Yvonne Martinez Beltran](#); [Rene Spring](#); [John McKay](#); [Gino Borgioli](#)  
**Cc:** [Edith Ramirez](#); [Christina Turner](#); [Matt Mahood](#); [Michelle Bigelow](#); [CC Public Comment](#)  
**Subject:** [EXTERNAL] Agenda Item 16, Adopt Industrial Preservation and Optimization Policy, March 2, 2022 City Council Meeting  
**Date:** Tuesday, March 1, 2022 12:13:45 PM

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## Re. Agenda Item 16, Adopt Industrial Preservation and Optimization Policy, March 2, 2022 City Council Meeting

Dear Council Members:

A policy is a set of ideas or plans that is used as a basis for making decisions. It is pointless to spend time writing, reviewing and approving a policy if there is no intention of using it as a basis for making decisions. On the flip side, it should be recognized that once something is included in a policy it is very likely that it *will* be used to justify a decision.

The Industrial Land Preservation and Optimization Policy that you will be asked to adopt tomorrow is a big improvement from previous drafts. Importantly, instead of promoting last-mile and other forms of Distribution, the updated version recognizes that *warehouse and distribution uses generate traffic, have impact to the City's infrastructure and have limited benefit to the economic health of the city or quality of life of the community.*

**However, the Staff has included an idea that is not necessary, is a slippery slope, and is not consistent with what members of this Council have told the public. I urge you to consider adopting the proposed Policy with the condition that the fifth component of the policy is removed.**

The fifth idea in the five point policy is:

***Explore conversion of Commercial Lands to Industrial Lands where appropriate. To grow our available industrial lands inventory, when appropriate, the City should work with property owners to identify possible property sites that can be converted from commercial to industrial and facilitate the conversion.***

This is not an 'appropriate' idea for 'City' because it is not their role, it is not necessary because there already is a well defined process by which a property own can request a change in General Plan and/or Zoning designation, it can be reasonably expected that it would be used by members of the Planning Commission to justify their decision if a request is brought before them, and most importantly it completely ignores the basic principle that the 'Guiding Documents' should be 'honored'. To be clear, while the policy does not explicitly mention changing the General Plan or Zoning Code, the only logical outcome if the policy is followed is to do exactly that.

Land Use is perhaps *the* most fundamental aspect of the General Plan and Zoning Code and how those land uses are defined *should* involve careful and deliberate

study that takes a *long term* view AND includes the 'thoughtful planning' of residents.

Mr. Constantine you have told the community:

*This thoughtful planning is the result of **endless hours of work by many of our residents that came together to help us develop our General Plan, our Zoning Code**, and other guiding documents such as the Parks, Trails and Bikeways Master Plan, the Public Safety Master Plan, and the Economic Blueprint. To continue to maintain our community's character and grow in a smart and sustainable way, **we must honor and implement these guiding documents that took hundreds of community hours and represent the goals of our community.***

Mr. McKay you have told the community:

***Please look at Morgan Hill's General Plan map (our guiding document for community development and services developed with community input)***

The staff report gives the supposed reason the staff is asking you to adopt this policy:

*Currently, the California State Legislature is considering various legislation that could potentially allow the conversion of unused or under-utilized commercial lands to residential lands. Senate Bill 6 (SB6) is just one example of this type of pending and proposed legislation.*

On multiple occasions I have asked the staff to provide examples of 'various legislation' they are referring to but without any answer I assume the 'just one example' of SB6 is, in fact, the only example. Other than the one sentence in the staff report, no background has been provided as to whether the SB6 example applies to any property in Morgan Hill, what the status of the bill is, and what the likelihood that it will go anywhere is. By not providing any context whatsoever, it seems apparent that the 'potential' action is not considered to be serious but rather convenient to use as a reason to move forward with an idea that would otherwise have no justification whatsoever.

When the Industrial Preservation Policy was reviewed by the Planning Commission the fifth idea began with "encourage conversion". Playing around with a single word, has now changed that to "explore conversion"- which changes nothing. The idea is being included because it is expected to become the basis for a future decision.

Please act in a way that is consistent with what you have said. There is nothing to lose by asking the staff to remove something that would potentially lead to changes in our guiding documents that would be made by a few people with very little community input and there is a lot to gain.

Regards,

Joe Baranowski

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# **Industrial Preservation Workplan City Council March 16, 2022**



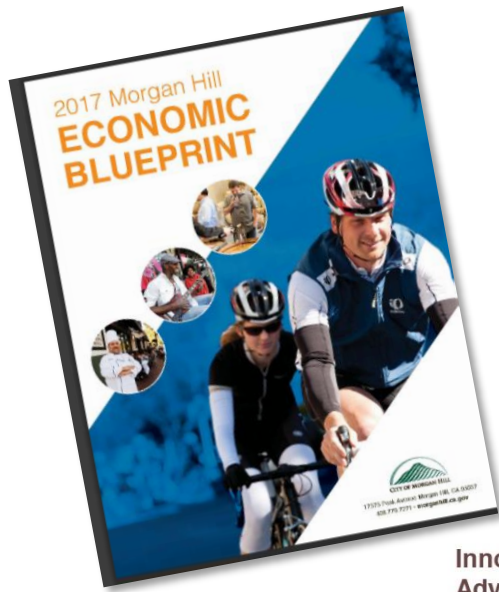
# 2035 General Plan



## Economic Development's Role

The Economic Development Element establishes policy guidance to support the community's economic well-being. Its strategies include diversifying the local economy, increasing the quality and quantity of available job opportunities, decreasing the need for commuting, creating a thriving Downtown, and enhancing Morgan Hill's appeal as a tourist destination.

- Develop & maintain high-quality public infrastructure & services
- Position Morgan Hill as a compelling choice for companies by providing flexibility
- Retain and attract businesses by providing a business-friendly climate
- Create fiscal sustainability by cultivating a diversified tax base
- Increase economic opportunity through a robust and diverse range of business activity



**Innovation and  
Advanced Manufacturing**  
Grow existing companies,  
attract new industry and grow  
professional jobs.

**Retail**  
Grow retail offerings  
and strengthen  
commercial nodes.

## Four Industry Areas

**Healthcare**  
Grow and foster the  
medical service and  
diagnostics industry  
by attracting services  
and facilities.

**Tourism**  
Grow leisure, agriculture,  
wine country and  
recreational tourism.

# 2017 Economic Blueprint

**The Economic Blueprint identified 4 core industries, 13 strategies and 35 specific action items.**

- Action #1: Adopting an employment (Industrial) land preservation policy, and
- Action #2: Strengthen General Plan language to prevent the conversion of Industrial lands.

## **Industrial Preservation**

- Economically Sustainable
- Jobs & Revenue
- Maintain Industrial Lands for Job-generating Uses
- Prevent incompatible uses

# Industrial Preservation Meetings & Action History



# Strategic Economics Study

## Industrial Findings

- Morgan Hill continues to be an attractive destination for industrial users, including manufacturers, machine shops, and assembly businesses.
- Morgan Hill Ranch and Madrone Business Parks continue to be the strongest location for future industrial, R&D, and warehouse uses.
- Demand for industrial buildings has outpaced building supply for manufacturing, machining, and assembly businesses.
- Morgan Hill firms have left to expand elsewhere, due to lack of industrial space availability.
- New construction is expensive and takes approximately 2 years to complete (plan, permit, construct).

# Strategic Economics Study

## Industrial Findings

- Vacant industrial (employment) land supply can accommodate 25 to 165 years of projected demand
- When currently entitled projects are considered, excluding Redwood Tech 101, the available land horizon drops to 19 to 95 years
- Today, there are only 120 acres of industrial (employment) land remaining (vacant)
  - 86.5 acres Light Industrial (IL)
  - 6 acres General Industrial (IG)
  - *27.5 acres Redwood Tech 101- planned and permitted*

# Industrial Land Preservation Strategies

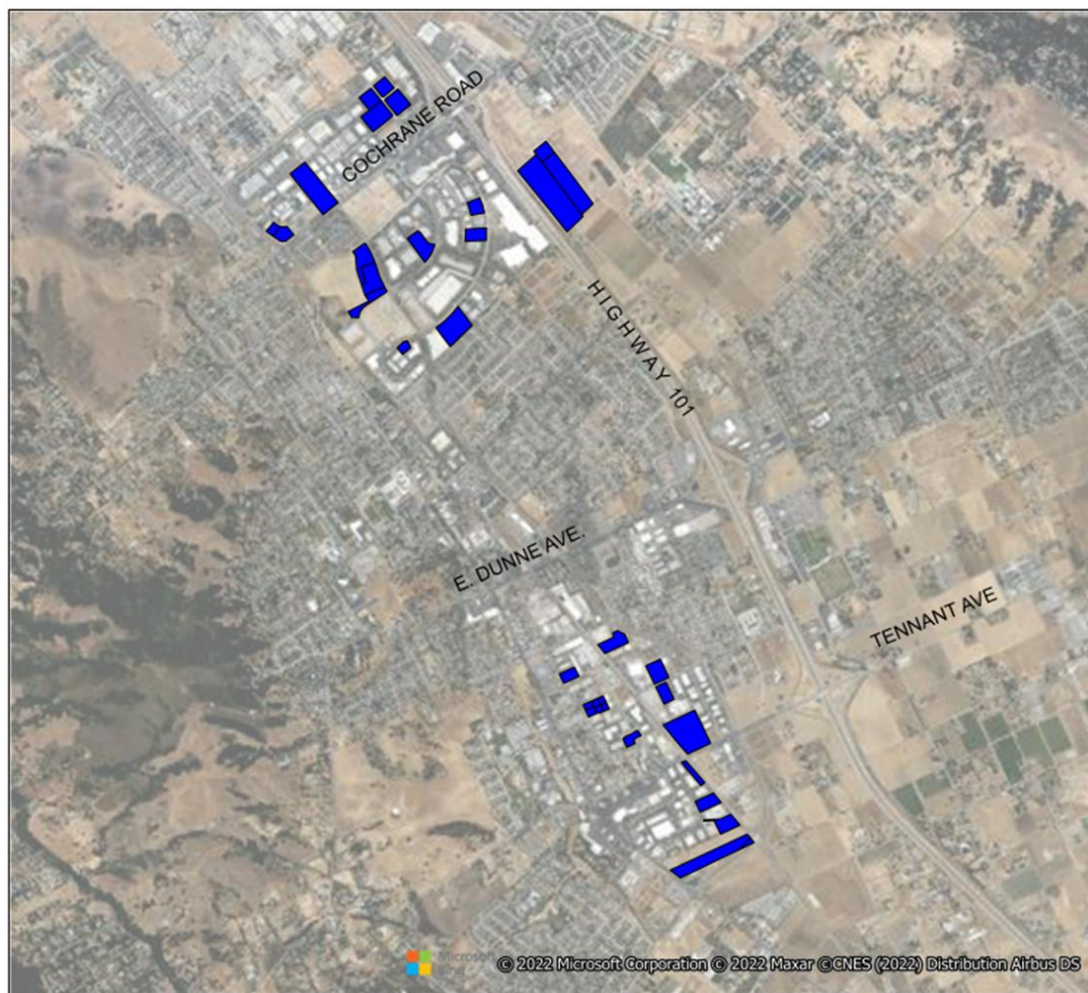
- **Use it.** The best way to preserve industrial/employment lands is to use them for their industrial purpose.
- Revisit Policy CNF-17.1 language within the General Plan and replace 'discourage' with "**prohibit**" the conversion of industrial lands.
- **Limit discretion of CUP uses** in employment generating uses.
- Hold the line. **Prioritize** wanted uses such as OEM (original equipment manufacturer).
- **Brand**, market, and promote industrial parks.
- **Incentivize** industrial development. Explore how fee structures and taxes align with land use.
- Allow for mixed uses within industrial. Consider **office** or other uses.
- Consider post COVID-19 uses. The pandemic may create new products and uses that are not currently articulated in city codes. Be flexible to **allow for industries and new operations.**



# Industrial Zoned Land







 Vacant Industrial Land

# What actions has City taken?



In November 2020, the City Council adopts Ordinance 2317 amending the City's Industrial Zoning Code prohibiting fulfillment centers, defining Large Scale Projects and moving review and approval authority from City staff to Planning Commission.

Addressed via Zoning Code

- ✓ Fulfillment Centers Prohibited
- ✓ Sorting Centers Prohibited
- ✓ Last-mile (local) distribution Prohibited
- ✓ Large projects defined as  $\geq 100$  units or  $\geq 75,000$  sq ft
- ✓ Large projects now require public hearing
- ✓ Review & Approval authority for large projects moved to Planning Commission

# What actions has City taken?



In April 2021, City Council passed Urgency Ordinance 2320.

Addressed via Building Type

- ✓ Changed/created definitions for:
  - Dock-High-Door
  - Dock-High-Door to Square Foot Ratio
  - Ceiling Height
  - Light Manufacturing
- ✓ Added Section 18.76.140 – Maximum Dock High Door Ratio for a facility that has a floor area of 75,000 square feet or greater and a ceiling height of more than thirty-four (34) feet over more than twenty-five (25) percent of the floor area is 1 Dock-High-Door:25,000 square feet.

# Industrial Preservation Workplan

## Industrial Preservation & Optimization Policy

Encourage Innovation and Manufacturing  
Prohibit Stand-alone e-Commerce Distribution & Warehousing

Prohibit Conversions from Industrial Land to non-job generating uses

Encourage Conversions from Commercial Land to Industrial Land

## Zoning Clean Up

Supports Industrial Preservation & Optimization Policy

Minimize incompatible uses & CUPs

Encourage Conversions from Commercial Land to Industrial Land

## Industrial Ordinance

Replace existing Urgency Ordinance 2320, which sunsets April 2022, with an adopted Industrial Ordinance

Place a measure on the November 2022 Ballot for voter affirmation of the adopted Industrial Ordinance

# Industrial Preservation & Optimization Policy

- In conjunction with the 2035 General Plan, Zoning Ordinance ZA2020-0003, and the Economic Blueprint, the policy will protect the City's limited supply of industrial/employment land to support long term economic vitality.
- Identifies five key goals that provide direction and guidance when developing, implementing, and managing policies, programs, and projects, including implementation of the Zoning Code and General Plan, as they relate to industrial uses and industrial business parks.
- Supports amending the current zoning code to minimize and reduce incompatible uses within the industrial lands.

# Industrial Preservation & Optimization Policy

1. Encourage the attraction and expansion of R&D, Office, and Advanced Manufacturing uses.
2. Prohibit stand-alone e-commerce Warehouse and Distribution uses.
3. Prohibit General Plan conversions of Industrial lands that cause a net loss of industrial employment lands.
4. Protect existing Industrial lands and business parks by prohibiting non-compatible uses such as community assembly and recreational uses, while expanding compatible uses.
5. Explore ~~Encourage~~ conversion of Commercial Lands to Industrial Lands where appropriate.

# Industrial Preservation & Optimization Policy

| STRATEGY                                                                                                                                                                   | ACTIONS                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Encourage the attraction and expansion of R&D, Office, and Advanced Manufacturing uses.                                                                                    | Marketing, Messaging & Outreach<br>Development of Incentive Programs |
| Prohibit stand-alone e-commerce Warehouse and Distribution uses.                                                                                                           | Industrial Ordinance<br>Zoning Code                                  |
| Prohibit General Plan conversions of Industrial lands that cause a net loss of industrial employment lands.                                                                | General Plan                                                         |
| Protect existing Industrial lands and business parks by prohibiting non-compatible uses such as community assembly and recreational uses, while expanding compatible uses. | Zoning Code                                                          |
| Explore conversion of Commercial Lands to Industrial Lands where appropriate.                                                                                              | Marketing, Messaging & Outreach<br>City-initiated GP Conversions     |





## Updating Zoning Code

- Minimize and reduce incompatible uses
- Minimize CUPs in industrial zoned areas
- Expand opportunity for medical office and healthcare

# Proposed Zoning Code Changes

| Land Use                                      | IG - General Industrial |                      | IL - Light Industrial |                      |
|-----------------------------------------------|-------------------------|----------------------|-----------------------|----------------------|
|                                               | Existing                | Proposed             | Existing              | Proposed             |
| Community Assembly                            | CUP                     | <b>Not Permitted</b> | CUP                   | <b>Not Permitted</b> |
| Commercial Rec. Indoor                        |                         |                      |                       |                      |
| < 15,000 sq. ft.                              | CUP                     | <b>Not Permitted</b> | CUP                   | <b>Not Permitted</b> |
| >15,000 sq. ft.                               | CUP                     | <b>Not Permitted</b> | CUP                   | <b>Not Permitted</b> |
| Colleges/Trade Schools                        | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Parks & Rec.                                  | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Adult Businesses                              | Permitted               | <b>Not Permitted</b> | Permitted             | Permitted            |
| Public Safety Facilities                      | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Mini-Storage                                  | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Home Improvement Ctr. – <b>PC Recommended</b> | CUP                     | <b>Not Permitted</b> | CUP                   | <b>CUP</b>           |
| Large Commodity Retail                        | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Professional Offices                          | Permitted               | <b>Not Permitted</b> | Permitted             | Permitted            |
| Manufacturing, General                        | CUP                     | CUP                  | Not Permitted         | Not Permitted        |
| <b>Medical Office &amp; Clinics</b>           |                         |                      |                       |                      |
| < 20,000 sq. ft. – <b>PC Recommended</b>      | Not Permitted           | Not Permitted        | Not Permitted         | <b>AUP</b>           |
| > 20,000 sq. ft.                              | Not Permitted           | Not Permitted        | Not Permitted         | <b>CUP</b>           |

# Proposed Zoning Code Changes

| Land Use                                 | CI - Commercial Industrial |                 | IO - Industrial Office |                 | IC - Campus Industrial |                 |
|------------------------------------------|----------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|
|                                          | <u>Existing</u>            | <u>Proposed</u> | <u>Existing</u>        | <u>Proposed</u> | <u>Existing</u>        | <u>Proposed</u> |
| Community Assembly                       | CUP                        | CUP             | Not Permitted          | Not Permitted   | Not Permitted          | Not Permitted   |
| Commercial Rec. Indoor                   |                            |                 |                        |                 |                        |                 |
| < 15,000 sq. ft.                         | Permitted                  | Permitted       | CUP                    | CUP             | CUP                    | CUP             |
| >15,000 sq. ft.                          | CUP                        | CUP             | CUP                    | CUP             | CUP                    | CUP             |
| Colleges/Trade Schools                   | CUP                        | CUP             | CUP                    | CUP             | CUP                    | CUP             |
| Parks & Rec.                             | CUP                        | CUP             | Not Permitted          | Not Permitted   | Not Permitted          | Not Permitted   |
| Adult Businesses                         | Not Permitted              | Not Permitted   | Not Permitted          | Not Permitted   | Permitted              | Permitted       |
| Public Safety Facilities                 | CUP                        | CUP             | Not Permitted          | Not Permitted   | Not Permitted          | Not Permitted   |
| Mini-Storage                             | Not Permitted              | Not Permitted   | Not Permitted          | Not Permitted   | Not permitted          | Not Permitted   |
| Home Improvement Ctr.                    | CUP                        | CUP             | Not Permitted          | Not Permitted   | Not permitted          | Not Permitted   |
| Large Commodity Retail                   | CUP                        | CUP             | Not Permitted          | Not Permitted   | Not Permitted          | Not Permitted   |
| Professional Offices                     | Permitted                  | Permitted       | Permitted              | Permitted       | Permitted              | Permitted       |
| Manufacturing, General                   | Not Permitted              | Not Permitted   | Not Permitted          | Not Permitted   | Not Permitted          | Not Permitted   |
| <b>Medical Office &amp; Clinics</b>      |                            |                 |                        |                 |                        |                 |
| < 20,000 sq. ft. – <b>PC Recommended</b> | AUP                        | <b>AUP</b>      | Not Permitted          | <b>AUP</b>      | Not Permitted          | <b>AUP</b>      |
| > 20,000 sq. ft. – <b>PC Recommended</b> |                            | <b>CUP</b>      |                        | <b>CUP</b>      |                        | <b>CUP</b>      |



# Proposed Zoning Code Changes

## Home Improvement Centers - Light Industrial (IL) Only

- Staff recommended Not Permitted.
- Planning Commission has recommended a Conditional Use Permit.
- Staff continues to recommend, Not Permitted.

## Medical Office and Clinics – IL, CI, IO, IC Zones

- Staff recommended allowing Medical Offices and Clinics as a Permitted use at <20,000 square feet.
- Planning Commission has recommended requiring an Administrative Use Permit at <20,000 square feet.
- Staff is recommending the following:
  - 5,000 square feet or less - Permitted by right
  - 5,001 - 20,000 square feet - Administrative Use Permit
  - 20,001 square feet or more - Conditional Use Permit

# No Changes

(effective November 2020)

| USE                                               | IL          | IG          |
|---------------------------------------------------|-------------|-------------|
| <b>Warehousing &amp; Distribution</b>             |             |             |
| Warehousing and Distribution, Large               | C           | P           |
| Warehousing and Distribution, Small               | P           | P           |
| Warehousing and Distribution with Outdoor Storage | C           | C           |
| Heavy Distribution                                | Not Allowed | Not Allowed |
| Parcel Sorting Facilities                         | Not Allowed | Not Allowed |
| Parcel Hub Small                                  | Not Allowed | Not Allowed |
| Parcel Hubs Large                                 | Not Allowed | Not Allowed |

## **April 7, 2021 City Council Action**

1. Placed RG4MH Initiative on the ballot;
2. Adopted the collaborative ordinance as an “urgency ordinance”;  
and
3. Directed Planning Commission to review collaborative ordinance as a permanent ordinance and consider placement on ballot.

## Same as Urgency Ordinance

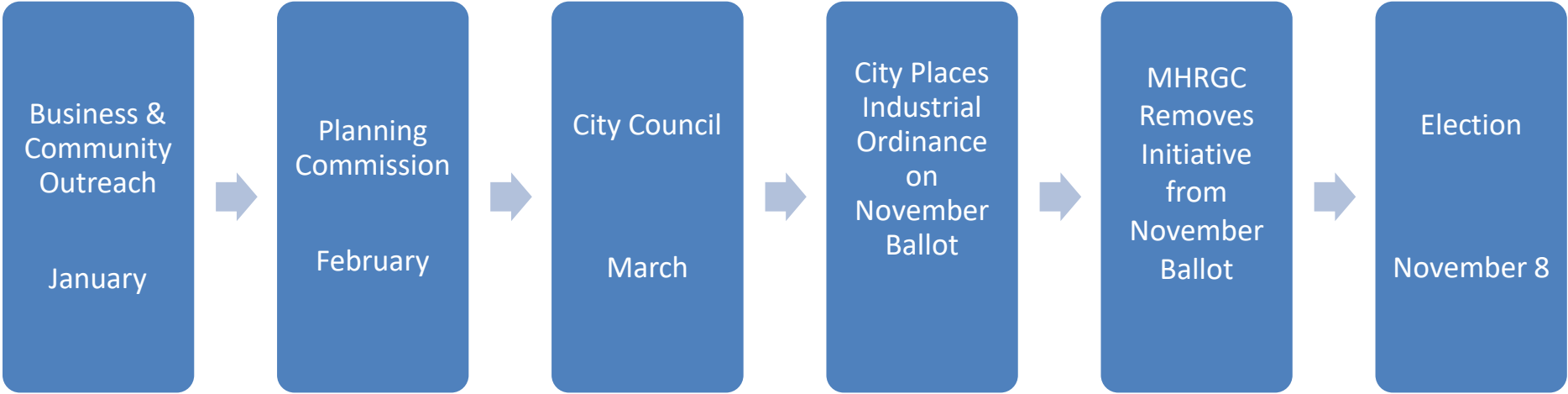
Adds Section 18.76.140 – Maximum Dock High Door Ratio for a facility that has a floor area of seventy-five thousand (75,000) square feet or greater and a ceiling height of more than thirty-four (34) feet over more than twenty-five (25) percent of the floor area is 1 Dock-High-Door:25,000 square feet



Change/create definitions for:

- » Dock-High-Door
- » Dock-High-Door to Square Foot Ratio
- » Ceiling Height
- » Light Manufacturing

# 2022 Schedule





# Questions



## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: March 16, 2022**

PREPARED BY:

Rich Buikema, Contract Planner

APPROVED BY: City Manager

### **ADOPT ZONING CODE AMENDMENT TO SECTION 18.26.020 (LAND USE REGULATIONS) OF CHAPTER 18.26 (INDUSTRIAL ZONING DISTRICTS) OF TITLE 18 (ZONING) TO MODIFY THE LAND USES PERMITTED IN THE INDUSTRIAL ZONING DISTRICTS**

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

1. Open/close the public hearing.
2. Waive first and second reading of the Ordinance Amendment; and
3. Introduce Ordinance Amendment as recommended by staff and amended by the Planning Commission.

**Estimated Time:** 30 Minutes

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

##### **2022-2023 Strategic Priorities**

Fiscal Sustainability

Economic Development

##### **Guiding Documents**

Economic Blueprint

Morgan Hill 2035 General Plan

#### **REPORT NARRATIVE:**

An Industrial Land Preservation and Optimization Policy has been developed for City Council consideration and supports amending the current zoning code to minimize and reduce incompatible uses within the industrial lands, while expanding opportunities for compatible uses in the medical, healthcare, and medical office and clinic industries that meet current market demand, creates quality jobs, and improves the quality of life for residents. A draft ordinance is being proposed that would amend the Industrial Land Use Regulations. The proposed amendments would implement the Morgan Hill General Plan, 2017 Morgan Hill Economic Blueprint and the pending Industrial Land Preservation and Optimization City Council Policy.

The proposed staff recommended amendments to Section 18.26.020 (Land Use Regulations) of the Municipal Code are described as follows:

- a. Prohibit the following non-industrial uses in both the IG (General Industrial) and IL (Light Industrial) zoning districts.
  - i. Community Assembly
  - ii. Commercial Recreation, Indoor
  - iii. Home Improvement Centers
- b. Prohibit the following non-industrial uses in the IG (General Industrial) zoning district.
  - i. Colleges/Trade Schools
  - ii. Parks and Recreational Facilities
  - iii. Adult Businesses
  - iv. Public Safety Facilities
  - v. Mini-Storage
  - vi. Large Commodity Retail
  - vii. Professional Offices
- c. Allow Medical Offices and Clinics of less than 20,000 square feet as a Permitted use in the LI (Light Industrial), CI (Commercial Industrial), IO (Light Office Industrial) and IC (Campus Industrial) zoning districts.
- d. Allow Medical Offices and Clinics of 20,000 square feet or more as a Conditional use in the IL(Light Industrial) zoning district and as a permitted use in the CI (Commercial Industrial), IO (Light Office Industrial) and IC (Campus Industrial) zoning districts.

### **Planning Commission Action**

The Planning Commission reviewed the proposed amendments on February 8, 2022. Following discussion, the Planning Commission unanimously approved Resolution No. 22-03 recommending the City Council approve the proposed Amendments as presented by Staff with the following exceptions;

1. Maintain the requirement that Home Improvement Centers obtain a Conditional Use Permit in the IL-Light Industrial Zoning District

- Staff had recommended that Home Improvement Centers be prohibited. The Commission indicated that given the potential economic benefit of a home improvement center, those uses should continue to be allowed in the IL-Light Industrial zone, subject to a Conditional Use Permit by the Planning Commission.

2. Require an Administrative Use Permit for Medical Office and Clinics of less than 20,000 square feet.

- Staff had recommended allowing Medical Offices and Clinics as a permitted use

at 20,000 square feet. When the idea of requiring an Administrative Use Permit was raised, staff suggested consideration of the following:

- 5,000 square feet or less - Permitted by right
- 5,001-20,000 square feet - Administrative Use Permit
- 20,000 square feet or more - Conditional Use Permit
- After further discussion, the Commission indicated that discretionary review was needed to address the potential for a Medical Office or Clinic being proposed next to an incompatible use or a concentration of those uses. The Commission recommended that an Administrative Use Permit, issued by the Community Development Director provided the appropriate level of review to address their concern. Administrative Use Permits can also be elevated to the Planning Commission.

### **COMMUNITY ENGAGEMENT:**

Community engagement on this topic has taken place since July 2020 with the ULI and SVEDA seminars on industrial lands utilization & policy. The Planning Commission held meetings on this topic on September 22, 2020 and March 9, 2021. Information has been shared through the City's Citywide 411 Newsletter, the Choose Morgan Hill Economic Development eNewsletter, and emails have been sent to stakeholders including industrial property owners, businesses, and commercial real estate brokers.

A 10-day public hearing notice was published in the Friday, February 18, 2022 edition of the Morgan Hill Times pursuant to Government Code Sections 65090-65096. Notice was also provided on the website and social media. On February 8, 2022, the Planning Commission held a public hearing regarding the proposed ordinance amendments in which a 10-day public hearing notice was published in the Friday, January 28, 2022 edition of the Morgan Hill Times.

On February 8, 2022, the Morgan Hill Planning Commission heard and adopted the proposed zoning amendments with two exceptions noted above.

### **ALTERNATIVE ACTIONS:**

If the City Council does not take action on the proposed ordinance amendments, the Municipal Code will remain as-is, including the allowed uses within the industrial zoning districts. The Council may also adopt staff's original recommendation, make modifications to the proposed amendments, or not approve certain amendments that the Council deems appropriate.

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

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

On June 6, 2018, the City Council adopted Ordinance No. 2277 N.S., a comprehensive update of Title 18 – Zoning of the City of Morgan Hill Municipal Code. The update included an amendment to the City's official zoning map consistent with the Morgan Hill 2035 General Plan.

**FISCAL AND RESOURCE IMPACT:**

Staff regularly brings forward bundles of minor amendments as necessary to enhance, correct and/or refine the Code; and therefore, the cost is borne, and work is accommodated, within the respective division's annual workplan and budget.

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

This ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines, as the proposed text amendments to the Morgan Hill Zoning Code is not a project with potential for causing a significant effect on the environment requiring California Environmental Quality Act (CEQA) analysis. Additionally, on July 27, 2016, the City Council certified an environmental impact report (EIR) for the Morgan Hill 2035 General Plan. This ordinance is consistent with, and implements, the General Plan and therefore was analyzed in the EIR for the 2035 General Plan. Pursuant to Section 15162 and Section 15183 of the State CEQA Guidelines, no additional review under the California Environmental Quality Act is required.

## PLANNING COMMISSION STAFF REPORT

### MEETING DATE: February 8, 2022

**PREPARED BY:**

Rich Buikema, Contract Planner

**APPROVED BY:** Jennifer Carmen

**ZA2021-0008: MUNICIPAL CODE AMENDMENT AMENDING SECTION 18.26.020 (LAND USE REGULATIONS) OF CHAPTER 18.26 (INDUSTRIAL ZONING DISTRICTS) OF TITLE 18 (ZONING) TO MODIFY THE LAND USES PERMITTED IN THE INDUSTRIAL ZONING DISTRICTS**

**RECOMMENDATION(S)**

1. Open/close public hearing; and,
2. Adopt Resolution recommending City Council approval of the Municipal Code Amendment.

**PROJECT INFORMATION:**

A draft ordinance is being proposed that would amend the Industrial Land Use Regulations. The proposed amendments would implement the Morgan Hill General Plan, 2017 Morgan Hill Economic Blueprint and the pending Industrial Land Preservation and Optimization City Council Policy.

**BACKGROUND:**

In April 2017, the City Council unanimously adopted the 2017 Morgan Hill Economic Blueprint that identified industrial preservation as a key strategy for long-term economic sustainability. A component of this strategy is to restrict non-industrial uses that have the potential to inhibit the operation of industrial uses and discourage new industrial users from locating in Morgan Hill.

In July 2020, the City's Economic Development Team, in partnership with the Urban Land Institute (ULI) and the Silicon Valley Economic Development Alliance (SVEDA), hosted four independent seminars with industry experts, and planning and economic development professionals to better understand today's market at a national, regional, and local level. The seminars took a deep dive into the future of industrial and retail sectors, especially post-Covid-19, and identified tactical strategies for Morgan Hill to consider that support the City's industrial preservation and retail concentration goals.

On September 22, 2020, the Planning Commission conducted the first Industrial Preservation Policy Workshop. The findings of the July 2020 ULI and SVEDA seminars were shared during this meeting. The Planning Commission accepted the report and provided feedback on the industrial preservation concentration policies.

On March 9, 2021, the Planning Commission conducted a second Industrial Preservation Policy Workshop to review proposed changes to the Zoning Code to support an industrial preservation strategy. The Planning Commission reviewed, discussed, and provided feedback on the proposed changes to Section 18.26.020 (Land Use Regulations) of the Industrial Zoning Districts Chapter for alignment with industrial preservation goals. The Planning Commission was generally supportive of the proposed Zoning Code amendments. However, concerns were expressed by the Commission regarding higher rents due to locating commercial recreation uses, such as a gymnastics facility, outside of industrial areas. Staff responded that the need to preserve industrial land was of greater concern.

An Industrial Land Preservation and Optimization Policy has been developed for City Council consideration and supports amending the current zoning code to minimize and reduce incompatible uses within the industrial lands, while expanding compatible uses in the medical, healthcare, and medical office and clinic industries that meet current market demand, creates quality jobs, and improves the quality of life for residents. The policy document will be considered as a separate item.

