



City Council

Special/Regular Meeting Agenda

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

Wednesday, October 15, 2025

5:00 p.m. Closed Session

6:00 p.m. Regular Session

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

Mayor Turner will participate remotely as follows:

Newport Marriott Hotel
25 America's Cup
Newport, RI 02840

Public comment shall be allowed from this location.

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 for items on the agenda in one of four categories:

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

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

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

Written public comment may be submitted to the City Clerk:

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

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

Public comments submitted to the City Clerk after noon (12:00 p.m.) the day of the meeting will be provided to the City Council as time allows.

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

AMERICANS WITH DISABILITIES ACT (ADA)

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

SPECIAL/REGULAR MEETING

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

SPECIAL MEETING

5:00 p.m. Closed Session

CALL TO ORDER

DECLARATION OF POSTING AGENDA

ROLL CALL ATTENDANCE

CLOSED SESSION

CONFERENCE WITH LABOR NEGOTIATORS

Authority: Pursuant Government Code Section 54957.6

City Negotiators: Christina Turner, City Manager; Donald Larkin, City Attorney; Michael Horta, Human Resources Director; Dat Nguyen, Finance Director; 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

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
Government Code section 54956.9(d)(1)
Name of case: Martha Leticia Valdes, Claim No. 3108548

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

REGULAR MEETING

6:00 p.m.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Proclaiming the month of October as Brain Health and Dementia Awareness Month

CITY COUNCIL REPORTS

Mayor Pro Tem Librers

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

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. **APPROVE THE SERVICE PROVIDER AGREEMENT RELATED TO THE ADMINISTRATION OF THE CITY'S 457(B) DEFERRED COMPENSATION PLAN WITH SHUSTER ADVISORY GROUP**

Recommendation:

1. Approve the service provider agreement related to the administration of the City's 457(b) Deferred Compensation Plan with Shuster Advisory Group; and
2. Appoint the City Manager as the Plan Administrator; and
3. Authorize the City Manager to execute and administer the related agreements.

2. **APPROVE FIRST AMENDMENT TO THE FY 2025-26 COUNTYWIDE SOLID WASTE SERVICES FOOD RECOVERY PROGRAM CONTRACT WITH JOINT VENTURE SILICON VALLEY**

Recommendation:

1. Approve the first amendment to the FY 2025-26 Joint Venture Silicon Valley consultant agreement to extend the effective date of services from December 31, 2025 to June 30, 2026 and increase the agreement amount by \$296,801; and
2. Authorize the City Manager to execute and administer the first amendment to the agreement with Joint Venture Silicon Valley.

3. **APPROVE A THREE-YEAR AGREEMENT WITH MAGGIORA BROS DRILLING, INC IN THE AMOUNT OF \$750,000 FOR ON-CALL ROUTINE AND EMERGENCY REPAIR, MAINTENANCE, AND REHABILITATION OF THE CITY'S WATER WELLS AND BOOSTER STATIONS**

Recommendation:

Approve and authorize the City Manager to execute a three-year agreement with Maggiora Bros Drilling, Inc. in the total not-to-exceed amount of \$750,000 for on-call routine and emergency repair, maintenance, and rehabilitation of the City's water wells and booster stations.

4. **APPROVE AMENDED AND RESTATED CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS WITH HYDROSCIENCE ENGINEERS FOR DESIGN SERVICES RELATED TO THE SEWER TRUNK LINE BETWEEN MORGAN HILL AND GILROY**

Recommendation:

1. Approve Amended and Restated Consultant Agreement for Design Professionals with HydroScience Engineers, Inc. to provide additional services for the New Sewer Trunk Line to Gilroy project for a total not-to-exceed amount of \$654,238; and
2. Authorize the City Manager to execute and administer the amended and restated consultant agreement.

5. **APPROVE SECOND AMENDMENT TO DESIGN SERVICES AGREEMENT WITH SCHAAF & WHEELER CONSULTING CIVIL ENGINEERS FOR THE BUTTERFIELD BASIN ONLINE CONVERSION PROJECT FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$293,352**

Recommendation:

1. Approve the Second Amendment to the Consultant Agreement with Schaaf & Wheeler Consulting Civil Engineers to provide additional services for the Butterfield Basin Online Conversion Project for a total not-to-exceed amount of \$293,352; and
2. Authorize the City Manager to execute and administer the amended consultant agreement.

6. **APPROVE AGREEMENT WITH GEOGRAPHIC TECHNOLOGIES GROUP FOR GIS SERVICES IN THE AMOUNT OF \$238,173**

Recommendation:

Approve an agreement with Geographic Technologies Group for GIS Services in the amount of \$238,173.

7. **APPROVE AND AUTHORIZE THE CITY MANAGER TO PURCHASE THREE UTILITIES DIVISION REPLACEMENT VEHICLES**

Recommendation:

1. Approve the purchase of a Ford T-350 E Transit Cargo Van from Rush Truck Center in the amount of \$75,323 to replace vehicle W18163;
2. Approve the purchase of a Ford F-550 Truck with a Wachs valve turner up-fit from Rush Truck Center in the amount of \$254,753 to replace vehicle W15117;

3. Approve the purchase of a Vac-Con Combo Jet/Vacuum Truck from Municipal Maintenance Equipment in the amount of \$647,687 to replace vehicle S15112; and
4. Authorize the disposal of surplus vehicles in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

8. APPROVE OBJECTIVE DEVELOPMENT STANDARDS CONCESSION AND WAIVER REQUESTS FOR THE MYRTLE – MYRTLE INVESTMENTS RESIDENTIAL PROJECT

Recommendation:

Adopt a resolution approving the applicant’s request for one concession to the City’s undergrounding requirement and four waivers to the City’s Objective Residential Development Design and Development Standards pursuant to California Density Bonus Law (Gov. Code §65915).

9. APPROVE SEPTEMBER 17, 2025, CITY COUNCIL MEETING MINUTES

Recommendation:

Approve the September 17, 2025, City Council Meeting Minutes.

10. AWARD MAINTENANCE SERVICE AGREEMENT FOR ENGINEERED WOOD FIBER AND MULCH TO JET MULCH, INC. IN THE AMOUNT OF \$120,000 FOR THE INITIAL TWO-YEAR TERM

Recommendation:

1. Award a maintenance service agreement to JET Mulch, Inc. in the amount of \$120,000 for a two-year term, with the option to extend up to three additional consecutive one-year terms; and
2. Authorize the City Manager to execute and administer the agreement and amendments.

11. RECEIVE MONTHLY BUDGET UPDATE AND AUGUST 2025 FINANCIAL AND INVESTMENT REPORTS

Recommendation:

Receive and file reports.

OTHER BUSINESS

12. INTRODUCE AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING CHAPTERS 15.08 (BUILDING CODE), 15.12 (ELECTRICAL CODE), 15.16 (MECHANICAL CODE), 15.20 (PLUMBING CODE), 15.44 (FIRE CODE) AND TO ADOPT BY REFERENCE THE 2025 CALIFORNIA BUILDING STANDARDS CODES KNOWN AND DESIGNATED AS CALIFORNIA CODE OF REGULATIONS, TITLE 24

Recommendation:

1. Waive reading;
2. Introduce the ordinance by title; and
3. Set November 19, 2025, at 6:00 p.m. as the date and time for a public hearing to consider adoption of an ordinance.

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

Recommendation:

Accept and file the Visit Morgan Hill Annual Report.

FUTURE COUNCIL INITIATED AGENDA ITEMS

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

ADJOURNMENT

NOTICE

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

PUBLIC COMMENT

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

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

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

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

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

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

SUSTAINABLE MORGAN HILL



Vision

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

Choose Morgan Hill

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

Strategic Priorities 2024-2025

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

City Council Ongoing Priorities

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



CITY COUNCIL STAFF REPORT

MEETING DATE: October 15, 2025

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

APPROVE THE SERVICE PROVIDER AGREEMENT RELATED TO THE ADMINISTRATION OF THE CITY'S 457(B) DEFERRED COMPENSATION PLAN WITH SHUSTER ADVISORY GROUP

RECOMMENDATION(S)

1. Approve the service provider agreement related to the administration of the City's 457(b) Deferred Compensation Plan with Shuster Advisory Group; and
2. Appoint the City Manager as the Plan Administrator; and
3. Authorize the City Manager to execute and administer the related agreements.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Fostering a Positive Organizational Culture

2024-2025 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

The City provides an employer-sponsored deferred compensation plan under Section 457(b) of the Internal Revenue Code ("IRC"). The 457(b) Plan provides tax benefits to employees who make deposits into the plan for their retirement. The 457(b) Plan is currently record kept by MissionSquare and Empower, with MissionSquare record keeping a majority of the plan assets and plan participants. As the sponsor of the plan, the City has certain fiduciary duties and responsibilities under State law and Federal law. These duties and responsibilities focus on ensuring the operation and investment of the plan is for the exclusive purpose of providing benefits to participants and beneficiaries. Specifically, fiduciary responsibilities include:

- Investing the assets of the plan;
- Administering the plan; and
- Engaging in a prudent process for making all decisions related to the operation of the plan, including decisions related to the plan's investments and related services.

Staff engaged Shuster Advisory Group to conduct a review of the City's 457(b) Plan and identify areas where plan design and pricing could be improved. One key finding was that the City was not fully leveraging the scale of the plan by utilizing two record keepers. In response, Shuster requested proposals from both MissionSquare and Empower for consolidating the 457(b) Plan with a single record keeper.

Following a thorough analysis and final negotiations, it was determined that participants would benefit from consolidating with the current record keeper, MissionSquare, due to a significant reduction in costs, as well as an enhanced platform, investment options, and services. Shuster successfully negotiated a 95% reduction in 457(b) record keeping fees with no reduction in services.

Shuster will lead the plan consolidation in coordination with MissionSquare, implementing greater fee transparency, an open architecture institutional investment menu, and fiduciary oversight practices. The estimated positive financial impact to participant accounts from the fee reduction alone is \$31 million over a 30-year period (assuming no additional contributions or distributions and a 5% average annual rate of return). This estimate does not include the potential benefits from improved investment performance under the new, higher-quality, comprehensive, and low-cost investment menu, nor any future contributions or distributions.

COMMUNITY ENGAGEMENT:

Inform.

This staff report serves to inform the community that the City intends to enter into a service agreement with Shuster Advisory Group for the administration of the City's 457(b) Deferred Compensation Plan.

ALTERNATIVE ACTIONS:

The City Council could decide not to enter into the service agreement with Shuster. This is not recommended as Plan participants (current and former City employees) would forgo the potential savings from the reduction in fees.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None.

FISCAL AND RESOURCE IMPACT:

There's no fiscal impact to the City. The fee for service of \$34,000 per year will be deducted from Plan assets and will be paid to the consultant by the record keeper.

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.

CONSULTANT AGREEMENT
Shuster Advisory Group, LLC

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Shuster Advisory Group, LLC doing business as Shuster Advisory Group, a Hub International Company a California limited liability company ("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 _____ 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 Retirement Plan Consulting Services as further described in **Exhibit A**.
4. **Compensation.** CONSULTANT shall be compensated as follows:
 - 4.1. **Amount.** \$34,000.00 per annum. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed thirty four thousand dollars per annum 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.
- 7.1.7. Crime/Fidelity Bond. If the performance of CONSULTANT'S work or service under this Agreement relates to or involves handling of CITY monies, CONSULTANT shall procure and maintain Crime insurance, in the minimum amount of: (i) three hundred thousand dollars (\$300,000.00) per occurrence, covering all CONSULTANT'S officers and employees, for loss of CITY monies caused by dishonesty and/or theft.
- 7.2. **Endorsements**. CONSULTANT shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:
- 7.2.1. General Liability and pollution liability (when pollution liability applies).
- 7.2.1.1. "Additionally Insured" - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds on a form at least as broad as ISO Form CG 20 10 for ongoing operations.
- 7.2.1.2. "Waiver of Rights of Subrogation" - The insurer waives the right of subrogation against the City of Morgan Hill and CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and
- 7.2.1.3. "Primary and Non-Contributing" - Insurance shall be endorsed to be primary and non-contributory and will not seek contribution from the City's insurance or self-insurance and shall be at least as broad as ISO Form CG 20 01.
- 7.2.2. Workers Compensation.
- If the performance of CONSULTANT'S work or service under this Agreement involves access to or activity on any property or premises owned or occupied by the CITY, including, but not limited to, CONSULTANT'S presence during site visits and meetings, then insurer waives the right of subrogation against the City of Morgan Hill and the CITY's elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.
- 7.3. **Qualification of Insurers**. All insurance required pursuant to this Agreement must be issued by a company licensed and admitted, or otherwise legally authorized to carry out insurance business in the State of California, and each insurer must have a current A.M. Best's financial strength rating of "A" or better and a financial size rating of "VII" or better.
- 7.4. **Certificates**. CONSULTANT shall furnish CITY of Morgan Hill with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to

CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 7. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

9. **Compliance with Law.**

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

9.2. Compliance with Wage and Hour Laws: Consultant, and any subcontractor it employs to complete work under this Agreement, shall comply with all applicable federal, state and local wage and hour laws. Applicable laws may include, but are not limited to, the Federal Fair Labor Standards Act and the California Labor Code.

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

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

Judgments or Decisions During Term of Contract: If at any time during the term of this Agreement, a court or investigatory government agency issues a final judgment, decision or order finding that CONSULTANT or an subcontractor it employs to perform work under this Agreement has violated any applicable wage and hour law, or CONSULTANT learns of such

a judgment, decision, or order that was not previously disclosed, CONSULTANT shall inform the City Attorney, no more than fifteen (15) days after the judgment, decision or order becomes final or of learning of the final judgment, decision or order. CONSULTANT and its subcontractors shall promptly satisfy and comply with any such judgment, decision, or order, and shall provide the City Attorney with documentary evidence of compliance with the final judgment, decision or order within five (5) days of satisfying the final judgment, decision or order. The City reserves the right to require CONSULTANT to enter into an agreement with the City regarding the manner in which any such final judgment, decision, or order will be satisfied.

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

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

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

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

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

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

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

Address of CONSULTANT is as follows:

Mark Shuster
Shuster Advisory Group, a Hub International Company

155 N. Lake Ave., Suite 950
Pasadena, CA 91101

Address of CITY is as follows:

Michael Horta
City of Morgan Hill
17575 Peak Ave.
Morgan Hill, CA 95037

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

14. **Licenses, Permits and Fees.** CONSULTANT shall obtain a City of Morgan Hill Business License, all permits and licenses to the extent required by ordinances, codes and regulations of the federal, state and local government.
15. **Consultant's Proposal.** If applicable, this Agreement shall include CONSULTANT'S proposal or bid which is incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.
16. **Maintenance of Records.**
- 16.1. **Maintenance.** CONSULTANT shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and CITY rules and ordinances related to services provided under this Agreement. CONSULTANT shall maintain records for a period of at least 3 years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the 3-year period, then CONSULTANT shall retain said records until such action is resolved.
- 16.2. **Access to and Audit of Records.** The CITY shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the CONSULTANT and its subcontractors related to services under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the Parties to this Agreement may be subject, at the request of the CITY or as part of any audit of the CITY, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.
- 16.3. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT for work performed under this Agreement shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.
17. **Familiarity with Work.** By executing this Agreement, CONSULTANT represents that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.
18. **Time of Essence.** Time is of the essence in the performance of this Agreement.

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

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

21. **Defense and Indemnification.**

21.1. **Defense and Indemnification.** CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

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

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

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

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

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

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

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

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

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

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

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

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

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

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[Signatures on Next Page]

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

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

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

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

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow

Print Name

Christina J. Turner

Print Name

Date: _____

Date: _____

APPROVED AS TO FORM:

SHUSTER ADVISORY GROUP, LLC, doing
business as SHUSTER ADVISORY GROUP, A
HUB INTERNATIONAL COMPANY

Donald A. Larkin

By:

City Attorney

By: 
MARK SHUSTER
MANAGING PARTNER

Print Name

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

Date: _____

Date: 10/7/2025

By: 
JOANN PARRINO
PARTNER

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

Date: 10/7/2025

EXHIBIT A SCOPE OF SERVICES

FIDUCIARY SERVICES

CONSULTANT will perform the following fiduciary services:

- 1. Development of an Investment Policy Statement (IPS). The IPS establishes the investment policies and objectives for the Plan(s), and shall set forth the asset classes and investment categories to be offered under the Plan(s), as well as the criteria and standards for selecting and monitoring the investments. The CITY shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt the investment policy statement.**
- 2. Consistent with the Investment Policy Statement, CONSULTANT will select the initial investment options within the Plan(s).**
- 3. CONSULTANT will periodically review the investments within the Plan(s) and shall be responsible for making additions/deletions thereto.**
- 4. CONSULTANT will provide periodic investment advisory reports that document consistency of fund management and performance to the guidelines set forth in the IPS, and to make recommendations to maintain, or remove and replace investment options. Reports to include: Market Overview, In-Depth Portfolio Summary, Plan Asset Allocation Analysis and Fund Performance Comparison to the Index.**
- 5. Meet with CITY on a periodic basis to discuss reports and recommendations.**
- 6. Annually review the IPS with the CITY to ensure it continues to meet the CITY's needs.**
- 7. Selection of a default investment for participants who fail to make an investment election.**
- 8. Coordinate the Deferred Compensation Committee meetings, record the meeting minutes and provide minutes to the attending members.**

LIMITATIONS ON FIDUCIARY SERVICES

CONSULTANT shall not be responsible or liable for the recommendations of or services rendered by anyone other than CONSULTANT. The ability to perform the above services is contingent upon the rules, policies, processes, and responsiveness to our requests for information of CITY, plan sponsor, record keeper(s), and/or third party administrator(s).

NON-FIDUCIARY SERVICES

CONSULTANT will perform the following Non-Fiduciary services:

- 1. Provide Plan design consulting and Plan document review**
- 2. Provide vendor management/issue resolution**
- 3. Provide consulting assistance on fiduciary best practices**

4. **Assist in the transition of previous record-keeper(s) and/or Plan provider(s)**
5. **Provide custom communications when needed**
6. **Assist in communications with recordkeeper(s) and/or Plan provider(s)**
7. **Distribute Plan level newsletters**
8. **Provide RFP services and Plan fee negotiations**
9. **Incumbent vendor and fee review**
10. **Contract review support**
11. **Employee education**
12. **Provide assistance with mandatory and optional legislative changes**

LIMITATIONS ON NON-FIDUCIARY SERVICES

CONSULTANT shall not be responsible or liable for the recommendations of or services rendered by anyone other than CONSULTANT. CONSULTANT and CITY/plan sponsor will work together to determine mutually agreed upon for services requiring both parties coordinate and/or attend. The ability to perform the above services is contingent upon the rules, policies, processes, and responsiveness to our requests for information of CITY, plan sponsor, record keeper(s), and/or third-party administrator(s).

CONSULTANT & FIDUCIARY ACKNOWLEDGEMENTS

CITY acknowledges the following:

1. **CITY, as the responsible plan fiduciary for the City of Morgan Hill 457(b) Deferred Compensation Plan and additional defined contribution plans as added by the City ("Plan(s)), has the authority to designate investment alternatives under the Plan and the related trust, and to enter into an Agreement with third parties to assist in these and related duties.**
2. **In performing the Fiduciary Services, CONSULTANT is acting as a fiduciary of the Plan and as a registered investment advisor under the Investment Advisers Act of 1940.**
3. **In performing the Non-Fiduciary Services, CONSULTANT is not acting as a fiduciary of the Plan.**
4. **In performing both Non-Fiduciary Services and Fiduciary Services, CONSULTANT does not act as, nor has CONSULTANT agreed to assume the duties of, a trustee or the Plan Administrator, and CONSULTANT has no discretion or responsibility to interpret the Plan documents, to determine eligibility or participation under the Plan, or to take any other action with respect to the management, administration or any other aspect of the Plan.**

5. **CONSULTANT will perform the Fiduciary Services described in this Exhibit A to the Plan based on the standard of care as set forth in the Investment Advisor Act of 1940 and, as such, in accordance with the prudent man rule set forth in ERISA Section 404(a)(1)(B).**
6. **CONSULTANT will perform the Non-Fiduciary Services described in this Exhibit A using reasonable business judgment and shall not be liable for any liabilities and claims arising thereunder, unless directly arising from CONSULTANT's intentional misconduct or gross negligence.**
7. **CITY acknowledges that CONSULTANT has no responsibility to provide any services related to the following types of assets: employer securities; real estate (except for real estate funds and publicly traded REITs); stock brokerage accounts or mutual fund windows; in-plan retirement income annuity products; participant loans; non-publicly traded partnership interests; other non-publicly traded securities (other than collective trusts and similar vehicles); or other hard-to-value securities or assets. Such assets (except for real estate funds, publicly traded REITs, and collective trusts and similar vehicles) shall be referred to collectively as "Excluded Assets." The Excluded Assets shall be disregarded in determining the Fees payable to CONSULTANT pursuant to this Agreement, and the Fees shall be calculated only on the remaining assets (the "Included Assets").**
8. **CONSULTANT does not provide legal or tax advice.**
9. **Investments are subject to various market, political, currency, economic, and business risks, and may not always be profitable. As a result, CONSULTANT does not and cannot guarantee financial results.**
10. **CONSULTANT may, by reason of performing services for other clients, from time to time acquire confidential information. CITY acknowledges and agrees that CONSULTANT is unable to divulge to the CITY or any other party, or to act upon, any such confidential information with respect to its performance of this Agreement.**
11. **CONSULTANT is entitled to rely upon all information provided to CONSULTANT (whether financial or otherwise) from reputable third parties or by CITY, CITY's representatives or third-party service providers to CITY, the Plan or CONSULTANT, without independent verification. CITY agrees to promptly notify CONSULTANT in writing of any material change in the financial and other information provided to CONSULTANT and to promptly provide any such additional information as may be reasonably requested by CONSULTANT.**
12. **CONSULTANT will not be responsible for voting (or recommending how to vote) proxies of any publicly traded securities (including mutual fund shares) held by the Plan (or its trust). Responsibility for voting proxies of investments held by the Plan or its trust remain with CITY (or, if applicable, the Plan participants).**
13. **CITY understands that CONSULTANT: (i) may perform other services for other clients, (ii) may charge a different fee for other clients, and (iii) may give advice and take action that is different for each client.**
14. **The person signing the Agreement on behalf of CITY has all necessary authority to do so.**
15. **The execution of this Agreement and the performance thereof is within the scope of the investment authority authorized by the governing instrument and/or applicable laws. The signatory on behalf of CITY represents that the execution of the Agreement has been duly authorized by**

appropriate action and agrees to provide such supporting documentation as may be reasonably required by CONSULTANT.

16. The Plan and related Trust permit payment of fees out of Plan assets. CITY has determined that the fees charged by CONSULTANT are reasonable and are the obligation of the Plan; however, if CITY desires, it may pay the fees directly, rather than with Plan assets.

17. CONSULTANT agrees to take reasonable steps to protect Private Participant Information and Plan Investment Data in its possession;

CONSULTANT is not responsible for the assessment of systems and procedures of third parties for the protection of plan and participant data;

CONSULTANT is not responsible for the actions by or the failure to act by CITY, by other service providers, or by Plan participants to protect Data;

CONSULTANT shall have no liability in the event of a Data breach or a violation of participant privacy rights (under the California Consumer Privacy Act or otherwise) unless said breach is the direct result of negligence, recklessness, or willful misconduct of an employee of CONSULTANT.

18. Receipt of Disclosure and Consent to Electronic Delivery. CITY acknowledges receipt and undertakes to review and consider the disclosures made by CONSULTANT (including in this Agreement, the Form ADV Part 2 and CONSULTANT's Privacy Policy), in particular the portions related to services, compensation, and potential conflicts of interest, as well as the remainder of the disclosures concerning, among other matters, background information such as educational and business history, business practices such as the types of advisory services provided, the methods of securities analysis used, and the like.

Further, CITY consents to electronic delivery (via email or other generally accepted method) of current and future distributions of CONSULTANT's Form ADV Part 2 and Privacy Policy. Consent to electronic delivery may be canceled at any time by sending a written request to CONSULTANT.

19. CONSULTANT will maintain co-ownership with CITY of all documents developed by CONSULTANT for work performed under this agreement as required by state and federal law and regulations.

**EXHIBIT B
SCHEDULE OF COMPENSATION RATES**

1. All fees are billed in arrears.
2. The initial fee will be the amount, prorated for the number of days included in the initial billing period from the effective payment start date.
3. If this Agreement is terminated prior to the end of a billing period, CONSULTANT shall be entitled to a fee, prorated for the number of days in the billing period prior to the effective date of termination.
4. All fees will be due and payable within 30 days and are payable to “Shuster Advisory Group, LLC”
5. The annual fee for services shall be as follows:

Beginning with the Effective Date of this Agreement and continuing until the earlier of the date the plans are converted to a new record-keeper and assets from the prior record-keeper are transferred, the date the current plans are consolidated to a single record keeper, the date the plans are converted to a new record-keeper and the first payroll deferral is processed by the new record-keeper, or the date it is decided to remain with the incumbent record-keeper and new pricing is implemented, if applicable, (hereafter known as the “Conversion Date”) the fee for service shall be \$ 2,833.33 per month. Fees will accrue and be paid from Plan assets to CONSULTANT by the record keeper upon the Conversion Date.

After the “Conversion Date”, the fee for service shall be \$2,833.33 per month (\$34,000 per annum). Fees will be deducted from Plan assets and will be paid to CONSULTANT by the record-keeper.

At CONSULTANT’s discretion the billing period described above may be adjusted to quarterly.

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

As requested

CITY COUNCIL STAFF REPORT

MEETING DATE: October 15, 2025

PREPARED BY:

Kathryn Pisano, Environmental Services Manager

APPROVED BY: City Manager

APPROVE FIRST AMENDMENT TO THE FY 2025-26 COUNTYWIDE SOLID WASTE SERVICES FOOD RECOVERY PROGRAM CONTRACT WITH JOINT VENTURE SILICON VALLEY

RECOMMENDATION(S)

1. Approve the first amendment to the FY 2025-26 Joint Venture Silicon Valley consultant agreement to extend the effective date of services from December 31, 2025 to June 30, 2026 and increase the agreement amount by \$296,801; and
2. Authorize the City Manager to execute and administer the first amendment to the agreement with Joint Venture Silicon Valley.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Protecting the Environment

REPORT NARRATIVE:

The purpose of this report is to recommend approval of a First Amendment to the City's consultant agreement with Joint Venture Silicon Valley (JVSV) for the administration and implementation of the FY 2025-26 Santa Clara County Food Recovery Program (Attachment 1). The cost of the agreement is fully offset by revenue from participating jurisdictions.

In July 2021, City of Morgan Hill staff began providing Technical Advisory Committee (TAC) Administrator and Contracting Agent roles for administering the work of the Countywide Solid Waste Services (CSWS) Program. One of the largest contracts the City administers is for the Santa Clara County Food Recovery Program (Food Recovery Program), which is required under State of California law (SB 1383). The Food Recovery Program focuses on the collection of food from specified food-generating businesses and the redistribution of that food to feed people in need. The agreement supports implementation of the Food Recovery Program, which includes base operations to reach minimum compliance with SB 1383 compliance requirements for food recovery programs, as well as program enhancements to launch a Recovered Food Hub, develop a Food Recovery Organization Mentoring Program, and draft an Enhanced Engagement Toolkit for generators of recovered food.

The FY 2025-26 Agreement with JVSV supports services for the period July 1, 2025-December 31, 2025. The proposed First Amendment will extend the timeline for these services through June 30, 2026, and increase the amount from \$296,801 to \$593,602. The initial FY 2025-26 Agreement was executed for six months of services due to the timing of funding contributions from participating jurisdictions. The revenue is expected to be fully received by Fall 2025 for the services through June 2026.

COMMUNITY ENGAGEMENT:

Not Applicable.

The subject of this staff report is entirely administrative in nature and does not impact services directly provided to the Morgan Hill community. Given this, no community engagement was conducted prior to this meeting.

ALTERNATIVE ACTIONS:

The City Council could decline approval of the first amendment. In this scenario, the City would be unable to administer the Food Recovery Program, which is work that participating jurisdictions have asked that the City implement in its role as the CSWS Contracting Agent and Administrator.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council has not taken prior action on this agreement. Per Ordinance 2321, purchases up to \$300,000 can be made under the City Manager's purchasing authority if made exclusively with Countywide funds for the administration of the CSWS Program. As the agreement for the first six months of FY 2025-26 was \$296,801, it was approved via City Manager authority on June 26, 2025.

FISCAL AND RESOURCE IMPACT:

The First Amendment to the 2025-26 agreement increases the amount from \$296,801 to \$593,602. The Agreement and the proposed First Amendment are fully funded by jurisdiction contributions and will have no impact on the City's General Fund. Funding is included in the FY2025-26 Budget in Fund 246 Countywide Solid Waste Program. Administering this program assists Morgan Hill in having a strong say in countywide programming and leadership in countywide solid waste management.

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.

**FIRST AMENDMENT TO AGREEMENT
JOINT VENTURE: SILICON VALLEY NETWORK
AKA JOINT VENTURE SILICON VALLEY**

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on _____ (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and JOINT VENTURE: SILICON VALLEY NETWORK, a California nonprofit corporation ("CONSULTANT" or "JOINT VENTURE"), 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 _____, _____, 20____.
2. The CITY and CONSULTANT entered into that "Consultant Agreement" made as of June 26, 2025, and extending to December 31, 2025 for consultant services for a maximum compensation of Two Hundred Ninety Six Thousand Eight Hundred One Dollars (\$296,801.00) ("CONSULTANT AGREEMENT"). The CONSULTANT AGREEMENT is attached as Exhibit "1" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the CONSULTANT AGREEMENT, as attached as Exhibit "1," shall remain in full force and effect; except that the following amendments shall be made as set forth below:
 - A. Paragraph 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 June 26, 2025, until June 30, 2026. 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."
 - B. Paragraph 4.1 shall be amended to reflect the increased total compensation that shall not exceed FIVE HUNDRED NINETY THREE THOUSAND SIX HUNDRED TWO DOLLARS (\$593,602.00).
 - C. Paragraph 4.1 and 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 January 1, 2026, that is herein incorporated by this reference.
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.

- 3. **Counterpart Signatures.** This Agreement may be signed in multiple counterparts, which shall, when executed by all the Parties, constitute a single binding agreement.
- 4. **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 CONSULTANT AGREEMENT, the terms of this First Amendment to Agreement shall govern and control.

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

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

ATTEST:

CITY OF MORGAN HILL

Michelle Bigelow, City Clerk

Christina Turner, City Manager

Date: _____

Date: _____

APPROVED AS TO FORM:
Donald Larkin, City Attorney

JOINT VENTURE: SILICON VALLEY NETWORK

Sumit Hansotia

Date: _____

By: _____
Title: President & CEO

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

Date: _____

Ashley Reggio

By: _____
Title: Chief Operating Officer

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

Date: 9/26/2025

**Exhibit B-1
REVISED SCHEDULE OF COMPENSATION**

FY 25-26 -JVSJ - FOOD RECOVERY PROGRAM CONSULTANT AGREEMENT

BASE

| | Activity | Original Agmt July to Dec 2025 | First Amendment Jan to June 2026 | Total Cost |
|--|---|---|---|-------------------|
| | Contractor: Data Entry, Tier ID research | 1,650.75 | 1,650.75 | 3,301.50 |
| | Travel, including inspections | 750.00 | 750.00 | 1,500.00 |
| | Staff Time: Executive Director (15%); Associate Director (10%); Program Manager (70%); Inspector/Educator 64% | 112,500.00 | 112,500.00 | 225,000.00 |
| | Technology: Database and extension subscriptions, hot spot, etc. | 1,900.00 | 1,900.00 | 3,800.00 |
| | Printings, mailings, and other supplies as needed | 3,250.00 | 3,250.00 | 6,500.00 |
| | Overhead | 30,012.75 | 30,012.75 | 60,025.50 |
| | TOTAL BASE | 150,063.50 | 150,063.50 | 300,127.00 |

ENHANCEMENTS

| Project | Activity | Cost July to Dec 2025 | Cost Jan to June 2026 | Total Cost |
|---|---|----------------------------------|----------------------------------|-------------------|
| Recovered Food Hub Launch | Staff time: Project Lead and contractor support | 27,890.00 | 27,890.00 | 55,780.00 |
| | Hub lead organizations planning stipends | 11,000.00 | 11,000.00 | 22,000.00 |
| | Program Overhead, 20% | 9,722.50 | 9,722.50 | 19,445.00 |
| | SUBTOTAL-Recoverd Food Hub Launch | 48,612.50 | 48,612.50 | 97,225.00 |
| Food Recovery Organization Mentoring Program | Staff time: Project Lead | 10,000.00 | 10,000.00 | 20,000.00 |
| | Fees for 5-10 organizations | 25,000.00 | 25,000.00 | 50,000.00 |
| | Program Overhead, 20% | 8,750.00 | 8,750.00 | 17,500.00 |
| | SUBTOTAL-Food Recovery Organization Mentoring Program | 43,750.00 | 43,750.00 | 87,500.00 |
| EFG Enhanced Engagement Toolkit | Staff time: Project Management, material creation, FRO/generator engagement | 25,500.00 | 25,500.00 | 51,000.00 |
| | Vendor fees and printing | 5,000.00 | 5,000.00 | 10,000.00 |
| | Funding for FRO customization and distribution of the toolkit. A combination of staff time and FRO stipends | 13,000.00 | 13,000.00 | 26,000.00 |
| | Program Overhead, 20% | 10,875.00 | 10,875.00 | 21,750.00 |
| | SUBTOTAL-EFG Enhanced Engagement Toolkit | 54,375.00 | 54,375.00 | 108,750.00 |
| | TOTAL ENHANCEMENTS | 146,737.50 | 146,737.50 | 293,475.00 |

| | | | |
|--|-------------------|-------------------|-------------------|
| ORIGINAL AGREEMENT AMT: JULY TO DEC. 2025 | 296,801.00 | | |
| FIRST AMENDMENT AMOUNT: JAN. TO JUNE 2026 | | 296,801.00 | |
| FY 25-26 REVISED TOTAL AGREEMENT AMOUNT | | | 593,602.00 |

EXHIBIT 1

CONSULTANT AGREEMENT
Joint Venture Silicon Valley

THIS AGREEMENT is entered into and becomes effective on 6/26/2025 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, in its capacity as contracting agent on behalf of the County of Santa Clara Recycling and Waste Reduction Commission Implementation Committee ("CITY"), and Joint Venture Silicon Valley 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 authority of the City Manager pursuant to Chapter 3.04 of the Morgan Hill Municipal Code.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until December 31, 2025 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 the Santa Clara County FY 25-26 Food Recovery Program as further described in **Exhibit A**.
4. **Compensation.** CONSULTANT shall be compensated as follows:
 - 4.1. **Amount.** \$296,801.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Two Hundred Ninety-Six Thousand Eight Hundred One 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.
- 7.1.7. Crime Fidelity Bond. If the performance of CONSULTANT'S work or service under this Agreement relates to or involves handling of CITY monies, CONSULTANT shall procure and maintain Crime insurance, in the minimum amount of (i) three hundred thousand dollars (\$300,000.00) per occurrence, covering all CONSULTANT'S officers and employees, for loss of CITY monies caused by dishonesty and/or theft.
- 7.2. **Endorsements**. CONSULTANT shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:
- 7.2.1. General Liability and pollution liability (when pollution liability applies).
- 7.2.1.1. "Additionally Insured" - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds on a form at least as broad as ISO Form CG 20 10 for ongoing operations.
- 7.2.1.2. "Waiver of Rights of Subrogation" - The insurer waives the right of subrogation against the City of Morgan Hill and CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and
- 7.2.1.3. "Primary and Non-Contributing" - Insurance shall be endorsed to be primary and non-contributory and will not seek contribution from the City's insurance or self-insurance and shall be at least as broad as ISO Form CG 20 01.
- 7.2.2. Workers Compensation.
- If the performance of CONSULTANT'S work or service under this Agreement involves access to or activity on any property or premises owned or occupied by the CITY, including, but not limited to, CONSULTANT'S presence during site visits and meetings, then insurer waives the right of subrogation against the City of Morgan Hill and the CITY's elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.
- 7.3. **Qualification of Insurers**. All insurance required pursuant to this Agreement must be issued by a company licensed and admitted, or otherwise legally authorized to carry out insurance business in the State of California, and each insurer must have a current A.M. Best's financial strength rating of "A" or better and a financial size rating of "VII" or better.
- 7.4. **Certificates**. CONSULTANT shall furnish CITY of Morgan Hill with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to

CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 7. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

9. **Compliance with Law.**

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

9.2. Compliance with Wage and Hour Laws: Consultant, and any subcontractor it employs to complete work under this Agreement, shall comply with all applicable federal, state and local wage and hour laws. Applicable laws may include, but are not limited to, the Federal Fair Labor Standards Act and the California Labor Code.

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

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

Judgments or Decisions During Term of Contract: If at any time during the term of this Agreement, a court or investigatory government agency issues a final judgment, decision or

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

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

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

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

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

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

12. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement including, without limitation, complying with California Government Code section 1090 et seq., the California Political Reform Act (California Government Code section 87100 et. seq.) and 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:

Joint Venture Silicon Valley
Robin Franz Martin, Executive Director, Silicon Valley Food Recovery Program
P.O. Box 720010
San Jose, CA 95172

Address of CITY is as follows:

| | |
|----------------------------|-----------------------|
| Kathryn Pisano, ES 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 |

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.** Documents created by CONSULTANT for work performed exclusively for the Recycling and Waste Reduction Commission Implementation Committee shall be the property of the Recycling and Waste Reduction Commission Implementation Committee. CONSULTANT shall provide CITY, in its capacity as contracting agent for the Recycling and Waste Reduction Commission Implementation Committee, with copies of these items upon demand.

17. **Familiarity with Work.** By executing this Agreement, CONSULTANT represents that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any conditions materially differing from those inherent in the work or as represented

by CITY, it shall immediately inform CITY and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.

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

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

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

21. **Defense and Indemnification.**

21.1. **Defense and Indemnification.** CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

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

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

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

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

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

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

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

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

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

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

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

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

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

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:

Signed by:

Michelle Bigelow

City Clerk/Deputy City Clerk

Michelle Bigelow
Print Name

Date: 6/26/2025

APPROVED AS TO FORM:

Donald A. Larkin

DocuSigned by:

Donald Larkin

City Attorney

Print Name

Date: 6/23/2025

CITY OF MORGAN HILL

DocuSigned by:

Christina Turner

City Manager

Christina J. Turner
Print Name

Date: 6/26/2025

JOINT VENTURE SILICON VALLEY

Russ Hancock

By:

Russ Hancock, CEO

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

Date: 6/20/2025

Ashley Raggio

By:

Ashley Raggio, COO

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

Date: 6/20/25

EXHIBIT A SCOPE OF SERVICES

“Base” Food Recovery Program

The Santa Clara County Food Recovery Program will utilize efficient systems and protocols, developed in previous years, to conduct ongoing activities. The Program will continue to develop and refine systems and protocols as new aspects of the law are implemented.

Program Deliverables from MOU

- A. Shall develop and coordinate a standardized and uniform method to comply with California Code of Regulations, Title 14, Division 7, Chapter 12, “Short-Lived Climate Pollutants.” The Program Manager will operate within the Jurisdiction’s boundaries and replace the need for the Jurisdiction to create such a program on its own.**
- B. In the event of a CalRecycle Implementation Schedule for a food recovery capacity shortfall identified during a Santa Clara County Edible Food Recovery Capacity Assessment, The Program will work to develop the Implementation Schedule with CalRecycle and manage the effort to fund necessary capacity improvements as outlined in the Schedule. Additional Base Program costs beyond the allowable 10% yearly increase may be needed. The RWRC will review and approve or deny any needed budget changes. Funds will be collected based on the number of edible food generators and their auxiliary sites in each Jurisdiction.**
- C. Shall conduct a review, each fiscal year, of potential new edible food generators, to ensure that as businesses open in Santa Clara County the appropriate regulated entities are added to the lists. Closing businesses will be identified during the reporting process and be eliminated from the lists.**
- D. Shall provide the Jurisdictions with the information and data necessary for the Jurisdictions to make their required reports to the California Department of Resources, Recycling and Recovery (“CalRecycle”).**
- E. Shall retain records of inspections in the Jurisdictions for a minimum of five (5) years.**
- F. Shall notify the Jurisdictions promptly about any related issues that require the Jurisdictions’ assistance or to request the Jurisdictions lead in resolving the issue(s) that arise related to non-compliance.**
- G. Shall fulfill and endeavor to exceed the annual education requirement for the Jurisdictions and provide the data needed for Jurisdictions to complete required CalRecycle reports.**
- H. Solicit required Food Recovery Reports from generators and Food Recovery Organization/Services, compile and provide the results to Jurisdictions for inclusion in the Implementation Records, and to Santa Clara County for use in future Capacity Planning efforts.**
- I. Shall conduct inspections and monitoring in compliance with CalRecycle expectations for Edible Food Generators and Food Recovery Organizations and Services.**
- J. The Program shall supply appropriate content for a web site, including a list of Food Recovery Organizations and Services (to be updated at least annually) and be accessible to Edible Food Generators.**
- K. The Program shall represent the interests of the Program with other entities, counties, and CalRecycle.**
- L. The Program will develop procedures and timelines for cities and unincorporated County to encourage uniformity in enforcement, which the Cities and County would be encouraged to follow.**
- M. The Program shall create reports about Program activities each year in September, ahead of the budgeting process for the next fiscal year. These reports shall include a narrative about the Food Recovery Program activities, statistics, total number of pounds of food recovered as reported by Food Generators and Food Recovery Organizations (“FROs”), and any additional information**

needed by the Jurisdictions. Statistics about food waste prevention and food recovery in Santa Clara County will be shared publicly.

Additional Deliverables

- Target outreach and conduct in-depth technical assistance to Tier 2 generator types with more complex food recovery needs/systems, such as malls, school districts, and restaurants
- Inspect at least 10% of generators per jurisdiction
- Continue to strive to serve as a model program, and adapt systems and protocols based on learnings from the field and other jurisdictions, and updated guidance from CalRecycle.

ENHANCEMENTS

Recovered Food Hub Launch

At the end of FY 24-25, the Hubs project had determined that 3 workgroups, North, Central, and South, would carry out the planning for each potential site, as well as map out operational needs. Joint Venture will manage these groups. A project proposal was completed, and it was determined that before formal funding applications take place, that 3 lead organizations would be established. Santa Clara County will likely work with Joint Venture to determine how to select lead organizations.

Deliverables

1. Work with Santa Clara County to choose sites/lead organizations based on 24-25 stakeholder engagement
2. Begin permitting or planning processes, as needed, working with workgroups and lead organizations on operational planning
3. Fundraise for project, as scoped out in 24-25

Food Recovery Organization Mentoring Program

Develop a mentoring program designed to pair food recovery organizations experienced at recovering, storing, and safely distributing prepared foods with nonprofits interested in starting or expanding their own programs. Organizations have been identified through the Small Capacity Grants program and other technical assistance that would like to enter the space, and more knowledge and experience transfer is needed.

Deliverables

1. Develop application and criteria for potential mentors and mentees
2. Design mentorship contracts for use between partners
3. Distribute funding to those willing to participate

Enhanced Engagement Toolkit

This initiative will develop various collateral and content to support FROs to accomplish many of the business engagement recommendations laid out in the Making the Most report. The Food Recovery Initiative will also use the material directly with generators to provide more intensive technical assistance, beyond what is required under SB 1383 and currently being jointly funded by the jurisdictions. The content will draw from existing best practices and content, so as not to reinvent the wheel.

Deliverables

1. Create additional prevention, recovery, and measuring/targeting of high carbon footprint foods content tailored by sector, food type and business type, including a potential focus on culturally-specific food items (electronic, print and/or video depending on budget and assessment of need).

- 2. Prepare influencer testimonials and case studies from generators already doing prevention/recovery, to inspire others and support peer-to-peer messaging.**
- 3. Create templates that FROs can adapt and customize to support collaborative training efforts, food safety, volunteer programs, front line staff training, and business engagement (to include templated trainings/communications, best practices, conversation prompts and/or case studies)**
- 4. Create sample food recovery signage for use in generator locations**
- 5. Develop a process for FROs to offer input on the creation of the toolkit (including offering stipends), as well as a process to support customization and distribution by FROs**
- 6. Distribute some materials to generators directly, in addition to FRO distribution**

**EXHIBIT B
SCHEDULE OF COMPENSATION**

BASE

| | Activity | Cost July to Dec 2025 |
|--|---|----------------------------------|
| | Contractor: Data Entry, Tier ID research | 1,650.75 |
| | Travel, including inspections | 750.00 |
| | Staff Time: Executive Director (15%); Associate Director (10%); Program Manager (70%); Inspector/Educator 64% | 112,500.00 |
| | Technology: Database and extension subscriptions, hot spot, etc. | 1,900.00 |
| | Printings, mailings, and other supplies as needed | 3,250.00 |
| | Overhead | 30,012.75 |
| | TOTAL BASE | 150,063.50 |

ENHANCEMENTS

| Project | Activity | Cost July to Dec 2025 |
|---|---|----------------------------------|
| Recovered Food Hub Launch | Staff time: Project Lead and contractor support | 27,890.00 |
| | Hub lead organizations planning stipends | 11,000.00 |
| | Program Overhead, 20% | 9,722.50 |
| | SUBTOTAL-Recoverd Food Hub Launch | 48,612.50 |
| Food Recovery Organization Mentoring Program | Staff time: Project Lead | 10,000.00 |
| | Fees for 5-10 organizations | 25,000.00 |
| | Program Overhead, 20% | 8,750.00 |
| | SUBTOTAL-Food Recovery Org Mentoring Program | 43,750.00 |
| EFG Enhanced Engagement Toolkit | Staff time: Project Management, material creation, FRO/generator engagement | 25,500.00 |
| | Vendor fees and printing | 5,000.00 |
| | Funding for FRO customization and distribution of the toolkit. A combination of staff time and FRO stipends | 13,000.00 |
| | Program Overhead, 20% | 10,875.00 |
| | SUBTOTAL-EFG Enhanced Engagement Toolkit | 54,375.00 |
| | TOTAL ENHANCEMENTS | 146,737.50 |

TOTAL JULY TO DECEMBER 2025

296,801.00

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

Please see scope of work descriptions in Exhibit A with deliverables stated.



CITY COUNCIL STAFF REPORT

MEETING DATE: October 15, 2025

PREPARED BY:

Inga Alonzo, Management Analyst

APPROVED BY: City Manager

APPROVE A THREE-YEAR AGREEMENT WITH MAGGIORA BROS DRILLING, INC IN THE AMOUNT OF \$750,000 FOR ON-CALL ROUTINE AND EMERGENCY REPAIR, MAINTENANCE, AND REHABILITATION OF THE CITY'S WATER WELLS AND BOOSTER STATIONS

RECOMMENDATION(S)

Approve and authorize the City Manager to execute a three-year agreement with Maggiora Bros Drilling, Inc. in the total not-to-exceed amount of \$750,000 for on-call routine and emergency repair, maintenance, and rehabilitation of the City's water wells and booster stations.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining and Enhancing Infrastructure

2024-2025 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Water System Master Plan

REPORT NARRATIVE:

The City of Morgan Hill operates 16 water wells and 10 pump (booster) stations to meet the City's water demand. Maintenance of the water pumping systems is specialized work that requires the use of qualified contractors.

The City's wells are equipped with a combination of submersible and vertical turbine pumps, ranging in size from 40 to 150 horsepower. Pump depth ranges from 220 feet to 290 feet, and pump columns range in size from 6 inches to 10 inches in diameter. The maintenance of these well pumps includes the removal and replacement of pumps, well casing removal, repairs and installations, water well video inspections, electric motor repairs, and a variety of replacement parts.

The booster stations contain 32 pumps ranging in size from 3 hp to 150 hp.

Maintenance of those stations includes repairs and/or replacement of equipment, such as but not limited to pumps and motors, valves, meters, various mechanical and electrical components, and testing and calibration of the pump systems.

A Request for Proposal (RFP) was issued in June 2025 to select one or two contractors for on-call repair, maintenance, and rehabilitation for the City's water wells and pump stations. The RFP was advertised in the Morgan Hill Times. Additionally, it was posted to the City's website and Public Purchase website. The City received three proposals for this RFP from Layne Christensen, Maggiora Brothers, and Zim Industries.

Current State of California Department of Industrial Relations (DIR) registrations, C-57 Well Drilling licenses, and D-21 Machinery Pumps licenses were confirmed for all three contractors before submittals were reviewed. An evaluation team of four City staff members reviewed and scored the submittals based on criteria including experience, qualifications, capability, references, quality of the proposal, and fee schedule. The average weighted scores of the evaluators are provided below, with Maggiora Bros Drilling rating highest overall. Therefore, staff recommends the award of this contract to Maggiora Bros Drilling, Inc.

| Water Well and Pump Station Repairs, Maintenance, and Rehab | Weighted Average of Evaluation Team Scores | | |
|---|--|---------------|----------------|
| | Layne Christensen | Maggiora Bros | Zim Industries |
| 1. <u>Experience and Qualifications</u> of the contractor in general as well as the project manager and other key individuals. Provided licenses and has good safety record. | | | |
| POINTS 30 | 23.8 | 27.0 | 27.8 |
| 2. <u>Capability</u> to perform necessary tasks, resolve problems, warranty, timeliness of repairs, and maintain a full-service shop with all necessary equipment required for well and pump repair and rehab projects. | | | |
| POINTS 30 | 24.3 | 28.3 | 27.5 |
| 3. <u>References and Quality</u> of proposal including compliance with proposal requirements | | | |
| POINTS 15 | 11.8 | 13.3 | 11.5 |
| 4. <u>Fee Schedule</u> forms. Cost breakdown makes sense. Lowest cost. | | | |
| POINTS 25 | 16.3 | 23.0 | 14.5 |
| OVERALL SCORE | 76.2 | 91.6 | 81.3 |

COMMUNITY ENGAGEMENT:

Inform.

This staff report serves to inform the community of this proposed agreement for the maintenance, repair, and rehabilitation of the City's water wells and pump stations.

ALTERNATIVE ACTIONS:

Staff recommends that Council award the maintenance service contract to Maggiora Bros Drilling; however, Council may consider different alternatives:

- Reject all proposals; this action will delay scheduled maintenance service of water infrastructure and, as such, may risk the ability to meet water demand due to system failure.
- Go with another proposer. This action will not be in the best interest of the City, as staff has vetted each proposer to ensure the City selects the most responsible bidder.
- Award the contract to more than one of the proposers. This action is not recommended. Although the proposal allowed for contracting with one or two contractors, there is a significant increase in pricing between Maggiora Bros Drilling and the next most qualified contractor.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 2, 2021, Council approved an agreement with Salinas Pump Company for water well services in the amount of \$750,000.

FISCAL AND RESOURCE IMPACT:

Funding for this three-year agreement is in the Council approved Capital Improvement Program Budget, project WA6003, Water Facility Rehabilitation.

CEQA (California Environmental Quality Act):

Categorical Exemption

This project is Categorically Exempt pursuant to Section 15301 of CEQA Guidelines because the work to be performed is repair, maintenance and/or minor alteration of existing well and pump station facilities involving no expansion of existing use.

**MAINTENANCE SERVICE AGREEMENT
MAGGIORA BROS DRILLING, INC.**

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Maggiora Bros Drilling, 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 _____, _____, 20____.

2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until October 31, 2028 at which time SERVICE PROVIDER'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum period of one year. Any such extension shall be in writing and signed by both Parties to this Agreement.

3. **Scope of Service.** The services to be performed by SERVICE PROVIDER shall be On-Call Services for Water Well and Pump Station Repairs, Maintenance, and Rehabilitation as further described in **Exhibit A**.

4. **Compensation.** SERVICE PROVIDER shall be compensated as follows:

4.1. **Amount.** \$750,000.00. Total compensation to SERVICE PROVIDER 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 SERVICE PROVIDER during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to SERVICE PROVIDER for one year of service during the immediately preceding prior year of service.

