



**Special-Regular Meeting Agenda
City Council**

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

Wednesday, August 20, 2025

5:00 p.m. Closed Session

6:00 p.m. Regular Session

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

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

MEETING PARTICIPATION

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

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

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

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

minutes. Dial *6 to unmute.

PUBLIC COMMENT

Public comment may be offered verbally at the meeting or in writing before the meeting. Public comment is limited to three minutes, but the Mayor may adjust time limits for individual or total comments while ensuring all viewpoints are heard, encouraging speakers to avoid repetition, and allowing a designated spokesperson for organized support or opposition to present longer if needed.

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

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

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

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

Written public comment may be submitted to the City Clerk:

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

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

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

AMERICANS WITH DISABILITIES ACT (ADA)

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

SPECIAL/REGULAR MEETING

A special meeting of the City Council is called at 5:00 p.m. for the purpose of conducting a closed session.

SPECIAL MEETING

5:00 p.m. Closed Session

CALL TO ORDER**ROLL CALL ATTENDANCE****DECLARATION OF POSTING AGENDA****CLOSED SESSION****CONFERENCE WITH LABOR NEGOTIATORS**

Authority: Pursuant to Government Code Section 54957.6

City Negotiators: Christina Turner, City Manager; Donald Larkin, City Attorney; Michael Horta, Human Resources Director; Dat Nguyen, Finance Director; Chris Ghione, Assistant City Manager, Public Services

Employee Organization: Morgan Hill Police Officers Association; AFSCME Local 101 Morgan Hill; Community Service Officers Association; Employees Covered under Management Resolution #23-051

PUBLIC EMPLOYMENT (§ 54957)

Title: City Attorney

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (§ 54956.9)

Perry v. City of Morgan Hill, et al. (Santa Clara County Case No. 25-CV-464704)

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (§ 54956.9)

Berns v. City of Morgan Hill, et al. (Santa Clara County Case No. 25-CV-472644)

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

REGULAR MEETING

6:00 p.m.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL REPORTS

Council Member Miriam Vega

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.

1. **ACCEPT THE CALIFORNIA HIGHWAY PATROL CANNABIS TAX GRANT IN THE AMOUNT OF \$227,388.**

Recommendation:

1. Adopt a Resolution Accepting the California Highway Patrol Cannabis Tax Grant in the amount of \$227,388;
2. Authorize the City Manager to execute the California Highway Patrol Cannabis Tax Fund Grant Program agreement; and
3. Adopt a budget amendment resolution for FY 2025-26 to appropriate \$227,388 and recognize the corresponding grant revenue.

2. **ACCEPT ANNUAL EVALUATION REPORT FOR THE SANTA CLARA COUNTY MULTI-JURISDICTIONAL PROGRAM FOR PUBLIC INFORMATION (PPI) FOR FY 2024-25 (YEAR 4) RELATING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY'S NATIONAL FLOOD INSURANCE PROGRAM'S COMMUNITY RATING SYSTEM PROGRAM**

Recommendation:

Accept the Annual Evaluation Report for FY 2024-25 (Year 4) for the 2021 Santa Clara County Multi-Jurisdictional Program for Public Information (PPI).

3. **ACCEPT MONTEREY ROAD UNDERPASS CONCRETE SPALL AND CRACK REPAIR PROJECT**

Recommendation:

1. Accept as complete, the Monterey Road Underpass Concrete Spall and Crack Repair Project in the final amount of \$298,730;
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. **ACCEPT GRANT FUNDING IN THE AMOUNT OF \$416,500 FROM THE INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION (ICMA) TO SUPPORT STAFFING AND PROGRAM EFFORTS RELATED TO ECONOMIC MOBILITY**

Recommendation:

1. Authorize the City Manager to execute an Agreement with the International City/County Management Association (ICMA) accepting grant funds in the amount of \$416,500; and
2. Adopt a resolution to amend the City's Fiscal Year (FY) 2025-2026 Adopted Budget, to appropriate \$416,500 to the Housing Division to hire

an Administrative Analyst and provide program funds for the implementation of the City's Economic Mobility initiatives.

5. **AMEND AFFORDABLE HOUSING AGREEMENT FOR BROOKFIELD-ROSEWOOD**

Recommendation:

Approve a Second Amendment to the Affordable Housing Agreement between the City of Morgan Hill and BFH CM Residential LLC authorizing a Housing in Lieu payment of \$2,114,510 for the remaining eight Below Market Rate units in the project.

6. **APPROVE CONSULTANT AGREEMENT WITH ENGEO, INC. IN THE AMOUNT OF \$750,000 FOR ON-CALL GENERAL COMPACTION TESTING AND SPECIAL INSPECTION SERVICES FOR VARIOUS CAPITAL IMPROVEMENT PROGRAM PROJECTS**

Recommendation:

Approve and authorize the City Manager to execute and administer an agreement to provide on-call general compaction testing and special inspection services for various Capital Improvement Program Projects with Enggeo, Inc. in the amount of \$750,000 for a three year term.

7. **APPROVE THE FY 2025-26 WORK PLANS FOR THE LIBRARY, CULTURE AND ARTS COMMISSION AND THE PARKS AND RECREATION COMMISSION**

Recommendation:

Review and approve the FY 2025-26 Work Plans for the Library, Culture and Arts Commission and the Parks and Recreation Commission.

8. **APPROVE SECOND AMENDMENT TO THE MAINTENANCE SERVICE AGREEMENT WITH ENVIRONMENTAL SYSTEMS, INC. TO INCREASE THE NOT TO EXCEED AMOUNT BY \$2,500,000 FOR A TOTAL AGREEMENT AMOUNT OF \$3,762,944 FOR THE REPAIR AND REPLACEMENT OF SIGNIFICANT CITY HEATING VENTILATION AND COOLING COMPONENTS WITHIN THE CITY'S BUILDINGS**

Recommendation:

1. Approve the Second Amendment to the Maintenance Service Agreement with Environmental Systems, Inc. for \$2,500,000, for a total agreement amount of \$3,762,944;
2. Authorize the City Manager to execute and administer the Second Amendment to the Maintenance Service Agreement with Environmental Systems, Inc.;
3. Authorize the City Manager to extend the term of the Agreement with Environmental Systems, Inc. for up to an additional one-year term; and

4. Adopt a resolution appropriating \$1.4 million in Building Replacement Fund (741).

9. **APPROVE THE JUNE 18, 2025, JUNE 25, 2025, JULY 7, 2025, and JULY 22, 2025 CITY COUNCIL MEETING MINUTES.**

Recommendation:

Approve the June 18, 2025, June 25, 2025, July 7, 2025, and July 22, 2025 City Council meeting minutes.

10. **AUTHORIZE AMENDMENT TO JOINT USE AGREEMENT AND ACCEPT DONATIONS TO ALLOW FOR THE INSTALLATION OF TREES ALONG THE WEST LITTLE LLAGAS CREEK TRAIL SOUTH OF WATSONVILLE ROAD**

Recommendation:

1. Authorize the City Manager to execute an amendment to the West Little Llagas Creek Trail Joint Use Agreement with Valley Water to allow for the planting of trees along the trail;
2. Accept a donation of trees from Google valued at \$10,000; and
3. Accept a donation from the Rotary Club of Morgan Hill of \$25,000 to be used towards irrigation for the new trees.

11. **RATIFY CITY POSITIONS ON PENDING LEGISLATION**

Recommendation:

1. Ratify the City's position opposing pending legislation Senate Bill 445 (Wiener) Transportation Projects: Permitting; and
2. Ratify the City's position supporting pending legislation Senate Bill 346 (Durazo) Local agencies: transient occupancy taxes: and short-term rental facilitator.

PUBLIC HEARINGS

12. **CONDUCT TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA) HEARING APPROVING ISSUANCE OF REVENUE BONDS FOR MAGNOLIAS APARTMENT PROJECT LOCATED AT 17965 MONTEREY ROAD WITHIN THE CITY OF MORGAN HILL**

Recommendation:

1. Open and close public hearing consistent with the requirements of the Federal Tax and Equity Fiscal Responsibility Act ("TEFRA") and Section 147 (f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

2. Adopt the resolution approving the issuance and re-issuance of bonds by the California Municipal Finance Authority (CMFA), for the acquisition, construction, improvement and equipping of a 66-unit multifamily housing project located on a 1.53-acre parcel situated at 17965 Monterey Road, in the City of Morgan Hill, California (the “City”).

OTHER BUSINESS

13. REMOVE AND REPLACE CURRENT MAYOR PRO TEMPORE

Recommendation:

1. City Council consideration of the Mayor's recommendation to remove Yvonne Martínez Beltrán from her appointed position of Mayor Pro Tempore, pursuant to Council Policy CP-99-01; and
2. Should the motion to remove be approved by a majority vote, the Council shall open the floor to nomination(s) for a new Mayor Pro Tempore; and
3. Select a new Council Member to serve as Mayor Pro Tempore through December 3, 2025.

14. RECEIVE MONTHLY BUDGET UPDATE; PRELIMINARY FY 2024-25 FINANCIAL AND INVESTMENT REPORTS; CITY MANAGER AUTHORITY REPORT; AND ADOPT RESOLUTION AMENDING FY 2024-25 BUDGET

Recommendation:

1. Accept and file report; and
2. Adopt resolution amending FY 2024-25 Budget.

15. HOLD MID-YEAR GOAL CHECK-IN

Recommendation:

Receive and review departmental updates, strategic priority workplan status updates, and Sustainable Morgan Hill priorities; and provide any desired changes to the workplan and Sustainable Morgan Hill priorities.

FUTURE COUNCIL INITIATED AGENDA ITEMS

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

ADJOURNMENT

NOTICE

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

PUBLIC COMMENT

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

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

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

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

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

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

SUSTAINABLE MORGAN HILL



Vision

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

Choose Morgan Hill

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

Strategic Priorities 2024-2025

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

City Council Ongoing Priorities

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

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

Mario Ramirez, Police Captain

APPROVED BY: City Manager

ACCEPT THE CALIFORNIA HIGHWAY PATROL CANNABIS TAX GRANT IN THE AMOUNT OF \$227,388.

RECOMMENDATION(S)

1. Adopt a Resolution Accepting the California Highway Patrol Cannabis Tax Grant in the amount of \$227,388;
2. Authorize the City Manager to execute the California Highway Patrol Cannabis Tax Fund Grant Program agreement; and
3. Adopt a budget amendment resolution for FY 2025-26 to appropriate \$227,388 and recognize the corresponding grant revenue.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

2024-2025 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Public Safety Master Plan

Vision Zero

REPORT NARRATIVE:

On February 6, 2025, the Morgan Hill Police Department (MHPD) applied for a grant to bolster our ongoing efforts to reduce impaired driving within our community. MHPD sought funding for several items, including one 2025 Ford F-250, one Stalker Message Trailer, vehicle outfitting, Globug lighting, two generators, a Sotoxa Oral Fluid Mobile Analyzer, 20 (two-person) Driving Under the Influence (DUI) Saturation Patrols, and one DUI Checkpoint.

The equipment and saturation patrols have proven to be effective ways of identifying impaired drivers and removing them from our city's roadways. The DUI Checkpoints are valuable not only in identifying individuals driving under the influence but also in educating the public regarding the effects of alcohol and operating a motor vehicle.

On June 13, 2025, the California Highway Patrol's (CHP) Cannabis Tax Fund Grant Program (CTFGP) conditionally approved \$227,388 for MHPD.

In order to receive this grant funding, CHP is requesting documentation from the City of Morgan Hill City Council authorizing MHPD to receive the requested funding. Additionally, staff recommend that the City Council authorize the City Manager to enter into the Grant Agreement with CHP's CTFGP.

COMMUNITY ENGAGEMENT:

This staff report will serve as the instrument to inform the community of the Agreement between the City of Morgan Hill and CHP'S CTFGP.

ALTERNATIVE ACTIONS:

The City Council could choose not to approve this grant funding and MHPD will not staff additional saturation patrols or obtain additional equipment for DUI enforcement.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Morgan Hill Police Department (MHPD) has been awarded funding through the California Highway Patrol's Cannabis Tax Fund Grant Program (CHP-CTFGP) and the Office of Traffic Safety's Selective Traffic Enforcement Program (STEP).

Outlined below are the approved grant cycles and the corresponding award amounts received from CHP and OTS:

07/1/2023 to 07/1/2024 - \$10,144 (CHP-CTFGP)
 07/01/2024 to 06/30/2025 - \$344,230 (CHP-CTFGP)

10/1/2007 to 9/30/2008 - \$9,536 (OTS)
 10/1/2009 to 9/30/2010 - \$13,131 (OTS)
 10/1/2010 to 9/30/2011 - \$18,895 (OTS)
 10/1/2012 to 9/30/2013 - \$24,750 (OTS)
 10/1/2013 to 9/30/2014 - \$36,800 (OTS)
 10/1/2018 to 9/30/2019 - \$43,000 (OTS)
 10/1/2023 to 10/1/2024 - \$60,000 (OTS)
 10/01/2024 to 09/30/2025 - \$87,000 (OTS)

FISCAL AND RESOURCE IMPACT:

There is no net fiscal impact to the City as the additional expenditures will be funded by the California Highway Patrol Cannabis Tax Fund Grant Program (CHP-CTFGP). Below is a matrix outlining the requested funding from CHP'S CTFGP.

Labor Costs:

- 20 (two-person) saturation patrols - \$39,720

- DUI Checkpoint (x10 Officers) - \$15,888

Equipment Costs:

- 2025 Ford F250 - \$68,606
- Stalker Message Trailer - \$23,099
- Globug Lighting and two Generators - \$10,175
- Sotoxa Oral Fluid Analyzer - \$13,815

Other Direct Costs:

- 2025 Ford F250 Outfitting - \$56,085

Total requested: \$227,388

CEQA (California Environmental Quality Act):

Not a Project - Continuing administrative or maintenance activities, such as purchases for supplies, personnel-related actions, general policy and procedure making.

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

601 North 7th Street
Sacramento, CA 95811
(916) 843-4360
(800) 735-2929 (TT/TDD)
(800) 735-2922 (Voice)



June 13, 2025

File No.: 060.17344.17369

Sergeant John Kuhlen
Morgan Hill Police Department
16200 Vineyard Boulevard
Morgan Hill, CA 95037

Dear Sergeant Kuhlen:

On behalf of the California Highway Patrol (CHP), it is my pleasure to inform you, the Morgan Hill Police Department, is conditionally approved for Cannabis Tax Fund Grant Program (CTFGP) funding in the amount of \$227,388.19. The purpose of this grant funding is to help your agency reduce and mitigate the impacts of impaired driving in your community.

The official Grant Agreement for signature is forthcoming. In order to execute your Grant Agreement, please provide documentation from a local governing body, authorizing your organization to receive this grant funding, to the Cannabis Grants Unit, by email at CGUGrants@chp.ca.gov, as soon as possible. Refer to California Code of Regulations Title 13, Division 2, Chapter 13, Section 1890.13(g) for additional information.

The CHP looks forward to partnering with you and your agency on this project in an effort to make California's roadways a safer place to travel. If you have any questions, please feel free to contact the Cannabis Grants Unit at (916) 843-4360.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. W. Headrick".

M. W. HEADRICK, Chief
Enforcement and Planning Division



RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING THE CITY MANAGER OR HER DESIGNEE TO ACCEPT A GRANT PAYMENT OF \$227,388.19 FROM CALIFORNIA HIGHWAY PATROL'S CANNABIS TAX FUND GRANT PROGRAM

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

WHEREAS, the reasons supporting the purchase described in, and that is the subject of, this Resolution are set forth in detail in that certain City Council Staff Report entitled Accept the California Highway Patrol Cannabis Tax Grant submitted for City Council consideration at its meeting of August 20, 2025, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

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

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

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

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

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

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

- a. That the City is in support of the payment for the purchase of one 2025 Ford F250, one Stalker Message Trailer, Globug Lighting, and two Generators, Sotoxa Oral Fluid Mobile Analyzer, Vehicle Outfitting, and funding for 20 DUI saturation patrols and DUI checkpoints, and therefore approves receipt of the grant funding.
- b. That the City Manager is hereby delegated authority to and is authorized to take all other ministerial actions that may be necessary or appropriate to implement the provisions of this Resolution.

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

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 20th day of August 2025 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

DATE: _____

Mark Turner, MAYOR

➤ **CERTIFICATION** ☞

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No.XXXX , adopted by the City Council at the meeting held on August 20, 2025.

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

DATE: _____

Michelle Bigelow, CITY CLERK

RESOLUTION NO. 25-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MORGAN HILL APPROVING AN AMENDMENT TO
THE CITY'S FISCAL YEAR 2025-2026 ANNUAL BUDGET
IN THE GENERAL FUND (FUND NO. 010) TO
APPROPRIATE \$227,388 THEREFOR**

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

WHEREAS, the reasons supporting this Resolution are set forth in detail in that certain City Council Staff Report entitled "Accept the California Highway Patrol Cannabis Tax Grant in the Amount of \$227,388" submitted for City Council consideration at its meeting of August 20, 2025, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

WHEREAS, recommended amendments are needed and proposed to the City's previously adopted Annual Budgets for Fiscal Years 2024-2025 and 2025-2026 as set forth on Exhibit A to this Resolution, to appropriate the requisite funds to implement the actions authorized by this Resolution; and

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

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

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

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

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

- a. That the City's previously adopted Fiscal Years 2024-2025 and 2025-2026 Budgets, as the same has been amended to date, are hereby further amended in

accordance with and as reflected on Exhibit A attached hereto and incorporated herein by this reference; and

- b. That the City Clerk is hereby authorized and directed to forward a copy of this Resolution to the City's Finance Director, who is hereby authorized and directed to take all actions necessary to implement the terms of this Resolution pertaining to the Fiscal Years 2024-2025 and 2025-2026 Budgets of the City or Morgan Hill.

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 its meeting held on this 20th day of August 2025 by the following vote:

AYES:	COUNCIL MEMBERS:	None
NOES:	COUNCIL MEMBERS:	None
ABSTAIN:	COUNCIL MEMBERS:	None
ABSENT:	COUNCIL MEMBERS:	None

APPROVED:

ATTEST:

MARK TURNER, Mayor

MICHELLE BIGELOW, City Clerk

∞ CERTIFICATION ∞

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. 25-_____ adopted by the City Council at the meeting held on the 20th day of August 2025.

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

DATE: _____

MICHELLE BIGELOW, City Clerk

EXHIBIT A

AGENDA BUDGET SCORECARD

FISCAL YEAR 2025-2026

ADJUSTMENT #

002

FUND:

010 General Fund

FUNCTION:

000 Public Safety

DEPARTMENT:

000 Police

DIVISION:

000 Field Operations

OBJECT:

Various Various

AGENDA DATE:

08/20/25

AGENDA ITEM TITLE:

Accept the California Highway Patrol Cannabis Tax Grant

	07/01/25			07/01/26	
	UNAUDITED PROJECTED		ESTIMATED	UNAUDITED PROJECTED	
	BEGINNING FUND	ESTIMATED	APPROPRI-	ENDING FUND	
	BALANCE	REVENUES	ATIONS	BALANCE	
ORIGINAL BUDGET	24,960,102	57,630,517	63,753,936	18,836,683	
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	-	-	-	
RECOMMENDED ACTION		227,388	227,388	-	
RESULT OF RECOMMENDED ACTION	24,960,102	57,857,905	63,981,324	18,836,683	

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

Maria Angeles, Senior Civil Engineer

APPROVED BY: City Manager

ACCEPT ANNUAL EVALUATION REPORT FOR THE SANTA CLARA COUNTY MULTI-JURISDICTIONAL PROGRAM FOR PUBLIC INFORMATION (PPI) FOR FY 2024-25 (YEAR 4) RELATING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY'S NATIONAL FLOOD INSURANCE PROGRAM'S COMMUNITY RATING SYSTEM PROGRAM

RECOMMENDATION(S)

Accept the Annual Evaluation Report for FY 2024-25 (Year 4) for the 2021 Santa Clara County Multi-Jurisdictional Program for Public Information (PPI).

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

2024-2025 Strategic Priorities

Community Engagement

REPORT NARRATIVE:

On June 16, 2021, the City Council adopted the 2021 Santa Clara County Multi-Jurisdictional Program for Public Information (2021 PPI). The Federal Emergency Management Agency (FEMA) requires that annual evaluation reports on the Multi-Jurisdictional PPI be shared with the elected bodies that approved them. The Annual Evaluation Reports for FY 2021-22 (Year 1), FY 2022-23 (Year 2), and FY 2023-24 (Year 3) were previously submitted to City Council at its meeting on October 19, 2022, August 23, 2023, and August 28, 2024, respectively. Attached is our submittal of the Annual Evaluation Report for FY 2024-25 (Year 4) (Attachment 1).

Community Rating System (CRS) Program and PPI Background

CRS is a voluntary program under FEMA's National Flood Insurance Program (NFIP) that allows communities to earn flood insurance premium discounts for their residents and businesses. Communities earn CRS points for activities that promote good flood risk reduction practices, including implementation of outreach activities under the PPI. Communities are assigned class ratings based on the points earned. CRS Class ratings are assigned at 500-point increments, and each improvement in class rating nets an

additional 5% discount for property owners who pay flood insurance premiums in participating communities.

The City of Morgan Hill has participated in the CRS Program since May 2003 and has a current CRS class rating of 7, which allows Morgan Hill residents and businesses a 15% discount on their flood insurance premiums. Based on April 2025 NFIP data, there are 286 flood insurance policies in force within the City of Morgan Hill (a decrease of 47 policies from July 2024 data), and policyholders paid a total of \$295,232 in annual flood insurance premiums (an average annual premium of \$1,032 per policy). There is an average savings of \$150 per policy as a result of the City's CRS class 7 rating.

The Program for Public Information (PPI) was introduced into the CRS in 2013. The PPI encourages participating CRS communities to collaborate with local stakeholders in designing a community outreach program on flood risk reduction that meets local needs. The PPI must be developed by a committee comprised of both staff and non-governmental representatives/stakeholders from each of the participating agencies, known as the PPI Committee.

Valley Water led the development of the first five-year Multi-Jurisdictional PPI (2015 PPI), which was adopted in 2015 by the City and all other participating CRS communities in Santa Clara County. The 2015 PPI concluded in 2020.

The City Council adopted the subsequent Multi-Jurisdictional PPI, the 2021 Santa Clara County Multi-Jurisdictional PPI (2021 PPI), on June 16, 2021, after the conclusion of the 2015 PPI.

Each subsequent year after adopting the 2021 PPI, the PPI Committee must submit an Annual Evaluation Report to FEMA describing the PPI implementation for the prior fiscal year. The attached Annual Evaluation Report is the fourth report for the 2021 PPI.

Based on the City's CRS 5-year Verification Cycle Visit (or CRS audit) in June 2022, the City received a total of 297 points on the City's Outreach Projects due to the 2021 PPI. These points contribute to the flood insurance discounts for policyholders in the City.

COMMUNITY ENGAGEMENT:

Inform

This report serves to inform the community about the fourth Annual Evaluation Report for the 2021 PPI and the City's PPI activities.

ALTERNATIVE ACTIONS:

Not Applicable – acceptance of a report only; no action required.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On August 28, 2024, the City Council received the Annual Evaluation Report for FY 2023-24 (Year 3).

On August 23, 2023, the City Council received the Annual Evaluation Report for FY 2022-23 (Year 2).

On October 19, 2022, the City Council received the Annual Evaluation Report for FY 2021-22 (Year 1).

On June 16, 2021, the City Council adopted the 2021 Santa Clara County Multi-Jurisdictional Program for Public Information (PPI).

FISCAL AND RESOURCE IMPACT:

The acceptance of this report has no fiscal impact. The City's current participation in the implementation of the PPI can be accommodated with the existing staff and operating budgets for the Floodplain Management Program within the Public Services Department. Valley Water is incurring the cost to manage and coordinate the meetings and other tasks associated with the Multi-Jurisdictional PPI.

CEQA (California Environmental Quality Act):

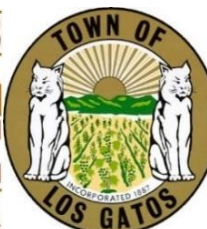
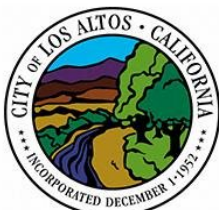
Not a Project

The acceptance of this report is considered "an organizational or administrative activity of a government that will not result in direct or indirect physical changes in the environment."

Santa Clara County Multi-Jurisdictional Program for Public Information 2021

FY25 Annual Evaluation Report

(Year 4: July 2024 to June 2025)



June 2025

Prepared by:

Santa Clara Valley Water District

and

Santa Clara County CRS communities

I. INTRODUCTION

The Community Rating System (CRS) is a voluntary program of the Federal Emergency Management Agency's (FEMA) National Flood Insurance Program (NFIP). The CRS program allows communities to earn flood insurance premium discounts for their residents and businesses by implementing local mitigation, floodplain management, and outreach activities that exceed the minimum NFIP requirements to reduce the risk of flooding.

In Santa Clara County, 11 (eleven) communities, including Santa Clara Valley Water District (Valley Water) have actively participated in the FEMA NFIP CRS for over 30 years.

The CRS participating communities (CRS communities) are City of Cupertino, City of Gilroy, City of Los Altos, City of Milpitas, City of Morgan Hill, City of Mountain View, City of Palo Alto, City of San Jose, City of Santa Clara, City of Sunnyvale, and the Santa Clara Valley Water District (Valley Water).

CRS communities, along with their external non-governmental stakeholders, non-CRS communities: *City of Saratoga, Town of Los Altos Hills, Town of Los Gatos, and the County of Santa Clara* who opted to join the 2021 Program for Public Information (PPI), comprised the 2021 PPI Committee. The original 2021 PPI Committee is listed in *Table 1. Original Members of the Santa Clara County Multi-Jurisdictional 2021 PPI Committee* of the 2021 PPI (*Attachment 1*). Since the development of the 2021 PPI, there may have been changes to the community's original 2021 PPI Committee members (*either the internal representatives to the organization and/or the external stakeholders*). Those member changes are noted on the meeting attendance sheets.

CRS-creditable PPIs can be single or multi-jurisdictional. For the 2021 PPI, FEMA requires that each CRS community provide at least two representatives to the regional PPI Committee to meet the credit requirement, with at least half of the representatives from outside the local government. Additionally, at least half of the representatives must attend all the meetings of the regional PPI Committee.

An essential benefit of the PPI Committee's work is close collaboration between local public agency staff who work on flood protection throughout Santa Clara County. Together, PPI Committee members continue strengthening their individual CRS programs and ensuring communities can evaluate their flood programs against a nationally recognized benchmark.

The 2021 PPI Committee, the remaining non-CRS communities (City of Saratoga, Town of Los Gatos, Town of Los Altos Hills, and the County of Santa Clara), and other interested parties make up the Santa Clara County CRS Users Group.

The Santa Clara County CRS Users Group collaborates to ensure floodplain management activities provide enhanced public safety, reduced damage to property and public infrastructure, and avoidance of economic disruption and loss in Santa Clara County. Through the five-year PPI development and the annual reporting process, members of the SC County CRS Users Group learn from one another about local floodplain management activities, including flood protection and land use issues.

Under the CRS program, flood insurance premium rates are discounted to reward CRS communities' actions that meet the three goals of the CRS:

- (1) reduce flood damage to insurable property.
- (2) strengthen and support the insurance aspects of the NFIP; and
- (3) encourage a comprehensive approach to floodplain management.

Flood insurance premiums for CRS communities are reduced in 5% increments for every 500 CRS points earned. As of April 30, 2025, the total savings for Santa Clara County residents from CRS discounts is approximately \$1.9 million.

**Santa Clara County 2021 Multi-Jurisdictional Program for Public Information
FY25 Annual Evaluation Report (Year 4: July 2024 to June 2025)**

Valley Water is the lead flood protection agency for Santa Clara County. Valley Water performs many flood preparedness outreach and stream stewardship/maintenance activities that can earn credit points for CRS communities. Since Valley Water is not a land-use agency, the points Valley Water earns as a “fictitious community” provide a foundation upon which the CRS communities can build. FEMA approved this unique arrangement with Valley Water in 1998.

The *CRS Coordinator’s Manual, 2013 Edition*, included the option to undertake a Program for Public Information (PPI), which standardizes our flood preparedness outreach messages and increases communities’ CRS points. Each participant of the PPI Committee brings unique perspectives and suggestions that enhance the PPI. Each community must adopt the PPI through a formal vote by the community’s governing body.

In 2013, Valley Water helped initiate and facilitated the effort to develop the first Multi-Jurisdictional PPI so that all Santa Clara County CRS communities could work together and benefit from this activity. Non-CRS communities were also invited to participate in the development of the PPI. This work effort resulted in the 2015 Multi-Jurisdiction PPI (2015 PPI).

On April 14, 2015, Valley Water’s Board adopted the 2015 PPI, which sunset in April 2020; the other CRS communities’ governing bodies adopted the 2015 PPI soon thereafter.

Under the CRS, a PPI must be updated every five years. Each subsequent year after adopting the PPI, the PPI Committee must submit an annual evaluation report to FEMA describing the PPI implementation for the prior fiscal year. The PPI Committee must evaluate whether the flood risk reduction messages in the PPI are still relevant and adjust the PPI, if needed. The annual evaluation report is shared with each CRS community’s governing body as an informational item.

As required for CRS credit, annual evaluation reports for FY16 (Year 1 of the 2015 PPI) through FY19 (Year 4 of the 2015 PPI) were prepared, sent to each CRS community’s governing body, and included in each community’s respective annual recertifications or as part of a community’s documentation for those that were cycled on any given year.

In FY20 (Year 5 of the 2015 PPI), the PPI Committee updated the expired 2015 PPI. The Insurance Services Office (ISO), FEMA’s CRS program management contractor, exempted the PPI Committee from submitting an annual evaluation report for FY20 (Year 5 of the 2015 PPI) as the committee focused on updating the document.

In February 2020, Valley Water hosted the start of the five-year PPI update process. Fifteen Santa Clara County communities worked together to update the 2015 PPI. These communities included the current 11 CRS communities as well as four non-CRS communities that expressed interest in joining the 2015 PPI and possibly the CRS program. Staff and external stakeholders from each agency participated in developing the new PPI.

In March 2020, the Coronavirus (COVID-19) outbreak started. The California State Emergency Services Act, the Governor’s Emergency Declaration related to the COVID-19 pandemic, the Governor’s Executive Order N-29-20, and Order of the County of Santa Clara Public Health Officer dated March 16, 2020, went into effect.

The COVID-19 pandemic caused far-reaching, unprecedented changes. Businesses and organizations faced economic and operational uncertainty across every industry and sector. The workforce impacts during COVID-19 caused delays beyond control, including the PPI Committee’s ability to continue its work of updating the 2015 PPI. Many communities shifted priorities to respond to the public health crisis; therefore, FEMA provided an extension of completing the update to the 2015 PPI to early 2021.

The 2021 PPI Committee reconvened in October 2020 to resume the 2015 PPI update. Several virtual meetings followed until the 2021 PPI Committee completed the 2021 PPI in April 2021. The 2021 PPI was adopted by CRS communities, as indicated in *Table 1. Adoption Dates 2021 PPI*.

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II. 2021 PPI DEVELOPMENT PROCESS

Valley Water, CRS, and non-CRS communities initiated the 2021 PPI process in February 2020. Discussions were postponed due to COVID-19; the process was reinitiated in October 2020. The Santa Clara County 2021 Multi-Jurisdictional Program for Public Information document was completed in April 2021 (*refer to Section I. Introduction for COVID-19-related delays*).

Virtual meetings were held between 2020 and 2021 to develop the 2021 PPI. FEMA's six priority topic messages and the three additional messages identified in the 2015 PPI carried forward into the 2021 PPI. The 2021 PPI Committee felt all nine topics and supporting messages were still relevant for reaching Santa Clara County residents and ensuring they were flood-ready.

The below listed is Table 3 in the 2021 PPI: CRS Priority Messages

Topic Number	Topic message	Public Message (Select one message per topic)
TOPIC #1	Know your flood hazard	- Know your flood risk - Contact your floodplain manager to find out if your property is in a floodplain - Check if your home or business is in a Special Flood Hazard Area
TOPIC #2	Insure your property for your flood hazard	- Get flood insurance ahead of time - Insure your property - There is a 30-day waiting period for the policy to take place
TOPIC #3	Protect people from the flood hazard	- Put your 3-day emergency kit together - Follow evacuation orders - Learn the best route to high ground
TOPIC #4	Protect your property from the flood hazard	- Protect your home from flood threats - Prepare your home - Sandbags can offer protection against a foot or less of floodwater - Get sandbags before a flood
TOPIC #5	Build responsibly	- Build responsibly in floodplains - Comply with development requirements - Check with your city/county floodplain manager before you build
TOPIC #6	Protect natural floodplain functions	- Keep creeks clean and flowing - Keep debris and trash out of our streams - Don't pollute, dump, or drain anything in creeks
Additional Outreach Topic Messages (only one message per topic)		
TOPIC #7	Develop an emergency plan	Develop an emergency plan
TOPIC #8	Download disaster apps	Download disaster emergency apps
TOPIC #9	Understand shallow flooding risks— don't drive through standing water	Understand shallow flooding risks - don't drive through standing water

The 2021 PPI Committee worked between the meetings to draft the 2021 PPI and review the extensive list of outreach and flood response projects (*Attachment 2*).

Based on the 2021 PPI Committee's evaluation of the 2015 PPI, the consensus was that most of the 2015 PPI flood risk reduction messages were still relevant, so only minor edits were incorporated as needed. This became the basis for the 2021 PPI; therefore, no additional FEMA review was required, as the 2015 PPI already ensured its provisions were fully compliant with FEMA requirements.

FEMA's ISO CRS Specialist and Technical Reviewers determine how many CRS points the 2021 PPI activities earn. The PPI Committee estimates that of the possible 350 points for Activity 330, each CRS community could earn up to 300+/- points for PPI efforts.

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Once Valley Water approved the 2021 PPI (5-Year Plan), the final document was provided to the 2021 PPI Committee to present to their governing bodies for adoption and implementation.

Table 1. Dates of 2021 PPI Adoption shows each agency's 2021 PPI approval dates; all 11 CRS communities have adopted the 2021 PPI.

Table 1. Adoption Dates of the 2021 PPI

Community	Date Presented	Adopted
Santa Clara Valley Water District	4/27/21	X
City of Cupertino	8/17/21	X
City of Gilroy	7/01/21	X
City of Los Altos	7/13/21	X
Town of Los Altos Hills (*non-CRS community)	Not required	Not required
Town of Los Gatos (*non-CRS community)	Not required	Not required
City of Milpitas	5/18/21	X
City of Morgan Hill	6/16/21	X
City of Mountain View	6/22/21	X
City of Palo Alto	6/14/21	X
City of San Jose	11/16/21	X
City of Santa Clara	7/06/21	X
County of Santa Clara (*non-CRS community)	Not required	Not required
City of Saratoga (*non-CRS community)	Not required	Not required
City of Sunnyvale	6/29/21	X
Total Approved		11

**Non-CRS communities are encouraged to participate in the ongoing efforts and initiatives of the Santa Clara County CRS Users Group and/or PPI Committee; however, those who opted to participate in the 2021 PPI are not required to adopt the PPI or share annual evaluation reports with their governing bodies.*

III. ANNUAL EVALUATION REPORTS

The 2021 PPI states that the 2021 PPI Committee will meet at least once yearly to evaluate the PPI and incorporate any needed revisions. This meeting is coordinated in conjunction with the ongoing CRS User's Group meetings, which occur at least twice a year.

The evaluation will cover the following:

- Review of projects that were completed.
- Evaluate progress toward outcomes.
- Provide recommendations on projects that have not been completed.
- Provide recommendations for new projects not previously identified.
- Address any Target Audience changes; and
- Assess the program's impact during an actual flood event if one has occurred.

The 2021 PPI Committee prepares the annual evaluation report for submission with each CRS community's annual CRS recertification package (or scheduled 5-year cycle visits). The annual evaluation report is then shared with each CRS community governing body as an informational item.

As required, annual evaluation reports for FY22 (Year 1 of the 2021 PPI) through FY25 (Year 4 of the 2021 PPI) were prepared, sent to each CRS community's governing body, and included in each community's respective annual recertifications or as part of a community's documentation for those that were cycled on any given year.

**Santa Clara County 2021 Multi-Jurisdictional Program for Public Information
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Section V. 2024 Santa Clara County CRS Users Group/PPI Committee Meetings – Monitoring and Evaluating the 2021 PPI of this annual evaluation report summarizes the meetings held to develop the FY25 Annual Evaluation Report (Year 4 of the 2021 PPI).

Table 2 below shows how each community expects to share the FY25 Annual Evaluation Report with its governing body.

Table 2. How the 2021 PPI FY25 Annual Evaluation Report, Year 4 will be shared with the Community's Governing Body

Community	Method for Sharing
Santa Clara Valley Water District	Board Non-Agenda Item
City of Cupertino	Consent Item Council Agenda
City of Gilroy	Consent Calendar
City of Los Altos	Council Informational Staff Report
Town of Los Altos Hill (<i>*non-CRS community</i>)	Not required
Town of Los Gatos (<i>*non-CRS community</i>)	Not required
City of Milpitas	Memo to City Council
City of Morgan Hill	Council Consent Calendar
City of Mountain View	Council Weekly Update "Council Connection"
City of Palo Alto	Informational Staff Report
City of San Jose	Council Consent Calendar
City of Santa Clara	Council Consent Calendar
County of Santa Clara (<i>*non-CRS community</i>)	Not required
City of Saratoga (<i>*non-CRS community</i>)	Not required
City of Sunnyvale	City Manager's "Update Sunnyvale"

**Non-CRS communities are not required to share annual evaluation reports with their governing bodies.*

IV. 2021 PPI ACCOMPLISHMENTS FOR FY25

The 2021 PPI Committee identified three efforts needed from each CRS community to prepare and finalize subsequent annual evaluation reports.

1. Governing bodies must adopt the 2021 PPI (*Table 1. Adoption dates of the 2021 PPI*). The 2021 PPI Committee must prepare an annual evaluation report and share it with its governing body as informational items (Table 2. How the 2021 PPI Annual Evaluation Report for FY25, Year 4 will be shared with the *Community's Governing Body*).
2. For each fiscal year (*July 1 - June 30*), the communities must implement and monitor the outreach/flood response projects identified in Appendix A, CRS Creditable Outreach and Flood Response Projects by CRS Community of the 2021 PPI (*Attachment 2*).
3. The PPI Committee must review and consider the 'New Initiatives' identified in the 2021 PPI (*page 66*) for advancing flood risk reduction efforts.

Governing Bodies Approval: All 11 CRS communities' governing bodies, including Valley Water, adopted the 2021 PPI. Each agency (Community) shows the approval dates in Table 1 noted above.

Tracking System: The 2021 PPI is multi-jurisdictional and includes 15 agencies (*11 CRS communities and four non-CRS communities*). Tracking implementation is quite complex compared to a single-agency PPI. As the informal lead agency, Valley Water oversees the record-keeping to ensure consistency throughout the county. An electronic file-sharing system, Egnyte, is set up with folders for each community to file and share documents related to the 109 potential outreach/flood response projects identified in the 2021 PPI and all CRS-related documentation. This also includes a comprehensive spreadsheet tracking which lists outreach projects accomplished in any given fiscal year by each community (*Attachment 2*). This spreadsheet, along with the

**Santa Clara County 2021 Multi-Jurisdictional Program for Public Information
FY25 Annual Evaluation Report (Year 4: July 2024 to June 2025)**

annual evaluation report, will be submitted with annual CRS recertifications or as part of scheduled 5-year cycle visits.

ISO assigns credit for Valley Water outreach/flood response projects to all Santa Clara County CRS communities' ratings. Some communities also choose to carry out and report on their own outreach/flood response projects, in addition to those of Valley Water. These projects are shown on the composite spreadsheet (*Attachment 2 - Appendix A from 2021 SC County Multi-Jurisdictional PPI noting FY25 Project Accomplishments*) and include input from each agency.

The PPI Committee discussed the benefits of using the Egnyte shared filing system for tracking the 2021 PPI outreach/flood response projects and all CRS-related documentation. The PPI Committee also discussed ensuring each agency regularly uploads its CRS documentation. These benefits are:

- Information Share/Knowledge Transfer: CRS communities can view each other's program documentation. When a community improves its CRS rating, another community can access the documents submitted to determine how the CRS credited activities helped improve the score.
- Document Repository: A central location for CRS-related documentation, organized to mirror the CRS Coordinator's Manual (by community/activity/element), proves helpful when a community experiences staff turnover.
- Documentation Submittals: CRS documents are organized and easy to share with the CRS Specialists conducting cycle visits and/or annual recertification.

Summary of PPI Projects Accomplished in FY25

Attachment 2 of this annual evaluation report includes the complete outreach/flood response project list. It lists all projects proposed in the 2021 PPI, with a "Project Accomplishments" column noting actions taken during the fourth year, FY25 of the 2021 PPI.

Audiences	Projects Accomplished	
Community at Large (CAL)	81 potential projects, 64 accomplished	
Residents and Businesses in the Special Flood Hazard Area (SFHA)	18 potential projects, 16 accomplished	
Messengers to Other Target Audiences (Organizations & Businesses Serving the Community)	10 potential projects, 10 were accomplished	
*Total Accomplished Projects		90 of 109

** Note: All projects carried out by CRS communities were accomplished in FY25. Variance in the number of potential projects versus accomplished projects is due to no updates from non-CRS communities, which is not required for this annual evaluation report.*

These numbers go well beyond the minimum requirements of the CRS program for PPI credit under Activity 330; we anticipate all CRS communities will receive the maximum number of credits for our collective efforts in FY25.

Valley Water's Outreach/Flood Response Projects

The 2021 PPI Committee identified each community's outreach/flood response projects. The implementation of these projects is reflected in the 'FY25 (Year 4) of the 2021 PPI Project Accomplishments' column of Attachment 2.

FY25 Annual Flood Awareness Campaign

Valley Water's FY25 Flood Awareness Campaign (*Attachment 3 for more details*) effectively educated and engaged residents in Santa Clara County about the risks of flooding, emphasizing the importance of proactive preparation and access to vital safety resources. The campaign leveraged cutting-edge technologies like digital geo-targeting and multilingual outreach, blending traditional strategies with innovative solutions to connect with communities at risk of flooding.

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Goals:

1. **Awareness:** Educate FEMA-designated Special Flood Hazard Areas (SFHAs) residents and businesses about their flood risks and mitigation strategies.
2. **Preparedness:** Empower residents to take preventative actions, including knowing their flood risk, signing up for emergency alerts, and knowing where to find free sandbags.
3. **Access:** Provide multilingual resources and technologies to connect diverse communities with flood safety information, including the innovative Valley Water's Surface Water Data Portal. When extreme weather strikes, residents can know if their home is at risk of flooding by visiting alert.valleywater.org for the latest information on local creeks and reservoir water levels.

Refer to Attachment 3 for more details on Valley Water's FY25 flood awareness campaign.

CRS Community Outreach/Flood Response Projects

Other Community Engagement Efforts

October 2024 officially kicked off the flood season.

On November 13, 2024, staff participated in a flood preparedness press conference held at Valley Water's Winfield Sandbag Distribution site in San José. The press conference was a joint news event with the City of San José, the County of Santa Clara, and the National Weather Service. The event featured speakers from Valley Water and participating agencies, a sandbagging demonstration, and an emergency kit assembly table, which included flood readiness materials.



Valley Water Director Jim Beall and staff discuss ways to assemble an emergency kit at Valley Water's flood preparedness press conference in San José

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On December 7, 2024, the Organization for Latino Affairs (OLA), a Valley Water employee resource group, provided emergency starter kits at the Santa Visits Alviso Foundation event in San José. English and Spanish flood preparedness informational material and giveaways were provided to approximately 600 attendees.



In December, Valley Water hosted an informational table at the Santa Visits Alviso Foundation in San José.



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On February 12, 2025, Valley Water hosted the Standard Grants Program Open House event at Valley Water. A 'Get Flood Ready' information table was set up, and flood preparedness materials were shared with the participants. Vice Chair Santos welcomed the 41 prospective applicants with opening remarks. This in-person event featured workshops to help applicants navigate the grant process, opportunities to connect with grants staff, and networking with local organizations. The event received overwhelmingly positive reviews, with 100% of survey participants stating they were satisfied with the workshops and event.



In February 2025, Valley Water's Grant Program hosted the Standards Grant Open House event. The CRS Program team set up a flood preparedness informational table and distributed materials to attendees.

Emergency Preparedness Event

On February 1, 2025, CRS hosted a "Get Flood Ready" booth at The Links, Incorporated's "Emergency Preparedness: Safety Now, Peace Later" event at the African American Community Service Agency in San José. There were approximately 80 attendees.



In February 2025, Valley Water's CRS Program participated in the Links, Inc. Emergency Preparedness event.

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Valley Water Education Outreach Program

Valley Water's Education Outreach includes flood awareness messaging in year-round classroom lessons. A dedicated flood-focused lesson is offered from October through April. Valley Water's role as a flood protection agency is introduced in all lessons so that participants in Education Outreach programs know that flood protection is one of Valley Water's core objectives in Santa Clara County.

The following are the Education Outreach efforts from October 2024 - April 2025.

Flood-Focused Programs

Education Outreach offers two lessons, and one assembly focused on flood awareness and preparedness: The Three Little Pigs and the Bad Weather Wolf for transitional kindergarten through second grade and Watershed Maps for second and third grades. The Three Little Pigs and the Bad Weather Wolf is also offered as a school assembly.

The results of the Flood-Focused Programs delivered between October 2024 and April 2025 are as follows:

- 85 flood-focused programs
 - *(pull data from "program frequency" tab: 3 Pigs lesson, 3 Pigs assembly, Watershed Maps Oct-Apr)*
- 3,061 students
 - *(pull data from "program frequency" tab: 3 Pigs lesson, 3 Pigs assembly, Watershed Maps Oct-Apr)*
- 133 educators
 - *(count based on 3 Pigs lesson, 3 Pigs assembly, watershed maps from across Oct-Apr monthly tabs)*

Flood Awareness Messaging

In addition to Flood-Focused Programs, Education Outreach provided additional flood awareness messaging in general classroom presentations, assemblies, libraries, and public events.

The results of the general flood protection messaging between October 2024 and April 2025 are as follows:

- 232 programs with general flood protection messaging
 - *(pull data from "program frequency" tab: all program types from Oct-Apr)*
- 7,514 students messaging
 - *(pull data from "report" tab: "students" tab Oct-Apr)*
- 324 educators
 - *(pull data from "report" tab: "teachers" tab Oct-Apr)*
- 1,060 public youth in Santa Clara County
 - *(pull data from "report" tab: "public youth" tab Oct-Apr)*

Community Events and Engagement

Booth Support at Events

Valley Water staff made a concerted effort to actively participate in community events, including community festivals and emergency preparedness affairs, particularly in communities and neighborhoods in or near flood zones. In FY25 (from September 2024 – May 2025), Valley Water and the communities' staff hosted 29 booths and distributed flood preparedness information on flood safety and emergency preparedness materials, including Valley Water's annual FPM. Those events are listed below:

- 1) Mountain View Art & Wine Festival – 9/7 – 9/8/24
- 2) Vovinam Viet Vo Dao 33rd Annual Moon Festival – 9/14/24
- 3) Rotary Club Silicon Valley Fall Festival – 9/14/24
- 4) City of Campbell State of the City – 9/18/24

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- 5) County Parks La Fuente Celebration, San Jose, CA – 9/21/24
- 6) Picnic by the Lake Multicultural Festival and Resource Fair, San Jose, CA – 9/28/24
- 7) Friends of Steven Creek Trail's Trailblazer Race – 9/29/24
- 8) Supervisor Lee's Day on the Bay, Alviso, CA – 10/5/24
- 9) City of Saratoga State of the City Address – 10/5/24
- 10) Santa Clara County Parks 2024 Fall Festival at Martial Cottle Park 10/5/24
- 11) Pumpkins in the Park, San Jose, CA – 10/12/24
- 12) South Asian Cultural Association of Sunnyvale's Diwali Festival – 10/26/24
- 13) Councilmember Candelas' Family Fall Festival – 10/26/24
- 14) ASCE Annual Student Scholarship – 11/14/24
- 15) Chopsticks Alley Tea Ceremony – 12/6/24
- 16) Santa Visits Alviso Foundation Drive – 12/7/24
- 17) VHF Swearing in Ceremony and Celebration for Betty Duong – 1/10/25
- 18) VAR Lunar New Year Festival 1/25 – 26/25
- 19) San Jose Chapter of the Links' Emergency Preparedness Workshop – 2/1/25
- 20) City of San Jose District 1 Black History Month Flag Raising – 2/7/25
- 21) CEEF & CUSD Run for Great Schools 5k and Fun Run – 3/29/25
- 22) AAUW 42nd Wildflower Run 3/30/25
- 23) Cupertino Earth & Arbor Day – 4/5/25
- 24) Mt. Pleasant Neighborhood Association Emergency Resource Fair – 4/5/25
- 25) San Jose Clean Energy's EV Ride & Drive + EcoHome Expo – 4/12/25
- 26) Evergreen Valley College EVC Community Day – 4/26/25
- 27) Morgan Hill Community Earth Day Festival – 4/26/25
- 28) Berryessa Art Festival – 5/10/25
- 29) Morgan Hill Mushroom Festival – 5/24 – 5/25/25

Speakers Bureau Program

In FY25 (from June 2024 through June 2025), [Valley Water's 'Let's Talk Water Speakers Bureau Program'](#) reached the 11 organizations listed below. All general presentations mention flood protection and the need to 'Get Flood Ready' regardless of the county's drought status. They also include links to Valley Water's 'Flood Ready' information and resources webpage (ValleyWater.org/floodready), the hotline to call to report obstructions in creeks, and flood preparedness collateral available for all in-person events.

Valley Water's Speakers Bureau Program can customize presentations to update community groups on water-specific issues and provide updates on projects in their area. The FY25 presentations that included flood preparedness information are listed below.

- 1) July 20, 2024 – Cottle to Lean Neighborhood Association, San Jose
- 2) August 19, 2024 – Rotary Club of Milpitas
- 3) August 20, 2024 – Civic Club of San Jose
- 4) August 22, 2024 – Mountain View Senior Center
- 5) October 9, 2024 – Cupertino Library
- 6) October 19, 2024 – Los Altos Rotary
- 7) February 19, 2025 – Cupertino Rotary
- 8) February 28, 2025 – Valley Water's Water Works Program (via Zoom)
- 9) March 3, 2025 – Leadership Morgan Hill
- 10) March 27, 2025 – Santa Teresa Catholic Church, San Jose
- 11) April 23, 2025 – Willow Glenn Lions Club, San Jose

**V. 2025 SANTA CLARA COUNTY CRS USERS GROUP/PPI COMMITTEE MEETINGS –
MONITORING AND EVALUATING THE 2021 PPI**

The FY25 Santa Clara County CRS Users Group/PPI Committee meetings were held on March 26, 2025, and May 14, 2025. Attendance by CRS communities was high. Staff from some non-CRS communities, external stakeholders, and other interested parties were also in attendance. Agendas, meeting notes, and attendance sheets for each meeting are included (*Attachments 4-8*).

**Santa Clara County 2021 Multi-Jurisdictional Program for Public Information
FY25 Annual Evaluation Report (Year 4: July 2024 to June 2025)**

As required by CRS, the objective of the March and May 2025 meetings was to monitor the implementation of the 2021 PPI, determine if the desired outcomes were achieved, and discuss whether any changes to the 2021 PPI were needed to complete this annual evaluation report. The PPI Committee agreed that the 2021 PPI messaging and projects would remain the same for the duration of the 2021 PPI, which sunsets in 2026.

VI. MESSAGING – Other Initiatives

The multi-jurisdictional PPI Committee identified several possible opportunities in the 2021 PPI to expand on existing initiatives and may consider initiating newer ones as follows:

1. Continue and expand the standardized flood message prepared for each community to include flood messages in utility bills yearly, including PG&E.
2. Expand on partnerships with local chambers of commerce to disseminate and share flood preparedness information.
3. Expand on outreach to the Asian and Latino communities who live in flood-prone areas.
4. Expand on outreach to 'hot spots'/flood-prone areas by hosting on-site or virtual public events.
5. Expand the reach to local homeowners' associations (HOA)s and apartment associations (*i.e.*, *Executive Council of Homeowners [ECHO]*).
6. Expand the reach to residents in historically underserved and low-income communities through partnerships with organizations that serve these communities (*i.e.*, *Second Harvest Food Bank and others*).
7. Communities could pursue FEMA Matching Funds Grants for severe Repetitive Loss Areas.
8. Review and expand other public information activities, such as Flood Protection Assistance (Activity 360) and Flood Insurance Promotion (Activity 370).
9. Develop a region-wide Flood Response Preparations (FRP) messaging plan.

The messages the PPI Committee originally chose are still relevant to Santa Clara County. The committee will continue to increase its efforts to encourage people to prepare personal/family emergency plans and be flood-ready for the duration of the 2021 PPI. The PPI Committee will also continue coordinating efforts with Valley Water's Education Outreach Program to promote flood preparedness in local schools.

The PPI Committee recommends continuing to use social media for messaging for the duration of the 2021 PPI. Mobile usage among individuals has increased exponentially over the years, and online platforms are rapidly adjusting to mobile-friendly standards. This provides an excellent opportunity to modernize campaign ad efforts by utilizing social media and digital advertising to increase exposure and reach more residents in Santa Clara County. Furthermore, these modern advertising methods allow for specialized demographic targeting to reach a narrow and defined audience, improving the ability to reach vulnerable populations effectively.

In support of our preparedness messaging, the PPI Committee continues to promote the importance of having family emergency plans and kits ready before an emergency/flood event occurs.

The PPI Committee continues to promote the American Red Cross All-Hazard App, which monitors alerts for severe weather, including floods, and the Floodsmart.gov and Ready.gov websites. The communities will distribute American Red Cross Emergency Contact Cards at events throughout the county.

VII. CONCLUSION

Overall, the CRS Users Group/PPI Committee successfully implemented the 2021 PPI in FY25. The 2021 PPI allowed PPI Committee members to mutually decide which flood risk reduction messages are most appropriate for our residents and identify how to deliver these messages effectively. Participating in the 2021 PPI aims to enhance the effectiveness of the flood risk messages to residents, reduce flood risks within Santa Clara County, and earn valuable CRS credit points when identified outreach projects are implemented.

The CRS Users Group/PPI Committee will continue its outreach efforts through FY26. The 2021 PPI will sunset in FY26.

**Santa Clara County 2021 Multi-Jurisdictional Program for Public Information
FY25 Annual Evaluation Report (Year 4: July 2024 to June 2025)**

Attachments for submission to Valley Water Board, City Councils/Managers, and FEMA as part of 2024/25 Annual Recertification/5-year Verification Package, as required:

1. Members of the Santa Clara County Multi-Jurisdictional 2021 PPI Committee
2. Appendix A from 2021 SC County Multi-Jurisdictional PPI noting FY25 Outreach Project Accomplishments
3. Valley Water's FY25 Flood Awareness Campaign
4. March 26, 2025, Santa Clara County CRS Users Group Meeting Agenda
5. March 26, 2025, Santa Clara County CRS Users Group Meeting Attendance Sheet
6. March 26, 2025, Santa Clara County CRS Users Group Meeting Notes
7. May 14, 2025, Santa Clara County CRS Users Group Meeting Agenda
8. May 14, 2025, Santa Clara County CRS Users Group Meeting Attendance Sheet
9. May 14, 2025, Santa Clara County CRS Users Group Meeting Notes

Table 1. Original Members of the Santa Clara County Multi-Jurisdictional 2021 PPI Committee

Community	Local Government Representative and Alternates	External Stakeholders
County of Santa Clara	Chris Freitas , Sr. Civil Engineer Neville R. Pereira , PE, Development Services Manager, Department of Planning and Development, Floodplain Manager	Marsha Hovey , CADRE Board Chair
Cupertino	Chad Mosley , Assistant Public Works Director/City Engineer, Public Works Department, Floodplain Manager Jennifer Chu , Senior Civil Engineer, Public Works Department	Jim Oberhofer , Emergency Coordinator, Cupertino ARES/RACES
Gilroy	Gary Heap , City Engineer, Public Works Department Jorge Duran , Senior Civil Engineer, Floodplain Manager, Public Works Department	Merna Leal , City of Gilroy resident
Los Altos	Steven Golden , Senior Planner, Floodplain Manager Andrea Trese , Associate Civil Engineer	Christopher Wilson , Operations Manager, Los Altos Suburban District, California Water Company
Los Altos Hill	Carl Cahill , City Manager, Floodplain Manager Nichol Bowersox , Public Works Director/City Engineer Christine Hoffmann , Assistant Engineer (DPW)	Phil Witt , General Manager, Purissima Hills Water District
Los Gatos	WooJae Kim , P.E., Town Engineer, Parks and Public Works, Floodplain Manager	Annamaria Swardenski , Swardenski Consulting
Milpitas	Steven Erickson , City Engineer/Engineering Director, Floodplain Manager Kan Xu , Principal Civil Engineer, Engineering Land Development Section Brian Petrovic , Associate Civil Engineer, Engineering Land Development Section Elizabeth Koo , Administrative Analyst, Engineering Land Development Section	Warren Wettenstein , Chairman of the Economic Development & Trade Commission and President of the Milpitas Chamber
Morgan Hill	Maria Angeles , Senior Civil Engineer, Floodplain Manager, CFM Charlie Ha , Supervising Civil Engineer, Engineering & Utilities Department	Swanee Edwards , City of Morgan Hill resident
Mountain View	Renee Gunn , Senior Civil Engineer, Public Works Department Gabrielle Abdon , Assistant Engineer, CFM	Kevin Conant , PG&E
Palo Alto	Rajeev Hada , Project Engineer, CFM, Public Works Department, Engineering Services Division, Floodplain Manager	Dan Melick , CERT Volunteer, City of Palo Alto resident
San Jose	Arlene Lew , Principal Engineering Technician Vivian Tom , Senior Transportation Specialist, Department of Public Works Development Services Division	Shari Carlet , City of San Jose resident, certified Floodplain Manager
Santa Clara	Evelyn Liang , Senior Civil Engineer Falguni Amin , Principal Engineer, Public Works – Engineering	Kevin Moore , Retired City Council member
Saratoga	David Dorcich , PE, QSP/D, Associate Civil Engineer, Community Development Department, Floodplain Manager	Rebecca Gallardo , Real Estate Agent for Interio, a Berkshire Hathaway Affiliate, servicing all areas of the Bay Area
Sunnyvale	Tamara Davis , Senior Management Analyst	Jeff Holzman , Director, Real Estate District Development, Google Agnes Veith , City of Sunnyvale resident
Valley Water	Trisha Howard , Program Administrator Paola Giles , Public Information Representative III Sherilyn Tran , Office of Civic Engagement Unit Manager	Nikki Rowe , American Red Cross

Note: Since the development of the 2021 PPI there may have been changes to a community's 2021 PPI Committee members (either the local government representatives and/or the external stakeholders). Those member changes are noted on the meeting attendance sheets.

Appendix A CRS Creditable Outreach and Flood Response Projects by CRS Community Santa Clara County Multi-Jurisdictional PPI 2021 FY 2025 (Year 4) Outreach Projects Accomplishments by CRS Communities							
Audience	¹ Message	Outcome	Project(s) Proposed to Support the Messages (XX denotes Community acronym, and Outreach Project #)	Assignment	² Schedule	³ Stakeholder	FY 2025 (Year 4 of the 2021 PPI) Outreach Projects Accomplishments INPUT HERE ONLY
Community At Large (CAL) – Multilingual Communities – Groups with Special Evacuation Needs – New Residents, Visitors and Tourists	<u>Topic 1:</u> Know your flood hazard Message 1A - Know your flood risk Message 1B - Contact your floodplain manager to find out if your property is in a floodplain Message 1C - Check if your home or business is in a Special Flood Hazard Area	Educate our community on flood protection and preparedness measures	(VW OP #01) Multi-language Countywide Mailer (CWM) to every postal address in Santa Clara County (Topics 1-5 and 7, 8)	Valley Water Communications	Each late October or November	All Santa Clara County CRS Communities	Effective the FY25 flood season (starting in October 2024), Valley Water no longer produces a Countywide Mailer (CWM) that promotes flood messaging. On 1/14/25, during Valley Water’s CRS 5-year cycle visit, we informed our ISO CRS Specialist, Marlene Jacobs, of this change. We explained that in place of the CWM, Valley Water now sends out the following two additional targeted mailers to residents and businesses in the FEMA-designated Special Flood Hazard Area (SFHA). Hard and soft copies are provided to all Santa Clara County cities and the county. Flood Tips Postcard includes all 9 PPI Topic Messages: https://s3.us-west-1.amazonaws.com/valleywater.org.us-west-1/s3fs-public/VW-Flood%20Postcard-Vertical-bleed-CMYK-Outlined-Final.pdf Flood Trifold includes 5 PPI Topic Messages: https://online.flipbuilder.com/tkap/vbsr/ All Santa Clara County communities support and promote Valley Water’s outreach projects.
	<u>Topic 2:</u> Insure your property for your flood hazard Message 2A - Get flood insurance ahead of time Message 2B – Insure your property Message 2C – There is a 30-day waiting period for the policy to take place						
	<u>Topic 3:</u> Protect people from the flood hazard Message 3A - Put your 3-day emergency kit together Message 3B - Follow evacuation orders Message 3C – Learn the best route to high ground						
	<u>Topic 4:</u> Protect your property from the flood hazard Message 4A - Protect your property from the flood hazard Message 4B - Prepare your home Message 4C - Sandbags can offer protection against a foot or less of floodwater Message 4E - Get sandbags before a flood						
	<u>Topic 5:</u> Build responsibility Message 5A - Build responsibly in floodplains Message 5B - Comply with development requirements Message 5C - Check with your local floodplain manager before you build		(VW OP #02) Distributes a soft copy of our Flood Safety Tips brochure for all SCC CRS communities’ use (print hard copies to distribute at events and/or post of flood preparedness webpages) (Topics 1-9)	Valley Water Communications	Annually, November/December	All Santa Clara County CRS Communities	In January 2025, Valley Water mailed out the trifold guide titled “You Live in a Flood Zone: Beware, Be Ready, Be Flood Safe.” This multilingual resource outlines actions residents can take to protect their lives and property before, during, and after a flood. Additionally, it includes a QR code that directs readers to valleywater.org/floodready for more tips and tools on flood preparedness. Link to Trifold In mid-October 2024, Valley Water released the 'Be Flood Safe' Social Media Toolkit for the 2024-2025 Flood Awareness Outreach Partner (https://conta.cc/3Awd0XS). This toolkit was made
	<u>Topic 6:</u> Protect natural floodplain functions Message 6A -Keep creeks clean and flowing Message 6B - Keep debris and trash out of our streams Message 6C - Don’t pollute, dump, or drain anything in creeks						
	<u>Topic 7:</u> Develop a Family Emergency Plan Message 7A: Develop an emergency plan						

¹ **Message Topics: Outreach Projects (OP):** Topic 1 – Know your flood hazard; Topic 2 – Insure your property for your flood hazard; Topic 3 – Protect people from the flood hazard; Topic 4 – Protect your property from the hazard; Topic 5 – Build responsibly; Topic 6 – Protect natural floodplain functions; Topic 7 – Develop a Family Emergency Plan; Topic 8 – Download disaster Apps; Topic 9 – Understand shallow flooding risks – “Don’t drive through standing water.”
Flood Response Preparations (FRP): What to Do Before, During and After a Flood/Storm

² Each May, all deliverables need to be reported to Valley Water for tracking purposes.

³ A **stakeholder** can be any agency, organization, or person (other than the community itself) that supports the message. Stakeholders can be: an insurance company that publishes a brochures on flood insurance, even if it is set out at City Hall; a local newspaper that publishes a flood or hurricane season supplement each year; FEMA, if, for example, a FEMA brochure is used as an informational material; schools that implement outreach activities; a local newspaper; a neighborhood or civic association that sponsors and hosts a presentation by a community employee; a utility company that includes pertinent articles in its monthly bills; or presentations made by state or FEMA staff at a Risk Map meeting.

Appendix A CRS Creditable Outreach and Flood Response Projects by CRS Community Santa Clara County Multi-Jurisdictional PPI 2021 FY 2025 (Year 4) Outreach Projects Accomplishments by CRS Communities							
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	Topic 8: Download disaster Apps Message 8A - Download disaster emergency apps Topic 9: Understand shallow flooding risks – don’t drive through standing water Message 9A - Understand shallow flooding risks - don’t drive through standing water FEMA’s message: “Turn Around Don’t Drown®.”						available for download to all partnering agencies, including CRS communities. It featured digital and social media banners and animations highlighting key calls to action: know your risk, sign up for emergency alerts, and find sandbags. Additionally, the toolkit included multilingual graphics showcasing essential tips and provided an option to request co-branded bill inserts and postcards. The toolkit includes the following items which contained messages for all nine flood awareness tips (PPI CRS message topics) for all Santa Clara County communities to use: ● Be Flood Safe ● Know your flood risk ● Sign up for emergency alerts ● Get free sandbags ● Flood zone cards and banners ● Multilingual Flood Ready tips Cupertino distributes copies of Valley Water’s Flood Safety Tips at various fairs/events (i.e., Earth Day Festival) and provides additional copies for the public on display at City Hall. Cupertino also has a direct link to Valley Water’s annual mailer and Flood Ready webpage on the City’s “Floodplain Management” webpage. Los Altos distributes brochures available at City Hall, library, and community center. They are also distributed at community events (emergency training, wine stroll, etc.). Morgan Hill hosted ‘National Night Out’ on August 6, 2024. Flood preparedness information (<i>red ‘Get Flood Ready’ tote bags which includes an emergency supply list</i>) was distributed. Valley Water’s flood safety brochures were also available at City Hall. Mountain View promotes and distributes Valley Water’s Flood Safety Tips and emergency kits at fairs (i.e., Earth Day Celebration, Community Summer Kick-Off Event). Valley Water’s flood safety brochures are available at city hall. Palo Alto promotes and distributes Valley Water’s Flood Safety Tip and emergency kits at fairs (i.e.,

Appendix A CRS Creditable Outreach and Flood Response Projects by CRS Community Santa Clara County Multi-Jurisdictional PPI 2021 FY 2025 (Year 4) Outreach Projects Accomplishments by CRS Communities							
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							Earth Day Festival) and provides as an informational item on Utility Inserts sent every year. Valley Water’s flood safety brochures are available at city hall.
							The City of Santa Clara has hard copy brochures available at city hall and central library. They are distributed at the yearly art & wine festivals as well.
							All Santa Clara County communities support and promote Valley Water’s outreach projects.
			(CUP OP #03) Flood notice in the local newsletter, “The Cupertino Scene” (Topics 1-9)	City of Cupertino	Each October or November issue	N/A	Cupertino changed the frequency of the local newsletter from monthly to quarterly. Therefore, the annual flood preparation article was published in the September 2024 issue of “The Cupertino Scene”.
			(LA OP #04) Two (2) newspapers ads, in the Los Altos Town Crier (Topics 1-5)	City of Los Altos	Each fall	N/A	Los Altos published two newspaper ads titled “Assess Your Flood Risk and Flood Insurance Availability” on 10/16/24 and on 10/23/24 in the Los Altos Town Crier.
			(LAH OP #05) The town’s “Our Town” quarterly newsletter includes information on flood preparedness. The newsletter is mailed out town-wide and is also available online on the town’s website (Topics TBD during cycle visit)	Town of Los Altos Hills	Each fall	N/A	Town of Los Altos Hills: No update available - non-CRS participating community.
			(LAH OP #06) The town distributes various flood preparedness and safety materials at events, including Valley Water’s annual floodplain mailer and promotional items (e.g., emergency starter kits, Get Flood Ready Emergency Supply Checklist tote bags, etc.), FEMA flood insurance information, ReadySCC, and American Red Cross Flood apps, AlertSCC, sandbag guidelines, flood protection project-specific notices, FEMA NFIP materials, and preparedness activity/coloring books, etc.) to the public	Town of Los Altos Hills	Annually, spring and late summer	N/A	Town of Los Altos Hills: No update available - non-CRS participating community.
			(MIL OP #07) “Flood Public Advisory” brochure to the community at large (Topics 1-6)	City of Milpitas	Each December to January	N/A	Milpitas: Utility bill inserts was sent to every address in Milpitas in May 2025, and will be sent out within the fiscal year going forward. This was sent out in four languages (English, Vietnamese, Spanish, and Chinese).
			(MH OP #08) Sends a citywide “Flood Report” brochure (Topics 1-9)	City of Morgan Hill	Annually, close to or during the start of the rainy season	N/A	The City of Morgan Hill mailed out citywide the “2025 Flood Report” in April 2025.

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			(MV OP #09) Sends “The View” citywide newsletter, Winter version, includes information on flood risk, flood safety, and the importance of buying flood insurance (Topics 1-9)	City of Mountain View	Fall newsletter edition	N/A	Mountain View sent out “The View” for Fall/Winter 2024 with information on flood risk, flood safety, and the importance of buying flood insurance (Topics 1-9)
			(MV OP #10) Mails a utility bill insert to all resident and businesses that contains information on flood risk, flood safety, and the importance of buying flood insurance (Topics 9)	City of Mountain View	Between July - September	N/A	Mountain View sent out Valley Water’s Get Flood Ready flier as a utility billing insert to every City utility customer in Winter 2024/2025.
			(PA OP #11) Sends the “Are You Ready for Winter Storms?” flier (aka utilities insert) to all residents and businesses in the City, along with their utility bills (Topics 1-9)	City of Palo Alto	Each Fall	N/A	Palo Alto sent “Are You Ready for Winter Storms?” fliers to all residents and businesses along with their utility bills in September 2024. The social media ad campaign (i.e. Facebook, Instagram, Nextdoor) was also included in the utility bills that went out in September 2024.
			(PA OP #12) Sends out utility announcement, “Anytime it can rain, it can flood. Don’t get caught off-guard” (Topics 1, 2,3, 4, 5, 6, 7, & 9 – <i>will pursue adding other topic</i>)	City of Palo Alto	Each March/April	N/A	Palo Alto sent a utility announcement as an informational announcement on utility bills went out in December 2024. Effective FY23, the City’s Public Works Department shifted from the March/April time frame of this announcement, to December each year.
			(PA OP #13) The city distributes various flood preparedness and safety documents, including FEMA NFIP materials for public/policyholders	City of Palo Alto	Year Round	N/A	Palo Alto distributed flood preparedness documents, including the emergency starters kit, during Earth Day Event on 4/27/25 and MSC Open House on 7/27/2024 and also makes informational materials available in our HQ lobby.
			(SC OP #14) Mails out a citywide newsletter for residents and businesses called “Inside Santa Clara” (Topics 1-9)	City of Santa Clara	Each fall	N/A	Santa Clara: The latest Inside Santa Clara issue was sent out in the biannual newsletter, with the flood information provided in the Fall/Winter 2024 Edition
		Educate our community on flood protection and preparedness measures Increase in ‘hits’ on Valley Water and communities Flood Protection Resources webpage <i>These website projects are credited under Activity 350 – Flood Protection Information, element c). Flood protection website (WEB), not credited under Activity 330</i> <i>Note: To receive any WEB credit, the community’s website must meet the following criteria:</i>	(VW OP #15) Flood Ready webpage: Flood & Safety, Flood Protection Resources, includes floodplain and countywide mailers https://www.valleywater.org/bfloodready	Valley Water	Year Round	All Santa Clara County CRS Communities	Valley Water continues to maintain/update our Flood Ready landing page to ensure content is relevant and current and that there are no broken links. At the March and May 2025 CRS Users Group/PPI Committee Meetings, CRS communities were reminded to review/update their respective flood protection resources landing pages. At the 5/14/25 CRS Users Group/PPI Committee Meeting (<i>agenda item 4</i>), there was discussion regarding Valley Water’s webpage redesign, including updates to our Flood Ready landing page. Megan Azralon (Valley Water, Public Information Representative) provided an update on the Valley Water website redesign, highlighting upcoming

Appendix A CRS Creditable Outreach and Flood Response Projects by CRS Community Santa Clara County Multi-Jurisdictional PPI 2021 FY 2025 (Year 4) Outreach Projects Accomplishments by CRS Communities							
Audience	¹ Message	Outcome	Project(s) Proposed to Support the Messages (XX denotes Community acronym, and Outreach Project #)	Assignment	² Schedule	³ Stakeholder	FY 2025 (Year 4 of the 2021 PPI) Outreach Projects Accomplishments INPUT HERE ONLY
		<i>The community must check the website's links at least monthly, and fix those that are no longer accurate. At least annually, the community must review the content to ensure that it is still current and pertinent</i>					improvements to make flood and emergency information easier to find. She shared a preview of the new homepage layout. Key features include a reorganized menu, customizable highlight sections, quick links, an interactive map for sandbag locations and flood alerts, and integration of campaign visuals. The updated design will improve accessibility and user experience, with full language translation support. Feedback on layout and content is welcome. Our Flood Ready landing page includes all mailers resulting from the FY25 Flood Awareness Campaign. www.valleywater.org/FloodReady Cupertino's "Floodplain Management" webpage has a link that redirects to Valley Water's Flood Ready landing page. Gilroy's "Flood Management" and "Emergency Preparedness" web pages link to Valley Water's Flood ready landing page. Los Altos' "Floodplain Management Information" web page links to Valley Water's Flood Ready web page. Morgan Hill's "Floodplain Management" landing page redirects to Valley Water's Flood Ready landing page. Mountain View's "Flood Protection and Insurance Information" webpage links to Valley Water's Flood Ready web page. Palo Alto's "Flood Information and Winter Storm Preparedness" webpage redirects to Valley Water's Flood Ready landing page. City of Santa Clara's "Flood Protection Information" web page redirected to Valley Water's Flood Ready page. All Santa Clara County communities flood protection resource landing pages redirect to Valley Water's Flood Ready landing page.

Appendix A CRS Creditable Outreach and Flood Response Projects by CRS Community Santa Clara County Multi-Jurisdictional PPI 2021 FY 2025 (Year 4) Outreach Projects Accomplishments by CRS Communities							
Audience	¹ Message	Outcome	Project(s) Proposed to Support the Messages (XX denotes Community acronym, and Outreach Project #)	Assignment	² Schedule	³ Stakeholder	FY 2025 (Year 4 of the 2021 PPI) Outreach Projects Accomplishments INPUT HERE ONLY
			(ALL OP #16) All communities' website flood protection resources webpage includes language that contains the three additional PPI priority messages noted below: 7. Develop an emergency plan 8. Download disaster apps 9. Understand shallow flooding risks—don't drive through standing water (Above-noted numbering are listed in order of the 2021 PPI).	All Santa Clara County Communities	Year Round	N/A	Valley Water's flood protection resources landing page includes the top 6 CRS priority topic messages, as well as the 3 additional messages identified in the 2021 PPI (page 45). Reminders to verify that the required language/links were on all community's websites were discussed at both the 3/26/24 and 5/29/24 CRS Users Group/PPI Meetings. Cupertino's "Floodplain Management" webpage has a link to Valley Water's annual mailer which includes the CRS 9 topics. Gilroy's "Emergency Preparedness" webpage redirects to Valley Water's Flood Ready landing page, '9 Essential Tips to Get Flood Ready.' Our Emergency Preparedness page also includes topics 7, 8, and 9. Morgan Hill's "Flood Information, Floodplain Management" webpage currently includes a link to the "2025 Flood Report" that includes the CRS 9 topics. Mountain View's "Flood Protection and Insurance Information" webpage has a link to Valley Water's annual mailer which includes the CRS 9 topics. Palo Alto's utility insert includes all three additional PPI priority messages, and the Flood Information and Winter Storm Preparedness website has a link to the utility insert which shows the three additional PPI. City of Santa Clara's "Flood Protection Information" web page includes resources for preparedness.
			(SCC OP #17) Hosts a "Storm and Flood Information and Resources" webpage available for all residents in the county, includes re-directing to www.floodsmart.gov https://www.sccgov.org/sites/opa/Pages/storm.aspx	Santa Clara County Office of Public Affairs	Year Round	N/A	Santa Clara County: No update available - non-CRS participating community
			(SCC OP #18) Hosts a "Flood Safety Information" webpage, includes re-directing to www.valleywater.org/floodready https://cpd.sccgov.org/flood-safety-information	Santa Clara County Consumer Protection Division	Year Round	N/A	Santa Clara County: No update available - non-CRS participating community
			(SCC OP #19) Hosts a "Be a Prepared Community Member" webpage that includes emergency preparedness information	Santa Clara County Office of Emergency Management	Year Round	N/A	Santa Clara County: No update available - non-CRS participating community

Appendix A
CRS Creditable Outreach and Flood Response Projects by CRS Community
Santa Clara County Multi-Jurisdictional PPI 2021
FY 2025 (Year 4) Outreach Projects Accomplishments by CRS Communities

Audience	¹ Message	Outcome	Project(s) Proposed to Support the Messages (XX denotes Community acronym, and Outreach Project #)	Assignment	² Schedule	³ Stakeholder	FY 2025 (Year 4 of the 2021 PPI) Outreach Projects Accomplishments INPUT HERE ONLY
			https://emergencymanagement.sccgov.org/be-prepared-community-member				
			(SCC OP #20) Hosts a “People with Access and Functional Needs (AFN)” webpage https://emergencymanagement.sccgov.org/people-access-and-functional-needs-afn	Santa Clara County Office of Emergency Management	Year Round	N/A	Santa Clara County: No update available - non-CRS participating community
			(CUP OP#21) Hosts a “Citizen Preparedness” webpage that includes emergency preparedness information, includes re-directing to Valley Water’s www.valleywater.org/floodready webpage https://www.cupertino.org/residents/community-services-programs/emergency-services/citizen-preparedness	City of Cupertino Office of Emergency Services	Year Round	N/A	Cupertino has archived the “Citizen Preparedness” webpage and created a new “Floodplain Management” webpage: https://www.cupertino.gov/Your-City/Departments/Public-Works/Permitting-Development-Services/Floodplain-Management
			(GIL OP #22) The city hosts an “Emergency Preparedness” webpage Emergency Preparedness Gilroy, CA - Official Website (cityofgilroy.org) <i>(listed in Appendix B)</i>	City of Gilroy Fire Department	Year Round	N/A	Gilroy continues to maintain an “Emergency Preparedness” webpage, including a link that redirects to Valley Water’s Flood Ready landing page, the National Weather Service webpage, Ready.gov, FloodSmart.gov, and the City’s Flood Management webpage. The Emergency Preparedness webpage is reviewed once a month and updated as needed.
			(LA OP #23) The city’s Public Works Department hosts a ‘Flood Zone Information’ webpage on its website <i>(listed in Appendix B)</i> https://www.losaltosca.gov/publicworks/page/flood-zone-information	City of Los Altos Public Works Department	Year Round	N/A	Los Altos’ webpage is updated as needed. The webpage URL is: https://www.losaltosca.gov/publicworks/page/floodplain-management-information
			(LAH OP #24) The town hosts a “Flood Information” webpage on the town’s website. This webpage includes information on the PPI nine topics, including a supporting message. The webpage redirects to the following key resource websites: www.valleywater.org/floodready , www.floodsmart.org , www.ready.gov , and www.weather.gov	Town of Los Altos Hills	Year Round	N/A	Town of Los Altos Hills: No update available - non-CRS participating community
			(LG OP #25) The town’s website encourages residents and businesses to purchase flood insurance and redirects visitors to www.floodsmart.gov	Town of Los Gatos	Year Round	N/A	Town of Los Gatos: No update available - non-CRS participating community

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CRS Creditable Outreach and Flood Response Projects by CRS Community
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FY 2025 (Year 4) Outreach Projects Accomplishments by CRS Communities

Audience	¹ Message	Outcome	Project(s) Proposed to Support the Messages (XX denotes Community acronym, and Outreach Project #)	Assignment	² Schedule	³ Stakeholder	FY 2025 (Year 4 of the 2021 PPI) Outreach Projects Accomplishments INPUT HERE ONLY
			(MIL OP #26) The city’s website has a “Flood Information” webpage that contains information on several of the PPI message topics; the webpage also redirects to Valley Water, FEMA, NOAA, www.floodsmart.gov , www.Ready.gov , and USGS webpages The city’s website also has a “Important Flood Hazard Information” webpage that contains information on several of the PPI message topics; the webpage also redirects to Valley Water, FEMA, NOAA, www.floodsmart.gov (listed in Appendix B) https://www.ci.milpitas.ca.gov/milpitas/departments/engineering/flood-information/	City of Milpitas Engineering Department	Year Round	N/A	Milpitas: On-going. Link: https://www.milpitas.gov/280/Flood-Information
			(MH OP #27) The city’s website has a “Flood Information, Floodplain Management” webpage that contains city’s flooding information which redirects to their Floodplain Management page and includes a link to the city’s latest annual “Flood Report.” The webpage redirects Valley Water’s flood ready webpage and also contains FEMA flood information http://www.morgan-hill.ca.gov/747/Flood-Information Floodplain Management City of Morgan Hill, CA - Official Website	City of Morgan Hill Engineering Land Development	Year Round	N/A	Morgan Hill’s “Flood Information, Floodplain Management” webpage includes a link to the “2025 Flood Report” brochure which was mailed out citywide in April 2025.
			(MH OP #28) The city’s website has an “Emergency Preparedness” webpage (listed in Appendix B) http://www.morgan-hill.ca.gov/133/Emergency-Preparedness	City of Morgan Hill Police Department	Year Round	N/A	Morgan Hill continues to maintain its “Emergency Preparedness” landing page. The Emergency Preparedness landing page promotes “Do 1 Thing”, a 12-month program with a goal of assisting the community to be better prepared for emergencies and disasters. This information was also included in the “Weekly 411” on 1/10/2025, 2/14/2025, 2/21/2025, 2/28/2025, and 3/7/2025.
			(MV OP #29) Hosts a “Flood Protection and Insurance Information” webpage on its website (listed in Appendix B) www.mountainview.gov/depts/pw/flood_protection.asp	City of Mountain View Public Works Department	Year Round	N/A	City of Mountain View’s “Flood Protection and Insurance Information” web page includes resources for preparedness and links to Valley Water’s Floodplain Mailer.
			(PA OP #30) Hosts a “Floodplain Management” webpage (listed in Appendix B) https://www.cityofpaloalto.org/gov/depts/pwd/stormwater/floodzones.asp	City of Palo Alto Public Works Department	Year Round	N/A	Palo Alto continues to host the “Floodplain Management” webpage that has all relevant information regarding flood plain management topics.
			(PA OP #31) Hosts a “Flood Safety Tips” webpage www.cityofpaloalto.org/storms; flood safe 11-16.cdr (cityofpaloalto.org)	City of Palo Alto Public Works Department	Year Round	N/A	Palo Alto continues to host the “Flood Information and Winter Storm Preparedness Webpage” which has

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							links to the “Flood Safety Tips” flier under ‘Before the Storm Additional Information.’
			(PA OP #32) Hosts a ‘Creek Monitor’ webpage (listed in Appendix B) https://www.cityofpaloalto.org/gov/depts/pwd/creek_monitor/default.asp	City of Palo Alto Public Works Department	Year Round	N/A	Palo Alto continues to host the real time creek monitor webpage that warns residents of imminent danger of flooding.
			(PA OP #33) Hosts a “Flood Information and Winter Storm Preparedness” web page which contains useful information for flood readiness (listed in Appendix B) https://www.cityofpaloalto.org/services/public_safety/flood_information_winter_storms/default.asp	City of Palo Alto Office of Emergency Services	Year Round	N/A	Palo Alto continues to host the “Flood Information and Winter Storm preparedness” website has useful information on flood preparedness for before storm, during storm and after storm.
			(SJ OP #34) The city’s webpages includes a “Flood Hazard Zones” webpage which includes information of flood preparedness https://www.sanjoseca.gov/your-government/departments/public-works/development-services/floodplain-management	City of San Jose Public Works, Development Services	Year Round	N/A	San Jose: Website includes flood zone and flood smart information. Updated link: https://www.sanjoseca.gov/your-government/departments-offices/public-works/development-services/flood-hazard-zone
			(SC OP #35) The city’s “Flood Protection Information” webpage contains valuable information on flood related topics https://www.santaclaraca.gov/our-city/departments-g-z/public-works/engineering/flood-protection (also listed in Appendix B)	City of Santa Clara	Year Round	N/A	Santa Clara: Website is updated and maintains flood topic information
			(SAR OP #36) The city’s website encourages residents/businesses to purchase flood insurance and redirects visitors to www.floodsmart.gov	City of Saratoga	Year Round	N/A	Saratoga: No update available - non-CRS participating community
			(SAR OP #37) The city has a “Staying Safe, Winter Storms” webpage. They have also linked the city’s Winter Storms webpage to Valley Water’s Flood Ready webpage https://www.saratoga.ca.us/218/Winter-Storms	City of Saratoga	Year Round	N/A	Saratoga: No update available - non-CRS participating community
			(SUN OP #38) The city has a “Flood Protection” webpage Sunnyvale, CA - Flood Protection (listed in Appendix B)	City of Sunnyvale	Year Round	N/A	Sunnyvale: The City continues to maintain its flood protection website.

	Topics 1-9 and supporting messages Flood Awareness Media Campaign, including social media	Educate our community on flood protection and preparedness measures	(VW OP #39) Conducts a flood awareness media campaign, reaching the community at large, including our multilingual community. Many of the Santa Clara County CRS Communities recognize Valley Water’s Flood Awareness Campaign and link it on their community’s flood information web page and redirect to Valley Water’s Flood Ready webpage (Topics 1-9) <i>Campaign features social media videos and postings on various platforms (i.e., Facebook, Twitter, Instagram, Nextdoor, etc.), digital banners, newspaper advertorials, radio ads, billboards, <u>utility bill inserts for communities to use, communities redirect to ValleyWater.org/FloodReady and television/mobile ads targeting residents who live in flood-prone areas and multilingual ethnic communities</u></i>	Valley Water Communications	Annually, for the duration of the rainy season, typically from November to April	All Santa Clara County CRS Communities	Valley Water's FY25 Flood Awareness Campaign centered around the theme, "You Live in a Flood Zone: Beware. Be Ready. Be Flood Safe." The outreach utilized digital geo-targeting technologies to effectively reach businesses and residents within the flood zone. The primary goals of the campaign were to raise awareness about flood risks, encourage residents to sign up for emergency alerts, and inform them on how to obtain sandbags. Additionally, the campaign highlighted our Surface Water Data Portal, where residents can access the latest information regarding local creek and reservoir levels. To enhance Valley Water’s community outreach efforts, an educational paid advertising campaign was implemented. Polling results from the previous winter campaign informed this advertising initiative, allowing us to better understand our target audiences and their levels of awareness. The Flood Awareness Campaign ran for six months, from October 2024 to March 2025, at a total cost of \$389,340. This campaign combined outdoor and digital geo-targeted advertising, supplemented by three direct multilingual mailings sent to approximately 49,555 homes and businesses located in or near high-risk flood areas, as designated by the FEMA Special Flood Hazard Area (SFHA). See Attachment 3 of the FY25 Annual Evaluation Report for flood awareness campaign and post campaign survey details. Los Altos included an insert provided by Valley Water to all residents and businesses via a refuse collection bill insert in November 2022 (non-residential) and January 2023 (residential). Morgan Hill’s flood preparedness outreach efforts for FY25 are listed below: • August 6, 2024 - Hosted ‘National Night Out.’ Flood preparedness information (<i>red ‘Get Flood Ready’ tote bags which include an emergency supply list</i>) and emergency starter kits were distributed to the public. • October 18, 2024 - Announced California Flood Preparedness Week (October 19 to 26, 2024) and included links to City and
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Appendix A CRS Creditable Outreach and Flood Response Projects by CRS Community Santa Clara County Multi-Jurisdictional PPI 2021 FY 2025 (Year 4) Outreach Projects Accomplishments by CRS Communities							
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							State flood preparedness information in its Weekly 411. - November 29, 2024 - Included link to Valley Water and Flood-Ready information in its Weekly 411. - December 20, 2024 - Included AlertSCC link in its Weekly 411. - January 2025, February 2025, and March 2025 - Included in its Weekly 411 a reminder about the City’s “Ready Together” Emergency Preparedness Series that was presented to the public by the City’s Office of Emergency Services Coordinator and was held at Morgan Hill Library. - April 26, 2025 - Hosted Community Earth Day Festival. Flood preparedness information (<i>red ‘Get Flood Ready’ tote bags which include an emergency supply list</i>), emergency starter kits, and first aid kits were distributed to the public. A copy of the 2025 Flood Report was also posted for public information. - May 2, 2025 - Included a link to the 2025 Flood Report in its Weekly 411. All Santa Clara County communities support and promote Valley Water’s outreach projects.

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			(VW OP #40) As part of the flood awareness campaign, a 'Get Flood Ready, Social Media and Web Resources Guide' is provided to all cities/county in Santa Clara County for their use as part of their outreach efforts	Valley Water	Upon the completion of the annual FPM	All Santa Clara County CRS Communities	In mid-October 2024, Valley Water released the 'Be Flood Safe' Social Media Toolkit for the 2024-2025 Flood Awareness Outreach Partner (https://conta.cc/3AwdoXS). This toolkit was made available for download to all partnering agencies, including CRS communities. It featured digital and social media banners and animations highlighting key calls to action: know your risk, sign up for emergency alerts, and find sandbags. Additionally, the toolkit included multilingual graphics showcasing essential tips and provided an option to request co-branded bill inserts and postcards. See Attachment 3 of the FY25 Annual Evaluation Report for flood awareness campaign and post campaign survey details. Los Altos has included links to the flood awareness campaign web resources in electronic newsletters during the 2022/2023 flood season and on the city's website. Morgan Hill's Public Information utilizes Valley Water's Get Flood Ready social media and resources as they deem applicable on any given period. Mountain View's "Flood Protection and Insurance Information" webpage has links to Valley Water's Get Flood Ready webpage. Palo Alto has Valley Water's Flood Awareness Campaign linked on the City's Flood Information and Winter Storm Preparedness website. Santa Clara has Valley Water's Flood Awareness Campaign linked on the City's Public Works, Engineering, Flood Protection Information landing page on their website. All Santa Clara County communities flood protection resource landing pages redirect to Valley Water's Flood Ready landing page.
			(SCC OP #41) Shares Valley Water's digital social media resource links during the flood season. The "Floods Follow Fires. Are you Ready?" and "Got Sandbags" messages redirect to Valley Water's website. Messages are used on social media, short	Santa Clara County Office of Emergency Management	Year Round	N/A	Santa Clara County: No update available - non-CRS participating community

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			form newsletter, short form email, web, and Nextdoor				
			(CUP OP #42) Recognizes the robust social media campaign led by Valley Water and has linked the city's main flood preparation webpage to Valley Water's Flood Ready webpage	City of Cupertino	Year Round	N/A	Cupertino continues to maintain the "Floodplain Management" webpage, including a link that redirects to Valley Water's Flood Ready webpage.
			(GIL OP #43) The city recognizes Valley Water's Flood Awareness Campaign and has linked the city's main flood webpage to Valley Water's Flood Ready webpage	City of Gilroy	Year Round	N/A	Gilroy: The "Emergency Preparedness" and Public Works "Flood Management" webpage both link to Valley Water's Flood Ready webpage.
			(LAH OP #44) The town recognizes Valley Water's Flood Awareness Campaign and has linked the town's main flood webpage to Valley Water's Flood Ready webpage	Town of Los Altos Hills	Year Round	N/A	Town of Los Altos Hills: No update available - non-CRS participating community
			(LG OP #45) Recognizes Valley Water's Flood Awareness Campaign and has linked the Town's main flood webpage to Valley Water's Flood Ready webpage	Town of Los Gatos	Year Round	N/A	Town of Los Gatos: No update available - non-CRS participating community
			(MV OP #46) The city does a social media notification about storm preparation for winter storms ahead of time. The notification directs residents to their "Flood Protection and Insurance Information" webpage. The city has also linked the city's webpage to Valley Water's Flood Ready webpage	City of Mountain View	Year Round	N/A	Mountain View shared several social media posts before, during and after the major rain events during the winter. Posts included information on preparation, forecasts for rain events and real time updates on current flooding.
			(SC FRP #47) City publishes social media posts, on Facebook, Twitter, and other platforms, focused on safety. The city has prepared a pre-flood plan (FRP) for public information projects that will be implemented before, during, and after a storm/flood, as well as identifying who is responsible for posting these messages, what type of events they apply to, what social media platforms to post to and how often	City of Santa Clara Office of Emergency Services	During the storm season	N/A	Santa Clara: Information was posted on social media for flood awareness week led by City Streets Division.
			(SJ OP #48) Recognizes Valley Water's Flood Awareness Campaign and has linked the city's main flood webpage to Valley Water's Flood Ready webpage. Keeps Valley Water's floodplain mailer static location at City Hall for residents to pick-up and is also distributed at various events throughout the year	City of San Jose	Year Round	N/A	San Jose places Valley Water's FPM at City Hall and their website redirects to Valley Water's Flood Ready webpage. The City recognizes and supports Valley Water's Flood Awareness Campaign.
			(SAR OP #49) Recognizes Valley Water's Flood Awareness Campaign and has linked the city's main flood webpage to Valley Water's Flood Ready webpage	City of Saratoga	Year Round	N/A	Saratoga: No update available - non-CRS participating community

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			(SAR OP #50) The city does a social media notification about storm preparation for winter storms ahead of time	City of Saratoga	Year Round	N/A	Saratoga: No update available - non-CRS participating community																																				
			(SUN OP #51) The city actively posts flood safety and preparedness messaging through social media platforms (i.e., Facebook and Twitter)	City of Sunnyvale Environmental Services	During the rainy season (October – March)	N/A	Sunnyvale: City staff posted information to Facebook regarding keeping the storm drain clear to prevent clogging.																																				
	Topics 1-9 and supporting messages Community Events – Distribute flood preparedness materials to the community	Educate our community on flood protection and preparedness measures Increase in ‘hits’ on Valley Water and cities Flood Protection Resources pages and improve Valley Water’s Flood Campaign results Residents less stress during emergencies and better prepared before a flood event	(VW OP #52) Copies of Valley Water’s multilanguage floodplain mailer is made available to all Santa Clara County CRS Communities to disseminate at various events, including keeping the mailer static in lobby areas for visitors to pick-up. Valley Water attends various communities’ events/fairs throughout the county and disseminates flood readiness materials, including various FEMA flood-related publications and Valley Water flood ready materials (Topics 1– 9)	Valley Water	Annually, September - May	All Santa Clara County CRS Communities	The below table reflects the quantities requested/sent by/to the agencies. Copies of Valley Water’s FPM were delivered in early January 2025. <table><tr><th>Community</th><th>Floodplain Mailer</th></tr><tr><td>City of Cambell</td><td>25</td></tr><tr><td>City of Cupertino</td><td>50</td></tr><tr><td>City of Gilroy</td><td>25</td></tr><tr><td>City of Los Altos</td><td>50</td></tr><tr><td>Town of Los Altos Hills</td><td>25</td></tr><tr><td>Town of Los Gatos</td><td>25</td></tr><tr><td>City of Milpitas</td><td>50</td></tr><tr><td>City of Monte Sereno</td><td>25</td></tr><tr><td>City of Morgan Hill</td><td>150</td></tr><tr><td>City of Mountain View</td><td>25</td></tr><tr><td>City of Palo Alto</td><td>100</td></tr><tr><td>City of San Jose</td><td>50</td></tr><tr><td>City of Santa Clara</td><td>25</td></tr><tr><td>County of Santa Clara</td><td>25</td></tr><tr><td>City of Saratoga</td><td>25</td></tr><tr><td>City of Sunnyvale</td><td>25</td></tr><tr><td>Valley Water CRS Program</td><td>150</td></tr></table> The FPM is posted on our website https://online.flipbuilder.com/tkap/fbzo/ Cupertino distributes copies of Valley Water’s Floodplain Mailer at various fairs/events and provides additional copies for the public on display at City Hall. Los Altos distributes copies of the Valley Water’s Floodplain Mailer and postcards at City Hall and Community Center buildings. Mountain View distributes copies of Valley Water’s Floodplain Mailer and postcards at City Hall and during tabling events such as Earth Day. Palo Alto distributes Valley Water’s multi-language floodplain mailer during fairs during Earth Day event and Palo Alto’s Open House every year. Santa Clara: Fliers and additional information are currently at city hall and public library.	Community	Floodplain Mailer	City of Cambell	25	City of Cupertino	50	City of Gilroy	25	City of Los Altos	50	Town of Los Altos Hills	25	Town of Los Gatos	25	City of Milpitas	50	City of Monte Sereno	25	City of Morgan Hill	150	City of Mountain View	25	City of Palo Alto	100	City of San Jose	50	City of Santa Clara	25	County of Santa Clara	25	City of Saratoga	25	City of Sunnyvale	25	Valley Water CRS Program	150
Community	Floodplain Mailer																																										
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							All Santa Clara County communities support and promote Valley Water’s outreach projects.
			(CUP OP #53) Distributes flood readiness outreach materials at various events/ facilities	City of Cupertino	Year Round, as needed	N/A	Cupertino distributes copies of Valley Water’s Floodplain Mailer and other promotional items provided by Valley Water at various fairs/events and provides additional copies of the mailer for the public on display at City Hall.
			(GIL OP #54) Participates in two fair/events: Gilroy Garlic Festival (GF) and city’s Public Works Week Community Open House (PWWCOH)	City of Gilroy	End of July (GF) Typically, in May (PWWCOH)	N/A	Gilroy: There was no Garlic Festival (<i>due to the shooting at this festival in July 2019, the City has postponed this event indefinitely</i>), so no materials were distributed at this event. However, on August, 2024, the City hosted National Night Out where flood readiness materials were distributed. Materials were also distributed during the PWWCOH on May 22, 2025.
			(LAH OP #55) Hosts two events - Earth Day (ED) and the Town Picnic (TP)	Town of Los Altos Hills	Annually, Spring (ED) and late Summer (TP)	N/A	Town of Los Altos Hills: No update available - non-CRS participating community
			(MIL OP #56) Distributes FEMA flood-related publications at various events	City of Milpitas	Year Round	N/A	Milpitas: Ongoing. Distributed flood ready kits and information on “Earth Day” which was on April 12, 2025.
			(MV OP #57) The city participates Mountain View Art & Wine Festival (MVA&WF) and Thursday Night Live (TNL) and distributes flood preparedness information	City of Mountain View	Each September (MVA&WF) Months of June/July (TNL)	Valley Water	Mountain View attends various events such as Earth Day and Public Works Week and distributes flood readiness fliers and handouts during these events.
			(PA OP #58) Staff hosts a flood readiness table at city’s annual Earth Day (ED) event and at the city Municipal Corporation Open House (MCOH). Upon request, the city also participates in other fairs and promotes flood readiness, including Creekwise mailer/brochure	City of Palo Alto	Each April (ED) and July (MCOH)	Can vary depending on requests made to City to support fairs	Palo Alto hosted a flood readiness table at the Earth Day Event on 4/27/25 and hosted a table at the City Municipal Corporation Open House on 7/27/24(FY25).
			(SJ OP #59) Staff hosts and participates in the ‘Building Permits and Home Safety Open House.’ The city’s also hosts ‘Pumpkins in the Park’ event which Valley Water staff participates in and promotes flood preparedness	City of San Jose	Each May and October	Valley Water	San Jose hosts the annual Building and Home Safety Open House. This year’s open house was held on 5/22/25. The City also hosted “Pumpkins in the Park” on 10/12/24. Valley Water hosted an information booth and distributed flood preparedness information on flood safety and emergency preparedness materials, including Valley Water’s annual floodplain mailer.