**PROJECT DESCRIPTION:**

The City proposes the following amendments to Section 18.26.020 (Land Use Regulations) of the Industrial Zoning Districts Chapter to preserve the City's limited supply of industrial land, prevent incompatible uses, and to accommodate additional medical services:

- a. Prohibit the following non-industrial uses in both the IG (General Industrial) and IL (Light Industrial) zoning districts.
  - i. Community Assembly
  - ii. Commercial Recreation, Indoor
  - iii. Home Improvement Centers
- b. Prohibit the following non-industrial uses in the IG (General Industrial) zoning district.
  - i. Colleges/Trade Schools
  - ii. Parks and Recreational Facilities
  - iii. Adult Businesses
  - iv. Public Safety Facilities
  - v. Mini-Storage
  - vi. Large Commodity Retail
  - vii. Professional Offices
- c. Allow Medical Offices and Clinics less than 20,000 square feet as a permitted use in the LI (Light Industrial), CI (Commercial Industrial), IO (Light Office Industrial) and IC (Campus Industrial) zoning districts.
- d. Allow Medical Offices and Clinics of 20,000 square feet or more as a conditional use in the IL (Light Industrial) zoning district and as a permitted use in the CI (Commercial Industrial), IO (Light Office Industrial) and IC (Campus Industrial) zoning districts.

**ANALYSIS:**

The proposed ordinance implements the General Plan, 2017 Morgan Hill Economic Blueprint and the pending Industrial Land Preservation and Optimization City Council Policy. A chart displaying an overall summary of the proposed zoning amendments is attached (Attachment 3).

**Prohibiting Nonindustrial Uses in Industrial Zones**

The draft ordinance proposes to amend the Industrial Land Use Regulations to prohibit certain non-industrial uses that are either currently permitted or that would be allowed with a Conditional Use Permit (CUP). Allowing non-industrial uses within industrial areas depletes the supply of industrial land, inhibits the operation of existing industrial uses, and potentially discourages new industrial businesses from locating or expanding in Morgan Hill. The proposed zoning amendment will avoid the establishment of "sensitive receptors" within the industrial zoned land that could be adversely affected from noise, dust, odor, and emissions typical of heavy industrial uses.

With no foreseeable expansion to the supply of industrial lands, prohibiting non-industrial uses will help extend the lifespan of the industrial land supply. While certain non-industrial uses are currently allowed only with a CUP, eliminating the CUP option will send a clear message of the importance of preserving industrial areas for primarily industrial uses.

Most of the changes are within the permitted use category in IG (General Industrial) zoning district (approximately 70 acres, of which six (6) acres are vacant) and IL (Light Industrial) zoning district (approximately 590 acres, of which 115 acres are vacant ). The use limitations are proposed because of the nature of heavy industrial operations and the potential for conflict non-industrial uses.



| Land Use                 | IG - General Industrial |               | IL - Light Industrial |               |
|--------------------------|-------------------------|---------------|-----------------------|---------------|
|                          | Existing                | Proposed      | Existing              | Proposed      |
| Community Assembly       | CUP                     | Not Permitted | CUP                   | Not Permitted |
| Commercial Rec. Indoor   |                         |               |                       |               |
| < 15,000 sq. ft.         | CUP                     | Not Permitted | CUP                   | Not Permitted |
| >15,000 sq. ft.          | CUP                     | Not Permitted | CUP                   | Not Permitted |
| Colleges/Trade Schools   | CUP                     | Not Permitted | CUP                   | CUP           |
| Parks & Rec.             | CUP                     | Not Permitted | CUP                   | CUP           |
| Adult Businesses         | Permitted               | Not Permitted | Permitted             | Permitted     |
| Public Safety Facilities | CUP                     | Not Permitted | CUP                   | CUP           |
| Mini-Storage             | CUP                     | Not Permitted | CUP                   | CUP           |
| Home Improvement Ctr.    | CUP                     | Not Permitted | CUP                   | Not Permitted |
| Large Commodity Retail   | CUP                     | Not Permitted | CUP                   | Not Permitted |
| Professional Offices     | Permitted               | Not Permitted | Permitted             | Permitted     |

Below are the definitions of the non-industrial uses that are proposed to be prohibited in the IG (General Industrial) and/or IL (Light Industrial) zoning districts, as defined in the Zoning Code:

**Community Assembly.** Facilities that provide space for public or private meetings or gatherings. Includes places of worship, community centers, meeting space for clubs and other membership organizations, social halls, union halls, banquet centers, and other similar facilities.

**Commercial Recreation, Indoor.** A commercial recreation facility primarily located indoors. Includes gymnasiums, health clubs, bowling alleys, indoor tennis and racquet courts, indoor swimming pools, laser tag and other similar games. Excludes "instructional services."

**Colleges and Trade Schools.** Institutions of higher education provide curricula of a general, religious or professional nature, typically granting recognized degrees. Includes junior colleges, business and computer schools, management training, vocational education, and technical and trade schools.

**Home Improvement Centers.** A retail establishment which carries a full line of building materials, appurtenances, and decorator items primarily for homeowners (not contractors) to improve and maintain individual dwellings.

**Colleges and Trade Schools.** Institutions of higher education providing curricula of a general, religious, or professional nature, typically granting recognized degrees. Includes junior colleges, business and computer schools, management training, vocational education, and technical and trade schools.

**Parks and Recreational Facilities.** Non-commercial facilities that provide open space and/or recreational opportunities to the public. Includes parks, community gardens, community centers, passive and active open space, wildlife preserves, playing fields, tennis courts, swimming pools, gymnasiums, and other similar facilities.

**"Adult businesses"** include but are not limited to adult bookstores, adult video stores, adult novelty stores, adult arcades, adult motels, adult theaters, adult entertainment enterprises, adult cabarets, escort agencies, massage parlors, nude modeling studios; or places which engage in or allow couch dancing, topless dancing, nude or semi-nude mud wrestling or similar businesses.

**Large Commodity Retail.** A retail use where more than seventy-five percent of the gross floor area is used for display, sales, and related storage of bulky commodities, and which typically generate a demand for fewer parking spaces than do other types of retail uses. Includes retail sale of carpeting



and floor covering; catalog and mail order sales; construction equipment and machinery; garden and farm equipment; heating, ventilating, air conditioning, and other mechanical equipment and supplies; kitchen, bathroom and plumbing appliances, equipment, and supplies; lumber and building materials; office furniture, equipment, and machinery, including computers; and household furniture.

**Professional Offices.** A place of employment occupied by businesses providing professional, executive, management, or administrative services. Includes offices for accountants, architects, advertising agencies, insurance agents, attorneys, commercial art and design services, non-retail financial institutions, real estate agents, news services, photographers, engineers, employment agencies, real-estate agents, and other similar professions. Excludes "medical offices and clinics."

### **Allowing Medical Offices and Clinics in Industrial Zones**

The draft ordinance proposes to amend the Industrial Land Use Regulations to:

- Allow Medical Offices and Clinics less than 20,000 square feet as a permitted use in the IL (Light Industrial), CI (Commercial Industrial), IO (Light Office Industrial) and IC (Campus Industrial) zoning districts.
- Allow Medical Offices and Clinics of 20,000 square feet or more as a conditional use in the IL (Light Industrial) zoning district and as a permitted use in the IC (Commercial Industrial), IO (Light Office Industrial) and IC (Campus Industrial) zoning districts.

The proposed allowance of Medical Offices and Clinics in the industrial districts will be in addition to their present allowance in the commercial zoning districts (Administrative Use Permit required in CH (Highway Commercial)).

The ordinance is proposed because the existing prohibition of medical offices and clinics within light industrially zoned areas is not aligned or consistent with City Council and community priorities to attract and grow medical services in Morgan Hill. Specifically, General Plan Policy SSI-11.3 encourages the provision of a full range of medical services in the City, including an acute care hospital. Additionally, over the past several months, there have been several inquiries for medical uses looking to locate in Morgan Hill. Nearly all the inquires have been on land, or within buildings, designated as Light Industrial which does not currently allow for this use. The proposed ordinance will further facilitate new investments in Morgan Hill for specialized medical practices, rehabilitative care, imaging, and urgent care.

The proposed requirement for a CUP for medical offices and clinics more than 20,000 square feet is to provide the Planning Commission the opportunity to address the potential over-concentration of medical uses in the IL (Light Industrial) zoning district. Based on a sampling of medical office spaces currently on the market, the average medical office unit space is approximately 2,500 square feet, within a 20,000 square foot building.

### **Legal Nonconforming Uses**

Upon adoption of the proposed ordinance amendments, previously allowed and conditional uses that are no longer allowed will become "legal non-conforming" uses. Section 18.68.060 (Nonconforming Use of Structures) of the Zoning Code will apply to any uses that are nonconforming upon adoption of the proposed ordinance.

#### **18.68.060 Nonconforming use of structures.**

- A. Change in Ownership, Tenancy, or Management. A change in ownership, tenancy, or management of a nonconforming use shall not affect its legal nonconforming status.
- B. Resuming a Nonconforming Use. A nonconforming use changed to a conforming

use shall not return to a nonconforming use.

- C. Replacement of a Nonconforming Use. A nonconforming use may not be replaced by another nonconforming use.
- D. Intensification of Use.
  - 1. The enlargement of a structure or site occupied by a nonconforming use, or the intensification in any way of the operation of a nonconforming use, shall require the approval of an administrative use permit.
  - 2. To approve a proposed intensification to a nonconforming use, the Community Development Director shall make all administrative use permit findings (Section 18.108.020) in addition to the findings in Section 18.68.080 (Findings).
- E. Discontinuation of Use. A nonconforming use discontinued for six consecutive months or for twelve months during any two-year period shall not be reestablished and may be replaced only by a conforming use.
- F. Uses Without Required Permits. A legally established use which is allowed in a zoning district, but which lacks a required permit (e.g., administrative use permit, conditional use permit) shall be considered a nonconforming use until the use receives the permit as required by the zoning code.

#### **FINDINGS:**

The proposed Zoning Amendment has been analyzed with respect to consistency with the: 1) General Plan; 2) Zoning Ordinance; and 3) California Environmental Quality Act.

#### **1. General Plan**

The proposed amendments are consistent with the General Plan as the amendments implement the following Goals and Policies:

**GOAL CNF-17** Adequate land for maintaining and focusing industrial development in economically and geographically strategic locations.

**Policy CNF-17.1 Industrial Land Conversion.** Discourage the conversion of property designated for industrial to non-industrial uses.

**Policy CNF-17.2 Industrial Land Use Conflicts.** Ensure proposed new uses adjacent to industrial uses do not introduce land use conflicts that would adversely impact industrial activities.

**GOAL HC-7** Access for all residents to health care facilities and other important community health amenities.

**Policy ED-3.1 Business Retention, Expansion, and Attraction Efforts.** Encourage retention and expansion of existing businesses, and attract new businesses, that:

- Generate revenue to the City General Fund (such as retail and point-of-sale manufacturing).
- Help provide greater fiscal strength and stability to the City;
- Add industry diversity to the local economy.

- Stimulate other businesses to develop in the city.
- Augment or provide a service/amenity presently needed or lacking in the community, including higher education and medical services opportunities; and
- Offer higher-paying, quality jobs for local residents.

**Policy SSI-11.3 Medical Services.** Encourage provision of a full range of medical services in the city, including an acute care hospital.

The proposed text amendments will implement many General Plan Goals and Policies and protect public health through the further restriction of potentially incompatible uses within industrial areas and increase access to health services for Morgan Hill residents.

## 2. Zoning Ordinance

The purpose of the Zoning Code is to implement the General Plan and to protect the public health, safety, and welfare. The City may approve a Zoning Amendment only if the following findings are made:

- The proposed amendment is consistent with the General Plan and any applicable specific plan as provided by Government Code Section 65860.

### Consistent

The proposed text amendments will implement many General Plan Goals and Policies, including those aimed at preserving industrial land and encouraging medical services as described above.

- The proposed amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the City.

### Consistent

The proposed text amendments will protect public health through the further restriction of potentially incompatible uses within industrial areas and increase the access to health services for Morgan Hill residents.

- The proposed amendment is internally consistent with other applicable provisions of the zoning code.

### Consistent

The proposed text amendments will not create any internal inconsistencies with any other zoning code provisions, including the permitted uses in the Industrial and Commercial zoning districts.

## **CONCLUSION:**

The proposed Zoning Code amendments will further support Morgan Hill's Industrial Preservation and Optimization Policy to protect and maximize the City's limited supply of industrial (employment) land that is critical to the City's future economic vitality and sustainability and provide greater opportunity for medical uses to locate in Morgan Hill.

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

This ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines, as the proposed text amendments to the Morgan Hill Zoning Code is not a project with potential for causing a significant effect on the environment requiring California Environmental Quality Act (CEQA) analysis. Additionally, on July 27, 2016, the City Council certified an environmental impact report (EIR) for the Morgan Hill 2035 General Plan. This ordinance is consistent with, and implements, the General Plan and therefore was analyzed in the EIR for the 2035 General Plan. Pursuant to Section 15162 and Section 15183 of the State CEQA Guidelines, no additional review under the California Environmental Quality Act is required.;

**COMMUNITY ENGAGEMENT:**

Proposed changes to the allowed uses in the Industrial zoning districts were discussed with the Planning Commission on September 22, 2020, and March 9, 2021. A 10-Day public hearing notice was published in the January 28, 2022 edition of the Morgan Hill Times pursuant to Government Code sections 65090-65096. Notices were also provided on the City's 411, City's website, and via social media. Staff also shared the proposed Zoning Code changes at the Morgan Hill Chamber of Commerce Economic Development Committee on January 13, 2022 and via a virtual City of Morgan Hill Townhall meeting on January 27, 2022.

## **RESOLUTION NO. 22-03**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL RECOMMENDING APPROVAL OF MUNICIPAL CODE AMENDMENT (ZA2021-0008) TO TITLE 18, DIVISION I, ZONING CODE AMENDING SECTION 18.26.020 (LAND USE REGULATIONS) OF CHAPTER 18.26 (INDUSTRIAL ZONING DISTRICTS) TO MODIFY THE LAND USES PERMITTED IN THE INDUSTRIAL ZONING DISTRICTS.**

**WHEREAS**, this proposed Ordinance (Zoning Amendment ZA2021-0008) was considered by the Planning Commission of the City of Morgan Hill at its regular meeting of February 8, 2022;

**WHEREAS**, the Planning Commission has reviewed recommendations contained in the February 8, 2022, staff report on this item;

**WHEREAS**, the amendments proposed by this Ordinance are necessary to aid in preserving the City's limited supply of Industrial Land and;

**WHEREAS**, this ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines, as the proposed text amendments to the Morgan Hill Zoning Code is not a project with potential for causing a significant effect on the environment requiring California Environmental Quality Act (CEQA) analysis. Additionally, on July 27, 2016, the City Council certified an environmental impact report (EIR) for the Morgan Hill 2035 General Plan. This ordinance is consistent with, and implements, the General Plan and therefore was analyzed in the EIR for the 2035 General Plan. Pursuant to Section 15162 and Section 15183 of the State CEQA Guidelines, no additional review under the California Environmental Quality Act is required.; and

**WHEREAS**, testimony received at a duly noticed public hearing, along with exhibits and other materials have been considered in the review process.

**NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES RESOLVE AS FOLLOWS:**

**SECTION 1.** The proposed amendment is consistent with the General Plan and any applicable specific plan as provided by Government Code Section 65860.

The proposed text amendments will implement many General Plan Goals and Policies including those aimed at preserving industrial land and encouraging medical services.

**SECTION 2.** The proposed amendments will not be detrimental to the public interest, health, safety, convenience, or welfare of the City.

The proposed text amendments will protect public health through the further restriction of potentially incompatible uses within industrial areas and increase the access to health services for Morgan Hill residents.

**SECTION 3.** The proposed amendment is internally consistent with other applicable provisions of the zoning code.

The proposed text amendments will not create any internal inconsistencies with any other zoning code provisions including the permitted uses in the Industrial and Commercial zoning districts.

**SECTION 4.** The Planning Commission hereby recommends approval of changes to the text of the Morgan Hill Municipal Code amending section 18.26.020 (land use regulations) of chapter 18.26 (Industrial Zoning Districts) to modify the land uses permitted in the industrial zoning districts which are shown by strike-out text for deletions and underline text for additions. All text amendments recommended to be made as shown in the draft ordinance (Attachment 2 of the staff report).

**PASSED AND ADOPTED THIS 8<sup>th</sup> DAY OF FEBRUARY 2022, AT A REGULAR MEETING OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:**

**AYES:**                      **COMMISSIONERS:**

**NOES:**                      **COMMISSIONERS:**

**ABSTAIN:**                      **COMMISSIONERS:**

**ABSENT:**                      **COMMISSIONERS:**

**ATTEST:**

\_\_\_\_\_  
**JENNA LUNA, Deputy City Clerk**

**APPROVED:**

\_\_\_\_\_  
**MALISHA KUMAR, Chair**

**Date:** \_\_\_\_\_

**ORDINANCE NO. , NEW SERIES**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY  
OF MORGAN HILL AMENDING TITLE 18, DIVISION I,  
ZONING CODE SECTION 18.26.020 (LAND USE  
REGULATIONS) OF CHAPTER 18.26 (INDUSTRIAL  
ZONING DISTRICTS) TO MODIFY THE LAND USES  
PERMITTED IN THE INDUSTRIAL ZONING DISTRICTS.**

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES ORDAIN AS  
FOLLOWS:

**Section 1.** Section 18.26.020 (Land Use Regulations) of Chapter 18.26 (Industrial Zoning Districts) of Title 18 (Zoning) is hereby amended to read as follows (additions in underline, deletions in ~~strikeout~~):

**18.26.020 Land use regulations.**

A. Permitted Land Uses. Table 18.26-1 identifies land uses permitted in the industrial zoning districts.

Table 18.26-1 Permitted Land Uses in the Industrial Zoning Districts

| Key<br>P Permitted Use<br>A Administrative Use Permit<br>required<br>C Conditional Use Permit required<br>— Use not allowed | Zoning District |    |    |                |                | Additional<br>Regulations |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------|----|----|----------------|----------------|---------------------------|
|                                                                                                                             | CI              | IO | IC | IL             | IG             |                           |
| <b>Residential Uses</b>                                                                                                     |                 |    |    |                |                |                           |
| Caretaker Quarters                                                                                                          | —               | —  | —  | C              | C              |                           |
| <b>Public and Quasi-Public Uses</b>                                                                                         |                 |    |    |                |                |                           |
| Colleges and Trade Schools                                                                                                  | C               | C  | C  | C              | <del>C</del> — |                           |
| Community Assembly                                                                                                          | C               | —  | —  | <del>C</del> — | <del>C</del> — |                           |
| Instructional Services                                                                                                      | A               | —  | —  | —              | —              |                           |
| Medical Offices and Clinics                                                                                                 |                 |    |    |                |                |                           |

|                                    |           |           |           |          |          |           |
|------------------------------------|-----------|-----------|-----------|----------|----------|-----------|
| <u>≤ 20,000 sq. ft.</u>            | <u>AP</u> | <u>—P</u> | <u>—P</u> | <u>P</u> | —        |           |
| <u>&gt; 20,000 sq. ft.</u>         | <u>AP</u> | <u>—P</u> | <u>—P</u> | <u>C</u> | —        |           |
| Parks and Recreational Facilities  | C         | —         | —         | C        | €—       |           |
| Public Safety Facilities           | C         | —         | —         | C        | €—       |           |
| <b>Commercial Uses</b>             |           |           |           |          |          |           |
| Adult Businesses                   | —         | —         | P         | P        | €—       | 18.92.020 |
| Animal-Related Commercial Uses     |           |           |           |          |          |           |
| Animal Boarding                    | C         | —         | —         | C        | C        |           |
| Veterinarian Clinics and Hospitals | A         | A         | A         | C        | C        |           |
| Banks and Financial Institutions   | C [4]     | —         | —         | —        | —        |           |
| Business Support Services          | P         | C         | P         | P        | P        |           |
| Cinemas and Theaters               | A         | —         | —         | —        | —        |           |
| Commercial Recreation, Indoor      |           |           |           |          |          |           |
| ≤ 15,000 sq. ft.                   | P         | C         | C         | €—       | €—       |           |
| > 15,000 sq. ft.                   | C         | C         | C         | €—       | €—       |           |
| Eating and Drinking Uses           |           |           |           |          |          |           |
| Restaurants, Fast Food             | C [4]     | —<br>[5]  | —<br>[5]  | —<br>[5] | —<br>[5] |           |
| Restaurants, Sit-Down              | C [4]     | —<br>[5]  | —<br>[5]  | —<br>[5] | —<br>[5] |           |
| Tasting Rooms                      | P [6]     | —         | —         | A [6]    | A [6]    |           |
| Lodging Facilities                 |           |           |           |          |          |           |
| Hotels and Motels                  | P         | —         | —         | —        | —        |           |
| Mini-Storage                       | —         | —         | —         | C        | €—       | 18.92.100 |
| Personal Service                   | C [4]     | —         | —         | —        | —        |           |



|                                          |       |          |          |                |                |             |
|------------------------------------------|-------|----------|----------|----------------|----------------|-------------|
|                                          |       | [5]      | [5]      | [5]            | [5]            |             |
| Plant Nurseries                          | C     | —        | —        | P              | P              |             |
| Professional Offices                     | P     | P        | P        | P              | <del>P</del> — |             |
| Retail                                   |       |          |          |                |                |             |
| Building Materials                       | C     | —        | —        | P              | P              |             |
| Convenience Markets                      | C [4] | —<br>[5] | —<br>[5] | —<br>[5]       | —<br>[5]       |             |
| General Retail                           | C [4] | —<br>[5] | —<br>[5] | —<br>[5]       | —<br>[5]       |             |
| Home Improvement Centers                 | C     | —        | —        | <del>C</del> — | <del>C</del> — |             |
| Large Commodity Retail                   | C     | —        | —        | <del>C</del> — | <del>C</del> — |             |
| Vehicle-Related Uses                     |       |          |          |                |                |             |
| Salvage and Wrecking                     | —     | —        | —        | —              | C              |             |
| Towing and Impound                       | —     | —        | —        | C              | P              |             |
| Vehicle Repair and Maintenance,<br>Major | —     | —        | —        | C              | P              |             |
| Vehicle Repair and Maintenance,<br>Minor | —     | —        | —        | P              | P [1]          |             |
| Vehicle Storage, Outdoor                 | —     | —        | —        | C              | C              | 18.52.080.C |
| Wholesaling                              | P     | —        | —        | P              | P              |             |
| <b>Industrial Uses</b>                   |       |          |          |                |                |             |
| Construction and Material Yards          | C     | C        | C        | P              | P              | 18.26.030.C |
| Food and Beverage Production             |       |          |          |                |                |             |
| < 5,000 sq. ft. [7]                      | A [2] | A [2]    | A [2]    | P [2]          | P [2]          |             |
| 5,000 sq. ft. to 10,000 sq. ft. [7]      | C [2] | C [2]    | C [2]    | P [2]          | P [2]          |             |
| > 10,000 sq. ft.                         | C     | C        | C        | P              | P              |             |

|                                                   |                   |       |       |       |       |  |
|---------------------------------------------------|-------------------|-------|-------|-------|-------|--|
|                                                   |                   |       |       | [2,8] | [2,8] |  |
| Manufacturing, Light                              | P                 | C [3] | C     | P     | P     |  |
| Manufacturing, General                            | —                 | —     | —     | —     | C     |  |
| Research and Development                          | P                 | P     | P     | P     | P     |  |
| Warehousing and Distribution                      |                   |       |       |       |       |  |
| Warehousing and Distribution, Large               | C                 | C [3] | C [3] | C     | P     |  |
| Warehousing and Distribution, Small               | C                 | C [3] | C [3] | P     | P     |  |
| Warehousing and Distribution with Outdoor Storage | C                 | —     | —     | C     | C     |  |
| Heavy Distribution                                | —                 | —     | —     | —     | —     |  |
| Parcel Sorting Facilities                         | —                 | —     | —     | —     | —     |  |
| Parcel Hub Small < 75,000 sq. ft.                 | —                 | —     | —     | —     | —     |  |
| Parcel Hub Large > 75,000 sq. ft.                 | —                 | —     | —     | —     | —     |  |
| Recycling Facilities                              |                   |       |       |       |       |  |
| Reverse Vending Machine                           | P                 | C     | C     | P     | P     |  |
| Recycling Collection Facility                     | C                 | —     | —     | C     | C     |  |
| Recycling Processing Facility                     | —                 | —     | —     | —     | C     |  |
| Utilities, Major                                  | —                 | —     | —     | C     | C     |  |
| Wireless Communications Facilities                | See Chapter 18.96 |       |       |       |       |  |
| <b>Agriculture and Natural Resource Uses</b>      |                   |       |       |       |       |  |
| Crop Cultivation                                  | —                 |       | —     |       |       |  |
| <b>Other Uses</b>                                 |                   |       |       |       |       |  |
| Accessory Uses                                    | See Chapter 18.44 |       |       |       |       |  |

|                |                       |  |
|----------------|-----------------------|--|
| Temporary Uses | See Section 18.92.150 |  |
|----------------|-----------------------|--|

**Section 2. Severability.** Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

**Section 3. Effective Date; Posting.** This Ordinance shall take effect on \_\_\_\_\_, 20\_\_\_. The City Clerk is hereby directed to publish this Ordinance or a summary thereof pursuant to Government Code Section 36933.

This ordinance was introduced at a meeting of the City Council held on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, and adopted at a meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, and said ordinance was duly passed and adopted in accordance with law by the following vote:

**AYES: COUNCIL MEMBERS:**

**NOES: COUNCIL MEMBERS:**

**ABSTAIN: COUNCIL MEMBERS:**

**ABSENT: COUNCIL MEMBERS:**

**ATTEST:**

**APPROVED:**

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

\_\_\_\_\_  
RICHARD CONSTANTINE, Mayor

### **CERTIFICATE OF THE CITY CLERK**

I, MICHELLE BIGELOW, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. \_\_\_\_\_, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

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

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

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

## Proposed Industrial Zoning Changes

| Land Use                 | IG - General Industrial |               | IL - Light Industrial |               | CI - Commercial Industrial |               | IO - Industrial Office |               | IC - Campus Industrial |               |
|--------------------------|-------------------------|---------------|-----------------------|---------------|----------------------------|---------------|------------------------|---------------|------------------------|---------------|
|                          | Existing                | Proposed      | Existing              | Proposed      | Existing                   | Proposed      | Existing               | Proposed      | Existing               | Proposed      |
| Community Assembly       | CUP                     | Not Permitted | CUP                   | Not Permitted | CUP                        | CUP           | Not Permitted          | Not Permitted | Not Permitted          | Not Permitted |
| Commercial Rec. Indoor   |                         |               |                       |               |                            |               |                        |               |                        |               |
| < 15,000 sq. ft.         | CUP                     | Not Permitted | CUP                   | Not Permitted | Permitted                  | Permitted     | CUP                    | CUP           | CUP                    | CUP           |
| >15,000 sq. ft.          | CUP                     | Not Permitted | CUP                   | Not Permitted | CUP                        | CUP           | CUP                    | CUP           | CUP                    | CUP           |
| Colleges/Trade Schools   | CUP                     | Not Permitted | CUP                   | CUP           | CUP                        | CUP           | CUP                    | CUP           | CUP                    | CUP           |
| Parks & Rec.             | CUP                     | Not Permitted | CUP                   | CUP           | CUP                        | CUP           | Not Permitted          | Not Permitted | Not Permitted          | Not Permitted |
| Adult Businesses         | Permitted               | Not Permitted | Permitted             | Permitted     | Not Permitted              | Not Permitted | Not Permitted          | Not Permitted | Permitted              | Permitted     |
| Public Safety Facilities | CUP                     | Not Permitted | CUP                   | CUP           | CUP                        | CUP           | Not Permitted          | Not Permitted | Not Permitted          | Not Permitted |
| Mini-Storage             | CUP                     | Not Permitted | CUP                   | CUP           | Not Permitted              | Not Permitted | Not Permitted          | Not Permitted | Not permitted          | Not Permitted |
| Home Improvement Ctr.    | CUP                     | Not Permitted | CUP                   | Not Permitted | CUP                        | CUP           | Not Permitted          | Not Permitted | Not permitted          | Not Permitted |
| Large Commodity Retail   | CUP                     | Not Permitted | CUP                   | CUP           | CUP                        | CUP           | Not Permitted          | Not Permitted | Not Permitted          | Not Permitted |
| Professional Offices     | Permitted               | Not Permitted | Permitted             | Permitted     | Permitted                  | Permitted     | Permitted              | Permitted     | Permitted              | Permitted     |
| Medical Office & Clinics |                         |               |                       |               |                            |               |                        |               |                        |               |
| <20,000 sq. ft.          | Not Permitted           | Not Permitted | Not Permitted         | Permitted     | AUP                        | Permitted     | AUP                    | Permitted     | AUP                    | Permitted     |
| ≥ 20,000 sq. ft.         |                         | Not Permitted |                       | CUP           |                            | Permitted     |                        | Permitted     |                        | Permitted     |

Permitted - Use allowed by right in Zoning.

CUP - Conditional Use Permit Required

AUP - Administrative Use Permit Required

Proposed Change

### INDUSTRIAL ZONING DISTRICTS

**General Industrial (IG).** The purpose of the IG zoning district is to provide areas for general industrial, manufacturing, wholesale and service uses needed by the city and region subject to regulations necessary to protect other nearby uses from hazards and noise and other disturbances.

**Light Industrial (IL).** The purpose of the IL zoning district is to provide areas for research, administrative, lighter manufacturing, wholesale and heavy service commercial uses not suitable in commercial districts.

**Commercial Industrial (CI).** The purpose of the CI zoning district is to promote job-generating development of lands by allowing flexibility in the mix of industrial, office, and commercial uses that are compatible with existing development. Lodging uses (e.g., hotels) that support primary job generating uses within business districts are allowed.

**Light Office Industrial (IO).** The purpose of the IO zoning district is to provide areas for mixed administrative and executive office uses in appropriate areas within the community.

**Campus Industrial (IC).** The purpose of the IC zoning district is to provide an environment exclusively for and conducive to the development and protection of modern administrative facilities, research institutions and specialized manufacturing operations..

### USE DEFINITIONS

**Community Assembly.** Facilities that provides space for public or private meetings or gatherings. Includes places of worship, community centers, meeting space for clubs and other membership organizations, social halls, union halls, banquet centers, and other similar facilities.

**Commercial Recreation, Indoor.** A commercial recreation facility primarily located indoors. Includes gymnasiums, health clubs, bowling alleys, indoor tennis and racquet courts, indoor swimming pools, laser tag and other similar games. Excludes "instructional services."

**Manufacturing, General.** Manufacturing of products from extracted or raw materials or recycled or secondary materials, or bulk storage and handling of such products and materials. Includes operations such as agriculture processing, apparel manufacturing; photographic processing plants; wood product manufacturing; paper manufacturing; chemical manufacturing.

"**Adult businesses**" include but are not limited to: adult bookstores, adult video stores, adult novelty stores, adult arcades, adult motels, adult theaters, adult entertainment enterprises, adult cabarets, escort agencies, massage parlors, nude modeling studios; or places which engage in or allow couch dancing, topless dancing, nude or semi-nude mud wrestling or similar businesses.

**Large Commodity Retail.** A retail use where more than seventy-five percent of the gross floor area is used for display, sales, and related storage of bulky commodities, and which typically generate a demand for fewer parking spaces than do other types of retail uses. Includes retail sale of carpeting and floor covering; catalog and mail order sales; construction equipment and machinery; garden and farm equipment; heating, ventilating, air conditioning, and other mechanical equipment and supplies; kitchen, bathroom and plumbing appliances, equipment, and supplies; lumber and building materials; office furniture, equipment, and machinery, including computers; and household furniture.

**Home Improvement Centers.** A retail establishment which carries a full line of building materials, appurtenances, and decorator items primarily for homeowners (not contractors) to improve and maintain individual dwellings. Excludes building supply yards and lumberyards for contractors and home builders.

**Medical Offices and Clinics.** Facilities where medical, mental, dental, or other personal health services are provided on an outpatient basis using specialized equipment. Includes offices for physicians, dentists, and optometrists, diagnostic centers, blood banks and plasma centers, and emergency medical clinics offered exclusively on an out-patient basis. May include educational aspects such as medical instruction and/or training as well as house a laboratory, radiology/imaging, pharmacy, rehabilitation and other similar services as accessory uses. Excludes "hospitals."

**From:** [Craig Erb](#)  
**To:** [PC Public Comment](#)  
**Subject:** [EXTERNAL] Planning Commission 2/8/22  
**Date:** Thursday, February 3, 2022 2:25:29 PM

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Some people who received this message don't often get email from [craig\\_erb@ymail.com](mailto:craig_erb@ymail.com). [Learn why this is important](#)

It appears Warehousing and Distribution, Large C C [3] C [3] C P is permitted or conditionally permitted according to proposed amendment to Section 18.26.020 (Land Use Regulations) and contrary to the "2020

City Council approved Zoning Code Amendments that prohibit stand-alone large fulfillment centers and parcel sorting centers".

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

# **Industrial Preservation Workplan Planning Commission February 8, 2022**



# 2035 General Plan

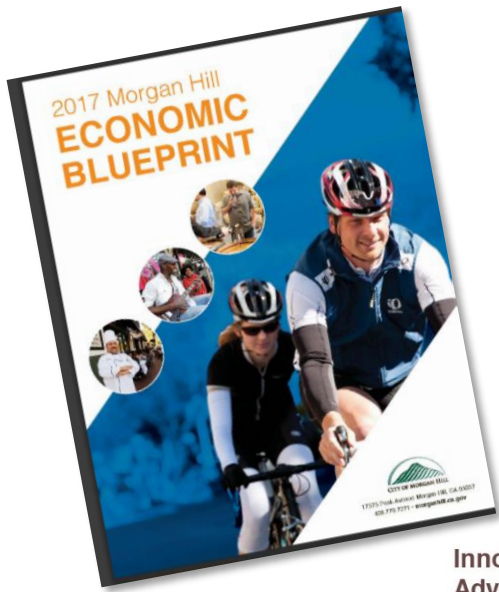


## Economic Development's Role

The Economic Development Element establishes policy guidance to support the community's economic well-being. Its strategies include diversifying the local economy, increasing the quality and quantity of available job opportunities, decreasing the need for commuting, creating a thriving Downtown, and enhancing Morgan Hill's appeal as a tourist destination.