4.2. **Billing.** SERVICE PROVIDER shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by SERVICE PROVIDER on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 14 Notices. Payment will be made to SERVICE PROVIDER within thirty (30) days of receipt of invoice by CITY. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY'S judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

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

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

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

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

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

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

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

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

8.1. **Insurance Types and Amounts.**

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

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

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

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

8.1.5. Professional Liability.

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

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

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

Certificate Holder address:

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

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

10. **Compliance with Law.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Address of SERVICE PROVIDER is as follows:

Maggiora Bros Drilling, Inc.
595 Airport Blvd.
Watsonville, CA 95076

Address of CITY is as follows:

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

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

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

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

17. **Maintenance of Records.**

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

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

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

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

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

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

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

22. **Defense and Indemnification.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Signatures on the following page.

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

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

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

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

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow
Print Name

Christina J. Turner
Print Name


Date: _____

Date: _____

APPROVED AS TO FORM:

Maggiore Bros Drilling, Inc.

City Attorney

By: 

Donald A. Larkin
Print Name

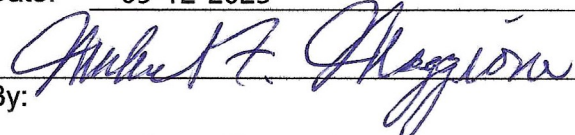
David T. Maggiora - President

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: _____

Date: 09-12-2025

By: 

Michael F. Maggiora - Secretary

Print Name and Title of Signer.

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

Date: 09-12-2025

249957
Contractor's License Number(s) (if applicable)

1000026157
Contractor's DIR Registration Number(s) (if applicable)

Expiration Date(s) 9/30/2025

Expiration Date(s) 6/30/2026

EXHIBIT A SCOPE OF SERVICES

The Scope of Work is divided into two tasks 1) Well Services and 2) Pump Station Services. This on-call work will be contracted on a time and materials basis. The work will generally consist of repairs, refurbishment, maintenance, shop work, and field work as described for each task. The Contractor shall provide all necessary supervision, labor, materials, tools, and equipment to perform the work described.

All work shall be scheduled with the City Project Engineer. The Contractor shall assign a responsible representative and an alternate to coordinate with the Project Engineer. Assigned representative shall be professional and proficient in communicating via email and phone and shall respond to the City within 24 hours of City contact. Any other changes in responsible representative must be approved, in advance, by the City. The City will have the right to reject other proposed changes in personnel and may consider any other changes in responsible personnel a breach of contract. The responsible contractor representative shall provide a schedule to Project Engineer for any work which will take more than one day to complete. Contractor shall not show up to work unless previously authorized by Project Engineer. A minimum notice of forty-eight hours for nonemergency work shall be given to Project Engineer. Forty-eight (48) hour notice is necessary to ensure City has adequate time to adjust staff routines to be available for scheduled work. Scheduled work shall be completed as promptly as possible unless authorized by Project Engineer. Time is of the essence for all work.

Contractor shall only provide brand new parts (i.e. motors, pumps, pipes, etc) and chemicals. Refurbished parts or parts that have been stored for long periods of time will not be accepted. Old parts, materials, chemicals, shall be removed and disposed by contractor. Parts and chemicals shall be ordered promptly, and every effort shall be given to minimize delay. Contractor shall submit schedule to Project Engineer for any part(s) and/or chemical(s) with long lead times or back orders. Weekly updates shall be provided to Project Engineer for any part(s) or chemical(s) which will take longer than one week to obtain.

Any damage by contractor to City facilities, equipment, or vehicles shall be fixed in kind expeditiously and without delay at no cost to the City.

The Contractor shall always secure the well site and its equipment throughout the duration of work. The Contractor is also responsible for discharging of treated water after rehabilitation of well into an appropriate drainage system in a manner that complies with NPDES regulations and permits. All water discharged shall be through an NPDES facility approved by the Project Manager. It shall be the Contractor's responsibility to propose a method to discharge water that is NPDES compliant and may include methods such as water detention through storage tanks or other conforming strategies.

The work to be completed will be of both a routine nature and of an emergency nature:

Routine Maintenance

For the most part, the work will be of a non-emergency, scheduled nature between normal business hours of 7:00 AM to 3:00 PM. The work will consist of routine, on-call support to Utilities Division crews in the repair and maintenance of the City's wells and pumping stations.

Emergency Response

The ability to respond when called out for an emergency is a condition of the contract, and once the contract award is made, the inability or failure to respond as needed will be considered as noncompliance with the contract. Emergency response is typically non-scheduled activity after normal business hours, or when City crews cannot respond with the full level of effort/equipment needed. The Contractor shall be able to respond at the City's request for emergency services 24 hours a day, 7 days per week. The Contractor shall respond to emergency repairs within 24 hours and within 48 hours for non-emergency repairs. The Contractor shall provide an emergency contact person and telephone number.

Task 1 Well Services

The City of Morgan Hill has 16 wells. The well equipment includes a combination of submersible and vertical turbine pumps, ranging in size from 40 to 150 horsepower. Pump depths range from 220 feet to 290 feet and pump columns range in size from 6 inches to 10 inches in diameter. The work includes well pump pulling and installations, water well rehabilitations, well casing removal, repairs and installations, water well video inspections, electric motor repairs, and repair services on various types of pumps and motors at various locations throughout the City. The Contractor shall provide all necessary heavy-duty equipment, such as, but not limited to, drilling rig, pump rig, flatbed truck, boom truck, tractor trailer to complete the as requested including transportation to and from the Contractor's facility to each City worksite.

Pump Removal/Installation and Servicing

The Contractor shall be qualified to perform water well pumps removal and installation. At the initial setup for pulling a well pump, the Contractor shall perform lockout/tagout of the electrical and hydraulic systems.

Well Video Survey Service

The Contractor or Subcontractor shall be qualified to perform water well video inspections using color video equipment with side scan and down-hole survey views. Videos shall be produced in electronic MP4 format in high definition with a pixel resolution of 1280 x 720 (720p) or 1920x1080 (1080p) pixels or at higher resolutions. Ability to perform these surveys at higher resolutions will be given higher consideration. Video shall be submitted to Project Engineer in a USB flash drive no more than 48 hours after video is taken. Contractor may submit link to download video online (ftp, Dropbox, etc.) to comply with the 48 hours submittal time frame, however, USB flash drive shall be provided within 5 working days.

The video survey unit shall simultaneously transpose the City's name, well name, footage, and the date of inspection on the monitor screen and the video record. A footage counter/recorder shall read in feet and be accurate within 2 percent of the actual footage.

The video survey camera shall be capable of right angle or normal downhole viewing with a change in camera lens or mechanical movement of the camera. At the direction of the City, the Contractor must be able to provide right angle viewing to view any casing section in a direct elevation view.

Well Rehabilitation and Treatment Services

The Contractor shall be qualified to provide well rehabilitation and treatment services. Furnish all portable engine-driven pumps, necessary to perform well redevelopment and rehabilitation.

Costs for temporary piping, sound proofing, and related equipment require approval by the Project Manager.

To perform these tasks, the Contractor shall have the capability to perform mineral analysis, chemical treatment, water quality testing, zone testing, well casing patches and similar casing repairs/improvements, and mechanical treatment on well casings. All chemicals used in treating wells shall be State approved for the purpose intended, must be National Sanitation Foundation (NSF) approved.

The Contractor's estimates shall include the typical type and concentration of chemicals (acids, inhibitors, polymers, neutralizers, etc.) to be/used; the appropriate contact time for the chemicals; and the typical procedure for introducing, mixing, and neutralizing chemicals in the well. In addition, the name(s) and phone numbers of any company(ies) that will supply the treatment chemicals shall be provided. Completed Material Safety Data Sheets (MSDS) for all chemicals used shall include the methods of mechanical treatment (dual swab, wire/nylon brush, sonar jetting, etc.).

Post rehab, contractor shall submit documentation certifying the rehab has been completed according to the rehab plan and certify pump depths, sounding tube length, etc.

Over the duration of this contract the City has scheduled to following well work items:

- FYE 26 – Norstrom and Boys Ranch #1**
- FYE 27 – Dunne # 2 and Boys Ranch #3**
- FYE 28 – Jackson and San Pedro**

Task 2 Pump Station Services

The City of Morgan Hill has 10 pump stations with approximately 32 pumps within the City limits maintained by City staff. There is a combination of pumps ranging in size from 3 hp to 150 hp. The pump stations are a combination of split case, close coupled and can turbine pumps. The City also utilizes Variable Frequency Drive motor systems at several of the stations. The City expects the following types of work will be performed under this task:

- 1. Repair and/or replacement of pumps and motor**
- 2. Replacement of existing above ground and buried yard valves with new**
- 3. Manual and/or electric operated valves including all related piping and parts.**
- 4. Repair/replacement of flow meters including all related piping and parts.**
- 5. Replacement of pump and station control valves including all related piping**
- 6. and parts.**
- 7. Repair or replacement of auxiliary mechanical or electrical equipment. The City reserves the right to furnish replacement well or booster pump motors.**
- 8. Electrical disconnect and hookup of repaired or replacement equipment.**
- 9. Repairs or modifications of well heads as required.**
- 10. Testing of parts, equipment, or material.**
- 11. Measure, set, and recheck field pump impeller lateral settings and field**
- 12. Verification of pump and equipment operation.**
- 13. Demolition or removal of existing structures**

Over the duration of this contract the City has scheduled to following pump work items:

- FYE 26 – Replace 1 vertical turbine pump and 1 horizontal pump (based on annual condition assessment)**

- **FYE 27 – Replace 1 vertical turbine pump and 1 horizontal pump (based on annual condition assessment)**
- **FYE 28– Replace 1 vertical turbine pump and 1 horizontal pump (based on annual condition assessment)**

**EXHIBIT B
SCHEDULE OF COMPENSATION RATES**

See Attachment A, Cost Schedule

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

This three year agreement for repairs, maintenance, and rehabilitation is on-call, as needed for time and materials. Exhibit A shows some Well and Pump work expected annually under this agreement but it is subject to change based on yearly condition assesments.

COMPANY NAME: Maggiore Bros Drilling, Inc.

**ATTACHMENT A
COST SCHEDULE**

**On-Call Services for Water Well & Pump Station Repairs,
Maintenance, and Rehabilitation**

This work is subject to prevailing wage. **The hourly wages to be paid laborers, workers, or mechanics shall not be less than the DIR prevailing wage rates for an hour's work in the same trade or occupation in Santa Clara County.** Prevailing wage rates are available online at <http://www.dir.ca.gov/dlsr>. All invoices shall provide complete cost and billing schedules of current hourly billing rates for each of the specialized skill, material, and support services. This fee schedule shall remain in effective for the first eighteen (18) months of the contract. After the first 18 months, rates may be reviewed annually by the successful proposer and the City; and rate increases may be requested in writing with detailed justification. Nevertheless, maximum increase in labor and/or equipment costs in any calendar year shall be three percent (3%) or the most recent proceeding increase in the Consumer Price Index (CPI) for the West Coast published by the United States Department of Labor, Bureau of Labor Statistics, whichever is less. Exceptions related to equipment costs shall be justified in letter format to the City with supportive data and analysis.

Labor Rates

| Classification | Straight Time (\$ per hour) | Overtime (\$ per hour) |
|------------------------------|-----------------------------|------------------------|
| Laborers-On site | | |
| General Foreman | 80.00 | 120.00 |
| Foreman | 75.00 | 112.50 |
| Crew Leader | 70.00 | 105.00 |
| Crew Member | 65.00 | 97.50 |
| Welder | 75.00 | 112.50 |
| Equipment Operator | 75.00 | 112.50 |
| Laborers-In Your Shop | | |
| General Foreman | 80.00 | 120.00 |
| Foreman | 75.00 | 112.50 |
| Crew Leader | 70.00 | 105.00 |
| Crew Member | 65.00 | 97.50 |
| Welder | 75.00 | 112.50 |

Equipment Fees

| DESCRIPTION | MAKE/MODEL/YEAR | HOURLY RATE | OVERTIME RATE | LOCATION AFTER HOURS |
|------------------------|-------------------------|-------------|---------------|----------------------|
| Pump or Well Rig | Pulstar, P-60000, 2016 | 250.00 | 375.00 | Watsonville, Ca |
| Crane (15-20 Ton Size) | Smiley, T-270, 2009 | 350.00 | 450.00 | same |
| Backhoe | Caterpillar, 416D, 2025 | 75.00 | 112.50 | same |
| Dump Truck (12 Yard) | KW, Superior, 2015 | 60.00 | 90.00 | same |
| Pick-up Truck | Ram, 2-ton, 2025 | 30.00 | 45.00 | same |
| | | | | |

Parts Mark-up Fee

| | | |
|--|---|----|
| Percentage mark-up to supply parts as needed | % | 25 |
|--|---|----|

Billing Rates for Various Tasks (prevailing wages apply)

| | |
|---|--------------------|
| General Pump Pulling and Installation | |
| Mobilization & Demobilization | \$ <u>600</u> LS |
| Two (2) men, rig, and service truck | \$ <u>410</u> /hr |
| Each additional employee | \$ <u>65</u> /hr |
| Well Rehabilitation | |
| Mobilization & Demobilization | \$ <u>1,500</u> LS |
| Aqua Clear PFD Method (Estimated Hours: <u>20</u>) | |
| Two (2) men comb. Rig service truck/Chemical trailer | \$ <u>500</u> /hr |
| Bore Blast Method (Estimated Hours: <u>10</u>) | |
| Two (2) men comb. Rig service truck/Bore blast trailer/ Nitrogen gas | \$ <u>600</u> /hr |

| | |
|---|--------------------|
| Well Repair | |
| Well Tear Down & Inspection | |
| Two (2) men comb. Rig service truck | \$ <u>410</u> /hr. |
| Rebuild Bowl (Estimated Hours: <u>3</u>) | \$ <u>115</u> /hr |
| Well Cleanout Work | |
| Cable tool method (wire brush) | |
| Two (2) men comb. Rig service truck | \$ <u>410</u> /hr |
| Airlift Method | |
| Two (2) men, rig and service truck | \$ <u>410</u> /hr |
| Air compressor charge | \$ <u>85</u> /hr |
| Large Crane: 40-ton with two (2) men | \$ <u>600</u> /hr |
| Smaller Cranes | |
| One (1) man and hydraulic crane - 5-ton | \$ <u>250</u> /hr |
| One (1) man and hydraulic crane - 8-ton | \$ <u>300</u> /hr |
| One (1) man and rotary crane - 10-ton | \$ <u>350</u> /hr |
| Field Service | |
| One (1) man and delivery truck | \$ <u>125</u> /hr |
| One (1) man and service truck | \$ <u>165</u> /hr |
| Two (2) men and service truck | \$ <u>250</u> /hr |
| Two (2) men and welding truck | \$ <u>250</u> /hr |
| Electrician | \$ <u>165</u> /hr |

Shop Labor

| | |
|--------------------|-------------------|
| General shop labor | \$ <u>110</u> /hr |
| Premium shop labor | \$ <u>175</u> /hr |
| Machine shop labor | \$ <u>115</u> /hr |
| Metal spray labor | \$ <u>150</u> /hr |
| Welding shop labor | \$ <u>115</u> /hr |

Closed Circuit Well Television with electronic MP4 copies \$ 1,800 LS

Wire brush, Bail Well, or Swab rental \$ 425 /hr

NPDES Compliance
(Baker Tanks, Neutralizing Equip. Lab Fees, fabrication) \$ 6,000 LS

CITY COUNCIL STAFF REPORT

MEETING DATE: October 15, 2025

PREPARED BY:

David Gittleson, Associate Engineer

APPROVED BY: City Manager

APPROVE AMENDED AND RESTATED CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS WITH HYDROSCIENCE ENGINEERS FOR DESIGN SERVICES RELATED TO THE SEWER TRUNK LINE BETWEEN MORGAN HILL AND GILROY

RECOMMENDATION(S)

1. Approve Amended and Restated Consultant Agreement for Design Professionals with HydroScience Engineers, Inc. to provide additional services for the New Sewer Trunk Line to Gilroy project for a total not-to-exceed amount of \$654,238; and
2. Authorize the City Manager to execute and administer the amended and restated consultant agreement.

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

Wastewater System Master Plan

REPORT NARRATIVE:

The Cities of Morgan Hill and Gilroy maintain a Joint Trunk System that conveys sewer flow from both cities to the South County Regional Wastewater Authority (SCRWA) Wastewater Treatment Plant south of the City of Gilroy. Currently, Morgan Hill's wastewater is conveyed by a single trunk line that traverses south of Morgan Hill, within unincorporated San Martin, and the City of Gilroy. The City's Sewer Master Plan calls for a second trunk line to be built to the treatment plant to provide the necessary capacity for the City's growth over the horizon of the 2035 General Plan. Construction of the secondary trunk line began in 2006, with the most recent phase from California

Avenue to Highland Avenue completed in 2016. The final segment, currently under design by HydroScience Engineers, Inc., totals approximately 7 miles in length and extends from Highland Avenue to Renz Lane (Attachment 1).

HydroScience Engineers, Inc. was initially awarded a professional design services agreement through a Request for Proposal (RFP) process on May 4, 2016, for \$651,760 to prepare plans and specifications to design a portion of the new sewer trunk line from Highland Avenue to Cohansey Avenue. Since 2016, seven amendments have been approved, totaling \$2,059,956 to complete the entire design from Cohansey Avenue to Renz Lane. Since the original agreement is over 9 years old, the City Attorney's Office recommended that staff execute a new consultant agreement rather than proceed with an eighth amendment.

Additional funds are needed for HydroScience Engineers, Inc. to complete the design and provide engineering support during construction. The additional funding will be utilized by HydroScience Engineers, Inc. to: investigate and incorporate any recent development activity within project limits, additional coordination with the City of Gilroy and the County, and provide engineering services during construction. Services during construction include: meetings, site visits, reviewing RFI's, submittals, change orders, and providing record drawings. Thus, the proposed consultant agreement (Attachment 2) with HydroScience Engineers, Inc. represents the overall effort to complete the sewer trunk line design and provide construction support services for a cost not to exceed \$654,238.

The project is currently at the 100% design completion level with only one easement left to acquire from PG&E. PG&E is in the process of granting the easement to the City. However, PG&E had to obtain permission from the Public Utilities Commission first, which occurred recently on October 9, 2025. Additionally, the final design is undergoing final reviews by the County of Santa Clara and the City of Gilroy.

Once the design is approved by the City of Gilroy and County of Santa Clara, the necessary easement from PG&E is secured, and funding for the project is secured, the project will be ready for bidding. Construction is anticipated to begin in summer 2026, pending funding approvals.

COMMUNITY ENGAGEMENT:

City staff is coordinating with the City of Gilroy and the County of Santa Clara to provide regular project status updates. All impacted property owners and businesses will be contacted and consulted prior to construction, which includes residents of San Martin. This project is unique as it will affect other communities to the south of the City, but has no significant construction impacts for City residents.

ALTERNATIVE ACTIONS:

City Council could decide not to execute this amended and restated consultant agreement with HydroScience Engineers. However, this would prevent the completion of the plans and specifications and would delay the overall project delivery. In addition,

not executing the amended and restated agreement would provide no design support during construction, which could cause project delays and increase costs.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

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

On April 19, 2017, City Council approved the acceleration of the sewer trunk line and an award of a first amendment with Hydrosience Engineers, Inc. for design services for a total contract amount of \$1,173,660.

On December 4, 2019, City Council approved the Second Amendment with Hydrosience Engineers, Inc. for an additional amount of \$531,050 for additional engineering services.

On December 15, 2021, City Council approved the Mitigated Negative Declaration and Fourth Amendment with Hydrosience Engineers for additional services related to the new Sewer Trunk line between Morgan Hill and Gilroy.

On December 6, 2023, City Council approved the Sixth Amendment with HydroScience Engineers for additional services related to the new Sewer Trunk line between Morgan Hill and Gilroy.

On April 2, 2025, City Council authorized the City Manager to submit a loan application to the Water Infrastructure Finance and Innovation Act (WIFIA) for the construction of a new sewer trunk line.

FISCAL AND RESOURCE IMPACT:

There are sufficient funds available for these additional services in the FY 2024/25 - FY 2029/30 Capital Improvement Program (CIP) budget under CIP Project WW3008, New Trunk Line, utilizing the Sewer Impact Fund (Fund 641). With City Council's approval of this amended and restated consultant agreement, the total not to exceed contract amount would become \$654,238.



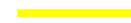


CEQA (California Environmental Quality Act):

Project.

David J. Powers prepared an Initial Study (IS) to identify and mitigate all environmental impacts as defined in Section 15378 of the State CEQA Guidelines. On December 15, 2021, City Council approved the Mitigated Negative Declaration for the new Sewer Trunk line between Morgan Hill and Gilroy.



LEGEND:

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



**AMENDED AND RESTATED CONSULTANT AGREEMENT FOR DESIGN
PROFESSIONALS
HydroScience Engineers, Inc.**

THIS AMENDED AND RESTATED AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and HydroScience Engineers, Inc. a California corporation ("CONSULTANT") hereinafter referred to collectively as "Parties."

RECITALS

WHEREAS, in May 2016, the Parties entered into a design agreement for \$651,760 for the design of a sewer truck segment between Highland Avenue in San Martin and Cohansey Avenue in Gilroy;

WHEREAS, the original design agreement was amended in April 2017, December 2019, December 2021, and December 2023 to add additional services related to the sewer trunk line and to increase the not to exceed amount; and

WHEREAS, the Parties wish to further amend the agreement to complete the final design and to provide engineering support during construction.

Therefore, in consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority**. This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, ____, 20__.
2. **Term of Agreement**. This Agreement shall cover services rendered from the Effective Date of this Agreement until December 31, 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 to provide supplementary design and engineering services during construction as further described in **Exhibit A**.
4. **Compensation**. CONSULTANT shall be compensated as follows:
 - 4.1. **Amount**. \$654,238.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Six Hundred Fifty Four Thousand and Two Hundred Thirty Eight dollars and shall be billed based on the rate and basis set forth in **Exhibit B**. If the City Manager extends the term of this Agreement pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed 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 a 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:

HydroScience Engineers, Inc.
4055 Evergreen Village Square, Suite 250
San Jose, CA 95135

Address of CITY is as follows:

| | |
|---|--|
| Mr. David Gittleson P.E. City of Morgan Hill 17575 Peak Avenue Morgan Hill, CA 95037 | with a copy to: City Clerk City of Morgan Hill 17575 Peak Avenue Morgan Hill, CA 95037 |
|---|--|

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

HydroScience Engineers, Inc.

City Attorney

By:

Print Name

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

Date: _____

Date: _____

By:

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

Date: _____

**EXHIBIT A
SCOPE OF SERVICES**



Date: September 23, 2025
Client: City of Morgan Hill Contact: David Gittleson, P.E.
Project: Sewer Relief Trunk Line Project (from Renz to Highland)

HydroScience Engineers, Inc.
10569 Old Placerville Road
Sacramento, CA 95827
T: 916.364.1490
F: 916.364.1491

SCOPE OF WORK FOR ADDITIONAL DESIGN SERVICES AND ENGINEERING SERVICES DURING CONSTRUCTION

This document presents the proposed scope of work and tasks to provide supplementary design and Engineering Services During Construction (ESDC) for the subject project. The billing rates for these services will be based on HydroScience's current published Standard Schedule of Billing Rates, updated annually. A 3% annual rate escalation is incorporated into the fee calculation.

Scope of Services:

Task A – Supplementary Design:

After submitting 90% Design Submittal, HydroScience collected and addressed multiple sets of review comments from the County of Santa Clara and City of Gilroy. These review comments triggered the need to modify the design in ways that were not minor, including modifying pipeline alignments, shifting and adding manholes, preparing traffic control exhibits, identifying potential staging areas, and creating new drawing sheets and new drawing details. At Gilroy's request, the plans for this project will now include pavement rehabilitation work from Gilroy's CIP list. Morgan Hill's contractor will perform the pavement rehab work as part of the sewer trunk project.

HydroScience also collected, reviewed, and incorporated future developments (seven total) into the 100% Plans. HydroScience has submitted the 100% Plans. Once final comments are received, HydroScience will finalize the plans and specifications for bidding. The City will incorporate WIFI requirements into the boilerplate front end specifications.

HydroScience's standard billing rates have changed for 2025 and are subject to a 3% per year increase. The attached fee schedule calculates average billing rates over the remainder of the project.

Task B – Engineering Services During Construction:

HydroScience will provide engineering support services during the construction phase as follows:

Conformed Plans and Specifications

HydroScience will compile the conformed plans and specifications to include any changes made during the bid period.

Pre-Construction Meeting

HydroScience will attend the pre-construction meeting (by 2 team members). The meeting location is assumed to be the Morgan Hill City offices.

Submittals

HydroScience will review submittals for conformance to the contract documents, design intent, County and City standards, and project goals to minimize public impacts and avoid construction delays.

Addressing up to 40 submittals plus 50% resubmittals is included.

An allowance is included for our geotechnical engineering and trenchless specialist subconsultants to review and respond to submittals relevant to their areas of expertise.

Construction Progress Meetings and Site Visits

The Project Manager's attendance at regular construction progress meetings is primarily covered in the CM and Inspection Assistance scope and fee, proposed under separate cover. An additional 252 hrs of professional services is included in this Amendment to cover additional staff attendance as required. This may include attendance by our Senior Technical Expert, Eric Petrel, or by additional support staff.

A budget of 160 hrs is included for HydroScience staff to visit the site on an as-needed basis to observe existing conditions or construction activity relating to issues requiring the engineer's attention.

Addressing up to 88 construction meetings and 12 site visits is assumed.

RFIs and General Assistance

HydroScience will respond to contractor requests for information (RFIs). Addressing up to 40 RFIs is included.

HydroScience will provide general email and telephone support to the City Project Manager and inspectors, Construction Manager, and the Contractor.

An allowance is included for our geotechnical engineering and trenchless specialist subconsultants to review and respond to RFIs and provide general assistance on an as-needed basis.

Change Orders and Field Orders

HydroScience will review change order requests and field orders, and assist the City in preparation of responses. Addressing up to five (5) change orders and (10) field orders is included.

Record Drawings

HydroScience will prepare "as-built" record drawings from the Contractor's redline markups (one set) upon completion of construction. This scope assumes the Contractor will keep diligent redline markups and notes that are legible and complete. Minor effort is included for correspondence with the City for clarifications on the redlines.

Deliverables:

- Conformed Project Plans, (pdf file and an electronic copy in an editable format such as AutoCAD 2023).
- Conformed Project Specifications (pdf file, and an electronic copy in an editable format such as Microsoft Word and Excel)
- Submittal review comments and responses (pdf file)
- Responses to RFIs (pdf file)
- Change Order comments and responses (pdf file)
- Field Order comments and responses (pdf file)

Proposed Fee

The fee to complete this scope of work is presented in Attachment A. The breakdown of labor hours by task and subtask is a guide only; the total fee governs.

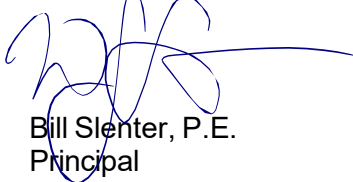
Billing rates have been adjusted to the current 2025 rates for all staff classifications, with a 3% escalation rate accounted for to complete the project by first quarter of 2028. Professional services will be billed on a time-and-materials basis, not to exceed the total fee without prior approval by the City.

| Contract Summary | Fee |
|------------------------------|------------------|
| This Scope | \$654,238 |
| Total Contract Budget | \$654,238 |

HydroScience appreciates the opportunity to continue providing professional engineering services to you on this important project. Should you have any questions regarding this proposal, please contact me at (916) 273-6035, or bslenter@hydroscience.com.

Sincerely,

HYDROSCIENCE ENGINEERS, INC.



Bill Slenter, P.E.
Principal

Attachments:

Attachment A –Consultant Fee

Attachment A



City of Morgan Hill

Sewer Relief Trunk Line Project (from Renz Lane to Highland Ave)
Additional Design and Engineering Services During Construction

September 23, 2025

| Task | Description | PIC | Project Manager | Senior Tech Expert | Civil Staff Engineer | Junior Engineer | CAD | Hours | Fee | Repro. and ODCs | Geotech - Geo-Logic | Trenchless - DCM | Direct Charges Markup @ 10% | Expense Subtotal | Total Fee |
|----------------------|---|-----------|-----------------|--------------------|----------------------|-----------------|------------|-------------|------------------|-----------------|---------------------|------------------|-----------------------------|------------------|------------------|
| | | | | | | | | | | | | | | | |
| | Labor Classification | Principal | E-VI | E-IX | E-IV | E-II | CAD | | | | | | | | |
| | Average Billing Rate (2025-2027) | \$332 | \$281 | \$322 | \$258 | \$227 | \$177 | | | | | | | | |
| A | Supplementary Design | | | | | | | | | | | | | | \$129,068 |
| | Santa Clara County & City of Gilroy addtl comments | 4 | 80 | | 64 | 100 | 24 | 272 | \$67,268 | | | | \$0 | \$0 | \$67,268 |
| | Incorporate future development projects | 1 | 30 | | 60 | | 30 | 121 | \$29,550 | | | | \$0 | \$0 | \$29,550 |
| | Address comments on 100% plans and finalize for bid | 1 | 30 | | 30 | 60 | 12 | 133 | \$32,250 | | | | \$0 | \$0 | \$32,250 |
| B | Engineering Services During Construction | | | | | | | | | | | | | | \$525,170 |
| | Pre-Construction meeting | | 8 | | | 6 | | 14 | \$3,610 | \$200 | | | \$20 | \$220 | \$3,830 |
| | Construction meetings (88 weekly mtgs) ^(a) | 12 | | 40 | | 200 | | 252 | \$62,260 | \$8,800 | | | \$880 | \$9,680 | \$71,940 |
| | Site Visits (12 visits) | | 80 | | | 80 | | 160 | \$40,640 | \$2,400 | | | \$240 | \$2,640 | \$43,280 |
| | Submittals (40 submittals and 20 resubmittals) | | 120 | 40 | | 240 | | 400 | \$101,080 | | \$11,000 | \$11,000 | \$2,200 | \$24,200 | \$125,280 |
| | RFIs and General assistance (40 RFIs) | | 280 | 80 | | 320 | | 680 | \$177,080 | | \$11,000 | \$16,500 | \$2,750 | \$30,250 | \$207,330 |
| | Change Orders (5) | 1 | 40 | 4 | | | | 45 | \$12,860 | | | | \$0 | \$0 | \$12,860 |
| | Field Orders (10) | 1 | 80 | 4 | | | | 85 | \$24,100 | | | | \$0 | \$0 | \$24,100 |
| | Record Drawings (65 shts) | 1 | 20 | 8 | 40 | | 100 | 169 | \$36,550 | | | | \$0 | \$0 | \$36,550 |
| OVERALL TOTAL | | 21 | 768 | 176 | 194 | 1006 | 166 | 2331 | \$587,248 | \$11,400 | \$22,000 | \$27,500 | \$6,090 | \$66,990 | \$654,238 |

Notes:

(a) Budget for PM to attend meetings is covered in CM/CI proposal. Budget herein is for supporting staff only.

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

HYDROSCIENCE ENGINEERS, INC.

2025 Standard Schedule of Billing Rates
Rates are subject to increase annually on January 1
of each calendar year.

| LABOR CLASSIFICATION | HOURLY RATE |
|-------------------------------------|-------------|
| Principal | \$315 |
| Engineer IX | \$305 |
| Engineer VIII | \$295 |
| Engineer VII | \$279 |
| Engineer VI | \$266 |
| Engineer V | \$255 |
| Engineer IV | \$244 |
| Engineer III | \$227 |
| Engineer II | \$215 |
| Engineer I | \$197 |
| Engineering Aide | \$110 |
| Construction Professional VI | \$210 |
| Construction Professional V | \$200 |
| Construction Professional IV | \$190 |
| Construction Professional III | \$180 |
| Construction Professional II | \$160 |
| Construction Professional I | \$150 |
| Cross Connection Control Specialist | \$135 |
| CAD Manager | \$168 |
| CAD Designer I | \$147 |
| Marketing Professional | \$125 |
| Administrative II | \$115 |
| Administrative | \$100 |

Hourly billing rates include postage and telephone charges that are normal to the work authorized. Other direct costs for travel, reproduction, mail service, outside services, etc. will be invoiced at 110 percent of the actual cost. Rates for expert witness services shall be billed at the quoted rates plus \$50/hour.

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

HydroScience Engineers, Inc. services shall expire on December 31, 2028, which is the estimated construction completion date of the Sewer Trunk Project.



CITY COUNCIL STAFF REPORT

MEETING DATE: October 15, 2025

PREPARED BY:

Kristian Wallace, Associate Engineer

APPROVED BY: City Manager

APPROVE SECOND AMENDMENT TO DESIGN SERVICES AGREEMENT WITH SCHAAF & WHEELER CONSULTING CIVIL ENGINEERS FOR THE BUTTERFIELD BASIN ONLINE CONVERSION PROJECT FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$293,352

RECOMMENDATION(S)

1. Approve the Second Amendment to the Consultant Agreement with Schaaf & Wheeler Consulting Civil Engineers to provide additional services for the Butterfield Basin Online Conversion Project for a total not-to-exceed amount of \$293,352; and
2. Authorize the City Manager to execute and administer the amended consultant agreement.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Protecting the Environment and Preserving Open Space and Agricultural Land
Maintaining and Enhancing Infrastructure

2024-2025 Strategic Priorities

Fiscal Sustainability
Healthy Community

Guiding Documents

Climate Action Plan
Storm Drain Master Plan

REPORT NARRATIVE:

The City of Morgan Hill previously received \$2 million in competitive grant funding from the State of California through the Urban Community Drought Relief Grant to upgrade the Butterfield Basin and support groundwater recharge. The project is currently in the approved FY 24-25 through FY 29-30 Capital Improvement Budget under the Fisher/Butterfield Storm System Expansion Project (SD4006). The intent of the project is to convert the Butterfield Basin, which currently operates as an off-stream basin intended to support flood control activities associated with the Butterfield Channel, to a

multi-use basin that will support groundwater recharge, stormwater trash capture requirements, and improved flood protection. The stormwater trash capture requirements for the City are State-mandated infrastructure improvements, and the multi-use basin construction has been identified by staff as a means to meet requirements without significant general fund cost impacts.

A request for proposals was issued on May 29, 2024, for the project's feasibility study. Proposals for the work were received from two firms. On September 4, 2024, the Council voted to approve the Consultant Agreement with Schaaf & Wheeler Consulting Civil Engineers for \$74,472 to complete a feasibility study and conceptual design for the proposed conversion of Butterfield Basin to a multi-use basin. Then, on September 10, 2025, the First Amendment was executed to extend the contract time to March 31, 2026, to complete the feasibility study. The proposed Second Amendment will complete the design of the project, request additional funds of \$218,880, and extend the contract time to March 31, 2027. If approved by City Council, the total not-to-exceed amount would become \$293,352 (\$74,472 Original + \$218,880 Second Amendment).

Additional funds of \$218,880, along with the contract time extension, are needed for Schaaf & Wheeler Consulting Civil Engineers to prepare the design plans and specifications for project bidding for construction by late spring of 2026, provide engineering support during project bidding and construction, and prepare a Regional Retention Basin Plan for submittal to the Central Coast Regional Water Quality Control Board. The preparation of the Regional Retention Basin Plan will provide alternative compliance for stormwater post-construction requirements for projects that demonstrate infeasibility to provide required post-construction stormwater quality measures on the project site.

Staff recommends approving the design services agreement amendment to reduce delays and achieve cost savings associated with the previous design feasibility study. Preparation of design plans and specifications is expected to take 13 weeks, with construction anticipated to begin in May 2026.

COMMUNITY ENGAGEMENT:

Inform.

This staff report serves to inform the community of the proposed Second Amendment to the design services agreement with Schaaf & Wheeler. When the project reaches the construction phase, the City will work to inform the adjacent community members of any potential impacts.

ALTERNATIVE ACTIONS:

City Council may decide not to amend the Schaaf & Wheeler Consulting Civil Engineers' contract and direct staff to perform another Request for Proposal. Staff does not believe reissuing the request for proposal will result in any cost savings and would delay the preparation of design plans and specifications by a minimum of three months, potentially risking grant funding awarded to this project.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- On January 11, 2023, City Council adopted Resolution 23-003 authorizing the grant application, acceptance, and execution for the 2022 Urban Community Drought Relief Citywide Water Supply Capacity Project and authorized the City Manager to execute documents required to apply and accept the grant for the City, if awarded.
- On June 19, 2024, City Council approved the FY 2024-25 through FY 2029-30 Capital Improvement Program Budget.
- On September 4, 2024, City Council approved a consultant agreement with Schaaf & Wheeler Consulting Civil Engineers for \$74,472 for the preparation of a feasibility study for the proposed conversion of Butterfield Basin to a multi-use basin.

FISCAL AND RESOURCE IMPACT:

Funding for this agreement is available within the approved FY 24-25 through FY 29-30 Capital Improvement Program with the Local Drainage Fund (303) under the Fisher/Butterfield Storm System Expansion. The City has been awarded \$2 million in competitive grant funding from the State of California under the Urban Community Drought Relief Grant, which will reimburse the project funds for approximately 61% of the project costs. The remaining funds will come from the Storm Drain Impact Fund (303).

CEQA (California Environmental Quality Act):

Categorical Exemption 15308 - Actions by Regulatory Agencies for Protection of the Environment:

Actions taken by regulatory agencies, as authorized by State or local ordinance, to assure the maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for protection of the environment.

This project proposes converting an existing off-stream basin into a multi-use basin, adding trash-capture systems, and providing additional groundwater recharge.



City of Morgan Hill

City of Morgan Hill



CITY OF MORGAN HILL

LOCATION PLAN

Butterfield Basin

Date: 8/30/24

Drwn by: 59

PAGE 1 OF 1

**SECOND AMENDMENT TO AGREEMENT
SCHAAF & WHEELER CONSULTING CIVIL ENGINEERS**

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 SCHAAF & WHEELER CONSULTING CIVIL ENGINEERS, a California Corporation ("CONSULTANT"), 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 _____, _____, 20____.
2. The CITY and CONSULTANT entered into that "CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS" made as of November 13, 2024, for consultant services for a maximum compensation of Seventy Four Thousand Four Hundred Seventy Two Dollars (\$74,472.00) ("CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS"). The CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS was entered into pursuant to the action of the Morgan Hill City Council taken on September 4, 2024.
3. The CITY and CONSULTANT entered into a "First Amendment to Agreement" made as of September 10, 2025, under which the Agreement was extended until March 31, 2026 and the Schedule of Performance revised. THE CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS was entered into based upon the authority of the City Manager pursuant to Chapter 3.04 of the Morgan Hill Municipal Code. The CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS 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 CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, 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 November 13, 2024, until March 31, 2027. 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."
 - B. Paragraph 3 shall be amended to include the additional services to be performed by CONSULTANT set forth in **Exhibit "A-1"** dated September 15, 2025, and incorporated herein by this reference.
 - C. Paragraph 4.1 shall be amended to reflect the increased total compensation that shall not exceed TWO HUNDRED NINETY-THREE THOUSAND THREE HUNDRED FIFTY-TWO

DOLLARS (\$293,352.00).

- D. Paragraph 4.1 and 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 January 1, 2025, that is incorporated herein by this reference.
 - E. Paragraph 6 shall be amended to have all references to “Exhibit C” be updated to reference the revised time schedule set forth in **Exhibit “C-2”** that is incorporated herein by this reference.
2. **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 CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, the terms of this SECOND AMENDMENT to Agreement shall govern and control.
 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.

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[Signatures on Next Page]

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

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

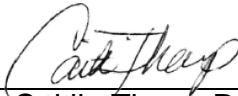
Date: _____

Date: _____

APPROVED AS TO FORM:
Donald A. Larkin, City Attorney


SCHAAF & WHEELER CONSULTING CIVIL ENGINEERS

Date: _____



By: Caitlin Tharp, RCE76810
Title: Vice President
Print Name and Title of Signer.
If Corporate: Chairman, President,
or Vice President

Date: 9/29/2025



By: Glen Anderson, RCE 76720
Title: Asst. Secretary
Print Name and Title of Signer.
If Corporate: Secretary, Assistant
Secretary, Chief Financial Officer, or
Assistant Treasurer

Date: 9/29/25

EXHIBIT A-1
REVISED SCOPE OF SERVICES
SCHAAF & WHEELER
CONSULTING CIVIL ENGINEERS

September 15, 2025

Kristian Wallace, PE
Associate Engineer
City of Morgan Hill Engineering & Utilities
17575 Peak Avenue
Morgan Hill, CA 95037

Subject: Butterfield Basin Construction Document and Retention Basin Plan Preparation

Dear Kristian:

This letter provides a scope for engineering services requested by the City of Morgan Hill to complete contract documents, prepare an off-site regional retention plan, and provide engineering services during construction for the conversion of the Butterfield Detention Basin into an online retention and recharge facility with sediment and trash capture. Final design and contract document preparation will be based on our feasibility study and conceptual design, completed under separate contract.

We are obtaining site mapping including topography and boundary reconciliation from MH Engineering with surplus funds from the previous contract. That mapping will be used to prepare contract documents. Given the level of design detail already provided, we propose two submittals: 90% and Final. City comments to the conceptual plan will be addressed and incorporated into the 90% PS&E submittal, which is essentially a final set of construction documents. Following City review of the 90% PS&E, we will prepare a set of construction documents suitable for public bid.

The City believes that State and Federal regulatory approvals are not required for construction, so environmental documentation and permitting are not part of this scope of services. Construction must be completed by December 2026. We will submit the 90% PS&E by the end of November 2025. Our scope of engineering services during construction task assumes construction between May 15, 2026 and October 15, 2026. Roscoe Moss indicates an approximate lead time of six weeks between receipt of order to completion of the trash screens.

Specific Task Scope Items

Task 1. 90% PS&E

Schaaf & Wheeler will use the base mapping prepared by MH Engineering and its conceptual plan to develop 90% plans, specifications, and estimate of probable construction value. Plans will include demolition plans, grading plans, sections, elevations, and construction details including the trash capture device and supporting structures. The City will provide contract language and general conditions in Word format.

Task 2. Contract Documents

Schaaf & Wheeler will incorporate City review comments to the 90% PS&E and prepare final contract documents suitable for public bid.

4699 Old Ironsides Drive, Suite 350, Santa Clara, CA 95054
info@swsv.com

Task 3. Regional Retention Plan Preparation

Schaaf & Wheeler will repurpose work completed during the conceptualization phase to prepare a plan to use the repurposed Butterfield Basin as a regional retention facility for the City as it applies to the Regional Water Quality Control Board for alternative compliance to post-construction stormwater management requirements. This plan is limited to the Butterfield Basin and its built-out tributary area. The plan will include performance requirement applicability, watershed description, drainage and flood control aspects of the basin, hydrology and hydraulic analysis, and infiltration analysis. Draft and final plans will be prepared for City review. This work does not include applying to the Board, but does include responding to their commentary.

Task 4. Bid Period Services

Schaaf & Wheeler will provide engineering services during the bid period, including:

1. Responses to bidder requests for clarification and information (RFIs).
2. Preparation of bid addenda.
3. Attendance at pre-bid conference, if held.

Task 5. Engineering Services During Construction

Schaaf & Wheeler will provide engineering services during the construction period, including:

1. Prepare responses to contractor requests for information (RFIs).
2. Revisions to contract documents based on contractor RFIs and construction change orders (CCOs).
3. Review contractor submittals. (Two rounds of review for each submittal included.)
4. Periodic construction site observation visits.
5. Attendance at pre-construction conference, if held.
6. Final observations and punch list.
7. Record drawings based on contractor markups.

Daily inspection and construction management are not included. Our not-to-exceed budget is \$. Time will be billed using our Standard Charge Rate Schedule (attached).

Please feel free to call me with specific questions.

Sincerely,
Schaaf & Wheeler



Charles Anderson, PE
President

**EXHIBIT B-1
Revised Schedule of Compensation**

| <p align="center">City of Morgan Hill Fee Proposal, September 2025 Contract Documents and Engineering Services During Construction for Butterfield Basin Conversion</p> | | <i>Principal Project Manager</i> | <i>Associate Engineer</i> | <i>Designer</i> | <i>Schaaf & Wheeler Subtotal</i> |
|--|---|----------------------------------|---------------------------|-----------------|--------------------------------------|
| | | Hourly Rate | \$305 | \$225 | |
| Task 1 | 90% PS&E | 36 | 96 | 40 | \$39,780 |
| 1.1 | Plans | 16 | 40 | 40 | \$21,080 |
| 1.2 | Specifications | 16 | 40 | | \$13,880 |
| 1.3 | Estimate of Probable Construction Value | 4 | 16 | | \$4,820 |
| Task 2 | Contract Documents | 16 | 44 | 24 | \$19,100 |
| 2.1 | Plans | 8 | 20 | 24 | \$11,260 |
| 2.2 | Project Manual Including Bid Schedule | 8 | 24 | | \$7,840 |
| Task 3 | Regional Retention Basin Plan | 60 | 184 | 72 | \$72,660 |
| 3.1 | Infiltration and water balance analysis for average | 16 | 40 | | \$13,880 |
| 3.2 | Draft regional retention basin plan | 24 | 80 | 40 | \$32,520 |
| 3.3 | Final regional retention basin plan | 12 | 40 | 16 | \$15,540 |
| 3.4 | Response to RWQCB comments | 8 | 24 | 16 | \$10,720 |
| Task 4 | Bid Period Services | 12 | 32 | 16 | \$13,740 |
| 3.1 | Responses to bidder requests for clarification | 4 | 20 | | \$5,720 |
| 3.2 | Preparation of bid addenda | 4 | 8 | 16 | \$5,900 |
| 3.3 | Attendance at pre-bid conference | 4 | 4 | | \$2,120 |
| Task 5 | Engineering Services During Construction | 56 | 200 | 64 | \$73,600 |
| 3.1 | Prepare responses to contractor requests for | 8 | 60 | | \$15,940 |
| 3.2 | Revise contract documents based on RFIs/CCOs | 8 | 24 | 40 | \$15,040 |
| 3.3 | Review contractor submittals | 8 | 60 | | \$15,940 |
| 3.4 | Periodic construction site observation visits | 16 | 24 | | \$10,280 |
| 3.5 | Attendance at pre-construction conference | 4 | 4 | | \$2,120 |
| 3.6 | Final observations and punch list | 8 | 12 | | \$5,140 |
| 3.7 | Record drawings based on contractor markups | 4 | 16 | 24 | \$9,140 |
| | TOTAL | 180 | 556 | 186 | \$218,880 |

EXHIBIT C-2

Butterfield Basin Construction Document Schedule

The study schedule is tabulated herein. "NTP" refers to the issuance of a Notice to Proceed. The geotechnical investigation schedule is weather-dependent. The overall schedule has a eighteen-month duration for project completion.

| Task | Scheduled Completion |
|--|-----------------------------|
| 1. 90% Submittal | 4 weeks from NTP |
| 2. Construction Document Package Preparation | 13 weeks from NTP |
| 3. Regional Retention Plan Preparation | |
| 60% Draft | 22 weeks from NTP |
| 90% Draft | 35 weeks from NTP |
| Final Document | 47 weeks from NTP |
| 4. Bid Period Services | 21 weeks from NTP |
| 5. Engineering Services During Construction | 45 weeks from NTP |

EXHIBIT 1

FIRST AMENDMENT TO AGREEMENT SCHAAF & WHEELER CONSULTING CIVIL ENGINEERS

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on 9/10/2025 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and SCHAAF & WHEELER CONSULTING CIVIL ENGINEERS, a California Corporation ("CONSULTANT"), 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 based upon the authority of the City Manager pursuant to Chapter 3.04 of the Morgan Hill Municipal Code.
2. The CITY and CONSULTANT entered into that "CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS" made as of November 13, 2024, for consultant services for a maximum compensation of Seventy Four Thousand Four Hundred Seventy Two Dollars (\$74,472.00) ("CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS"). The CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS was entered into pursuant to the action of the Morgan Hill City Council taken on September 4, 2024. The CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS is attached as Exhibit "1" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, 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 November 13, 2024, until March 31, 2026. 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."
 - B. Paragraph 6 shall be amended to have all references to "Exhibit C" be updated to reference the revised time schedule set forth in **Exhibit "C-1"** effective September 4, 2025, that is incorporated herein by this reference.
 - C. Paragraph 12 shall be amended and replaced in its entirety by the following:

"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).”

D. Exhibit D, Third Party Data Use Agreement, is hereby incorporated by this reference.

2. **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 CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, the terms of this FIRST AMENDMENT to Agreement shall govern and control.
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.

///

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[Signatures on Next Page]

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

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

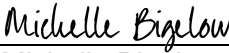
- (1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; **AND**
- (2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER, OR ASSISTANT TREASURER.

ATTEST:

CITY OF MORGAN HILL

Signed by:

DocuSigned by:


 Michelle Bigelow, City Clerk


 Christina Turner, City Manager

Date: 9/10/2025

Date: 9/10/2025

APPROVED AS TO FORM:
Donald A. Larkin, City Attorney

SCHAAF & WHEELER CONSULTING CIVIL ENGINEERS

DocuSigned by:


 45E6F0273EA2464...



Date: 9/8/2025

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

Date: 9/04/25



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

Date: 9/04/25

Exhibit C-1

Butterfield Basin Feasibility Study Schedule

The study schedule is tabulated herein. “NTP” refers to the issuance of a Notice to Proceed. The geotechnical investigation schedule is weather-dependent. The overall schedule has a nine-month duration for study completion.

| Task | Scheduled Completion |
|--|-----------------------------|
| A. Permit Research | 2 weeks from NTP |
| B. Meetings and Site Visits | |
| C. Project Management and Quality Control | |
| D. Topographic Mapping | 1 week from NTP |
| E. Geotechnical Investigation | 8 weeks from NTP |
| F. Level of CEQA Documentation | 2 weeks from NTP |
| G. Draft Feasibility Study and Conceptual Design | |
| 30% submittal | 8 weeks from NTP |
| City review | 10 weeks from NTP |
| 60% submittal | 16 weeks from NTP |
| City review | 18 weeks from NTP |
| 90% submittal | 24 weeks from NTP |
| City review | 26 weeks from NTP |
| H. Final Feasibility Study and Conceptual Design | 36 weeks from NTP |

EXHIBIT D
Third Party Data Use Agreement

1. CONSULTANT agrees that it shall not use any information provided by CITY for any purpose other than for work performed pursuant to this Agreement without the prior express written consent of CITY. CONSULTANT also hereby acknowledges that the data delivered by CITY is for use by CONSULTANT only, and is not to be released to any other party by any means whatsoever, including the Internet, without prior written consent of CITY. CONSULTANT shall provide written notice to CITY of any subcontractor with whom Geographic Information System data (GIS DATA) is shared for purposes of performing work under this Agreement.
2. All data and files are intended for the use within the ordinary course of users' business and may not be sold, placed on the internet or otherwise provided to other parties. All data shall comply with all statutes such as California State Law, Government Code section 7928.205 which prohibits any state or local agency from posting the home address or telephone number of any "elected or appointed official," residing spouse, or child on the internet, and Revenue and Taxation Code sections 408,408.1, 408.3, and 409 permitting the County Assessor to collect fees for certain information.
3. CITY, as rightful owners, shall retain all rights, title, interest, and copyright of the data. Any products using the GIS DATA must give credit to CITY as the source of the information. Any and all derivative products of the GIS DATA are owned by CITY and may not be used for any purpose other than performing work pursuant to this Agreement without prior written permission of CITY. All derivative products and resulting data shall be provided to CITY Project Manager and CITY GIS Manager at the completion of the work.
4. CONSULTANT and CITY understand and agree that the information provided pursuant to this Agreement is the product of professional services paid for by CITY and shall remain property of CITY. CONSULTANT may retain copies, including copies stored on magnetic media, only for information and reference, in connection with CONSULTANT'S use for work performed for CITY.
5. All of the above terms and conditions apply to any subcontractor retained by CONSULTANT.
6. In the event of a conflict between the terms and provisions of this Third Party Data Use Agreement and the terms and provisions of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, the terms of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS shall govern and control.