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			(SC OP #60) City hosts a flood readiness table at the Art & Wine Festival. Valley Water also sponsors a table at the festival promoting flood preparedness and distributes various flood readiness materials to the community	City of Santa Clara	Each September	N/A	Santa Clara: Flood readiness table was set-up at Arts & Wine Festival September 2024. Flood promotional packets and fliers provided by Valley Water were distributed to visitors.
	Topic 3: Protect people from the flood hazard Message 3A - Put your 3-day emergency kit together Message 3B - Follow evacuation orders Message 3C – Learn the best route to high ground	Less damage due to the floods; improve sandbag distribution Fewer accidents and rescues	(SUN OP #61) City has permanent “Road May Flood” street signs in areas of the City prone to flooding and promotes the “Flood Zone Look Up” featured on the city’s website	City of Sunnyvale	Year Round	N/A	Sunnyvale: Ongoing. City staff still promote the use of the “Flood Zone Lookup.”
	Topic 9: Understand shallow flooding risks – don’t drive through standing water Message 9A - Understand shallow flooding risks - don’t drive through standing water FEMA’s message: “Turn Around Don’t Drown®.”						
	Topic 4: Protect your property from the flood hazard Message 4A - Protect your property from the flood hazard Message 4B - Prepare your home Message 4C - Sandbags can offer protection against a foot or less of floodwater Message 4E - Get sandbags before a flood	Increase in inquiries on retrofitting measures. Decrease the number of repairs and elevations without permits. Increase number of repairs with permits	(CUP OP #62) The city offers Flood Protection Assistance, Property Protection Advice. Staff provides in-person flood risk consultation at the front counter and/or site visits when requested	City of Cupertino	Year Round	N/A	Cupertino: Ongoing. The City maintains a log of FEMA-related requests.
		Ensure people who are interested in protecting their property from flooding are getting the help they need	(MIL OP # 63) The city offers Flood Protection Assistance, Property Protection Advice and provides in-person flood risk consultation at the front counter	City of Milpitas	Year Round	N/A	Milpitas: Ongoing. City maintains logs of FEMA-related requests.
	Topic 5: Build responsibility Message 5A - Build responsibly in floodplains Message 5B - Comply with development requirements Message 5C - Check with your local floodplain manager before you build	Keep families safe	(SC OP #64) The city offers Flood Protection Assistance, Property Protection Advice	City of Santa Clara	Year Round	N/A	Santa Clara: On-going per requests to the city
	Topic 6: Protect natural floodplain functions Message 6A - Keep creeks clean and flowing Message 6B - Keep debris and trash out of our streams Message 6C - Don’t pollute, dump, or drain anything in creeks	Cleaner streams and fewer dumping violations Fewer debris blockages during high-flow events Drainage inspectors report fewer calls and a decrease in the amount of trash removed	(VW OP #65) “Do Not Dump”/illegal dumping message is sent each year to all Santa Clara County residents in Valley Water’s CWM and FPM	Valley Water Communications	Each late October or November (CWM) Each November/December (FPM)	All Santa Clara County CRS Communities	Valley Water’s FY25 FPM included the ‘Do Not Dump/Illegal to Dump’ (<i>Topic 7 - Keep creeks clean and flowing, page 5</i>) messaging. Additionally, Valley Water’s website ‘Get Flood Ready Essential Tips’ landing page contains ‘Keep debris and trash out of our streams,’ and the, dump, or drain anything in creeks’ under the ‘Flood Safety Advice: Before a Flood’ section., and our ‘Report Creek Blockages and local street flooding’ promotes the do not dump/illegal dumping message. https://www.valleywater.org/flooding-safety/flood-ready https://www.valleywater.org/flooding-safety/flood-ready/flood-safety-advice https://www.valleywater.org/flooding-safety/flood-ready/report-creek-blockages-local-flooding Valley Water hosted Coastal Cleanup Day (CCD) on

Appendix A CRS Creditable Outreach and Flood Response Projects by CRS Community Santa Clara County Multi-Jurisdictional PPI 2021 FY 2025 (Year 4) Outreach Projects Accomplishments by CRS Communities							
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							September 21, 2024 (Preliminary <i>Results</i> : 45 sites; 930 Volunteers; 55.052 distance cleaned (miles); 27,838.76 weight of trash collected (rounded up to the nearest pound); 4,876.05 weight of recyclables collected (rounded up to the nearest pound); and National River Cleanup Day (NRCD) on May 17, 2025 2025 National River Cleanup Day. (Preliminary <i>Results</i> : 17,499 pounds of trash; 778 volunteers; 43 cleanup sites; 70 miles cleaned, 2,200 Volunteer hours). https://cleanacreek.org/past-results-2/ Several Santa Clara communities participate in these clean-up events. Cupertino’s “Floodplain Management” webpage has a link to Valley Water’s Floodplain Mailer. The City also includes the “Do Not Dump” messaging in The Cupertino Scene’s annual flood preparedness article. Morgan Hill includes this message in their annual Flood Report. The 2025 Flood Report is posted on the City’s “Floodplain Management” landing page. Mountain View’s “Flood Protection and Insurance Information” webpage has a link to Valley Water’s Floodplain Mailer and notes who to call in the city to report illegal dumping. Palo Alto has Valley Water’s CWM and FPM linked on the City’s Flood Information and Winter Storm Preparedness website. All Santa Clara County communities support and promote Valley Water’s outreach projects.
			(VW OP #66) “Do Not Dump” signs placed by waterways/channels	Valley Water O&M	Year Round	N/A	Valley Water’s Operations & Maintenance continues its practice of placing ‘Do Not Dump’ signs on waterways/ channels.
			(VW OP #67) Lists Pollution Hotline number in all Project Notices	Valley Water Communications	Year Round	N/A	All Santa Clara County communities support and promote Valley Water’s outreach projects. Valley Water’s website includes the pollution hotline number: https://www.valleywater.org/flooding-safety/flood-ready

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							https://www.valleywater.org/flooding-safety/flood-ready/report-creek-blockages-local-flooding All Santa Clara County communities support and promote Valley Water’s outreach projects.
			(SCC OP #68) Storm Drain Stenciling/Medallion Program	Santa Clara County	Year Round	All Santa Clara County CRS Communities	Mountain View installs Stenciling/Medallion on all catch basins and inlets in the public right of way. Palo Alto installs Storm Drain Stenciling/Medallion on all public right of way catch basin and inlets. City of Santa Clara: Medallion installed on public catch basins/inlets. Santa Clara County: No update available - non-CRS participating community.
			(SUN OP #69) The city’s “Horizon” newsletter, includes Do Not Dump messaging	City of Sunnyvale	Annually, fall	N/A	Sunnyvale: The City still produces the Horizon newsletter and includes a “Do Not Dump” message. It was published in fall 2024.
			(ALL OP #70) Developments that are modifying or constructing new catch basins/storm drains/inlets are required, per the below-noted permits, to stencil the “No Dumping! Flows to Bay.” In addition, some of these cities require all bid documents for capital projects which are modifying or constructing new catch basins, and require the contractors to install the same stencil. The program is also highlighted on cities’ websites. ▪ <i>South County municipalities are subject to the statewide “Phase II” NPDES Permit</i> ▪ <i>North County municipalities are subject to the SF Bay Municipal Regional Stormwater NPDES Permit</i>	All	Year Round	N/A	Valley Water mark’s each inlet with a “No Dumping! Flows to Bay” message on Valley Water properties. Cupertino requires all storm drain inlets to include a medallion with “NO DUMPING - FLOWS TO CREEK/BAY” for development projects. Gilroy requires all new storm inlets and catch basins to include a stencil or medallion with no dumping, flows to creek/waterway language for development projects. Morgan Hill requires all storm drain inlets and catch basins within the project area of development applications to be stenciled with prohibitive language (such as: “NO DUMPING – DRAINS TO CREEK”) and/or graphical icons to discourage illegal dumping. Mountain View requires all storm drain inlets to include a medallion with “NO DUMPING - FLOWS TO CREEK/BAY” for development projects. Palo Alto requires all storm drain inlets to include a medallion with “NO DUMPING-FLOWS TO CREEK/BAY” for development projects. City of Santa Clara provides and installs “No Dumping Flows to Bay” medallions near each catch basin for

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							any new storm drain inlets constructed as part of a project per the City specifications.
			(CUP OP #71) The city’s annual flood notice in the local newsletter, ‘The Cupertino Scene,’ contains dumping is illegal messaging and how to report	City of Cupertino	Annually, October - November	N/A	Cupertino includes the “Do Not Dump” messaging in The Cupertino Scene’s annual flood preparedness article.
			(CUP OP #72) Participates in clean-up events: the annual National River Clean-up Day (NRCD) and Coastal Clean-Up Day (CCD). They coordinate with Valley Water on both these clean-up efforts. The city also participates in Valley Water’s Adopt-a-Creek Program	City of Cupertino	Each May (NRCD) and September (CCD)	Volunteers Valley Water Stream Stewardship	Cupertino participated in Coastal Clean-Up Day on 9/21/24 and National River Clean-Up Day on 5/17/25. The City no longer participates in Valley Water’s Adopt-a-Creek Program.
			(LAH OP #73) The town participates in annual clean-up events: National River Clean-up Day (each May) and Coastal Clean-up Day (each September) and coordinates volunteers. They coordinate with Valley Water on both these clean-up efforts. The town also participates in Valley Water’s Adopt-a-Creek Program	Town of Los Altos Hills	Each May (NRCD) and September (CCD)	Volunteers Valley Water Stream Stewardship	Town of Los Altos Hills: No update available - non-CRS participating community.
			(MIL OP #74) “Flood Public Advisory” brochure contains dumping is illegal messaging and how to report	City of Milpitas	Annually from December to January	N/A	Milpitas: Utility bill inserts was sent to every address in Milpitas in May 2025, and will be sent out within the fiscal year going forward. This was sent out in four languages (English, Vietnamese, Spanish, and Chinese).
			(MIL OP #75) Participates in annual clean-up events: National River Clean-up Day (NRCD) and Coastal Clean-Up Day (CCD). They coordinate with Valley Water on both these clean-up efforts. The city also participates in Valley Water’s Adopt-a-Creek Program	City of Milpitas	Each May (NRCD) and September (CCD)	Volunteers Valley Water Stream Stewardship	Milpitas: CCD was held on September 21, 2024. NRCD was held on May 17, 2025.
			(MH OP #76) “Flood Report” contains message on keeping debris and trash out of streams – Do Not Dump messaging	City of Morgan Hill	Annually, close to or during the start of the rainy season	N/A	Morgan Hill’s “2025 Flood Report” brochure contains the message “It’s illegal to dump debris and trash into our creeks.”
			(PA OP #77) “Are You Ready for Winter Storms?” utilities insert contains the Do Not Dump and report illegal dumping messages	City of Palo Alto	Each fall	N/A	Palo Alto includes Do Not Dump and Report Illegal Messages on City’s utility insert that was sent out in September 2024.
			(PA OP #78) Utility bill insert includes a ‘Utility Announcement on Flood Safety Tips,’ including Protect natural floodplains - keep rain gutters and drainage channels free of debris	City of Palo Alto	Annually, March-April	N/A	Palo Alto includes Protect Natural Floodplains-keep rain gutters and creeks free of debris messages on flood safety tips sent as Utility Announcement and the flier sent as an attachment on utility bills every year.

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			(PA OP #79) Participates in annual clean-up events: National River Clean-up Day (NRCD) and Coastal Clean-Up Day (CCD). They coordinate with Valley Water on both these clean-up efforts. Additionally, the city participates in Valley Water’s Adopt-a-Creek Program	City of Palo Alto	Each May (NRCD) and September (CCD)	Volunteers Valley Water Stream Stewardship	Palo Alto participates every year during National River Clean-up Day on Matadero and Adobe Creek. Palo Alto also participates in the multi-jurisdictional effort on creek clean-up of San Francisquito Creek.	
			(PA OP #80) Clean-ups of trash booms located in Matadero Creek and Adobe Creek are done annually on an as-needed basis. The city also assesses its hot spots and cleans up the local drainage system on an ongoing basis and part of its operations and maintenance	City of Palo Alto	Annually, as needed	N/A	Palo Alto City staff continue clean-ups of trash booms on Matadero Creek and Adobe Creek, assess hot spots and clean ups on an ongoing basis on the entire City’s storm drain network system.	
			(SUN OP #81) “Horizon” newsletter includes a “Know How to Be FloodSafe” article that promotes the Do Not Dump message	City of Sunnyvale	Each October, Fall Edition	N/A	Sunnyvale: The City still includes a “flood Safe” message in the fall Horizon. It was published in fall 2024.	
Residents and Businesses in the Special Flood Hazard Area (SFHA) – <i>Low Lying Areas, Along Rivers and Creeks</i> – <i>Coastal Communities at Risk for Sea Level Rise/Tsunamis</i> – <i>Repetitive Loss (RL) Areas</i>	Topic 1: Know your flood hazard Message 1A - Know your flood risk Message 1B - Contact your floodplain manager to find out if your property is in a floodplain Message 1C - Check if your home or business is in a Special Flood Hazard Area	Residents/businesses in the SFHA are aware they’re in the SFHA and prepare before floods	(VW OP #82) Multi-language floodplain mailer (FPM) to all residents and businesses within the SFHA in Santa Clara County (Topics 1– 9)	Valley Water	Each November/December	All	Valley Water's Annual Floodplain Mailer (FPM) was distributed in December 2024. This multi-language mailer, available in English, Spanish, Chinese, and Vietnamese, is titled "You Live in a Flood Zone: Beware. Be Ready. Be Flood Safe." Link to Floodplain Mailer	
	Topic 2: Insure your property for your flood hazard Message 2A - Get flood insurance ahead of time Message 2B – Insure your property Message 2C – There is a 30-day waiting period for the policy to take place	Increase in number of flood insurance policies in the SFHAs and RLAs in the county in general					Prospective buyers understand flood risks	The FPM included QR codes, a magnet featuring essential flood safety websites, a detachable emergency phone list, and a centerfold that highlighted our Surface Water Data Portal. One of the QR codes directs residents to a site where they can access the latest information about local creek and reservoir water levels: https://alert.valleywater.org/?p=map .
	Topic 3: Protect people from the flood hazard Message 3A - Put your 3-day emergency kit together Message 3B - Follow evacuation orders Message 3C – Learn the best route to high ground	Increase number of elevation certificates on file, and structures repaired with permits; decrease the number of repetitive loss increase homes					Increase in the number of flood insurance policies with contents coverage	Hard copies of the FPM’s (<i>quantities noted below, as requested by the communities</i>), postcards (in November 2024) and trifolds (in mid-January 2025) were also mailed to each city/County in and the FPM was mailed in early January 2025 for their use, including posting in their lobby or designated area(s)
	Topic 4: Protect your property from the flood hazard Message 4A - Protect your property from the flood hazard Message 4B - Prepare your home Message 4C - Sandbags can offer protection against a foot or less of floodwater Message 4E - Get sandbags before a flood							
	Topic 5: Build responsibility Message 5A - Build responsibly in floodplains Message 5B - Comply with development requirements Message 5C - Check with your local floodplain manager before you build							
	Topic 6: Protect natural floodplain functions Message 6A -Keep creeks clean and flowing							
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	Message 6B - Keep debris and trash out of our streams Message 6C - Don’t pollute, dump, or drain anything in creeks Topic 7: Develop a Family Emergency Plan Message 7A: Develop an emergency plan Topic 8: Download disaster Apps Message 8A - Download disaster emergency apps Topic 9: Understand shallow flooding risks – don’t drive through standing water Message 9A - Understand shallow flooding risks - don’t drive through standing water FEMA’s message: “Turn Around Don't Drown®.”						<table><tr><td>City of San Jose</td><td>50</td><td>25/25</td></tr><tr><td>City of Santa Clara</td><td>25</td><td>25/25</td></tr><tr><td>County of Santa Clara</td><td>25</td><td>25/25</td></tr><tr><td>City of Saratoga</td><td>25</td><td>25/25</td></tr><tr><td>City of Sunnyvale</td><td>25</td><td>25/20</td></tr><tr><td>VW CRS Program</td><td>150</td><td>300/50</td></tr></table> The FPM, postcards, and trifolds are all posted on Valley Water’s website ‘Flood Ready’ landing page: https://www.valleywater.org/flooding-safety/flood-ready Valley Water’s FPM was distributed throughout the county at various events during the flood season, and we kept copies in our HQ lobby area. The City of Los Altos posted Valley Water’s FPM on our flood protection website and we kept copies in the city hall lobby. The City of Cupertino posted Valley Water’s FPM on our flood protection website and we kept copies in the City Hall lobby. All Santa Clara County communities support and promote Valley Water’s outreach projects.	City of San Jose	50	25/25	City of Santa Clara	25	25/25	County of Santa Clara	25	25/25	City of Saratoga	25	25/25	City of Sunnyvale	25	25/20	VW CRS Program	150	300/50
City of San Jose	50	25/25																							
City of Santa Clara	25	25/25																							
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City of Saratoga	25	25/25																							
City of Sunnyvale	25	25/20																							
VW CRS Program	150	300/50																							
			(CUP OP #83) Flood notice in the local newsletter, The Cupertino Scene, which reaches residents and businesses in the SFHA (Topics 1-9)	City of Cupertino	Each October or November issue	N/A	Cupertino published the annual flood preparation article in the September 2024 issue of “The Cupertino Scene”.																		
			(LA OP #84) Letter, along with a “Are You Prepared for a Flood in Your Neighborhood?” brochure to property owners in the SFHA (Topics 1-8)	City of Los Altos	Annually, each fall	N/A	Los Altos mailed letters to all SFHA property owners in October 2024.																		
			(LAH OP #85) The town’s “Our Town” quarterly newsletter includes information on flood preparedness. The newsletter is mailed out town-wide and is also available online on the town’s website (Topics TBD during cycle visit)	Town of Los Altos Hills	Each fall	N/A	Town of Los Altos Hills: No update available - non-CRS participating community.																		
			(MIL OP #86) “Flood Public Advisory” brochure to residents and businesses within SFHA (Topics 1-6)	City of Milpitas	Each December or January	N/A	Milpitas: Utility bill inserts was sent to every address in Milpitas in May 2025, and will be sent out within the fiscal year going forward. This was sent out in four languages (English, Vietnamese, Spanish, and Chinese).																		
			(MH OP #87) Sends a citywide “Flood Report” brochure, including to those in the SFHA (Topics 1-9)	City of Morgan Hill	Annually, close to or during the start of the rainy season	N/A	Morgan Hill’s “2025 Flood Report” brochure was mailed out citywide in April 2025.																		

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			(MV OP #88) Sends “The View” citywide newsletter, Winter version, includes information on flood risk, flood safety, and the importance of buying flood insurance (Topics 1-9)	City of Mountain View	Fall newsletter edition	N/A	Mountain View sent out “The View” for Fall/Winter 2024 with information on flood risk, flood safety, and the importance of buying flood insurance (Topics 1-9)
			(MV OP #89) Mails a utility bill insert to all resident and businesses that contains information on flood risk, flood safety, and the importance of buying flood insurance (Topics 9)	City of Mountain View	Between July - September	N/A	Mountain View sent out Valley Water’s Get Flood Ready flier as a utility billing insert to every City utility customer in December 2024.
			(PA OP #90) Sends the “Are You Ready for Winter Storms?” flier (<i>aka utilities mailer</i>) to all residents and businesses in the city, including to those in the SFHA, along with their utility bills (Topics 1-9)	City of Palo Alto	Each fall	N/A	Palo Alto sent “Are you Ready for Winter Storms?” flier as utility inserts was sent out in September 2024.
			(PA OP #91) Sends out utility announcement, “Anytime it can rain, it can flood. Don’t get caught off-guard” (Topics 1, 2,3, 4, 5, 6, 7, & 9 – <i>will pursue adding other topic</i>)	City of Palo Alto	Each March/April	N/A	Palo Alto sent flood safety tips as a utility announcement in December 2024.
			(SC OP #92) Mails out a citywide, including all addresses in the SFHA, newsletter for residents and businesses called “Inside Santa Clara” (Topics 1-9)	City of Santa Clara	Each fall	N/A	Santa Clara: A utility bill insert mailed to residents in Spring of 2024. Flood information was also included in the biannual Inside Santa Clara newsletter, in the Fall/Winter 2024 Edition.
			(SUN OP #93) Sends two (2) mailers and one (1) “Horizon” newsletter article “Know How to Be Flood Safe” that promotes flood safety and flood preparedness messaging targeted to all residents and businesses within the SFHA (Topics 2 and 4)	City of Sunnyvale	Each fall around October	N/A	Sunnyvale: The City still sends out mailers to targeted residents and a flood safe newsletter article. The mailers were sent October (realtor) & November (Utility inserts) 2024.
			(SUN OP #94) Sends mailer to all those in the SFHA (Topics 1-4, and 7)	City of Sunnyvale	Each October	N/A	Sunnyvale: The City still sends out these mailers. The mailers were sent November 2024.
	Topic 2: Insure your property for your flood hazard Message 2A - Get flood insurance ahead of time Message 2B – Insure your property Message 2C – There is a 30-day waiting period for the policy to take place	Increase in number of flood insurance policies in the SFHAs, RLAs, and in the county in general	(SCC OP #95) Sends letters to the properties in the unincorporated section in the areas of the county’s mapped repetitive loss areas	Santa Clara County	Annually, each fall	N/A	Santa Clara County: No update available - non-CRS participating community.
		Prospective buyers understand flood risks	(CUP OP #96) Continues to send a letter to former repetitive loss properties	City of Cupertino	Annually, mid-year	N/A	Cupertino continues to send out an annual letter to former repetitive loss properties.
		Increase in the number of flood insurance policies with contents coverage	(MH OP #97) Sends a notice to repetitive loss (RL) areas as required by FEMA	City of Morgan Hill	Annually, each summer	N/A	Morgan Hill will send letters to properties in the City’s mapped repetitive loss areas in June 2025.
			(PA OP #98) Sends letters to the properties in the city’s mapped repetitive loss areas, highlighting flood safety tips	City of Palo Alto	Annually, typically August - September	N/A	Palo Alto sent letters to properties in the City’s mapped repetitive loss areas, highlighting flood safety tips in August 2024.
			(SJ OP #99) Sends letters to the properties in the city’s mapped repetitive loss areas	City of San Jose	Annually, each typically between September - December	N/A	San Jose sent letters to general repetitive loss property areas in March 2025.

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Messengers to Other Target Audiences (Organizations & Businesses Serving the Community)	<u>Topic 1:</u> Know your flood hazard Message 1A - Know your flood risk Message 1B - Contact your floodplain manager to find out if your property is in a floodplain Message 1C - Check if your home or business is in a Special Flood Hazard Area	Educate our community on flood protection and preparedness measures by working and coordinating with groups who serve as messengers, to people who are at risk of flooding, as they provide their respective business service	(VW OP #100) Administers a “Let’s Talk Water” Speakers Bureau Program that customizes presentations to update groups on specific issues, provide updates on Valley Water projects, including flood protection projects and to educate residents on existing flood risks as well as provide resources and tips to be flood ready. https://www.valleywater.org/learning-center/lets-talk-water-speakers-bureau	Valley Water Communications Unit	On a project-specific basis or as requested	Could vary from year-to-year Kiwanis Rotary Clubs Homeowners and Neighborhood Associations Forum Groups Association of Realtors	In FY25 (<i>from June 2024 through June 2025</i>), Valley Water's ‘Let’s Talk Water Speakers Bureau Program’ reached the 11 organizations listed below. All general presentations mention flood protection and the need to ‘Get Flood Ready’ regardless of the county’s drought status. They also include links to Valley Water’s ‘Flood Ready’ information and resources webpage (ValleyWater.org/floodready), the hotline to call to report obstructions in creeks, and flood preparedness collateral available for all in-person events. Valley Water’s Speakers Bureau Program can customize presentations to update community groups on water-specific issues and provide updates on projects in their area. The FY25 presentations that included flood preparedness information are listed below. - July 20, 2024 – Cottle to Lean Neighborhood Association, San Jose - August 19, 2024 – Rotary Club of Milpitas - August 20, 2024 – Civic Club of San Jose - August 22, 2024 – Mountain View Senior Center - October 9, 2024 – Cupertino Library - October 19, 2024 – Los Altos Rotary - February 19, 2025 – Cupertino Rotary - February 28, 2025 – Valley Water’s Water Works Program (<i>via Zoom</i>) - March 3, 2025 – Leadership Morgan Hill - March 27, 2025 – Santa Teresa Catholic Church, San Jose - April 23, 2025 – Willow Glenn Lions Club, San Jose
	<u>Topic 2:</u> Insure your property for your flood hazard Message 2A - Get flood insurance ahead of time Message 2B – Insure your property Message 2C – There is a 30-day waiting period for the policy to take place						
	<u>Topic 3:</u> Protect people from the flood hazard Message 3A - Put your 3-day emergency kit together Message 3B - Follow evacuation orders Message 3C – Learn the best route to high ground						
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	<u>Topic 7:</u> Develop a Family Emergency Plan Message 7A: Develop an emergency plan						
	<u>Topic 8:</u> Download disaster Apps Message 8A - Download disaster emergency apps						
	<u>Topic 9:</u> Understand shallow flooding risks – don’t drive through standing water						
			(VW OP #101) Participates in booth duty support at various events and fairs throughout the county, including Valley Water Capital project meetings or other events, as requested by various organizations	Valley Water Office of Government Relations	Annually. During the flood season (<i>starting in September – May</i>)	All Santa Clara County CRS Communities	Valley Water staff made a concerted effort to actively participate in community events, including community festivals and emergency preparedness affairs, particularly in communities and neighborhoods in or near flood zones. In FY25 (<i>from September 2024 – May 2025</i>), Valley Water and the communities’ staff hosted 29 booths and distributed flood preparedness information on flood safety and

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	Message 9A - Understand shallow flooding risks - don't drive through standing water FEMA's message: "Turn Around Don't Drown®."						emergency preparedness materials, including Valley Water's annual FPM. Those events are listed below: 1. Mountain View Art & Wine Festival – 9/7 – 9/8/24 2. Vovinam Viet Vo Dao 33rd Annual Moon Festival – 9/14/24 3. Rotary Club Silicon Valley Fall Festival – 9/14/24 4. City of Campbell State of the City – 9/18/24 5. County Parks La Fuente Celebration, San Jose, CA – 9/21/24 6. Picnic by the Lake Multicultural Festival and Resource Fair, San Jose, CA – 9/28/24 7. Friends of Steven Creek Trail's Trailblazer Race – 9/29/24 8. Supervisor Lee's Day on the Bay, Alviso, CA – 10/5/24 9. City of Saratoga State of the City Address – 10/5/24 10. Santa Clara County Parks 2024 Fall Festival at Martial Cottle Park 10/5/24 11. Pumpkins in the Park, San Jose, CA – 10/12/24 12. South Asian Cultural Association of Sunnyvale's Diwali Festival – 10/26/24 13. Councilmember Candelas' Family Fall Festival – 10/26/24 14. ASCE Annual Student Scholarship – 11/14/24 15. Chopsticks Alley Tea Ceremony – 12/6/24 16. Santa Visits Alviso Foundation Drive – 12/7/24 17. VHF Swearing in Ceremony and Celebration for Betty Duong – 1/10/25

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							18. VAR Lunar New Year Festival 1/25 – 1/26/25 19. San Jose Chapter of the Links’ Emergency Preparedness Workshop – 2/1/25 20. City of San Jose District 1 Black History Month Flag Raising – 2/7/25 21. CEEF & CUSD Run for Great Schools 5k and Fun Run – 3/29/25 22. AAUW 42nd Wildflower Run 3/30/25 23. Cupertino Earth & Arbor Day – 4/5/25 24. Mt. Pleasant Neighborhood Association Emergency Resource Fair – 4/5/25 25. San Jose Clean Energy’s EV Ride & Drive + EcoHome Expo – 4/12/25 26. Evergreen Valley College EVC Community Day – 4/26/25 27. Morgan Hill Community Earth Day Festival – 4/26/25 28. Berryessa Art Festival – 5/10/25 29. Morgan Hill Mushroom Festival – 5/24 – 5/25/25 All Santa Clara County communities support and promote Valley Water’s outreach projects.

Appendix A CRS Creditable Outreach and Flood Response Projects by CRS Community Santa Clara County Multi-Jurisdictional PPI 2021 FY 2025 (Year 4) Outreach Projects Accomplishments by CRS Communities							
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			(VW OP #102) Partner with local Second Harvest Food Bank with distributing FEMA and Valley Water flood preparedness materials, including promotional item(s) as available	Valley Water CRS Program	In October <i>(during CFPW)</i>	Second Harvest Food Bank of Silicon Valley	On November 13, 2024, staff participated in a flood preparedness press conference held at Valley Water’s Winfield Sandbag Distribution site in San José. The press conference was a joint news event with the City of San José, the County of Santa Clara, and the National Weather Service. The event featured speakers from Valley Water and participating agencies, a sandbagging demonstration, and an emergency kit assembly table, which included flood readiness materials. On December 7, 2024, the Organization for Latino Affairs (OLA), a Valley Water employee resource group, provided emergency starter kits at the Santa Visits Alviso Foundation event in San José. English and Spanish flood preparedness informational material and giveaways were provided to approximately 600 attendees. On February 12, 2025, Valley Water hosted the Standard Grants Program Open House event at Valley Water. A ‘Get Flood Ready’ information table was set up, and flood preparedness materials were shared with the participants. Vice Chair Santos welcomed the 41 prospective applicants with opening remarks. This in-person event featured workshops to help applicants navigate the grant process, opportunities to connect with grants staff, and networking with local organizations. The event received overwhelmingly positive reviews, with 100% of survey participants stating they were satisfied with the workshops and event. On February 1, 2025, CRS hosted a "Get Flood Ready" booth at The Links, Incorporated's “Emergency Preparedness: Safety Now, Peace Later” event at the African American Community Service Agency in San José. There were approximately 80 attendees.

Appendix A CRS Creditable Outreach and Flood Response Projects by CRS Community Santa Clara County Multi-Jurisdictional PPI 2021 FY 2025 (Year 4) Outreach Projects Accomplishments by CRS Communities							
Audience	¹ Message	Outcome	Project(s) Proposed to Support the Messages (XX denotes Community acronym, and Outreach Project #)	Assignment	² Schedule ³ Stakeholder	FY 2025 (Year 4 of the 2021 PPI) Outreach Projects Accomplishments <u>INPUT HERE ONLY</u>	
			(ALL OP #103) Other New Initiatives <u>(as noted in the All PPI document)</u> 1. Continue and expand the standardized flood message prepared for each community to include flood messages in utility bills each year, including PG&E. 2. Expand on partnerships with local chambers of commerce to disseminate and share flood preparedness information. 3. Expand on outreach to the Asian and Latino communities who live in flood prone areas. 4. Expand on outreach to “hot spot” flood prone areas by hosting on-site or virtual events. 5. Expand on reaching local homeowners associations (HOA)s and apartment associations (i.e. Executive Council of Homeowners [ECHO]) 6. Expand on reaching residents in marginal and low-income communities through partnering with organizations that reach these communities. (i.e. Second Harvest Food Bank and others) 7. Communities could pursue FEMA Matching Funds Grants for severe Repetitive Loss Areas. 8. Review and expand other public information activities, such as Flood Protection Assistance (Activity 360) and Flood Insurance Promotion (Activity 370). 9. Develop a region-wide Flood Response Preparations (FRP) messaging plan.		TBD	TBD	The Santa Clara County CRS Group/PPI Committee, included the ‘Other New Initiatives’ topic for discussion at the March 26, 2025. <i>See Section V. SC County CRS Users Group/PPIM Committee Meetings - Monitoring and Evaluating the 2021 PPI</i> in the FY25 Annual Evaluation Report (Attachment 6). 3/26/26 Meeting, Item #5: Review 2021 PPI “Other New Initiatives” discussion was as follows: These initiatives were suggested to be re-evaluated as part of the next PPI update to include only realistic initiatives to reduce the reporting requirements. As part of the update, the committee can discuss how best to word the initiatives to allow flexibility and creativity without being locked into specific commitments. These initiatives do not improve our Activity 330 scores since most communities are already maxed out on the activity.
			(CUP OP #104) The city provides a Winter Preparedness notification informing contractors that during the winter season, they need to winterize their project(s) site as certain soil disturbance activities are not allowed during the rainy season	City of Cupertino	On a project-specific basis	Various contractors	Cupertino continues to prepare and mail the rainy season letters every year to applicable projects. These letters were mailed in mid-August 2024.
			(MIL OP#105) On a project-specific basis, the city provides contractors a Winter Preparedness notification that informs them that during the winter season, they need to winterize their project(s) site. Certain soil disturbance activities are not allowed during the rainy season	City of Milpitas	On a project-specific basis	Various contractors	Milpitas: On-going. The City of Milpitas sends out winterization notices to larger development projects.
	Topic 2: Insure your property for your flood hazard Message 2A - Get flood insurance ahead of time Message 2B – Insure your property Message 2C – There is a 30-day waiting period for the policy to take place	Increase in number of flood insurance policies in the SFHAs and in the county in general Prospective buyers understand flood risks	(MH OP #106) The city mails out a newsletter, “Ask Before You Buy: Know Your Flood Risk!” to local real estate agents which are provided to homebuyers to help determine the flood risk of the property being purchased (listed in Appendix B)	City of Morgan Hill	During or prior to the rainy season	Real Estate Agencies/Agent	Morgan Hill will be sending the brochure to real estate agents in June 2025.

Appendix A CRS Creditable Outreach and Flood Response Projects by CRS Community Santa Clara County Multi-Jurisdictional PPI 2021 FY 2025 (Year 4) Outreach Projects Accomplishments by CRS Communities							
Audience	¹ Message	Outcome	Project(s) Proposed to Support the Messages (XX denotes Community acronym, and Outreach Project #)	Assignment	² Schedule	³ Stakeholder	FY 2025 (Year 4 of the 2021 PPI) Outreach Projects Accomplishments <u>INPUT HERE ONLY</u>
		<i>These projects are credited under Activity 340 (DFH and REB) – Additional credit is provided if the PPI states that real estate agents should (or have agreed to) advise house hunters about the flood hazard and that real estate agents give house hunters a REB brochure</i>	(PA OP #107) Sends out letters to real estate agencies informing them of their responsibility to identify flood hazard areas and to take advantage of the Flood Zone Lookup on the city's website	City of Palo Alto	Annually, beginning of flood season (September/October)	Real Estate Agencies/Agent	Palo Alto sent letters to real estate agencies informing of their responsibility to identify flood hazard areas in August 2024.
			(SJ OP #108) Sends out letters to real estate and insurance agencies and lenders, informing them of their responsibility to identify flood hazard areas and to take advantage of the Flood Zone Lookup on the city's website on the "Flood Hazard Zones" webpage and advises to contact the city for map reading services and elevation certificates on file	City of San Jose	At the beginning of the flood season (September – December)	Real Estate Agencies/Agent	San Jose emailed letters to real estate, insurance agencies and lenders in January 2025.
			(SUN OP #109) Sends mailer/postcard targeted to real estate agents informing them of the client's responsibility for identification and purchase of flood insurance and the availability of the automatic 15% discount	City of Sunnyvale	Each October	Real Estate Agencies/Agents	Sunnyvale: The City sent the mailers to real estate agents October 2024.

Santa Clara Valley Water District FY25 Flood Awareness Campaign

Valley Water's FY25 Flood Awareness Campaign centered around the theme, "You Live in a Flood Zone: Beware. Be Ready. Be Flood Safe." The outreach utilized digital geo-targeting technologies to effectively reach businesses and residents within the flood zone. The primary goals of the campaign were to raise awareness about flood risks, encourage residents to sign up for emergency alerts, and inform them on how to obtain sandbags. Additionally, the campaign highlighted our Surface Water Data Portal, where residents can access the latest information regarding local creek and reservoir levels.

To enhance Valley Water's community outreach efforts, an educational paid advertising campaign was implemented. Polling results from the previous winter campaign informed this advertising initiative, allowing us to better understand our target audiences and their levels of awareness.

The Flood Awareness Campaign ran for six months, from October 2024 to March 2025, at a total cost of \$389,340. This campaign combined outdoor and digital geo-targeted advertising, supplemented by three direct multilingual mailings sent to approximately 49,555 homes and businesses located in or near high-risk flood areas, as designated by the FEMA Special Flood Hazard Area (SFHA).

Targeted Mailings

1. FLOOD CAMPAIGN ANNUAL FLOODPLAIN MAILER

Valley Water's Annual Floodplain Mailer (FPM) was distributed in December 2024. This multi-language mailer, available in English, Spanish, Chinese, and Vietnamese, is titled "You Live in a Flood Zone: Beware. Be Ready. Be Flood Safe."

The FPM included QR codes, a magnet featuring essential flood safety websites, a detachable emergency phone list, and a centerfold that highlighted our Surface Water Data Portal. One of the QR codes directs residents to a site where they can access the latest information about local creek and reservoir water levels:

<https://alert.valleywater.org/?p=map>.



[Link to Floodplain Mailer](https://alert.valleywater.org/?p=map)

2. FLOOD TIPS POSTCARD MAILER

'Beware. Be ready. Be Flood Safe.' Extreme Weather multilingual postcards were produced and distributed to 49,555 properties in the FEMA SFHA in November 2024. These postcards included the nine CRS topics, supporting messages, and links to various flood readiness and preparedness web pages.



[Link to Tips Postcard](#)

3. FLOOD TRI-FOLD BROCHURE

In January 2024, we mailed out the trifold guide titled “You Live in a Flood Zone: Beware, Be Ready, Be Flood Safe.” This multilingual resource outlines actions residents can take to protect their lives and property before, during, and after a flood. Additionally, it includes a QR code that directs readers to valleywater.org/floodready for more tips and tools on flood preparedness.



[Link to Trifold](#)

4. TARGETED OUTDOOR ADVERTISING

The 2024-25 outreach campaign included outdoor banners displayed at ten locations identified as high-risk areas for flooding. Additionally, advertisements in English, Spanish, and Vietnamese were featured on 24 public buses operating in regions deemed "hot spots" for flooding.

5. ETHNIC COMMUNITY OUTREACH

Outreach efforts to multilingual communities included advertisements in local newspapers in Spanish, Chinese, and Vietnamese and television ads in Chinese.

6. FY25 COUNTYWIDE MAILER

Effective the FY25 flood season (*starting in October 2024*), Valley Water no longer produced a Countywide Mailer (CWM) for flood messaging. On January 14, 2025, during Valley Water's CRS five-year cycle visit, Valley Water informed the ISO CRS Specialist, Marlene Jacobs, about this change. We explained that in place of the CWM, Valley Water distributed two additional targeted mailers to residents and businesses located in the FEMA-designated Special Flood Hazard Area (SFHA). Both hard and soft copies of these mailers were provided to all Santa Clara County cities and the county.

The Flood Tips Postcard included all nine topic messages identified in the 2021 Multi-Jurisdictional Program for Public Information (PPI): <https://s3.us-west-1.amazonaws.com/valleywater.org.us-west-1/s3fs-public/VW-Flood%20Postcard-Vertical-bleed-CMYK-Outlined-Final.pdf>.

Flood Trifold includes six PPI topic messages: <https://online.flipbuilder.com/tkap/vbsr/>

CRS Community Resources

All Santa Clara County cities and County Public Works and Planning Departments received hard copies of Valley Water's flood protection materials: FPM, flood postcard, and flood trifold. The table below shows the number of copies requested by and provided to each community.

Public Agency	Annual Floodplain Mailer (FPM)	Postcard	Trifold Mailed on 1/16/25
	FPM mailed on 1/6/25 Postcard mailed on 11/22/24		
City of Campbell	25	25	25
City of Cupertino	50	50	20
City of Gilroy	25	25	25
City of Los Altos	50	100	20
Town of Los Altos Hills	25	150	20
City of Los Gatos	25	25	20
City of Milpitas	50	25	20

City of Monte Sereno	25	25	25
City of Morgan Hill	150	50	50
City of Mountain View	25	25	20
City of Palo Alto	100	25	20
City of San Jose	50	25	25
City of Santa Clara	25	25	25
County of Santa Clara	25	25	25
City of Saratoga	25	25	25
City of Sunnyvale	25	25	20
VW CRS Program	150	300	50

During the CRS Users Group and PPI Committee Meetings on March 26, 2025, and May 14, 2025, all cities and the county were reminded to ensure their respective internet web pages and flood protection resource landing pages redirected visitors to ValleyWater.org/floodready.org, Floodsmart.gov, and Ready.gov.

Flood Protection Partner Toolkit

In mid-October 2024, Valley Water released the 'Be Flood Safe' Social Media Toolkit for the 2024-2025 Flood Awareness Outreach Partner (<https://conta.cc/3Awd0XS>). This toolkit was made available for download to all partnering agencies, including CRS communities. It featured digital and social media banners and animations highlighting key calls to action: know your risk, sign up for emergency alerts, and find sandbags. Additionally, the toolkit included multilingual graphics showcasing essential tips and provided an option to request co-branded bill inserts and postcards.

EXTREME WEATHER



Your Flood
Protection Partner

valleywater.org/floodready

Beware. Be ready.
BE FLOOD SAFE.

KNOW
Your Flood Risk

SIGN UP
For Alerts

GET
FREE Sandbags



Be Flood Safe

The rainy season is around the corner, and we've got new digital banners for you to share on social media with the hashtag #BeFloodSafe as a reminder to be prepared.

[Download digital flood safe banners](#)



Know your flood risk

You don't have to live near a creek to be impacted by flooding. Visit valleywater.org/floodready to check whether your house or business is in a FEMA Special Flood Hazard Area.

[Download digital flood risk graphic](#)



Sign up for emergency alerts

Preparing for emergencies can be overwhelming. You can learn more about Santa Clara County's emergency alert system at valleywater.org/floodready.

[Download digital alerts graphic](#)



Get FREE sandbags

Valley Water offers free sandbags for residents of Santa Clara County. Loose sand and empty bags for self-filling are also available. For a list of locations, visit valleywater.org/floodready.

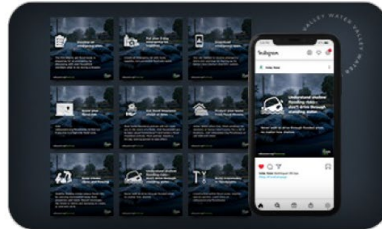
[Download digital sandbag graphic](#)



Flood zone cards and banners

Reply to request a co-branded multilingual Be Flood Safe postcard, bill inserts or a customized banner to quickly share flood preparedness tips with your community.

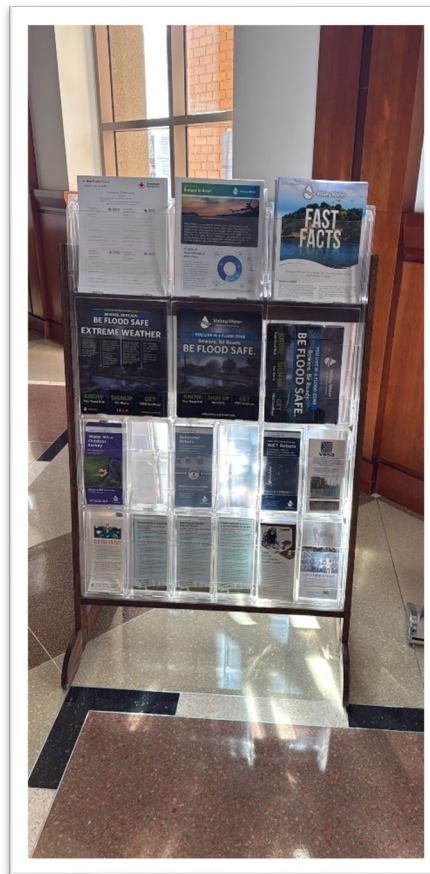
[Request by email: preyes@valleywater.org](mailto:preyes@valleywater.org)



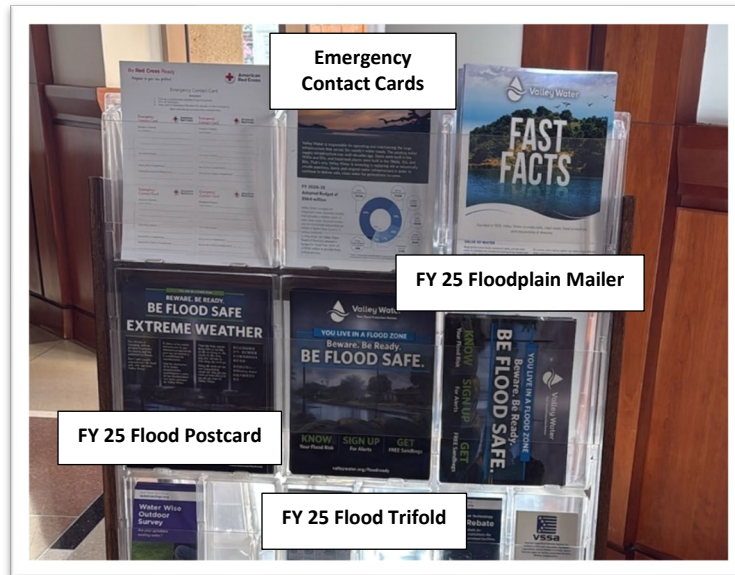
Multilingual Flood Ready tips

Share 9 key multilingual flood preparedness tips on social media. You can post individually or as a multilingual slideshow.

[Download CRS tips for social media](#)



Valley Water HQ Lobby Displaying FY25 Flood Readiness Materials



Valley Water HQ Lobby Displaying FY25 Flood Readiness Materials

Valley Water FY25 Flood Awareness Campaign

See the attached National Association of Flood and Stormwater Management Agencies (NAFSMA) Excellence in Communication campaign submission.



**VALLEY WATER
NAFSMA EXCELLENCE IN COMMUNICATIONS
AWARD SUBMISSION:
PUBLIC AWARENESS OF FLOODING**

**YOU LIVE IN A FLOOD ZONE:
BEWARE. BE READY. BE FLOOD SAFE.**

Our climate is changing. Extreme weather is the new normal. As we have learned from flooding disasters throughout the region, it is essential to prepare for emergencies, as the weather can be unpredictable. That's why Valley Water works year-round on capital improvement projects to reduce the risk of flooding. Our crews are also at work before, during, and after storm emergencies to keep the community safe from flooding.

For over twenty years, Valley Water has sought to educate Santa Clara County residents about existing flood risks and provide resources and tips to help residents be flood safe. Our efforts to reduce flood risks and outreach support local partners that participate in the FEMA Community Rating System (CRS). The CRS is a voluntary incentive program that recognizes and encourages community floodplain management practices that exceed the minimum requirements of the National Flood Insurance Program.

These activities can earn CRS-participating communities credit to reduce National Flood Insurance Program premiums.



EXTREME WEATHER

Beware. Be ready.

BE FLOOD SAFE.

KNOW

Your Flood Risk

SIGN UP

For Alerts

GET

FREE Sandbags

Valley Water

Your Flood Protection Partner



CAMPAIGN OVERVIEW

Valley Water's 2024-2025 Flood Awareness Campaign effectively educated and engaged residents in Santa Clara County about the risks of flooding, emphasizing the importance of proactive preparation and access to vital safety resources. The campaign leveraged cutting-edge technologies like digital geo-targeting and multilingual outreach, blending traditional strategies with innovative solutions to connect with communities at risk of flooding.

GOALS

AWARENESS:

Educate residents in FEMA-designated Special Flood Hazard Areas (SFHAs) about their flood risks and mitigation strategies.

PREPAREDNESS:

Empower residents to take preventative actions, including knowing their flood risk, signing up for emergency alerts, and knowing where to find free sandbags.

ACCESS:

Provide multilingual resources and technologies to connect diverse communities with flood safety information, including the innovative **Valley Water's Surface Water Data Portal**. When extreme weather strikes, residents can know if their home is at risk of flooding by visiting **alert.valleywater.org** for the latest information on local creeks and reservoir water levels.

KEY STRATEGIES AND EXECUTION

LOCALIZED DIRECT MAIL CAMPAIGN

Distributed multilingual resources (English, Spanish, Chinese, and Vietnamese) via three targeted mailings to 49,555 properties in SFHAs. Materials included detachable emergency phone lists, magnets with essential flood safety websites, and QR codes linking to resources like the Surface Water Data Portal.



[Click here to view flood mailer.](#)



[Click here to view trifold.](#)

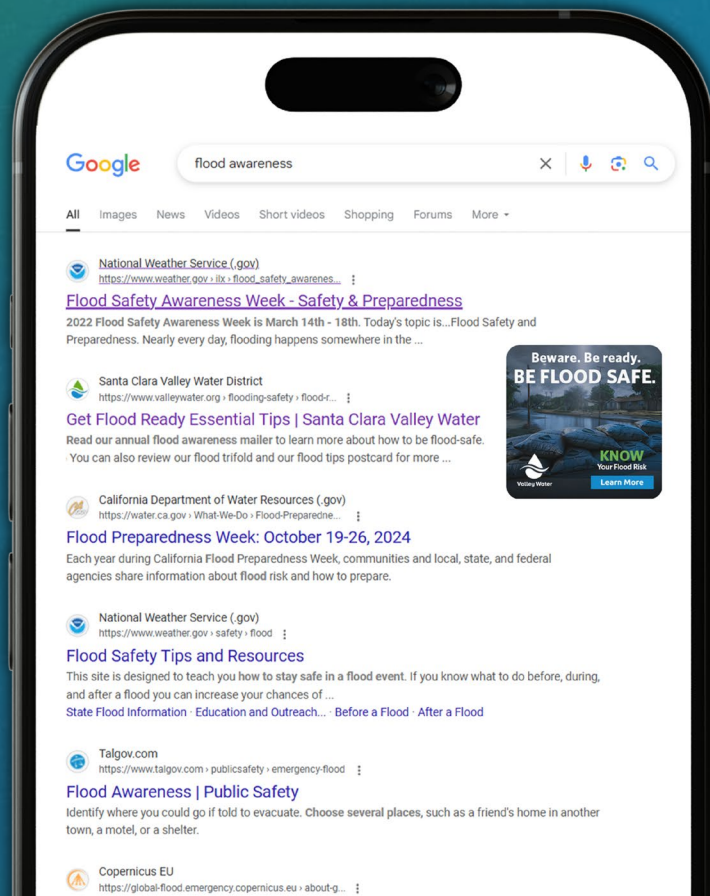


[Click here to view postcard.](#)

KEY STRATEGIES AND EXECUTION

DIGITAL AND GEO-TARGETED ADVERTISING

Deployed **multilingual animated ads** and **social media videos** to IP addresses in high-risk areas, encouraging sign-ups for emergency alerts and promoting flood readiness tips. Ads were coordinated with **National Weather Service notifications** to ensure the timely delivery of information.



KEY STRATEGIES AND EXECUTION

OUTDOOR ADVERTISING

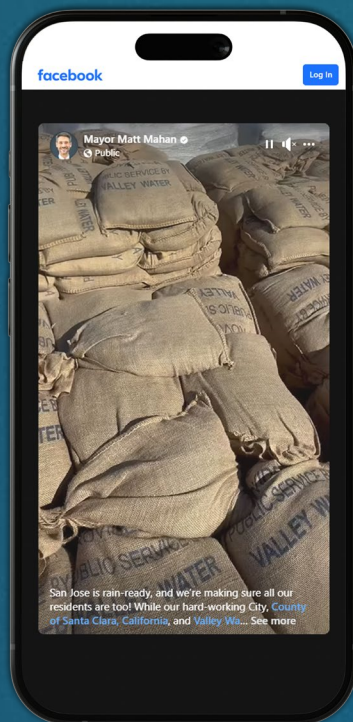
Banners and bus advertisements in English, Spanish and Vietnamese were placed in flood-prone locations to maximize visibility.



KEY STRATEGIES AND EXECUTION

MEDIA OUTREACH

Public partnerships led to a joint press conference emphasizing the importance of winter flood preparation. Valley Water, the Mayor of the City of San José, and the National Weather Service urged the community to prepare for winter storms during a news conference held at a sandbag distribution center in San José. The event featured a full-size interactive sandbagging display and an emergency kit assembly table. All major local news outlets covered the news event, amplifying our preparedness messaging through print media, radio, and television.

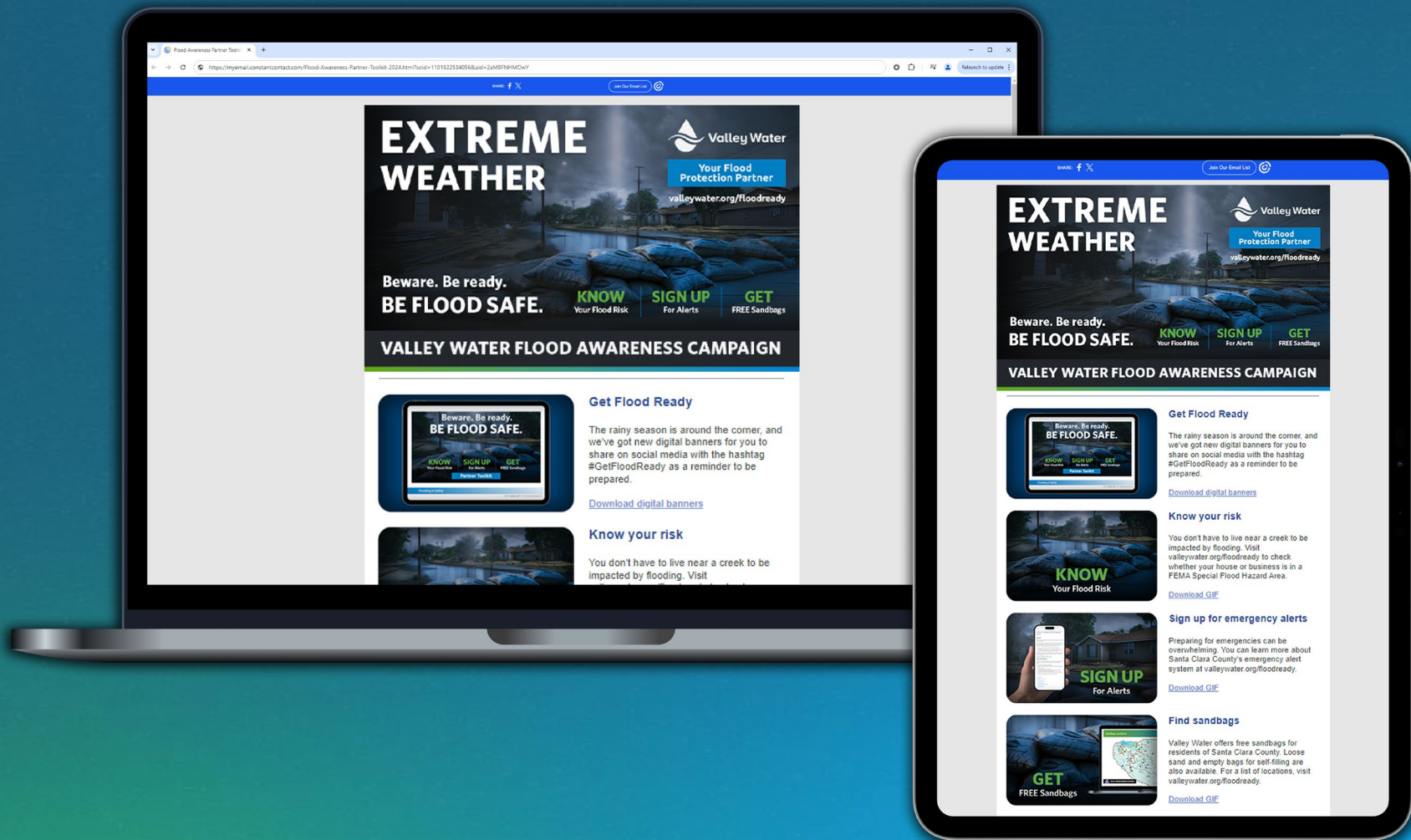


[Click here to view livestream video and photos of the press conference.](#)

KEY STRATEGIES AND EXECUTION

COMMUNITY ENGAGEMENT TOOLKIT

Partnered with agencies to distribute the “Be Flood Safe” Social Media Toolkit, featuring multilingual banners, animations, and tips co-branded with local CRS communities. A **toolkit** was distributed to over 60 community entities in areas considered at high-risk of flooding.

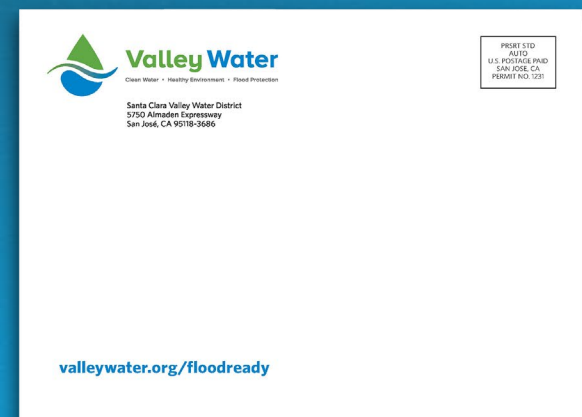


Ethnic community outreach included targeted ads in Spanish, Chinese, and Vietnamese newspapers and **TV channels**.

[illegible]

INNOVATIONS

The campaign leveraged geo-targeting technology to localize messaging, while the Surface Water Data Portal offered residents real-time information about creek and reservoir levels. New animations visualized flood preparedness actions in a culturally relevant and engaging manner.



RESULTS AND IMPACT

OUTREACH SUCCESS:

The campaign successfully generated 37 million impressions and 43,000 visits to valleywater.org/floodready.

Our annual post-campaign survey of 400 residents in flood-prone areas, conducted by Probolsky Polling, found the following results:

50% of the surveyed residents recalled receiving flood safety information via mail.

59% said their home is in a flood zone or an at-risk area; this trend has continued upward from 12% in 2017, when we first began polling.

IMPROVED PREPAREDNESS:

90% of respondents recalled some of the flood safety tips received.

43% of poll respondents recalled where to find sandbags from the materials received.

29% recalled the call to action to sign up for emergency alerts.

70% are confident that they have taken all necessary measures to protect themselves from the impacts of flooding.

Enrollment in flood insurance continued its upward trend, with 46% of households now insured, representing a 7% increase since 2017.

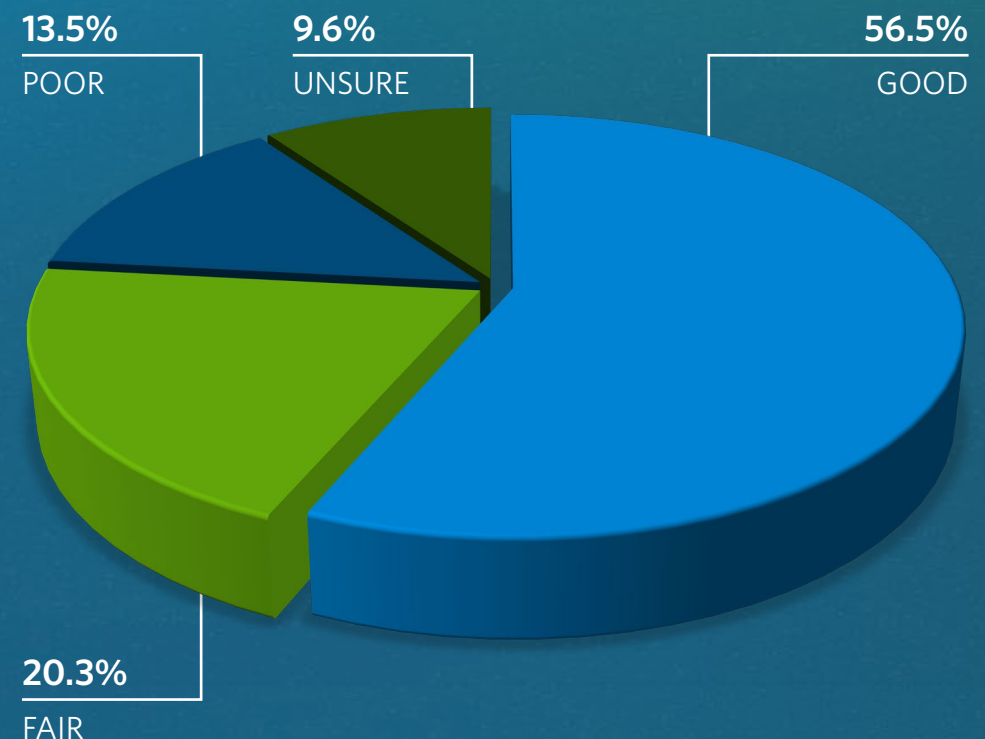
BUDGET AND RESOURCES:

Total campaign cost: \$389,340 Allocated for targeted mailings, digital advertisements, multilingual outreach, and community engagement initiatives.

COMMUNITY TRUST:

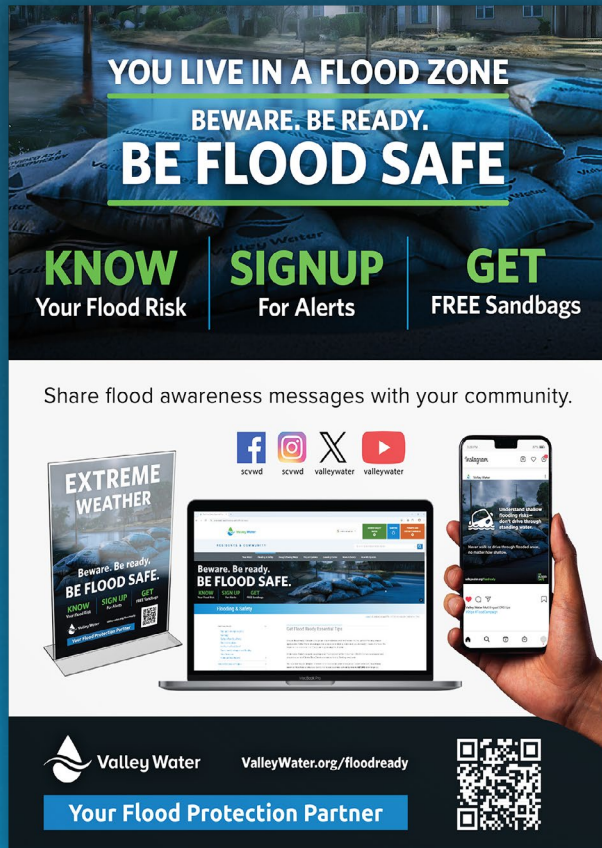
57% of respondents rated Valley Water's flood awareness efforts as excellent or good, up from 18% in 2017.

COMMUNITY TRUST BREAKDOWN



CONCLUSION

Valley Water's 2024-2025 Flood Awareness Campaign exemplifies innovation and inclusivity in public communication. By combining technology, cultural outreach, and community partnership, the campaign not only achieved its objectives but also strengthened public confidence in flood preparedness measures.



THANK YOU!

*2025 NAFSMA Excellence in Communications Award
Public Awareness of Flooding
You Live in a Flood Zone: Beware. Be Ready. Be Flood Safe.*



Valley Water

Clean Water • Healthy Environment • Flood Protection

Agenda Meeting

Santa Clara County CRS Users Group & Program for Public Information (PPI) Committee Meeting

March 26, 2025 | 2:00 p.m. – 4:00 p.m.

Join Zoom Meeting

<https://valleywater.zoom.us/j/83878517112?pwd=RRgdezW5EH1a2RaEi5zi6Gj1ZaNLtH.1>

Meeting ID: 838 7851 7112 | Passcode: 623213 | +1 669 900 9128 US (San Jose)

Purpose: PPI Stakeholder Committee Annual Evaluation Meeting per Activity 330, Outreach Project, Element 332.c. Program for Public Information, Step 7 requirement (*page 2*)

Outcome: Complete development of the 2021 Multi-Jurisdictional Program for Public Information (PPI) Annual Report for FY25 (*Year 4: July 2024 to June 2025*)

Section	Meeting Topic	Presenter	Time
1.	Introductions	Amy Fonseca	10 min
2.	Review of the meeting goals and agenda (<i>see page 2</i>)	Amy Fonseca	2 min
3.	Annual review of CRS Communities Roster (Google Link)	Amy Fonseca	2 min
4.	Brief status update on the CRS Regionalization in Santa Clara County Feasibility Study - The County's 2023 Multi-Jurisdictional Hazard Mitigation Plan resulted in FMP credits (Therefore, the flood-centric FMP effort was discontinued). - Update on Valley Water CRS Program	Amy Fonseca	5 min
5.	Review 2021 PPI 'Other New Initiatives' (<i>see page 2</i>)	Amy Fonseca	20 min
6.	Complete development of the 2021 Multi-Jurisdictional Program for Public Information (PPI) Annual Evaluation Report for FY25 (<i>Year 4: July 2024 to June 2025</i>) Update the FY25 Project Accomplishments column for your community (Google Link) Communities' updates due by next CRS Users Group Meeting or no later than May 30, 2025	Rene Moreno	45 min
7.	Activity 350 – Flood Protection Information, c. flood protection website (WEB) (<i>page 350-7</i>) The community must: 1) The community must check the website's links at least monthly , and fix those that are no longer accurate. 2) At least annually , the community must review the content to ensure it is still current and pertinent (e.g., make sure names, addresses, phone numbers, and other contact information are still correct; update any ordinance changes; etc.)	Amy Fonseca	2 min
8.	Next meeting (TBD, May 2025) – Joint CRS Users Group/Program for Public Information (PPI) Committee meeting Complete the development of the 2021 PPI Annual Report Year 4 (FY 2025)	Amy Fonseca	2 min
9.	Adjourn		

Excerpt from 2017 CRS Coordinator's Manual:

“Step 7: Implement, monitor, and evaluate the program. The Program for Public Information committee meets at least annually to monitor the implementation of the outreach projects. The committee assesses whether the desired outcomes were achieved and what, if anything, should be changed. This work is described in an evaluation report that is prepared each year, sent to the governing body, and included in the annual recertification.

The community must update its Program for Public Information at least every five years. This can be a new document or an addendum to the existing document that updates the needs assessment and all sections that should be changed based on evaluations of the projects.

The Program for Public Information update will be reviewed for CRS credit according to the *Coordinator's Manual* currently in effect, not the version used when the community originally requested this credit. The update can qualify as the annual evaluation report for the year it was prepared. The updated Program for Public Information must be adopted following the same process as adoption of the original document.”

Excerpt from the 2021 Multi-Jurisdictional PPI:

Other New Initiatives

The PPI committee identified a number of new initiatives:

1. Continue and expand the standardized flood message prepared for each community to include flood messages in utility bills each year, including PG&E.
2. Expand on partnerships with local chambers of commerce to disseminate and share flood preparedness information.
3. Expand on outreach to the Asian and Latino communities who live in flood prone areas.
4. Expand on outreach to “hot spot” flood prone areas by hosting on-site or virtual events.
5. Expand on reaching local homeowners associations (HOA)s and apartment associations
(i.e. Executive Council of Homeowners [ECHO])
6. Expand on reaching residents in marginal and low-income communities through partnering with organizations that reach these communities. (i.e. Second Harvest Food Bank and others)
7. Communities could pursue FEMA Matching Funds Grants for severe Repetitive Loss Areas.
8. Review and expand other public information activities, such as Flood Protection Assistance (Activity 360) and Flood Insurance Promotion (Activity 370).
9. Develop a regionwide Flood Response Program messaging plan.

For questions, please contact Amy Fonseca at (408) 630-3005 (office) or (408) 691-8889 (cell) or afonseca@valleywater.org

Santa Clara County CRS Users Group / PPI Committee Meeting

Attendance Sheet

March 26, 2025 | 2:00 - 4:00pm | Zoom

Name	Community
Jennifer Chu	City of Cupertino
Jorge Duran	City of Gilroy
Chris Wilson	City of Los Altos External Stakeholder
Harun Musaefendic	City of Los Altos
Vency Woo	City of Los Altos
Arthur Valderrama	City of Milpitas
Elizabeth Koo	City of Milpitas
Jeremy Wu	City of Milpitas
Maria Angeles	City of Morgan Hill
Lauren Cody	City of Mountain View
Renee Gunn	City of Mountain View
Rajeev Hada	City of Palo Alto
Vicki Thai	City of Palo Alto
Brandon Coco	City of Santa Clara
Christian Tran	City of Santa Clara
Darrell Wong	Santa Clara County
David Dorcich	Santa Clara County
Arlene Lew	City of San Jose
Vivian Tom	City of San Jose
Gina Newbold	City of Sunnyvale
Tamara Davis	City of Sunnyvale
Amy Fonseca	Valley Water
Emily Zedler	Valley Water
Kristen Yasukawa	Valley Water
Merna Leal	Valley Water
Rene Moreno	Valley Water

Agenda Meeting
Santa Clara County CRS Users Group & Program for Public Information (PPI)
Committee Meeting Notes

March 26, 2025 | 2:00 pm – 4:00 pm

Item #1: Introductions/ Roll Call/ Roster Updates

Attendees were introduced (*see attached attendance sheet*). Informed committee that the meeting was being recorded for meeting minutes and will also be used to track attendance.

Item #2: Review of the Meeting Goals and Agenda

- The main objectives of the meeting are as follows:
 - Fulfill the requirements for CRS PPI credit as per the CRS Coordinator’s Manual by initiating the reporting process of the 2021 Multi-Jurisdictional Program for Public Information (PPI) Annual Evaluation Report (AER) for FY25 (Year 4: July 2024 to June 2025). Due to the 8/2/25 annual recertification deadline, when the AER is due, the deadline for communities to submit their updates to the AER is May 30, 2025.
 - Review the status of the outreach initiatives listed in the 2021 PPI.
 - Brief status update on the CRS Regionalization in SC County
 - County’s 2023 Multi-jurisdictional Hazard Mitigation Plan.
 - Update on Valley Water’s CRS Program
- Reviewed pending “Action Items” from the committee’s 2024 meetings.

Items from March 26, 2024, and/or May 29, 2024

- Agenda Item #3 – Annual Review of CRS Communities Roster – *Reminder to update the CRS community roster.*
- Agenda Item #5: Floodplain Management Plan (FMP) Update – *Valley Water met with Emily Zedler to discuss hotspots. Based on the conversation, there was no specific outreach to hotspots because they differ based on agency.*

Valley Water has an online resource tool, a GIS layer, that communities can use to conduct targeted outreach.

- *Map of Valley Water’s FIT (Field Information Team) hotspots:*
<https://tinyurl.com/scvwdfit>
- Agenda Item #6: Review 2021 PPI “Other New Initiatives” – Initiative #2: Identify the Chamber of Commerce or equivalent in each city and find ways to share information via websites, blogs, and newsletters. *Due to Valley Water and our largest community, San Jose, being cycled in 2024, we could not follow up on this action item. This initiative may be reconsidered next PPI update.* Initiative #4: Expand outreach to "hot spot" flood-prone areas by hosting on-site or virtual events. *Based on targeted outreach efforts utilizing hotspot information, this initiative is complete.*

- Agenda Item # 8: Activity 350 – Flood Protection, c. flood protection website – *Check links and ensure links direct to 1) valleywater.org/floodready, 2) floodsmart.gov, and 3) ready.gov. to ensure agencies receive CRS WEB credit.*

Item #3: Annual Review of CRS Communities Roster

Action Item:

Requested communities review and update the roster located here:

<https://docs.google.com/spreadsheets/d/1t7c6-XXCfQ5urxqRJ-GxZDZ0jG6g/edit#gid=1135493871>

Item #4: Brief Status Update on the CRS Regionalization in Santa Clara County Feasibility Study

Valley Water and its consultant, Tetra Tech, have completed the regionalization feasibility study. However, Valley Water has decided not to pursue a regionalization approach because it would not be possible to regionalize the entire program. We are looking for other ways to streamline our program while continuing to assist CRS communities.

Reminded all communities to use the county's 2023 Multi-Jurisdictional Hazard Mitigation Plan (MJHMP) when pursuing Activity 510, Floodplain Management Planning (FMP) credit. Everyone was encouraged to stay updated on the county's MJHMP. It is essential to remind the County that CRS communities receive FMP for their 2023 MJHMP, and to maintain those credits, floodplain management, and CRS planning must be conducted in parallel.

Valley Water is no longer pursuing the multi-jurisdictional flood-centric plan we were considering for FMP credit.

Valley Water shared an update on our CRS Program. Like everybody else, we are constrained by resources and want to ensure we use our time and resources effectively. So, we are looking at ways to right-size our program and identify opportunities to improve it and make it more efficient. Due to this program evaluation, we will communicate if potential impacts are anticipated to any community.

Item #5: Review 2021 PPI 'Other New Initiatives' Identified in the 2021 PPI

These initiatives were suggested to be re-evaluated as part of the next PPI update to include only realistic initiatives to reduce the reporting requirements. As part of the update, the committee can discuss how best to word the initiatives to allow flexibility and creativity without being locked into specific commitments.

These initiatives do not improve our Activity 330 scores since most communities are already maxed out on the activity.

From page 66 of the 2021 PPI

1. Continue and expand the standardized flood message prepared for each community to include flood messages in utility bills each year, including PG&E. *Completed in FY25*
2. Expand partnerships with local chambers of commerce to disseminate and share flood preparedness information. This was discussed *at the March 26, 2025, meeting. We may reconsider this initiative as part of the PPI update in 2026.*
3. Expand on outreach to the Asian and Latino communities who live in flood-prone areas. *Identified an existing nexus with Valley Water's Office of Civic Engagement (OCE), Office of Racial Equity, Diversity & Inclusion (REDI), and Office of Government Relations (OGR) programming, of which information share flood preparedness materials at various tabling events.*
4. Expand on outreach to "hot spot" flood-prone areas by hosting on-site or virtual events. *Provided link to Valley Water's GIS Map of the Field Information Team (FIT) hotspots*
<https://tinyurl.com/scvwdfit>
5. Expand on reaching local homeowners associations (HOA) and apartment associations (e.g., Executive Council of Homeowners [ECHO]). This is too large a task to be carried out at this time.
6. Expand on reaching residents in marginal and low-income communities through partnering with organizations that reach these communities. *(i.e. Second Harvest Food Bank and others) Identified an existing nexus with Valley Water's Office of Civic Engagement (OCE), Office of Racial Equity, Diversity & Inclusion (REDI), and Office of Government Relations (OGR) programs, which make every effort to reach out to marginal and low-income communities.*
7. Communities could pursue FEMA Matching Funds Grants for severe Repetitive Loss Areas. *Only a handful of CRS-participating communities in SC County have repetitive losses; this committee does not track whether these communities pursue grant funding opportunities.*
8. Review and expand other public information activities, such as Flood Protection Assistance (Activity 360) and Flood Insurance Promotion (Activity 370). *Valley Water's January 2025 5-year cycle visit could potentially score additional points under Flood Protection Assistance. We will inform communities accordingly.*
9. Develop a regionwide Flood Response Program messaging plan. *Achieved by the County's 2023 MJHMP.*

Item #6: Complete Development of the 2021 Multi-Jurisdictional Program for Public Information (PPI) Annual Evaluation Report, FY 25 (Year 4: July 2024 to June 2025)

Action Item:

Deadline – May 30, 2025: Using this [Google Link](#), each community was requested to search (*under the 'Project(s) Proposed to Support the Messages' column, search by using their community's abbreviation*) for their Outreach Project identified in Appendix A - CRS Creditable Outreach and Flood Response Projects by CRS Community, from Santa Clara County Multi-Jurisdictional PPI 2021, and update their community's FY25 project accomplished.

All were reminded that no other information can be modified outside the **INPUT HERE ONLY** column. This was the information in the 2021 PPI that was presented and adopted. Any changes to outreach project descriptions should be reflected in the **INPUT HERE ONLY** column.

Timeline for Sharing the Annual Evaluation Report with Governing Bodies:

- June 2025: Valley Water will share with its Board of Directors through non-agenda and provide communities with the final copy as presented to Valley Water’s Board.
- July 2025: Communities share with their respective governing bodies as identified in the Final AER, *Table 2. How the 2021 PPI FY25 Annual Evaluation Report, Year 4 will be shared with the Community’s Governing Body.*
- August 2025: Final AER with a copy of the method shared with the governing body due to the Insurance Services Office (ISO).

Item #7: Activity 350 – Flood Protection Information, c. flood protection website

Reminded communities that their respective flood protection resource landing pages should redirect to floodsmart.gov, ready.gov, and valleywater.org/floodready.

Per the CRS Coordinator’s Manual (*page 350-7*), the community must:

- 1) The community **must check** the website’s links **monthly** and fix those that are no longer accurate.
- 2) **At least annually**, the community **must review** the content to ensure it is current and pertinent (e.g., correct names, addresses, phone numbers, and other contact information; update any ordinance changes, etc.).

Agenda Item #8: Next Meeting

Valley Water will share the 2024/2025 Get Flood Ready Campaign results and our FloodReady website redesign will be discussed at the May meeting.

Look for a Doodle Poll for May’s meeting.

Agenda Meeting
Santa Clara County CRS Users Group & Program for Public Information (PPI) Committee Meeting
May 14, 2025 | 3:00 pm – 5:00 pm

Join Zoom Meeting

<https://valleywater.zoom.us/j/84803455188?pwd=c86WQRUGeU81AdSvaPzvNbWfgJUgil.1>

Meeting ID: 848 0345 5188 | Passcode: 044497 | +1 669 900 9128 US (San Jose)

Purpose: PPI Stakeholder Committee Annual Evaluation Meeting to monitor the Implementation of the 2021 Santa Clara County Multi-Jurisdictional Program for Public Information per Activity 330, Outreach Project, Element 332.c. Program for Public Information (PPI), Step 7 requirement

Outcome: 2021 PPI Annual Evaluation Report, FY25 Year 4 of 5

Item	Meeting Topic	Presenter	Time
1.	Introductions Roll Call / Roster Updates	Amy Fonseca	10 min
2.	Review of the Meeting Goals and Agenda Review pending Action Items from this committee's 3/26/25 meeting (<i>see attached</i>)	Amy Fonseca	10 min
3.	Flood Awareness Survey 2025 Results Presentation - FY25 Flood Awareness Campaign Results - The launch of Valley Water's FY26 Annual Flood Awareness Campaign kicks off in October 2025.	Adam Probolsky Paola Reyes	15 min 10 min
4.	Valley Water Website Re-design: FloodReady landing page	Meghan Azralon	15 min
5.	Information Share: The 14 th Annual California Flood Preparedness Week (CFPW) will be held from October 18-25, 2025 The state's collaboration site has last year's messaging, graphics, risk communication tools, and ideas about events: https://sites.google.com/view/cfpw/home	Amy Fonseca	5 min
6.	Complete Development of the 2021 Multi-Jurisdictional Program for Public Information (PPI) Annual Report, FY25 (Year 4: July 2024 to June 2025) - Update the FY25 Project Accomplishments column for your community Google Link NOTE: Update <u>Input Here Only</u> column; Do Not edit anything else - Communities' updates are due by next CRS Users Group/PPI Meeting or by the DEADLINE no later than May 30, 2025 (Friday)	Rene Moreno	20 min
7.	Valley Water CRS Program Updates	Amy Fonseca	10 min
8.	Other Items	Amy Fonseca	5 min
9.	Adjourn		

For questions, please contact Amy Fonseca at (408) 630-3005 (office) or (408) 691-8889 (cell)
or afonseca@valleywater.org

**Pending Action Items from the
3/26/25 CRS Users Group / PPI Committee Meeting**

Item #3: Annual Review of CRS Communities Roster

Action Item:

Requested communities review and update the roster located here:

<https://docs.google.com/spreadsheets/d/1t7c6-XXCfQ5urxqRJ-GxZDZ0jG6g/edit#gid=1135493871>

**Item #6: Complete Development of the 2021 Multi-Jurisdictional Program for Public Information (PPI)
Annual Evaluation Report, FY 25 (Year 4: July 2024 to June 2025)**

Action Item:

Deadline – May 30, 2025: Using this [Google Link](#), each community was requested to search (*under the ‘Project(s) Proposed to Support the Messages’ column, search by using their community’s abbreviation*) for their Outreach Project identified in Appendix A - CRS Creditable Outreach and Flood Response Projects by CRS Community, from Santa Clara County Multi-Jurisdictional PPI 2021, and update their community’s FY25 project accomplished.

All were reminded that no other information can be modified outside the **INPUT HERE ONLY** column. This was the information in the 2021 PPI that was presented and adopted. Any changes to outreach project descriptions should be reflected in the **INPUT HERE ONLY** column.

Timeline for Sharing the Annual Evaluation Report with Governing Bodies:

- June 2025: Valley Water will share with its Board of Directors through non-agenda and provide communities with the final copy as presented to Valley Water’s Board.
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- August 2025: Final AER with a copy of the method shared with the governing body due to the Insurance Services Office (ISO).

Santa Clara County CRS Users Group / PPI Committee Meeting
Attendance Sheet
May 14, 2025 | 3:00 - 5:00pm | Zoom

Name	Community
Jennifer Chu	City of Cupertino
Jorge Duran	City of Gilroy
Harun Musaefendic	City of Los Altos
Vency Woo	City of Los Altos
Jeremy Wu	City of Milpitas
Elizabeth Koo	City of Milpitas
Jeremy Wu	City of Milpitas
Maria Angeles	City of Morgan Hill
Lauren Cody	City of Mountain View
Renee Gunn	City of Mountain View
Rajeev Hada	City of Palo Alto
Brandon Coco	City of Santa Clara
Christian Tran	City of Santa Clara
Darrell Wong	Santa Clara County
David Dorcich	Santa Clara County
Vivian Tom	City of San Jose
Gina Newbold	City of Sunnyvale
Tamara Davis	City of Sunnyvale
Amy Fonseca	Valley Water
Emily Zedler	Valley Water
Kristen Yasukawa	Valley Water
Liang Xu	Valley Water
Merna Leal	Valley Water
Rene Moreno	Valley Water

Agenda Meeting
Santa Clara County CRS Users Group & Program for Public Information (PPI)
Committee Meeting Notes

May 14, 2025 | 3:00 pm – 5:00 pm

Item #1: Introductions/ Roll Call/ Roster Updates

Attendees were introduced (*see the attached attendance sheet*) and informed that the meeting was being recorded to create meeting minutes and track attendance.

Amy Fonseca reminded the group to update the CRS Users Group roster if they haven't already done so.

Item #2: Review of the Meeting Goals and Agenda

- The main objective of the meeting is as follows:
 - Fulfill the requirements for CRS PPI credit as per the CRS Coordinator's Manual by initiating the reporting process of the 2021 Multi-Jurisdictional Program for Public Information (PPI) Annual Evaluation Report (AER) for FY25 (Year 4: July 2024 to June 2025).
- Reviewed pending "Action Items" from the committee's March 26, 2025, meeting.

Item #3: Annual Review of CRS Communities Roster

Action Item:

Requested communities review and update the roster located here:

<https://docs.google.com/spreadsheets/d/1t7c6-XXCfQ5urxqRJ-GxZDZ0jG6g/edit#gid=1135493871>

Item #6: Complete Development of the 2021 Multi-Jurisdictional Program for Public Information (PPI) Annual Evaluation Report, FY 25 (Year 4: July 2024 to June 2025)

Action Item:

See details on Item #6 of the 5/14/25 Meeting Agenda

Item #3: Flood Awareness Survey 2025 Results Presentation

- **FY25 Flood Awareness Campaign Results**
 - Paola Reyes (Valley Water, Public Information Representative) reviewed the FY25 Flood Awareness Campaign results. The group was informed that this information will be in the 2021 PPI Annual Evaluation Report for FY25.
 - Campaign goals were flood awareness, flood preparedness, and access.

- **Awareness:** Educate FEMA-designated Special Flood Hazard Areas (SFHAs) residents and businesses about their flood risks and mitigation strategies.
 - **Preparedness:** Empower residents to take preventative actions, including knowing their flood risk, signing up for emergency alerts, and knowing where to find free sandbags.
 - **Access:** Provide multilingual resources and technologies to connect diverse communities with flood safety information, including the innovative Valley Water's Surface Water Data Portal. When extreme weather strikes, residents can know if their home is at risk of flooding by visiting alert.valleywater.org for the latest information on local creeks and reservoir water levels.
- Adam Probolsky gave a presentation overviewing the FY25 Flood Awareness Survey results. The group was informed that the FY25 flood awareness campaign results are available upon request and were asked to contact any member of Valley Water's CRS Program Team.
- **The launch of Valley Water's FY26 Annual Flood Awareness Campaign kicks off in October 2025**

Paola Reyes shared that we reduced the number of mailers sent to those in the FEMA-designated Special Flood Hazard Area from four to three. As indicated in the flood survey results, the number of people recalling the mailers slightly decreased, so we may consider using a fourth mailer in the future.

She also shared that as the FY26 campaign is being developed, the idea is to focus on the following three topics: 1) Turn around, don't drown; understanding shallow flooding; 2) How to prepare sandbags; and 3) Downloading disaster emergency apps. Paola shared Valley Water's Communications' creative approach for next year's campaign.

Renee Gunn from the City of Mountain View mentioned that at their tabling events, it's been more effective to focus on emergency preparedness rather than specifically on flood preparedness. That seemed to resonate more with people, as emergency preparedness for all disasters, including floods, earthquakes, mudslides, power outages, etc., affects everyone, but flooding specifically, not necessarily.

Merna Leal mentioned that the timeline graphic of historical floods after drought seemed to really impact people at tabling events in which Valley Water has participated. The suggestion is to continue updating the timeline graphic, making it available on Valley Water's website, and sharing it with the cities and counties for their websites.

Item #4: Valley Water Website Re-design: FloodReady landing page

- Megan Azralon (Valley Water, Public Information Representative) provided an update on the Valley Water website redesign, highlighting upcoming improvements to make flood and emergency information easier to find. She shared a preview of the new homepage layout. Key features include a reorganized menu, customizable highlight sections, quick links, an interactive map for sandbag locations and flood alerts, and integration of campaign visuals. The updated design will improve accessibility and user experience, with full language translation support. Feedback on layout and content is welcome.

Action Item:

Provide feedback on Valley Water's website redesign to MAzralon@valleywater.org.

Item #5: Information Share: The 14th Annual California Flood Preparedness Week (CFPW) will be held from October 18-25, 2025

Attendees were reminded of the state's collaboration site for the upcoming flood season's CFPW. The state's website has last year's messaging, graphics, risk communication tools, and ideas about events: <https://sites.google.com/view/cfpw/home> and <https://water.ca.gov/Flood-Prep-Week>

We discussed the importance of communities participating in the state-led CFPW effort as agencies throughout the state participate and share information on invaluable available resources. This is of great importance given that beginning in FY2, Valley Water will likely no longer provide the cities/county with flood readiness promotional/giveaway items. Materials from Valley Water's annual flood awareness campaign will continue to be made available to the cities/counties.

Action Item:

Contact the California Department of Water Resources with questions about CFPW and/or to request that your agency be added to the state's distribution list.

- Nikki Blomquist, Program Coordinator: Nikki.Blomquist@water.ca.gov
- Jason Ince, Public Affairs: Jason.Ince@water.ca.gov

Item #6: Complete Development of the 2021 Multi-Jurisdictional Program for Public Information (PPI) Annual Evaluation Report, FY 25 (Year 4: July 2024 to June 2025)

Deadline – May 30, 2025: Using this [Google Link](#), each community was requested to search (*under the 'Project(s) Proposed to Support the Messages' column, search by using their community's abbreviation*) for their Outreach Project identified in Appendix A - CRS Creditable Outreach and Flood Response Projects by CRS Community, from Santa Clara County Multi-Jurisdictional PPI 2021, and update their community's FY25 project accomplished.

All were reminded that no other information can be modified outside the **INPUT HERE ONLY** column. This was the information in the 2021 PPI that was presented and adopted. Any changes to outreach project descriptions should be reflected in the **INPUT HERE ONLY** column.

Timeline for Sharing the Annual Evaluation Report with Governing Bodies:

- June 2025: Valley Water will share with its Board of Directors through non-agenda and provide communities with the final copy as presented to Valley Water’s Board.
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- August 2025: Final AER with a copy of the method shared with the governing body due to the Insurance Services Office (ISO).

Action Item:

Submit your agency’s updates of [CRS Creditable Outreach and Flood Response Projects by CRS Community \(Appendix A of the 2021 Multi-Jurisdictional Program for Public Information \[PPI\]\)](#) no later than, Friday, May 30, 2025.

Item #7: Valley Water CRS Program Updates

- Valley Water has led CRS as a ‘fictitious community’ since 1998.
 - Federal changes, rising workload, and limited resources have made this voluntary role unsustainable.
- Valley Water is looking into transitioning to a supportive partner role (*not a direct participant*).
 - Working with a consultant to determine the transition plan and details.
- Impact on CRS Communities
 - Cities would work directly with FEMA/ISO for CRS administration and technical support.
- Continued Valley Water Support:
 - Channel maintenance docs (*Activity 540*)
 - Documentation for Valley Water CRS-creditable activities upon request
 - Lead PPI through April 2026
 - Post-2026 Valley Water may no longer participate in PPI for CRS purposes but would continue with our annual flood prep campaign, which could still be eligible for CRS credit.
 - Cities would need to determine how they would like to manage their own/multi-jurisdictional PPI and credit verification.
- Valley Water is also looking to amend the consultant’s contract to help CRS communities with the transition.
- We are open to feedback; email or call Amy with questions or concerns.
- Formal notice will be sent to the cities once decisions are made, and the transition plan is ready.

Action Item:

Send any comments/concerns to CRSProgram@valleywater.org and copy AFonseca@valleywater.org and MLeal@valleywater.org.

Item 8: Activity 350 – Flood Protection Information, c. flood protection website

Reminded communities that their respective flood protection resource landing pages should redirect to floodsmart.gov, ready.gov, and valleywater.org/floodready.

Per the CRS Coordinator's Manual (*page 350-7*), the community must:

- 1) The community **must check** the website's links **monthly** and fix those that are no longer accurate.
- 2) **At least annually**, the community **must review** the content to ensure it is current and pertinent (e.g., correct names, addresses, phone numbers, and other contact information; update any ordinance changes, etc.).

Action Item:

Each agency is requested to review/update their organization's flood protection resources landing pages as indicated above.

Item #9: Other Items

Internal change to Valley Water's CRS Program; transferring from Office of Civic Engagement to Watersheds.

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

David Gittleson, Associate Engineer

APPROVED BY: City Manager

ACCEPT MONTEREY ROAD UNDERPASS CONCRETE SPALL AND CRACK REPAIR PROJECT

RECOMMENDATION(S)

1. Accept as complete, the Monterey Road Underpass Concrete Spall and Crack Repair Project in the final amount of \$298,730;
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.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining and Enhancing Infrastructure

2024-2025 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Morgan Hill 2035 General Plan

Vision Zero

REPORT NARRATIVE:

On October 23, 2024, City Council awarded a construction contract for the Monterey Road Underpass Concrete Spall and Crack Repair Project (Attachment 1). The project is a part of the City's ongoing maintenance program to improve roads and structures. The project's scope of work included: mobilization, traffic control, jobsite management, meetings, water pollution control, repairing concrete spalled areas, repairing 4-inch-deep concrete spalled areas, injecting cracks with epoxy, and painting concrete surfaces.

The project was awarded to Ashron Construction and Restoration, Inc. for \$284,440 and the project was authorized a 10% contingency of \$28,444. During construction, one contract change order which totaled \$14,290 was issued for a final contract amount of

\$298,730. The contract change order was authorized for additional areas of repair, including concrete spalls and injecting epoxy in cracks (Attachment 2). The project was substantially completed on May 28, 2025.

Staff recommend accepting the project and filing the Notice of Completion (Attachment 3) as the work is complete and in accordance with the plans and specifications.

COMMUNITY ENGAGEMENT:

Staff worked with the contractor to minimize any inconveniences to the public and provided weekly updates through Next-door and on the City's website during the project. Additionally, traffic control was used to inform drivers of the lane closures on Monterey Road.

ALTERNATIVE ACTIONS:

Not Applicable.

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

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On October 23, 2024, City Council awarded a contract to Ashron Construction and Restoration, Inc. for \$284,440 to make the necessary repairs to the railroad overpass concrete structure on Monterey Road.

FISCAL AND RESOURCE IMPACT:

Fiscal:

The final contract amount for the Monterey Road Underpass Concrete Spall and Crack Repair Project is \$298,730 (\$284,440+\$14,290), which includes one change order for \$14,290. The project was awarded to Ashron Construction and Restoration, Inc. for \$284,440 with a 10% contingency of \$28,444, totaling \$312,884 authorized for construction. The remaining balance of \$14,154 (\$312,884-\$298,730) will be returned to the Capital Improvement Budget under the Pavement Restoration Project (SR5004), Fund 308.