- Develop & maintain high-quality public infrastructure & services
- Position Morgan Hill as a compelling choice for companies by providing flexibility
- Retain and attract businesses by providing a business-friendly climate
- Create fiscal sustainability by cultivating a diversified tax base
- Increase economic opportunity through a robust and diverse range of business activity





**Innovation and  
Advanced Manufacturing**  
Grow existing companies,  
attract new industry and grow  
professional jobs.

**Retail**  
Grow retail offerings  
and strengthen  
commercial nodes.

## Four Industry Areas

**Healthcare**  
Grow and foster the  
medical service and  
diagnostics industry  
by attracting services  
and facilities.

**Tourism**  
Grow leisure, agriculture,  
wine country and  
recreational tourism.

# 2017 Economic Blueprint

**The Economic Blueprint identified 4 core industries, 13 strategies and 35 specific action items.**

- Action #1: Adopting an employment (Industrial) land preservation policy, and
- Action #2: To strengthening General Plan language to prevent the conversion of Industrial lands.

## **Industrial Preservation**

- Economically Sustainable
- Jobs & Revenue
- Maintain Industrial Lands for Job-generating Uses
- Prevent incompatible uses

# Industrial Preservation Meetings & Action History



# Strategic Economics Study

## Industrial Findings

- Morgan Hill continues to be an attractive destination for industrial users, including manufacturers, machine shops, and assembly businesses.
- Morgan Hill Ranch and Madrone Business Parks continue to be the strongest location for future industrial, R&D, and warehouse uses.
- Demand for industrial buildings has outpaced building supply for manufacturing, machining, and assembly businesses.
- Morgan Hill firms have left to expand elsewhere, due to lack of industrial space availability.
- New construction is expensive and takes approximately 2 years to complete (plan, permit, construct).

# Strategic Economics Study

## Industrial Findings

- Vacant industrial (employment) land supply can accommodate 25 to 165 years of projected demand
- When currently entitled projects are considered, excluding Redwood Tech 101, the available land horizon drops to 19 to 95 years
- Today, there are only 120 acres of industrial (employment) land remaining (vacant)
  - 86.5 acres Light Industrial (IL)
  - 6 acres General Industrial (IG)
  - *27.5 acres Redwood Tech 101- planned and permitted*

# Industrial Land Preservation Strategies

- **Use it.** The best way to preserve industrial/employment lands is to use them for their industrial purpose.
- Revisit Policy CNF-17.1 language within the General Plan and replace 'discourage' with "**prohibit**" the conversion of industrial lands.
- **Limit discretion of CUP uses** in employment generating uses.
- Hold the line. **Prioritize** wanted uses such as OEM (original equipment manufacturer).
- **Brand**, market, and promote industrial parks.
- **Incentivize** industrial development. Explore how fee structures and taxes align with land use.
- Allow for mixed uses within industrial. Consider **office** or other uses.
- Consider post COVID-19 uses. The pandemic may create new products and uses that are not currently articulated in city codes. Be flexible to **allow for industries and new operations.**

# What actions has City taken?



In November 2020, the City Council City Council adopts Ordinance 2317 amending the City's Industrial Zoning Code prohibiting fulfillment centers, defining Large Scale Projects and moving review and approval authority from City staff to Planning Commission.

Addressed via Zoning Code

- ✓ Fulfillment Centers Prohibited
- ✓ Sorting Centers Prohibited
- ✓ Last-mile (local) distribution Prohibited
- ✓ Large projects defined as  $\geq 100$  units or  $\geq 75,000$  sq ft
- ✓ Large projects now require public hearing
- ✓ Review & Approval authority for large projects moved to Planning Commission



# What actions has City taken?

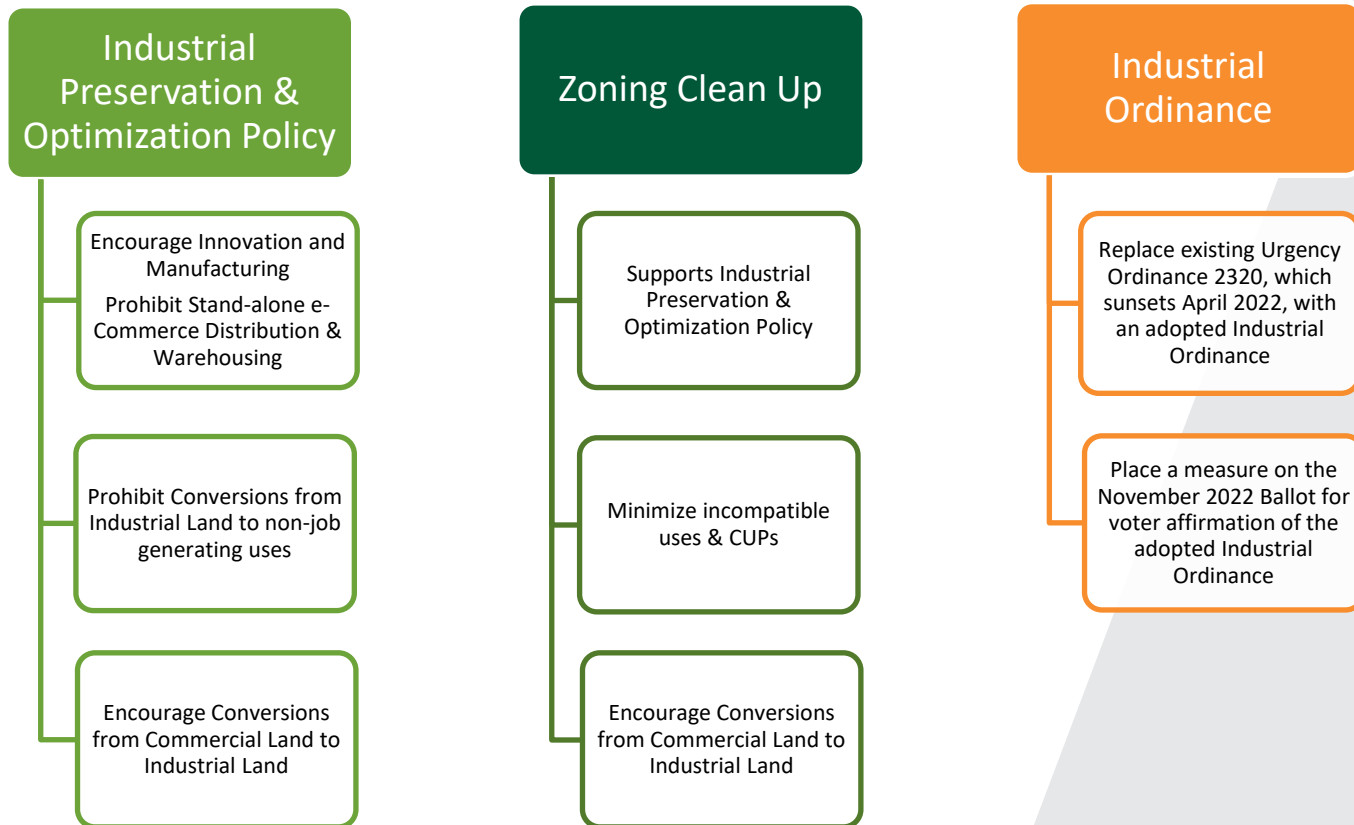


In April 2021, City Council passed Urgency Ordinance 2320.

Addressed via Building Type

- ✓ Changed/created definitions for:
  - Dock-High-Door
  - Dock-High-Door to Square Foot Ratio
  - Ceiling Height
  - Light Manufacturing
- ✓ Added Section 18.76.140 – Maximum Dock High Door Ratio for a facility that has a floor area of 75,000 square feet or greater and a ceiling height of more than thirty-four (34) feet over more than twenty-five (25) percent of the floor area is 1 Dock-High-Door:25,000 square feet

# Industrial Preservation Workplan



# Industrial Preservation & Optimization Policy

- In conjunction with the 2035 General Plan, Zoning Ordinance ZA2020-0003, and the Economic Blueprint, the policy will protect the City's limited supply of industrial/employment land to support long term economic vitality.
- Identifies five key goals that provide direction and guidance when developing, implementing, and managing policies, programs, and projects, including implementation of the Zoning Code and General Plan, as they relate to industrial uses and industrial business parks.
- Supports amending the current zoning code to minimize and reduce incompatible uses within the industrial lands.

# Industrial Preservation & Optimization Policy

1. Encourage the attraction and expansion of R&D, Office, and Advanced Manufacturing uses.
2. Prohibit stand-alone e-commerce Warehouse and Distribution uses.
3. Prohibit General Plan conversions of Industrial lands that cause a net loss of industrial employment lands.
4. Protect existing Industrial lands and business parks by prohibiting non-compatible uses such as community assembly and recreational uses, while expanding compatible uses.
5. Encourage conversion of Commercial Lands to Industrial Lands where appropriate.

# Industrial Preservation & Optimization Policy

| STRATEGY                                                                                                                                                                   | ACTIONS                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Encourage the attraction and expansion of R&D, Office, and Advanced Manufacturing uses.                                                                                    | Marketing, Messaging & Outreach<br>Development of Incentive Programs |
| Prohibit stand-alone e-commerce Warehouse and Distribution uses.                                                                                                           | Industrial Ordinance<br>Zoning Code                                  |
| Prohibit General Plan conversions of Industrial lands that cause a net loss of industrial employment lands.                                                                | General Plan                                                         |
| Protect existing Industrial lands and business parks by prohibiting non-compatible uses such as community assembly and recreational uses, while expanding compatible uses. | Zoning Code                                                          |
| Explore conversion of Commercial Lands to Industrial Lands where appropriate.                                                                                              | Marketing, Messaging & Outreach<br>City-initiated GP Conversions     |



## Updating Zoning Code

- Minimize and reduce incompatible uses
- Minimize CUPs in industrial zoned areas
- Expand opportunity for medical office and healthcare

# Proposed Zoning Code Changes

| Land Use                            | IG - General Industrial |                      | IL - Light Industrial |                      |
|-------------------------------------|-------------------------|----------------------|-----------------------|----------------------|
|                                     | <u>Existing</u>         | <u>Proposed</u>      | <u>Existing</u>       | <u>Proposed</u>      |
| Community Assembly                  | CUP                     | <b>Not Permitted</b> | CUP                   | <b>Not Permitted</b> |
| Commercial Rec. Indoor              |                         |                      |                       |                      |
| < 15,000 sq. ft.                    | CUP                     | <b>Not Permitted</b> | CUP                   | <b>Not Permitted</b> |
| >15,000 sq. ft.                     | CUP                     | <b>Not Permitted</b> | CUP                   | <b>Not Permitted</b> |
| Colleges/Trade Schools              | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Parks & Rec.                        | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Adult Businesses                    | Permitted               | <b>Not Permitted</b> | Permitted             | Permitted            |
| Public Safety Facilities            | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Mini-Storage                        | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Home Improvement Ctr.               | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Large Commodity Retail              | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Professional Offices                | Permitted               | <b>Not Permitted</b> | Permitted             | Permitted            |
| Manufacturing, General              | CUP                     | CUP                  | Not Permitted         | Not Permitted        |
| <b>Medical Office &amp; Clinics</b> |                         |                      |                       |                      |
| < 20,000 sq. ft.                    | Not Permitted           | Not Permitted        | Not Permitted         | <b>AUP</b>           |
| > 20,000 sq. ft.                    |                         | Not Permitted        |                       | <b>CUP</b>           |

# Proposed Zoning Code Changes

|                                     | CI - Commercial Industrial |                 | IO - Industrial Office |                 | IC - Campus Industrial |                 |
|-------------------------------------|----------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|
| Land Use                            | <u>Existing</u>            | <u>Proposed</u> | <u>Existing</u>        | <u>Proposed</u> | <u>Existing</u>        | <u>Proposed</u> |
| Community Assembly                  | CUP                        | CUP             | Not Permitted          | Not Permitted   | Not Permitted          | Not Permitted   |
| Commercial Rec. Indoor              |                            |                 |                        |                 |                        |                 |
| < 15,000 sq. ft.                    | Permitted                  | Permitted       | CUP                    | CUP             | CUP                    | CUP             |
| >15,000 sq. ft.                     | CUP                        | CUP             | CUP                    | CUP             | CUP                    | CUP             |
| Colleges/Trade Schools              | CUP                        | CUP             | CUP                    | CUP             | CUP                    | CUP             |
| Parks & Rec.                        | CUP                        | CUP             | Not Permitted          | Not Permitted   | Not Permitted          | Not Permitted   |
| Adult Businesses                    | Not Permitted              | Not Permitted   | Not Permitted          | Not Permitted   | Permitted              | Permitted       |
| Public Safety Facilities            | CUP                        | CUP             | Not Permitted          | Not Permitted   | Not Permitted          | Not Permitted   |
| Mini-Storage                        | Not Permitted              | Not Permitted   | Not Permitted          | Not Permitted   | Not permitted          | Not Permitted   |
| Home Improvement Ctr.               | CUP                        | CUP             | Not Permitted          | Not Permitted   | Not permitted          | Not Permitted   |
| Large Commodity Retail              | CUP                        | CUP             | Not Permitted          | Not Permitted   | Not Permitted          | Not Permitted   |
| Professional Offices                | Permitted                  | Permitted       | Permitted              | Permitted       | Permitted              | Permitted       |
| Manufacturing, General              | Not Permitted              | Not Permitted   | Not Permitted          | Not Permitted   | Not Permitted          | Not Permitted   |
| <b>Medical Office &amp; Clinics</b> |                            |                 |                        |                 |                        |                 |
| < 20,000 sq. ft.                    | AUP                        | Permitted       | AUP                    | Permitted       | AUP                    | Permitted       |
| > 20,000 sq. ft.                    |                            | Permitted       |                        | Permitted       |                        | Permitted       |





# No Changes

(effective November 2020)

| USE                                               | IL          | IG          |
|---------------------------------------------------|-------------|-------------|
| <b>Warehousing &amp; Distribution</b>             |             |             |
| Warehousing and Distribution, Large               | C           | P           |
| Warehousing and Distribution, Small               | P           | P           |
| Warehousing and Distribution with Outdoor Storage | C           | C           |
| Heavy Distribution                                | Not Allowed | Not Allowed |
| Parcel Sorting Facilities                         | Not Allowed | Not Allowed |
| Parcel Hub Small                                  | Not Allowed | Not Allowed |
| Parcel Hubs Large                                 | Not Allowed | Not Allowed |

## **April 7, 2021 City Council Action**

1. Placed RG4MH Initiative on the ballot;
2. Adopted the collaborative ordinance as an “urgency ordinance”;  
and
3. Directed Planning Commission to review collaborative ordinance as a permanent ordinance and consider placement on ballot.

## Same as Urgency Ordinance

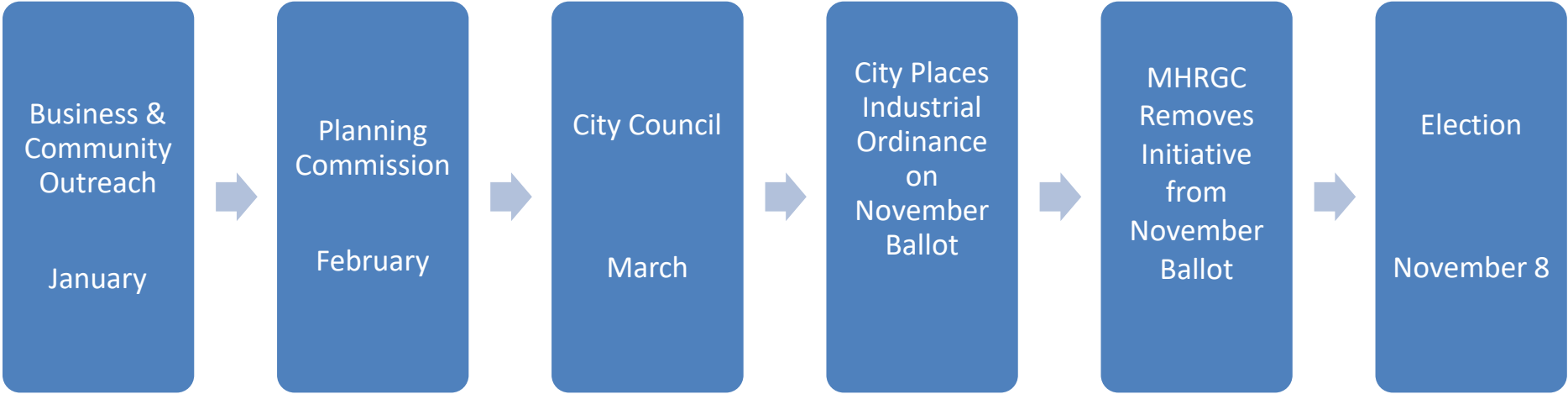
Adds Section 18.76.140 – Maximum Dock High Door Ratio for a facility that has a floor area of seventy-five thousand (75,000) square feet or greater and a ceiling height of more than thirty-four (34) feet over more than twenty-five (25) percent of the floor area is 1 Dock-High-Door:25,000 square feet



Change/create definitions for:

- » Dock-High-Door
- » Dock-High-Door to Square Foot Ratio
- » Ceiling Height
- » Light Manufacturing

# 2022 Schedule



# Questions



## **RESOLUTION NO. 22-03**

### **A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL RECOMMENDING APPROVAL OF MUNICIPAL CODE AMENDMENT (ZA2021-0008) TO TITLE 18, DIVISION I, ZONING CODE AMENDING SECTION 18.26.020 (LAND USE REGULATIONS) OF CHAPTER 18.26 (INDUSTRIAL ZONING DISTRICTS) TO MODIFY THE LAND USES PERMITTED IN THE INDUSTRIAL ZONING DISTRICTS.**

**WHEREAS**, this proposed Ordinance (Zoning Amendment ZA2021-0008) was considered by the Planning Commission of the City of Morgan Hill at its regular meeting of February 8, 2022;

**WHEREAS**, the Planning Commission has reviewed recommendations contained in the February 8, 2022, staff report on this item and recommended the following revisions;

- 1) Maintain the requirement that Home Improvement Centers obtain a Conditional Use Permit in the IL-Light Industrial Zoning District.
- 2) Require an Administrative Use Permit for Medical Office and Clinics of less than 20,000 square feet in the IL -Light Industrial zoning district.

**WHEREAS**, the amendments proposed by this Ordinance are necessary to aid in preserving the City's limited supply of Industrial Land and;

**WHEREAS**, this ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines, as the proposed text amendments to the Morgan Hill Zoning Code is not a project with potential for causing a significant effect on the environment requiring California Environmental Quality Act (CEQA) analysis. Additionally, on July 27, 2016, the City Council certified an environmental impact report (EIR) for the Morgan Hill 2035 General Plan. This ordinance is consistent with, and implements, the General Plan and therefore was analyzed in the EIR for the 2035 General Plan. Pursuant to Section 15162 and Section 15183 of the State CEQA Guidelines, no additional review under the California Environmental Quality Act is required.; and

**WHEREAS**, testimony received at a duly noticed public hearing, along with exhibits and other materials have been considered in the review process.

**NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES RESOLVE AS FOLLOWS:**

**SECTION 1.** The proposed amendment is consistent with the General Plan and any applicable specific plan as provided by Government Code Section 65860.

The proposed text amendments will implement many General Plan Goals and Policies including those aimed at preserving industrial land and encouraging medical services.

**SECTION 2.** The proposed amendments will not be detrimental to the public interest, health, safety, convenience, or welfare of the City.

The proposed text amendments will protect public health through the further restriction of potentially incompatible uses within industrial areas and increase the access to health services for Morgan Hill residents.

**SECTION 3.** The proposed amendment is internally consistent with other applicable provisions of the zoning code.

The proposed text amendments will not create any internal inconsistencies with any other zoning code provisions including the permitted uses in the Industrial and Commercial zoning districts.

**SECTION 4.** The Planning Commission hereby recommends approval of changes to the text of the Morgan Hill Municipal Code amending section 18.26.020 (land use regulations) of chapter 18.26 (Industrial Zoning Districts) to modify the land uses permitted in the industrial zoning districts which are shown by strike-out text for deletions and underline text for additions. All text amendments recommended to be made as shown in the draft ordinance (Attachment 2 of the staff report).

**PASSED AND ADOPTED THIS 8<sup>th</sup> DAY OF FEBRUARY 2022, AT A REGULAR MEETING OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:**

|              |                       |                                                                  |
|--------------|-----------------------|------------------------------------------------------------------|
| <b>AYES:</b> | <b>COMMISSIONERS:</b> | <b>KUMAR, GONZALEZ-ESCOTO, MUELLER,<br/>TANDA, DOWNEY, HABIB</b> |
|--------------|-----------------------|------------------------------------------------------------------|

|              |                       |             |
|--------------|-----------------------|-------------|
| <b>NOES:</b> | <b>COMMISSIONERS:</b> | <b>NONE</b> |
|--------------|-----------------------|-------------|

|                 |                       |             |
|-----------------|-----------------------|-------------|
| <b>ABSTAIN:</b> | <b>COMMISSIONERS:</b> | <b>NONE</b> |
|-----------------|-----------------------|-------------|

|                |                       |             |
|----------------|-----------------------|-------------|
| <b>ABSENT:</b> | <b>COMMISSIONERS:</b> | <b>NONE</b> |
|----------------|-----------------------|-------------|

**ATTEST:**

  
\_\_\_\_\_  
**JENNA LUNA, Deputy City Clerk**

**APPROVED:**

  
\_\_\_\_\_  
Malisha Kumar (Feb 11, 2022 19:39 PST)

**MALISHA KUMAR, Chair**

**Date:** Feb 11, 2022



# Resolution No. 22-03 (Final)

Final Audit Report

2022-02-11

|                 |                                              |
|-----------------|----------------------------------------------|
| Created:        | 2022-02-11                                   |
| By:             | Jenna Luna (jenna.luna@morganhill.ca.gov)    |
| Status:         | Signed                                       |
| Transaction ID: | CBJCHBCAABAAO62byXbKJi3PcNRmLb9urb1dxS8KVOxX |

## "Resolution No. 22-03 (Final)" History

-  Document created by Jenna Luna (jenna.luna@morganhill.ca.gov)  
2022-02-11 - 3:16:15 PM GMT- IP address: 68.189.124.146
-  Document emailed to Malisha Kumar (malisha.kumar@morganhill.ca.gov) for signature  
2022-02-11 - 3:16:45 PM GMT
-  Email viewed by Malisha Kumar (malisha.kumar@morganhill.ca.gov)  
2022-02-11 - 3:36:43 PM GMT- IP address: 172.225.89.145
-  Document e-signed by Malisha Kumar (malisha.kumar@morganhill.ca.gov)  
Signature Date: 2022-02-11 - 5:39:27 PM GMT - Time Source: server- IP address: 71.95.130.164
-  Agreement completed.  
2022-02-11 - 5:39:27 PM GMT

**ORDINANCE NO. , NEW SERIES**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY  
OF MORGAN HILL AMENDING TITLE 18, DIVISION I,  
ZONING CODE SECTION 18.26.020 (LAND USE  
REGULATIONS) OF CHAPTER 18.26 (INDUSTRIAL  
ZONING DISTRICTS) TO MODIFY THE LAND USES  
PERMITTED IN THE INDUSTRIAL ZONING DISTRICTS.**

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES ORDAIN AS  
FOLLOWS:

**Section 1.** Section 18.26.020 (Land Use Regulations) of Chapter 18.26 (Industrial Zoning Districts) of Title 18 (Zoning) is hereby amended to read as follows (additions in underline, deletions in ~~strikeout~~):

**18.26.020 Land use regulations.**

A. Permitted Land Uses. Table 18.26-1 identifies land uses permitted in the industrial zoning districts.

Table 18.26-1 Permitted Land Uses in the Industrial Zoning Districts

| Key<br>P Permitted Use<br>A Administrative Use Permit<br>required<br>C Conditional Use Permit required<br>— Use not allowed | Zoning District |    |    |                |                | Additional<br>Regulations |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------|----|----|----------------|----------------|---------------------------|
|                                                                                                                             | CI              | IO | IC | IL             | IG             |                           |
| <b>Residential Uses</b>                                                                                                     |                 |    |    |                |                |                           |
| Caretaker Quarters                                                                                                          | —               | —  | —  | C              | C              |                           |
| <b>Public and Quasi-Public Uses</b>                                                                                         |                 |    |    |                |                |                           |
| Colleges and Trade Schools                                                                                                  | C               | C  | C  | C              | <del>C</del> — |                           |
| Community Assembly                                                                                                          | C               | —  | —  | <del>C</del> — | <del>C</del> — |                           |
| Instructional Services                                                                                                      | A               | —  | —  | —              | —              |                           |
| Medical Offices and Clinics                                                                                                 |                 |    |    |                |                |                           |

|                                    |           |           |           |          |          |           |
|------------------------------------|-----------|-----------|-----------|----------|----------|-----------|
| <u>≤ 20,000 sq. ft.</u>            | <u>AP</u> | <u>—P</u> | <u>—P</u> | <u>A</u> | —        |           |
| <u>&gt; 20,000 sq. ft.</u>         | <u>AP</u> | <u>—P</u> | <u>—P</u> | <u>C</u> | —        |           |
| Parks and Recreational Facilities  | C         | —         | —         | C        | €—       |           |
| Public Safety Facilities           | C         | —         | —         | C        | €—       |           |
| <b>Commercial Uses</b>             |           |           |           |          |          |           |
| Adult Businesses                   | —         | —         | P         | P        | €—       | 18.92.020 |
| Animal-Related Commercial Uses     |           |           |           |          |          |           |
| Animal Boarding                    | C         | —         | —         | C        | C        |           |
| Veterinarian Clinics and Hospitals | A         | A         | A         | C        | C        |           |
| Banks and Financial Institutions   | C [4]     | —         | —         | —        | —        |           |
| Business Support Services          | P         | C         | P         | P        | P        |           |
| Cinemas and Theaters               | A         | —         | —         | —        | —        |           |
| Commercial Recreation, Indoor      |           |           |           |          |          |           |
| ≤ 15,000 sq. ft.                   | P         | C         | C         | €—       | €—       |           |
| > 15,000 sq. ft.                   | C         | C         | C         | €—       | €—       |           |
| Eating and Drinking Uses           |           |           |           |          |          |           |
| Restaurants, Fast Food             | C [4]     | —<br>[5]  | —<br>[5]  | —<br>[5] | —<br>[5] |           |
| Restaurants, Sit-Down              | C [4]     | —<br>[5]  | —<br>[5]  | —<br>[5] | —<br>[5] |           |
| Tasting Rooms                      | P [6]     | —         | —         | A [6]    | A [6]    |           |
| Lodging Facilities                 |           |           |           |          |          |           |
| Hotels and Motels                  | P         | —         | —         | —        | —        |           |
| Mini-Storage                       | —         | —         | —         | C        | €—       | 18.92.100 |
| Personal Service                   | C [4]     | —         | —         | —        | —        |           |

|                                          |       |          |          |                |                |             |
|------------------------------------------|-------|----------|----------|----------------|----------------|-------------|
|                                          |       | [5]      | [5]      | [5]            | [5]            |             |
| Plant Nurseries                          | C     | —        | —        | P              | P              |             |
| Professional Offices                     | P     | P        | P        | P              | <del>P</del> — |             |
| Retail                                   |       |          |          |                |                |             |
| Building Materials                       | C     | —        | —        | P              | P              |             |
| Convenience Markets                      | C [4] | —<br>[5] | —<br>[5] | —<br>[5]       | —<br>[5]       |             |
| General Retail                           | C [4] | —<br>[5] | —<br>[5] | —<br>[5]       | —<br>[5]       |             |
| Home Improvement Centers                 | C     | —        | —        | <del>C</del> — | <del>C</del> — |             |
| Large Commodity Retail                   | C     | —        | —        | <del>C</del> — | <del>C</del> — |             |
| Vehicle-Related Uses                     |       |          |          |                |                |             |
| Salvage and Wrecking                     | —     | —        | —        | —              | C              |             |
| Towing and Impound                       | —     | —        | —        | C              | P              |             |
| Vehicle Repair and Maintenance,<br>Major | —     | —        | —        | C              | P              |             |
| Vehicle Repair and Maintenance,<br>Minor | —     | —        | —        | P              | P [1]          |             |
| Vehicle Storage, Outdoor                 | —     | —        | —        | C              | C              | 18.52.080.C |
| Wholesaling                              | P     | —        | —        | P              | P              |             |
| <b>Industrial Uses</b>                   |       |          |          |                |                |             |
| Construction and Material Yards          | C     | C        | C        | P              | P              | 18.26.030.C |
| Food and Beverage Production             |       |          |          |                |                |             |
| < 5,000 sq. ft. [7]                      | A [2] | A [2]    | A [2]    | P [2]          | P [2]          |             |
| 5,000 sq. ft. to 10,000 sq. ft. [7]      | C [2] | C [2]    | C [2]    | P [2]          | P [2]          |             |
| > 10,000 sq. ft.                         | C     | C        | C        | P              | P              |             |

|                                                   |                   |       |       |       |       |  |
|---------------------------------------------------|-------------------|-------|-------|-------|-------|--|
|                                                   |                   |       |       | [2,8] | [2,8] |  |
| Manufacturing, Light                              | P                 | C [3] | C     | P     | P     |  |
| Manufacturing, General                            | —                 | —     | —     | —     | C     |  |
| Research and Development                          | P                 | P     | P     | P     | P     |  |
| Warehousing and Distribution                      |                   |       |       |       |       |  |
| Warehousing and Distribution, Large               | C                 | C [3] | C [3] | C     | P     |  |
| Warehousing and Distribution, Small               | C                 | C [3] | C [3] | P     | P     |  |
| Warehousing and Distribution with Outdoor Storage | C                 | —     | —     | C     | C     |  |
| Heavy Distribution                                | —                 | —     | —     | —     | —     |  |
| Parcel Sorting Facilities                         | —                 | —     | —     | —     | —     |  |
| Parcel Hub Small < 75,000 sq. ft.                 | —                 | —     | —     | —     | —     |  |
| Parcel Hub Large > 75,000 sq. ft.                 | —                 | —     | —     | —     | —     |  |
| Recycling Facilities                              |                   |       |       |       |       |  |
| Reverse Vending Machine                           | P                 | C     | C     | P     | P     |  |
| Recycling Collection Facility                     | C                 | —     | —     | C     | C     |  |
| Recycling Processing Facility                     | —                 | —     | —     | —     | C     |  |
| Utilities, Major                                  | —                 | —     | —     | C     | C     |  |
| Wireless Communications Facilities                | See Chapter 18.96 |       |       |       |       |  |
| <b>Agriculture and Natural Resource Uses</b>      |                   |       |       |       |       |  |
| Crop Cultivation                                  | —                 |       | —     |       |       |  |
| <b>Other Uses</b>                                 |                   |       |       |       |       |  |
| Accessory Uses                                    | See Chapter 18.44 |       |       |       |       |  |

|                |                       |  |
|----------------|-----------------------|--|
| Temporary Uses | See Section 18.92.150 |  |
|----------------|-----------------------|--|

**Section 2. Severability.** Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

**Section 3. Effective Date; Posting.** This Ordinance shall take effect on \_\_\_\_\_, 20\_\_\_. The City Clerk is hereby directed to publish this Ordinance or a summary thereof pursuant to Government Code Section 36933.

This ordinance was introduced at a meeting of the City Council held on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, and adopted at a meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, and said ordinance was duly passed and adopted in accordance with law by the following vote:

**AYES: COUNCIL MEMBERS:**

**NOES: COUNCIL MEMBERS:**

**ABSTAIN: COUNCIL MEMBERS:**

**ABSENT: COUNCIL MEMBERS:**

**ATTEST:**

**APPROVED:**

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

\_\_\_\_\_  
RICHARD CONSTANTINE, Mayor

### **CERTIFICATE OF THE CITY CLERK**

**I, MICHELLE BIGELOW, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Ordinance No. \_\_\_\_\_, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

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

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

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



# **Industrial Preservation Workplan City Council March 2, 2022**



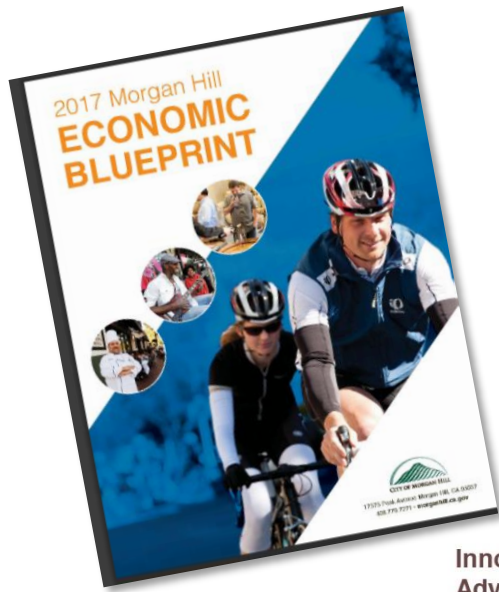
# 2035 General Plan



## Economic Development's Role

The Economic Development Element establishes policy guidance to support the community's economic well-being. Its strategies include diversifying the local economy, increasing the quality and quantity of available job opportunities, decreasing the need for commuting, creating a thriving Downtown, and enhancing Morgan Hill's appeal as a tourist destination.

- Develop & maintain high-quality public infrastructure & services
- Position Morgan Hill as a compelling choice for companies by providing flexibility
- Retain and attract businesses by providing a business-friendly climate
- Create fiscal sustainability by cultivating a diversified tax base
- Increase economic opportunity through a robust and diverse range of business activity



**Innovation and  
Advanced Manufacturing**  
Grow existing companies,  
attract new industry and grow  
professional jobs.