EXHIBIT 1

CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS Schaaf & Wheeler Consulting Civil Engineers

THIS AGREEMENT is entered into and becomes effective on 11/13/2024 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Schaaf & Wheeler Consulting Civil Engineers 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 September, 4, 2024.

2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until September 4, 2025 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 to evaluate the feasibility of converting the off-line Butterfield Basin into an in-line basin that can also capture trash and promote groundwater recharge as further described in **Exhibit A**.

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

4.1. **Amount.** \$74,472.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Seventy Four Thousand Four Hundred Seventy Two 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.
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:

Schaaf & Wheeler Consulting Engineers

Charles D. Anderson, P.E.
4699 Old Ironsides Drive, Suite 350
Santa Clara, CA 95054
408-246-4848

Address of CITY is as follows:

| | |
|-----------------------------|-----------------------|
| Development Services Center | with a copy to: |
| David Gittleson, P.E. | 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.

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[Signatures on Next Page]

30. **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:

Signed by:

Michelle Bigelow
 City Clerk / Deputy City Clerk

Michelle Bigelow

Print Name

Date: 11/13/2024

APPROVED AS TO FORM:

Donald A. Larkin

DocuSigned by:

Donald Larkin
 City Attorney

Print Name

Date: 11/6/2024

CITY OF MORGAN HILL

DocuSigned by:

Christina Turner
 City Manager

Christina J. Turner

Print Name

Date: 11/13/2024

Schaaf & Wheeler Consulting Engineers

Charles D. Anderson
 By:

By:

Charles D. Anderson, President

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: 8/28/24

Glen Anderson
 By:

By:

GLEN ANDERSON, ASST. SECRETARY

Print Name and Title of Signer.

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

Date: 8/28/24

Exhibit A

Butterfield Basin Feasibility Study

Scope of Services

The purpose of the study is to evaluate the feasibility of converting the existing offline Butterfield Basin facility into an online facility that also captures trash and sediment and promotes groundwater recharge.

Task A: Permit Research

1. Contact jurisdictional agencies to ascertain permit requirements for constructing and operating the basin change:
 - a. California Department of Fish and Wildlife
 - b. Central Coast Regional Water Quality Control Board
 - c. Santa Clara Valley Water District
 - d. United States Army Corps of Engineers
 - e. United States Fish and Wildlife Service
2. Provide a list of required permits and estimated permit schedules.
3. Identify prohibitions and challenges with future land use changes should the operational change make the area waters of the United States or State, if area is not already considered within these jurisdictions.

Task B: Meetings and Site Visits

1. Conduct up to four design meetings with City staff. Meetings may be held at City offices and/or virtually upon mutual agreement.
 - a. Prepare meeting agenda
 - b. Prepare meeting minutes
2. Visit the site to become familiar with field constraints and complete data gaps through measurement as necessary. (Infiltration testing is under a separate task.)
3. Provide photo documentation of site visits.

Task C: Project Management and Quality Control

1. Coordinate conceptual design activities, including Cornerstone.
2. Submit monthly invoices using template approved by City.
3. Track project schedule and budget.
4. Provide quality control review. Bluebeam Suite tools will be used on reports and plans to create a QA/QC record.

Task D: Topographic Mapping

1. Existing plans and topography provided by the City will be used. (Additional surveying is excluded from this scope of services.)
2. Supplement available topography using available County of Santa Clara LiDAR data sets.

Task E: Geotechnical Investigation

1. Existing geotechnical information relative to the basin furnished by the City will be used.
2. Cornerstone will perform double-ring infiltration tests within the basin to characterize anticipated percolation rates. Some thought should be given as to when to perform these tests (seasonality) within the confines of the feasibility study schedule.

Task F: Level of CEQA Documentation

1. Recommend type of CEQA document needed should City move forward with project design based on the conceptual design. (CEQA documents are not part of this scope of services.)
 - a. Categorical Exemption
 - b. Initial Study with Mitigated Negative Declaration
 - c. Environmental Impact Report

Task G: Draft Feasibility Study and Conceptual Design

1. Prepare draft feasibility study including conceptual design.
 - a. 30% submittal
 - b. 60% submittal (including infiltration tests)
 - c. 90% submittal
2. Provide estimates of probable cost and schedule with the 30%, 60%, and 90% submittals.
 - a. Design
 - b. CEQA
 - c. Permitting
 - d. Bid
 - e. Construction including environmental restrictions
3. Allow minimum of two weeks for City review of each submittal.

Task H: Final Feasibility Study and Conceptual Design

1. Incorporate City comments.
2. Feasibility Study in MS Word and pdf formats.

3. Conceptual Design in ACAD .dwg and pdf formats.
4. Final construction cost estimate in Excel and pdf formats.
5. Design, CEQA, permitting, and construction schedule in Microsoft Project and pdf formats.

Conceptual design will not include structural detailing or revegetation plan specifics. At the conceptual design level, bid specifications are not applicable.

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

Schaaf & Wheeler
CONSULTING CIVIL ENGINEERS

4699 Old Ironsides Dr., Suite 350
Santa Clara, CA 95054-1860
408-246-4848

Hourly Charge Rate Schedule

Personnel Charges

Charges for personnel engaged in professional and/or technical work are based on the actual hours directly chargeable to the project.

Current rates by classification are listed below:

| <u>Classification</u> | <u>Rate/Hr</u> |
|---------------------------|----------------|
| Principal Project Manager | \$295 |
| Senior Project Manager | \$270 |
| Senior Engineer | \$250 |
| Associate Engineer | \$220 |
| Assistant Engineer | \$200 |
| Junior Engineer | \$185 |
| Designer | \$175 |
| GIS Analyst | \$175 |
| Technician | \$160 |
| Engineering Trainee | \$135 |

Litigation Charges

Court or deposition time as an expert witness is charged at \$500 per hour.

Materials and Services

Subcontractors, special equipment, outside reproduction, data processing, computer services, etc., will be charged at 1.10 times cost.

Effective 1/1/24

Exhibit C

Butterfield Basin Feasibility Study Schedule

The study schedule is tabulated herein. “NTP” refers to the issuance of a Notice to Proceed. The geotechnical investigation schedule is weather-dependent. The overall schedule has a six-month duration for study completion.

| Task | Scheduled Completion |
|--|-----------------------------|
| A. Permit Research | 2 weeks from NTP |
| B. Meetings and Site Visits | |
| C. Project Management and Quality Control | |
| D. Topographic Mapping | 1 week from NTP |
| E. Geotechnical Investigation | 8 weeks from NTP |
| F. Level of CEQA Documentation | 2 weeks from NTP |
| G. Draft Feasibility Study and Conceptual Design | |
| 30% submittal | 8 weeks from NTP |
| City review | 10 weeks from NTP |
| 60% submittal | 12 weeks from NTP |
| City review | 14 weeks from NTP |
| 90% submittal | 16 weeks from NTP |
| City review | 18 weeks from NTP |
| H. Final Feasibility Study and Conceptual Design | 24 weeks from NTP |

CITY COUNCIL STAFF REPORT

MEETING DATE: October 15, 2025

PREPARED BY:

Pam van der Leeden, GIS Manager

APPROVED BY: City Manager

APPROVE AGREEMENT WITH GEOGRAPHIC TECHNOLOGIES GROUP FOR GIS SERVICES IN THE AMOUNT OF \$238,173

RECOMMENDATION(S)

Approve an agreement with Geographic Technologies Group for GIS Services in the amount of \$238,173.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Maintaining and Enhancing Infrastructure

Guiding Documents

GIS Strategic Plan

REPORT NARRATIVE:

GIS Division Background

The Geographic Information Systems Division (GIS) is part of the Public Services Department and provides geographic mapping and spatial data analysis that supports staff projects and Enterprise systems Citywide. This division is managed by the GIS Administrator, who reports to the Public Services Director.

The GIS Administrator oversees the operation of GIS services and an Enterprise GIS system that can integrate with each City department. GIS is a key technology, and enhancements to GIS capabilities boost productivity for many City departments.

The Proposed Agreement

The proposed agreement includes a series of six GIS projects to update and provide new functionality for the City's GIS system. If authorized and approved, work would begin immediately as the projects are time-sensitive. The agreement is with Geographic Technologies Group (GTG), a consulting firm that specializes in local government GIS. GTG implemented the City's first Enterprise GIS system in 2019, followed by various integrations with other City systems and other types of GIS projects to build out the City's GIS capabilities, and is currently contracted by the City to provide as-needed GIS technical support services.

The need for these projects is driven by changing GIS technology requirements. GIS

products are undergoing rapid change, compelling GIS customers like the City to adapt as software products are retired and replaced by new ones. The City needs to make these updates for our GIS system to continue to function and support the City's needs.

Over the past several years, City staff have been reviewing and evaluating the changes in GIS technology and the City's options for responding. The proposed projects are recommended by City staff as the most efficient and cost-effective path forward and the only option that allows the City's GIS division to continue to use its existing integrations and data to provide critical mapping information. This staff report describes the GIS projects that are necessitated by the changes to the software we currently use.

Our Enterprise GIS software needs to be updated to a new version because it is being retired. This is considered a major upgrade with major implications for current and proposed GIS projects. In addition to the Enterprise upgrade, five other interdependent projects are planned. Some of these projects were previously planned but needed to be rescheduled to ensure coordination and implementation following the Enterprise update in the most cost-efficient sequence.

The Six Projects:

ArcGIS Enterprise Upgrade

This project updates our Enterprise GIS software system, providing City staff with secure access to GIS applications and data. Essential applications such as Cityworks (maintenance and utilities asset management), SeeClickFix (maintenance and utility customer reporting program), Citymaps (internal web map), Central Square/Trakit (building permitting), POSM (wastewater system inspection and CCTV video) and BOSS811 (utilities location before digging) rely on the GIS Enterprise portal to provide GIS mapping and data for these applications to function.

Our current Enterprise version, released five years ago, is nearing the end of its lifecycle. As a result, there are no further updates or patches available, and it will cease to be supported by mid-2026.

The GIS Division budget funds this project.

CityMaps Migration and Enhancement

This project involves migrating our CityMaps software to a new application and adding new functionality. This is one of several projects that were previously funded but were paused to allow for re-scoping and re-scheduling to take advantage of changes in technology and so that they could be coordinated with the Enterprise update and the other impacted tasks in the most cost-efficient sequence.

CityMaps is a web mapping application internal to the City that makes many of the City's key GIS layers widely and readily available for staff viewing. CityMaps contains sensitive data, so it is not available to the public. Some uses of CityMaps include looking up information on a parcel, checking zoning or general plan areas and natural

hazard zones such as fire or flooding, creating a mailing list for public notification, and viewing the location of utility infrastructure.

The CityMaps software is at the end of its lifecycle. Updates and improvements are no longer possible with the current software, which is scheduled to be retired in 2026. Migrating to the current software will allow the City to continue to provide GIS information to staff. The new software will enable significantly easier data updates and the addition of numerous new map layers. Staff will also be able to view the wastewater main CCTV video in CityMaps.

The GIS Division budget funds this project.

POSM Data Integration

POSM is a Utilities map application used to manage inspection data and CCTV video for wastewater mains and manholes. This is one of several projects that were previously funded but were paused to allow for re-scoping and re-scheduling to take advantage of changes in technology and so that they could be coordinated with the Enterprise update and the other impacted tasks in the most cost-efficient sequence.

Currently, this inspection information and video do not feed back to the GIS enterprise database. This project will integrate the POSM data with the GIS database so that data and video can be viewed by staff in the new CityMaps application.

The Wastewater Division budget funds this project.

Utility Data Management Migration

This major project involves migrating the City's utility GIS mapping data to a new organizational structure, ensuring compatibility with the proposed Enterprise system upgrade and desktop GIS. Water, wastewater, and stormwater are each mapped as a data network in GIS so that when a facility, such as a main or manhole, is moved to a correct location in the mapped network, for example, the other features connected to it will move with it.

The three utility networks are made up of approximately 30 different GIS data layers, each housing a different utility type, including water mains, hydrants, and pump stations, wastewater mains and manholes, and stormwater mains and inlets.

This data is currently stored in an outdated network version, which can only be modified using an older version of GIS Desktop. This version is scheduled for retirement on March 1st, 2026. Staff explored moving to the network structure recommended by our software vendor, but after establishing that it would be significantly expensive and disruptive to implement, staff worked with a GIS consultant to identify an alternative. This project would implement the alternative data network, which meets the City's priority data needs at significantly lower cost and disruption. It will be a significant interim step towards a full utility network structure if the City wants to pursue that in the

future.

This project will enable the City to update the utility network by adding utilities in new developments as they are built and making corrections, known as red lines, to the water, wastewater, and stormwater data networks. In addition to moving to a new network, this project reorganizes the data and removes many legacy data fields that are no longer needed, resulting in more streamlined, efficient layers that are easier to update. Additionally, the project includes funding for additional data cleanup if needed.

A significant portion of the project time will be dedicated to ensuring that all changes are compatible with existing utility integrations, such as Cityworks, CityMaps, POSM, and BOSS811, and are implemented as seamlessly as possible to minimize disruption.

The final part of the project will be to explore and test various utility data solutions/applications that are designed to work with the new data structure, and that will provide staff with simpler, more convenient ways to manage the data. Implementing the applications is optional, and the City will only pay for those that are selected for implementation.

This project is funded by the Water and Wastewater Divisions' budgets.

ArcGIS Hub Implementation

This project creates a platform that will allow the public to securely download selected, non-sensitive GIS datasets from the City's website. This will be in the form of prepackaged data and will not include a public portal for viewing the datasets. It sets the baseline framework for a future portal, which would require significantly more funding and staff time to implement.

This is one of several projects that were previously funded but were paused to allow for re-scoping and re-scheduling to take advantage of changes in technology and so that they could be coordinated with the Enterprise update and the other impacted tasks in the most cost-efficient sequence.

Currently, the City does not provide any GIS data for public web download, and requests need to be made directly to City staff. As well as making the selected data much more widely available to the public, this project will save time for those requesting data and for staff responding to requests.

This project is funded in the GIS Division budget.

Field Maps for Utilities and Maintenance

This project enables Maintenance and Utilities teammates to map new data in the field, such as park facilities, and flag data corrections (redlines) using the Field Maps app on their devices. This is one of several projects that were previously funded but were paused to allow for re-scoping and re-scheduling to take advantage of changes in

technology and so that they could be coordinated with the Enterprise update and the other impacted tasks in the most cost-efficient sequence.

Currently, the City lacks a straightforward method for staff to map new features or document corrections to existing features in the field and integrate this mapping into the enterprise database. This will allow staff to see their location and the location of existing utilities for context when they map a feature.

This project is funded by the GIS, Wastewater, Water, Street Maintenance, and Park Maintenance budgets.

COMMUNITY ENGAGEMENT:

Inform.

For the ArcGIS Hub Implementation project, the public will be informed on the City's website and provided with information on how to download the packaged GIS data.

For the other five projects, which are internal infrastructure projects, no engagement is planned.

ALTERNATIVE ACTIONS:

The Council could decide not to authorize the agreement. This would result in the failure of the GIS Enterprise system when the software expires in 2026. GIS Enterprise databases and their associated GIS layers would not be available. GIS data integrations with Cityworks, Citymaps, Central Square (Trakit), POSM, and BOSS811 would fail.

The Council could decide to authorize the agreement without the Utility Data Migration project. This portion of the project is the highest cost, totaling \$146,750 of the overall cost. In this circumstance, the data would not be connected in a network. They cannot be updated or modified when new developments are constructed or corrections are needed. In effect, the data would be frozen in its existing state, becoming increasingly outdated over time, which would deprive the City of accurate utilities mapping during a period of rapid construction. In addition, although this project is the most costly of the six recommended projects, it is funded through the Water and Wastewater Funds. Hence, a decision not to proceed would not result in savings to the General Fund. Furthermore, failing to move forward could significantly impact the Utility Division's ability to utilize GIS technology in the future.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None.

FISCAL AND RESOURCE IMPACT:

The total cost is \$238,173. This item is included in the current adopted budget (FY25-26) and is part of the GIS Division work plan. It is funded across multiple operational divisions, including GIS (730.2530), Wastewater (640.5900), Water (650.5710), Street

Maintenance (010.6100), and Park Maintenance (010.8030).

CEQA (California Environmental Quality Act):

Not a Project.

The work involves software as part of organizational or administrative activities of the City that will not result in direct or indirect physical changes in the environment.

**CONSULTANT AGREEMENT
GEOGRAPHIC TECHNOLOGIES GROUP**

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and GEOGRAPHIC TECHNOLOGIES GROUP a North Carolina 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 April 15th, 2027 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 GIS Services as further described in **Exhibit A**.

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

4.1. **Amount.** \$238,173.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed TWO HUNDRED THIRTY-EIGHT THOUSAND AND ONE HUNDRED SEVENTY-THREE 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.
- 7.1.7. Crime/Fidelity Bond. If the performance of CONSULTANT'S work or service under this Agreement relates to or involves handling of CITY monies, CONSULTANT shall procure and maintain Crime insurance, in the minimum amount of: (i) three hundred thousand dollars (\$300,000.00) per occurrence, covering all CONSULTANT'S officers and employees, for loss of CITY monies caused by dishonesty and/or theft.
- 7.2. **Endorsements**. CONSULTANT shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:
- 7.2.1. General Liability and pollution liability (when pollution liability applies).
- 7.2.1.1. "Additionally Insured" - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds on a form at least as broad as ISO Form CG 20 10 for ongoing operations.
- 7.2.1.2. "Waiver of Rights of Subrogation" - The insurer waives the right of subrogation against the City of Morgan Hill and CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and
- 7.2.1.3. "Primary and Non-Contributing" - Insurance shall be endorsed to be primary and non-contributory and will not seek contribution from the City's insurance or self-insurance and shall be at least as broad as ISO Form CG 20 01.
- 7.2.2. Workers Compensation.
- If the performance of CONSULTANT'S work or service under this Agreement involves access to or activity on any property or premises owned or occupied by the CITY, including, but not limited to, CONSULTANT'S presence during site visits and meetings, then insurer waives the right of subrogation against the City of Morgan Hill and the CITY's elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.
- 7.3. **Qualification of Insurers**. All insurance required pursuant to this Agreement must be issued by a company licensed and admitted, or otherwise legally authorized to carry out insurance business in the State of California, and each insurer must have a current A.M. Best's financial strength rating of "A" or better and a financial size rating of "VII" or better.
- 7.4. **Certificates**. CONSULTANT shall furnish CITY of Morgan Hill with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to

CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 7. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

9. **Compliance with Law.**

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

9.2. Compliance with Wage and Hour Laws: Consultant, and any subcontractor it employs to complete work under this Agreement, shall comply with all applicable federal, state and local wage and hour laws. Applicable laws may include, but are not limited to, the Federal Fair Labor Standards Act and the California Labor Code.

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

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

Judgments or Decisions During Term of Contract: If at any time during the term of this Agreement, a court or investigatory government agency issues a final judgment, decision or order finding that CONSULTANT or an subcontractor it employs to perform work under this Agreement has violated any applicable wage and hour law, or CONSULTANT learns of such

a judgment, decision, or order that was not previously disclosed, CONSULTANT shall inform the City Attorney, no more than fifteen (15) days after the judgment, decision or order becomes final or of learning of the final judgment, decision or order. CONSULTANT and its subcontractors shall promptly satisfy and comply with any such judgment, decision, or order, and shall provide the City Attorney with documentary evidence of compliance with the final judgment, decision or order within five (5) days of satisfying the final judgment, decision or order. The City reserves the right to require CONSULTANT to enter into an agreement with the City regarding the manner in which any such final judgment, decision, or order will be satisfied.

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

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

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

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

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

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

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

Address of CONSULTANT is as follows:

Geographic Technologies Group
PO Box 10135

Goldsboro, NC 27532

Address of CITY is as follows:

GIS Manager
City of Morgan Hill
17575 Peak Ave.
Morgan Hill, CA 95037

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

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

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

16. **Maintenance of Records.**

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

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

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

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

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

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

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

21. **Defense and Indemnification.**

21.1. **Defense and Indemnification.** CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

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

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

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

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

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

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

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

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

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

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

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

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

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

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[Signatures on Next Page]

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

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

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

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

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow

Print Name

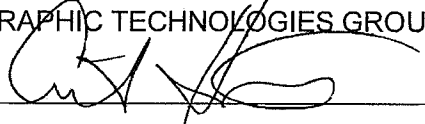
Christina J. Turner

Print Name

Date: _____

Date: _____

APPROVED AS TO FORM:
Donald A. Larkin

GEOGRAPHIC TECHNOLOGIES GROUP


By:

City Attorney

Curtis A. Hinton, Jr. President

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

Print Name

Date: 9/17/2025

Date: _____



By:

Robin D. Hinton, Secretary

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

Date: 9/17/2025

EXHIBIT A
SCOPE OF SERVICES

Task 1: ArcGIS Enterprise Upgrade **\$34,745.00**

GTG will upgrade Morgan Hill's ArcGIS Enterprise Environment (TEST and PRODUCTION) to 11.x. This task does not include the modification or repair of scripts and workflows found to be incompatible with the updated ArcGIS Enterprise version.

Task 1.1 Upgrade TEST Environment **\$8,000**

- ◆ GTG will provide a list of pre-work needed including specific folder permissions needed, service account details, certificates needed, and other items necessary for the upgrade. GTG will assist in obtaining this information as requested by Morgan Hill staff.
- ◆ GTG will perform an in-place upgrade of the ArcGIS Enterprise deployment.
 - GTG will upgrade ArcGIS Enterprise to 10.9.1 (required before migrating to 11.x) then to 11.x. This method follows Esri best practice for 11.x upgrades.
- ◆ GTG will install all security and performance patches.
- ◆ GTG will perform a stress test by running tests on the upgraded environment to validate that all systems are working as expected and it is ready for use.
- ◆ GTG will upgrade the Test enterprise geodatabases to the latest version supported by the selected ArcGIS Enterprise version.
- ◆ GTG will validate that the data, database connections, attribute rules, versions, and permissions are working properly.
- ◆ GTG will update the existing Testing and Development documentation produced by GTG to include the new Test environment including an updated architecture diagram.

Task 1.2 Upgrade PRODUCTION Environment **\$12,740**

- ◆ Morgan Hill Staff will provide a list of all primary scripts, workflows and third-party installs that need to work with ArcGIS Enterprise 11.x. GTG will assist in identifying these items as requested by Morgan Hill staff.
- ◆ GTG will validate all items on the list and notify Morgan Hill staff of any issues discovered.
- ◆ GTG will identify software and licensing needed for the upgrade.
- ◆ GTG will validate that all service account and desired login information is collected prior to the upgrade.
- ◆ GTG will ensure that antivirus software excludes the ArcGIS Enterprise files, ensuring a successful upgrade.
- ◆ GTG will perform an in-place upgrade of the ArcGIS Enterprise deployment.
 - GTG will upgrade ArcGIS Enterprise to 10.9.1 (required before migrating to 11.x) then to 11.x. This method follows Esri best practice for 11.x upgrades.

- ◆ GTG will install all security and performance patches.
- ◆ GTG will validate that key services and workflows perform as expected post upgrade, with assistance from Morgan Hill staff.
- ◆ GTG will upgrade the Production enterprise geodatabases to the latest version supported by the selected ArcGIS Enterprise version.
- ◆ GTG will validate that the data, database connections, attribute rules, versions, and permissions are working properly.
- ◆ GTG will revise and update the existing system documentation produced by GTG to reflect the changes, including new architecture diagrams, tables, and system information.

TASK 1.3: AS-NEEDED post-upgrade issues and troubleshooting **\$14,000**

Includes not-to-exceed 80 hours of post-upgrade troubleshooting for any third-party upgrades, installations, or other issue resolution. These hours will be billed Time and Materials as needed for Project Management and GIS Architect time at a rate of \$175 per hour.

Task 2: CityMaps Migration and Enhancement **\$36,465.00**

GTG will review, assess, and migrate the City's CityMaps Web Application to Esri's Experience Builder. GTG will also implement enhancements to CityMaps.

Task 2.1: Review CityMaps widget functionality **\$6,240**

- ◆ Meet with city staff to review needs and wants.
- ◆ Create demos of widget migration options
 - Public Notification
 - Buffer
 - Report
 - POSM Video Access
 - Filter
- ◆ Verify access to POSM videos through hyperlink
- ◆ Build migration and deprecation planning document for widgets and application functionalities
- ◆ Review Migration Plan with City Staff

Task 2.2: Build CityMaps in ArcGIS Enterprise 11.x TEST Environment **\$23,790**

- ◆ Publish new CityMaps Service
 - Determine included layers
 - Create map within ArcGIS Pro

- Publish service
- Documentation of map and feature service configurations
- ◆ Publish print service
 - Create layout in ArcGIS Pro
 - Publish layout file to Portal
 - Verify service is running as expected
- ◆ Create webmap for Citymaps Application
 - Create and configure web map with appropriate layers and symbology
 - Add utility data services and configure pop-up to allow access to POSM videos
 - Configure pop-ups of identified layers to include a hyperlink to Google Maps.
 - Document webmap configurations
- ◆ Create CityMaps Experience Builder
 - Create Experience Builder containing CityMaps webmap
 - Configure “Public Notification” widget using EITHER the Public Notification Instant App, the Near Me widget, or the Query widget. (Option selected during demos)
 - Configure the following widgets:
 - Layer list
 - Search
 - Swipe
 - Table
 - Draw
 - Basemap Gallery
 - Measure
 - Print
 - Document CityMaps Experience Builder configurations; includes data sources for each widget.
- ◆ User Testing and Review
 - Provide a SOP for CityMaps including how to use each widget.
 - Meet with City staff to review how to use application.
 - Receive City feedback
 - IF NEEDED – adjust functionality of CityMaps
 - IF NEEDED – update documentation as needed to reflect adjustments

Task 2.3: Build CityMaps in ArcGIS Enterprise 11.x PRODUCTION Environment \$6,435

- ◆ Publish new CityMaps Service
 - Determine included layers
 - Create map within ArcGIS Pro
 - Publish service
 - Documentation of map and feature service configurations
- ◆ Publish print service
 - Create layout in ArcGIS Pro

- Publish layout file to Portal
- Verify service is running as expected
- ◆ Create webmap for Citymaps Application
 - Create and configure web map with appropriate layers and symbology
 - Configure pop-ups of identified layers to include a hyperlink to Google Maps.
 - Add utility data services and configure pop-up to allow access to POSM videos
 - Document webmap configurations
- ◆ Create CityMaps Experience Builder
 - Create Experience Builder containing CityMaps webmap
 - Configure “Public Notification” widget using EITHER the Public Notification Instant App, the Near Me widget, or the Query widget. (Option selected during demos)
 - Configure the following widgets:
 - Layer list
 - Search
 - Swipe
 - Table
 - Draw
 - Basemap Gallery
 - Measure
 - Print
 - Document CityMaps Experience Builder configurations; includes data sources for each widget.
- ◆ User Testing and Review
 - Provide a SOP for CityMaps including how to use each widget.
 - Meet with City staff to review how to use application.
 - Receive City feedback
 - IF NEEDED – adjust functionality of CityMaps
 - IF NEEDED – update documentation as needed to reflect adjustments

Task 3: POSM Data Integration

\$4,781.00

GTG will design and implement a process that brings POSM sanitary sewer main and manhole data including CCTV into the Enterprise GIS sanitary sewer layers on a regular basis. GTG will configure it to be viewable in CityMaps. This integration includes the following:

- ◆ Test POSM database and table access
 - Verify connection to POSM database and access to query table
- ◆ Prepare Enterprise database gravity main and manhole feature classes:
 - Identify POSM fields to add to feature classes
 - Add fields to feature classes

- Determine if editor tracking or a new field will be used to track POSM updates
 - Option 1: Add new field to track when POSM performs updates
 - Option 2: Configure POSM database user for editor tracking
- ◆ Pull data from POSM into Enterprise database
 - Write and test Python script to pull data from POSM query table into gravity main and manhole feature classes daily
 - Schedule recurring task in task scheduler
- ◆ Configure CityMaps pop-ups
 - Test hyperlink creation to confirm CCTV videos can be accessed via link
 - Configure the CityMaps pop-ups following City staff design for the gravity main and manhole feature classes to carry hyperlinks to POSM data
- ◆ Documentation
 - Document script functionality and scheduled task information

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| Task 4: Utility Data Management Migration | \$146,750.00 |
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GTG will review, assess, and migrate City utility GIS data to the ArcGIS Data Management schema and implement utility data management solutions and applications. Utilities included are water, stormwater and sewer.

| | |
|--|-----------------|
| Task 4.1 Determine Existing Conditions and Readiness Assessment | \$42,340 |
|--|-----------------|

Utility Data Existing Conditions and Uses

- ◆ Identify existing utility datasets and retrieve copy of datasets without impacting existing structure (ex. Maintain geometric networks, domains, relationships classes, attachments, etc).
- ◆ Identify existing integrations that use utility data and specific fields that are read/written to.
- ◆ Identify existing applications (desktop and web based) that use utility data and custom configuration (pop ups, widgets).
- ◆ Identify existing architecture and planned architecture at time of deployment.
- ◆ Identify existing users and workflows.
- ◆ Identify existing licensing for desktop users and Portal user types and roles.
- ◆ Identify any supplemental data used to manage utility data (ex. As-builts)
- ◆ Identify any known limitations and restrictions that directly impact adopting the Data Management or Utility Network schemas and environment requirements.
- ◆ Identify needs based on planning ArcGIS Solutions adoption.
- ◆ Generate Report with findings.

- ◆ Present results.

Utility Data Readiness Assessment

- ◆ Perform visual review of datasets and identify gaps in spatial coverage and attribution.
- ◆ Assess metadata completeness.
- ◆ Assess geometric network status.
- ◆ Assess required and recommended attribution.
- ◆ Run Data Reviewer checks and series of custom spatial and attribution checks.
- ◆ Assess Data Reviewer results.
- ◆ Develop gap analysis for data quality.
- ◆ Develop migration plans.
- ◆ Generate report with findings.
- ◆ Present results.

Task 4.2 Utility Data Cleanup (Not to Exceed 180 hours) \$30,450

- ◆ Repair connectivity and topologic errors discovered during Data Readiness Assessment.
- ◆ Resolve domain violations and poor attribution discovered during Data Readiness Assessment.
- ◆ Collect values for null attributes, prioritizing required and recommended attributes (ex. material, diameter, active status).
- ◆ Collect missing features, prioritizing required and recommended features.

These hours will be billed at the following rates:

GIS Manager - \$198/hr

Sr. GIS Analyst: - \$150/hr

Task 4.3 Utility Data Migration to Data Management Solution and Training \$44,960

- ◆ Build schema mapping workbooks including feature class, field, and domain mapping.
- ◆ Identify and implement recommended attribute rules related to schema and attribute management.
- ◆ Present initial schema mapping plan and discuss.
- ◆ Adjust schema mapping workbooks as needed post discussion.
- ◆ Build schemas and migrate data to Data Management schemas
- ◆ Build topologies and apply topology rules.
- ◆ Publish services for viewing.
 - Reprint services for CityMaps, Cityworks, BOSS811, and Field Maps
- ◆ Publish services for editing (without topology).

Training

- ◆ Train staff on administrative tasks for managing utility data and topologies.

- ◆ Train staff on editing utility data and maintaining topologies.
- ◆ Provide step-by-step documentation for utility data editors.

Task 4.4 Configure and deploy ArcGIS Solutions/Applications (Optional at \$1,812.50 per item for a total not to exceed \$29,000)

Sewer

- ◆ Sewer Data Management Editor application
- ◆ Sewer Data Management Viewer application
- ◆ Sewer Data Management Dashboard
- ◆ Sewer Data Management Asset Collector Field Maps map
- ◆ Sewer Manhole Inspection solution

Stormwater

- ◆ Stormwater Data Management Editor application
- ◆ Stormwater Data Management Viewer application
- ◆ Stormwater Data Management Dashboard
- ◆ Stormwater Data Management Asset Collector Field Maps map
- ◆ Stormwater Catch Basin and Outlet Inspections Solution
- ◆ Stormwater Construction Activity Management Solution

Water

- ◆ Water Data Management Viewer application
- ◆ Water Data Management Dashboard
- ◆ Water Data Management Asset Collector Field Maps map
- ◆ Water Utility Hydrant Inspections Solution
- ◆ Water Utility Service Interruptions Solution

Training and Documentation

- ◆ Train staff on administrative tasks for managing and configuring solutions
- ◆ Train staff on using solution applications
- ◆ Provide admin documentation on how to add a new feature class and a new aerial imagery map service, how to remove a layer, how to update a layer name and description/note.
- ◆ Provide step-by-step user documentation for solutions implemented.

Task 5: ArcGIS Hub Implementation

\$6,960.00

GTG will complete deployment of the City of Morgan Hill's external ArcGIS Hub application, followed by implementing internal-only elements securely, as either rows or a separate page within the external Hub. GTG will integrate ArcGIS Hub and other GIS content with the City's website.

Task 5.1 Complete Implementation of external ArcGIS Hub application

\$3,062

GTG will design and deploy one external ArcGIS Hub (public) portal for sharing/download of non-sensitive City GIS data. City to provide City's graphic style standards. GTG will:

- ◆ Make recommendations on best practices and GIS layers to include in the external portal.
- ◆ Update portal design in accordance with City staff preferences.
- ◆ Publish open data GIS layers as a map service for public consumption.
- ◆ Train the City staff in portal maintenance and update as well as best practices.
- ◆ Produce detailed knowledge transfer documentation on maintaining and updating the app.

Task 5.2 Implementation of internal elements within ArcGIS Hub

\$2,536

GTG and City staff will identify elements that are to be shared internally and with what groups, and GTG will incorporate those elements (shared appropriately) as either rows or a separate page within the external ArcGIS Hub. Such internally shared elements will not appear to the general public and will only be available to those logged in to the Enterprise environment with appropriate permissions. GTG will:

- ◆ Make recommendations on best practices, existing internal web GIS applications, and GIS layers to include as internal elements in the portal.
- ◆ Publish internal GIS layers as a map service for internal consumption.

Task 5.3 Assist with Integrating ArcGIS Hub and other GIS content with the City's website

\$1,362

Includes not-to-exceed 9 hours of assisting City staff and the City website contractor with integrating the Hub application, as well as other web maps, apps, and static maps with the City's website. These hours will be billed Time and Materials as needed at a rate of \$150 per hour and will include:

- ◆ Providing information needed for the City to set up and test web access to the Hub application and other GIS content.
- ◆ Making recommendations on content, organization, and design.

Task 6: Field Maps for Utilities and Maintenance \$8,477.00

GTG will configure, implement, support user testing, and document ArcGIS- based mobile workflows and system integration. This project includes completing full implementation of mapping new Maintenance data and full implementation of mapping Utilities redlines. This includes any updating and reconfiguring needed to integrate with the City's new enterprise upgrade and data management solution projects. The following services are included in the project scope

Enterprise Upgrade Functionality

- ◆ Review project to take advantage of any new functionality resulting from upgrade to Enterprise 11.x version.

Mapping New Data \$3,480

Utilities Layer Configuration (References and New Data)

- ◆ Re-configure and update field map, app, and maintenance data schemas to address any publishing, schema-related, or other issues to integrate with the Utility Data Management project map services and schema changes.
- ◆ Perform testing to validate functionality

Offline Areas Setup & Testing

- ◆ Configure offline areas in ArcGIS Field Maps for mobile accessibility.
- ◆ Perform testing to validate functionality across field devices and geographies.
- ◆ Attribute Rule Setup
- ◆ Configure and deploy an attribute rule within Maintenance layers to auto-increment unique IDs for new features.

Support User Testing

- ◆ Resolve any technical issues encountered during GIS and Maintenance staff field testing including with reference data.
- ◆ Implement a feedback loop with GIS and maintenance staff to capture issues, questions, or requests, and update workflow and configurations accordingly.

Documentation

- ◆ Deliver end-user “how to” documentation specific to new Maintenance data workflows for maintenance crew.
- ◆ Provide technical documentation on maintenance new data service configuration and Field Maps integration.

Mapping Redlines

\$4997

Redlines Configuration

- ◆ Prepare redline datasets by enabling Global IDs, editor tracking, and attachments.
- ◆ Publish redline feature services to ArcGIS Enterprise/Online.
- ◆ Configure web maps and Field Maps applications to support redline workflows.

Support User Testing

- ◆ Resolve any technical issues encountered during GIS and Utility staff field testing including with redline and reference data.
- ◆ Implement a feedback loop with GIS and Utility staff to capture issues, questions, or requests, and update workflow and configurations accordingly.

Documentation

- ◆ Deliver end-user “how to” documentation specific to new maintenance data workflows for maintenance crew.
- ◆ Provide technical documentation on maintenance, new data service configuration and Field Maps integration.
- ◆ General System Documentation (for both new data and red lines)
- ◆ Develop comprehensive documentation that illustrates how each component of the system is connected.
- ◆ Provide an inventory of published services, web maps, mobile maps, and their associated data sources.
- ◆ Implement a feedback loop with the client to capture issues, questions, or requests and update documentation and configurations accordingly.

Project Management

GTG will assign a dedicated Project Manager to serve as the primary point of contact and to ensure seamless coordination throughout the duration of the project to coordinate timing of project phases with other contract tasks including the Enterprise Upgrade. The Project Manager will oversee task prioritization, scheduling, quality assurance, and ongoing communication with City staff.

At project initiation, GTG will facilitate a kickoff meeting to confirm project goals, expectations, and communication preferences.

Throughout the engagement, GTG will provide:

- ◆ Regular project status updates (via email or virtual meetings, as preferred)
- ◆ Rapid response to ad-hoc service requests and emerging needs
- ◆ Clear documentation of all work completed under each task order
- ◆ Transparent tracking of project budget and hours expended

GTG Subtasks

- ◆ Project Kick-off Meeting
- ◆ Provide weekly project status reports summarizing work completed, upcoming tasks, and risks or blockers.
- ◆ Maintain a change management protocol: propose, implement, review, revise.
- ◆ Coordinate directly with the GIS Manager, who will be available for QA/QC, reviews, and decision-making.
- ◆ Submit a Project Closeout Summary that includes a review of completed tasks, outcomes, and strategic recommendations.

Note: GTG will perform all work remotely.

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

Project Budget

| Task | Cost |
|--|------------------|
| Task 1 ArcGIS Enterprise Upgrade | \$34,740 |
| 1.1 Upgrade Test Environment | \$8,000 |
| 1.2 Upgrade Production Environment | \$12,740 |
| 1.3 As-Needed Post Upgrade Support *** | \$14,000 |
| Task 2 CityMaps Migration and Enhancements | \$36,465 |
| 2.1 Review CityMaps Widget Functionality | \$6,240 |
| 2.2 Build CityMaps in Test | \$23,790 |
| 2.3 Build CityMaps in Production | \$6,435 |
| Task 3 POSM Data Integration | \$4,781 |
| Task 4 Utility Data Management Migration | \$146,750 |
| 4.1 Readiness Assessment | \$42,340 |
| 4.2 Data Clean Up *** | \$30,450 |
| 4.3 Data Migration & Training | \$44,960 |
| 4.4 Configure and Deploy ArcGIS Solutions | \$29,000 |
| Task 5 ArcGIS Hub Implementation | \$6,960 |
| 5.1 Complete External Implementation | \$3,062 |
| 5.2 Implement Internal Elements | \$2,536 |
| 5.3 Assist with ArcGIS Hub Integrations *** | \$1,362 |
| Task 6 Field Maps for Utilities and Maintenance | \$8,477 |
| 6.1 Map New Data | \$3,480 |
| 6.2 Map Redlines | \$4,997 |
| TOTAL | \$238,173 |

*** As-needed task to be billed time and materials

GTG Hourly Rates:

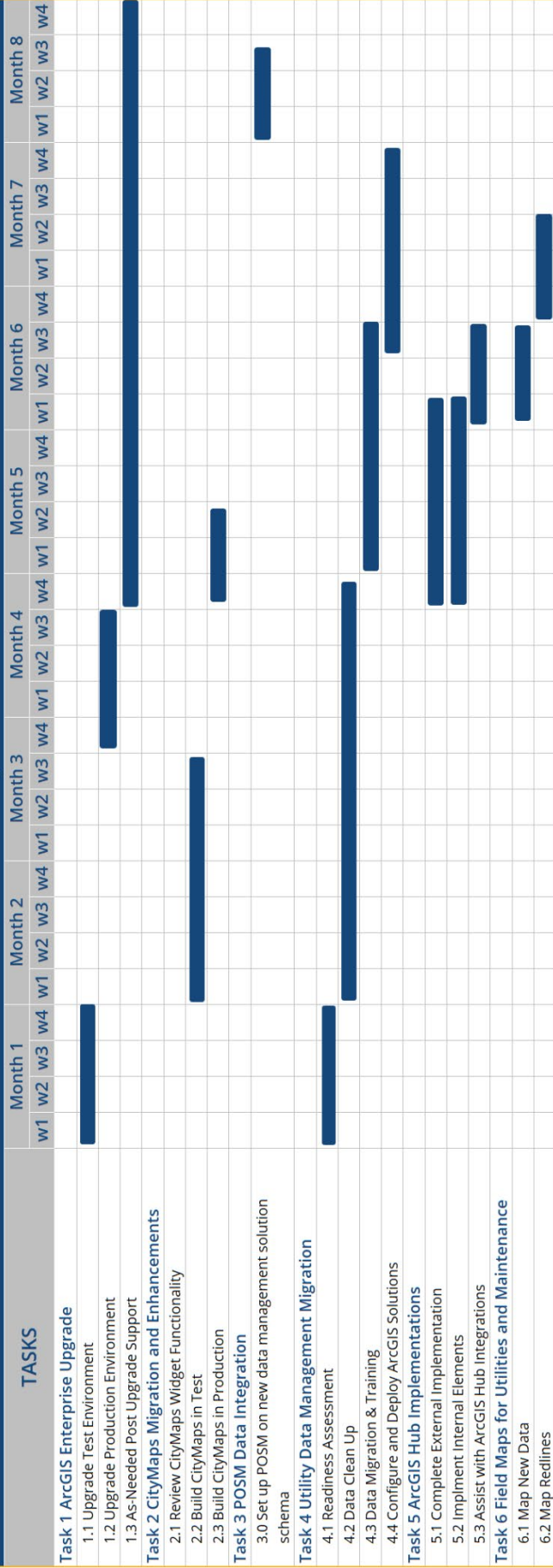
| GTG Title | Hourly Rate |
|-----------------------------------|--------------------|
| Senior GIS Manager | \$225 |
| GIS Manager | \$198 |
| GIS Systems Architect | \$172 |
| Senior GIS Project Manager | \$168 |
| GIS Software Developer | \$155 |
| Senior GIS Analyst | \$150 |
| GIS Project Manager | \$135 |
| GIS Analyst | \$125 |
| Senior GIS Specialist | \$98 |
| GIS Specialist | \$91 |
| Senior GIS Technician | \$87 |
| GIS Technician | \$84 |

GTG hourly rates increase 5% each year.

EXHIBIT C
SCHEDULE OF PERFORMANCE

Work to be completed by October 15th, 2026, except for tasks marked “as-needed” in Exhibit B, which are to be completed by April 15, 2027. See following page for estimated project timeline.

ESTIMATED PROJECT TIMELINE



█ Step Timeline

EXHIBIT D
Third Party Data Use Agreement

1. CONSULTANT agrees that it shall not use any information provided by CITY for any purpose other than for work performed pursuant to this Agreement without the prior express written consent of CITY. CONSULTANT also hereby acknowledges that the data delivered by CITY is for use by CONSULTANT only, and is not to be released to any other party by any means whatsoever, including the Internet, without prior written consent of CITY. CONSULTANT shall provide written notice to CITY of any subcontractor with whom Geographic Information System data (GIS DATA) is shared for purposes of performing work under this Agreement.
2. All data and files are intended for the use within the ordinary course of users' business and may not be sold, placed on the internet or otherwise provided to other parties. All data shall comply with all statutes such as California State Law, Government Code section 7928.205 which prohibits any state or local agency from posting the home address or telephone number of any "elected or appointed official," residing spouse, or child on the internet, and Revenue and Taxation Code sections 408,408.1, 408.3, and 409 permitting the County Assessor to collect fees for certain information.
3. CITY, as rightful owners, shall retain all rights, title, interest, and copyright of the data. Any products using the GIS DATA must give credit to CITY as the source of the information. Any and all derivative products of the GIS DATA are owned by CITY and may not be used for any purpose other than performing work pursuant to this Agreement without prior written permission of CITY. All derivative products and resulting data shall be provided to CITY Project Manager and CITY GIS Manager at the completion of the work.
4. CONSULTANT and CITY understand and agree that the information provided pursuant to this Agreement is the product of professional services paid for by CITY and shall remain property of CITY. CONSULTANT may retain copies, including copies stored on magnetic media, only for information and reference, in connection with CONSULTANT'S use for work performed for CITY.
5. All of the above terms and conditions apply to any subcontractor retained by CONSULTANT.
6. In the event of a conflict between the terms and provisions of this Third Party Data Use Agreement and the terms and provisions of the CONSULTANT AGREEMENT, the terms of the CONSULTANT AGREEMENT shall govern and control.



CITY COUNCIL STAFF REPORT

MEETING DATE: October 15, 2025

PREPARED BY:

Inga Alonzo, Management Analyst

APPROVED BY: City Manager

APPROVE AND AUTHORIZE THE CITY MANAGER TO PURCHASE THREE UTILITIES DIVISION REPLACEMENT VEHICLES

RECOMMENDATION(S)

1. Approve the purchase of a Ford T-350 E Transit Cargo Van from Rush Truck Center in the amount of \$75,323 to replace vehicle W18163;
2. Approve the purchase of a Ford F-550 Truck with a Wachs valve turner up-fit from Rush Truck Center in the amount of \$254,753 to replace vehicle W15117;
3. Approve the purchase of a Vac-Con Combo Jet/Vacuum Truck from Municipal Maintenance Equipment in the amount of \$647,687 to replace vehicle S15112; and
4. Authorize the disposal of surplus vehicles in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining and Enhancing Infrastructure

2024-2025 Strategic Priorities

Fiscal Sustainability

Guiding Documents

Water System Master Plan

Wastewater System Master Plan

REPORT NARRATIVE:

The Utilities Division is proposing to purchase three vehicles in the current fleet, which are due for replacement based on their scheduled service life. Currently, California public entities must comply with the State's Advanced Clean Fleets Regulation, which requires that, in each calendar year, any purchase of a gas or diesel vehicle over 8,500 gross vehicle weight (GVW) must be offset by the purchase of an electric vehicle in the same weight category. The Streets Division already made a purchase earlier this year

of a Ford F-150 electric vehicle. Thus, the proposed purchases in this report include one gas valve truck, one diesel combo truck, and one electric cargo van, which will allow the City to comply with state regulations.

Staff prepared detailed specifications for the vehicles scheduled for replacement based on Division needs and requested quotes using Sourcewell cooperative purchasing agreements. The Sourcewell cooperative purchasing agreements are consistent with Section 3.04.180 of the Morgan Hill Municipal Code, which allows the purchasing officer the authority to join with other public jurisdictions in cooperative purchasing plans or programs. Sourcewell conducts formal bidding for all contracts and maintains a broad vendor base. Staff do not believe they can achieve better pricing than Sourcewell by doing their own formal bidding process. Details for each purchase are as follows:

The cargo van is used daily by the water meter staff to facilitate meter repairs and replacements as needed throughout the City. The replacement schedule for this van was funded under the assumption of a gas vehicle replacement. However, this purchase needs to be an electric vehicle to comply with state regulations, and thus, additional funds are needed.

The valve truck is used daily by water meter staff to facilitate valve exercising. Valve exercising is a process of opening and closing a valve multiple times to keep it working properly. Valves are subject to a lot of wear and tear, so regular maintenance is necessary to keep them functioning correctly. Exercising the valve helps prevent sticking and corrosion, making them easier to operate and leading to better shut-offs. The valve exercising equipment is highly specialized and, due to material and supply issues, has increased exponentially over the past 10 years. Thus, additional funds are needed.

Lastly, the wastewater flushing truck is used daily to flush out debris and sediment from sewer lines. Staff has requested the purchase of a combo truck in place of the flushing truck. The combo truck will enable staff to vacuum up debris as needed, significantly increasing the efficiency of the process. The combo truck would provide a backup vehicle when the other vacuum truck in the fleet is out of service, and it is smaller than the current flushing truck, allowing access to areas the larger vehicle cannot facilitate. Additional funds above the replacement funds are needed to purchase the combo truck.

The table below shows additional funds needed for the purchase of these vehicles. These additional funds are available due to savings in the water and wastewater enterprise funds from last fiscal year.

| Vehicle # | Purchase Type | Quoted Price | Replacement Schedule Fund | Additional Funds Needed | Division |
|-----------|--------------------|--------------|---------------------------|-------------------------|----------|
| W18163 | Electric Cargo Van | \$75,323 | \$53,471 | \$21,852 | Water |

| | | | | | |
|--------|--------------------|-----------|-----------|-----------|------------|
| W15117 | Gas Valve Truck | \$254,753 | \$182,600 | \$72,153 | Water |
| S15112 | Diesel Combo Truck | \$647,687 | \$445,000 | \$202,687 | Wastewater |
| | | | | | |
| | Totals | \$977,763 | \$681,071 | \$296,692 | |

Staff reached out to the Ford Store of Morgan Hill for the two Ford vehicles, which require upfitting. Unfortunately, the Ford Store does not offer upfitting services.

Staff recommends the purchase of a Ford T-350 E Transit Cargo Van from Rush Truck Center in the amount of \$75,323, a Ford F-550 Truck with a Wachs valve turner up-fit from Rush Truck Center in the amount of \$254,753, and a Vac-Con Combo Jet/Vacuum Truck from Municipal Maintenance Equipment in the amount of \$647,687. Staff also recommends the disposal of surplus vehicles in accordance with Section 3.04.400 of the City of Morgan Hill Municipal Code. Quotes are attached to this report.

COMMUNITY ENGAGEMENT:

Inform.

This staff report serves to inform the community of the proposed purchase of the Utilities Division replacement vehicles.

ALTERNATIVE ACTIONS:

The Council could choose not to approve one or more of the recommended purchases. However, strategic purchasing of these vehicles is warranted given the nature of the current market and state regulations currently in place. Delaying the replacement of these aging vehicles can result in costly maintenance prices and fleet downtime.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- On June 19, 2024, the City Council adopted the budget for FY24-25 and FY25-26, which includes the purchase of replacement vehicles.
- On May 3, 2023, the City Council delegated authority to the City Manager to make all future vehicle and equipment replacement purchases that were previously approved during the budget process, as long as the purchases follow the City's purchasing policy and no additional appropriations are needed.

FISCAL AND RESOURCE IMPACT:

A portion of the vehicle replacement purchases is included in the current budget within

the Equipment Replacement Fund (790) of \$681,071. The additional funds, \$94,005 in water (Fund 650) and \$202,687 in wastewater (Fund 640), will come from their respective funds' current year adopted budget. Any funds received from the surplus sales of vehicles and equipment will be deposited into the Equipment Replacement Fund, to be credited towards future replacement vehicles.

CEQA (California Environmental Quality Act):

Not a Project.

Vehicle replacement is an administrative program that will not result in a change to the physical environment. This action is not a project under the California Environmental Quality Act.