CEQA (California Environmental Quality Act):

Project: Categorical Exemption

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



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



Engineering and Utilities Department
CIP Engineering Division

G:\R-14\Proj\GIS\Agustin\2023 pvmnt.mxd

MONTEREY ROAD UNDERPASS CONCRETE SPALL & CRACK REPAIR



820 410 0 820 1,640 2,460

Feet

CIP Contract Acceptance Funding Closeout Statement

Project:	Monterey Road Underpass Concrete Spall & Repair Project		
Project No:	519000		
Date of Project Award:	23-Oct-24	Project Award Amount:	\$284,440
Funding Source:	f308	Contingency Authorized:	\$28,444
Date of Project Acceptance:	20-Aug-25	Total Authorized:	\$312,884
		Actual Base Contract Spent:	\$284,440

Change Orders				
	Description	Date	Council Approval Reqd? (Y/N)	Paid from Contingency
C.O. #1	Increase bid quantities (29.5 SF) bid item 6, and (14 feet) for bid item 7.	19-Jun-25	N	\$14,290
			Total C.O.:	\$14,290

Additional Appropriations		
Source	Amount	Date
None		

Construction Amount (Base Contract plus CO's): **\$298,730.00**

Construction Fund Balance: \$14,154

Recording Requested By:

When Recorded Mail To:

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

NOTICE OF COMPLETION
Civil Code §§ 9204 and 9208

NOTICE IS HEREBY GIVEN THAT:

1. The undersigned is the agent of the Owner of the Project described below.
2. Owner's full name is City of Morgan Hill ("City").
3. Owner's address is 17575 Peak Ave., Morgan Hill, CA 95037.
4. The nature of Owner's interest in the Project is:
___ Fee ownership ___ Lessee X Other: Right of Way
5. Construction work on the Project performed on Owner's behalf is generally described as follows: Repair concrete spalls, inject epoxy into cracks, and paint concrete repair areas.
6. The name of the original Contractor for the Project is: Ashron Construction and Restoration, Inc. located at 9801 Orr Road, Galt, CA 95632.
7. The Project was accepted as completed on: August 20, 2025.
8. The Project is located at: Monterey Road, at the railroad underpass between Cochrane Road and Old Monterey Road..

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

Date

Signature

Scott Creer – City Engineer

*EXEMPT FROM NOTARY ACKNOWLEDGMENT REQUIREMENTS PER
GOVERNMENT CODE § 27287 AND CIVIL CODE § 9208*

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

Crystal Zamora, Housing Coordinator

APPROVED BY: City Manager

ACCEPT GRANT FUNDING IN THE AMOUNT OF \$416,500 FROM THE INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION (ICMA) TO SUPPORT STAFFING AND PROGRAM EFFORTS RELATED TO ECONOMIC MOBILITY

RECOMMENDATION(S)

1. Authorize the City Manager to execute an Agreement with the International City/County Management Association (ICMA) accepting grant funds in the amount of \$416,500; and
2. Adopt a resolution to amend the City's Fiscal Year (FY) 2025-2026 Adopted Budget, to appropriate \$416,500 to the Housing Division to hire an Administrative Analyst and provide program funds for the implementation of the City's Economic Mobility initiatives.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

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

2024-2025 Strategic Priorities

Affordable Housing and Homelessness
Community Engagement
Economic Development and Tourism

Guiding Documents

Communications, Outreach, and Engagement Plan
Economic Blueprint
Morgan Hill 2035 General Plan

REPORT NARRATIVE:

Background:

As part of the City's work on developing the 6th Cycle of the Housing Element, extensive outreach and community engagement was undertaken along with data analysis of the Morgan Hill community. One of the data reports utilized in the development of the

Housing Element was the Social Needs Survey report indicating gaps in community needs, specifically for the Spanish-speaking Hispanic population and their connection to housing, jobs, services, and sense of belonging. The work on the Housing Element lent itself to the City exploring concepts of economic mobility and, in the Fall of 2022, the City applied to the International City/County Management Association's (ICMA) Economic Mobility and Opportunity (EMOC) program to explore further learning and program development. ICMA is the leading organization of local government professionals dedicated to creating and sustaining thriving communities throughout the world.

On April 13, 2023, the City was notified it had been chosen as one (1) of ten (10) cities in the nation to participate in the ICMA's- EMOC program. The multi-month program is focused on addressing local economic mobility efforts and developing the tools, action plans and building networks to advance community-driven strategies around the world. The City received a \$35,000 grant that supported both program expenses and participation in workshops. The one-time grant funding for participating in the program helped fund an analysis of specific demographic groups, identify community needs, convene resources, asset networks and develop an economic mobility strategy for Morgan Hill called ELEVATE Morgan Hill.

A little over a year later, on May 30, 2024, the city hosted a first-of-its-kind Economic Mobility Symposium within the region. At this event, the ELEVATE Morgan Hill report was released and addressed three key pillars in Morgan Hill on Jobs, Housing and Belonging. A panel of experts discussed the findings, analysis and the impact of economic mobility initiatives. This event garnered national press for the City as well as served as a catalyst for future partnerships and funding opportunities that also aligned with ICMA's guiding principles.

On October 23, 2024, City Council accepted the ELEVATE Morgan Hill Economic Mobility report. The report outlined specific demographic data collected and how it was used to inform community needs. In January 2025, representatives from 15 local governments nationwide, ranging from Arizona to Maryland, convened in Morgan Hill as part of ICMA's 2024 Economic Mobility Cohort.

Since the acceptance of the ELEVATE Morgan Hill report, the City has been taking steps to implement various actions, including the launch of small business advice by Renaissance Entrepreneurship at the Morgan Hill Adult School and furthering partnerships with Morgan Hill Unified School District and Gavilan College. Other efforts have included increased program communication and offerings in Spanish and hosting homeownership opportunities workshops in Spanish. Staff also attended the 2025 Economic Mobility and Opportunity Conference hosted by ICMA and, as part of this ongoing engagement and interactions with ICMA, the City of Morgan Hill applied for a grant to help implement the ELEVATE Morgan Hill program.

In July 2025, ICMA informed the City of Morgan Hill that a 30-month grant of \$416,500 is to be awarded to the City of Morgan Hill. The grant period begins September 1, 2025, and ends on June 30, 2028. The grant provides funding for staffing to expand the City's

economic mobility initiatives.

Staff recommends the City Council authorize the City Manager to execute an agreement with the ICMA accepting grant funds in the amount of \$416,500. The adopted Fiscal Year Budget (FY2025-2026) would need to be modified by \$416,500 to accept the grant funds. Staff estimated \$231,667 will be received in the first year, with the remaining balance of the grant (\$184,833) being received in the subsequent years with allocation of funds completed through the normal budget adoption process. The ICMA grant funding will offset salary costs for a position equivalent to an Administrative Analyst. The position will be responsible for implementing various Housing and Economic Mobility efforts. As a condition of the grant from ICMA, the City will be offering employment benefits over the duration of the grant period. The additional funds required from the City are estimated to not exceed \$200,000 over 30 months. These costs will be covered by the Metropolitan Transportation Commission (MTC) planning grant of \$200,000 recently received to support various Housing Element implementation items.

COMMUNITY ENGAGEMENT:

This staff report serves as notification to the community of a \$416,500 grant award to the City from the International City/County Management Association to further Economic Mobility efforts for the City of Morgan Hill.

ALTERNATIVE ACTIONS:

City Council could elect not to accept the grant funding from the International City/County Management Association and identify other funding mechanisms to support the implementation of the adopted Housing Element and Economic Mobility Plan.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On April 13, 2023, City Council accepted the ELEVATE Morgan Hill report, a deliverable that was a result of the City's participation in the ICMA Economic Mobility Cohort.

FISCAL AND RESOURCE IMPACT:

The total amount for the ICMA grant is \$416,500 which is to be distributed in four payments over the course of a 30-month reporting time-frame. A budget amendment is needed to recognize the grant funds in the FY25-26 Budget by appropriating \$416,500 to the Housing Division.

The additional funds required from the City are estimated to not exceed \$200,000 over 30 months. These costs will be covered by the Metropolitan Transportation Commission (MTC) planning grant of \$200,000 recently received to support various Housing Element implementation items.

CEQA (California Environmental Quality Act):

This is not a project but rather an administrative activity that will not result in direct or

indirect physical changes in the environment. Thus, the administrative activity of the project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3).

RESOLUTION NO. 25-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING, AND AUTHORIZING THE CITY MANAGER TO EXECUTE AND ADMINISTER, THAT CERTAIN AGREEMENT WITH THE INTERNATIONAL CITY/COUNCIL MANAGEMENT ASSOCIATION FOR ECONOMIC MOBILITY ADVANCEMENT SUPPORT SERVICES AND APPROVING AN AMENDMENT TO THE CITY'S FISCAL YEAR 2025-2026 ANNUAL BUDGET IN THE HOUSING FUND (FUND NO. 236) TO APPROPRIATE \$416,500

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

WHEREAS, the reasons supporting the entrance of the City into that certain agreement described in, and that is the subject of, this Resolution are set forth in detail in that certain City Council Staff Report entitled "Accept Grant Funding in the Amount of \$416,500 from the International City/Council Management Association (ICMA) to Support Staffing and Program Efforts Related to Economic Mobility" submitted for City Council consideration at its meeting of August 20, 2025, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

WHEREAS, recommended amendments are needed and proposed to the City's previously adopted Annual Budget for Fiscal Year 2025-2026, as set forth on Exhibit A to this Resolution, to appropriate the requisite funds to implement the actions authorized by this Resolution; and

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

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

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

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

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

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

- a. That the Grant Agreement with the International City/Council Management Association in the amount of four hundred sixteen thousand, five hundred Dollars (\$416,500) substantially in the form attached hereto as Exhibit B and incorporated herein by this reference (the “Agreement”) is hereby approved; and
- b. That the City Manager is hereby delegated authority to and is authorized and directed to execute, and subsequently administer including the authority to terminate as necessary or appropriate, the Agreement substantially in the form attached hereto as Exhibit B; and
- c. That the City’s previously adopted Fiscal Year 2025-2026 Annual Budget, as the same has been amended to date, is hereby further amended in accordance with and as reflected on Exhibit A attached hereto and incorporated herein by this reference; and
- d. That the City Clerk is hereby authorized and directed to forward a copy of this Resolution to the City’s Finance Director, who is hereby authorized and directed to take all actions necessary to implement the terms of this Resolution pertaining to the Fiscal Year 2025-2026 Annual Budget of City.

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

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 20th day of August 2025 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

DATE: _____

Mark Turner, MAYOR

∞ CERTIFICATION ∞

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No.25-XXX, adopted by the City Council at the meeting held on August 20, 2025.

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

DATE: _____

Michelle Bigelow, CITY CLERK

EXHIBIT A

AGENDA BUDGET SCORECARD

FISCAL YEAR 2025-2026

ADJUSTMENT #

003

FUND:

236 Housing Mitigation Fund

FUNCTION:

30 Housing

DEPARTMENT:

30 Housing

DIVISION:

7100 Housing

OBJECT:

41100 SALARIES - GENERAL

AGENDA DATE:

08/20/25

AGENDA ITEM TITLE:

Accept the ICMA Grant

	07/01/25 UNAUDITED PROJECTED BEGINNING FUND BALANCE	ESTIMATED REVENUES	AMENDED APPROPRI- ATIONS	07/01/26 PROJECTED ENDING FUND BALANCE
ORIGINAL BUDGET	8,321,006	3,032,409	1,269,798	10,083,617
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	-	-	-
RECOMMENDED ACTION		416,500	416,500	-
RESULT OF RECOMMENDED ACTION	8,321,006	3,448,909	1,686,298	10,083,617

Subgrant Agreement

INTERNATIONAL CITY/COUNTY
MANAGEMENT ASSOCIATION

777 N Capitol St. NE, Ste. 500
Washington, DC 20002-4201
202.962.3680 | 202.962.3500 (f)

ICMA Subgrant Number:	U11/City of Morgan Hill, CA/Subgrant/Fixed Price/June 30, 2028
Subgrantee Name:	City of Morgan Hill, CA
Subgrantee Address:	17575 Peak Avenue, Morgan Hill
Subgrant Period of Performance:	September 1, 2025 – June 30, 2028
Total Subgrant Amount:	\$416,500
Subgrant Summary Project Description:	To hire an Economic Mobility and Opportunity Special Assistant (EMO SA) to lead implementation of local actions improving economic mobility and opportunity for residents
Prime Grant Agreement Client/Funder:	The Gates Foundation/Gates Foundation
Gates Foundation Investment No.	INV- 071729
Prime Award Title:	Senior Mobility Leaders in Government
Prime Award Type:	Grant Agreement
Prime Grantee:	International City/County Management Association (ICMA)

Contents: Award Cover Page
 Subgrant Agreement
 Attachment A Scope of Work and Budget
 Attachment B Subgrantee Payment Request Template
 Attachment C Prime Grant Agreement Flow-down Terms and Conditions

Entire Agreement: This Subgrant Agreement supersedes and replaces all written or oral agreements, if any, and constitutes the entire understanding between the parties with respect to the subject matter hereof. This Subgrant Agreement may be modified by subsequent written addenda mutually agreeable to both parties, with the exception of those made pursuant to the clause entitled "Changes" of the General Provisions of this Agreement. Each party represents that it has read this entire Agreement and agrees to perform in accordance with the terms and conditions contained herein. Each signatory to this Agreement warrants by affixing his or her signature below that he or she is duly authorized to bind the party whom such signatory represents.

**International City/County
Management Association**

City of Morgan Hill, CA

Name: Sabina Agarunova
 Title: Chief Financial Officer
 Date:

Name: Christina Turner
 Title: City Manager
 Date:

ARTICLE 1 PURPOSE OF SUBGRANT AGREEMENT

The Gates Foundation (hereinafter referred to as “Gates Foundation” or “Funder”) has executed a Grant Agreement/Prime Award to International City/County Management Association (hereinafter referred to as “ICMA”), to implement the Senior Mobility Leaders in Government/, hereafter referred to as the “Economic Mobility and Opportunity Special Assistants (EMO SA) Program.” Subgrantee shall comply with all terms and conditions, specifications, directions and other applicable information throughout the performance of this Subgrant. Subgrantee shall perform or cause to be performed all work or services required in the Scope of Work under the technical direction and control of ICMA as further described in Attachment A (hereinafter known as “the Work”).

ARTICLE 2 PERIOD AND PLACE OF PERFORMANCE

2.1 **Period of Performance:** The term of performance for this Agreement is specified on the Award Cover page, unless terminated earlier by either party or extended by ICMA as provided herein. Subgrantee’s period of performance is from **September 1, 2025 – June 30, 2028**.

2.2 **Place of Performance:** For this Subgrant place of performance shall be the United States, in accordance with applicable terms and conditions of this Subgrant and ICMA’s prime award with its Client.

2.3 All periods of time referred to in this Agreement shall be measured in calendar days, unless otherwise specified.

ARTICLE 3 SUBGRANT TYPE

This is a Fixed-Price type Subgrant. For the consideration set forth below, Subgrantee shall provide the deliverables or outputs described in the **Scope of Work, Attachment A**, and comply with all Agreement requirements.

ARTICLE 4 CONSIDERATION AND PAYMENT

4.1 Subgrant Budget and Ceiling

ICMA hereby awards to **City of Morgan Hill, CA** (hereinafter referred to as “Subgrantee”), a Subgrant Agreement for a total amount of **\$416,500 USD** payable according to the **Payment Schedule**, and as more fully described, in the **Scope of Work in Attachment A**.

This award amount may not be adjusted without a mutually agreeable modification to this Subgrant Agreement. The Subgrantee will not request payment for any amounts against this Subgrant in excess of the amounts specified for each deliverable listed under the **Payment Schedule** in the **Scope of Work in Attachment A**.

4.2 Requests for Payment

The Subgrantee shall submit a request for payment per the **Milestones and Payment Schedule** in **Attachment A**. Please see **Attachment B**, Subgrantee Payment Request Template, for additional guidance. Requests should be sent to the attention of Sarah Berkowitz at sberkowitz@icma.org with a copy to: rvasudevan@icma.org and accountspayable@icma.org.

The Subgrantee should retain on file the original receipts for all expenditures and individuals' original timesheets for claimed labor costs, and work rendered. Original documentation should be made available to an authorized representative of ICMA or the Gates Foundation upon request.

ICMA shall pay the Subgrantee within 30 calendar days following the receipt of a complete error-free payment request by ICMA, subject to approval by ICMA. Subgrantee shall retain record of transactions related to this Subgrant Agreement for four years from the day of the last payment under this Subgrant Agreement. All charges claimed by the Subgrantee remain subject to ICMA and the Gates Foundation audit and subsequent adjustment. Subgrantee agrees to reimburse ICMA for any costs disallowed by the Gates Foundation, if payment was received by Subgrantee.

The final payment request shall be clearly marked as "final."

4.3 Return of Funds

Any Subgrant funds that have not been used for, or committed to, the Project upon expiration or termination of this Subgrant Agreement must be returned promptly to ICMA no later than 30 days from submission of the final report which includes reporting of the total expenditures.

ARTICLE 5 INDIRECT COST RATES

The Subgrantee shall charge indirect costs in accordance with Gates Foundation Indirect Cost Policy (https://docs.gatesfoundation.org/documents/indirect_cost_policy.pdf).

ARTICLE 6 REPORTS AND DELIVERABLES

6.1 The Subgrantee shall, except as otherwise provided, furnish the personnel, materials, equipment, property, and travel necessary to perform the Work as described in the **Scope of Work and Budget**, which is incorporated herein as **Attachment A**. All efforts performed shall also be in accordance with the terms and conditions of the Subgrant and any attachments specifically incorporated by reference herein and modifications hereto. For all Work performed, the Subgrantee shall report to and, where required, seek approval from ICMA throughout the life of this Subgrant.

6.2 If required by ICMA, the Subgrantee shall provide reports and deliverables as further described in **Attachment A**.

6.3 All reports and other outputs must be in the English language, unless otherwise specified by ICMA.

ARTICLE 7 SUBSTANTIAL INVOLVEMENT

Substantial involvement is anticipated between ICMA and Subgrantee during the performance of activities under this Agreement. Substantial involvement shall be limited to:

- (a) Participating in and/or providing guidance on the design, direction, and execution of program activities;
- (b) Prior to hiring of the Special Assistant, reviewing final candidates to confirm compliance with program and funder expectations.
- (c) Hosting annual, mandatory, in-person convenings for program participants;
- (d) Coordinating professional development activities to support Special Assistants;
- (e) Approving expenses that are not in the approved budget;
- (f) Approving decisions related to special circumstances or problems throughout the duration of program.

ARTICLE 8 PRIMARY POINT OF CONTACT

Subgrantee contacts with ICMA regarding Subgrant Agreement terms and conditions, issues, etc. shall be made with ICMA's designated representatives as listed below. Agreements and/or actions taken by the Subgrantee which by their nature effect a change to this Agreement shall only be binding upon the Subgrantee when such agreement or action is specifically authorized in writing by ICMA's authorized representative. All correspondence between the Subgrantee and ICMA shall be addressed to the following individuals who are designated as ICMA's and Subgrantee's representatives.

For	ICMA	Subgrantee
Address:	777 North Capitol Street, N.E. Suite 500 Washington, DC 20002-4201	17575 Peak Avenue Morgan Hill, CA 95037
Subgrant Administrator:	Ian Swank Senior Contracts Administrator Email: iswank@icma.org	Edith Ramirez Assistant City Manager Email: Edith.Ramirez@morganhill.ca.gov
Technical Representative:	Laura Goddeeris Program Director Email: lgoddeeris@icma.org	
Program Administration Representative	Sarah Berkowitz Assistant Program Manager Email: sberkowitz@icma.org	John Lang Housing and Economic Mobility Director Email: john.lang2@morganhill.ca.gov
Financial Representative	Nada Mohamed Controller Email: nmohamed@icma.org	Dat Nguyen Finance Director Email: Dat.Nguyen@morganhill.ca.gov

Any notice given by any of the parties will be sufficient only if in writing and (1) delivered in person, (2) sent by confirmed courier mail, (3) sent by registered mail with return requested, or (4) sent by email to the ICMA and Subgrantee representatives designated above.

ARTICLE 9 COMMUNICATION WITH FUNDER

All the Subgrantee's written or oral communications with or to the Funder, or local agencies directly relative to work under the Subgrant Agreement, must be through or with the authorization of ICMA. Should Subgrantee be required to communicate directly with ICMA's Funder, Subgrantee shall request written consent from ICMA within a reasonable amount of time prior to any communications taking place, and such consent shall not be unreasonably withheld.

ARTICLE 10 NON-SOLICITATION

Neither party shall knowingly solicit, recruit, hire or otherwise employ or retain any employee of the other, performing under this Subgrant, during the term of this Subgrant, and for one year following the termination or expiration of this Subgrant, without the prior written consent of the other party. This provision shall not prevent any employee of either party applying for a publicly advertised position of the other.

ARTICLE 11 RELATION BETWEEN THE PARTIES

It is agreed that nothing herein contained is intended or shall be construed in any manner as creating or establishing a relationship of joint venture, partnership, agency or employment between the parties hereto or of Agreement either as an agent, representative or employee of the other for any purpose or in any manner whatsoever. Subgrantee and any officers or employees and ICMA and any officers or employees thereof shall not be considered an employee of the other.

ARTICLE 12 TAXES

The Subgrantee and their personnel shall pay such taxes, duties, fees, and other impositions levied under the Applicable Law.

ARTICLE 13 INSURANCE

The Subgrantee shall purchase and maintain throughout the course of the Work and period of performance of this Subgrant, insurance that is required under the Applicable Law and such insurance that will protect the Subgrantee, Client, and ICMA from the following claims which may arise out of or result from its operations hereunder (whether by itself, any Subgrantees, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable): claims under workmen's compensation, disability benefit and other similar employee benefit acts; claims for damages because of bodily injury, occupational sickness or disease, or death, of its employees or any other person; claims which are sustained by any person as a result of the actions of the Subgrantee or by any other person; and claims for damages because of injury to or destruction of tangible property, including loss of use resulting there from. At ICMA's request, the Subgrantee will provide ICMA with satisfactory evidence of compliance with this requirement.

ARTICLE 14 INDEMNIFICATION

14.1 The Subgrantee shall defend, indemnify, and hold harmless the Gates Foundation, ICMA and its agents, officers and directors and employees from and against any and all claims, liability, losses, cost or expenses, including attorney's fees, arising out of the acts, errors or omissions of the recipient, its agent, officers and directors, employees and anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable. This indemnification obligation shall not be limited in any way by required, actual, or available insurance coverage. The Subgrantee agrees to flow down the substance of this clause to all applicable consultants, Subgrantees, and subcontractors. Likewise, ICMA shall defend, indemnify, and hold harmless the Subgrantee and its agents, officers and directors and employees from and against all claims, liability, losses, costs or expenses, including attorney's fees, arising out of the acts, errors or omissions of ICMA, its agents, officers and directors, employees, Subgrantees, subcontractors, and anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable. The indemnification obligation shall not be limited in any way by required, actual, or available insurance coverage. This clause shall apply to the damage, destruction or loss of personal property and any personal injuries that may be incurred throughout the performance of this Agreement. Except as specifically stated in this Agreement, this agreement does not create any rights or benefits to parties other than ICMA and the Subgrantee.

14.2 The Subgrantee further agrees that if ICMA should incur any legal cost whatsoever resulting from the lack of the insurance coverage identified in Article 13 on the part of the Subgrantee, while engaged in the Work as identified in this agreement, the Subgrantee will indemnify, and hold harmless ICMA and the Client from any such costs which the Subgrantee may legally be required to pay.

14.3 Except as specifically stated in this Agreement, this Agreement does not create any rights or benefits to parties other than ICMA and the Subgrantee.

ARTICLE 15 INTELLECTUAL PROPERTY RIGHTS

15.1 The term "intellectual property" shall include but not be limited to publications, work products, software and software codes, trade names, documentation, and technical data that are created under the Subgrant with funding made available by or through ICMA. Unless otherwise agreed, all intellectual property created by Subgrantee and/or its employees, agents and Subgrantees under the Subgrant will be the property of the Gates Foundation. Subgrantees shall include the substance of this section in any lower-tier subcontracts.

15.2 The Subgrantee warrants that it is not aware of any copyright, patent, trademark, trade secret or other proprietary right that it might infringe upon in providing the work required under the Agreement. The Subgrantee shall indemnify and save ICMA and ICMA's Client harmless from any and all claims, suits, liability, expense or damages for any alleged or actual infringement of any copyright, patent, trademark, trade secret or other proprietary right arising in connection with the work provided by the Subgrantee under this Agreement.

ARTICLE 16 CONFIDENTIAL AND PROPRIETARY INFORMATION

16.1 All reports generated and data collected during this activity shall be considered confidential and shall not be reproduced, disseminated or discussed in open forum, other than for the purposes of completing the tasks described in this document, without the express written approval of a duly-authorized representative of ICMA. All findings, conclusions and recommendations shall be considered confidential and proprietary.

16.2 In performing the Work, the Subgrantee shall not directly or indirectly or through its employees disclose to any third person or use for the benefit of anyone other than ICMA, either during or after the term of this Agreement (or for the period of time stipulated in applicable data), any proprietary information of ICMA, whether relating to the Work performed hereunder or to the business and affairs of ICMA, or ICMA's Client. Such information shall include, without limitation, ICMA or Client manuals, forms, or procedures. Disclosure shall not be made without the prior written consent of ICMA unless disclosure is required by law, in which case notification of the request for such information shall be provided to ICMA prior to release. Information identified in writing by the Subgrantee as confidential and/or proprietary shall be similarly treated by ICMA. This clause applies to information which has been designated as proprietary or which should be treated as proprietary in light of the circumstances surrounding its acquisition without the prior written consent of ICMA.

16.3 The Subgrantee shall not publish or publicly disseminate any information or data derived or obtained from or in connection with any services rendered hereunder, without the prior written consent of ICMA which shall not be unreasonably withheld.

ARTICLE 17 WARRANTIES AND REPRESENTATIONS

Subgrantee warrants and represents that it is duly formed and existing and has all rights necessary to perform its obligations hereunder. Additionally, Subgrantee warrants that all Work performed hereunder shall be performed to the industry highest professional standards, and Subgrantee agrees to correct or re-perform any Work not in compliance with this standard at no additional cost, if ICMA notifies Subgrantee within five (5) business days from the receipt of notice from the Client if reperformance is requested by the Client. Subgrantee warrants and certifies, to the best of its knowledge and belief, that it and its principals: (a) are not presently debarred, suspended, or proposed for debarment or suspension by any Federal department or agency, (b) have not within a three-year period preceding this Subgrant been convicted of or had a civil judgment rendered for commission of fraud or a criminal offense in connection with a public sector (Federal, State, or local) contract, (c) are not currently the subject of a civil or criminal investigation or an inspector general audit, (d) have neither solicited nor obtained bid or proposal information or source selection information related to the Prime Award, (e) do not have a relevant conflict of interest or the appearance thereof, (f) have not offered anything of value to a current or former U.S. Government Grant Official who participated personally and substantially in the Prime Award and (g) have not made, and will not make, any payment of money or anything of value, directly or indirectly, to any government official, political Party, or candidate for a political office for the purpose of obtaining or retaining business. Subgrantee agrees to promptly notify ICMA should it learn that any of the above warranties or representations are no longer fully correct.

ARTICLE 18 BINDING EFFECT OF FUNDER DECISIONS

If a binding decision is made by the Funder under the Prime Award that pertains to the subject matter of this Subgrant, the binding Funder decision also shall be binding upon Subgrantee. If, as a result of any such binding decision, ICMA is unable to obtain payment or reimbursement under the Prime Award or is required to refund or credit the relevant amount, Subgrantee shall, on demand, promptly withdraw its relevant invoice(s) and/or repay or reimburse such amount(s) to ICMA.

ARTICLE 19 ASSIGNMENT

The Subgrantee shall not further assign any services or work to be performed under this Subgrant without prior written authorization from ICMA's Subgrant Administrator, which shall not be unreasonably withheld.

ARTICLE 20 APPLICABLE LAW

20.1 In the performance of the Work under this Subgrant, the Subgrantee shall comply with all applicable US Federal, state, and local laws, rules, and regulations. In the event the Subgrantee is authorized by the Gates Foundation and ICMA to perform work outside the United States, the Subgrantee shall follow all host country laws, rules and regulations. In addition, the Subgrantee shall obtain and maintain the applicable licenses and authorizations to work in the host country through the entire performance period of this Subgrant. Failure to comply with this requirement shall be construed as a material deficiency in the Subgrantee's performance under this Subgrant. This Subgrant shall be construed, interpreted and applied in accordance with the laws of the District of Columbia.

20.2 These provisions shall be interpreted in accordance with the Federal common law of Government as applied by the Federal Courts, Board of Contract Appeals, and quasi-judicial agencies of the Federal government.

ARTICLE 21 STANDARDS OF BUSINESS ETHICS AND CONDUCT

ICMA believes in fair and open competition and is committed to conducting its business fairly, impartially and in an ethical and proper manner. It is imperative that ICMA employees, agents, Subgrantees and representatives adhere to a particularly high ethical standard. ICMA's expectation is that Subgrantee also will conduct its business fairly, impartially and in an ethical and proper manner. If Subgrantee has cause to believe that ICMA or any employee or agent of ICMA has acted improperly or unethically under this agreement/order, Subgrantee shall report such behavior to the ICMA's Hot Line at 1-877-874-8416 (Toll Free for use within the United States) or online at <http://icma.org/hotline>.

ARTICLE 22 CHANGES

22.1 ICMA may at any time, by written order, make changes, revisions, additions, or deletions (collectively hereinafter called "changes") in the Subgrant scope of services or to **Attachment A, Scope of Work**. If any change causes an increase or decrease in the Subgrantee's cost of, or the

time required for, the performance of any part of the Work, whether or not changed by any such change authorization, ICMA shall make an equitable adjustment and modify in writing the Agreement as applicable. Any claim by Subgrantee for an adjustment under this paragraph must be asserted in writing, fully supported by factual information, to ICMA within thirty (30) calendar days from the date of receipt by Subgrantee of the written change authorization from ICMA or within such extension of that 30-day period as ICMA, in its sole discretion, may grant in writing at Subgrantee's request prior to expiration of said period. The Subgrantee will not proceed with any changes unless notified to proceed in writing by ICMA. Any changes to this Subgrant must be in writing.

22.2 Nothing herein will be construed as relieving Subgrantee of its obligations to perform, including without limitation, the failure of the parties to agree upon Subgrantee entitlement to, or the amount of, any adjustment in time or compensation. If the Work is reduced by a change authorization issued hereunder, such action will not be the basis for a claim based on loss of anticipated profits.

ARTICLE 23 RIGHTS AND REMEDIES

23.1 No failures of or delay by ICMA in the exercise of any right under this Agreement shall constitute a waiver thereof, nor shall any single or partial exercise of any such right preclude other or further exercise thereof or of any other such right. The waiver by ICMA of any breach of any provision of this Agreement shall not be deemed to be a waiver of any subsequent breach or of any other provision of this Subgrant.

23.2 Neither the ICMA's nor the Client's review, approval, nor payment for, any of the services required under this Agreement shall be construed to have operated as a waiver of any rights under this Agreement, or of any cause of action arising out of the performance of this Subgrant and the Subgrantee shall be and remain liable to ICMA and the Client for damages caused by the Subgrantee's negligent performance of any of the services furnished under this Subgrant.

23.3 The rights and remedies of ICMA or the Subgrantee provided for under this Agreement are in addition to any other rights and remedies provided by law.

ARTICLE 24 DISPUTE RESOLUTION

24.1 For any issues or claims arising out of or relating to the terms of this Subgrant, or the breach thereof, both parties agree to provide best efforts to resolve such issues through documented communications between identified personnel in Article 8. Should Subgrantee and ICMA be unable to reach an amicable resolution, such issues shall be elevated to applicable levels of senior management within Subgrantee's and ICMA's respective organizations. For any controversy or claim which cannot thus be settled amicably, it shall be settled by arbitration under the Rules of the American Arbitration Association.

24.2 The place of arbitration shall be Washington, D.C. The language to be used in the arbitral proceedings shall be English. As independent, irrevocable covenants to each other, neither party will institute any action or proceed against the other party in any court or judicial forum

concerning any matter under dispute, other than to seek entry of a judgment upon an award rendered by the arbitrator(s) pursuant to these terms and conditions.

24.3 The provisions in this Article shall survive the termination or expiration of the Subgrant. During the term of any pending controversy or claim hereunder, the Subgrantee shall proceed diligently with the performance of Work under the Subgrant in accordance with the direction(s) given by ICMA.

ARTICLE 25 TERMINATION

The Agreement may be terminated by ICMA at any time, in whole or in part, with a 30-day written notice to the Subgrantee. Also, the Agreement may be suspended or terminated by ICMA, if ICMA has notice of or has reasonable cause to believe that the Subgrantee is unable to pay its obligations in the ordinary course of business. If ICMA terminated this Agreement, the Subgrantee may submit a claim within 30 calendar days of such termination for any costs incurred in performance of activities in support of the Agreement. The ICMA Subgrant Administrator must determine the amount(s) to be paid by ICMA to the Subgrantee under such claim in accordance with the legally applicable Cost Principles.

ARTICLE 26 FLOW DOWNS

Subgrantee shall be required to comply with the applicable flow-down terms and conditions from the Prime Grant Agreement as **per Attachment C**.

ARTICLE 27 COMPLIANCE REQUIREMENTS

27.1 Anti-Terrorism. By signing this Agreement, Subgrantee certifies that it does not and will not promote or engage in violence or terrorism. Further, Subgrantee agrees that it shall at all times comply with all relevant laws prohibiting transactions with individuals and organizations associated with terrorism, including, without limitation, Executive Order 13224 and the Patriot Act. Without limitation, Subgrantee agrees that prior to incurring and making any payment pursuant to this Agreement, it will ensure that the payee is not on the “Specially Designated Nationals” list maintained by the United States Department of the Treasury, or on a terrorist list maintained by the United Nations.

ATTACHMENT A

Scope of Work and Budget

ICMA Economic Mobility and Opportunity Special Assistants Program

Background

ICMA has been awarded a grant from the Gates Foundation to address local economic mobility and opportunity issues and strengthen field infrastructure through strategic talent investment in new roles: “Economic Mobility and Opportunity Special Assistants.” These senior level positions within local governments will focus on advancing economic mobility in their communities and work across departments and external partners to identify strategic priorities and begin implementation during their tenure.

The specific purpose of this agreement is to confirm the partnership between the Subgrantee (“Host Community”) and ICMA.

Purpose of the Subgrant

The Subgrantee will recruit and hire a full-time, senior-level staff member—an “EMO Special Assistant” (EMO SA)—to drive the implementation of comprehensive economic mobility strategies for the Host Community. Reporting to the Host Community’s executive leadership, the EMO SA will work across departments and external partners to identify strategic priorities and develop and execute a tailored implementation plan informed by a community-engaged co-design process. In addition to advancing local EMO activities, the EMO SA and Host Community will participate along with other subgrantees in regular coaching, training, and networking activities facilitated by ICMA. They will contribute to ongoing measurement, learning, and evaluation efforts to help develop a model for replication by other local governments.

Roles and Responsibilities

Prime Grantee, ICMA, Specific Activities/Tasks:

1. Work with the local government host community throughout the period of performance.
2. Assist host community in the EMO SA hiring process to ensure compliance with program expectations. Activities may include assisting with position description development, promoting the opportunity, participating in final candidate interviews, and other tasks as necessary. At a minimum, prior to a final hiring decision, ICMA will review the recommended candidate profile(s) and supporting documentation to verify the selection complies with program and funder expectations.
3. Coordinate regular (primarily virtual) meetings of EMO SAs and additional coaching, trainings, and professional development opportunities.
4. Coordinate and host four (4) in-person convenings for program participants (EMO SAs and two additional representatives per host community).
5. Support in the development of a resource roadmap outlining a long-term strategy to maintain EMO position and/or the initiatives that have started.
6. Monitor the schedule and budget for the plan of action to ensure proper timeliness.

Subgrantee, the Host Community, Specific Activities/Tasks:

1. Adhere to the approved timeline to the best of their ability and provide the ICMA staff with timely notice of problems that could cause delay.

2. Lead the recruitment and hiring process for the EMO SA and support the EMO SA as a full-time, locally-based (non-remote) employee with appropriate compensation and benefits.
3. Conduct a co-design process to develop a community-informed workplan for EMO priorities and activities over the period of performance.
4. Implement EMO activities outlined in the community-informed workplan.
5. Through the EMO SA, develop or enhance formal networks of local EMO stakeholders.
6. Participate, via the EMO SA and others as necessary, in all required virtual and in-person meetings. This includes four in-person convenings of the EMO SAs and two additional representatives of Host Community.
7. Develop a strategy/resource roadmap for sustaining the EMO work beyond the duration of the grant.
8. Comply with reporting and evaluation requests from ICMA and funding partners.
9. Utilize customizable templates provided to deliver progress reports in a timely manner.
10. Notify ICMA if the EMO SA position becomes vacant for any reason, and with consultation from ICMA, determine next steps for rehiring and/or concluding the program.

Reporting

The Host Community and their EMO SA are expected to regularly report on their economic mobility efforts, i.e., progress, challenges, etc. in virtual and in-person meetings. Participants are also expected to comply with occasional surveys, brief interviews, or other similar actions from ICMA staff or funding partners as a part of required measurement, learning, and evaluation activities.

Interim written progress reports and a final written report summarizing activities undertaken in the reporting period, measures of success, and expenditures, will be submitted to ICMA staff according to the schedule below. ICMA will provide templates for these reports, to be supplemented with additional records or other attachments as appropriate.

Milestones and Payment Schedule

The first payment will be issued to the Subgrantee upon execution of this subagreement. Subsequent payments will be issued to the Subgrantee upon submission of the progress reports listed below and ICMA's acceptance/confirmation that subgrantee has fulfilled remaining deliverables. ICMA may, in its reasonable discretion, modify payment dates or amounts and notify Subgrantee such changes in writing.

Activities and Outputs	Timeframe	Budget Allocation
Execution of agreement	September 1, 2025	\$85,083.33
Period 1 - Recruit, hire, and onboard EMO SA by December 1, 2025 - Attend December 10-12, 2025 in-person orientation convening; 3 attendees/community	September 2025 – January 2026	

• Begin planning and/or launch of local co-design process • Submit annual progress report including measures of success		
Progress report #1	January 31, 2026	\$146,583.33
Period 2 • Complete co-design process and develop EMO SA workplan • Begin workplan implementation, including developing “local resource network” of partners • EMO SA participation in monthly/periodic cohort meetings with ICMA • Attend annual convening; 3 attendees/community • Submit annual progress report including measures of success	February 2026 – December 2026	
Progress report #2	December 31, 2026	\$157,000.00
Period 3 • Continue workplan implementation in coordination with local resource network • EMO SA participation in monthly/periodic cohort meetings with ICMA • Attend annual convening; 3 attendees/community • Submit annual progress report including measures of success	January – December 2027	
Progress report #3	December 31, 2027	\$27,833.33
Period 4 • Continue workplan implementation in coordination with local resource network • EMO SA participation in monthly/periodic cohort meetings with ICMA • Attend annual convening; 3 attendees/community • Develop strategy/resource roadmap for sustaining work beyond period of performance • Submit final report including measures of success	January – June 2028	
Final report	June 30, 2028	

Note:

U11/City of Morgan Hill, CASubgrant/Fixed Price/June 30, 2028

RETURN OF FUNDS. Any Subgrant Agreement Funds that have not been used for, or committed to, the Project upon expiration or termination of this Subgrant agreement must be returned promptly to ICMA.

Subgrantee Budget

Category	Period 1	Period 2	Period 3	Period 4	Total
EMO SA Salary	\$52,083.33	\$114,583.33	\$125,000.00	\$20,833.33	\$312,500.00
Relocation Support	\$5,000.00	N/A	N/A	N/A	\$5,000.00
Co-Design Expenses	\$25,000.00	N/A	N/A	N/A	\$25,000.00
Implementation Expenses	N/A	\$15,000.00	\$15,000.00	N/A	\$30,000.00
Intern Support	N/A	\$10,000.00	\$10,000.00	N/A	\$20,000.00
Travel+ EMO SA Professional Development	\$3,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$24,000.00
TOTAL	\$85,083.33	\$146,583.33	\$157,000.00	\$27,833.33	\$416,500.00

Cost Category Descriptions

- **EMO SA Salary:** 30 months total; local government to provide benefits package
- **Relocation Support:** Optional incentive to EMO SA upon hire
- **Co-design Expenses:** Consulting or related direct expenses (meeting costs including food and beverage, participant stipends, printing of materials, etc.) to execute co-design activities
- **Implementation Expenses:** Expenses related to programming or other activities outlined in EMO SA workplan
- **Intern support:** Optional Support
- **Travel+EMO SA Professional Development:** Transportation for 3 people x 4 mandatory in-person convenings; professional development activities/travel for the EMO SA

**ATTACHMENT B
SUBGRANTEE PAYMENT REQUEST TEMPLATE**

SUBGRANTEE NAME:		REQUEST DATE:	
-------------------------	--	----------------------	--

SUBGRANTEE ADDRESS:		ICMA SUBGRANT NUMBER:	U11/City of Morgan Hill, CA/Subgrant/Fixed Price/June 30, 2028
----------------------------	--	------------------------------	--

REQUESTED AMOUNT		SUBGRANT PERIOD OF PERFORMANCE:	
-------------------------	--	--	--

PAYMENT METHOD (ACH, CHECK MAILED)		AMOUNT PREVIOUSLY PAID:	
---	--	--------------------------------	--

If the ACH method is selected, please complete the attached "Direct Deposit Authorization Agreement"

REMAINING TO BE PAID:	
------------------------------	--

G/L Acct	Cost Center #	Description of Cost	Amount	Notes
543-03	U11.001.00			
Total Amount			\$ -	

<u>Comments/Further Instructions</u>

Authorized Name (Print): _____ **Authorized Signature:** _____

Phone Number: _____

Gates Foundation Investment No. INV- 071729

U11/City of Morgan Hill, CAsubgrant/Fixed Price/June 30, 2028

ATTACHMENT C

PRIME GRANT AGREEMENT FLOW-DOWN TERMS AND CONDITIONS

For the purposes of the “Subgrant Agreement” and “Subgrantee,” the following Gates Foundation, “the Funder,” Prime Grant Agreement Terms and Conditions shall be applicable.

“You”/“Your” shall be interpreted as the “Subgrantee”/“Subgrantee’s.”

“Grant” shall be interpreted as the “Subgrant Agreement.”

“Agreement” shall be interpreted as the “Subagreement.”

This Subgrant Agreement is subject to the following applicable Prime Agreement Funder Terms and Conditions:

MANAGEMENT OF FUNDS

USE OF FUNDS

You may not use funds provided under this Agreement (*"Grant Funds"*) for any purpose other than the Project. You may not use Grant Funds to reimburse any expenses You incurred prior to the Start Date. At the Foundation's request, You will repay any portion of Grant Funds and/or Income used or committed in material breach of this Agreement, as determined by the Foundation in its discretion.

GLOBAL ACCESS

GLOBAL ACCESS COMMITMENT

You will conduct and manage the Project and the Funded Developments in a manner that ensures Global Access. Your Global Access commitments will survive the term of this Agreement. *"Funded Developments"* means the products, services, processes, technologies, materials, software, data, other innovations, and intellectual property resulting from the Project (including modifications, improvements, and further developments to Background Technology). *"Background Technology"* means any and all products, services, processes, technologies, materials, software, data, or other innovations, and intellectual property created by You or a third party prior to or outside of the Project used as part of the Project. *"Global Access"* means: (a) the knowledge and information gained from the Project will be promptly and broadly disseminated; and (b) the Funded Developments will be made available and accessible at an affordable price (i) to people most in need within developing countries, or (ii) in support of the U.S. educational system and public libraries, as applicable to the Project.

HUMANITARIAN LICENSE

Subject to applicable laws and for the purpose of achieving Global Access, You grant the Foundation a nonexclusive, perpetual, irrevocable, worldwide, royalty-free, fully paid up, sublicensable license to make, use, sell, offer to sell, import, distribute, copy, create derivative works, publicly perform, and display Funded Developments and Essential Background Technology. “Essential Background Technology” means Background Technology that is: (a) owned, controlled, or developed by You, or in-licensed with the right to sublicense; and (b) either incorporated into a Funded Development or reasonably required to exercise the license to a Funded Development. You confirm that You have retained sufficient rights in the Funded Developments and Essential Background Technology to grant this license. You must ensure this license survives the assignment or transfer of Funded Developments or Essential Background Technology. On request, You must promptly make available the Funded Developments and Essential Background Technology to the Foundation for use solely under this license. If You demonstrate to the satisfaction of the Foundation that Global Access can best be achieved without this license, the Foundation and You will make good faith efforts to modify or terminate this license, as appropriate.

PUBLICATION

Consistent with Your Global Access commitments, if the Project description specifies Publication or Publication is otherwise requested by the Foundation, You will seek prompt Publication of any Funded Developments consisting of data and results. “Publication” means publication in a peer-reviewed journal or other method of public dissemination specified in the Project description or otherwise approved by the Foundation in writing. Publication may be delayed for a reasonable period for the sole purpose of seeking patent protection, provided the patent application is drafted, filed, and managed in a manner that best furthers Global Access. If You seek Publication in a peer-reviewed journal, You agree to adhere to the Foundation’s Open Access Policy available at: www.gatesfoundation.org/How-We-Work/General-Information/Open-Access-Policy, which may be modified from time to time. Nothing in this section shall be construed as requiring Publication in contravention of any applicable ethical, legal, or regulatory requirements. You will mark any Funded Development subject to this clause with the appropriate notice or attribution, including author, date and copyright (e.g., © 20<> <Name>).

PROHIBITED ACTIVITIES

ANTI-TERRORISM

You will not use funds provided under this Agreement, directly or indirectly, in support of activities (a) prohibited by U.S. laws relating to combating terrorism; (b) with persons on the List of Specially Designated Nationals (www.treasury.gov/sdn) or entities owned or controlled by such persons; or (c) in or with countries or territories against which the U.S. maintains comprehensive sanctions (currently, Cuba, Iran, Syria, North Korea, and the Crimea Region and so-called Luhansk and Donetsk People’s Republics of Ukraine), including paying or reimbursing the expenses of persons from such countries or territories, unless such activities are fully authorized by

the U.S. government under applicable law and specifically approved by the Foundation in its sole discretion.

ANTI-CORRUPTION; ANTI-BRIBERY

You will not offer or provide money, gifts, or any other things of value directly or indirectly to anyone in order to improperly influence any act or decision relating to the Foundation or the Project, including by assisting any party to secure an improper advantage. Training and information on compliance with these requirements are available at www.learnfoundationlaw.org.

LOBBYING AND ELECTIONEERING PROHIBITION

You may not use Grant Funds to influence the outcome of any election for public office or to carry on any voter registration drive. You acknowledge that the Foundation has not earmarked Grant Funds to support lobbying activities or to otherwise support attempts to influence legislation. Activities will be conducted consistent with the private foundation lobbying rules and exceptions under Internal Revenue Code Section 4945 and related regulations. You confirm that the Budget (or the combined project budget if there are multiple funders) accurately reflects that You will expend at least the amount of the Grant Funds on (a) non-lobbying activities in the project year, or (b) for multiple year projects, the total non-lobbying portion of the project.

OTHER LOBBYING, GIFT, AND ETHICS RULES

You agree to comply with any national, state, local, or other lobbying, gift, and ethics rules applicable to the Project. The Foundation is not retaining or employing You to engage in lobbying activities.

PUBLICITY

A Party may publicly disclose information about the award of this grant, including the other Party's name, the total amount awarded, and a description of the Project, provided that a Party obtains prior written approval before using the other Party's name for promotional purposes or logo for any purpose. Any public disclosure by You or Your subgrantees, subcontractors, contingent workers, agents, or affiliates must be made in accordance with the Foundation's then-current brand guidelines, which are available at: www.gatesfoundation.org/brandguidelines.

LEGAL ENTITY AND AUTHORITY

You confirm that: (a) You are an entity duly organized or formed, qualified to do business, and in good standing under the laws of the jurisdiction in which You are organized or formed; (b) You are not an individual (i.e., a natural person) or a disregarded entity (e.g., a sole proprietor or sole-owner entity) under U.S. law; (c) You have the right to enter into and fully perform this Agreement; and (d) Your performance will not violate any agreement or obligation between You and any third party. You will notify the Foundation immediately if any of this

changes during the term of this Agreement.

COMPLIANCE WITH LAWS

In carrying out the Project, You will comply with all applicable laws, regulations, and rules and will not infringe, misappropriate, or violate the intellectual property, privacy, or publicity rights of any third party.

COMPLIANCE WITH REQUIREMENTS

You will conduct, control, manage, and monitor the Project in compliance with all applicable ethical, legal, regulatory, and safety requirements, including applicable international, national, state, local, institutional, and school district or school network standards ("*Requirements*"). You will obtain and maintain all necessary approvals, consents, and reviews before conducting the applicable activity. As a part of Your annual progress report to the Foundation, You must report whether the Project activities were conducted in compliance with all Requirements.

If the Project involves:

- a. any protected information (including personally identifiable, protected health, or third-party confidential), You will not disclose this information to the Foundation without obtaining the Foundation's prior written approval and all necessary consents to disclose such information; and/or
- b. children, students, or vulnerable subjects, You will obtain any necessary consents and approvals unique to these subjects.

Any activities by the Foundation in reviewing documents and providing input or funding does not modify Your responsibility for determining and complying with all Requirements for the Project.

TERM AND TERMINATION

RETURN OF FUNDS

Any Grant Funds that have not been used for, or committed to, the Project upon expiration or termination of this Agreement must be (a) returned promptly to the Foundation, or (b) applied to another mutually-agreed upon charitable purpose, as directed in writing by the Foundation. Any Income that has not been used for, or committed to, the Project must be applied to another mutually-agreed upon charitable purpose, as directed in writing by the Foundation.

MONITORING, REVIEW, AND AUDIT

The Foundation may monitor and review Your use of the Grant Funds, performance of the Project, and compliance with this Agreement, which may include onsite visits to assess Your organization's governance, management and operations, discuss Your program and finances, and review relevant financial and other records and materials. In addition, the Foundation may conduct audits, including onsite audits, at any time during the term of this Agreement, and within four years after Grant Funds have been fully spent. Any onsite visit or audit shall be conducted at the Foundation's expense, following prior written notice, during normal business hours, and no more than once during any 12-month period.

INTERNAL OR THIRD PARTY AUDIT

If during the term of this Agreement You are audited by your internal audit department or by a third party, You will provide the audit report to the Foundation upon request, including the management letter and a detailed plan for remedying any deficiencies observed ("*Remediation Plan*"). The Remediation Plan must include (a) details of actions You will take to correct any deficiencies observed, and (b) target dates for successful completion of the actions to correct the deficiencies.

RECORD KEEPING

You will maintain complete and accurate accounting records and copies of any reports submitted to the Foundation relating to the Project. You will retain such records and reports for 4 years after Grant Funds have been fully spent. At the Foundation's request, You will make such records and reports available to enable the Foundation to monitor and evaluate how Grant Funds have been used or committed.

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

John Lang, Housing and Economic Mobility Director

APPROVED BY: City Manager

AMEND AFFORDABLE HOUSING AGREEMENT FOR BROOKFIELD-ROSEWOOD

RECOMMENDATION(S)

Approve a Second Amendment to the Affordable Housing Agreement between the City of Morgan Hill and BFH CM Residential LLC authorizing a Housing in Lieu payment of \$2,114,510 for the remaining eight Below Market Rate units in the project.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Supporting our Youth, Seniors, and Entire Community

Preserving and Cultivating Public Trust

2024-2025 Strategic Priorities

Affordable Housing and Homelessness

Guiding Documents

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

The Rosewood residential development is a 120-unit housing development that consists of 34 single-family duet homes and 86 townhome-style condominiums and approximately 1.98 acres of park space. Under the City's Inclusionary Housing Ordinance (IHO), the project is subject to providing 15% of the units (18 total units) as Below Market Rate (BMR) affordable homes.

On June 28, 2022, the Planning Commission conducted a public hearing to approve Resolutions #22-11 and #22-13, amending the Tentative Parcel Map and approval of a Vesting Tentative Map, Design Permit and Minor exception request. In particular, a condition included in Resolution #22-13 noted that an Affordable Housing Agreement must be executed and recorded prior to issuance of a building permit for nine (9) BMR units as identified on site plan sheet DR-03 dated April 19, 2022. Additionally, the project elected to comply with the IHO requirements by proposing to pay 50% of the in-Lieu Fees on the nine (9) remaining units (50% of 18 total units equals 9 Below Market Rate units) including any fractional fee prior to the issuance of building permits.

On May 5, 2023, the City of Morgan Hill and BFH CM Residential LLC executed and recorded an Affordable Housing Agreement (document 25471407, official records of Santa Clara County ("Agreement")) that delineated nine (9) BMR affordable units would be produced and sold at a BMR price that is affordable to moderate income households (up to 120% of Area Median Income) and that 50% of the remaining BMR units would pay the in-lieu fee.

ANALYSIS

Market factors have changed considerably since the agreement was signed in 2022. Higher interest rates have resulted in an increase in the cost of homeownership. That, combined with the rapid increase in townhome construction, has made it difficult to market and sell BMR townhomes.

Under current market rates, Rosewood townhomes are selling for approximately \$900,000. At the time the original deed restrictions were recorded, the remaining eight (8) BMR affordable units (one was built and sold as "worker-housing") per the Affordable Housing Agreement were anticipated to be sold for \$846,000. However, rising interest rates have resulted in an increase in total ownership costs, resulting in a decrease in moderate-income sales prices. The 2025 Morgan Hill Moderate Income affordable price for a 4-bedroom home is \$666,000. Even at these reduced prices, the gap between deed-restricted BMR units and the market rate units is small. This has made the marketing and sale of the BMR units difficult.

Brookfield Residential engaged with City of Morgan Hill staff in late June 2025 about the market conditions and the inability to sell the designated BMR units as actual moderate-income affordable homes.

In addition to the marketing difficulties described above, staff recognize that there is a greater need for housing at lower affordability levels than this project would otherwise provide. As such, staff are proposing to have the developer pay the in-lieu fee on the remaining eight (8) BMR designated units which would result in an additional in-lieu payment of \$2,114,510 in housing funds to support other future affordable homes.

Under Section 14.04.050 of the Inclusionary Housing Ordinance, the material change proposed for the Affordable Housing Agreement between the City of Morgan Hill and BFH CM Residential LLC requires City Council consideration.

COMMUNITY ENGAGEMENT:

Not Applicable

This report serves to inform the community of the proposed affordable housing agreement amendment.

ALTERNATIVE ACTIONS:

The City Council could decline approval of a Second Amendment to the Affordable Housing Agreement and recommend staff work with Brookfield Residential to continue to market the units as deed-restricted income units. A long-term factor for consideration is the City of Morgan Hill Affordable Housing Agreements have built in Consumer Price Index (CPI) and Capital Improvement adjustments that factor into determining the sales price of a BMR unit once a homeowner decides to sell before the deed restriction expires. Unless the housing market experiences a statewide or federal reset, for the unit to return to an affordable level (prices will likely continue to increase), it would require the City to purchase the unit at near market prices to then turn it around and sell the unit at a lower discounted amount in order for the home to be affordable by HCD income standards. This approach could result in significant losses to housing funds that could support future affordable homes.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

No prior City Council action has been previously taken related to the Affordable Housing Agreement for the Brookfield-Rosewood homes. Planning Commission and City Council have taken different actions related to the development of this project:

- On June 28, 2022, Planning Commission approved a Tentative Parcel Map, a Vesting Tentative Map, Design Permit, and Minor Exception.
- On November 4, 2020, the City Council approved the Lillian Commons mixed-use project including a medical campus and up to 150 units of housing.
- On September 29 and October 13, 2020, Planning Commission recommended approval of General Plan Land Use designation and a Zoning Amendment for a Planned Development Combining District to the City Council with a change to cap the residential use to 200 units.
- On January 28, 2020, Planning Commission reviewed a preliminary application for a General Plan and Zoning Amendment.

FISCAL AND RESOURCE IMPACT:

As part of the original Affordable Housing Agreement, Brookfield Residential paid the City \$2,378,824 which represents 50% of the In-Lieu fee for nine BMR units.

The Second Amendment would result in an additional \$2,114,510 In-Lieu Housing fees. In-Lieu housing fees are used specifically to support the affordable housing program. The approval of the Second Amendment will result in eight fewer BMR units being made available for first-time home buyers.

CEQA (California Environmental Quality Act):

Not a Project.

The activities associated with this item are administrative activities that will not result in direct changes to the physical environment.

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037
Attention: Community Development Agency

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §27383

25471407

Regina Alcomendras
Santa Clara County - Clerk-Recorder
05/05/2023 03:43 PM

CONFORMED COPY

Copy of document recorded.
Has not been compared with original.

APN: 817-09-041

Space above this line for Recorder's use.

AFFORDABLE HOUSING AGREEMENT
(City of Morgan Hill Inclusionary Housing Program)

(Rosewood by Brookfield)

This Affordable Housing Agreement (this "**Agreement**") is entered into effective as of July 14, 2022 (the "**Effective Date**") by and among the City of Morgan Hill, a California municipal corporation ("**City**"), BFH CM, LLC, a Delaware limited liability company ("**Developer**"), and HouseKeys Inc., a California corporation ("**Administrator**"). City, Developer, and Administrator are referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

The following recitals are an integral part of this Agreement and are binding on the Parties. Capitalized terms used in these Recitals and elsewhere in this Agreement shall have the meanings ascribed to such terms as set forth in Section 2 below.

A. Developer is the owner of the real property located in the City of Morgan Hill, California located at 16130 Juan Hernandez Drive, known as Santa Clara County Assessor's Parcel Nos. 817-09-039, 817-09-040, and 817-09-041, and more particularly described in Exhibit A attached hereto (the "**Property**").

B. Developer intends to construct a 120-unit residential development (the "**Project**") on the Property in accordance with the Site Plan and all conditions of approval issued by City related to development of the Property and the Project ("**Conditions of Approval**").

C. Pursuant to the City's Inclusionary Housing Ordinance (Morgan Hill Municipal Code Title 14, Chapter 14.04), developers of residential projects in the City are required to either construct a specified percentage of affordable housing units on-site within the project or comply with the Inclusionary Housing Ordinance by satisfying an alternative means of compliance as set forth in Section 14.04.070 of the Inclusionary Housing Ordinance.

D. As more particularly set forth herein, to comply with the Inclusionary Housing Ordinance, Developer has agreed to (i) sell nine (9) residential units in the Project to Eligible Households at Affordable Sales Price, and (ii) pay to City a fractional in lieu fee in the amount of Two Million, Three Hundred Seventy-Eight Thousand, Eight Hundred Twenty-Four and 29/100 Dollars (\$2,378,824.29).

E. This Agreement is intended to satisfy the requirements of the City's Inclusionary Housing Ordinance, and to regulate and restrict the Project's Restricted Units for sale to Eligible Purchasers at Affordable Sales Prices. The Parties intend the covenants set forth in this Agreement to run with the land and to be binding upon Developer and Developer's successors and assigns.

F. As more particularly specified herein, the City has delegated responsibility for administering and monitoring compliance with the requirements of this Agreement to Administrator pursuant to the Administrative Services Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Recitals Incorporated. The Recitals set forth above are hereby incorporated into this Agreement.
2. Definitions. The following terms shall have the meanings set forth below whenever used in this Agreement or the Exhibits hereto, unless the context clearly indicates otherwise.

"Actual Household Size" means the actual number of persons in the applicable household.

"Administrative Services Agreement" means that certain Consultant Agreement, dated July 15, 2015, and executed by and between City and Administrator, as such agreement may be amended or replaced from time to time.

"Administrator" means HouseKeys Inc., a California corporation, and any other person or entity to which City delegates the responsibilities of the Administrator under this Agreement.

"Affordable Housing Cost" means a monthly obligation to pay mortgage payments (principal and interest), property taxes, property insurance, mortgage insurance, utilities, and homeowners' association dues (if applicable) in an aggregate amount not greater than the following: for units that are restricted for sale to Moderate-Income Households - one-twelfth of thirty-five percent (35%) of one hundred twenty percent (120%) of Area Median Income, adjusted for Household Size Appropriate for the Unit.

"Affordable Sales Price" means the maximum sales price for a Restricted Unit as determined by the City pursuant to Section 11.F, below and Exhibit C that will result in an Affordable Housing Cost for the homebuyer.

"Area Median Income" or "AMI" means the median annual income for Santa Clara County, California, adjusted for Actual Household Size, as determined by the U.S. Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937 and as published from time to time by the State of California Department of Housing and Community Development in Section 6932 of Title 25 of the California Code of Regulations or successor provision published pursuant to California Health and Safety Code Section 50093(c).

"City" means the City of Morgan Hill, California

"City's Authorized Representative" means the City Manager of the City of Morgan Hill.

"City Council" means the City Council of the City of Morgan Hill.

"Claims" is defined in Section 15.

"Conditions of Approval" is defined in Recital B.

"Developer" is defined in the preamble to this Agreement. Each reference herein to the "Developer" shall mean the Developer and the Developer's successors and assigns.

"Eligible Purchaser" means a person whose annual household Gross Income does not exceed the qualifying limit for Moderate-Income Households and who demonstrates to the reasonable satisfaction of the Administrator that he or she:

- (i) Is a First-Time Homebuyer as defined in 24 CFR 92.2;
- (ii) Will provide personal funds (cannot be financed) in the amount of at least three percent (3%) of the purchase price of the Restricted Unit;
- (iii) Will qualify for and obtain a mortgage loan to finance acquisition of the Restricted Unit in a maximum amount equal to ninety-seven percent (97%) of the sales price plus closing costs;
- (iv) Will, after purchase of a Restricted Unit, have a monthly housing cost (principal, interest, taxes, insurance and homeowner association fees) that does not exceed Affordable Housing Cost;
- (v) Will, after purchase of a Restricted Unit, have a total debt (housing cost and all other monthly debt service payments) that does not exceed forty-five percent (45%) of his or her monthly household Gross Income;
- (vi) In the acquisition of a Restricted Unit, agrees to use a lender from the approved lender list maintained by the Administrator;
- (vii) Has provided verification satisfactory to the Administrator of income, job history, and prior home ownership history.

“Excess Proceeds Note” means the Secured Promissory Note that each purchaser of a Restricted Unit will be required to execute for the benefit of City at the closing for the purchase of the Restricted Unit. The Excess Proceeds Note shall be in a form approved by City and provided by the Administrator.

“Gross Income” shall have the meaning set forth in Section 6914 of Title 25 of the California Code of Regulations as such Section may be revised from time to time, and shall mean the combined Gross Income of all adult persons in the applicable household.

“Household Size Appropriate for the Unit” means the number of bedrooms in a dwelling unit plus one, consistent with Section 50052.5(h) of the California Health and Safety Code, subject to the application of federal rules and regulations applicable to Project financing sources (if any).

“Inclusionary Housing Ordinance” means Morgan Hill Municipal Code Title 14, Chapter 14.04, adopted by Ordinance No. 2278, and amended by Ordinance No. 2299.

“Indemnitees” is defined in Section 10.

“Map” means the final Subdivision Map for the Property that will be recorded in the Official Records.

“Moderate-Income Household” means a household whose annual household Gross Income does not exceed one hundred twenty percent (120%) of AMI, adjusted for Actual Household Size.

“Official Records” means the Official Records of the Santa Clara County Recorder.

“Performance Deed of Trust” means the Performance Deed of Trust and Assignment of Rents, that each purchaser of a Restricted Unit will be required to execute for the benefit of City to secure the homebuyer obligations under the Resale Restriction Agreement and the Excess Proceeds Note. The Performance Deed of Trust will be in a form approved by City and provided by the Administrator, and will be recorded in the Official Records at the closing for the sale of each Restricted Unit.

“Project” is defined in Recital B.

“Property” is defined in Recital A.

“Resale Restriction Agreement” means the Affordable Housing Resale Restriction Agreement and Option to Purchase that each purchaser of a Restricted Unit will be required to execute at the closing for the purchase of the Restricted Unit. The Resale Restriction Agreement shall be in a form approved and executed by City and provided by the Administrator, and will be recorded in the Official Records against the Restricted Unit at the closing for the sale of the Restricted Unit.

“Restricted Units” means the nine (9) residential units to be constructed within the Project that are required to be sold at Affordable Sales Price to Eligible Purchasers pursuant to this Agreement.

“Site Plan” means the site plan for the Project attached hereto as Exhibit B or such amended site plan in substantial conformance therewith as approved by the City Council in conjunction with its approval of the Project. The Site Plan depicts the location of the Restricted Units.

3. Compliance with Inclusionary Housing Ordinance; Conditions of Approval. Developer shall construct the Project in accordance with plans approved by City, and shall satisfy all Conditions of Approval, including without limitation, all contingencies regarding the issuance of permits, entitlements, and certificates of occupancy for the Project, which shall remain in full force and effect and unmodified by this Agreement. Developer shall comply with the Inclusionary Housing Ordinance by selling nine (9) residential units developed within the Project to Eligible Households at Affordable Sales Prices in accordance with the terms of this Agreement, and paying a Fractional In-Lieu Fee as described in Section 5 below.

4. Restricted Units, Income Categories. Developer hereby covenants and agrees for itself and its successors and assigns, that all of the Restricted Units shall be sold to Eligible Households at Affordable Sales Price in accordance with this Agreement. The Restricted Units shall consist of nine (9) four-bedroom units, and shall be restricted for sale at Affordable Sales Prices to Eligible Purchasers of the Income Categories shown in the following table. In connection with the sale of each Restricted Unit, the City and the homebuyer shall execute a Resale Restriction Agreement that will be recorded against the Restricted Unit, the homebuyer will be obligated to execute and deliver to City an Excess Proceeds Note, and the homebuyer will be obligated to execute a Performance Deed of Trust that will be recorded against the Restricted Unit. Among other requirements, the Resale Restriction Agreement for each Restricted Unit shall provide that the Restricted Unit must be occupied as the homebuyer’s principal residence.

Unit Size	Moderate-Income (120% AMI)	Total Units
Four-Bedroom □	9	9
Total Units	9	9

5. Payment of Inclusionary Housing In-Lieu Fee. Pursuant to Sections 14.04.040 and 14.04.070.D of the Inclusionary Housing Ordinance, Developer shall pay the sum of Two Million, Three Hundred Seventy-Eight Thousand, Eight Hundred Twenty-Four and 29/100 Dollars (\$2,378,824.29) (the **“Fractional In-Lieu Fee”**). Pursuant to Paragraph D.4 of Section 14.04.070 of the Inclusionary Housing Ordinance, the Fractional In-Lieu Fee must be paid to City in full prior to, and as a condition of, the issuance of building permits for the Project. If building permits are initially issued for only some of the units in the Project, the Fractional In-

Lieu Fee shall be due and payable on a pro rata basis in proportion to the number of units for which building permits are issued.

6. Phasing; Location; Amenities. The Restricted Units shall be constructed and made available for sale to Eligible Households concurrently with the market-rate units in each phase of construction of the Project as follows; provided however, in Developer's discretion, Developer may provide Restricted Units in earlier phases than those specified below:

Phase	Number of Restricted Units	Unit Size	Income Category
		4-BR	
<u>Townhomes</u>			
Phase #1 (units 1 thru 6)	In lieu fee paid		
Phase #3 (units 12 thru 15)	In lieu fee paid		
Phase #4 (units 16 thru 19)	In lieu fee paid		
Phase #6 (units 26 thru 30)	In lieu fee paid		
Phase #7 (units 31 thru 35)	In lieu fee paid		
-			
Phase 8 (units 36 thru 40)	1	4	Moderate-Income
Phase #10 (units 45 thru 48)	1	4	Moderate-Income
Phase #11 (units 49 thru 53)	1	4	Moderate-Income
Phase #12 (units 54 thru 59)	1	4	Moderate-Income
Phase #13 (units 60 thru 64)	1	4	Moderate-Income
Phase #15 (units 70 thru 74)	1	4	Moderate-Income
Phase #16 (units 75 thru 78)	1	4	Moderate-Income
Phase #17 (units 79 thru 84)	1	4	Moderate-Income
<u>Duets</u>			
Phase #2 (units 5 thru 8)	In lieu fee paid		
Phase 4 (units 13 thru 16)	In lieu fee paid		
Phase #5 (units 17 thru 22)	In lieu fee paid		
Phase #6 (units 23 thru 28)	In lieu fee paid		
-			
Phase 7 – specific unit to be determined but in no case anything later than the 32 nd of 34 units total)	1	4	Moderate-Income

The Restricted Units shall not be concentrated in one location within the Project, nor clustered on one floor or within one area within any particular building comprising the Project, but instead shall be dispersed throughout the Project, and shall be located as shown on the Site Plan. The

Restricted Units shall be comparable to the market-rate units in the Project in their appearance, materials, and exterior and interior finishes, appliances, and fixtures. The Restricted Units must contain dishwashers, refrigerators, garbage disposals, cooking facilities, and laundry facilities. The City and the Administrator shall have the right to inspect the Restricted Units to determine whether they have been constructed in accordance with this Section. Residents of Restricted Units shall have access to all Project amenities and recreational facilities available to residents of the Project's market-rate units.

7. Recordation of Agreement; Term. This Agreement shall be recorded against the Property in the Official Records promptly following its execution by all Parties, and as a condition precedent to the recordation of a final subdivision map for the Property. This Agreement shall remain effective and fully binding regardless of any sale, assignment, transfer, or conveyance of the Property or the Project or any part thereof or interest therein, and shall remain in effect until the Fractional In Lieu Fee has been paid in full to City and all Restricted Units have been sold at Affordable Sales Prices to Eligible Households in accordance with this Agreement.

8. No Subordination. Developer hereby represents, warrants and covenants that with the exception of easements of record, absent the written consent of City which City may grant or withhold in the exercise of its sole discretion, this Agreement shall not be subordinated in priority to any lien (other than those pertaining to taxes or assessments), encumbrance, or other interest in the Property or the Project. If at the time this Agreement is recorded, any interest, lien, or encumbrance has been recorded against the Project in position superior to this Agreement, upon the request of City, Developer hereby covenants and agrees to promptly undertake all action necessary to clear such matter from title or to subordinate such interest to this Agreement consistent with the intent of and in accordance with this Section 8, and to provide such evidence thereof as City may reasonably request.

9. Binding on Successors; Covenants Run with the Land. Developer hereby subjects the Property to the covenants and restrictions set forth in this Agreement. The Parties hereby declare their express intent that the covenants and restrictions set forth herein shall be deemed covenants running with the land pursuant to California Civil Code §1468, and subject to the provisions of Section 10 below, shall be binding upon and inure to the benefit of the respective heirs, administrators, executors, successors in interest, transferees, and assigns of Developer and City, regardless of any sale, assignment, conveyance or transfer of the Property or any part thereof or interest therein. So long as this Agreement remains of record, any conveyance of the Property shall be conclusively held to have been delivered and accepted subject the requirements set forth in this Agreement, without regard to whether any party to such transaction has actual knowledge of the restrictions hereof. The burden of this Agreement touches and concerns each of the Restricted Units, the Project and the Property in that the restrictions set forth herein may render the owner's interest therein less valuable, and they enhance and increase the enjoyment and use of the Project, the Property and the Restricted Units by Eligible Purchasers who will benefit from such covenants and restrictions. Developer agrees for itself and for its successors that in the event that a court of competent jurisdiction determines that the covenants herein do not run with the land, such covenants shall be enforced as equitable servitudes against the Property in favor of City.

10. Reconveyance. Concurrently with the sale of each Restricted Unit to an Eligible Purchaser and recordation of the Resale Restriction Agreement and the Performance Deed of Trust, the Parties shall execute and record appropriate instruments to release and reconvey this Agreement as to such Restricted Unit. Such instrument shall be deposited with the escrow holder with instructions to record it concurrently with the close of escrow for the sale of the Restricted Unit to the Eligible Purchaser. Upon the sale of all Restricted Units, this Agreement shall terminate, and Developer shall be released from all obligations hereunder except those that expressly survive termination. Nothing contained herein shall terminate Developer's obligations if any, with regard to the construction and quality of the Restricted Units, which obligations shall survive the sale of the Restricted Units and shall terminate only as provided by law.

11. Sale of Restricted Units. The initial sale of the Restricted Units shall be subject to the following terms and conditions:

- A. Eligible Purchasers. The Restricted Units may be sold only to Eligible Purchasers who qualify as Moderate-Income Households as solely determined by City and/or Administrator. In the event that there are more interested Eligible Purchasers than the available Restricted Units, then the Administrator shall select the purchaser in a manner consistent with City policies and procedures in effect at the time of sale. Developer shall have no responsibility for this determination.
- B. Notifications. The Developer shall provide notice of availability of Restricted Units to the Administrator and the City at least 120 days prior to the expected date of issuance of the certificate of occupancy for the Restricted Units.
- C. Administrator to Screen and Select Buyers and Facilitate Closing. The Administrator will pre-screen and select the Eligible Purchasers in accordance with the City's policies and procedures. The Administrator will assist the Developer to facilitate the close of escrow and will be responsible for obtaining Eligible Purchaser signatures and depositing into escrow all documents required under the City's Inclusionary Housing Program, including without limitation, a Resale Restriction Agreement, an Excess Proceeds Note, and a Performance Deed of Trust. The Administrator will perform these functions in coordination with the Developer, and Developer will compensate Administrator for such services in accordance with Section 14 below and Exhibit D.
- D. Marketing Restricted Units. Administrator shall be solely responsible for marketing the Restricted Units. Developer shall not be responsible for marketing, and shall not market, the Restricted Units. Furthermore, Developer's sales personnel shall not communicate with potential buyers concerning eligibility and/or availability of Restricted Units for sale. All communication regarding the Restricted Units shall come from the Administrator or the City. Notwithstanding the foregoing, Developer shall not be precluded from offering closing cost concessions or other incentives provided that any such offers are coordinated with the Administrator.

- E. Mortgage Lending. Each Eligible Purchaser must work with a mortgage lender that has been approved by the Administrator, that has provided pre-approval of the forms of Resale Restriction Agreement, Performance Deed of Trust, and all other City-required documents associated with the sale of the Restricted Units, and that has been included on the approved lender list for at least sixty (60) days prior to the closing for the sale of a Restricted Unit. For the purpose of ensuring that risk to the Eligible Purchaser and the City is minimized, the proposed mortgage financing terms are subject to approval by the Administrator. Except as approved by the Administrator, the first mortgage loan shall have a fixed interest rate and a 30-year term. Developer shall have no responsibilities with respect to the selection of lenders or approval of mortgage terms for the Restricted Units.
- F. Sale Price. Sale prices for the Restricted Units shall be the Affordable Sales Price for Eligible Purchasers based upon the Household Size Appropriate for the Unit. The Affordable Sales Price shall be determined by the City in accordance with Exhibit C. The Affordable Sales Price may increase or decrease to reflect annual changes in the Area Median Income.
- G. Purchase and Sale Agreement. The purchase and sale agreement to be used for the sale of each Restricted Unit by Developer to the Eligible Purchaser shall be in the form approved for the Project by the California Department of Real Estate, or by the Administrator, as applicable. The purchase and sale agreement shall provide that all conditions to closing shall be satisfied and the close of escrow shall occur by not later than the ninetieth (90th) day (or the first business day thereafter, if the ninetieth (90th) day is a Saturday, Sunday, or holiday) after execution of the purchase and sale agreement, and shall provide that Developer shall have the right to terminate the agreement if closing does not occur on or before such deadline unless the parties mutually agree to an extension of the closing date. Upon termination of the purchase and sale agreement, the Administrator shall promptly identify the next priority Eligible Purchaser.
- H. Closing Documents. The Administrator will provide escrow instructions on behalf of City regarding recordation of the Resale Restriction Agreement and Performance Deed of Trust. Within five (5) business days following closing for the sale of any Restricted Unit, Developer shall forward to the Administrator copies of the buyer's and seller's settlement statements and all closing documents executed in connection with the sale. Developer shall retain all records related to the sale of the Restricted Units and compliance with obligations under this Agreement for a period not less than two (2) years from the date of sale of each Restricted Unit, and upon five (5) business days' written notice, shall make them available to employees or other designees of City and/or Administrator for the purpose of inspection and copying.
12. Duties of Administrator. Administrator shall carry out its responsibilities in connection with the marketing and sale of the Restricted Units and the selection of Eligible Purchasers in accordance with the terms and conditions of the Agreement and the Administrative Services

Agreement. Pursuant to the Administrative Services Agreement and this Agreement, the Administrator shall perform the following services, among others:

- A. Conduct ongoing homebuyer education training programs, including preparation of program materials;
- B. Screen and select and qualified buyers according to City policies and procedures;
- C. Assist in arranging mortgage financing for purchase of the Restricted Units;
- D. Administer programs for monitoring compliance with terms and conditions of Restricted Unit sales;
- E. Administer City requirements concerning the future resale of the Restricted Units, including, if applicable, exercise of the City's option to buy the Restricted Units, and assist in resale of Restricted Units to Eligible Purchasers; and
- F. Comply with all other responsibilities of the Administrator under this Agreement and the Administrative Services Agreement.

13. City Rights Regarding Administrator. Developer acknowledges that City and Administrator have the right to terminate the Administrative Services Agreement without cause at any time on thirty (30) days written notice, and that City may also terminate the Administrative Services Agreement for cause at any time on written notice. If the Administrator resigns or the Administrative Services Agreement is terminated, City shall have the right to appoint a successor to carry out the Administrator's responsibilities under this Agreement, or City may elect to undertake these responsibilities itself. Upon any resignation or termination, Administrator shall act with due diligence and in good faith to turn over to City or to such party as City may designate in writing all records related to the Project and the Restricted Units, and shall brief City and such designee on the status of all Restricted Units. In connection with the sale of the Restricted Units, Developer agrees to cooperate with City, Administrator, and any successor City designates to fulfill the role of Administrator hereunder.

14. Administrator's Compensation and Expenses. Developer shall compensate the Administrator for its activities pursuant to this Agreement in accordance with the schedule of compensation specified in Exhibit D. Administrator is a consultant hired by the City, and shall not be deemed to be a consultant, contractor, or employee of Developer.

15. Hold Harmless and Indemnification. To the greatest extent permitted by law, Developer will indemnify, defend (with counsel approved by City) and hold harmless City and Administrator and their respective elected and appointed officials, officers, employees, agents, consultants, contractors, and board members (all of the foregoing, collectively the "**Indemnitees**") from and against all liability, loss, cost, expense (including without limitation attorneys' fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively "**Claims**") arising directly or indirectly, in whole or in part, as a result of or in connection with or relating in any manner to the Property, the Project, the Restricted Units, or Developer's performance or non-performance under this Agreement, except to the extent arising from the

negligence or willful misconduct of the Administrator or the gross negligence or willful misconduct of the other Indemnitees. The provisions of this Section shall survive the expiration or other termination of this Agreement and the release of part or all of the Property from the burdens of this Agreement.

16. Administrator Disclosure and Indemnity. Some of the duties to be performed under this Agreement by the Administrator require a real estate license issued by the California Department of Real Estate ("DRE"). Administrator certifies that Administrator is duly licensed to perform such services by the DRE under DRE License No. 02124196. To the greatest extent permitted by law, Administrator shall indemnify, defend, and hold harmless Developer and City and their respective officials, officers, members, managers, employees, and agents from and against all Claims arising from or in connection with Administrator's performance or failure to perform under this Agreement or failure to maintain a real estate license except to the extent arising from the gross negligence or willful misconduct of such indemnified parties. The provisions of this Section shall survive the expiration or other termination of this Agreement.

17. Default; Remedies. In the event of any breach of this Agreement, the non-defaulting Party shall provide written notice of default to the Party in default. If the default is not cured within thirty (30) days after delivery of such notice, then the non-defaulting Party shall have the right to take legal or other action to enforce this Agreement, including without limitation, bringing an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking declaratory relief or damages. Each of the remedies provided herein is cumulative and not exclusive, and each Party may exercise from time to time any rights and remedies available to it under applicable law or in equity, in addition to, and not in lieu of, any rights and remedies expressly provided in this Agreement.

18. Fair Housing; Non-Discrimination. Developer shall comply with all applicable State and federal fair housing laws in the marketing and sale of all residential units in the Project. Administrator shall comply with all applicable State and federal fair housing laws in the marketing and sale of the Restricted Units. Developer shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, the Project, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, actual or perceived gender identity, marital status, ancestry, or national origin of any person. Developer covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or part thereof, nor shall Developer or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Property or part thereof. Developer shall include such provision in all deeds, leases, contracts and other instruments executed by Developer, and shall enforce the same diligently and in good faith. Administrator

shall include language to this effect in all agreements relating to the selection of Eligible Purchasers and the sale of Restricted Units.

19. Mortgagee Protection. No violation of any provision contained herein shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value upon all or any portion of the Project or the Property, and the purchaser at any trustee's sale or foreclosure sale shall not be liable for any violation of any provision hereof occurring prior to the acquisition of title by such purchaser. Such purchaser shall be bound by and subject to this Agreement from and after such trustee's sale or foreclosure sale.

20. Miscellaneous.

20.1 Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by: (i) personal delivery, in which case notice is effective upon delivery; (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered upon receipt if delivery is confirmed by a return receipt; or (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

City:

City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037
Attention: Housing Program Administrator

Developer:

BFH CM, LLC
12657 Alcosta Blvd., Suite 250
San Ramon, CA 94583
Attention: Josh Roden

Administrator:

House Keys
358 Digital Drive
Morgan Hill, CA 95037
Attention: Julius Nyanda

20.2 No Third-Party Beneficiaries. This Agreement is not intended to be for the benefit of any person other than the Parties and their permitted successors and assigns.

20.3 Attorneys' Fees. If any legal or administrative action is brought to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action, including without limitation, attorneys' fees attributable to City's in-house counsel based upon comparable fees of private attorneys practicing in Santa Clara County.

20.4 Amendments. This Agreement may be amended, changed, or modified only by an agreement in writing signed by the Parties or their respective permitted successors and recorded in the Official Records.

20.5 No Waiver. Any waiver of any term or provision of this Agreement must be in writing. No waiver shall be implied from any delay or failure by a Party to take action on any breach or default hereunder or to pursue any remedy allowed under this Agreement or applicable law. No failure or delay by a Party at any time to require strict performance of any provision of this Agreement or to exercise any election contained herein or any right, power or remedy hereunder shall be construed as a waiver of any other provision or any succeeding breach of the same or any other provision hereof or a relinquishment for the future of such election.

20.6 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or illegal, such invalidity or illegality shall not affect, impair or invalidate any other provision hereof, and such remaining provisions shall remain in full force and effect.

20.7 Headings; Interpretation. The captions used in this Agreement are for convenience only and shall not be considered in the construction or interpretation of any provision hereof. Unless expressly stated otherwise, each reference to a particular Section of this Agreement shall mean all subsections and subparagraphs of such Section. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party, notwithstanding the drafting of the Agreement by any Party or Party's representative. All references in this Agreement to particular statutes, regulations, ordinances or resolutions of the United States, the State of California, or the City of Morgan Hill shall be deemed to include the same statute, regulation, ordinance or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject.

20.8 Governing Law and Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to principles of conflicts of law. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Santa Clara County, California or in the Federal District Court for the Northern District of California.

20.9 Authority. Each person executing this Agreement on behalf of a Party represents warrants that he or she has the actual authority to execute and deliver the Agreement on behalf of such Party and that the Agreement is binding on such Party.

20.10 Entire Agreement; Exhibits. This Agreement, together with the Conditions of Approval, contains the entire agreement of Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements with respect thereto. Exhibits A through D

attached hereto are incorporated herein by this reference. The Parties each acknowledge and agree that they have not relied on any representations of the other Parties or their representatives, except to the extent that such representations are expressly set forth herein.

20.11 Further Assurances. Each Party shall execute, acknowledge and deliver to the other Parties such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement

20.12 Parties Not Co-Venturers; No Agency Relationship. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of the Parties shall not be construed as a joint venture, equity venture, partnership or any other relationship. City neither undertakes nor assumes any responsibility or duty to Developer (except as expressly provided in this Agreement) or to any third party with respect to the Project. Developer and its agents and employees shall at no time pretend to be or hold themselves out as employees or agents of City, and Developer shall have no authority to act as an agent or to bind City to any obligation. Except as City may specify in this Agreement, the Administrative Services Agreement, or in another written instrument, Administrator shall have no authority to act as an agent of City or to bind City to any obligation. Administrator shall have no authority to act as an agent of Developer or bind Developer to any obligation.

20.13 Action by the City. Whenever action and/or approval by City is required under this Agreement, such action or approval shall be in writing, and the City's Authorized Representative or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or the City's Authorized Representative determines in his or her discretion that such action or approval requires referral to City Council for consideration.

20.14 Non-Liability of City and City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to Developer or Administrator or any successor in interest, in the event of any default or breach by the City, or for any amount of money which may become due to Developer or Administrator, or their respective successors, or for any obligation of City under this Agreement.

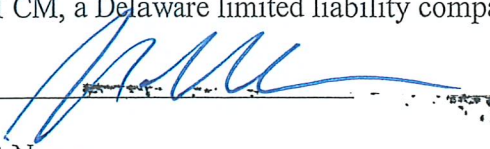
20.15 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGES.

IN WITNESS WHEREOF, the Parties have executed this Affordable Housing Agreement effective as of the date first written above.

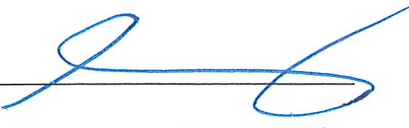
DEVELOPER:

BFH CM, a Delaware limited liability company

By: 

Print Name: Josh Roden
Authorized Representative

Title: _____

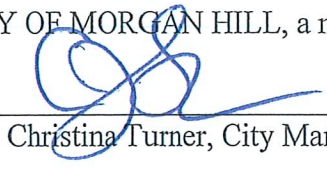
By: 

Print Name: Gonzalo Rodriguez
Vice President, Land and Planning

Title: _____

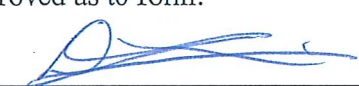
CITY:

CITY OF MORGAN HILL, a municipal corporation

By: 

Christina Turner, City Manager

Approved as to form:

By: 

Donald Larkin, City Attorney

ADMINISTRATOR:

HOUSEKEYS INC., a California corporation

By: _____

Julius Nyanda, Chief Executive Officer

SIGNATURES MUST BE NOTARIZED.

Signed in Counter part

IN WITNESS WHEREOF, the Parties have executed this Affordable Housing Agreement effective as of the date first written above.

DEVELOPER:

BFH CM, a Delaware limited liability company

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

CITY:

CITY OF MORGAN HILL, a municipal corporation

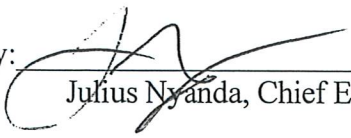
By: _____
Christina Turner, City Manager

Approved as to form:

By: _____
Donald Larkin, City Attorney

ADMINISTRATOR:

HOUSEKEYS INC., a California corporation

By:  _____
Julius Nyanda, Chief Executive Officer

SIGNATURES MUST BE NOTARIZED.

Signed in counterpart

ACKNOWLEDGMENT

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

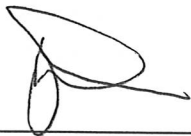
State of California)
County of Santa Clara) ss

On 18 July 2022, before me, Rigoberto Perez
(Name of Notary)

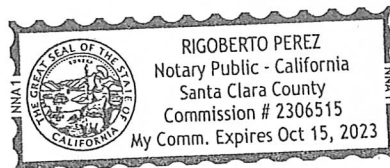
notary public, personally appeared Julius Nyanda
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies), and that by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

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

WITNESS my hand and official seal.



(Notary Signature)



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

State of California)
) ss
County of Contra Costa)

On NOV. 15, 2021, before me, Alison Rantz
(Name of Notary)

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

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

WITNESS my hand and official seal.


(Notary Signature)



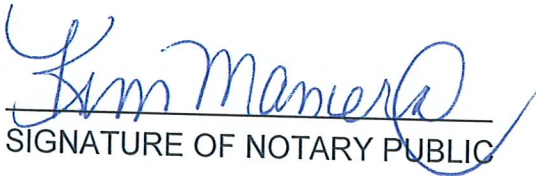
A notary or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

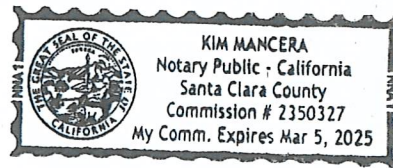
State of California
County of Santa Clara

On July 14, 2022 before me, Kim Mancera, a Notary Public in and for said County and State, personally appeared Christina Turner, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person, or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.


SIGNATURE OF NOTARY PUBLIC



(ABOVE AREA FOR NOTARY SEAL)

ACKNOWLEDGMENT

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

State of California)
) ss
County of _____)

On _____, before me, _____,
(Name of Notary)

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

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

WITNESS my hand and official seal.

(Notary Signature)

Exhibit B

SITE PLAN

(Attach Site Plan showing location of Restricted Units.)

Exhibit D

ADMINISTRATOR COMPENSATION SCHEDULE

For each Restricted Unit, Developer shall pay a Transaction Processing Fee to the Administrator equal to three percent (3%) of the Affordable Sales Price as established pursuant to this Agreement for such unit. This fee is not a Real Estate Commission or Real Estate Broker Commission. This fee shall be listed as an "Additional Settlement Charge" paid by the Seller as reflected in section 1300 of the U.S. Department of Housing and Urban Development (HUD) Settlement Statement (HUD-1) or "Other Costs" paid by the Seller in the new Closing Disclosure as determined by the TILA-REPA Integrated Disclosure rule.

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:**

City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037
Attention: Community Development Agency

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §27383

SECOND AMENDMENT TO AFFORDABLE HOUSING AGREEMENT

(City of Morgan Hill Inclusionary Housing Program)

This Second Amendment to Affordable Housing Agreement ("**Second Amendment**") is entered into effective as of _____, 2025, by and among the City of Morgan Hill, a California municipal corporation ("**City**"), BFH CM RESIDENTIAL LLC, a Delaware limited liability company, ("**Developer**"), and HouseKeys Inc., a California corporation, ("**Administrator**"), on the terms and conditions herein stated. City, Developer and Administrator are referred to collectively as the "**Parties**". Terms not otherwise defined in this Second Amendment shall have the meaning given to them in the Affordable Housing Agreement (as defined below).

Recitals

A. Developer is the owner of the real property situated in the City of Morgan Hill, County of Santa Clara ("**County**"), State of California, located at 16130 Juan Hernandez Drive, described as follows ("**Property**"): Lots 1 through 35, inclusive, as shown on the final map of Tract 10599 - Rosewood, filed for record on December 13, 2022, in Book 950 of Maps at Pages 17 through 28, inclusive, in the Official Records of the County of Santa Clara, State of California. The Project constructed on the Property is commonly referred to as "**Rosewood**."

B. On May 5, 2023, the Parties recorded against the Property an Affordable Housing Agreement, Document No. 25471407, in the Official Records of the County, which Affordable Housing Agreement was amended by that certain Amendment to Affordable Housing Agreement recorded against the Property on February 5, 2024, Document No. 25594490, in the Official Records of the County (collectively, "**Affordable Housing Agreement**").

C. Pursuant to Sections 3 and Section 5 of the Affordable Housing Agreement, Developer was to comply with the City's Inclusionary Housing Ordinance by: (a) selling nine (9) residential units developed within the Project to Eligible Households at Affordable Sales Prices in accordance with the terms of the Affordable Housing Agreement, and (b) paying to City the Fractional In-Lieu Fee of \$2,378.824.29.

D. Developer timely paid the Fractional In-Lieu Fee, and has sold one (1) affordable residential unit in the Project. Developer has not sold the other eight (8) affordable residential units in the Project ("**Remaining Rosewood Affordable Units**").

E. Developer has advised City that it is interested in paying an additional fractional in-lieu fee instead of selling the Remaining Rosewood Affordable Units as affordable units, and City is amenable to this approach, subject to the terms and conditions described herein.

Now therefore, in consideration of the foregoing, which are incorporated herein by reference, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City, Developer and Administrator agree as follows:

Agreement

1. Remaining Rosewood Affordable Units. City hereby agrees to accept the Remaining Fractional In-Lieu Fee (as defined in Section 2) instead of requiring Developer to sell the Remaining Rosewood Affordable Units as affordable units, and Developer hereby agrees to pay to City the Remaining Fractional In-Lieu Fee pursuant to the terms and conditions described herein. Accordingly, upon City's receipt from Developer of the Remaining Fractional In-Lieu Fee and recordation of this Second Amendment, Developer shall be permitted to sell the Remaining Rosewood Affordable Units as market rate units in the Project and for market rate prices.

2. Fee Amount. The amount of the fractional in-lieu fee that Developer shall pay to City pursuant to this Second Amendment with respect to the Remaining Rosewood Affordable Units is \$2,114,510.48 ("**Remaining Fractional In-Lieu Fee**").

3. Timing of Fee Payment. Developer shall pay the Remaining Fractional In-Lieu Fee to City in cash or by wire transfer on or before 5 p.m. on _____, 2025.

4. Developer's Additional Obligations.

(a) No later than three (3) business days after the Effective Date of this Second Amendment, Developer shall obtain from a reputable title company, at Developer's sole cost and deliver to City, a current preliminary title report for the Property ("**Title Report**") evidencing recordation of the Affordable Housing Agreement on title to the Property.

(b) Prior to execution by any party of this Second Amendment, Developer shall confirm in writing with the title company that execution by the Parties of the Second amendment and recordation thereof shall be sufficient to terminate the Affordable Housing Agreement and remove the Affordable Housing Agreement as an encumbrance on title to the Property. Developer shall deliver such written confirmation to City.

5. City's Obligation. Within seven (7) business days of Developer timely paying the Remaining Fractional In-Lieu Fee in full to City, City shall deliver or make available to Developer to deliver (as City elects) this Second Amendment to title company for recordation in the County.

6. Satisfaction: Upon payment in full by Developer to City of the Remaining Fractional In-Lieu Fee and recordation of this Second Amendment, all obligations of the Parties contained in the Affordable Housing Agreement shall be deemed fully satisfied, except such obligations contained therein as are expressly stated to survive termination.

7. Costs. All costs and expenses related to this Second Amendment, including, without limitation, the Title Report, escrow charges, recording fees, legal fees or other costs and expenses shall be paid solely by Developer.

8. Effective Date: This Second Amendment shall be effective upon the date of its recordation in the Official Records of the County.

[Signature Pages Below]

IN WITNESS WHEREOF, the undersigned have executed this Amendment on the date first written above.

DEVELOPER:

BFH CM RESIDENTIAL LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENTS

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

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, 20__ before me, _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____

(seal)

CITY:

CITY OF MORGAN HILL,
a municipal corporation

By: _____
Christina Turner, City Manager

APPROVED AS TO FORM:

By: _____
Donald Larkin, City Attorney

ACKNOWLEDGMENTS

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--

STATE OF CALIFORNIA _____)
COUNTY OF _____)

On _____, 20__ before me, _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____

(seal)

ADMINISTRATOR:

HOUSEKEYS INC.,
a California corporation

By: _____
Julius Nyanda, Chief Executive Officer

ACKNOWLEDGMENTS

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

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, 20__ before me, _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____

(seal)

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

Yat Cho, Senior Project Manager

APPROVED BY: City Manager

APPROVE CONSULTANT AGREEMENT WITH ENGEO, INC. IN THE AMOUNT OF \$750,000 FOR ON-CALL GENERAL COMPACTION TESTING AND SPECIAL INSPECTION SERVICES FOR VARIOUS CAPITAL IMPROVEMENT PROGRAM PROJECTS

RECOMMENDATION(S)

Approve and authorize the City Manager to execute and administer an agreement to provide on-call general compaction testing and special inspection services for various Capital Improvement Program Projects with EngEO, Inc. in the amount of \$750,000 for a three year term.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining and Enhancing Infrastructure

2024-2025 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

Morgan Hill 2035 General Plan

Public Safety Master Plan

Storm Drain Master Plan

Water System Master Plan

Wastewater System Master Plan

REPORT NARRATIVE:

Through a Request for Proposal (RFP) process to provide compaction testing services and special inspections on an as-needed basis for the City's CIP projects, eight proposals were received on May 9, 2025 and three firms were selected based on their expertise and familiarity with the City of Morgan Hill for this work. On June 18, 2025, the City Council approved consultant agreements with two firms (Achievement Engineering Corporation and Twining, Inc.) in the amount of \$750,000 each for on-call general compaction testing and special inspection services for various Capital Improvement Program Projects.