**Retail**  
Grow retail offerings  
and strengthen  
commercial nodes.

## Four Industry Areas

**Healthcare**  
Grow and foster the  
medical service and  
diagnostics industry  
by attracting services  
and facilities.

**Tourism**  
Grow leisure, agriculture,  
wine country and  
recreational tourism.

# 2017 Economic Blueprint

**The Economic Blueprint identified 4 core industries, 13 strategies and 35 specific action items.**

- Action #1: Adopting an employment (Industrial) land preservation policy, and
- Action #2: Strengthen General Plan language to prevent the conversion of Industrial lands.

## **Industrial Preservation**

- Economically Sustainable
- Jobs & Revenue
- Maintain Industrial Lands for Job-generating Uses
- Prevent incompatible uses

# Industrial Preservation Meetings & Action History



# Strategic Economics Study

## Industrial Findings

- Morgan Hill continues to be an attractive destination for industrial users, including manufacturers, machine shops, and assembly businesses.
- Morgan Hill Ranch and Madrone Business Parks continue to be the strongest location for future industrial, R&D, and warehouse uses.
- Demand for industrial buildings has outpaced building supply for manufacturing, machining, and assembly businesses.
- Morgan Hill firms have left to expand elsewhere, due to lack of industrial space availability.
- New construction is expensive and takes approximately 2 years to complete (plan, permit, construct).

# Strategic Economics Study

## Industrial Findings

- Vacant industrial (employment) land supply can accommodate 25 to 165 years of projected demand
- When currently entitled projects are considered, excluding Redwood Tech 101, the available land horizon drops to 19 to 95 years
- Today, there are only 120 acres of industrial (employment) land remaining (vacant)
  - 86.5 acres Light Industrial (IL)
  - 6 acres General Industrial (IG)
  - *27.5 acres Redwood Tech 101- planned and permitted*

# Industrial Land Preservation Strategies

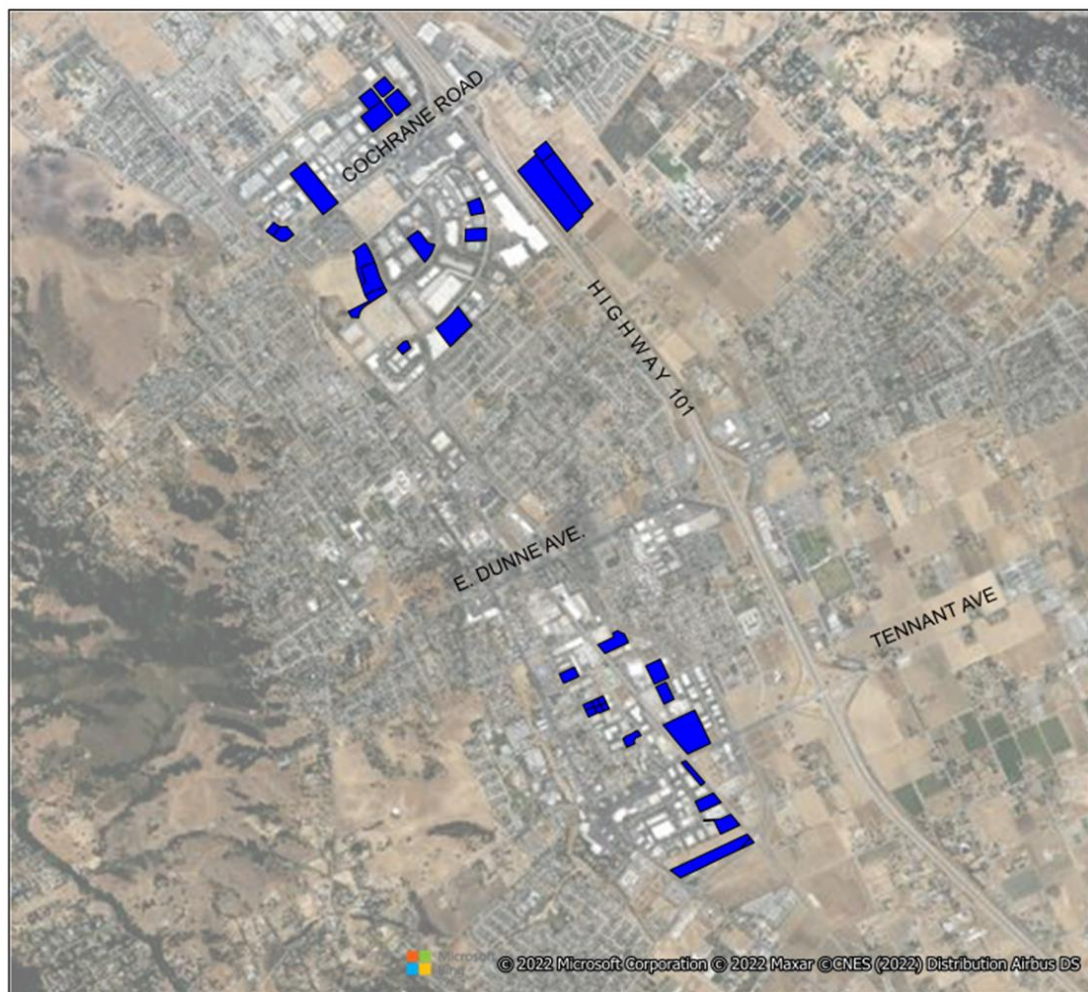
- **Use it.** The best way to preserve industrial/employment lands is to use them for their industrial purpose.
- Revisit Policy CNF-17.1 language within the General Plan and replace 'discourage' with "**prohibit**" the conversion of industrial lands.
- **Limit discretion of CUP uses** in employment generating uses.
- Hold the line. **Prioritize** wanted uses such as OEM (original equipment manufacturer).
- **Brand**, market, and promote industrial parks.
- **Incentivize** industrial development. Explore how fee structures and taxes align with land use.
- Allow for mixed uses within industrial. Consider **office** or other uses.
- Consider post COVID-19 uses. The pandemic may create new products and uses that are not currently articulated in city codes. Be flexible to **allow for industries and new operations.**



# Industrial Zoned Land







# What actions has City taken?



In November 2020, the City Council adopts Ordinance 2317 amending the City's Industrial Zoning Code prohibiting fulfillment centers, defining Large Scale Projects and moving review and approval authority from City staff to Planning Commission.

Addressed via Zoning Code

- ✓ Fulfillment Centers Prohibited
- ✓ Sorting Centers Prohibited
- ✓ Last-mile (local) distribution Prohibited
- ✓ Large projects defined as  $\geq 100$  units or  $\geq 75,000$  sq ft
- ✓ Large projects now require public hearing
- ✓ Review & Approval authority for large projects moved to Planning Commission

# What actions has City taken?



In April 2021, City Council passed Urgency Ordinance 2320.

Addressed via Building Type

- ✓ Changed/created definitions for:
  - Dock-High-Door
  - Dock-High-Door to Square Foot Ratio
  - Ceiling Height
  - Light Manufacturing
- ✓ Added Section 18.76.140 – Maximum Dock High Door Ratio for a facility that has a floor area of 75,000 square feet or greater and a ceiling height of more than thirty-four (34) feet over more than twenty-five (25) percent of the floor area is 1 Dock-High-Door:25,000 square feet.

# Industrial Preservation Workplan



# Industrial Preservation & Optimization Policy

- In conjunction with the 2035 General Plan, Zoning Ordinance ZA2020-0003, and the Economic Blueprint, the policy will protect the City's limited supply of industrial/employment land to support long term economic vitality.
- Identifies five key goals that provide direction and guidance when developing, implementing, and managing policies, programs, and projects, including implementation of the Zoning Code and General Plan, as they relate to industrial uses and industrial business parks.
- Supports amending the current zoning code to minimize and reduce incompatible uses within the industrial lands.

# Industrial Preservation & Optimization Policy

1. Encourage the attraction and expansion of R&D, Office, and Advanced Manufacturing uses.
2. Prohibit stand-alone e-commerce Warehouse and Distribution uses.
3. Prohibit General Plan conversions of Industrial lands that cause a net loss of industrial employment lands.
4. Protect existing Industrial lands and business parks by prohibiting non-compatible uses such as community assembly and recreational uses, while expanding compatible uses.
5. Explore ~~Encourage~~ conversion of Commercial Lands to Industrial Lands where appropriate.

# Industrial Preservation & Optimization Policy

| STRATEGY                                                                                                                                                                   | ACTIONS                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Encourage the attraction and expansion of R&D, Office, and Advanced Manufacturing uses.                                                                                    | Marketing, Messaging & Outreach<br>Development of Incentive Programs |
| Prohibit stand-alone e-commerce Warehouse and Distribution uses.                                                                                                           | Industrial Ordinance<br>Zoning Code                                  |
| Prohibit General Plan conversions of Industrial lands that cause a net loss of industrial employment lands.                                                                | General Plan                                                         |
| Protect existing Industrial lands and business parks by prohibiting non-compatible uses such as community assembly and recreational uses, while expanding compatible uses. | Zoning Code                                                          |
| Explore conversion of Commercial Lands to Industrial Lands where appropriate.                                                                                              | Marketing, Messaging & Outreach<br>City-initiated GP Conversions     |





## Updating Zoning Code

- Minimize and reduce incompatible uses
- Minimize CUPs in industrial zoned areas
- Expand opportunity for medical office and healthcare

# Proposed Zoning Code Changes

| Land Use                               | IG - General Industrial |                      | IL - Light Industrial |                      |
|----------------------------------------|-------------------------|----------------------|-----------------------|----------------------|
|                                        | Existing                | Proposed             | Existing              | Proposed             |
| Community Assembly                     | CUP                     | <b>Not Permitted</b> | CUP                   | <b>Not Permitted</b> |
| Commercial Rec. Indoor                 |                         |                      |                       |                      |
| < 15,000 sq. ft.                       | CUP                     | <b>Not Permitted</b> | CUP                   | <b>Not Permitted</b> |
| >15,000 sq. ft.                        | CUP                     | <b>Not Permitted</b> | CUP                   | <b>Not Permitted</b> |
| Colleges/Trade Schools                 | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Parks & Rec.                           | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Adult Businesses                       | Permitted               | <b>Not Permitted</b> | Permitted             | Permitted            |
| Public Safety Facilities               | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Mini-Storage                           | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Home Improvement Ctr. – PC Recommended | CUP                     | <b>Not Permitted</b> | CUP                   | <b>CUP</b>           |
| Large Commodity Retail                 | CUP                     | <b>Not Permitted</b> | CUP                   | CUP                  |
| Professional Offices                   | Permitted               | <b>Not Permitted</b> | Permitted             | Permitted            |
| Manufacturing, General                 | CUP                     | CUP                  | Not Permitted         | Not Permitted        |
| <b>Medical Office &amp; Clinics</b>    |                         |                      |                       |                      |
| < 20,000 sq. ft. – PC Recommended      | Not Permitted           | Not Permitted        | Not Permitted         | <b>AUP</b>           |
| > 20,000 sq. ft.                       | Not Permitted           | Not Permitted        | Not Permitted         | <b>CUP</b>           |

# Proposed Zoning Code Changes

| Land Use                            | CI - Commercial Industrial |               | IO - Industrial Office |               | IC - Campus Industrial |               |
|-------------------------------------|----------------------------|---------------|------------------------|---------------|------------------------|---------------|
|                                     | Existing                   | Proposed      | Existing               | Proposed      | Existing               | Proposed      |
| Community Assembly                  | CUP                        | CUP           | Not Permitted          | Not Permitted | Not Permitted          | Not Permitted |
| Commercial Rec. Indoor              |                            |               |                        |               |                        |               |
| < 15,000 sq. ft.                    | Permitted                  | Permitted     | CUP                    | CUP           | CUP                    | CUP           |
| >15,000 sq. ft.                     | CUP                        | CUP           | CUP                    | CUP           | CUP                    | CUP           |
| Colleges/Trade Schools              | CUP                        | CUP           | CUP                    | CUP           | CUP                    | CUP           |
| Parks & Rec.                        | CUP                        | CUP           | Not Permitted          | Not Permitted | Not Permitted          | Not Permitted |
| Adult Businesses                    | Not Permitted              | Not Permitted | Not Permitted          | Not Permitted | Permitted              | Permitted     |
| Public Safety Facilities            | CUP                        | CUP           | Not Permitted          | Not Permitted | Not Permitted          | Not Permitted |
| Mini-Storage                        | Not Permitted              | Not Permitted | Not Permitted          | Not Permitted | Not permitted          | Not Permitted |
| Home Improvement Ctr.               | CUP                        | CUP           | Not Permitted          | Not Permitted | Not permitted          | Not Permitted |
| Large Commodity Retail              | CUP                        | CUP           | Not Permitted          | Not Permitted | Not Permitted          | Not Permitted |
| Professional Offices                | Permitted                  | Permitted     | Permitted              | Permitted     | Permitted              | Permitted     |
| Manufacturing, General              | Not Permitted              | Not Permitted | Not Permitted          | Not Permitted | Not Permitted          | Not Permitted |
| <b>Medical Office &amp; Clinics</b> |                            |               |                        |               |                        |               |
| < 20,000 sq. ft. – PC Recommended   | AUP                        | AUP           | Not Permitted          | AUP           | Not Permitted          | AUP           |
| > 20,000 sq. ft. – PC Recommended   |                            | CUP           |                        | CUP           |                        | CUP           |

# Proposed Zoning Code Changes

## Home Improvement Centers - Light Industrial (IL) Only

- Staff recommended Not Permitted.
- Planning Commission has recommended a Conditional Use Permit.
- Staff continues to recommend, Not Permitted.

## Medical Office and Clinics – IL, CI, IO, IC Zones

- Staff recommended allowing Medical Offices and Clinics as a Permitted use at <20,000 square feet.
- Planning Commission has recommended requiring an Administrative Use Permit at <20,000 square feet.
- Staff is recommending the following:
  - 5,000 square feet or less - Permitted by right
  - 5,001 - 20,000 square feet - Administrative Use Permit
  - 20,001 square feet or more - Conditional Use Permit

# No Changes

(effective November 2020)

| USE                                               | IL          | IG          |
|---------------------------------------------------|-------------|-------------|
| <b>Warehousing &amp; Distribution</b>             |             |             |
| Warehousing and Distribution, Large               | C           | P           |
| Warehousing and Distribution, Small               | P           | P           |
| Warehousing and Distribution with Outdoor Storage | C           | C           |
| Heavy Distribution                                | Not Allowed | Not Allowed |
| Parcel Sorting Facilities                         | Not Allowed | Not Allowed |
| Parcel Hub Small                                  | Not Allowed | Not Allowed |
| Parcel Hubs Large                                 | Not Allowed | Not Allowed |

## **April 7, 2021 City Council Action**

1. Placed RG4MH Initiative on the ballot;
2. Adopted the collaborative ordinance as an “urgency ordinance”;  
and
3. Directed Planning Commission to review collaborative ordinance as a permanent ordinance and consider placement on ballot.

## Same as Urgency Ordinance

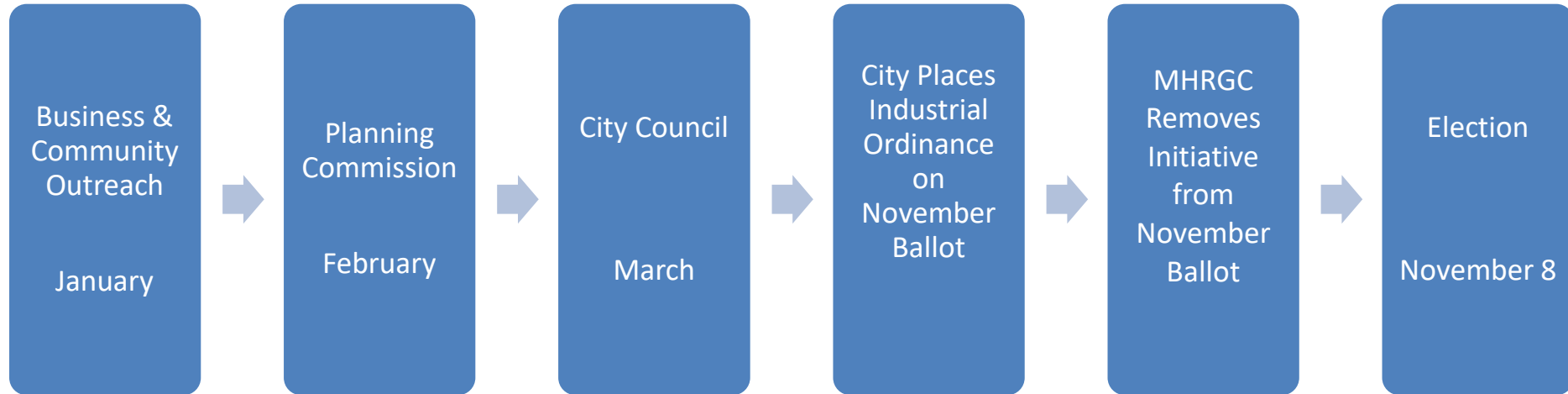
Adds Section 18.76.140 – Maximum Dock High Door Ratio for a facility that has a floor area of seventy-five thousand (75,000) square feet or greater and a ceiling height of more than thirty-four (34) feet over more than twenty-five (25) percent of the floor area is 1 Dock-High-Door:25,000 square feet



Change/create definitions for:

- » Dock-High-Door
- » Dock-High-Door to Square Foot Ratio
- » Ceiling Height
- » Light Manufacturing

# 2022 Schedule





# Questions



**To Respected Mayor & Morgan Hill City Council Members,**

My name is Dr. Hiral Khatri OTDR/L, a resident and critical medical service business owner in Morgan Hill. I opened my pediatric occupational therapy business named OT Park in Morgan Hill to treat kids with autism, ADHD, behavioral, sensory, and other developmental needs.

We leased a perfect place located on digital island (284 Digital Dr), where there was a prior physical therapy clinic for 7 years, this place was ideal for us because it gave us the square footage and floor plan, we need to design state of the art pediatric OT clinic. It was not until we applied for city business license, we were told by the city's planning division that leased location comes under Industrial light zone which does not allow us to use for medical services such as providing occupational therapy to special needs kids. We have already invested so much hard work, time, effort, and money in making OT Park outstanding place for these kids and also an asset to Morgan Hill. It was surprising to found out that even though there was a physical therapy business prior on the same location for 7 years, our occupational therapy business was not allowed to provide critical medical services to special needs kids. We have been working with the city's planning commission to understand how we can solve this.

Fortunately, we were told that city's planning division that there is already a zoning ordinance change request in progress which allows medical office use in industrial light zone. This zoning ordinance change already went to planning commission on Feb 8<sup>th</sup>. it was approved by planning commission. It will be presented to city council members in the meeting on March 2<sup>nd</sup>. Below table mentions what is being proposed. Below is what will be presented to the city council.

OT Park Endorses Staff report's recommendation on Zoning Ordinance change shown as below.

| Medical Office Use in IL zone | Proposed Ordinance Change (To be presented to city council on March 2 <sup>nd</sup> ) |
|-------------------------------|---------------------------------------------------------------------------------------|
| Less than 20,000 sqft         | Permitted                                                                             |
| 20,000 sqft or Greater        | CUP                                                                                   |

As a resident and business owner of OT Park located in Morgan Hill, I strongly support proposed zoning ordinance change to allow medical office use in industrial light (IL) zone. I strongly believe that this is a great step towards keeping our community healthy, boosting our economy, creating high quality and high paying jobs, creating high revenue businesses, and attracting communities located in southern and western bay to consider Morgan Hill as a viable option for healthcare needs.

I further believe this will have a tremendous positive impact on the economy of the city. I strongly believe proposed ordinance change is in favor of City's long-term goal of encouraging more health care facilities and medical offices being available for city's residents. The positive impact on improved quality of life for city's residents will be highly appreciated by residents. This will help parents, grandparents, and kids of the city to live a healthier quality life.

#### **Alternative Proposal**

*If city council wants to have an alternative option in terms of medical use permits based on size of the business, then there can also be a three-tier model where you split the medical office as per industry standard of small, medium and large.*

| <b>Medical Offices</b>                              | <b>Proposed Ordinance Change</b> |
|-----------------------------------------------------|----------------------------------|
| <b>Small Medical Offices Less than 5000sqft</b>     | <b>Permitted</b>                 |
| <b>Medium Medical Offices 5000 - 20,000 sqft</b>    | <b>AUP</b>                       |
| <b>Large Medical Offices 20,000 sqft or Greater</b> | <b>CUP</b>                       |

**In this letter, I would like to share some additional insights on OT Park, its impact on the community and positive and long-term impact of this zoning ordinance change to the city.**

I am seeking your support and encouragement to approve change in zoning ordinance to allow medical use in Industrial Light zone, which will be proposed in front of city council on March 2<sup>nd</sup>.

**Sincerely,**



**Dr. Hiral Khatri, OTD R/L**

CEO & Founder of OT Park, A premier and innovative pediatric therapy provider  
Lecturer, Department of Occupational Therapy at San Jose State University (SJSU)  
Director Of Region 3, Occupational Therapy Association of California (OTAC)  
California State Ambassador, American Occupational Therapy Political Action Committee (AOTPAC)  
Chair – Membership Committee, Asian Pacific Heritage Occupational Therapy Association (APHOTA)

## **APPENDIX A**

### **Why Did I open OT Park in Morgan Hill? And Why OT Park Matters?**

I have done Doctor of Occupational Therapy, I have over 13 years of pediatric experience, I have worked all over the world providing innovative and high-quality pediatric occupational therapy. I have been awarded as a Top 100 healthcare visionary of 2021. When I found my first home in Morgan Hill back in 2016, I fell in love with the city and it was clear to me that if an opportunity arises, I will open my dream clinic right here in Morgan Hill.

When pandemic happened, I got lot of requests from parents here in Morgan Hill and nearby cities that their special needs kids are struggling, they are not getting the therapy they deserve, there is no such place for them to go where they can fulfil their sensory seeking needs, Existing facilities have 6 months wait lists, tela-therapy was not as effective to these kids who needs in person care.

There is no denying that kids with special needs community is growing all over the country, there are not enough clinics for parents to take their kids to. There is waitlist of 6 months on an average. Such a long duration is not acceptable for parents, they are struggling with their special needs kids on daily basis, they need and deserve high quality therapy.

I took this opportunity to start research and started working on building state of the art OT clinic to treat these special needs kids in very special way right here in Morgan Hill. As a result, OT Park is a clinic which is unique and innovative in entire bay area. I designed OT Park to stand out, where special needs kids feel happy, energetic, get treated while playing, a place where they feel safe while being treated. To this date, there is not a single place in entire bay area which fulfils all sensory needs of special needs kids like OT Park.

Anything Morgan Hill city can do to encourage businesses like OT Park to come in and provide high quality care to these kids will be extremely helpful to families of the city. Parents will be super happy to have a place like OT Park to treat their kids.

I believe city is taking right necessary first step by having this ordinance change to allow medical offices in available industrial light zone because this will allow business like OT Park to provide high quality therapy services. Below is some information on OT Park which might get you an idea why OT Park is a super valuable asset to Morgan Hill.

OT Park is located in Morgan Hill, our service offering such as pediatric occupational therapy helps children gain independence while also strengthening the development of fine motor skills, sensory motor skills, and visual motor skills that children need to function and socialize. As a child begins to successfully develop these skills, it creates a greater form of independence that helps contribute to achieving a higher sense of self-esteem. I work with kids with autism, ADHD, behavioral and social issues.



A child's role in life is to play and interact with other children. Our pediatric occupational therapists evaluate a child's current skills related to play, school performance, and daily activities and compare them with what is developmentally appropriate for that age group. OTs help children perform daily activities they may find challenging by addressing sensory, social, behavioral, motor, and environmental issues. To design such a kid friendly space, I need space in the range of 2500sqft - 5000sqft for small medical office. Such office allows us to design the space in a way which kid can find it close to their daily environment and make therapy much more effective.

**Jobs created out of OT Park will be paying on an average of \$40 - \$55 per hour, doctorate therapist rate would be \$75/hr or more. These will be highly qualified individuals specializing in pediatric development. We expect full time annual salary range from \$85K to \$350K per year for these therapists depending on skillsets. As you can imagine, these individuals wont only spend locally for their breakfast, lunch, dinner, groceries needs but also would want to get a rental apartment or do their first home purchase in Morgan Hill, thus contributing to local economy.**

**Families will be visiting OT Park from all over bay area will spend in local stores, hotels for multi-day or weeklong treatment programs. Thus, contributing even more to the hotel 'TOT' taxes which will contribute a large amount to the General Fund revenues which support Essential services like police, fire and EMS.**

### OT Park



**Check out what Pediatric experts have to say about OT Park**

**Dr. Gigi Smith, PHD, OTDR/L, FAOTA, Vice President Of OT Association of California**  
<https://www.youtube.com/watch?v=W0ZFJSFQCOs>

**Bryant Edwards, OTD, MA, OTR/L, BCP, MPH, President Of OT Association of California**  
<https://www.youtube.com/watch?v=0IG9DBzEQRY>

We ran OT Park's initial promo to gauge interest in pediatric occupational therapy in Morgan Hill, and we are awestruck by the responses. We have been getting so many inquiries from all over bay area. There is a tremendous interest in OT Park providing high quality pediatric occupational therapy services. You can find findings below. We have parents calling us, thanking us to open such facility in Morgan Hill. Please find data below.



## What parents say about OT Park



"My kid was kicked out of school due to behaviorial issues and they recommended him to take him to OT to work on his sensory and behaviorial issues. Upon calling various existing OT clinics, I found out they all have 6 months waitlist, I am so happy that OT Park is opened in Morgan Hill, my kids need it, Morgan Hill residents needs it and other bay area parents needs it. this is truly amazing. So Thank you for opening here."

- Mom of a 5 year old on spectrum

"Thank you for opening this in Morgan Hill, We have so many kids in the area who needs a place like this. Morgan Hill is so reachable compared to current options where we have to go San Francisco"

- Pediatricians in Salinas, Monterey

"Finally my son will get much needed help from world class OT right here in Morgan Hill, We cant wait for you to start this service."

- Mom of a 5 year old on spectrum

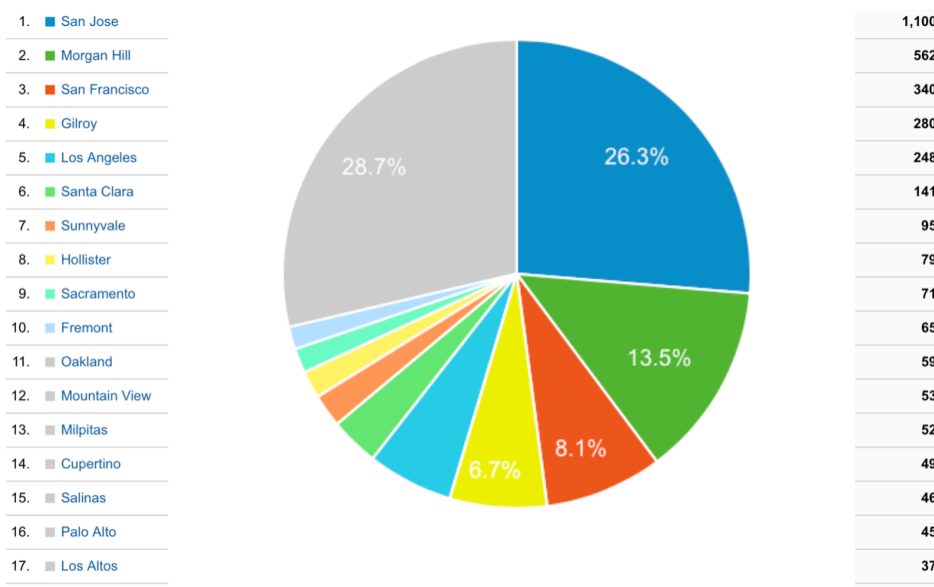
"Thank you so much for opening this in Morgan Hill, we can't wait to get started. We had to go to all the way to palo alto get something even close to what you are offering."

- Mom of 3-year-old diagnosed with Autism

### OT Park is loved from all over bay area

Here is the chart which reflects number of inquiries vs cities we are getting on monthly basis within northern California seeking occupational therapy in Morgan hill. They all are super excited for OT Park.

As you can see from the chart, demand is coming from all over bay area who are seeking OT services from OT Park.



### Interested Audience in OT Park Services by distance from Morgan Hill

| Distance from location extensions | Interested Audience |
|-----------------------------------|---------------------|
| DISTANCE_BUCKET_WITHIN_40MILES    | 2,655               |
| DISTANCE_BUCKET_WITHIN_35MILES    | 2,629               |
| DISTANCE_BUCKET_WITHIN_30MILES    | 2,483               |
| DISTANCE_BUCKET_WITHIN_25MILES    | 2,241               |
| DISTANCE_BUCKET_WITHIN_20MILES    | 1,204               |

Having business like OT Park in Morgan hill, is going to be attraction for future entrepreneurs to think differently when it comes to pediatric therapy. OT Park will make kids life independent, make them confident, nothing beats mother's satisfaction when they see their special needs child becoming independent. By this ordinance change, it will encourage and send a strong message to the medical community that Morgan Hill welcomes new innovative medical offices by being business friendly.

**We strongly hope that city council will take all this in consideration to approve ordinance change to allow medical use in Industrial Light zone.**

## **APPENIDX “B”**

**I would like to provide my comments on why small medical offices in IL zone should be permitted by right and its positive impact on the city, its residents and economy.**

### **1. Positive Impact on Residents and Community**

- A. Opens access to various specialties of medical offices to come to Morgan Hill.
- B. Attracts medical licensed highly qualified medically licenced professionals to open their medical office in Morgan Hill
- C. Medical offices create High paying jobs with high revenue businesses
- D. Residents gets access to high quality, affordable medical specialties right here in Morgan Hill, compare to current option of going to San Jose, Palo Alto etc.
- E. Achieves goal of Healthier community, More Healthcare facilities
- F. Morgan Hill becomes an attractive place to start medical office with proper space (2500sqft or more)

### **2. Positive impact on the Economy**

- A. High pay (\$80K - \$350K) job creation and local community spending increases
- B. Employees of these new medical offices will spend in the city for their various needs such as breakfast, lunch, dinner, and groceries.
- C. It will also encourage these highly qualified individuals to consider moving to the city which will generate rental income, first house purchases in Morgan Hill.
- D. Families coming into medical offices will also spend money in the city by having lunch, doing their groceries and contribute to local economy. As research suggests, Every \$1 spent in local business, \$0.67 stays within the city.
- E. Families coming from all over california will stay in local hotels for multi-day or week long treatments, thus contributing to retail sales.

### **3. Morgan Hill’s unique position**

- A. Morgan Hill becomes an attractive health care hub for residents outside of Morgan Hill to meet their medical office needs
- B. As a part of business demand and market research, it suggests that Morgan Hill is ideal location to commute for health care needs for residents of southern/western cities such as Hollister, Gilroy, Salinas, Monterey who are currently going to san Jose to get high quality care. They all do prefer Morgan Hill as a better choice.
- C. You can find data on our inquiries we are getting for OT Park in the document.

### **4. Solves the current problem of not having enough land for medical use with 2500-5000sqft**

- A. Currently in Morgan Hill, there are hardly any medical offices available to lease with space in the range of 2500sqft – 5000sqft, the only option for medical professionals have, is to look for industrial light zone which has complementary offices to lease.
- B. If you will look at the total 86.5 acres available in IL zone, you will find that there are so many offices which are less than 4000 sqft which are perfectly suitable for medical offices and attract new medical profession businesses.



## APPENDIX “B”

*If city council wants to have an alternative option in terms of how to grant medical use permits based on size of the business, then there can also be a three-tier model where you split the medical office as per industry standard of small, medium and large.*

| Medical Offices                              | Proposed Ordinance Change |
|----------------------------------------------|---------------------------|
| Small Medical Offices Less than 5000sqft     | Permitted                 |
| Medium Medical Offices 5000 - 20,000 sqft    | AUP                       |
| Large Medical Offices 20,000 sqft or Greater | CUP                       |

**It is vital important that small medical offices are permitted by right to provide critical care to residents.**

Few reasons on why having to go through AUP for small medical offices (<5000 sqft) will *discourage* emerging medical business to start their own practice in Morgan Hill.

⇒ **AUP will be an entry barrier for small medical offices and young medical professionals starting their first clinic**

- These medical professionals go through 10+ years of studies, then years of state/national level license exams to be in position to start their own practice. By putting entry barriers such as AUP for first time medical business owners, is only going to complicate things and will play part in getting them discouraged to choose Morgan Hill as viable option.
- Morgan Hill City already have a city license process in place which will work as a vetting mechanism to make sure only credible medical licensed professionals are allowed to do business in IL zone to provide care to residents.
- Most of the first-time medical offices starts small with very less resources including time and money and knowledge on hand.
- Residents will *not* have well deserved access to critical medical services while AUP is in progress which usually takes long time.
- This also contradicts with overall Morgan Hill’s economic development goal of generating more health focused businesses to benefit our residents.
- We do not think AUP needs to be an entry barrier for these highly qualified individuals starting their small medical office in Morgan Hill.

⇒ **AUP will be an expansion barrier for small medical offices in Morgan hill who are looking for bigger space to keep up with resident’s medical demands.**

- Existing small medical offices in Morgan Hill are not able to expand their businesses because there are not that many medical offices available with square footage of 2800 or more. They are only available in IL zone which are perfect for their expansions.

- Having to go through AUP will discourage these individuals and would encourage them to move out to different city for their business expansion.
- As a result, residents of the city will lose access to critical medical services.

⇒ **Money is not the only cost; Time and effort contributes to cost as well.**

- Its costly process not only from money perspective but also from long delays to start, putting in efforts to get AUP approved, uncertainty of being able to give an opportunity to provide high quality medical care to residents.
- Sure, AUP is less expensive in terms of time and money compared to CUP but still cost is a cost for first time medical professionals with very limited resources and budget
- AUP will make city lose valuable businesses which focus on resident's health.
- During AUP process, business will lose valuable time which could have been used to offering medical services to community. unfortunately, barriers like AUP would make it hard for small businesses to start offering services as soon as place is ready.
- It makes sense for medium size to go through AUP process if needed because these businesses are well established, have time and also usually bring larger traffic which could be checked to make neighborhood compatibility is there.