CSLB #980409
DIR 100004282
www.source-mme.com
Toll Free 1-888-484-9968

August 1, 2025

City of Morgan Hill
100 Edes Court
Morgan Hill, CA 95037

Tel: 408-310-4182
Inga.Alonzo@morganhill.ca.gov

Attention: Inga Alonzo, Public Utilities Management Analyst

We are pleased to provide the enclosed contract pricing sheet off the Sourcewell Contract No. 101221-VAC for the Vac-Con Single Engine V350HN/1000 mounted on a new Freightliner 114SD Plus 4x2 truck chassis for your review.

| | | |
|----------|---|--------------|
| Summary: | Complete Unit per attached Sourcewell price sheet | |
| | Price F.O.B. Morgan Hill, CA | \$611,130.60 |
| | Additional Dealer Discount | - 17,612.74 |
| | Sub-Total | \$593,517.86 |
| | 9.125% Estimated Sales Tax | 54,158.50 |
| | CA Tire Fee (6 @ \$1.75 Each) | 10.50 |
| | Total | \$647,686.86 |

- Vac-Con is the Sourcewell contract holder and all purchasing documents are to go directly to them. **City's Purchase Order to be prepared and sent directly to Vac-con, Inc.**
969 Hall Park Drive, Green Cove Springs, FL 32043
Contact: Rachel Deel Email: rdeel@vac-con.com Tel: 904-529-1315
- Municipal Maintenance Equipment, Inc. is the local dealer and will provide on-site training, warranty support, and future service for the Vac-Con products.
- Pricing includes delivery and on-site training.
- Normal delivery 150-270 days A.R.O., depending on chassis and component availability during production.
- CARB Disclosure: A vehicle operated in California may be subject to California Air Resources Board Advanced Clean Fleets regulations. It therefore could be subject to the requirements to reduce emissions of air pollutants. For more information, please visit the CARB Advanced Clean Fleets webpage at <https://ww2.arb.ca.gov/our-work/programs/advanced-clean-fleets>
- Sales tax applicable at time of delivery will be shown on invoice.
- Terms: per Sourcewell Program.
- Quotation valid for 30 days.

Thank you for your interest in this fine product. Should you have any questions or need additional information, please let us know. We look forward to being of service.

Sincerely,

James Wheeler,
President

Enclosure



DATE: 07.31.25
 QUOTE: 112509

SINGLE ENGINE COMBINATION JET/VACUUM SEWER CLEANER
 SOURCEWELL CONTRACT: 101221-VAC
 Customer: CITY OF MORGAN HILL, CA, 100 EDES COURT, MORGAN HILL, CA 95037
 INGA ALONZO - PUBLIC UTILITIES MANAGEMENT ANALYST, inga.alonzo@morganhill.ca.gov, 408-310-4182
 SHIPPING: CALIFORNIA

| | |
|--|--|
| VA350N/1000 | |
| Sourcewell Discount | |
| 5-Yard Debris Tank | |
| Freightliner 114SD Plus 4x2 370HP Allison 3000 California CARB *Special Ordered | |
| Body mounting on Chassis | |
| Front Mounted, Articulating to Drivers Side, 600 foot (1 inch) Capacity (Std Pivot) | |
| 10' Aluminum Telescoping Boom with Pendant Control Station | |
| 800' x 3/4" Piranha Jet Rodder Hose - (non-continuous) | |
| 50 gpm/3000 psi FMC Pump - Single Engine - Hydrostatic Drive | |
| 1/4" Corten Steel Debris Tank | |
| Flat Style Rear Door with hydraulic door locks - Including open/close | |
| 60" Dump Height | |
| Rear Bumper - Does Not Include Tow Hooks | |
| Front Tow Hooks | |
| Hinge type / Body Prop Permanently mount debris body prop | |
| Debris Body Flushout - 8 Jet | |
| Automatic Vacuum Breaker with Float Arm Assembly/Level Indicator and overflow protection | |
| Behind Cab Boom Support and Bumper Mounted Docking Station | |
| 8" vacuum intake hose | |
| Two (2) Emergency Stop Button Locations: Operator Station and Mid-Body | |
| Water Pump Remote Oil Drain - Quick disconnects | |
| 1000 Gallons Cross-Linked Polyethylene Water Tanks | |
| Water Tank Drain - 1/4 Turn Ball Valve | |
| Heavy Duty Manual Hose Rewind Guide with Dual Aluminum Rollers | |
| Hose guide (Tiger Tail) | |
| Storage Box Behind Cab 16" x42" x 96" | |
| 1) each Sanitary and Penetrator Nozzles | |
| 20.5' aluminum intake pipe(1-3', 1-5', 1-6', and 1-6.5' nozzle) | |
| LED/ICC lighting | |
| 5# Fire Extinguisher - In Cab | |
| Set of Triangles | |
| 12 month standard warranty | |
| 5 year debris tank warranty | |
| 10 year water tank warranty | |

| | | | |
|--|--|---|-------------|
| Rear splash guard (2 - 10 O'clock) - tank mounted | | | |
| 50' Capacity Retractable Hand Gun Hose Reel | | | |
| Remote Boom Grease Zerk Assembly | | | |
| Remote Debris Tank Grease Assembly | | | |
| Advanced Controls | | | |
| LED Arrow Board, Rear Debris Tank Door Mounted | | | |
| LED Boom Mounted Flood Lights with Limb Guard | | | |
| LED Midbody Flood Lights with guards | | | |
| LED Rear Mounted Flood Lights with Limb Guard | | | |
| LED strobe with Limb Guard, Rear Debris Tank Mounted | | | |
| Mirror Mounted LED Beacon/Strobe Light with Limb Guard | | | |
| Low Water Alarm with Light | | | |
| Remote Control Wireless | | | |
| Lazy Susan Pipe Rack (Holds 5 Pipes) | | | |
| (2) Side Mounted Tool Box 35" x 14" x 24 | | | |
| Paint Module: Single-Stage Polyurethane White | | | |
| Standard Striping Package - Blue 692-5204-02 | | | |
| Delivery Fee | | | |
| Local Dealer pre-delivery and inspection | | | |
| | | TOTAL CONTRACT PRICE: \$ | 611,130.60 |
| | | ADDITIONAL DEALER DISCOUNT: \$ | (17,612.74) |
| | | TOTAL PRICE OFFERED TO SOURCEWELL MEMBER WITH ADDITIONAL DISCOUNT: \$ | 593,517.86 |
| | | SALES TAX: 9.125% \$ | 54,158.50 |
| | | CALIFORNIA TIRE FEE: \$ | 10.50 |
| | | TOTAL PRICE OFFERED TO SOURCEWELL MEMBER WITH ADDITIONAL DISCOUNT, TAX & FEES: \$ | 647,686.86 |
| VENDOR/CONTRACT HOLDER: VAC-CON, INC. 969 HALL PARK RD. GREEN COVE SPRINGS, FL 32043 | | | |
| PURCHASE ORDERS TO BE MADE OUT TO: VAC-CON, INC. - QUOTE IS VALID FOR 30 DAYS | | | |
| CONTACT: RACHEL DEEL, EMAIL: RDEEL@VAC-CON.COM PHONE: 904-529-1315 | | | |

Sourcewell Contract Number: 032824-RTG

Remit P.O.s To: munisales@rushenterprises.com

Date Prepared: 6/20/2025

| | | | |
|-------------------------|---|-----------------------|--------------------------------|
| Vendor: | <i>Rush Truck Center</i> | | |
| Contact for Vendor: | <i>Colton Kruse</i> | Vendor Phone: | <i>(830) 302-5219</i> |
| Participating Agency #: | <i>97407</i> | Participating Agency: | <i>City of Morgan Hill, CA</i> |
| Agency Contact: | <i>Inga Alonzo</i> | Agency Phone: | <i>(669) 500-2205</i> |
| Product Description: | <i>Ford F-550 Valve Turner Body (VIN: RDA23033)</i> | | |

| | | | |
|--------------------------------|-------|-----------|------------------|
| OEM Chassis MSRP: | | \$ | 62,895.00 |
| Sourcewell Discount: | 1.50% | \$ | (943.43) |
| Unit Price before Upfit | | \$ | 61,951.58 |
| Expected Floorplan Expense: | | \$ | - |
| Upfit: | | \$ | 169,832.72 |

EH Wachs Valve Turner Body with Options

| | | | |
|---------------------------------|--|-----------|-------------------|
| Freight to End User: | | \$ | 1,300.26 |
| Extended Warranty: | | \$ | - |
| Rush Care Service Subscription: | | \$ | - |
| Additional Incentives/Credits: | | \$ | - |
| Government Grant/Assistance: | | \$ | - |
| State Applicable Sales Tax: | | \$ | 21,298.63 |
| Doc Fee | | \$ | 325.00 |
| State Applicable Fees: | | \$ | 44.50 |
| Sales Price Per Unit: | | \$ | 254,752.69 |

| | | |
|-----------------------------------|--|---------------|
| Quantity Ordered: | | 1 |
| Total Participating Agency CAPEX: | | \$ 254,752.69 |

Quote valid for 30 days from date listed above

Sourcewell Contract Number: 032824-RTG

Remit P.O.s To: munisales@rushenterprises.com

Date Prepared: 9/8/2025

| | | | |
|--------------------------------|---------------------------------------|------------------------------|--------------------------------|
| Vendor: | <i>Rush Truck Center</i> | | |
| Contact for Vendor: | <i>Colton Kruse</i> | Vendor Phone: | <i>(830) 302-5219</i> |
| Participating Agency #: | <i>97407</i> | Participating Agency: | <i>City of Morgan Hill, CA</i> |
| Agency Contact: | <i>Inga Alonzo</i> | Agency Phone: | <i>(669) 500-2205</i> |
| Product Description: | <i>Ford T-350 E Transit Cargo Van</i> | | |

| | | | |
|---|--|----|-----------|
| OEM Chassis MSRP: | | \$ | 59,100.00 |
| Sourcewell Discount: | 1.50% | \$ | (886.50) |
| Unit Price before Upfit | | \$ | 58,213.50 |
| Expected Floorplan Expense: | | \$ | - |
| Final Delivery Inspection & Wash | | \$ | 750.00 |
| Storage/Service Pack | | \$ | 400.00 |
| Upfit: | | \$ | 7,656.50 |
| | <i>Master Rack Partion and Shelving System</i> | | |

| | | |
|--|----|-----------|
| Freight to End User: | \$ | 1,250.00 |
| Extended Warranty: | \$ | - |
| Rush Care Service Subscription: | \$ | - |
| Additonal Incentives/Credits: | \$ | - |
| Government Grant/Assistance: | \$ | - |
| State Applicable Sales Tax: | \$ | 6,688.01 |
| Doc/Admin Fees | \$ | 325.00 |
| State Applicable Fees: | \$ | 40.00 |
| Sales Price Per Unit: | \$ | 75,323.01 |

| | |
|--|--------------|
| Quantity Ordered: | 1 |
| Total Participating Agency CAPEX: | \$ 75,323.01 |



CITY COUNCIL STAFF REPORT

MEETING DATE: October 15, 2025

PREPARED BY:

Joey Dinh, Associate Planner

APPROVED BY: City Manager

APPROVE OBJECTIVE DEVELOPMENT STANDARDS CONCESSION AND WAIVER REQUESTS FOR THE MYRTLE – MYRTLE INVESTMENTS RESIDENTIAL PROJECT

RECOMMENDATION(S)

Adopt a resolution approving the applicant’s request for one concession to the City’s undergrounding requirement and four waivers to the City’s Objective Residential Development Design and Development Standards pursuant to California Density Bonus Law (Gov. Code §65915).

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:

PROJECT OVERVIEW

Myrtle Investments, LLC has applied for a Design Permit and Vesting Tentative Map for the development of a 16-unit townhome community on two parcels totaling approximately 0.68 acres located at 30–50 Myrtle Avenue (APNs 726-14-048 and 726-14-049). The project site is within a residential neighborhood designated for infill housing under the Morgan Hill 2035 General Plan. Surrounding uses include single-family homes and multifamily developments of similar scale, with Monterey Road and Downtown Morgan Hill located within walking distance. The project consists of four attached townhome buildings, each ranging in size from three to six units. All units are three-bedroom homes ranging between 1,350 and 1,817 square feet of livable space. Each unit includes an attached garage, private outdoor patio space, and access to landscaped common areas. The proposed architecture is contemporary in style with articulated façades, balconies, and varied rooflines designed to fit into the existing

neighborhood character.

AFFORDABLE HOUSING COMMITMENT

Pursuant to the City's Inclusionary Housing Ordinance (IHO), for-sale projects located outside the Downtown Specific Plan area are required to provide 15% affordable units. For a 16-unit project, this equates to 2.4 affordable units. The applicant will provide two (2) deed-restricted moderate-income (80% AMI) ownership units onsite. The remaining 0.4 fractional obligation will be satisfied through the payment of an in-lieu fee. This combination of onsite units and in-lieu fee payment satisfies the City's IHO requirements. By providing on-site inclusionary units, the project qualifies for the benefits of the California Density Bonus Law (DBL), including the right to request concessions and waivers.

CONCESSION REQUEST

The applicant is requesting a concession to modify the City's requirement that existing overhead utility lines along the Myrtle Avenue frontage be undergrounded. The applicant estimates that undergrounding costs, which are estimated to be in the hundreds of thousands of dollars, would significantly impact project feasibility and compromise the inclusion of affordable units.

WAIVER REQUESTS

The applicant has identified four development standards that would physically preclude the project from being constructed as designed and is requesting waivers as allowed under DBL:

| Standard | Requirement | Proposal | Waiver Required |
|------------------------------|---|--|------------------------|
| On-Site Parking | 36 total spaces (2 per unit +1 guest per 4 units) | 34 total spaces | Yes |
| Minimum Unit Width | 18 ft minimum | Two units at 16 ft wide | Yes |
| On-Site Recreation Amenities | Two (2) Tier 1 amenities | None provided; private open space per unit | Yes |
| Tree replacement | 2:1 replacement ratio for removed trees | Replacement per landscape plan, not full 2:1 | Yes |

ANALYSIS

Under Government Code §65915(e)(1), the City must grant requested waivers and concessions unless it can make specific written findings, supported by substantial evidence, that the request would:

1. Have a specific, adverse impact, as defined in paragraph (2) of subdivision (d) of

Section 65589.5, upon health or safety, and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact. A specific adverse impact is defined as a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete.

2. Have an adverse impact on property listed on the California Register of Historical Resources; or
3. Be contrary to state or federal law.

Staff has reviewed the request and finds that none of the statutory findings can be made. The requested concession and waivers are necessary to achieve the project's allowed density and to ensure the inclusion of affordable housing units.

COMMUNITY ENGAGEMENT:

The project has a dedicated [project webpage](#) on the City's website. A project sign has been posted on the site, and the Vesting Subdivision Map and Design Permit will require Planning Commission review at a duly noticed public hearing. At that time, notices will be mailed to property owners within 300 feet of the site and published in the Morgan Hill Times.

ALTERNATIVE ACTIONS:

City Council may deny the applicant's concession request if the Council makes the findings identified in Government Code §65915(d)(1).

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None.

FISCAL AND RESOURCE IMPACT:

All review costs for this project are funded through the development application fees.

CEQA (California Environmental Quality Act):

The project is exempt from CEQA pursuant to Assembly Bill 130 (AB 130), which provides a statutory exemption for eligible residential development projects.

RESOLUTION NO. 25-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING ONE CONCESSION AND FOUR DEVELOPMENT STANDARD WAIVERS FOR THE MYRTLE – MYRTLE INVESTMENTS RESIDENTIAL PROJECT CONTAINING 15 PERCENT AFFORDABLE UNITS LOCATED AT 30–50 MYRTLE AVENUE (APNs 726-14-048 & 726-14-049)

WHEREAS, Myrtle Investments, LLC submitted an application for the Myrtle – Myrtle Investments Residential Project (Project), a single-family attached residential development project consisting of 16 townhome units;

WHEREAS, Myrtle Investments, LLC has requested one concession and four waivers for the housing development;

WHEREAS, the Project is a for-sale housing development that includes 15 percent affordable units, equal to 2.4 units, to be restricted for-sale to qualified moderate-income households, consisting of two (2) deed-restricted affordable units on-site and the payment of an in-lieu fee to satisfy the 0.4 fractional requirement;

WHEREAS, pursuant to Government Code Section 65915(d)(2)(B), at least 15 percent of the total units will be available to persons and families of moderate income in a common interest development and therefore, is allowed one concession and unlimited waivers;

WHEREAS, the City shall grant the waiver or concession requested by the applicant unless the City makes a written finding, as required by Government Code Section 65915(e)(1), based upon substantial evidence, of any of the following:

- The waiver or reduction of the development standard would have a specific, adverse impact, as defined in paragraph (2) of subdivision (d) of Section 65589.5, upon health or safety, and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact;
- The waiver or reduced development standard would have an adverse impact on any real property that is listed in the California Register of Historical Resources; or
- The waiver or reduction would be contrary to state or federal law.

WHEREAS, the City shall grant the concession and waivers requested by the applicant to allow for the following:

Concession:

- Undergrounding of Utilities – Waive the requirement to underground existing overhead utility lines along Myrtle Avenue.

Waivers:

- Parking: Reduce required parking from 36 spaces to 34 spaces.
- Minimum Unit Width: Allow two (2) residential units to be constructed at 16 feet in width instead of the required 18 feet.
- Recreational Amenities: Eliminate the requirement to provide two (2) Tier 1 recreational amenities.
- Tree Replacement: Reduce the required two-to-one (2:1) tree replacement ratio, with replacement provided per the approved landscape plan.

WHEREAS, the proposed project will provide a public benefit of a minimum of 15 percent affordable units for persons and families of moderate income, incorporated within the Myrtle – Myrtle Investments project located at 30–50 Myrtle Avenue as identified by Assessor’s Parcel Numbers 726-14-048 & 726-14-049.

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

Section 1. The City Council does hereby find that the foregoing recitals are true and correct.

Section 2. The project is consistent with the Zoning Ordinance and General Plan.

Section 3. The project is eligible for the proposed concession and waivers pursuant to Government Code Section 65915 and Municipal Code Section 18.48.050.

Section 4. The City Council of the City of Morgan Hill hereby approves the one (1) concession and four (4) waiver requests for the Myrtle – Myrtle Investments project.

Section 5. This resolution shall take effect immediately upon adoption.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morgan Hill at a regular meeting held on the 15th day of October 2025 by the following vote:

| | |
|-----------------|-------------------------|
| AYES: | COUNCIL MEMBERS: |
| NOES: | COUNCIL MEMBERS: |
| ABSTAIN: | COUNCIL MEMBERS: |
| AGSENT: | COUNCIL MEMBERS: |

APPROVED:

ATTEST:

MARK TURNER, Mayor

MICHELLE BIGELOW, City Clerk

CERTIFICATION

I, **Michelle Bigelow, City Clerk of the City of Morgan Hill, California**, do hereby certify that the foregoing is a true and correct copy of Resolution No. 25-xx, adopted by the City Council at a regular meeting held on October 15, 2025.

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

DATE: _____

MICHELLE BIGELOW, City Clerk

September 8, 2025

City of Morgan Hill
Planning Division
17575 Peak Avenue
Morgan Hill, CA 95037
Attn: Joey Dinh & Adam Paszkowski

RE: Density Bonus Application Pursuant to California State Density Bonus Law (Gov. Code §65915)

Project Address: 30-50 Myrtle Avenue, Morgan Hill, CA 95037

Project Description: 16 Townhomes – Request for Relief from Undergrounding Requirement

Dear Planning Staff,

We respectfully submit this formal request for a concession under the California State Density Bonus Law (SDBL) in connection with our proposed 16-unit residential townhome project located at 30-50 Myrtle Avenue in the City of Morgan Hill (the “Project”). The Project includes two (2) moderate (80% AMI) deed-restricted affordable units in accordance with SDBL requirements, and therefore qualifies for certain benefits, including concessions and incentives that will facilitate the production of critically needed housing in the City.

As authorized by Government Code §65915(d), we hereby request a development concession to modify the City’s standard requirement to underground existing overhead utility lines along the project frontage. This letter outlines the legal basis for our request, the project’s eligibility under state law, and the rationale supporting the necessity of this concession.

The proposed project consists of 16 attached townhomes located on two parcels at 30-50 Myrtle Avenue, within a residential area designated for infill development. The project will provide a mix of market-rate and deed-restricted affordable housing units to meet both local and regional housing needs.

Proposed Incentive

In accordance with California Government Code §65915(b), the project includes two (2) affordable units restricted to moderate-income households, thereby qualifying for the benefits and protections of the State Density Bonus Law. These benefits include, among

other things, the right to request development concessions and waivers necessary to make the project feasible and to accommodate the provision of affordable housing.

We are requesting a concession to waive the requirement that all existing overhead utility lines along the project frontage on Myrtle Avenue be placed underground. While we understand the City's general policy preference for undergrounding utilities, we believe this requirement constitutes a development standard that may be modified pursuant to SDBL when such a standard would have the effect of physically or economically precluding the construction of a qualifying housing development.

California Government Code §65915(d)(1) states:

"The city ... shall grant the concession or incentive requested by the applicant unless the city ... makes a written finding, based upon substantial evidence, of either of the following:

(A) The concession or incentive is not required in order to provide for affordable housing costs ...

(B) The concession or incentive would have a specific, adverse impact ... on public health or safety, the physical environment, or on any real property that is listed in the California Register of Historical Resources.

(C) The concession or incentive would be contrary to state or federal law."

The cost of undergrounding utility lines is substantial and would significantly impact the financial feasibility of the project. Based on preliminary engineering estimates, the cost of undergrounding utilities along the site frontage is hundreds-of-thousands of dollars. This expenditure would directly undermine the economic viability of the affordable housing components of the project.

In addition, unlike newly created infrastructure within the subdivision itself, the undergrounding of existing utility lines along the public right-of-way serves broader citywide or regional utility objectives and not just the project. Imposing this requirement on a small-scale infill development that is voluntarily providing affordable units places an unfair burden on housing providers and contradicts the legislative intent of SDBL.

The City of Morgan Hill, like most communities in California, faces significant housing production challenges. The City's Housing Element outlines the urgent need for both market-rate and affordable housing, and identifies infill and higher-density development as a primary strategy to meet its Regional Housing Needs Allocation (RHNA).

Granting this concession aligns with the City's stated policy goals, particularly those emphasizing housing affordability, financial feasibility, and reduced regulatory barriers for qualifying developments. This request also supports the goals outlined in Senate Bill 330

(Housing Crisis Act of 2019) and Assembly Bill 1397, which encourage streamlined approvals and prohibit local requirements that act as constraints to affordable housing production.

Pursuant to the State of California's State Density Bonus Law ("SDBL") (California Government Code § 65915), the City is required to waive or reduce development standards if required to physically construct the project unless it makes specific findings that any such proposal will cause a public health or safety problem, an environmental problem, harm to historical property, or otherwise violates the law. Specifically, development standards are defined in the SDBL in section 65915(o)(1) as follows:

(o) "Development standard" includes a site or construction condition, including, but not limited to, a height limitation, a setback requirement, a floor area ratio, an onsite open-space requirement, or a parking ratio that applies to a residential development pursuant to any ordinance, general plan element, specific plan, charter, or other local condition, law, policy, resolution, or regulation."

Proposed Waivers

The SDBL clearly separates and defines Waivers and Incentives/Concessions. Specifically, a Waiver is a reduction or waiver of site development standards that would otherwise "**physically preclude**" the construction of an affordable housing project. An Incentive/Concession relates not to "physically precluding" issues (e.g. the actual site plan, design, height, setbacks), but rather to "**identifiable, financially sufficient, and actual cost reductions**" for the Project. It is very important that Waivers and Concessions are not mixed up as the SDBL allows for unlimited Waivers, but only a stipulated number of Concessions depending upon the level of affordability provided in the project.

As established in the frequently referenced landmark case of Wollmer v. City of Berkeley (2009) 179 Cal. App. 4th 933 the City does not have the ability to require that the Project be redesigned as an alternative to granting the requested waivers.

The waivers requested below include all site development standards that the Project does not meet and that would "***physically preclude***" the project from being constructed as designed including, specifically, the following:

Parking Requirement -

Requested Waiver: On-Site Parking Requirement reduced to Thirty-Four parking Spots.

Standard - Development Standards require the Project to provide Thirty-Six (36) parking spots on site. Two (2) parking spots per residential unit and One (1) guest parking spot for every Four (4) residential units. [2 Parking Spots * 16 Residential Unit = 32 Parking Spots + (16 Residential Units / ¼ Guest Parking Spots)= 32 Parking Spots + 4 Guest Parking Spots = 36 Total Parking Spots]

Waiver – Provide Thirty-Four (34) parking spots on site.

Rationale - With the townhomes taking up the majority of the site, we are physically precluded from providing any more than Thirty-Four (34) parking spots on site. Absent the waiver the Project would no longer be feasible and any more parking spots would result in less housing units.

Building Width Requirement

Requested Waiver: Allow two (2) residential units to be constructed at Sixteen (16) feet in width.

Standard – Development Standards require a minimum building width of Eighteen (18) feet for townhome-style residential units.

Waiver – Permit two (2) units within the Project to be Sixteen (16) feet in width.

Rationale – Site constraints and efficient land utilization necessitate the reduction for these two units. The design ensures livable layouts that meet quality-of-life standards while allowing the Project to maximize housing production. Absent this waiver, the Project would lose units and underutilize the site, in conflict with the City’s housing goals.

On-Site Recreational Amenities Requirement

Requested Waiver: Eliminate the requirement to provide two (2) Tier 1 on-site recreational amenities.

Standard – Development Standards require projects of this size to provide at least two (2) Tier 1 recreational amenities on site.

Waiver – Provide no Tier 1 amenities on site.

Rationale – The limited site area and townhouse configuration preclude the addition of two Tier 1 amenities without reducing housing units. The Project design incorporates meaningful private open space for each unit, ensuring residents have access to quality outdoor living areas.

Tree Replacement Requirement

Requested Waiver: Eliminate the requirement to replace removed trees at a Two-to-One (2:1) ratio.

Standard – Development Standards require tree replacement at a higher ratio than 2:1 when protected trees are removed.

Waiver – Provide tree replacement per the submitted plans.

Rationale – Due to site constraints, it is not feasible to replant at the full two-to-one ratio without significantly reducing the number of housing units or compromising essential infrastructure. The Project will replace trees at the highest feasible ratio while incorporating new landscaping and canopy coverage to maintain neighborhood character and support environmental goals.

Conclusion

We appreciate the City's role in ensuring safe, attractive, and sustainable infrastructure in the community. However, the specific requirement to underground power lines in this context imposes a financial obstacle that jeopardizes the viability of a much-needed housing project that includes affordable units.

For the reasons stated above, we respectfully request the City grant this concession pursuant to California Government Code §65915(d). We are committed to working collaboratively with City staff and are happy to provide cost breakdowns, feasibility analyses, or additional supporting materials upon request.

Please do not hesitate to reach out to us for further information. Thank you for your consideration.



City Council

Meeting Minutes

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

Wednesday, September 17, 2025

5:00 p.m. Closed Session
6:00 p.m. Regular Session

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

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

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

ROLL CALL ATTENDANCE

City Clerk Bigelow called the roll.

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

DECLARATION OF POSTING AGENDA

City Clerk Bigelow declared the posting of the agenda.

CLOSED SESSION

City Attorney Larkin announced the closed session items.

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

OPPORTUNITY FOR PUBLIC COMMENT

Public comment opened at 5:01 p.m. With no requests to speak, public comment closed.

ADJOURN TO CLOSED SESSION

The meeting adjourned to closed session at 5:01 p.m.

REGULAR MEETING

The regular meeting convened at 6:00 p.m.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATION

Latino Heritage Month

PUBLIC COMMENT

Public comment opened at 6:05 p.m. The following people were called to speak:

Rocke Garcia

Glenda Garcia

With no further requests to speak, public comment closed.

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.

Public comment opened at 6:09 p.m.
Joe Baranowski was called to speak.
With no further requests to speak, public comment closed.

MOTION:

Approving consent calendar items 1 through 5.

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

1. ACCEPT GRANT FUNDING IN THE AMOUNT OF \$115,000 FROM THE CALIFORNIA STATE OFFICE OF TRAFFIC SAFETY

Recommendation:

1. Authorize the City Manager to execute the Grant Agreement with the California State Office of Traffic Safety, accepting grant funds from the Traffic Records Improvement Project in the amount of \$25,000;
2. Authorize the City Manager to execute an Agreement with the California State Office of Traffic Safety, accepting grant funds from the Selective Traffic Enforcement Grant Program in the amount of \$90,000; and
3. Adopt resolution amending the FY 25-26 Budget to recognize grant revenue and appropriate \$115,000 in grant fund expenditures.

2. ADOPT ORDINANCE NO. 2367, NEW SERIES, APPROVING A ZONING AMENDMENT FOR A PLANNED DEVELOPMENT WITH MASTER PLAN (ZA2024-0001) FOR A 5.75-ACRE SITE LOCATED AT 16695 DEWITT AVENUE (APN: 773-09-011)

Recommendation:

Waive the reading, adopt Ordinance No. 2367, New Series, and declare that said title, which appears on the agenda, shall be determined to have been read by title and further reading waived.

3. ADOPT RESOLUTION APPROVING THE CITY OF MORGAN HILL'S 2025 SANITARY SEWER MANAGEMENT PLAN (SSMP)

Recommendation:

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

4. APPROVING THE SEPTEMBER 3, 2025 CITY COUNCIL MEETING MINUTES

Recommendation:

Approve the September 3, 2025 City Council Meeting Minutes.

MOTION:

Approving the recommended action.

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

5. APPROVE A REIMBURSEMENT AGREEMENT WITH EDEN HOUSING, INC. FOR OUT-OF-TRACT UNDERGROUNDING OF OVERHEAD UTILITIES SOUTH OF THE MAGNOLIAS PROJECT (17965 MONTEREY ROAD)

Recommendation:

1. Approve a Reimbursement Agreement with Eden Housing, Inc. for The Magnolias Project; and
2. Authorize the City Manager to execute the Reimbursement Agreement.

ITEM PULLED FOR DISCUSSION

6. APPROVE SETTLEMENT AGREEMENT WITH HIGH STREET NO. CAL. DEVELOPMENT, INC. (TRAMMELL CROW RESIDENTIAL) REGARDING BUILDER'S REMEDY PROJECT AT COCHRANE ROAD AND DE PAUL

DRIVE (APNs 728-31-017, -019)

Recommendation:

Authorize the City Manager to execute a settlement agreement with High Street No. Cal. Development, Inc. to allow the developer to apply for a modified Builder's Remedy project.

City Attorney Larkin provided a report.

Public comment opened at 6:35 p.m. The following people were called to speak: Joe Baranowski was called to speak.

With no further requests to speak, public comment closed.

MOTION:

Approving the recommended action.

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

The meeting recessed at 6:39 p.m. and reconvened at 6:44 p.m.

WORKSHOP

7. FISCAL SUSTAINABILITY UPDATE

Recommendation:

1. Review and reaffirm budget principles; and
2. Provide direction to continue considering options for additional revenue, such as a local tax measure, alongside continued efforts to strengthen our Economic Development strategies; and
3. Receive direction from Council regarding specific programs to review or further evaluate.

City Manager Turner, Finance Director Nguyen, and Budget Manager Delgado provided a report and presentation.

Public comment opened at 8:26 p.m. The following people were called to speak:

Doug Muirhead

Sally Casas

Joe Baranowski (Zoom)
Armando Benavides (Zoom)
Steve Adamo
With no further requests to speak, public comment closed.

The Council decided to continue the meeting until 9:30 p.m.

The Council provided feedback and direction to staff.

FUTURE COUNCIL INITIATED AGENDA ITEMS

Mayor Pro Tem Librers requested an exploration of solar lights for the dog park.

Council Member Vega requested joint City Council and commission meetings with the Planning, Parks and Recreation, and Library, Culture, and Arts Commissions.

Council Member Martinez Beltran requested that staff explore Morgan Hill as an RV destination.

ADJOURNMENT

There being no further business, Mayor Turner adjourned the meeting at 9:21 p.m.

Minutes Prepared by:

Michelle Bigelow, City Clerk

CITY COUNCIL STAFF REPORT

MEETING DATE: October 15, 2025

PREPARED BY:

Cynthia Iwanaga, Management Analyst

APPROVED BY: City Manager

AWARD MAINTENANCE SERVICE AGREEMENT FOR ENGINEERED WOOD FIBER AND MULCH TO JET MULCH, INC. IN THE AMOUNT OF \$120,000 FOR THE INITIAL TWO-YEAR TERM

RECOMMENDATION(S)

1. Award a maintenance service agreement to JET Mulch, Inc. in the amount of \$120,000 for a two-year term, with the option to extend up to three additional consecutive one-year terms; and
2. Authorize the City Manager to execute and administer the agreement and amendments.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Maintaining and Enhancing Infrastructure

2024-2025 Strategic Priorities

Fiscal Sustainability

REPORT NARRATIVE:

The purpose of this item is to provide the City Council with an opportunity to consider awarding the engineered wood fiber and mulch maintenance service agreement to JET Mulch, Inc., in the not-to-exceed amount of \$120,000 for the initial two-year term. To address community playground safety needs, the City has solicited proposals for engineered wood fiber and mulch to ensure that they are maintained at safe and adequate levels in City play areas throughout the year. In addition to play areas, facility landscape areas, and landscaped parking lot planters, this contract will also maintain these areas. The actual amount of fiber and mulch installed will vary depending upon facility use, weather, and other factors.

The City's current maintenance service agreement with JET Mulch, Inc. expires on October 31, 2025. The new agreement is proposed with an initial two-year term at \$120,000 (\$60,000 per year) with authorization for the City Manager to execute three (3) consecutive one-year extensions with the ability to increase the not-to-exceed

amount to allow for annual price increases up to 5% of the prior year's pricing. The initial two-year term would be from November 1, 2025, to October 31, 2027.

Proposals for the new engineered wood fiber and mulch agreement were solicited in September 2025. The City advertised the bid in the Morgan Hill Times on September 5, 2025. On September 5, 2025, the Request for Bids (RFB) was released on the City website and distributed via Public Purchase Online Service, the County of Santa Clara Builders Exchange, Bay Area Builders Exchange, Central Coast Builders, San Francisco Builders Exchange, and Dodge & Data Analytics. Staff also notified all registered C-27 licensed landscape contractors on the City's Informal Bidders' List.

Six (6) proposals were received and opened on September 24, 2025. Proposals were evaluated based on each firm's per cubic yard pricing for engineered wood fiber and mulch for quantities of 10 to 20 cubic yards, 20 to 60 cubic yards, and 60 to 200 cubic yards. The bid summary is attached (Attachment 1).

Based upon the average per cubic yard pricing, JET Mulch, Inc. is the lowest bidder. JET Mulch, Inc. has almost 30 years of experience working with local municipalities. JET Mulch, Inc. is the City's current vendor, and staff have been satisfied with their level of service.

Staff recommends the award of the engineered wood fiber and mulch maintenance service agreement to JET Mulch, Inc. for a not-to-exceed amount of \$120,000 for the initial two-year term (Attachment 2).

COMMUNITY ENGAGEMENT:

Inform.

This staff report serves to inform the community about this proposed agreement. Residents will be informed of the installation of wood fiber and mulch at City play areas through various City communication channels, including The Scoop, a weekly update on City projects posted on the City website, and key social media platforms.

ALTERNATIVE ACTIONS:

An alternative action is to not approve this agreement. This alternative is not recommended because wood fiber is necessary to ensure playgrounds remain safe and open.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Council previously awarded an engineered wood fiber and mulch agreement to JET Mulch, Inc. on October 21, 2020.

FISCAL AND RESOURCE IMPACT:

The anticipated \$60,000 in annual engineered wood fiber and mulch installation costs (\$120,000 for the initial two-year contract term) is included in the parks maintenance, streets maintenance, landscape assessment districts, and individual facilities' maintenance budgets.

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.

City of Morgan Hill
 2025 Wood Fiber and Mulch RFB
 Bid Abstract

| | Item | | Applied Landscape Materials | Dinsmore Landscape | Jet Mulch Inc | New Image Landscape Co. | Synthetic Grass Showroom Inc | Toys Landscaping LLC | HIGH | LOW | AVERAGE |
|---|---|----------------------|-----------------------------|--------------------|---------------|-------------------------|------------------------------|----------------------|----------|---------|----------|
| 1 | 10 to 20 cubic yards of Engineered Wood Playground Fiber | Cost per cubic yard* | \$37.35 | \$360.00 | \$34.95 | \$130.00 | \$190.50 | \$200.00 | \$360.00 | \$34.95 | \$158.80 |
| 2 | 20 to 60 cubic yards of Engineered Wood Playground Fiber | Cost per cubic yard* | \$37.35 | \$350.00 | \$34.95 | \$130.00 | \$178.00 | \$200.00 | \$350.00 | \$34.95 | \$155.05 |
| 3 | 60 to 200 cubic yards of Engineered Wood Playground Fiber | Cost per cubic yard* | \$37.35 | \$340.00 | \$33.95 | \$130.00 | \$178.00 | \$200.00 | \$340.00 | \$33.95 | \$153.22 |
| 4 | 10 to 20 cubic yards of Mulch | Cost per cubic yard* | \$46.80 | \$300.00 | \$44.95 | \$110.00 | \$190.50 | \$200.00 | \$300.00 | \$44.95 | \$148.71 |
| 5 | 20 to 60 cubic yards of Mulch | Cost per cubic yard* | \$46.80 | \$300.00 | \$44.95 | \$110.00 | \$178.00 | \$200.00 | \$300.00 | \$44.95 | \$146.63 |
| 6 | 60 to 200 cubic yards of Mulch | Cost per cubic yard* | \$46.80 | \$300.00 | \$43.95 | \$110.00 | \$178.00 | \$200.00 | \$300.00 | \$43.95 | \$146.46 |
| | BID TOTAL (Average Cost per Cubic Yard) | | \$42.08 | \$325.00 | \$39.62 | \$120.00 | \$182.17 | \$200.00 | \$325.00 | \$39.62 | \$151.48 |
| *Cost per cubic yard including mobilization, delivery, installation, all supply costs and taxes | | | | | | | | | | | |

MAINTENANCE SERVICE AGREEMENT
JET Mulch, Inc.

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and JET Mulch, 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 _____, _____, 20____.

2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until October 31, 2027 at which time SERVICE PROVIDER'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum 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 engineered wood fiber and mulch installation services as further described in **Exhibit A**.

4. **Compensation.** SERVICE PROVIDER shall be compensated as follows:

4.1. **Amount.** \$120,000.00. Total compensation to SERVICE PROVIDER under this Agreement during its initial term set forth in Section 2 above shall not exceed One Hundred Twenty thousand dollars and shall be billed based on the rate and basis set forth in **Exhibit B**. If the City Manager extends the term of this Agreement pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to SERVICE PROVIDER during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to SERVICE PROVIDER for one year of service during the immediately preceding prior year of service.

4.2. **Billing.** SERVICE PROVIDER shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by SERVICE PROVIDER on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 14 Notices. Payment will be made to SERVICE PROVIDER within thirty (30) days of receipt of invoice by CITY. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY'S judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

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

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

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

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

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

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

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

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

8.1. **Insurance Types and Amounts.**

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

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

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

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

8.1.5. Professional Liability.

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

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

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

Certificate Holder address:

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

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

10. **Compliance with Law.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Address of SERVICE PROVIDER is as follows:

JET Mulch, Inc.
P.O. Box 1667
Capitola, CA 95010

Address of CITY is as follows:

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

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

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

17. **Maintenance of Records.**

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

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

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

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

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

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

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

22. **Defense and Indemnification.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Signatures on the following page.

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

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

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

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

ATTEST:

CITY OF MORGAN HILL

City Clerk/Deputy City Clerk

City Manager

Michelle Bigelow
Print Name

Christina J. Turner
Print Name


Date: _____

Date: _____

APPROVED AS TO FORM:

JET MULCH, INC.

City Attorney


By: **President**

Donald A. Larkin
Print Name

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

Date: _____

Date: 10/02/2025



By: **CFO**

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

Date: 10/2/2025

800650
Contractor's License Number(s) (if applicable)

1000006584
Contractor's DIR Registration Number(s) (if applicable)

Expiration Date(s) 10/31/2025

Expiration Date(s) 06/30/2028

**EXHIBIT A
SCOPE OF SERVICES**

Service Provider shall include all labor, equipment and materials necessary to furnish and install:

- Engineered wood playground fiber and mulch in designated play areas in parks.
- Colorized, shredded wood mulch in areas designated as primary landscape areas such as facility landscape areas, landscape parking lot planters and landscaped medians.

Specified quantities of wood playground fiber and mulch shall be spread in a smooth even layer throughout each play area. At play area entrance and handicap access areas, wood fiber and mulch shall be raked so that top of fiber and mulch are flush with adjacent access surface to create a smooth and even transition between the hard surface and the wood fiber or mulch. Landscape areas will have particles spread or blown to a uniform depth of 3-4”.

Contractor shall take all necessary precautions to protect the public including staff to keep park users away from contractor trucks and equipment and provide all traffic control required to perform the work.

Engineered wood playground fiber shall be pure, safe wood, and help reduce the risk of injury from falls and is wheelchair accessible, meeting ASTM complaint standards:

- F1292 impact absorption
- F2015 material purity
- F1951 wheelchair access

Material must be free of dirt, rocks, metal and plastic.

Colorized, shredded wood mulch shall be cedar or cypress for weed suppression in tinted red or light brown (color must be consistent at each location), and contain no glass, and less than 0.5 percent (by weight) contaminants of plastic, metal, rock, or paper.

All mulch types will be processed in accordance with all applicable California Codes and Regulations.

2. Locations and Playground Fiber Quantities

The locations of play areas within Morgan Hill to receive playground fiber and mulch throughout the year are described below. The amount of playground fiber and mulch will be determined on a quarterly basis by City Facilities and Maintenance Staff.

| Location | Address | Play Area Sq Ft. | Est. Cubic Yards |
|-------------------------|-------------------------------|------------------|------------------|
| Galvan Park A (2-5 yrs) | 17666 Crest Av | 4,000 | 43 |
| Howard Weichert | 860 Via del Castille | 1,200 | 10 |
| Nordstrom A (2-5 yrs) | Murphy & E Dunne Avs | 3,000 | 52 |
| Nordstrom B (5-12 yrs) | Murphy & E Dunne Avs | 6,000 | 104 |
| Paradise Park | La Crosse Ave & Calle Enrique | 4,000 | 104 |
| Sanchez Park | Sanchez Dr | 1,575 | 24 |
| Belle Estates Park | Calle Caballeria | 900 | 16 |
| Mill Creek A (2-5 yrs) | La Arboleda & Via de Niños | 400 | 5 |
| Mill Creek B (5-12 yrs) | La Arboleda & Via de Niños | 676 | 6 |
| Oak Creek A (2-5 yrs) | Excaliber Dr & White Cloud Dr | 2,280 | 39 |
| Oak Creek B (5-12 yrs) | Excaliber Dr & White Cloud Dr | 6,400 | 55 |

| | | | |
|-----------------|-----------------------------|----------|-----|
| Rose Haven Park | San Ramon Dr & San Ramon Ct | 1,962 | 42 |
| | | Total CY | 500 |

Locations that could receive colorized shredded wood mulch include:

- o Civic Center Campus - 17575 Peak Ave
- o Medians throughout town including Monterey Rd, E Dunne Ave, Cochrane Rd, Tennant Ave, Butterfield Blvd, Watsonville Rd, and Hale Ave.*

*Traffic control for median work will be done by the City Maintenance Team. Contractor will coordinate dates and times ahead of blowing in median mulch. Contractor will be responsible for cleaning up any overflow into the street when installing/blowing in mulch.

3. Authorized Workdays and Hours

Work on the Project shall be scheduled for weekdays, excluding holidays, Monday through Friday, 7 am to 4 pm.

4. Work Schedule

Work schedules to be coordinated with and approved in advance by the City.

5. Public Notification

Contractor to post signs at least 48 hours in advance at each park play area notifying residents the date that the play area will be closed.

6. Site Preparation

Before installing playground fiber, any litter or trash shall be removed from the play area.

7. Cleanup

Contractor shall clean up any fiber that spills onto plantings, adjacent walkways, curbs, gutters and pavement.

8. Estimated Budget for Volume of Work

The estimated volume of work for this contract is \$120,000 for a two-year term.

PARK NAME LOCATION

| | |
|----------------------|---------------------------|
| Belle Estates Park | Calle Caballeria |
| Civic Center | 17575 – 17555 Peak Avenue |
| Diana Estates Park | Diana Avenue |
| Galvan Park | 17666 Crest Avenue |
| Hamilton Square Park | Via Corfino |
| Howard Weichert Park | Via Del Castille |
| Jackson Park | Trail Drive |
| Mill Creek Park | La Arboleda Way |
| Nob Hill Trail Park | West Dunne Avenue |
| Nordstrom Park | East Dunne Avenue |
| Oak Creek Park | Prancer Court |
| Paradise Park | La Crosse Drive |
| Rose Haven | San Ramon Drive |
| Sanchez Park | Sanchez Drive |

**EXHIBIT B
SCHEDULE OF COMPENSATION RATES**

Furnish and Install Engineered Wood Fiber and Mulch in Park Play Areas

| Bid Item | Item | Cost Per Cubic Yard Bid Price |
|----------|--|-------------------------------|
| 1 | 10 to 20 cubic yards of Engineered Wood Playground Fiber: Cost Per Cubic Yard including Mobilization, Delivery, Installation, All Supply Costs and Taxes | 34.95 |
| 2 | 20 to 60 cubic yards of Engineered Wood Playground Fiber: Cost Per Cubic Yard including Mobilization, Delivery, Installation, All Supply Costs and Taxes | 34.95 |
| 3 | 60 to 200 cubic yards of Engineered Wood Playground Fiber: Cost Per Cubic Yard including Mobilization, Delivery, Installation, All Supply Costs and Taxes | 33.95 |
| 4 | 10 to 20 cubic yards of Mulch: Cost Per Cubic Yard including Mobilization, Delivery, Installation, All Supply Costs and Taxes | 44.95 |
| 5 | 20 to 60 cubic yards of Mulch: Cost Per Cubic Yard including Mobilization, Delivery, Installation, All Supply Costs and Taxes | 44.95 |
| 6 | 60 to 200 cubic yards of Mulch: Cost Per Cubic Yard including Mobilization, Delivery, Installation, All Supply Costs and Taxes | 43.95 |
| | TOTAL BASE BID (Average Cost Per Cubic Yard) (Add Bid Items #1 thru #6/Divide by 6) | 39.62 |

THIS FORM MUST BE USED WHEN SUBMITTING PROPOSAL

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

The work is to be scheduled with the City Maintenance Manager or other authorized staff.

CITY COUNCIL STAFF REPORT

MEETING DATE: October 15, 2025

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

RECEIVE MONTHLY BUDGET UPDATE AND AUGUST 2025 FINANCIAL AND INVESTMENT REPORTS

RECOMMENDATION(S)

Receive and file reports.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Preserving and Cultivating Public Trust

2024-2025 Strategic Priorities

Fiscal Sustainability

Community Engagement

REPORT NARRATIVE:

As part of the City Council's commitment to maintaining a high level of transparency and being responsible stewards of public funds, staff is providing this monthly budget update, along with the August 2025 financial and investment reports.

August 2025 Financial Report

The Revenue and Expense Summary through August 2025 is included on page 4 of the attached monthly financial and investment reports. Overall, General Fund revenues total \$3.3 million or about 6% of the budget. Expenditures, including encumbrances, amounted to \$11.5 million, of which approximately \$2.1 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of \$13.5 million. This represents a decrease of \$2.0 million, including encumbrances, compared to the prior year. Excluding the encumbrances, expenditures increased by about \$0.5 million, primarily due to negotiated salary adjustments and overall cost increases.

Budget Update

There has been no material change since the last budget update to the Council on September 17, 2025. Regarding water revenue, Morgan Hill residents consumed approximately 7% more water through August compared to the average for the prior three years. As a result, no revenue stabilization water rate was implemented.

COMMUNITY ENGAGEMENT:

Inform.

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

ALTERNATIVE ACTIONS:

Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council receives and files the financial and investment report for each month. At the September 16, 2015 meeting, City Council recommended monthly financial and investment reports be agendaized under the Consent Agenda, and quarterly financial and investment reports be presented to City Council as an "Other Business" item.

FISCAL AND RESOURCE IMPACT:

The preparation of the report is a part of the Finance workplan.

CEQA (California Environmental Quality Act):

Not a Project.

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

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
August 31, 2025 - 17% of Year Complete



CITY OF MORGAN HILL

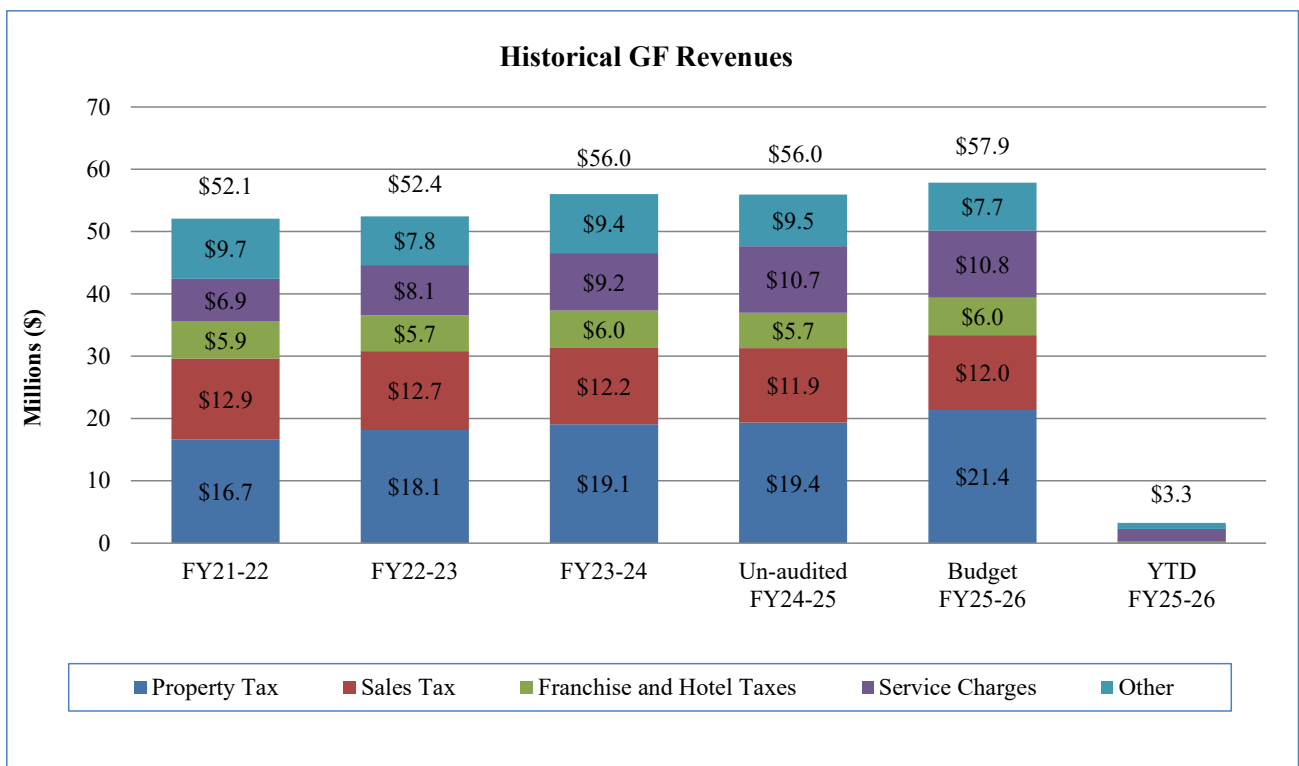
Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2025-26
FOR THE MONTH ENDED AUGUST 2025 – 17% OF YEAR COMPLETE

- General Fund** – Revenues through August totaled \$3.3 million, or about 6% of the budgeted as some of the major revenue categories such as property tax are received later in the fiscal year. Regarding the property tax revenue forecast, the County estimates the City will receive approximately \$21.7 million in property tax revenue for the current fiscal year, slightly exceeding the budget of \$21.4 million. However, after adjusting for the excess ERAF set-aside of 20%, or \$0.6 million, the property tax revenue shows a slight decrease over the budget. As for sales tax, there’s been no changes to prior forecast. The City's current fiscal year sales tax revenue estimate, before tax rebates, is \$12.1 million.

The chart below shows historical General Fund revenues by major revenue category from FY21-22 through FY23-24 Actual, Un-audited FY24-25, FY25-26 Budget, and YTD as of August 31, 2025.