The third selected firm, Engeo, Inc., was in discussion with the City Attorney's office on contract requirements to agree to the execution of the contract. This issue has been resolved. Staff is recommending the execution of the agreement with Engeo, Inc. in the amount of \$750,000 for a three-year term starting July 1, 2025 through June 30, 2028.

COMMUNITY ENGAGEMENT:

Compaction testing and special inspections for various Capital Improvement Program Projects are a necessary part of any construction project for oversight and compliance. Each individual Capital Improvement Project that affects businesses and residents will be notified through media, social media, and City website.

ALTERNATIVE ACTIONS:

City Council may limit the approval of this agreement or direct staff to perform another RFP for this service.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

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

On June 18, 2025, the City Council approved consultant agreements with Achievement Engineering Corporation and Twining, Inc. in the amount of \$750,000 each for on-call general compaction testing and special inspection services for various Capital Improvement Program Projects.

FISCAL AND RESOURCE IMPACT:

Funding for these agreements will be from various Capital Improvement Projects as included in the adopted Capital Improvement Program Budget.

CEQA (California Environmental Quality Act):

Not a Project

The agreements are not considered projects and any individual projects in the Capital Improvement Program shall be reviewed under CEQA

CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS ENGEO, INCORPORATED

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and ENGEO INCORPORATED a California corporation ("CONSULTANT") hereinafter referred to collectively as "Parties." In consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority**. This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, _____, 20____.
2. **Term of Agreement**. This Agreement shall cover services rendered from the Effective Date of this Agreement until June 30, 2028 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement provided the compensation does not exceed the City Manager's authority pursuant to Chapter 3.04 of the Morgan Hill Municipal Code, unless otherwise authorized by City Council. Any such extension shall be in writing and signed by both Parties to this Agreement.
3. **Scope of Service**. The services to be performed by CONSULTANT shall be on-call compaction testing and special inspection for various Capital Improvement Program (CIP) Projects as further described in **Exhibit A**.
4. **Compensation**. CONSULTANT shall be compensated as follows:
 - 4.1. **Amount**. \$750,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Seven-Hundred-Fifty-Thousand-Dollars and shall be billed based on the rate and basis set forth in **Exhibit B**. If the City Manager extends the term of this Agreement pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement, and provided further that in no event shall such maximum compensation allowed for the term exceed the City Manager's authority pursuant to Chapter 3.04 of the Morgan Hill Municipal Code, unless otherwise authorized by City Council.
 - 4.2. **Billing**. CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 13 Notices. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY'S judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

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

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

6. **Performance of Work.** CONSULTANT represents that it is qualified by virtue of experience, training, education, and expertise to accomplish these services. Services shall be performed by CONSULTANT in accordance with professional practices in a manner consistent with a level of care, competence and skill exercised by qualified members of the CONSULTANT'S profession. By delivery of completed work, CONSULTANT certifies that the work conforms to the requirements of this Agreement and all applicable federal, state, and local laws. CONSULTANT shall perform all work and services under this Agreement in conformance with the time schedule set forth on Exhibit C, "Schedule of Performance," attached hereto and incorporated herein by this reference. CITY'S City Manager is authorized on behalf of CITY to modify the timeframes set forth on the Schedule of Performance within the term of this Agreement. If CONSULTANT desires to leave or store any of CONSULTANT'S equipment at a CITY site while CONSULTANT is performing work or service pursuant to this Agreement, CONSULTANT will first obtain the consent of CITY'S City Manager, or his/her delegate, to do so, and any such storage shall occur only in the manner and location allowed by such CITY official and entirely at CONSULTANT'S sole risk.

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

7.1. **Insurance Types and Amounts.**

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

combined insurance policies (including any excess or “umbrella” policies), whichever is greater.

- 7.1.2. Automobile Liability. CONSULTANT shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if CONSULTANT does not own automobiles, then CONSULTANT shall maintain Hired/Non-owned Automobile Liability) against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT’S combined insurance policies (including any excess or “umbrella” policies), whichever is greater.
- 7.1.3. Workers’ Compensation Insurance and Employer’s Liability. CONSULTANT shall maintain Workers Compensation coverage, as required by law, in the minimum amount of: (i) one million dollars (\$1,000,000.00) for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT’S combined insurance policies (including any excess or “umbrella” policies), whichever is greater. If CONSULTANT is self-insured, CONSULTANT shall provide its Certificate of Permission to Self-Insure, duly authorized by the Department of Industrial Relations.
- 7.1.4. Pollution (Environmental) Liability. If the performance of CONSULTANT’S work or service under this Agreement involves hazardous materials, contaminated soil disposal, and/or a risk of accidental release of fuel oil, chemicals or other toxic gases or hazardous materials, CONSULTANT shall procure and maintain Pollution Liability covering the CONSULTANT’S liability for bodily injury, property damage and environmental damage resulting from pollution and related cleanup costs arising out of the work or services to be performed under this Agreement. Coverage shall be provided for both work performed on site, as well as during the transport of hazardous materials. Such coverage shall be in the minimum amount of: (i) one million dollars (\$1,000,000.00) for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT’S combined insurance policies (including any excess or “umbrella” policies), whichever is greater.
- 7.1.5. Professional Liability.
 - 7.1.5.1. If the performance of CONSULTANT’S work or service under this Agreement involves professional and/or technical services (examples include, but are not limited to, architects, engineers, land surveyors, and appraisers), CONSULTANT shall procure and maintain either a claims made or occurrence Errors and Omission liability insurance in the minimum amount of: (i) one million dollars (\$1,000,000.00) each claim, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT’S combined insurance policies (including any excess or “umbrella” policies), whichever is greater. Further, if CONSULTANT maintains a claims-made policy, CONSULTANT shall provide written evidence of such insurance to the CITY for at least five (5) years after the completion of work performed under this Agreement.

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

7.1.6. Sexual Abuse/Molestation Liability (SML): If the performance of CONSULTANT'S work or service under this Agreement involves contact with minors, CONSULTANT shall procure and maintain Sexual Abuse and Molestation insurance in the minimum amount of: (i) two hundred thousand dollars (\$200,000.00) each claim, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

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

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

7.2.1.1. "Additionally Insured" - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds on a form at least as broad as ISO Form CG 20 10 for ongoing operations.

7.2.1.2. "Waiver of Rights of Subrogation" - The insurer waives the right of subrogation against the City of Morgan Hill and CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and

7.2.1.3. "Primary and Non-Contributing" - Insurance shall be endorsed to be primary and non-contributory and will not seek contribution from the City's insurance or self-insurance and shall be at least as broad as ISO Form CG 20 01.

7.2.2. Workers Compensation.

If the performance of CONSULTANT'S work or service under this Agreement involves access to or activity on any property or premises owned or occupied by the CITY, including, but not limited to, CONSULTANT'S presence during site visits and meetings, then insurer waives the right of subrogation against the City of Morgan Hill and the CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.

7.3. **Qualification of Insurers**. All insurance required pursuant to this Agreement must be issued by a company licensed and admitted, or otherwise legally authorized to carry out insurance business in the State of California, and each insurer must have a current A.M. Best's financial strength rating of "A" or better and a financial size rating of "VII" or better.

- 7.4. **Certificates.** CONSULTANT shall furnish CITY of Morgan Hill with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT'S agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 7. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

9. **Compliance with Law.**

- 9.1. CONSULTANT and its officers, employees, agents, and subcontractors shall comply with all applicable laws, ordinances, administrative regulations, and permitting requirements in carrying out their obligations under this Agreement. CONSULTANT and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon any basis prohibited by State or Federal law, including but not limited to, race, color, creed, religion, gender, marital status, age, sexual orientation, national origin, mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.
- 9.2. Compliance with Wage and Hour Laws: Consultant, and any subcontractor it employs to complete work under this Agreement, shall comply with all applicable federal, state, and local wage and hour laws. Applicable laws may include, but are not limited to, the Federal Fair Labor Standards Act and the California Labor Code.

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

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

MANNER IN WHICH IT WILL SATISFY – ANY SUCH JUDGMENTS, DECISIONS OR ORDERS.

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

City's Right to Withhold Payment: Where CONSULTANT or any subcontractor it employs to perform work under this Agreement has been found in violation of any applicable wage and hour law by a final judgment, decision or order of a court or government agency, the City reserves the right to withhold payment to CONSULTANT until such judgment, decision or order has been satisfied in full.

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

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

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

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

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

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

Address of CONSULTANT is as follows:

ENGEO INCORPORATED
6399 San Ignacio Avenue Suite 150
San Jose, CA 95119

Address of CITY is as follows:

Yat Cho	with a copy to:
Senior Project Manager	City Clerk
City of Morgan Hill	City of Morgan Hill
17575 Peak Avenue	17575 Peak Avenue
Morgan Hill, CA 95037	Morgan Hill, CA 95037

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

15. **Consultant's Proposal.** If applicable, this Agreement shall include CONSULTANT'S proposal or bid which is incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.

16. **Maintenance of Records.**

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

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

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

17. **Familiarity with Work.** By executing this Agreement, CONSULTANT represents that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all

conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.

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

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

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

21. **Defense and Indemnification**.

21.1. **Defense and Indemnification for Design Professional Services**. Consistent with California Civil Code Section 2782.8, for design professional services to be performed under this agreement by a design professional, as that term is defined under said Section 2782.8, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors in performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement ("CLAIM") to the extent of CONSULTANT'S proportionate percentage of fault.

21.2. **Defense and Indemnification for Non-Design Professional Services**. For all services performed under this agreement not covered by Section 21.1 above, CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

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

21.4. **Not limited by insurance**. The indemnity, defense and hold harmless provisions of this Agreement apply to all CLAIMS alleged against an INDEMNITEE, regardless of whether

any insurance policies are applicable. Policy limits do not act as a limitation upon the amount of indemnification or defense to be provided by CONSULTANT.

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

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

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

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

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

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

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

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

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

29. **Electronic Signatures.** Unless otherwise prohibited by law or CITY policy, the Parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term "electronic copy of a signed contract" refers to a transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed contract in a portable document format. The term "electronically signed contract" means a contract that is executed by applying an electronic signature using technology approved by the CITY.

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

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[Signatures on Next Page]

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

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

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

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

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow
Print Name

Christina J. Turner
Print Name

Date: _____

Date: _____

APPROVED AS TO FORM:
Donald A. Larkin

ENGEO INCORPORATED

City Attorney


By:

Print Name

Uri Eliahu, President

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

Date: _____

Date: 07/10/2025


By:

Robert Boeche, Assistant Treasurer

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

Date: 07/10/2025

**EXHIBIT A
SCOPE OF SERVICES**

On-Call Compaction Testing and Special Inspection for various Capital Improvement Program (CIP) Projects

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

See Attached

PREFERRED CLIENT FEE SCHEDULE PROFESSIONAL SERVICES Effective February 2025

President.....	\$495.00 per hour
Principal.....	\$415.00 per hour
Associate.....	\$345.00 per hour
Subject Matter Expert.....	\$450.00 per hour
Senior.....	\$290.00 per hour
Project.....	\$258.00 per hour
Staff.....	\$230.00 per hour
Assistant.....	\$183.00 per hour
Construction Services Manager II.....	\$235.00 per hour*
Construction Services Manager I.....	\$225.00 per hour*
Senior Field Representative II.....	\$195.00 per hour**
Senior Field Representative I.....	\$175.00 per hour**
Field Representative.....	\$161.00 per hour**
Senior Laboratory Technician.....	\$195.00 per hour
Laboratory Technician.....	\$175.00 per hour
Senior GIS Developer.....	\$210.00 per hour
GIS Developer.....	\$200.00 per hour
Senior GIS Analyst.....	\$205.00 per hour
GIS Analyst.....	\$190.00 per hour
Senior CAD Specialist.....	\$190.00 per hour
CAD Specialist.....	\$180.00 per hour
Network Administrator.....	\$265.00 per hour
Project Assistant.....	\$155.00 per hour

* Two-hour minimum portal to portal and cancellations within 24 hours.

* **OVERTIME RATES:** Rates will be increased by a factor of 1.5 for all hours worked in excess of eight (8) Monday through Friday, and the first eight (8) hours worked on Saturday. Rates will be increased by a factor of 2.0 for all hours worked in excess of twelve (12) Monday through Friday, all hours worked in excess of eight (8) on Saturday, and all hours worked on Sundays and holidays.

** For Prevailing Wage projects, the hourly rate will be increased by \$22.

** Rates will be increased by factor of 1.25 for night-shift hours (hours commencing after 4:00 p.m. or before 4:00 a.m.); rates will be increased by a factor of 1.875 (an additional factor of 1.5) for all night-shift hours in excess of eight (8); rates will be increased by a factor 2.5 for all night-shift hours worked in excess of twelve (12).

Scheduled night-shift work, which is cancelled with less than 24 hours' notice, will be billed at night-shift rates. Night-shift work of less than 4-hour scheduled duration will be billed a minimum of 4 hours at night shift rates.

ADDITIONAL SERVICES OFFERED

In addition to our core services of geotechnical, hydrologic and environmental engineering, including construction-phase testing and observation, ENGEO provides clients with services for establishment and management of Geologic Hazard Abatement Districts (GHAD) and for Entitlement and Permitting Support (EPS). For more information about these services and associated pricing, please contact ENGEO at (925) 866-9000.

OTHER FEES

- Equipment and materials will be charged in addition to the above hourly rates.
- Outside Consultants, Subcontracted Services and Equipment Rental Cost plus 25%
- Expert Witness, Deposition, Mediation, Arbitration, or Court Appearance (Minimum Charge) \$2,800.00 half day, \$4,800.00 full day

TERMS

Invoices will be submitted at completion of work or at approximately four week intervals and are due and payable upon receipt. Statements will be issued at monthly intervals. Charges not paid within 30 days of invoice date will accrue a late charge at a rate of 1.5 percent per month. In the event it becomes necessary to commence suit to collect amount due, Client agrees to pay attorney's fees and costs, as the court may deem reasonable until amount is paid. Fees will be applicable for one year from the effective date above; thereafter, fees will be adjusted annually. Our fees will be billed using an invoice format produced by a standardized accounting software package. A more customized itemization of charges and backup data will be provided upon Client's requests, but at additional fees. Final reports may be withheld until outstanding invoices are paid in full.

EQUIPMENT AND MATERIALS CHARGES

Exhibit B

DESCRIPTION	COST PER UNIT (\$)	UNIT
Air Content Meter	7.00	hour
Bailers (Disposable)	10.00	each
Coatings Thickness Kit (eg. Fireproofing, Protective Paint)	30.00	hour
Concrete Crack Monitor	20.00	each
Coring Machine	30.00	hour
Double-Ring Infiltrometer	50.00	hour
Electronic Water Level Indicator	5.00	hour
Engineering Analysis Software	51.00	hour
Equipment Transport(er)	100.00	hour
Exploration Equipment (Electric Auger)	50.00	hour
Floor Flatness/Floor Level Equipment	40.00	hour
Generator	15.00	hour
GIS Website Portal Subscriptions	50.00	month
GPS Handheld Device	10.00	hour
GPR/GPS/Drone Survey Equipment	235.00	hour
Hand Auger and Soil Sampler	15.00	hour
Hydraulic Pull-Test Equipment	25.00	hour
Interface Probe	2.00	hour
Magnetic Particle Test Equipment	25.00	hour
Moisture Content Test Equipment	6.00	hour
Multi-Parameter Water Meter	15.00	hour
pH Meter/Turbidity Meter	10.00	hour
Photo Ionization Detector	20.00	hour
Reinforcing Bar Locator	100.00	hour
Sampling Tubes	10.00	each
Sand Cone Equipment and Material	5.00	hour
Schmidt Hammer	20.00	hour
Seisometer	50.00	hour
Skidmore Wilhelm Bolt Tension Calib.	40.00	hour
Slope Inclinator/Settlement Indicator/VW Readout	50.00	hour
Torque Wrench	15.00	hour
Transfer Pump	3.00	hour
Ultrasonic Equipment	50.00	hour
Vapor Emission Test Kit	40.00	kit
Vector Conversion	60.00	conversion
Vehicle, nuclear gauge, equipment, wireless communication. *Add \$5.00/hr. for RTK enabled autotesting equipment.	36.00*	hour
Vehicle, equipment, wireless communication	26.00	hour
Vibration Monitor	1800.00	month
Water Sampling Pumps	20.00	hour
Bridge Toll	actual	actual
Mileage	.98	mile
Parking	actual	actual
AutoCAD, Civil 3D, GIS, Drone Data Processing	36.00	hour
BoreDM Bore Log	55.00	per log
Photocopies Black & White	0.25	each
Photocopies Color 11 x 17	1.50	each
Photocopies Color 8½ x 11	1.00	each
Plot - Black & White	3.00	square foot
Plot - Color	4.00	square foot
Postage	actual	actual
Scan - Black & White	1.50	each
Scan - Color	3.75	each
Telephone	0.50	minute

EXHIBIT C
SCHEDULE OF PERFORMANCE

As-needed basis from July 1, 2025 to June 30, 2028

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

Chris Ghione, Public Services Director

APPROVED BY: City Manager

APPROVE THE FY 2025-26 WORK PLANS FOR THE LIBRARY, CULTURE AND ARTS COMMISSION AND THE PARKS AND RECREATION COMMISSION

RECOMMENDATION(S)

Review and approve the FY 2025-26 Work Plans for the Library, Culture and Arts Commission and the Parks and Recreation Commission.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Protecting the Environment and Preserving Open Space and Agricultural Land

Maintaining and Enhancing Infrastructure

Supporting our Youth, Seniors, and Entire Community

Preserving our Community History

Enhancing Diversity and Inclusiveness

2024-2025 Strategic Priorities

Community Engagement

Economic Development and Tourism

Healthy Community

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

REPORT NARRATIVE:

Annually, the Library, Culture and Arts Commission (LCAC) and the Parks and Recreation Commission (PRC) submit Work Plans for approval by the City Council. After approval by the Council, the commissions use these Work Plans to guide their work over the next year. City staff believe that the Work Plans of the PRC and the LCAC can be supported with a moderate impact on staff resources. As has been the case for many years, staff support to these commissions is minimal, resulting in many commissioners volunteering to take on much of the legwork associated with the specific Work Plan items.

Both Commissions' Work Plans include items carried forward from previous fiscal years, as well as eliminated items from past years, and added a limited number of new items.

The carry-forward items are due to limitations on available City staff resources and aggressive Work Plan items established by the Commissions. Some items are also multi-year in nature.

COMMUNITY ENGAGEMENT:

Consult

The development of the Work Plans occurred at noticed public meetings of the PRC and the LCAC. Specific Work Plan items will include appropriate public engagement.

ALTERNATIVE ACTIONS:

The Council could alternatively modify a Commission's Work Plan to eliminate, add, or change specific items within a Work Plan.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Council approved the FY 24/25 Work Plans on November 11, 2024. The PRC finalized its draft Work Plan on July 15, 2025 and the LCAC finalized its Work Plan on August 6, 2025.

FISCAL AND RESOURCE IMPACT:

There is no direct fiscal impact associated with the approval of the Commission Work Plans. Each Work Plan identifies the estimated staff resources necessary to support the specific Work Plan items. Supporting the LCAC and PRC is an ongoing activity for the Public Services Department.

CEQA (California Environmental Quality Act):

Not a Project

Development of Commission Work Plans is an administrative activity of government that will not result in direct or indirect physical changes in the environment. While some projects on the Work Plans may result in changes to the physical environment, those projects would undergo appropriate environmental review on a project by project basis to meet CEQA requirements.

Parks & Recreation Commission

FY 2025-26 Work Plan – Draft For Council 7.15.25

Project	City Council Priority Supported	Staff Resources Required	Desired Outcome (Commissioner Responsible)
1. Motivate the next generation to get more active in Parks and Recreation	Supporting Our Youth, Seniors & Entire Community	Recreation Manager (Minimal)	1. Review program opportunities for new youth programming. (Maniar/Vittal/Chabra) 2. Work with City staff to review opportunities to more formally include youth (YAC and other youth) in park planning. (Vittal/Lucido)
2. Support bicycle and trails development efforts	Supporting Our Youth, Seniors & Entire Community	PS Director (Minimal)	Work to coordinate with community members on bicycle and trails issues with volunteer Bicycle and Pedestrian Advocacy Group. (Zargar)
3. Support the Morgan Hill Magical Bridge ongoing operations	Supporting Our Youth, Seniors & Entire Community	Recreation Supervisor and Coordinator (Moderate)	Support and enhance the ongoing volunteer and ambassador efforts at the Morgan Hill Magical Bridge Playground, including a youth volunteer program. (Vittal/Maniar/Chabra)
4. Support City in grant opportunities	Supporting Our Youth, Seniors & Entire Community Fiscal Sustainability	PS Director (Moderate) Mngt Analyst (Moderate)	Support City staff in identifying and evaluating grant opportunities and associated projects. (Maniar/Zargar/Chabra)
5. Increase volunteer Adopt a Park Program participation	Supporting Our Youth, Seniors & Entire Community Fiscal Sustainability	PS Director (Minimal) CS Supervisor (Minimal)	Support efforts to identify volunteers for tree establishment watering. (Zargar/Moniz)

Project	City Council Priority Supported	Staff Resources Required	Desired Outcome (Commissioner Responsible)
6. Support City park planning efforts	Supporting Our Youth, Seniors & Entire Community	PS Director (Significant)	1. Commence Parks and Recreation Master Plan update. (All) 2. Evaluate future opportunities for parkland acquisition and development. (van Keulen) 3. Research opportunities for the creation of additional dog parks in existing or new park spaces. (Moniz) 4. Review options for the future of the Community Park Pond. (All) 5. Review and provide recommendations to the City Council on adding restrooms to existing parks, including Diana, Nordstrom and Paradise. (van Keulen/Moniz)
7. Support the Annual Open Streets Event	Supporting Our Youth, Seniors & Entire Community	PS Director (Minimal) CS Supervisor (Moderate)	Support the planning and implementation of the annual Open Streets Event in coordination with health and wellness community resource fair. (Moniz/Vittal/Chabra/Lucido)
8. Explore Park and Outdoor Recreation Activation Opportunities	Supporting Our Youth, Seniors & Entire Community	PS Director (Minimal) CS Supervisor (Minimal) Recreation Manager (Minimal) Recreation Coordinator (Moderate)	1. Explore the opportunity to develop and implement an "Art in the Park" event, program or improvement. (Moniz/Chabra) 2. Review the opportunity to implement free fitness opportunities in parks in partnership with local fitness advocates. (Zargar) 3. Review the potential to organize social events with DJs and encourage families to picnic at the park for a chance for communal gatherings with sports and activities. (Zargar/Chabra) 4. Review opportunity to implement outdoor education workshop sessions for seniors. (Chabra)
9. Support Community Organizations related to Parks and Recreation	Supporting Our Youth, Seniors & Entire Community	PS Director (Minimal)	Identify and implement recognition opportunities for non-profit organizations. (Vittal/Chabra)

Staff Resources Required: **0-50 hours = Minimal** **51-100 hours = Moderate** **100+ hours = Significant**

Library, Culture & Arts Commission
FY 2025-2026 Work Plan
Draft for Council 8.6.25

Overall Mission: To assist the City Council in accomplishing its goals by fostering an environment conducive to and supportive of the arts, culture, and life-long learning in Morgan Hill, working with existing community groups to promote resources, and facilitate partnerships.

Project Area	City Council Goal Supported	Staff Resources Required	Specific Task / Commissioners Assigned
Project Area 1 Community Outreach	Supporting our Youth, Seniors, and Entire Community Enhancing Diversity and Inclusiveness Community Outreach, Engagement, and Messaging	PS Director (minimal) CS Supervisor (moderate)	(1.a) Participate with other groups to support community outreach and support arts and culture in the community (including, Cura Contemporary, Colibri, El Toro Arts, SV Creates, Poppy Jasper International Film Festival, Morgan Hill Diwali Festival, Coyote Creek Music Festival, SJMA Let's Look at Art, Movimiento de Arte y Cultura Latino Americana, Juneteenth, Kwanzaa, Caribbean Meet and Greet, South Valley Civic Theater) (All) (1.b) Support arts programming in conjunction with the Morgan Hill Magical Bridge Playground (All) (1.c) Use social media for promotion of Commission initiatives, cultural activities and announcements (Ganapathy/Carrillo) (1.d) Develop outreach program to the Latinx community through art programming (Santiago/Lyn) (1.e) Continue open art studio program (physical) (Blanton/Ganapathy) (1.f) Explore opportunities for youth engagement in arts through tabling at events with youth (Ganapathy/Rose) (1.g) Support the "Morgan Hill Stands United Against Hate/Morgan Hill Cares" campaign (Ganapathy/Blanton) (1.h) Monitor and support use of Prop 28 – Arts and Music in Schools (Carrillo/Ganapathy)
Project Area 2 Art and Culture Events	Supporting our Youth, Seniors, and Entire Community Enhancing Diversity and Inclusiveness	PS Director (minimal) Rec Manager (minimal) CS Supervisors (minimal)	(2.a) Support City Staff in producing the Art a la Carte event (All) (2.b) Evaluate implementing a Fine Arts Fair/Festival in 2027.

Project Area	City Council Goal Supported	Staff Resources Required	Specific Task / Commissioners Assigned
Project Area 3 Permanent and Proposed Public Art	Supporting our Youth, Seniors, and Entire Community Enhancing Diversity and Inclusiveness	PS Director (moderate) Maintenance Manager (minimal)	(3.a) Complete an Art Master Plan (Santiago/Ganapathy are Leads, All Support) (3.b) Review art inventory and public art webpage annually (Lyn/Ganapathy/Rose/Carrillo) (3.c) Review and recommend a plan for the use of Public Arts Funds (All) (3.d) Creating an artist registry (Lyn/Santiago) (3.e) Explore creation of digital artwork brochure (Carrillo) (3.f) Continue implementation of the utility box art program (Program: Ganapathy/Blanton/Lyn) (Sponsorship: Carrillo) (Inventory of Sites: Fiorenza) (3.g) Form subcommittees as needed to support specific art requests that come forward (All)
Project Area 4 Library Outreach and Support	Supporting our Youth, Seniors, and Entire Community Enhancing Diversity and Inclusiveness	Library Staff (minimal)	(4.a) Support Library outreach and advocacy as needed (All) (4.b) Participate in annual Library Commissioners Forum (All) (4.c) Support Children's art show at the Library (Blanton/Carrillo) (4.d) Support Adaptive programming (Rose/Carrillo) (4.e) Support Storywalk
Project Area 5 Support of Historical Resources	Preserving our Community History	PS Director (minimal)	(5.a) Support outreach and advocacy for the Historical Society as needed (Santiago/Carrillo)

Staff Resources Required:

0-30 hours: Minimal; 31-60 hours: Moderate; 60+ hours: Significant

Future Potential Items (Parking Lot)

- 1) Explore other opportunities for Library art contests in other media (examples: poetry, photography, literature).
- 2) Implement second annual International Celebration utilizing entertainment and food from various cultures
- 3) Explore opportunities for the Commission to support the Morgan Hill Historical Society partnership, including supporting the Black History Project
- 4) Explore public art related to a homelessness outreach mural (Santiago)
- 5) Partner with artist to complete a community mural (Santiago/Blanton/Ganapathy)
- 6) Update identified potential art locations annually after completion of the public Art Master Plan.

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

Cynthia Iwanaga, Management Analyst

APPROVED BY: City Manager

APPROVE SECOND AMENDMENT TO THE MAINTENANCE SERVICE AGREEMENT WITH ENVIRONMENTAL SYSTEMS, INC. TO INCREASE THE NOT TO EXCEED AMOUNT BY \$2,500,000 FOR A TOTAL AGREEMENT AMOUNT OF \$3,762,944 FOR THE REPAIR AND REPLACEMENT OF SIGNIFICANT CITY HEATING VENTILATION AND COOLING COMPONENTS WITHIN THE CITY'S BUILDINGS

RECOMMENDATION(S)

1. Approve the Second Amendment to the Maintenance Service Agreement with Environmental Systems, Inc. for \$2,500,000, for a total agreement amount of \$3,762,944;
2. Authorize the City Manager to execute and administer the Second Amendment to the Maintenance Service Agreement with Environmental Systems, Inc.;
3. Authorize the City Manager to extend the term of the Agreement with Environmental Systems, Inc. for up to an additional one-year term; and
4. Adopt a resolution appropriating \$1.4 million in Building Replacement Fund (741).

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Maintaining and Enhancing Infrastructure

2024-2025 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

The purpose of this report is to provide the City Council with an opportunity to consider a Second Amendment to the City's Maintenance Service Agreement with Environmental Systems, Inc. (ESI, Inc.) for heating, ventilation, and air conditioning (HVAC) maintenance and repairs. If approved, the Second Amendment will extend the term of the Agreement by two years, and authorize the City Manager to extend the term for an additional one-year term. The Second Amendment will increase the total amount of the Agreement by \$2,500,000, from \$1,262,944 to \$3,762,944.

This amendment is proposed to extend service and to support significant repairs and replacements to aging HVAC infrastructure at City Buildings. Over the first year of the HVAC contract, ESI was required to complete assessments of City HVAC infrastructure at all City buildings. After completion of these assessments, City staff worked to identify the largest areas of immediate need for replacement. These replacements include the largest units at the Centennial Recreation Center (CRC) and the units serving the Police Department (PD). The CRC HVAC components are over 19 years of age and the PD units are over 21 years of age. The amendment will include funds to replace these units over the next year, which will support increased energy efficiency and cost savings at the facilities as well as ensuring continued service without interruption. In addition to the very large replacements at the CRC and PD, small replacements at the Aquatics Center (AC) and Community and Cultural Center (CCC) are also needed.

The City has long contracted with HVAC contractors to maintain heating, ventilation, and air conditioning systems at City facilities. The original amount of the ESI Inc's agreement was \$662,944 for a two-year term from November 1, 2023 to October 31, 2025. The First Amendment added \$600,000 to the agreement for additional on-call repair services, and increased the amount of the agreement to \$1,262,944. This Second Amendment for the two-year period from November 1, 2025 to October 31, 2027, will allocate \$100,884 to scheduled services and \$2,399,116 for on-call repair and replacement services for a total increase of \$2,500,000 to the agreement amount via this Second Amendment. A number of the City's HVAC units are aging and in need of repair and/or replacement. The scope of this amendment includes quarterly and annual preventative maintenance at 12 City facilities, unanticipated repairs, and potential replacement of HVAC units at the CRC, AC, PD, and CCC with more energy-efficient electrical systems. These systems are all at or nearing end of life and will need replacement over the next year.

COMMUNITY ENGAGEMENT:

Inform

This report serves to inform the community of the proposed second amendment to the agreement with ESI.

ALTERNATIVE ACTIONS:

The City Council could decline to approve the amendment, but this is not recommended. Repair and replacement of HVAC units is essential to ensuring City facilities' heating and cooling systems operate properly at optimal levels for good indoor air quality as well as ensuring continuing energy and cost efficiency of the HVAC systems.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council awarded the original agreement to ESI, Inc. on October 4, 2023, and approved the First Amendment to the agreement on April 24, 2024. The original agreement was awarded through a competitive RFP process conducted in July 2023.

FISCAL AND RESOURCE IMPACT:

The additional \$2,500,000 will be funded over Fiscal Years 2025-26, 2026-27, and a portion of 2027-28 within various areas of facility maintenance in Fund 741 Building Replacement, General Fund 010, and Building Maintenance Fund 740 to support various buildings. However, the significant replacement costs noted will require a budget amendment to appropriate \$1,400,000 from the Building Replacement Fund (741) in FY 2025-26, for the cost of the replacements planned for this year (PD, Aquatics Center, CCC, and CRC). The full \$2,500,000 is not required as an additional appropriation, as some funds are already budgeted, and some of the funds will be used in the next year of the contract (Fiscal Year 2026-27).

CEQA (California Environmental Quality Act):

Categorical Exemption

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

SECOND AMENDMENT TO AGREEMENT ENVIRONMENTAL SYSTEMS, INC.

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

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Second Amendment to Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, 2025.
2. The CITY and SERVICE PROVIDER entered into that "Maintenance Service Agreement" made as of October 6, 2023, for services for a maximum compensation of Six Hundred Sixty-Two Thousand Nine Hundred Forty-Four Dollars (\$662,944.00) ("MAINTENANCE SERVICE AGREEMENT"). The MAINTENANCE SERVICE AGREEMENT was entered into pursuant to the action of the Morgan Hill City Council taken on October 4, 2023.
3. The CITY and SERVICE PROVIDER entered into a "First Amendment to Agreement" made as of May 5, 2024, under which the maximum compensation under the MAINTENANCE SERVICE AGREEMENT, as amended, was increased to One Million, Two Hundred Sixty-Two Thousand Nine Hundred Forty-Four Dollars (\$1,262,944.00). The FIRST AMENDMENT" was entered into pursuant to the action of the Morgan Hill City Council taken on April 24, 2024. The MAINTENANCE SERVICE AGREEMENT and the First Amendment thereto are attached as Exhibit "1" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the MAINTENANCE SERVICE AGREEMENT, as amended, as attached as Exhibit "1," shall remain in full force and effect; except that the following amendments shall be made as set forth below:
 - A. Paragraph 2 shall be amended and replaced in its entirety by the following:

"2. **Term of Agreement.** This Agreement shall be effective and cover services rendered from October 6, 2023, until October 31, 2027. The City Manager is authorized to extend the term of this Agreement for a maximum of one one-year extension. Any such extension shall be in writing and signed by both parties to this Agreement."
 - B. Paragraph 4.1 shall be amended and replaced in its entirety by the following:

"4.1. Amount. Compensation under this Agreement shall not exceed THREE MILLION SEVEN HUNDRED SIXTY-TWO THOUSAND NINE HUNDRED FORTY-FOUR DOLLARS (\$3,762,944).and shall be billed based on the rate and basis set forth in Exhibit "B-1" effective November 1, 2025, that is incorporated herein by this reference. If the City Manager extends the term of this Agreement pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to SERVICE PROVIDER during that extended term period, so long as City Council has appropriated

sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for the extended term exceed 105% of the maximum compensation allowed to be paid to SERVICE PROVIDER for one year of service during the immediately preceding prior year of service.”

C. Paragraph 3 shall be amended to include the additional services to be performed by SERVICE PROVIDER set forth in **Exhibit “A-1” and “A-2”** dated Effective November 1, 2025, that is incorporated herein by this reference.

D. Paragraph 4.2. shall be amended to have all references to “Exhibit B” be updated to reference the revised rates and basis set forth in **Exhibit “B-1”** effective November 1, 2025, that is incorporated herein by this reference.

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

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

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

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

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

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

10.2.5. Under Labor Code Section 1813, SERVICE PROVIDER will forfeit to CITY as a penalty, the sum of Twenty-Five Dollars (\$25.00) for each day during which a worker employed by SERVICE PROVIDER or any subcontractor is required or permitted to work more than eight (8) hours in any one (1) calendar day or more than forty (40) hours per calendar week, except if such workers are paid overtime under Labor Code Section 1815.”

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

“13. **Conflict of Interest and Reporting.** SERVICE PROVIDER shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement including, without limitation, complying with California Government Code section 1090 et

seq., the California Political Reform Act (California Government Code section 87100 et seq.) and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification (2 California Code of Regulations section 18700 et seq.). SERVICE PROVIDER will further comply and will ensure that its agents and its subcontractors comply, with California Government Code section 84308 ("Levine Act") and the applicable regulations of the Fair Political Practices Commission concerning campaign disclosure (2 California Code of Regulations sections 18438.1 – 18438.8)."

2. **Notice of Security and/or Privacy Incident.** If SERVICE PROVIDER, or its subconsultant, suspect, discover or are notified of a data security incident or potential breach of security and/or privacy relating to CITY PII, PHI and/or PCI, SERVICE PROVIDER shall immediately, but in no event later than forty-eight (48) hours from suspicion, discovery, or notification of the incident or potential breach, notify CITY of such incident or potential breach. SERVICE PROVIDER shall, upon CITY's request, investigate such incident or potential breach, inform the CITY of the results of any such investigation, and assist the CITY in maintaining the confidentiality of such information. In addition to the foregoing, SERVICE PROVIDER shall provide CITY with any assistance necessary to comply with any state and/or federal laws requiring the provision of notice of any privacy incident or security breach with respect to any CITY PII, PHI and/or PCI to the affected or impacted individuals and/or organizations, in addition to any notification to applicable state and federal agencies. SERVICE PROVIDER agrees that it shall reimburse CITY for all expenses, costs, attorneys' fees, and resulting fines, penalties, and damages associated with such incident, breach, investigation and/or notification.
3. **Electronic Signatures.** Unless otherwise prohibited by law or CITY policy, the Parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term "electronic copy of a signed contract" refers to a transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed contract in a portable document format. The term "electronically signed contract" means a contract that is executed by applying an electronic signature using technology approved by the CITY.
4. **Counterpart Signatures.** This Agreement may be signed in multiple counterparts, which shall, when executed by all the Parties, constitute a single binding agreement.

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[Signatures on the Next Page]

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

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

ATTEST:

CITY OF MORGAN HILL

Michelle Bigelow, City Clerk

Christina Turner, City Manager

Date: _____

Date: _____

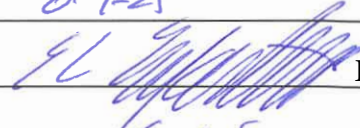
APPROVED AS TO FORM:
Donald A. Larkin, City Attorney

ENVIRONMENTAL SYSTEMS, INC.

Date: _____

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

Date: 8-4-25

By:  E.L. Infantino
Title: Corp Sec
Print Name and Title of Signer.
If Corporate: Secretary, Assistant
Secretary, Chief Financial Officer, or
Assistant Treasurer

Date: 8-4-25

991301

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

1000545743

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

Expiration 3/31/2026
Date(s) _____

Expiration 06/30/2027
Date(s) _____

Seal:

EXHIBIT A-1 SCOPE OF WORK
Effective November 1, 2025
REVISED ATTACHMENT A

CITY OF MORGAN
HVAC FACILITIES LOCATIONS

HVAC SYSTEMS TO BE MAINTAINED AT THESE LOCATIONS		
BUILDING/FACILITY	ADDRESS	SQUARE FOOTAGE
Aquatics Center (office area)	16200 Condit Road	5,294
Centennial Recreation Center	171 West Edmundson Avenue	54,000
City Hall	17575 Peak Avenue	13,900
Community and Cultural Center, Building B and Playhouse	17000 Monterey Road	25,000; 12,000; 5,000
Council Chambers	17555 Peak Avenue	12,104
Friendly Inn	17666 Crest Avenue	3,168
Police Department and Information Services	16200 Vineyard Boulevard	44,886
Public Works Corporation Yard	100 Edes Court	4,583
The Villas	535 Alkire Avenue	4,500
Butterfield Fire Station	17285 Butterfield Boulevard	6,065
Dunne Hill Fire Station	2100 E. Dunne Avenue	
El Toro Fire Station	18300 Old Monterey Road	

EXHIBIT A-1 SCOPE OF

WORK ATTACHMENT B

HVAC EQUIPMENT LIST

CITY OF MORGAN HILL HVAC EQUIPMENT LIST			
QTY	MANUFACTUTER	TYPE	MODEL/SIZE
Aquatics Center - 16200 Condit Road			
1	Elite Heating Boiler (Main Bldg.)	Water Boiler	EL-399NVWH; 399,000 BTU/HR
1	Trinity (West Building)	Direct Vent Water Heater	Model LX200WH
1	Carrier	Heater/Air Conditioner	48HJD005-651
2	(Events Room)	Heater/Air Conditioner	Ductless Units split DX 40QKE048
1	(Kitchen)	Air Conditioner	
1	(Kitchen)	Swamp Cooler	
2	(Kitchen)	Exhaust Fan	
1	Greenheck Cube 480HP-15	Kitchen (Grease Hood)	
1	Greenheck GB- 161-3	Main Locker Room	
1	Greenheck GB0141-3	Team Locker Room	
1	Greenheck GB- 070-4	Roof	
2	Exhausto RSV 400	Boiler Exhaust Roof	
1	Exhausto BSEB 400	Locker Rooms	
Centennial Recreation Center – 171 West Edmundson Avenue			
1	Trane IntelliPak	Air Conditioner (Main Bldg.) AC-1	SXHFC540745E9BD800100WEOG0000TOY8000; Voltage 460; HZ 60; 3 Phase
1	Trane Voyager	Air Conditioner (Fitness Room) AC-2	YCH181C4LOCA; Voltage 460; HZ 60; 3 Phase
1	Trane Voyager	Air Conditioner (Gym Room) AC-3	YCH420A4LTOC6DF400000F0H0000; Voltage 460; 60 HZ; 3 Phase 24 VAC/85AMP
1	Energy Labs, Inc.	Heater/Air Conditioner (Natatorium) IEC-IA	C093228-FHER-L
1	Carrier	Heater/Air Conditioner (Fitness Expansion)	48PGLMO7-A-60-BB
1	Daikin	Air Conditioner (East Side)	RXS12DVJU

1	Daikin	Air Conditioner (West Side)	RXSO9DVJU
1	Reznor	Swamp Cooler (Kitchen)	RPB-300; MAU, Makeup Unit
2	LAARS	Domestic Water Boiler	PNCVO75ONACK28XN; 749,970 BTU/HR
1	Ajax	Water Boiler	WRNG-1500; 1,500,000 BTU/HR
1	Sanyo	DX Split (Telecom Room)	KS1251
1	Sanyo	DX Split (Satellite Telecom Room)	KS0951
1	Grennheck	Fan (Locker Room)	G-180-B; Voltage 460/3/60
1	Grennheck	Fan (Toilet)	G-131-B; Voltage 115/1/60
1	Grennheck	Fan (Kitchen)	Cube-360-XP-10; Voltage 460/3/60
1	Grennheck	Fan (Pool Equip)	G-131-C; Voltage 115/1/60
1	Grennheck	Fan (Dishwasher)	G-141-B; Voltage 115/1/60
1	Grennheck	Fan (Maintenance Receiving)	G-09-G; Voltage 115/1/60
1	Grennheck	Fan (Electrical Room 134)	SQ-100-B; Voltage 115/1/60
1	Grennheck	Fan (Electrical Room 123)	SQ-140-C; Voltage 115/1/60
City Hall – 17575 Peak Avenue			
2	AC-1 AAON	Heater/Air Conditioner	RN-025-3-0 EB09-EHL; 25 ton; 460 Voltage; 60 HZ; 3 PH
1	Laars	Water Boiler	
1	CU-1 Mitsubishi	Air Conditioner	MUY-A17NA
2	EF-1	Exhaust Fan	S/N: 11500620 0009 Mark EF
Community and Cultural Center and Playhouse – 17000 Monterey Road			
2	McQuay	Heater / Air Conditioner (ACU-1 & ACU-2)	RDT070C
1	Trane	Heater / Air Conditioner	TCD180B400GA; Electrical Rating 460/60/3; ten ton unit
1	McQuay	Heater / Air Conditioner (ACU-3)	LCA102S
1	York	Heater / Air Conditioner (ACU-4)	DHH060
1	Raypak	Boiler	406L-856L
2	Penn	Exhaust Fan	FX14B
2	Penn	Exhaust Fan	FX18BH
1	Carrier	Heater/Air Conditioner (Playhouse Stage)	48HJD006-541; 50,000 BTU's/HR
2	Carrier	Heater/Air Conditioner (Playhouse Main Auditorium/Lobby)	48HJF008-541; 180,000 BTU's/HR

3	Mitsubishi	Heater/Air Conditioner (Playhouse Dressing Room)	PUGH18CKB; 1 phase unit
4		Exhaust Fans (Playhouse Dressing Rooms / Restrooms)	
Council Chambers – 17555 Peak Avenue			
1	Trane	Heater/Air Conditioner	YCH180B4I0HB; 460 Volt; 60 HZ; 3 PH
1	ARI XB 13	Air Conditioner	2TWB3060A1000AA; 208/230 VAC
1	Sanyo	Air Conditioner	C1211; Source 115 Volt; 60 HZ; 1 PH
1	Fujitsu	Air Conditioner	A0V24CL; 208/230 VAC; 60 HZ; 1 PH
1	Trane	Heater/Air Conditioner	YFH180B4L0HB; 460 VAC; 60 HZ; 3 PH
1	Bryant	Air Conditioner	661CP060-C
1	Carrier	Air Conditioner	38QRR060300; 208/230 VAC; 60 HZ; 1PH
1	Bradford White	Water Boiler	MII30R6DS13; Capacity 30 gallons; voltage 240; 50/60 HZ
Community and Cultural Center Building B – 17060 Monterey Road			
1	Trane	Air Conditioner	4 ton
1	Trane	Water Boiler	100,000 BTU
1	Trane	Heat Pump w/Cooling	5 ton
6	Armstrong	Condensing Unit	SCU10B60C
3	Armstrong	Condensing Unit	SCU10B48C
1	First Company	Water Heater	
Friendly Inn – 17666 Crest Avenue			
4	Daikin	Heat Pump	RXYMQ48MVJU; HP=4; 208 Voltage; 1 PH
2	Daikin	Heat Pump	RXYMQ36MVJU; HP=3; 208 Voltage; 1 PH
2	Daikin	Evaporating AC Coil	FXSQ18MVJU; Motor 85W; 208 Voltage; 1 PH
3	Daikin	Evaporating AC Coil	FXSQ12MVJU; Motor 50W; 208 Voltage; 1 PH
1	Daikin	Evaporating AC Coil	FXMQ36MVJU; Motor 270W; 208 Voltage; 1 PH
3	Daikin	Evaporating AC Coil	FXMQ48MVJU; Motor 430W; 208 Voltage; 1 PH
1	Greenheck	Exhaust Fan	SP-A290; Motor 81W; 115 Voltage; 1 PH
1	Greenheck	Exhaust Fan	SP-A200; Motor 48W; 115 Voltage; 1 PH
1	Greenheck	Exhaust Fan	CSP-A110; Motor 51W; 115 Voltage; 1 PH (120 MDF)
Police Department and Information Services - 16200 Vineyard Boulevard			
5	Carrier	Heater/Air Conditioner	Weather Master Series; Package Unit; 48HJD008-641; Voltage 460; 3 PH; 60 HZ
2	Carrier	Heater/Air Conditioner	Weather Master Series; Package Unit; 48HJE004-641; Voltage 460; 3 PH; 60 HZ
5	Carrier	Heater/Air Conditioner	Weather Master Series; Package Unit; 48HJE007-641; Voltage 460; 3 PH; 60 HZ
2	Carrier	Heater/Air Conditioner	Weather Master Series; Package Unit; 48HJD012-641; Voltage 460; 3 PH; 60 HZ

1	Carrier	Heater/Air Conditioner	Weather Master Series; Package Unit; 48HJD005-641; Voltage 460; 3 PH; 60 HZ
2	Carrier	Heater/Air Conditioner	Weather Master Series; Package Unit; 48HGD028AC-6; Voltage 460; 3 PH; 60 HZ
1	Fujitsu	Air Conditioner (Server Room)	
1	Daikin	Air Conditioner	3-ton
1	Reznor	Heater Unit	FE-75
11	Greenheck	Exhaust Fan	
Public Works Corporation Yard - 100 Edes Court			
1	Trane	Heater/Air Conditioner	YCH180B410HB
1	Bryant	Heater/Air Conditioner	601APX060000AAAG; 208 Voltage; 3 PH; 60 HZ
1	Bryant	Heater/Air Conditioner	601APX036000AAAF; 208 Voltage; 3 PH; 60 HZ
2	A O Smith	Water Boiler	DEL 15 102; Capacity 15 gallons
1	Rheem/York	Mini split-system/Heater/Air Conditioner	H1DA048S25A; 208/230 Voltage; 1 PH; 60 HZ
1	Bradford White	Water Boiler	M440T6FBN; D/N:-394; Capacity 40 gallons
1	Fujitsu Halcyon IAQ	Indoor Air Quality/Air Conditioning Unit	
7		Exhaust Fan	(Sewer – 1; Community Service Room – 3; Water Department Room – 3)
The Villas – 535 Alkire Avenue			
8	Bard	Heat Pump w/Cooling	Wall mounted

**EXHIBIT A- 1 SCOPE OF WORK
ATTACHMENT C**

FILTER LIST

Filters must be replaced with MERV13 filters at all facilities.

CITY OF MORGAN HILL HVAC EQUIPMENT FILTER LIST			
FACILITY		TYPE	CHANGES/YEAR
Aquatics Center - 16200 Condit Road			
		Disposable Pleated	Quarterly
Centennial Recreation Center – 171 West Edmundson Avenue			
		Disposable Pleated	Quarterly
City Hall – 17575 Peak Avenue			
		Disposable Pleated	Quarterly
Community and Cultural Center and Playhouse – 17000 Monterey Road			
		Disposable Pleated	Quarterly
Council Chambers – 17555 Peak Avenue			
		Disposable Pleated	Quarterly
Gavilan College Building -17060 Monterey Road			
		Disposable Pleated	Quarterly
Friendly Inn – 17666 Crest Avenue			
		Disposable Pleated	Quarterly
Public Works Corporation Yard – 100 Edes Court			
		Disposable Pleated	Quarterly
Police Department and Information Services-16200 Vineyard Blvd.			
		Disposable Pleated	Quarterly
The Villas – 535 Alkire Avenue			
		Disposable Pleated	Quarterly

Note: Filter quantities/sizes to be determined during the field review by prospective bidders.

EXHIBIT A- 1 SCOPE OF WORK

ATTACHMENT D

QUARTERLY AND ANNUAL PREVENTATIVE MAINTENANCE SCHEDULE

Quarterly and Annual Preventative Maintenance Services for all facilities will include a check for proper function of all components and systems, and the following:

Rooftop Variable Air Volume Cooling Units:
General
Check for safety hazards.
Check for debris on the roof and around the equipment and remove.
Replace air filters.
Check and set time clocks/EMS schedule.
Check that all equipment panels are secure.
Compressor Section
Check for unusual noise/vibration.
Check oil sight glass level.
Check for visual signs of oil/leaks.
Check suction line temperature.
Check crankcase heater(s).
Check for excessive amp draw and current unbalance.
Check for voltage unbalance.
Condenser Section
Check coil(s) cleanliness/fin condition.
Check for visual signs of oil/leaks.
Check fan bracketing and blades for cracks/damage/distortion.
Check all fans are operational and correct rotation.
Amp all fan motors and compare them to nameplate.
Check that wiring is secure and clear of rotating blades.

Evaporation Section	
Check coil(s) cleanliness/fin condition.	
Inspect drain pans for cleanliness/standing water.	
Check pan tabs and note if replacement is required.	
Check drain line for free flow.	
Check for visual signs of oil/leaks.	
Check TXV bulb secure and insulated.	
Check sight glass/moisture indication.	
Verify proper hot gas bypass valve operation.	
Check motor, drive, and blower for unusual noise/vibration.	
Amp motor and compare with nameplate.	
Check v-belt(s) and sheaves condition, alignment, and tension.	
Lubricate motor bearings (do not over-lubricate!)	
Lubricate blower shaft bearings.	
Lubricate vane assemblies (bldg. must be unoccupied if using aerosol!)	
Economizer Section	
Check return air/outside air dampers, actuators for free operation.	
Lubricate dampers and linkage ball joints.	
Verify minimum position properly set.	
Lubricate motor bearings (do not over-lubricate!)	
Lubricate blower shaft bearings.	
Amp motor and compare with nameplate.	
Check power exhaust v-belt, sheave, alignment and tension.	
Control Panel	
Check all contactors and points.	
Check for over-heated, burned, or loose wiring/connections.	
Check all safety controls.	
Check operating controls.	
Cycle discharge air controller through all stages; verify unloader operation.	
Clean panel and components of dirt and debris.	

Rooftop Cooling/Heating Package Units:

General

Check for safety hazards.

Check for debris on roof and around equipment and remove.

Replace air filters.

Check and set time clocks/EMS schedule.

Check that all equipment panels are secure.

Compressor Section

Check for unusual noise/vibration.

Check oil sight-glass level.

Check for visual signs of oil/leaks.

Check suction line temperature.

Check crankcase heater(s).

Check for excessive amp draw and current unbalance.

Check for voltage unbalance.

Condenser Section

Check coil(s) cleanliness/fin condition.

Check for visual signs of oil/leaks.

Check fan bracketing, rain guard and blades for cracks/damage.

Check all fans are operational and correct rotation.

Amp all fan motors and compare them to nameplate.

Check that wiring is secure and clear of rotating blades.

Evaporator Section

Check coil(s) cleanliness/fin condition.

Inspect drain pans for cleanliness/standing water.

Check pan tabs and note if replacement is required.

Check drain line for free flow.

Check for visual signs of oil/leaks.

Check TXV bulb secure and insulated.
Take coil temperature difference (TD) reading.
Check motor, drive and blower for unusual noise/vibration.
Check sight glass/moisture indication.
Check v-belt(s) and sheaves condition, alignment, and tension.
Lubricate motor bearings (do not over-lubricate!)
Lubricate blower shaft bearings.
Amp motor and compare with nameplate.
Gas Heating Section
Inspect heat exchanger from combustion chamber for cracks.
Verify proper operation of combustion blower.
Verify proper lighting sequence.
Inspect burners and combustion chamber cleanliness and condition.
Check pilot and main burner flame quality.
Check for flame roll-out.
Economizer Section
Check return air/outside air dampers, actuators for free operation.
Lubricate dampers and linkage ball joints.
Verify minimum position properly set.
Lubricate blower shaft bearings.
Amp motor and compare with nameplate.
Control Panel
Check all contactors, coils and contacts.
Check for over-heated, burned, or loose wiring/connections.
Check all safety controls.
Check operating controls.
Cycle unit in all modes and check operation.
Clean panel and components of dirt and debris.

Exhaust Fans:

Inspect belts, bearings and motor operation.

Check flow rate for adequacy using flow meter.

Water Boilers:

Open front and rear doors. Clean and vacuum fireside surfaces as required.

Inspect all refractory. Patch and wash coat as required.

Inspect all gasketing on front and rear doors and replace as necessary.

Seal and close front and rear doors properly.

Remove low and auxiliary low water cut off controls, clean and inspect. Then re-install using new gaskets.

Remove plugs in control piping, inspect, clean and re-install.

Replace all hand hole and man hole plates with new gaskets.

Open feedwater tank manway, inspect and clean as required. Replace manway plate with new gasket.

Clean burner and burner pilot.

Check pilot electrode and adjust or replace.

Clean air damper and blower assembly.

Clean motor starter contacts and check operation.

Make necessary adjustments to burner for proper combustion and record all results in service report.

Perform all flame safeguard and safety trip checks and record results in service report.

Check all hand hole plates and man hole plates for leaks at normal operating temperatures and pressures.

Troubleshoot any boiler system problems as requested by on-site personnel.

EXHIBIT A-2

Effective November 1, 2025

ADDITIONS TO SCOPE OF WORK

Additions to Section 4. WORK HOURS:

Butterfield Fire Station	Monday – Friday; 8 a.m. – 5 p.m.
Dunne Hill Fire Station	Monday – Friday; 8 a.m. – 5 p.m.
El Toro Fire Station	Monday – Friday; 8 a.m. – 5 p.m.

**EXHIBIT B-1
SCHEDULE OF COMPENSATION RATES**

**HVAC PREVENTATIVE MAINTENANCE FEES
INCLUDING TRAVEL TIME**

Quarterly and Annual Preventative Maintenance of Heating, Ventilating and Air Conditioning (HVAC) Equipment at City Facilities as described in the technical specifications:

Bid Item	Description of Bid Item	Quarterly Inspection Amount Cost for one (1) quarterly inspection	Annual Inspection Amount Cost for one (1) annual inspection
1	Aquatics Center: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$ 543.00	\$ 543.00
2	Centennial Recreation Center: Provide y HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$1,778.00	\$1,778.00
3	City Hall: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$ 556.00	\$ 556.00
4	Community and Cultural Center, Building B and Playhouse: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$1,024.00	\$1,024.00
5	Council Chamber Building: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$ 580.00	\$ 580.00
6	Friendly Inn: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$ 550.00	\$ 550.00
7	Police Department and Information Services: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$1,960.00	\$1,960.00
8	Public Works Corporation Yard: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$ 335.00	\$ 335.00

Bid Item	Description of Bid Item	Quarterly Inspection Amount Cost for one (1) quarterly inspection	Annual Inspection Amount Cost for one (1) annual inspection
9	The Villas: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$542.00	\$542.00
10	Total Amount for One (1) Quarterly Inspection for Bid Items #1-#9 (Add Bid Items #1-#9 -Quarterly Inspection Amount)	\$7,868.00	
11	Total Amount for Three(3) Quarterly Inspections for Bid Items #1-#9 (Multiple Bid Item #10 X 3)	\$23,604.00	
12	Total Amount for One (1) Annual Inspection for Bid Items #1-#9 (Add Bid Items #1-#9 – Annual Inspection Amount)		\$7,868.00
13	BASE BID TOTAL For 3 Quarterly Inspections and 1 Annual Inspection (Bid Item #11 + Bid Item#12)	\$31,472.00	

ANNUAL COIL SERVICE

Bid Alternate Item	Description of Bid Item	Annual Inspection Amount (Per Annual Visit)
1	Annual Coil Cleaning Service	\$6,500.00
	BID ALTERNATE TOTAL	\$6,500.00

BID SCHEDULE-HOURLY REPAIR RATES

Hourly Rates for Additional Maintenance and Repair of Heating, Ventilating and Air Conditioning (HVAC) Equipment at City Facilities:

MISCELLANEOUS CALL OUT/REPAIR RATES*	
a. 8:00 a.m. to 5:00 p.m.	\$ <u>175.00</u> /hour
b. 5:00 p.m. to 8:00 a.m.	\$ <u>225.00</u> /hour
c. Weekends & Holidays	\$ <u>225.00</u> /hour
*Quantities for Items a., b. & c. cannot be pre-determined, but shall be on an "as needed" basis. A flat travel fee of \$50 will be charged for all repair visits.	

City of Morgan Hill

Exhibit B-1

**Revised Schedule of Compensation
for the period from 11/1/2025 to 10/31/2027**

Environmental Systems, Inc.

HVAC Maintenance and Repair Services

Item #:	Description	Quarterly Inspection Amount: Cost for one (1) quarterly inspection	Annual Inspection Amount: Cost for one (1) annual inspection
1	Aquatics Center	559.29	559.29
2	Centennial Recreation Ctr.	1,831.34	1,831.34
3	City Hall	572.68	572.68
4	Community and Cultural Center	1,054.72	1,054.72
5	Council Chamber Bldg	597.40	597.40
6	Friendly Inn	566.50	566.50
7	Police Department and Information Services	2,018.80	2,018.80
8	Corporation Yard	345.05	345.05
9	The Villas	558.26	558.26
10	Dunne Hill Fire Station	495.00	495.00
11	El Toro Fire Station	525.00	525.00
12	Butterfield Fire Station	1,500.00	1,500.00
	Total Amount for One (1) Quarterly Inspection	10,624.04	
	Total Amount of Three (3) Quarterly Inspection	31,872.12	
	Total Amount for One (1) Annual Inspection		10,624.04
	TOTAL COSTS - For 3 quarterly inspections and 1 annual inspection		42,497
	Annual Coil Cleaning Service		7,945.00
	TOTAL ANNUAL AMOUNT FOR ESI, INC. SCHEDULED SERVICES		50,442.00

Breakdown of Revised ESI Agreement Amount including Second Amendment:

	Amt of Document	Revised Total Amt of Agreement
Original ESI Agreement (10/6/23 to 10/31/25)	662,944.00	
First Amendment No Change to Term	600,000.00	1,262,944.00
Second Amendment (11/01/25 to 10/31/27) Annual Scheduled Services (\$50,442 X 2 yrs = \$100,884) Annual On-Call Repair Services (\$1,199.558 X 2 yrs = \$2,399,116)	2,500,000.00	3,762,944.00

EXHIBIT 1

FIRST AMENDMENT TO AGREEMENT
ENVIRONMENTAL SYSTEMS, INC.

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on 5/5/2024 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and ENVIRONMENTAL SYSTEMS, INC., a California Corporation ("SERVICE PROVIDER"), hereinafter referred to collectively as the "Parties".

RECITALS

The following recitals are a substantive part of this Agreement:

1. This First Amendment to Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on April 24, 2024.
2. The CITY and SERVICE PROVIDER entered into that "Maintenance Service Agreement" made as of October 6, 2023, for services for a maximum compensation of Six Hundred Sixty-Two Thousand Nine Hundred Forty-Four Dollars (\$662,944.00) ("MAINTENANCE SERVICE AGREEMENT"). The MAINTENANCE SERVICE AGREEMENT is attached as Exhibit "1" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

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

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

"4.1. Amount. Compensation under this Agreement shall not exceed ONE MILLION TWO HUNDRED SIXTY-TWO THOUSAND NINE HUNDRED FORTY-FOUR DOLLARS (\$1,262,944.00) and shall be billed based on the rate and basis set forth in **Exhibit B.**"

2. **Electronic Signatures.** Unless otherwise prohibited by law or CITY policy, the Parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term "electronic copy of a signed contract" refers to a transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed contract in a portable document format. The term "electronically signed contract" means a contract that is executed by applying an electronic signature using technology approved by the CITY.

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[Signatures on the Next Page]

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

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

ATTEST:

DocuSigned by:

Michelle Bigelow

Michelle Bigelow, City Clerk

Date: 5/6/2024

APPROVED AS TO FORM:

DocuSigned by:

Donald Larkin

Donald Larkin, City Attorney

Date: 4/30/2024

CITY OF MORGAN HILL

DocuSigned by:

Christina Turner

Christina Turner, City Manager

Date: 5/5/2024

ENVIRONMENTAL SYSTEMS, INC.

By:

Title:

V.C. EnCarnino

V.C. EnCarnino

President

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date:

4-8-24

By:

Title:

E.C. EnCarnino

E.C. EnCarnino

Corp Sec

Print Name and Title of Signer.

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

Date:

4-8-24

126-04-23-042

exhibit 1

**MAINTENANCE SERVICE AGREEMENT
Environmental Systems, Inc.**

THIS AGREEMENT is entered into and becomes effective on 10/6/2023 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Environmental Systems, Inc. a California corporation ("SERVICE PROVIDER") hereinafter referred to collectively as "Parties." In consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority.** This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on october, 04, 2023.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until October 31, 2025 at which time SERVICE PROVIDER'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum of three one-year extensions. Any such extension shall be in writing and signed by both Parties to this Agreement.
3. **Scope of Service.** The services to be performed by SERVICE PROVIDER shall be full service maintenance and repair of heating, ventilating, and air conditioning (HVAC) equipment at City facilities as further described in **Exhibit A**.
4. **Compensation.** SERVICE PROVIDER shall be compensated as follows:
 - 4.1. **Amount.** \$662,944.00. Total compensation to SERVICE PROVIDER under this Agreement during its initial term set forth in Section 2 above shall not exceed Six Hundred Sixty-Two Thousand Nine Hundred Forty- Four dollars for preventative maintenance in the amount of \$62,944 and repair costs in an amount not to exceed \$600,000 to be performed on an as-needed basis and pre-approved by City Maintenance Staff, and shall be billed based on the rate and basis set forth in **Exhibit B**. If the City Manager extends the term of this Agreement pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to SERVICE PROVIDER during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to SERVICE PROVIDER for one year of service during the immediately preceding prior year of service.
 - 4.2. **Billing.** SERVICE PROVIDER shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by SERVICE PROVIDER on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 14 Notices. Payment will be made to SERVICE PROVIDER within thirty (30) days of receipt of invoice by CITY. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided

in Exhibit B) up to the limit of compensation set forth above, that in the CITY'S judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

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

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

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

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

- 6.1. Schedule. SERVICE PROVIDER shall perform all work and services under this Agreement in conformance with the time schedule set forth on **Exhibit C**, "Schedule of Performance," attached hereto and incorporated herein by this reference. The City Manager is authorized on behalf of CITY to modify the timeframes set forth on the Schedule of Performance within the term of this Agreement.
- 6.2. Storage of Service Provider's Equipment. If SERVICE PROVIDER desires to leave or store any of SERVICE PROVIDER'S equipment at a CITY site while SERVICE PROVIDER is performing work or service pursuant to this Agreement, SERVICE PROVIDER will first obtain the consent of the City Manager, or his/her delegate, to do so, and any such storage shall occur only in the manner and location allowed by such CITY official and entirely at SERVICE PROVIDER'S sole risk.
7. Hazardous Materials. Without limiting any other requirement or obligation of SERVICE PROVIDER under this Agreement, if SERVICE PROVIDER needs to use any material or chemical considered to be a hazardous material under any federal, state, or local law, regulation or policy, SERVICE PROVIDER agrees to fully and timely abide by and comply with all laws, regulations and policies pertaining to the use, transport, removal, handling, disposal, or other activity related to any and all such materials or chemicals. Prior to commencement of work or services under this Agreement, SERVICE PROVIDER shall provide CITY with a complete list of the hazardous materials SERVICE PROVIDER reasonably anticipates it may need to use to provide the services of SERVICE PROVIDER under this Agreement, together with the reasonably anticipated quantities thereof, if requested by CITY.
8. Insurance Requirements. SERVICE PROVIDER shall procure and provide proof of the insurance coverage required by this section in the form of certificates and endorsements. The required insurance must cover the activities of SERVICE PROVIDER, including its subcontractors, employees, and agents, relating to, or arising from, the performance of any work or service under this Agreement, and must remain in full force and effect at all times during the period covered by this Agreement. The coverages may be arranged under a single policy for the full limits required or by a combination of underlying policies with the balance provided by excess or "umbrella" policies, provided each such policy complies with the requirements set forth herein. Any deductibles or self-insured retentions must be declared to and approved by City. SERVICE PROVIDER further understands that CITY reserves the right to modify the insurance requirements set forth herein, with thirty (30) days' notice provided to SERVICE PROVIDER, at any time as deemed necessary to protect the interests of CITY.
- 8.1. Insurance Types and Amounts.
- 8.1.1. Commercial General Liability (CGL). SERVICE PROVIDER shall maintain CGL against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.
- 8.1.2. Automobile Liability. SERVICE PROVIDER shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if SERVICE PROVIDER does not own automobiles, then SERVICE PROVIDER shall maintain Hired/Non-owned Automobile Liability) against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) one million dollars (\$1,000,000.00) combined single limit for any one accident or

occurrence, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

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

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

8.1.5. Professional Liability.

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

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

insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

8.1.6. Sexual Abuse/Molestation Liability (SML): If the performance of SERVICE PROVIDER'S work or service under this Agreement involves contact with minors, SERVICE PROVIDER shall procure and maintain Sexual Abuse and Molestation insurance in the minimum amount of: (i) two hundred thousand dollars (\$200,000.00) each claim, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

8.2. Endorsements. SERVICE PROVIDER shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:

8.2.1. General Liability and pollution liability (when pollution liability applies).

8.2.1.1. "Additionally Insured" - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds on a form at least as broad as ISO Form CG 20 10 for ongoing operations.

8.2.1.2. "Waiver of Rights of Subrogation" - The insurer waives the right of subrogation against the City of Morgan Hill and CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and

8.2.1.3. "Primary and Non-Contributing" - Insurance shall be endorsed to be primary and non-contributory and will not seek contribution from the City's insurance or self-insurance and shall be at least as broad as ISO Form CG 20 01.

8.2.2. Workers Compensation.

If the performance of SERVICE PROVIDER'S work or service under this Agreement involves access to or activity on any property or premises owned or occupied by the CITY, including, but not limited to, SERVICE PROVIDER'S presence during site visits and meetings, then insurer waives the right of subrogation against the City of Morgan Hill and the CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.

8.3. Qualification of Insurers. All insurance required pursuant to this Agreement must be issued by a company licensed and admitted, or otherwise legally authorized to carry out insurance business in the State of California, and each insurer must have a current A.M. Best's financial strength rating of "A" or better and a financial size rating of "VII" or better.

8.4. Certificates. SERVICE PROVIDER shall furnish CITY with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, SERVICE PROVIDER shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to SERVICE PROVIDER'S agreement with CITY shall be canceled or materially changed except after thirty (30)

days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 8. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

10. **Compliance with Law.**

- 10.1. SERVICE PROVIDER and its officers, employees, agents, and subcontractors shall comply with all applicable laws, ordinances, administrative regulations, and permitting requirements in carrying out their obligations under this Agreement. SERVICE PROVIDER and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon any basis prohibited by State or Federal law, including but not limited to, race, color, creed, religion, gender, marital status, age, sexual orientation, national origin, mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.
- 10.2. Without limiting the provisions of Section 10.1 above, each worker performing work under this Agreement shall be paid at a rate not less than the prevailing wage as defined in Sections 1771 and 1774 of the Labor Code. The prevailing wage rates are available online at <http://www.dir.ca.gov/dlsr>. SERVICE PROVIDER shall post a copy of the applicable prevailing rates at the Worksite. Pursuant to Labor Code Section 1775, SERVICE PROVIDER and any Subcontractor shall forfeit to CITY as a penalty up to two hundred dollars (\$200.00) for each calendar day, or portion thereof, for each worker paid less than the applicable prevailing wage rate. SERVICE PROVIDER shall also pay each worker the difference between the applicable prevailing wage rate and the amount actually paid to that worker.
- 10.3. DIR Registration. CITY will not accept a Bid Proposal from or enter into a contract with a SERVICE PROVIDER, without first receiving proof to the satisfaction of CITY that SERVICE PROVIDER and its subcontractors are registered with the California Department of Industrial Relations to perform public work under Labor Code Section 1725.5, subject to limited legal exceptions. Under Labor Code section 1771.4, this Agreement is subject to compliance monitoring and enforcement by the California Department of Industrial Relations.
- 10.4. Compliance with Wage and Hour Laws: SERVICE PROVIDER, and any subcontractor it employs to complete work under this Agreement, shall comply with all applicable federal, state, and local wage and hour laws. Applicable laws may include, but are not limited to, the Federal Fair Labor Standards Act and the California Labor Code.

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

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

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

City's Right to Withhold Payment: Where SERVICE PROVIDER or any subcontractor it employs to perform work under this Agreement has been found in violation of any applicable wage and hour law by a final judgment, decision or order of a court or government agency, CITY reserves the right to withhold payment to SERVICE PROVIDER until such judgment, decision or order has been satisfied in full.

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

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

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

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

13. **Conflict of Interest and Reporting.** SERVICE PROVIDER shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.

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

Address of SERVICE PROVIDER is as follows:

Environmental Systems, Inc.
3353 De La Cruz Blvd.
Santa Clara, CA 95054

Address of CITY is as follows:

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

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

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

17. **Maintenance of Records.**

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

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

matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.

- 17.3. **Ownership of Work Product.** All documents or other information developed or received by SERVICE PROVIDER for work performed under this Agreement shall be the property of CITY. SERVICE PROVIDER shall provide CITY with copies of these items upon demand or upon termination of this Agreement.
18. **Familiarity with Work.** By executing this Agreement, SERVICE PROVIDER represents that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should SERVICE PROVIDER discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at SERVICE PROVIDER'S risk, until written instructions are received from CITY.
19. **Time of Essence.** Time is of the essence in the performance of this Agreement.
20. **No Assignment.** Neither this Agreement nor any portion shall be assigned by SERVICE PROVIDER, without prior written consent of CITY. Any attempted assignment not first approved by CITY shall be void and, at CITY'S option, shall terminate this Agreement effective as of the date of such attempted assignment.
21. **Attorney Fees.** In any legal action, dispute or arbitration arising out of or relating to this Agreement, the prevailing party shall be entitled to an award of its reasonable attorney fees, costs and expenses incurred.
22. **Defense and Indemnification.**
- 22.1. **Defense and Indemnification.** SERVICE PROVIDER shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by SERVICE PROVIDER, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").
- 22.2. **Exceptions.** SERVICE PROVIDER is not required to indemnify INDEMNITEES against liability for bodily injury, property damage or personal injury, or any other loss, damage or expense arising from the sole negligence or willful misconduct of CITY.
- 22.3. **Not limited by insurance.** The indemnity, defense and hold harmless provisions of this Agreement apply to all CLAIMS alleged against an INDEMNITEE, regardless of whether any insurance policies are applicable. Policy limits do not act as a limitation upon the amount of indemnification or defense to be provided by SERVICE PROVIDER.
- 22.4. **Right to Offset.** CITY shall have the right to offset against any compensation due SERVICE PROVIDER under this Agreement any amount due CITY from SERVICE PROVIDER as a result of SERVICE PROVIDER'S failure to pay CITY promptly any indemnification arising under this Section (22) and any amount due CITY from SERVICE PROVIDER arising from SERVICE PROVIDER'S failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

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

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

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

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

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

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

28. **Electronic Signatures.** Unless otherwise prohibited by law or CITY policy, the Parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term "electronic copy of a signed contract" refers to a transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed contract in a portable document format. The term "electronically signed contract" means a contract that is executed by applying an electronic signature using technology approved by the CITY.

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Signatures are on the following page.

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

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

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

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

ATTEST:

DocuSigned by:

Michelle Bigelow

City Clerk/Deputy City Clerk

Michelle Bigelow

Print Name

Date: 10/9/2023

APPROVED AS TO FORM:

DocuSigned by:

Donald A. Larkin

City Attorney

Donald A. Larkin

Print Name

Date: 10/5/2023

CITY OF MORGAN HILL

DocuSigned by:

Christina Turner

City Clerk

Christina J. Turner

Print Name

Date: 10/6/2023

ENVIRONMENTAL SYSTEMS, INC.

DocuSigned by:

V.C. Infantino

By:

V.C. Infantino - President

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: 9/21/23

By:

E.L. Infantino - Corp. Sec.

Print Name and Title of Signer.

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

Date: 9/21/23

422478

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

Expiration Date(s) 5/31/2024

1000001175

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

Expiration Date(s) 6/30/2024

EXHIBIT A SCOPE OF SERVICES

Contractor will provide full-service HVAC maintenance and repair services and administer the duties and responsibilities set forth in this agreement, in compliance with all applicable laws, regulations, policies and procedures.

The work will include the provision of a complete maintenance and management program including, but not limited to the inspection, preventative maintenance, repair, programming and other tasks and services necessary to ensure safe, well maintained HVAC systems providing quality air for City employees and the public. Preventive maintenance and repairs may include, but not be limited to, rooftop variable air volume cooling units, rooftop cooling/heating package units, exhaust fans and water boilers. The successful vendor will be responsible for providing labor, supervision, materials, equipment, transportation, service and the shop facilities necessary to perform high quality work. Vendor will also be responsible for discarding all used materials.

1: SCOPE OF SERVICE

The Contractor shall provide full-service HVAC maintenance and repair services to City Facilities as outlined in this document. Contractor shall retain professional personnel who have successfully and competently provided municipal facility HVAC maintenance and repair services on projects of similar scope and complexity. It shall be the Contractor's responsibility to develop and implement a routine maintenance program to effectively maintain, to the satisfaction of the City representative, all aspects of HVAC systems in City defined facilities. For the purpose of this contract, routine preventative HVAC maintenance shall be defined as scheduled routine inspection and proactive servicing of HVAC systems so as to facilitate heating/cooling with a minimal downtime. The routine maintenance and all repairs shall be provided in accordance with the highest standards of the industry, skill, workmanship, applicable trade practices, meet warranties and be in conformance with all applicable laws, codes and regulations. The successful Contractor's maintenance program and repairs shall, at a minimum, include but not limited to the specifications outlined herein.

2: SERVICES TO BE PROVIDED

It is the Contractor's responsibility to provide an appropriate level of staffing and provide appropriate tools and vehicles necessary to support all facility HVAC maintenance functions during hours of maintenance and for response after normal working hours. Contractor shall maintain the appropriate CSLB Contractor's license and will comply with all other license, insurance and permit requirements of the City, State and Federal governments, as well as all other requirements of the law. HVAC Preventative Maintenance Specifications as described in Attachment D to the Scope of Services.

3: TERM OF SERVICE

The term of the contract will be from November 1, 2023 through October 31, 2025. The contract may be canceled or any portion thereof at any time during the term of service and such cancellations shall be effective upon giving sixty (60) days written notice. The City, at its option, may renew this contract for up to three, one-year periods, beginning on November 1,

2025. This option will be exercised only if the Contractor has demonstrated superior performance in the provision of HVAC Maintenance and Repair Services to the City.

Pricing applies to the period of November 1, 2023 to October 31, 2025. If the contract is renewed, the annual maximum increase will be tied to the Consumer Price Index (CPI) not to exceed 5%, and allowed for each subsequent year beginning on November 1, 2025.

4: WORK HOURS

Scheduled maintenance and repairs shall typically occur during normal business hours. Facility business hours are:

Aquatics Center Monday through Friday from 5:00 a.m. to 8:00 p. m.,
Saturdays from 7:00 a.m. to 12:00 p.m. (summer season to 6:30 p.m.),
Sundays 11:30 a.m. to 6:30 p.m. (summer season only).

Centennial Recreation Center Monday through Friday from 5:00 a.m. to 9:30 p.m.,
Saturdays from 6:30 a.m. to 5:00 p.m.,
Sundays from 6:30 a.m. to 5:00 p.m.

City Hall Monday through Friday 8:00 a.m. to 5:00 p.m.

Community and Cultural Center Monday through Friday 8:00 a.m. to 5:00 p.m.
Saturday and Sunday 8:00 to 5 :00 p.m.

Community and Cultural Center Building B Monday through Friday 8:00 a.m. to 5:00 p.m.

Friendly Inn Monday through Friday 8:00 a.m. to 5:00 p.m.

Police Department Monday through Friday 8:00 a.m. to 5:30 p.m.
Corporation Yard Monday through Friday 7:00 a.m. to 3:30 p.m.
The Villas Monday through Friday 8:00 a.m. to 5:00 p.m.
Information Services Monday through Friday 8:00 a.m. to 5:00 p.m.

5: SERVICE AVAILABILITY

The Contractor shall have trouble-call service available on a twenty-four hours a day, seven days a week basis with a response time not to exceed the following:

EMERGENCIES.....4-hour response time
NON-EMERGENCIES.....24-hour response time

Time to respond shall start when the City calls the problem into Contractor’s designated emergency phone number. Additionally, the Contractor shall provide the ability to respond immediately to situations involving the health and safety of employees and/or the public and the comfort and operational capability of any public meeting space. Routine repairs, service requests or other non-urgent tasks shall be completed by journey level staff within one (1) working day from the date of request by City Representative. Contractor’s inability to respond to emergencies in a timely manner will result in a penalty fee of \$100.

6: TROUBLE-CALL/REPAIR SERVICE

Should the City request the Contractor to correct trouble with HVAC equipment between scheduled preventative maintenance service, the City shall be responsible for labor and travel costs associated therewith. Rates shall be firm for the term of the contract.

The City reserves the right to contract with others for trouble calls and repairs.

7: TRAVEL TIME FOR PREVENTATIVE MAINTENANCE

Travel time is included in the Preventative Maintenance Cost as stated in Contractor's "BID SCHEDULE FOR PREVENTATIVE MAINTENANCE FEES INCLUDING TRAVEL TIME".

8: TRAVEL TIME FOR REPAIRS

A flat travel fee of \$50 will be charged for all repair visits.

9: BILLABLE WORK

All work beyond and in addition to the scope of the contract shall be considered billable hours and will require that an estimate for that proposed work be provided to the City Representative for consideration and approval prior to work being completed. The Contractor shall not bill for unnecessary repairs, for repairs that were not completed satisfactorily, for repairs that did not fix an identified problem, or for facility visits that are made by staff unqualified to complete needed repairs.

10: STAFFING, WORKMANSHIP AND QUALITY LEVEL

The Contractor shall provide a staffing level that will provide the desired level of customer service, program support, and HVAC Maintenance and Repair services at designated City facilities. All work shall be performed by journey level staff directly employed and supervised by the Contractor. The Contractor shall provide management and technical supervision through competent supervisors as required. The Contractor shall be responsible for the skills, methods and actions of all employees, Subcontractors and for all work done. The Contractor shall have the knowledge, ability, and technical expertise to remotely monitor, interpret and troubleshoot problems prior to arriving on site utilizing Interfaces to any existing or future Energy Management Control System (EMCS), as well as the knowledge, ability, and technical expertise to diagnose and repair components of the EMCS including, but not limited to, sensors, actuators, controllers, man machine interfaces and logic.

11: MAINTENANCE AND REPAIR LOCATIONS

See Attachment A

12: TOOLS AND EQUIPMENT

The Contractor shall furnish and maintain all equipment necessary for properly servicing and maintaining HVAC systems in City buildings. The City of Morgan Hill reserves the right to inspect equipment to be used to perform services under this contract. Any equipment determined to be in poor condition must be replaced immediately, at the Contractor's expense.

Failure to provide suitable equipment for carrying out all requirements of this contract may be grounds for termination.

13: PARTS AND MATERIALS

The Contractor shall furnish all parts and materials necessary for properly maintaining and repairing HVAC systems in City buildings. Mark-up on parts and materials may not exceed 10% of Contractor's cost. Invoices must identify the work performed, cost of labor, parts/materials used, parts/materials cost, and parts/materials mark-up cost.

14: ENERGY MANAGEMENT CONTROL SYSTEM

The Contractor shall interpret and respond to problems and maintenance issues identified by the energy management control systems (EMCS) in place at the Centennial Recreation Center, Community Center and City Hall building. Systems shall be monitored at least weekly, and more frequently when known issues are present or reported. The Contractor shall strive to share the knowledge of the EMCS functions, and have the ability to assist City maintenance staff become more aware of the issues/problems that the EMCS may be indicating, thus minimizing unnecessary service calls. The Contractor shall have the knowledge, ability, and technical expertise to remotely monitor, interpret and troubleshoot problems prior to arriving on site utilizing interfaces to any existing or future EMCS, as well as the knowledge, ability, and technical expertise to diagnose and repair components of the EMCS including, but not limited to, sensors, actuators, controllers, man machine interfaces and logic. Existing energy management systems are varied models and manufacturers and are unique to each building. Contractor must receive authorization from the City Representative before sending staff to respond to EMCS alarms.

15: FIRST SERVICE AT EACH FACILITY

During the first service at each site the Contractor will make recommendations on repairs or upgrades to systems within 60 days. City Representative will respond to these recommendations within 30 days of receiving them.

16: INSPECTIONS AND REMEDIES

So as to ensure consistent quality of the work being performed, the City Representative will perform periodic inspections of HVAC systems to ensure compliance with the contract specifications. Inspections may be made by the City at any time to confirm that work performed meets specifications. If corrective work is required, the City will provide a written list of items and the Contractor shall correct deficiencies as directed. If deficiencies are not corrected in a timely manner, the City may perform the work using others and deduct the cost from the Contractor's payment.

17: DAMAGES

The Contractor will be responsible for all damages to the facility or contents caused by Contractor, their staff or subcontractors during the performance of their duties.

18: SAFETY & SECURITY

The Contractor and staff shall follow all established safety procedures and shall take special care not to endanger the public in any way. The Contractor is responsible for the security of all doors at the conclusion of work in each room. All exterior doors should remain locked at all times. Interior doors that are found open or unlocked shall be left in the same position/condition in which they were found.

19: EMERGENCY SITUATIONS

For medical or public safety emergencies occurring at the Facilities call 9-1-1. For all building maintenance emergencies (water leaks, etc.) contact the Maintenance Manager or designated staff to report the issue immediately (24-hours/day).

20: REPORTS / INVOICING

All invoices to be submitted with a detailed summary of all work and repairs performed. Should a repair need to be made over \$1,000 a quote will need to be provided to the City maintenance staff before any work can be authorized.

EXHIBIT A-SCOPE OF WORK***ATTACHMENT A*****CITY OF MORGAN
HVAC FACILITIES LOCATIONS**

HVAC SYSTEMS TO BE MAINTAINED AT THESE LOCATIONS		
BUILDING/FACILITY	ADDRESS	SQUARE FOOTAGE
Aquatics Center (office area)	16200 Condit Road	5,294
Centennial Recreation Center	171 West Edmundson Avenue	54,000
City Hall	17575 Peak Avenue	13,900
Community and Cultural Center, Building B and Playhouse	17000 Monterey Road	25,000; 12,000; 5,000
Council Chambers	17555 Peak Avenue	12,104
Friendly Inn	17666 Crest Avenue	3,168
Police Department and Information Services	16200 Vineyard Boulevard	44,886
Public Works Corporation Yard	100 Edes Court	4,583
The Villas	535 Alkire Avenue	4,500

EXHIBIT A-SCOPE OF WORK**ATTACHMENT B****HVAC EQUIPMENT LIST**

CITY OF MORGAN HILL HVAC EQUIPMENT LIST			
QTY	MANUFACTURER	TYPE	MODEL/SIZE
Aquatics Center - 16200 Condit Road			
1	Elite Heating Boiler (Main Bldg.)	Water Boiler	EL-399NVWH; 399,000 BTU/HR
1	Trinity (West Building)	Direct Vent Water Heater	Model LX200WH
1	Carrier	Heater/Air Conditioner	48HJD005-651
2	(Event Room)	Heater/Air Conditioner	Ductless Units split DX 40QKE048
1	(Kitchen)	Air Conditioner	
1	(Kitchen)	Swamp Cooler	
2	(Kitchen)	Exhaust Fan	
1	Greenheck Cube 480HP-15	Kitchen (Grease Hood)	
1	Greenheck GB-161-3	Main Locker Room	
1	Greenheck GB0141-3	Team Locker Room	
1	Greenheck GB-070-4	Roof	
2	Exhausto RSV 400	Boiler Exhaust Roof	
1	Exhausto BSEB 400	Locker Rooms	
Centennial Recreation Center – 171 West Edmundson Avenue			
1	Trane IntelliPak	Air Conditioner (Main Bldg.) AC-1	SXHFC540745E9BD800100WEOG0000TOY8000; Voltage 460; HZ 60; 3 Phase
1	Trane Voyager	Air Conditioner (Fitness Room) AC-2	YCH181C4LOCA; Voltage 460; HZ 60; 3 Phase
1	Trane Voyager	Air Conditioner (Gym Room) AC-3	YCH420A4LTOC6DF400000F0H0000; Voltage 460; 60 HZ; 3 Phase 24 VAC/85AMP
1	Energy Labs, Inc.	Heater/Air Conditioner (Natatorium) IEC-IA	C093228-FHER-L
1	Carrier	Heater/Air Conditioner (Fitness Expansion)	48PGLMO7-A-60-BB
1	Daikin	Air Conditioner (East Side)	RXS12DVJU

1	Daikin	Air Conditioner (West Side)	RXS09DVJU
1	Reznor	Swamp Cooler (Kitchen)	RPB-300; MAU, Makeup Unit
2	LAARS	Domestic Water Boiler	PNCVO75ONACK28XN; 749,970 BTU/HR
1	Ajax	Water Boiler	WRNG-1500; 1,500,000 BTU/HR
1	Sanyo	DX Split (Telecom Room)	KS1251
1	Sanyo	DX Split (Satellite Telecom Room)	KS0951
1	Grennheck	Fan (Locker Room)	G-180-B; Voltage 460/3/60
1	Grennheck	Fan (Toilet)	G-131-B; Voltage 115/1/60
1	Grennheck	Fan (Kitchen)	Cube-360-XP-10; Voltage 460/3/60
1	Grennheck	Fan (Pool Equip)	G-131-C; Voltage 115/1/60
1	Grennheck	Fan (Dishwasher)	G-141-B; Voltage 115/1/60
1	Grennheck	Fan (Maintenance Receiving)	G-09-G; Voltage 115/1/60
1	Grennheck	Fan (Electrical Room 134)	SQ-100-B; Voltage 115/1/60
1	Grennheck	Fan (Electrical Room 123)	SQ-140-C; Voltage 115/1/60
City Hall – 17575 Peak Avenue			
2	AC-1 AAON	Heater/Air Conditioner	RN-025-3-0 EB09-EHL; 25 ton; 460 Voltage; 60 HZ; 3 PH
1	Laars	Water Boiler	
1	CU-1 Mitsubishi	Air Conditioner	MUY-A17NA
2	EF-1	Exhaust Fan	S/N: 11500620 0009 Mark EF
Community and Cultural Center and Playhouse – 17000 Monterey Road			
2	McQuay	Heater / Air Conditioner (ACU-1 & ACU-2)	RDT070C
1	Trane	Heater / Air Conditioner	TCD180B400GA; Electrical Rating 460/60/3; ten ton unit
1	McQuay	Heater / Air Conditioner (ACU-3)	LCA102S
1	York	Heater / Air Conditioner (ACU-4)	DHH060
1	Raypak	Boiler	406L-856L
2	Penn	Exhaust Fan	FX14B
2	Penn	Exhaust Fan	FX18BH
1	Carrier	Heater/Air Conditioner (Playhouse Stage)	48HJD006-541; 50,000 BTU's/HR
2	Carrier	Heater/Air Conditioner (Playhouse Main Auditorium/Lobby)	48HJF008-541; 180,000 BTU's/HR

3	Mitsubishi	Heater/Air Conditioner (Playhouse Dressing Room)	PUGH18CKB; 1 phase unit
4		Exhaust Fans (Playhouse Dressing Rooms / Restrooms)	
Council Chambers – 17555 Peak Avenue			
1	Trane	Heater/Air Conditioner	YCH180B4IOHB; 460 Volt; 60 HZ; 3 PH
1	ARI XB 13	Air Conditioner	2TWB3060A1000AA; 208/230 VAC
1	Sanyo	Air Conditioner	C1211; Source 115 Volt; 60 HZ; 1 PH
1	Fujitsu	Air Conditioner	A0V24CL; 208/230 VAC; 60 HZ; 1 PH
1	Trane	Heater/Air Conditioner	YFH180B4LOHB; 460 VAC; 60 HZ; 3 PH
1	Bryant	Air Conditioner	661CP060-C
1	Carrier	Air Conditioner	38QRR060300; 208/230 VAC; 60 HZ; 1PH
1	Bradford White	Water Boiler	MII30R6DS13; Capacity 30 gallons; voltage 240; 50/60 HZ
Community and Cultural Center Building B – 17060 Monterey Road			
1	Trane	Air Conditioner	4 ton
1	Trane	Water Boiler	100,000 BTU
1	Trane	Heat Pump w/Cooling	5 ton
6	Armstrong	Condensing Unit	SCU10B60C
3	Armstrong	Condensing Unit	SCU10B48C
1	First Company	Water Heater	
Friendly Inn – 17666 Crest Avenue			
4	Daikin	Heat Pump	RXYMQ48MVJU; HP=4; 208 Voltage; 1 PH
2	Daikin	Heat Pump	RXYMQ36MVJU; HP=3; 208 Voltage; 1 PH
2	Daikin	Evaporating AC Coil	FXSQ18MVJU; Motor 85W; 208 Voltage; 1 PH
3	Daikin	Evaporating AC Coil	FXSQ12MVJU; Motor 50W; 208 Voltage; 1 PH
1	Daikin	Evaporating AC Coil	FXMQ36MVJU; Motor 270W; 208 Voltage; 1 PH
3	Daikin	Evaporating AC Coil	FXMQ48MVJU; Motor 430W; 208 Voltage; 1 PH
1	Greenheck	Exhaust Fan	SP-A290; Motor 81W; 115 Voltage; 1 PH
1	Greenheck	Exhaust Fan	SP-A200; Motor 48W; 115 Voltage; 1 PH
1	Greenheck	Exhaust Fan	CSP-A110; Motor 51W; 115 Voltage; 1 PH (120 MDF)
Police Department and Information Services - 16200 Vineyard Boulevard			
5	Carrier	Heater/Air Conditioner	Weather Master Series; Package Unit; 48HJD008-641; Voltage 460; 3 PH; 60 HZ
2	Carrier	Heater/Air Conditioner	Weather Master Series; Package Unit; 48HJE004-641; Voltage 460; 3 PH; 60 HZ
5	Carrier	Heater/Air Conditioner	Weather Master Series; Package Unit; 48HJE007-641; Voltage 460; 3 PH; 60 HZ
2	Carrier	Heater/Air Conditioner	Weather Master Series; Package Unit; 48HJD012-641; Voltage 460; 3 PH; 60 HZ

1	Carrier	Heater/Air Conditioner	Weather Master Series; Package Unit; 48HJD005-641; Voltage 460; 3 PH; 60 HZ
2	Carrier	Heater/Air Conditioner	Weather Master Series; Package Unit; 48HGD028AC-6; Voltage 460; 3 PH; 60 HZ
1	Fujitsu	Air Conditioner (Server Room)	
1	Daikin	Air Conditioner	3-ton
1	Reznor	Heater Unit	FE-75
11	Greenheck	Exhaust Fan	
Public Works Corporation Yard - 100 Edes Court			
1	Trane	Heater/Air Conditioner	YCH180B410HB
1	Bryant	Heater/Air Conditioner	601APX060000AAAG; 208 Voltage; 3 PH; 60 HZ
1	Bryant	Heater/Air Conditioner	601APX036000AAAF; 208 Voltage; 3 PH; 60 HZ
2	A O Smith	Water Boiler	DEL 15 102; Capacity 15 gallons
1	Rheem/York	Mini split-system/Heater/Air Conditioner	H1DA048S25A; 208/230 Voltage; 1 PH; 60 HZ
1	Bradford White	Water Boiler	M440T6FBN; D/N:-394; Capacity 40 gallons
1	Fujitsu Halcyon IAQ	Indoor Air Quality/Air Conditioning Unit	-
7		Exhaust Fan	(Sewer – 1; Community Service Room – 3; Water Department Room – 3)
The Villas – 535 Alkire Avenue			
8	Bard	Heat Pump w/Cooling	Wall mounted

**EXHIBIT A- SCOPE OF WORK
ATTACHMENT C**

FILTER LIST

Filters must be replaced with MERV13 filters at all facilities.

CITY OF MORGAN HILL HVAC EQUIPMENT FILTER LIST			
FACILITY		TYPE	CHANGES/YEAR
Aquatics Center - 16200 Condit Road			
		Disposable Pleated	Quarterly
Centennial Recreation Center – 171 West Edmundson Avenue			
		Disposable Pleated	Quarterly
City Hall – 17575 Peak Avenue			
		Disposable Pleated	Quarterly
Community and Cultural Center and Playhouse – 17000 Monterey Road			
		Disposable Pleated	Quarterly
Council Chambers – 17555 Peak Avenue			
		Disposable Pleated	Quarterly
CCC Building B-17060 Monterey Road			
		Disposable Pleated	Quarterly
Friendly Inn – 17666 Crest Avenue			
		Disposable Pleated	Quarterly
Public Works Corporation Yard – 100 Edes Court			
		Disposable Pleated	Quarterly
Police Department and Information Services-16200 Vineyard Blvd.			
		Disposable Pleated	Quarterly
The Villas – 535 Alkire Avenue			
		Disposable Pleated	Quarterly

Note: Filter quantities/sizes to be determined during the field review by prospective bidders.

EXHIBIT A- SCOPE OF WORK**ATTACHMENT D****QUARTERLY AND ANNUAL PREVENTATIVE MAINTENANCE SCHEDULE**

Quarterly and Annual Preventative Maintenance Services for all facilities will include a check for proper function of all components and systems, and the following:

Rooftop Variable Air Volume Cooling Units:
General
Check for safety hazards.
Check for debris on the roof and around the equipment and remove.
Replace air filters.
Check and set time clocks/EMS schedule.
Check that all equipment panels are secure.
Compressor Section
Check for unusual noise/vibration.
Check oil sight glass level.
Check for visual signs of oil/leaks.
Check suction line temperature.
Check crankcase heater(s).
Check for excessive amp draw and current unbalance.
Check for voltage unbalance.
Condenser Section
Check coil(s) cleanliness/fin condition.
Check for visual signs of oil/leaks.
Check fan bracketing and blades for cracks/damage/distortion.
Check all fans are operational and correct rotation.
Amp all fan motors and compare them to nameplate.
Check that wiring is secure and clear of rotating blades.

Evaporation Section
Check coil(s) cleanliness/fin condition.
Inspect drain pans for cleanliness/standing water.
Check pan tabs and note if replacement is required.
Check drain line for free flow.
Check for visual signs of oil/leaks.
Check TXV bulb secure and insulated.
Check sight glass/moisture indication.
Verify proper hot gas bypass valve operation.
Check motor, drive, and blower for unusual noise/vibration.
Amp motor and compare with nameplate.
Check v-belt(s) and sheaves condition, alignment, and tension.
Lubricate motor bearings (do not over-lubricate!)
Lubricate blower shaft bearings.
Lubricate vane assemblies (bldg. must be unoccupied if using aerosol!)
Economizer Section
Check return air/outside air dampers, actuators for free operation.
Lubricate dampers and linkage ball joints.
Verify minimum position properly set.
Lubricate motor bearings (do not over-lubricate!)
Lubricate blower shaft bearings.
Amp motor and compare with nameplate.
Check power exhaust v-belt, sheave, alignment and tension.
Control Panel
Check all contactors and points.
Check for over-heated, burned, or loose wiring/connections.
Check all safety controls.
Check operating controls.
Cycle discharge air controller through all stages; verify unloader operation.
Clean panel and components of dirt and debris.