City Council Meeting: 03.02.2022

Agenda Item 17: ZA2021-0008: MUNICIPAL CODE AMENDMENT AMENDING SECTION 18.26.020 (LAND USE REGULATIONS) OF CHAPTER 18.26 (INDUSTRIAL ZONING DISTRICTS) OF TITLE 18 (ZONING) TO MODIFY THE LAND USES PERMITTED IN THE INDUSTRIAL ZONING DISTRICTS

On behalf of the Morgan Hill Chamber of Commerce and Board of Directors we are submitting this letter to memorize our support of the staff recommendations and position on the Municipal Code changes with specific emphasis of interest in the Light Industrial (IL) zone.

I would first like to acknowledge the level of effort and analysis considered in the recommendations, put forth by the Economic Development Staff, the Urban Land Institute, the Silicon Valley Economic Development Alliance, Planning Commission, and Community input.

The proposed Municipal Code amendments will serve as a foundational construct in support of the proposed Industrial Land Preservation and Optimization Policy in four key areas of focus:

- Clear and concise permitting requirements for our General Industrial and Light Industrial zoning districts.
- Preservation of an ever-shrinking allocation of our industrial land footprint in MH
- Encourage and support the recruitment of high-end job opportunities
- Expansion of severely needed healthcare services and specific medical sub-specialties advancing the health and welfare for our residents and surrounding communities

Light Industrial Zone Rational:

Positive impact on the Economy:

- The increase of growth for medical office and medical subspecialties are in direct alignment with the City's goals of attracting higher paying jobs, inherently associated with this classification of the Healthcare business sector.
- Serve as an incubator for small medical practices and medical subspecialty business owners to take root, invest and scale their practice utilizing Morgan Hill as their home base of operation.
- The municipal code adjustment will accelerate medical office and clinical subspecialty growth in the Light Industrial (LI) Zone associated with an associated :
  - Increase in local spending as employees will utilize business services in Morgan Hill (i.e., retail, restaurants, recreation, professional service , and lodging business sectors).
  - Increase in local spending as patients and families will utilize business services in Morgan Hill (i.e., retail, restaurants, recreation, professional services, and lodging business sectors).
  - Encouraging prospective medical professionals to consider moving to Morgan Hill , which will generate both rental income and house ownership growth opportunities.

Leveraging Morgan Hill's unique position:

Based upon market research, it suggests that Morgan Hill is geographically positioned as an ideal location to commute for medical subspecialty service needs for residents of southern/western cities such as Hollister, Gilroy, Salinas, Monterey who are currently going to San Jose to get high quality care.

Light Industtal (LI) Municipal code changes will position Morgan Hill’s Medical Service business sector as a destination location for highly needed “continuum of care” needs within this region.

Highlighting the Opportunity

To provide a real-world experience of the importance of the decision before you tonight, I would like to highlight just one of the areas of focus: the expansion of severally needed healthcare services.

Morgan Hill is fortunate / privileged to have within our Light Industrial (LI) LI footprint OT Park, currently serving our communities children’s Occupational Therapy skill development progression, with an emphasis on our special need’s pediatric population.

The owner’s singular purpose to enhance the quality of life for our special needs children and families through their research and development services is truly a distinguishable program in the bay area, located in Morgan Hill, their preferred home for their program, and a most noteworthy healthcare presence for Morgan Hill.

The opportunity to expand their business model, extend their outreach to treat and care for our children of special needs will allow them to apply lesson learned through adaptive treatment care plans, provide a comprehensive healthcare service aligning best practice research and clinical care and be recognized as a signature Healthcare business model representative of what Morgan Hill can offer to not only our children in MH, but children of special needs in our surrounding communities.

I highlight OT park as one of serval opportunities for consideration of the Light Industrial (IL) municipal code changes in front of the Council tonight and I encourage the Council to support the staff recommendations as drafted in the report or if further ordinance oversight is deemed necessary adoption of our alternative recommendation as outlined in our submission.

Morgan Hill Chamber of Commerce (IL) endorsement considerations:

Staff Recommendation

| Medical Offices        | Proposed Ordinance Change |
|------------------------|---------------------------|
| Less than 20,000 sq ft | Permitted                 |
| 20,000 sqft of Greater | CUP                       |

Alternate consideration

| Medical Offices                        | Proposed Ordinance Change |
|----------------------------------------|---------------------------|
| Medical Offices less than 5,000 sqft   | Permitted                 |
| Medical Offices 5,000-20,000 sqft      | AUP                       |
| Medical Offices 20,000 sqft or greater | CUP                       |

Sincerely,

Nick Gaich

CEO-President Morgan Hill Chamber of Commerce

**From:** Christina Turner

**To:** Michelle Bigelow; Angie Gonzalez

**Subject:** March 2, 2022 City Council Meeting Questions

Supplement for Item 17 – ADOPT ZONING CODE AMENDMENT TO SECTION 18.26.020 (LAND USE REGULATIONS) OF CHAPTER 18.26 (INDUSTRIAL ZONING DISTRICTS) OF TITLE 18 (ZONING) TO MODIFY THE LAND USES PERMITTED IN THE INDUSTRIAL ZONING DISTRICTS

**Date:** Tuesday, March 1, 2022

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Staff Report: The proposed staff recommended amendments to Section 18.26.020 (Land Use Regulations) of the Municipal Code are described as follows:

- a. Prohibit the following non-industrial uses in both the IG (General Industrial) and IL (Light Industrial) zoning districts.
  - i. Community Assembly
  - ii. Commercial Recreation, Indoor
  - iii. Home Improvement Centers

**Question:** This section prohibits the Home Improvement Centers in the IL zoning districts; however, the Planning Commission recommends keeping this in the IL with a Conditional Use Permit (CUP), please explain staff's position?

**Response:** Staff had recommended that the Home Improvement Center use not be permitted in the Light Industrial (IL) zone due to the following reasons:

- Home Improvement Centers although not necessarily incompatible in a Light Industrial zone, they do require a significant use of land for both the building and parking. Available industrial land is at a premium and should be prioritized for industrial uses that drive a higher quality employer, higher property taxes, and uses that can't be located in other zoning areas.
- Home Improvement Centers can be located CG and CS zone. The CG zoning district is to provide a location for a broad range of commercial and employment uses to serve Morgan Hill residents, workers, and visitors. And the CS zoning district is to provide an area for commercial services that may be inappropriate in neighborhood or pedestrian-oriented shopping areas, and which generally require automotive access for customer convenience, servicing of vehicles or equipment, loading or unloading, or parking of commercial service vehicles.
- The existing Home Depot location on Dunne Ave sits on approximately 8.12 acres within the CS zone.
- There are approximately 77 acres of vacant CG and CS zoned land available. And while there only may be a handful of sites that could accommodate a Home Improvement Center, there may be some existing developed sites that are underutilized and potentially suitable for redevelopment.
- Home Improvement Centers are not likely to go through the time and expense of the CUP process.
- Home Improvement Centers are focused on retail consumers, not wholesale business to business.
- The sale of Building Materials to contractors and home builders is permitted by right in the Light Industrial (IL).

## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: March 16, 2022**

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

## **MONTHLY BUDGET UPDATE AND JANUARY 2022 FINANCIAL AND INVESTMENT REPORTS**

### **RECOMMENDATION(S)**

Accept and file report.

**Estimated Time:** 10 Minutes

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

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

Preserving and Cultivating Public Trust

#### **2022-2023 Strategic Priorities**

Community Engagement and Messaging

### **REPORT NARRATIVE:**

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

#### **January 2022 Financial Report**

The Revenue and Expense Summary through the month of January 2022 is included on the page 4 of the monthly financial report. Overall, General Fund revenues total \$22.0 million or about 43% of the budget. Expenditures, including encumbrances, amounted to \$28.8 million or 57% of the budget.

#### **Budget Update**

There has been no material change to the City's revenue since the last budget update to the Council on January 29, 2022. As previously shared with the Council and the community, Recreation Services revenues continue trending below budget. The indoor mask mandate which serves as an important tool to prevent the spread of coronavirus, regardless of vaccination status, is having a negative impact to the membership drive.

In addition, facility rental revenue for the year is expected to be minimal compared to prior years. However, staff is hopeful that the net impact won't be significant as staff expects to further implement cost containment strategies to offset the reduction in revenue.

#### **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. Beginning in FY 2020-21, budget reports are presented to the Council monthly.

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

The preparation of the report is a part of the Finance workplan. Staff does not recommend any budget adjustments at this time.

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

Not a Project.

This report is not a project, as defined in Section 15378 of the State CEQA Guidelines. Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

**CITY OF MORGAN HILL**  
**Monthly Financial and Investment Reports**  
**January 31, 2022 - 58% of Year Complete**



**CITY OF MORGAN HILL**

**Prepared by:**  
**FINANCE DIVISION**



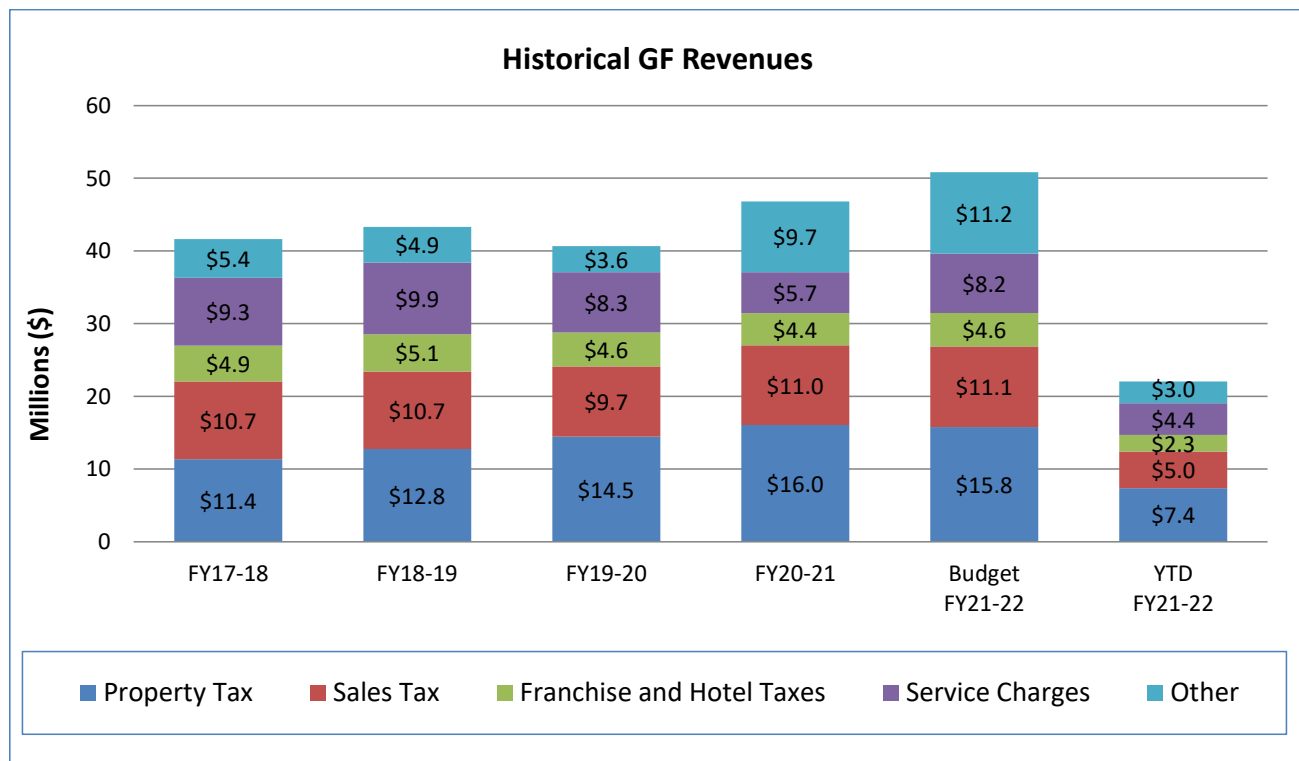


**CITY OF MORGAN HILL, CALIFORNIA**  
**FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2021-22**  
**FOR THE MONTH ENDED JANUARY 2022 – 58% OF YEAR COMPLETE**

- **General Fund** – Revenues through January totaled \$22.0 million, or about 43% of the budgeted revenues. With respect to the property tax revenue forecast, on August 20, 2021, the Controller-Treasurer’s Department of the County of Santa Clara notified the cities and agencies within the County that the State of California Controller’s Office agreed with the County’s methodology of calculating excess Educational Revenue Augmentation Fund (ERAF), therefore, set aside provision is no longer required. The City of Morgan Hill is expecting to receive an additional \$650,000 in excess ERAF for FY2021-22. However, the County cautioned cities and agencies in planning and budgeting this source of revenue as future legislation could impact the calculation methodology. The increase in excess ERAF distribution is mainly due to the growth of property tax outpacing the growth of school funding requirement and this revenue stream is becoming a large revenue category for the City in recent years. Morgan Hill began to receive excess ERAF distribution in FY2013-14 in the amount of \$13,000 and it has grown to about \$1.9 million in FY2020-21.

As for sales tax, the latest projection from our sales tax revenue consultant estimated this year’s revenue, before sales tax rebates, to be about \$12.0 million versus about \$11.0 million budgeted. Pandemic based economic recovery contributed significantly to this upside forecast as well as the addition of a car dealership. One of the industries hit hardest across the state during the pandemic was the restaurants group which has experienced a strong rebound.

The chart below shows historical General Fund revenues by major revenue category from FY17-18 through FY20-21 Actual, FY21-22 Budget, and YTD as of January 31, 2022.

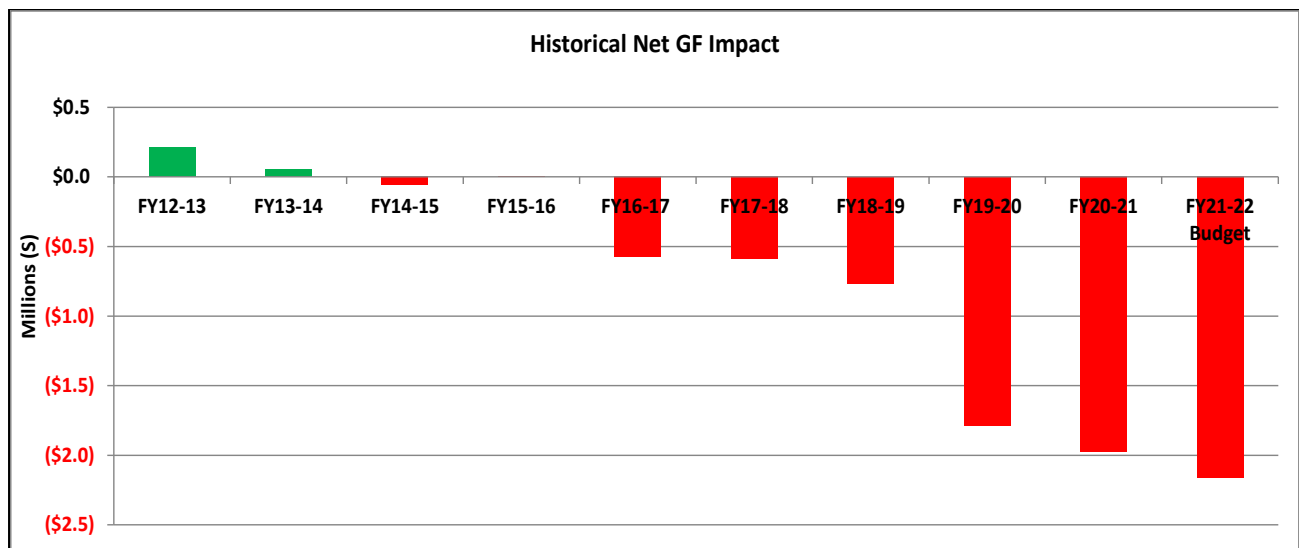




**CITY OF MORGAN HILL, CALIFORNIA**  
**FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2021-22**  
**FOR THE MONTH ENDED JANUARY 2022 – 58% OF YEAR COMPLETE**

General Fund expenditures and encumbrances as of January 31, 2022 totaled \$28.8 million, of which approximately \$1.8 million is attributable to outstanding encumbrances.

- **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 \$1.7 million as of January 31, 2022. The large budgeted operating loss for recreation operations reflects the restrictions and limited opening of recreation facilities since March 2020 due to the shelter-in-place order as a result of the coronavirus pandemic and the continued indoor mask mandate which is having a negative impact to the membership drive.



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 Community Development, 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 Federal government’s OMB Circular No. A-87, which mandates certain calculation and cost allocation practices that must be followed in order to qualify for Federal grant funding, but which also represent best practice for non-grant funded City operations like utilities and information services.

- **Development Services Fund** – Revenues through January totaled \$2.6 million. Expenditures, including encumbrances, totaled \$3.3 million. The fund is budgeted at a higher revenue at \$5.3 million compared to recent years’ actuals primarily due to the higher fees anticipated from the completion of the updated fee study.
- **Debt Service Funds** – Expenditures through January totaled \$0.5 million. The debt service for the first half of the year includes both interest and principal, while the second half of the year will include interest only. Debt service payments were all scheduled when the bonds were issued, and are budgeted for in the months delineated in the underlying bond documents. The General Fund’s portion of the annual debt service payments is approximately \$200,000, less than one percent of the General Fund’s budgeted revenues.



**CITY OF MORGAN HILL, CALIFORNIA**  
**FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2021-22**  
**FOR THE MONTH ENDED JANUARY 2022 – 58% OF YEAR COMPLETE**

- **Wastewater Operations** – Revenues from Sewer Operations through January totaled \$7.4 million. Expenditures and outstanding encumbrances totaled \$7.6 million or 54% of the budget. The table below shows historical Sewer Operations revenues and expenditures from FY17-18 through FY20-21 Actual, FY21-22 Budget, and YTD as of January 31, 2022.

| (amount in millions)                     | FY17-18 | FY18-19 | FY19-20 | FY20-21 | Budget<br>FY21-22 | YTD<br>FY21-22 |
|------------------------------------------|---------|---------|---------|---------|-------------------|----------------|
| Revenues                                 | 10.3    | 11.4    | 11.9    | 13.3    | 14.1              | 7.4            |
| Expenditures                             | 10.8    | 11.4    | 12.3    | 13.3    | 14.0              | 7.6            |
| Operating Margin                         | (0.5)   | -       | (0.4)   | -       | 0.1               | (0.2)          |
| Operating Margin<br>without Encumbrances | (0.3)   | 0.4     | (0.1)   | -       | 0.1               | 0.0            |

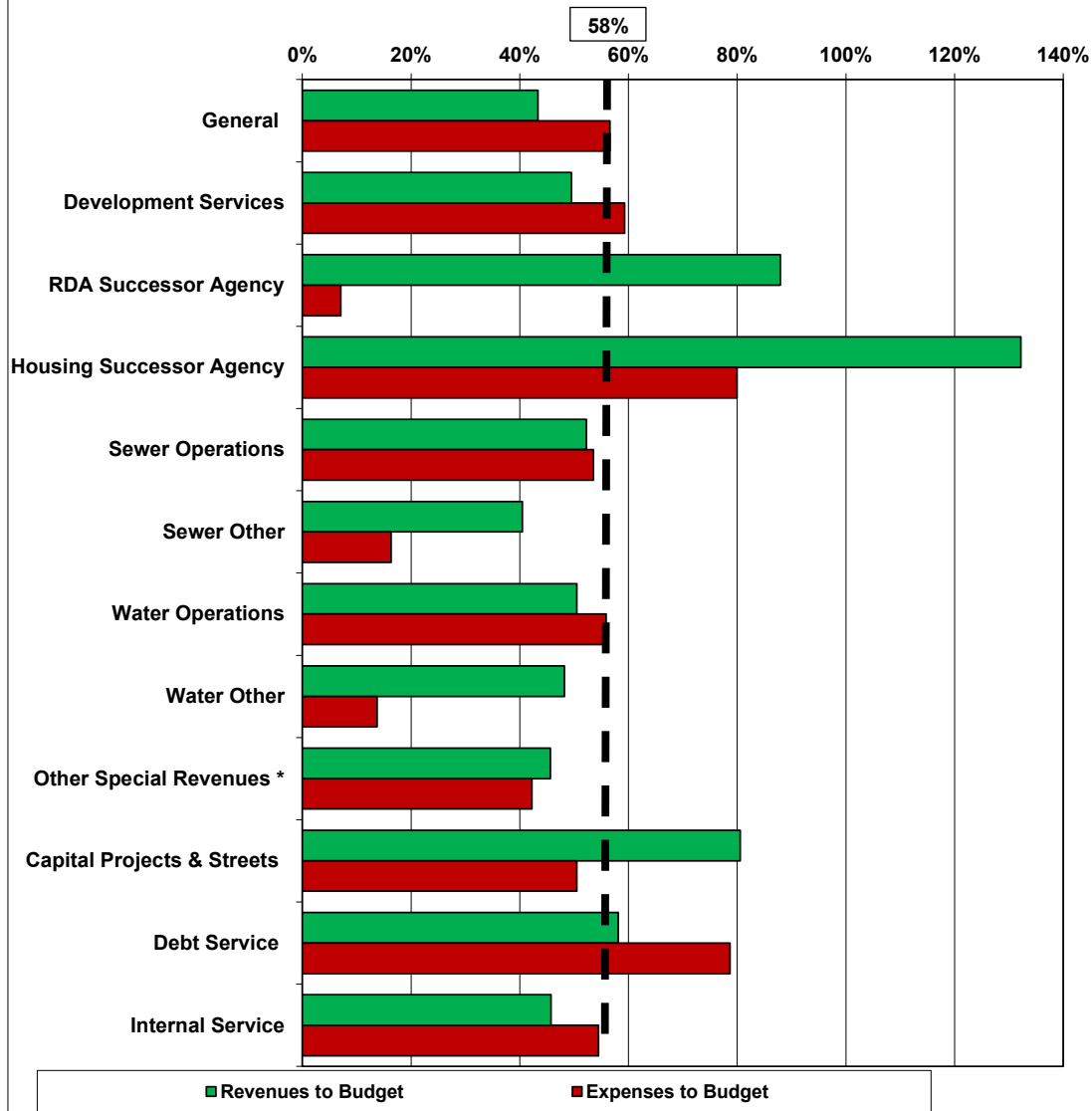
- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues from Water Operations through January totaled \$8.3 million. Water Operations expenditures, including outstanding encumbrances, totaled \$9.2 million through January. The table below shows Water Operations revenues and expenditures from FY17-18 through FY20-21 Actual, FY21-22 Budget, and YTD as of January 31, 2022.

| (amount in millions)                     | FY17-18 | FY18-19 | FY19-20 | FY20-21 | Budget<br>FY21-22 | YTD<br>FY21-22 |
|------------------------------------------|---------|---------|---------|---------|-------------------|----------------|
| Revenues                                 | 13.0    | 14.2    | 15.3    | 16.5    | 16.3              | 8.3            |
| Expenditures                             | 12.1    | 14.3    | 16.4    | 16.5    | 16.4              | 9.2            |
| Operating Margin                         | 0.9     | (0.1)   | (1.1)   | -       | (0.1)             | (0.9)          |
| Operating Margin<br>without Encumbrances | 1.4     | 0.8     | (0.1)   | -       | (0.1)             | 0.0            |

- **Investments** – Four securities were purchased. Total interest earnings received on investments were \$43,000 during the month.



## Morgan Hill YTD Revenue & Expense Summary January 31, 2022 - 58% of Year Complete



| FUND NAME                  | REVENUES             |             | EXPENSES                 |             |
|----------------------------|----------------------|-------------|--------------------------|-------------|
|                            | ACTUAL               | % OF BUDGET | ACTUAL PLUS ENCUMBRANCES | % OF BUDGET |
| General                    | \$ 22,030,613        | 43%         | \$ 28,785,477            | 57%         |
| Development Services       | 2,620,633            | 50%         | 3,292,587                | 59%         |
| RDA Successor Agency       | 6,246,678            | 88%         | 490,200                  | 7%          |
| Housing Successor Agency   | 284,662              | 132%        | 802,877                  | 80%         |
| Sewer Operations           | 7,380,535            | 52%         | 7,560,100                | 54%         |
| Sewer Other                | 4,840,677            | 40%         | 7,344,808                | 16%         |
| Water Operations           | 8,251,245            | 51%         | 9,182,182                | 56%         |
| Water Other                | 3,390,498            | 48%         | 1,348,355                | 14%         |
| Other Special Revenues *   | 2,470,094            | 46%         | 2,549,083                | 42%         |
| Capital Projects & Streets | 18,360,779           | 81%         | 33,757,397               | 50%         |
| Debt Service               | 402,544              | 58%         | 546,437                  | 79%         |
| Internal Service           | 5,946,421            | 46%         | 7,223,504                | 54%         |
| <b>TOTAL FOR ALL FUNDS</b> | <b>\$ 82,225,379</b> | <b>53%</b>  | <b>\$ 102,883,009</b>    | <b>44%</b>  |

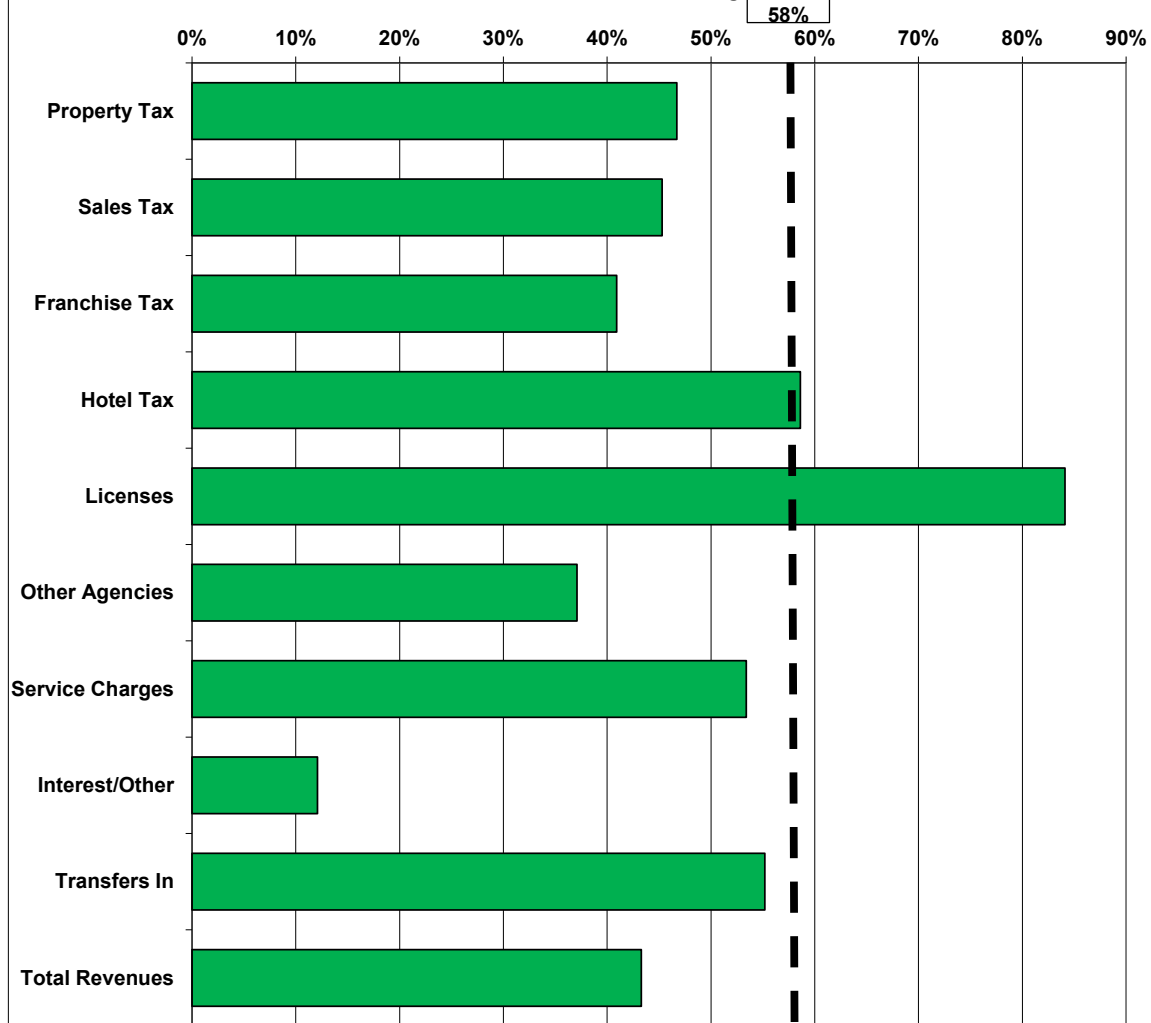
\* Includes all Special Revenue Funds except Community Development, Street Funds, and RDA and Housing Successor Agencies.