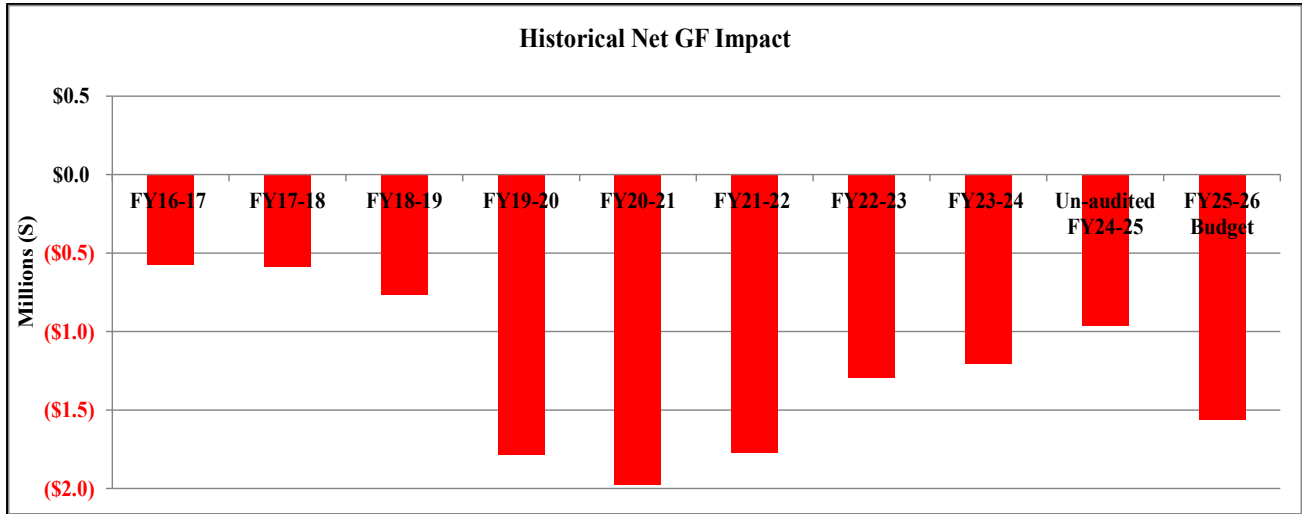
General Fund expenditures and encumbrances through August totaled \$11.5 million, of which approximately \$2.1 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of \$13.5 million. This represents a decrease of \$2.0 million, including encumbrances, compared to the prior year. Excluding the encumbrances, expenditures increased by about \$0.5 million, primarily due to negotiated salary adjustments, and overall cost increases.

- Community Services** – The Community Services Department’s recreation operations, as reflected in the schedule presented on page 7 of the Monthly Financial and Investments Reports, shows a negative impact to the General Fund of approximately \$1.5 million as of August 31, 2025. Recreation operations are expected to be on target with budget.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2025-26
FOR THE MONTH ENDED AUGUST 2025 – 17% OF YEAR COMPLETE

The chart below shows the historical net impact of Recreation Operations to the general fund.



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

- **Development Services Fund** – Revenues through August totaled \$1.1 million compared to the prior year to date amount of approximately \$1.0 million. Expenditures, including encumbrances, totaled \$1.3 million.
- **Debt Service Funds** – Expenditures through August totaled \$1,345. 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 2025-26
FOR THE MONTH ENDED AUGUST 2025 – 17% OF YEAR COMPLETE

- Wastewater Operations** – Revenues through August 31, 2025 totaled \$1.8 million. Expenditures and outstanding encumbrances totaled \$2.9 million or 16% of the budget. The table below shows historical Wastewater Operations revenues and expenditures from FY21-22 through FY23-24 Actual, Un-audited FY24-25, FY25-26 Budget, and YTD as of August 31, 2025.

| (amount in millions) | | | | Un-audited | Budget | YTD |
|---------------------------------------|---------|---------|---------|------------|---------|---------|
| | FY21-22 | FY22-23 | FY23-24 | FY23-24 | FY25-26 | FY25-26 |
| Revenues | 14.9 | 15.3 | 15.2 | 18.2 | 18.4 | 1.8 |
| Expenditures | 14.8 | 16.0 | 14.9 | 18.1 | 18.5 | 2.9 |
| Operating Margin | 0.1 | (0.7) | 0.3 | 0.1 | (0.1) | (1.1) |
| Operating Margin without Encumbrances | 0.1 | (0.7) | 0.3 | 0.1 | (0.1) | (1.0) |

- Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues through August 31, 2025 totaled \$2.5 million. Water Operations expenditures, including outstanding encumbrances, totaled \$3.4 million. Morgan Hill residents consumed about 7% more water through August 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 FY21-22 through FY23-24 Actual, Un-audited FY24-25, FY25-26 Budget, and YTD as of August 31, 2025.

| (amount in millions) | | | | Un-audited | Budget | YTD |
|---------------------------------------|---------|---------|---------|------------|---------|---------|
| | FY21-22 | FY22-23 | FY23-24 | FY24-25 | FY25-26 | FY25-26 |
| Revenues | 16.0 | 18.1 | 18.7 | 21.5 | 23.5 | 2.5 |
| Expenditures | 15.2 | 18.0 | 19.1 | 21.5 | 23.8 | 3.4 |
| Operating Margin | 0.8 | 0.1 | (0.4) | - | (0.3) | (0.9) |
| Operating Margin without Encumbrances | 0.8 | 0.1 | (0.4) | - | (0.3) | (0.4) |

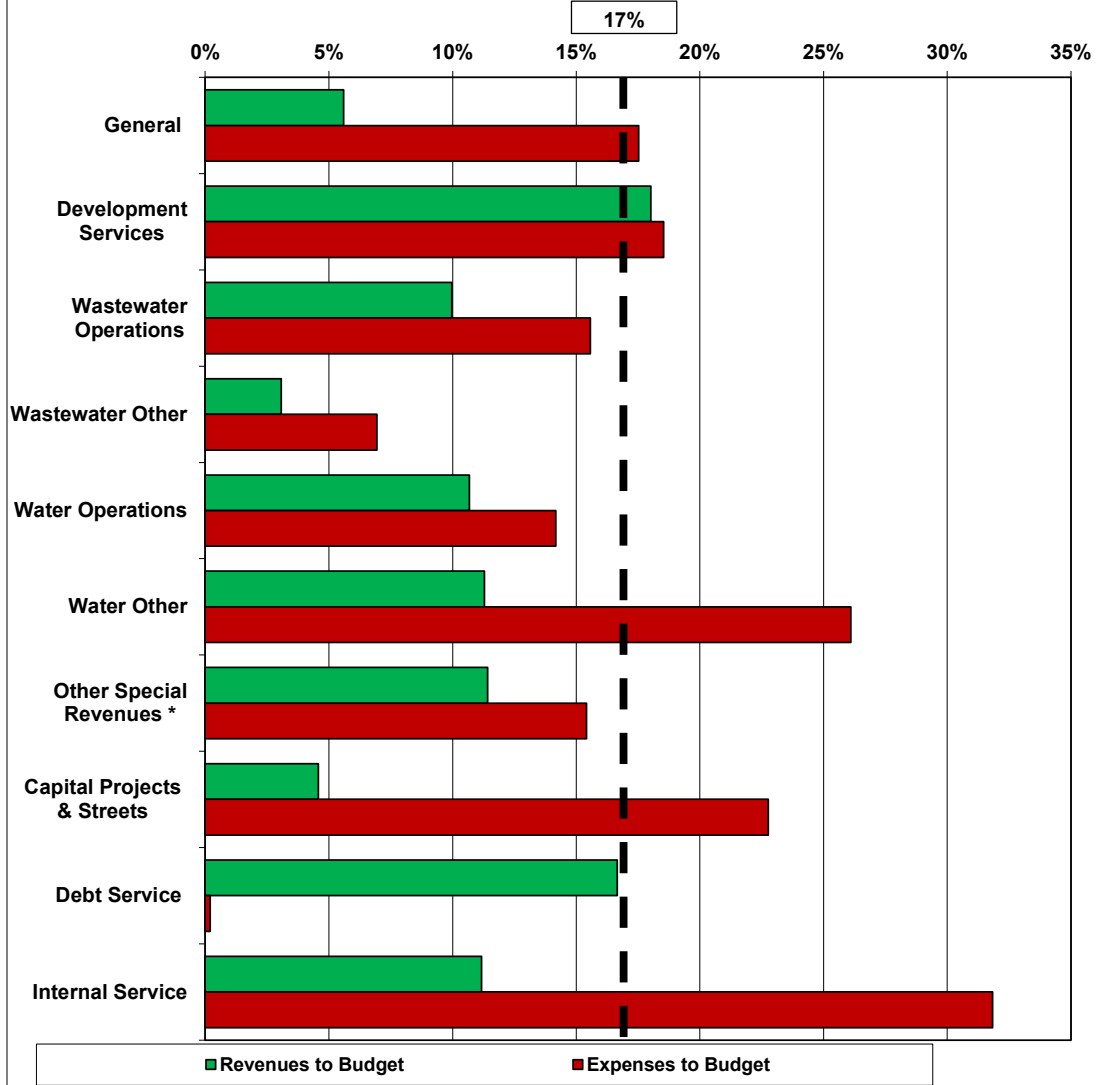
- Investments** – Four securities were called, and five new securities were purchased. Total interest earnings received on investments were \$372,000 during the month.



Morgan Hill YTD Revenue & Expense Summary

August 31, 2025 - 17% of Year Complete

Percentage of Actual to Budget



| FUND NAME | REVENUES | | EXPENSES | |
|----------------------------|----------------------|-------------|--------------------------|-------------|
| | ACTUAL | % OF BUDGET | ACTUAL PLUS ENCUMBRANCES | % OF BUDGET |
| General | \$ 3,256,931 | 6% | \$ 11,537,123 | 18% |
| Development Services | 1,059,301 | 18% | 1,279,151 | 19% |
| Wastewater Operations | 1,835,231 | 10% | 2,874,018 | 16% |
| Wastewater Other | 1,404,451 | 3% | 5,709,998 | 7% |
| Water Operations | 2,505,668 | 11% | 3,367,712 | 14% |
| Water Other | 1,442,040 | 11% | 10,316,264 | 26% |
| Other Special Revenues * | 795,955 | 11% | 1,652,569 | 15% |
| Capital Projects & Streets | 1,507,709 | 5% | 10,302,128 | 23% |
| Debt Service | 116,054 | 17% | 1,345 | 0% |
| Internal Service | 1,825,292 | 11% | 5,122,237 | 32% |
| TOTAL FOR ALL FUNDS | \$ 15,748,631 | 7% | \$ 52,162,543 | 17% |

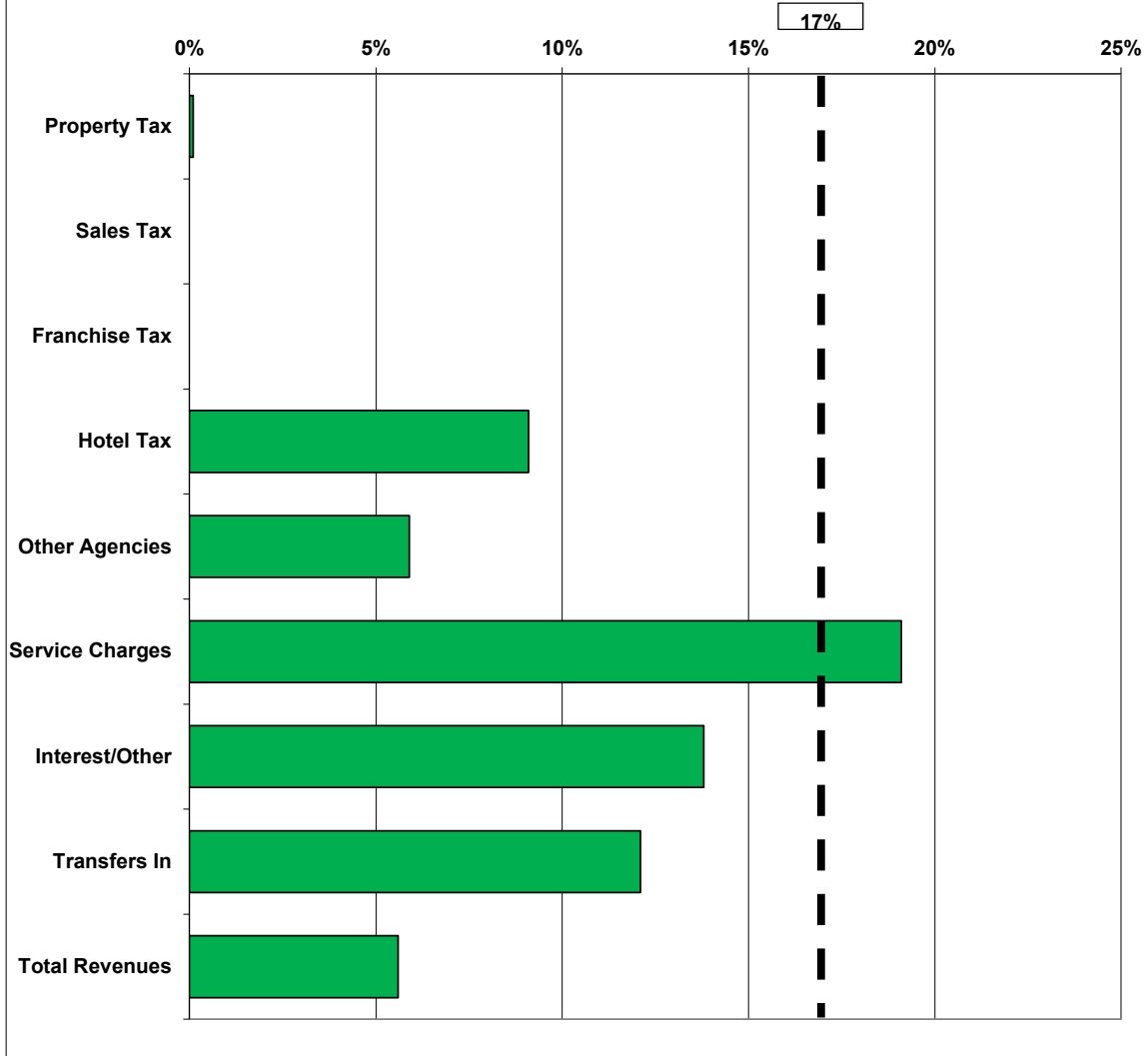
* Includes all Special Revenue Funds except Development Services Fund and Street Funds.



Morgan Hill YTD General Fund Revenues

August 31, 2025 - 17% of Year Complete

Percent of Actual to Budget



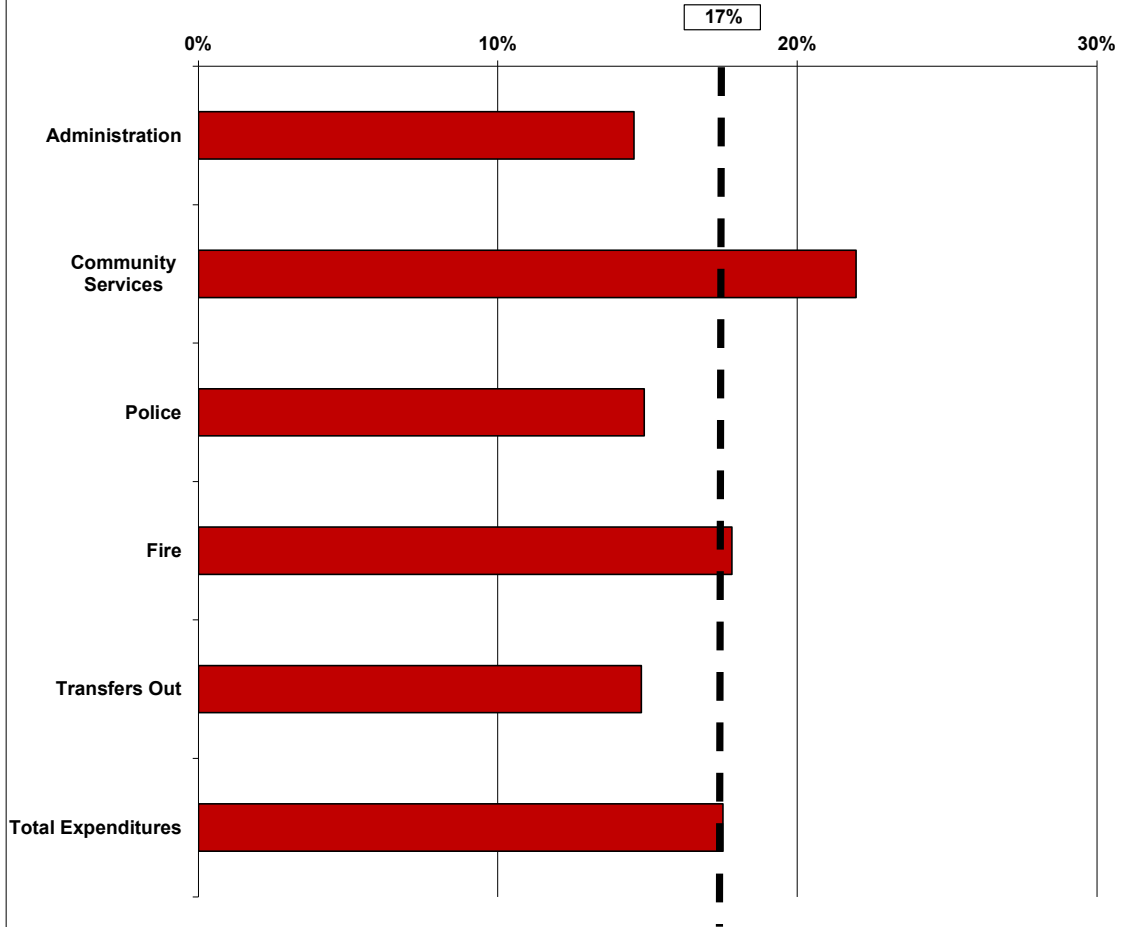
| REVENUE CATEGORY | BUDGET | ACTUAL | % OF BUDGET | PRIOR YEAR TO DATE | % CHANGE FROM PRIOR YEAR |
|-----------------------|----------------------|---------------------|-------------|---------------------|--------------------------|
| Property Tax | \$ 21,369,792 | \$ 12,787 | 0% | \$ 16,759 | -24% |
| Sales Tax | 11,989,269 | - | | (4,188) | -100% |
| Franchise Tax | 3,354,166 | - | | - | N/A |
| Hotel Tax | 2,658,340 | 242,341 | 9% | 237,958 | 2% |
| Other Agencies | 811,933 | 47,852 | 6% | 82,618 | -42% |
| Service Charges | 10,794,856 | 2,062,128 | 19% | 2,125,823 | -3% |
| Interest/Other | 3,468,411 | 478,683 | 14% | 559,681 | -14% |
| Transfers In | 3,411,140 | 413,140 | 12% | 402,305 | 3% |
| TOTAL REVENUES | \$ 57,857,906 | \$ 3,256,931 | 6% | \$ 3,420,956 | -5% |



Morgan Hill YTD General Fund Expenditures

August 31, 2025 - 17% 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 | \$ 7,097,361 | \$ 1,032,424 | 15% | \$ 1,967,983 | -48% |
| Community Services | 20,176,055 | 4,432,135 | 22% | 4,756,709 | -7% |
| Police | 25,950,883 | 3,865,205 | 15% | 4,603,127 | -16% |
| Fire | 11,212,073 | 1,997,512 | 18% | 1,959,820 | 2% |
| Transfers Out | 1,418,558 | 209,846 | 15% | 243,038 | -14% |
| TOTAL EXPENDITURES | \$ 65,854,930 | \$ 11,537,123 | 18% | \$ 13,530,678 | -15% |

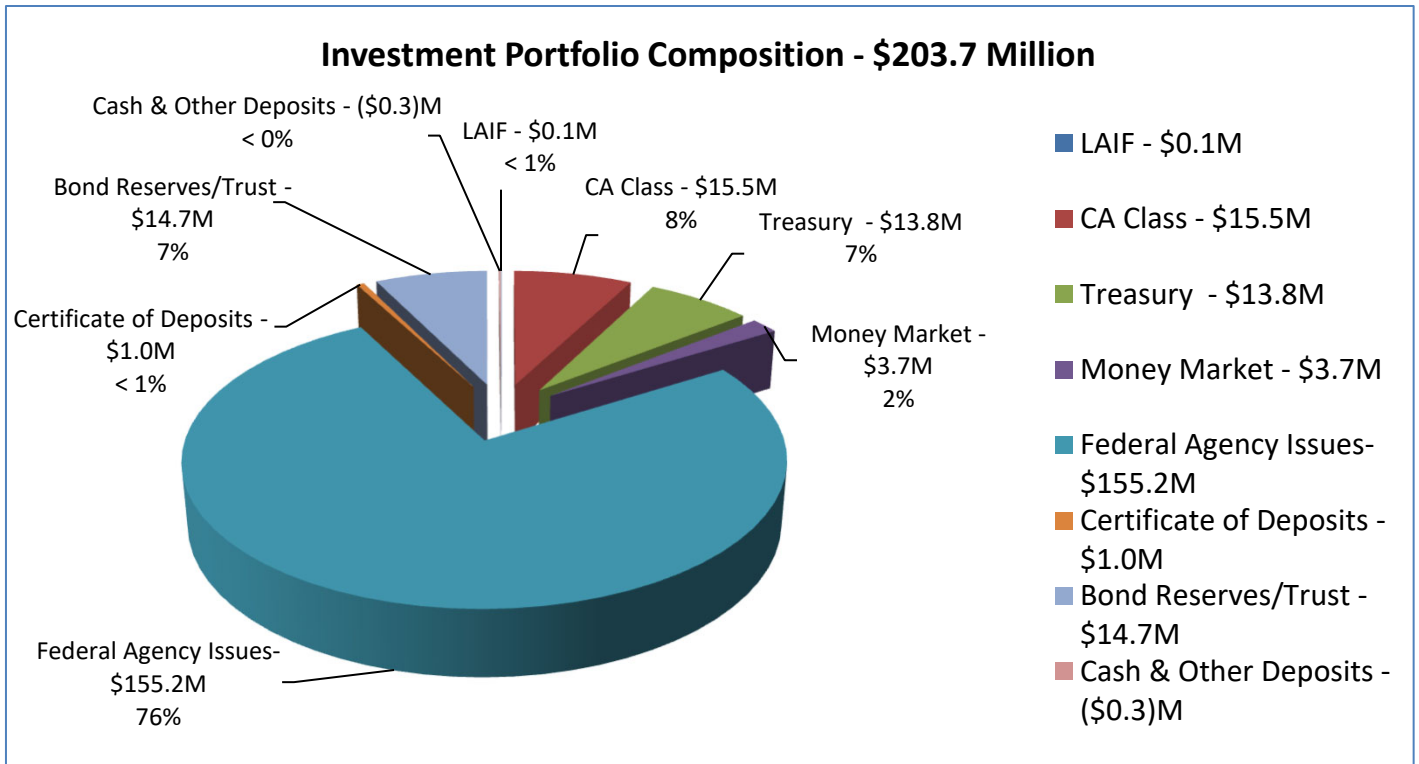


City of Morgan Hill
Recreation Report - Fiscal Year 2025-26
For the Month Ended August 31, 2025
17% of Year Complete

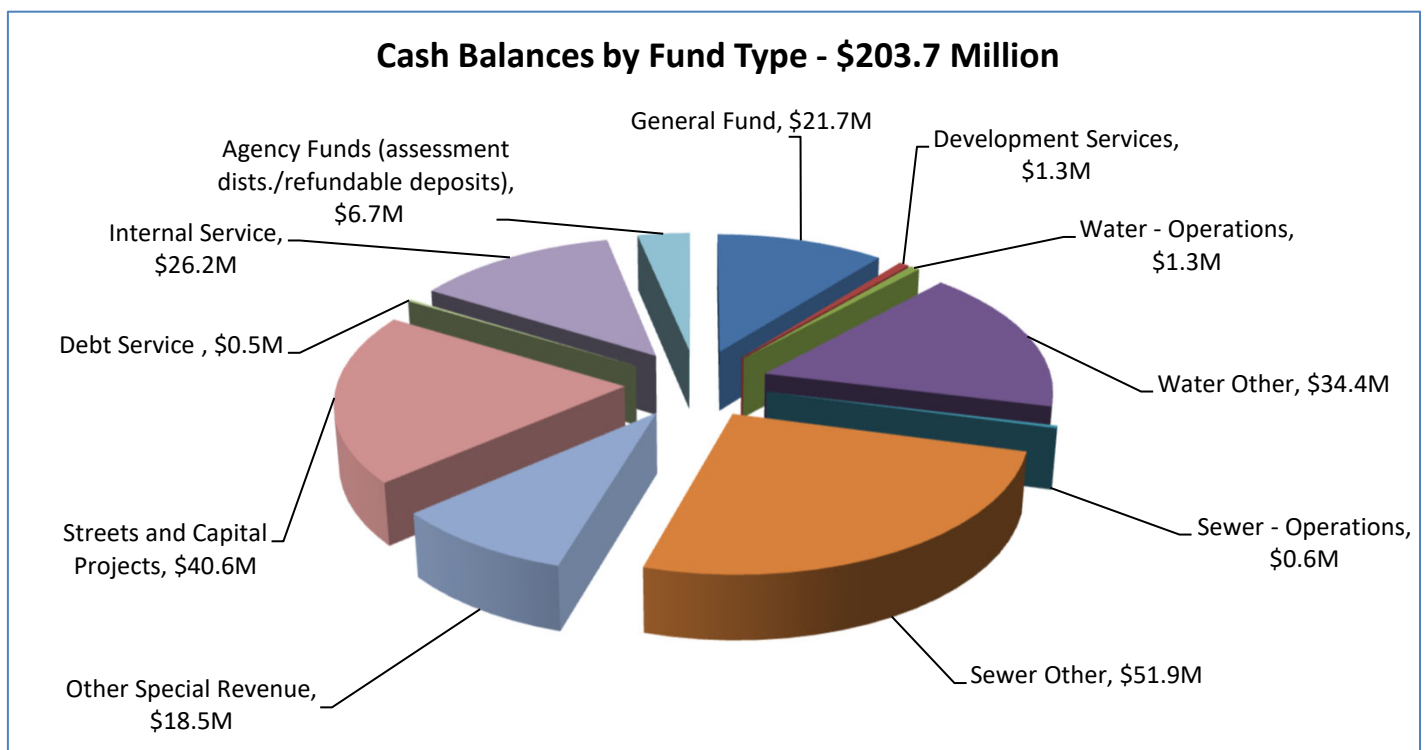
| | <u>Budget</u> | <u>August 2025</u> | <u>YTD</u> | <u>% of Budget</u> |
|--|------------------------------|----------------------------|------------------------------|--------------------|
| Revenues | | | | |
| Membership Services & Rec Programs | \$ 6,830,960 | \$ 543,821 | \$ 1,383,577 | |
| Facility Rentals | 1,245,612 | 71,928 | 293,640 | |
| Community Services | 138,498 | 5,125 | 9,788 | |
| Transfers in | 100,000 | 6,250 | 16,667 | |
| Total Revenues | <u>\$ 8,315,070</u> | <u>\$ 627,124</u> | <u>\$ 1,703,672</u> | 20% |
| Less: Expenditures | | | | |
| Membership & Program Services | \$ 7,541,945 | \$ 912,810 | \$ 1,320,514 | |
| Facility Rentals | 1,451,514 | 104,166 | 176,591 | |
| Community Services | 883,254 | 77,863 | 126,745 | |
| Total Expenditures | <u>\$ 9,876,714</u> | <u>\$ 1,094,837</u> | <u>\$ 1,623,850</u> | 16% |
| Net Impact without encumbrances | <u>\$ (1,561,644)</u> | <u>\$ (467,713)</u> | <u>\$ 79,822</u> | |
| Encumbrances | - | - | 1,626,249 | |
| Net Impact with encumbrances | <u>\$ (1,561,644)</u> | <u>\$ (467,713)</u> | <u>\$ (1,546,427)</u> | |

City of Morgan Hill Monthly Investment Report - August 31, 2025

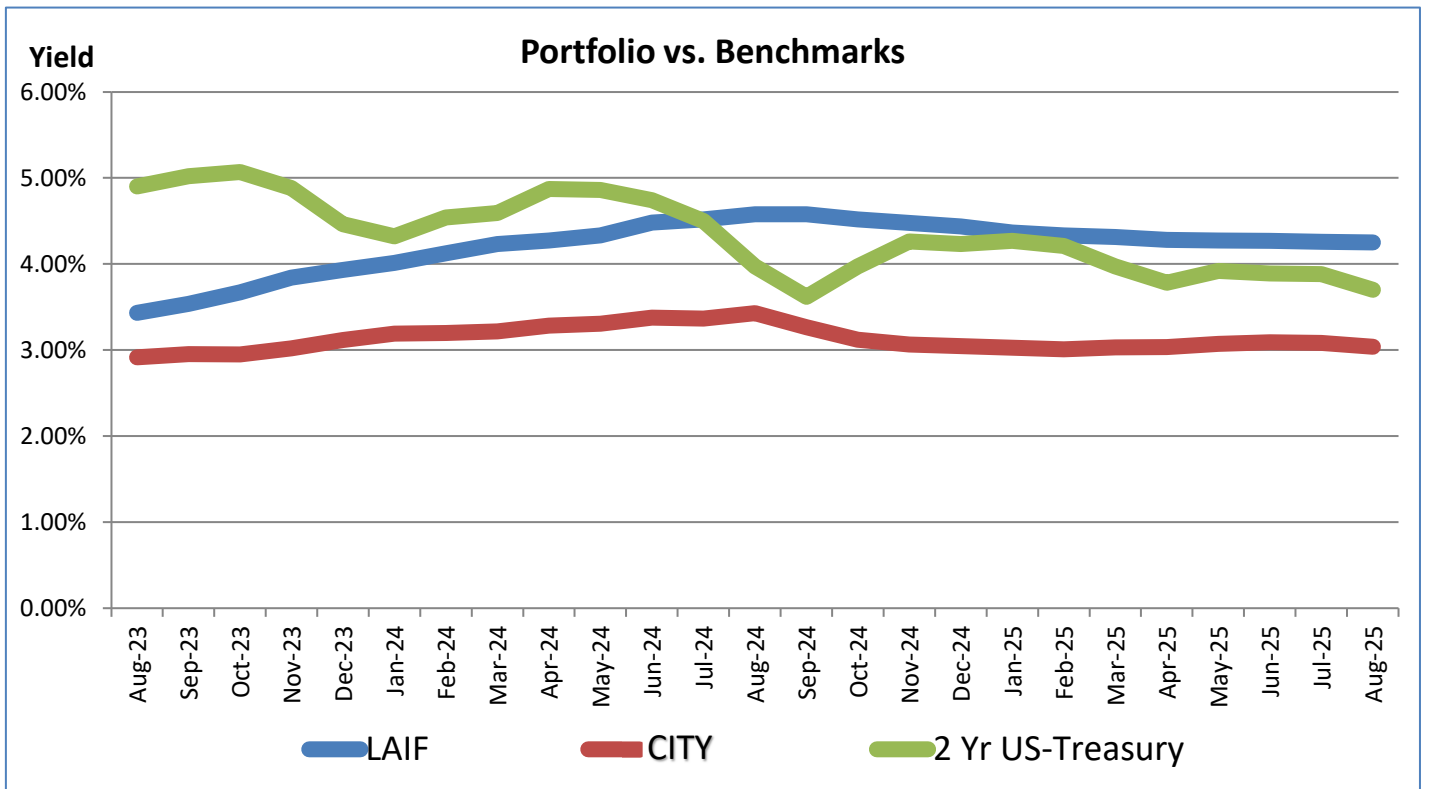
The following are the snapshots of City's investment portfolio as of August 31, 2025. The first chart shows the portfolio composition by investment type:



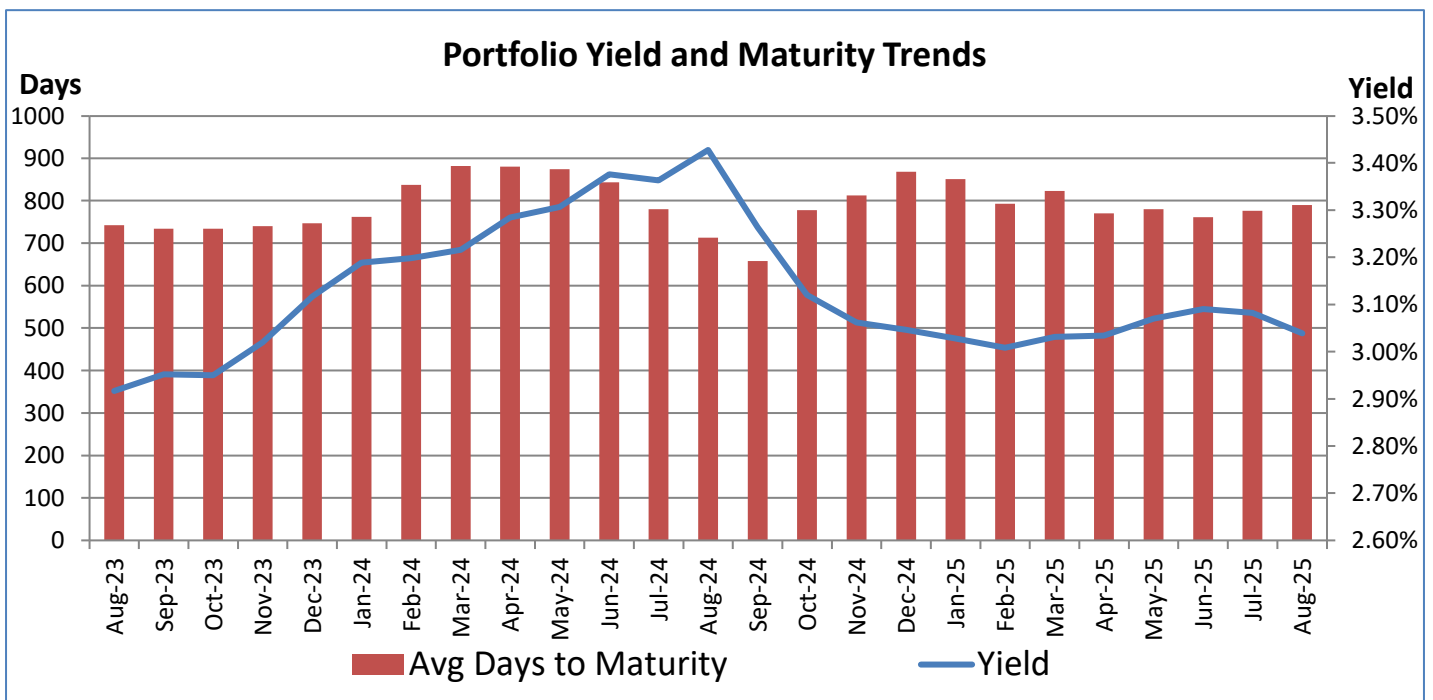
The chart below shows cash balances by fund type reconciled to City's financial system:



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 August 31, 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 | | | \$ 63,918 | \$ 63,918 | 0.0% | \$ 63,994 | 4.25% | | |
| California C L A S S | | | 15,535,268 | 15,535,268 | 7.6% | 15,535,268 | 4.33% | | |
| WFB Money Market | | | 2,107,359 | 2,107,359 | 1.0% | 2,107,359 | 4.18% | | |
| US Bank - Portfolio of Securities | | | | | | | | | |
| Dreyfus Treasury Agency MM Treasury Note | 261908107 | | 1,585,112 | 1,585,112 | 0.8% | 1,585,112 | 4.14% | | |
| Treasury Note | 91282CCZ2 | 10/8/2021 | 1,987,656 | 1,997,318 | 1.0% | 1,937,900 | 1.00% | 9/30/2026 | 9/30/2026 |
| Treasury Note | 912828U24 | 6/13/2022 | 1,904,688 | 1,973,990 | 1.0% | 1,957,900 | 3.16% | 11/15/2026 | 11/15/2026 |
| Treasury Note | 91282CFL0 | 9/30/2024 | 2,031,719 | 2,025,900 | 1.0% | 2,017,740 | 3.53% | 9/30/2029 | 9/30/2029 |
| Treasury Note | 91282CLL3 | 10/1/2024 | 1,994,323 | 1,994,021 | 1.0% | 1,990,620 | 3.53% | 9/15/2027 | 9/15/2027 |
| Treasury Note | 91282CCV1 | 10/4/2024 | 1,822,536 | 1,862,077 | 0.9% | 1,860,940 | 3.61% | 8/31/2028 | 8/31/2028 |
| Treasury Note | 31282CFJ5 | 10/7/2024 | 1,949,794 | 1,953,782 | 1.0% | 1,962,500 | 3.76% | 8/31/2029 | 8/31/2029 |
| Treasury Note | 91282CFY2 | 12/19/2024 | 1,959,077 | 1,961,378 | 1.0% | 2,017,040 | 4.39% | 11/30/2029 | 11/30/2029 |
| FHLMC Bond | 3134GWZG4 | 10/20/2020 | 2,000,000 | 2,000,000 | 1.0% | 1,990,160 | 0.60% | 10/20/2025 | 10/20/2025 |
| FHLMC Bond | 3134GXFA7 | 10/27/2020 | 2,000,000 | 2,000,000 | 1.0% | 1,988,840 | 0.63% | 10/27/2025 | 10/27/2025 |
| FFCB Bond | 3133EMFR8 | 11/3/2020 | 2,000,000 | 2,000,000 | 1.0% | 1,986,480 | 0.54% | 9/5/2025 | 11/3/2025 |
| FNMA Bond | 3135GA4P3 | 11/18/2020 | 2,000,000 | 2,000,000 | 1.0% | 1,984,600 | 0.65% | 11/18/2025 | 11/18/2025 |
| FHLMC Bond | 3134GXJE9 | 11/24/2020 | 2,000,000 | 2,000,000 | 1.0% | 1,983,760 | 0.64% | 11/24/2025 | 11/24/2025 |
| FFCB Bond | 3133EMHF2 | 11/24/2020 | 1,000,000 | 1,000,000 | 0.5% | 991,450 | 0.60% | 9/5/2025 | 11/24/2025 |
| FHLMC Bond | 3134GXCS1 | 11/25/2020 | 3,000,000 | 3,000,000 | 1.5% | 2,975,190 | 0.63% | 11/25/2025 | 11/25/2025 |
| FHLMC Bond | 3134GXFA7 | 11/30/2020 | 2,000,000 | 2,000,000 | 1.0% | 1,983,420 | 0.65% | 11/26/2025 | 11/26/2025 |
| FFCB Bond | 3133EMLC4 | 12/22/2020 | 2,000,000 | 2,000,000 | 1.0% | 1,976,660 | 0.47% | 9/5/2025 | 12/22/2025 |
| FHLB Bond | 3130AKQ74 | 1/22/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,972,360 | 0.63% | 11/22/2025 | 1/22/2026 |
| FNMA Bond | 3135G06R9 | 1/28/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,971,200 | 0.55% | 11/28/2025 | 1/28/2026 |
| FHLB Bond | 3130AKRN8 | 1/28/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,971,340 | 0.65% | 11/28/2025 | 1/28/2026 |
| FHLB Bond | 3130ALCV4 | 2/24/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,968,060 | 0.75% | 11/24/2025 | 2/24/2026 |
| FHLB Bond | 3130ALDB7 | 2/25/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,965,420 | 0.66% | 11/25/2025 | 2/25/2026 |
| FHLB Bond | 3130AKZ25 | 2/26/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,966,560 | 0.65% | 11/26/2025 | 2/26/2026 |
| FHLB Bond | 3130ALGS7 | 3/10/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,966,580 | 0.85% | 9/10/2025 | 3/10/2026 |
| FHLB Bond | 3130ALEP5 | 3/16/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,963,980 | 0.70% | 9/16/2025 | 3/16/2026 |
| FHLB Bond | 3130ALDN1 | 3/16/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,965,060 | 0.80% | 9/16/2025 | 3/16/2026 |
| FHLB Bond | 3130AMNH1 | 6/9/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,955,960 | 1.08% | 9/5/2025 | 6/9/2026 |
| FHLB Bond | 3130AMYJ5 | 6/30/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,951,800 | 1.00% | 9/30/2025 | 6/30/2026 |
| FHLB Bond | 3130AMYP1 | 7/15/2021 | 3,000,000 | 3,000,000 | 1.5% | 2,927,850 | 1.13% | 10/15/2025 | 7/15/2026 |
| FHLB Bond | 3130ANJC5 | 8/26/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,940,700 | 0.80% | 8/26/2026 | 8/26/2026 |
| FHLB Bond | 3130ANLW8 | 8/26/2021 | 3,000,000 | 3,000,000 | 1.5% | 2,915,610 | 1.00% | 11/26/2025 | 8/26/2026 |
| FHLB Bond | 3130ANLZ1 | 8/26/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,942,600 | 0.90% | 8/26/2026 | 8/26/2026 |
| FHLB Bond | 3130A8XY4 | 9/13/2021 | 2,103,340 | 2,021,266 | 1.0% | 1,960,600 | 0.82% | 9/11/2026 | 9/11/2026 |
| FFCB Bond | 3133EM4X7 | 9/28/2021 | 1,982,960 | 1,996,472 | 1.0% | 1,938,620 | 0.98% | 9/10/2026 | 9/10/2026 |
| FHLB Bond | 3130APCH6 | 9/29/2021 | 3,000,000 | 3,000,000 | 1.5% | 2,912,400 | 1.13% | 9/5/2025 | 9/29/2026 |
| FHLB Bond | 3130ANZE3 | 9/30/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,936,960 | 0.88% | 9/30/2026 | 9/30/2026 |
| FHLB Bond | 3130AP6N0 | 9/30/2021 | 3,000,000 | 3,000,000 | 1.5% | 2,910,330 | 1.05% | 9/30/2025 | 9/30/2026 |
| FHLB Bond | 3130AP6M2 | 9/30/2021 | 3,000,000 | 3,000,000 | 1.5% | 2,908,770 | 1.02% | 9/30/2025 | 9/30/2026 |
| FHLB Bond | 3130APCG8 | 10/19/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,936,120 | 1.00% | 10/19/2025 | 10/19/2026 |
| FHLB Bond | 3130APNX9 | 11/18/2021 | 2,000,000 | 2,000,000 | 1.0% | 1,939,060 | 1.30% | 11/18/2025 | 11/18/2026 |
| FHLB Bond | 3130AQHU0 | 1/19/2022 | 2,000,000 | 2,000,000 | 1.0% | 1,957,800 | 1.74% | 1/19/2027 | 1/19/2027 |
| FHLB Bond | 3130AR4F5 | 3/10/2022 | 2,000,000 | 2,000,000 | 1.0% | 1,999,900 | 3.48% | 9/10/2025 | 3/10/2027 |
| FHLMC Bond | 3134GXUZ5 | 6/15/2022 | 2,000,000 | 2,000,000 | 1.0% | 1,995,960 | 3.28% | 12/15/2025 | 12/15/2025 |
| FHLB Bond | 3130ASPE3 | 7/28/2022 | 2,000,000 | 2,000,000 | 1.0% | 1,996,640 | 4.30% | 10/28/2025 | 7/28/2027 |
| FHLMCMTN Bond | 3134HAKY8 | 9/13/2024 | 2,985,210 | 2,988,069 | 1.5% | 2,991,000 | 4.11% | 12/13/2025 | 9/13/2029 |
| FHLB Bond | 3130B2P58 | 9/26/2024 | 2,003,014 | 2,000,000 | 1.0% | 2,003,880 | 3.87% | 9/10/2026 | 9/10/2029 |
| FHLB Bond | 3130B2X59 | 9/27/2024 | 2,000,000 | 2,000,000 | 1.0% | 1,998,480 | 4.00% | 9/18/2025 | 9/18/2028 |
| FHLMCMTN Bond | 3134HANZ2 | 10/1/2024 | 3,000,000 | 3,000,000 | 1.5% | 3,000,000 | 5.00% | 9/1/2025 | 10/1/2029 |
| FHLB Bond | 3130B35N9 | 10/8/2024 | 2,000,000 | 2,000,000 | 1.0% | 1,997,300 | 4.50% | 10/1/2025 | 10/1/2029 |
| FHLMCMTN Bond | 3134HARE5 | 10/11/2024 | 2,000,000 | 2,000,000 | 1.0% | 1,997,140 | 4.75% | 10/11/2025 | 10/11/2029 |
| FNMA Bond | 3135GAW98 | 10/15/2024 | 2,000,000 | 2,000,000 | 1.0% | 2,000,000 | 5.00% | 9/1/2025 | 10/1/2029 |
| FHLB Bond | 3130B36N8 | 10/15/2024 | 1,944,000 | 1,995,053 | 1.0% | 1,990,100 | 4.32% | 4/15/2026 | 10/15/2029 |
| FHLMCMTN Bond | 3134HAC92 | 11/19/2024 | 3,000,000 | 3,000,000 | 1.5% | 3,002,430 | 5.00% | 11/19/2025 | 11/19/2029 |
| FFCB Bond | 3133ERF48 | 12/4/2024 | 2,000,000 | 2,000,000 | 1.0% | 2,001,300 | 4.77% | 12/4/2025 | 12/4/2028 |

| Investment Type | CUSIP | Settlement Date | Cost Value | Book Value | % of Portfolio | Market Value | YTM at Cost | Next Call Date | Date of Maturity |
|---|------------|-----------------|-----------------------|-----------------------|----------------|-----------------------|--------------|----------------|------------------|
| FHLMCMTN Bond | 3134HAM91 | 12/13/2024 | 2,000,000 | 2,000,000 | 1.0% | 1,999,540 | 4.70% | 9/13/2025 | 12/13/2027 |
| FNMA Bond | 3136GA4B2 | 12/20/2024 | 2,000,000 | 2,000,000 | 1.0% | 1,998,940 | 5.01% | 9/20/2025 | 12/20/2029 |
| FHLB Bond | 3130B5A73 | 2/26/2025 | 2,000,000 | 2,000,000 | 1.0% | 2,009,640 | 4.75% | 8/26/2026 | 2/26/2030 |
| FHLMCMTN Bond | 3134HBBE0 | 3/11/2025 | 2,000,000 | 2,000,000 | 1.0% | 1,999,560 | 4.88% | 12/11/2025 | 3/11/2030 |
| FNMA Bond | 3136GABW8 | 3/12/2025 | 2,000,000 | 2,000,000 | 1.0% | 2,000,720 | 5.00% | 12/12/2025 | 3/12/2030 |
| FHLB Bond | 3130B5KK3 | 3/26/2025 | 2,000,000 | 2,000,000 | 1.0% | 1,998,900 | 5.21% | 9/26/2025 | 3/26/2030 |
| FHLMCMTN Bond | 3134HBHG9 | 4/9/2025 | 2,000,000 | 2,000,000 | 1.0% | 1,992,320 | 4.50% | 9/9/2025 | 4/9/2027 |
| FFCB Bond | 3133ETDL8 | 4/17/2025 | 2,000,000 | 2,000,000 | 1.0% | 2,000,540 | 4.87% | 10/17/2025 | 10/17/2029 |
| FHLB Bond | 3130B64X1 | 4/30/2025 | 2,000,000 | 2,000,000 | 1.0% | 1,999,760 | 4.50% | 10/17/2025 | 4/17/2028 |
| FAMCMTN Bond | 31424WZC9 | 5/7/2025 | 3,000,000 | 3,000,000 | 1.5% | 2,996,430 | 4.55% | 5/7/2026 | 5/7/2030 |
| FHLMCMTN Bond | 3134HBQZ7 | 5/19/2025 | 2,000,000 | 2,000,000 | 1.0% | 2,001,040 | 4.50% | 11/19/2025 | 5/19/2027 |
| FHLB Bond | 3130B6F50 | 5/28/2025 | 2,000,000 | 2,000,000 | 1.0% | 2,004,180 | 4.75% | 5/14/2026 | 5/14/2030 |
| FAMCMTN Bond | 31424WB50 | 5/28/2025 | 2,000,000 | 2,000,000 | 1.0% | 2,004,980 | 4.74% | 5/28/2026 | 5/28/2030 |
| FFCB Bond | 3133ER3L3 | 6/6/2025 | 2,029,443 | 2,000,000 | 1.0% | 2,002,580 | 4.69% | 2/13/2026 | 2/13/2029 |
| FAMCMTN Bond | 31424WG30 | 6/26/2025 | 1,200,000 | 1,200,000 | 0.6% | 1,203,684 | 4.33% | 6/26/2026 | 6/26/2028 |
| FFCB Bond | 3133ETMB0 | 6/27/2025 | 2,000,775 | 2,000,000 | 1.0% | 2,003,760 | 4.65% | 6/24/2026 | 6/24/2030 |
| FAMCMTN Bond | 31424WG55 | 7/1/2025 | 2,000,000 | 2,000,000 | 1.0% | 2,005,300 | 4.60% | 7/1/2026 | 7/1/2030 |
| FFCB Bond | 3133ETNA1 | 7/2/2025 | 2,000,000 | 2,000,000 | 1.0% | 2,002,580 | 4.50% | 7/2/2026 | 1/2/2030 |
| FHLMCMTN Bond | 3134HBYC9 | 7/15/2025 | 2,000,000 | 2,000,000 | 1.0% | 2,003,000 | 4.75% | 1/15/2026 | 7/15/2030 |
| FHLMCMTN Bond | 3134HBZA2 | 7/15/2025 | 2,000,000 | 2,000,000 | 1.0% | 2,000,440 | 4.50% | 1/15/2026 | 7/14/2028 |
| FHLMCMTN Bond | 3134HBA35 | 7/22/2025 | 2,000,000 | 2,000,000 | 1.0% | 1,999,180 | 4.60% | 10/21/2025 | 7/21/2028 |
| FHLMCMTN Bond | 3134HBB59 | 7/30/2025 | 2,000,000 | 2,000,000 | 1.0% | 2,003,600 | 4.64% | 4/30/2026 | 7/30/2030 |
| FNMA Bond | 3136GAM22 | 8/12/2025 | 2,988,270 | 2,998,288 | 1.5% | 2,990,280 | 4.14% | 2/12/2026 | 8/12/2030 |
| FAMCMTN Bond | 31424WVN81 | 8/12/2025 | 2,000,000 | 2,000,000 | 1.0% | 1,998,360 | 4.39% | 8/12/2026 | 8/12/2030 |
| FFCB Bond | 3133ETUP0 | 8/20/2025 | 2,000,000 | 2,000,000 | 1.0% | 1,999,520 | 4.49% | 2/20/2026 | 5/20/2030 |
| FFCB Bond | 3133ETUN5 | 8/25/2025 | 2,000,000 | 2,000,000 | 1.0% | 1,999,920 | 4.45% | 2/25/2026 | 2/25/2030 |
| FHLB Bond | 3130B7KG8 | 8/25/2025 | 2,000,000 | 2,000,000 | 1.0% | 1,999,460 | 4.38% | 11/25/2025 | 8/25/2028 |
| CD - Morgan Stanley Bank | 61690DGT9 | 11/8/2023 | 250,000 | 250,000 | 0.1% | 258,868 | 5.05% | 11/8/2028 | 11/8/2028 |
| CD - Morgan Stanley Private Bank | 61768EE82 | 11/8/2023 | 250,000 | 250,000 | 0.1% | 258,868 | 5.05% | 11/8/2028 | 11/8/2028 |
| CD - American Express | 02589AF98 | 11/8/2023 | 250,000 | 250,000 | 0.1% | 258,495 | 5.00% | 11/8/2028 | 11/8/2028 |
| CD - State Bank India | 8562834U7 | 11/24/2023 | 250,000 | 250,000 | 0.1% | 260,940 | 5.00% | 11/24/2028 | 11/24/2028 |
| Sub Total/Average | | | \$ 171,471,918 | \$ 171,552,725 | 84.2% | \$ 170,165,566 | 2.91% | | |
| Total City Managed/Average | | | \$ 189,178,463 | \$ 189,259,270 | 92.9% | \$ 187,872,188 | 3.04% | | |
| Bond Reserve Accounts - Held By Trustees | | | \$ 6,810,335 | \$ 6,810,335 | 3.3% | \$ 6,810,335 | | | |
| Cash/Deposits | | | \$ (244,584) | \$ (244,584) | -0.1% | \$ (244,584) | | | |
| PARS and CALPERS CERBT Trust | | | \$ 7,887,404 | \$ 7,887,404 | 3.9% | \$ 10,484,190 | | | |
| GRAND TOTAL/AVERAGE | | | \$ 203,631,618 | \$ 203,712,425 | 100.0% | \$ 204,922,129 | | | |