Rooftop Cooling/Heating Package Units:**General**

Check for safety hazards.

Check for debris on roof and around equipment and remove.

Replace air filters.

Check and set time clocks/EMS schedule.

Check that all equipment panels are secure.

Compressor Section

Check for unusual noise/vibration.

Check oil sight-glass level.

Check for visual signs of oil/leaks.

Check suction line temperature.

Check crankcase heater(s).

Check for excessive amp draw and current unbalance.

Check for voltage unbalance.

Condenser Section

Check coil(s) cleanliness/fin condition.

Check for visual signs of oil/leaks.

Check fan bracketing, rain guard and blades for cracks/damage.

Check all fans are operational and correct rotation.

Amp all fan motors and compare them to nameplate.

Check that wiring is secure and clear of rotating blades.

Evaporator Section

Check coil(s) cleanliness/fin condition.

Inspect drain pans for cleanliness/standing water.

Check pan tabs and note if replacement is required.

Check drain line for free flow.

Check for visual signs of oil/leaks.

Exhaust Fans:

Inspect belts, bearings and motor operation.

Check flow rate for adequacy using flow meter.

Water Boilers:

Open front and rear doors. Clean and vacuum fireside surfaces as required.

Inspect all refractory. Patch and wash coat as required.

Inspect all gasketing on front and rear doors and replace as necessary.

Seal and close front and rear doors properly.

Remove low and auxiliary low water cut off controls, clean and inspect. Then re-install using new gaskets.

Remove plugs in control piping, inspect, clean and re-install.

Replace all hand hole and man hole plates with new gaskets.

Open feedwater tank manway, inspect and clean as required. Replace manway plate with new gasket.

Clean burner and burner pilot.

Check pilot electrode and adjust or replace.

Clean air damper and blower assembly.

Clean motor starter contacts and check operation.

Make necessary adjustments to burner for proper combustion and record all results in service report.

Perform all flame safeguard and safety trip checks and record results in service report.

Check all hand hole plates and man hole plates for leaks at normal operating temperatures and pressures.

Troubleshoot any boiler system problems as requested by on-site personnel.

Check TXV bulb secure and insulated.
Take coil temperature difference (TD) reading.
Check motor, drive and blower for unusual noise/vibration.
Check sight glass/moisture indication.
Check v-belt(s) and sheaves condition, alignment, and tension.
Lubricate motor bearings (do not over-lubricate!)
Lubricate blower shaft bearings.
Amp motor and compare with nameplate.
Gas Heating Section
Inspect heat exchanger from combustion chamber for cracks.
Verify proper operation of combustion blower.
Verify proper lighting sequence.
Inspect burners and combustion chamber cleanliness and condition.
Check pilot and main burner flame quality.
Check for flame roll-out.
Economizer Section
Check return air/outside air dampers, actuators for free operation.
Lubricate dampers and linkage ball joints.
Verify minimum position properly set.
Lubricate blower shaft bearings.
Amp motor and compare with nameplate.
Control Panel
Check all contactors, coils and contacts.
Check for over-heated, burned, or loose wiring/connections.
Check all safety controls.
Check operating controls.
Cycle unit in all modes and check operation.
Clean panel and components of dirt and debris.

**EXHIBIT B-
SCHEDULE OF COMPENSATION RATES
HVAC PREVENTATIVE MAINTENANCE FEES
INCLUDING TRAVEL TIME**

Quarterly and Annual Preventative Maintenance of Heating, Ventilating and Air Conditioning (HVAC) Equipment at City Facilities as described in the technical specifications:

Bid Item	Description of Bid Item	Quarterly Inspection Amount Cost for one (1) quarterly inspection	Annual Inspection Amount Cost for one (1) annual inspection
1	Aquatics Center: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$ 543.00	\$ 543.00
2	Centennial Recreation Center: Provide y HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$1,778.00	\$1,778.00
3	City Hall: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$ 556.00	\$ 556.00
4	Community and Cultural Center, Building B and Playhouse: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$1,024.00	\$1,024.00
5	Council Chamber Building: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$ 580.00	\$ 580.00
6	Friendly Inn: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$ 550.00	\$ 550.00
7	Police Department and Information Services: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$1,960.00	\$1,960.00
8	Public Works Corporation Yard: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$ 335.00	\$ 335.00

Bid Item	Description of Bid Item	Quarterly Inspection Amount Cost for one (1) quarterly inspection	Annual Inspection Amount Cost for one (1) annual inspection
9	The Villas: Provide HVAC maintenance (including travel time and all anticipated costs (filters, etc.))	\$542.00	\$542.00
10	Total Amount for One (1) Quarterly Inspection for Bid Items #1-#9 (Add Bid Items #1-#9 -Quarterly Inspection Amount)	\$7,868.00	
11	Total Amount for Three(3) Quarterly Inspections for Bid Items #1-#9 (Multiple Bid Item #10 X 3)	\$23,604.00	
12	Total Amount for One (1) Annual Inspection for Bid Items #1-#9 (Add Bid Items #1-#9 – Annual Inspection Amount)		\$7.868.00
13	BASE BID TOTAL For 3 Quarterly Inspections and 1 Annual Inspection (Bid Item #11 + Bid Item#12)	\$31,472.00	

ANNUAL COIL SERVICE

Bid Alternate Item	Description of Bid Item	Annual Inspection Amount (Per Annual Visit)
1	Annual Coil Cleaning Service	\$6,500.00
	BID ALTERNATE TOTAL	\$6,500.00

BID SCHEDULE-HOURLY REPAIR RATES

Hourly Rates for Additional Maintenance and Repair of Heating, Ventilating and Air Conditioning (HVAC) Equipment at City Facilities:

MISCELLANEOUS CALL OUT/REPAIR RATES*	
a. 8:00 a.m. to 5:00 p.m.	\$ <u>175.00</u> /hour
b. 5:00 p.m. to 8:00 a.m.	\$ <u>225.00</u> /hour
c. Weekends & Holidays	\$ <u>225.00</u> /hour
*Quantities for Items a., b. & c. cannot be pre-determined, but shall be on an "as needed" basis. A flat travel fee of \$50 will be charged for all repair visits.	

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

Three (3) quarterly preventative maintenance visits to be scheduled with the City Maintenance Manager or designated City maintenance staff.

Annual preventative maintenance visits to be scheduled with the City Maintenance Manager or designated City maintenance staff.

Annual coil cleaning services to be scheduled with the City Maintenance Manager or designated City maintenance staff.

Repairs to be scheduled as needed with City Maintenance Manager or designated City Maintenance staff.

RESOLUTION NO. 25-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MORGAN HILL APPROVING AN AMENDMENT TO
THE CITY'S FISCAL YEAR 2025-2026 ADOPTED BUDGET**

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

WHEREAS, the reasons supporting this Resolution are set forth in detail in that certain City Council Staff Report entitled "Approve Second Amendment To Maintenance Service Agreement with Environmental Systems, Inc. To Increase The Not To Exceed Amount By \$2,500,000 For A Total Agreement Amount Of \$3,762,944 For The Repair And Replacement Of Significant City Heating Ventilation And Cooling Components Within The City's Buildings" submitted for City Council consideration at its meeting of August 20, 2025, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

WHEREAS, recommended amendments are needed and proposed to the City's previously adopted Annual Budgets for Fiscal Years 2024-2025 and 2025-2026 as set forth on Exhibit A to this Resolution, to appropriate the requisite funds to implement the actions authorized by this Resolution; and

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

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

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

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

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

- a. That the City's previously adopted Fiscal Years 2024-2025 and 2025-2026 Budgets, as the same has been amended to date, are hereby further amended in

accordance with and as reflected on Exhibit A attached hereto and incorporated herein by this reference; and

- b. That the City Clerk is hereby authorized and directed to forward a copy of this Resolution to the City's Finance Director, who is hereby authorized and directed to take all actions necessary to implement the terms of this Resolution pertaining to the Fiscal Years 2024-2025 and 2025-2026 Budgets of the City or Morgan Hill.

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 its meeting held on this 20th day of August 2025 by the following vote:

AYES:	COUNCIL MEMBERS:	None
NOES:	COUNCIL MEMBERS:	None
ABSTAIN:	COUNCIL MEMBERS:	None
ABSENT:	COUNCIL MEMBERS:	None

APPROVED:

ATTEST:

MARK TURNER, Mayor

MICHELLE BIGELOW, City Clerk

∞ **CERTIFICATION** ∞

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. 25-____ adopted by the City Council at the meeting held on the 20th day of August 2025.

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

DATE: _____

MICHELLE BIGELOW, City Clerk

AGENDA BUDGET SCORECARD
FISCAL YEAR 2025-2026
ADJUSTMENT #

Exhibit A

001

FUND:	741	Building Replacement Fund
FUNCTION:	00	
DEPARTMENT:	40	
DIVISION:	8500	
OBJECT:	43820	OTHER IMPROVEMENTS

AGENDA DATE:	08/20/25
AGENDA ITEM TITLE:	HVAC SERVICE/REPAIR

	07/01/25		ESTIMATED	07/01/26
	UNAUDITED PROJECTED		APPROPRI-	UNAUDITED PROJECTED
	BEGINNING FUND	ESTIMATED	ATIONS	ENDING FUND
	BALANCE	REVENUES		BALANCE
ORIGINAL BUDGET	4,099,824	1,049,288	374,000	4,775,112
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	-	-	-
RECOMMENDED ACTION		-	1,400,000	(1,400,000)
RESULT OF RECOMMENDED ACTION	<u>4,099,824</u>	<u>1,049,288</u>	<u>1,774,000</u>	<u>3,375,112</u>



City Council

Meeting Minutes

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

Wednesday, June 18, 2025

**Special meeting at 5:00 p.m. for a Closed Session at the address below:
City Hall, Grand Conference Room 17575 Peak Avenue, Morgan Hill, CA 95037**

**Regular meeting at 6:00 p.m. at the address below:
Council Chamber Building, West Conference Room 17555 Peak Avenue, Morgan
Hill, CA 95037**

SPECIAL/REGULAR MEETING

A special meeting of the City Council was called at 5:00 p.m. for the purpose of conducting a closed session.

SPECIAL MEETING

5:00 p.m. Closed Session

CALL TO ORDER

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

ROLL CALL ATTENDANCE

City Clerk Michelle Bigelow called the roll.

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

DECLARATION OF POSTING AGENDA

City Clerk Michelle Bigelow declared the posting of the agenda.

CLOSED SESSION

Assistant City Attorney Cynthia Hasson announced the closed session item.

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION

Significant Exposure to Litigation § 54956.9(d)(2)

One case

One potential action involving significant exposure to litigation pursuant to Section 54956.9 (d)(2); facts and circumstances are known under Section 54956.9 (e) (2) - complaint of inappropriate conduct made by Mayor Pro Tem Yvonne Martinez Beltran

OPPORTUNITY FOR PUBLIC COMMENT

Public comment opened at 5:02 p.m. There being no requests to speak, public comment closed.

ADJOURN TO CLOSED SESSION

The special meeting adjourned to closed session at 5:02 p.m.

Mayor Turner and City Manager Turner left the closed session.

Mayor Pro Tem Martinez Beltran arrived at 5:05 p.m. City Manager Turner and Mayor Turner were called back into the closed session.

Mayor Turner, Mayor Pro Tem Martinez Beltran, and City Manager Turner then left the closed session at 5:10 p.m.

REGULAR MEETING

The regular meeting convened at 6:02 p.m.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

RECOGNITIONS

Malisha Kumar
Sunday Minnich

PROCLAMATIONS

Juneteenth Proclamation

CITY COUNCIL REPORTS

Mayor Pro Tem Martinez Beltran spoke about the community action event for immigration rights that took place before the meeting. She also spoke about meeting with other elected officials and community leaders on ways to address immigration challenges. She reminded the community that there is AB54 and that the City does not work with federal immigration. She concluded by sharing ways that the community can help.

CITY MANAGER'S REPORT

City Manager Christina Turner shared the following updates:

July is Parks and Recreation Month!

Celebrate with free, fun activities all month long. Visit mhrecreation.com or the City website for details. Kick things off early at Summer Fun in the Park on Saturday, June 28, 4–7 p.m. at Galvan Park with games, performances, face painting, music, a bounce house, and more! Thanks to the Edward Boss Prado Foundation, the first 200 attendees get free food!

AC/CRC Membership is Climbing!

We're ending June with our highest membership numbers since the pandemic. Not a member yet? Visit MHCRC.com or stop by the Community & Aquatics Centers. Summer's a great time to focus on fitness, wellness, and making new friends.

Morgan Hill Shines!

The Edes/Cura Gallery, designed by KTGy, just won multiple awards in the prestigious 2025 Gold Nugget Awards, including Best Commercial Project. More at openpr.com.

Summer Kickoff with the Bay Area Panthers – June 19

From 4 to 8 p.m. on 3rd Street Downtown, enjoy football fun with the Bay Area Panthers—interactive zone, meet the players, music, giveaways, photo ops, and a local open-air market!

National Night Out – August 5

Join us from 5 to 8 p.m. at the Civic Center Plaza for free kids' activities, community resources, and a chance to connect with our public safety teams.

Congratulations to Kim Mancera!

We're proud to share that our very own Deputy City Clerk, Kim Mancera, has been selected as the new City Clerk for the City of Gilroy!

Kim has been an invaluable part of the Morgan Hill team, bringing professionalism, heart, and a deep commitment to public service. While we'll miss her immensely, we're thrilled to see her take this well-deserved next step in her career. Gilroy is gaining a truly outstanding public servant.

CITY ATTORNEY'S REPORT

Assistant City Attorney Cynthia Hasson shared that there was no reportable action from the closed session and that the session will be continued to June 25 or the next meeting thereafter.

OTHER REPORTS

Council Member Librers shared that she attended a Good Governance training session put on by the City of Sunnyvale last week. She also chaired her first Habitat meeting.

Council Member Vega shared that she also attended the Good Governance session. She mentioned that she also serves on the Habitat Agency Board, and she recently learned that the property she grew up on was purchased for preservation by the Habitat Agency, meaning that it will always remain open space.

Council Member Iwanaga also attended the Good Governance session and shared that it set a good example for those of us who are public servants, and how to work well together. She also shared that she will be taking a tour of the Carpenter's training site tomorrow.

Mayor Turner shared that he recently presented to the Youth Leadership Morgan Hill Program about leadership. He attended the Butterfield Fire Station ribbon cutting last weekend. He also attended a meeting about wildfire mitigation and early prevention discussion in Gilroy. He announced that he is working with volunteers on a project for Christmas 2025 and shared that they will have a float in the 4th of July parade.

PUBLIC COMMENT

Public comment opened at 6:21 p.m.

Krista Rupp was called to speak.

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

ADOPTION OF AGENDA

MOTION:

Adopting the agenda as posted.

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

CONSENT CALENDAR

Items appearing on the Consent Calendar are considered routine and may be approved by one motion. Pursuant to City Council Policies and Procedures (CP 97-01), any member of the Council or public may request to have an item removed from the Consent Calendar for comment and action.

MOTION:

Approving consent calendar items 1 through 10.

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

1. **ADOPT RESOLUTION ESTABLISHING THE GANN (PROPOSITION 4) APPROPRIATIONS LIMIT FOR FISCAL YEAR 2025-26**

Recommendation:

Adopt Resolution establishing the Gann (Proposition 4) appropriations limit for Fiscal Year 2025-26

2. **ADOPT RESOLUTION TO SUPPORT GRANT FUNDING FOR DOWNTOWN ELECTRIC VEHICLE (EV) CHARGING FROM THE METROPOLITAN TRANSPORTATION COMMISSION**

Recommendation:

Adopt resolution of support for grant funding from the Metropolitan Transportation Commission for Downtown EV Charging in the amount of \$1,052,000.

3. **APPROVE AMENDMENT TO BURR PLUMBING AND PUMPING, INC. ON-CALL MAINTENANCE SERVICE AGREEMENT**

Recommendation:

Authorize the City Manager to execute a fifth amendment to the maintenance service agreement with Burr Plumbing and Pumping, Inc., extending the term of the agreement to June 30, 2026 and increasing the amount of the agreement to \$407,625.

4. **APPROVE CONSULTANT AGREEMENTS WITH ACHIEVEMENT ENGINEERING CORPORATION AND TWINING, INC., IN THE AMOUNT OF \$750,000 EACH FOR ON-CALL GENERAL COMPACTION TESTING AND SPECIAL INSPECTION SERVICES FOR VARIOUS CAPITAL IMPROVEMENT PROGRAM PROJECTS**

Recommendation:

Approve and authorize the City Manager to execute and administer agreements to provide on-call general compaction testing and special inspection services for various Capital Improvement Program Projects with Achievement Engineering Corporation and Twining, Inc. in the amount of \$750,000 each for three year

terms.

5. **APPROVE THE JUNE 4, 2025, SPECIAL/REGULAR CITY COUNCIL MEETING MINUTES**

Recommendation:

Approve the June 4, 2025, Special/Regular City Council Meeting Minutes.

6. **APPROVE THE PURCHASE OF A 150KW TRAILER-MOUNTED PORTABLE DIESEL GENERATOR IN THE AMOUNT OF \$169,150 FROM ECB SOLUTIONS, LLC**

Recommendation:

Approve and authorize the City Manager to execute a purchase order to ECB Solutions, LLC in the amount of \$169,150 for the purchase of a 150kw trailer-mounted portable diesel generator for the Utilities Division.

7. **AUTHORIZE THE CITY MANAGER TO EXECUTE AND ADMINISTER A CONSULTANT SERVICES AGREEMENT WITH BUREAU VERITAS FOR THE COMPLETION OF AN ADA TRANSITION PLAN UPDATE**

Recommendation:

Authorize the City Manager to execute and administer a consultant services agreement with Bureau Veritas for the completion of an ADA Transition Plan Update in the amount of \$96,687.

8. **AUTHORIZE THE CITY MANAGER TO ENTER INTO A SERVICE AGREEMENT WITH THE COUNTY OF SANTA CLARA FOR SOUTH COUNTY YOUTH TASK FORCE FUNDING**

Recommendation:

Authorize the City Manager to further negotiate, execute, and administer a service agreement with the Santa Clara County District Attorney's Office to receive and administer grant funding in support of the South County Youth Task Force.

9. **AUTHORIZE THE CITY MANAGER TO EXECUTE GRANT AGREEMENTS WITH SILICON VALLEY CLEAN ENERGY**

Recommendation:

Authorize the City Manager to further negotiate, execute, and administer a \$1 million decarbonation grant and \$100,000 education grant from Silicon Valley Clean Energy.

10. **AWARD COUNCIL CHAMBER BUILDING ROOF REPLACEMENT PROJECT**

Recommendation:

1. Award contract to Diablo Roofing, Inc. in the amount of \$392,200; and
2. Authorize the expenditure of contingency funds in an amount not to exceed \$78,440; and
3. Authorize the City Manager to execute and administer the construction contract with Diablo Roofing, Inc.

ITEM PULLED FOR DISCUSSION

11. CONSIDER CITY POSITION ON PENDING STATE LEGISLATION

Recommendation:

1. Consider supporting AB 650 (Papan) Planning and zoning: housing element: regional housing needs allocation;
2. Consider opposing SB 79 (Wiener) Housing development: transit-oriented development: California Environmental Quality Act: public transit agency land; and
3. Direct staff to submit letters in support of AB 650 and in opposition of SB 79 to the appropriate representatives.

City Manager Christina Turner provided a report.

Public comment opened at 6:30 p.m.

Armando Benavides was called to speak.

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

MOTION:

Approving the recommended actions.

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

OTHER BUSINESS

12. ADOPTION OF A RESOLUTION APPROVING AN EXCEPTION TO THE

CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS) 180-DAY WAITING PERIOD TO HIRE DONALD LARKIN AS A RETIRED ANNUITANT CITY ATTORNEY, APPROVAL OF CONTRACT WITH BURKE WILLIAMS & SORENSEN, LLP FOR CITY ATTORNEY CONTRACT SERVICES AND ELECTED OFFICIALS AND COUNCIL APPOINTED SALARY SCHEDULE

Recommendation:

1. Adopt resolution approving an exception to the 180-day waiting period, set forth by CalPERS, to hire Donald Larkin as a retired annuitant City Attorney;
2. Approve contract with Burke Williams & Sorensen, LLP for Donald Larkin to perform City Attorney contract services; and
3. Approve Elected Officials and Council Appointed salary schedule.

Human Resources Director Michael Horta provided a report.

Public comment opened at 6:54 p.m. The following people were called to speak:

Armando Benavides

Sally Casas

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

MOTION:

Approving the recommended actions.

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

The meeting recessed at 7:04 p.m. and reconvened at 7:15 p.m.

13. APPROVE COMMUNITY FUNDING LEVELS FOR FISCAL YEAR 2025-26 FOR THE REMAINING APPLICATIONS AND RECEIVE COUNCIL DIRECTION TO REVIEW SERVICE PRIORITIES, EVALUATE POTENTIAL REVENUE MEASURES, AND CONDUCT COMMUNITY ENGAGEMENT

Recommendation:

1. Approve funding levels for FY2025-26 Community Funding for the

- remaining Applications;
- 2. Provide direction on timing for future Community Funding Application Review;
- 3. Provide direction on any policy updates to the Community Funding Policy as desired by the City Council; and
- 4. Receive Council direction to review service priorities, evaluate potential revenue measures, and conduct Community Engagement.

City Manager Christina Turner provided a report and presentation. Finance Director Dat Nguyen and Public Services Director Chris Ghione answered questions.

Public comment opened at 7:47 p.m. The following people were called to speak:

Suman Ganapathy
 Mattie Scariot
 Armando Benavides
 Ernesto G.
 Efrain Antonio
 Kathy Sullivan

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

MOTION:

Approving funding the remaining 14 applications at the FY24-25 funding levels, directing that community funding applications and details will be included in the Budget Development or Mid-Cycle Budget Review process with a minimum of 60 days before the new fiscal year, whichever is earlier; discussing community funding policy updates when they come before the Council following the same timing as the applications and details; and directing staff to review service priorities, evaluate potential revenue measures, and conduct community engagement in the fall.

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

PUBLIC HEARINGS

14. ADOPT RESOLUTION ORDERING ANNUAL ASSESSMENTS AND RELATED ACTIONS FOR CITY OF MORGAN HILL LANDSCAPE ASSESSMENT DISTRICT NUMBER 1 (DISTRICT)

Recommendation:

1. Open and close the public hearing; and
2. Adopt resolution confirming Fiscal Year (FY) 2025-26 annual assessments and ordering the levy of assessments for the District.

Council Member Iwanaga and Assistant City Attorney Cynthia Hasson recused themselves due to a conflict of interest and stepped away from the dais.

Maintenance Manager Keri Russell provided a report.

The public hearing opened at 8:18 p.m. There being no requests to speak, the public hearing closed.

MOTION:

Approving the recommended actions.

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

15. AUTHORIZE A CHANGE ORDER FOR THE ENERGY SERVICES CONTRACT WITH SYSERCO ENERGY SOLUTIONS, INC. TO THE CITYWIDE SOLAR SYSTEMS PROJECT FOR THE REPAIR OF THE CENTENNIAL RECREATION CENTER (CRC) SOLAR SYSTEM IN THE AMOUNT OF \$243,600

Recommendation:

1. Open and close the Public Hearing;
2. Authorize a Change Order for the repair of the CRC at a cost of \$243,600;
3. Adopt a resolution appropriating \$243,600 from the Building Replacement Fund (741); and
4. Adopt a resolution making findings in compliance with California Government Code Section 4217.12 on Energy Conservation Contracts.

Public Services Director Chris Ghione provided a report.

The public hearing opened at 8:22 p.m. There being no requests to speak, the

public hearing closed.

MOTION:

Approving the recommended actions.

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

FUTURE COUNCIL INITIATED AGENDA ITEMS

Mayor Pro Tem Martinez Beltran requested an item related to immigration, seeking City support for “Know Your Rights” education efforts, City support for funds to assist individuals facing immigration challenges, and the role of local law enforcement as a stopgap resource.

Mayor Pro Tem Martinez Beltran requested a discussion on tobacco locations throughout the city.

ADJOURNMENT

There being no further business, Mayor Turner adjourned the meeting at 8:23 p.m.

Minutes Prepared by:

Michelle Bigelow, City Clerk



City Council

Meeting Minutes

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

Wednesday, June 25, 2025

6:00 p.m.

**Council Chamber - West Conference Room
17555 Peak Avenue, Morgan Hill, CA 95037**

****Please note: The only item on this agenda is a continuation of a previous closed session item. There will be no regular open session items discussed or considered.****

CALL TO ORDER

The meeting was called to order at 6:00 p.m.

ROLL CALL ATTENDANCE

City Clerk Michelle Bigelow called the roll.

PRESENT	Yvonne Martinez Beltran, Soraida Iwanaga, Marilyn Librers, Miriam Vega
EXCUSED	Mark Turner

DECLARATION OF POSTING AGENDA

City Clerk Michelle Bigelow declared the posting of the agenda.

PUBLIC COMMENT

Public comment for items not on the agenda opened at 6:01 p.m.

Brian Sullivan was called to speak.

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

CONTINUED CLOSED SESSION

Assistant City Attorney Hasson read the closed session into the record.

The meeting adjourned to closed session at 6:02 p.m.

Mayor Pro Tem Martinez Beltran left the closed session.

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION

Significant Exposure to Litigation § 54956.9(d)(2)

One case

One potential action involving significant exposure to litigation pursuant to Section 54956.9 (d)(2); facts and circumstances are known under Section 54956.9 (e) (2) - complaint of inappropriate conduct made by Mayor Pro Tem Yvonne Martinez Beltran

ADJOURNMENT

Assistant City Attorney Cynthia Hasson shared that there was no reportable action.

The meeting adjourned at 7:05 p.m. to Monday, July 7, 2025 at 5:00 p.m.



City Council

Meeting Minutes

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

Monday, July 7, 2025

**Council Chamber Building - West Conference Room
17555 Peak Avenue, Morgan Hill, CA 95037**

CONTINUED CLOSED SESSION

The closed session convened at 5:00 p.m.

Council Members Iwanaga, Vega, and Librers were present along with Assistant City Attorney Hasson.

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION

Significant Exposure to Litigation § 54956.9(d)(2)

One case

One potential action involving significant exposure to litigation pursuant to Section 54956.9 (d)(2); facts and circumstances are known under Section 54956.9 (e) (2) - complaint of inappropriate conduct made by Mayor Pro Tem Yvonne Martinez Beltran

The City Council took the following actions on a 3-0 vote (Mayor Turner and Mayor Pro Tem Martinez Beltran were conflicted and did not participate):

1. They waived the attorney-client and work product privileges for the limited purpose of responding to Public Records Act requests for the report, and directed staff to make the report public without redaction (except for legally required redactions to the police report).
2. They voted to refer the report to the Fair Political Practices Commission for further review.
3. They voted to refer the report to the Civil Grand Jury for further review.
4. They requested a session with a consultant to discuss the functioning of the City Council.
5. In light of the totality of the circumstances, the Council voted to schedule a

special meeting on July 22, 2025, at 6:00 pm. to present the report in open session. The City's retained counsel will make a presentation, Shelline K. Bennett from the law firm of Liebert, Cassidy and Whitmore.

There being no further business, the meeting adjourned at 6:37 p.m.

Minutes Prepared By:

Michelle Bigelow, City Clerk/PIO



City Council

Meeting Minutes

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

Tuesday, July 22, 2025

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

JULY 7, 2025 SPECIAL CITY COUNCIL MEETING CLOSED SESSION REPORT OUT

The City Council took the following actions on a 3-0 vote (Mayor Turner and Mayor Pro Tem Martinez Beltran did not participate):

1. They waived the attorney-client and work product privileges for the limited purpose of responding to Public Records Act requests for the report, and directed staff to make the report public without redaction (except for legally required redactions to the police report).
2. They voted to refer the report to the Fair Political Practices Commission for further review.
3. They voted to refer the report to the Civil Grand Jury for further review.
4. They requested a session with a consultant to discuss the functioning of the City Council.
5. In light of the totality of the circumstances, the Council voted to schedule a special meeting on July 22, 2025, at 6:00 pm. to present the report in open session. The City's retained counsel, Shelline K. Bennett from the law firm of Liebert, Cassidy, Whitmore, will make a presentation.

PROCEDURAL OVERVIEW FOR THIS AGENDA

To ensure a clear and orderly process, the following procedures will be followed for this agenda:

1. The City Attorney will run the meeting.
2. Outside Counsel, Shelline K. Bennett of Liebert, Cassidy, Whitmore, will provide a presentation.
3. Mayor Pro Tem Martínez Beltrán and Mayor Turner will be allowed seven minutes each to comment.
4. The public will be allowed one minute each to comment.
5. Council Members will be allowed five minutes each to comment.
6. No questions from the Mayor, Council, or community will be allowed.

CALL TO ORDER

City Attorney Larkin called the City Council meeting to order at 6:02 p.m.

ROLL CALL ATTENDANCE

City Clerk Michelle Bigelow called the roll.

PRESENT	Soraida Iwanaga, Marilyn Librers, Miriam Vega
ABSENT	Yvonne Martinez Beltran
PRESENT IN INDIVIDUAL CAPACITY	Mark Turner

Mayor Turner was in attendance as an involved party, not as an unbiased member of the City Council.

DECLARATION OF POSTING AGENDA

City Clerk Michelle Bigelow declared the posting of the agenda.

OTHER BUSINESS

1. Receive Report Regarding the Complaint of Mayor Pro Tem Yvonne Martínez Beltrán

Recommendation:

1. Receive the Report from Outside Counsel
2. Receive Response from Mayor Pro Tem Martinez Beltran (7 Minutes)
3. Receive Response from Mayor Turner (7 Minutes)
4. Receive Public Comment (1 Minute Each)

5. Receive Council Comments (5 Minutes Each)

Outside Counsel Shelline Bennett with Liebert Cassidy Whitmore provided a report.

Mayor Pro Tem Martinez Beltran's representative was called to speak, but no one presented themselves.

Mayor Turner was called to speak at 6:23 p.m.

Public comment opened at 6:30 p.m. The following people were called to speak:

Margarita Castillo

Erika Mejia

Nick Gaich

Ronny Parede Jasso

Michelle McKay, on behalf of Gary Ponzini

Fawn Myers

Kathy Sullivan

Jim Yinger

Brian Sullivan

Tanaya Rose

Elizabeth Martinez

David Dindak

Armando Benavides

Ron Locicero

Kathy Chavez Napoli

Laura Nuno

Chris Robell

Tere Johnson

Marby Lee

Ron Kirkish

Maria Aguilar

Sean Allen

Augustine Alvaraz

Lisa Faria

Tammie Peters

Teresa Hernandez

Dori Prado

John McKay

Ivonne Estrada (Zoom)

Phil Lockwood (Zoom)

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

Council Member Librers was called to speak at 7:04 p.m.

Council Member Iwanaga was called to speak at 7:07 p.m.

Council Member Vega was called to speak at 7:10 p.m.

No action was taken.

ADJOURNMENT

There being no further business, the meeting adjourned at 7:15 p.m.

Minutes Prepared by:

Michelle Bigelow, City Clerk

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

Chris Ghione, Public Services Director

APPROVED BY: City Manager

AUTHORIZE AMENDMENT TO JOINT USE AGREEMENT AND ACCEPT DONATIONS TO ALLOW FOR THE INSTALLATION OF TREES ALONG THE WEST LITTLE LLAGAS CREEK TRAIL SOUTH OF WATSONVILLE ROAD

RECOMMENDATION(S)

1. Authorize the City Manager to execute an amendment to the West Little Llagas Creek Trail Joint Use Agreement with Valley Water to allow for the planting of trees along the trail;
2. Accept a donation of trees from Google valued at \$10,000; and
3. Accept a donation from the Rotary Club of Morgan Hill of \$25,000 to be used towards irrigation for the new trees.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Protecting the Environment and Preserving Open Space and Agricultural Land

Maintaining and Enhancing Infrastructure

Supporting our Youth, Seniors, and Entire Community

2024-2025 Strategic Priorities

Healthy Community

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

REPORT NARRATIVE:

The City has received donation offers from the Rotary Club of Morgan Hill and Google to provide funding and trees to enhance the canopy on the West Little Llagas Creek Trail between Watsonville Road and Middle Avenue. The land on which the West Little Llagas Creek Trail is owned by Valley Water and adjacent to the flood control channel that Valley Water constructed there. The City operates and maintains the trail through a joint use agreement with Valley Water. In order for the City to plant the trees along the trail, an amendment to the joint use agreement is required. This amendment is included as Attachment 2.

The proposed donation from Rotary and Google came in response to the Mayor presenting this project to both organizations. Rotary will be contributing funds totaling \$25,000, which will be used to fund the new water service connection and irrigation line to the trees. Google will be donating 23-25 trees that are comprised of Western Red Bud and Coast Live Oak Trees. The tree donation is valued at \$10,000.

COMMUNITY ENGAGEMENT:

Empower

This project has come forward based on donations and funding developed by a community organization. It will support enhanced beautification and shade, which have been regular resident requests on the new trail.

ALTERNATIVE ACTIONS:

The City Council could choose to not approve the actions in this report and not move forward with the tree planting efforts.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council has completed numerous actions to partner with Valley Water on the use of the West Little Llagas Creek Trail, including approving a cost-sharing agreement on September 23, 2020 for the construction of the section of the trail south of Watsonville Road.

FISCAL AND RESOURCE IMPACT:

It is estimated that the capital costs associated with the project will be covered by the donations provided to the City. The City will have ongoing water costs associated with the project during the establishment of the trees, which are estimated at hundreds of dollars annually for the first 5 years of tree establishment. Maintenance of pruning the trees will cost several thousand dollars once every 5–7 years.

CEQA (California Environmental Quality Act):

Categorical Exemption

Planting of new trees for this project is categorically exempt per Class 4 - Minor Alterations to Land.

Project Location Map

West Little Llagas Creek Trail Trees



Google Earth

Image © 2025 Airbus

**AMENDMENT NO. 1
TO THE JOINT USE AGREEMENT
Between City of Morgan Hill and Santa Clara Valley Water District
For West Little Llagas Creek between Monterey Road and Ciolino Avenue**

This Amendment No. 1 to the JOINT USE AGREEMENT A4201M between City of Morgan Hill and Santa Clara Valley Water District for West Little Llagas Creek between Monterey Road and Ciolino Avenue in association with the Upper Llagas Creek Flood Protection Project is made and entered into this _____ day of _____, 2025 ("Effective Date") by and between the CITY OF MORGAN HILL ("City"), a municipal corporation of the State of California, and the SANTA CLARA VALLEY WATER DISTRICT ("District"), a special district created by the California Legislature.

RECITALS

- A. The City and District entered into an agreement entitled "JOINT USE AGREEMENT between City of Morgan Hill and Santa Clara Valley Water District for West Little Llagas Creek between Monterey Road and Ciolino Avenue in association with the Upper Llagas Creek Flood Protection Project" dated September 28, 2018 (A4201M) ("Agreement"). The term of this Agreement (including the rights and obligations contained therein) is twenty-five (25) years commencing on the agreement effective date.
- B. The City and District desire to update certain provisions of the Agreement to address City proposed tree plantings and associated maintenance responsibilities.

In consideration of the above Recitals and the following mutual covenants and obligations, the parties do hereby agree to amend the Agreement as follows:

**Amendment No. 1
Agreement Provisions**

- 1. Add to "1) Scope of License Grant to City" subsection "d." as follows: "d. To plant and maintain trees per the terms in Exhibit B attached hereto."**
- 2. All provisions of the Original Agreement, except as modified by this Amendment No.1, remain in full force and effect, and are reaffirmed.**

WITNESS THE EXECUTION HEREOF, the day and year first hereinabove written.

CITY OF MORGAN HILL
A Municipal Corporation

SANTA CLARA VALLEY WATER DISTRICT
a California Special District

By: _____
City Manager

By: _____
Melanie Richardson, P.E.
Interim Chief Executive Officer

Approved as to form:

Approved as to form:

City Attorney

Susana Inda
District Counsel

Approved:

Finance Director/Risk Manager

ATTEST:

ATTEST:

City Clerk

Candice Kwok-Smith
Clerk/Board of Directors

Exhibit B

Tree Planting and Maintenance Requirements:

1. City Responsibilities:

- a. Any trees planted by City are considered City Improvements as referred to in this Agreement.
- b. City is responsible for the installation of all District approved trees.
- c. City is responsible for the installation and maintenance of any and all District-approved trees and irrigation systems per District requirements.
- d. All complaints associated with planted trees shall be responded to and addressed by the City.

2. Approvals:

- a. City must obtain prior approval from the District for the planting of any trees within the Premises, including but not limited to the location and species before the initial tree planting and for any future replacement plantings.

3. Tree Placement Requirements:

- a. No trees may be planted within 75 feet on either side of an ingress ramp.
- b. No trees may be planted within at least 10 feet on either side of an irrigation standpipe.
- c. No trees may be planted directly in front of an outfall.
- d. City is not permitted to plant invasive tree species, including but not limited to Acacia spp., Locust spp., Ash spp., Privet spp., Palm spp., Holly Oak, Olive, Tree of Heaven, and Pepper spp.

4. Irrigation Requirements:

- a. All approved irrigation lines must be buried to prevent damage from Valley Water maintenance activities.
- b. Any leaks communicated to the City by District staff shall be repaired within one week.

5. Maintenance Requirements:

- Any soil or vegetation imported into the Premises must come from a District-approved nursery or be independently tested for Phytophthora before the initial planting and any future replanting.
- Trees shall be pruned according to International Society of Arboriculture (ISA) standards.
- Trees or branches may not encroach upon Valley Water's maintenance road. Branches must not extend into the service road up to a height of 14

feet. Adjustments to this requirement may be made with District approval.

- A biological assessment must be conducted prior to pruning to assess for nesting birds and other ecological considerations. Nesting birds shall be given work buffers, consistent with the Migratory Bird Treaty Act and other state and local regulations.
- Dead and fallen trees and debris shall be promptly removed.
- The use of herbicides is prohibited.
- City must maintain tree wells, including weeding and mowing.
- Any temporary stakes, cages, fabric, or other materials used during the tree establishment period must be removed once no longer needed and properly disposed of.
- As applicable, City must ensure that tree canopies are lifted to allow the District to inspect the inboard levee. Tree limbs must not touch or obstruct the levee surface.

JOINT USE AGREEMENT

Between

City of Morgan Hill and Santa Clara Valley Water District

For

**West Little Llagas Creek between Monterey Road and Ciolino Avenue
in association with the Upper Llagas Creek Flood Protection Project**

SANTA CLARA VALLEY WATER DISTRICT, a California Special District created by the California Legislature, hereinafter referred to as "District;" and CITY OF MORGAN HILL, a municipal corporation of the County of Santa Clara, hereinafter referred to as "City", AGREE as follows:

RECITALS:

- A. WHEREAS, District is the owner of certain real property (hereinafter "the Premises"), shown on "Exhibit A" attached hereto, so marked and by this reference made a part hereof. The Premises are located along West Little Llagas Creek from Monterey Road northwesterly to Ciolino Avenue within the City of Morgan Hill; and
- B. WHEREAS, on June 10, 2014, District's Board of Directors certified a Final Environmental Impact Report (Final EIR) and approved its Upper Llagas Creek Flood Protection Project (District Project) as lead agency pursuant to the California Environmental Quality Act (CEQA) (Public Resources Code section 21000 et. seq.); and
- C. WHEREAS, District is currently proceeding with the permitting phase of its Upper Llagas Creek Flood Project (District Project), within its right-of-way. After permits are issued, District will subsequently advertise for bids and award contracts for construction of the District Project anticipated to take an estimated five (5) years to complete construction; and
- D. WHEREAS, the District is required to maintain the District Project in accordance with the Resource Agency approved Mitigation and Monitoring Plan (MMP) for a 10-year period following completion of construction needed to meet required success criteria, including a 3-year mitigation planting establishment period; and
- E. WHEREAS, District shall grant a conservation easement to the City within a portion of the Premises in accordance with pending execution of the purchase and sale agreement by and between the District and County of Santa Clara for an approximately 53-acre property commonly known as Lake Silveira, located with the City of Morgan Hill (APN's 779-03-114, 779-06-030, 779-49-014, and 779-06-032) (Conservation Easement); and

- F. WHEREAS, District shall also grant a perpetual wetlands mitigation easement to a grantee designated by the United States Army Corps of Engineers over and up to sixteen acres (Mitigation Easement) entirely within the Conservation Easement; and
- G. WHEREAS, the Conservation Easement is subordinate to the Mitigation Easement; and
- H. WHEREAS, City has an interest in using Premises after the construction of District Project to enable City to provide certain recreational opportunities to the public that do not unreasonably interfere with the District's mission of flood protection, water resource management, and stream stewardship; and
- I. WHEREAS, the parties have previously executed the following Joint Use Agreements (JUA) along West Little Llagas Creek that will be superseded upon the execution of this Agreement:
 - a. A2905M (Portion): Edmundson Avenue to LaCrosse Drive executed 12/20/2004 for a term of 25 years;
 - b. A3046RE: Edes Court and Edmundson Avenue executed 7/11/2006 for a term of 25 years;
 - c. A3221M: LaCrosse Drive to Watsonville Road executed 9/9/2008 for a term of 25 years;
 - d. A3414M: Edes Court to Spring Avenue executed 10/26/2010 for a term of 25 years; and
- J. WHEREAS, the parties find it to be in the public interest to provide for joint use of the Premises by means of an Agreement under the following terms and conditions;

Now, therefore, the parties agree as follows:

- 1) **Scope of the License Grant to City.** Subject to the terms and conditions of this Agreement, and contingent upon District's grant of a conservation easement to City as set forth above, District hereby grants to City a non-exclusive license to access and do any or all of the following on the Premises:
 - a. To construct, operate, maintain, repair, replace, and remove City Improvements for recreational purposes on the Premises including, but not limited to, asphalt concrete surfaced pedestrian and bicycle trails, pedestrian bridges, fencing, fixture (trash receptacles, benches etc.) and signage. The construction of such City Improvements shall require prior review and approval by District as signified by issuance of a Water Resources Protection Ordinance Encroachment Permit ("District Permit"), and shall be compliant with all applicable legal and permitting requirements. It is fully understood and agreed that District in its reasonable discretion may approve or disapprove a request for any permit to construct any City Improvement on the Premises.

- b. To provide non-motorized bicycling, walking, jogging and hiking activities in accordance with all applicable legal and permitting requirements to the extent such activities do not interfere with the District's mission of flood protection, water resource management, and stream stewardship.
 - c. To host special recreational events (e.g., races) that may include an otherwise restricted component such as allowing private vehicular access for safety purposes, so long as City first receives a District Permit to host that event.
- 2) **Subordination to Conservation Easement and Mitigation Easement.** To the extent this Joint Use Agreement conflicts with any provisions of the Mitigation Easement, the terms of the Mitigation Easement shall prevail. To the extent this Joint Use Agreement conflicts with any provision of the Conservation Easement, the terms of the Conservation Easement shall prevail. To the extent this Joint Use Agreement conflicts with any provisions of the MMP, the terms of the MMP shall prevail.
- 3) **Prohibited Uses of Trail.** City shall post notices at all trail entrances that notify users of the trail that the following activities are prohibited:
- Entry of motor vehicles (except for maintenance, emergency, and enforcement vehicles and mobility devices otherwise allowed by law)
 - Unleashed dogs

Subject to the foregoing prohibitions and any other restrictions set forth in this Agreement, City shall have the sole authority to adopt any trail rules and regulations pursuant to City of Morgan Hill Municipal Code for any City Improvements on the Premises that will not interfere with District's mission of flood protection, water resource management, and stream stewardship.

- 4) **Trash and Litter Removal.** City will provide for trash removal on the Premises that is reasonably likely to have been generated from the public's use of the Trail or access to the Premises. City will be responsible for providing sufficient number of trash receptacles, timely maintaining, servicing, emptying trash receptacles, including removing litter/trash and rubbish removal not properly disposed in the receptacles as reasonably necessary. The District is required under the terms of the Mitigation Easement and MMP to ensure trash does not compromise the health and ecological viability of the created wetlands, so District reserves the right, at City's expense, to conduct trash removal within the Conservation Easement if the City fails to properly and routinely remove trash and debris generated from the public's use to the level required under the terms of the Mitigation Easement and MMP. District will notify City in terms of Article 20 of this Agreement prior to conducting this corrective action.

District will manage any Adopt-A-Creek program within the Premises.

- 5) **Vegetation Management.** If existing vegetation impacts the trail use, then City is responsible for vegetation removal and maintenance, as City deems necessary while in accordance with the terms and conditions of the Conservation Easement. City shall not conduct any vegetation removal and maintenance that is not compatible or consistent with the terms and conditions of Mitigation Easement and MMP for the District Project, per Article 2 of this Agreement.
- 6) **Graffiti Removal.** City will provide graffiti removal in compliance with City's graffiti abatement program, including graffiti removal from walls, signs, etc. installed in conjunction with and/or accessory to the establishment of a public pathway consistent with its implementation of the same program at comparable City facilities. City will have the primary responsibility for removal of graffiti, on the Premises, reasonably attributed to trail use. No permit from District, nor any advance notice, will be required for City to provide the routine removal of graffiti from any City or District facility within the length of the West Little Llagas Creek included within this agreement. Any and all materials used by City in the removal of graffiti within the limits of this agreement shall be approved for use in the State of California, environmentally safe products, which will not impact the West Little Llagas Creek environment in any way.
- 7) **Security.** The premises will be reasonably patrolled by City personnel and/or volunteers supervised by City, at the level of Public Safety that is afforded to all areas of the City. District has no obligations whatsoever to provide or pay for any such patrol services. City shall cooperate and coordinate with District in District's efforts to remove any illegal encampments on the premises, and City shall provide police security during such removal activities at no charge to District.
- 8) **Public Complaints.** City is responsible for responding to all public complaints and inquiries regarding City's improvements on the Premises, including the public trail, and to all inquiries regarding the public's use of the Premises.
- 9) **Removal or Relocation of City Improvements.** If District requires that any City improvement on Premises be removed or relocated for any District purpose, City will do so at its own expense within 90 days of receiving notice from District. If removal or relocation of City improvements, including vegetation installed by City, requires mitigation under the California Environmental Quality Act, City will be responsible for all costs required to fulfill any required mitigation responsibilities. District will inform City during preconstruction planning in the event a District project is performed on the Premises, in order to reasonably minimize District's project impact on City's improvements located on the Premises. In the event a District project is constructed, any replacement of City's trail and amenities will be the responsibility of City, subject to District approval.
- 10) **Water Level Fluctuations.** It is expressly understood by City that the level of water upon the Premises may fluctuate from day to day due to controlled or uncontrolled flows upon and across the same. City is responsible for the control of or limiting the public's use of Premises because of such water levels, flood flows, or for any other reason (i.e. harmful algal blooms).

City is responsible for determining the conditions under which to exercise said control or to limit the use of the Premises to ensure the health and safety of the public using the Premises.

11) Signage. The District is required under the terms and conditions of the Mitigation Easement to install wetland habitat "sensitive area signage". For all other signage, the parties will cooperate to create and install signage that benefits the programs of each party such as warnings, entrance signage, interpretive signs and benches, and joint uses when applicable. The Deputy Operating Officer designated by District and the Community Services Director of City or their respective designees will meet and confer on a periodic basis to plan the installation of appropriate signage which serves the needs of both parties. All signs placed on the Premises by City (except existing signs that identify the facility (e.g. Trail) by name) must include District's logo in equal size and symmetrical relationship to any other logos contained on such signs. In addition, all City signs or City publications placed on the Premises that describe water resources must be developed in conjunction with District's Watershed customer relations staff. Each party is responsible for the maintenance and upkeep of its signage installed on the Premises.

12) Bird Nesting Season. Construction and maintenance work during nesting season (generally between February 1st and August 31st) will be avoided whenever possible. If construction or maintenance work must be done during the nesting season, a pre-construction survey by a qualified biologist must be undertaken to determine the presence of nesting. If nesting activity is reported, the biologist is expected to recommend the City to implement adequate mitigation measures to protect the nesting area. Environmental impacts will be considered prior to all work by the responsible party, (City or District, and/or their agents) performing said work. Any and all work related to this clause will be completed by the responsible party in accordance with applicable federal, state, and local environmental health and safety regulations including but not limited to the federal Migratory Bird Treaty Act of 1918, Clean Water Act, Endangered Species Act, the California Fish and Wildlife Code and the Porter-Cologne Act and any amendments thereto.

13) Maintenance and Repair. District is responsible for performing routine maintenance on the Premises for flood protection and water resource management purposes in a manner consistent with its maintenance of comparable facilities or creeks. City is responsible for the maintenance and repair of recreational improvements on the Premises. City will bear the cost and expense of any security, police, preparation of traffic and pedestrian detour plans, including installation of required appurtenances, or other expenditure necessary to temporarily prohibit or control public access to the Premises that District would not ordinarily incur to complete scheduled routine maintenance pursuant to this provision. In an emergency situation or work tied to regulatory compliance (i.e. fish passage or wetlands functionality concerns), District will respond without notice to City. In non-emergency situations, City and District staff will meet, whenever necessary, for the purpose of scheduling routine maintenance, including, but not limited to:

- a. Maintenance issues related to improvements;

- b. Method and timing of issues related to affected wildlife;
- c. Non-emergency work requiring the use of heavy equipment, barricading, and/or restricting access to the Premises. District and City further agree to notify one another's designated representative at least ten (10) work days prior to commencement of such work, in order to minimize public impacts.

14) Damage to City's Improvements on Premises. District is not responsible for any damage occurring to City's improvements or structures located on the Premises that results from District's maintenance, construction or reconstruction activities, or from its water management and/or flood protection facilities located on or near the Premises, including (without limitation) any flood flows, or inundation of West Little Llagas Creek onto the Premises. Further, City is responsible for any damage occurring to either District's or City's improvements or structures located on the Premises that result from the public's use of the Premises. All such costs for repairing such damage to District's or City's improvements will be borne by City.

15) Term of Agreement and Renewal Option. This Agreement will become effective upon execution by both parties. However, the City acknowledges that the District Project will be constructed in phases over an estimated five (5) year period where the construction of the District Project will be given priority over proposed City improvements. City agrees to install City improvements on Premises in accordance with Article 19 of this Agreement. The term of this Agreement (including the rights and obligations contained therein) is twenty-five (25) years commencing on the Agreement Effective Date. This City, upon providing District with no less than ninety (90) days written notice, but no more than 180 days notice prior to the expiration of the initial 25-year term, may renew this Agreement for an additional 25-year period.

16) Termination of Agreement. A party may terminate this Agreement without cause after providing the other party with at least 180 days prior written notice of its intent to terminate this Agreement. Upon the termination or expiration of this Agreement, City must remove all City Improvements from the Premises, and leave the Premises in a condition as near as reasonably practical to its condition prior to the installation and/or development of such improvements. If the District requires the trail to be removed from the Premises due to a flood protection project or other District project, this Agreement will terminate upon District providing the City with written notice of at least 180 days. Notice of intent to renew or to terminate may be given by City's Director of Public Works. Notice of intent to terminate may be given by District's Chief Executive Officer.

17) City's Responsibility for Public Use. Subject to the conditions and restrictions contained in this Agreement, City has the full control and authority, for public and recreation purposes over the use of the Premises, and City may restrict, or control, regulate and/or supervise the public use thereof. City may, at its discretion, consistent with the right of District hereinafter described, and without diminution of the flood protection or water resources management function or hazard thereto of the Premises as now existing or as may hereafter be altered,

take any measures of every kind as may in the opinion of City be necessary for the health and safety of the users of the Premises for any purpose under this Agreement. City has the sole responsibility for the maintenance in usable and safe condition of every facility provided upon the Premises by City.

18) District's Superior Rights. It is expressly understood that District is engaged in flood protection, the protection of water resources, and stream stewardship and that the terms and conditions of this Agreement will not in any way interfere with the absolute, free and unrestricted right of District to operate and maintain for flood protection, water resource management, and stream stewardship purposes the stream bed and banks or any appurtenant works thereto, or to repair or construct any of its works, or to allow the raising or lowering of the height of the water present upon the Premises.

19) City's Subordinate Rights. City will have the right to build improvements on the Premises necessary, or convenient to the enjoyment of this Agreement, provided the location of the any such improvement is, in each case during the term of this Agreement, first approved by District and signified by issuance of a District permit. It is fully understood and agreed that District has the sole, unfettered discretion to approve or disapprove of such improvements.

20) Indemnification by City. Notwithstanding any other provision of this Agreement, City agrees to indemnify, defend and hold harmless District, its agents, officers, directors, and employees from and against any and all demands, claims, damages, losses and reasonable expenses, including but not limited to liabilities, obligations, claims, costs, reasonable expenses (including without limitation interest, penalties and reasonable attorney's fees), fines, levies, assessments, demands, damages or judgments of any kind or nature, whether in law or equity (including without limitation, death or injury to any person, property damage, administrative and judicial orders and consents, or any other loss) to the extent they arise out of, pertain to, or relate to the: (i) public use of the Premises, (ii) public's use of real property adjacent to the Premises, or (iii) negligence or willful misconduct of City's officers, agents, employees, or independent contractors. This Agreement to defend, indemnify, and hold harmless District will operate irrespective of the basis of the claim, liability, loss, damage, or injury and irrespective of whether the act, omission, or activity is a condition of Premises or any other cause of any kind or nature.

21) Notices. Any and all notices required to be given hereunder will be deemed to have been delivered upon deposit in the United States mail, postage prepaid, addressed to either of the parties at the address hereinafter specified or as later amended by either party in writing:

City:

City of Morgan Hill
Attention: Community Services Director
17575 Peak Avenue
Morgan Hill, CA 95037

District:

Santa Clara Valley Water District
Attention: Clerk of the Board
5750 Almaden Expressway
San Jose, CA 95118

w/copy to District's Community Projects
Review Unit

22) Successors and Assigns. This Agreement, and all terms, covenants, and conditions hereof, will apply to and bind the successors and assigns of the respective parties hereto. City will neither assign nor sublet this Agreement without the prior written consent of District.

23) Choice of Law. This Agreement is governed by California law.

24) Amendments. This Agreement may not be modified or amended except in writing signed by both parties.

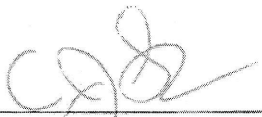
25) Compliance with Laws. Each party must, in all activities undertaken pursuant to this Agreement, comply and cause its contractors, agents, and employees to comply with all federal, state, and local laws, statutes, orders, ordinances, rules, and regulations.

26) Not Real Property Interest. It is expressly understood that this Agreement does not in any way whatsoever grant or convey any permanent easement, fee or other interest in a party's real property to the other party.

WITNESS THE EXECUTION HEREOF,

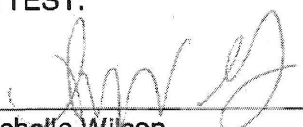
"City"

CITY OF MORGAN HILL
A Municipal corporation of the County of Santa Clara

By: 

Christina Turner
City Manager

ATTEST:


Michelle Wilson
Deputy City Clerk

APPROVED AS TO FORM:


Donald Larkin
City Attorney

"District"

SANTA CLARA VALLEY WATER DISTRICT,
a Special District, created by the California Legislature

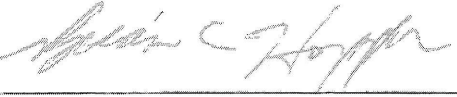
By: 

Norma J. Camacho
Chief Executive Officer

ATTEST:

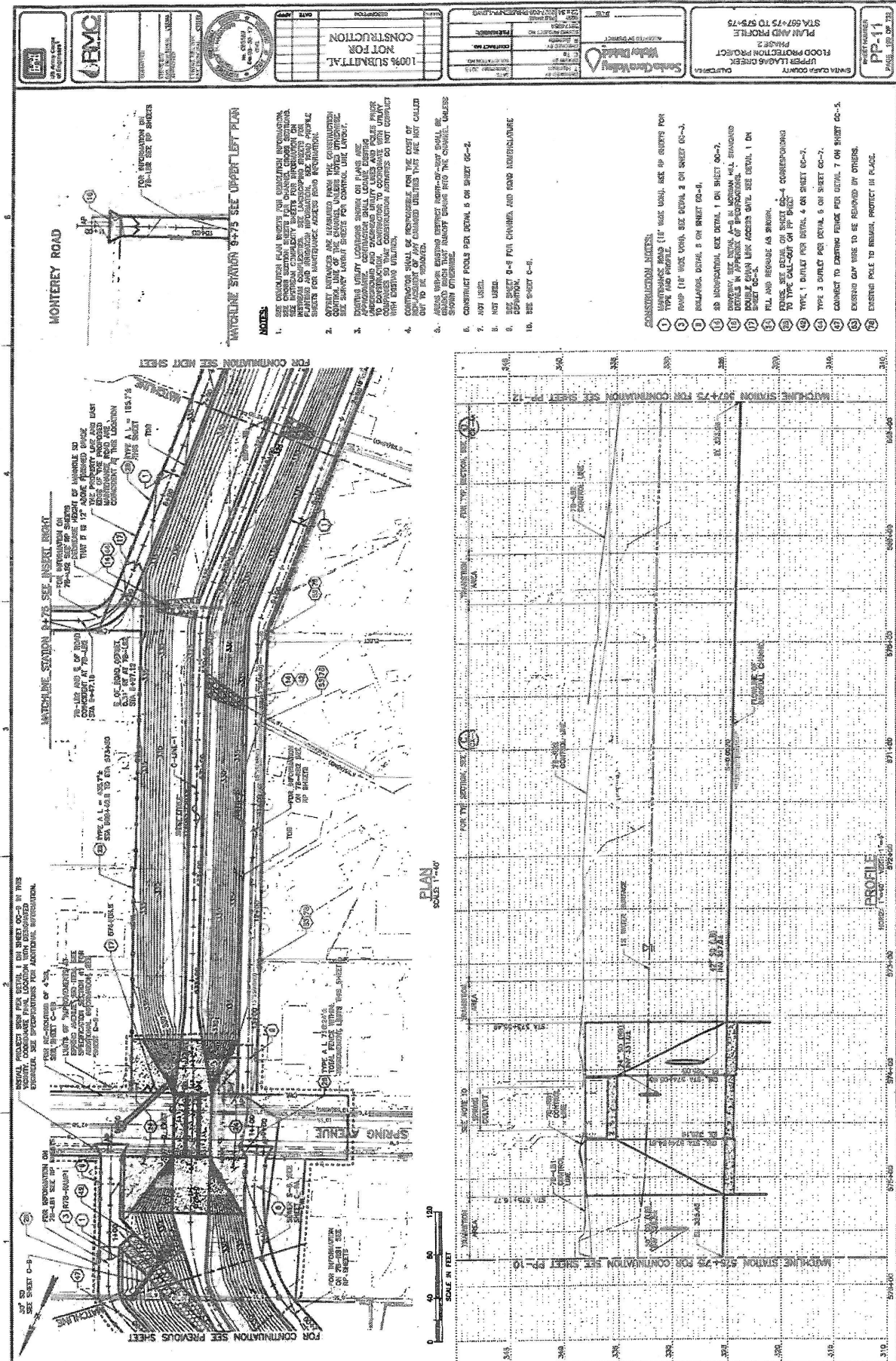

Michele L. King
Clerk of the Board of Directors

APPROVED AS TO FORM:


Brian Hopper
Senior Assistant District Counsel

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Exhibit A



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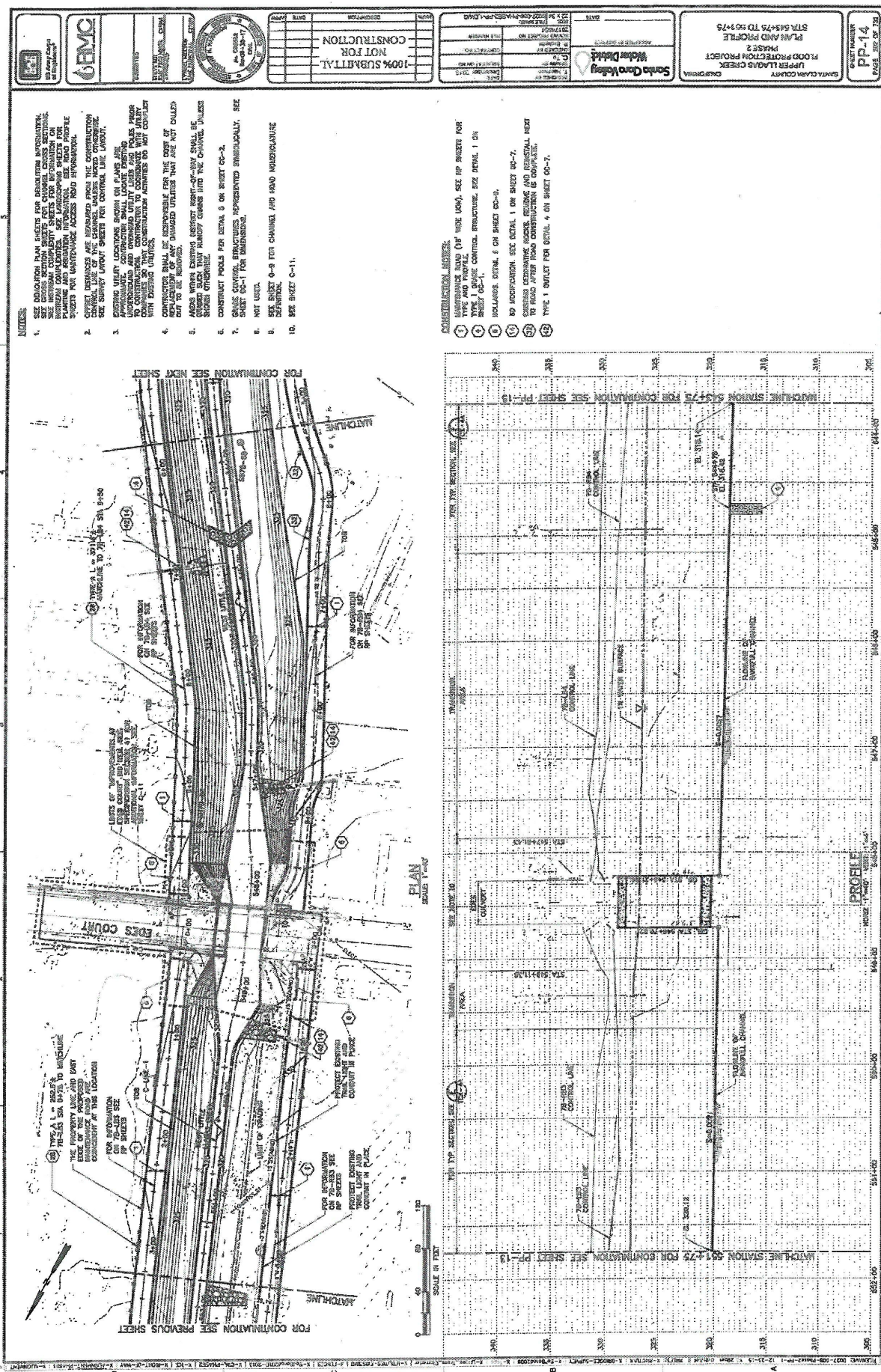


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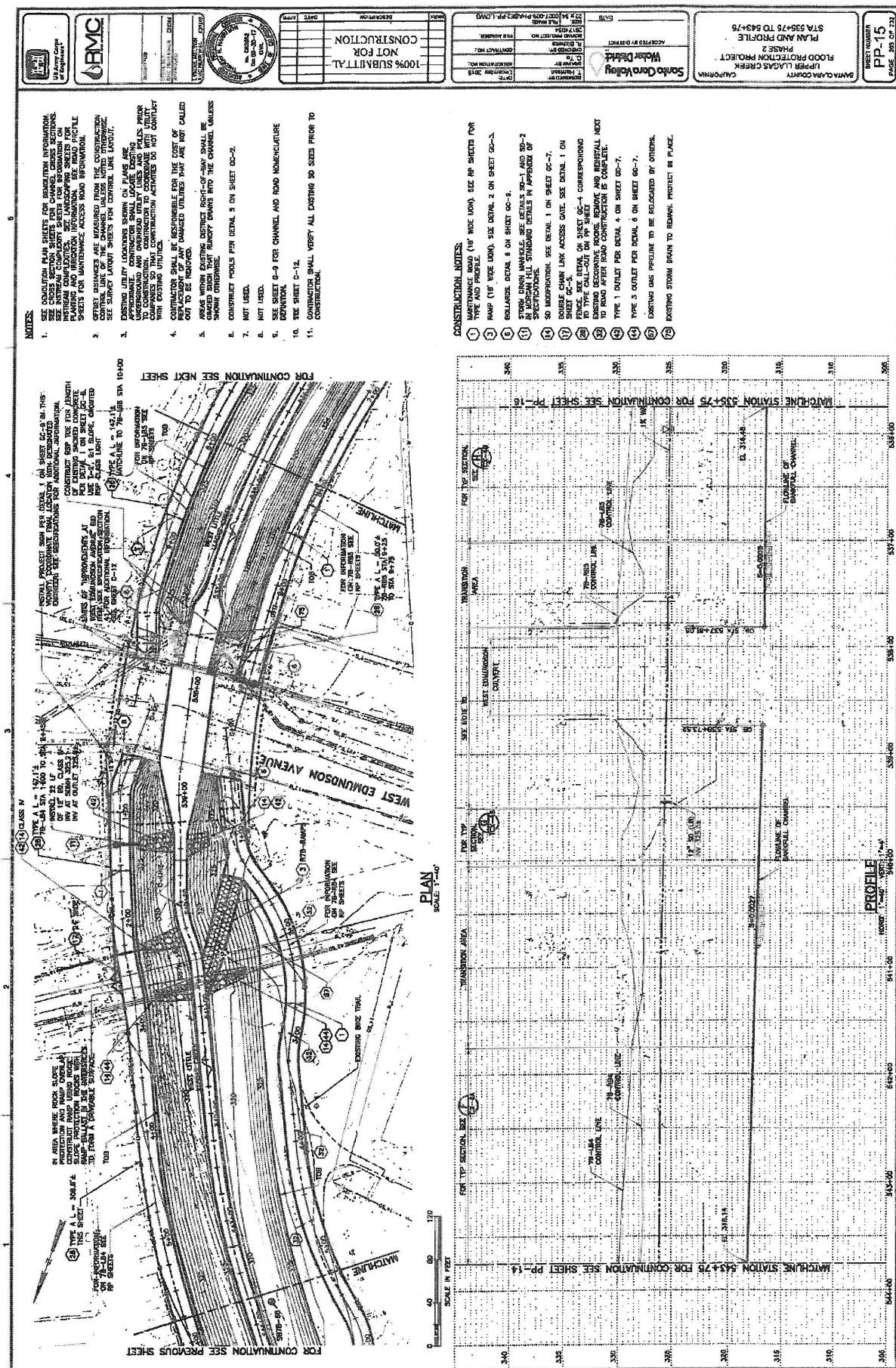


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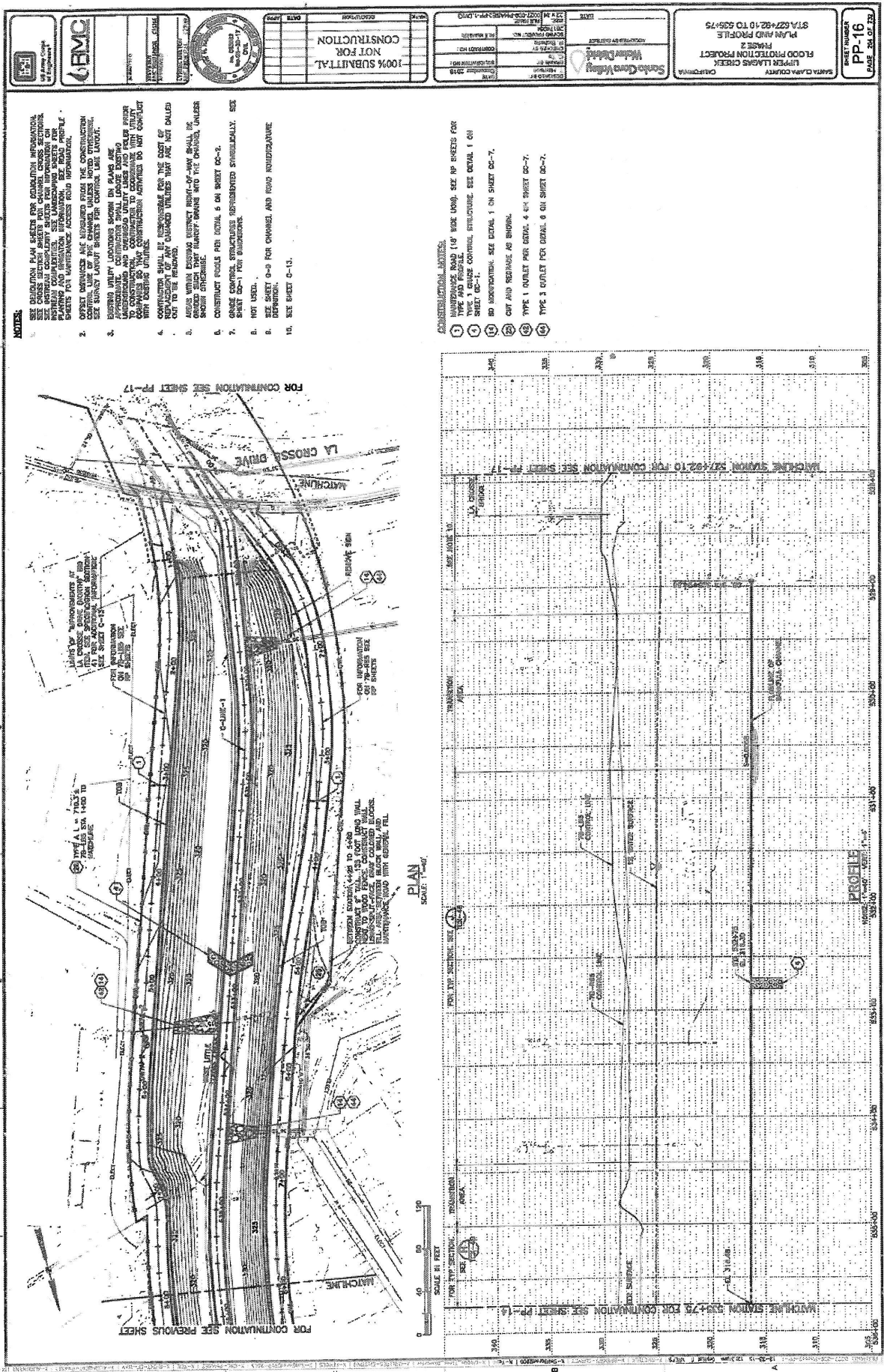


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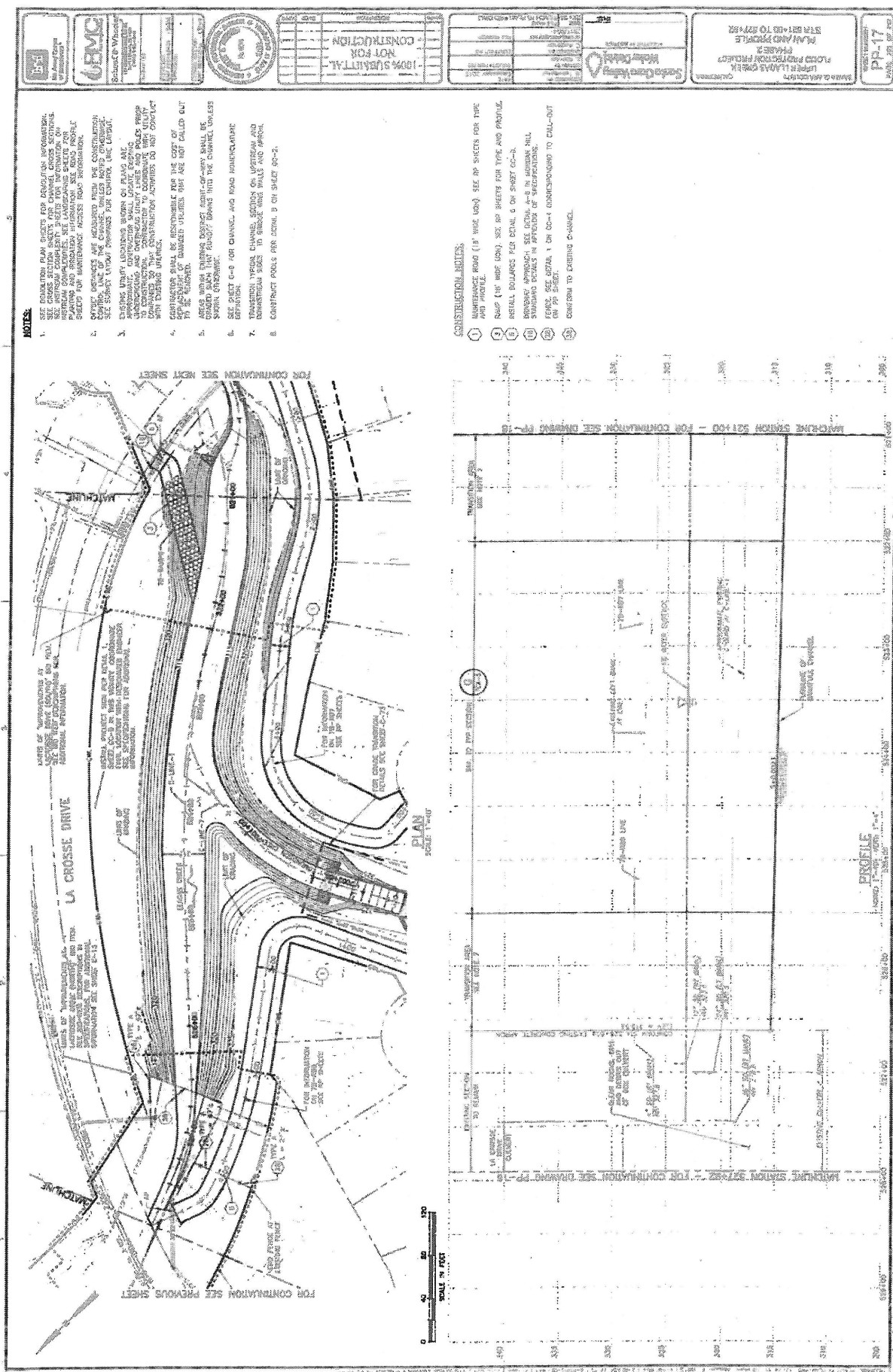


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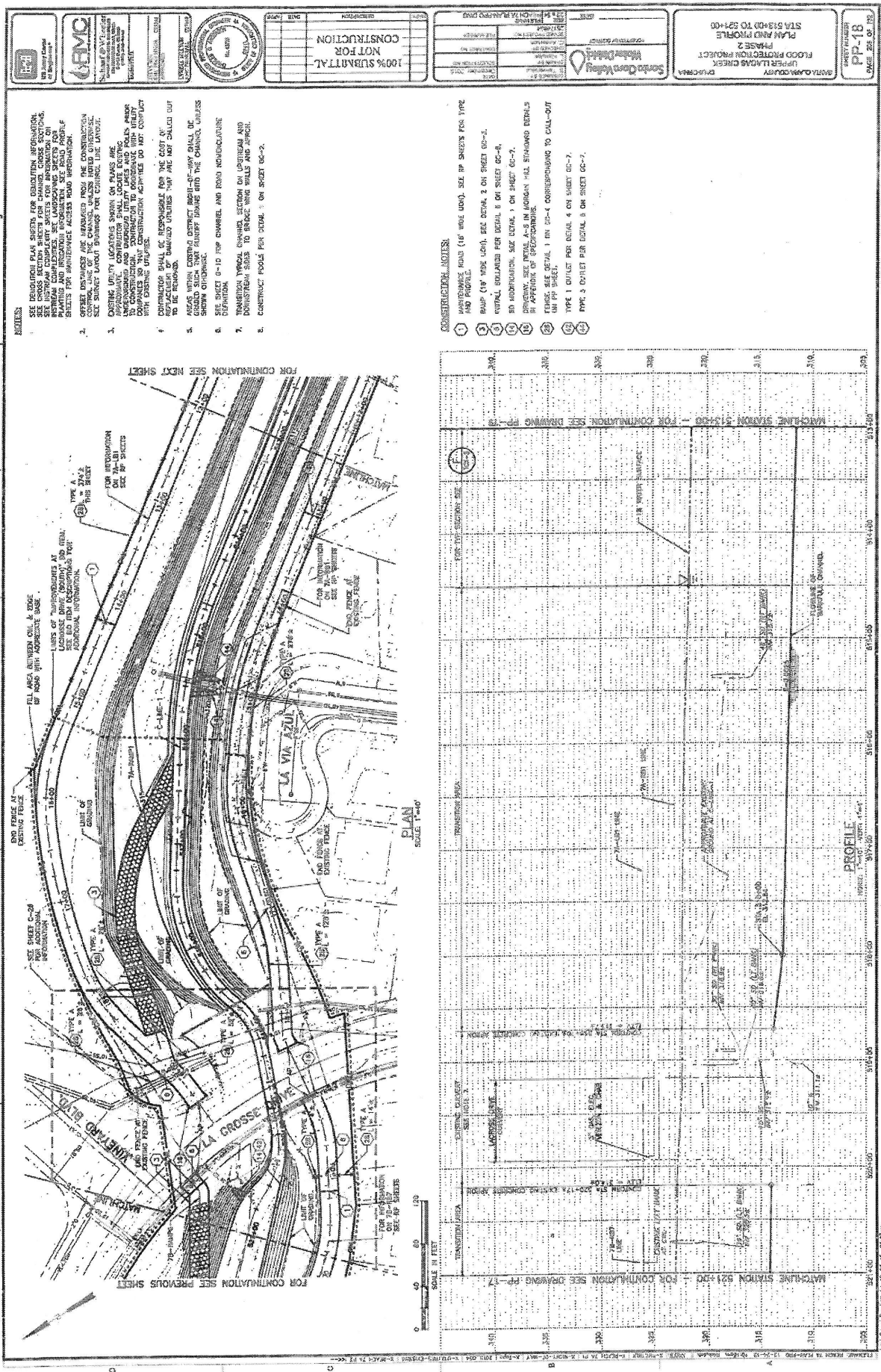


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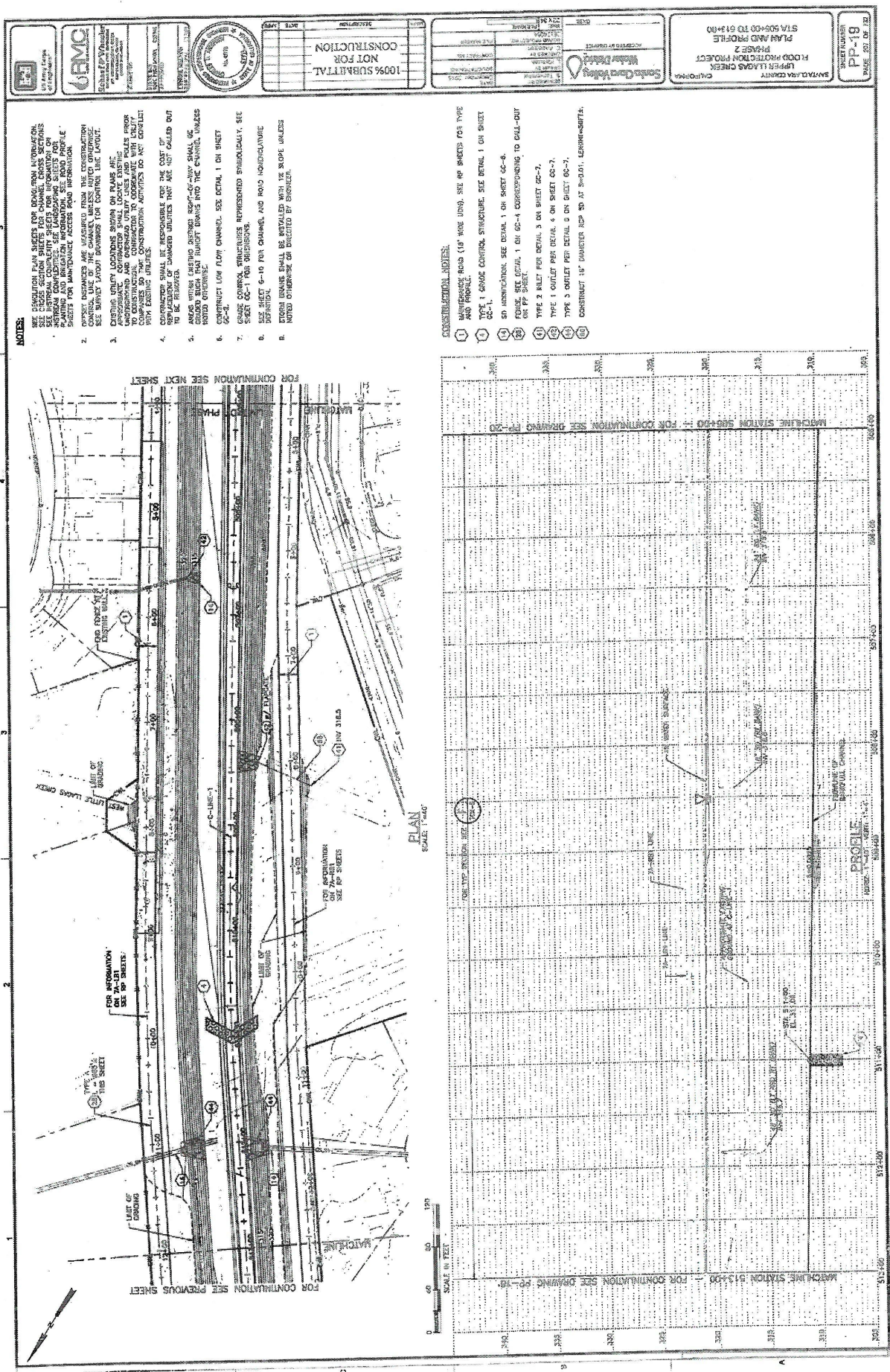


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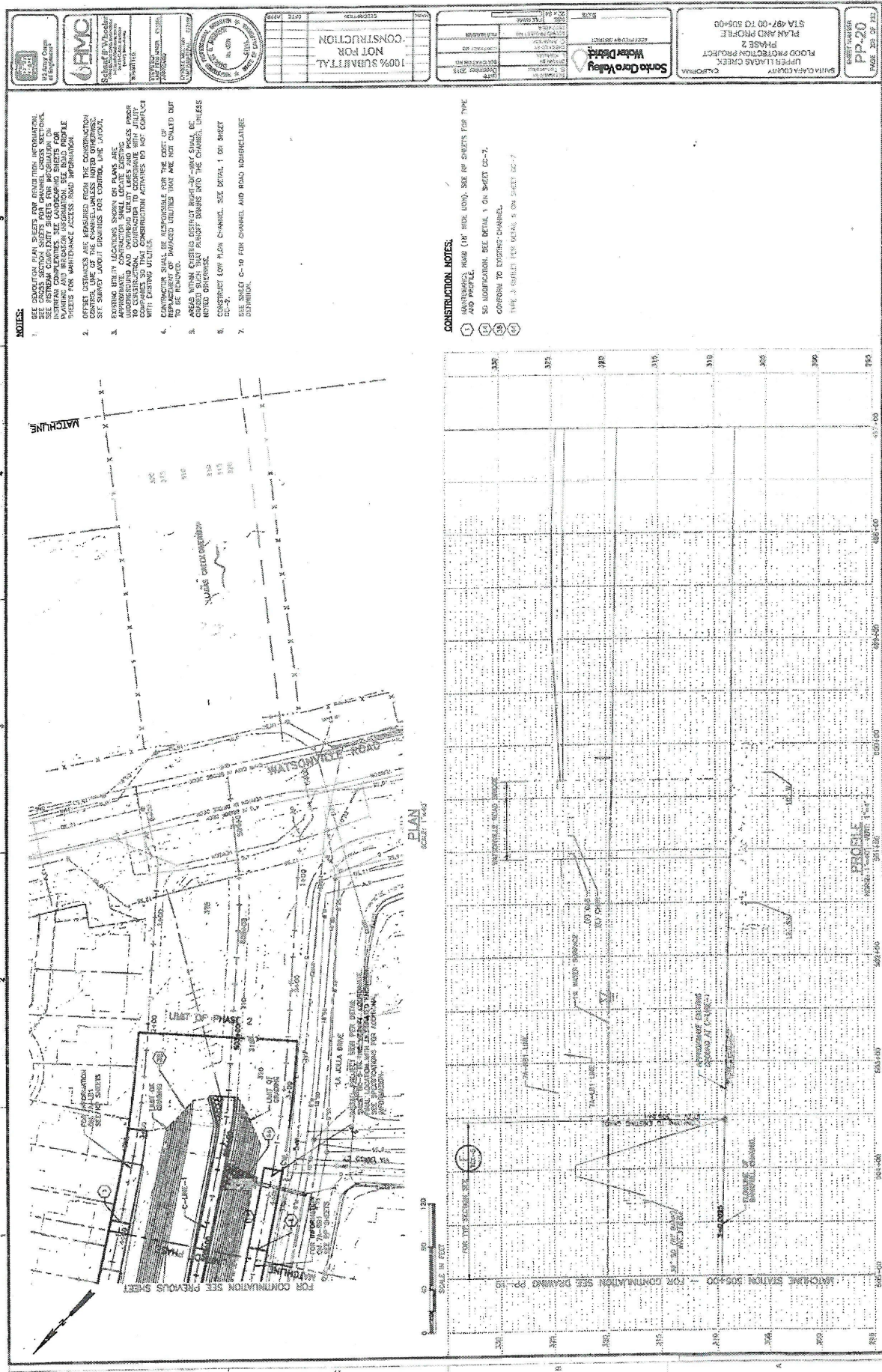


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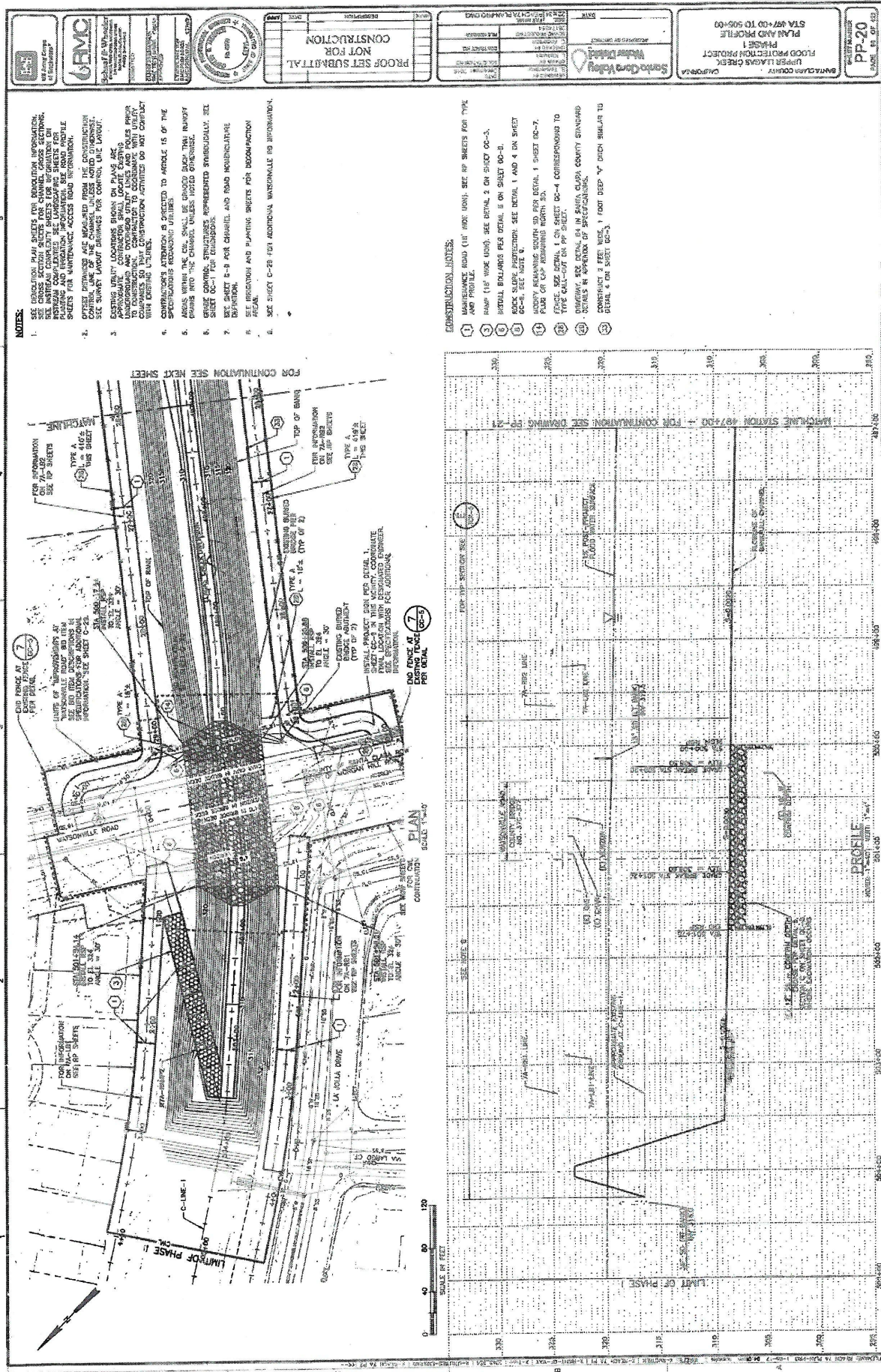


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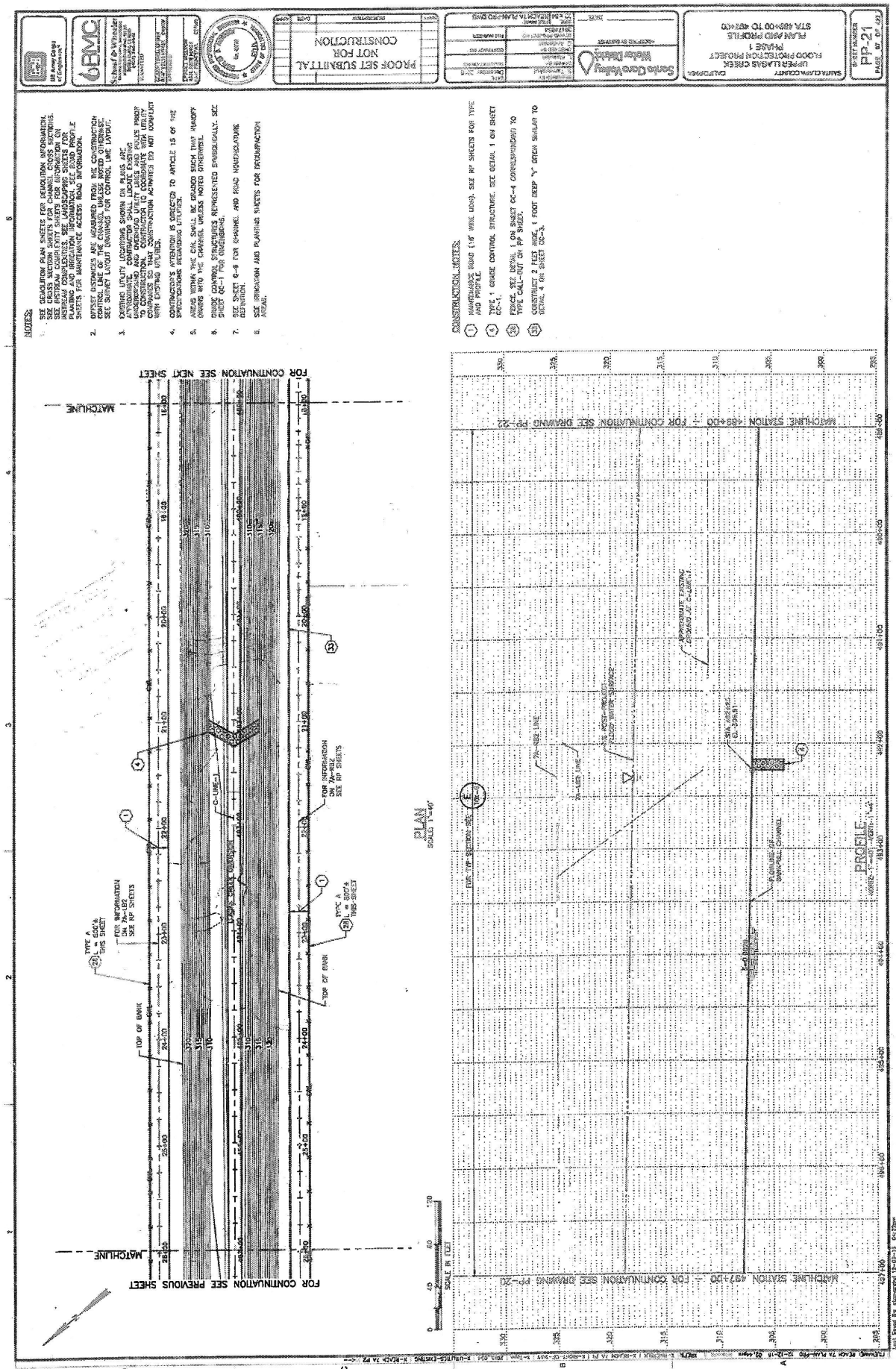


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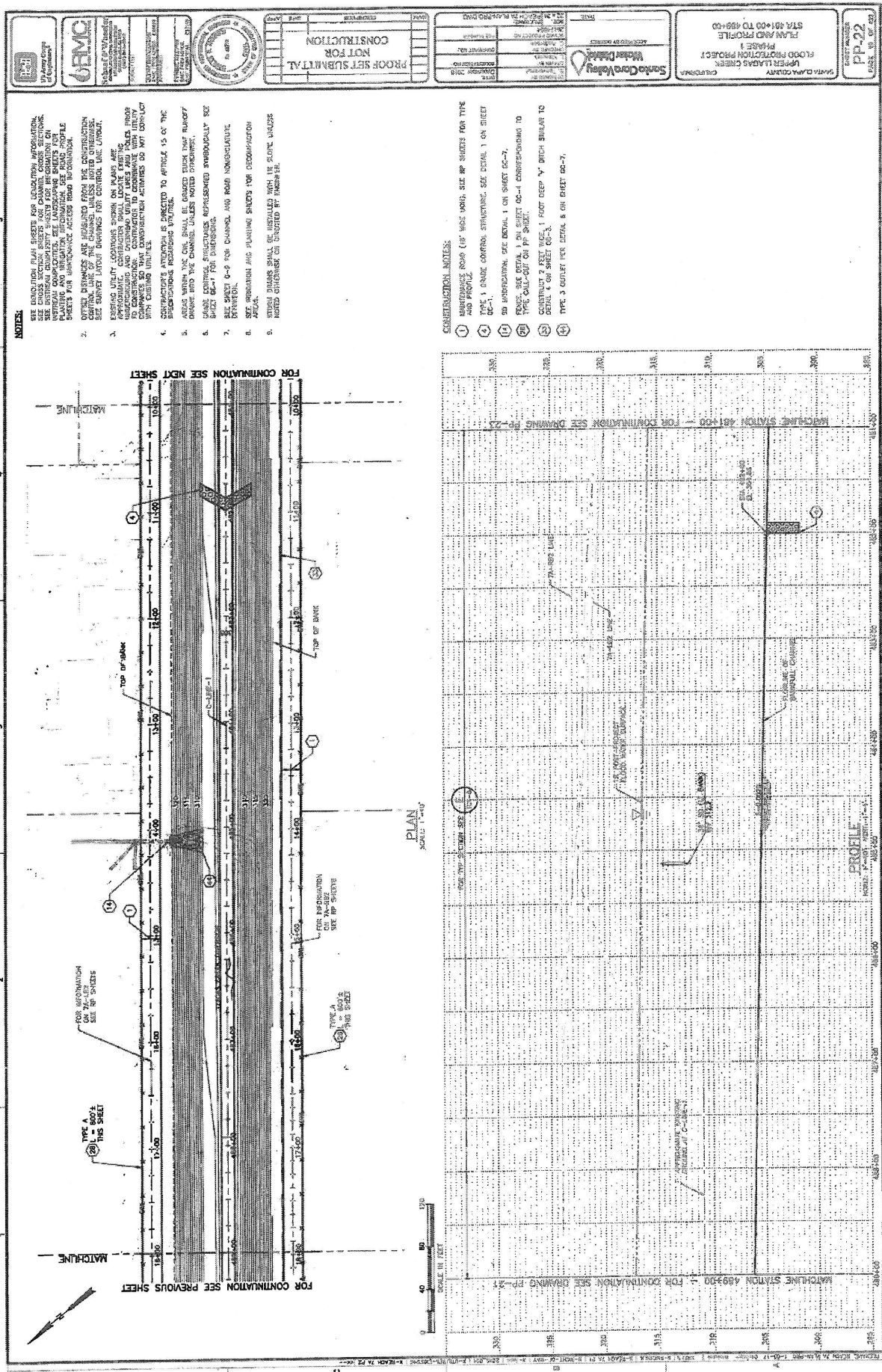