# Morgan Hill YTD General Fund Revenues

January 31, 2022 - 58% of Year Complete

Percent of Actual to Budget

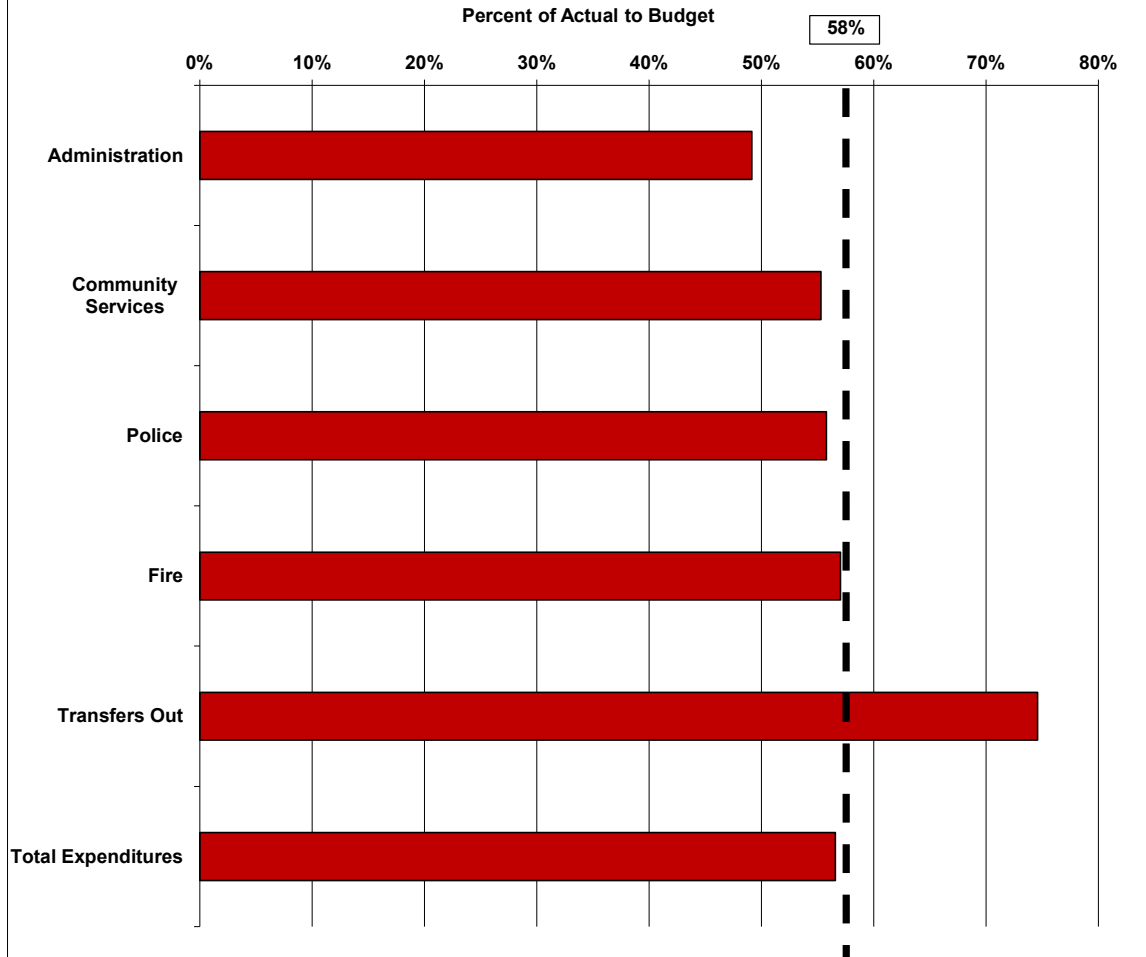


| REVENUE CATEGORY | BUDGET        | ACTUAL        | % OF BUDGET | PRIOR YEAR TO DATE | % CHANGE FROM PRIOR YEAR |
|------------------|---------------|---------------|-------------|--------------------|--------------------------|
| Property Tax     | \$ 15,771,000 | \$ 7,372,660  | 47%         | \$ 7,392,312       | 0%                       |
| Sales Tax        | 11,098,601    | 5,025,846     | 45%         | 3,532,485          | 42%                      |
| Franchise Tax    | 2,375,000     | 971,018       | 41%         | 898,869            | 8%                       |
| Hotel Tax        | 2,235,300     | 1,310,992     | 59%         | 736,955            | 78%                      |
| Licenses         | 198,825       | 167,142       | 84%         | 135,452            | 23%                      |
| Other Agencies   | 653,658       | 242,263       | 37%         | 239,700            | 1%                       |
| Service Charges  | 8,164,851     | 4,358,318     | 53%         | 3,004,549          | 45%                      |
| Interest/Other   | 7,230,495     | 873,932       | 12%         | 905,853            | -4%                      |
| Transfers In     | 3,093,579     | 1,708,442     | 55%         | 1,522,153          | 12%                      |
| TOTAL REVENUES   | \$ 50,821,309 | \$ 22,030,613 | 43%         | \$ 18,368,328      | 20%                      |



## Morgan Hill YTD General Fund Expenditures

### January 31, 2022 - 58% of Year Complete



| EXPENDITURE CATEGORY      | BUDGET               | ACTUAL PLUS ENCUMBRANCES | % OF BUDGET | PRIOR YTD PLUS ENCUMBRANCES | % CHANGE FROM PRIOR YEAR |
|---------------------------|----------------------|--------------------------|-------------|-----------------------------|--------------------------|
| Administration            | \$ 5,913,826         | \$ 2,906,392             | 49%         | \$ 2,592,745                | 12%                      |
| Community Services        | 13,952,469           | 7,717,042                | 55%         | 6,935,861                   | 11%                      |
| Police                    | 19,133,242           | 10,672,459               | 56%         | 9,755,081                   | 9%                       |
| Fire                      | 7,788,401            | 4,443,458                | 57%         | 4,079,515                   | 9%                       |
| Transfers Out             | 4,083,681            | 3,046,125                | 75%         | 333,179                     | 814%                     |
| <b>TOTAL EXPENDITURES</b> | <b>\$ 50,871,618</b> | <b>\$ 28,785,477</b>     | <b>57%</b>  | <b>\$ 23,696,381</b>        | <b>21%</b>               |

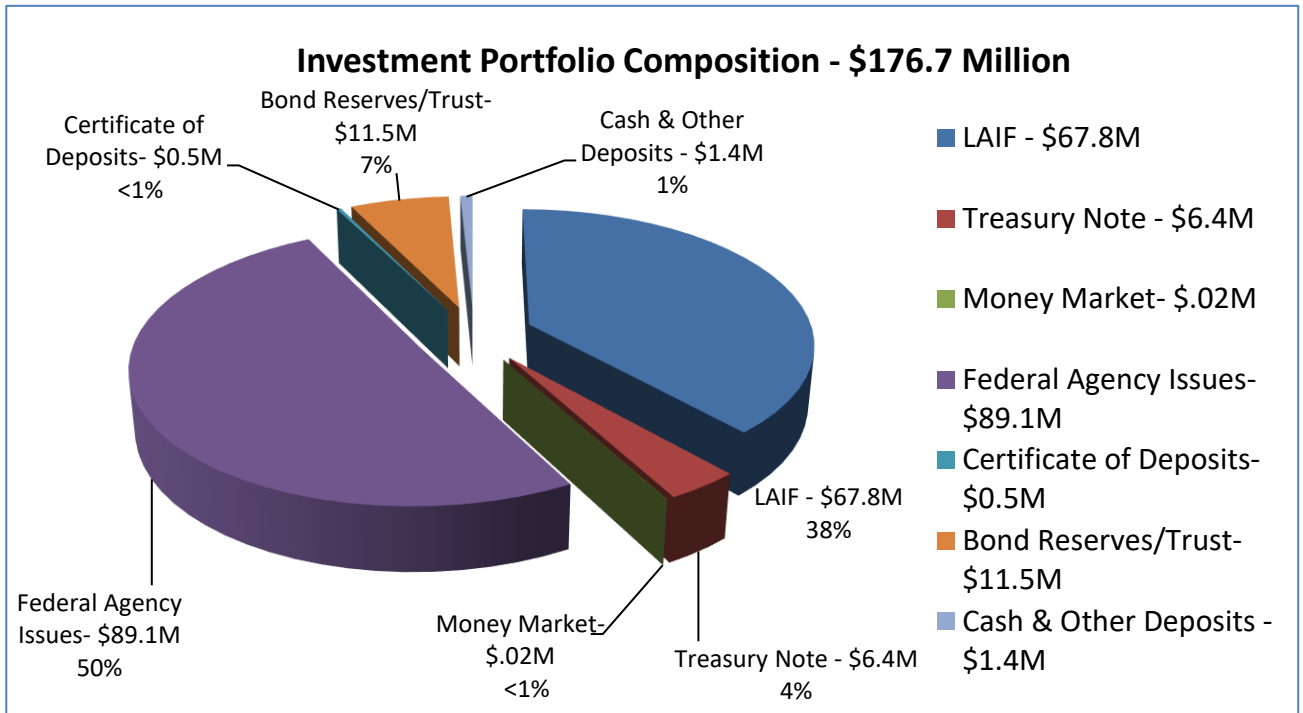


**City of Morgan Hill**  
**Recreation Report - Fiscal Year 2021-22**  
**For the Month and Seven Months Ended January 31, 2022**  
**58% of Year Complete**

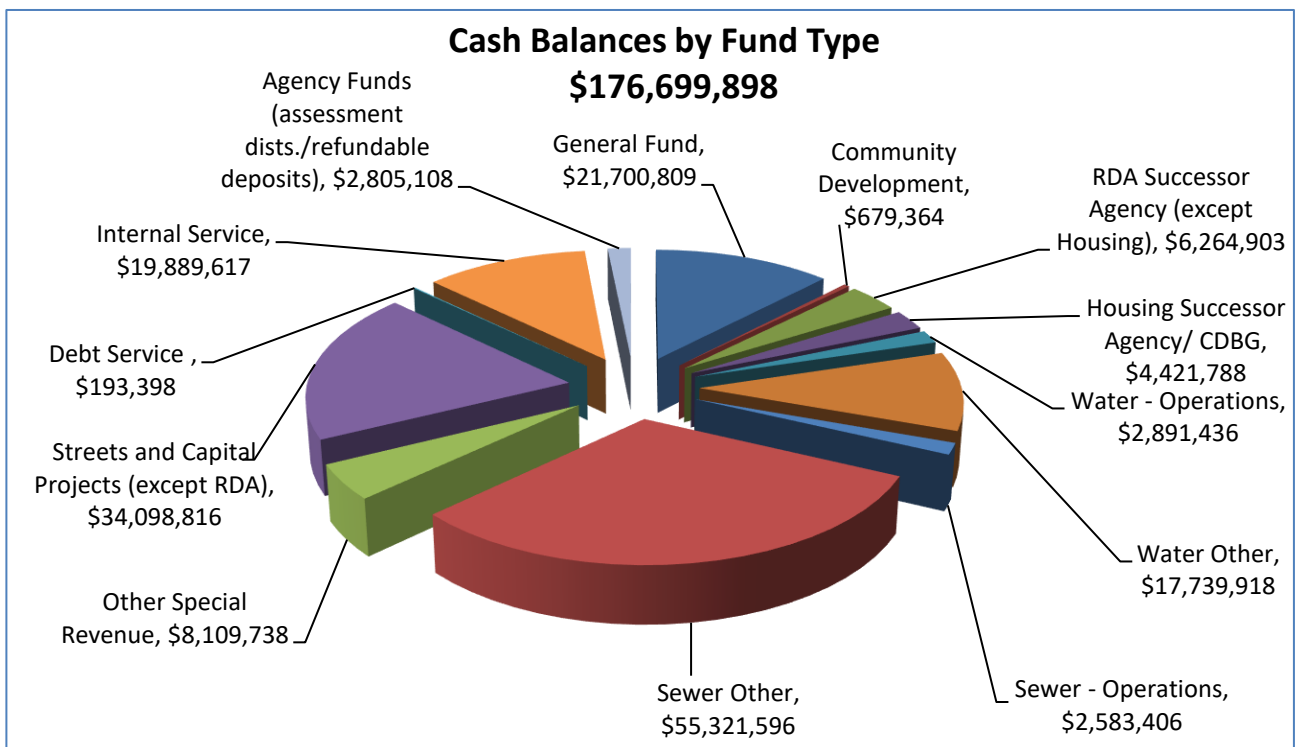
|                                        | <u>Budget</u>                | <u>January 2022</u>       | <u>YTD</u>                   | <u>% of Budget</u> |
|----------------------------------------|------------------------------|---------------------------|------------------------------|--------------------|
| Revenues                               |                              |                           |                              |                    |
| Membership Services & Rec Programs     | \$ 4,713,801                 | \$ 307,035                | \$ 2,400,054                 |                    |
| Facility Rentals                       | 506,683                      | 51,072                    | 312,322                      |                    |
| Community Services                     | 79,000                       | 508                       | 98,830                       |                    |
| Transfers in                           | 75,000                       | 6,250                     | 43,750                       |                    |
| Total Revenues                         | <u>\$ 5,374,484</u>          | <u>\$ 364,865</u>         | <u>\$ 2,854,957</u>          | 53%                |
| Less: Expenditures                     |                              |                           |                              |                    |
| Membership & Program Services          | \$ 5,648,211                 | \$ 294,346                | \$ 2,877,255                 |                    |
| Facility Rentals                       | 1,313,549                    | 41,007                    | 307,660                      |                    |
| Community Services                     | 641,554                      | 52,378                    | 288,050                      |                    |
| Total Expenditures                     | <u>\$ 7,603,315</u>          | <u>\$ 387,730</u>         | <u>\$ 3,472,965</u>          | 46%                |
| <b>Net Impact without encumbrances</b> | <b><u>\$ (2,228,831)</u></b> | <b><u>\$ (22,866)</u></b> | <b><u>\$ (618,008)</u></b>   |                    |
| Encumbrances                           | -                            | -                         | 1,068,465                    |                    |
| <b>Net Impact with encumbrances</b>    | <b><u>\$ (2,228,831)</u></b> | <b><u>\$ (22,866)</u></b> | <b><u>\$ (1,686,474)</u></b> |                    |

## City of Morgan Hill Monthly Investment Report - January 31, 2022

The following are the snapshots of City's investment portfolio as of January 31, 2022. The first chart shows the portfolio composition by investment type:

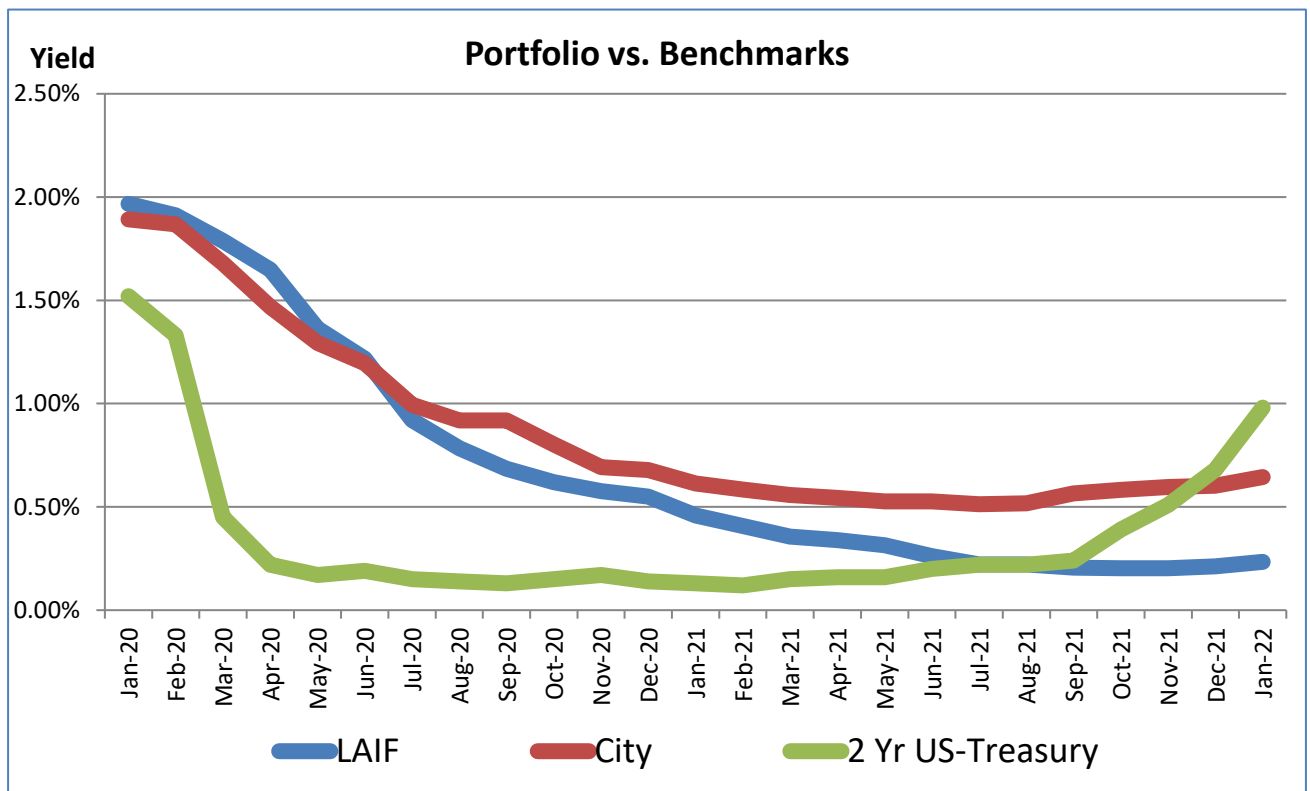


The chart below shows cash balances by fund type reconciled to City's financial system:

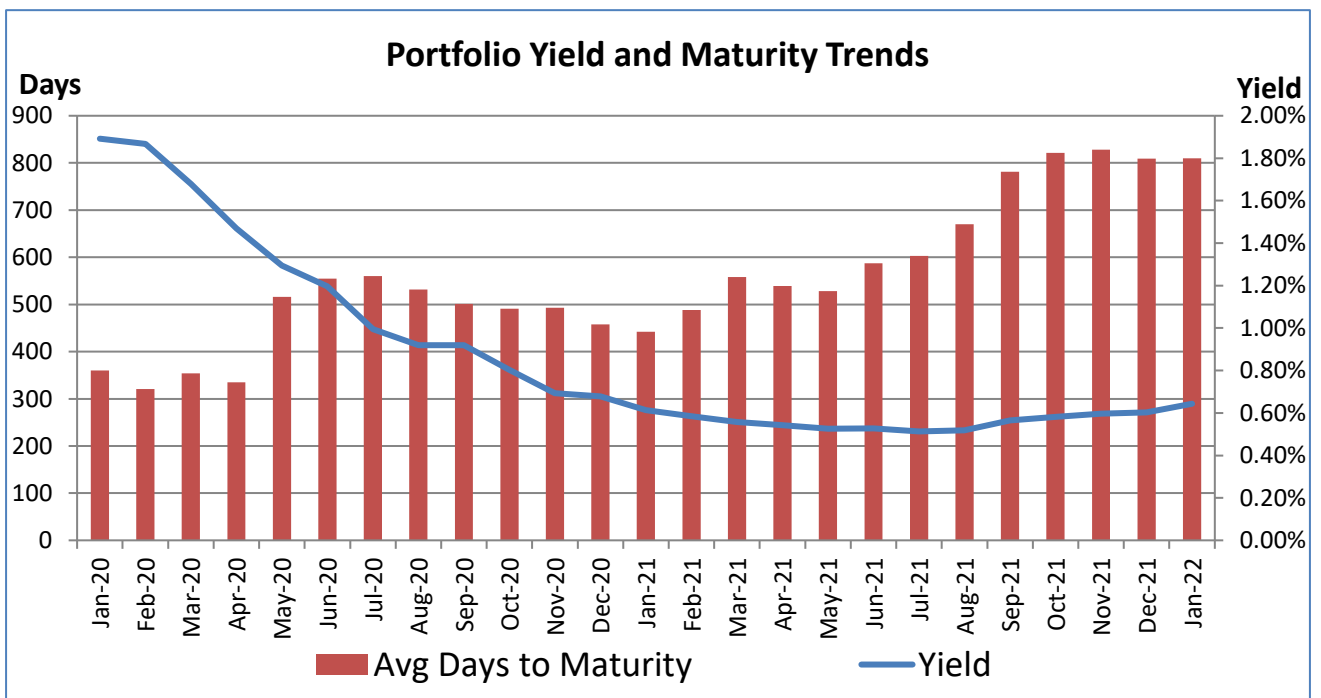




The following chart illustrates a yield comparison by month among the City's portfolio, LAIF and 2-Year US Treasury:



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





**City of Morgan Hill**  
**Investment Portfolio Detail**  
**As of January 31, 2022**

| Investment Type                                 | Settlement Date | Book Value            | % of Portfolio | Market Value          | YTM at Cost  | Next Call Date | Date of Maturity |
|-------------------------------------------------|-----------------|-----------------------|----------------|-----------------------|--------------|----------------|------------------|
| <b>L A I F</b>                                  |                 | <b>\$ 67,800,048</b>  | <b>38.37%</b>  | <b>\$ 67,626,420</b>  | <b>0.23%</b> |                |                  |
| <b>City Managed</b>                             |                 |                       |                |                       |              |                |                  |
| Treasury Note                                   | 4/30/2018       | 4,440,242             | 3.28%          | 4,532,535             | 2.73%        | 3/31/2023      | 3/31/2023        |
| Treasury Note                                   | 10/8/2021       | 1,988,437             | 1.25%          | 1,934,760             | 0.88%        | 9/30/2026      | 9/30/2026        |
| Treasury Note                                   | 1/4/2022        | 1,999,173             | 1.25%          | 1,984,380             | 0.77%        | 12/31/2023     | 12/31/2023       |
| Treasury Note                                   | 1/19/2022       | 1,989,862             | 1.25%          | 1,984,380             | 1.02%        | 12/31/2023     | 12/31/2023       |
| FFCB Bond                                       | 4/8/2020        | 2,000,000             | 1.13%          | 1,985,000             | 0.88%        | 4/8/2022       | 4/8/2024         |
| FFCB Bond                                       | 5/27/2020       | 2,000,000             | 1.13%          | 1,945,640             | 0.73%        | 5/27/2022      | 5/27/2025        |
| FHLMC Bond                                      | 6/3/2020        | 2,000,000             | 1.13%          | 1,956,020             | 0.60%        | 6/3/2022       | 12/3/2024        |
| FHLMC Bond                                      | 10/20/2020      | 2,000,000             | 1.13%          | 1,934,780             | 0.60%        | 4/20/2022      | 10/20/2025       |
| FHLMC Bond                                      | 10/27/2020      | 2,000,000             | 1.13%          | 1,936,900             | 0.63%        | 4/27/2022      | 10/27/2025       |
| FHLMC Bond                                      | 11/2/2020       | 2,000,000             | 1.13%          | 1,971,080             | 0.32%        | 5/2/2022       | 11/2/2023        |
| FFCB Bond                                       | 11/3/2020       | 2,000,000             | 1.13%          | 1,926,460             | 0.54%        | 5/3/2022       | 11/3/2025        |
| FNMA Bond                                       | 11/18/2020      | 2,000,000             | 1.13%          | 1,938,700             | 0.65%        | 5/18/2022      | 11/18/2025       |
| FHLMC Bond                                      | 11/24/2020      | 2,000,000             | 1.13%          | 1,931,600             | 0.64%        | 5/24/2022      | 11/24/2025       |
| FFCB Bond                                       | 11/24/2020      | 1,000,000             | 0.57%          | 963,990               | 0.60%        | 5/24/2022      | 11/24/2025       |
| FHLMC Bond                                      | 11/25/2020      | 3,000,000             | 1.70%          | 2,916,150             | 0.63%        | 5/25/2022      | 11/25/2025       |
| FHLMC Bond                                      | 11/30/2020      | 2,000,000             | 1.13%          | 1,944,960             | 0.65%        | 5/26/2022      | 11/26/2025       |
| FFCB Bond                                       | 12/22/2020      | 2,000,000             | 1.13%          | 1,916,720             | 0.47%        | 6/22/2022      | 12/22/2025       |
| FHLB Bond                                       | 1/22/2021       | 2,000,000             | 1.13%          | 1,939,500             | 0.63%        | 7/22/2022      | 1/22/2026        |
| FNMA Bond                                       | 1/28/2021       | 2,000,000             | 1.13%          | 1,933,920             | 0.55%        | 7/28/2022      | 1/28/2026        |
| FHLB Bond                                       | 1/28/2021       | 2,000,000             | 1.13%          | 1,940,760             | 0.65%        | 7/28/2022      | 1/28/2026        |
| FHLB Bond                                       | 2/24/2021       | 2,000,000             | 1.13%          | 1,928,540             | 0.75%        | 2/24/2022      | 2/24/2026        |
| FHLB Bond                                       | 2/25/2021       | 2,000,000             | 1.13%          | 1,939,720             | 0.66%        | 2/25/2022      | 2/25/2026        |
| FHLB Bond                                       | 2/26/2021       | 2,000,000             | 1.13%          | 1,924,500             | 0.65%        | 2/26/2022      | 2/26/2026        |
| FHLB Bond                                       | 3/10/2021       | 2,000,000             | 1.13%          | 1,948,220             | 0.85%        | 3/10/2022      | 3/10/2026        |
| FHLB Bond                                       | 3/16/2021       | 2,000,000             | 1.13%          | 1,941,280             | 0.70%        | 3/16/2022      | 3/16/2026        |
| FHLB Bond                                       | 3/16/2021       | 2,000,000             | 1.13%          | 1,944,500             | 0.80%        | 3/16/2022      | 3/16/2026        |
| FHLB Bond                                       | 6/9/2021        | 2,000,000             | 1.13%          | 1,963,520             | 1.08%        | 6/9/2022       | 6/9/2026         |
| FHLB Bond                                       | 6/30/2021       | 2,000,000             | 1.13%          | 1,955,480             | 1.00%        | 6/30/2022      | 6/30/2026        |
| FHLB Bond                                       | 7/15/2021       | 3,000,000             | 1.70%          | 2,944,200             | 1.13%        | 7/15/2022      | 7/15/2026        |
| FHLB Bond                                       | 7/15/2021       | 2,000,000             | 1.13%          | 1,965,000             | 0.85%        | 7/15/2022      | 7/15/2025        |
| FHLB Bond                                       | 8/26/2021       | 2,000,000             | 1.13%          | 1,946,400             | 0.80%        | 2/26/2022      | 8/26/2026        |
| FHLB Bond                                       | 8/26/2021       | 3,000,000             | 1.70%          | 2,936,760             | 1.00%        | 2/26/2022      | 8/26/2026        |
| FHLB Bond                                       | 8/26/2021       | 2,000,000             | 1.13%          | 1,945,700             | 0.90%        | 2/26/2022      | 8/26/2026        |
| FHLB Bond                                       | 9/13/2021       | 2,095,408             | 1.19%          | 2,022,020             | 0.82%        | 3/11/2022      | 9/11/2026        |
| FFCB Bond                                       | 9/28/2021       | 1,984,136             | 1.12%          | 1,929,560             | 0.98%        | 3/10/2022      | 9/10/2026        |
| FHLB Bond                                       | 9/29/2021       | 3,000,000             | 1.70%          | 2,929,920             | 1.13%        | 3/29/2022      | 9/29/2026        |
| FHLB Bond                                       | 9/30/2021       | 2,000,000             | 1.13%          | 1,943,620             | 0.88%        | 3/30/2022      | 9/30/2026        |
| FHLB Bond                                       | 9/30/2021       | 3,000,000             | 1.70%          | 2,931,000             | 1.05%        | 3/30/2022      | 9/30/2026        |
| FHLB Bond                                       | 9/30/2021       | 3,000,000             | 1.70%          | 2,927,880             | 1.02%        | 3/30/2022      | 9/30/2026        |
| FHLB Bond                                       | 10/19/2021      | 2,000,000             | 1.13%          | 1,944,980             | 1.00%        | 4/19/2022      | 10/19/2026       |
| FHLB Bond                                       | 11/18/2021      | 2,000,000             | 1.13%          | 1,974,800             | 1.30%        | 5/18/2022      | 11/18/2026       |
| FHLB Bond                                       | 12/29/2021      | 2,000,000             | 1.13%          | 1,986,060             | 0.75%        | 6/29/2022      | 12/29/2023       |
| FHLB Bond                                       | 1/19/2022       | 2,000,000             | 1.13%          | 1,984,920             | 1.74%        | 7/19/2022      | 1/19/2027        |
| FHLB Bond                                       | 1/25/2022       | 2,000,000             | 1.13%          | 1,994,840             | 1.51%        | 7/25/2022      | 7/25/2025        |
| CD - Goldman Sachs Bank USA                     | 5/13/2020       | 250,000               | 0.14%          | 250,265               | 0.50%        | 5/13/2022      | 5/13/2022        |
| CD - American Nat'l Bank                        | 5/20/2020       | 250,000               | 0.14%          | 250,205               | 0.40%        | 5/20/2022      | 5/20/2022        |
| <b>Sub Total/Average</b>                        |                 | <b>\$ 95,997,258</b>  | <b>55.45%</b>  | <b>\$ 93,872,125</b>  | <b>0.93%</b> |                |                  |
| <b>Money Market</b>                             |                 | <b>\$ 23,144</b>      | <b>0.01%</b>   | <b>\$ 23,144</b>      | <b>0.01%</b> |                |                  |
| <b>Total City Managed/Average</b>               |                 | <b>\$ 163,820,450</b> | <b>93.83%</b>  | <b>\$ 161,521,689</b> | <b>0.64%</b> |                |                  |
| <b>Bond Reserve Accounts - Held By Trustees</b> |                 | <b>\$ 6,780,648</b>   | <b>3.84%</b>   | <b>\$ 6,780,648</b>   |              |                |                  |
| <b>Cash/Deposits</b>                            |                 | <b>\$ 1,411,396</b>   | <b>0.80%</b>   | <b>\$ 1,411,396</b>   |              |                |                  |
| <b>PARS and CALPERS CERBT Trust</b>             |                 | <b>\$ 4,687,404</b>   | <b>2.65%</b>   | <b>\$ 5,811,342</b>   |              |                |                  |
| <b>GRAND TOTAL/AVERAGE</b>                      |                 | <b>\$ 176,699,898</b> | <b>100%</b>    | <b>\$ 175,525,075</b> |              |                |                  |



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

|                                                        | Invested<br>in Fund | Yield | Book Value<br>End of Month | % of<br>Total  | Market<br>Value       |
|--------------------------------------------------------|---------------------|-------|----------------------------|----------------|-----------------------|
| <b>Investments</b>                                     |                     |       |                            |                |                       |
| State Treasurer LAIF - City                            | All Funds Pooled    | 0.23% | \$ 51,294,165              | 29.03%         | \$ 51,162,806         |
| 2015 Wastewater Rev Bonds - CIP                        | Wastewater Fund     | 0.23% | 16,505,883                 | 9.34%          | 16,463,614            |
| Federal Issues                                         | All Funds Pooled    | 0.87% | 89,068,579                 | 50.41%         | 88,839,120            |
| US Treasury Notes                                      | All Funds Pooled    | 1.68% | 6,428,679                  | 3.64%          | 4,532,535             |
| Certificate of Deposits                                | All Funds Pooled    | 0.45% | 500,000                    | 0.28%          | 500,470               |
| Dreyfus Treas Cash Management Acct                     | All Funds Pooled    | 0.01% | 23,144                     | 0.01%          | 23,144                |
|                                                        | <b>SUBTOTAL</b>     |       | <b>\$ 163,820,450</b>      | <b>92.71%</b>  | <b>\$ 161,521,689</b> |
| <b>Bond Reserve Accounts - held by trustees</b>        |                     |       |                            |                |                       |
| Zions Bank - Civic Center/Library Facility             | Debt Service        | 0.01% | 3                          | 0.00%          | 3                     |
| Blackrock Liq Fund                                     |                     |       |                            |                |                       |
| Zions Bank - MH Police Facility Lease Revenue Bonds    | Debt Service        | 0.01% | 4                          | 0.00%          | 4                     |
| Blackrock Liq Fund                                     |                     |       |                            |                |                       |
| BNY - RDA Bonds                                        |                     |       |                            |                |                       |
| Dreyfus Cash Mgmt 521                                  | Successor Fund      | 0.01% | 6,262,932                  | 3.54%          | 6,262,932             |
| Zions Bank - MH Ranch 2015                             |                     |       |                            |                |                       |
| Blackrock Liq Funds Fed Fund -DI -2015                 | Agency Fund         | 0.01% | 255,218                    | 0.14%          | 255,218               |
| Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015 |                     |       |                            |                |                       |
| Blackrock Liquidity Temp Fund-2015                     | Agency Fund         | 0.01% | 262,492                    | 0.15%          | 262,492               |
|                                                        | <b>SUBTOTAL</b>     |       | <b>6,780,648</b>           | <b>3.84%</b>   | <b>6,780,648</b>      |
| <b>Other Cash/Deposits</b>                             |                     |       |                            |                |                       |
| General Checking                                       | All Funds           |       | 1,374,284                  | 0.78%          | 1,374,284             |
| Workers' Comp Administrators                           | Workers' Comp       |       | 30,000                     | 0.02%          | 30,000                |
| Petty Cash & Emergency Cash                            | General Fund        |       | 7,112                      | 0.00%          | 7,112                 |
| CALPERS CERBT - OPEB Trust                             |                     |       | 3,487,404                  | 1.97%          | 4,249,175             |
| PARS - PENSION Trust                                   |                     |       | 1,200,000                  | 0.68%          | 1,562,168 **          |
|                                                        | <b>SUBTOTAL</b>     |       | <b>6,098,800</b>           | <b>3.45%</b>   | <b>7,222,738</b>      |
| <b>Total Cash and Investments</b>                      |                     |       | <b>\$ 176,699,898</b>      | <b>100.00%</b> | <b>\$ 175,525,075</b> |

\*\* As of 12/31/21

**CASH ACTIVITY SUMMARY**  
**FY 2021-22**

| Fund Type                                            | 07/1/21<br>Balance    | Change in<br>Cash Balance | 1/31/2022<br>Balance  |
|------------------------------------------------------|-----------------------|---------------------------|-----------------------|
| General Fund                                         | \$ 19,007,873         | \$ 2,692,935              | \$ 21,700,809         |
| Community Development                                | 1,077,499             | (398,135)                 | 679,364               |
| RDA Successor Agency (except Housing)                | 508,427               | 5,756,475                 | 6,264,903             |
| Housing Successor Agency/ CDBG                       | 4,307,419             | 114,369                   | 4,421,788             |
| Water - Operations                                   | 2,573,349             | 318,088                   | 2,891,436             |
| Water Other                                          | 15,405,786            | 2,334,132                 | 17,739,918            |
| Sewer - Operations                                   | 1,593,140             | 990,266                   | 2,583,406             |
| Sewer Other                                          | 57,221,072            | (1,899,475)               | 55,321,596            |
| Other Special Revenue                                | 7,425,644             | 684,093                   | 8,109,738             |
| Streets and Capital Projects (except RDA)            | 37,931,830            | (3,833,015)               | 34,098,816            |
| Debt Service                                         | 337,123               | (143,725)                 | 193,398               |
| Internal Service                                     | 19,378,242            | 511,375                   | 19,889,617            |
| Agency Funds (assessment dists./refundable deposits) | 3,356,940             | (551,832)                 | 2,805,108             |
| <b>Total</b>                                         | <b>\$ 170,124,346</b> | <b>\$ 6,575,552</b>       | <b>\$ 176,699,898</b> |

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

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

Prepared by:

Gina Nazareno, Senior Accountant

Approved by:

Caitlin Jachimowicz, Treasurer

Reviewed by:

Dat Nguyen, Finance Director



**City of Morgan Hill**  
**Year to Date Revenues - Fiscal Year 2021-22**  
**For The Seven Months Ended January 31, 2022**  
**58% of Year Complete**

| <b>FUND<br/>REVENUE<br/>SOURCE</b>         | <b>ADOPTED<br/>BUDGET</b> | <b>AMENDED<br/>BUDGET</b> | <b>CURRENT<br/>YTD<br/>ACTUAL</b> | <b>%<br/>OF BUDGET</b> | <b>PRIOR<br/>YTD</b> | <b>INCR (DECR)<br/>FROM PRIOR<br/>YTD</b> | <b>%<br/>CHANGE</b> |
|--------------------------------------------|---------------------------|---------------------------|-----------------------------------|------------------------|----------------------|-------------------------------------------|---------------------|
| <b>010 GENERAL FUND</b>                    |                           |                           |                                   |                        |                      |                                           |                     |
| <b>TAXES</b>                               |                           |                           |                                   |                        |                      |                                           |                     |
| Property Tax - Secured/Unsecured           | \$ 13,485,000             | 13,485,000                | \$ 6,492,699                      | 48%                    | \$ 6,036,360         | \$ 456,339                                | 8%                  |
| Property Tax - RPTTF Residual Distribution | 2,144,000                 | 2,144,000                 | 808,731                           | 38%                    | 1,123,570            | (314,839)                                 | -28%                |
| Property Tax - Supplemental Roll           | 142,000                   | 142,000                   | 71,230                            | 50%                    | 232,383              | (161,152)                                 | -69%                |
| Sales Tax                                  | 10,699,601                | 10,699,601                | 4,834,237                         | 45%                    | 3,407,731            | 1,426,507                                 | 42%                 |
| Public Safety Sales Tax                    | 399,000                   | 399,000                   | 191,608                           | 48%                    | 124,755              | 66,854                                    | 54%                 |
| Transient Occupancy Taxes                  | 2,235,300                 | 2,235,300                 | 1,310,992                         | 59%                    | 736,955              | 574,037                                   | 78%                 |
| Franchise (Refuse ,Cable ,PG&E)            | 2,375,000                 | 2,375,000                 | 971,018                           | 41%                    | 898,869              | 72,149                                    | 8%                  |
| Property Transfer Tax                      | 541,000                   | 541,000                   | 388,040                           | 72%                    | 346,656              | 41,384                                    | 12%                 |
| <b>TOTAL TAXES</b>                         | <b>32,020,901</b>         | <b>32,020,901</b>         | <b>15,068,556</b>                 | <b>47%</b>             | <b>12,907,277</b>    | <b>2,161,278</b>                          | <b>17%</b>          |
| <b>LICENSES/PERMITS</b>                    |                           |                           |                                   |                        |                      |                                           |                     |
| Business License                           | 159,135                   | 159,135                   | 163,512                           | 103%                   | 132,833              | 30,679                                    | 23%                 |
| Other Permits                              | 39,690                    | 39,690                    | 3,630                             | 9%                     | 2,619                | 1,011                                     | 39%                 |
| <b>TOTAL LICENSES/PERMITS</b>              | <b>198,825</b>            | <b>198,825</b>            | <b>167,142</b>                    | <b>84%</b>             | <b>135,452</b>       | <b>31,690</b>                             | <b>23%</b>          |
| <b>FINES AND PENALTIES</b>                 |                           |                           |                                   |                        |                      |                                           |                     |
| Parking Enforcement                        | 8,240                     | 8,240                     | 1,977                             | 24%                    | 1,868                | 109                                       | 6%                  |
| Bails & Fines                              | 75,854                    | 75,854                    | 21,340                            | 28%                    | 21,406               | (66)                                      | 0%                  |
| Administrative Citations                   | 10,331                    | 10,331                    | -                                 | n/a                    | 12,703               | (12,703)                                  | -100%               |
| <b>TOTAL FINES AND PENALTIES</b>           | <b>94,425</b>             | <b>94,425</b>             | <b>23,318</b>                     | <b>25%</b>             | <b>35,977</b>        | <b>(12,660)</b>                           | <b>-35%</b>         |
| <b>OTHER AGENCIES</b>                      |                           |                           |                                   |                        |                      |                                           |                     |
| Motor Vehicle in-Lieu                      | 26,026                    | 26,026                    | -                                 | n/a                    | 6,286                | (6,286)                                   | -100%               |
| Other Revenue - Other Agencies             | 437,794                   | 653,658                   | 242,263                           | 37%                    | 239,700              | 2,563                                     | 1%                  |
| <b>TOTAL OTHER AGENCIES</b>                | <b>463,820</b>            | <b>679,684</b>            | <b>242,263</b>                    | <b>36%</b>             | <b>245,986</b>       | <b>(3,723)</b>                            | <b>-2%</b>          |
| <b>CHARGES CURRENT SERVICES</b>            |                           |                           |                                   |                        |                      |                                           |                     |
| Police False Alarm Charge                  | 31,340                    | 31,340                    | 16,879                            | 54%                    | 29,719               | (12,840)                                  | -43%                |
| Business License Application Review        | 38,007                    | 38,007                    | 24,377                            | 64%                    | 25,903               | (1,526)                                   | -6%                 |
| Membership Services & Rec Programs         | 4,238,989                 | 4,713,801                 | 2,400,054                         | 51%                    | 1,554,929            | 845,126                                   | 54%                 |
| Facility Rentals                           | 945,931                   | 506,683                   | 312,322                           | 62%                    | 84,996               | 227,327                                   | 267%                |
| Community Services                         | 126,449                   | 79,000                    | 98,830                            | 125%                   | 4,082                | 94,748                                    | 2321%               |
| General Administration Overhead            | 1,825,440                 | 1,825,440                 | 1,068,844                         | 59%                    | 1,038,842            | 30,002                                    | 3%                  |
| Other Charges Current Services             | 970,580                   | 970,580                   | 437,011                           | 45%                    | 266,079              | 170,932                                   | 64%                 |
| <b>TOTAL CURRENT SERVICES</b>              | <b>8,176,736</b>          | <b>8,164,851</b>          | <b>4,358,318</b>                  | <b>53%</b>             | <b>3,004,549</b>     | <b>1,353,768</b>                          | <b>45%</b>          |
| <b>OTHER REVENUE</b>                       |                           |                           |                                   |                        |                      |                                           |                     |
| Use of money/property                      | 823,436                   | 823,436                   | 301,834                           | 37%                    | 224,954              | 76,880                                    | 34%                 |
| Other Revenues                             | 5,961,472                 | 5,745,608                 | 160,740                           | 3%                     | 291,979              | (131,239)                                 | -45%                |
| <b>TOTAL OTHER REVENUE</b>                 | <b>6,784,908</b>          | <b>6,569,044</b>          | <b>462,574</b>                    | <b>7%</b>              | <b>516,933</b>       | <b>(54,359)</b>                           | <b>-11%</b>         |
| <b>TRANSFERS IN</b>                        |                           |                           |                                   |                        |                      |                                           |                     |
| One Time Transfer                          | 180,000                   | 180,000                   | 61,250                            | 34%                    | 119,574              | (58,324)                                  | -49%                |
| Public Safety Facilities Fund              | 25,000                    | 25,000                    | 58,324                            | 233%                   | 100,000              | (41,676)                                  | -42%                |
| Supplemental Law Enforcement Fund          | 100,000                   | 100,000                   | 100,000                           | 100%                   | 58,000               | 42,000                                    | 72%                 |
| Countywide Solid Waste                     | 324,763                   | 649,526                   | 325,000                           | 50%                    | -                    | 325,000                                   | n/a                 |
| Streets                                    | 699,735                   | 699,735                   | 324,267                           | 46%                    | 408,156              | (83,889)                                  | -21%                |
| Park Maintenance                           | 650,000                   | 650,000                   | 379,169                           | 58%                    | 379,169              | -                                         | n/a                 |
| Sewer Operations                           | 357,159                   | 357,159                   | 208,341                           | 58%                    | 206,752              | 1,589                                     | 1%                  |
| Water Operations                           | 357,159                   | 357,159                   | 208,341                           | 58%                    | 206,752              | 1,589                                     | 1%                  |
| Park Development                           | 75,000                    | 75,000                    | 43,750                            | 58%                    | 43,750               | -                                         | n/a                 |
| <b>TOTAL TRANSFERS IN</b>                  | <b>2,768,816</b>          | <b>3,093,579</b>          | <b>1,708,442</b>                  | <b>55%</b>             | <b>1,522,153</b>     | <b>186,289</b>                            | <b>12%</b>          |
| <b>TOTAL GENERAL FUND</b>                  | <b>50,508,431</b>         | <b>50,821,309</b>         | <b>22,030,613</b>                 | <b>43%</b>             | <b>18,368,328</b>    | <b>3,662,285</b>                          | <b>20%</b>          |
| <b>SPECIAL REVENUE FUNDS</b>               |                           |                           |                                   |                        |                      |                                           |                     |
| <b>202 STREET MAINTENANCE</b>              |                           |                           |                                   |                        |                      |                                           |                     |
| Gas Tax 2105 - 2107.5                      | 699,735                   | 699,735                   | 319,937                           | 46%                    | 379,547              | (59,610)                                  | -16%                |
| Interest / Other Revenue/Other Charges     | -                         | -                         | 394                               | n/a                    | 775                  | (381)                                     | -49%                |
| <b>202 STREET MAINTENANCE</b>              | <b>699,735</b>            | <b>699,735</b>            | <b>320,331</b>                    | <b>46%</b>             | <b>380,322</b>       | <b>(59,990)</b>                           | <b>-16%</b>         |



City of Morgan Hill  
Year to Date Revenues - Fiscal Year 2021-22  
For The Seven Months Ended January 31, 2022  
58% of Year Complete

| FUND<br>REVENUE<br>SOURCE                            | ADOPTED<br>BUDGET | AMENDED<br>BUDGET | CURRENT<br>YTD<br>ACTUAL | %<br>OF BUDGET | PRIOR<br>YTD     | INCR (DECR)<br>FROM PRIOR<br>YTD | %<br>CHANGE  |
|------------------------------------------------------|-------------------|-------------------|--------------------------|----------------|------------------|----------------------------------|--------------|
| <b>SPECIAL REVENUE FUNDS</b>                         |                   |                   |                          |                |                  |                                  |              |
| <b>205 SUPPLEMENTAL LAW ENFORCEMENT FUND</b>         |                   |                   |                          |                |                  |                                  |              |
| Interest Income                                      | 858               | 858               | 589                      | 69%            | 741              | (151)                            | -20%         |
| Police Grant/SLEF/JAG                                | 100,000           | 100,000           | 94,618                   | 95%            | 90,060           | 4,558                            | 5%           |
| <b>205 SUPPLEMENTAL LAW ENFORCEMENT FUND</b>         | <b>100,858</b>    | <b>100,858</b>    | <b>95,207</b>            | <b>94%</b>     | <b>90,801</b>    | <b>4,407</b>                     | <b>5%</b>    |
| <b>206 DEVELOPMENT SERVICES</b>                      |                   |                   |                          |                |                  |                                  |              |
| Building Fees                                        | 3,195,787         | 3,195,787         | 1,648,906                | 52%            | 1,341,007        | 307,899                          | 23%          |
| Planning Fees                                        | 766,776           | 766,776           | 497,986                  | 65%            | 740,848          | (242,862)                        | -33%         |
| Engineering Fees                                     | 999,810           | 999,810           | 361,430                  | 36%            | 268,951          | 92,478                           | 34%          |
| Other Revenue/Current Charges                        | 330,747           | 330,747           | 112,311                  | 34%            | 75,055           | 37,256                           | 50%          |
| <b>206 DEVELOPMENT SERVICES</b>                      | <b>5,293,120</b>  | <b>5,293,120</b>  | <b>2,620,633</b>         | <b>50%</b>     | <b>2,425,862</b> | <b>194,771</b>                   | <b>8%</b>    |
| <b>207 LONG RANGE PLANNING</b>                       | <b>869,266</b>    | <b>869,266</b>    | <b>406,411</b>           | <b>47%</b>     | <b>376,653</b>   | <b>29,758</b>                    | <b>8%</b>    |
| <b>215 and 216 HCD BLOCK GRANT</b>                   |                   |                   |                          |                |                  |                                  |              |
| Interest Income/Other Revenue                        | 3,173             | 3,173             | 167                      | 5%             | 278              | (111)                            | -40%         |
| <b>215 and 216 HCD BLOCK GRANT</b>                   | <b>3,173</b>      | <b>3,173</b>      | <b>167</b>               | <b>5%</b>      | <b>278</b>       | <b>(111)</b>                     | <b>-40%</b>  |
| <b>225 ASSET SEIZURE</b>                             | <b>1,931</b>      | <b>1,931</b>      | <b>361</b>               | <b>19%</b>     | <b>611</b>       | <b>(250)</b>                     | <b>-41%</b>  |
| <b>229 LIGHTING AND LANDSCAPE</b>                    | <b>2,573</b>      | <b>2,573</b>      | <b>104,867</b>           | <b>4076%</b>   | <b>104,175</b>   | <b>692</b>                       | <b>1%</b>    |
| <b>230 COMMUNITY FACILITIES DISTRICT</b>             | <b>1,240</b>      | <b>1,240</b>      | <b>11,766</b>            | <b>949%</b>    | <b>20,282</b>    | <b>(8,516)</b>                   | <b>-42%</b>  |
| <b>232 ENVIRONMENTAL PROGRAMS</b>                    | <b>481,008</b>    | <b>481,008</b>    | <b>307,233</b>           | <b>64%</b>     | <b>283,425</b>   | <b>23,808</b>                    | <b>8%</b>    |
| <b>234 MOBILE HOME PARK RENT STAB.</b>               | <b>757</b>        | <b>757</b>        | <b>7,982</b>             | <b>1054%</b>   | <b>3,690</b>     | <b>4,292</b>                     | <b>116%</b>  |
| <b>235 SENIOR HOUSING</b>                            | <b>3,869</b>      | <b>3,869</b>      | <b>600</b>               | <b>16%</b>     | <b>1,000</b>     | <b>(400)</b>                     | <b>-40%</b>  |
| <b>236 HOUSING MITIGATION</b>                        | <b>2,446,028</b>  | <b>2,596,028</b>  | <b>772,692</b>           | <b>30%</b>     | <b>1,289,159</b> | <b>(516,467)</b>                 | <b>-40%</b>  |
| <b>237 BEGIN</b>                                     | <b>-</b>          | <b>-</b>          | <b>54,180</b>            | <b>n/a</b>     | <b>718</b>       | <b>53,461</b>                    | <b>7445%</b> |
| <b>238 CAL HOMES</b>                                 | <b>-</b>          | <b>-</b>          | <b>208</b>               | <b>n/a</b>     | <b>81,037</b>    | <b>(80,829)</b>                  | <b>-100%</b> |
| <b>240 EMPLOYEE ASSISTANCE</b>                       | <b>29,089</b>     | <b>29,089</b>     | <b>6,984</b>             | <b>24%</b>     | <b>8,683</b>     | <b>(1,699)</b>                   | <b>-20%</b>  |
| <b>246 COUNTYWIDE SOLID WASTE</b>                    | <b>-</b>          | <b>1,324,763</b>  | <b>699,112</b>           | <b>53%</b>     | <b>-</b>         | <b>699,112</b>                   | <b>n/a</b>   |
| <b>247 ENVIRONMENT REMEDIATION</b>                   | <b>2,448</b>      | <b>2,448</b>      | <b>1,225</b>             | <b>50%</b>     | <b>1,095</b>     | <b>130</b>                       | <b>12%</b>   |
| <b>250 COMH-SUCCESSOR AGENCY-MHRDA</b>               | <b>7,100,496</b>  | <b>7,100,496</b>  | <b>6,246,678</b>         | <b>88%</b>     | <b>889,017</b>   | <b>5,357,660</b>                 | <b>603%</b>  |
| <b>255 HOUSING SUCCESSOR AGENCY</b>                  | <b>215,318</b>    | <b>215,318</b>    | <b>284,662</b>           | <b>132%</b>    | <b>298,696</b>   | <b>(14,034)</b>                  | <b>-5%</b>   |
| <b>260 PUBLIC ART</b>                                | <b>-</b>          | <b>-</b>          | <b>1,100</b>             | <b>n/a</b>     | <b>-</b>         | <b>1,100</b>                     | <b>n/a</b>   |
| <b>TOTAL SPECIAL REVENUE FUNDS</b>                   | <b>17,250,910</b> | <b>18,725,673</b> | <b>11,942,398</b>        | <b>64%</b>     | <b>6,255,503</b> | <b>5,686,895</b>                 | <b>91%</b>   |
| <b>CAPITAL PROJECTS FUNDS</b>                        |                   |                   |                          |                |                  |                                  |              |
| <b>301 PARK DEVELOPMENT</b>                          | <b>1,748,480</b>  | <b>7,131,498</b>  | <b>5,934,606</b>         | <b>83%</b>     | <b>1,439,407</b> | <b>4,495,199</b>                 | <b>312%</b>  |
| <b>302 PARK MAINTENANCE</b>                          | <b>360,613</b>    | <b>360,613</b>    | <b>458,182</b>           | <b>127%</b>    | <b>53,699</b>    | <b>404,483</b>                   | <b>753%</b>  |
| <b>303 LOCAL DRAINAGE</b>                            | <b>1,675,036</b>  | <b>1,675,036</b>  | <b>585,911</b>           | <b>35%</b>     | <b>787,472</b>   | <b>(201,561)</b>                 | <b>-26%</b>  |
| <b>304 LOCAL DRAINAGE/NON AB1600</b>                 | <b>80,692</b>     | <b>80,692</b>     | <b>86,905</b>            | <b>108%</b>    | <b>6,947</b>     | <b>79,958</b>                    | <b>1151%</b> |
| <b>306 AGRICULTURE &amp; OPEN SPACE PRESERVATION</b> | <b>180,385</b>    | <b>180,385</b>    | <b>120,474</b>           | <b>67%</b>     | <b>123,468</b>   | <b>(2,994)</b>                   | <b>-2%</b>   |
| <b>308 STREET CIP</b>                                | <b>4,050,523</b>  | <b>4,050,523</b>  | <b>3,110,049</b>         | <b>77%</b>     | <b>979,420</b>   | <b>2,130,629</b>                 | <b>218%</b>  |
| <b>309 TRAFFIC IMPACT</b>                            | <b>1,468,388</b>  | <b>1,468,388</b>  | <b>6,726,984</b>         | <b>458%</b>    | <b>853,873</b>   | <b>5,873,112</b>                 | <b>688%</b>  |
| <b>315 PUBLIC SAFETY FACILITIES IMPACT</b>           | <b>864,417</b>    | <b>864,417</b>    | <b>148,515</b>           | <b>17%</b>     | <b>247,232</b>   | <b>(98,718)</b>                  | <b>-40%</b>  |
| <b>346 PUBLIC FACILITIES NON-AB1600</b>              | <b>611,488</b>    | <b>911,488</b>    | <b>35,760</b>            | <b>4%</b>      | <b>884,407</b>   | <b>(848,647)</b>                 | <b>-96%</b>  |
| <b>347 PUBLIC FACILITIES IMPACT</b>                  | <b>265,536</b>    | <b>265,536</b>    | <b>35,706</b>            | <b>13%</b>     | <b>106,125</b>   | <b>(70,419)</b>                  | <b>-66%</b>  |
| <b>348 LIBRARY</b>                                   | <b>1,077,617</b>  | <b>1,077,617</b>  | <b>161,665</b>           | <b>15%</b>     | <b>455,779</b>   | <b>(294,115)</b>                 | <b>-65%</b>  |
| <b>350 UNDERGROUNDING</b>                            | <b>86,073</b>     | <b>86,073</b>     | <b>403,828</b>           | <b>469%</b>    | <b>4,147</b>     | <b>399,681</b>                   | <b>9637%</b> |
| <b>355 SCHOOL PEDESTRIAN/TRAFFIC SAFETY</b>          | <b>591,967</b>    | <b>591,967</b>    | <b>29,720</b>            | <b>5%</b>      | <b>299,402</b>   | <b>(269,682)</b>                 | <b>-90%</b>  |
| <b>360 COMMUNITY/REC IMPACT FUND</b>                 | <b>1,730,018</b>  | <b>1,730,018</b>  | <b>202,144</b>           | <b>12%</b>     | <b>695,714</b>   | <b>(493,569)</b>                 | <b>-71%</b>  |
| <b>375 QUIMBY FEE</b>                                | <b>1,623,552</b>  | <b>1,623,552</b>  | <b>-</b>                 | <b>n/a</b>     | <b>-</b>         | <b>-</b>                         | <b>n/a</b>   |
| <b>TOTAL CAPITAL PROJECTS FUNDS</b>                  | <b>16,414,785</b> | <b>22,097,803</b> | <b>18,040,448</b>        | <b>82%</b>     | <b>6,937,092</b> | <b>11,103,356</b>                | <b>160%</b>  |
| <b>DEBT SERVICE FUNDS</b>                            |                   |                   |                          |                |                  |                                  |              |
| <b>420 CIVIC CENTER DEBT</b>                         | <b>307,385</b>    | <b>307,385</b>    | <b>178,367</b>           | <b>58%</b>     | <b>181,102</b>   | <b>(2,736)</b>                   | <b>-2%</b>   |
| <b>441 POLICE FACILITY BOND</b>                      | <b>385,639</b>    | <b>385,639</b>    | <b>224,177</b>           | <b>58%</b>     | <b>324,289</b>   | <b>(100,112)</b>                 | <b>-31%</b>  |
| <b>TOTAL DEBT SERVICE FUNDS</b>                      | <b>693,024</b>    | <b>693,024</b>    | <b>402,544</b>           | <b>58%</b>     | <b>505,391</b>   | <b>(102,847)</b>                 | <b>-20%</b>  |



City of Morgan Hill  
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| FUND<br>REVENUE<br>SOURCE              | ADOPTED<br>BUDGET     | AMENDED<br>BUDGET     | CURRENT<br>YTD<br>ACTUAL | %<br>OF BUDGET | PRIOR<br>YTD         | INCR (DECR)<br>FROM PRIOR<br>YTD | %<br>CHANGE |
|----------------------------------------|-----------------------|-----------------------|--------------------------|----------------|----------------------|----------------------------------|-------------|
| <b>ENTERPRISE FUNDS</b>                |                       |                       |                          |                |                      |                                  |             |
| <b>640 SEWER OPERATION</b>             |                       |                       |                          |                |                      |                                  |             |
| Sewer Service Fees                     | 13,812,501            | 13,812,501            | 7,176,755                | 52%            | 6,515,062            | 661,692                          | 10%         |
| Interest Income/Transfers              | 37,425                | 37,425                | 5,723                    | 15%            | 14,872               | (9,149)                          | -62%        |
| Other Revenue/Current Charges          | 268,241               | 268,241               | 198,057                  | 74%            | 128,279              | 69,779                           | 54%         |
| <b>640 SEWER OPERATION</b>             | <b>14,118,167</b>     | <b>14,118,167</b>     | <b>7,380,535</b>         | <b>52%</b>     | <b>6,658,213</b>     | <b>722,322</b>                   | <b>11%</b>  |
| <b>641 SEWER EXPANSION</b>             |                       |                       |                          |                |                      |                                  |             |
| Interest Income                        | 220,194               | 220,194               | 60,975                   | 28%            | 97,141               | (36,166)                         | -37%        |
| Development Impact Fee                 | 6,845,919             | 6,845,919             | 1,930,692                | 28%            | 2,245,100            | (314,408)                        | -14%        |
| <b>641 SEWER EXPANSION</b>             | <b>7,066,113</b>      | <b>7,066,113</b>      | <b>1,991,667</b>         | <b>28%</b>     | <b>2,342,241</b>     | <b>(350,573)</b>                 | <b>-15%</b> |
| <b>642 SEWER RATE STABILIZATION</b>    | <b>195,311</b>        | <b>195,311</b>        | <b>94,487</b>            | <b>48%</b>     | <b>11,482</b>        | <b>83,005</b>                    | <b>723%</b> |
| <b>643 SEWER-CAPITAL PROJECT</b>       | <b>4,707,648</b>      | <b>4,707,648</b>      | <b>2,754,522</b>         | <b>59%</b>     | <b>2,605,463</b>     | <b>149,059</b>                   | <b>6%</b>   |
| <b>TOTAL SEWER FUNDS</b>               | <b>26,087,239</b>     | <b>26,087,239</b>     | <b>12,221,212</b>        | <b>47%</b>     | <b>11,617,399</b>    | <b>603,813</b>                   | <b>5%</b>   |
| <b>650 WATER OPERATION</b>             |                       |                       |                          |                |                      |                                  |             |
| Water Sales                            | 15,179,148            | 15,179,148            | 7,422,512                | 49%            | 8,064,148            | (641,636)                        | -8%         |
| Meter Install & Service                | 25,215                | 25,215                | 36,611                   | 145%           | 52,054               | (15,443)                         | -30%        |
| Transfers-In / Interest Income         | 546,952               | 546,952               | 284,872                  | 52%            | 270,508              | 14,364                           | 5%          |
| Other Revenue/Current Charges          | 585,381               | 585,381               | 507,250                  | 87%            | 478,277              | 28,973                           | 6%          |
| <b>650 WATER OPERATION</b>             | <b>16,336,696</b>     | <b>16,336,696</b>     | <b>8,251,245</b>         | <b>51%</b>     | <b>8,864,987</b>     | <b>(613,742)</b>                 | <b>-7%</b>  |
| <b>651 WATER EXPANSION</b>             |                       |                       |                          |                |                      |                                  |             |
| Interest Income/Other Revenue/Transfer | 64,003                | 64,003                | 8,764                    | 14%            | 13,862               | (5,098)                          | -37%        |
| Development Impact Fee                 | 1,782,143             | 1,782,143             | 341,051                  | 19%            | 783,540              | (442,489)                        | -56%        |
| <b>651 WATER EXPANSION</b>             | <b>1,846,146</b>      | <b>1,846,146</b>      | <b>349,815</b>           | <b>19%</b>     | <b>797,402</b>       | <b>(447,587)</b>                 | <b>-56%</b> |
| <b>652 Water Rate Stabilization</b>    | <b>141,222</b>        | <b>141,222</b>        | <b>81,093</b>            | <b>57%</b>     | <b>38,144</b>        | <b>42,950</b>                    | <b>113%</b> |
| <b>653 Water Capital Project</b>       | <b>5,047,350</b>      | <b>5,047,350</b>      | <b>2,959,590</b>         | <b>59%</b>     | <b>2,848,568</b>     | <b>111,022</b>                   | <b>4%</b>   |
| <b>TOTAL WATER FUNDS</b>               | <b>23,371,414</b>     | <b>23,371,414</b>     | <b>11,641,743</b>        | <b>50%</b>     | <b>12,549,100</b>    | <b>(907,357)</b>                 | <b>-7%</b>  |
| <b>TOTAL ENTERPRISE FUNDS</b>          | <b>49,458,653</b>     | <b>49,458,653</b>     | <b>23,862,955</b>        | <b>48%</b>     | <b>24,166,499</b>    | <b>(303,544)</b>                 | <b>-1%</b>  |
| <b>INTERNAL SERVICE FUNDS</b>          |                       |                       |                          |                |                      |                                  |             |
| <b>730 INFORMATION SYSTEMS</b>         | <b>1,952,577</b>      | <b>2,247,577</b>      | <b>1,312,657</b>         | <b>58%</b>     | <b>1,099,523</b>     | <b>213,134</b>                   | <b>19%</b>  |
| <b>740 BUILDING MAINTENANCE</b>        | <b>3,409,334</b>      | <b>3,409,334</b>      | <b>659,621</b>           | <b>19%</b>     | <b>1,999,732</b>     | <b>(1,340,111)</b>               | <b>-67%</b> |
| <b>741 BUILDING REPLACEMENT</b>        | <b>745,508</b>        | <b>755,508</b>        | <b>410,063</b>           | <b>54%</b>     | <b>397,716</b>       | <b>12,347</b>                    | <b>3%</b>   |
| <b>745 CIP ADMINISTRATION</b>          | <b>1,798,889</b>      | <b>1,798,889</b>      | <b>1,106,214</b>         | <b>61%</b>     | <b>801,451</b>       | <b>304,763</b>                   | <b>38%</b>  |
| <b>760 UNEMPLOYMENT INSURANCE</b>      | <b>2,513</b>          | <b>2,513</b>          | <b>840</b>               | <b>33%</b>     | <b>58,750</b>        | <b>(57,910)</b>                  | <b>-99%</b> |
| <b>770 WORKERS COMPENSATION</b>        | <b>913,504</b>        | <b>913,504</b>        | <b>444,608</b>           | <b>49%</b>     | <b>420,211</b>       | <b>24,397</b>                    | <b>6%</b>   |
| <b>790 EQUIPMENT REPLACEMENT</b>       | <b>1,086,223</b>      | <b>1,086,223</b>      | <b>654,094</b>           | <b>60%</b>     | <b>782,053</b>       | <b>(127,959)</b>                 | <b>-16%</b> |
| <b>791 EMPLOYEE BENEFITS</b>           | <b>1,043,858</b>      | <b>1,043,858</b>      | <b>355,179</b>           | <b>34%</b>     | <b>349,443</b>       | <b>5,736</b>                     | <b>2%</b>   |
| <b>795 GENERAL LIABILITY INSURANCE</b> | <b>1,504,188</b>      | <b>1,737,188</b>      | <b>1,003,144</b>         | <b>58%</b>     | <b>503,857</b>       | <b>499,287</b>                   | <b>99%</b>  |
| <b>TOTAL INTERNAL SERVICE FUNDS</b>    | <b>12,456,594</b>     | <b>12,994,594</b>     | <b>5,946,421</b>         | <b>46%</b>     | <b>6,412,737</b>     | <b>(466,316)</b>                 | <b>-7%</b>  |
| <b>TOTAL FOR ALL FUNDS</b>             | <b>\$ 146,782,397</b> | <b>\$ 154,791,056</b> | <b>\$ 82,225,379</b>     | <b>53%</b>     | <b>\$ 62,645,550</b> | <b>\$ 19,579,829</b>             | <b>31%</b>  |



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58% 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         |
|-------------------------------|-------------------------------------------|-------------------------------|-------------------|-------------------|-------------------------|-------------------|----------------------------|-------------------|
| <b>010 GENERAL FUND</b>       |                                           |                               |                   |                   |                         |                   |                            |                   |
| <b>I. ADMINISTRATION</b>      |                                           |                               |                   |                   |                         |                   |                            |                   |
|                               | CITY COUNCIL                              | \$ 42,092                     | \$ 468,850        | \$ 224,067        | \$ 75,664               | \$ 299,731        | 64%                        | \$ 175,763        |
|                               | CITY ATTORNEY                             | 53,700                        | 802,889           | 401,870           | 90,451                  | 492,321           | 61%                        | 376,100           |
|                               | CITY MANAGER                              | 48,353                        | 638,262           | 362,885           | 16,250                  | 379,135           | 59%                        | 289,030           |
|                               | HUMAN RESOURCES                           | 61,430                        | 830,904           | 404,758           | -                       | 404,758           | 49%                        | 370,623           |
|                               | COUNCIL SVCS & RECORDS MGMT               |                               |                   |                   |                         |                   |                            |                   |
|                               | Council Svcs & Records Mgmt               | 41,568                        | 672,320           | 351,760           | 3,200                   | 354,960           | 53%                        | 327,844           |
|                               | Elections                                 | 2,037                         | 28,180            | 13,941            | -                       | 13,941            | 49%                        | 101,438           |
|                               | COUNCIL SVCS & RECORDS MGMT               | 43,605                        | 700,500           | 365,700           | 3,200                   | 368,900           | 53%                        | 429,282           |
|                               | FINANCE                                   | 123,427                       | 2,472,421         | 907,710           | 53,836                  | 961,546           | 39%                        | 815,934           |
|                               | <b>TOTAL ADMINISTRATION</b>               | <b>372,608</b>                | <b>5,913,826</b>  | <b>2,666,991</b>  | <b>239,401</b>          | <b>2,906,392</b>  | <b>49%</b>                 | <b>2,456,733</b>  |
| <b>II. COMMUNITY SERVICES</b> |                                           |                               |                   |                   |                         |                   |                            |                   |
|                               | Membership Services & Rec. Programs       | 294,346                       | 5,648,211         | 2,877,255         | 985,539                 | 3,862,794         | 68%                        | 2,598,361         |
|                               | Recreation Facility Rentals               | 41,007                        | 1,313,549         | 307,660           | 18,753                  | 326,413           | 25%                        | 555,339           |
|                               | Community Services                        | 52,378                        | 641,554           | 288,050           | 64,174                  | 352,224           | 55%                        | 249,332           |
|                               | Park Maintenance                          | 70,495                        | 1,179,250         | 598,513           | 48,121                  | 646,633           | 55%                        | 595,441           |
|                               | Environmental Services                    | 15,879                        | 349,129           | 120,516           | 2,240                   | 122,756           | 35%                        | 113,344           |
|                               | Countywide Solid Waste Program            | 16,312                        | 303,550           | 95,925            | -                       | 95,925            | 32%                        |                   |
|                               | Street Maintenance                        | 172,883                       | 2,662,248         | 1,235,007         | 130,038                 | 1,365,046         | 51%                        | 1,194,132         |
|                               | Downtown Maintenance                      | 15,980                        | 318,869           | 155,309           | 35,649                  | 190,958           | 60%                        | 125,285           |
|                               | Cable Television                          | 2,737                         | 34,272            | 19,173            | -                       | 19,173            | 56%                        | 12,651            |
|                               | <b>COMMUNITY SERVICES</b>                 | <b>682,017</b>                | <b>12,450,632</b> | <b>5,697,408</b>  | <b>1,284,513</b>        | <b>6,981,921</b>  | <b>56%</b>                 | <b>5,443,885</b>  |
|                               | CODE COMPLIANCE                           | 14,679                        | 174,873           | 101,686           | -                       | 101,686           | 58%                        | 91,119            |
|                               | INFRASTRUCTURE PLANNING & CONGESTION MGMT | 25,000                        | 356,583           | 172,923           | -                       | 172,923           | 48%                        | 203,759           |
|                               | ECONOMIC DEVELOPMENT PROGRAMS             | 40,920                        | 970,380           | 411,432           | 49,079                  | 460,512           | 47%                        | 362,212           |
|                               | <b>TOTAL COMMUNITY SERVICES</b>           | <b>762,616</b>                | <b>13,952,469</b> | <b>6,383,450</b>  | <b>1,333,592</b>        | <b>7,717,042</b>  | <b>55%</b>                 | <b>6,100,975</b>  |
| <b>III. PUBLIC SAFETY</b>     |                                           |                               |                   |                   |                         |                   |                            |                   |
|                               | <b>POLICE</b>                             |                               |                   |                   |                         |                   |                            |                   |
|                               | PD Administration                         | 137,351                       | 1,421,383         | 981,936           | 32,921                  | 1,014,857         | 71%                        | 930,945           |
|                               | Field Operations                          | 805,860                       | 9,314,988         | 5,300,715         | 139,909                 | 5,440,624         | 58%                        | 4,655,201         |
|                               | Support Services                          | 202,181                       | 2,596,110         | 1,498,329         | -                       | 1,498,329         | 58%                        | 1,284,845         |
|                               | Emergency Services/Haz Mat                | 15,139                        | 202,072           | 111,419           | -                       | 111,419           | 55%                        | 102,084           |
|                               | Special Operations                        | 194,934                       | 3,700,816         | 1,560,573         | 15,671                  | 1,576,244         | 43%                        | 1,692,855         |
|                               | Dispatch Services                         | 149,029                       | 1,897,873         | 1,030,987         | -                       | 1,030,987         | 54%                        | 928,548           |
|                               | <b>POLICE</b>                             | <b>1,504,494</b>              | <b>19,133,242</b> | <b>10,483,958</b> | <b>188,502</b>          | <b>10,672,459</b> | <b>56%</b>                 | <b>9,594,477</b>  |
|                               | <b>FIRE</b>                               | <b>702,407</b>                | <b>7,788,401</b>  | <b>4,441,733</b>  | <b>1,725</b>            | <b>4,443,458</b>  | <b>57%</b>                 | <b>4,058,581</b>  |
|                               | <b>TOTAL PUBLIC SAFETY</b>                | <b>2,206,900</b>              | <b>26,921,643</b> | <b>14,925,691</b> | <b>190,227</b>          | <b>15,115,918</b> | <b>56%</b>                 | <b>13,653,058</b> |
| <b>IV. TRANSFERS</b>          |                                           |                               |                   |                   |                         |                   |                            |                   |
|                               | Other                                     | 910,559                       | 4,083,681         | 3,046,125         | -                       | 3,046,125         | 75%                        | 333,179           |
|                               | <b>TOTAL TRANSFERS</b>                    | <b>910,559</b>                | <b>4,083,681</b>  | <b>3,046,125</b>  | <b>-</b>                | <b>3,046,125</b>  | <b>75%</b>                 | <b>333,179</b>    |
|                               | <b>TOTAL GENERAL FUND</b>                 | <b>4,252,683</b>              | <b>50,871,618</b> | <b>27,022,256</b> | <b>1,763,220</b>        | <b>28,785,477</b> | <b>57%</b>                 | <b>22,543,945</b> |