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF AUGUST 31, 2025
FOR THE FISCAL YEAR OF 2025-26


| | Invested in Fund | Yield | Book Value End of Month | % of Total | Market Value |
|--|------------------|-------|-------------------------|---------------|-----------------------|
| Investments | | | | | |
| State Treasurer LAIF - City | All Funds Pooled | 4.25% | \$ 63,918 | 0.0% | \$ 63,994 |
| California CLASS | All Funds Pooled | 4.33% | 15,535,268 | 7.6% | 15,535,268 |
| US Bank - Portfolio of Securities | All Funds Pooled | 2.91% | 171,552,725 | 84.2% | 170,165,566 |
| WFB MMA | All Funds Pooled | 4.18% | 2,107,359 | 1.0% | 2,107,359 |
| | SUBTOTAL | | \$ 189,259,270 | 92.9% | \$ 187,872,188 |
| Bond Reserve Accounts - held by trustees | | | | | |
| Zions Bank - Civic Center/Library Facility | Debt Service | 4.92% | 83 | 0.0% | 83 |
| Blackrock Liq Fund | Debt Service | 4.92% | 108 | 0.0% | 108 |
| Zions Bank - MH Police Facility Lease Revenue Bonds | Debt Service | 4.92% | 108 | 0.0% | 108 |
| Blackrock Liq Fund | Debt Service | 4.92% | 108 | 0.0% | 108 |
| BNY - RDA Bonds | Agency Fund | 3.86% | 6,253,969 | 3.1% | 6,253,969 |
| Dreyfus Cash Mgmt 521 | Agency Fund | 4.92% | 556,175 | 0.3% | 556,175 |
| Zions Bank - Madrone Bus Park Taxable/ Tax Exempt 2015 | Agency Fund | 4.92% | 556,175 | 0.3% | 556,175 |
| Blackrock Liquidity Temp Fund-2015 | Agency Fund | 4.92% | 556,175 | 0.3% | 556,175 |
| | SUBTOTAL | | 6,810,335 | 3.3% | 6,810,335 |
| Other Cash/Deposits | | | | | |
| General Checking | All Funds | | (290,434) | -0.1% | (290,434) |
| Workers' Comp Administrators | Workers' Comp | | 30,000 | 0.0% | 30,000 |
| Petty Cash & Emergency Cash | General Fund | | 15,850 | 0.0% | 15,850 |
| CALPERS CERBT - OPEB Trust | | | 5,237,404 | 2.6% | 6,926,798 |
| PARS - PENSION Trust | | | 2,650,000 | 1.3% | 3,557,392 |
| | SUBTOTAL | | 7,642,820 | 3.8% | 10,239,607 |
| Total Cash and Investments | | | \$ 203,712,425 | 100.0% | \$ 204,922,129 |


CASH ACTIVITY SUMMARY
FY 2025-26


| Fund Type | Unaudited 07/01/2025 Balance | Change in Cash Balance | 8/31/2025 Balance |
|--|------------------------------|------------------------|-----------------------|
| General Fund | \$ 28,702,713 | \$ (6,961,261) | \$ 21,741,451 |
| Development Services | 1,246,457 | 79,695 | 1,326,152 |
| Water - Operations | 2,679,551 | (1,381,254) | 1,298,296 |
| Water Other | 32,583,151 | 1,768,780 | 34,351,931 |
| Sewer - Operations | 2,580,060 | (1,975,270) | 604,790 |
| Sewer Other | 49,922,041 | 1,978,380 | 51,900,421 |
| Other Special Revenue | 18,977,650 | (524,442) | 18,453,208 |
| Streets and Capital Projects | 40,999,603 | (389,328) | 40,610,275 |
| Debt Service | 355,257 | 114,441 | 469,698 |
| Internal Service | 27,988,139 | (1,767,863) | 26,220,276 |
| Agency Funds (assessment dists./refundable deposits) | 6,701,471 | 34,455 | 6,735,926 |
| Total | \$ 212,736,093 | \$ (9,023,668) | \$ 203,712,425 |

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

Reviewed by: 
 Dat Nguyen, Finance Director

Approved by: 
 Cindy Murphy, Treasurer



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2025-26
For the Month Ended August 31, 2025
17% 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 | \$ 17,345,642 | 17,945,642 | \$ - | n/a | \$ - | \$ - | n/a |
| Property Tax - RPTTF Residual Distribution | 3,098,634 | 3,098,634 | - | n/a | - | - | n/a |
| Property Tax - Supplemental Roll | 325,515 | 325,515 | 12,787 | 4% | 16,759 | (3,971) | -24% |
| Sales Tax | 12,711,087 | 11,511,087 | - | n/a | (4,188) | 4,188 | -100% |
| Public Safety Sales Tax | 478,182 | 478,182 | - | n/a | - | - | n/a |
| Transient Occupancy Taxes | 2,958,340 | 2,658,340 | 242,341 | 9% | 237,958 | 4,383 | 2% |
| Franchise (Refuse ,Cable ,PG&E) | 3,354,166 | 3,354,166 | - | n/a | - | - | n/a |
| Property Transfer Tax | 642,000 | 642,000 | 61,549 | 10% | 41,073 | 20,476 | 50% |
| TOTAL TAXES | 40,913,566 | 40,013,566 | 316,678 | 1% | 291,602 | 25,075 | 9% |
| LICENSES/PERMITS | | | | | | | |
| Business License | 200,000 | 200,000 | 48,981 | 24% | 45,583 | 3,398 | 7% |
| Other Permits | 82,750 | 82,750 | 92,670 | 112% | 34,307 | 58,363 | 170% |
| TOTAL LICENSES/PERMITS | 282,750 | 282,750 | 141,650 | 50% | 79,889 | 61,761 | 77% |
| FINES AND PENALTIES | | | | | | | |
| Parking Enforcement | 9,800 | 9,800 | 408 | 4% | 1,044 | (635) | -61% |
| Bails & Fines | 55,000 | 55,000 | - | n/a | - | - | n/a |
| Administrative Citations | 20,000 | 20,000 | 3,700 | 19% | 7,550 | (3,850) | -51% |
| TOTAL FINES AND PENALTIES | 84,800 | 84,800 | 4,108 | 5% | 8,594 | (4,485) | -52% |
| OTHER AGENCIES | | | | | | | |
| Motor Vehicle in-Lieu | 63,654 | 63,654 | - | n/a | - | - | n/a |
| Other Revenue - Other Agencies | 434,545 | 811,933 | 47,852 | 6% | 82,618 | (34,766) | -42% |
| TOTAL OTHER AGENCIES | 498,199 | 875,587 | 47,852 | 5% | 82,618 | (34,766) | -42% |
| CHARGES CURRENT SERVICES | | | | | | | |
| Police False Alarm Charge | 33,500 | 33,500 | 1,266 | 4% | 2,667 | (1,401) | -53% |
| Business License Application Review | 84,872 | 84,872 | 7,507 | 9% | 6,842 | 665 | 10% |
| Membership Services & Rec Programs | 6,830,960 | 6,830,960 | 1,383,577 | 20% | 1,326,728 | 56,849 | 4% |
| Facility Rentals | 1,245,612 | 1,245,612 | 293,640 | 24% | 349,956 | (56,315) | -16% |
| Community Services | 138,498 | 138,498 | 9,788 | 7% | 20,295 | (10,507) | -52% |
| General Administration Overhead | 1,727,037 | 1,727,037 | 280,559 | 16% | 280,485 | 74 | 0% |
| Other Charges Current Services | 734,377 | 734,377 | 85,790 | 12% | 138,850 | (53,060) | -38% |
| TOTAL CURRENT SERVICES | 10,794,856 | 10,794,856 | 2,062,128 | 19% | 2,125,823 | (63,695) | -3% |
| OTHER REVENUE | | | | | | | |
| Use of money/property | 1,283,417 | 1,583,417 | 256,767 | 16% | 388,193 | (131,426) | -34% |
| Other Revenues | 548,648 | 811,790 | 14,608 | 2% | 41,931 | (27,323) | -65% |
| TOTAL OTHER REVENUE | 1,832,065 | 2,395,207 | 271,375 | 11% | 430,125 | (158,749) | -37% |
| TRANSFERS IN | | | | | | | |
| One Time Transfer | 165,000 | 165,000 | 27,500 | 17% | 27,500 | - | 0% |
| Public Safety Facilities Fund | 50,000 | 50,000 | 8,333 | 17% | 8,333 | - | 0% |
| Supplemental Law Enforcement Fund | 100,000 | 100,000 | - | n/a | - | - | n/a |
| Countywide Solid Waste | 563,961 | 544,328 | 93,994 | 17% | 90,055 | 3,939 | 4% |
| Streets | 851,932 | 851,932 | - | n/a | - | - | n/a |
| Park Maintenance | 650,000 | 650,000 | 108,333 | 17% | 108,333 | - | n/a |
| Sewer Operations | 434,390 | 434,390 | 72,398 | 17% | 68,950 | 3,448 | 5% |
| Water Operations | 434,390 | 434,390 | 72,398 | 17% | 68,950 | 3,448 | 5% |
| Open Space | 81,100 | 81,100 | 13,517 | 17% | 13,517 | - | n/a |
| Park Development | 100,000 | 100,000 | 16,667 | 17% | 16,667 | - | n/a |
| TOTAL TRANSFERS IN | 3,430,773 | 3,411,140 | 413,140 | 12% | 402,305 | 10,836 | 3% |
| TOTAL GENERAL FUND | 57,837,009 | 57,857,906 | 3,256,931 | 6% | 3,420,956 | (164,025) | -5% |
| SPECIAL REVENUE FUNDS | | | | | | | |
| 202 STREET MAINTENANCE | | | | | | | |
| Gas Tax 2105 - 2107.5 | 851,932 | 851,932 | 74,785 | 9% | 78,657 | (3,872) | -5% |
| Interest / Other Revenue/Other Charges | 1,665 | 1,665 | 613 | 37% | 820 | (207) | -25% |
| 202 STREET MAINTENANCE | 853,597 | 853,597 | 75,397 | 9% | 79,477 | (4,079) | -5% |



City of Morgan Hill
 Year to Date Revenues - Fiscal Year 2025-26
 For the Month Ended August 31, 2025
 17% 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 | 11,065 | 11,065 | 2,322 | 21% | 3,639 | (1,317) | -36% |
| Police Grant/SLEF/JAG | 100,000 | 100,000 | - | n/a | - | - | n/a |
| 205 SUPPLEMENTAL LAW ENFORCEMENT FUND | 111,065 | 111,065 | 2,322 | 2% | 3,639 | (1,317) | -36% |
| 206 DEVELOPMENT SERVICES | | | | | | | |
| Building Fees | 3,655,850 | 3,578,850 | 515,636 | 14% | 545,249 | (29,613) | -5% |
| Planning Fees | 954,276 | 1,059,276 | 285,954 | 27% | 154,761 | 131,192 | 85% |
| Engineering Fees | 723,341 | 723,341 | 192,566 | 27% | 241,371 | (48,806) | -20% |
| Other Revenue/Current Charges | 544,851 | 516,851 | 65,146 | 13% | 59,274 | 5,872 | 10% |
| 206 DEVELOPMENT SERVICES | 5,878,318 | 5,878,318 | 1,059,301 | 18% | 1,000,656 | 58,646 | 6% |
| 207 LONG RANGE PLANNING | 827,760 | 827,760 | 146,741 | 18% | 166,184 | (19,443) | -12% |
| 215 and 216 HCD BLOCK GRANT | | | | | | | |
| Interest Income/Other Revenue | 994 | 994 | 314 | 32% | 601 | (287) | -48% |
| 215 and 216 HCD BLOCK GRANT | 994 | 994 | 314 | 32% | 601 | (287) | -48% |
| 225 ASSET SEIZURE | 1,631 | 1,631 | 475 | 29% | 916 | (441) | -48% |
| 229 LIGHTING AND LANDSCAPE | 207,135 | 207,135 | 911 | 0% | 1,911 | (999) | -52% |
| 230 COMMUNITY FACILITIES DISTRICT | 28,314 | 28,314 | 742 | 3% | 1,410 | (669) | -47% |
| 232 ENVIRONMENTAL PROGRAMS | 525,286 | 525,286 | 81,281 | 15% | 80,240 | 1,042 | 1% |
| 234 MOBILE HOME PARK RENT STAB. | 2,447 | 2,447 | 387 | 16% | 714 | (327) | -46% |
| 236 HOUSING MITIGATION | 3,061,720 | 3,478,220 | 287,885 | 8% | 431,574 | (143,689) | -33% |
| 240 EMPLOYEE ASSISTANCE | 481 | 481 | 1,275 | 265% | 1,209 | 67 | 6% |
| 246 COUNTYWIDE SOLID WASTE | 2,393,478 | 1,599,973 | 252,254 | 16% | - | 252,254 | n/a |
| 255 HOUSING SUCCESSOR AGENCY | 418,260 | 418,260 | 21,200 | 5% | 65,904 | (44,704) | -68% |
| 260 PUBLIC ART | 869 | 869 | 167 | 19% | - | 167 | n/a |
| TOTAL SPECIAL REVENUE FUNDS | 14,311,356 | 13,934,351 | 1,930,654 | 14% | 1,834,434 | 96,220 | 5% |
| CAPITAL PROJECTS FUNDS | | | | | | | |
| 301 PARK DEVELOPMENT | 2,324,852 | 2,324,852 | 127,943 | 6% | 1,646,484 | (1,518,542) | -92% |
| 302 PARK MAINTENANCE | 1,008,792 | 1,008,792 | 8,385 | 1% | 21,403 | (13,018) | -61% |
| 303 LOCAL DRAINAGE | 3,672,294 | 3,672,294 | 17,736 | 0% | 306,129 | (288,394) | -94% |
| 304 LOCAL DRAINAGE/NON AB1600 | 28,357 | 187,838 | 26,092 | 14% | 46,218 | (20,126) | -44% |
| 306 AGRICULTURE & OPEN SPACE PRESERVATION | 10,461 | 10,461 | 47,877 | 458% | 39,373 | 8,505 | 22% |
| 308 STREET CIP | 7,777,340 | 7,777,340 | 343,092 | 4% | 360,437 | (17,344) | -5% |
| 309 TRAFFIC IMPACT | 3,584,714 | 3,584,714 | 77,241 | 2% | 1,087,091 | (1,009,850) | -93% |
| 315 PUBLIC SAFETY FACILITIES IMPACT | 2,217,137 | 2,217,137 | 543,562 | 25% | 1,027,848 | (484,286) | -47% |
| 346 PUBLIC FACILITIES NON-AB1600 | 26,226 | 26,226 | 8,742 | 33% | 19,935 | (11,193) | -56% |
| 347 PUBLIC FACILITIES IMPACT | 994,483 | 994,483 | 16,623 | 2% | 260,084 | (243,461) | -94% |
| 348 LIBRARY | 2,180,740 | 2,180,740 | 78,784 | 4% | 1,084,842 | (1,006,058) | -93% |
| 350 UNDERGROUNDING | 47,258 | 47,258 | 7,929 | 17% | 16,017 | (8,088) | -50% |
| 360 COMMUNITY/REC IMPACT FUND | 3,802,095 | 3,802,095 | 97,575 | 3% | 1,796,991 | (1,699,416) | -95% |
| 375 QUIMBY FEE | 4,268,487 | 4,268,487 | 30,730 | 1% | 1,141,491 | (1,110,761) | -97% |
| TOTAL CAPITAL PROJECTS FUNDS | 31,943,236 | 32,102,717 | 1,432,311 | 4% | 8,854,343 | (7,422,032) | -84% |
| DEBT SERVICE FUNDS | | | | | | | |
| 420 CIVIC CENTER DEBT | 302,376 | 302,376 | 50,384 | 17% | 50,719 | (335) | -1% |
| 441 POLICE FACILITY BOND | 394,304 | 394,304 | 65,670 | 17% | 64,182 | 1,488 | 2% |
| TOTAL DEBT SERVICE FUNDS | 696,680 | 696,680 | 116,054 | 17% | 114,902 | 1,153 | 1% |



City of Morgan Hill
 Year to Date Revenues - Fiscal Year 2025-26
 For the Month Ended August 31, 2025
 17% 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 | 17,871,000 | 17,871,000 | 1,788,346 | 10% | 1,290,867 | 497,479 | 39% |
| Interest Income/Transfers | 121,041 | 121,041 | 11,399 | 9% | 16,016 | (4,617) | -29% |
| Other Revenue/Current Charges | 428,860 | 428,860 | 35,486 | 8% | 31,797 | 3,688 | 12% |
| 640 WASTEWATER OPERATION | 18,420,901 | 18,420,901 | 1,835,231 | 10% | 1,338,680 | 496,550 | 37% |
| 641 WASTEWATER EXPANSION | | | | | | | |
| Interest Income | 164,788 | 164,788 | 100,377 | 61% | 185,104 | (84,727) | -46% |
| Development Impact Fee | 30,415,728 | 30,415,728 | 201,479 | 1% | 6,981,382 | (6,779,904) | -97% |
| 641 WASTEWATER EXPANSION | 30,580,516 | 30,580,516 | 301,856 | 1% | 7,166,486 | (6,864,630) | -96% |
| 642 WASTEWATER RATE STABILIZATION | 93,037 | 93,037 | 14,773 | 16% | 28,275 | (13,502) | -48% |
| 643 WASTEWATER CAPITAL PROJECT | 15,076,739 | 15,076,739 | 1,087,823 | 7% | 1,131,334 | (43,511) | -4% |
| TOTAL SEWER FUNDS | 64,171,193 | 64,171,193 | 3,239,682 | 5% | 9,664,775 | (6,425,093) | -66% |
| 650 WATER OPERATION | | | | | | | |
| Water Sales | 21,385,800 | 21,385,800 | 2,140,085 | 10% | 1,952,406 | 187,679 | 10% |
| Meter Install & Service | 110,000 | 110,000 | 4,695 | 4% | 42,665 | (37,971) | -89% |
| Transfers-In / Interest Income | 911,184 | 911,184 | - | n/a | 143,929 | (143,929) | -100% |
| Other Revenue/Current Charges | 1,044,838 | 1,044,838 | 360,888 | 35% | 349,641 | 11,247 | 3% |
| 650 WATER OPERATION | 23,451,822 | 23,451,822 | 2,505,668 | 11% | 2,488,641 | 17,026 | 1% |
| 651 WATER EXPANSION | | | | | | | |
| Interest Income/Other Revenue/Transfer | 40,273 | 40,273 | 26,531 | 66% | 42,461 | (15,929) | -38% |
| Development Impact Fee | 4,833,886 | 4,833,886 | 122,549 | 3% | 1,988,072 | (1,865,523) | -94% |
| 651 WATER EXPANSION | 4,874,159 | 4,874,159 | 149,080 | 3% | 2,030,533 | (1,881,453) | -93% |
| 652 WATER RATE STABILIZATION | 99,247 | 99,247 | 15,801 | 16% | 30,230 | (14,429) | -48% |
| 653 WATER CAPITAL PROJECT | 7,809,380 | 7,809,380 | 1,277,159 | 16% | 1,169,947 | 107,213 | 9% |
| TOTAL WATER FUNDS | 36,234,608 | 36,234,608 | 3,947,707 | 11% | 5,719,351 | (1,771,644) | -31% |
| TOTAL ENTERPRISE FUNDS | 100,405,801 | 100,405,801 | 7,187,389 | 7% | 15,384,126 | (8,196,736) | -53% |
| INTERNAL SERVICE FUNDS | | | | | | | |
| 730 INFORMATION SYSTEMS | 3,038,971 | 3,038,971 | 505,971 | 17% | 482,266 | 23,704 | 5% |
| 740 BUILDING MAINTENANCE | 1,270,189 | 1,270,189 | 213,229 | 17% | 237,879 | (24,650) | -10% |
| 741 BUILDING REPLACEMENT | 1,049,288 | 2,299,288 | 172,765 | 8% | 192,905 | (20,140) | -10% |
| 745 CIP ADMINISTRATION | 2,880,028 | 2,880,028 | - | n/a | - | - | n/a |
| 760 UNEMPLOYMENT INSURANCE | 8,298 | 8,298 | 1,233 | 15% | 2,420 | (1,187) | -49% |
| 770 WORKERS COMPENSATION | 1,211,610 | 1,211,610 | 9,416 | 1% | 157,194 | (147,778) | -94% |
| 790 EQUIPMENT REPLACEMENT | 1,615,158 | 1,615,158 | 263,931 | 16% | 341,537 | (77,605) | -23% |
| 791 EMPLOYEE BENEFITS | 1,251,963 | 1,251,963 | 198,750 | 16% | 192,695 | 6,055 | 3% |
| 795 GENERAL LIABILITY INSURANCE | 2,769,881 | 2,769,881 | 459,997 | 17% | 419,945 | 40,052 | 10% |
| TOTAL INTERNAL SERVICE FUNDS | 15,095,386 | 16,345,386 | 1,825,292 | 11% | 2,026,841 | (201,550) | -10% |
| TOTAL FOR ALL FUNDS | \$ 220,289,468 | \$ 221,342,840 | \$ 15,748,631 | 7% | \$ 31,635,602 | \$ (15,886,971) | -50% |



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2025-26
 For the Month Ended August 31, 2025
 17% 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 | | \$ 112,525 | \$ 631,504 | \$ 169,592 | \$ - | \$ 169,592 | 27% | \$ 136,094 |
| CITY ATTORNEY | | 58,231 | 1,151,353 | 124,833 | 60,000 | 184,833 | 16% | 127,063 |
| CITY MANAGER | | 43,930 | 1,041,692 | 94,551 | - | 94,551 | 9% | 66,404 |
| HUMAN RESOURCES | | 64,803 | 1,032,289 | 153,327 | - | 153,327 | 15% | 176,078 |
| COUNCIL SVCS & RECORDS MGMT | | | | | | | | |
| Council Svcs & Records Mgmt | | 30,163 | 627,757 | 84,037 | - | 84,037 | 13% | 75,778 |
| Elections | | 2,620 | 38,516 | 5,160 | - | 5,160 | 13% | (3,154) |
| COUNCIL SVCS & RECORDS MGMT | | 32,783 | 666,273 | 89,197 | - | 89,197 | 13% | 72,624 |
| FINANCE | | 135,171 | 2,574,249 | 264,941 | 75,983 | 340,924 | 13% | 254,139 |
| TOTAL ADMINISTRATION | | 447,443 | 7,097,361 | 896,441 | 135,983 | 1,032,424 | 15% | 832,402 |
| II. COMMUNITY SERVICES | | | | | | | | |
| Membership Services & Rec. Programs | | 912,810 | 7,541,945 | 1,320,514 | 1,446,627 | 2,767,140 | 37% | 1,295,936 |
| Recreation Facility Rentals | | 104,166 | 1,451,514 | 176,591 | 90,701 | 267,292 | 18% | 217,609 |
| Innovative Transit | | - | - | - | - | - | n/a | 72,933 |
| Community Services | | 77,863 | 883,254 | 126,745 | 88,921 | 215,666 | 24% | 99,907 |
| Park Maintenance | | 85,247 | 1,563,784 | 140,913 | - | 140,913 | 9% | 130,373 |
| Environmental Services | | 63,614 | 885,890 | 93,650 | - | 93,650 | 11% | 92,561 |
| Countywide Solid Waste Program | | 34,545 | 546,317 | 66,997 | - | 66,997 | 12% | 64,530 |
| Street Maintenance | | 238,589 | 3,600,422 | 406,928 | - | 406,928 | 11% | 359,200 |
| Downtown Maintenance | | 24,406 | 398,326 | 34,184 | - | 34,184 | 9% | 30,971 |
| PD Building Maintenance | | 55,152 | 729,167 | 93,401 | 62,099 | 155,500 | 21% | 66,746 |
| Cable Television | | 7,485 | 91,406 | 14,978 | - | 14,978 | 16% | 14,856 |
| COMMUNITY SERVICES | | 1,603,876 | 17,692,025 | 2,474,900 | 1,688,348 | 4,163,248 | 24% | 2,445,623 |
| CODE COMPLIANCE | | 29,758 | 420,943 | 58,866 | - | 58,866 | 14% | 53,451 |
| INFRASTRUCTURE PLANNING & CONGESTION MGMT | | 25,483 | 644,253 | 52,260 | - | 52,260 | 8% | 57,653 |
| ECONOMIC DEVELOPMENT PROGRAMS | | 60,456 | 1,418,834 | 142,358 | 15,404 | 157,762 | 11% | 122,148 |
| TOTAL COMMUNITY SERVICES | | 1,719,573 | 20,176,055 | 2,728,384 | 1,703,751 | 4,432,135 | 22% | 2,678,875 |
| III. PUBLIC SAFETY | | | | | | | | |
| POLICE | | | | | | | | |
| PD Administration | | 172,812 | 1,964,769 | 281,525 | 23,549 | 305,074 | 16% | 278,306 |
| Field Operations | | 824,005 | 14,109,724 | 1,952,811 | 270,661 | 2,223,471 | 16% | 1,557,841 |
| Support Services | | 188,925 | 2,766,134 | 380,418 | - | 380,418 | 14% | 413,055 |
| Emergency Services/Haz Mat | | 16,901 | 278,548 | 33,745 | - | 33,745 | 12% | 32,963 |
| Special Operations | | 264,626 | 4,405,650 | 590,927 | - | 590,927 | 13% | 652,024 |
| Dispatch Services | | 173,021 | 2,426,058 | 331,570 | - | 331,570 | 14% | 317,871 |
| POLICE | | 1,640,291 | 25,950,883 | 3,570,995 | 294,210 | 3,865,205 | 15% | 3,252,060 |
| FIRE | | 1,200,448 | 11,212,073 | 1,997,512 | - | 1,997,512 | 18% | 1,895,820 |
| TOTAL PUBLIC SAFETY | | 2,840,739 | 37,162,956 | 5,568,507 | 294,210 | 5,862,717 | 16% | 5,147,879 |
| IV. TRANSFERS | | | | | | | | |
| Other | | 104,923 | 1,418,558 | 209,846 | - | 209,846 | 15% | 243,038 |
| TOTAL TRANSFERS | | 104,923 | 1,418,558 | 209,846 | - | 209,846 | 15% | 243,038 |
| TOTAL GENERAL FUND | | 5,112,678 | 65,854,930 | 9,403,178 | 2,133,945 | 11,537,123 | 18% | 8,902,195 |



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2025-26
 For the Month Ended August 31, 2025
 17% 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 | 463 | 857,492 | 927 | - | 927 | 0% | 909 |
| 205 | PUBLIC SAFETY/SUPP.LAW | 115 | 101,380 | 230 | - | 230 | 0% | 226 |
| 206 | DEVELOPMENT SERVICES FUND | | | | | | | |
| | Planning | 114,621 | 1,734,431 | 227,453 | - | 227,453 | 13% | 213,114 |
| | Building | 185,868 | 3,331,894 | 366,030 | 151,553 | 517,583 | 16% | 347,859 |
| | Engineering | 98,253 | 1,837,532 | 195,412 | 338,703 | 534,115 | 29% | 199,699 |
| 206 | DEVELOPMENT SERVICES FUND | 398,742 | 6,903,857 | 788,895 | 490,255 | 1,279,151 | 19% | 760,672 |
| 207 | LONG RANGE PLANNING | 60,795 | 2,201,195 | 129,050 | 518,687 | 647,737 | 29% | 127,575 |
| 215/216 | CDBG | 8 | 90 | 15 | - | 15 | 17% | 15 |
| 225 | ASSET SEIZURE | 70 | 840 | 140 | - | 140 | 17% | 137 |
| 229 | LIGHTING AND LANDSCAPE | 8,383 | 221,603 | 13,356 | - | 13,356 | 6% | 15,376 |
| 230 | COMMUNITY FACILITIES DISTRICT | 2,565 | 24,377 | 4,094 | - | 4,094 | 17% | 3,750 |
| 232 | ENVIRONMENTAL PROGRAMS | 21,762 | 470,920 | 50,202 | - | 50,202 | 11% | 57,072 |
| 234 | MOBILE HOME PARK | 81 | 970 | 162 | - | 162 | 17% | 159 |
| 236 | HOUSING MITIGATION | 69,977 | 2,488,831 | 128,222 | 8,545 | 136,767 | 5% | 135,591 |
| 240 | EMPLOYEE ASSISTANCE | 84 | 21,010 | 168 | - | 168 | 1% | 166 |
| 246 | COUNTYWIDE SOLID WASTE PROGRAM | 46,997 | 1,927,635 | 93,994 | - | 93,994 | 5% | 172,455 |
| 255 | HOUSING SUCCESSOR AGENCY | 90,328 | 1,375,331 | 339,851 | 364,781 | 704,633 | 51% | 303,071 |
| 260 | PUBLIC ART | 536 | 6,430 | 1,072 | - | 1,072 | 17% | 1,051 |
| TOTAL SPECIAL REVENUE FUNDS | | 700,904 | 16,601,960 | 1,550,377 | 1,382,269 | 2,932,646 | 18% | 1,578,223 |
| CAPITAL PROJECT FUNDS | | | | | | | | |
| 301 | PARK DEVELOPMENT | 16,515 | 4,134,937 | 82,717 | 1,253,959 | 1,336,676 | 32% | 142,198 |
| 302 | PARK MAINTENANCE | 54,167 | 650,000 | 109,683 | - | 109,683 | 17% | 109,924 |
| 303 | LOCAL DRAINAGE | 12,542 | 2,618,694 | 909,215 | 49,573 | 958,788 | 37% | 5,470 |
| 304 | LOCAL DRAIN. NON-AB1600 | 269 | 556,459 | 538 | 143,500 | 144,038 | 26% | 6,987 |
| 306 | AGRICULTURE & OPEN SPACE PRESERVATI(K | 10,731 | 128,770 | 21,462 | - | 21,462 | 17% | 21,359 |
| 308 | STREET CIP | 14,667 | 7,569,224 | 24,128 | 46,508 | 70,636 | 1% | 57,555 |
| 309 | TRAFFIC IMPACT | 71,407 | 4,050,898 | 82,398 | 288,895 | 371,292 | 9% | 244,787 |
| 315 | PUBLIC SAFETY FACILITIES IMPACT | 94,670 | 4,651,282 | 116,601 | 1,033,840 | 1,150,441 | 25% | 737,979 |
| 346 | PUBLIC FAC.NON AB1600 | 3,288 | 291,774 | 7,497 | 222,217 | 229,714 | 79% | 14,212 |
| 347 | PUBLIC FACILITIES IMPACT | 2,465 | 2,838,513 | 4,930 | 1,010,368 | 1,015,298 | 36% | 4,915 |
| 348 | LIBRARY IMPACT | 17,957 | 215,486 | 35,914 | - | 35,914 | 17% | 452,269 |
| 350 | UNDERGROUNDING | 105 | 1,050,456 | 210 | - | 210 | 0% | 206 |
| 360 | COMM/REC CENTER IMPACT | 43,879 | 4,438,720 | 45,305 | 149,672 | 194,976 | 4% | 20,535 |
| 375 | QUIMBY FEE | 250,395 | 11,203,793 | 250,395 | 4,411,677 | 4,662,072 | 42% | 89,330 |
| TOTAL CAPITAL PROJECTS FUNDS | | 593,055 | 44,399,006 | 1,690,992 | 8,610,209 | 10,301,201 | 23% | 1,907,727 |
| DEBT SERVICE FUNDS | | | | | | | | |
| 420 | CIVIC CENTER DEBT | 289 | 294,598 | 578 | - | 578 | 0% | 567 |
| 441 | POLICE FACILITY BOND DEBT | 383 | 389,293 | 767 | - | 767 | 0% | 751 |
| TOTAL DEBT SERVICE FUNDS | | 673 | 683,891 | 1,345 | - | 1,345 | 0% | 1,318 |



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2025-26
 For the Month Ended August 31, 2025
 17% 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 | 1,941,816 | 18,456,050 | 2,815,373 | 58,645 | 2,874,018 | 16% | 1,728,164 |
| 641 | WASTEWATER CAPITAL EXPANSION | 124,578 | 49,012,211 | 202,979 | 292,987 | 495,965 | 1% | 857,830 |
| 642 | WASTEWATER RATE STABILIZATION | 168 | 2,010 | 335 | - | 335 | 17% | 328 |
| 643 | WASTEWATER CAPITAL PROJECTS | 55,185 | 33,236,798 | 65,526 | 5,148,171 | 5,213,697 | 16% | 191,231 |
| TOTAL SEWER FUND(S) | | 2,121,747 | 100,707,069 | 3,084,213 | 5,499,803 | 8,584,016 | 9% | 2,777,553 |
| WATER | | | | | | | | |
| | Water Operations | 1,557,766 | 21,768,518 | 2,600,719 | 472,765 | 3,073,484 | 14% | 2,025,270 |
| | Utility Billing | 102,792 | 1,547,081 | 183,160 | - | 183,160 | 12% | 163,956 |
| | Water Conservation | 19,184 | 451,335 | 37,981 | 73,087 | 111,068 | 25% | 37,679 |
| 650 | WATER OPERATIONS | 1,679,742 | 23,766,933 | 2,821,860 | 545,852 | 3,367,712 | 14% | 2,226,904 |
| 651 | WATER CAPITAL EXPANSION | 72,562 | 11,503,055 | 130,418 | 2,235,616 | 2,366,034 | 21% | 120,449 |
| 652 | WATER RATE STABILIZATION | 125 | 1,500 | 250 | - | 250 | 17% | 245 |
| 653 | WATER-CAPITAL PROJECTS | 69,928 | 28,017,341 | 73,498 | 7,876,482 | 7,949,980 | 28% | 9,522 |
| TOTAL WATER FUND(S) | | 1,822,357 | 63,288,829 | 3,026,025 | 10,657,951 | 13,683,976 | 22% | 2,357,121 |
| TOTAL ENTERPRISE FUNDS | | 3,944,104 | 163,995,898 | 6,110,238 | 16,157,754 | 22,267,992 | 14% | 5,134,673 |
| INTERNAL SERVICE FUNDS | | | | | | | | |
| 730 | INFORMATION SYSTEMS | 238,962 | 3,072,099 | 591,659 | - | 591,659 | 19% | 543,933 |
| 740 | BUILDING MAINTENANCE | 84,227 | 1,332,278 | 148,707 | 5,540 | 154,247 | 12% | 173,844 |
| 741 | BUILDING REPLACEMENT | 73,313 | 3,696,301 | 73,328 | 536,921 | 610,249 | 17% | 150,877 |
| 745 | CIP ADMINISTRATION | 192,760 | 2,746,811 | 380,545 | - | 380,545 | 14% | 320,654 |
| 760 | UNEMPLOYMENT | 2,937 | 15,000 | 2,937 | - | 2,937 | 20% | 3,922 |
| 770 | WORKERS COMPENSATION | 654,829 | 1,007,970 | 693,354 | - | 693,354 | 69% | 636,967 |
| 790 | EQUIPMENT REPLACEMENT | 192,620 | 599,178 | 245,639 | - | 245,639 | 41% | 438,701 |
| 791 | EMPLOYEE BENEFITS FUND | 85,912 | 1,000,000 | 93,549 | - | 93,549 | 9% | 102,665 |
| 795 | GEN. LIABILITY INSURANCE | 12,058 | 2,623,909 | 2,350,056 | - | 2,350,056 | 90% | 1,962,522 |
| TOTAL INTERNAL SERVICE FUNDS | | 1,537,618 | 16,093,546 | 4,579,776 | 542,461 | 5,122,237 | 32% | 4,334,085 |
| REPORT TOTAL | | \$ 11,889,031 | \$ 307,629,231 | \$ 23,335,907 | \$ 28,826,636 | \$ 52,162,543 | 17% | \$ 21,858,221 |



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2025-26
For the Month Ended August 31, 2025
17% of Year Complete

| Fund No. | Fund Description | Un-audited Beg Fund Balance 07-01-25 | 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 | \$ 26,241,773 | \$ 3,256,931 | 6% | \$ 9,403,178 | 14% | \$ (6,146,247) | \$ 2,133,945 | \$ 17,961,581 |
| TOTAL GENERAL FUND | | \$ 26,241,773 | \$ 3,256,931 | 6% | \$ 9,403,178 | 14% | \$ (6,146,247) | \$ 2,133,945 | \$ 17,961,581 |
| 202 | STREET MAINTENANCE | 75,854 | \$ 75,397 | 9% | \$ 927 | 11% | \$ 74,471 | \$ - | \$ 150,325 |
| 205 | PUBLIC SAFETY/SUPPL. LAW | 523,410 | 2,322 | 2% | 230 | 11% | 2,092 | - | 525,502 |
| 206 | DEVELOPMENT SERVICES | (1,031,227) | 1,059,301 | 18% | 788,895 | 11% | 270,406 | 490,255 | (1,251,076) |
| 207 | LONG RANGE PLANNING | 1,219,462 | 146,741 | 18% | 129,050 | 6% | 17,691 | 518,687 | 718,465 |
| 215 / 216 | CDBG | 34,690 | 314 | 32% | 15 | 17% | 299 | - | 34,989 |
| 225 | ASSET SEIZURE | 107,136 | 475 | 29% | 140 | 17% | 335 | - | 107,471 |
| 229 | LIGHTING AND LANDSCAPE | 214,107 | 911 | 0% | 13,356 | 6% | (12,445) | - | 201,662 |
| 230 | COMMUNITY FACILITIES DISTRICT | 169,530 | 742 | 3% | 4,094 | 17% | (3,353) | - | 166,177 |
| 232 | ENVIRONMENTAL PROGRAMS | 576,223 | 81,281 | 15% | 50,202 | 11% | 31,079 | - | 607,302 |
| 234 | MOBILE HOME PK RENT STAB. | 86,775 | 387 | 16% | 162 | 17% | 225 | - | 87,000 |
| 235 | SENIOR HOUSING | 245,426 | - | n/a | - | n/a | - | - | 245,426 |
| 236 | HOUSING MITIGATION | 9,109,270 | 287,885 | 8% | 128,222 | 5% | 159,663 | 8,545 | 9,260,389 |
| 240 | EMPLOYEE ASSISTANCE | 60,337 | 1,275 | 265% | 168 | 1% | 1,107 | - | 61,444 |
| 246 | COUNTYWIDE SOLID WASTE | 360,737 | 252,254 | 16% | 93,994 | 5% | 158,260 | - | 518,997 |
| 255 | HOUSING SUCCESSOR AGENCY | 3,230,526 | 21,200 | 5% | 339,851 | 25% | (318,651) | 364,781 | 2,547,093 |
| 260 | PUBLIC ART | 37,920 | 167 | 19% | 1,072 | 17% | (905) | - | 37,015 |
| TOTAL SPECIAL REVENUE FUNDS | | \$ 15,020,176 | \$ 1,930,654 | 14% | \$ 1,550,377 | 9% | \$ 380,276 | \$ 1,382,269 | \$ 14,018,184 |
| 301 | PARK DEV. IMPACT FUND | \$ 3,298,774 | \$ 127,943 | 6% | \$ 82,717 | 2% | \$ 45,226 | \$ 1,253,959 | \$ 2,090,041 |
| 302 | PARK MAINTENANCE | 2,054,152 | 8,385 | 1% | 109,683 | 17% | (101,298) | - | 1,952,854 |
| 303 | LOCAL DRAINAGE | 4,518,059 | 17,736 | 0% | 909,215 | 35% | (891,480) | 49,573 | 3,577,006 |
| 304 | LOCAL DRAINAGE/NON-AB1600 | 1,344,145 | 26,092 | 14% | 538 | 0% | 25,553 | 143,500 | 1,226,198 |
| 306 | AG. AND OPEN SPACE PRESERVATION | 1,600,469 | 47,877 | 458% | 21,462 | 17% | 26,416 | - | 1,626,885 |
| 308 | STREET CIP | 4,518,484 | 343,092 | 4% | 24,128 | 0% | 318,965 | 46,508 | 4,790,941 |
| 309 | TRAFFIC IMPACT FUND | 2,629,914 | 77,241 | 2% | 82,398 | 2% | (5,157) | 288,895 | 2,335,862 |
| 315 | PUBLIC SAFETY FACILITIES IMPACT | (1,266,077) | 543,562 | 25% | 116,601 | 3% | 426,961 | 1,033,840 | (1,872,956) |
| 346 | PUBLIC FACILITIES NON-AB1600 | 1,880,148 | 8,742 | 33% | 7,497 | 3% | 1,245 | 222,217 | 1,659,176 |
| 347 | PUBLIC FACILITIES IMPACT FUND | 1,302,131 | 16,623 | 2% | 4,930 | 0% | 11,693 | 1,010,368 | 303,456 |
| 348 | LIBRARY IMPACT FUND | 3,502,406 | 78,784 | 4% | 35,914 | 17% | 42,870 | - | 3,545,276 |
| 350 | UNDERGROUNDING | 1,731,031 | 7,929 | 17% | 210 | 0% | 7,719 | - | 1,738,750 |
| 360 | COMM/REC CTR IMPACT FUND | 4,530,347 | 97,575 | 3% | 45,305 | 1% | 52,271 | 149,672 | 4,432,946 |
| 375 | QUIMBY FEE | 6,736,104 | 30,730 | 1% | 250,395 | 2% | (219,665) | 4,411,677 | 2,104,762 |
| TOTAL CAPITAL PROJECT FUNDS | | \$ 38,380,087 | \$ 1,432,311 | 4% | \$ 1,690,992 | 4% | \$ (258,681) | \$ 8,610,209 | \$ 29,511,197 |
| 420 | CIVIC CENTER DEBT | \$ 192,703 | \$ 50,384 | 17% | \$ 578 | 0% | \$ 49,806 | \$ 83 | \$ 242,426 |
| 441 | POLICE FACILITY BOND DEBT | 162,556 | 65,670 | 17% | 767 | 0% | 64,903 | 108 | 227,351 |
| TOTAL DEBT SERVICE FUNDS | | \$ 355,259 | \$ 116,054 | 17% | \$ 1,345 | 0% | \$ 114,709 | \$ 191 | \$ 469,777 |
| 640 | WASTEWATER OPERATIONS | \$ 4,071,098 | \$ 1,835,231 | 10% | \$ 2,815,373 | 15% | \$ (980,143) | 58,645 | 3,032,310 |
| 641 | WASTEWATER IMPACT FUND* | 22,641,769 | 301,856 | 1% | 202,979 | 0% | 98,877 | 292,987 | 22,447,659 |
| 642 | WASTEWATER RATE STABILIZATION | 3,226,384 | 14,773 | 16% | 335 | 17% | 14,438 | - | 3,240,822 |
| 643 | WASTEWATER CAPITAL PROJECTS | 23,988,360 | 1,087,823 | 7% | 65,526 | 0% | 1,022,297 | 5,148,171 | 19,862,485 |
| 650 | WATER OPERATIONS | 4,405,083 | 2,505,668 | 11% | 2,821,860 | 12% | (316,192) | 545,852 | 3,543,039 |
| 651 | WATER IMPACT FUND* | 5,747,243 | 149,080 | 3% | 130,418 | 1% | 18,662 | 2,235,616 | 3,530,288 |
| 652 | WATER RATE STABILIZATION | 3,450,823 | 15,801 | 16% | 250 | 17% | 15,551 | - | 3,466,374 |
| 653 | WATER -CAPITAL PROJECT | 22,898,194 | 1,277,159 | 16% | 73,498 | 0% | 1,203,662 | 7,876,482 | 16,225,374 |
| TOTAL ENTERPRISE FUNDS | | \$ 90,428,954 | \$ 7,187,389 | 7% | \$ 6,110,238 | 4% | \$ 1,077,151 | \$ 16,157,754 | \$ 75,348,352 |
| 730 | INFORMATION SERVICES | \$ 880,494 | \$ 505,971 | 17% | \$ 591,659 | 19% | \$ (85,689) | \$ - | \$ 794,805 |
| 740 | BUILDING MAINTENANCE | 355,211 | 213,229 | 17% | 148,707 | 11% | 64,522 | 5,540 | 414,193 |
| 741 | BUILDING REPLACEMENT | 4,392,690 | 172,765 | 8% | 73,328 | 2% | 99,437 | 536,921 | 3,955,206 |
| 745 | CIP ENGINEERING | 7,113 | - | n/a | 380,545 | 14% | (380,545) | - | (373,432) |
| 760 | UNEMPLOYMENT | 287,174 | 1,233 | 15% | 2,937 | 20% | (1,704) | - | 285,470 |
| 770 | WORKERS COMPENSATION | 1,978,237 | 9,416 | 1% | 693,354 | 69% | (683,939) | 30,000 | 1,264,298 |
| 790 | EQUIPMENT REPLACEMENT | 9,979,994 | 263,931 | 16% | 245,639 | 41% | 18,292 | - | 9,998,286 |
| 791 | EMPLOYEE BENEFITS FUNDS | 383,874 | 198,750 | 16% | 93,549 | 9% | 105,201 | - | 489,075 |
| 795 | GEN. LIABILITY INSURANCE | 1,139,856 | 459,997 | 17% | 2,350,056 | 90% | (1,890,059) | - | (750,203) |
| TOTAL INTERNAL SERVICE FUNDS | | \$ 19,404,643 | \$ 1,825,292 | 11% | \$ 4,579,776 | 28% | \$ (2,754,484) | \$ 572,461 | \$ 16,077,698 |



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2025-26
For the Month Ended August 31, 2025
17% of Year Complete

| Fund No. | Fund Description | Un-audited Beg Fund Balance 07-01-25 | 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 | \$ 26,241,773 | \$ 3,256,931 | 6% | \$ 9,403,178 | 14% | \$ (6,146,247) | \$ 2,133,945 | \$ 17,961,581 |
| SPECIAL REVENUE GROUP | 15,020,176 | 1,930,654 | 14% | 1,550,377 | 9% | 380,276 | 1,382,269 | 14,018,184 |
| CAPITAL PROJECTS GROUP | 38,380,087 | 1,432,311 | 4% | 1,690,992 | 4% | (258,681) | 8,610,209 | 29,511,197 |
| DEBT SERVICE GROUP | 355,259 | 116,054 | 17% | 1,345 | 0% | 114,709 | 191 | 469,777 |
| ENTERPRISE GROUP | 90,428,954 | 7,187,389 | 7% | 6,110,238 | 4% | 1,077,151 | 16,157,754 | 75,348,352 |
| INTERNAL SERVICE GROUP | 19,404,643 | 1,825,292 | 11% | 4,579,776 | 28% | (2,754,484) | 572,461 | 16,077,698 |
| TOTAL ALL GROUPS | \$ 189,830,892 | \$ 15,748,631 | 7% | \$ 23,335,907 | 8% | \$ (7,587,276) | \$ 28,856,827 | \$ 153,386,788 |

For Enterprise Funds: Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

*Unreserved fund balance includes bond proceeds reserved for projects listed in bond documents.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

CITY COUNCIL STAFF REPORT

MEETING DATE: October 15, 2025

PREPARED BY:

Eric Blomquist, Building Official

APPROVED BY: City Manager

INTRODUCE AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING CHAPTERS 15.08 (BUILDING CODE), 15.12 (ELECTRICAL CODE), 15.16 (MECHANICAL CODE), 15.20 (PLUMBING CODE), 15.44 (FIRE CODE) AND TO ADOPT BY REFERENCE THE 2025 CALIFORNIA BUILDING STANDARDS CODES KNOWN AND DESIGNATED AS CALIFORNIA CODE OF REGULATIONS, TITLE 24

RECOMMENDATION(S)

1. Waive reading;
2. Introduce the ordinance by title; and
3. Set November 19, 2025, at 6:00 p.m. as the date and time for a public hearing to consider adoption of an ordinance.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety

Preserving and Cultivating Public Trust

REPORT NARRATIVE:

Pursuant to the California Health and Safety Code, the California Building Standards Commission is required to adopt certain building standards codes on a triennial basis. This code, known as the California Building Standards Codes, is Title 24 of the California Code of Regulations. It provides uniform building standards to be used throughout the state of California, and it consists of thirteen different parts. These parts include Administrative, Building, Residential, Electrical, Mechanical, Plumbing, Energy, Wildland-urban Interface, Historical, Fire, Existing Building, Green Building, and Referenced Standards.

Local agencies are required to adopt these codes, but agencies may amend the California Building Standards upon making findings related to specific local geographic, topographic, and/or climatic conditions. If local agencies do not act to amend the code, the version adopted by the California Building Commission shall govern. In order to maintain the current Morgan Hill code amendments that were made to the previous editions of the California Building Standards Codes, it is necessary to revise certain

Chapters of Title 15 (Building and Construction) of the City's Municipal Code.

Chapters 15.08 (Building Code), 15.20 (Plumbing Code), and 15.44 (Fire Code) will be revised to adopt the 2025 California Building Standards Codes, including the findings to incorporate the previously adopted local code amendments. These revisions are aligned with changes allowed under AB130. All other parts of Title 24 of the California Code of Regulations will be adopted by reference without amendments.

COMMUNITY ENGAGEMENT:

The Building Division will provide building code update outreach to the local development community, contractors and homeowners to make them aware of the changes from the 2022 to the 2025 California Building Standards Codes.

ALTERNATIVE ACTIONS:

Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On November 2, 2022, the Council adopted Ordinance 2337 adopting the 2022 California Building Standards Codes with the same local amendments.

FISCAL AND RESOURCE IMPACT:

Periodic reviews and updates of the City's Municipal Code, including Building Standards, are part of the staff's annual work plan. The primary resources allocated to this update were from the Development Services Department.

CEQA (California Environmental Quality Act):

Adoption of an ordinance and resolution regarding Building and Fire Codes is exempt from the requirements of the California Environmental Quality Act (CEQA) under Title 14 of the California Code of Regulations, Section 15061(b)(3), in that it is not a Project which has the potential for causing a significant effect on the environment. The action being considered by the City Council is an administrative activity of government that will not result in the direct or indirect physical change in the environment. This action entails adoption of State mandated Building Codes that are enforceable by the City. Minor amendments will not have a significant effect on the environment because the strengthened requirements reduce hazards and accommodate features to reduced environmental effects.

ORDINANCE NO. _____, NEW SERIES

AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING CHAPTERS 15.08 (BUILDING CODE), 15.12 (ELECTRICAL CODE), 15.16 (MECHANICAL CODE), 15.20 (PLUMBING CODE), 15.44 (FIRE CODE) AND TO ADOPT BY REFERENCE THE 202~~52~~ CALIFORNIA STATE BUILDING STANDARDS CODES KNOWN AND DESIGNATED AS CALIFORNIA CODE OF REGULATIONS, TITLE 24.

WHEREAS, Health and Safety Code Section 17922 requires that the State adopt building standards and rules and regulations (“State Building Standards Code”) and that such State Building Standards Code impose substantially the same requirements as are contained in the most recent editions of specified uniform industry codes; and

WHEREAS, Health and Safety Code Section 17958 allows the City Council to adopt ordinances or regulations which impose the same requirements as the State Building Standards Code or make changes or modifications to the State Building Standards Code upon express findings that that such modifications or changes are reasonably necessary because of local climatic, geological, or topographical conditions; and

WHEREAS, the Building Standards, along with any changes or modifications made by the City Council, become effective 180 days after publication by the California Building Standards Commissions; and

WHEREAS, the City Council desires to adopt the 202~~52~~ State Building Standards Code, including the California Building Code, the California Electrical Code, the California Mechanical Code, the California Plumbing Code, and the California Fire Code, as published by the California Building Standards Commission, along with changes and modifications reasonably necessary because of local climatic, geological, or topographical conditions, based on findings set forth in this ordinance; and

WHEREAS, the Building Official and the Fire Department have determined that local amendments to the State Building Standards Codes are necessary due to unique conditions that exist in the City of Morgan Hill; and

WHEREAS, amendments related to fire and life-safety contained in the 202~~52~~ State Building Standards Code as recommended by the City Building Official and the Fire Department are hereby found to be reasonably necessary due to the following local conditions, along with additional express findings that are already on file with the California Building Standards Commission:

A. Climatic Conditions

Santa Clara County and the City of Morgan Hill are located in a semi-arid Mediterranean type climate which predisposes all fuels to rapid ignition and spread of fire. Hot, dry winds and low humidities are common to all areas within the City of Morgan Hill and

Santa Clara County in general. Winter rains promote the growth of grass and brush. This vegetation presents heavy dry fuel loads in the summer months. These conditions are conducive to the ready ignition, propagation, and spread of grass, brush, and structure fires. These conditions, which can cause small brush fires that spread quickly, are a contributing factor to the high fire danger in the area and create the need for an increased level of fire protection. This added protection will supplement normal fire department response and provide immediate protection for life and safety of multiple occupancy occupants during fire occurrences.