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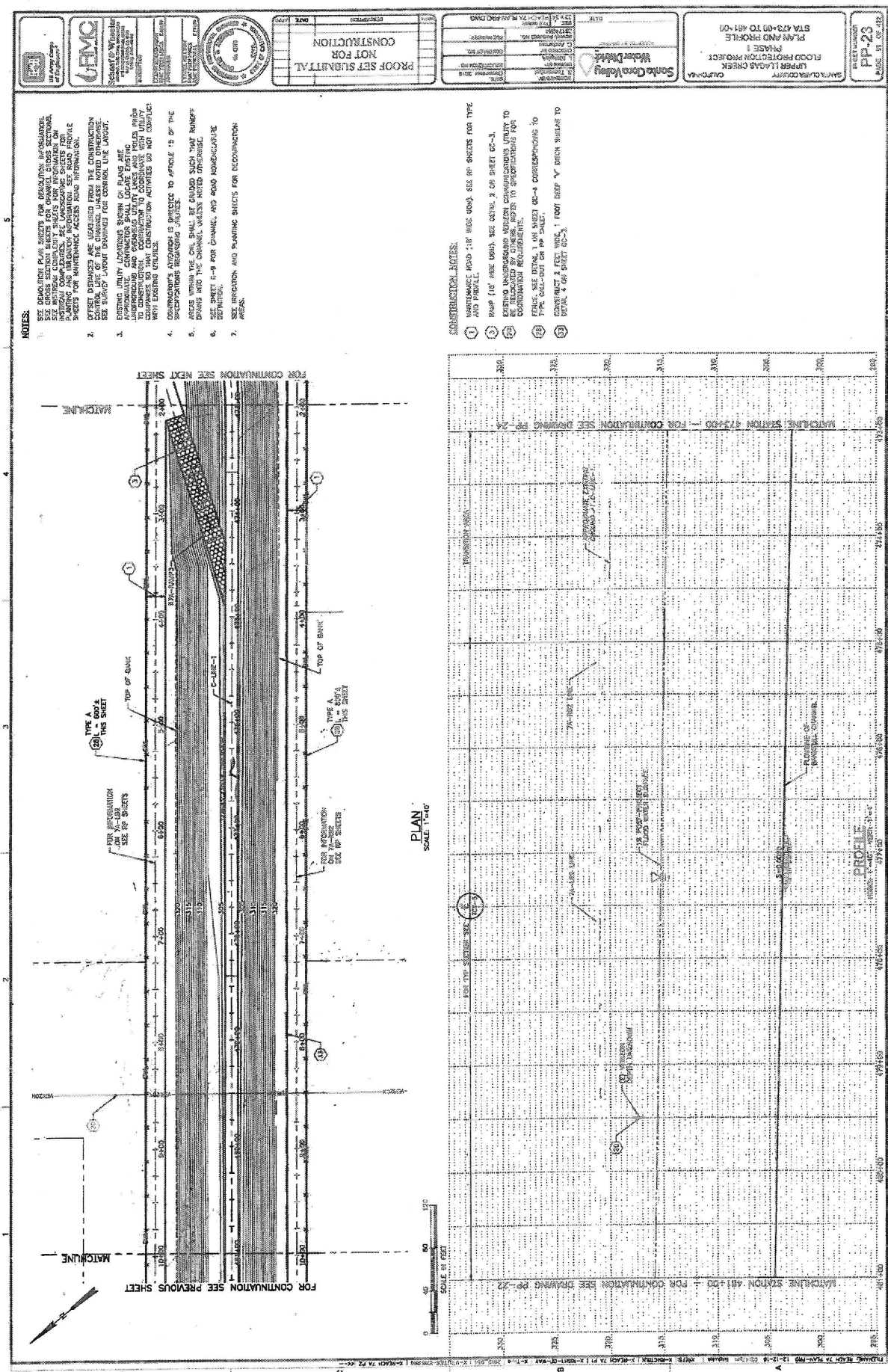


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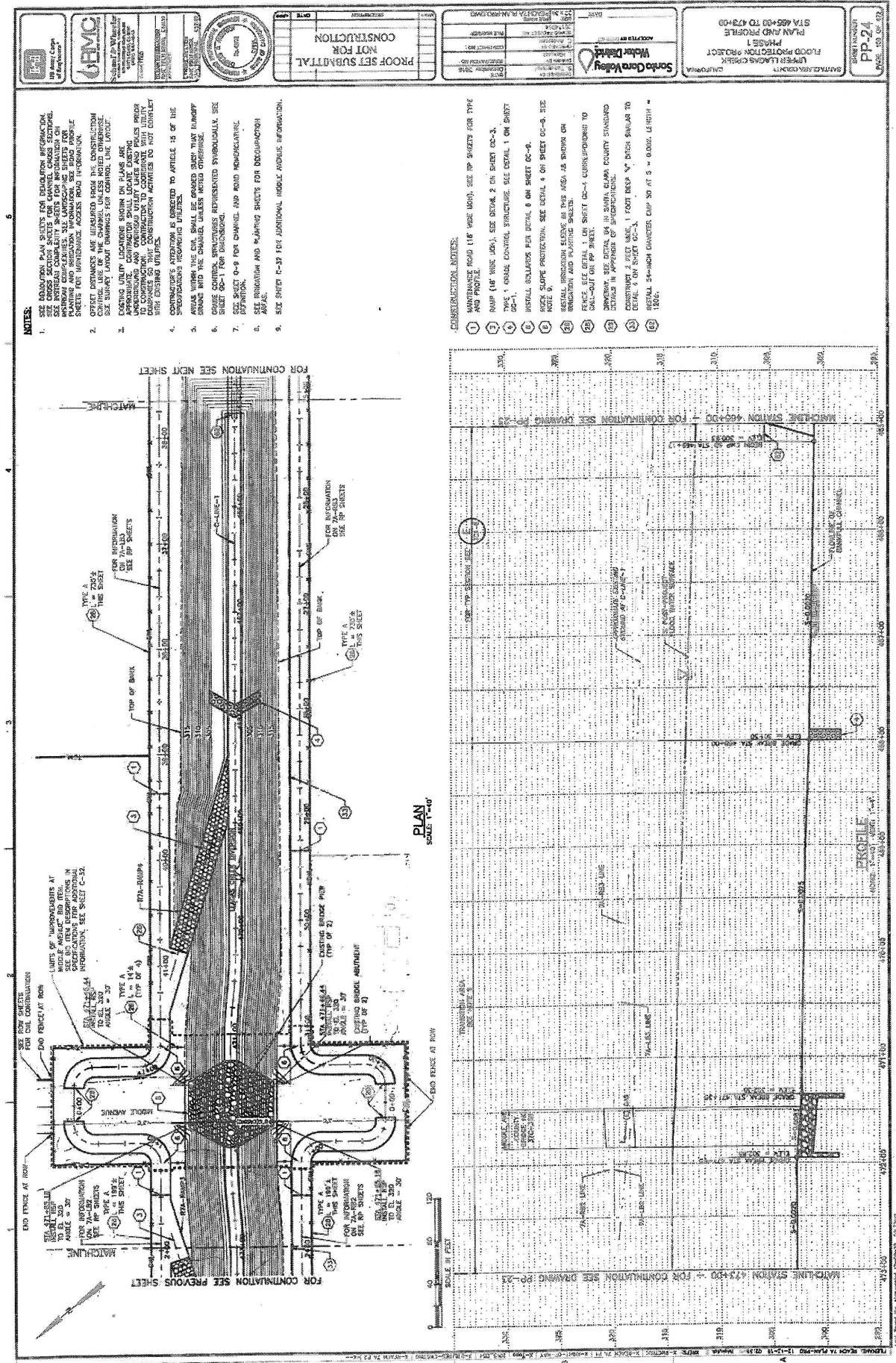


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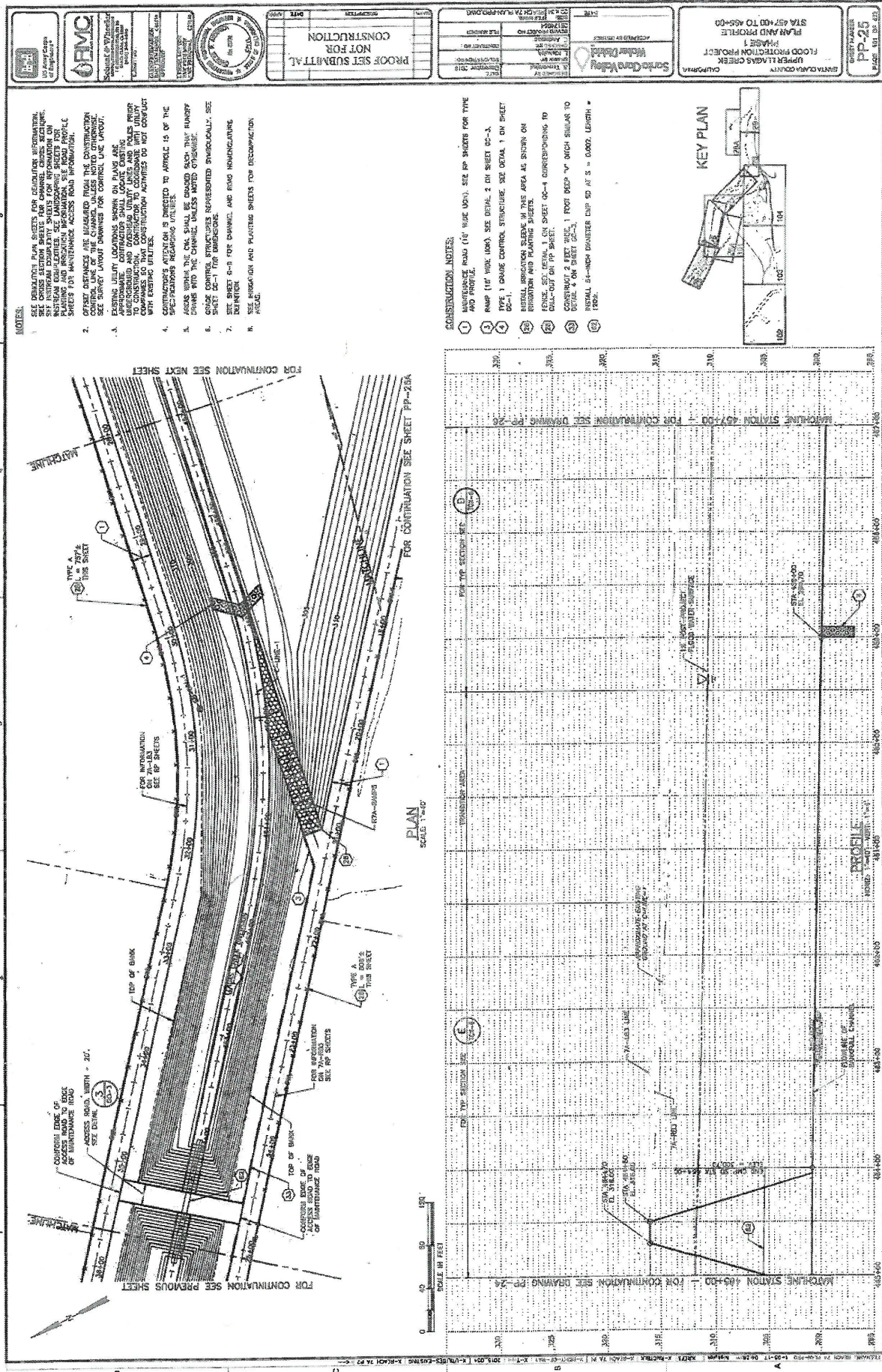


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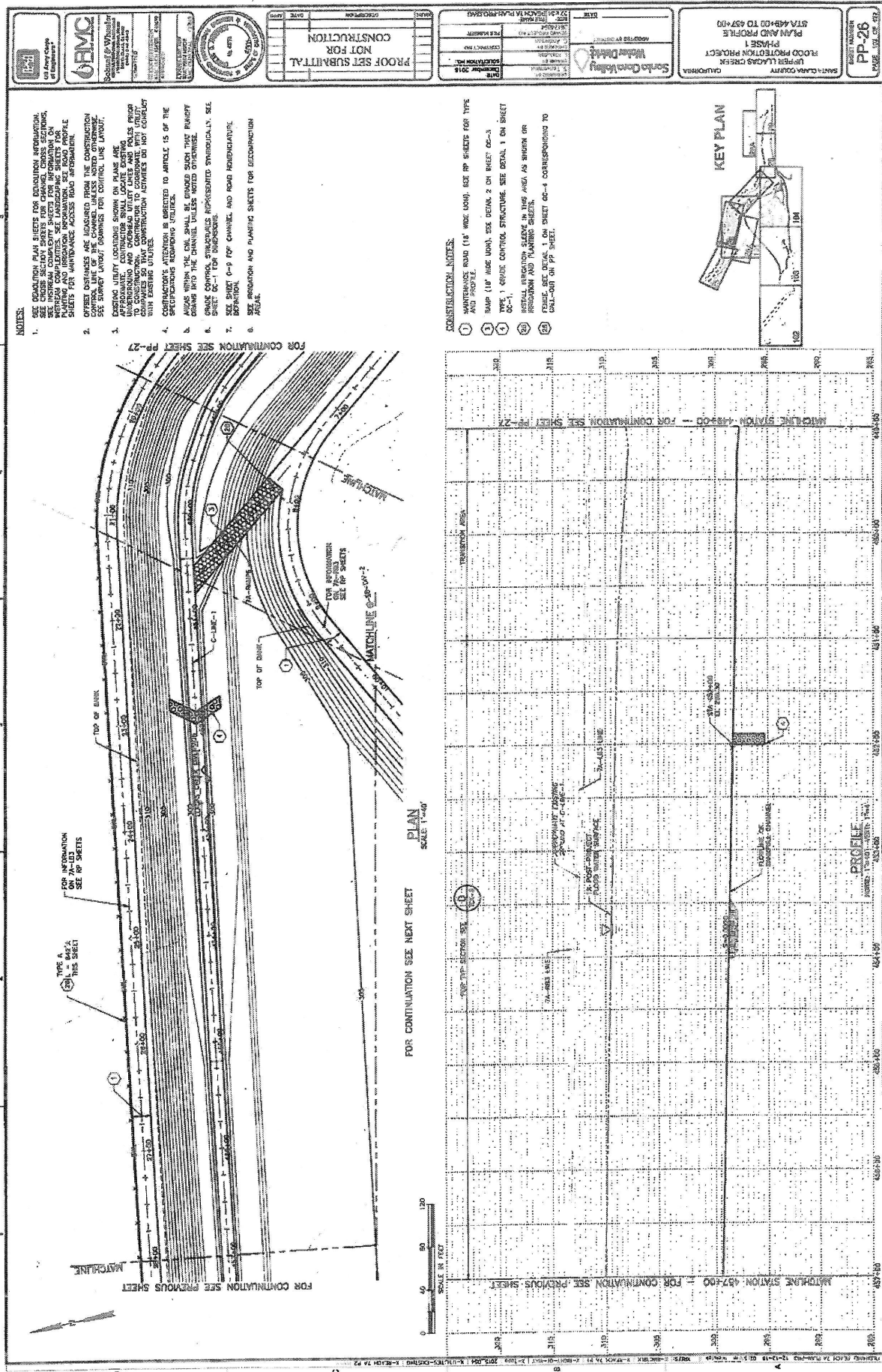


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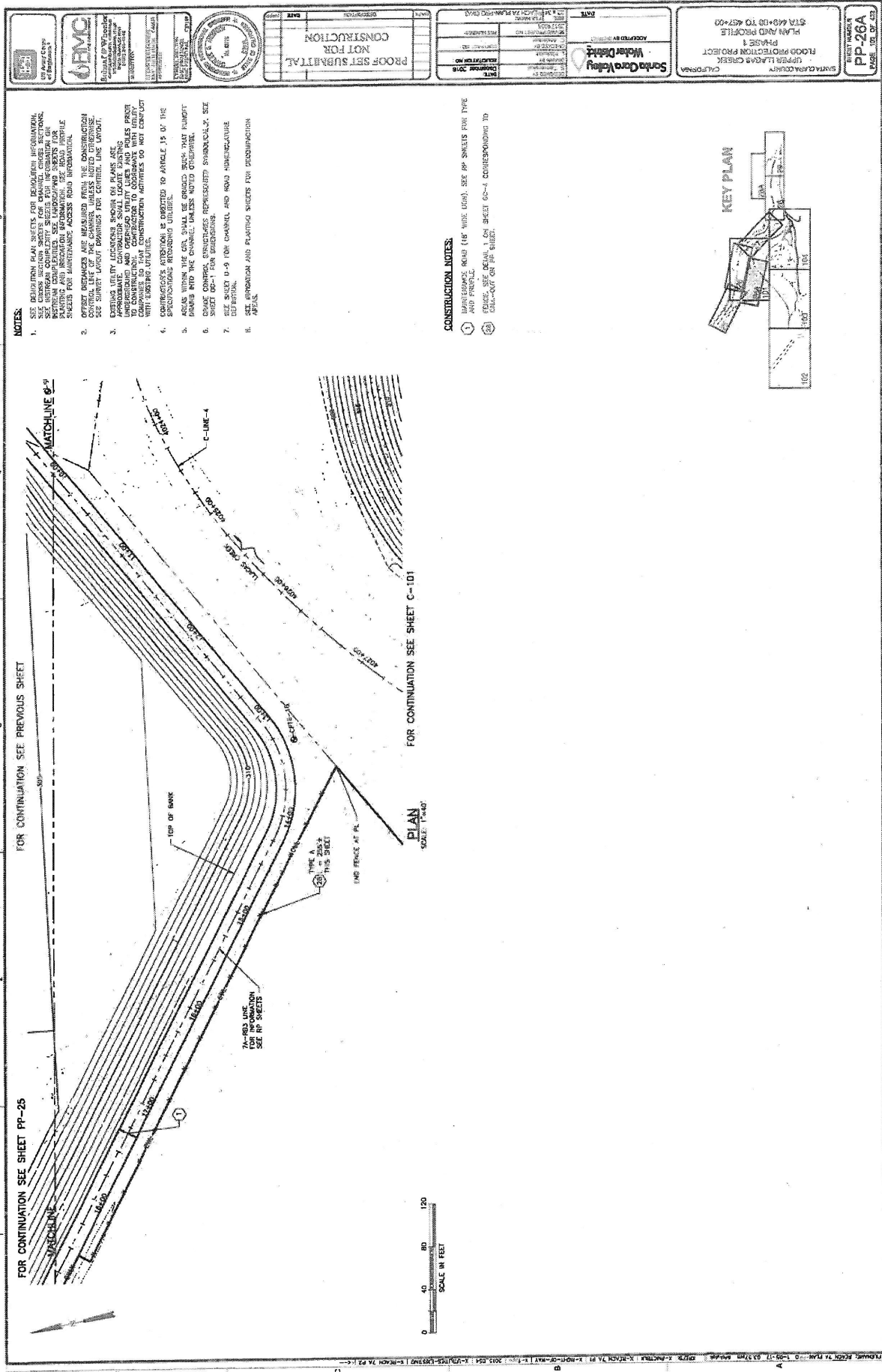


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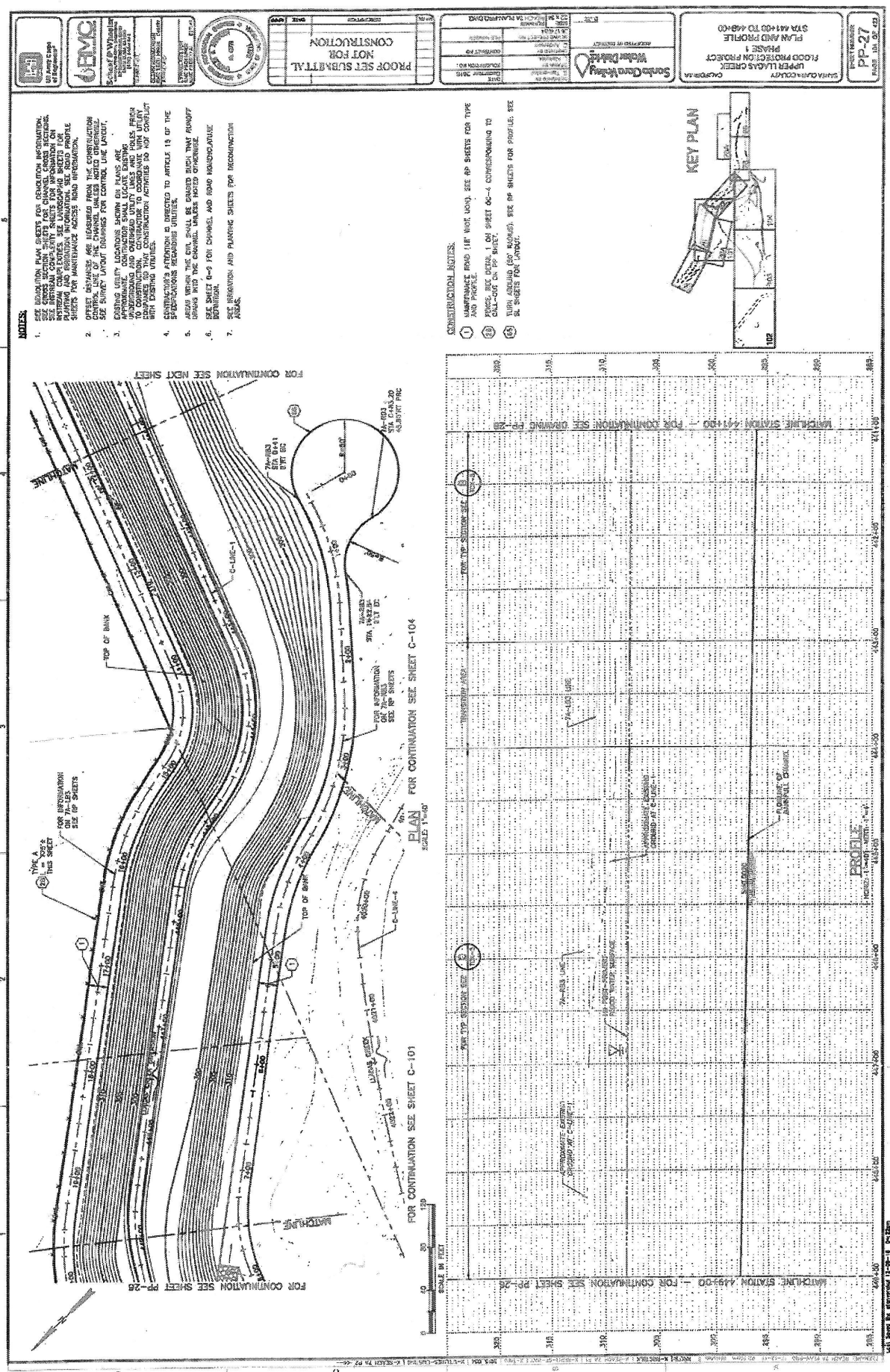


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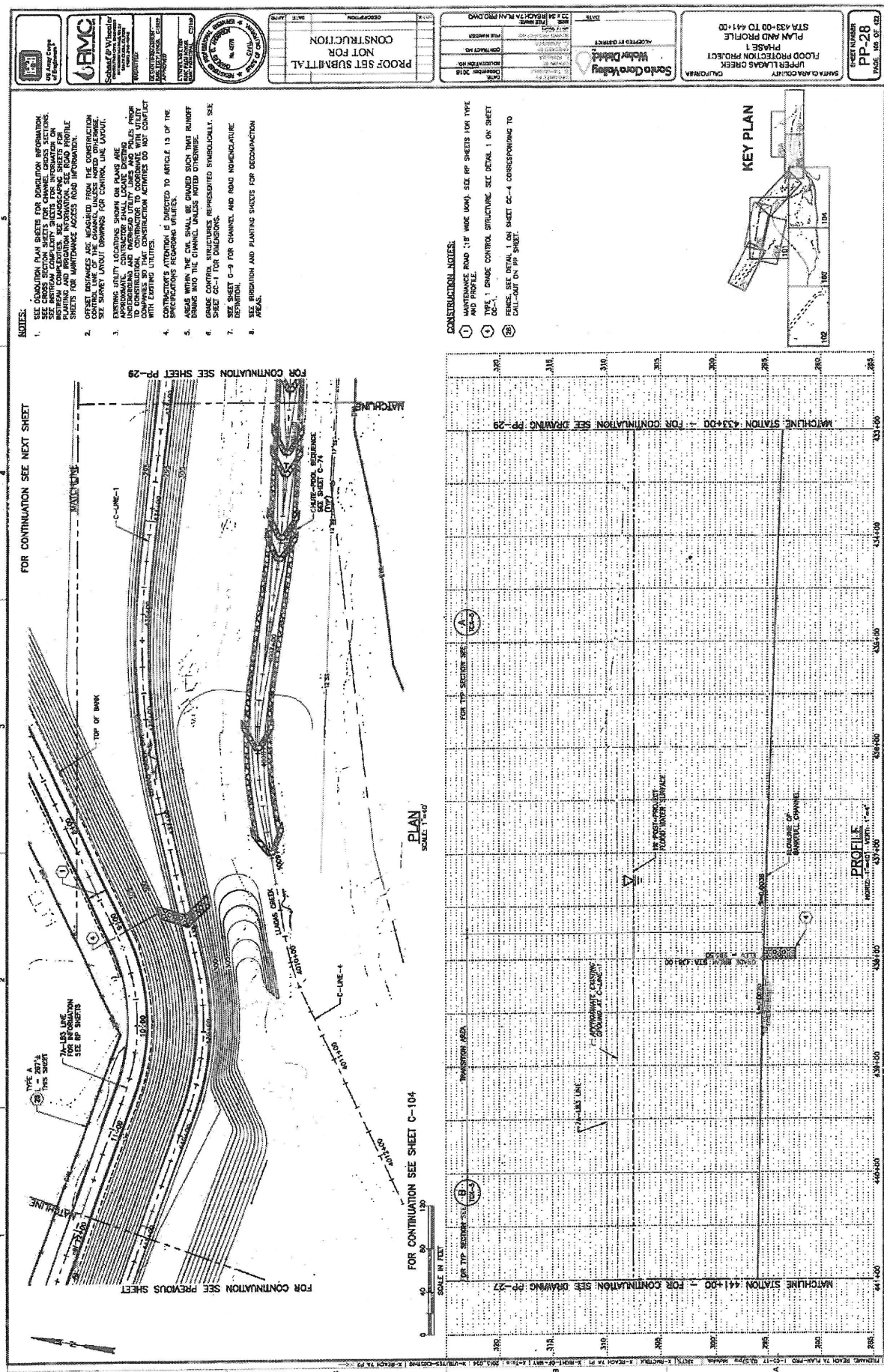


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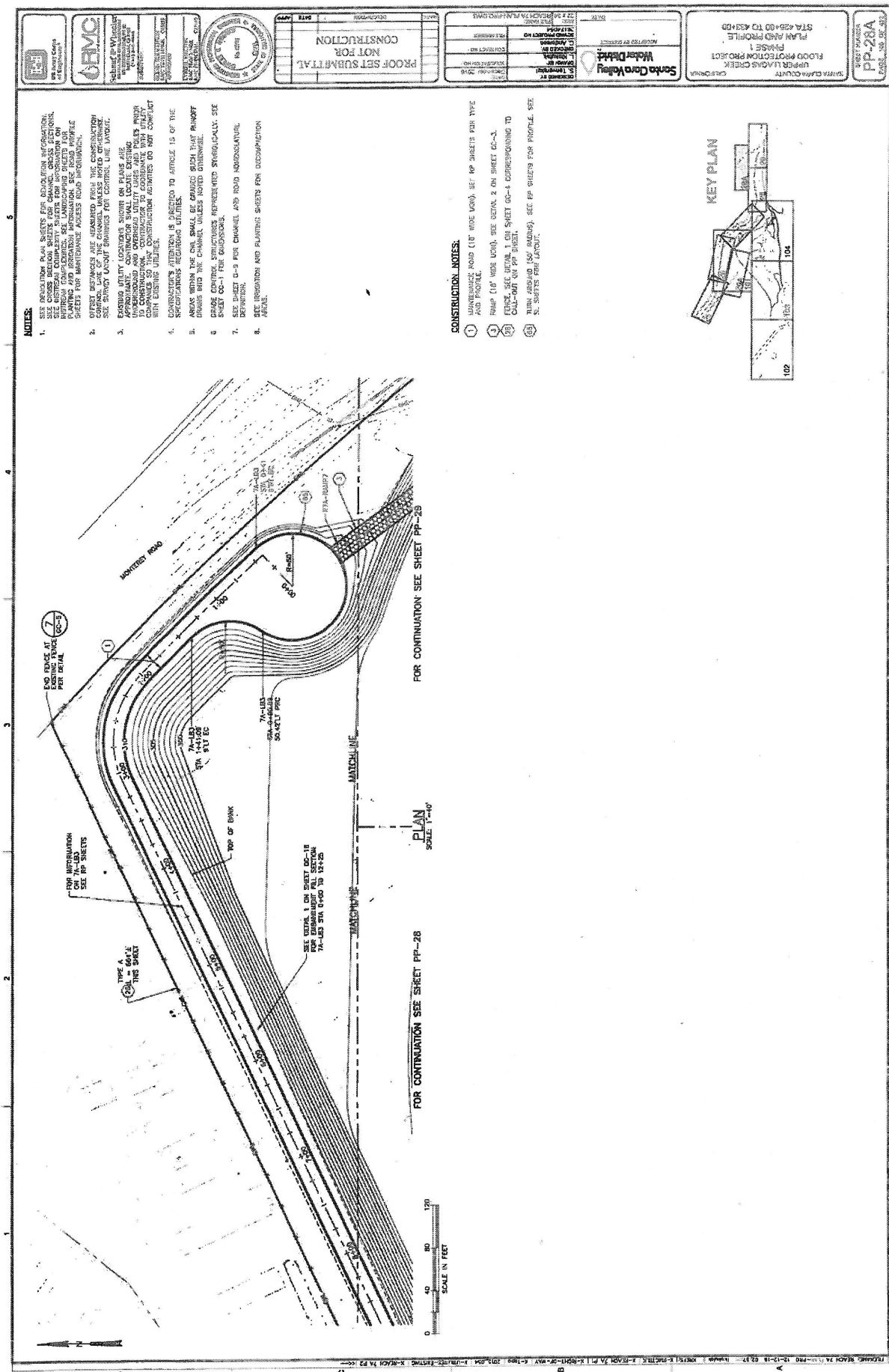


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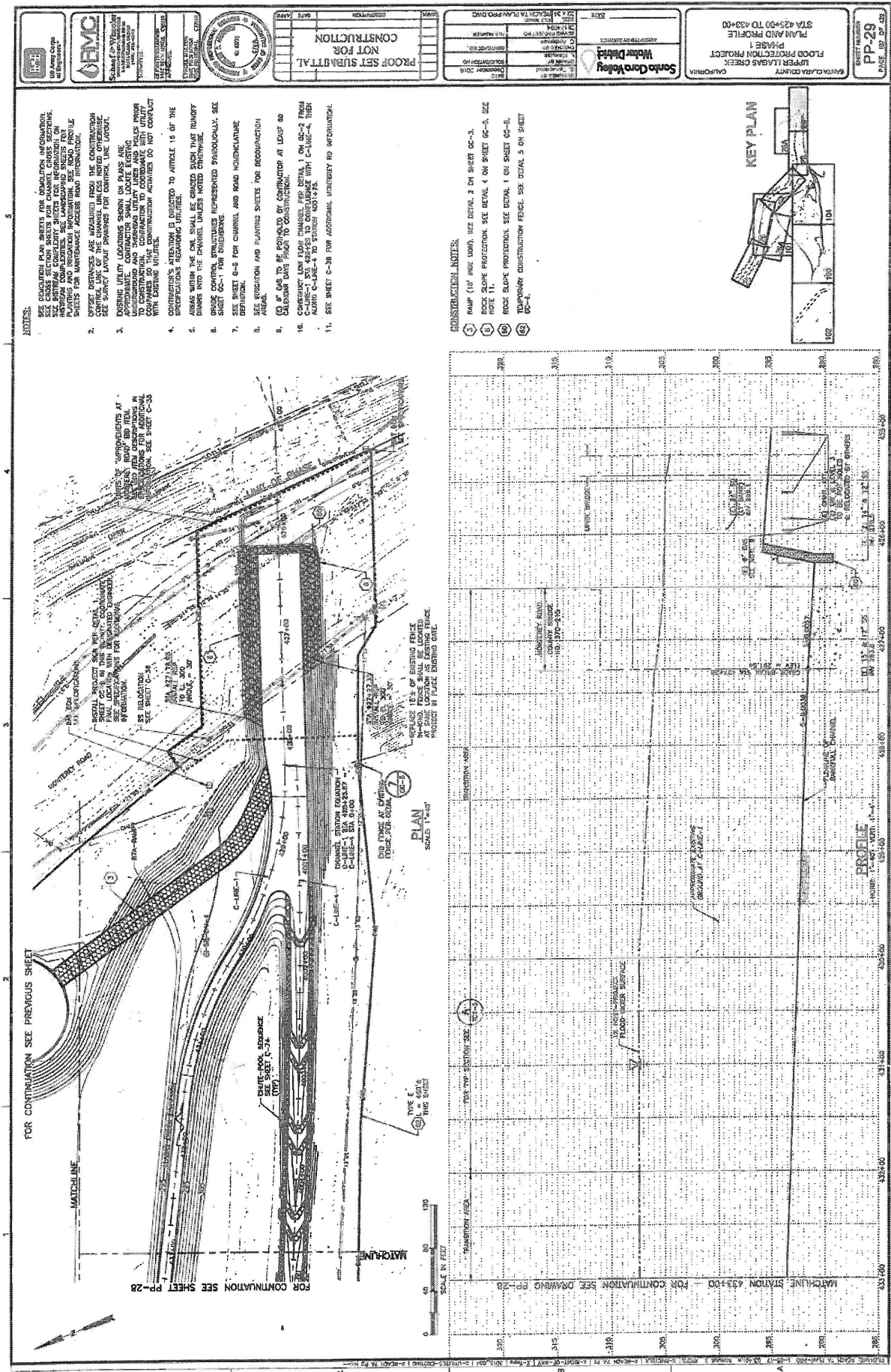


Exhibit A



168-04-19-038

**AGREEMENT BETWEEN THE
CITY OF MORGAN HILL AND SANTA CLARA VALLEY WATER
DISTRICT REGARDING MAINTENANCE AND OPERATION
OF THE UPPER LLAGAS CREEK FLOOD PROTECTION PROJECT
AND WEST LITTLE LLAGAS CREEK**

THIS AGREEMENT is made and entered into this 2nd day of July, 2019 (Effective Date) by and between the City of Morgan Hill, a municipal corporation of the State of California primarily located at 17575 Peak Avenue, Morgan Hill, CA 95037, hereinafter referred to as "CITY", and the Santa Clara Valley Water District, a special district organized and existing under the laws of the State of California located at 5750 Almaden Expressway, San Jose, California 95118, hereinafter referred to as "VALLEY WATER", and together referred to as "PARTIES" and individually as "PARTY".

RECITALS

- A. WHEREAS, VALLEY WATER is enabled by the Santa Clara Valley Water District Act to provide flood protection in Santa Clara County, and has sought federal aid for flood protection measures for the Upper Llagas Creek Flood Protection Project (hereinafter "Project") for 13.9± miles from approximately Buena Vista Avenue in Gilroy, California upstream to Llagas Road in Morgan Hill, California; and
- B. WHEREAS, the PARTIES executed a Cost-Sharing Agreement (#A3313S) for preparing Project designs, environmental documents, and a U.S. Army Corps of Engineers (USACE) Design Documentation Report for the Project on September 22, 2009 with the CITY's cost share a maximum of three million dollars (\$3,000,000). On April 7, 2014, VALLEY WATER received a final payment from the CITY maximizing their contribution at three million dollars in accordance with Agreement #A3313S; and
- C. WHEREAS, on June 10, 2014, VALLEY WATER's Board of Directors certified a Final Environmental Impact Report (Final EIR) and approved its Project as the lead agency pursuant to the California Environmental Quality Act (CEQA) (Public Resources Code section 21000 et. Seq.); and
- D. WHEREAS, VALLEY WATER is the fee owner of certain real property along West Little Llagas Creek within the CITY acquired for the Project; and
- E. WHEREAS, the PARTIES executed a Joint Use Agreement (#A4201M - Attachment A) to enable the CITY to provide certain recreational opportunities to the public within VALLEY WATER's fee owned property that do not unreasonably interfere with VALLEY WATER's mission of flood protection, water resource management, and stream stewardship along West Little Llagas Creek between Monterey Road and Ciolino Avenue in association with the completed Project; and

- F. WHEREAS, VALLEY WATER is required to operate and maintain the Project to maintain the 100-year level of flood protection, meet or exceed mitigation plantings success criteria, and protect the ecological and biological Project benefits; and
- G. WHEREAS, the County of Santa Clara, Department of Roads and Airports intends to adopt a resolution of the Board of Supervisors relinquishing the remaining portion of Hale Avenue between approximately Main Avenue to north of Wright Avenue to the CITY. This remaining portion of Hale Avenue includes the existing West Little Llagas Creek currently serving to convey storm water flows through portions of the CITY; and
- H. WHEREAS, VALLEY WATER has plans to construct the Project that will replace the existing portion of West Little Llagas Creek along Hale Avenue within underground drainage structures within the Hale Avenue right of way to provide a 100-year level flood protection; and
- I. WHEREAS, CITY is the fee owner of certain real property along West Little Llagas Creek within the Project limits, including at existing street crossing locations; and
- J. WHEREAS, CITY and VALLEY WATER are precluded by the State Constitution and other laws from actions which financially bind future governing bodies. Nothing herein shall constitute, or be deemed to constitute, an obligation of future appropriations of the legislative bodies of CITY and VALLEY WATER; and
- K. WHEREAS, the PARTIES find it to be in the public interest to provide for joint-use of the PARTIES properties within the Project limits and agree to define the maintenance and operations roles and responsibilities for each PARTY in association with the Project and West Little Llagas Creek.

AGREEMENT

I. TERM

The term of this AGREEMENT shall commence upon the Effective Date which shall be the date the AGREEMENT has been fully executed by both PARTIES, and shall continue for Fifty (50) years thereafter, unless earlier terminated pursuant to the terms of this AGREEMENT.

II. DEFINITIONS

For purposes of this AGREEMENT, the following terms shall be defined and used as set forth below, and any other capitalized terms not defined below shall be as defined elsewhere in this AGREEMENT. The references to particular types of Flood Protection Features, Recreation Features, and Joint Flood Protection and Recreation Features and the like.

1. Flood Protection Features – Those features being used solely for flood protection purposes identified as the following:
 - a. Underground reinforced box culverts (RCB's);
 - b. Existing rock slope protection, concrete lining and concrete wingwalls;
 - c. Inlet structure at Hale Avenue and Wright Avenue;
 - d. High flow horseshoe-shaped underground tunnel 12 ft. tall x 14 ft. wide;
 - e. Maintenance Access Ramps to West Little Llagas Creek;
 - f. Aggregate base maintenance roads;
 - g. Gates to maintenance access roads;
 - h. In-channel debris and vegetation control;
 - i. Flood Protection and Mitigation signage;
 - j. Mitigation Plantings; and
 - k. miscellaneous features with the purpose of providing hydraulic capacity for West Little Llagas Creek.

2. Recreation Features – Those features being used solely for recreation, open space, and trail purposes identified as the following:
 - a. Asphalt concrete trails;
 - b. Recreation signage;
 - c. Lighting features;
 - d. Drinking fountains;
 - e. Bathrooms;
 - f. Trash removal and trash receptacles;
 - g. Benches;
 - h. Bollards;
 - i. Landscape plantings;
 - j. Weed control along trails and within landscape plantings;
 - k. Landscape architectural features (i.e. boulders, sculptures);
 - l. Community monuments/exhibits, including Sister City projects; and
 - m. miscellaneous features with the purpose of providing recreation, open space, and trail uses, including the features installed by the CITY in accordance with the Joint Use Agreement (#A4201M) executed by the PARTIES, including any future amendments or renewals approved by the PARTIES.

3. Joint Flood Protection and Recreation Features – Those features being used jointly for flood protection and recreation/trail purposes as identified as the following:
 - a. Aggregate based maintenance roads/trails;
 - b. Fencing;
 - c. Underground low flow 36-inch reinforced concrete pipe (RCP) storm drain from West Main Avenue to Inlet structure near Wright Avenue;
 - d. Rodent control;
 - e. miscellaneous features with the purpose of providing both flood protection and recreation uses.

4. Channel Access Road/Ramps – Any road or ramp which has not been authorized for the public's use and which has been constructed or installed to provide service access to, or within West Little Llagas Creek for the sole use by VALLEY WATER.
5. Landscape Plantings and associated features – Plant material, such as trees, shrubs, turf, reinforced turf, architectural features and irrigation systems installed for recreation, open-space, and trail purposes, excluding all Mitigation Plantings.
6. Maintenance Roads/Trails – Paved pathways designed for both public pedestrian and bicycle use as well as for service access by VALLEY WATER and CITY.
7. Mitigation Plantings – Native plant material planted to mitigate the loss of such plants because of the Project.
8. Operation and Maintenance – Operation and Maintenance shall include all operations, maintenance, replacements, repairs, rehabilitation, acquiring required permits, satisfying permit conditions, record keeping, and reporting in accordance with the standards set forth herein.
9. Sediment – Undesirable sediment accumulation within West Little Llagas Creek which must be removed for flood protection purposes.
10. Vegetation – Natural and desirable native mitigation plant growth or undesirable plant growth, including fallen trees within West Little Llagas Creek which must be controlled for flood protection purposes.
11. Weed Control – Undesirable plant growth along the Maintenance Roads/Trails and not within West Little Llagas Creek which is controlled for recreation, open space, and trail purposes.
12. Trash and Litter – Waste products, refuse that have been carelessly discarded or disposed of improperly, without consent, at an undesirable location.
13. Graffiti – Writings, drawings, or other marks scribbled, scratched, or sprayed on a surface in a public place without consent.

III. OPERATIONS AND MAINTENANCE PROVISIONS RELATED TO FLOOD PROTECTION FEATURES

A. Operations

VALLEY WATER agrees to provide operations for the Flood Protection Features identified and defined within Article II (1.) of this AGREEMENT. For purposes of this AGREEMENT only, during a potential flood emergency, VALLEY WATER's designated Emergency Operations Center (EOC) staff will determine

when VALLEY WATER staff will be required to perform emergency operations of the Flood Protection Features.

B. Maintenance

VALLEY WATER agrees to provide maintenance for the Flood Protection Features identified and defined within Article II (1.) of this AGREEMENT, excluding the operation and maintenance for the structural aspects of the RCB's and road crossings which is the CITY's responsibility. VALLEY WATER's maintenance of flood protection features includes sediment removal and vegetation control consistent with VALLEY WATER Project's latest version of their Operations and Maintenance Guidelines. CITY, at any time, may request a copy of the latest version of the Project's Operations and Maintenance Guidelines from VALLEY WATER.

C. Operations and Maintenance of Existing West Little Llagas Creek at Hale Avenue

VALLEY WATER agrees to operate and maintain West Little Llagas Creek along Hale Avenue between approximately Wright Avenue and West Main Avenue when County of Santa Clara relinquishes this remaining portion of Hale Avenue to the CITY and prior to completion of the Project. The completed Project will replace this portion of West Little Llagas Creek within underground drainage structures, which are identified and defined as Flood Protection Features within Article II (1.) of this AGREEMENT. PARTIES acknowledge VALLEY WATER has CITY's permission in accordance with this AGREEMENT to conduct operations and maintenance, including sediment removal within existing West Little Llagas Creek, where no additional approval is required by the CITY. VALLEY WATER's maintenance schedule will be in accordance with the terms and conditions of Article VI (A.) of this AGREEMENT.

D. Operations and Maintenance of Mitigation Plantings

VALLEY WATER agrees to operate and maintain the Mitigation Plantings in accordance with the regulatory permits acquired for the Project.

IV. OPERATIONS AND MAINTENANCE PROVISIONS RELATED TO RECREATION FEATURES

A. Operations

CITY alone is responsible for supervising the public's authorized use of the Recreation Features. CITY agrees to provide operations for the Recreation Features identified and defined within Article II (2.) of this AGREEMENT, consistent with the CITY's standard park/trail operations, and in accordance with the Joint Use Agreement (#A4201M) previously executed by the PARTIES, including any future amendments or renewals approved by the PARTIES.

B. Maintenance

CITY agrees to provide maintenance for the Recreation Features identified and defined within Article II (2.) of this AGREEMENT, including trash and graffiti removal consistent with the CITY's standard park/trail operations, and in accordance with the Joint Use Agreement (#A4201M) previously executed by the PARTIES, including any future amendments or renewals approved by the PARTIES.

C. Operations and Maintenance of Recreation Features

CITY agrees to operate and maintain the Recreation Features consistent with the CITY's standard park/trail operation and maintenance standards, and this operation and maintenance shall not be inconsistent with VALLEY WATER's Operations and Maintenance Guidelines, as amended from time to time, and shall not conflict with VALLEY WATER's Mitigation Plantings in accordance with the regulatory permits acquired for the Project. To the extent this AGREEMENT conflicts with any of the terms and conditions of the Joint Use Agreement (#A4201M), including any future amendments or renewals approved by the PARTIES, the terms and conditions of the Joint Use Agreement shall prevail.

V. OPERATIONS AND MAINTENANCE PROVISIONS RELATED TO JOINT FLOOD PROTECTION AND RECREATION FEATURES

A. Operations and Maintenance

1. VALLEY WATER agrees to provide operations and maintenance for those Flood Protection features related to Joint Flood Protection and Recreation Features identified and defined within Article II (3.) of this AGREEMENT.

By way of example, VALLEY WATER is responsible for maintenance of the Maintenance Roads structural base materials and/or sub-base structural integrity and fencing damaged by VALLEY WATER personnel or its authorized agents.

2. CITY agrees to provide operations and maintenance for those Recreation features related to Joint Flood Protection and Recreation Features identified and defined within Article II (3.) of this AGREEMENT,

By way of example, CITY is responsible for maintenance of concrete asphalt surfacing of maintenance road/trails, 36-in RCP low flow storm drain West Main Avenue to Wright Avenue, fencing damaged by public use, etc. as defined in and in accordance with the terms and conditions of

the Joint Use Agreement (#A4201M), including any future amendments or renewals approved by the PARTIES.

B. Failure of Operations and Maintenance by CITY or VALLEY WATER

In the event either the CITY or VALLEY WATER fails to perform its obligations under this Article in a timely fashion, the other party may, after providing notification to the party required to perform the obligation of the deficiency, provide the complete operations and maintenance of a Joint Flood Protection and Recreation Features. The party in default shall reimburse the party that provided operations and maintenance on the Joint Flood Protection and Recreation Features within sixty (60) days of proper billing. Proper billing will include an itemized breakdown of the proportional costs and a complete description of those items and/or exact locations of those areas that received the operations and maintenance work. The CITY and VALLEY WATER agree to resolve any dispute regarding the proportional costs, not specifically addressed in this AGREEMENT, for operating and maintaining the Joint Flood Protection and Recreation Features through the resolution process set forth in Article X of this AGREEMENT.

VI. SCHEDULING OF MAINTENANCE

A. VALLEY WATER's Maintenance Schedule

1. PARTIES acknowledge and agree that VALLEY WATER is responsible for performing routine maintenance for flood protection and water resource management purposes in a manner consistent with its maintenance of comparable facilities or creeks.
2. PARTIES acknowledge and agree VALLEY WATER's use of equipment for maintenance work, including herbicide applications to control vegetation as contemplated under this AGREEMENT may, on occasion, disrupt the use of the Recreation Features by CITY, the public, or both. Accordingly, VALLEY WATER agrees to notify the CITY's designated superintendent at least ten (10) working days prior to commencement of such work, to minimize public impacts.
3. PARTIES acknowledge VALLEY WATER has CITY's permission in accordance with this AGREEMENT to conduct operations and maintenance, including rock slope protection installation/repairs, sediment removal, and vegetation management for flow conveyance for the following street locations and street crossings associated with the Project, where no additional approval is required by the CITY:
 - La Crosse Drive (South), Bridge #37C-329: CITY owned, four (4) Cell Reinforced Concrete Box Culvert (RCB);

- La Crosse Drive (North), Bridge #37C-328: CITY owned, four (4) Cell RCB;
- West Edmundson Avenue, Bridge #37C-168: CITY owned
- Edes Street, Bridge #37C-409: CITY owned four (4) RCB's: Three (3) RCB's 10 ft. wide x 7 ft. tall, One (1) 10 ft. wide x 9 ft. tall;
- Cosmo Avenue, Bridge #37C-408: CITY owned four (4) RCB's: Three (3) RCB's 10 ft. wide x 7 ft. tall, One (1) 10 ft. wide x 9 ft. tall;
- Spring Avenue: CITY owned three RCB's: Center RCB 10 ft. wide x 10 ft. tall, two side RCB's 10 ft. wide x 9 ft. tall;
- Ciolino Avenue: Confluence with existing VALLEY WATER owned 15 ft. wide x 8 ft. tall underground RCB, Underground 10ft. wide x 9ft. tall and 10ft. wide x 8ft. tall - high flow RCBs parallel along Ciolino Avenue, including confluence with CITY owned existing 72-in. Dewitt Creek storm drain. Note: The existing 72-inch Dewitt Creek storm drain is and remains the CITY's operations and maintenance responsibility;
- Del Monte Avenue (Ciolino Avenue to North of West Dunne Avenue): VALLEY WATER owned underground 10ft. wide x 9ft. tall and 10ft. wide x 8ft. tall - high flow RCBs parallel with Del Monte Avenue;
- West Dunne Avenue: VALLEY WATER owned underground 10ft. wide x 9ft. tall and 10ft. wide x 8ft. tall - high flow RCBs crossing;
- Nob Hill Terrace: VALLEY WATER owned high flow horseshoe-shaped underground tunnel 12 ft. tall x 14 ft. wide parallel within Nob Hill Terrace;
- Hale Avenue (Nob Hill Terrace to Warren Avenue): VALLEY WATER owned high flow horseshoe-shaped underground tunnel 12 ft. tall x 14 ft. wide parallel within Hale Avenue;
- Warren Avenue (at Hale): VALLEY WATER owned high flow horseshoe-shaped underground tunnel 12 ft. tall x 14 ft. wide crossing;
- Hale Avenue (Warren Avenue to Wright Avenue): CITY owned underground 36-in RCP low flow storm drain, VALLEY WATER owned 10ft. wide x 9ft. tall and 10ft. wide x 8ft. tall - high flow RCBs parallel to and within Hale Avenue;
- West Main Avenue: CITY owned underground 36-in RCP low flow storm drain, VALLEY WATER owned 10ft. wide x 9ft. tall and 10ft. wide x 8ft. tall - high flow RCBs crossing;
- Wright Avenue: CITY owned underground 36-in RCP low flow storm drain, VALLEY WATER owned 10ft. wide x 9ft. tall and 10ft. wide x 8ft. tall - high flow RCBs crossing;
- Hillwood Lane: CITY owned arched culvert;
- Llagas Creek Drive: CITY owned arched culvert, 5ft.-11in.± wide x 22ft.-10in.± tall;
- Llagas Road: CITY owned RCB-Double Cell

If said VALLEY WATER maintenance work will involve the closure of any CITY streets/traffic lanes, or will involve frequent trucking (defined as more than one truck per hour) to and from the maintenance site, VALLEY WATER shall apply for the appropriate City permit and submit a traffic control plan to CITY. CITY staff will have five working days from receipt of the permit application and traffic control plan to review and suggest any modifications to VALLEY WATER. VALLEY WATER is not otherwise required to submit a traffic control plan to complete maintenance work associated with Flood Protection Features or Joint Flood Protection and Recreation Features as identified and defined in Article II (1.) and (3.).

4. PARTIES acknowledge a portion of existing West Little Llagas Creek from Ciolino Avenue upstream to West Main Avenue is outside of the Project's scope of work and operations, and maintenance responsibilities for such property shall comply and be limited to the terms and conditions of the PARTIES' existing right of way documents for this portion of West Little Llagas Creek:

- Ciolino Avenue to Dunne Avenue: VALLEY WATER Easement Deeds for existing 15 ft. wide x 8 ft. tall RCB beneath shopping center:
 - #1655462 Easement, recorded 6/30/1959;
 - #6767759 Easement, recorded 7/1/1980;
 - #11900477 Easement, recorded 5/12/1993;
 - #12750293 Easement, recorded 12/15/1994;
 - #12750297 Easement, recorded 12/15/1994;
- Dunne Avenue: CITY owned crossing where VALLEY WATER has no existing rights;
- 5th Street: CITY owned crossing where VALLEY WATER has no existing rights;
- 4th Street: CITY owned crossing where VALLEY WATER has no existing rights;
- Between 4th Street and 3rd Street: VALLEY WATER Easement Deed #6388526, recorded 5/30/1979 for a 203± sf triangle shaped parcel;
- 3rd Street: CITY owned crossing where VALLEY WATER has no existing rights;
- Del Monte Avenue: CITY owned crossing where VALLEY WATER has no existing rights;
- Warren Avenue: CITY owned crossing where VALLEY WATER has no existing rights; and
- Warren Avenue to West Main Avenue: VALLEY WATER Deeds:
 - #1994330 Easement, recorded 5/8/1961;
 - #1995042 Easement, recorded 5/9/1961;
 - #7468700 Fee Grant Deed (7,250± sf), recorded 9/20/1982;
 - #9198181 Easement, recorded 3/18/1987.

5. VALLEY WATER maintenance activities are to comply with all applicable City, County, and State regulations regarding traffic control. VALLEY WATER further agrees, whenever practical, to schedule the use of said maintenance work to avoid or minimize disruption of the Recreation Features as identified and defined in Article II (2.), including special event activities held within the Project area.

B. CITY Maintenance Schedule

1. PARTIES acknowledge and agree CITY is responsible for performing routine maintenance for recreation, open space, and trails in a manner consistent with the CITY's standard park/trail operations, and in accordance with the Joint Use Agreement (#A4201M) executed by the PARTIES, including any future amendments or renewals approved by the PARTIES. Accordingly, CITY agrees to notify VALLEY WATER's designated superintendent at least ten (10) working days prior to commencement of any significant work, to coordinate with VALLEY WATER maintenance responsibilities to minimize public impacts. Significant work shall consist of work that is not regular and routine in nature. Regular and routine in nature shall include litter/trash removal, graffiti abatement, weed abatement, and other similar activities.
2. PARTIES acknowledge and agree CITY is and remains responsible for the operation and maintenance responsibilities for the storm drainage system, outfalls, outfall structures/headwalls, flap gates, and appurtenances that may discharge into the Project's Flood Protection Features.
3. PARTIES further acknowledge and agree that CITY is responsible for the CITY owned structures, including structural inspections and repairs and for performing maintenance (i.e. street resurfacing) on street locations and street crossings associated with the Project as identified and defined in Article VI (A)(3).

C. CITY Event Schedule

CITY agrees to notify the VALLEY WATER's designated superintendent at least thirty (30) calendar days prior to commencement of such events within the Project limits, so VALLEY WATER may coordinate their maintenance activities accordingly to minimize public impacts.

D. CITY and VALLEY WATER Designated Superintendents

CITY and VALLEY WATER agree, for proposed activities/work within the Project limits, to provide the other with the name and business telephone number of their designated superintendents for purposes of receiving the schedules and notice required under this Article VI, if different than their designated

superintendents identified in Article XI of this AGREEMENT. CITY and VALLEY WATER agree to notify the other in a timely manner in the event of any changes in the information regarding their designated superintendents.

VII. DAMAGE OR DESTRUCTION

A. Damage to CITY's Improvements within VALLEY WATER's Project right of way

1. In accordance with the terms and conditions of the Joint Use Agreement (#A4201M), VALLEY WATER is not responsible for any damage occurring to CITY improvements or structures located within VALLEY WATER's Project right of way that results from VALLEY WATER's maintenance, construction or reconstruction activities, or from its water management and/or flood protection facilities located on or near this Project right of way, including (without limitation) any flood flows, or inundation of West Little Llagas Creek onto Recreation Features or joint Flood Protection and Recreation Features. Further, CITY is responsible for any damage occurring to either VALLEY WATER's or CITY's improvements or structures located within VALLEY WATER's Project right of way that result from the public's use. All such costs for repairing such damage to VALLEY WATER's or CITY's improvements will be borne by CITY.
2. In the event CITY fails to perform its obligations under this Article in a timely fashion, VALLEY WATER shall, by written notice, provide CITY with an additional fifteen (15) days to cure. If, after such cure period, CITY has not taken the action(s) specified in this Article, VALLEY WATER, at VALLEY WATER's sole option, shall have the right to proceed with such repairs or replacement and bill CITY for VALLEY WATER's costs of same. By "costs," the PARTIES agree that such costs shall include the costs which are necessary to complete the work and a proportionate share of VALLEY WATER's design, engineering, and administrative expenses.

B. Damage to CITY's Improvements within CITY's right of way

1. PARTIES agree VALLEY WATER is responsible for operations and maintenance of the Flood Protection Features as identified and defined in Article II (1). VALLEY WATER is responsible for any damage occurring to CITY improvements or structures located within CITY's right of way that results from VALLEY WATER's maintenance, construction or reconstruction activities.

By way of example, if VALLEY WATER damages existing CITY street improvements while VALLEY WATER performs sediment removal of

the reinforced concrete box culverts at existing CITY street crossings, all such costs for repairing such damage to CITY's improvements will be borne by VALLEY WATER.

2. In the event VALLEY WATER fails to perform its obligations under this Article in a timely fashion, CITY shall, by written notice, provide VALLEY WATER with an additional fifteen (15) days to cure. If, after such cure period, VALLEY WATER has not taken the action(s) specified in this Article, CITY, at CITY's sole option, shall have the right to proceed with such repairs or replacement and bill VALLEY WATER for CITY's costs of same. By "costs," the PARTIES agree that such costs shall include the costs which are necessary to complete the work and a proportionate share of CITY's design, engineering, and administrative expenses.

C. Allocation of Costs

In the event that damage or destruction occurs to Flood Protection Features, Recreations Features, Joint Flood Protection and Recreation Features, or Mitigation Plantings from a cause not specifically addressed in this Article or from a combination of causes involving the acts and omissions of VALLEY WATER and CITY, the PARTIES agree to resolve the allocation of costs for repairing or replacing the affected facilities through the resolution process set forth in Article X of this AGREEMENT.

D. Rodent Control

1. PARTIES agree that Rodent Control is required for Joint Flood Protection and Recreation Features that benefits each PARTY. CITY may provide rodent control services on behalf of the community and as needed for the protection of the Recreation Features at its sole cost. CITY agrees to notify VALLEY WATER's designated superintendent at least ten (10) working days prior to commencement of such work.
2. PARTIES acknowledge and agree that VALLEY WATER may perform rodent control as required to protect Flood Protection Features and Mitigation Plantings at their sole cost. VALLEY WATER agrees to notify CITY's designated superintendent at least ten (10) working days prior to commencement of such work.

VIII. SUCCESSORS AND ASSIGNS

This AGREEMENT, and all terms, covenants, and conditions hereof, shall apply to and bind the successors and assigns of the respective parties hereto.

IX. MUTUAL INDEMNIFICATION PROVISIONS

- A. Neither VALLEY WATER, nor any officer or employee or agent thereof, shall be held responsible for any damage or liability occurring by reason of anything done or omitted by CITY or public under or in connection with any work under this AGREEMENT. It is also understood and agreed that, pursuant to Government Code Section 895.4, CITY shall fully defend, indemnify, and hold VALLEY WATER harmless from any liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of anything done or omitted by CITY under this AGREEMENT.
- B. Neither CITY, nor any officer or employee or agent thereof, shall be held responsible for any damage or liability occurring by reason of anything done or omitted by VALLEY WATER under or in connection with any work, authority, or jurisdiction delegated to VALLEY WATER under this AGREEMENT. It is also understood and agreed that, pursuant to Government Code Section 895.4, VALLEY WATER shall fully defend, indemnify, and hold CITY harmless from any liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of anything done or omitted by VALLEY WATER under this AGREEMENT.

X. RESOLUTION OF DISPUTES

This AGREEMENT requires the PARTIES work together in good faith to achieve the intent of this AGREEMENT. In the event that a dispute arises as to the proper interpretation of the respective rights and responsibilities of the PARTIES under this AGREEMENT, or as to any other aspect of this AGREEMENT, the PARTIES agree that they each will assign the appropriate individuals to meet and make good faith efforts to negotiate in order to arrive at a resolution of the dispute.

If after employing this informal resolution process the parties are at impasse, either PARTY may request an independent, mutually agreed upon mediator to facilitate further negotiation with the costs shared equally by each party.

Nothing herein shall prevent either PARTY from exercising any rights it may have to enforce the terms of this AGREEMENT at law or in equity.

XI. NOTICE AND SUPERINTENDENT DESIGNATION

Unless otherwise provided in this AGREEMENT, any notice, tender, or delivery (collectively, "communications") to be given hereunder by either PARTY shall be in writing and shall be delivered by personal delivery, or by registered or certified mail, postage prepaid, return receipt requested. Communications delivered personally or sent by registered or certified mail, in accordance with this Article shall be deemed communicated when delivered upon receipt or refusal to accept delivery at the addresses specified in this Article. Each PARTY must appoint a superintendent to be directly in

charge of an organization which will be fully responsible for the continuous inspection, operation, and maintenance of the Project Features. Each PARTY has appointed as their superintendent the individual listed below. Each PARTY may change its superintendent, address, or telephone number by written notice given in accordance with this Article:

To VALLEY WATER: Valley Water
5750 Almaden Expressway
San Jose, CA 95118-3686
Attn: Chief Executive Officer
Telephone Number: (408) 630-2084

To CITY: City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037
Attn: City Manager
Telephone Number: (408) 776-7382

XII. MISCELLANEOUS PROVISIONS

- A. Singular and Plural: Words in the singular number shall be to include the plural, unless the context otherwise requires.
- B. Time of Essence: Time is of the essence for the performance of all obligations under this AGREEMENT.
- C. Choice of Law: This AGREEMENT shall be governed by and construed in accordance with the laws of the State of California. In the event that suit shall be brought by either party hereunder, the PARTIES agree that trial of such action shall be exclusively vested in a State court in the County of Santa Clara or, where appropriate, in the United States District Court for the Northern District of California, San Jose, California.
- D. Captions: The captions inserted in this AGREEMENT are for convenience only, and in no way define, limit, or otherwise describe the scope or intent of this AGREEMENT, or any provision hereof, or in any way affect the interpretation of this AGREEMENT.
- E. Entire Agreement: This AGREEMENT (including the Joint Use Agreement (#A4201M and any future amendments or renewals approved by the PARTIES.) and VALLEY WATER's latest Project Operations and Maintenance Guidelines, which are incorporated herein by reference) constitutes the entire understanding and AGREEMENT of the PARTIES with respect to the subject matter of this AGREEMENT, and contains all the covenants and agreements of the PARTIES with respect thereto. CITY and VALLEY WATER each acknowledge that no representations, inducements, promises, or agreements, oral or written, have been

made by CITY or VALLEY WATER, or anyone acting on behalf of CITY or VALLEY WATER, which are not contained herein, and any prior agreements, promises, negotiations, or representations not expressly set forth in this AGREEMENT are of no force or effect.

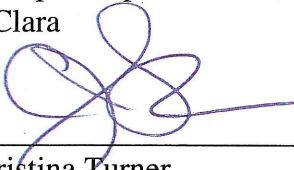
- F. Waivers: The waiver by a PARTY to this AGREEMENT of any term, covenant, agreement, or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement, or condition herein contained, nor shall any custom or practice which may develop between the parties in the administration of this AGREEMENT be construed to waive or lessen the right of a PARTY to insist upon the performance by the other PARTY in strict accordance with all of the provisions of this AGREEMENT.
- G. Severability: If any clause or provision of this AGREEMENT is illegal, invalid, or unenforceable under present or future laws effective during the term of this AGREEMENT, then and in that event, it is the intention of the PARTIES hereto that the remainder of this AGREEMENT shall not be affected thereby, and it is also the intention of the PARTIES to this AGREEMENT that, in lieu of each clause or provision of this AGREEMENT that is illegal, invalid, or unenforceable, there be added as a part of this AGREEMENT a clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable.

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WITNESS THE EXECUTION HEREOF,

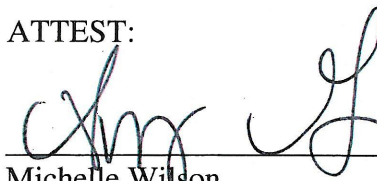
CITY OF MORGAN HILL

A Municipal corporation of the County of Santa Clara

By: 

Christina Turner
City Manager

ATTEST:



Michelle Wilson
Deputy City Clerk

APPROVED AS TO FORM:



 Donald Larkin
City Attorney

VALLEY WATER

A Special District, created by the California Legislature

By: 

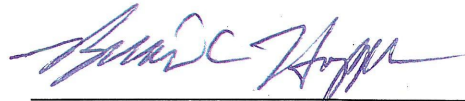
Norma J. Camacho
Chief Executive Officer

ATTEST:



Michele L. King
Clerk of the Board of Directors

APPROVED AS TO FORM:



Brian Hopper
Senior Assistant District Counsel

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

Hilary Holeman, Administrative Analyst

APPROVED BY: City Manager

RATIFY CITY POSITIONS ON PENDING LEGISLATION

RECOMMENDATION(S)

1. Ratify the City's position opposing pending legislation Senate Bill 445 (Wiener) Transportation Projects: Permitting; and
2. Ratify the City's position supporting pending legislation Senate Bill 346 (Durazo) Local agencies: transient occupancy taxes: and short-term rental facilitator.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Supporting our Youth, Seniors, and Entire Community

Preserving and Cultivating Public Trust

Advocating for Local, Regional, and State Legislative Initiatives

REPORT NARRATIVE:

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

SB 445 (Wiener) Transportation Projects: Permitting

On July 3, 2025, the League of California Cities sent an Action Alert (Attachment 2) for cities to send letters in opposition of SB 445. SB 445 makes sweeping changes to the state's process for permitting local projects and significantly impairs local governments' ability to manage public infrastructure, ensure worker and public safety, and coordinate

across infrastructure sectors. Most concerning, the bill grants project proponents—public or private—the authority to advance projects that could significantly alter or relocate critical infrastructure such as water, wastewater, and power, without consulting the affected city.

For these reasons, on July 8, 2025, the Mayor communicated an opposition letter (Attachment 3) electronically via the California Legislature Position Letter Portal and to the League of California Cities. The full SB 445 Bill Text is included as Attachment 4.

SB 346 (Durazo) Local agencies: transient occupancy taxes and short-term rental facilitator

On July 17, 2025, the League of California Cities sent an Action Alert (Attachment 5) for cities to send letters in support of SB 346. SB 346 enables enforcement of local ordinances related to short-term rentals, including the collection and remittance of transient occupancy taxes (TOT) by providing cities with the physical address of each short-term rental listed on the facilitator's website and full audit authority of TOT dollars. This bill ensures that the correct amount of TOT is being collected and remitted and allows for more effective enforcement against unlicensed units.

On July 25, 2025, the Mayor communicated a letter of support (Attachment 6) electronically via the California Legislature Position Letter Portal and to the League of California Cities. The full SB 346 Bill Text is included as Attachment 7.

COMMUNITY ENGAGEMENT:

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

ALTERNATIVE ACTIONS:

The City Council could rescind the positions taken.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

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

FISCAL AND RESOURCE IMPACT:

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

CEQA (California Environmental Quality Act):

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

RESOLUTION NO. 20-010

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

WHEREAS, the City of Morgan Hill, a municipal corporation and general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California ("City"), is authorized to indicate City's position on proposed legislation of the State of California and is sometimes requested to so indicate City's position on such legislation for the benefit of the City; and

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

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

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

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

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

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

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

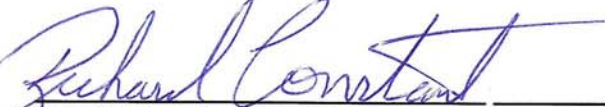
- a. That the Mayor and/or the City Manager is delegated authority to and is authorized to prepare, execute and transmit written or verbal communications indicating a City position on proposed pending State, County or other regional boards' legislation or action that may have impacts upon City when any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

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

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at its meeting held on this 5th day of February 2020 by the following vote:

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

APPROVED:



RICH CONSTANTINE, Mayor

ATTEST:



IRMA TORREZ, City Clerk

∞ CERTIFICATION ∞

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

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

DATE: 3/3/2020



Irma Torrez, CITY CLERK



Cal Cities Action Alert

OPPOSE

SB 445 (Wiener) Transportation Projects: Permitting.

Action requested: Call or text your Assembly Member **today** to **OPPOSE [SB 445 \(Wiener\)](#)**, which was amended this week to remove local discretion on infrastructure projects. SB 445 is currently in the [Assembly Committee on Transportation](#), awaiting a hearing.

What the bill does: SB 445 makes sweeping changes to the state's process for permitting local projects and significantly impairs local governments' ability to manage public infrastructure, ensure worker and public safety, and coordinate across infrastructure sectors. Most concerning, the bill grants project proponents—public or private—the authority to advance projects that could significantly alter or relocate critical infrastructure such as water, wastewater, and power, without consulting the affected city.

Why this is important to Cal Cities members:

- **Erodes local control over critical infrastructure that cities are obligated to maintain on behalf of their communities.** The bill transfers key decision-making authority from local governments to external entities, including transit districts and the California State Transportation Agency (CalSTA), sidelining cities in the planning and delivery of infrastructure projects within their own jurisdictions.
- **Drastically alters the approval and coordination process of transportation projects and mandates several complex, prescriptive, and impractical timeframes.** The bill imposes several onerous notification requirements on cities that do not reflect the complexity of infrastructure coordination, environmental review, and public engagement necessary for responsible project delivery.
- **Requires local agencies to reimburse project applicants for review activities.**

How to contact your Legislator: [Find Your California Representatives](#)

Supporting documents: [Cal Cities Opposition Letter](#); [Sample SB 445 City Opposition Letter](#)

Questions? Montana Cruz mcruz@calcities.org or Damon Conklin, Legislative Advocate, dconklin@calcities.org



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

July 8, 2025

The Honorable Lori Wilson
Chair, Assembly Committee on Transportation
1020 N Street, Suite 112
Sacramento, CA 95814

RE: SB 445 (Wiener) Transportation Projects: Permitting.
Notice of OPPOSITION *(As amended 6/30/2025)*

Dear Chair Wilson,

The City of Morgan Hill regrettably opposes SB 445 (Wiener), which seeks to create a new state permitting scheme for local projects that ultimately introduces sweeping and problematic changes that would significantly impair local government's ability to manage public infrastructure, ensure worker and public safety, and coordinate fairly across all critical infrastructure sectors.

SB 445 proposes to drastically alter existing approval and coordination processes by imposing highly prescriptive and impractical timeframes that do not reflect the complexity of infrastructure coordination, environmental review, and public engagement necessary for responsible project delivery. Failure to meet notification and review deadlines results in automatic default decisions, potentially ignoring broader infrastructure impacts or unresolved technical issues. The process removes discretion from local agencies, handing decision-making power to the project proponent and California State Transportation Agency (CalSTA) via an unknown arbitrator (whose decision is immune against any appeals process), regardless of local objections or infrastructure risks. This shift effectively sidelines cities in the planning and delivery of infrastructure projects within their own jurisdictions. The result is a near-total erosion of local control over assets we are obligated to maintain and steward on behalf of our communities.

Most concerning, the bill appears to grant project proponents — public or private — total authority to move forward with projects that could significantly alter or relocate critical infrastructure such as water, wastewater, and power systems, within the public right of way, without meaningful consultation or resolution with the affected city. This undermines essential protections for worker safety, service continuity, and environmental integrity.

In Morgan Hill a project proponent could utilize this legislation to compel the approval of significant trenching work along a major thoroughfare like Monterey Road, directly conflicting with our city's scheduled pavement restoration and utility upgrades, which would result in wasted public funds and extended disruption for residents. This bill could also empower a proponent to unilaterally dictate the relocation of our critical water and sewer infrastructure, circumventing the necessary technical review by city engineers and risking the integrity and reliability of these essential services. Furthermore, the bill's process threatens to override carefully considered local planning efforts, such as our Downtown Specific Plan, potentially allowing a project that contradicts years of community input and strategic investment in our City's core.

While we appreciate the desire to expedite certain infrastructure projects, we cannot support legislation that

sacrifices thoughtful planning, public safety, and equitable infrastructure prioritization in the name of speed. SB 445, in its current form, is unworkable and sets a dangerous precedent for undermining local authority and infrastructure integrity.

We urge you to make **SB 445 a two-year bill** and work with local governments to craft solutions that balance the need for sustainable transportation improvements with the complex realities of infrastructure coordination and community impact.

For these reasons, the City of Morgan Hill regrettably must oppose **SB 445 (Wiener)**.

Sincerely,



Mark Turner
Mayor

cc: The Honorable Scott Wiener
Assemblymember Gail Pellerin
Senator Dave Cortese
Montana Cruz, Regional Public Affairs Manager, League of California Cities, mcruz@calcities.org
Meg Desmond, League of California Cities, cityletters@cacities.org

AMENDED IN ASSEMBLY JULY 9, 2025

AMENDED IN ASSEMBLY JUNE 30, 2025

AMENDED IN SENATE APRIL 10, 2025

AMENDED IN SENATE APRIL 9, 2025

SENATE BILL

No. 445

Introduced by Senator Wiener
(Coauthor: Assembly Member Wilson)

February 18, 2025

An act to add ~~Section 13985 to the Government Code, and to add Division 21 (commencing with Section 19001) to Section 187040 to, and to add and repeal Chapter 6 (commencing with Section 185520) of Division 19.5 of, the Public Utilities Code, relating to transportation.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 445, as amended, Wiener. ~~Transportation: planning: Sustainable Transportation Project Delivery Reform Act. High-speed rail: third-party permits and approvals: regulations.~~

The California High-Speed Rail Act creates the High-Speed Rail Authority (authority) to develop and implement a high-speed rail system in the state, with specified powers and duties, including the power to enter into contracts, as specified. The act establishes legal procedures for the relocation of publicly and privately owned utility facilities, as defined, when the authority requires any utility to remove any utility facility lawfully maintained in the right-of-way of any high-speed rail property to a location entirely outside the high-speed rail property right-of-way subject to specified conditions. The act authorizes the authority and any utility to enter into a specified agreement or contract to remove or relocate any utility facility that provides for, among other

things, the respective amounts of the cost to be borne by each party or that apportions the obligations and costs of each party.

Existing law creates the High-Speed Rail Authority Office of the Inspector General (office) and authorizes the High-Speed Rail Authority Inspector General (inspector general) to initiate an audit or review regarding oversight related to delivery of the high-speed rail project undertaken by the authority and the selection and oversight of contractors related to that project. Existing law requires the inspector general to submit annual reports to the Legislature and Governor regarding its findings.

This bill would require the authority, on or before January 1, 2026, to develop and adopt regulations setting forth requirements governing third-party permits and approvals that are necessary to deliver the high-speed rail project. The bill would require the authority to ensure that the regulations, among other things, identify the circumstances under which the authority would be required to seek to enter into a cooperative agreement with a third party, which the bill would define as a local agency or utility, that identifies who is responsible for specific utility relocations and the costs associated with those relocations. The bill would require the authority to consult with specified entities in developing the regulations and would require the authority to hold at least 2 public hearings regarding the proposed regulations.

This bill would prohibit the authority from implementing these regulations unless it completes the development and implementation of a process to review third-party agreements in a timely manner as recommended by the office, as specified. The bill would require the office, when it determines that the high-speed rail project is complete, to submit a report to the Legislature informing the Legislature of that fact. The bill would make the requirement to adopt these regulations inoperative on the date that the office submits that report to the Legislature.

This bill would declare its provisions to be severable.

To the extent this bill imposes additional duties on local entities, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~Existing law establishes the Transportation Agency in state government with various duties and responsibilities. The agency is under the supervision of the Secretary of Transportation, who has the power of general supervision over specified departments and offices.~~

~~Existing law requires a local agency to comply with all applicable building ordinances and zoning ordinances of the county or city in which the territory of the local agency is situated and, for purposes of that requirement, excludes rapid transit districts and certain rail transit districts from the definition of a local agency.~~

~~This bill would enact the Sustainable Transportation Project Delivery Reform Act. The bill would authorize the secretary to grant a waiver to a local agency, as defined, that is seeking to design and construct a sustainable transportation project, as defined, from any standards, criteria, specifications, requirements, or other conditions of a third party, as defined, applicable to the sustainable transportation project if the secretary determines that granting the waiver will assist the local agency in delivering the sustainable transportation project in a cost-efficient and timely manner.~~

~~This bill would also require a third party, which is defined as a local agency or utility, to publish online by July 1, 2026, a list of every permit or approval that it may require for a facility rearrangement, as defined, and all objective standards, criteria, specifications, and requirements used in evaluating requests by lead agencies, as defined, for delivery of facility rearrangements, as specified. The bill would require the lead agency to provide a specified notice to each third party it reasonably expects it will need to get permits or approvals from or otherwise coordinate with to deliver the facility rearrangements. The bill would set forth a process for delivering the notice and responding to the notices, including by entering into a cooperative agreement or entering into a streamlined project delivery process, as described. The bill would, as part of the streamlined project delivery process, set forth timelines and specifications for submitting and responding to various information and documents for the facility rearrangements, among other things.~~

~~This bill would require the lead agency to reimburse the third party for all reasonable third party review activities required by the streamlined project delivery process, among other things. The bill would also authorize a lead agency to invoke a binding dispute resolution process, as described, if a third party does not issue a permit or approval to a lead agency or does not take any other action that is necessary to facilitate the delivery of part or all of a sustainable transportation project.~~

~~The bill would make its provisions severable and would make related legislative findings and declarations.~~

~~By imposing additional duties on local entities, this bill would impose a state-mandated local program.~~

~~The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

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

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

1 SECTION 1. This act shall be known, and may be cited, as the
2 ~~Sustainable Transportation Project High-Speed Rail Delivery~~
3 ~~Reform Act.~~

4 SEC. 2. The Legislature finds and declares all of the following:

5 ~~(a) Sustainable transportation projects are critical for the growth~~
6 ~~of the state in a manner that reduces greenhouse gas emissions and~~
7 ~~helps address the state's housing shortage.~~

8 ~~(a) Utility relocation can become one of the greatest risk factors~~
9 ~~to the scope, schedule, and cost of transit and rail projects.~~

10 ~~(b) The Federal Highway Administration finds that by~~
11 ~~addressing issues related to utility relocation proactively,~~
12 ~~construction projects can minimize the negative impacts on~~
13 ~~schedules, costs, and overall success.~~

14 ~~(c) The California high-speed rail project is important to state~~
15 ~~transportation priorities and the public good and it is critical that~~
16 ~~local government entities and state-regulated utility owners within~~
17 ~~the project's alignment make the timely completion of the project~~
18 ~~a high priority.~~

19 ~~(b)~~

20 ~~(d) Third-party permits and approvals for preconstruction and~~
21 ~~construction activities, including utility relocations, design review,~~
22 ~~and issuance of encroachment or other similar permits, can be have~~
23 ~~been a source of delay for sustainable transportation projects;~~

~~potentially resulting in the California high-speed rail project contributing to cost escalations and projects the project being built late and over budget.~~

~~SEC. 3. Section 13985 is added to the Government Code, to read:~~

~~13985. (a) The secretary may grant a waiver to a local agency that is seeking to design and construct a sustainable transportation project from any standards, criteria, specifications, requirements, or other conditions of a third party applicable to the sustainable transportation project if the secretary determines that granting the waiver will assist the local agency in delivering the sustainable transportation project in a cost-efficient and timely manner.~~

~~(b) The agency shall develop an application for local agencies to seek a waiver described in subdivision (a):~~

~~(c) For purposes of this section, the following definitions apply:~~

~~(1) "Local agency" has the same meaning as defined in Section 19001 of the Public Utilities Code.~~

~~(2) "Sustainable transportation project" has the same meaning as defined in Section 19001 of the Public Utilities Code.~~

~~(3) "Third party" has the same meaning as defined in Section 19001 of the Public Utilities Code.~~

~~SEC. 4. Division 21 (commencing with Section 19001) is added to the Public Utilities Code, to read:~~

~~DIVISION 21. SUSTAINABLE TRANSPORTATION PROJECT DELIVERY REQUIREMENTS~~

~~CHAPTER 1. DEFINITIONS~~

~~19001. For purposes of this division, the following definitions shall apply:~~

~~(a) "Advanced partial design unit" means a portion of the design documentation for a facility rearrangement submitted to the third party for review and approval prior to submittal or approval of completed design documentation for that facility rearrangement.~~

~~(b) (1) "Betterment" means work performed for a facility rearrangement that comprises an upgrade, change, or addition to a third-party facility, or to part of a third-party facility, that is requested by the third party, that provides for greater capacity, capability, durability, appearance, efficiency, or function or for~~

1 another improvement of that third-party facility over that which
2 is currently provided by the third-party facility, and that satisfies
3 at least either of the following:

4 (A) The third-party objective standards or third-party design
5 and construction requirements applicable to that work are changed
6 or supplemented after the date of the notice required by subdivision
7 (a) of Section 19005.02.

8 (B) Any other criteria, specifications, and requirements for
9 facility rearrangements that the lead agency and third party
10 mutually agree to are changed or supplemented after the date of
11 the notice described in subdivision (c) of Section 19005.01.

12 (2) “Betterment” shall exclude all of the following:

13 (A) An upgrade, change, or addition to which the lead agency
14 and third party agree will be of direct and principal benefit to the
15 construction, operation, or maintenance of the sustainable
16 transportation project.

17 (B) An upgrade, change, or addition resulting from design or
18 construction in accordance with the applicable third-party standards
19 as of the date of the notice described in subdivision (a) of Section
20 19005.02, to the extent those third-party standards have not been
21 adopted by the third party in breach of subdivision (f) of Section
22 19002.

23 (C) An upgrade, change, or addition resulting from design or
24 construction in accordance with the criteria, specifications, and
25 requirements mutually agreed to and documented in the Stage 1
26 project scope document required by Stage 1.

27 (D) Measures to mitigate environmental impacts required by a
28 final environmental document pursuant to the California
29 Environmental Quality Act (Division 13 (commencing with Section
30 21000) of the Public Resources Code) or National Environmental
31 Policy Act of 1969 (42 U.S.C. 4321 et seq.).

32 (E) Replacement of devices or materials no longer regularly
33 manufactured with the next highest grade or size.

34 (F) An upgrade, change, or addition that is the consequence of
35 changes made by the lead agency after the finalization of the Stage
36 1 project document for the sustainable transportation project.

37 (c) “Cooperative agreement” means an agreement between a
38 lead agency and one or more third parties establishing the entities’
39 respective obligations, roles and responsibilities, and processes
40 and procedures to support the efficient, timely, and safe delivery

of one or more sustainable transportation projects. The agreement's provisions shall include, but are not limited to, the following:

- (1) Duration and scope of the agreement.
- (2) Governance for executing the cooperative agreement.
- (3) Provisions for cooperation and coordination to identify utility conflicts and ensure utility owners implement utility adjustments required to address utility conflicts.
- (4) Early involvement and coordination.
- (5) Responsibilities for design and construction.
- (6) Procedures for issue resolution.
- (7) Clear establishment of permitting or approval processes for facility rearrangements.
- (8) Evaluation of betterments within the project scope.
- (9) Inspection of work completed in compliance with applicable standards.
- (d) "Coordination meeting" means an informal meeting for the lead agency and third party to discuss the sustainable transportation project.
- (e) "Design documentation" means all specifications, reports, studies, working drawings, shop drawings, calculations, electronic files, records, submittals, and drawings, including plans, profiles, cross sections, notes, elevations, typical sections, details, and diagrams, that are necessary for, or related to, the design of facility rearrangements.
- (f) "Facility rearrangement" means the removal, restoration, alteration, reconstruction, support, or relocation of all or a portion of a third-party facility.
- (g) "Final design documentation" means design documentation for a facility rearrangement that is at 100-percent design level. Elements of final design documentation include final construction drawings, including plans, profiles, cross sections, notes, elevations, typical sections, details, diagrams, design criteria, specifications, reports, studies, calculations, electronic files, and other records.
- (h) "Stage 1" means the process set forth in Article 1 (commencing with Section 19005.01) of Chapter 5 of this division.
- (i) "Stage 1 design documentation" means the design documentation required to be prepared in Stage 1, representing up to 15-percent design level.

1 (j) “Stage 2” means the process set forth in Article 2
2 (commencing with Section 19005.02) of Chapter 5 of this division.

3 (k) “Stage 2 design documentation” means the design
4 documentation required to be prepared in Stage 2, which advances
5 design documentation from the design level required in Stage 1
6 design documentation, which is up to a 15-percent design level,
7 to a 100-percent design level.

8 (l) “Sustainable transportation project” means a project that
9 consists of one or more of the following:

10 (1) Any project identified in subdivision (b) of Section 21080.25
11 of the Public Resources Code.

12 (2) A project whose primary purpose is the institution or
13 improvement of public transit infrastructure, including, but not
14 limited to, transit priority facilities, bus service, bus rapid transit,
15 and passenger rail. For purposes of this paragraph, “passenger rail”
16 includes, but is not limited to, light rail, commuter rail, regional
17 rail, intercity rail, or heavy rail. Heavy rail includes rail transit, as
18 defined in Section 99602.

19 (m) “Third party” means a local agency or utility, including,
20 but not limited to, an electrical corporation, public utility, or private
21 telecommunications provider.

22 (n) “Third-party facility” means a facility owned by a third
23 party.

24 (o) “Lead agency” means the public agency which has the
25 principal responsibility for carrying out or approving a project.
26 “Lead agency” also includes other parties whose services are
27 procured by the lead agency, including, but not limited to, a private
28 contractor or consultant.

29 (p) “Local agency” means any public agency other than a state
30 agency.

31 (q) “Third-party-located section” means a portion of a
32 sustainable transportation project that is located in the right-of-way
33 of a third party.

34 (r) “Working day” means any date that is not a Saturday,
35 Sunday, or federal or state holiday.

~~CHAPTER 2. TRANSPARENT OBJECTIVE PERMITTING AND
APPROVAL STANDARDS~~

~~19002. (a) By July 1, 2026, a third party shall publish online a list of every permit or approval that it may require for a facility rearrangement. For each permit or approval, it shall publish online all objective standards, criteria, specifications, and requirements used by the third party when evaluating requests by lead agencies for delivery of facility rearrangements. These permits or approvals may include, but are not limited to, the following:~~

- ~~(1) An encroachment permit.~~
- ~~(2) A grading permit.~~
- ~~(3) A tree removal permit.~~
- ~~(4) A stormwater permit.~~
- ~~(5) Construction staging plan approval.~~

~~(b) If the third party modifies any of the above required permits or approvals, or objective standards, criteria, specifications, and requirements used by the third party when evaluating requests by lead agencies for delivery of facility rearrangements, the third party shall publish the modifications online promptly, but no later than within 15 working days of any modifications.~~

~~(c) Except as otherwise provided by this division, a third party shall not inhibit a lead agency's delivery of a facility rearrangement that is consistent with the applicable objective standards, criteria, specifications, and requirements for permits or approvals it is required to identify pursuant to subdivision (a):~~

~~(d) A third party shall not establish any standards, criteria, specifications, or requirements that are not objective in nature for purposes of evaluating requests by lead agencies for delivery of facility rearrangements.~~

~~(e) Nothing in this act prohibits a lead agency and third party from mutually agreeing to construction conditions or facility rearrangements that are inconsistent with the applicable objective standards, criteria, specifications, and requirements for permits or approvals it is required to identify pursuant to subdivision (a):~~

~~(f) A third party shall not adopt any new third-party standards or otherwise apply, amend, or supplement any existing third-party standards for the sole or primary purpose of affecting one or more sustainable transportation projects.~~

CHAPTER 3. BINDING DISPUTE RESOLUTION

19003. (a) If a third party does not issue a permit or approval to a lead agency, or does not take any other action that is necessary to facilitate the delivery of part or all of a sustainable transportation project, the lead agency may elect to invoke the binding dispute resolution process described in subdivision (b).

(b) The following binding dispute resolution process shall be administered by the Transportation Agency, which shall determine the schedule and duration of binding dispute resolution activities pursuant to this subdivision:

(1) The state transportation agency shall designate a neutral mediator to work with the lead agency and third party to resolve the dispute or disputes that caused the lead agency to invoke the binding dispute resolution process described in this subdivision. If the dispute or disputes that caused the lead agency to invoke the binding dispute resolution process described in this subdivision involve matters related to utilities, the Public Utilities Commission shall designate an advisor with relevant experience to provide technical assistance to the neutral mediator for utility-related disputes. The resolution shall be recorded in a binding settlement agreement.

(2) For the dispute or disputes that caused the lead agency to invoke the binding dispute resolution process described in this subdivision that were unresolved after the process described in paragraph (1), the neutral mediator shall become a neutral arbitrator, and shall resolve the remaining dispute or disputes following the arbitration processes described in Title 9 (commencing with Section 1280) of Part 3 of the Code of Civil Procedure, except as otherwise provided for in this subdivision.

(3) The decision of the arbitrator shall be binding upon the lead agency and third party.

(4) By mutual agreement, the lead agency and third party may select a different entity to serve as the neutral mediator and arbitrator pursuant to this subdivision.

(5) By mutual agreement, the lead agency and third party may instead undergo the process described in paragraph (2), followed by the process described in paragraph (1). The judgment of the neutral arbitrator pursuant to paragraph (2) shall be sealed, and only unsealed and made binding if the subsequent process

described in paragraph (1) does not result in resolution of the dispute or disputes.

CHAPTER 4. PATHWAYS FOR SUSTAINABLE TRANSPORTATION
PROJECT DELIVERY

19004. (a) Once a lead agency is ready to transmit the notice described in subdivision (c) of Section 19005.01 for a specific sustainable transportation project, the lead agency shall compile a list of all third parties that it reasonably expects it will need to get permits or approvals from, or otherwise coordinate with, in order to deliver facility rearrangements.

(b) Once the lead agency has compiled the list pursuant to subdivision (a), it shall elect one of the following courses of action for engagement with each listed third party:

(1) Enter into a cooperative agreement related to the sustainable transportation project if it has not done so already.

(2) Commence the streamlined project delivery process described in Chapter 5 (commencing with Section 19005.1) of this division.

(3) Follow neither paragraph (1) nor paragraph (2).

CHAPTER 5. STREAMLINED SUSTAINABLE TRANSPORTATION
PROJECT DELIVERY PROCESS

Article 1. Early Engagement and Initial Design

19005.01. (a) The lead agency shall reimburse the third party for all reasonable third-party review activities required by the streamlined project delivery process outlined in this chapter. The lead agency and third party shall agree to a reasonable rate of reimbursement for staff time.

(b) The lead agency shall designate a point of contact to engage with the relevant third-party staff.

(c) The lead agency shall provide a notice to each third party it identified pursuant to Section 19004. The notice shall contain at least all of the following:

(1) Lead agency name.

(2) Name of the sustainable transportation project.

- 1 ~~(3) Name and contact information for the point of contact~~
2 ~~described in subdivision (b).~~
3 ~~(4) A brief description of the sustainable transportation project.~~
4 ~~(5) An online link to the sustainable transportation project~~
5 ~~website, if one exists.~~
6 ~~(6) The current environmental review status of the sustainable~~
7 ~~transportation project under the California Environmental Quality~~
8 ~~Act (Division 13 (commencing with Section 21000) of the Public~~
9 ~~Resources Code) and National Environmental Policy Act of 1969~~
10 ~~(42 U.S.C 4321 et seq.).~~
11 ~~(7) A high-level description or map, or both, of the anticipated~~
12 ~~project right-of-way in third-party-located sections.~~
13 ~~(8) Any other conceptual plans or maps relevant to the~~
14 ~~third-party-located sections.~~
15 ~~(9) The lead agency's probable project delivery method.~~
16 ~~(10) Proposed date for an initial coordination meeting.~~
17 ~~(11) Proposed date for finalizing the Stage 1 project scope~~
18 ~~document.~~
19 ~~(12) Anticipated date for issuance of the notice required in~~
20 ~~subdivision (a) of Section 19005.02.~~
21 ~~(13) A declaration of whether or not the lead agency seeks entry~~
22 ~~into a cooperative agreement with the third party. This does not~~
23 ~~preclude the lead agency from seeking entry into a cooperative~~
24 ~~agreement at any time later in the project delivery process. This~~
25 ~~also does not preclude the lead agency from continuing to engage~~
26 ~~in the streamlined project delivery process set forth in this division.~~
27 ~~(d) The lead agency shall forward a copy of each notice~~
28 ~~described in subdivision (c) to the Transportation Agency. For~~
29 ~~those notices issued to a third party regulated by the Public Utilities~~
30 ~~Commission, the lead agency shall also forward the notice to the~~
31 ~~Public Utilities Commission.~~
32 ~~19005.01.1. (a) (1) Within 10 working days of transmittal of~~
33 ~~the notice described in subdivision (c) of Section 19005.01, the~~
34 ~~third party shall respond to the lead agency and confirm whether~~
35 ~~the notice described in subdivision (c) of Section 19005.01 was~~
36 ~~complete. If incomplete, it will describe what information is~~
37 ~~necessary for the notice to be complete.~~
38 ~~(2) In its response, the third party shall inform the lead agency~~
39 ~~if it wishes to enter into a cooperative agreement with the lead~~
40 ~~agency. This does not preclude the third party from seeking entry~~

1 into a cooperative agreement with the lead agency at any time later
2 in the project delivery process.

3 (b) ~~The lead agency shall submit the information identified in~~
4 ~~subdivision (a) to make the notice described in subdivision (c) of~~
5 ~~Section 19005.01 complete, and the third party shall be required~~
6 ~~to review the notice for completeness pursuant to subdivision (a)~~
7 ~~of this section.~~

8 (c) ~~(1) No sooner than 5 working days and no later than 20~~
9 ~~working days, or a different date as mutually agreed to by the lead~~
10 ~~agency and third party, after the third party finds the notice~~
11 ~~described in subdivision (c) of Section 19005.01 complete pursuant~~
12 ~~to subdivision (a) of this section, the lead agency shall convene~~
13 ~~the initial coordinating meeting described in paragraph (10) of~~
14 ~~subdivision (c) of Section 19005.01.~~

15 (2) ~~The third party may request a reasonable extension to the~~
16 ~~deadline to have the initial coordination meeting, which the lead~~
17 ~~agency shall reasonably accommodate. If the initial coordination~~
18 ~~meeting does not occur within 20 working days of delivery, or as~~
19 ~~otherwise mutually agreed to by the lead agency and third party,~~
20 ~~the requirement for the initial coordination meeting will be deemed~~
21 ~~met.~~

22 (d) ~~Within 10 working days after the third party confirms~~
23 ~~completeness of the notice described in subdivision (c) of Section~~
24 ~~19005.01 pursuant to subdivision (a) of this section, it shall respond~~
25 ~~to the lead agency with all of the following:~~

26 (1) ~~Identification of any existing or planned third-party facilities~~
27 ~~in third-party-located sections of the sustainable transportation~~
28 ~~project that may conflict with the sustainable transportation project~~
29 ~~based on the level of information provided as required by this~~
30 ~~article. This requirement does not preclude the identification of~~
31 ~~additional conflicts as the lead agency updates the project scope,~~
32 ~~or advances design, in the third-party-located sections of the~~
33 ~~sustainable transportation project, provided that the identification~~
34 ~~of those third-party facilities is based on new information or design~~
35 ~~documentation from the lead agency and the third party could not~~
36 ~~have reasonably anticipated the conflicting facility with information~~
37 ~~previously provided by the lead agency.~~

38 (2) ~~Any as-built plans, utility maps, or other drawings and~~
39 ~~information regarding the conflicting third-party facilities that it~~

1 is otherwise legally permitted by federal and state law to provide
2 to the lead agency.