City of Morgan Hill  
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For the Month and Seven Months Ended January 31, 2022  
58% 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         |
|-------------------------------------|-------------------------------------|-------------------------------|-------------------|-------------------|-------------------------|-------------------|----------------------------|-------------------|
| <b>SPECIAL REVENUE FUNDS</b>        |                                     |                               |                   |                   |                         |                   |                            |                   |
| 202                                 | STREET MAINTENANCE                  | 324,628                       | 704,068           | 326,794           | -                       | 326,794           | 46%                        | 410,620           |
| 205                                 | PUBLIC SAFETY/SUPP.LAW              | 100,604                       | 107,245           | 104,228           | -                       | 104,228           | 97%                        | 104,123           |
| 206                                 | DEVELOPMENT SERVICES FUND           |                               |                   |                   |                         |                   |                            |                   |
|                                     | Planning                            | 162,761                       | 1,956,314         | 1,161,783         | 27,668                  | 1,189,451         | 61%                        | 886,390           |
|                                     | Building                            | 176,358                       | 2,233,914         | 1,230,970         | 1,726                   | 1,232,696         | 55%                        | 1,138,080         |
|                                     | Engineering                         | 121,168                       | 1,366,129         | 863,597           | 6,843                   | 870,440           | 64%                        | 716,846           |
| 206                                 | DEVELOPMENT SERVICES FUND           | 460,288                       | 5,556,357         | 3,256,350         | 36,237                  | 3,292,587         | 59%                        | 2,741,315         |
| 207                                 | LONG RANGE PLANNING                 | 44,022                        | 861,202           | 349,241           | 61,183                  | 410,424           | 48%                        | 583,031           |
| 215/216                             | CDBG                                | 458                           | 5,499             | 3,206             | -                       | 3,206             | 58%                        | 3,129             |
| 225                                 | ASSET SEIZURE                       | -                             | 54,232            | 14,232            | -                       | 14,232            | 26%                        | -                 |
| 229                                 | LIGHTING AND LANDSCAPE              | 18,692                        | 168,130           | 93,356            | 15,404                  | 108,760           | 65%                        | 101,918           |
| 230                                 | COMMUNITY FACILITIES DISTRICT       | 3,172                         | 42,093            | 15,236            | -                       | 15,236            | 36%                        | 14,398            |
| 232                                 | ENVIRONMENT PROGRAMS                | 35,042                        | 508,715           | 231,632           | 4,123                   | 235,755           | 46%                        | 225,988           |
| 234                                 | MOBILE HOME PARK                    | 37                            | 449               | 259               | -                       | 259               | 58%                        | 259               |
| 236                                 | HOUSING MITIGATION                  | 57,790                        | 1,495,875         | 396,427           | 83,325                  | 479,753           | 32%                        | 251,627           |
| 240                                 | EMPLOYEE ASSISTANCE                 | 1,597                         | 28,531            | 9,613             | -                       | 9,613             | 34%                        | 8,132             |
| 246                                 | COUNTYWIDE SOLID WASTE PROGRAM      | 105,285                       | 1,324,763         | 615,036           | 548,587                 | 1,163,624         | 88%                        | -                 |
| 250                                 | COMH-SUCCESSOR AGENCY-MHRDA         | 587                           | 6,939,408         | 490,200           | -                       | 490,200           | 7%                         | 4,161,712         |
| 255                                 | HOUSING SUCCESSOR AGENCY            | 85,445                        | 1,003,785         | 644,544           | 158,333                 | 802,877           | 80%                        | 702,211           |
| 260                                 | PUBLIC ART                          | -                             | 23,500            | 3,993             | -                       | 3,993             | 17%                        | -                 |
| <b>TOTAL SPECIAL REVENUE FUNDS</b>  |                                     | <b>1,237,649</b>              | <b>18,823,852</b> | <b>6,554,350</b>  | <b>907,193</b>          | <b>7,461,543</b>  | <b>40%</b>                 | <b>9,308,463</b>  |
| <b>CAPITAL PROJECT FUNDS</b>        |                                     |                               |                   |                   |                         |                   |                            |                   |
| 301                                 | PARK DEVELOPMENT                    | 355,443                       | 9,738,856         | 4,149,377         | 2,479,259               | 6,628,635         | 68%                        | 2,780,342         |
| 302                                 | PARK MAINTENANCE                    | 55,245                        | 745,776           | 394,165           | -                       | 394,165           | 53%                        | 379,169           |
| 303                                 | LOCAL DRAINAGE                      | 6,990                         | 6,997,265         | 37,090            | 42,558                  | 79,648            | 1%                         | 270,633           |
| 304                                 | LOCAL DRAIN. NON-AB1600             | 645                           | 833,046           | 2,085             | 48,585                  | 50,670            | 6%                         | 173,027           |
| 306                                 | AGRICULTURE & OPEN SPACE PRESERVATI | 2,249                         | 5,480,009         | 5,400,261         | -                       | 5,400,261         | 99%                        | 15,596            |
| 308                                 | STREET CIP                          | 41,944                        | 6,587,142         | 2,894,890         | 131,769                 | 3,026,659         | 46%                        | 2,792,326         |
| 309                                 | TRAFFIC IMPACT                      | 426,037                       | 30,480,782        | 6,634,065         | 9,088,932               | 15,722,997        | 52%                        | 1,264,453         |
| 315                                 | PUBLIC SAFETY FACILITIES IMPACT     | 19,734                        | 565,180           | 138,922           | -                       | 138,922           | 25%                        | 136,675           |
| 346                                 | PUBLIC FAC.NON AB1600               | 2,466                         | 1,127,968         | 88,029            | 44,322                  | 132,351           | 12%                        | 143,766           |
| 347                                 | PUBLIC FACILITIES IMPACT            | 2,277                         | 27,331            | 15,939            | -                       | 15,939            | 58%                        | 34,340            |
| 348                                 | LIBRARY IMPACT                      | 18,187                        | 216,704           | 128,041           | -                       | 128,041           | 59%                        | 613,232           |
| 350                                 | UNDERGROUNDING                      | 95                            | 139,398           | 665               | -                       | 665               | 0%                         | 644               |
| 355                                 | SCHOOL PEDESTRIAN & TRAFFIC SAFETY  | 31,630                        | 1,160,466         | 1,149,060         | 31,456                  | 1,180,516         | 102%                       | 1,033,980         |
| 360                                 | COMM/REC CENTER IMPACT              | 25,884                        | 1,454,834         | 218,671           | 312,349                 | 531,020           | 37%                        | 1,443,807         |
| 375                                 | QUIMBY FEE                          | 9                             | 600,000           | 114               | -                       | 114               | 0%                         | -                 |
| <b>TOTAL CAPITAL PROJECTS FUNDS</b> |                                     | <b>988,836</b>                | <b>66,154,756</b> | <b>21,251,373</b> | <b>12,179,229</b>       | <b>33,430,603</b> | <b>51%</b>                 | <b>11,081,991</b> |
| <b>DEBT SERVICE FUNDS</b>           |                                     |                               |                   |                   |                         |                   |                            |                   |
| 420                                 | CIVIC CENTER DEBT                   | 886                           | 304,947           | 233,828           | -                       | 233,828           | 77%                        | 231,304           |
| 441                                 | POLICE FACILITY BOND DEBT           | 338                           | 389,497           | 312,609           | -                       | 312,609           | 80%                        | 304,854           |
| <b>TOTAL DEBT SERVICE FUNDS</b>     |                                     | <b>1,224</b>                  | <b>694,444</b>    | <b>546,437</b>    | <b>-</b>                | <b>546,437</b>    | <b>79%</b>                 | <b>536,158</b>    |





City of Morgan Hill  
Year to Date Expenses - Fiscal Year 2021-22  
For the Month and Seven Months Ended January 31, 2022  
58% 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     |
|-------------------------------|--------------------------|-------------------------------|----------------|---------------|-------------------------|-----------------|----------------------------|---------------|
| <b>ENTERPRISE FUNDS</b>       |                          |                               |                |               |                         |                 |                            |               |
| <b>SEWER</b>                  |                          |                               |                |               |                         |                 |                            |               |
| 640                           | SEWER OPERATIONS         | 864,037                       | 14,126,884     | 7,365,690     | 194,410                 | 7,560,100       | 54%                        | 6,344,487     |
| 641                           | SEWER CAPITAL EXPANSION  | 40,505                        | 22,987,165     | 297,983       | 524,140                 | 822,123         | 4%                         | 324,264       |
| 642                           | SEWER RATE STABILIZATION | 95                            | 1,138          | 665           | -                       | 665             | 58%                        | 558           |
| 643                           | SEWER-CAPITAL PROJECTS   | 515,860                       | 22,004,075     | 5,251,172     | 1,270,848               | 6,522,020       | 30%                        | 2,109,414     |
| TOTAL SEWER FUND(S)           |                          | 1,420,497                     | 59,119,262     | 12,915,510    | 1,989,399               | 14,904,908      | 25%                        | 8,778,723     |
| <b>WATER</b>                  |                          |                               |                |               |                         |                 |                            |               |
|                               | Water Operations         | 1,074,466                     | 15,292,037     | 7,766,859     | 764,070                 | 8,530,929       | 56%                        | 6,689,516     |
|                               | Utility Billing          | 66,613                        | 985,735        | 505,300       | 34,180                  | 539,480         | 55%                        | 408,705       |
|                               | Water Conservation       | 6,808                         | 157,768        | 62,719        | 49,054                  | 111,773         | 71%                        | 32,703        |
| 650                           | WATER OPERATIONS         | 1,147,887                     | 16,435,540     | 8,334,878     | 847,304                 | 9,182,182       | 56%                        | 7,130,924     |
| 651                           | WATER CAPITAL EXPANSION  | 77,751                        | 2,281,063      | 480,220       | 3,029                   | 483,250         | 21%                        | 310,545       |
| 652                           | WATER RATE STABILIZATION | 31                            | 371            | 217           | -                       | 217             | 58%                        | 180           |
| 653                           | WATER-CAPITAL PROJECTS   | 23,566                        | 7,534,033      | 543,193       | 321,695                 | 864,889         | 11%                        | 121,998       |
| TOTAL WATER FUND(S)           |                          | 1,249,235                     | 26,251,006     | 9,358,509     | 1,172,029               | 10,530,537      | 40%                        | 7,563,647     |
| TOTAL ENTERPRISE FUNDS        |                          | 2,669,732                     | 85,370,268     | 22,274,018    | 3,161,427               | 25,435,446      | 30%                        | 16,342,370    |
| <b>INTERNAL SERVICE FUNDS</b> |                          |                               |                |               |                         |                 |                            |               |
| 730                           | INFORMATION SYSTEMS      | 122,125                       | 2,612,628      | 1,004,905     | 928,829                 | 1,933,734       | 74%                        | 888,320       |
| 740                           | BUILDING MAINTENANCE     | 85,954                        | 3,507,595      | 603,732       | 86,241                  | 689,972         | 20%                        | 1,146,870     |
| 741                           | BUILDING REPLACEMENT     | 125,113                       | 610,000        | 181,156       | 53,217                  | 234,373         | 38%                        | 45,239        |
| 745                           | CIP ADMINISTRATION       | 140,290                       | 1,735,361      | 981,273       | 6,764                   | 988,037         | 57%                        | 788,644       |
| 760                           | UNEMPLOYMENT             | -                             | 20,000         | 3,846         | -                       | 3,846           | 19%                        | -             |
| 770                           | WORKERS COMPENSATION     | 35,184                        | 876,877        | 707,534       | -                       | 707,534         | 81%                        | 482,358       |
| 790                           | EQUIPMENT REPLACEMENT    | 263,620                       | 1,546,014      | 423,735       | 212,867                 | 636,602         | 41%                        | 682,663       |
| 791                           | EMPLOYEE BENEFITS FUND   | 177,834                       | 625,000        | 536,268       | -                       | 536,268         | 86%                        | 295,244       |
| 795                           | GEN. LIABILITY INSURANCE | 10,067                        | 1,724,061      | 1,493,139     | -                       | 1,493,139       | 87%                        | 1,192,755     |
| TOTAL INTERNAL SERVICE FUNDS  |                          | 960,188                       | 13,257,537     | 5,935,587     | 1,287,918               | 7,223,504       | 54%                        | 5,522,093     |
| REPORT TOTAL                  |                          | \$ 10,110,311                 | \$ 235,172,476 | \$ 83,584,022 | \$ 19,298,987           | \$ 102,883,009  | 44%                        | \$ 65,335,020 |



City of Morgan Hill  
Fund Activity Summary - Fiscal Year 2021-22  
For The Seven Months Ended January 31, 2022  
58% of Year Complete

| Fund No.                           | Fund                               | Fund Balance<br>06-30-21 | Revenues             |                | Expenses             |                | Year to-Date<br>Deficit or<br>Carryover | Ending Fund Balance   |                      |
|------------------------------------|------------------------------------|--------------------------|----------------------|----------------|----------------------|----------------|-----------------------------------------|-----------------------|----------------------|
|                                    |                                    |                          | YTD<br>Actual        | % of<br>Budget | YTD<br>Actual        | % of<br>Budget |                                         | Reserved <sup>1</sup> | Unreserved           |
| 010                                | GENERAL FUND                       | \$ 24,896,179            | \$ 22,030,613        | 43%            | \$ 27,022,256        | 53%            | \$ (4,991,643)                          | \$ 1,763,220          | \$ 18,141,315        |
| <b>TOTAL GENERAL FUND</b>          |                                    | <b>\$ 24,896,179</b>     | <b>\$ 22,030,613</b> | <b>43%</b>     | <b>\$ 27,022,256</b> | <b>53%</b>     | <b>\$ (4,991,643)</b>                   | <b>\$ 1,763,220</b>   | <b>\$ 18,141,315</b> |
| 202                                | STREET MAINTENANCE                 | 6,241                    | \$ 320,331           | 46%            | \$ 326,794           | 55%            | \$ (6,463)                              | \$ -                  | \$ (222)             |
| 205                                | PUBLIC SAFETY/SUPPL. LAW           | 195,819                  | 95,207               | 94%            | 104,228              | 63%            | (9,021)                                 | -                     | 186,798              |
| 206                                | DEVELOPMENT SERVICES               | (484,553)                | 2,620,633            | 50%            | 3,256,350            | 59%            | (635,717)                               | 36,237                | (1,156,508)          |
| 207                                | LONG RANGE PLANNING                | 1,250,193                | 406,411              | 47%            | 349,241              | 41%            | 57,169                                  | 61,183                | 1,246,180            |
| 215 / 216                          | CDBG                               | 34,893                   | 167                  | 5%             | 3,206                | 58%            | (3,039)                                 | -                     | 31,854               |
| 225                                | ASSET SEIZURE                      | 143,259                  | 361                  | 19%            | 14,232               | n/a            | (13,872)                                | -                     | 129,387              |
| 229                                | LIGHTING AND LANDSCAPE             | 172,706                  | 104,867              | 4076%          | 93,356               | 56%            | 11,511                                  | 15,404                | 168,813              |
| 230                                | COMMUNITY FACILITIES DISTRICT      | 137,840                  | 11,766               | 949%           | 15,236               | 36%            | (3,470)                                 | -                     | 134,370              |
| 232                                | ENVIRONMENTAL PROGRAMS             | 213,442                  | 307,233              | 64%            | 231,632              | 46%            | 75,601                                  | 4,123                 | 284,920              |
| 234                                | MOBILE HOME PK RENT STAB.          | 58,766                   | 7,982                | 1054%          | 259                  | 58%            | 7,723                                   | -                     | 66,489               |
| 235                                | SENIOR HOUSING                     | 234,588                  | 600                  | 16%            | -                    | n/a            | 600                                     | -                     | 235,188              |
| 236                                | HOUSING MITIGATION                 | 5,407,291                | 772,692              | 30%            | 396,427              | 27%            | 376,264                                 | 83,325                | 5,700,230            |
| 237                                | BEGIN                              | 320,727                  | 54,180               | n/a            | -                    | n/a            | 54,180                                  | -                     | 374,907              |
| 238                                | CAL HOMES                          | 276                      | 208                  | n/a            | -                    | n/a            | 208                                     | -                     | 484                  |
| 240                                | EMPLOYEE ASSISTANCE                | 62,190                   | 6,984                | 24%            | 9,613                | 34%            | (2,630)                                 | -                     | 59,560               |
| 246                                | COUNTYWIDE SOLID WASTE             | -                        | 699,112              | 50%            | 615,036              | 46%            | 84,075                                  | 548,587               | (464,512)            |
| 247                                | ENVIRONMENT REMEDIATION            | 135,927                  | 1,225                | 50%            | -                    | n/a            | 1,225                                   | -                     | 137,152              |
| 250                                | COMH-SUCCESSOR AGENCY-MHRDA        | (493,066)                | 6,246,678            | 88%            | 490,200              | 7%             | 5,756,478                               | 6,262,932             | (999,520)            |
| 255                                | HOUSING SUCCESSOR AGENCY           | 4,287,939                | 284,662              | 132%           | 644,544              | 64%            | (359,882)                               | 158,333               | 3,769,724            |
| 260                                | PUBLIC ART                         | 70,772                   | 1,100                | n/a            | 3,993                | -              | (2,893)                                 | -                     | 67,879               |
| <b>TOTAL SPECIAL REVENUE FUNDS</b> |                                    | <b>\$ 11,755,250</b>     | <b>\$ 11,942,398</b> | <b>64%</b>     | <b>\$ 6,554,350</b>  | <b>35%</b>     | <b>\$ 5,388,048</b>                     | <b>\$ 7,170,124</b>   | <b>\$ 9,973,174</b>  |
| 301                                | PARK DEV. IMPACT FUND              | \$ 270,918               | \$ 5,934,606         | 83%            | \$ 4,149,377         | 43%            | \$ 1,785,229                            | \$ 2,479,259          | \$ (423,112)         |
| 302                                | PARK MAINTENANCE                   | 2,815,081                | 458,182              | 127%           | 394,165              | 53%            | 64,017                                  | -                     | 2,879,098            |
| 303                                | LOCAL DRAINAGE                     | 10,947,520               | 585,911              | 35%            | 37,090               | 1%             | 548,821                                 | 42,558                | 11,453,783           |
| 304                                | LOCAL DRAINAGE/NON-AB1600          | 1,268,597                | 86,905               | 108%           | 2,085                | 0%             | 84,820                                  | 48,585                | 1,304,832            |
| 306                                | AGRICULTURE AND OPEN SPACE PRESERV | 6,011,689                | 120,474              | 67%            | 5,400,261            | 99%            | (5,279,787)                             | -                     | 731,902              |
| 308                                | STREET CIP                         | 3,538,596                | 3,110,049            | 77%            | 2,894,890            | 44%            | 215,159                                 | 131,769               | 3,621,986            |
| 309                                | TRAFFIC IMPACT FUND                | 2,217,293                | 6,726,984            | 458%           | 6,634,065            | 22%            | 92,919                                  | 9,088,932             | (6,778,720)          |
| 315                                | PUBLIC SAFETY FACILITIES IMPACT    | 3,650,943                | 148,515              | 17%            | 138,922              | 25%            | 9,593                                   | -                     | 3,660,536            |
| 346                                | PUBLIC FACILITIES NON-AB1600       | 1,100,016                | 35,760               | 4%             | 88,029               | 8%             | (52,270)                                | 44,322                | 1,003,424            |
| 347                                | PUBLIC FACILITIES IMPACT FUND      | 1,034,272                | 35,706               | 13%            | 15,939               | 58%            | 19,767                                  | -                     | 1,054,039            |
| 348                                | LIBRARY IMPACT FUND                | 1,487,275                | 161,665              | 15%            | 128,041              | 59%            | 33,624                                  | -                     | 1,520,899            |
| 350                                | UNDERGROUNDING                     | 1,073,838                | 403,828              | 469%           | 665                  | 0%             | 403,163                                 | -                     | 1,477,001            |
| 355                                | SCHOOL PEDESTRIAN/TRAFFIC SFTY     | 181,922                  | 29,720               | 5%             | 1,149,060            | 99%            | (1,119,340)                             | 31,456                | (968,874)            |
| 360                                | COMM/REC CTR IMPACT FUND           | 1,353,501                | 202,144              | 12%            | 218,671              | 15%            | (16,527)                                | 312,349               | 1,024,625            |
| 375                                | QUIMBY FEE                         | -                        | -                    | n/a            | 114                  | 0%             | (114)                                   | -                     | (114)                |
| <b>TOTAL CAPITAL PROJECT FUNDS</b> |                                    | <b>\$ 36,951,461</b>     | <b>\$ 18,040,448</b> | <b>82%</b>     | <b>\$ 21,251,373</b> | <b>32%</b>     | <b>\$ (3,210,926)</b>                   | <b>\$ 12,179,229</b>  | <b>\$ 21,561,306</b> |
| 420                                | CIVIC CENTER DEBT                  | \$ 165,528               | \$ 178,367           | 58%            | \$ 233,828           | 77%            | \$ (55,461)                             | \$ 3                  | \$ 110,064           |
| 441                                | POLICE FACILITY BOND DEBT          | 171,762                  | 224,177              | 58%            | 312,609              | 80%            | (88,432)                                | 4                     | 83,327               |
| <b>TOTAL DEBT SERVICE FUNDS</b>    |                                    | <b>\$ 337,290</b>        | <b>\$ 402,544</b>    | <b>58%</b>     | <b>\$ 546,437</b>    | <b>79%</b>     | <b>\$ (143,893)</b>                     | <b>\$ 6</b>           | <b>\$ 193,391</b>    |



**City of Morgan Hill**  
**Fund Activity Summary - Fiscal Year 2021-22**  
**For The Seven Months Ended January 31, 2022**  
**58% of Year Complete**

| Fund No.                            | Fund                     | Fund Balance<br>06-30-21 | Revenues             |                | Expenses             |                | Year to-Date<br>Deficit or<br>Carryover | Ending Fund Balance   |                       |
|-------------------------------------|--------------------------|--------------------------|----------------------|----------------|----------------------|----------------|-----------------------------------------|-----------------------|-----------------------|
|                                     |                          |                          | YTD<br>Actual        | % of<br>Budget | YTD<br>Actual        | % of<br>Budget |                                         | Reserved <sup>1</sup> | Unreserved            |
| 640                                 | SEWER OPERATIONS         | \$ 3,602,581             | \$ 7,380,535         | 52%            | \$ 7,365,690         | 52%            | \$ 14,845                               | 194,410               | 3,423,016             |
| 641                                 | SEWER IMPACT FUND*       | 22,121,700               | 1,991,667            | 28%            | 297,983              | 1%             | 1,693,685                               | 524,140               | 23,291,244            |
| 642                                 | SEWER RATE STABILIZATION | 2,692,314                | 94,487               | 48%            | 665                  | 58%            | 93,822                                  | -                     | 2,786,136             |
| 643                                 | SEWER-CAPITAL PROJECTS   | 29,354,687               | 2,754,522            | 59%            | 5,251,172            | 24%            | (2,496,650)                             | 1,270,848             | 25,587,189            |
| 650                                 | WATER OPERATIONS         | 3,580,575                | 8,251,245            | 51%            | 8,334,878            | 51%            | (83,633)                                | 847,304               | 2,649,638             |
| 651                                 | WATER IMPACT FUND*       | 2,979,950                | 349,815              | 19%            | 480,220              | 21%            | (130,406)                               | 3,029                 | 2,846,515             |
| 652                                 | WATER RATE STABILIZATION | 3,162,416                | 81,093               | 57%            | 217                  | 58%            | 80,876                                  | -                     | 3,243,292             |
| 653                                 | WATER -CAPITAL PROJECT   | 8,134,534                | 2,959,590            | 59%            | 543,193              | 7%             | 2,416,397                               | 321,695               | 10,229,235            |
| <b>TOTAL ENTERPRISE FUNDS</b>       |                          | <b>\$ 75,628,757</b>     | <b>\$ 23,862,955</b> | <b>48%</b>     | <b>\$ 22,274,018</b> | <b>26%</b>     | <b>\$ 1,588,937</b>                     | <b>\$ 3,161,427</b>   | <b>\$ 74,056,266</b>  |
| 730                                 | INFORMATION SERVICES     | \$ 849,651               | \$ 1,312,657         | 58%            | \$ 1,004,905         | 38%            | \$ 307,753                              | \$ 928,829            | \$ 228,575            |
| 740                                 | BUILDING MAINTENANCE     | 6,945                    | 659,621              | 19%            | 603,732              | 17%            | 55,889                                  | 86,241                | (23,407)              |
| 741                                 | BUILDING REPLACEMENT     | 3,561,339                | 410,063              | 54%            | 181,156              | 30%            | 228,908                                 | 53,217                | 3,737,030             |
| 745                                 | CIP ENGINEERING          | 55,476                   | 1,106,214            | 61%            | 981,273              | 57%            | 124,941                                 | 6,764                 | 173,653               |
| 760                                 | UNEMPLOYMENT             | 328,958                  | 840                  | 33%            | 3,846                | 19%            | (3,006)                                 | -                     | 325,952               |
| 770                                 | WORKERS COMPENSATION     | 2,115,661                | 444,608              | 49%            | 707,534              | 81%            | (262,926)                               | 30,000                | 1,822,735             |
| 790                                 | EQUIPMENT REPLACEMENT    | 5,996,455                | 654,094              | 60%            | 423,735              | 27%            | 230,359                                 | 212,867               | 6,013,947             |
| 791                                 | EMPLOYEE BENEFITS FUNDS  | (28,785)                 | 355,179              | 34%            | 536,268              | 86%            | (181,089)                               | 4,187,404             | (4,397,278)           |
| 795                                 | GEN. LIABILITY INSURANCE | 1,236,516                | 1,003,144            | 58%            | 1,493,139            | 87%            | (489,995)                               | -                     | 746,521               |
| <b>TOTAL INTERNAL SERVICE FUNDS</b> |                          | <b>\$ 14,122,216</b>     | <b>\$ 5,946,421</b>  | <b>46%</b>     | <b>\$ 5,935,587</b>  | <b>45%</b>     | <b>\$ 10,834</b>                        | <b>\$ 5,505,322</b>   | <b>\$ 8,627,729</b>   |
| <b>SUMMARY BY FUND TYPE</b>         |                          |                          |                      |                |                      |                |                                         |                       |                       |
| GENERAL FUND GROUP                  |                          | \$ 24,896,179            | \$ 22,030,613        | 43%            | \$ 27,022,256        | 53%            | \$ (4,991,643)                          | \$ 1,763,220          | \$ 18,141,315         |
| SPECIAL REVENUE GROUP               |                          | 11,755,250               | 11,942,398           | 64%            | 6,554,350            | 35%            | 5,388,048                               | 7,170,124             | 9,973,174             |
| DEBT SERVICE GROUP                  |                          | 337,290                  | 402,544              | 58%            | 546,437              | 79%            | (143,893)                               | 6                     | 193,391               |
| CAPITAL PROJECTS GROUP              |                          | 36,951,461               | 18,040,448           | 82%            | 21,251,373           | 32%            | (3,210,926)                             | 12,179,229            | 21,561,306            |
| ENTERPRISE GROUP                    |                          | 75,628,757               | 23,862,955           | 48%            | 22,274,018           | 26%            | 1,588,937                               | 3,161,427             | 74,056,266            |
| INTERNAL SERVICE GROUP              |                          | 14,122,216               | 5,946,421            | 46%            | 5,935,587            | 45%            | 10,834                                  | 5,505,322             | 8,627,729             |
| <b>TOTAL ALL GROUPS</b>             |                          | <b>\$ 163,691,153</b>    | <b>\$ 82,225,379</b> | <b>53%</b>     | <b>\$ 83,584,022</b> | <b>36%</b>     | <b>\$ (1,358,643)</b>                   | <b>\$ 29,779,329</b>  | <b>\$ 132,553,181</b> |

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.

<sup>1</sup> Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

<sup>2</sup> Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



# Item #13

## Monthly Budget Update



# Overview



- Monthly Budget Update
- Staff does not recommend any budget adjustments at this time

# General Fund



- Property tax and sales tax are trending higher
- Both recreation services revenues and expenditures are trending below budget
- TOT continues to remain low compared to pre-pandemic level

# Development Services Fund



- Both revenues and expenditures are tracking budget

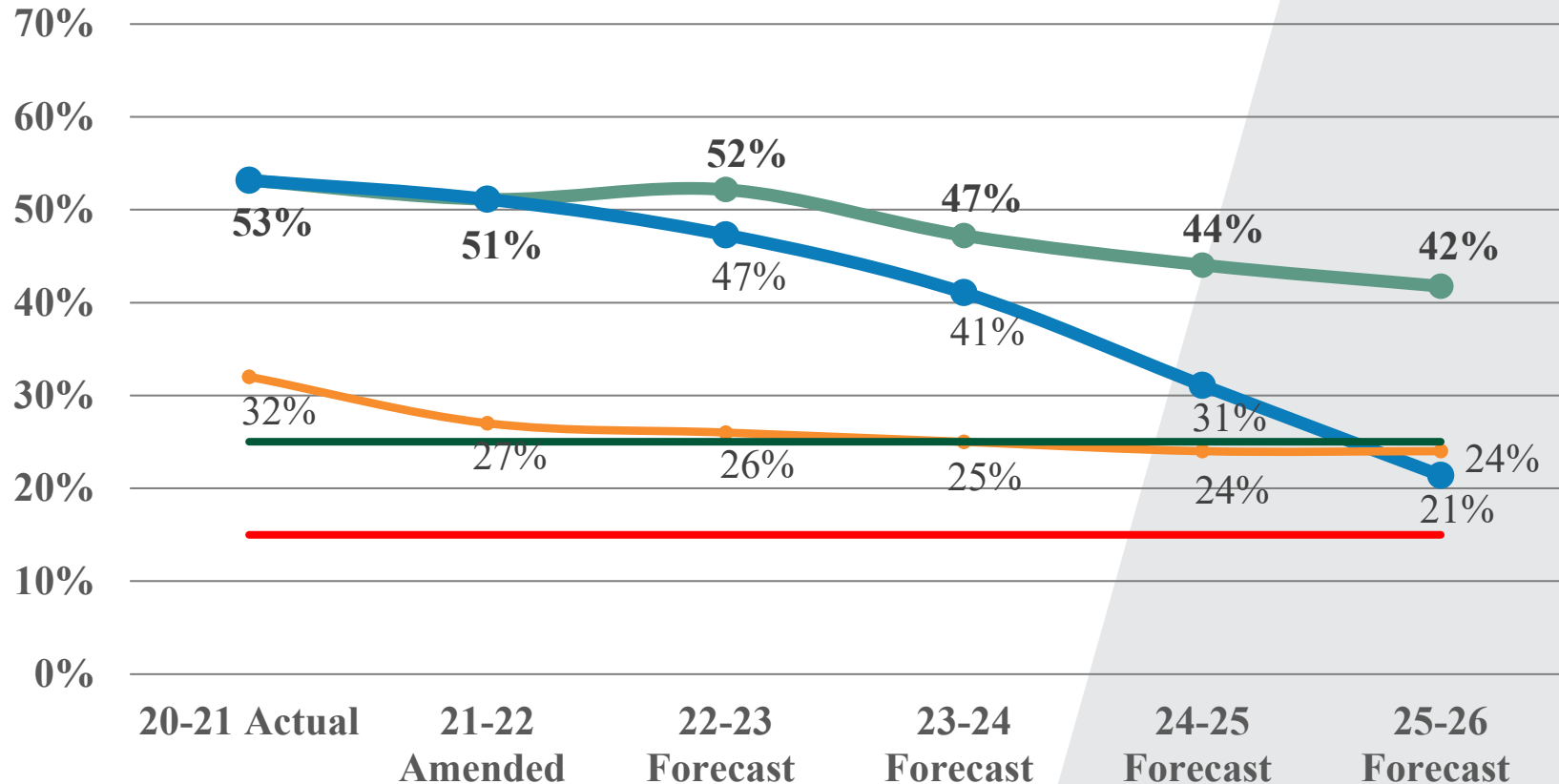
# Enterprise Funds



- Sewer operations revenue is tracking slightly higher than budget
- Water sales is slightly below budget due to drought measures
- Finalizing water rate study



# Updated General Fund Forecast



● GF Six Year Forecast January 28, 2022  
● GF Six Year Forecast June 17, 2020  
— Fund Balance Goal 25% of Revenues

● GF Six Year Forecast with Unfunded Needs  
— Fund Balance Minimum Level 15% of Revenues

# Unfunded General Fund Needs - \$4.6 million



- Police \$1.3 million
- Fire: \$2.3 million
- Operational loss due to RDCS suspension: \$1.0 million

# Unfunded Liabilities- \$61.1 million



- Public Employees Retirement System (PERS) - \$57.3 million
- Other Postemployment Benefits (OPEB) - \$3.8 million
- General Fund Share - 67% or \$40.9 million
- Current Funded Status
  - Misc. Plan – 71.8%
  - Safety Plan – 68.0%

# Questions?