B. Topographic Conditions

The topography of Morgan Hill has hillside homes on each side of the City with long response times for safety equipment. The City's foothills cause many problems for firefighters, including long response times, inadequate water supply, and unlimited fuel. Fog, heavy rains, mud-slides, and earthquakes are ~~other~~ common occurrences which negatively affect the ability of the City's public safety resources to respond to emergency situations. The City is in a Category D seismic activity classification. Many traffic corridors such as Highway 101, Monterey Road, Union Pacific Railroad, related bridges, underpasses, and crossings are subject to obstruction in the event of an earthquake, traffic accident, hazardous material spill, or other disaster.

C. Geographic Conditions

1. Santa Clara County and the City of Morgan Hill are located within the seismically active San Francisco Bay region. The significant earthquakes in the region are generally associated with the crustal movements along well-defined, active fault zones. The nearest known active faults are the San Andreas Fault, approximately 12 miles southwest of Morgan Hill and the Calaveras Fault, approximately one mile northeast. Both faults have produced major earthquakes in the past and have estimated maximum credible Richter magnitudes of 8.3 and 7.3, respectively. The Sargent-Berrocal Fault, a potentially active fault, lies approximately ten miles away and has an estimated maximum credible Richter magnitude of 7.3. The Coyote Creek Fault is located in Morgan Hill and is classified as potentially active as well. In addition, several unnamed faults traverse the western slopes of the upland areas.
2. Regional planning for reoccurrence is recommended by the State Department of Conservation. The October 17, 1989 Santa Cruz earthquake resulted in only one major San Francisco fire in the Marina district but, when combined with the 34 other fires and over 500 responses, the fire department was taxed to its full capabilities. The Marina fire was difficult to contain because mains supplying water to the district burst during the earthquake. If more fires had been ignited by the earthquake, it would have been difficult for the fire department to contain them. Experts predict a major earthquake in our area. This situation creates the need for both additional fire protection measures and automatic on-site fire protection for building occupants since a multitude of fires may result from breakage of gas lines and electric lines as a result of an earthquake.
3. Traffic and circulation congestion presently existing in the City of Morgan Hill often places fire department response time to fire occurrences at risk. This condition will be exacerbated by any major disaster, including any earthquake where damage to the

highway system will occur. This condition makes the need for additional on-site protection for property occupants necessary.

4. The City of Morgan Hill is located in an area subject to ~~a~~ climatic conditions of high winds and low humidity. This combination of events creates an environment which is conducive to rapidly spreading fires. Control of such fires requires rapid response. Obstacles generated by ~~a~~ strong winds, such as fallen trees, street-lights, and utility poles, greatly impact the response time to reach an incident scene.
5. The City of Morgan Hill is located in the middle of a seismically active area. The viability of the public water system would be questionable at best after a major seismic event. A severe seismic event has the potential to negatively impact any rescue or fire suppression activities because it is likely to create obstacles similar to those indicated under the high wind section above. With the probability of strong aftershocks, there exists a need to provide increased protection for anyone on upper floors.
6. The City of Morgan Hill is located approximately sixteen (16) miles from the ocean. The City's typical ground water level is between ten and twenty feet. This condition makes the City more prone to subsidence issues than most inland communities and cities.~~; and~~

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

SECTION 1. Chapter 15.08 (Building Code) of Title 15 (Buildings and Construction) of the Morgan Hill Municipal Code is hereby amended to read (additions in underline, deletions in ~~strikeout~~):

"Chapter 15.08 - BUILDING CODE

Sections:

- 15.08.010** Adoption of the ~~2025~~22 California Building Code and the ~~2025~~22 California Residential Code, and other parts of the State Buildings Standards Code.
- 15.08.020** Short title.
- 15.08.030** Organization, enforcement, fees, and inspections.
- 15.08.040** Additions, amendments, and deletions.
- 15.08.050** Building over utility easements.
- 15.08.060** Section ~~R30913.1~~ and ~~R30913.2~~ amended – Automatic Fire Sprinklers Systems
- 15.08.070** Section 2308.~~106.3~~ and R602.10.4 , amended – Braced wall panel methods (gypsum board and Portland cement plaster).
- 15.08.080** ~~Section 1907.1 and~~ R506.1 amended - Minimum slab provisions.
- 15.08.90** Section J103.2 amended - Exemptions
- 15.08.1090** Violation—Penalty.

15.08.010 - Adoption of the 202~~52~~ California Building Code, the 202~~52~~ California Residential Code and other parts of the State Building Standards Code.

~~There is hereby~~ Thereby adopted by reference that certain code known and designated as the California Code of Regulations, Title 24, Parts 1, 2, 2.5, 3, 4, 5, 6, 7, 8, 10, 11, and 12 as published by the California Building Standards Commission, as further described and including the following:

- 202~~52~~ California Administrative Code (California Code of Regulations Title 24, Part 1).
- 202~~52~~ California Building Code (California Code of Regulations Title 24, Part 2) based on the 202~~41~~ International Building Code; as prepared by the International Code Council, and as amended by the State of California.
- 202~~52~~ California Residential Code (California Code of Regulations Title 24, Part 2.5) based on the 202~~41~~ International Residential Code; as prepared by the International Code Council, and as amended by the State of California.
- 202~~52~~ California Energy Code (California Code of Regulations Title 24, Part 6).
- 2025 California Wildland-Urban Interface Code (California Code of Regulations Title 24, Part 7) based on the 2024 International Wildland-Urban Interface Code; as prepared by the International Code Council, and as amended by the State of California.
- 202~~52~~ California Historical Building Code (California Code of Regulations Title 24, Part 8).
- 202~~52~~ California Existing Building Code (California Code of Regulations Title 24, Part 10) based on the 202~~41~~ International Existing Building Code; as prepared by the International Code Council, and as amended by the State of California.
- 202~~52~~ California Green Building Standards Code (California Code of Regulations Title 24, Part 11).
- 202~~52~~ California Referenced Standards Code (California Code of Regulations Title 24, Part 12).

Such code shall include those sections requiring enforcement by the Morgan Hill Building Department, and, as further amended by the City of Morgan Hill, provisions intended to address local climatic, geologic, and topographic conditions as permitted by state law. Adoption of said code shall include the adoption of Appendices I, and J, including Division II Scope and Administration, contained in the 202~~52~~ California Building Code and Appendices BF, and BHAH, including Division II Scope and Administration of the 202~~52~~ California Residential Code.

Such code shall be and become the City of Morgan Hill Building Code regulating the erection, construction, alteration, repair, relocation, demolition, occupancy, use, height, area, and maintenance of all buildings and structures and certain equipment therein specifically regulated. The provisions of said code shall provide for the issuance of permits and certificates of occupancy, the collection of fees thereof, and penalties for violation of such code.

At least one copy of the City of Morgan Hill Building Code has been deposited in the office of the city building official and is available for public inspection.

15.08.020 - Short title.

This chapter shall be known as the "building code" and may be cited as such.

15.08.030 - Organization, enforcement, fees, and inspections.

The organization, enforcement, fees, and inspections shall comply with the 2025~~2~~ California Building Code. The building official may use the building valuation data from the International Code Council and incorporate a regional cost modifier for determining a "cost per square foot."

15.08.040 - Additions, amendments, and deletions.

The following provisions of the California Building Code and California Residential Code shall be added, amended, or deleted as follows:

- A. The following sections in the California Building Code are amended by this chapter: 2308.6.3, ~~and~~ 1907.1, and J103.2.
- B. The following section in the California Residential Code is amended by this chapter: R3~~0913~~.1, R3~~0913~~.2, R506.1 and R602.10.4.

15.08.050 - Building over utility easements.

It is unlawful for any person, firm, or corporation to erect, construct, or maintain any structure, building, garage, carport, storage shed, or other similar building over or within the boundary of any utility easement. "Utility easement" as used in this section includes any easement for a gas line, water line, storm drainage line, sewer line or buried or overhead electrical or telephone lines.

15.08.060 – Section R3~~0913~~.1 and R3~~0913~~.2 amended—Automatic Fire Sprinkler Systems.

A. Section R3~~0913~~.1 of the 2025~~2~~ California Residential Code, is hereby amended to read in its entirety:

R3~~0913~~.1 Townhouse automatic fire sprinkler systems. An automatic residential fire sprinkler system shall be installed in townhouses.

Exception: An automatic residential fire sprinkler system shall not be required where additions or alterations are made to existing townhouses if the addition does not exceed 1200 square feet or result in a total building area of more than 3600 square feet and an existing automatic residential fire sprinkler system is not installed.

B. Section R3~~0913~~.2 of the 2025~~2~~ California Residential Code is amended to read in its entirety:

R3~~0913~~.2 One- and two-family dwellings automatic fire sprinkler systems. An automatic residential fire sprinkler system shall be installed in one- and two-family dwellings.

Exception:

1. An automatic residential fire sprinkler system shall not be required where additions or alterations are made to existing buildings if the addition does not exceed 1200 square feet or result in a total building area of more than 3600 square feet and an existing automatic residential fire sprinkler system is not installed.

2. Accessory Dwelling Unit, provided that all of the following are met:

2.1. The unit meets the definition of an Accessory Dwelling Unit as defined in the Government Code Section 65852.2.

2.2. The existing primary residence does not have automatic fire sprinklers.

2.3. The accessory detached dwelling unit does not exceed 1,200 square feet in size.

2.4. The unit is on the same lot as the primary residence.

C. Findings. The City of Morgan Hill is located in an area subject to a climatic condition of high winds and low humidity. This combination of events creates an environment which is conducive to rapidly spreading fires. Control of such fires requires rapid response. Obstacles generated by a strong wind, such as fallen trees, street lights, and utility poles, greatly impact the response time to reach an incident scene. This condition makes the requirement for additional on-site protection for property occupants necessary.

15.08.070 - Section 2308.106.3 and R602.10.4 amended—Braced wall panel methods (gypsum board and Portland cement plaster).

A. Section 2308.106.3 of the 2025~~2~~ California Building Code, which allows the use of gypsum board and Portland cement plaster for wall bracing, is hereby amended to read in its entirety:

2308.106.3 Braced wall panel methods

Construction of braced wall panels shall be by one or a combination of the methods in Table 2308.106.3(1). Braced wall panel length shall be in accordance with Section 2308.106.4 or 230108.6.5. The use of Gypsum Board (GB) or Portland Cement Plaster (PCP) type braced wall panels are not allowed.

B. Section R602.10.4 of the 2025~~2~~ California Residential Code, which allows the use of gypsum board and Portland cement plaster for wall bracing, is hereby amended to read in its entirety:

R602.10.4 Construction methods for braced wall panels.

Intermittent and continuously sheathed braced wall panels shall be constructed in accordance with this section and the methods listed in Table R602.10.4. The use of Gypsum Board (GB) or Portland Cement Plaster (PCP) type braced wall panels are not allowed.

C. Findings. The city is in a Category D seismic activity classification. Gypsum wallboard and exterior Portland cement plaster have performed poorly during California seismic events. Shear values for gypsum wallboard and Portland cement plaster contained in the code are based on monodirectional testing. It is appropriate to eliminate the use of these materials until cyclic loading tests are performed and evaluated.

15.08.080 - Section 1907.1 and R506.1 amended—Minimum slab provisions.

~~A.—Section 1907.1 of the 2022 California Building Code is hereby amended to read in its entirety:~~

~~1907.1 General. The thickness of concrete floor slabs supported directly on the ground shall be not less than 3-1/2 inches (89 mm). The slab shall be reinforced with not less than six inches by six inches ten-gauge wire mesh or an approved alternate. A 6-mil (0.006 inch; 0.15 mm) polyethylene vapor retarder with joints lapped not less than 6 inches (152 mm) shall be placed between the base course or subgrade and the concrete floor slab, or other approved equivalent methods or materials shall be used to retard vapor transmission through the floor slab.~~

~~Exception: A vapor retarder is not required:~~

- ~~1. For detached structures accessory to occupancies in Group R-3, such as garages, utility buildings or other unheated facilities.~~
- ~~2. For unheated storage rooms having an area of less than 70 square feet (6.5 m²) and carports attached to occupancies in Group R-3.~~

- ~~3. For buildings of other occupancies where migration of moisture through the slab from below will not be detrimental to the intended occupancy of the building.~~
- ~~4. For driveways, walks, patios and other flatwork that will not be enclosed at a later date.~~
- ~~5. Where approved based on local site conditions.~~

AB. Section R506.1 of the 2025~~2~~ California Residential Code is hereby amended to read in its entirety:

R506.1 General. Concrete slab-on-ground floors shall be designed and constructed in accordance with the provisions of this section or ACI 332. Floors shall be a minimum 3-1/2 inches (89 mm) thick (for expansive soils, see Section R403.1.8). The slab shall be reinforced with not less than six inches by six inches ten-gauge wire mesh or an approved alternate. The specified compressive strength of concrete shall be as set forth in Section R402.2.

BC. Findings. To avoid damage due to soil expansion, shrinkage and seismic activity which causes damage to concrete slab flooring throughout the city, imposing the above requirements eliminates the need for a soils report for some small projects.

15.08.90 – Section J103.2 amended—Exemptions

A. Section J103.2 of the 2025 California Building Code is hereby amended to read in its entirety:

J103.2 Exemptions. A grading permit shall not be required for the following:

1. Grading of less than 50 cubic yards in an isolated, self-contained area, provided that the public is not endangered and that such grading will not adversely affect adjoining properties.
2. Excavation for construction of a structure permitted under this code.
3. Cemetery graves.
4. Refuse disposal sites controlled by other regulations.
5. Excavations for wells, or trenches for utilities.

B. Findings. The eCity includes hillside properties in geological sensitive areas. The valley surface soil is characterized by peculiarly high expansivity and includes properties subject to flooding. The eCity also has water tributaries leading to the San Francisco and Monterey Bays and projects must comply with strict Best Management Practices.

15.08.1090 - Violation.

A. A violation of the code adopted by this chapter occurs when a person:

1. Fails to comply with this code;
2. Violates or fails to comply with any order made under this code;
3. Builds in violation of any detailed statement of specifications or plans submitted and approved thereunder or any certificate or permit issued thereunder and from which no appeal has been taken; or
4. Fails to comply with such an order as affirmed or modified by the city council or by a court of competent jurisdiction, within the time fixed in this chapter.

- B. The imposition of one penalty for any violation shall not excuse the violation or permit it to continue and all such persons shall be required to correct or remedy such violations or defects within a reasonable time.
- C. The application of the above penalty shall not be held to prevent the enforced removal of prohibited conditions.

SECTION 2. Chapter 15.12 (Electrical Code) of Title 15 (Buildings and Construction) of the Morgan Hill Municipal Code is hereby amended to read (additions in underline, deletions in ~~strikeout~~):

"Chapter 15.12 - ELECTRICAL CODE

Sections:

- 15.12.010** **Short title.**
- 15.12.020** **Adoption of the 202~~52~~ California Electrical Code.**
- 15.12.030** **Scope, organization, enforcement, fees, and inspections.**
- 15.12.040** **Violation.**

15.12.010 - Short title.

This chapter shall be known as the "electrical code" and may be cited as such.

15.12.020 - Adoption of the 202~~52~~ California Electrical Code.

There is adopted by reference that certain code known and designated as the California Code of Regulations, Title 24, Part 3, further described and referred to as the 202~~52~~ California Electrical Code published by the California Building Standards Commission and based on the National Electric Code, 202~~30~~ Edition, prepared by the National Fire Protection Association. Adoption of said code shall include those sections and annexes requiring enforcement by the Morgan Hill Building Department and, as further amended by the City of Morgan Hill, provisions intended to address local climatic, geologic, and/or topographic conditions, as permitted by state law. Such code shall be and become the Morgan Hill Electrical Code, regulating and controlling the design, construction, installation, quality of materials, location, operation, and maintenance of electrical systems, equipment, and appliances. The provisions of said Code shall provide for the issuance of permits and collection of fees thereof and penalties for violation of such code.

At least one copy of the eCity electrical code has been deposited in the office of the eCity building official and is available for public inspection.

15.12.030 - Scope, Organization, Enforcement, Fees, And Inspections.

The scope, organization, enforcement, fees, and inspections of the 202~~52~~ California Electrical Code must comply with those set forth in the 202~~52~~ California Building Code and 202~~52~~ California Electrical Code.

15.12.040 - Violation.

- A. A violation of the code adopted by this chapter occurs when a person:
 - 1. Fails to comply with this code;

2. Violates or fails to comply with any order made under this code;
 3. Builds in violation of any detailed statement of specifications or plan submitted and approved thereunder or any certificate or permit issued thereunder and from which no appeal has been taken; or
 4. Fails to comply with such an order as affirmed or modified by the city council or by a court of competent jurisdiction, within the time fixed in this chapter.
- B. Such person shall be liable severally and for each and every violation and noncompliance respectively.
- C. The imposition of one penalty for any violation shall not excuse the violation or permit it to continue and all such persons shall be required to correct or remedy such violations or defects within a reasonable time.
- D. The application of the above penalty shall not be held to prevent the enforced removal of prohibited conditions.

SECTION 3. Chapter 15.14 (Mechanical Code) of Title 15 (Buildings and Construction) of the Morgan Hill Municipal Code is hereby amended to read (additions in underline, deletions in ~~strikeout~~):

"Chapter 15.16 - MECHANICAL CODE

Sections:

- 15.16.010** **Short title.**
- 15.16.020** **Adoption of the 202~~5~~² California Mechanical Code.**
- 15.16.030** **Scope, organization, enforcement, fees, and inspections.**
- 15.16.040** **Violation—Penalty.**

15.16.010 - Short title.

This chapter shall be known as the "mechanical code" and may be cited as such.

15.16.020 - Adoption of the 202~~5~~² California Mechanical Code.

There is hereby adopted by reference that certain code known and designated as the California Code of Regulations, Title 24, Part 4, further described and referred to as the 202~~5~~² California Mechanical Code published by the California Building Standards Commission and based on the Uniform Mechanical Code; 202~~4~~¹ Edition, prepared by the International Association of Plumbing and Mechanical Officials. The adoption of said Code shall include those sections requiring enforcement by the Morgan Hill Building Department. Such code shall be and become the Morgan Hill Mechanical Code, regulating heating, ventilating, comfort cooling, refrigeration systems, and other miscellaneous heating appliances, prescribing conditions under which such work may be performed within the city, and providing for the issuance of permits and the collection of fees therefore and penalties for violation of such code.

At least one copy of the city mechanical code has been deposited in office of the city building official and is available for public inspection.

15.16.030 - Scope, organization, enforcement, fees, and inspections.

The scope, organization, enforcement, fees, and inspections of the California Mechanical Code must comply with those set forth in the 202~~52~~ California Building Code and the 202~~52~~ California Mechanical Code.

15.16.040 - Violation.

- A. A violation of the code adopted by this chapter occurs when a person:
 - 1. Fails to comply with this code;
 - 2. Violates or fails to comply with any order made under this code;
 - 3. Builds in violation of any detailed statement of specifications or plans submitted and approved thereunder or any certificate or permit issued thereunder and from which no appeal has been taken; or
 - 4. Fails to comply with such an order as affirmed or modified by the city council or by a court of competent jurisdiction, within the time fixed in this chapter.
- B. Such person shall be liable severally, and for each and every such violation and noncompliance respectively.
- C. The imposition of one penalty for any violation shall not excuse the violation or permit it to continue and all such persons shall be required to correct or remedy such violations or defects within a reasonable time.
- D. The application of the above penalty shall not be held to prevent the enforced removal of prohibited conditions.

SECTION 4. Chapter 15.20 (Plumbing Code) of Title 15 (Buildings and Construction) of the Morgan Hill Municipal Code is hereby amended to read (additions in underline, deletions in ~~strikeout~~):

"Chapter 15.20 - PLUMBING CODE

Sections:

- 15.20.010** Short title.
- 15.20.020** Adoption of the 202~~52~~ California Plumbing Code.
- 15.20.030** Scope, organization, fees, and inspections.
- 15.20.040** Amendments and deletions.
- 15.20.050** Section 604.3 amended--Copper tube.
- 15.20.060** Sections 609.3 amended-- Under concrete slab.
- 15.20.070** Violation-Penalty.

15.20.010 - Short title.

This chapter shall be known as the "plumbing code" and may be cited as such.

15.20.020 - Adoption of the 202~~52~~ California Plumbing Code.

There is hereby adopted by reference that certain code known and designated as the California Code of Regulations, Title 24, Part 5, further described and referred to as the 202~~52~~ California Plumbing Code published by the California Building Standards Commission and

based on the Uniform Plumbing Code, 202~~41~~ Edition, prepared by the International Association of Plumbing and Mechanical Officials. The adoption of said code shall include those sections requiring enforcement by the local building department as mandated by the State and as further amended by the City of Morgan Hill with provisions intended to address local climatic, geologic, and topographic conditions, as permitted by state law. Such code shall be and become the Morgan Hill Plumbing Code, regulating plumbing and drainage systems, house sewers, private sewage disposal, drainage systems, and prescribing conditions under which such work may be carried on within the city and providing for the issuance of permits and the collection of fees therefore.

At least one copy of the city plumbing code has been deposited in the office of the city building official and is available for public inspection.

15.20.030 - Scope, organization, fees, and inspections.

The scope, organization, enforcement, fees, and inspections of the California Plumbing Code must comply with those set forth in the 202~~52~~ California Building Code and 202~~52~~ California Plumbing Code.

15.20.040 - Amendments and deletions.

The following provisions of the 202~~52~~ California Plumbing Code shall be amended or deleted:

A. The following sections of the California Plumbing Code are amended by this chapter: 604.3 and 609.3.

15.20.050 - Section 604.3 amended—Copper tube.

A. Section 604.3 of the 202~~52~~ California Plumbing Code is hereby amended to read in its entirety:

604.3 Copper or Copper Alloy Tube. Copper or copper alloy tube for potable water piping shall have a weight of not less than type "L."

Exceptions: None

B. Finding. Due to water hardness in the city, type "L" copper shall be required.

15.20.060 - Sections 609.3 amended—Under concrete slab.

A. Section 609.3 of the 202~~52~~ California Plumbing Code is hereby amended to read in its entirety:

609.3 Under Concrete Slab. Water piping shall not be installed directly in or under a concrete floor slab within a building without prior approval of the Building Official.

B. Findings.

1. Most of the surface soils in Morgan Hill are relatively young and unconsolidated sedimentary materials formed from a wide variety of parent materials. The varying chemical composition, degree of weathering, and the relatively acid environment have created soils of varying types, which are peculiarly corrosive in nature.
2. Much of the surface soil in Morgan Hill is characterized by peculiarly high expansivity (i.e., shrink-swell behavior) and low bearing strength. There are two types of expansive soils in the area:

- a. The organic silty clays which are the recent bay muds; and
 - b. The plastic silty clays which weather from the shale found in the hills surrounding Santa Clara Valley.
3. The local climate is characterized by markedly delineated rainy and dry seasons, which tend to maximize the volume changes occurring within the soil.
 4. Areas of the city have hard water, which may be corrosive to ferrous pipe.
 5. The groundwater table is unusually high in many places.
 6. Morgan Hill is a seismically active region.

15.20.070 - Violation.

- A. A violation of the code adopted by this chapter occurs when a person:
 1. Fails to comply with this code;
 2. Violates or fails to comply with any order made under this code;
 3. Builds in violation of any detailed statement of specifications or plans submitted and approved thereunder or any certificate or permit issued thereunder and from which no appeal has been taken; or
 4. Fails to comply with such an order as affirmed or modified by the city council or by a court of competent jurisdiction, within the time fixed in this chapter.
- B. Such person shall be liable severally and for each and every such violation and noncompliance respectively.
- C. The imposition of one penalty for any violation shall not excuse the violation or permit it to continue and all such persons shall be required to correct or remedy such violations or defects within a reasonable time.
- D. The application of the above penalty shall not be held to prevent the enforced removal of prohibited conditions.

SECTION 5. Chapter 15.44 (Fire Code) of Title 15 (Buildings and Construction) of the Morgan Hill Municipal Code is hereby amended to read (additions in underline, deletions in ~~strikeout~~):

"Chapter 15.44 FIRE CODE

Sections:

- 15.44.010** Adoption of the 202~~5~~² California Fire ~~Code~~and 2021 International Fire Codes.
- 15.44.015** Adoption of appendix chapters
- 15.44.020** Short title; International Fire Code and California Fire Code Defined.
- 15.44.030** Establishment and duties of the bureau of fire prevention.
- 15.44.040** Modification of provisions by chief.
- 15.44.050** Establishment of limits of districts.
- 15.44.060** Additions, amendments, and deletions.
- 15.44.070** Scope and general requirements.

- 15.44.080 Chapter 2 - Definitions.
- 15.44.090 Chapter 5 – Fire Service Features.
- ~~15.44.100 Chapter 6 – Electrical Equipment, Wiring and Hazards.~~
- 15.44.1010 Chapter 9 – Fire Protection Systems.
- 15.44.1120 Chapter 33 - Fire Safety During Construction and Demolition.
- ~~15.44.130 Chapter 49 – Requirements for Wildland-Urban Interface Fire Areas.~~
- 15.44.1240 Chapter 50 - Hazardous Materials - General Provisions.
- 15.44.1350 Chapter 56 – Explosives and Fireworks.
- 15.44.1460 Chapter 57 – Flammable and Combustible Liquids.
- 15.44.1570 Chapter 58 – Flammable Gases and Flammable Cryogenic Fluids.
- ~~15.44.180 Chapter 64 – Pyrophoric Materials.~~
- 15.44.1690 Appendix C.
- 15.44.17200 Violation.

15.44.010 - Adoption of the 202~~52~~ California Fire Code.

There is hereby adopted by reference that certain code known and designated as the California Code of Regulations, Title 24, Part 9, further described and referred to as the 202~~52~~ California Fire Code published by the California Building Standards Commission and based on the International Fire Code;, 202~~41~~ Edition, prepared by the International Code Council, including Appendix Chapters B and C, save and except such portions as are hereinafter deleted, modified, or amended by this chapter. Such code shall be and become the Morgan Hill Fire Code, regulating and governing the safeguarding of life and property from fire and explosion hazards arising from the storage, handling, and use of hazardous substances, materials, and devices, and from conditions hazardous to life or property in the occupancy of buildings and premises in the City of Morgan Hill.

One (1) copy of the code shall be kept on file at all times in the office of the city building official and the administrative offices of the Morgan Hill Fire Department for use and examination by the public.

15.44.015 - Adoption of appendix chapters.

The following Appendix Chapters from the 202~~52~~ California Fire Code are hereby adopted:

Appendix B: Fire Flow Requirements for Buildings.

Appendix C: Fire Hydrant Locations and Distribution.

Appendix D: Fire Apparatus Access Roads

~~Appendix K: Temporary Haunted Houses, Ghost Walks and Similar Amusement Uses.~~

15.44.020 - Short Title; International Fire Code and California Fire Code Defined.

This chapter shall be known as the "Fire Code" and may be cited as such. Whenever the phrase "International Fire Code" appears in this code or any ordinance of the city, such phrase shall be deemed and construed to refer to and apply to the International Fire Code, 202~~41~~ Edition, as adopted and amended by this chapter. Whenever the phrase "California Fire Code" appears in this code or any ordinance of the city, such phrase shall be deemed and construed to refer to and apply to the 202~~52~~ California Fire Code, as adopted and amended by this chapter. Sections amended or modified in this chapter shall refer to the sections of the California Fire Code unless otherwise specified.

15.44.030 - Establishment and duties of bureau of fire prevention.

The California Fire Code and International Fire Code shall be enforced by the bureau of fire prevention in the Morgan Hill Fire Department, which shall be operated under the supervision of the chief of the fire department.

15.44.040 - Modification of provisions by chief.

- A. The Chief of the Morgan Hill Fire Department shall have power to modify any of the provisions of the fire code upon application in writing by the owner or lessee, or their duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the codes, provided that the spirit of the codes shall be observed, public safety secured, and substantial justice done.
- B. The particulars of such modification, when granted or allowed, and the decision of the chief shall be entered in the records of the fire department and a signed copy shall be furnished to the applicant for modification.

15.44.050 - Establishment of limits of districts.

- A. Storage of stationary tanks of flammable cryogenic fluids are to be prohibited. The limits referred to in Section 5806.2 of the 202~~52~~ California Fire Code, in which the storage of flammable cryogenic fluids in stationary containers is prohibited, are hereby established as to all locations of the City of Morgan Hill which are residential and congested commercial areas as determined by the fire code official.
- B. Storage of Class I and II liquids in outside aboveground tanks is prohibited. The limits referred to in Section 5704.2.9.6.1 of the 202~~52~~ California Fire Code, in which the storage of flammable or combustible liquids in aboveground tanks is prohibited, are hereby established as to all locations of the City of Morgan Hill that are residential or congested commercial areas as determined by the fire code official.
- C. Storage of Class I and II liquids in aboveground tanks is prohibited. The limits referred to in Section 5706.2.4.4 of the 202~~52~~ California Fire Code, in which the storage of flammable or combustible liquids in aboveground tanks is prohibited, are hereby established as to all locations of the City of Morgan Hill that are residential or other locations as determined by the fire code official.
- D. Storage of liquefied petroleum gases ("LPG") is prohibited. The limits referred to in Section 6104.2 of the 202~~52~~ California Fire Code, in which storage of liquefied petroleum gas is restricted, are hereby established as to all locations of the City of Morgan Hill that are residential or congested commercial areas as determined by the fire code official.

Exceptions: LPG may be used for industrial operations or when natural gas is not available or would not provide a viable substitute for LPG. Portable containers for temporary heating and/or cooking uses may be permitted if stored and handled in accordance with this code. Facilities in commercial areas for refueling portable or mobile LPG containers may be approved by the fire code official on a case by case basis.

15.44.060 - Additions, amendments, and deletions.

- A. In accordance with California Health and Safety Code Section 17958.7, certain modifications to the California Fire Code as set forth in this Chapter are reasonably necessary because of local climatic, geologic, or topographical conditions.
- B. Climatic Conditions

Santa Clara County and the City of Morgan Hill are located in a semi-arid Mediterranean type climate which predisposes all fuels to rapid ignition and spread of fire. Hot, dry winds, and low humidities, are common to all areas within the City of Morgan Hill and Santa Clara County in general. Winter rains promote the growth of grass and brush. This vegetation presents heavy dry fuel loads in the summer months. These conditions are conducive to the ready ignition, propagation and spread of grass, brush and structure fires. These conditions, which can cause small brush fires which spread quickly, are a contributing factor to the high fire danger in the area, and create the need for an increased level of fire protection. This added protection will supplement normal fire department response available and provide immediate protection for life and safety of multiple occupancy occupants during fire occurrences.

C. Topographic Conditions

The topography of Morgan Hill has hillside homes on each side of the city with long response times for safety equipment. The eCity foothills cause many problems for firefighters, including long response times, inadequate water supply and unlimited fuel. Fog, heavy rains, mud-slides and earthquakes are other common occurrences which negatively affect the ability of the city's public safety resources to respond to emergency situations. The City is in a Category D seismic activity classification. Many traffic corridors such as Highway 101 and Monterey Road, Southern Pacific Railroad, related bridges, underpasses and crossings are subject to obstruction in the event of an earthquake, traffic accident, hazardous material spill or other disaster.

D. Geographic Conditions

1. Santa Clara County and the City of Morgan Hill are located within the seismically active San Francisco Bay region. The significant earthquakes in the region are generally associated with the crustal movements along well-defined, active fault zones. The nearest known active faults are the San Andreas Fault, approximately 12 miles southwest of Morgan Hill, and the Calaveras Fault, approximately 1 mile northeast. Both faults have produced major earthquakes in the past, and have estimated maximum credible Richter magnitudes of 8.3 and 7.3, respectively. The Sargent-Berrocal Fault, a potentially active fault, lies approximately 10 miles away and has an estimated maximum credible Richter magnitude of 7.3. The Coyote Creek Fault is located in Morgan Hill and is classified as potentially active as well. In addition, several unnamed faults traverse the western slopes of the upland areas.
2. Regional planning for reoccurrence is recommended by the State of California, Department of Conservation. The October 17, 1989, Santa Cruz earthquake resulted in only one major San Francisco fire in the Marina district, but when combined with the 34 other fires and over 500 responses, the department was taxed to its full capabilities. The Marina fire was difficult to contain because mains supplying water to the district burst during the earthquake. If more fires had been ignited by the earthquake, it would have been difficult for the fire department to contain them. Experts predict a major earthquake in our area within the next 50 years. This situation creates the need for both additional fire protection measures and automatic

on-site fire protection for building occupants since a multitude of fires may result from breakage of gas lines and electric lines as a result of an earthquake.

3. Traffic and circulation congestion presently existing in the City of Morgan Hill often places fire department response time to fire occurrences at risk. This condition will be exacerbated by any major disaster, including any earthquake where damage to the highway system will occur. This condition makes the need for additional on-site protection for property occupants necessary.
4. The City of Morgan Hill is located in an area subject to a climatic condition of high winds and low humidity. This combination of events creates an environment which is conducive to rapidly spreading fires. Control of such fires requires rapid response. Obstacles generated by a strong wind, such as fallen trees, street lights and utility poles greatly impact the response time to reach an incident scene.
5. The City of Morgan Hill is located in the middle of a seismically active area. The viability of the public water system would be questionable at best after a major seismic event. A severe seismic event has the potential to negatively impact any rescue or fire suppression activities because it is likely to create obstacles similar to those indicated under the high wind section above. With the probability of strong aftershocks, there exists a need to provide increased protection for anyone on upper floors.
6. The City of Morgan Hill is located approximately sixteen (16) miles from the ocean. The City's typical ground water level is between ten (10) and twenty (20) feet. This condition makes the City more prone to subsidence issues than most inland communities.

15.44.070– Scope and general requirements.

A. Section 101.1 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:

[A] 101.1 Title. These regulations shall be known as *the Fire Code* of Morgan Hill, hereinafter referred to as "this code."

15.44.80- Chapter 2—Definitions.

A. The following definitions in Section 202 of the 202~~52~~ California Fire Code is hereby added to read:

CORROSIVE LIQUID.

Corrosive liquid is

- 1) any liquid which, when in contact with living tissue, will cause destruction or irreversible alteration of such tissue by chemical action; or
- 2) any liquid having a pH of 2 or less or 12.5 or more; or
- 3) any liquid classified as corrosive by the U.S. Department of Transportation; or
- 4) any material exhibiting the characteristics of corrosivity in accordance with Title 22, California Code of Regulations §66261.22.

MODERATELY TOXIC GAS. A chemical or substance that has a median lethal concentration (LC50) in air more than 2000 parts per million but not more than 5000 parts per million by volume of gas or vapor, when administered by continuous inhalation for an hour, or less if death occurs within one hour, to albino rats weighing between 200 and 300 grams each.

HEALTH HAZARD-OTHER. A hazardous material which affects target organs of the body, including but not limited to, those materials which produce liver damage, kidney damage, damage to the nervous system, act on the blood to decrease hemoglobin function, deprive the body tissue of oxygen or affect reproductive capabilities, including mutations (chromosomal damage), sensitizers or teratogens (effect on fetuses).

SECONDARY CONTAINMENT. Secondary containment is that level of containment that is external to and separate from primary containment and is capable of safely and securely containing the material, without discharge, for a period of time reasonably necessary to ensure detection and remedy of the primary containment failure.

SPILL CONTROL. That level of containment that is external to and separate from the primary containment and is capable of safely and securely containing the contents of the largest container and prevents the materials from spreading to other parts of the room.

WORKSTATION. A defined space or an independent principal piece of equipment using flammable or unstable (Class 3 or 4 as ranked by NFPA 704) hazardous materials where a specific function, laboratory procedure or research activity occurs. Approved or listed hazardous materials storage cabinets, flammable liquid storage cabinets, or gas cabinets serving a workstation are included as part of the workstation. A workstation is allowed to contain ventilation equipment, fire protection devices, detection devices, electrical devices and other processing and scientific equipment.

15.44.90 - Chapter 5—Fire Service Features.

A. Section 503.1 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:

503.1 Where required. Fire apparatus access roads shall be provided and maintained ~~in accordance~~in accordance with Sections 503.1.1 through 503.1.3 and in accordance with Appendix D and comply with the Fire Department ~~Access Road~~ Standard Details and Specifications.

B. Section 503.2.1 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:

503.2.1 Dimensions. Fire apparatus access roads shall have an unobstructed width of not less than 20 feet (6096 mm) for engines, and 26 feet (7925 mm) for aerial fire apparatus exclusive of shoulders, except for approved gates or barricades in accordance with Sections 503.5.1 and 503.6. The unobstructed vertical clearance shall be a minimum of 13 feet 6 inches (4115 mm), or as determined by the fire code official.

C. Section 503.2.4 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:

503.2.4 Turning radius. The required turning radius of a fire apparatus access road shall be a minimum of 30 feet (9144 mm) inside, and a minimum of 50 feet (15240 mm) outside.

- D. Section 503.2.7 of the 202~~5~~2 California Fire Code is hereby amended to read in its entirety:

503.2.7 Grade. The maximum grade of a fire apparatus access road shall not exceed 15-percent, unless approved by the fire code official

- E. Section 503.5 of the 202~~5~~2 California Fire Code is hereby amended to read in its entirety:

503.5 Required gates or barricades. The fire code official is authorized to require the installation and maintenance of gates or other approved barricades across fire apparatus access roads, trails, or other accessways, not including the public streets, alleys, or highways. The minimum width shall be 12 feet (4268 mm) for single-family dwellings and 20 feet (6096 mm) for all others. Electric gate operators, where provided shall be listed in accordance with UL 325. Gates intended for automatic operation shall be designed, constructed, and installed to comply with the requirements of ASTM F2200

- F. Section 503.6 of the 202~~5~~2 California Fire Code is hereby amended to read in its entirety:

503.6 Security gates. The installation of security gates across a fire apparatus access road shall be approved by the fire code official. Where security gates are installed, they shall have an approved means of emergency operation. The security gates and the emergency operation shall be maintained operational at all times. Electric gate operators, where provided, shall be listed in accordance with UL 325. Gates intended for automatic operation shall be designed, constructed and installed to comply with the requirements of ASTM F2200. The minimum width shall be 12 feet (4268 mm) for single-family dwellings and 20 feet (6096 mm) for all others.

- ~~G. Section 504.5 is hereby added to read:~~

~~504.5 Access control devices. When access control devices including bars, grates, gates, electric or magnetic locks or similar devices, which would inhibit rapid fire department emergency access to within and throughout the building, are installed, such devices shall be approved by the fire code official. All electrically powered access control devices shall be provided with an approved means for deactivation or unlocking from a single location or otherwise approved by the fire code official. Access control devices must also comply with Chapter 10.~~

~~15.44.100 – Chapter 6 – Building Services and Systems.~~

- ~~A. Section 605.5 of the 2022 California Fire Code is hereby amended to read in its entirety:~~

~~605.5 Portable unvented heaters. Portable unvented fuel-fired heating equipment shall be prohibited in occupancies in Groups A, B, E, I, R-1, R-2, R2.1, R2.2, R-3, R3.1 and R-4 and ambulatory care facilities.~~

~~Exceptions:~~

~~1. Portable unvented fuel-fired heaters listed in accordance with UL 647 are permitted to be used in one and two family dwellings, where operated and maintained in accordance with the manufacturer's instructions.~~

~~2. Portable outdoor gas-fired heating appliances in accordance with Section 605.5.2.~~

~~B. Section 605.5.2.1.1 of the 2022 California Fire Code is hereby amended to read in its entirety:~~

~~605.5.2.1.1 Prohibited locations. The storage or use of portable outdoor gas-fired heating appliances is prohibited in any of the following locations:~~

~~1. Inside of any occupancy where connected to the fuel gas container.~~

~~2. Inside of tents, canopies and membrane structures.~~

~~3. On exterior balconies and rooftops.~~

~~C. Section 603.11 of the 2022 California Fire Code is hereby added to read:~~

~~603.11 Immersion heaters. All electrical immersion heaters used in dip tanks, sinks, vats and similar operations shall be provided with approved over-temperature controls and low liquid level electrical disconnects. Manual reset of required protection devices shall be provided.~~

15.44.1010 - Chapter 9—Fire Protection Systems.

A. Section 903.2 of the 2022~~52~~ California Fire Code is hereby amended to read in its entirety:

903.2 Where required. Approved automatic sprinkler systems in new and existing buildings and structures shall be provided in the locations described in this Section or in Sections 903.2.1 through 903.2.12 and Sections 903.2.14 through 903.2.21 , whichever is the more restrictive. For the purposes of this section, firewalls and fire barriers used to separate building areas shall be constructed in accordance with the California Building Code and shall be without openings or penetrations.

1. An automatic sprinkler system shall be provided throughout all new buildings and structures, other than Group R occupancies, greater than 1,200 square feet of building area.

Exceptions:

a. Group S-2 or U occupancies, including photovoltaic support structures, used exclusively for vehicle parking which meet all of the followings:

i. Noncombustible construction;

ii. Maximum building areas not to exceed 5,000 square feet;

iii. Structure is open on three (3) or more sides; and

iv. Minimum of 10 feet separation from property line and existing buildings, or similar structures, unless area is separated by fire walls.

2. An automatic sprinkler system shall be installed throughout all new buildings with a Group R fire area.

Exception:

a. Accessory Dwelling Unit (ADU), provided that all of the following are met:

- i. The unit meets the definition of an Accessory Dwelling Unit as defined in the Government Code Section 65852.2.
- ii. The existing primary residence does not have automatic fire sprinklers.
- iii. The accessory detached dwelling unit does not exceed 1,200 square feet in size.
- iv. The unit is on the same lot as the primary residence.
- v. The unit meets all apparatus access and water supply requirements of Chapter 5 and Appendix B of the 20252 California Fire Code

3. An automatic sprinkler system shall be provided throughout existing Group A, B, E, F, I, L, M, R, S and U buildings and structures, when additions are made that increase the building area by more than 1,200 square feet or where the resulting area exceeds 3,600 square feet.
4. An automatic sprinkler system shall be provided throughout all new basements regardless of size and throughout existing basements that are expanded by more than 50%.
5. Any change in the character of occupancy or in use of any building which, in the opinion of the City fire code official or building official, would place the building into a more hazardous division of the same occupancy group or into a different group of occupancies and constitutes a greater degree of life safety ¹ or increased fire risk ², shall require the installation of an approved fire automatic fire sprinkler system.

¹ Life Safety—Increased occupant load, public assembly areas, public meeting areas, churches, indoor amusement attractions, buildings with complex exiting systems due to increased occupant loads, large schools/daycare facilities, large residential care facilities with non ambulatory.

² Fire Risks—High-piled combustible storage, woodworking operations, hazardous operations using hazardous materials, increased fuel loads (storage of moderate to highly combustible materials), increased sources of ignition (welding, automotive repair with use of flammable liquids and open flames).

~~C.—Section 909.22.1 of the 2022 California Fire Code is hereby amended to read in its entirety:~~

~~909.22.1 Schedule. A routine maintenance and operational testing program shall be initiated immediately after the smoke control system has passed the acceptance tests. A written schedule for routine maintenance and operational testing shall be established and both shall occur at least annually.~~

15.44.1120 - Chapter 33—Fire Safety During Construction and Demolition.

A. Section 330711.1 is hereby added to read:

330711.1 Required Fire Department Access Roadways: All construction sites shall be accessible by fire department apparatus by means of roadways having an all-weather driving service of not less than 20ft. of unobstructed width. The roads shall have the ability to withstand the live loads of a 75,000 pound fire apparatus, and have a minimum 13ft. 6 in. of

vertical clearance. Dead end fire access roads in excess of 150 ft. in length shall be provided with approved turnarounds.

When approved by the Fire Code Official, temporary access roadways may be utilized until such time that the permanent roadways are installed. As a minimum, the roadway shall consist of a compacted sub base and eight (8") inches of road base material (Class 2 aggregate base rock) both compacted to a minimum 95%. The perimeter edges of the roadway shall be contained and delineated by curb and gutter or other approved method. The use of geotextile reinforcing fabric underlayment or soils lime-treatment may be required if so determined by the project civil engineer. Provisions for surface drainage shall also be provided where necessary. The integrity of the roadway shall be maintained at all times.

~~15.44.130 – Chapter 49 – Requirements for Wildland-Urban Interface Fire Areas.~~

~~A. Section 4901.3 and 4901.4 are hereby added to read:~~

~~4901.3 Where applicable. These requirements shall apply to all areas within the City of Morgan Hill as set forth and delineated on the map entitled "Wildland-Urban Interface Fire Area" which map and all notations, references, data and other information shown thereon are hereby adopted and made a part of this Chapter. The map properly attested, shall be on file in the Office of the City Clerk.~~

~~4901.4 Exemptions. These requirements shall not apply to any land or water area acquired or managed for one or more of the following purposes or uses:~~

~~(1) Habitat for endangered or threatened species, or any species that is a candidate for listing as an endangered or threatened species by the state or federal government.~~

~~(2) Lands kept in a predominantly natural state as habitat for wildlife, plant, or animal communities.~~

~~— (3) Open space lands that are environmentally sensitive parklands.~~

~~— (4) Other lands having scenic values, as declared by the local agency, or by state or federal law.~~

~~B. Section 4906.1.1, 4906.1.2, 4906.1.3 and 4906.1.4 are hereby added to read:~~

~~4906.1.1 Hazardous vegetation and fuels shall be managed to reduce the severity of potential exterior wildfire exposure to buildings, to reduce the risk of fire spreading to buildings, and provide for safe access for emergency wildland fire equipment and civilian evacuation concurrently, as required by applicable laws and standards.~~

~~4906.1.2 Maintenance required. Maintenance is required to ensure conformance with these standards and measures, and to assure continued availability, access, and utilization, of the defensible space during a wildfire.~~

~~4906.1.3 Additional measures. No person subject to these regulations shall permit any fire hazard, as defined in this chapter, to exist on premises under their control, or fail to take immediate action to abate a fire hazard when requested to do so by the enforcing agency.~~

~~4906.1.4 Exemption. For the purposes of this chapter, vegetation removal or management, undertaken in whole or in part, for fire prevention or suppression purposes shall not be deemed to alter the natural condition of public property.~~

~~C. Section 4907.3 of the 2022 California Fire Code is amended to read in its entirety:~~

~~4907.3 Requirements. Hazardous vegetation and fuels around all buildings, roads, driveways, and structures shall be maintained in accordance with the following laws and regulations:~~

- ~~1. Public Resources Code, Sections 4291 through 4296.~~
- ~~2. California Code of Regulations, Title 14, Division 1.5, Chapter 7, Subchapter 3, Article 3, Section 1299.03.~~
- ~~3. California Government Code, Sections 51175 – 51189.~~
- ~~4. California Code of Regulations, Title 19, Division 1, Chapter 7, Subchapter 1, Section 3.07.~~
- ~~5. Any local ordinance of the City of Morgan Hill~~

15.44.1240 - Chapter 50—Hazardous Materials—General Provisions.

A. Section 5001.2.2.2 of the 202~~5~~² California Fire Code is hereby amended to read in its entirety:

5001.2.2.2 Health hazards. The material categories listed in this section are classified as health hazards. A material with a primary classification as a health hazard can also pose a physical hazard.

1. Highly toxic and toxic materials.
2. Corrosive materials.
3. Moderately toxic gas.
4. Health hazards-Other.

~~B. Section 5003.1.3.1 is hereby added to read:~~

~~5003.1.3.1 Toxic, highly Toxic, moderately toxic gases and similarly used or handled materials. The storage, use and handling of toxic, highly toxic and moderately toxic gases in amounts exceeding Table 6004.2.1.4 shall be in accordance with this Chapter and Chapter 60. Any toxic, highly toxic or moderately toxic material that is used or handled as a gas or vapor shall be in accordance with the requirements for toxic, highly toxic or moderately toxic gases.~~

~~C. Section 5003.1.5 is hereby added to read:~~

~~5003.1.5 Health hazards-Other. The storage, use and handling of materials classified as other health hazards including carcinogens, irritants and sensitizers in amounts exceeding 810 cubic feet for gases, 55 gallons for liquids and 5,000 pounds for solids shall be in accordance with this Section 5003.~~

~~E. Section 5003.1.6 is hereby added to read:~~

~~5003.1.6 Additional Spill Control and Secondary Containment Requirements. In addition to the requirements set forth in Section 5004.2. An approved containment system is required for any quantity of hazardous materials that are liquids or solids at normal temperature, and pressure (NTP) where a spill is determined to be a plausible event and where such an event~~

~~would endanger people, property or the environment. The approved containment system may be required to include a combination of spill control and secondary containment meeting the design and construction requirements set forth in Section 5004.2.~~

BD. Section 5003.2.2.1 of the 2025~~2~~ California Fire Code is hereby amended to read in its entirety:

5003.2.2.1 Design and construction. Piping, tubing, valves, fittings and related components used for hazardous materials shall be in accordance with the following:

1. Piping, tubing, valves, fittings, and related components shall be designed and fabricated from materials compatible with the material to be contained and shall be of adequate strength and durability to withstand the pressure, structural and seismic stress, and exposure to which they are subject.
2. Piping and tubing shall be identified in accordance with ASME A13.1 and Santa Clara County Fire Chiefs Marking Requirements and Guidelines for Hazardous Materials and Hazardous Waste to indicate the material conveyed.
3. Readily accessible manual valves or automatic remotely activated fail-safe emergency shutoff valves shall be installed on supply piping and tubing at the following locations:
 - 3.1 The point of use.
 - 3.2 The tank, cylinder or bulk use.
4. Manual emergency shutoff valves and controls for remotely activated emergency shutoff valves shall be identified and the location shall be clearly visible accessible and indicated by means of a sign.
5. Backflow prevention or check valves shall be provided when the backflow of hazardous materials could create a hazardous condition or cause the unauthorized discharge of hazardous materials.
6. Where gases or liquids having a hazard ranking of Health hazard Class 3 or 4, Flammability Class 4, or Reactivity Class 4 in accordance with NFPA 704 are carried in pressurized piping above 15 pounds per square inch gauge (psig)(103 Kpa), an approved means of leak detection, emergency shutoff and excess flow control shall be provided. Where the piping originates from within a hazardous material storage room or area, the excess flow control shall be located within the storage room or area. Where the piping originates from a bulk source, the excess flow control shall be located as close to the bulk source as practical.

Exceptions:

1. Piping for inlet connections designed to prevent backflow.
2. Piping for pressure relief devices.

7. Secondary containment or equivalent protection from spills shall be provided for piping for liquid hazardous materials and for highly toxic and toxic corrosive gases above threshold quantities listed in Tables 6004.2.1.4. Secondary containment includes but is not limited to double walled piping.

Exceptions:

1. Secondary containment is not required for toxic corrosive gases if the piping is constructed of inert materials.
2. Piping under sub-atmospheric conditions if the piping is equipped with an alarm and fail-safe-to-close valve activated by a loss of vacuum.
8. Expansion chambers shall be provided between valves whenever the regulated gas may be subjected to thermal expansion. Chambers shall be sized to provide protection for piping and instrumentation and to accommodate the expansion of regulated materials.

~~C.E.~~ Section 5003.2.2.2 of the 2025~~2~~ California Fire Code is hereby amended to read in its entirety:

5003.2.2.2 Additional regulation for supply piping for health hazard materials. Supply piping and tubing for gases and liquids having a health hazard ranking of 3 or 4 shall be in accordance with ASME B31.3 and the following:

1. Piping and tubing utilized for the transmission of toxic, highly toxic, or highly volatile corrosive liquids and gases shall have welded, or brazed connections throughout except for connections within an exhausted enclosure if the material is a gas, or an approved method of drainage or containment is provided for connections if the material is a liquid.
2. Piping and tubing shall not be located within corridors, within any portion of a means of egress required to be enclosed in fire-resistance-rated construction or in concealed spaces in areas not classified as Group H Occupancies.
3. All primary piping for toxic, highly toxic and moderately toxic gases shall pass a helium leak test of 1×10^{-9} cubic centimeters/second where practical, or shall pass testing in accordance with an approved, nationally recognized standard. Tests shall be conducted by a qualified "third party" not involved with the construction of the piping and control systems.