3 ~~(3) A written checklist of any information or documents~~
4 ~~necessary to review and approve preliminary and final designs~~
5 ~~necessary for facility rearrangements. This does not preclude the~~
6 ~~identification of additional information or documents necessary~~
7 ~~to review and approve preliminary and final designs as the lead~~
8 ~~agency updates the project scope, or advances design, in the~~
9 ~~third-party-located sections of the sustainable transportation~~
10 ~~project.~~

11 ~~(e) Failure of the third party to respond pursuant to subdivision~~
12 ~~(d) of Section 19005.01 shall relieve the lead agency of the~~
13 ~~responsibility to include the third party's information required by~~
14 ~~subdivision (d) of Section 19005.01 in the draft Stage 1 project~~
15 ~~scope document specified in subdivision (a) of Section 19005.01.2.~~

16 ~~(f) At its discretion, the lead agency may still include~~
17 ~~information provided in subdivision (d) of Section 19005.01 if~~
18 ~~provided by the third party after the deadline and prior to the~~
19 ~~completion of the draft Stage 1 project scope specified in~~
20 ~~subdivision (a) of Section 19005.01.2.~~

21 ~~(g) The lead agency shall submit advanced conceptual~~
22 ~~engineering design documentation for the sustainable transportation~~
23 ~~project. No later than 20 working days, or a different date as~~
24 ~~mutually agreed to by the lead agency and third party, after the~~
25 ~~lead agency submits advanced conceptual engineering design~~
26 ~~documentation, the lead agency will convene a preliminary design~~
27 ~~workshop. The third party may request a reasonable extension to~~
28 ~~the deadline to have the preliminary design workshop, which the~~
29 ~~lead agency shall reasonably accommodate. If the preliminary~~
30 ~~design workshop does not occur within 20 working days of~~
31 ~~delivery, or as otherwise mutually agreed to by the lead agency~~
32 ~~and third party, the requirement for the initial coordination meeting~~
33 ~~will be deemed met. In the preliminary design workshop, the lead~~
34 ~~agency and third party shall discuss all of the following:~~

35 ~~(1) The key aspects of the design or construction of the~~
36 ~~sustainable transportation project that impact the scope, objective~~
37 ~~standards, criteria, specifications, or requirements for those~~
38 ~~proposed facility rearrangements that form or are intended to form~~
39 ~~the basis of the project scope. Those shall include all of the~~
40 ~~following:~~

1 ~~(A) Any facility rearrangements which are necessary for the~~
2 ~~sustainable transportation project to comply with applicable law.~~

3 ~~(B) Any facility rearrangements which are necessary for the~~
4 ~~lead agency or third party to construct, operate, maintain, or remove~~
5 ~~for the sustainable transportation project.~~

6 ~~(C) Any new and required third-party facilities which are~~
7 ~~necessary to install in order for the sustainable transportation~~
8 ~~project to comply with applicable law and for any facility~~
9 ~~rearrangements to comply with applicable law and third-party~~
10 ~~objective standards, criteria, specifications, or requirements.~~

11 ~~(D) Any deviations from the third-party standards or design and~~
12 ~~construction requirements mutually agreed to by the lead agency~~
13 ~~and third party.~~

14 ~~(2) Identification of betterments.~~

15 ~~(3) Initial identification of utility conflicts.~~

16 ~~(A) The third party shall provide the lead agency with any~~
17 ~~location data or other information already in its possession~~
18 ~~regarding the location of utilities within the third-party-located~~
19 ~~section of the sustainable transportation project.~~

20 ~~(B) Discussion of objections by the lead agency to third-party~~
21 ~~standards on the basis of the standard being adopted, amended,~~
22 ~~supplemented, or applied, for the sole or primary purpose of~~
23 ~~affecting one or more sustainable transportation projects, or~~
24 ~~requests for deviations from third-party standards.~~

25 ~~(C) Construction requirements for delivery of the sustainable~~
26 ~~transportation project.~~

27 ~~(4) Anticipated schedule and timeline for project delivery~~
28 ~~activities, including the following:~~

29 ~~(A) Key milestones for percentage of design completion when~~
30 ~~the lead agency shall submit the design documentation described~~
31 ~~in subparagraphs (B) to (D), inclusive.~~

32 ~~(B) When the lead agency shall submit design documentation~~
33 ~~for each identified facility rearrangement.~~

34 ~~(C) Whether the lead agency's submission of design~~
35 ~~documentation for any given facility rearrangement shall be~~
36 ~~segmented into the submission of design documentation for more~~
37 ~~than one advanced partial design unit, and what the schedule of~~
38 ~~submission by the lead agency of each advanced partial design~~
39 ~~unit to the third party shall be.~~

~~(D) When, provided timely submittal by the lead agency of the design documentation as identified in subparagraphs (B) and (C); the third party shall return comments on each design documentation and advanced partial design unit for each submission identified in subparagraphs (B) and (C), respectively, for each facility rearrangement.~~

~~(E) Anticipated schedule for right-of-way acquisition, construction, testing, and commissioning, of the third-party-located section or sections of the sustainable transportation project.~~

~~(h) Within 30 working days of the workshop described in subdivision (g), the third party shall submit in writing to the lead agency all written comments regarding the topics described in subdivision (g):~~

~~19005.01.2. — (a) (1) Following receipt of the comments described in subdivision (h) of Section 19005.01.1, and as informed by the information provided by each third party that the lead agency is required to engage with pursuant to this chapter, the lead agency shall prepare a draft Stage 1 project scope document. The document shall include the draft project scope, including all identified facility rearrangements, utility adjustments, and betterments, as determined by the early engagement required pursuant to this chapter. The document shall also include the lead agency's probable project delivery method, anticipated schedule of design, right-of-way acquisition, and construction activities, and as-built plans for third-party facilities or utilities, as applicable.~~

~~(2) The lead agency shall circulate the draft Stage 1 project scope document to each third party for review.~~

~~(3) Each third party shall have 60 working days to review the draft Stage 1 project scope document to confirm all the relevant information and comments are included and shall provide any additional comments on the document.~~

~~(4) Failure of the third party to respond to the relevant information within the expected timeframe shall be considered confirmation that all relevant information provided by the third party pursuant to this chapter was accounted for.~~

~~(b) (1) After the 60-working-day circulation period, the lead agency shall finalize the Stage 1 project scope document and circulate the final document with each identified third party, the Transportation Agency, and, if relevant, the Public Utilities Commission. The lead agency shall record any additional~~

1 comments provided by the third party pursuant to subdivision (a)
2 in the record of the final Stage 1 project scope, and may incorporate
3 any of those comments into the final Stage 1 project scope at its
4 discretion.

5 (2) The finalized Stage 1 project scope document shall identify
6 matters or issues not yet resolved between the lead agency and
7 each third party. This may include any comments provided by each
8 third party pursuant to paragraph (3) of subdivision (a) that the
9 lead agency did not incorporate into the project scope at its
10 discretion.

11 (3) The Transportation Agency shall develop a standardized
12 form for the relevant fields required by this section, and other
13 relevant fields determined by the Transportation Agency, for the
14 finalized Stage 1 project scope document.

15 (c) If more than two years transpires between the time the lead
16 agency received responses from all relevant third parties pursuant
17 to subdivision (h) of Section 19005.01.1 and the lead agency takes
18 the step in subdivision (b) of this section, the lead agency shall be
19 required to repeat the steps in this section, including reaching out
20 to third parties it already received responses from pursuant to this
21 section.

22 Article 2. Design Engineering and Design Review

23 19005.02. (a) After the lead agency finalizes the Stage 1 project
24 scope document pursuant to the requirements of Stage 1, the lead
25 agency shall provide a notice to the third party of its intent to
26 prepare and submit Stage 2 design documentation, whether through
27 its own staff or through procurement of design services, to the
28 third party for its review, based on the requirements stipulated in
29 the finalized Stage 1 project scope document.

30 (b) The standards, criteria, and specifications adopted by the
31 third party at the time the lead agency transmits the notice
32 described in subdivision (a) shall be the applicable standards,
33 criteria, and specifications that the third party shall use when
34 reviewing, commenting, and approving Stage 2 design
35 documentation, except where the lead agency and third party have
36 mutually agreed to deviate from those standards, criteria, and
37 specifications.
38
39

~~(c) The lead agency shall be responsible for ensuring that it submits design documentation, including advanced partial design units, consistent with the level of detail required for that level of design development identified in the schedule included in the finalized Stage 1 project scope document, and the third party is responsible for reviewing submitted design documentation, including advanced partial design units, for compliance with the applicable third-party standards as agreed to in the finalized Stage 1 project scope document. The lead agency shall also ensure that each submission of design documentation, including advanced partial design units, identifies any material amendments made since any earlier submittal of that design documentation or advanced partial design unit.~~

~~(d) Within 10 working days, or as otherwise prescribed in the schedule identified in the finalized Stage 1 project scope document, of receipt of design documentation or advanced partial design unit, the third party shall review each submission of design documentation or advanced partial design unit, and inform the lead agency if the submission does not meet appropriate agreed-upon design requirements, relevant third-party standards, or the scope, criteria, specifications, and requirements for the applicable facility rearrangements.~~

~~(e) If the third party is reasonably able to commence its review of the design documentation or advanced partial design unit absent resubmitted materials from the lead agency, it shall do so.~~

~~(f) The lead agency shall promptly resubmit the design documentation or advanced partial design unit and correct the deficiencies identified by the third party pursuant to subdivision (d). The third party shall review the documentation for completeness pursuant to subdivision (d).~~

~~(g) If the third party does not deliver a notice of incomplete information pursuant to subdivision (d), the submission of design documentation or advanced partial design unit shall be deemed complete and acceptable for the purposes of design review.~~

~~(h) (1) Once the design documentation or advanced partial design unit is considered complete pursuant to subdivision (d), the third party shall review it in accordance with the schedule identified in the finalized Stage 1 project scope document.~~

~~(2) If the lead agency believes a third party's comment on the design of the sustainable transportation project that was not already~~

1 identified as constituting a facility rearrangement or modification
2 to the design documentation or advanced partial design unit that
3 constitutes a betterment constitutes a betterment, it shall notify the
4 third party of that within 20 working days of receipt of those
5 comments.

6 (3) Within 20 working days of this notice, the third party shall
7 do one of the following:

8 (A) Withdraw or amend the relevant comment.

9 (B) Acknowledge the comment as a betterment.

10 (C) Dispute the basis of the betterment. If the lead agency and
11 third party cannot agree as to whether the facility is a betterment,
12 the issue shall be resolved through the binding dispute resolution
13 process described in Section 19003.

14 (4) If the third party fails to respond within 20 working days of
15 the notice, the comment shall be considered a betterment.

16 (i) For all review of design documentation or advanced partial
17 design units that require final approval by the third party, the third
18 party shall determine the completeness of the design
19 documentation, complete its review and do all of the following
20 pursuant to the schedule identified in the Stage 1 project scope
21 document, or as otherwise agreed between the parties:

22 (1) Issue comments.

23 (2) Confirm approval or rejection of final design documentation.

24 (3) The third party may only reject the final design
25 documentation if the documentation is incomplete or fails to
26 comply with the requirements of this part. The third party must
27 provide comments on the design documentation documenting the
28 reason for the rejection pursuant to this part.

29 (j) The lead agency must respond to a third-party rejection of
30 final design documentation in one of the following ways:

31 (1) Address the comments provided pursuant to paragraph (3)
32 of subdivision (i) and resubmit the design documentation or
33 advanced partial design unit.

34 (2) Notify the third party that it objects to the rejection. If the
35 third party and lead agency are unable to mutually agree on a path
36 forward to a modification to the design to address the rejection,
37 the issue shall be resolved through the binding dispute resolution
38 process in Section 19003.

39 (k) For design documentation or advanced partial design units
40 described in subdivision (i), the third party shall not raise any new

1 issues, or make any comments, which are inconsistent with its
2 comments on earlier submittals, or with any changes already agreed
3 to by the third party.

4 (l) The third party shall not withhold approval of design
5 documentation or advanced partial design units described in
6 subdivision (i) if the submittal is complete and consistent with the
7 most recent prior submittal for such facility rearrangement,
8 modified as appropriate to respond to the third party's comments
9 to such prior submittal, to the extent those comments were made
10 pursuant to the requirements of this stage, and to reflect any
11 subsequent changes agreed to by the lead agency and the third
12 party.

13 (m) The third party may raise new comments on design
14 documentation or advanced partial design units described in
15 subdivision (i) as a consequence of design changes made by the
16 lead agency after the third party's review of the most recent prior
17 submittal of designs for such rearrangement.

18 (n) A betterment shall not be required to be constructed if it is
19 not approved by the lead agency. The lead agency shall have a
20 right to refuse a betterment that meets any of the following:

21 (1) The betterment is incompatible with the sustainable
22 transportation project.

23 (2) The betterment cannot be constructed within the constraints
24 of applicable law or the project schedule.

25 (3) The betterment is a facility rearrangement that is requested
26 after the finalization of the Stage 1 project scope document, unless
27 the facility rearrangement was requested in accordance with the
28 third party's objective standards, criteria, and specifications in
29 effect at the time of the notice described in subdivision (a), and
30 was requested in response to new information that was not available
31 to the third party during the Stage 1 process.

32 The cost of approved betterments shall be borne by the third
33 party. This includes any increase in costs over the estimation of
34 the cost of the betterment by the lead agency and cost of any
35 mitigations of the betterment required as a result of the
36 environmental review process.

Article 3. ~~Permitting and Construction~~

~~19005.03. (a) An approved-for-construction design is a design that meets all of the following:~~

~~(1) The lead agency has approved the final design documentation.~~

~~(2) The third party has approved the final design documentation.~~

~~(3) The final design document has been signed and sealed by the engineer of record that is responsible for that final design documentation.~~

~~(4) Any other conditions for the final design documentation to be ready for construction set out under the requirements of this act have been satisfied.~~

~~(b) Commencement of a single or set of facility rearrangements for which an advanced partial design unit is at the final design stage may be approved for construction without all of the final design being approved for construction.~~

~~(c) Prior to the commencement of construction of a facility rearrangement, the lead agency shall transmit a proposed construction staging plan for any construction work to be performed within the public rights-of-way in the third party's jurisdiction. The plan shall include, but not be limited to:~~

~~(1) The handling of vehicular and pedestrian traffic, cyclist access, and circulation on streets adjacent to the construction with the construction phasing showing street closures, detours, warning devices, and temporary traffic signals.~~

~~(2) Accessible routes for pedestrians with physical disabilities in compliance with applicable law.~~

~~(3) Actions to maintain access to businesses, schools, and residences adjacent to the construction areas, as possible, and actions to ensure safe access and circulation for pedestrians and vehicular traffic as described in the traffic management plan.~~

~~(4) Elements of public awareness as well as mechanisms to assist affected parties in complaint resolutions.~~

~~(d) The third party shall review the submitted construction staging plan in accordance with its objective design standards and policies for such construction staging plans, and respond to the lead agency with a determination of whether the plan is complete or not. If incomplete, the third party will notify the lead agency of what aspects of the construction staging plan must be refined in~~

1 order for the construction staging plan to be complete pursuant to
2 the third party's applicable standards and policies. This response
3 shall occur within 10 working days of receipt of the notice
4 described in subdivision (c).

5 (e) The lead agency shall promptly modify the construction
6 staging plan based on the information cited in subdivision (d) and
7 resubmit it to the third party. The third party shall review the
8 resubmittal for completeness pursuant to subdivision (d).

9 (f) Within 10 working days of the acknowledgment of
10 completeness identified in subdivision (d), the third party shall
11 provide comments, approve, or reject the construction staging plan.

12 (g) The lead agency may update the construction staging plan
13 after it has been approved by the third party and must promptly
14 submit each updated construction staging plan to the third party
15 for review in accordance with subdivision (d).

16 (h) The third party shall impose only the minimum requirements
17 for traffic management planning and construction sequencing that
18 are necessary in order to provide for public health and safety,
19 including, but not limited to, pedestrian and vehicular safety, and
20 functionality, including, but not limited to, public and business
21 access and circulation. This does not preclude the lead agency and
22 third party from agreeing to additional traffic management planning
23 and construction sequencing activities.

24 (i) The lead agency shall provide 10 working days of advance
25 written notice where construction work is to be performed in the
26 public rights-of-way for approved street, traffic lane, or sidewalk
27 closures.

28 (j) If the lead agency fails to perform any construction work
29 within the third party's public rights-of-way in accordance with
30 the approved-for-construction final design documentation or
31 construction staging plans approved by the third party pursuant to
32 this section, the third party may issue a written notice of
33 noncompliance from the third party and the lead agency must cure
34 the noncompliance. If the lead agency and third party are unable
35 to agree whether the work was performed correctly, the dispute
36 shall be resolved via the binding dispute resolution process outlined
37 in Section 19003.

38 (k) For third-party communication facilities, the lead agency
39 and third party shall agree to a schedule for such work that balances
40 minimal system downtime and third-party network disruption

1 while maintaining a reasonable project schedule. If the lead agency
2 and third party are unable to agree on such a schedule, the matter
3 will be resolved by the binding dispute resolution process described
4 in Section 19003.

5 ~~(l) (1) A third party shall not unreasonably withhold the~~
6 ~~approval of the availability, location, and duration of the use of a~~
7 ~~third-party facility as a temporary facility to facilitate the~~
8 ~~construction of the sustainable transportation project, as otherwise~~
9 ~~permitted by state and federal law. Such approved use of a~~
10 ~~third-party facility shall be made in writing and without cost to~~
11 ~~the lead agency.~~

12 ~~(2) Upon completion of the related construction and lead~~
13 ~~agency's determination that the temporary facilities are no longer~~
14 ~~needed, the lead agency shall remove all temporary facilities and~~
15 ~~restore the area as nearly as practicable to its original condition~~
16 ~~unless the lead agency and third party agree to another arrangement.~~

17 ~~(3) If the lead agency believes that a third party is unreasonably~~
18 ~~withholding the approvals described in this subdivision and is~~
19 ~~unable to come to agreement with the third party on these~~
20 ~~approvals, it may elect to resolve the dispute through the binding~~
21 ~~dispute resolution process described in Section 19003.~~

22 ~~(m) For any other third-party permit or approval, identified in~~
23 ~~the finalized Stage 1 project scope document as necessary for the~~
24 ~~lead agency to construct the sustainable transportation project as~~
25 ~~identified in the project schedule, the lead agency shall submit a~~
26 ~~completed permit or approval request to the third party.~~

27 ~~(n) Within 10 working days of receipt of the permit or approval~~
28 ~~request, the third party shall review the permit or approval request~~
29 ~~in accordance with its objective standards and determine whether~~
30 ~~the permit or approval request is complete. If incomplete, the third~~
31 ~~party shall respond to the lead agency and notify the lead agency~~
32 ~~of what information is needed to make the request complete.~~

33 ~~(o) If determined incomplete pursuant to subdivision (n), the~~
34 ~~lead agency shall promptly respond with the relevant information~~
35 ~~noted by the third party in subdivision (n). The third party shall~~
36 ~~review the permit or approval request and respond to the lead~~
37 ~~agency pursuant to subdivision (n).~~

38 ~~(p) Within 20 working days of determining the request complete~~
39 ~~pursuant to subdivision (n), the third party shall review the relevant~~
40 ~~permit for compliance with all relevant written objective standards,~~

1 specifications, and criteria that are applicable to the permit or
2 approval request, or have been agreed to between the lead agency
3 and third party, and shall grant approval of the permit or approval
4 request, issue comments, or reject the permit or approval request.

5 (q) The permit request may only be rejected for failure to meet
6 the relevant objective standards, criteria, or specifications that
7 apply to that permit or approval and are consistent with this section.

8 SEC. 3. Chapter 6 (commencing with Section 185520) is added
9 to Division 19.5 of the Public Utilities Code, to read:

10
11 *CHAPTER 6. REGULATIONS GOVERNING THIRD-PARTY PERMITS*
12 *AND APPROVALS*
13

14 185520. For purposes of this chapter, the following definitions
15 apply:

16 (a) "Electrical corporation" has the same meaning as defined
17 in Section 218.

18 (b) "Gas corporation" has the same meaning as defined in
19 Section 222.

20 (c) "High-speed rail project" means the portion of the
21 high-speed rail project identified in paragraph (2) of subdivision
22 (b) of Section 2704.04 of the Streets and Highways Code.

23 (d) "Third party" means a local agency or utility, including,
24 but not limited to, an electrical corporation, gas corporation, local
25 publicly owned utility, or private telecommunications provider.

26 185522. On or before January 1, 2026, the authority shall
27 develop and adopt regulations setting forth requirements governing
28 third-party permits and approvals that are necessary to deliver
29 the high-speed rail project. The authority shall ensure that the
30 regulations do all of the following:

31 (a) Require early engagement between third parties and the
32 authority.

33 (b) Identify the circumstances under which the authority shall
34 seek to enter into a cooperative agreement with each applicable
35 third party that serves as the framework for all future project
36 interactions between and among the authority and each applicable
37 third party and, where relevant, identifies who is responsible for
38 specific utility relocations and the costs associated with those
39 relocations. A cooperative agreement shall define the roles and
40 responsibilities of the authority and each applicable third party

1 *and clarify lines of communication so the decisionmaking process*
2 *is understood.*

3 *(c) Require regular meetings with third parties during the*
4 *planning, design, and construction phases.*

5 *(d) Require the authority to establish cost estimates with*
6 *conservative contingency budgets for each utility relocation and*
7 *to not oversimplify the utility costs and potential risks by bundling*
8 *those costs into a single item.*

9 *(e) Require regular communication and documentation of*
10 *contracting terms, conditions, and decisions during construction.*

11 *(f) Define options that can govern a third-party review process*
12 *for permits and approvals.*

13 *(g) Consider ways to reduce permitting and approval delays.*

14 *(h) Establish a binding dispute resolution process.*

15 *(i) Exempt gas corporations and electrical corporations*
16 *regulated by the Public Utilities Commission from the dispute*
17 *resolution process established pursuant to subdivision (h).*

18 *(j) Prohibit third-party entities from insisting on exactions or*
19 *betterments from the authority that are unrelated to ensuring that*
20 *health and safety standards are met, unless otherwise stipulated*
21 *by a cooperative agreement, as a condition for permits and*
22 *approvals.*

23 *(k) Consider reimbursement of third-party staff time and*
24 *third-party time and materials to relocate the utility.*

25 *(l) Define the terms “betterment” and “cooperative agreement”*
26 *for purposes of the regulation.*

27 *185524. (a) In developing the regulations required pursuant*
28 *to Section 185522, the authority shall consult with all of the*
29 *following entities:*

30 *(1) The Department of Transportation.*

31 *(2) The Public Utilities Commission.*

32 *(3) Local government stakeholders.*

33 *(4) Local publicly owned utilities, gas corporations, and*
34 *electrical corporations.*

35 *(5) Water districts.*

36 *(6) Telecommunications companies.*

37 *(7) Passenger and freight railroads.*

38 *(8) Any other relevant entity identified by the authority that has*
39 *expertise in transportation infrastructure project delivery.*

1 (b) Before adopting the regulations required pursuant to Section
2 185522, the authority shall hold at least two public hearings
3 regarding the proposed regulations.

4 185526. (a) The authority shall post a public notice on its
5 internet website when it adopts the regulations required pursuant
6 to Section 185522. The authority shall not enter into a third-party
7 agreement governed by this chapter until 30 days after the public
8 notice is posted.

9 (b) The authority shall not implement regulations adopted
10 pursuant to this chapter unless it completes the development and
11 implementation of a process to review third-party agreements in
12 a timely manner as recommended by the High-Speed Rail Authority
13 Office of the Inspector General in Recommendation 25-R-02-02.

14 185528. This chapter shall become inoperative on the date
15 that the High-Speed Rail Authority Office of the Inspector General
16 submits a report pursuant to Section 187040, and, as of January
17 1 of the following year, is repealed.

18 SEC. 4. Section 187040 is added to the Public Utilities Code,
19 to read:

20 187040. (a) For purposes of determining the continued
21 operation of Chapter 6 (commencing with Section 185520) of
22 Division 19.5, when the office determines that the high-speed rail
23 project, as defined in Section 185520, is complete, the office shall
24 submit a report to the Legislature informing the Legislature of
25 that fact.

26 (b) The report to be submitted pursuant to subdivision (a) shall
27 be submitted in compliance with Section 9795 of the Government
28 Code.

29 SEC. 5. The provisions of this measure are severable. If any
30 provision of this measure or its application is held invalid, that
31 invalidity shall not affect other provisions or applications that can
32 be given effect without the invalid provision or application.

33 ~~SEC. 6. The Legislature finds and declares that sustainable~~
34 ~~transportation projects foster the movement of people on a local~~
35 ~~and regional level for the benefit of the entire state and, for that~~
36 ~~reason, authorizing the Secretary of Transportation to expedite the~~
37 ~~implementation of sustainable transportation projects by waiving~~
38 ~~local regulation of the design and construction of those projects is~~
39 ~~a matter of statewide concern and is not a municipal affair as that~~
40 ~~term is used in Section 5 of Article XI of the California~~

1 ~~Constitution. Therefore, Sections 3 and 4 of this act adding Section~~
2 ~~13985 to the Government Code and adding Division 21~~
3 ~~(commencing with Section 19001) to the Public Utilities Code,~~
4 ~~respectively, apply to all cities, including charter cities.~~

5 ~~SEC. 7.~~

6 *SEC. 6.* No reimbursement is required by this act pursuant to
7 Section 6 of Article XIII B of the California Constitution because
8 a local agency or school district has the authority to levy service
9 charges, fees, or assessments sufficient to pay for the program or
10 level of service mandated by this act, within the meaning of Section
11 17556 of the Government Code.

O

Cal Cities Action Alert
Support SB 346 (Durazo) Transient Occupancy Taxes:
Short-term Rental Facilitator

Action Requested: Ask your Assembly Member to **Support SB 346 (Durazo) Local Agencies: transient occupancy taxes: short-term rental facilitator (as amended 7/7/25)**. SB 346 is a Cal Cities-sponsored bill that will be heard on the Assembly floor when the Legislature returns from summer recess in early August. Please talk to your Assembly Member in the district AND send a letter of support for SB 346.

What the Bill Does: Enables enforcement of local ordinances related to short-term rentals, including the collection and remittance of transient occupancy taxes (TOT) by providing cities with the physical address of each short-term rental listed on the facilitator's website and full audit authority of TOT dollars. This bill ensures that the correct amount of TOT is being collected and remitted and allows for more effective enforcement against unlicensed units.

Why this is Important to Cal Cities Members:

- Short-term rentals are regulated exclusively at the local level through ordinances that often include regulations on permitting, tax compliance, noise, parking, and occupancy, among other provisions. But the enforcement of short-term rental ordinances and the collection and remittance of TOT from short-term rentals can be hindered by the lack of full transparency on the part of short-term rental facilitators.
- Cities often lack access to property addresses or other property-related information when it comes to code enforcement or when TOT is collected by the short-term rental facilitator. This results in cities not knowing where businesses are operating in their communities and whether the correct amount of TOT is being collected and remitted.
- Short-term rental facilitators, have full knowledge of these properties' locations and resist disclosing this information.
- The current system creates an uneven playing field and incentivizes bad actors to bypass paying their fair share in the communities they operate in — even though short-term rental properties place additional demands on local services.

What else you need to know: Unfortunately, short-term rental providers are engaging in an all-out lobbying blitz to oppose SB 346 and mislead the public about the impact on consumers. City officials should talk to their Assembly Members ASAP about the impacts of short-term rentals in their communities and why it is important that short-term rentals pay their fair share of TOT in the communities they do business in.

Links and Attachments: [Cal Cities letter](#); [sample city support letter](#)

Where to Send Letter: See *sample letter* for legislative portal link. Send copy to cityletters@calcities.org, and mcruz@calcities.org.



Questions? Contact Montana Cruz, mcruz@calcities.org or Ben Triffo, btriffo@calcities.org



July 25, 2025

The Honorable Ash Kalra
Chair, Assembly Judiciary Committee
1020 N Street, Room 104
Sacramento, CA 95814

RE: SB 346 (Durazo) Local agencies: transient occupancy taxes: short-term rental facilitator.
Notice of SUPPORT *(As Introduced on February 12, 2025)*

Dear Chair Kalra,

The City of Morgan Hill **supports** SB 346, which would better equip cities to enforce local ordinances related to the collection and remittance of transient occupancy taxes (TOT) for short-term rentals.

Short-term rentals are regulated exclusively at the local level via the adoption of an ordinance that often includes regulations on permitting, tax compliance, noise, parking, occupancy, as well as other responsibilities for hosts and short-term rental facilitators. In some instances, ordinances limit the number of short-term rentals allowed to operate lawfully, other ordinances ban short-term rentals entirely.

Short-term rentals can present numerous challenges to neighborhoods and adjacent property owners. They may create additional noise, traffic, parking, and public safety issues, decrease available housing stock, and in some cases turn residential neighborhoods into de-facto hotel rows, collectively creating additional demands on local public service providers.

Unfortunately, the enforcement of TOT ordinances and the collection and remittance of these taxes from short-term rentals can be inconsistent, even when voluntary collection agreements are in place with a short-term rental facilitator. The City of Morgan Hill has entered into Voluntary Collection Agreements with both VRBO and Airbnb; however, the City has no visibility into which properties are being utilized as short-term rentals and no ability to audit or verify whether the correct amount of TOT is being remitted. Cities lack access to property addresses or other property-related information, even under these agreements, resulting in a difficult choice to either accept tax payments without any way to verify their accuracy and legality or attempt to collect taxes directly from property owners—a costly and time-consuming process. Meanwhile, short-term rental facilitators have full knowledge of these properties' locations and resist disclosing this information. Cities can only compel short-term rental facilitators to disclose this critical information through certain legal action, such as subpoenas. This is not how oversight of public dollars should work.

SB 346 would address the above issues by providing cities with the assessor parcel number of each short-term rental listed on the facilitator's website and full audit authority of TOT dollars. These changes would ensure the correct amount of TOT is being collected and remitted and would allow for more efficient enforcement against unlicensed units.

For these reasons, the City of Morgan Hill supports SB 346.

Sincerely,

A handwritten signature in blue ink that reads "Mark Turner". The signature is fluid and cursive, with the first name "Mark" being more prominent than the last name "Turner".

Mark Turner
Mayor

cc: Assemblymember Gail Pellerin

Senator Dave Cortese

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

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

AMENDED IN ASSEMBLY JULY 7, 2025

AMENDED IN ASSEMBLY JUNE 24, 2025

AMENDED IN SENATE MAY 8, 2025

AMENDED IN SENATE MARCH 20, 2025

SENATE BILL

No. 346

**Introduced by Senator Durazo
(Coauthors: Senators Allen, Limón, and Wahab)**

February 12, 2025

An act to add Chapter 4.6 (commencing with Section 50990) to Part 1 of Division 1 of Title 5 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 346, as amended, Durazo. Local agencies: transient occupancy taxes: short-term rental facilitator.

Existing law authorizes a local authority, by ordinance or resolution, to regulate the occupancy of a room or rooms, or other living space, in a hotel, inn, tourist home or house, motel, or other lodging for a period of less than 30 days.

This bill would authorize a local agency, defined to mean a city, county, or city and county, to enact an ordinance to require a short-term rental facilitator, as defined, to report, in the form and manner prescribed by the local agency, the physical address, including 9-digit ZIP Code, of each short-term rental, as defined, during the reporting period, ~~as well as any additional information necessary to identify the property as may be required by the local agency.~~ *period. The bill would also authorize a local agency to request additional information, as provided, when the physical address is not sufficient for the local agency to identify*

a specific short-term rental. The bill would authorize the local agency to impose an administrative fine or penalty for failure to file the report, and would authorize the local agency to initiate an audit of a short-term rental facilitator, as described. The bill would require a short-term rental facilitator, in a jurisdiction that has adopted an ordinance, to include in the listing of a short-term rental any applicable local license number associated with the short-term rental and any transient occupancy tax certification issued by a local agency. The bill would state these provisions do not preempt a local agency from adopting an ordinance that regulates short-term rentals, short-term rental facilitators, or the payment and collection of transient occupancy taxes in a manner that differs from those described in the bill.

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

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

- 1 SECTION 1. (a) Short-term rental facilitators are essentially
- 2 online marketplaces that allow “guests” seeking accommodations
- 3 and “hosts” offering accommodations to connect and enter rental
- 4 agreements with one another.
- 5 (b) Many cities and counties impose a transient occupancy tax
- 6 on guests who occupy those accommodations. The transient
- 7 occupancy tax is payable with the host’s charge for the
- 8 accommodation.
- 9 (c) It is the intent of the Legislature to authorize cities and
- 10 counties to adopt an ordinance that requires a short-term rental
- 11 facilitator to transmit information that allows cities and counties
- 12 to effectively enforce the payment of transient occupancy taxes
- 13 by guests in these accommodations.
- 14 (d) As determined by the Ninth Circuit Court of Appeals in
- 15 *HomeAway.com, Inc. v. City of Santa Monica* (9th Cir. 2019) 918
- 16 F.3d 676, requiring the transmittal of this information violates
- 17 neither the federal Communications Decency Act nor the First
- 18 Amendment.
- 19 SEC. 2. Chapter 4.6 (commencing with Section 50990) is added
- 20 to Part 1 of Division 1 of Title 5 of the Government Code, to read:

CHAPTER 4.6. THE SHORT-TERM RENTAL FACILITATOR ACT
OF 2025

50990. (a) This chapter shall be known, and may be cited, as the “Short-Term Rental Facilitator Act of 2025.”

(b) This chapter shall only apply to a local agency that adopts an ordinance that makes the provisions of this chapter applicable within its jurisdictional boundaries.

50991. All of the following definitions shall apply for purposes of this chapter:

(a) “Hotel” means a commercially operated hotel, motel, bed and breakfast inn, or similar transient lodging establishment, when all or part of the transient occupancy is or would be subject to tax under Section 7280 of the Revenue and Taxation Code. For purposes of this chapter, a “hotel” shall not include a short-term rental facilitator as defined in subdivision (g).

(b) “Local agency” means a city, county, or city and county.

(c) “Marketplace” means a physical or electronic place, including, but not limited to, a store, booth, internet website, catalog, television or radio broadcast, or a dedicated sales software application, where a marketplace seller facilitates the occupancy of a short-term rental for delivery in this state regardless of whether the short-term rental, marketplace seller, or marketplace has a physical presence in this state.

(d) “Ordinance” refers to an ordinance of a local agency imposing a transient occupancy tax.

(e) “Purchaser” means a person who is required to pay the transient occupancy tax and who uses a short-term rental facilitator to facilitate the occupation of a short-term rental within the jurisdiction of the local agency imposing the transient occupancy tax.

(f) “Short-term rental” means the occupancy of a home, house, a room in a home or house, a campsite, or other lodging that is not a hotel in this state for a period of 30 consecutive days or less and under any other circumstances specified by the local agency in its ordinance that is facilitated by a short-term rental facilitator.

(g) “Short-term rental facilitator” means a person or entity that facilitates for consideration, regardless of whether it is deducted as fees from the transaction, the occupancy of a short-term rental that is not owned by the person facilitating the rental, through a

1 marketplace operated by the person or a related person or entity,
2 and that does both of the following:
3 (1) Directly or indirectly, through one or more related persons,
4 engages in any of the following:
5 (A) Transmits or otherwise communicates the offer or
6 acceptance between the purchaser and the operator.
7 (B) Owns or operates the infrastructure, electronic or physical,
8 or technology that brings purchasers and operators together.
9 (C) Provides a virtual currency that purchasers are allowed or
10 required to use to facilitate the occupancy of a short-term rental
11 from the operator.
12 (D) Software development or research and development
13 activities related to any of the activities described in paragraph
14 (2), if such activities are directly related to facilitating short-term
15 rentals.
16 (2) Directly or indirectly, through one or more related persons,
17 engages in any of the following activities with respect to facilitating
18 short-term rentals:
19 (A) Payment processing services.
20 (B) Listing homes, houses, or rooms in homes or houses,
21 campsites, or other lodgings that are not a hotel or motel, and that
22 are not owned by that person or a related person, for rental on a
23 short-term basis.
24 (C) Setting prices.
25 (D) Branding short-term rentals as those of the short-term rental
26 facilitator.
27 (E) Taking orders or reservations.
28 (h) “Transient Occupancy Tax” means a tax imposed by a local
29 agency on the privilege of occupying a short-term rental as
30 specified and defined by the local agency in its ordinance.
31 50992. For purposes of this chapter, a person is related to
32 another person if both persons are related to each other pursuant
33 to Section 267(b) of Title 26 of the United States Code, as that
34 section was amended by Public Law 114-113, and the regulations
35 thereunder.
36 50993. (a) Upon request by the local agency, each short-term
37 rental facilitator shall report, in the form and manner prescribed
38 by the local agency, the physical address, including nine-digit ZIP
39 Code, of each short-term rental during the reporting period, as well

~~as any additional information necessary to identify the property required by the local agency, including, but not limited to: period.~~

(b) If the information provided by the short-term rental facilitator pursuant to subdivision (a) is not sufficient for the local agency to identify a specific short-term rental at the provided address, the local agency may request the following:

(1) The assessor parcel number of each short-term rental.

(2) The URL associated with the specific short-term rental listing.

(3) Information exclusively related to the identification of an accessory dwelling unit, guest house, or single unit of a timeshare or multifamily housing project located at a single address, which is located at the address or assessor parcel number requested.

(c) Except as provided in subdivision (d), the reporting period in subdivision (a) may be no more frequently than in intervals of every 3 months within a 12-month period.

(d) The reporting period in subdivision (a) may be monthly if a local agency requires remittance of transient occupancy tax monthly.

~~(b)~~

(e) A local agency may make the failure of a short-term rental facilitator to report the information required by this section subject to an administrative fine or penalty pursuant to Section 53069.4.

~~(c) (1) A local agency may conduct an audit or otherwise examine the records of the short-term rental facilitator documenting the receipt of the transient occupancy tax due and payable to the local agency.~~

~~(2) Any costs associated with an audit or examination shall be paid for by the local agency.~~

50994. A short-term rental facilitator shall include in the listing of a short-term rental any applicable local license number associated with the short-term rental and any transient occupancy tax certification issued by a local agency.

50995. *(a) A local agency may conduct an audit or otherwise examine the records of the short-term rental facilitator documenting the receipt of the transient occupancy tax due and payable to the local agency if the short-term rental facilitator is responsible for collecting and remitting the transient occupancy tax to the local agency pursuant to a local ordinance or collection agreement.*

1 **(b)** *Any costs associated with an audit or examination shall be*
2 *paid for by the local agency.*

3 ~~50995.~~

4 50996. Nothing in this chapter shall be construed to preempt
5 a local agency from adopting an ordinance that regulates short-term
6 rentals, short-term rental facilitators, or the payment and collection
7 of transient occupancy taxes in a manner different from the
8 procedures prescribed in this chapter.

O

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

John Lang, Housing and Economic Mobility Director

APPROVED BY: City Manager

CONDUCT TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA) HEARING APPROVING ISSUANCE OF REVENUE BONDS FOR MAGNOLIAS APARTMENT PROJECT LOCATED AT 17965 MONTEREY ROAD WITHIN THE CITY OF MORGAN HILL

RECOMMENDATION(S)

1. Open and close public hearing consistent with the requirements of the Federal Tax and Equity Fiscal Responsibility Act ("TEFRA") and Section 147 (f) of the Internal Revenue Code of 1986, as amended (the "Code"); and
2. Adopt the resolution approving the issuance and re-issuance of bonds by the California Municipal Finance Authority (CMFA), for the acquisition, construction, improvement and equipping of a 66-unit multifamily housing project located on a 1.53-acre parcel situated at 17965 Monterey Road, in the City of Morgan Hill, California (the "City").

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Supporting our Youth, Seniors, and Entire Community

Enhancing Diversity and Inclusiveness

Advocating for Local, Regional, and State Legislative Initiatives

2024-2025 Strategic Priorities

Affordable Housing and Homelessness

Guiding Documents

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

The Magnolias project is a 100% affordable project, comprised of 65 units (plus one manager unit for a total of 66 units) for households with earnings of 30% to 60% area median income (AMI). The project includes 15 studios, 16 one-bedrooms, 17 two-bedrooms, and 18 three-bedroom units. This multifamily project is located at 17965 Monterey Road on a 1.53-acre parcel. The project was entitled on April 21, 2021, and is currently under Building Permit review.

The City is required to hold this public hearing allowing community members to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. The City Council's only role is to listen to public testimony regarding the appropriateness of bond financing. Following the close of the hearing, the City must approve the issuance of the bonds for the financing of the Project. The City has no financial obligation or legal risk with the bond issuance.

The project developer, The Magnolias LP, a California limited partnership, has applied and received a very competitive award for Federal Low Income Housing Tax Credits ("LIHTC") from the California Tax Credit Allocation Committee and a tax-exempt bond allocation from the California Debt Limit Allocation Committee ("CDLAC"). The Borrower, The Magnolias LP, requested that the California Municipal Finance Authority ("CMFA"), a joint exercise of powers authority and a public entity of the State of California, serve as the municipal issuer of the tax-exempt revenue bonds in an aggregate principal amount not to exceed \$43,000,000. The tax-exempt bond financing is a "conduit" financing in which the City has no exposure for the debt. Rather, The Magnolias LP, the sponsor, asks the CMFA to issue the bonds upon CDLAC's authorization and then solicits a lender who purchases all the bonds in a private sale. CMFA is a public entity that is authorized and experienced in the issuance of such bonds. As the nature of the financing vehicle is tax-exempt, the Tax and Equity Fiscal Responsibility Act ("TEFRA") requires the local jurisdiction to support the transaction.

This requirement is fulfilled through the public hearing approving the conduit financing after public notice is published seven days prior, allowing community members an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Following the close of the TEFRA Hearing, the City must approve the issuance of the bonds for the financing of the Project through a resolution.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY:

The CMFA was created on January 1, 2004, pursuant to a joint exercise of powers agreement to promote economic, cultural, and community development through the financing of economic development and charitable activities throughout California. The bonds to be issued by the CMFA for the Project will be the sole responsibility of the borrower, The Magnolias LP, and the City will have no financial, legal, moral obligation, liability, or responsibility for the Project or the repayment of the bonds for the financing of the Project. All financing documents with respect to the issuance of the bonds will contain clear disclaimers that the bonds are not obligations of the City or the State but are to be paid for solely from funds provided by the Borrower. Outside of holding the TEFRA Hearing and adopting the required resolution, no other participation or activity of the City or the City Council with respect to the issuance of the bonds will be required.

COMMUNITY ENGAGEMENT:

The community was informed by a notice published in the Morgan Hill Times on August 8, 2025.

ALTERNATIVE ACTIONS:

There are no alternative actions as the City must approve the resolution after the public hearing.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Government Code Section 65915(f)(3)(D)(i) and 65915(d)(2)(D) required the City to grant an 80 percent Density Bonus and four affordable housing concessions to the Residential Development Design and Development Standards concessions. Resolution 21-017 was adopted by the City Council on April 21, 2021.

FISCAL AND RESOURCE IMPACT:

There is no fiscal impact to the City. The Bonds will be issued as limited obligations of CMFA, payable solely from revenues and receipts derived from a loan to be made by CMFA to the Borrower with the Bond proceeds. The City bears no liability with respect to the issuance of the Bonds. Further, the City is not a party to any of the financing documents related to the Bond issuance and is not named in any of the disclosure documents describing the Bonds or the proposed financing.

CEQA (California Environmental Quality Act):

This is not a project but rather an administrative activity that will not result in direct or indirect physical changes in the environment. Thus, the administrative activity of the project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3).

RESOLUTION NO. 25-xx

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL
APPROVING A PLAN OF FINANCE OF THE CALIFORNIA MUNICIPAL
FINANCE AUTHORITY TO ISSUE AND REISSUE REVENUE BONDS FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT FOR THE BENEFIT OF THE
MAGNOLIAS LP, AND CERTAIN OTHER MATTERS RELATING THERETO**

WHEREAS, Eden Housing, Inc., a California nonprofit public benefit corporation (the “Sponsor”), on behalf of The Magnolias LP, a California limited partnership, or another ownership entity created by Eden Magnolias LLC, a California limited liability company, its general partner (the “General Partner”), or by another affiliate of the Sponsor (such limited partnership or other ownership entity, the “Borrower”), has requested that the California Municipal Finance Authority (the “Authority”) undertake a proposed plan of finance to issue and reissue from time to time one or more series of revenue bonds in an outstanding principal amount not to exceed \$43,000,000 (the “Bonds”) to finance and refinance the acquisition, construction, development and equipping of a 66-unit qualified residential rental project (the “Project”) to be owned and operated by the Borrower and located at 17965 Monterey Road within the City of Morgan Hill, California (the “City”); and

WHEREAS, an “applicable elected representative” of the jurisdiction in which the Project is to be located is required to approve the proposed plan of finance for the Project under Section 147(f) of the International Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the City Council of Morgan Hill (the “City Council”) is the elected legislative body of the City and is an “applicable elected representative” for purposes of Section 147(f) of the Code; and

WHEREAS, the Authority advised that the Bonds may be issued pursuant to a “plan of finance” to issue an original issue of Bonds and to issue or reissue one or more additional series of Bonds from time to time after the original issue of Bonds, if necessary or desirable to comply with applicable legal requirements, all in an aggregate principal amount not to exceed \$43,000,000 to finance the Project, and all within the three-year period commencing on the date of the issuance of the first series of Bonds pursuant to this resolution; and

WHEREAS, the Authority has requested that the City Council approve the proposed plan of finance in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the “Agreement”), among certain local agencies, including the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the proposed plan of finance for the Project;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the Morgan Hill, as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The City Council hereby approves the proposed plan of finance of the Authority to issue and reissue from time to time of one or more series of revenue bonds in an outstanding principal amount not to exceed \$43,000,000. It is the purpose and intent of the City Council that this resolution constitute approval of the proposed plan of finance for the Project for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of a governmental unit having jurisdiction over the area in which the Project is to be located, in accordance with said Section 147(f) and (b) Section 4 of the Agreement.

Section 3. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

Section 4. The City Clerk shall forward a certified copy of this Resolution to the Authority in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall, APLC
475 Sansome Street, Suite 1700
San Francisco, CA 94111

Section 5. This resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morgan Hill at a regular meeting held on the August 20, 2025.

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

APPROVED:

ATTEST:

MARK TURNER, Mayor

MICHELLE BIGELOW, City Clerk

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:
Mayor Mark Turner

REMOVE AND REPLACE CURRENT MAYOR PRO TEMPORE

MAYOR'S RECOMMENDATION(S)

1. City Council consideration of the Mayor's recommendation to remove Yvonne Martínez Beltrán from her appointed position of Mayor Pro Tempore, pursuant to Council Policy CP-99-01; and
2. Should the motion to remove be approved by a majority vote, the Council shall open the floor to nomination(s) for a new Mayor Pro Tempore; and
3. Select a new Council Member to serve as Mayor Pro Tempore through December 3, 2025.

REPORT NARRATIVE:

Please note that Mayor Mark Turner wrote this report, which documents his recommendation.

BACKGROUND

In accordance with City Council Policy CP-99-01 (Attachment 1), the City Council annually nominates and selects one of its members to serve as Mayor Pro Tempore for a one-year term. On January 15, 2025, the City Council unanimously appointed Council Member Yvonne Martínez Beltrán to serve as Mayor Pro Tempore.

Shortly after her appointment, Mayor Pro Tempore Martínez Beltrán made complaints against Mayor Mark Turner, alleging that he verbally and physically assaulted her during the City Council Goal Setting Workshop held on February 7, 2025. These complaints were made to both the Morgan Hill Police Department and Human Resources.

DISCUSSION

The Morgan Hill Police Department investigated the incident and determined that there was no wrongdoing. The Investigating Officer determined that Yvonne's statement was inconsistent with all other parties interviewed and video recording. The District Attorney's Office rejected the case and no charges were filed.

In response to the allegations made to Human Resources, on February 18, 2025, the City of Morgan Hill retained Kramer Workplace Investigations, an independent third-party investigator, to conduct a formal investigation. Kramer Workplace Investigations conducted interviews, reviewed relevant documentation, and assessed the circumstances surrounding the complaint.

On June 9, 2025, the City received the investigator's Confidential Personnel Investigation Report. After three closed sessions, the findings were presented to the City Council during a Special Meeting held on July 22, 2025. The investigator concluded that the allegations against Mayor Turner were not sustained. Furthermore, the report cited "the credible evidence presented fails to establish by a preponderance of the evidence, that Turner was improperly motivated by Martínez Beltrán's race, gender, and/or her running against him for Mayor when he did not recommend Martínez Beltrán for the committee assignments she wanted or when he touched her arm during the February 7, 2025 Council meeting. Similarly, the credible evidence presented does not show by a preponderance of the evidence that Turner yelled at, pointed at, and pushed Martínez Beltrán, or otherwise engaged in any aggressive conduct towards her during the February 7, 2025 Council meeting."

The third party investigation revealed a concerning pattern of behavior by Martinez Beltran extending over a long period of time of discrimination (gender and age), bullying, intimidation, as well as racially discriminatory comments/statements used against two other City Council Members. This conduct is not only unacceptable for any public official, but especially abhorrent for someone entrusted with representing the diverse and vibrant community of Morgan Hill.

Since the filing of the complaints, Mayor Pro Tempore Martinez Beltran has demonstrated an ongoing pattern of distrust, dishonor, and manipulation, including mischaracterizing interactions, spreading unsubstantiated claims, and contributing to an increasingly fractured, unproductive, and hostile working environment within the City Council. These actions have strained relationships among Council Members, diverted attention from important City business, and negatively impacted public confidence in the Council's ability to work collaboratively.

For these reasons, Mayor Turner is recommending that Council Member Yvonne Martínez Beltrán be removed from the appointed Mayor Pro Tempore position. This recommendation is made in accordance with Council Policy CP-99-01, which allows the Council to remove the Mayor Pro Tempore by a majority vote.

Should the Council approve the removal, a new Mayor Pro Tempore may be nominated by the Mayor or any Council Member. The nominee must then be confirmed by a majority vote of the City Council, consistent with the policy.

COMMUNITY ENGAGEMENT:

Inform – this report serves to inform the Community of the Mayor's recommended removal and replacement of the current Mayor Pro Tempore.

ALTERNATIVE ACTIONS:

The City Council may take no action, defer action, or request Mayor Pro Tem Martínez Beltrán voluntarily step down from the position, rather than take formal action to remove her.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- On January 15, 2025, the City Council unanimously appointed Council Member Yvonne Martínez Beltrán to serve as Mayor Pro Tempore
- Closed sessions regarding the investigation report were held on June 18, June 25, and July 7
- On July 22, 2025, the City Council received the report regarding the complaint of Mayor Pro Tem Yvonne Martínez Beltrán

FISCAL AND RESOURCE IMPACT:

There are no fiscal impacts with changing the Mayor Pro Tempore assignment.

CEQA (California Environmental Quality Act):

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

CITY OF MORGAN HILL

CITY COUNCIL POLICIES AND PROCEDURES

CP 99-01

SUBJECT: SELECTION OF MAYOR PRO TEMPORE

EFFECTIVE DATE: December 17, 1999

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

ORIGINATING DEPARTMENT: CITY MANAGER

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

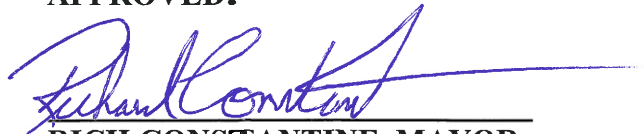
In order to provide every member with an opportunity to serve as Mayor Pro Tempore, it is the policy of the City Council that nominations be made on the basis of the length of time that a nominee has served on the City Council, and whether or not the nominee has previously had the opportunity to serve.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

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

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

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

APPROVED:


RICH CONSTANTINE, MAYOR

CITY OF MORGAN HILL

CITY COUNCIL POLICIES AND PROCEDURES

CP 99-01

SUBJECT: SELECTION OF MAYOR PRO TEMPORE

EFFECTIVE DATE: December 17, 1999

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

ORIGINATING DEPARTMENT: CITY MANAGER

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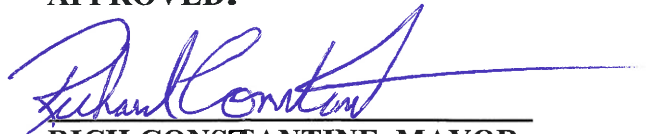
In order to provide every member with an opportunity to serve as Mayor Pro Tempore, it is the policy of the City Council that nominations be made on the basis of the length of time that a nominee has served on the City Council, and whether or not the nominee has previously had the opportunity to serve.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

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

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

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

APPROVED:


RICH CONSTANTINE, MAYOR

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

RECEIVE MONTHLY BUDGET UPDATE; PRELIMINARY FY 2024-25 FINANCIAL AND INVESTMENT REPORTS; CITY MANAGER AUTHORITY REPORT; AND ADOPT RESOLUTION AMENDING FY 2024-25 BUDGET

RECOMMENDATION(S)

1. Accept and file report; and
2. Adopt resolution amending FY 2024-25 Budget.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Preserving and Cultivating Public Trust

2024-2025 Strategic Priorities

Fiscal Sustainability

Community Engagement

REPORT NARRATIVE:

As part of the City Council's expectation to maintain a high level of transparency and to be responsible stewards of public funds, staff is providing the monthly budget update, and the preliminary Fiscal Year (FY) ending June 30, 2025 financial and investment reports.

Preliminary Fiscal Year Ending June 30, 2025

General Fund:

Revenues totaled \$56.0 million, about \$0.5 million below budget. This shortfall is due to \$0.9 million decrease in sales tax revenue, as noted in the Mid-Cycle Budget Update of June 2025, partially offset by higher recreation services revenues and interest income. Preliminary General Fund expenditures and encumbrances for the fiscal year ending June 30, 2025, totaled \$60.9 million, of which approximately \$1.8 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of \$60.1 million. This represents an increase of \$0.8 million, including encumbrances, compared to the prior year. Excluding the encumbrances, expenditures increased by about \$0.9 million, primarily due to overall cost increases, additional

staffing, and negotiated salary adjustments.

Development Services:

Preliminary revenues for the fiscal year ending June 30, 2025, totaled \$6.2 million compared to the prior year-to-date amount of approximately \$5.1 million. This is partially due to the fee adjustments that went into effect in December 2024. Expenditures, including encumbrances, totaled \$6.4 million.

Enterprise Funds:

Water and Wastewater total revenues were \$71.3 million. The Wastewater Operating Fund's preliminary total revenue amounted to \$18.2 million, more than budget by approximately \$1.6 million. The Water Operating Fund's preliminary total revenue amounted to \$21.5 million, which matches the budget. Preliminary FY 2024-25 expenditures, including encumbrances for the Enterprise Funds totaled \$71.2 million. Per the City Council reserve policy, any excess funds after appropriate reserves have been set aside for the Operating and Rate Stabilization Reserve Funds, shall be transferred to capital projects for the ongoing maintenance and improvement of the City's utilities systems. For FY 2024–25, the Wastewater Operating Fund will transfer approximately \$6.5 million and the Water Operating Fund will transfer approximately \$6.0 million to the capital projects funds, compared to the \$4.5 million budgeted for each fund originally.

City Manager's Authority Report

Pursuant to the City Council Policy 18-05 - Report on delegation of authority to City Manager, Page 21 of Attachment 1 lists the contracts and or agreements between \$25,000 to \$75,000, or the limit of the California Uniform Public Construction Cost Accounting Act (CUPCAA), entered into by the City Manager since the last report from May 1, 2025, through August 4, 2025.

FY 2024-25 Budget Amendment

The proposed budget amendment transfers \$36,000 from Fund 246 to the General Fund, with a corresponding increase in the General Fund appropriation. This adjustment is primarily an accounting adjustment to ensure the City's adopted budget aligns with the Recycling and Waste Reduction Commission's (RWRC) adopted budget. The change reflects the RWRC's May 8, 2025, approval of an increased allocation of City staff time to the project in FY 2024–25.

Upcoming Budget Cycle FY 2026-27 and 2027-28

Staff will return to the City Council in September 2025 to discuss next steps in the upcoming budget cycle, including the review of service priorities, evaluation of potential revenue measures, and conducting Community Engagement.

COMMUNITY ENGAGEMENT:

Inform

Finance staff prepares these financial reports to inform City officials, the Council, the community, and various lenders and stakeholders about the financial health of the

organization, which assists each one of the interested parties in making sound financial and investment decisions.

ALTERNATIVE ACTIONS:

Not Applicable

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council receives and files the financial and investment report for each month. At the September 16, 2015 meeting, City Council recommended monthly financial and investment reports be agendaized under the Consent Agenda, and quarterly financial and investment reports be presented to City Council as an "Other Business" item.

FISCAL AND RESOURCE IMPACT:

The preparation of the report is a part of the Finance workplan.

CEQA (California Environmental Quality Act):

Not a Project

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

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
June 30, 2025 - 100% of Year Complete



CITY OF MORGAN HILL

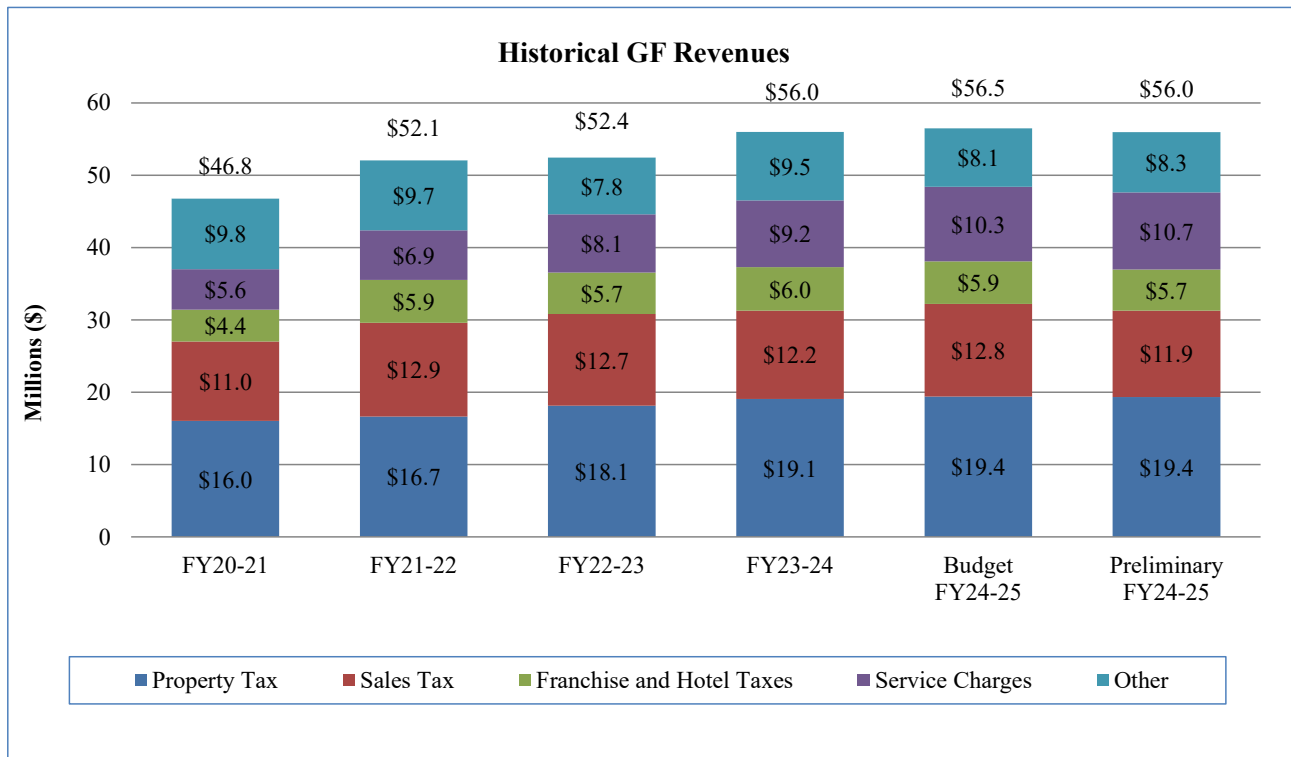
Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2024-25
FOR THE MONTH ENDED JUNE 2025 – 100% OF YEAR COMPLETE

- **General Fund** – Preliminary revenues for the fiscal year ending June 30, 2025, totaled \$56.0 million, about \$0.5 million below budget. This shortfall is due to \$0.9 million decrease in sales tax revenue, as noted in the Mid-Cycle Budget Update of June 2025, partially offset by higher recreation services revenues and interest income.

The chart below shows historical General Fund revenues by major revenue category from FY20-21 through FY23-24 Actual, FY24-25 Budget, and Preliminary FY24-25.



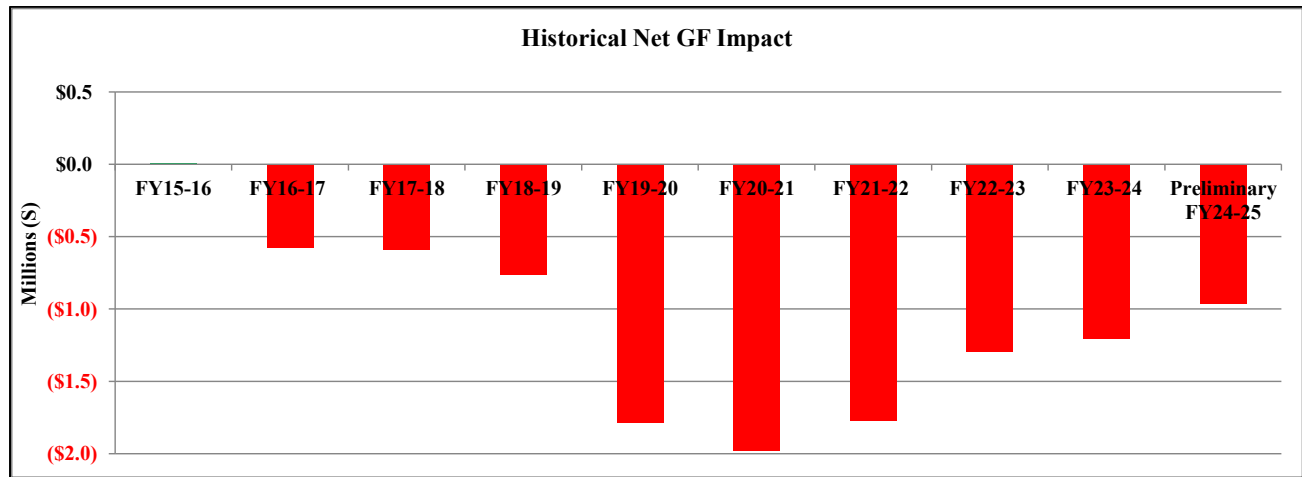
Preliminary General Fund expenditures and encumbrances for the fiscal year ending June 30, 2025, totaled \$60.9 million, of which approximately \$1.8 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of \$60.1 million. This represents an increase of \$0.8 million, including encumbrances, compared to the prior year. Excluding the encumbrances, expenditures increased by about \$0.9 million, primarily due to overall cost increases, additional staffing, and negotiated salary adjustments.

- **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 \$1.0 million for FY24-25. However, this is better than the budgeted net impact to the General Fund of \$1.8 million mainly attributable to Recreation Services revenues continuing to recover from the pandemic, higher rental income in addition to conservative spending.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2024-25
FOR THE MONTH ENDED JUNE 2025 – 100% OF YEAR COMPLETE

The chart below shows the historical net impact of Recreation Operations to the general fund.



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

- **Development Services Fund** – The preliminary revenues for the fiscal year ending June 30, 2025 totaled \$6.2 million compared to the prior year to date amount of approximately \$5.1 million. This is partially due to the fee adjustments which went into effect in December 2024. Expenditures, including encumbrances, totaled \$6.4 million.
- **Debt Service Funds** – Expenditures for the fiscal year ending June 30, 2025 totaled \$0.7 million. The debt service for the first half of the year includes both interest and principal, while the second half will include interest only. Debt service payments were scheduled when the bonds were issued and are budgeted for the months specified in the underlying bond documents. The General Fund’s portion of the annual debt service payments is approximately \$200,000, less than one percent of the General Fund’s budgeted revenues.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2024-25
FOR THE MONTH ENDED JUNE 2025 – 100% OF YEAR COMPLETE

- **Wastewater Operations** – Preliminary revenues for the fiscal year ending June 30, 2025 totaled \$18.2 million. Expenditures and outstanding encumbrances totaled \$18.1 million. The table below shows historical Wastewater Operations revenues and expenditures from FY20-21 through FY23-24 Actual, FY24-25 Budget, and Preliminary FY24-25.

(amount in millions)	FY20-21	FY21-22	FY22-23	FY23-24	Budget FY24-25	Preliminary FY24-25
Revenues	13.3	14.9	15.3	15.2	16.6	18.2
Expenditures	13.3	14.8	16.0	14.9	16.8	18.1
Operating Margin	-	0.1	(0.7)	0.3	(0.2)	0.1
Operating Margin without Encumbrances	-	0.1	(0.7)	0.3	(0.2)	0.1

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Preliminary revenues for the fiscal year ending June 30, 2025 totaled \$21.5 million. Water Operations expenditures, including outstanding encumbrances, totaled \$21.5 million. Morgan Hill residents consumed about 7% more water through June compared to the prior three-year average. As such, no revenue stabilization water rate was implemented. The table below shows Water Operations revenues and expenditures from FY20-21 through FY23-24 Actual, FY24-25 Budget, and Preliminary FY24-25.

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

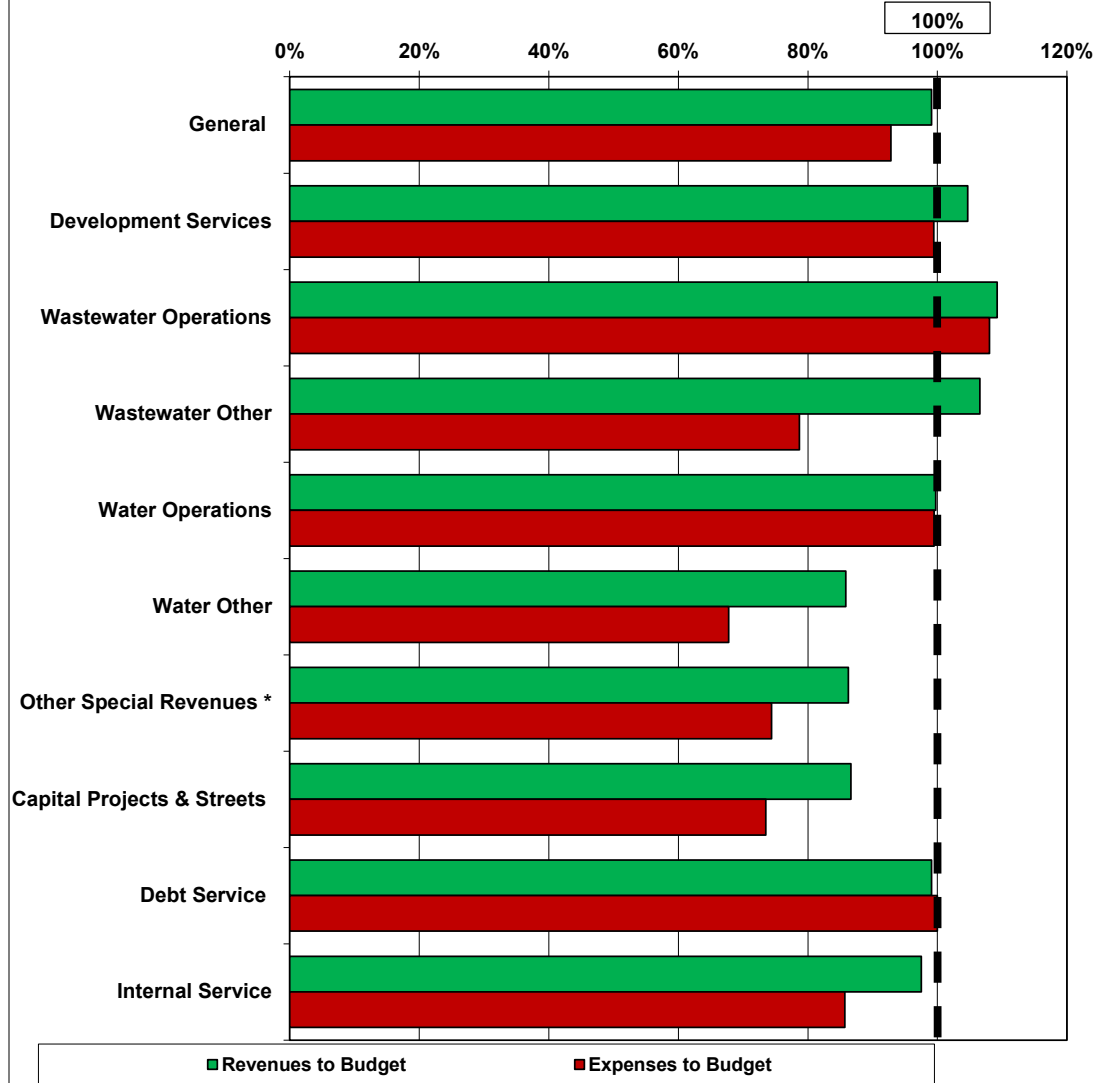
- **Investments** – One security was called, and three new securities were purchased. Total interest earnings received on investments were \$357,000 during the month.



Morgan Hill YTD Revenue & Expense Summary

June 30, 2025 - 100% of Year Complete

Percentage of Actual to Budget



FUND NAME	REVENUES		EXPENSES	
	ACTUAL	% OF BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET
General	\$ 55,979,942	99%	\$ 60,859,919	93%
Development Services	6,236,800	105%	6,364,841	99%
Wastewater Operations	18,174,748	109%	18,145,643	108%
Wastewater Other	19,267,328	107%	15,044,240	79%
Water Operations	21,489,818	100%	21,521,264	99%
Water Other	12,380,962	86%	16,505,102	68%
Other Special Revenues *	7,137,540	86%	8,048,097	74%
Capital Projects & Streets	28,638,823	87%	37,158,244	73%
Debt Service	685,095	99%	676,770	100%
Internal Service	14,414,198	97%	13,874,749	86%
TOTAL FOR ALL FUNDS	\$ 184,405,255	97%	\$ 198,198,870	86%

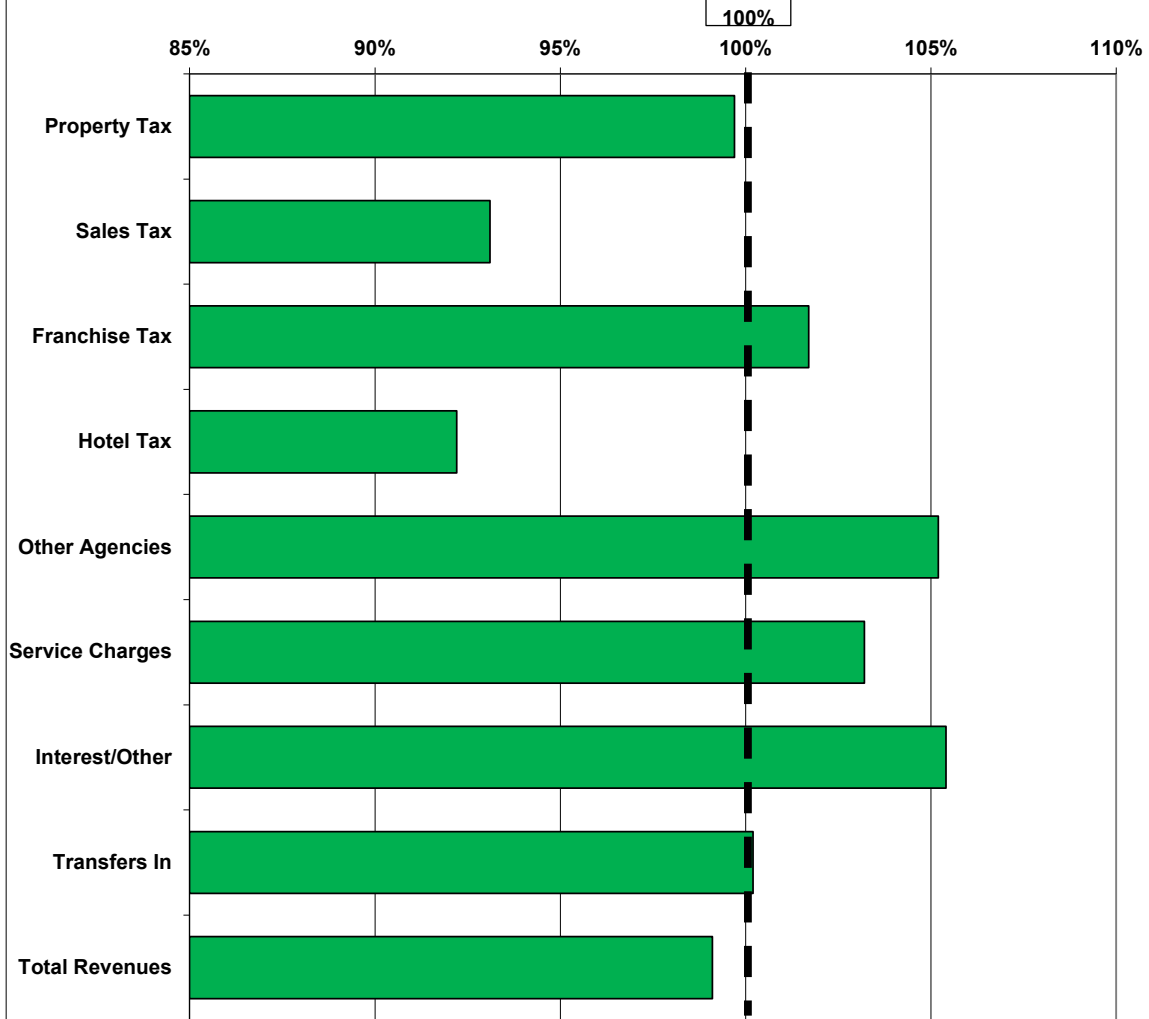
* Includes all Special Revenue Funds except Development Services Fund and Street Funds.



Morgan Hill YTD General Fund Revenues

June 30, 2025 - 100% of Year Complete

Percent of Actual to Budget



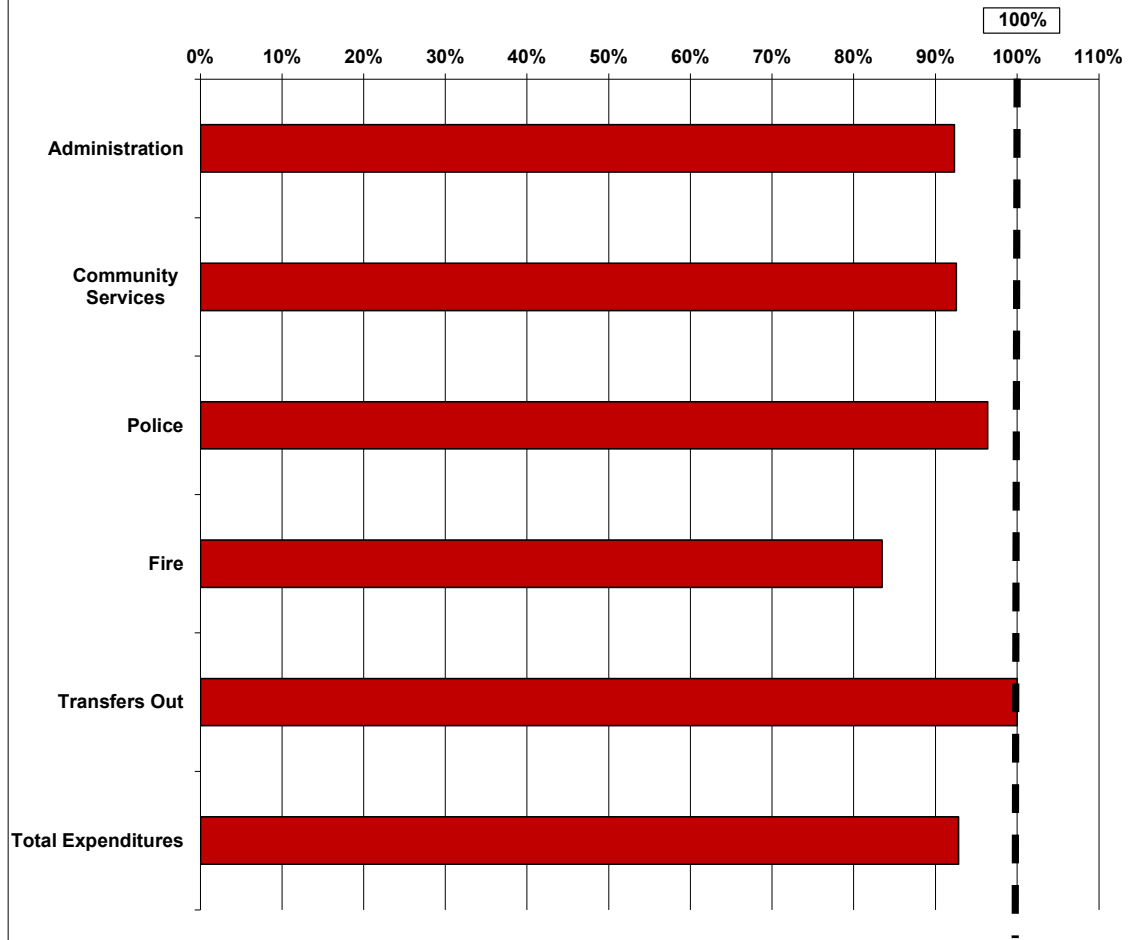
REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Property Tax	\$ 19,411,020	\$ 19,354,967	100%	\$ 19,075,049	1%
Sales Tax	12,816,469	11,928,225	93%	12,244,030	-3%
Franchise Tax	3,185,872	3,238,807	102%	2,993,670	8%
Hotel Tax	2,678,000	2,469,493	92%	2,472,771	0%
Other Agencies	1,601,204	1,684,048	105%	1,328,502	27%
Service Charges	10,323,751	10,656,434	103%	10,368,418	3%
Interest/Other	3,107,665	3,276,757	105%	4,086,048	-20%
Transfers In	3,365,760	3,371,211	100%	3,428,351	-2%
TOTAL REVENUES	\$ 56,489,742	\$ 55,979,942	99%	\$ 55,996,839	0%



Morgan Hill YTD General Fund Expenditures

June 30, 2025 - 100% of Year Complete

Percent of Actual to Budget



EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YTD PLUS ENCUMBRANCES	% CHANGE FROM PRIOR YEAR
Administration	\$ 7,351,159	\$ 6,786,863	92%	\$ 6,443,807	5%
Community Services	19,922,029	18,438,150	93%	17,638,418	5%
Police	25,598,203	24,673,098	96%	22,993,255	7%
Fire	10,381,160	8,663,578	83%	9,064,553	-4%
Transfers Out	2,298,230	2,298,230	100%	3,983,767	-42%
TOTAL EXPENDITURES	\$ 65,550,781	\$ 60,859,919	93%	\$ 60,123,800	1%

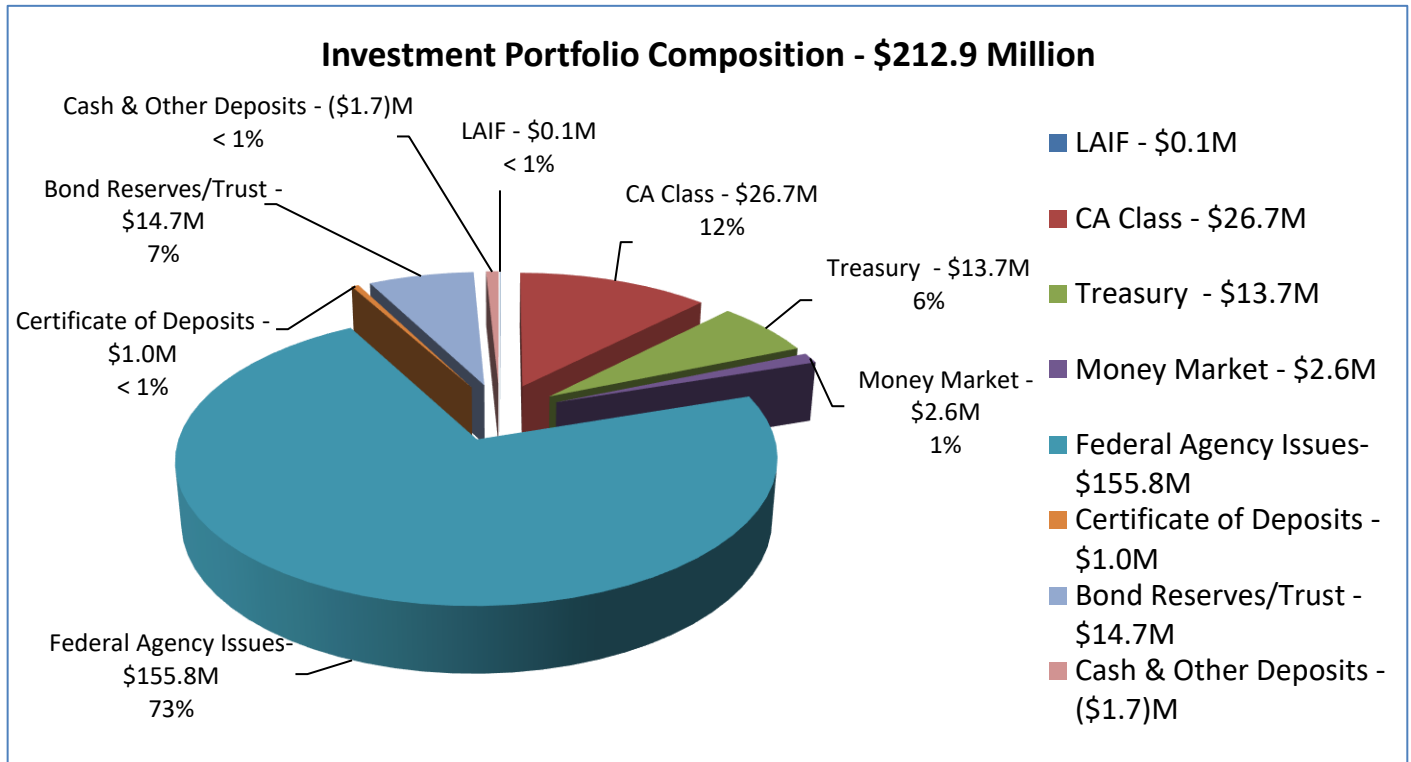


City of Morgan Hill
Recreation Report - Fiscal Year 2024-25
For the Month Ended June 30, 2025
100% of Year Complete

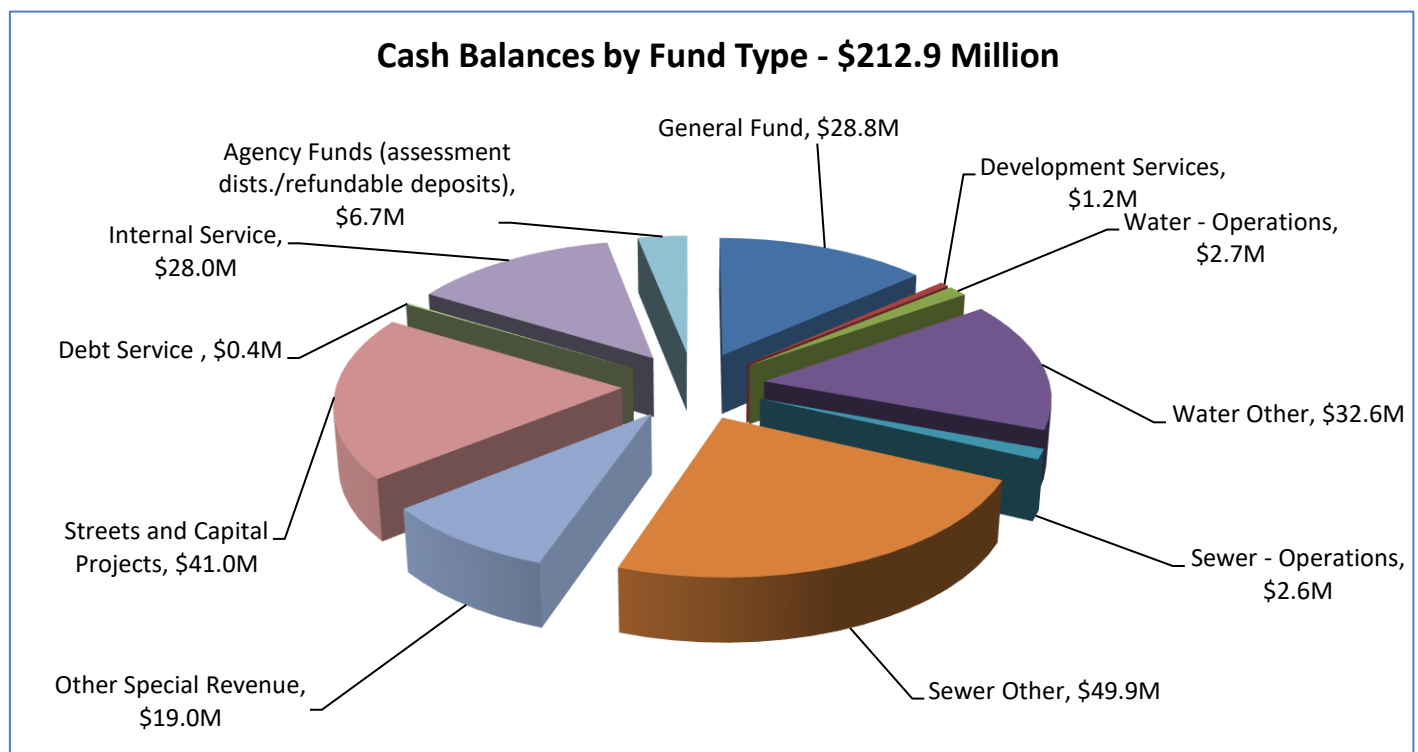
	<u>Budget</u>	<u>June 2025</u>	<u>YTD</u>	<u>% of Budget</u>
Revenues				
Membership Services & Rec Programs	\$ 6,231,399	\$ 647,152	\$ 6,258,563	
Facility Rentals	1,197,395	107,930	1,381,353	
Community Services	138,498	33,742	158,921	
Transfers in	100,000	6,250	100,000	
Total Revenues	<u>\$ 7,667,292</u>	<u>\$ 795,074</u>	<u>\$ 7,898,838</u>	103%
Less: Expenditures				
Membership & Program Services	\$ 7,262,610	\$ 986,618	\$ 6,902,136	
Facility Rentals	1,411,259	139,582	1,318,873	
Community Services	761,973	84,380	644,150	
Total Expenditures	<u>\$ 9,435,843</u>	<u>\$ 1,210,579</u>	<u>\$ 8,865,159</u>	94%
Net Impact without encumbrances	<u>\$ (1,768,551)</u>	<u>\$ (415,505)</u>	<u>\$ (966,321)</u>	
Encumbrances	-	-	-	
Net Impact with encumbrances	<u>\$ (1,768,551)</u>	<u>\$ (415,505)</u>	<u>\$ (966,321)</u>	

City of Morgan Hill Monthly Investment Report - June 30, 2025

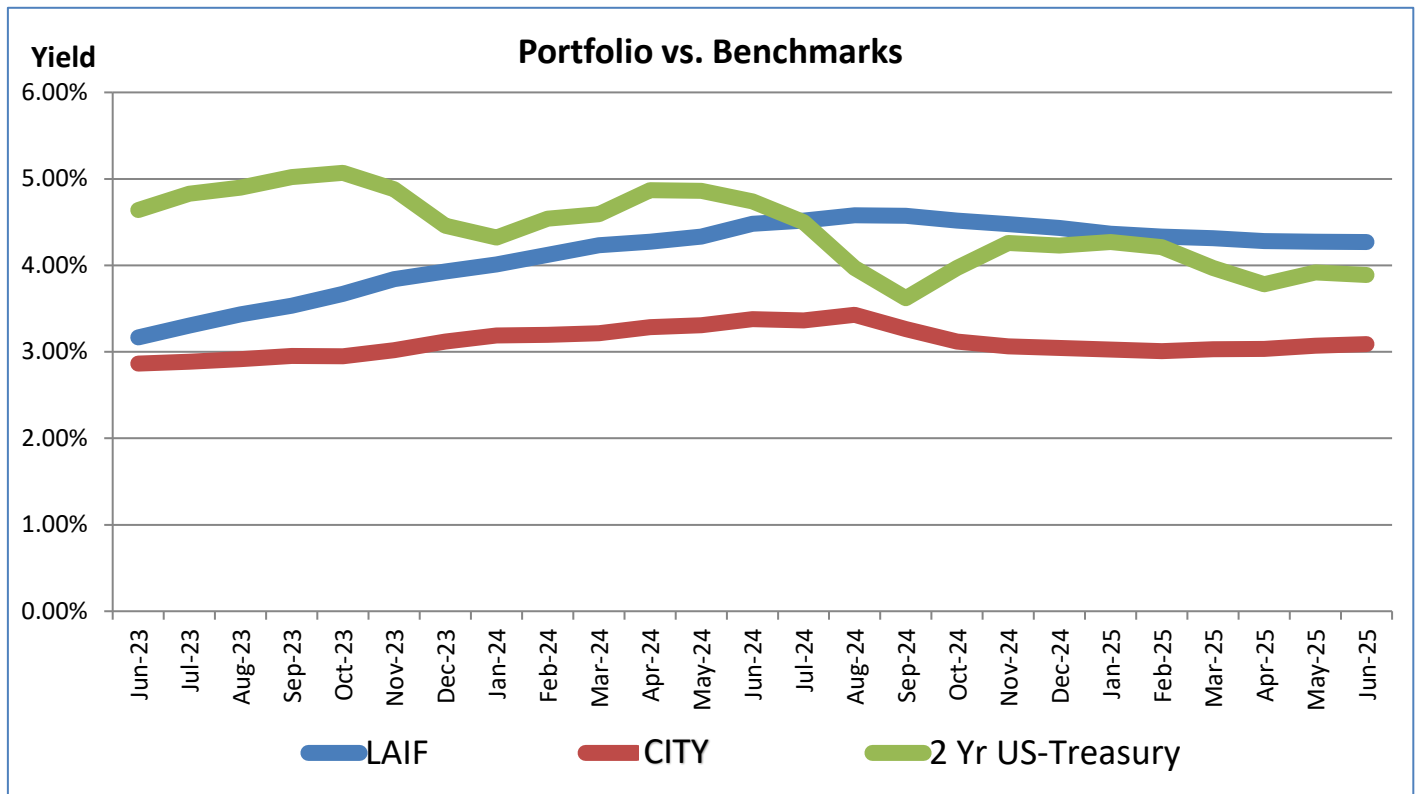
The following are the snapshots of City's investment portfolio as of June 30, 2025. The first chart shows the portfolio composition by investment type:



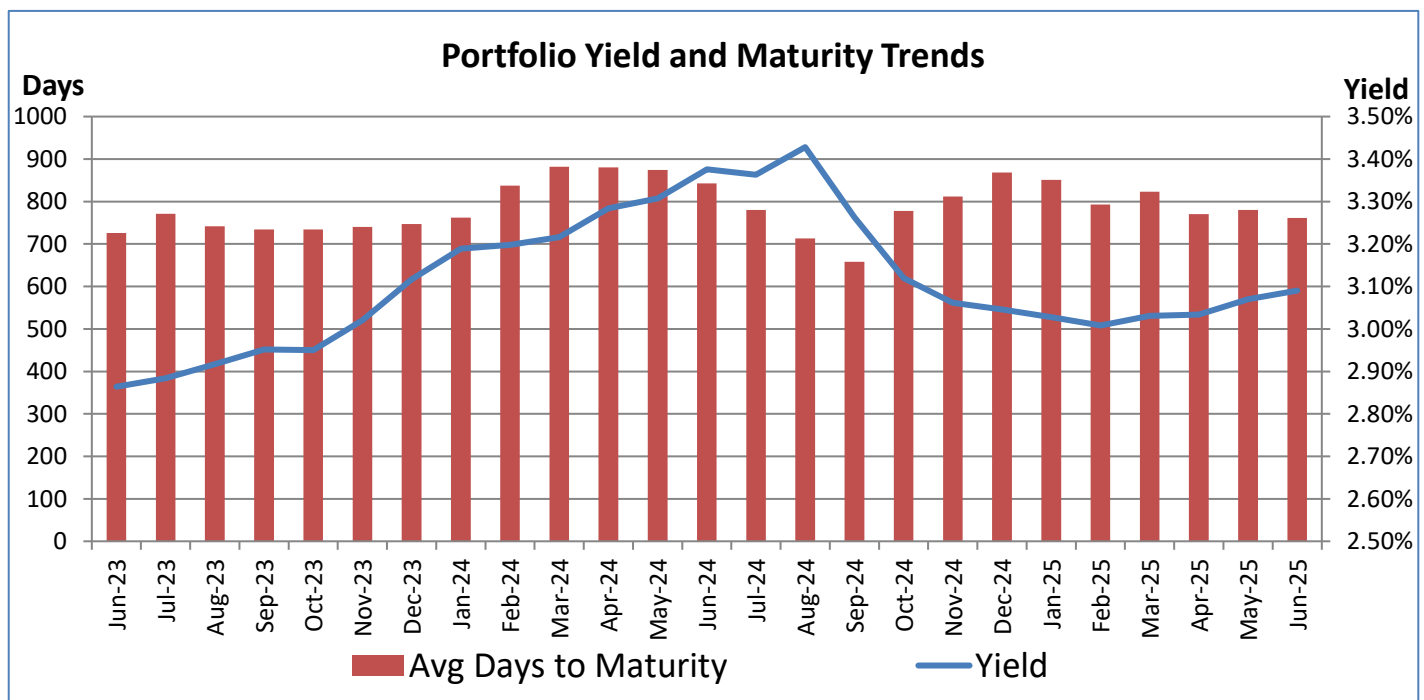
The chart below shows cash balances by fund type reconciled to City's financial system:



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



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





City of Morgan Hill
Investment Portfolio Detail
As of June 30, 2025

Investment Type	CUSIP	Settlement Date	Cost Value	Book Value	% of Portfolio	Market Value	YTM at Cost	Next Call Date	Date of Maturity
L A I F			\$ 63,225	\$ 63,225	0.0%	\$ 63,279	4.27%		
California C L A S S			26,677,005	26,677,005	12.5%	26,677,005	4.34%		
WFB Money Market			2,591,712	2,591,712	1.2%	2,591,712	4.18%		
US Bank - Portfolio of Securities									
Dreyfus Treasury Agency MM	261908107		15,230	15,230	0.0%	15,230	4.19%		
Treasury Note	91282CCZ2	10/8/2021	1,987,656	1,996,897	0.9%	1,926,560	1.00%	9/30/2026	9/30/2026
Treasury Note	912828U24	6/13/2022	1,904,688	1,970,333	0.9%	1,950,080	3.16%	11/15/2026	11/15/2026
Treasury Note	91282CFL0	9/30/2024	2,031,719	2,026,977	1.0%	2,009,220	3.53%	9/30/2029	9/30/2029
Treasury Note	91282CLL3	10/1/2024	1,994,323	1,993,523	0.9%	1,986,180	3.53%	9/15/2027	9/15/2027
Treasury Note	91282CCV1	10/4/2024	1,822,536	1,854,275	0.9%	1,846,720	3.61%	8/31/2028	8/31/2028
Treasury Note	31282CFJ5	10/7/2024	1,949,794	1,951,821	0.9%	1,951,720	3.76%	8/31/2029	8/31/2029
Treasury Note	91282CFY2	12/19/2024	1,959,077	1,959,835	0.9%	2,008,820	4.39%	11/30/2029	11/30/2029
FHLMC Bond	3134GWZG4	10/20/2020	2,000,000	2,000,000	0.9%	1,977,140	0.60%	7/20/2025	10/20/2025
FHLMC Bond	3134GW3X2	10/27/2020	2,000,000	2,000,000	0.9%	1,976,000	0.63%	7/27/2025	10/27/2025
FFCB Bond	3133EMFR8	11/3/2020	2,000,000	2,000,000	0.9%	1,973,920	0.54%	7/5/2025	11/3/2025
FNMA Bond	3135GA4P3	11/18/2020	2,000,000	2,000,000	0.9%	1,972,460	0.65%	11/18/2025	11/18/2025
FHLMC Bond	3134GXEJ9	11/24/2020	2,000,000	2,000,000	0.9%	1,970,420	0.64%	8/24/2025	11/24/2025
FFCB Bond	3133EMHF2	11/24/2020	1,000,000	1,000,000	0.5%	985,490	0.60%	7/5/2025	11/24/2025
FHLMC Bond	3134GXCS1	11/25/2020	3,000,000	3,000,000	1.4%	2,956,350	0.63%	11/25/2025	11/25/2025
FHLMC Bond	3134GXFA7	11/30/2020	2,000,000	2,000,000	0.9%	1,970,080	0.65%	8/26/2025	11/26/2025
FFCB Bond	3133EMLC4	12/22/2020	2,000,000	2,000,000	0.9%	1,965,300	0.47%	7/5/2025	12/22/2025
FHLB Bond	3130AKQ74	1/22/2021	2,000,000	2,000,000	0.9%	1,959,340	0.63%	8/22/2025	1/22/2026
FNMA Bond	3135G06R9	1/28/2021	2,000,000	2,000,000	0.9%	1,958,760	0.55%	8/28/2025	1/28/2026
FHLB Bond	3130AKRN8	1/28/2021	2,000,000	2,000,000	0.9%	1,959,180	0.65%	8/28/2025	1/28/2026
FHLB Bond	3130ALCV4	2/24/2021	2,000,000	2,000,000	0.9%	1,955,380	0.75%	8/24/2025	2/24/2026
FHLB Bond	3130ALDB7	2/25/2021	2,000,000	2,000,000	0.9%	1,953,760	0.66%	8/25/2025	2/25/2026
FHLB Bond	3130AKZ25	2/26/2021	2,000,000	2,000,000	0.9%	1,954,140	0.65%	8/26/2025	2/26/2026
FHLB Bond	3130ALGS7	3/10/2021	2,000,000	2,000,000	0.9%	1,954,200	0.85%	9/10/2025	3/10/2026
FHLB Bond	3130ALEP5	3/16/2021	2,000,000	2,000,000	0.9%	1,950,340	0.70%	9/16/2025	3/16/2026
FHLB Bond	3130ALDN1	3/16/2021	2,000,000	2,000,000	0.9%	1,952,540	0.80%	9/16/2025	3/16/2026
FHLB Bond	3130AMNH1	6/9/2021	2,000,000	2,000,000	0.9%	1,946,000	1.08%	7/5/2025	6/9/2026
FHLB Bond	3130AMYJ5	6/30/2021	2,000,000	2,000,000	0.9%	1,939,960	1.00%	9/30/2025	6/30/2026
FHLB Bond	3130AMYP1	7/15/2021	3,000,000	3,000,000	1.4%	2,910,330	1.13%	7/15/2025	7/15/2026
FHLB Bond	3130AMYS5	7/15/2021	2,000,000	2,000,000	0.9%	1,997,300	0.85%	7/15/2025	7/15/2025
FHLB Bond	3130ANJC5	8/26/2021	2,000,000	2,000,000	0.9%	1,927,020	0.80%	8/26/2025	8/26/2026
FHLB Bond	3130ANLW8	8/26/2021	3,000,000	3,000,000	1.4%	2,897,220	1.00%	8/26/2025	8/26/2026
FHLB Bond	3130ANLZ1	8/26/2021	2,000,000	2,000,000	0.9%	1,930,460	0.90%	8/26/2025	8/26/2026
FHLB Bond	3130A8XY4	9/13/2021	2,103,340	2,024,772	1.0%	1,952,800	0.82%	9/11/2026	9/11/2026
FFCB Bond	3133EM4X7	9/28/2021	1,982,960	1,995,888	0.9%	1,926,140	0.98%	9/10/2026	9/10/2026
FHLB Bond	3130APCH6	9/29/2021	3,000,000	3,000,000	1.4%	2,896,080	1.13%	7/5/2025	9/29/2026
FHLB Bond	3130ANZE3	9/30/2021	2,000,000	2,000,000	0.9%	1,925,860	0.88%	9/30/2026	9/30/2026
FHLB Bond	3130AP6N0	9/30/2021	3,000,000	3,000,000	1.4%	2,891,520	1.05%	9/30/2025	9/30/2026
FHLB Bond	3130AP6M2	9/30/2021	3,000,000	3,000,000	1.4%	2,890,440	1.02%	9/30/2025	9/30/2026
FHLB Bond	3130APCG8	10/19/2021	2,000,000	2,000,000	0.9%	1,923,860	1.00%	7/19/2025	10/19/2026
FHLB Bond	3130APNX9	11/18/2021	2,000,000	2,000,000	0.9%	1,927,580	1.30%	11/18/2025	11/18/2026
FHLB Bond	3130AQHU0	1/19/2022	2,000,000	2,000,000	0.9%	1,951,900	1.74%	1/19/2027	1/19/2027
FHLB Bond	3130AQKT9	1/25/2022	2,000,000	2,000,000	0.9%	1,996,520	1.51%	7/25/2025	7/25/2025
FHLB Bond	3130AR4F5	3/10/2022	2,000,000	2,000,000	0.9%	1,997,060	3.48%	9/10/2025	3/10/2027
FHLMC Bond	3134GXUZ5	6/15/2022	2,000,000	2,000,000	0.9%	1,993,380	3.28%	12/15/2025	12/15/2025
FHLB Bond	3130ASPE3	7/28/2022	2,000,000	2,000,000	0.9%	1,997,340	4.30%	7/28/2025	7/28/2027
FHLMCTN Bond	3134H1QG1	1/26/2024	3,000,000	3,000,000	1.4%	3,001,260	4.66%	7/26/2025	1/26/2029
FHLB Bond	3130B2KZ7	9/11/2024	790,698	790,698	0.4%	790,761	5.00%	7/5/2025	9/11/2029
FHLMCMTN Bond	3134HAKY8	9/13/2024	2,985,210	2,987,568	1.4%	2,974,710	4.11%	12/13/2025	9/13/2029
FHLB Bond	3130B2P58	9/26/2024	2,003,014	2,000,000	0.9%	1,971,080	3.87%	9/10/2026	9/10/2029
FHLB Bond	3130B2XS9	9/27/2024	2,000,000	2,000,000	0.9%	1,991,840	4.00%	9/18/2025	9/18/2028
FHLMCMTN Bond	3134HANZ2	10/1/2024	3,000,000	3,000,000	1.4%	3,000,300	5.00%	7/1/2025	10/1/2029
FHLB Bond	3130B33T8	10/8/2024	2,500,000	2,500,000	1.2%	2,500,050	5.00%	7/2/2025	10/2/2029

Investment Type	CUSIP	Settlement Date	Cost Value	Book Value	% of Portfolio	Market Value	YTM at Cost	Next Call Date	Date of Maturity
FHLB Bond	3130B35N9	10/8/2024	2,000,000	2,000,000	0.9%	1,988,080	4.50%	10/1/2025	10/1/2029
FHLMCMTN Bond	3134HARE5	10/11/2024	2,000,000	2,000,000	0.9%	2,000,240	4.75%	7/11/2025	10/11/2029
FNMA Bond	3135GAW98	10/15/2024	2,000,000	2,000,000	0.9%	1,997,460	5.00%	7/1/2025	10/1/2029
FHLB Bond	3130B36N8	10/15/2024	1,944,000	1,994,850	0.9%	1,979,440	4.32%	4/15/2026	10/15/2029
FHLMCMTN Bond	3134HAXT5	11/12/2024	2,000,000	2,000,000	0.9%	1,998,600	5.00%	11/7/2025	11/7/2029
FHLMCMTN Bond	3134HAC92	11/19/2024	3,000,000	3,000,000	1.4%	3,006,750	5.00%	11/19/2025	11/19/2029
FFCB Bond	3133ERF48	12/4/2024	2,000,000	2,000,000	0.9%	2,001,000	4.77%	12/4/2025	12/4/2028
FHLMCMTN Bond	3134HAM91	12/13/2024	2,000,000	2,000,000	0.9%	1,997,240	4.70%	9/13/2025	12/13/2027
FNMA Bond	3136GA4B2	12/20/2024	2,000,000	2,000,000	0.9%	2,001,020	5.01%	9/20/2025	12/20/2029
FNMA Bond	3136GA6M6	1/24/2025	2,000,000	2,000,000	0.9%	1,998,620	5.00%	7/24/2025	7/24/2028
FHLB Bond	3130B4MZ1	1/30/2025	2,000,000	2,000,000	0.9%	1,997,920	5.25%	7/22/2025	1/22/2030
FNMA Bond	3136GAAN9	2/13/2025	2,000,000	2,000,000	0.9%	1,997,700	5.05%	8/13/2025	2/13/2030
FNMA Bond	3136GABM0	2/25/2025	2,000,000	2,000,000	0.9%	1,999,460	5.06%	8/25/2025	2/25/2030
FHLB Bond	3130B5A73	2/26/2025	2,000,000	2,000,000	0.9%	1,997,140	4.75%	8/26/2026	2/26/2030
FHLMCMTN Bond	3134HBBE0	3/11/2025	2,000,000	2,000,000	0.9%	2,002,100	4.88%	12/11/2025	3/11/2030
FNMA Bond	3136GABW8	3/12/2025	2,000,000	2,000,000	0.9%	2,002,460	5.00%	12/12/2025	3/12/2030
FHLB Bond	3130B5KK3	3/26/2025	2,000,000	2,000,000	0.9%	1,998,300	5.21%	9/26/2025	3/26/2030
FHLMCMTN Bond	3134HBHG9	4/9/2025	2,000,000	2,000,000	0.9%	1,988,540	4.50%	7/9/2025	4/9/2027
FHLMCMTN Bond	3134HBKF7	4/16/2025	2,000,000	2,000,000	0.9%	1,999,780	4.50%	7/16/2025	4/16/2027
FFCB Bond	3133ETDL8	4/17/2025	2,000,000	2,000,000	0.9%	1,998,920	4.87%	10/17/2025	10/17/2029
FHLB Bond	3130B64X1	4/30/2025	2,000,000	2,000,000	0.9%	1,997,160	4.50%	10/17/2025	4/17/2028
FAMCMTN Bond	31424WZC9	5/7/2025	3,000,000	3,000,000	1.4%	2,991,450	4.55%	5/7/2026	5/7/2030
FHLMCMTN Bond	3134HBQZ7	5/19/2025	2,000,000	2,000,000	0.9%	2,001,960	4.50%	11/19/2025	5/19/2027
FFCB Bond	3133ETHV2	5/27/2025	1,300,000	1,300,000	0.6%	1,300,195	4.92%	8/27/2025	11/27/2029
FHLB Bond	3130B6FS0	5/28/2025	2,000,000	2,000,000	0.9%	2,003,340	4.75%	5/14/2026	5/14/2030
FAMCMTN Bond	31424WVB50	5/28/2025	2,000,000	2,000,000	0.9%	2,004,140	4.74%	5/28/2026	5/28/2030
FFCB Bond	3133ER3L3	6/6/2025	2,029,443	2,000,000	0.9%	2,001,700	4.69%	2/13/2026	2/13/2029
FAMCMTN Bond	31424WG30	6/26/2025	1,200,000	1,200,000	0.6%	1,200,120	4.33%	6/26/2026	6/26/2028
FFCB Bond	3133ETMB0	6/27/2025	2,000,775	2,000,000	0.9%	1,998,260	4.65%	6/24/2026	6/24/2030
CD - Morgan Stanley Bank	61690DGT9	11/8/2023	250,000	250,000	0.1%	257,890	5.05%	11/8/2028	11/8/2028
CD - Morgan Stanley Private Bank	61768EE82	11/8/2023	250,000	250,000	0.1%	257,890	5.05%	11/8/2028	11/8/2028
CD - American Express	02589AF98	11/8/2023	250,000	250,000	0.1%	257,503	5.00%	11/8/2028	11/8/2028
CD - State Bank India	8562834U7	11/24/2023	250,000	250,000	0.1%	260,030	5.00%	11/24/2028	11/24/2028
Sub Total/Average			\$ 170,504,464	\$ 170,562,666	80.1%	\$ 168,570,509	2.88%		
Total City Managed/Average			\$ 199,836,406	\$ 199,894,608	93.9%	\$ 197,902,505	3.09%		
Bond Reserve Accounts - Held By Trustees			\$ 6,626,292	\$ 6,626,292	3.1%	\$ 6,626,292			
Cash/Deposits			\$ (1,729,326)	\$ (1,729,326)	-0.8%	\$ (1,729,326)			
PARS and CALPERS CERBT Trust			\$ 8,062,404	\$ 8,062,404	3.8%	\$ 10,246,856			
GRAND TOTAL/AVERAGE			\$ 212,795,775	\$ 212,853,978	100.0%	\$ 213,046,326			



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF JUNE 30, 2025
FOR THE FISCAL YEAR OF 2024-25

	Invested in Fund	Yield	Book Value End of Month	% of Total	Market Value
Investments					
State Treasurer LAIF - City	All Funds Pooled	4.27%	\$ 63,225	0.0%	\$ 63,279
California CLASS	All Funds Pooled	4.34%	26,677,005	12.5%	26,677,005
US Bank - Portfolio of Securities	All Funds Pooled	2.88%	170,562,666	80.1%	168,570,509
WFB MMA	All Funds Pooled	4.18%	2,591,712	1.2%	2,591,712
	SUBTOTAL		\$ 199,894,608	93.9%	\$ 197,902,505
Bond Reserve Accounts - held by trustees					
Zions Bank - Civic Center/Library Facility					
Blackrock Liq Fund	Debt Service	3.98%	84	0.0%	84
Zions Bank - MH Police Facility Lease Revenue Bonds					
Blackrock Liq Fund	Debt Service	3.98%	107	0.0%	107
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Agency Fund	3.85%	6,213,797	2.9%	6,213,797
Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015					
Blackrock Liquidity Temp Fund-2015	Agency Fund	3.98%	412,303	0.2%	412,303
	SUBTOTAL		6,626,292	3.1%	6,626,292
Other Cash/Deposits					
General Checking	All Funds		(1,775,176)	-0.8%	(1,775,176)
Workers' Comp Administrators	Workers' Comp		30,000	0.0%	30,000
Petty Cash & Emergency Cash	General Fund		15,850	0.0%	15,850
CALPERS CERBT - OPEB Trust			5,237,404	2.5%	6,749,480
PARS - PENSION Trust			2,825,000	1.3%	3,497,376
	SUBTOTAL		6,333,078	3.0%	8,517,530
Total Cash and Investments			\$ 212,853,978	100.0%	\$ 213,046,326

CASH ACTIVITY SUMMARY
FY 2024-25

Fund Type	07/01/2024 Balance	Change in Cash Balance	6/30/2025 Balance
General Fund	\$ 30,617,860	\$ (1,861,719)	\$ 28,756,141
Development Services	1,939,319	(691,489)	1,247,830
Water - Operations	2,386,837	304,251	2,691,089
Water Other	27,894,107	4,689,044	32,583,151
Sewer - Operations	1,178,576	1,408,885	2,587,461
Sewer Other	41,964,736	7,957,306	49,922,041
Other Special Revenue	17,038,062	1,958,891	18,996,953
Streets and Capital Projects	39,467,115	1,546,023	41,013,138
Debt Service	346,933	8,324	355,257
Internal Service	27,935,786	63,660	27,999,446
Agency Funds (assessment dists./refundable deposits)	7,240,095	(538,624)	6,701,471
Total	\$ 198,009,426	\$ 14,844,551	\$ 212,853,978

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

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

Prepared by:

Gina Nazareno, Senior Accountant

Approved by:

Reviewed by:

Dat Nguyen, Finance Director

Cindy Murphy, Treasurer



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2024-25
For the Month Ended June 30, 2025
100% of Year Complete

	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
TAXES							
Property Tax - Secured/Unsecured	\$ 16,210,880	16,210,880	\$ 16,081,142	99%	\$ 16,054,020	\$ 27,122	0%
Property Tax - RPTTF Residual Distribution	2,895,920	2,895,920	2,937,174	101%	2,720,750	216,424	8%
Property Tax - Supplemental Roll	304,220	304,220	336,651	111%	300,279	36,372	12%
Sales Tax	12,352,215	12,352,215	11,471,568	93%	11,792,859	(321,290)	-3%
Public Safety Sales Tax	464,254	464,254	456,657	98%	451,171	5,485	1%
Transient Occupancy Taxes	2,678,000	2,678,000	2,469,493	92%	2,472,771	(3,277)	0%
Franchise (Refuse ,Cable ,PG&E)	3,185,872	3,185,872	3,238,807	102%	2,993,670	245,136	8%
Property Transfer Tax	600,000	600,000	521,760	87%	467,322	54,438	12%
TOTAL TAXES	38,691,361	38,691,361	37,513,252	97%	37,252,842	260,410	1%
LICENSES/PERMITS							
Business License	200,000	200,000	197,961	99%	200,860	(2,899)	-1%
Other Permits	80,750	80,750	101,915	126%	207,424	(105,509)	-51%
TOTAL LICENSES/PERMITS	280,750	280,750	299,876	107%	408,283	(108,407)	-27%
FINES AND PENALTIES							
Parking Enforcement	9,800	9,800	7,417	76%	9,988	(2,572)	-26%
Bails & Fines	55,000	55,000	54,904	100%	60,081	(5,177)	-9%
Administrative Citations	20,000	20,000	22,232	111%	35,339	(13,108)	-37%
TOTAL FINES AND PENALTIES	84,800	84,800	84,552	100%	105,409	(20,856)	-20%
OTHER AGENCIES							
Motor Vehicle In-Lieu	61,800	61,800	73,134	118%	56,686	16,447	29%
Other Revenue - Other Agencies	1,332,381	1,601,204	1,684,048	105%	1,328,502	355,546	27%
TOTAL OTHER AGENCIES	1,394,181	1,663,004	1,757,182	106%	1,385,188	371,994	27%
CHARGES CURRENT SERVICES							
Police False Alarm Charge	33,500	33,500	29,963	89%	37,564	(7,601)	-20%
Business License Application Review	82,400	82,400	60,813	74%	90,099	(29,286)	-33%
Membership Services & Rec Programs	6,231,399	6,231,399	6,258,563	100%	6,029,079	229,484	4%
Facility Rentals	1,197,395	1,197,395	1,381,353	115%	1,564,874	(183,521)	-12%
Community Services	138,498	138,498	158,921	115%	93,675	65,246	70%
General Administration Overhead	1,756,111	1,756,111	1,697,910	97%	1,621,869	76,041	5%
Other Charges Current Services	884,448	884,448	1,068,910	121%	931,258	137,651	15%
TOTAL CURRENT SERVICES	10,323,751	10,323,751	10,656,434	103%	10,368,418	288,016	3%
OTHER REVENUE							
Use of money/property	1,375,045	1,375,045	1,416,260	103%	1,758,734	(342,474)	-19%
Other Revenues	705,270	705,270	881,175	125%	1,289,614	(408,439)	-32%
TOTAL OTHER REVENUE	2,080,315	2,080,315	2,297,435	110%	3,048,348	(750,913)	-25%
TRANSFERS IN							
One Time Transfer	165,000	165,000	165,000	100%	180,000	(15,000)	-8%
Public Safety Facilities Fund	50,000	50,000	50,000	100%	100,000	(50,000)	-50%
Supplemental Law Enforcement Fund	100,000	100,000	100,000	100%	100,000	-	n/a
Countywide Solid Waste	540,328	540,328	540,328	100%	468,680	71,648	15%
Streets	851,932	851,932	857,383	101%	827,676	29,707	4%
Park Maintenance	650,000	650,000	650,000	100%	650,000	-	n/a
Sewer Operations	413,700	413,700	413,700	100%	469,732	(56,032)	-12%
Water Operations	413,700	413,700	413,700	100%	476,163	(62,463)	-13%
Open Space	81,100	81,100	81,100	100%	81,100	-	n/a
Park Development	100,000	100,000	100,000	100%	75,000	25,000	33%
TOTAL TRANSFERS IN	3,365,760	3,365,760	3,371,211	100%	3,428,351	(57,141)	-2%
TOTAL GENERAL FUND	56,220,919	56,489,742	55,979,942	99%	55,996,839	(16,897)	0%
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	851,932	851,932	853,981	100%	829,905	24,076	3%
Interest / Other Revenue/Other Charges	2,135	2,135	6,522	305%	6,770	(248)	-4%
202 STREET MAINTENANCE	854,067	854,067	860,503	101%	836,675	23,828	3%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2024-25
For the Month Ended June 30, 2025
100% of Year Complete

	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
205 SUPPLEMENTAL LAW ENFORCEMENT FUND							
Interest Income	12,957	12,957	14,927	115%	10,437	4,489	43%
Police Grant/SLEF/JAG	100,000	100,000	194,664	195%	186,159	8,505	5%
205 SUPPLEMENTAL LAW ENFORCEMENT FUND	112,957	112,957	209,590	186%	196,596	12,994	7%
206 DEVELOPMENT SERVICES							
Building Fees	3,510,850	3,510,850	4,033,384	115%	3,076,924	956,460	31%
Planning Fees	954,276	954,276	1,076,686	113%	1,105,075	(28,388)	-3%
Engineering Fees	942,327	942,327	799,904	85%	509,507	290,397	57%
Other Revenue/Current Charges	550,599	550,599	326,825	59%	359,049	(32,223)	-9%
206 DEVELOPMENT SERVICES	5,958,052	5,958,052	6,236,800	105%	5,050,554	1,186,246	23%
207 LONG RANGE PLANNING	1,751,005	1,751,005	1,263,907	72%	895,689	368,218	41%
215 and 216 HCD BLOCK GRANT							
Interest Income/Other Revenue	1,161	1,161	2,277	196%	1,817	460	25%
215 and 216 HCD BLOCK GRANT	1,161	1,161	2,277	196%	1,817	460	25%
225 ASSET SEIZURE	2,807	2,807	3,462	123%	2,781	682	25%
229 LIGHTING AND LANDSCAPE	206,415	206,415	210,226	102%	205,040	5,186	3%
230 COMMUNITY FACILITIES DISTRICT	28,828	28,828	33,014	115%	55,015	(22,001)	-40%
232 ENVIRONMENTAL PROGRAMS	501,236	501,236	502,368	100%	601,755	(99,387)	-17%
234 MOBILE HOME PARK RENT STAB.	2,872	2,872	6,252	218%	5,639	612	11%
236 HOUSING MITIGATION	2,762,629	2,762,629	2,316,309	84%	3,724,761	(1,408,452)	-38%
240 EMPLOYEE ASSISTANCE	1,297	1,297	7,749	597%	8,397	(647)	-8%
246 COUNTYWIDE SOLID WASTE	2,279,503	2,279,503	2,042,965	90%	2,111,570	(68,605)	-3%
255 HOUSING SUCCESSOR AGENCY	463,881	463,881	538,677	116%	297,953	240,724	81%
260 PUBLIC ART	1,411	1,411	743	53%	-	743	n/a
TOTAL SPECIAL REVENUE FUNDS	14,928,122	14,928,122	14,234,843	95%	13,998,065	236,778	2%
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	1,999,271	1,999,271	2,314,426	116%	1,211,433	1,102,993	91%
302 PARK MAINTENANCE	15,507	155,507	217,098	140%	376,023	(158,925)	-42%
303 LOCAL DRAINAGE	1,424,799	1,424,799	771,690	54%	579,487	192,203	33%
304 LOCAL DRAINAGE/NON AB1600	251,296	251,296	334,787	133%	38,374	296,413	772%
306 AGRICULTURE & OPEN SPACE PRESERVATION	18,459	18,459	1,056,048	5721%	228,682	827,366	362%
308 STREET CIP	3,886,877	4,166,877	4,627,769	111%	4,939,901	(312,132)	-6%
309 TRAFFIC IMPACT	4,753,292	4,753,292	2,302,830	48%	1,397,896	904,934	65%
315 PUBLIC SAFETY FACILITIES IMPACT	3,203,214	12,153,214	6,563,676	54%	941,529	5,622,147	597%
346 PUBLIC FACILITIES NON-AB1600	189,832	189,832	213,887	113%	306,204	(92,317)	-30%
347 PUBLIC FACILITIES IMPACT	451,223	451,223	370,297	82%	344,472	25,825	7%
348 LIBRARY	1,414,286	1,414,286	1,461,904	103%	1,065,706	396,198	37%
350 UNDERGROUNDING	74,302	74,302	90,936	122%	264,304	(173,368)	-66%
360 COMMUNITY/REC IMPACT FUND	2,501,528	2,501,528	2,699,360	108%	1,566,161	1,133,199	72%
375 QUIMBY FEE	2,650,042	2,650,042	4,753,611	179%	2,912,373	1,841,239	63%
TOTAL CAPITAL PROJECTS FUNDS	22,833,927	32,203,927	27,778,320	86%	16,204,849	11,573,471	71%
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	300,467	300,467	299,735	100%	295,196	4,539	2%
441 POLICE FACILITY BOND	390,939	390,939	385,360	99%	388,049	(2,689)	-1%
TOTAL DEBT SERVICE FUNDS	691,406	691,406	685,095	99%	683,245	1,850	0%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2024-25
For the Month Ended June 30, 2025
100% of Year Complete

	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 WASTEWATER OPERATION							
Sewer Service Fees	16,100,000	16,100,000	17,770,520	110%	14,809,502	2,961,018	20%
Interest Income/Transfers	141,661	141,661	71,237	50%	56,839	14,398	25%
Other Revenue/Current Charges	397,200	397,200	332,991	84%	356,880	(23,890)	-7%
640 WASTEWATER OPERATION	16,638,861	16,638,861	18,174,748	109%	15,223,221	2,951,527	19%
641 WASTEWATER EXPANSION							
Interest Income	275,047	275,047	748,921	272%	567,290	181,631	32%
Development Impact Fee	11,546,118	11,546,118	9,692,024	84%	8,258,944	1,433,080	17%
641 WASTEWATER EXPANSION	11,821,165	11,821,165	10,440,945	88%	8,826,234	1,614,711	18%
642 WASTEWATER RATE STABILIZATION	108,613	108,613	106,418	98%	274,724	(168,306)	-61%
643 WASTEWATER CAPITAL PROJECT	6,149,134	6,149,134	8,719,965	142%	6,564,138	2,155,827	33%
TOTAL SEWER FUNDS	34,717,773	34,717,773	37,442,076	108%	30,888,317	6,553,759	21%
650 WATER OPERATION							
Water Sales	19,620,000	19,620,000	19,653,029	100%	17,125,882	2,527,147	15%
Meter Install & Service	107,000	107,000	84,817	79%	78,059	6,758	9%
Transfers-In / Interest Income	894,617	894,617	827,139	92%	611,121	216,018	35%
Other Revenue/Current Charges	926,109	926,109	924,834	100%	915,673	9,161	1%
650 WATER OPERATION	21,547,726	21,547,726	21,489,818	100%	18,730,734	2,759,084	15%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	92,467	92,467	184,595	200%	91,962	92,633	101%
Development Impact Fee	3,829,384	3,829,384	3,358,474	88%	1,597,798	1,760,676	110%
651 WATER EXPANSION	3,921,851	3,921,851	3,543,068	90%	1,689,759	1,853,309	110%
652 WATER RATE STABILIZATION	115,840	115,840	114,490	99%	91,405	23,085	25%
653 WATER CAPITAL PROJECT	10,380,062	10,380,062	8,723,404	84%	6,362,648	2,360,756	37%
TOTAL WATER FUNDS	35,965,479	35,965,479	33,870,781	94%	26,874,547	6,996,233	26%
TOTAL ENTERPRISE FUNDS	70,683,252	70,683,252	71,312,857	101%	57,762,865	13,549,992	23%
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	2,883,241	2,883,241	2,888,586	100%	2,496,073	392,512	16%
740 BUILDING MAINTENANCE	1,421,485	1,421,485	1,426,871	100%	1,677,525	(250,654)	-15%
741 BUILDING REPLACEMENT	1,041,905	1,041,905	1,044,915	100%	956,766	88,149	9%
745 CIP ADMINISTRATION	2,582,015	2,582,015	2,494,078	97%	1,152,211	1,341,867	116%
760 UNEMPLOYMENT INSURANCE	10,206	10,206	9,150	90%	7,735	1,415	18%
770 WORKERS COMPENSATION	1,157,705	1,157,705	776,926	67%	1,013,688	(236,762)	-23%
790 EQUIPMENT REPLACEMENT	1,680,580	1,984,881	2,114,576	107%	1,938,196	176,380	9%
791 EMPLOYEE BENEFITS	1,183,215	1,183,215	1,145,746	97%	854,995	290,750	34%
795 GENERAL LIABILITY INSURANCE	2,519,216	2,519,216	2,513,351	100%	2,110,944	402,407	19%
TOTAL INTERNAL SERVICE FUNDS	14,479,568	14,783,869	14,414,198	97%	12,208,135	2,206,063	18%
TOTAL FOR ALL FUNDS	\$ 179,837,194	\$ 189,780,318	\$ 184,405,255	97%	\$ 156,853,998	\$ 27,551,257	18%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2024-25
For the Month Ended June 30, 2025
100% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
010 GENERAL FUND								
I. ADMINISTRATION								
	CITY COUNCIL	\$ 81,933	\$ 520,395	\$ 506,279	\$ -	\$ 506,279	97%	\$ 437,028
	CITY ATTORNEY	98,533	1,134,397	1,015,653	104,570	1,120,223	99%	907,303
	CITY MANAGER	63,130	1,007,624	687,326	-	687,326	68%	701,321
	HUMAN RESOURCES	93,965	1,087,175	980,236	-	980,236	90%	884,999
	COUNCIL SVCS & RECORDS MGMT							
	Council Svcs & Records Mgmt	55,759	609,913	583,234	-	583,234	96%	551,408
	Elections	3,560	354,364	287,422	-	287,422	81%	32,227
	COUNCIL SVCS & RECORDS MGMT	59,319	964,277	870,656	-	870,656	90%	583,634
	FINANCE	222,390	2,637,291	2,203,098	419,045	2,622,143	99%	2,277,655
	TOTAL ADMINISTRATION	619,271	7,351,159	6,263,248	523,615	6,786,863	92%	5,791,939
II. COMMUNITY SERVICES								
	Membership Services & Rec. Programs	986,618	7,262,610	6,902,136	-	6,902,136	95%	6,643,901
	Recreation Facility Rentals	139,582	1,411,259	1,318,873	-	1,318,873	93%	1,362,892
	Innovative Transit	-	590,944	502,975	-	502,975	85%	681,314
	Community Services	84,380	761,973	644,150	-	644,150	85%	654,219
	Park Maintenance	224,053	1,472,380	1,269,703	624	1,270,327	86%	1,310,006
	Environmental Services	64,652	1,067,544	624,727	3,077	627,803	59%	545,297
	Countywide Solid Waste Program	54,610	540,327	509,745	-	509,745	94%	445,731
	Street Maintenance	474,017	3,511,464	3,530,727	13,004	3,543,731	101%	2,890,673
	Downtown Maintenance	36,018	378,065	292,059	2,174	294,232	78%	299,234
	PD Building Maintenance	59,406	664,355	597,095	37,203	634,299	95%	526,697
	Cable Television	7,746	91,234	91,234	-	91,234	100%	87,760
	COMMUNITY SERVICES	2,131,081	17,752,155	16,283,423	56,081	16,339,504	92%	15,447,726
	CODE COMPLIANCE	40,896	405,637	407,123	-	407,123	100%	303,011
	INFRASTRUCTURE PLANNING & CONGESTION MGMT	34,430	555,166	421,627	96,687	518,314	93%	421,425
	ECONOMIC DEVELOPMENT PROGRAMS	79,207	1,209,072	989,318	183,891	1,173,209	97%	1,159,367
	TOTAL COMMUNITY SERVICES	2,285,615	19,922,029	18,101,491	336,659	18,438,150	93%	17,331,528
III. PUBLIC SAFETY								
	POLICE							
	PD Administration	128,449	2,296,286	1,570,013	34,569	1,604,582	70%	1,630,709
	Field Operations	1,538,435	13,884,900	12,718,991	440,606	13,159,597	95%	11,597,317
	Support Services	395,320	2,556,380	2,964,965	146,262	3,111,228	122%	2,794,605
	Emergency Services/Haz Mat	25,247	275,047	263,589	-	263,589	96%	251,800
	Special Operations	106,717	4,244,340	4,177,295	-	4,177,295	98%	3,574,490
	Dispatch Services	254,895	2,341,249	2,356,806	-	2,356,806	101%	2,122,186
	POLICE	2,449,063	25,598,203	24,051,661	621,437	24,673,098	96%	21,971,107
	FIRE	816,103	10,381,160	8,297,363	366,215	8,663,578	83%	9,064,553
	TOTAL PUBLIC SAFETY	3,265,166	35,979,363	32,349,023	987,653	33,336,676	93%	31,035,660
IV. TRANSFERS								
	Other	121,519	2,298,230	2,298,230	-	2,298,230	100%	3,983,767
	TOTAL TRANSFERS	121,519	2,298,230	2,298,230	-	2,298,230	100%	3,983,767
	TOTAL GENERAL FUND	6,291,570	65,550,781	59,011,993	1,847,927	60,859,919	93%	58,142,894



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2024-25
For the Month Ended June 30, 2025
100% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
SPECIAL REVENUE FUNDS								
202	STREET MAINTENANCE	454	857,383	857,383	-	857,383	100%	832,868
205	PUBLIC SAFETY/SUPP.LAW	113	101,354	101,354	-	101,354	100%	101,289
206	DEVELOPMENT SERVICES FUND							
	Planning	169,713	1,700,561	1,674,239	640	1,674,879	98%	1,641,803
	Building	270,293	3,055,890	2,822,576	124,019	2,946,594	96%	2,416,359
	Engineering	175,390	1,644,092	1,626,776	116,592	1,743,368	106%	1,689,839
206	DEVELOPMENT SERVICES FUND	615,395	6,400,543	6,123,591	241,250	6,364,841	99%	5,748,000
207	LONG RANGE PLANNING	187,062	3,125,686	1,350,660	528,920	1,879,580	60%	851,453
215/216	CDBG	7	87	87	-	87	100%	83
225	ASSET SEIZURE	68	821	821	-	821	100%	782
229	LIGHTING AND LANDSCAPE	36,740	212,191	212,124	2,747	214,871	101%	180,984
230	COMMUNITY FACILITIES DISTRICT	3,597	23,511	26,003	-	26,003	111%	43,146
232	ENVIRONMENTAL PROGRAMS	38,198	453,818	415,020	1,505	416,524	92%	585,661
234	MOBILE HOME PARK	79	952	952	-	952	100%	907
236	HOUSING MITIGATION	77,562	2,214,529	1,139,067	788,264	1,927,330	87%	1,059,802
240	EMPLOYEE ASSISTANCE	83	20,993	9,893	-	9,893	47%	4,446
246	COUNTYWIDE SOLID WASTE PROGRAM	869,918	2,465,139	2,005,381	327,662	2,333,042	95%	1,936,502
255	HOUSING SUCCESSOR AGENCY	59,335	1,319,931	1,126,345	-	1,126,345	85%	1,167,626
260	PUBLIC ART	525	16,306	11,294	-	11,294	69%	-
TOTAL SPECIAL REVENUE FUNDS		1,889,137	17,213,245	13,379,974	1,890,347	15,270,321	89%	12,513,549
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	101,628	3,460,007	1,023,800	1,271,738	2,295,538	66%	560,745
302	PARK MAINTENANCE	54,167	1,650,000	652,151	-	652,151	40%	650,217
303	LOCAL DRAINAGE	775,359	10,931,065	5,875,418	486,088	6,361,507	58%	3,066,416
304	LOCAL DRAIN. NON-AB1600	143,764	505,176	224,063	147,430	371,493	74%	194,061
306	AGRICULTURE & OPEN SPACE PRESERVATI	10,680	128,157	128,157	-	128,157	100%	97,600
308	STREET CIP	177,494	4,992,517	4,396,534	64,811	4,461,345	89%	4,753,766
309	TRAFFIC IMPACT	40,884	4,593,527	3,481,115	334,904	3,816,018	83%	1,320,832
315	PUBLIC SAFETY FACILITIES IMPACT	132,465	8,993,315	6,276,318	2,303,400	8,579,718	95%	5,544,146
346	PUBLIC FAC.NON AB1600	100,384	1,652,085	518,127	79,468	597,595	36%	1,161,417
347	PUBLIC FACILITIES IMPACT	17,751	1,444,333	396,837	1,011,668	1,408,505	98%	131,878
348	LIBRARY IMPACT	17,801	2,713,615	213,615	-	213,615	8%	222,349
350	UNDERGROUNDING	103	401,505	128,456	-	128,456	32%	139,438
360	COMM/REC CENTER IMPACT	33,987	1,430,662	466,547	491,603	958,150	67%	239,174
375	QUIMBY FEE	154,762	6,807,980	2,002,459	4,326,155	6,328,614	93%	470,781
TOTAL CAPITAL PROJECTS FUNDS		1,761,228	49,703,945	25,783,596	10,517,265	36,300,861	73%	18,677,199
DEBT SERVICE FUNDS								
420	CIVIC CENTER DEBT	284	291,714	290,070	-	290,070	99%	288,021
441	POLICE FACILITY BOND DEBT	375	385,093	386,700	-	386,700	100%	390,622
TOTAL DEBT SERVICE FUNDS		659	676,807	676,770	-	676,770	100%	678,643



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2024-25
For the Month Ended June 30, 2025
100% of Year Complete

FUND NO.	FUND/ACTIVITY	CURRENT MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
ENTERPRISE FUNDS								
SEWER								
640	WASTEWATER OPERATIONS	1,411,700	16,796,487	18,086,688	58,955	18,145,643	108%	14,851,367
641	WASTEWATER CAPITAL EXPANSION	1,094,632	7,897,156	6,429,004	761,834	7,190,838	91%	11,997,334
642	WASTEWATER RATE STABILIZATION	164	1,966	1,966	-	1,966	100%	1,872
643	WASTEWATER CAPITAL PROJECTS	63,306	11,224,791	2,434,654	5,416,782	7,851,436	70%	4,915,223
TOTAL SEWER FUND(S)		2,569,802	35,920,399	26,952,312	6,237,572	33,189,883	92%	31,765,796
WATER								
	Water Operations	2,196,832	19,715,654	19,487,832	316,898	19,804,730	100%	17,249,374
	Utility Billing	126,876	1,502,560	1,379,012	29,449	1,408,461	94%	1,248,992
	Water Conservation	26,753	416,169	301,346	6,727	308,073	74%	576,484
650	WATER OPERATIONS	2,350,460	21,634,383	21,168,190	353,074	21,521,264	99%	19,074,850
651	WATER CAPITAL EXPANSION	393,281	4,406,112	1,648,144	2,395,838	4,043,981	92%	795,497
652	WATER RATE STABILIZATION	123	1,473	1,473	-	1,473	100%	1,403
653	WATER-CAPITAL PROJECTS	703,445	19,944,363	4,519,819	7,939,829	12,459,648	62%	3,314,825
TOTAL WATER FUND(S)		3,447,310	45,986,331	27,337,626	10,688,740	38,026,366	83%	23,186,575
TOTAL ENTERPRISE FUNDS		6,017,112	81,906,730	54,289,938	16,926,312	71,216,250	87%	54,952,371
INTERNAL SERVICE FUNDS								
730	INFORMATION SYSTEMS	343,047	2,961,976	2,664,657	49,934	2,714,591	92%	2,632,807
740	BUILDING MAINTENANCE	109,562	1,506,259	1,166,279	62,089	1,228,368	82%	1,063,464
741	BUILDING REPLACEMENT	448,970	3,059,856	1,735,230	292,866	2,028,095	66%	252,461
745	CIP ADMINISTRATION	255,451	2,584,581	2,495,293	2,558	2,497,851	97%	1,991,818
760	UNEMPLOYMENT	-	15,000	6,205	-	6,205	41%	26,644
770	WORKERS COMPENSATION	49,925	1,246,245	1,180,009	-	1,180,009	95%	826,915
790	EQUIPMENT REPLACEMENT	-	1,400,191	862,131	211,578	1,073,709	77%	998,754
791	EMPLOYEE BENEFITS FUND	42,529	1,000,000	788,120	-	788,120	79%	695,892
795	GEN. LIABILITY INSURANCE	75,340	2,411,618	2,357,802	-	2,357,802	98%	2,692,873
TOTAL INTERNAL SERVICE FUNDS		1,324,825	16,185,726	13,255,725	619,024	13,874,749	86%	11,181,628
REPORT TOTAL		\$ 17,284,531	\$ 231,237,234	\$ 166,397,996	\$ 31,800,875	\$ 198,198,870	86%	\$ 156,146,285

City of Morgan Hill
Fund Activity Summary - Fiscal Year 2024-25
For the Month Ended June 30, 2025
100% of Year Complete

Fund No.	Fund Description	Beginning Fund Balance 07-01-24	Revenues		Expenses		Year to-Date Deficit or Carryover	Preliminary Ending Fund Balance	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved
010	GENERAL FUND	\$ 31,073,823	\$ 55,979,942	99%	\$ 59,011,993	90%	\$ (3,032,051)	\$ 1,847,927	\$ 26,193,846
TOTAL GENERAL FUND		\$ 31,073,823	\$ 55,979,942	99%	\$ 59,011,993	90%	\$ (3,032,051)	\$ 1,847,927	\$ 26,193,846
202	STREET MAINTENANCE	72,734	\$ 860,503	101%	\$ 857,383	92%	\$ 3,120	\$ -	\$ 75,854
205	PUBLIC SAFETY/SUPPL. LAW	415,174	209,590	186%	101,354	99%	108,236	-	523,410
206	DEVELOPMENT SERVICES	(1,144,436)	6,236,800	105%	6,123,591	96%	113,209	241,250	(1,272,477)
207	LONG RANGE PLANNING	1,306,215	1,263,907	72%	1,350,660	43%	(86,753)	528,920	690,542
215 / 216	CDBG	32,500	2,277	196%	87	100%	2,190	-	34,690
225	ASSET SEIZURE	104,495	3,462	123%	821	100%	2,641	-	107,136
229	LIGHTING AND LANDSCAPE	216,005	210,226	102%	212,124	100%	(1,898)	2,747	211,360
230	COMMUNITY FACILITIES DISTRICT	162,519	33,014	115%	26,003	111%	7,011	-	169,530
232	ENVIRONMENTAL PROGRAMS	488,875	502,368	100%	415,020	91%	87,348	1,505	574,719
234	MOBILE HOME PK RENT STAB.	81,475	6,252	218%	952	100%	5,300	-	86,775
235	SENIOR HOUSING	245,426	-	n/a	-	n/a	-	-	245,426
236	HOUSING MITIGATION	7,932,027	2,316,309	84%	1,139,067	51%	1,177,243	788,264	8,321,006
240	EMPLOYEE ASSISTANCE	62,481	7,749	597%	9,893	47%	(2,144)	-	60,337
246	COUNTYWIDE SOLID WASTE	323,153	2,042,965	90%	2,005,381	81%	37,584	327,662	33,076
255	HOUSING SUCCESSOR AGENCY	3,818,193	538,677	116%	1,126,345	85%	(587,667)	-	3,230,526
260	PUBLIC ART	48,471	743	53%	11,294	69%	(10,551)	-	37,920
TOTAL SPECIAL REVENUE FUNDS		\$ 14,165,307	\$ 14,234,843	95%	\$ 13,379,974	78%	\$ 854,869	\$ 1,890,347	\$ 13,129,829
301	PARK DEV. IMPACT FUND	\$ 2,008,148	\$ 2,314,426	116%	\$ 1,023,800	30%	\$ 1,290,626	\$ 1,271,738	\$ 2,027,037
302	PARK MAINTENANCE	2,489,205	217,098	140%	652,151	40%	(435,053)	-	2,054,152
303	LOCAL DRAINAGE	9,621,788	771,690	54%	5,875,418	54%	(5,103,729)	486,088	4,031,971
304	LOCAL DRAINAGE/NON-AB1600	1,233,420	334,787	133%	224,063	44%	110,725	147,430	1,196,715
306	AG. AND OPEN SPACE PRESERVATION	672,578	1,056,048	5721%	128,157	100%	927,891	-	1,600,469
308	STREET CIP	4,287,249	4,627,769	111%	4,396,534	88%	231,235	64,811	4,453,673
309	TRAFFIC IMPACT FUND	3,808,198	2,302,830	48%	3,481,115	76%	(1,178,284)	334,904	2,295,010
315	PUBLIC SAFETY FACILITIES IMPACT	(1,553,435)	6,563,676	54%	6,276,318	70%	287,358	2,303,400	(3,569,477)
346	PUBLIC FACILITIES NON-AB1600	2,184,388	213,887	113%	518,127	31%	(304,240)	79,468	1,800,680
347	PUBLIC FACILITIES IMPACT FUND	1,328,671	370,297	82%	396,837	27%	(26,540)	1,011,668	290,463
348	LIBRARY IMPACT FUND	2,254,117	1,461,904	103%	213,615	8%	1,248,289	-	3,502,406
350	UNDERGROUNDING	1,768,551	90,936	122%	128,456	32%	(37,520)	-	1,731,031
360	COMM/REC CTR IMPACT FUND	2,297,534	2,699,360	108%	466,547	33%	2,232,813	491,603	4,038,744
375	QUIMBY FEE	3,984,952	4,753,611	179%	2,002,459	29%	2,751,152	4,326,155	2,409,949
TOTAL CAPITAL PROJECT FUNDS		\$ 36,385,364	\$ 27,778,320	86%	\$ 25,783,596	52%	\$ 1,994,724	\$ 10,517,265	\$ 27,862,823
420	CIVIC CENTER DEBT	\$ 183,038	\$ 299,735	100%	\$ 290,070	99%	\$ 9,665	\$ 84	\$ 192,619
441	POLICE FACILITY BOND DEBT	163,896	385,360	99%	386,700	100%	(1,340)	107	162,448
TOTAL DEBT SERVICE FUNDS		\$ 346,934	\$ 685,095	99%	\$ 676,770	100%	\$ 8,325	\$ 191	\$ 355,067
640	WASTEWATER OPERATIONS	\$ 3,983,038	\$ 18,174,748	109%	\$ 18,086,688	108%	\$ 88,060	58,955	4,012,143
641	WASTEWATER IMPACT FUND*	18,629,828	10,440,945	88%	6,429,004	81%	4,011,941	761,834	21,879,935
642	WASTEWATER RATE STABILIZATION	3,121,932	106,418	98%	1,966	100%	104,452	-	3,226,384
643	WASTEWATER CAPITAL PROJECTS	17,703,049	8,719,965	142%	2,434,654	22%	6,285,311	5,416,782	18,571,578
650	WATER OPERATIONS	4,083,455	21,489,818	100%	21,168,190	98%	321,628	353,074	4,052,009
651	WATER IMPACT FUND*	3,852,318	3,543,068	90%	1,648,144	37%	1,894,925	2,395,838	3,351,405
652	WATER RATE STABILIZATION	3,337,806	114,490	99%	1,473	100%	113,017	-	3,450,823
653	WATER -CAPITAL PROJECT	18,694,610	8,723,404	84%	4,519,819	23%	4,203,584	7,939,829	14,958,366
TOTAL ENTERPRISE FUNDS		\$ 73,406,036	\$ 71,312,857	101%	\$ 54,289,938	66%	\$ 17,022,919	\$ 16,926,312	\$ 73,502,643
730	INFORMATION SERVICES	\$ 656,565	\$ 2,888,586	100%	\$ 2,664,657	90%	\$ 223,929	\$ 49,934	\$ 830,559
740	BUILDING MAINTENANCE	94,619	1,426,871	100%	1,166,279	77%	260,592	62,089	293,123
741	BUILDING REPLACEMENT	5,083,004	1,044,915	100%	1,735,230	57%	(690,315)	292,866	4,099,824
745	CIP ENGINEERING	8,329	2,494,078	97%	2,495,293	97%	(1,216)	2,558	4,555
760	UNEMPLOYMENT	284,229	9,150	90%	6,205	41%	2,945	-	287,174
770	WORKERS COMPENSATION	2,381,319	776,926	67%	1,180,009	95%	(403,082)	30,000	1,948,237
790	EQUIPMENT REPLACEMENT	8,727,549	2,114,576	107%	862,131	62%	1,252,445	211,578	9,768,416
791	EMPLOYEE BENEFITS FUNDS	26,248	1,145,746	97%	788,120	79%	357,626	-	383,874
795	GEN. LIABILITY INSURANCE	984,307	2,513,351	100%	2,357,802	98%	155,549	-	1,139,856
TOTAL INTERNAL SERVICE FUNDS		\$ 18,246,169	\$ 14,414,198	97%	\$ 13,255,725	82%	\$ 1,158,474	\$ 649,024	\$ 18,755,618

 CITY OF MORGAN HILL City of Morgan Hill Fund Activity Summary - Fiscal Year 2024-25 For the Month Ended June 30, 2025 100% of Year Complete								
Beginning Fund Balance 07-01-24	Revenues		Expenses		Year to-Date Deficit or Carryover	Preliminary Ending Fund Balance		
	YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	

SUMMARY BY FUND TYPE

GENERAL FUND GROUP	\$ 31,073,823	\$ 55,979,942	99%	\$ 59,011,993	90%	\$ (3,032,051)	\$ 1,847,927	\$ 26,193,846
SPECIAL REVENUE GROUP	14,165,307	14,234,843	95%	13,379,974	78%	854,869	1,890,347	13,129,829
DEBT SERVICE GROUP	346,934	685,095	99%	676,770	100%	8,325	191	355,067
CAPITAL PROJECTS GROUP	36,385,364	27,778,320	86%	25,783,596	52%	1,994,724	10,517,265	27,862,823
ENTERPRISE GROUP	73,406,036	71,312,857	101%	54,289,938	66%	17,022,919	16,926,312	73,502,643
INTERNAL SERVICE GROUP	18,246,169	14,414,198	97%	13,255,725	82%	1,158,474	649,024	18,755,618
TOTAL ALL GROUPS	\$ 173,623,633	\$ 184,405,255	97%	\$ 166,397,996	72%	\$ 18,007,259	\$ 31,831,065	\$ 159,799,826

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

City Manager's Signature Authority**Contracts and Agreements Between \$25,000 to \$75,000 Entered From 5/1/2025 to 8/4/2025**

Vendor Name	Description of Service	Begin Date	End Date	Department	Amount
Geographic Technologies	As-needed GIS Support	5/9/2025	6/30/2028	PS	\$63,000
Schaaf and Wheeler Consulting Civil Engineers	Construction support for Lift Station K and F	5/23/2025	4/1/2026	E&U	\$25,000
Advanced Integration & Controls	On-Call technical services and software renewals for SCADA	5/23/2025	4/30/2028	E&U	\$40,000
Burke, Williams & Sorensen, LLP	General Municipal Law Advice	6/5/2025	6/30/2026	CAO	\$30,000
Jarvis Fay LLP	General Legal advice and public contract matters	6/5/2025	6/30/2027	CAO	\$60,000
South Bay Youth Sports DBA Skyhawks Sports	Youth Sports classes and camps	6/6/2025	6/30/2026	PS	\$60,000
JMM Dance Co.	Youth dance classes and/or camps	6/11/2025	6/30/2026	PS	\$30,000
AlterTech Solutions, LLC	Technical Support for Cityworks work order software	6/26/2025	6/30/2026	PS	\$25,000
Greensport Association	Sports Officiating	6/26/2025	6/30/2026	PS	\$59,000
Schaaf & Wheeler Consulting Civil Engineers	Prepare plans and specifications to install four large trash capture devices	6/30/2025	13/31/2026	E&U	\$74,490
Syserco Energy Solutions, Inc.	Solar Monitoring Services - Butterfield Fire Station and CRC	6/30/2025	6/30/2028	PS	\$33,696
Fischer Compliance, LLC	Sanitary Sewer Management Plan	6/30/2025	12/31/2025	E&U	\$49,920
Network Cabling Solutions, Inc	Low Voltage Systems Maintenance and Repair Work at city facilities	6/30/2025	6/30/2026	E&U	\$25,000
Boys and Girls Club of Silicon Valley	MOU - Afterschool & Summer Programs and services at Park Place	7/1/2025	6/30/2026	PS	\$47,741

RESOLUTION NO. 24-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MORGAN HILL APPROVING AN AMENDMENT TO
THE CITY'S FISCAL YEAR 2024-2025 ANNUAL BUDGET
IN THE COUNTYWIDE SOLID WASTE FUND (FUND NO.
246) AND GENERAL FUND (FUND NO. 010) TO
APPROPRIATE \$36,000 THEREFORE**

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

WHEREAS, the reasons supporting this Resolution are set forth in detail in that certain City Council Staff Report entitled "Receive Monthly Budget Update; Preliminary FY 2024-25 Financial and Investment Reports; City Manager Authority Report; and Amend FY 2024-25 Budget" submitted for City Council consideration at its meeting of August 20, 2025, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

WHEREAS, recommended amendments are needed and proposed to the City's previously adopted Annual Budgets for Fiscal Years 2024-2025 and 2025-2026 as set forth on Exhibit A to this Resolution, to appropriate the requisite funds to implement the actions authorized by this Resolution; and

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

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

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

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

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

- a. That the City's previously adopted Fiscal Years 2024-2025 and 2025-2026 Budgets, as the same has been amended to date, are hereby further amended in accordance with and as reflected on Exhibit A attached hereto and incorporated herein by this reference; and
- b. That the City Clerk is hereby authorized and directed to forward a copy of this Resolution to the City's Finance Director, who is hereby authorized and directed to take all actions necessary to implement the terms of this Resolution pertaining to the Fiscal Years 2024-2025 and 2025-2026 Budgets of the City or Morgan Hill.

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 its meeting held on this 20th day of August 2025 by the following vote:

AYES:	COUNCIL MEMBERS:	None
NOES:	COUNCIL MEMBERS:	None
ABSTAIN:	COUNCIL MEMBERS:	None
ABSENT:	COUNCIL MEMBERS:	None

APPROVED:

ATTEST:

MARK TURNER, Mayor

MICHELLE BIGELOW, City Clerk

∞ CERTIFICATION ∞

I, Michelle Bigelow, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. 24-_____ adopted by the City Council at the meeting held on the 20th day of August 2025.

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

DATE: _____

MICHELLE BIGELOW, City Clerk

EXHIBIT A

AGENDA BUDGET SCORECARD

FISCAL YEAR 2024-2025

ADJUSTMENT #

006

FUND:

DEPARTMENT:

OBJECT:

246	Countywide Solid Waste Administration
40	Public Services
40	Public Services
5820	Countywide Solid Waste Program
49210	TRANSFER OUT-010 (GENERAL FUND)

AGENDA DATE:

AGENDA ITEM TITLE:

06/30/25
Countywide Solid Waste

	07/01/24 AUDITED BEGINNING FUND BALANCE	ESTIMATED REVENUES	AMENDED APPROPRI- ATIONS	06/30/25 PROJECTED ENDING FUND BALANCE
ORIGINAL BUDGET	323,153	2,279,503	2,465,139	137,517
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	-	-	-
RECOMMENDED ACTION		-	36,000	(36,000)
RESULT OF RECOMMENDED ACTION	<u>323,153</u>	<u>2,279,503</u>	<u>2,501,139</u>	<u>101,517</u>

AGENDA BUDGET SCORECARD

FISCAL YEAR 2024-2025

ADJUSTMENT #

007

FUND:

DEPARTMENT:

OBJECT:

010	General Fund
40	Public Services
40	Public Services
5815	Countywide Solid Waste Program
41100	Transfer from Fund 246

AGENDA DATE:

AGENDA ITEM TITLE:

06/30/25
Countywide Solid Waste

	07/01/24 AUDITED BEGINNING FUND BALANCE	ESTIMATED REVENUES	AMENDED APPROPRI- ATIONS	06/30/25 PROJECTED ENDING FUND BALANCE
ORIGINAL BUDGET	31,073,823	56,489,742	65,281,958	22,281,607
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	-	-	268,823	(268,823)
RECOMMENDED ACTION		36,000	36,000	-
RESULT OF RECOMMENDED ACTION	31,073,823	56,525,742	65,586,781	22,012,784

CITY COUNCIL STAFF REPORT

MEETING DATE: August 20, 2025

PREPARED BY:

Christina Turner, City Manager

APPROVED BY: City Manager

HOLD MID-YEAR GOAL CHECK-IN

RECOMMENDATION(S)

Receive and review departmental updates, strategic priority workplan status updates, and Sustainable Morgan Hill priorities; and provide any desired changes to the workplan and Sustainable Morgan Hill priorities.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Protecting the Environment and Preserving Open Space and Agricultural Land

Maintaining and Enhancing Infrastructure

Supporting our Youth, Seniors, and Entire Community

Fostering a Positive Organizational Culture

Preserving and Cultivating Public Trust

Preserving our Community History

Enhancing Diversity and Inclusiveness

Advocating for Local, Regional, and State Legislative Initiatives

2024-2025 Strategic Priorities

Fiscal Sustainability

Affordable Housing and Homelessness

Community Engagement

Economic Development and Tourism

Healthy Community

REPORT NARRATIVE:

On February 7, 2025, the City Council held its annual goal-setting workshop, during which they reviewed, verified, and updated the 2024-2025 Sustainable Morgan Hill strategic and ongoing priorities (Attachment 1).

As a practice, the City Council conducts a Mid-Year Goal Check-In - this year scheduled for August 27, 2025 - to assess progress and determine if any adjustments to the City's goals or priorities are warranted. This item is presented in advance of this date as the information is available (Attachments 2 and 3). The City Council can consider canceling the August 27, 2025 workshop if time permits the completion of this item on August 20,

2025.

At this time, staff seeks Council input on whether the current priorities remain appropriate or if updates are needed.

COMMUNITY ENGAGEMENT:

Inform - this staff report serves to update the City Council and the Community on progress made toward Council goals and to review Sustainable Morgan Hill.

ALTERNATIVE ACTIONS:

This item can be continued to August 27, 2025, or to an alternative date.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On [February 7, 2025](#), the City Council held its annual Goal Setting Workshop where they reviewed and discussed 2024-2025 Sustainable Morgan Hill and reaffirmed the current vision, ongoing priorities, and strategic priorities.

FISCAL AND RESOURCE IMPACT:

No fiscal impact related to the discussion of goals.

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.

SUSTAINABLE MORGAN HILL



Vision

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

Choose Morgan Hill

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

Strategic Priorities 2024-2025

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

City Council Ongoing Priorities

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

STRATEGIC PRIORITIES 2024-2025

Fiscal Sustainability

The City will continue to be financial stewards of its resources and assets to ensure long-term fiscal sustainability. Through the budget development process, the City, within the fiscal sustainability path, will prudently carry out the City Council's priorities, while maintaining adequate fund balance reserves. The City will continue to explore new or expand existing revenue sources to ensure fiscal sustainability.



Affordable Housing and Homelessness

Morgan Hill will continue to improve, preserve, and develop new safe, quality, rental, and ownership housing for workers and residents at all income levels. To the extent possible, the City will respond to and reconcile new housing initiatives and legislative mandates. The City is guided by the vision of its General Plan, a long-term plan for the physical development of the Community. The vision includes the preservation of agriculture, incentives to foster infill development, and new housing for families of various sizes, ages, and incomes. Like many other cities in the Bay Area, Morgan Hill is experiencing transformative growth and working to meet the housing needs of its current and future residents. The City's Housing Program is grounded in five key pillars:

- **Production of New Affordable Housing Units:** Morgan Hill will continue to improve, preserve, and develop new safe, quality, rental and ownership housing for workers and residents at all income levels through the implementation of its Inclusionary Housing Ordinance. The City will seek partnerships that create new housing opportunities directly aligned with the City's "fair share" Regional Housing Needs Allocation (RHNA).
- **Promotion of Housing Program:** The City manages an inventory of Below Market Rate deed-restricted units and collaborates with the County of Santa Clara and local non-profits to connect residents to resources. Staff will focus on communications, engagement, and education of housing resources and services with particular attention to the Spanish-speaking residents.
- **Prevention of Homelessness:** Implement the Countywide Community Plan to End Homelessness by continuing to identify barriers and housing problem solving at the local level through the assistance of the Unhoused Specialist, and advance efforts to increase coordination in South County among its service providers. The City will continue to employ a balanced approach, offering resources and referrals to services, partnering with the faith-based community and non-profits to create appropriate local service points, while also utilizing available resources to reduce encampments.
- **Preservation of Existing Affordable Housing Inventory:** The City has a robust inventory of Below Market Rate (BMR) housing units. Through the City's thoughtful planning, affordable housing is integrated throughout the Community and balanced throughout new developments. The City's Inclusionary Housing Ordinance further ensures future production of income-restricted units. The City will coordinate the sale of and lease up process of upcoming affordable developments to ensure residents are aware of and accessing upcoming housing opportunities.
- **Protection of Quality of Life for New and Existing Neighborhoods:** The City will continue to seek quality development that balances the needs of existing and new neighborhoods.

STRATEGIC PRIORITIES 2024-2025

Community Engagement

The City's Communications, Outreach, and Engagement Plan defines the communication, priorities, strategies, and tools the City will use when communicating with the Community. Through the Plan, the City will share the Morgan Hill story and work to build trust with the Community and ensure that we provide effective engagement opportunities. The application of effective communication strategies ensures that all City Council Members, Commissioners, and teammates have the tools to provide accurate, timely, and relevant information to the Community. The Plan aligns communication resources with the goals to set clear communications expectations for the Community, ensuring that the City can continue providing excellent services that reflect the strength of the City's outreach initiatives while supporting the implementation of the City Council's strategic priorities.

- Encourage Community engagement through audience-appropriate two-way communication, and ensure opportunities for constructive feedback.
- Share accurate, non-biased information promptly through a variety of communication channels.
- Maximize opportunities to engage with the Spanish-speaking community by sharing information and resources in Spanish and holding workshops, town halls, and other meetings in Spanish.
- Build trust in local government by creating a sense of belonging and value with all members of the Community, especially those that are traditionally marginalized.
- Work directly with the Council, staff, and Community partners to ensure communication and outreach efforts, objectives, and outcomes align with the strategic priorities and promote Community understanding.
- Keep City teammates informed and involved in public dialogue to aid in telling the Morgan Hill story.

Economic Development and Tourism

The City's Economic Development efforts focus on implementing the Economic Blueprint strategies and actions to help build long-term fiscal sustainability and improve quality of life for residents. This will be achieved by attracting jobs and commercial investment which generate revenues to support essential City services and improve critical City infrastructure. The Economic Blueprint is focused on advancing economic prosperity and vitality by attracting investment, development, and jobs in four key industries:

- **Healthcare:** Grow and foster medical and diagnostic services by advancing and supporting the entitlement process for new medical facilities. Promote and market Morgan Hill as a desired location for medical and diagnostic providers.
- **Innovation and Advanced Manufacturing:** Grow existing companies, attract new industry, and grow high-quality jobs. Support and advance the entitlement and permit process of new developments. Promote and market Morgan Hill as a premier location for commercial and industrial investment.
- **Retail:** Grow retail offerings and strengthen commercial nodes. Utilize incentives and available tools to attract new investments that increase both jobs and revenue to the Community.
- **Tourism:** Grow leisure, agriculture, wine country, and sports and recreational tourism. Continue to nurture Downtown's transformation as a Community gathering place. Support the Downtown Property Based Improvement District and manage parking supply. Support and incentivize additional lodging investments, implement activations with partner organizations, and partner with Visit Morgan Hill to support increased tourism and vibrancy.



STRATEGIC PRIORITIES 2024-2025

Transportation

The City has clearly identified traffic and transportation issues facing Morgan Hill as regional in nature. Morgan Hill will continue to partner with the City of Gilroy to advocate for improvements and funding for the South Santa Clara County Transportation Corridor. The City will actively advocate on regional transportation planning issues. Locally, the City will prioritize funding for Vision Zero safety strategies over congestion management. The City will take actions to implement its goal to create a culture that prioritizes safety, creates livable streets, and seeks to eliminate traffic fatalities. Safety of pedestrians, bicyclists, drivers, and passengers is paramount.



- Implement the Transportation Master Plan.
- Complete construction of Hale Avenue Extension.
- Advocate for grade separations and the design of a Downtown station and emergency response design solutions as it relates to the High-Speed Rail Authority's (HSRA) project.
- Advocate for the ongoing provision of funding of innovative local transit services that matches the needs of the Morgan Hill Community and supports paratransit needs.
- Advocacy will include:
 - Working with the Valley Transportation Authority (VTA), Caltrain, the County, the HSRA and the State to enhance service, secure funding for transportation projects and road maintenance, and protect the Community from negative impacts of regional projects
 - Expansion of Highway 101 between Morgan Hill and Gilroy to reduce pass-through traffic and improve commute traffic for South County residents
 - Electrification of commuter rail from San Francisco to Gilroy
 - Funding for priority projects in the South County

Healthy Community

The City's 2035 General Plan's Healthy Community Element addresses elements of the built environment, programs, and partnerships that contribute to the overall health and well-being of Morgan Hill's residents. Morgan Hill promotes a healthy community through City policies, projects, and programs. The foundation of a healthy community is to help ensure basic needs (food, water, shelter, income, safety, and employment) are met for all people. With that foundation in place, a person's health is next a product of their environment. A healthy community is one in which all residents have access to housing, employment, transportation, healthcare services and amenities, such as parks, open spaces, and recreational facilities, that combine to provide a safe and welcoming environment in which people can lead healthy and fulfilling lives. To achieve this vision, the City of Morgan Hill is committed to:

- Creating, improving, and preserving a wide range of quality housing at all income levels.
- Planning policies that promote a well-planned City that ensures adequate services (roads, streets, water, sewer, police, fire, electricity, internet connectivity, etc.) while providing plentiful amenities including restaurants, retail stores, and access to healthcare resources.
- Building better and safer streets that prioritize safety, and livability, working to eliminate traffic fatalities as identified in [Vision Zero Morgan Hill](#).
- Promoting a healthy environment as identified in the City's Climate Action Plan by advocating for adoption of electric vehicles in the Community and decarbonizing existing buildings by reducing the use of fossil fuels.

STRATEGIC PRIORITIES 2024-2025

Healthy Community *continued*

- Promoting active lifestyles through its efforts to invest in sports and Community facilities, youth sports and adult recreation programs, parks, and walking and biking trails.
- Providing fresh and healthy food options at City facilities and encouraging local farmers' markets and community gardens to improve availability of nutritious food.
- Providing services to the unhoused community by building relationships and trust with a trauma-informed approach.
- Connecting people to resources to support mental health, combat the opioid crisis, and treating those struggling with substance abuse and mental health issues with dignity and care.

By implementing these strategies and prioritizing the health and well-being of our residents, Morgan Hill will create a vibrant and thriving community where everyone can lead healthy, active, and fulfilling lives. The City of Morgan Hill seeks to create a welcoming, inclusive, and safe Community for everyone by fostering social connections and a sense of belonging for all.



City of Morgan Hill Strategic Priorities Workplan 2024-2025

REVISED AUGUST 2025

Strategic Priorities 2024-2025									
#	Activity Goals	Fiscal Sustainability	Affordable Housing & Homelessness	Community Engagement	Economic Development & Tourism	Transportation	Healthy Community	Status	Estimated Completion By
City Manager									
1	Ensure Departments maintain focus on cost containment and continue to actively pursue County, State, and Federal funding	X						Ongoing	
2	Advocate with regional partners for the clearly identified traffic and transportation issues, including the High-Speed Rail, expansion of Highway 101, electrification of commuter rail, and funding for priority projects in South Santa Clara County	X				X	X	Ongoing	
3	Represent the City's interests by regularly meeting with County of Santa Clara, MHUSD, Santa Clara Valley Transportation Agency (VTA), Chamber of Commerce, Gilroy, South County Regional Wastewater Authority (SCRWA), and Cal Cities	X	X		X	X	X	Ongoing	
4	Work with the City departments to implement a work plan for Diversity, Equity, and Inclusion		X	X	X	X	X	Ongoing	
Communications and Engagement									
5	Continue outreach and bilingual communication with a focus on maximizing opportunities to provide information on events and resources to the Community in English and Spanish.		X	X				Ongoing	
6	Continue implementing the Communications, Outreach and Engagement Plan with a focus on Priority 4 - Ensure a Well-informed City Workforce and Priority 5 - Reinforce Brand Identity			X			X	Ongoing	
7	Continue implementing Morgan Hill Together, celebrating our diverse community through events and educational campaigns, including the "Meet Morgan Hill" campaign, highlighting City teammates.			X				Ongoing	
8	Manage the Council Chamber A/V equipment replacement and upgrade project	X		X				In Process	90% Fall 2025

City of Morgan Hill Strategic Priorities Workplan 2024-2025

REVISED AUGUST 2025

Strategic Priorities 2024-2025							
#	Activity Goals	Fiscal Sustainability	Affordable Housing & Homelessness	Community Engagement	Economic Development & Tourism	Transportation	Healthy Community
9	Develop and implement a customer service training program for teammates	X		X			
City Attorney							
10	Communicate with Council and the Community regarding changes to the Housing Accountability Act and advocate for measures to mitigate potential impacts		X	X			
Human Resources							
11	Implement new NEOGOV Attract module for recruiting			X			
12	Implement and enhance organizational values by providing robust diversity, equity and inclusivity (DEI), harassment prevention, succession planning, customer service, and manager/supervisor development training			X			
13	Work with Work On Wellness (WOW) committee to promote and encourage a healthy and active lifestyle for our teammates						X
Council Services and Records Management							
14	Continue to improve accessibility of information: Continue adding resources and documents to the newly launched online portal for public access to City documents and records.	X		X			
15	Facilitate the November 2024 election process for the Mayor, two City Council seats, the Treasurer, and two ballot measures	X		X			
Finance/Budget/Utility Billing							
16	Explore new or expand existing tax revenue sources to address City's unfunded needs	X			X		
17	Implement new Enterprise Resource Planning System to replace the outdated system	X		X			

Status	% Complete for In Process Activities	Estimated Completion By
In Process	90%	Fall 2025
Ongoing		
Complete	100%	Fall 2024
Ongoing		
Ongoing		
Ongoing		
Complete	100%	Winter 2024
Ongoing		
In Process	80%	December 2025

City of Morgan Hill Strategic Priorities Workplan 2024-2025

REVISED AUGUST 2025

Strategic Priorities 2024-2025							
#	Activity Goals	Fiscal Sustainability	Affordable Housing & Homelessness	Community Engagement	Economic Development & Tourism	Transportation	Healthy Community
18	Review and adjust certain impact and user fees to ensure the long-term sustainability of the City's critical infrastructure and services	X					
Public Services							
19	Support ongoing coordination with Visit Morgan Hill, MHOSC, the operator of the Outdoor Sports Center, and the team at the Aquatics Center to host regional sports events, while minimizing impact to the community	X		X	X		X
20	Create and manage a volunteer program for the Magical Bridge Playground in Community Park			X			
21	Explore alternative options for management of the City's open space	X					X
22	Continue to monitor and adjust water restrictions to meet local and state water conservation efforts			X			
23	Implement Climate Action Plan			X			X
24	Continue to implement the new and significant organic waste management regulations adopted by the State under SB 1383			X			X
25	Continue participation with Valley Water and the City of Gilroy in working towards recycled water opportunities for the City of Morgan Hill			X			
26	Develop the City's first Transportation Master Plan in coordination with the update to the City's General Plan Transportation Element					X	X
27	Collaborate with City of Gilroy and elected officials on advocacy for the South County Transportation Corridor; VTA, Caltrain, Highway 101 expansion, and electrification of commuter rail	X				X	X
Fire							
28	Complete construction of Butterfield Fire Station and take delivery of new Engine 59	X		X	X		X
Status		% Complete for In Process Activities					
Estimated Completion By							
Ongoing							
Ongoing							
Ongoing							
In Process		50%					
Ongoing							
Ongoing							
Ongoing							
Complete		100%					
Ongoing							
In Process		100%					
September 2025							

City of Morgan Hill Strategic Priorities Workplan 2024-2025

REVISED AUGUST 2025

Strategic Priorities 2024-2025							
#	Activity Goals	Fiscal Sustainability	Affordable Housing & Homelessness	Community Engagement	Economic Development & Tourism	Transportation	Healthy Community
29	Add solar panels to both existing fire stations to reduce Department's Carbon Footprint	X					X
30	Identify training grounds for Morgan Hill Fire Personnel	X					X
31	Increase community fire safe resiliency	X		X	X		X
Police							
32	Complete Police Department Building Expansion Project	X					
33	Add 4th Beat to Patrol to redistribute call volume			X			X
34	Implement Police Department Wellness Programs	X					X
35	Implement NextGen 911 System	X		X			
36	Implement Report Writing Management and Computer Aided Dispatch Systems	X		X			
Information Services							
37	Procure and deploy new cybersecurity tools	X					
38	Modernize applications by leveraging hosted, clouded systems	X					
Development Services							
39	Implement Economic Development Outreach Campaign to attract new advanced manufacturing, office, innovation, and medical users	X			X		
40	Implement Downtown parking management strategies to maximize parking spaces by identifying short-term parking.				X	X	
41	Improve business license process to improve efficiency and capture appropriate revenue.	X			X		

Status	% Complete for In Process Activities	Estimated Completion By
Ongoing		
Ongoing		
Ongoing		
Complete	100%	January 2025
Delayed	0%	2027
Complete	100%	January 2025
Delayed	75%	TBD
Complete	100%	May 2025
Complete	100%	August 2024
Ongoing		
Ongoing		
In Process	25%	TBD
Completed	100%	May 2024

City of Morgan Hill Strategic Priorities Workplan 2024-2025

REVISED AUGUST 2025

Strategic Priorities 2024-2025							
#	Activity Goals	Fiscal Sustainability	Affordable Housing & Homelessness	Community Engagement	Economic Development & Tourism	Transportation	Healthy Community
42	Modernize the City’s Entertainment Permit and Noise Ordinance to encourage live music and entertainment while promoting better management and security practices.				X		
43	Conduct annual Business Legislative Roundtable and bi-annual Human Resources Roundtable with major employers				X		
44	Launch economic mobility efforts to support workforce development and entrepreneurship opportunity with a focus on connecting Spanish-speaking residents to job opportunities and housing		X	X	X		X
45	Update Circulation Element			X		X	X
46	Prepare Environmental Justice Element			X			X
47	Update the Natural Resources and Environment Element and the Safety, Services, and Infrastructure Element			X			X
48	Prepare LOS-VMT Model and policy guide					X	
49	Continue affordable housing and homelessness initiatives: Safe Park Program, Inclement Weather Shelter Program, and Case Management		X				X
50	Identify resources to support the implementation of the Housing Element		X				
51	Implement the Housing Element initiative: Develop and coordinate an eviction counsel program		X				
52	Develop a Housing Mobility Counseling Program to support Housing Choice and combat housing insecurity		X				
53	Seek out opportunities to increase access to housing in Higher Resource Areas and Areas of Affluence, making funding available through an RFP		X				
54	Produce farmworker Housing Development Program		X				

Status	% Complete for In Process Activities	Estimated Completion By
In Process	25%	Winter 2026
Ongoing		
Completed	100%	June 2025
In Process	20%	June 2026
In Process	60%	February 2026
In Process	20%	June 2026
Complete	100%	December 2024
Ongoing		
Ongoing		
In Process	10%	June 2026
Commencing Soon		June 2026
Commencing Soon		June 2026
In Process	15%	June 2026



DEPARTMENT UPDATES JANUARY – AUGUST 2025

ADMINISTRATIVE SERVICES

Council Services and Records Management

- Finalized 2024 election wrap-up, including certification of results, candidate onboarding support, and post-election reporting to the state.
- Supported regular and special City Council meetings: processing 106 staff reports and 12 meeting packets to date.
- Processed 20 resolutions, 5 ordinances, and 227 agreements.
- Fulfilled 156 public records requests between January and August, ensuring timely responses under the Public Records Act.
- Delivered training to regional City Clerks on emergency preparedness and crisis communications and Communication and Leadership.
- Provided full Clerk support to the Santa Clara Valley Habitat Agency, including agenda preparation, meeting clerk duties, and post-meeting follow-up such as minutes, resolutions, and records processing.
- Continued Clerk support to the Santa Clara County Recycling and Waste Reduction Commission, ensuring meeting compliance, agenda posting, and records retention for Commission actions.
- Successfully transitioned City Council and Planning Commission meetings to the West Conference Room during Council Chamber upgrades, ensuring meetings remained fully accessible to the public both online and in person.

Communications and Engagement

- Continued monthly presence at Sidewalk Saturdays, building Community relationships and increasing in-person engagement.
- Produced and shared “Meet Morgan Hill” teammate highlight videos, showcasing employees across departments to humanize local government and strengthen Community connection.
- Continued distribution of the monthly Spanish-language email newsletter, growing subscribers and engagement among Spanish-speaking residents.
- Coordinated cross-departmental communications for major announcements, events, and programs.
- Created a social media content calendar to better plan and track citywide outreach campaigns.
- Produced photography and video content to support Community events, public safety messaging, and organizational highlights.
- Supported multiple departments, including Housing, Economic Development, Public Safety, Planning, Public Works, and Environmental Services, with outreach, marketing, and bilingual communication efforts, including translation and interpretation services.



DEPARTMENT UPDATES JANUARY – AUGUST 2025

- Produced 25+ informational videos totaling over 100 minutes of content, highlighting City programs, services, and Community initiatives.

Finance/Budget/Utility Billing

- Continued making steady progress on the implementation of our new Enterprise Resource Planning (ERP) system. As of July 2025, the Financials, Utility Billing, and Payroll modules are live. The next phase - implementation of Employee Access and Human Resources modules - is currently underway.
- Preliminary planning for the FY 2026–27 and 2027–28 biennial budget has begun, with full budget development scheduled to begin in January 2026.
- Continued to review service priorities, evaluate potential revenue measures, and conduct Community engagement regarding the City’s ongoing structural budget challenges and the need for strategic action to ensure long-term fiscal sustainability.

Human Resources

- Processed 551 job applications, hosted 17 oral boards, and opened 14 recruitments.
- Currently in negotiations with all three bargaining groups with contracts to expire on December 31, 2025.
- Open Enrollment window for benefits is September 15, 2025 through October 10, 2025.
- Teammate Health Fair will be on September 30, 2025, and will include vendors and flu shots.

CITY ATTORNEY

- Continued to provide legal advice and legal support to City Council, City Commissions, City Manager, and City Departments initiatives, including but not limited to negotiations with all three employee bargaining groups.
- Prepare and approve to form all ordinances and resolutions, including an amended version of the Massage Ordinance.
- Continued to make frequent Court appearances representing the City in San Jose and Morgan Hill to prosecute misdemeanor code violations, Gun Violence Restraining Orders (GVROs), and respond to criminal court motions.
- Continued to oversee the City’s risk management as the City’s Risk Manager and supervise all matters involving Joint Powers Insurance Authority (JPA).
- Attending and supporting the Morgan Hill Police Department (MHPD) and Housing Department at the quarterly meeting with Morgan Hill property managers in collaboration with our County partners and assist with outreach efforts into the Community regarding the Smokefree Ordinance passed in September 2024.



DEPARTMENT UPDATES JANUARY – AUGUST 2025

- In partnership with Human Resources, provided mandatory training on the prevention of harassment, discrimination, and retaliation to supervisors and public officials.

CITY MANAGER

- Supported the Police Department with security planning for large Community events, demonstrations, and coordination of press events.
- Represented the City's interests and supported CAL FIRE throughout the dissolution of the South Santa Clara County Fire District.
- Helped with the interview process and successful onboarding of the City's new Fire Chief.
- Supporting significant Infrastructure and Capital Projects such as the opening of the all-electric Butterfield Fire Station and progress on the Upper Llagas Creek Flood Control Project.
- Actively engaged in regional coordination through participation in regular meetings with Santa Clara County City Managers Association (SCCCMA), County of Santa Clara, Morgan Hill Unified School District (MHUSD), Santa Clara Valley Transportation Agency (VTA), Chamber of Commerce, Gilroy, South County Youth Task Force (SCYTF), and South County Regional Wastewater Authority (SCRWA).
- Presented at the League of California Cities Mayors and Council Members Academy.
- Serving on the Board of Directors for the California Cooperative Liquid Assets Securities System (CLASS), helping public agencies strengthen and diversify their investment strategies.
- Serving on the NextGen of Silicon Valley Committee, promoting public sector careers and professional development for the next generation of local government leaders.
- Providing leadership and oversight in labor negotiations with all three employee bargaining groups.

DEVELOPMENT SERVICES

Building/Fire Prevention

- Continued processing permit applications. 1,155 permit applications were received, and 1,077 permits have been issued.
- Continued to perform inspections on projects. 5,798 inspections have been performed.
- Continued to work with Human Resources to fill the vacant Fire/Building Inspector position.

Code Compliance

- Continued to work on closing out code compliance cases. 490 code cases were opened, 530 code cases were closed. There are currently 142 active code cases.



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Economic Development

- New Entrepreneurship Support Program: Launched a partnership with the Renaissance Entrepreneurship Center and the MHUSD to offer bilingual mentoring, workshops, and business training for both aspiring and existing entrepreneurs.
- Disability Access Improvement Program: Rolled out a new reimbursement initiative to help small businesses upgrade facilities for greater accessibility and ADA compliance.
- Butterfield 5: Buildings 1 and 3 are now fully leased.
- Grand Openings: Chick-Fil-A, Luxe Building, and Grocery Outlet.
- Hotel MOHI: Full construction underway, with anticipated completion by Spring 2026.
- Raising Cane's: Currently under construction and expected to open in October 2025.
- Tracking key projects with the Planning & Building teams: Sempera Organics expansion, Tractor Supply Company, Philz Coffee, Family RV, El Pollo Loco, Taco Bell, and Pre-Hispanic MX Cuisine.
- Supporting the remodels of World Oil (Monterey Road), Shell Gas (W. Dunne Avenue), and Valero (Wright Avenue) which is converting to Chevron.
- Tourism Promotion: Collaborating with Visit Morgan Hill on the design and launch of the Morgan Hill Destination Magazine.
- Downtown Property Business Improvement District (PBID) Activities: Supporting enhanced services such as median lighting, Sidewalk Saturdays, Twilight Markets, sidewalk power washing, and exploring a Downtown Gateway Arch design.
- Policy & Planning:
 - Partnering with the Planning Department to update the Condit and Laurel Road Planned Unit Developments (PUDs) to improve development flexibility.
 - Conducted outreach to massage establishments regarding license and permit renewals.
- Marketing & Outreach:
 - Updated industrial marketing materials.
 - Represented Morgan Hill at the International Council of Shopping Centers (ICSC) Retail Conference.

Housing/Homelessness/Economic Mobility

- Housing division is now fully staffed with the addition of a Housing and Economic Mobility Director and Housing Program Coordinator to complement the Unhoused Specialist.
- Launched a new resource pop up, every Friday of the month to support food distribution and access to services at the Morgan Hill Bible Church in partnership with the South County Compassion Center.
- Continued coordination on behalf of the Below Market Rate (BMR) Program.
 - Vida Homes (398 units), adjacent to Butterfield Boulevard and Jarvis Drive, has successfully placed individuals in 70 below market rate units with only 8 below market rate units remaining



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available in the development. It is anticipated that by the end of Summer 2025, all BMR units will be occupied.

- Continued coordination with our upcoming housing developments to ensure Morgan Hill residents will have access to new housing opportunities. The Gates (49 units/7 BMR units), Denova Homes (93 units/14 BMR units) and Manzanita Park (67 units/10 BMR units) all located at Monterey Road, will be coming online by the end of the year.
- Continued Community engagement and relationship building by tabling at resource fairs and events.
- Continued to provide support to residents looking for housing opportunities and families experiencing homelessness or at risk of homelessness.
- Partnered with the County of Santa Clara and City of Gilroy on a kickoff event for affordable manufactured home grants, providing pathways for South County residents to secure housing.
- Continued to improve internal department coordination to ensure homeless response is expeditious and effective with shelter and service support.
- Secured a \$416,500 grant from ICMA to further the City's economic mobility efforts and support the implementation of the Housing Element.
- Actively participating in the Steering Committee of the Santa Clara County's Community's Plan to End Homelessness.
- Participating in Eden's Housing Resident Services Committee.

Planning

- Conducted Community engagement on the Healthy Neighborhoods for All Element consisting of 49 events reaching approximately 1,400 Community members from January 2025 through July 2025.
- Released the Healthy Neighborhoods for All Background Review Report.
- Awarded \$1,150,000 through the Metropolitan Transportation Commission (MTC) Transit Oriented Communities (TOC) Planning Grant Program to be consistent with MTC TOC Policy.
- Assisted Climate Action Pathways for Schools in being awarded a \$300,000 grant through the James Cary Smith Community Grant Program in which MHUSD high school interns will assist in the development of the Healthy Neighborhoods for All Element, and updates to the Natural Resources and Environment Element and Safety, Services, and Infrastructure Element.
- Assisting the Land Development Engineering Division on the creation of the Comprehensive Safety Action Plan.
- Initiated work on Annexation applications for Rose Orchard Court, Condit Sports Facilities, and Butterfield Sports Park Expansion.
- Principal Planner was selected as a subject-matter expert for planning-related issues for Cal Cities and as a committee member for the Morgan Hill/San Martin Thrives! Committee, a committee of the South County Youth Task Force.



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- Continued exemption from SB 423 Streamlined Ministerial Approval Process (formerly SB35) based on the City's progress on Regional Housing Needs Allocation (RHNA) and Annual Progress Report filing.
- Coordinated with City Departments on implementation of the new AB130/AB131 CEQA Exemption and Streamlined Permitting process.
- Continued to collaborate with Economic Development on land use changes to improve flexibility and attract new businesses.

FIRE

- Staffing of the Butterfield Fire Station expected by September 1, 2025.
- Working on fleet modernization updates.
- Welcomed new Fire Chief, Marcus Hernandez, and Assistant Fire Chief, Nick Giampaoli.

POLICE

- Hiring officers to fill six anticipated or vacant positions and two multiservice officers' vacancies.
- Building out wellness and resiliency program by expanding team and using therapy dogs and psychologists.
- Evaluating recommendations from Police Officer Standards and Training (POST) study.
- Our police officers and detectives remain fully engaged in ongoing investigations related to multiple serious criminal incidents, dedicating significant time and resources to resolving each case.
- Acclimating new explosive/apprehension K-9.
- Performing Dispatch remodel including updating end of life equipment.
- Increasing Downtown/special event safety by adding pan, tilt, and zoom cameras.
- Fulfilling Traffic Safety Enforcement grant requirements.
- Conducting enforcement of illegal massage businesses.
- Evaluating Emergency Medical Service dispatching options.

Office of Emergency Services

- Developing annual Emergency Operations Center (EOC) functional exercise.
- Increasing Community Emergency Response Team (CERT) emergency callout capabilities.
- Engaging emergency preparedness and response relationships with Community Based Organizations (CBOs), Faith Based Organizations (FBOs), and private businesses.



CITY OF MORGAN HILL

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Information Technology (IT)

- Continue supporting new technology city-wide initiatives.
- Adapting to end-of-life hardware and software by deploying new technology city-wide.
- Continue to strengthen our cybersecurity resiliency.

PUBLIC SERVICES

Public Services Administration

- Continue to make efforts in obtaining grant funding, most recently applying for grants to support fire protection projects along roadways and in open spaces in High Fire Severity Zones.
- Department team members are collaborating on an ongoing basis with the County of Santa Clara on weed abatement to ensure reduced fire risk on private property.

Environmental Programs

- Implementation and enforcement of State mandated requirements for Solid Waste regulations related to organic waste management for businesses continues, with City teammates and our solid waste franchise supporting businesses in understanding and implementing requirements.
- Preparations for the second chance week events in Gilroy and Morgan Hill are in progress for the upcoming week of September 13-21, 2025.
- Continued to work towards the implementation of the City's Climate Action Plan using minimal staff resources and grant funding received from Silicon Valley Clean Energy.
- Continued to manage the Countywide Solid Waste Program on behalf of all cities and the County, while making staffing adjustments to account for declining countywide revenues for the program.
- Ensuring the City meets its mandated reporting for Storm Water Pollution Prevention, Solid Waste and Recycling, and Water Conservation through increasing State reporting requirements.
- New technology for water customers to track use, review trends, and get notified of leaks was recently rolled out via the new Aqua Trax platform and optimization of the software is underway.
- Continued to work with commercial, industrial, and institutional properties to help them understand and comply with the ban on watering non-functional turf, with continued transition by numerous properties to low water landscaping.
- A new reporting system for private sewer lateral repair reporting is nearing completion and anticipated to be rolled out to realtors and plumbers later this year.



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Engineering

- Valley Water Flood Control Project – Supporting Valley Water in completion of the final phase of the project. Significant flood control benefits in the southern part of the City are anticipated for this winter, with final completion of the project, including restoration of Hale Avenue planned for late 2026.
- Pavement Rehabilitation –The annual project is underway with completion anticipated in September. The areas of significant work include:
 - o Main Avenue between Condit and Live Oak High School
 - o Llagas Road west of Llagas Court
 - o Streets in the Woodland Acres area
 - o Tilton Avenue west of Dougherty Avenue
- Relief Sewer Trunk Line to Gilroy – the City has submitted an application for federal funding and plans to put the project out to bid before the end of the year.
- The new Butterfield Fire Station has been substantially completed and close-out of the project will occur in the coming months after installation of traffic signal at the station entrance.
- The new East Dunne Water Tank is through 50% of construction with completion anticipated by the end of 2026.
- Continued to repair aging water mains and sewer lines, with the next water main rehab project planned for the coming months and the next sewer line repair project occurring in spring of 2026.
- The Citywide Solar Project has completed design and building permits have been issued. Construction is anticipated to begin at seven sites in the fall of this year.
- The new Butterfield Park construction is underway, anticipated completion is early 2026.
- Transportation Master Plan has been completed, and the City is working with its consultant on an update to the Traffic Impact Fee as well as a grant funded Comprehensive Safety Action Plan, both of which will come to the Council this fall.
- Partnership with the City of Gilroy continues to require support and funding in the areas of the treatment plant expansion and capital maintenance planning for the existing jointly owned sewer trunk line. The treatment plant expansion is anticipated to be completed by year end and repairs to the existing trunk line are currently in design.
- With receipt of a nearly \$1 million grant from the Metropolitan Transportation Commission, the team is working towards finalizing a grant agreement before moving towards project design.



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Maintenance

- Completed open space and vegetation maintenance ahead of fire season and now beginning preparations for storm season.
- The annual sidewalk maintenance project is underway, with sidewalk repairs and new curb ramp replacement occurring across the City. Additionally, the City has used a contractor to repair significant sidewalks using concrete cutting technology.
- Contracted with a consultant to complete a draft sidewalk assessment. This assessment will be shared with the City Council in conjunction with completion of an update to the City's ADA transition Plan, which is anticipated to come to Council in the fall.
- Continue to prioritize and complete citywide graffiti abatement in a timely manner utilizing limited staff resources.
- The maintenance team continues to optimize the use of SeeClickFix to engage with residents and respond to maintenance issues across the City.
- A significant re-roofing project for the City Council Chambers has been awarded and will be completed in the fall.
- Worked with our Heating Ventilation and Air Condition (HVAC) contractor to identify the top needs and priorities for renovating City Building HVAC systems. Renovations are planned for the coming Fiscal Year.
- Completed the first round of installation of trash capture devices mandated by the State within the City storm drain system and will be maintaining these devices for the first winter this year.
- Following receipt of a \$1 million grant from Silicon Valley Clean Energy, teammates are in the early phases of design for an electrification and energy savings project at the Aquatics Center. It is anticipated that this project will begin construction in mid- 2026.
- Increased support needs for special event street closures, traffic control, and general event support.
- Park Maintenance is focused on safety over cleanliness and quality due to limited resources and higher priority needs.

Parks and Recreation

- The Division continues to improve on cost recovery with a preliminary estimate of cost recovery at 89% for FY 2024-25.
- Managed the City's four major recreation facilities—Centennial Recreation Center, Outdoor Sports Center, Aquatics Center, and Community and Cultural Center—in collaboration with key partners, accommodating an estimated 1.08 million visits in FY 2024-25.
- Continued to market and promote the use of rental facilities at the Community and Cultural Center and other locations successfully, with very strong rental rates and revenues seen through FY 2024-25.



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- Continued to refine the use of recently implemented Recreation software to improve customer service, streamline operations, and reporting. Continued refinement of the software is planned for FY 2025-26.
- Collaboration on utilizing the City's Recreation facilities to support tourism continues, with regular partnership between City teammates, partner organizations, and Visit Morgan Hill.
- Continued to support and provide coordination for the recently established Morgan Hill Pickleball Club.
- Continued to manage special event applications for the use of City owned property and rights of way, with increased numbers of applications being filed annually year over year.
- Memorandums of Understanding (MOU) for the issuance of Council approved Community Funding to organizations is underway, with several MOU's completed.
- Partnering with the Bay Area Panthers for facility use, including coordination with the Morgan Hill Outdoor Sports Center (MHOSC) and Visit Morgan Hill, in a partnership that is mutually beneficial to all organizations.
- Continued to implement grant funded Bicycle and Pedestrian Encouragement Program and hosted the Open Streets Event on Depot Street and the Community Center in early May 2025.
- Continued involvement in the South County Youth Task Force through both the Technical and Policy Teams, with expanded support for subcommittees and grant management - strengthening Community connections and engagement.
- Operation of the Magical Bridge volunteer program and Community events has continued at past levels, with volunteer support provided by a very small number of dedicated volunteers.
- Library and Cultural Arts Commission – continued support for the Commission administration and its extensive Work Plan, with the Commission's focus currently on the development of the Public Art Master Plan.
- Parks and Recreation Commission – support for Commission is ongoing, expected increased support will be required as the Capital Improvement Program calls for the Commission and staff to lead an update to the Parks and Recreation Master Plan.
- Currently planning the implementation of the citywide decorating contests of Halloween Haunt and Holiday Lights, while actively looking for sponsors for the programs.

Utilities

- Completed a draft update to the City's Sanitary Sewer Management Plan, which will be coming to Council in early fall for review.
- Continued to comply with State required water quality testing, with increasing test types required for PFAS and other materials taking additional time and resources. Test results continue to show good levels of water quality as is reported out annually in the City's Consumer Confidence Report for water.



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- Continued to work towards identifying locations for new ground water wells, which has led to a site on Eagle View Drive moving forward towards well drilling. If all is successful at this site, a new well will come online by the end of 2026.
- Continued to maintain and retrofit wastewater lift stations. Two lift stations in the Jackson Oaks and Holiday Lakes area are currently being retrofitted.
- Continued to improve technology use with support from the Information Technology and GIS Divisions, including Supervisory Control and Data Acquisition (SCADA) systems, Advanced Metering Technology (AMI), and the City Works Maintenance Management System.
- Continued maintenance of the City's sewer system through Closed Circuit Television (CCTV) video of all City sewer lines and routine flushing of City lines continues to keep the sewer system in good condition.
- Planning for the destruction of four older unused water wells is currently in progress and expected to occur in early 2026.

Geographic Information Systems (GIS)

- The Division is currently focused in preparing for a very significant upgrade to our GIS Enterprise System, which would be immediately followed by a Utility Data Management Project that will keep our GIS systems current with necessary technology requirements and allow for future expanded uses of GIS.
- Continued updates of address databases are being maintained, which will allow more increasingly accurate location information for public safety responses.
- Continued to support grant application efforts as grant funders in numerous areas require GIS data and mapping, most recently supporting efforts on a CAL FIRE fuel reduction grant application.