~~F.~~ Section 5003.5.2 is hereby added to read:

5003.5.2 Ventilation ducting. Ducts venting hazardous materials operations shall be labeled with the hazard class of the material being vented and the direction of flow.

~~G.~~ Section 5003.5.3 is hereby added to read:

5003.5.3 "H" occupancies. In "H" occupancies, all piping and tubing may be required to be identified when there is any possibility of confusion with hazardous materials transport tubing or piping. Flow direction indicators are required.

~~H.~~ Section 5003.4.10.4.3 of the 2022 California Fire Code is hereby amended to read in its entirety:

5003.10.4.3 Highly toxic, toxic, and moderately toxic, gases shall be limited to a container of a maximum water capacity of 1 lb.

~~D.I.~~ Section 5004.2.1 of the 2025~~2~~ California Fire Code is hereby amended to read in its entirety:

5004.2.1 Spill control for hazardous material liquids. Rooms, buildings or areas used for storage of hazardous material liquids shall be provided with spill control to prevent the flow

of liquids to adjoining areas. Floors in indoor locations and similar surfaces in outdoor locations shall be constructed to contain a spill from the largest single vessel by one of the following methods:

1. Liquid-tight sloped or recessed floors in indoor locations or similar areas in outdoor locations.
2. Liquid-tight floors in indoor and outdoor locations or similar areas provided with liquid-tight raised or recessed sills or dikes.
3. Sumps and collection systems, including containment pallets in accordance with Section 5004.2.3.
4. Other approved engineered systems.

Except for surfacing, the floors, sills, dikes, sumps and collection systems shall be constructed of noncombustible material, and the liquid-tight seal shall be compatible with the material stored. When liquid-tight sills or dikes are provided, they are not required at perimeter openings having an open-grate trench across the opening that connects to an approved collection system.

EJ. Section 5004.2.2.2 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:
5004.2.2.2 Incompatible materials. Incompatible materials shall be separated from each other in independent secondary containment systems.

15.44.1350 – Chapter 56 — Explosives and Fireworks.

A. Section 5601.1.3 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:

5601.1. 3 Fireworks. The possession, manufacture, storage, sale, handling, and use of fireworks, including those fireworks classified as Safe and Sane by the California State Fire Marshal, are prohibited.

Exception: The use of fireworks for fireworks displays as allowed in Section 5608.

15.44.1460 - Chapter 57—Flammable and Combustible Liquids.

A. Section 5704.2.7.5.8 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:

5704.2.7.5.8 Overfill prevention. An approved means or method in accordance with Section 5704.2.9.7.5 shall be provided to prevent the overfill of all Class I, II and IIIA liquid storage tanks. Storage tanks in refineries, bulk plants or terminals regulated by Sections 5706.4 or 5706.7 shall have overfill protection in accordance with API 2350.

Exception: Outside aboveground tanks with a capacity of 1320 gallons (5000 L) or less need only comply with Section 5704.2.9.7.5.1 (Item 1, Sub-item 1.1)

An approved means or method in accordance with Section 5704.2.9.7.5 shall be provided to prevent the overfilling of Class IIIB liquid storage tanks connected to fuel-burning equipment inside buildings.

B. ~~Section 5704.2.7.5.9 is hereby added to read:~~

~~5704.2.7.5.9 Automatic filling of tanks. Systems that automatically fill flammable or combustible liquid tanks shall be equipped with overfill protection, approved by the fire code official, that sends an alarm signal to a constantly attended location and immediately stops the filling of the tank. The alarm signal and automatic shutoff shall be tested on an annual basis and records of such testing shall be maintained on-site for a period of five (5) years.~~

15.44.1570 – Chapter 58 — Flammable gases and flammable cryogenic fluids.

A. Section 5809.3.34 of the 20252 California Fire Code is hereby amended to read in its entirety:

5809.3.34 Site plan. For other than emergency roadside service, a site plan shall be developed for each location at which mobile gaseous hydrogen fueling occurs. The site plan shall be of sufficient detail to indicate the following:

1. All buildings and structures.
2. Lot lines or property lines.
3. Solar photovoltaic parking lot canopies.
4. Appurtenances on-site and their use and function.
5. All uses adjacent to the lot lines of the site.
6. Hydrogen fueling locations.
7. Scale of the site plan.

~~The site plan shall be in sufficient detail to indicate: all buildings, structures, lot lines, property lines and appurtenances on site and their use and function, and the scale of the site plan.~~

15.44.180 – Chapter 64 — Pyrophoric Materials.

A. ~~Section 6405.3.1 is hereby added to read:~~

~~6405.3.1 Silane distribution systems automatic shutdown. Silane distribution systems shall automatically shut down at the source upon activation of the gas detection system at levels above the alarm level and/or failure of the ventilation system for the silane distribution system.~~

15.44.1690 – Appendix C- Fire Hydrant Locations and Distribution

A. Section C102.1 of the 20252 California Fire Code is hereby amended to read in its entirety:

C102.1 Minimum number of fire hydrants for a building. The number of fire hydrants available to a building shall be not less than the minimum specified in Table C102.1, utilizing the base fire flow without fire sprinkler reduction.

B. Section C103.1 of the 20252 California Fire Code is hereby amended to read in its entirety:

C103.1 Hydrant spacing. Fire apparatus access roads and public streets providing required access to buildings in accordance with Section 503 of the California Fire Code shall be provided with one or more fire hydrants, as determined by Section C102.1. Where more than one fire hydrant is required, the distance between required fire hydrants shall be in accordance with Sections C103.2 and C103.3, but in no case shall the average spacing be more than 300 feet on center.

15.44.170200 - Violation.

- A. A violation of the code adopted by this chapter occurs when a person:
 - 1. Fails to comply with this code;
 - 2. Violates or fails to comply with any order made under this code;
 - 3. Builds in violation of any detailed statement of specifications or plans submitted and approved thereunder or any certificate or permit issued thereunder and from which no appeal has been taken; or
 - 4. Fails to comply with such an order as affirmed or modified by the city council or by a court of competent jurisdiction, within the time fixed in this chapter.
- B. Such person may be liable severally and for each and every such violation and noncompliance respectively.
- C. The imposition of one penalty for any violation shall not excuse the violation or permit it to continue and all such persons shall be required to correct or remedy such violations or defects within a reasonable time.
- D. The application of the above penalty shall not be held to prevent the enforced removal of prohibited conditions.

Section 6. References to Prior Code. Unless superseded and expressly repealed, references in City forms, documents and regulations to the chapters and sections of the former Morgan Hill Building Code 2022~~19~~, shall be construed to apply to the corresponding provisions contained within the Morgan Hill Building Code 2025~~2~~. Ordinance No. 23~~30~~7 of the City of Morgan Hill and all other ordinances or parts of ordinances in conflict herewith are hereby superseded and expressly repealed.

Section 7. CEQA. The City Council finds, pursuant to Title 14 of the California Code of Regulations, Section 15061(b)(3), that the adoption of this Ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) because it can be seen with certainty that there is no potential for causing a significant effect on the environment.

Section 8. Severability. Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

Section 9. Effective Date; Publication. This Ordinance shall take effect on January 1, 202~~6~~3. The City Clerk is hereby directed to publish this Ordinance or a summary thereof pursuant to Government Code Section 36933.

This ordinance was introduced at a meeting of the City Council held on the ____ day of ____, 20__, and adopted at a meeting held on the ____ day of ____, 20__, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST:

APPROVED:

MICHELLE BIGELOW, City Clerk

MARK TURNER, Mayor

CERTIFICATE OF THE CITY CLERK

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

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

DATE: _____

MICHELLE BIGELOW, City Clerk

ORDINANCE NO. _____, NEW SERIES

AN ORDINANCE OF THE CITY OF MORGAN HILL AMENDING CHAPTERS 15.08 (BUILDING CODE), 15.12 (ELECTRICAL CODE), 15.16 (MECHANICAL CODE), 15.20 (PLUMBING CODE), 15.44 (FIRE CODE) AND TO ADOPT BY REFERENCE THE 202~~52~~ CALIFORNIA STATE BUILDING STANDARDS CODES KNOWN AND DESIGNATED AS CALIFORNIA CODE OF REGULATIONS, TITLE 24.

WHEREAS, Health and Safety Code Section 17922 requires that the State adopt building standards and rules and regulations (“State Building Standards Code”) and that such State Building Standards Code impose substantially the same requirements as are contained in the most recent editions of specified uniform industry codes; and

WHEREAS, Health and Safety Code Section 17958 allows the City Council to adopt ordinances or regulations which impose the same requirements as the State Building Standards Code or make changes or modifications to the State Building Standards Code upon express findings that that such modifications or changes are reasonably necessary because of local climatic, geological, or topographical conditions; and

WHEREAS, the Building Standards, along with any changes or modifications made by the City Council, become effective 180 days after publication by the California Building Standards Commissions; and

WHEREAS, the City Council desires to adopt the 202~~52~~ State Building Standards Code, including the California Building Code, the California Electrical Code, the California Mechanical Code, the California Plumbing Code, and the California Fire Code, as published by the California Building Standards Commission, along with changes and modifications reasonably necessary because of local climatic, geological, or topographical conditions, based on findings set forth in this ordinance; and

WHEREAS, the Building Official and the Fire Department have determined that local amendments to the State Building Standards Codes are necessary due to unique conditions that exist in the City of Morgan Hill; and

WHEREAS, amendments related to fire and life-safety contained in the 202~~52~~ State Building Standards Code as recommended by the City Building Official and the Fire Department are hereby found to be reasonably necessary due to the following local conditions, along with additional express findings that are already on file with the California Building Standards Commission:

A. Climatic Conditions

Santa Clara County and the City of Morgan Hill are located in a semi-arid Mediterranean type climate which predisposes all fuels to rapid ignition and spread of fire. Hot, dry winds and low humidities are common to all areas within the City of Morgan Hill and

Santa Clara County in general. Winter rains promote the growth of grass and brush. This vegetation presents heavy dry fuel loads in the summer months. These conditions are conducive to the ready ignition, propagation, and spread of grass, brush, and structure fires. These conditions, which can cause small brush fires that spread quickly, are a contributing factor to the high fire danger in the area and create the need for an increased level of fire protection. This added protection will supplement normal fire department response and provide immediate protection for life and safety of multiple occupancy occupants during fire occurrences.

B. Topographic Conditions

The topography of Morgan Hill has hillside homes on each side of the City with long response times for safety equipment. The City's foothills cause many problems for firefighters, including long response times, inadequate water supply, and unlimited fuel. Fog, heavy rains, mud-slides, and earthquakes are ~~other~~ common occurrences which negatively affect the ability of the City's public safety resources to respond to emergency situations. The City is in a Category D seismic activity classification. Many traffic corridors such as Highway 101, Monterey Road, Union Pacific Railroad, related bridges, underpasses, and crossings are subject to obstruction in the event of an earthquake, traffic accident, hazardous material spill, or other disaster.

C. Geographic Conditions

1. Santa Clara County and the City of Morgan Hill are located within the seismically active San Francisco Bay region. The significant earthquakes in the region are generally associated with the crustal movements along well-defined, active fault zones. The nearest known active faults are the San Andreas Fault, approximately 12 miles southwest of Morgan Hill and the Calaveras Fault, approximately one mile northeast. Both faults have produced major earthquakes in the past and have estimated maximum credible Richter magnitudes of 8.3 and 7.3, respectively. The Sargent-Berrocal Fault, a potentially active fault, lies approximately ten miles away and has an estimated maximum credible Richter magnitude of 7.3. The Coyote Creek Fault is located in Morgan Hill and is classified as potentially active as well. In addition, several unnamed faults traverse the western slopes of the upland areas.
2. Regional planning for reoccurrence is recommended by the State Department of Conservation. The October 17, 1989 Santa Cruz earthquake resulted in only one major San Francisco fire in the Marina district but, when combined with the 34 other fires and over 500 responses, the fire department was taxed to its full capabilities. The Marina fire was difficult to contain because mains supplying water to the district burst during the earthquake. If more fires had been ignited by the earthquake, it would have been difficult for the fire department to contain them. Experts predict a major earthquake in our area. This situation creates the need for both additional fire protection measures and automatic on-site fire protection for building occupants since a multitude of fires may result from breakage of gas lines and electric lines as a result of an earthquake.
3. Traffic and circulation congestion presently existing in the City of Morgan Hill often places fire department response time to fire occurrences at risk. This condition will be exacerbated by any major disaster, including any earthquake where damage to the

highway system will occur. This condition makes the need for additional on-site protection for property occupants necessary.

4. The City of Morgan Hill is located in an area subject to ~~a~~ climatic conditions of high winds and low humidity. This combination of events creates an environment which is conducive to rapidly spreading fires. Control of such fires requires rapid response. Obstacles generated by ~~a~~ strong winds, such as fallen trees, street-lights, and utility poles, greatly impact the response time to reach an incident scene.
5. The City of Morgan Hill is located in the middle of a seismically active area. The viability of the public water system would be questionable at best after a major seismic event. A severe seismic event has the potential to negatively impact any rescue or fire suppression activities because it is likely to create obstacles similar to those indicated under the high wind section above. With the probability of strong aftershocks, there exists a need to provide increased protection for anyone on upper floors.
6. The City of Morgan Hill is located approximately sixteen (16) miles from the ocean. The City's typical ground water level is between ten and twenty feet. This condition makes the City more prone to subsidence issues than most inland communities and cities.~~; and~~

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

SECTION 1. Chapter 15.08 (Building Code) of Title 15 (Buildings and Construction) of the Morgan Hill Municipal Code is hereby amended to read (additions in underline, deletions in ~~strikeout~~):

"Chapter 15.08 - BUILDING CODE

Sections:

- 15.08.010** Adoption of the ~~2025~~22 California Building Code and the ~~2025~~22 California Residential Code, and other parts of the State Buildings Standards Code.
- 15.08.020** Short title.
- 15.08.030** Organization, enforcement, fees, and inspections.
- 15.08.040** Additions, amendments, and deletions.
- 15.08.050** Building over utility easements.
- 15.08.060** Section ~~R30913.1~~ and ~~R30913.2~~ amended – Automatic Fire Sprinklers Systems
- 15.08.070** Section 2308.~~106.3~~ and R602.10.4 , amended – Braced wall panel methods (gypsum board and Portland cement plaster).
- 15.08.080** ~~Section 1907.1 and~~ R506.1 amended - Minimum slab provisions.
- 15.08.90** Section J103.2 amended - Exemptions
- 15.08.~~1090~~** Violation—Penalty.

15.08.010 - Adoption of the 202~~52~~ California Building Code, the 202~~52~~ California Residential Code and other parts of the State Building Standards Code.

~~There is hereby~~ Thereby adopted by reference that certain code known and designated as the California Code of Regulations, Title 24, Parts 1, 2, 2.5, 3, 4, 5, 6, 7, 8, 10, 11, and 12 as published by the California Building Standards Commission, as further described and including the following:

- 202~~52~~ California Administrative Code (California Code of Regulations Title 24, Part 1).
- 202~~52~~ California Building Code (California Code of Regulations Title 24, Part 2) based on the 202~~41~~ International Building Code; as prepared by the International Code Council, and as amended by the State of California.
- 202~~52~~ California Residential Code (California Code of Regulations Title 24, Part 2.5) based on the 202~~41~~ International Residential Code; as prepared by the International Code Council, and as amended by the State of California.
- 202~~52~~ California Energy Code (California Code of Regulations Title 24, Part 6).
- 2025 California Wildland-Urban Interface Code (California Code of Regulations Title 24, Part 7) based on the 2024 International Wildland-Urban Interface Code; as prepared by the International Code Council, and as amended by the State of California.
- 202~~52~~ California Historical Building Code (California Code of Regulations Title 24, Part 8).
- 202~~52~~ California Existing Building Code (California Code of Regulations Title 24, Part 10) based on the 202~~41~~ International Existing Building Code; as prepared by the International Code Council, and as amended by the State of California.
- 202~~52~~ California Green Building Standards Code (California Code of Regulations Title 24, Part 11).
- 202~~52~~ California Referenced Standards Code (California Code of Regulations Title 24, Part 12).

Such code shall include those sections requiring enforcement by the Morgan Hill Building Department, and, as further amended by the City of Morgan Hill, provisions intended to address local climatic, geologic, and topographic conditions as permitted by state law. Adoption of said code shall include the adoption of Appendices I, and J, including Division II Scope and Administration, contained in the 202~~52~~ California Building Code and Appendices BF, and BHAH, including Division II Scope and Administration of the 202~~52~~ California Residential Code.

Such code shall be and become the City of Morgan Hill Building Code regulating the erection, construction, alteration, repair, relocation, demolition, occupancy, use, height, area, and maintenance of all buildings and structures and certain equipment therein specifically regulated. The provisions of said code shall provide for the issuance of permits and certificates of occupancy, the collection of fees thereof, and penalties for violation of such code.

At least one copy of the City of Morgan Hill Building Code has been deposited in the office of the city building official and is available for public inspection.

15.08.020 - Short title.

This chapter shall be known as the "building code" and may be cited as such.

15.08.030 - Organization, enforcement, fees, and inspections.

The organization, enforcement, fees, and inspections shall comply with the 2025~~2~~ California Building Code. The building official may use the building valuation data from the International Code Council and incorporate a regional cost modifier for determining a "cost per square foot."

15.08.040 - Additions, amendments, and deletions.

The following provisions of the California Building Code and California Residential Code shall be added, amended, or deleted as follows:

- A. The following sections in the California Building Code are amended by this chapter: 2308.6.3, ~~and~~ 1907.1, and J103.2.
- B. The following section in the California Residential Code is amended by this chapter: R3~~0913~~.1, R3~~0913~~.2, R506.1 and R602.10.4.

15.08.050 - Building over utility easements.

It is unlawful for any person, firm, or corporation to erect, construct, or maintain any structure, building, garage, carport, storage shed, or other similar building over or within the boundary of any utility easement. "Utility easement" as used in this section includes any easement for a gas line, water line, storm drainage line, sewer line or buried or overhead electrical or telephone lines.

15.08.060 – Section R3~~0913~~.1 and R3~~0913~~.2 amended—Automatic Fire Sprinkler Systems.

A. Section R3~~0913~~.1 of the 2025~~2~~ California Residential Code, is hereby amended to read in its entirety:

R3~~0913~~.1 Townhouse automatic fire sprinkler systems. An automatic residential fire sprinkler system shall be installed in townhouses.

Exception: An automatic residential fire sprinkler system shall not be required where additions or alterations are made to existing townhouses if the addition does not exceed 1200 square feet or result in a total building area of more than 3600 square feet and an existing automatic residential fire sprinkler system is not installed.

B. Section R3~~0913~~.2 of the 2025~~2~~ California Residential Code is amended to read in its entirety:

R3~~0913~~.2 One- and two-family dwellings automatic fire sprinkler systems. An automatic residential fire sprinkler system shall be installed in one- and two-family dwellings.

Exception:

1. An automatic residential fire sprinkler system shall not be required where additions or alterations are made to existing buildings if the addition does not exceed 1200 square feet or result in a total building area of more than 3600 square feet and an existing automatic residential fire sprinkler system is not installed.

2. Accessory Dwelling Unit, provided that all of the following are met:

2.1. The unit meets the definition of an Accessory Dwelling Unit as defined in the Government Code Section 65852.2.

2.2. The existing primary residence does not have automatic fire sprinklers.

2.3. The accessory detached dwelling unit does not exceed 1,200 square feet in size.

2.4. The unit is on the same lot as the primary residence.

C. Findings. The City of Morgan Hill is located in an area subject to a climatic condition of high winds and low humidity. This combination of events creates an environment which is conducive to rapidly spreading fires. Control of such fires requires rapid response. Obstacles generated by a strong wind, such as fallen trees, street lights, and utility poles, greatly impact the response time to reach an incident scene. This condition makes the requirement for additional on-site protection for property occupants necessary.

15.08.070 - Section 2308.106.3 and R602.10.4 amended—Braced wall panel methods (gypsum board and Portland cement plaster).

A. Section 2308.106.3 of the 2025~~2~~ California Building Code, which allows the use of gypsum board and Portland cement plaster for wall bracing, is hereby amended to read in its entirety:

2308.106.3 Braced wall panel methods

Construction of braced wall panels shall be by one or a combination of the methods in Table 2308.106.3(1). Braced wall panel length shall be in accordance with Section 2308.106.4 or 230108.6.5. The use of Gypsum Board (GB) or Portland Cement Plaster (PCP) type braced wall panels are not allowed.

B. Section R602.10.4 of the 2025~~2~~ California Residential Code, which allows the use of gypsum board and Portland cement plaster for wall bracing, is hereby amended to read in its entirety:

R602.10.4 Construction methods for braced wall panels.

Intermittent and continuously sheathed braced wall panels shall be constructed in accordance with this section and the methods listed in Table R602.10.4. The use of Gypsum Board (GB) or Portland Cement Plaster (PCP) type braced wall panels are not allowed.

C. Findings. The city is in a Category D seismic activity classification. Gypsum wallboard and exterior Portland cement plaster have performed poorly during California seismic events. Shear values for gypsum wallboard and Portland cement plaster contained in the code are based on monodirectional testing. It is appropriate to eliminate the use of these materials until cyclic loading tests are performed and evaluated.

15.08.080 - Section 1907.1 and R506.1 amended—Minimum slab provisions.

~~A.—Section 1907.1 of the 2022 California Building Code is hereby amended to read in its entirety:~~

~~1907.1 General. The thickness of concrete floor slabs supported directly on the ground shall be not less than 3-1/2 inches (89 mm). The slab shall be reinforced with not less than six inches by six inches ten-gauge wire mesh or an approved alternate. A 6-mil (0.006 inch; 0.15 mm) polyethylene vapor retarder with joints lapped not less than 6 inches (152 mm) shall be placed between the base course or subgrade and the concrete floor slab, or other approved equivalent methods or materials shall be used to retard vapor transmission through the floor slab.~~

~~Exception: A vapor retarder is not required:~~

- ~~1. For detached structures accessory to occupancies in Group R-3, such as garages, utility buildings or other unheated facilities.~~
- ~~2. For unheated storage rooms having an area of less than 70 square feet (6.5 m²) and carports attached to occupancies in Group R-3.~~

- ~~3. For buildings of other occupancies where migration of moisture through the slab from below will not be detrimental to the intended occupancy of the building.~~
- ~~4. For driveways, walks, patios and other flatwork that will not be enclosed at a later date.~~
- ~~5. Where approved based on local site conditions.~~

AB. Section R506.1 of the 2025~~2~~ California Residential Code is hereby amended to read in its entirety:

R506.1 General. Concrete slab-on-ground floors shall be designed and constructed in accordance with the provisions of this section or ACI 332. Floors shall be a minimum 3-1/2 inches (89 mm) thick (for expansive soils, see Section R403.1.8). The slab shall be reinforced with not less than six inches by six inches ten-gauge wire mesh or an approved alternate. The specified compressive strength of concrete shall be as set forth in Section R402.2.

BC. Findings. To avoid damage due to soil expansion, shrinkage and seismic activity which causes damage to concrete slab flooring throughout the city, imposing the above requirements eliminates the need for a soils report for some small projects.

15.08.90 – Section J103.2 amended—Exemptions

A. Section J103.2 of the 2025 California Building Code is hereby amended to read in its entirety:

J103.2 Exemptions. A grading permit shall not be required for the following:

1. Grading of less than 50 cubic yards in an isolated, self-contained area, provided that the public is not endangered and that such grading will not adversely affect adjoining properties.
2. Excavation for construction of a structure permitted under this code.
3. Cemetery graves.
4. Refuse disposal sites controlled by other regulations.
5. Excavations for wells, or trenches for utilities.

B. Findings. The eCity includes hillside properties in geological sensitive areas. The valley surface soil is characterized by peculiarly high expansivity and includes properties subject to flooding. The eCity also has water tributaries leading to the San Francisco and Monterey Bays and projects must comply with strict Best Management Practices.

15.08.1090 - Violation.

A. A violation of the code adopted by this chapter occurs when a person:

1. Fails to comply with this code;
2. Violates or fails to comply with any order made under this code;
3. Builds in violation of any detailed statement of specifications or plans submitted and approved thereunder or any certificate or permit issued thereunder and from which no appeal has been taken; or
4. Fails to comply with such an order as affirmed or modified by the city council or by a court of competent jurisdiction, within the time fixed in this chapter.

- B. The imposition of one penalty for any violation shall not excuse the violation or permit it to continue and all such persons shall be required to correct or remedy such violations or defects within a reasonable time.
- C. The application of the above penalty shall not be held to prevent the enforced removal of prohibited conditions.

SECTION 2. Chapter 15.12 (Electrical Code) of Title 15 (Buildings and Construction) of the Morgan Hill Municipal Code is hereby amended to read (additions in underline, deletions in ~~strikeout~~):

"Chapter 15.12 - ELECTRICAL CODE

Sections:

- 15.12.010** Short title.
- 15.12.020** Adoption of the 202~~52~~ California Electrical Code.
- 15.12.030** Scope, organization, enforcement, fees, and inspections.
- 15.12.040** Violation.

15.12.010 - Short title.

This chapter shall be known as the "electrical code" and may be cited as such.

15.12.020 - Adoption of the 202~~52~~ California Electrical Code.

There is adopted by reference that certain code known and designated as the California Code of Regulations, Title 24, Part 3, further described and referred to as the 202~~52~~ California Electrical Code published by the California Building Standards Commission and based on the National Electric Code, 202~~30~~ Edition, prepared by the National Fire Protection Association. Adoption of said code shall include those sections and annexes requiring enforcement by the Morgan Hill Building Department and, as further amended by the City of Morgan Hill, provisions intended to address local climatic, geologic, and/or topographic conditions, as permitted by state law. Such code shall be and become the Morgan Hill Electrical Code, regulating and controlling the design, construction, installation, quality of materials, location, operation, and maintenance of electrical systems, equipment, and appliances. The provisions of said Code shall provide for the issuance of permits and collection of fees thereof and penalties for violation of such code.

At least one copy of the eCity electrical code has been deposited in the office of the eCity building official and is available for public inspection.

15.12.030 - Scope, Organization, Enforcement, Fees, And Inspections.

The scope, organization, enforcement, fees, and inspections of the 202~~52~~ California Electrical Code must comply with those set forth in the 202~~52~~ California Building Code and 202~~52~~ California Electrical Code.

15.12.040 - Violation.

- A. A violation of the code adopted by this chapter occurs when a person:
 - 1. Fails to comply with this code;

2. Violates or fails to comply with any order made under this code;
 3. Builds in violation of any detailed statement of specifications or plan submitted and approved thereunder or any certificate or permit issued thereunder and from which no appeal has been taken; or
 4. Fails to comply with such an order as affirmed or modified by the city council or by a court of competent jurisdiction, within the time fixed in this chapter.
- B. Such person shall be liable severally and for each and every violation and noncompliance respectively.
- C. The imposition of one penalty for any violation shall not excuse the violation or permit it to continue and all such persons shall be required to correct or remedy such violations or defects within a reasonable time.
- D. The application of the above penalty shall not be held to prevent the enforced removal of prohibited conditions.

SECTION 3. Chapter 15.14 (Mechanical Code) of Title 15 (Buildings and Construction) of the Morgan Hill Municipal Code is hereby amended to read (additions in underline, deletions in ~~strikeout~~):

"Chapter 15.16 - MECHANICAL CODE

Sections:

- 15.16.010** **Short title.**
- 15.16.020** **Adoption of the 202~~5~~² California Mechanical Code.**
- 15.16.030** **Scope, organization, enforcement, fees, and inspections.**
- 15.16.040** **Violation—Penalty.**

15.16.010 - Short title.

This chapter shall be known as the "mechanical code" and may be cited as such.

15.16.020 - Adoption of the 202~~5~~² California Mechanical Code.

There is hereby adopted by reference that certain code known and designated as the California Code of Regulations, Title 24, Part 4, further described and referred to as the 202~~5~~² California Mechanical Code published by the California Building Standards Commission and based on the Uniform Mechanical Code; 202~~4~~¹ Edition, prepared by the International Association of Plumbing and Mechanical Officials. The adoption of said Code shall include those sections requiring enforcement by the Morgan Hill Building Department. Such code shall be and become the Morgan Hill Mechanical Code, regulating heating, ventilating, comfort cooling, refrigeration systems, and other miscellaneous heating appliances, prescribing conditions under which such work may be performed within the city, and providing for the issuance of permits and the collection of fees therefore and penalties for violation of such code.

At least one copy of the city mechanical code has been deposited in office of the city building official and is available for public inspection.

15.16.030 - Scope, organization, enforcement, fees, and inspections.

The scope, organization, enforcement, fees, and inspections of the California Mechanical Code must comply with those set forth in the 202~~52~~ California Building Code and the 202~~52~~ California Mechanical Code.

15.16.040 - Violation.

- A. A violation of the code adopted by this chapter occurs when a person:
 - 1. Fails to comply with this code;
 - 2. Violates or fails to comply with any order made under this code;
 - 3. Builds in violation of any detailed statement of specifications or plans submitted and approved thereunder or any certificate or permit issued thereunder and from which no appeal has been taken; or
 - 4. Fails to comply with such an order as affirmed or modified by the city council or by a court of competent jurisdiction, within the time fixed in this chapter.
- B. Such person shall be liable severally, and for each and every such violation and noncompliance respectively.
- C. The imposition of one penalty for any violation shall not excuse the violation or permit it to continue and all such persons shall be required to correct or remedy such violations or defects within a reasonable time.
- D. The application of the above penalty shall not be held to prevent the enforced removal of prohibited conditions.

SECTION 4. Chapter 15.20 (Plumbing Code) of Title 15 (Buildings and Construction) of the Morgan Hill Municipal Code is hereby amended to read (additions in underline, deletions in ~~strikeout~~):

"Chapter 15.20 - PLUMBING CODE

Sections:

- 15.20.010** Short title.
- 15.20.020** Adoption of the 202~~52~~ California Plumbing Code.
- 15.20.030** Scope, organization, fees, and inspections.
- 15.20.040** Amendments and deletions.
- 15.20.050** Section 604.3 amended--Copper tube.
- 15.20.060** Sections 609.3 amended-- Under concrete slab.
- 15.20.070** Violation-Penalty.

15.20.010 - Short title.

This chapter shall be known as the "plumbing code" and may be cited as such.

15.20.020 - Adoption of the 202~~52~~ California Plumbing Code.

There is hereby adopted by reference that certain code known and designated as the California Code of Regulations, Title 24, Part 5, further described and referred to as the 202~~52~~ California Plumbing Code published by the California Building Standards Commission and

based on the Uniform Plumbing Code, 202~~41~~ Edition, prepared by the International Association of Plumbing and Mechanical Officials. The adoption of said code shall include those sections requiring enforcement by the local building department as mandated by the State and as further amended by the City of Morgan Hill with provisions intended to address local climatic, geologic, and topographic conditions, as permitted by state law. Such code shall be and become the Morgan Hill Plumbing Code, regulating plumbing and drainage systems, house sewers, private sewage disposal, drainage systems, and prescribing conditions under which such work may be carried on within the city and providing for the issuance of permits and the collection of fees therefore.

At least one copy of the city plumbing code has been deposited in the office of the city building official and is available for public inspection.

15.20.030 - Scope, organization, fees, and inspections.

The scope, organization, enforcement, fees, and inspections of the California Plumbing Code must comply with those set forth in the 202~~52~~ California Building Code and 202~~52~~ California Plumbing Code.

15.20.040 - Amendments and deletions.

The following provisions of the 202~~52~~ California Plumbing Code shall be amended or deleted:

A. The following sections of the California Plumbing Code are amended by this chapter: 604.3 and 609.3.

15.20.050 - Section 604.3 amended—Copper tube.

A. Section 604.3 of the 202~~52~~ California Plumbing Code is hereby amended to read in its entirety:

604.3 Copper or Copper Alloy Tube. Copper or copper alloy tube for potable water piping shall have a weight of not less than type "L."

Exceptions: None

B. Finding. Due to water hardness in the city, type "L" copper shall be required.

15.20.060 - Sections 609.3 amended—Under concrete slab.

A. Section 609.3 of the 202~~52~~ California Plumbing Code is hereby amended to read in its entirety:

609.3 Under Concrete Slab. Water piping shall not be installed directly in or under a concrete floor slab within a building without prior approval of the Building Official.

B. Findings.

1. Most of the surface soils in Morgan Hill are relatively young and unconsolidated sedimentary materials formed from a wide variety of parent materials. The varying chemical composition, degree of weathering, and the relatively acid environment have created soils of varying types, which are peculiarly corrosive in nature.
2. Much of the surface soil in Morgan Hill is characterized by peculiarly high expansivity (i.e., shrink-swell behavior) and low bearing strength. There are two types of expansive soils in the area:

- a. The organic silty clays which are the recent bay muds; and
 - b. The plastic silty clays which weather from the shale found in the hills surrounding Santa Clara Valley.
3. The local climate is characterized by markedly delineated rainy and dry seasons, which tend to maximize the volume changes occurring within the soil.
 4. Areas of the city have hard water, which may be corrosive to ferrous pipe.
 5. The groundwater table is unusually high in many places.
 6. Morgan Hill is a seismically active region.

15.20.070 - Violation.

- A. A violation of the code adopted by this chapter occurs when a person:
 1. Fails to comply with this code;
 2. Violates or fails to comply with any order made under this code;
 3. Builds in violation of any detailed statement of specifications or plans submitted and approved thereunder or any certificate or permit issued thereunder and from which no appeal has been taken; or
 4. Fails to comply with such an order as affirmed or modified by the city council or by a court of competent jurisdiction, within the time fixed in this chapter.
- B. Such person shall be liable severally and for each and every such violation and noncompliance respectively.
- C. The imposition of one penalty for any violation shall not excuse the violation or permit it to continue and all such persons shall be required to correct or remedy such violations or defects within a reasonable time.
- D. The application of the above penalty shall not be held to prevent the enforced removal of prohibited conditions.

SECTION 5. Chapter 15.44 (Fire Code) of Title 15 (Buildings and Construction) of the Morgan Hill Municipal Code is hereby amended to read (additions in underline, deletions in ~~strikeout~~):

"Chapter 15.44 FIRE CODE

Sections:

- 15.44.010** Adoption of the 202~~5~~² California Fire Code~~and 2021 International Fire Codes.~~
- 15.44.015** Adoption of appendix chapters
- 15.44.020** Short title; International Fire Code and California Fire Code Defined.
- 15.44.030** Establishment and duties of the bureau of fire prevention.
- 15.44.040** Modification of provisions by chief.
- 15.44.050** Establishment of limits of districts.
- 15.44.060** Additions, amendments, and deletions.
- 15.44.070** Scope and general requirements.

- 15.44.080 Chapter 2 - Definitions.
- 15.44.090 Chapter 5 – Fire Service Features.
- ~~15.44.100 Chapter 6 – Electrical Equipment, Wiring and Hazards.~~
- 15.44.1010 Chapter 9 – Fire Protection Systems.
- 15.44.1120 Chapter 33 - Fire Safety During Construction and Demolition.
- ~~15.44.130 Chapter 49 – Requirements for Wildland-Urban Interface Fire Areas.~~
- 15.44.1240 Chapter 50 - Hazardous Materials - General Provisions.
- 15.44.1350 Chapter 56 – Explosives and Fireworks.
- 15.44.1460 Chapter 57 – Flammable and Combustible Liquids.
- 15.44.1570 Chapter 58 – Flammable Gases and Flammable Cryogenic Fluids.
- ~~15.44.180 Chapter 64 – Pyrophoric Materials.~~
- 15.44.1690 Appendix C.
- 15.44.17200 Violation.

15.44.010 - Adoption of the 202~~52~~ California Fire Code.

There is hereby adopted by reference that certain code known and designated as the California Code of Regulations, Title 24, Part 9, further described and referred to as the 202~~52~~ California Fire Code published by the California Building Standards Commission and based on the International Fire Code;, 202~~41~~ Edition, prepared by the International Code Council, including Appendix Chapters B and C, save and except such portions as are hereinafter deleted, modified, or amended by this chapter. Such code shall be and become the Morgan Hill Fire Code, regulating and governing the safeguarding of life and property from fire and explosion hazards arising from the storage, handling, and use of hazardous substances, materials, and devices, and from conditions hazardous to life or property in the occupancy of buildings and premises in the City of Morgan Hill.

One (1) copy of the code shall be kept on file at all times in the office of the city building official and the administrative offices of the Morgan Hill Fire Department for use and examination by the public.

15.44.015 - Adoption of appendix chapters.

The following Appendix Chapters from the 202~~52~~ California Fire Code are hereby adopted:

Appendix B: Fire Flow Requirements for Buildings.

Appendix C: Fire Hydrant Locations and Distribution.

Appendix D: Fire Apparatus Access Roads

~~Appendix K: Temporary Haunted Houses, Ghost Walks and Similar Amusement Uses.~~

15.44.020 - Short Title; International Fire Code and California Fire Code Defined.

This chapter shall be known as the "Fire Code" and may be cited as such. Whenever the phrase "International Fire Code" appears in this code or any ordinance of the city, such phrase shall be deemed and construed to refer to and apply to the International Fire Code, 202~~41~~ Edition, as adopted and amended by this chapter. Whenever the phrase "California Fire Code" appears in this code or any ordinance of the city, such phrase shall be deemed and construed to refer to and apply to the 202~~52~~ California Fire Code, as adopted and amended by this chapter. Sections amended or modified in this chapter shall refer to the sections of the California Fire Code unless otherwise specified.

15.44.030 - Establishment and duties of bureau of fire prevention.

The California Fire Code and International Fire Code shall be enforced by the bureau of fire prevention in the Morgan Hill Fire Department, which shall be operated under the supervision of the chief of the fire department.

15.44.040 - Modification of provisions by chief.

- A. The Chief of the Morgan Hill Fire Department shall have power to modify any of the provisions of the fire code upon application in writing by the owner or lessee, or their duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the codes, provided that the spirit of the codes shall be observed, public safety secured, and substantial justice done.
- B. The particulars of such modification, when granted or allowed, and the decision of the chief shall be entered in the records of the fire department and a signed copy shall be furnished to the applicant for modification.

15.44.050 - Establishment of limits of districts.

- A. Storage of stationary tanks of flammable cryogenic fluids are to be prohibited. The limits referred to in Section 5806.2 of the 202~~52~~ California Fire Code, in which the storage of flammable cryogenic fluids in stationary containers is prohibited, are hereby established as to all locations of the City of Morgan Hill which are residential and congested commercial areas as determined by the fire code official.
- B. Storage of Class I and II liquids in outside aboveground tanks is prohibited. The limits referred to in Section 5704.2.9.6.1 of the 202~~52~~ California Fire Code, in which the storage of flammable or combustible liquids in aboveground tanks is prohibited, are hereby established as to all locations of the City of Morgan Hill that are residential or congested commercial areas as determined by the fire code official.
- C. Storage of Class I and II liquids in aboveground tanks is prohibited. The limits referred to in Section 5706.2.4.4 of the 202~~52~~ California Fire Code, in which the storage of flammable or combustible liquids in aboveground tanks is prohibited, are hereby established as to all locations of the City of Morgan Hill that are residential or other locations as determined by the fire code official.
- D. Storage of liquefied petroleum gases ("LPG") is prohibited. The limits referred to in Section 6104.2 of the 202~~52~~ California Fire Code, in which storage of liquefied petroleum gas is restricted, are hereby established as to all locations of the City of Morgan Hill that are residential or congested commercial areas as determined by the fire code official.

Exceptions: LPG may be used for industrial operations or when natural gas is not available or would not provide a viable substitute for LPG. Portable containers for temporary heating and/or cooking uses may be permitted if stored and handled in accordance with this code. Facilities in commercial areas for refueling portable or mobile LPG containers may be approved by the fire code official on a case by case basis.

15.44.060 - Additions, amendments, and deletions.

- A. In accordance with California Health and Safety Code Section 17958.7, certain modifications to the California Fire Code as set forth in this Chapter are reasonably necessary because of local climatic, geologic, or topographical conditions.
- B. Climatic Conditions

Santa Clara County and the City of Morgan Hill are located in a semi-arid Mediterranean type climate which predisposes all fuels to rapid ignition and spread of fire. Hot, dry winds, and low humidities, are common to all areas within the City of Morgan Hill and Santa Clara County in general. Winter rains promote the growth of grass and brush. This vegetation presents heavy dry fuel loads in the summer months. These conditions are conducive to the ready ignition, propagation and spread of grass, brush and structure fires. These conditions, which can cause small brush fires which spread quickly, are a contributing factor to the high fire danger in the area, and create the need for an increased level of fire protection. This added protection will supplement normal fire department response available and provide immediate protection for life and safety of multiple occupancy occupants during fire occurrences.

C. Topographic Conditions

The topography of Morgan Hill has hillside homes on each side of the city with long response times for safety equipment. The eCity foothills cause many problems for firefighters, including long response times, inadequate water supply and unlimited fuel. Fog, heavy rains, mud-slides and earthquakes are other common occurrences which negatively affect the ability of the city's public safety resources to respond to emergency situations. The City is in a Category D seismic activity classification. Many traffic corridors such as Highway 101 and Monterey Road, Southern Pacific Railroad, related bridges, underpasses and crossings are subject to obstruction in the event of an earthquake, traffic accident, hazardous material spill or other disaster.

D. Geographic Conditions

1. Santa Clara County and the City of Morgan Hill are located within the seismically active San Francisco Bay region. The significant earthquakes in the region are generally associated with the crustal movements along well-defined, active fault zones. The nearest known active faults are the San Andreas Fault, approximately 12 miles southwest of Morgan Hill, and the Calaveras Fault, approximately 1 mile northeast. Both faults have produced major earthquakes in the past, and have estimated maximum credible Richter magnitudes of 8.3 and 7.3, respectively. The Sargent-Berrocal Fault, a potentially active fault, lies approximately 10 miles away and has an estimated maximum credible Richter magnitude of 7.3. The Coyote Creek Fault is located in Morgan Hill and is classified as potentially active as well. In addition, several unnamed faults traverse the western slopes of the upland areas.
2. Regional planning for reoccurrence is recommended by the State of California, Department of Conservation. The October 17, 1989, Santa Cruz earthquake resulted in only one major San Francisco fire in the Marina district, but when combined with the 34 other fires and over 500 responses, the department was taxed to its full capabilities. The Marina fire was difficult to contain because mains supplying water to the district burst during the earthquake. If more fires had been ignited by the earthquake, it would have been difficult for the fire department to contain them. Experts predict a major earthquake in our area within the next 50 years. This situation creates the need for both additional fire protection measures and automatic

on-site fire protection for building occupants since a multitude of fires may result from breakage of gas lines and electric lines as a result of an earthquake.

3. Traffic and circulation congestion presently existing in the City of Morgan Hill often places fire department response time to fire occurrences at risk. This condition will be exacerbated by any major disaster, including any earthquake where damage to the highway system will occur. This condition makes the need for additional on-site protection for property occupants necessary.
4. The City of Morgan Hill is located in an area subject to a climatic condition of high winds and low humidity. This combination of events creates an environment which is conducive to rapidly spreading fires. Control of such fires requires rapid response. Obstacles generated by a strong wind, such as fallen trees, street lights and utility poles greatly impact the response time to reach an incident scene.
5. The City of Morgan Hill is located in the middle of a seismically active area. The viability of the public water system would be questionable at best after a major seismic event. A severe seismic event has the potential to negatively impact any rescue or fire suppression activities because it is likely to create obstacles similar to those indicated under the high wind section above. With the probability of strong aftershocks, there exists a need to provide increased protection for anyone on upper floors.
6. The City of Morgan Hill is located approximately sixteen (16) miles from the ocean. The City's typical ground water level is between ten (10) and twenty (20) feet. This condition makes the City more prone to subsidence issues than most inland communities.

15.44.070– Scope and general requirements.

A. Section 101.1 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:

[A] 101.1 Title. These regulations shall be known as *the Fire Code* of Morgan Hill, hereinafter referred to as "this code."

15.44.80- Chapter 2—Definitions.

A. The following definitions in Section 202 of the 202~~52~~ California Fire Code is hereby added to read:

CORROSIVE LIQUID.

Corrosive liquid is

- 1) any liquid which, when in contact with living tissue, will cause destruction or irreversible alteration of such tissue by chemical action; or
- 2) any liquid having a pH of 2 or less or 12.5 or more; or
- 3) any liquid classified as corrosive by the U.S. Department of Transportation; or
- 4) any material exhibiting the characteristics of corrosivity in accordance with Title 22, California Code of Regulations §66261.22.

MODERATELY TOXIC GAS. A chemical or substance that has a median lethal concentration (LC50) in air more than 2000 parts per million but not more than 5000 parts per million by volume of gas or vapor, when administered by continuous inhalation for an hour, or less if death occurs within one hour, to albino rats weighing between 200 and 300 grams each.

HEALTH HAZARD-OTHER. A hazardous material which affects target organs of the body, including but not limited to, those materials which produce liver damage, kidney damage, damage to the nervous system, act on the blood to decrease hemoglobin function, deprive the body tissue of oxygen or affect reproductive capabilities, including mutations (chromosomal damage), sensitizers or teratogens (effect on fetuses).

SECONDARY CONTAINMENT. Secondary containment is that level of containment that is external to and separate from primary containment and is capable of safely and securely containing the material, without discharge, for a period of time reasonably necessary to ensure detection and remedy of the primary containment failure.

SPILL CONTROL. That level of containment that is external to and separate from the primary containment and is capable of safely and securely containing the contents of the largest container and prevents the materials from spreading to other parts of the room.

WORKSTATION. A defined space or an independent principal piece of equipment using flammable or unstable (Class 3 or 4 as ranked by NFPA 704) hazardous materials where a specific function, laboratory procedure or research activity occurs. Approved or listed hazardous materials storage cabinets, flammable liquid storage cabinets, or gas cabinets serving a workstation are included as part of the workstation. A workstation is allowed to contain ventilation equipment, fire protection devices, detection devices, electrical devices and other processing and scientific equipment.

15.44.90 - Chapter 5—Fire Service Features.

A. Section 503.1 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:

503.1 Where required. Fire apparatus access roads shall be provided and maintained ~~in accordance~~in accordance with Sections 503.1.1 through 503.1.3 and in accordance with Appendix D and comply with the Fire Department ~~Access Road~~ Standard Details and Specifications.

B. Section 503.2.1 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:

503.2.1 Dimensions. Fire apparatus access roads shall have an unobstructed width of not less than 20 feet (6096 mm) for engines, and 26 feet (7925 mm) for aerial fire apparatus exclusive of shoulders, except for approved gates or barricades in accordance with Sections 503.5.1 and 503.6. The unobstructed vertical clearance shall be a minimum of 13 feet 6 inches (4115 mm), or as determined by the fire code official.

C. Section 503.2.4 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:

503.2.4 Turning radius. The required turning radius of a fire apparatus access road shall be a minimum of 30 feet (9144 mm) inside, and a minimum of 50 feet (15240 mm) outside.

- D. Section 503.2.7 of the 202~~5~~2 California Fire Code is hereby amended to read in its entirety:

503.2.7 Grade. The maximum grade of a fire apparatus access road shall not exceed 15-percent, unless approved by the fire code official

- E. Section 503.5 of the 202~~5~~2 California Fire Code is hereby amended to read in its entirety:

503.5 Required gates or barricades. The fire code official is authorized to require the installation and maintenance of gates or other approved barricades across fire apparatus access roads, trails, or other accessways, not including the public streets, alleys, or highways. The minimum width shall be 12 feet (4268 mm) for single-family dwellings and 20 feet (6096 mm) for all others. Electric gate operators, where provided shall be listed in accordance with UL 325. Gates intended for automatic operation shall be designed, constructed, and installed to comply with the requirements of ASTM F2200

- F. Section 503.6 of the 202~~5~~2 California Fire Code is hereby amended to read in its entirety:

503.6 Security gates. The installation of security gates across a fire apparatus access road shall be approved by the fire code official. Where security gates are installed, they shall have an approved means of emergency operation. The security gates and the emergency operation shall be maintained operational at all times. Electric gate operators, where provided, shall be listed in accordance with UL 325. Gates intended for automatic operation shall be designed, constructed and installed to comply with the requirements of ASTM F2200. The minimum width shall be 12 feet (4268 mm) for single-family dwellings and 20 feet (6096 mm) for all others.

- ~~G. Section 504.5 is hereby added to read:~~

~~504.5 Access control devices. When access control devices including bars, grates, gates, electric or magnetic locks or similar devices, which would inhibit rapid fire department emergency access to within and throughout the building, are installed, such devices shall be approved by the fire code official. All electrically powered access control devices shall be provided with an approved means for deactivation or unlocking from a single location or otherwise approved by the fire code official. Access control devices must also comply with Chapter 10.~~

~~15.44.100 – Chapter 6 – Building Services and Systems.~~

- ~~A. Section 605.5 of the 2022 California Fire Code is hereby amended to read in its entirety:~~

~~605.5 Portable unvented heaters. Portable unvented fuel-fired heating equipment shall be prohibited in occupancies in Groups A, B, E, I, R-1, R-2, R2.1, R2.2, R-3, R3.1 and R-4 and ambulatory care facilities.~~

~~Exceptions:~~

~~1. Portable unvented fuel-fired heaters listed in accordance with UL 647 are permitted to be used in one and two family dwellings, where operated and maintained in accordance with the manufacturer's instructions.~~

~~2. Portable outdoor gas-fired heating appliances in accordance with Section 605.5.2.~~

~~B. Section 605.5.2.1.1 of the 2022 California Fire Code is hereby amended to read in its entirety:~~

~~605.5.2.1.1 Prohibited locations. The storage or use of portable outdoor gas-fired heating appliances is prohibited in any of the following locations:~~

~~1. Inside of any occupancy where connected to the fuel gas container.~~

~~2. Inside of tents, canopies and membrane structures.~~

~~3. On exterior balconies and rooftops.~~

~~C. Section 603.11 of the 2022 California Fire Code is hereby added to read:~~

~~603.11 Immersion heaters. All electrical immersion heaters used in dip tanks, sinks, vats and similar operations shall be provided with approved over-temperature controls and low liquid level electrical disconnects. Manual reset of required protection devices shall be provided.~~

15.44.1010 - Chapter 9—Fire Protection Systems.

A. Section 903.2 of the 202~~5~~² California Fire Code is hereby amended to read in its entirety:

903.2 Where required. Approved automatic sprinkler systems in new and existing buildings and structures shall be provided in the locations described in this Section or in Sections 903.2.1 through 903.2.12 and Sections 903.2.14 through 903.2.21 , whichever is the more restrictive. For the purposes of this section, firewalls and fire barriers used to separate building areas shall be constructed in accordance with the California Building Code and shall be without openings or penetrations.

1. An automatic sprinkler system shall be provided throughout all new buildings and structures, other than Group R occupancies, greater than 1,200 square feet of building area.

Exceptions:

a. Group S-2 or U occupancies, including photovoltaic support structures, used exclusively for vehicle parking which meet all of the followings:

i. Noncombustible construction;

ii. Maximum building areas not to exceed 5,000 square feet;

iii. Structure is open on three (3) or more sides; and

iv. Minimum of 10 feet separation from property line and existing buildings, or similar structures, unless area is separated by fire walls.

2. An automatic sprinkler system shall be installed throughout all new buildings with a Group R fire area.

Exception:

a. Accessory Dwelling Unit (ADU), provided that all of the following are met:

- i. The unit meets the definition of an Accessory Dwelling Unit as defined in the Government Code Section 65852.2.
- ii. The existing primary residence does not have automatic fire sprinklers.
- iii. The accessory detached dwelling unit does not exceed 1,200 square feet in size.
- iv. The unit is on the same lot as the primary residence.
- v. The unit meets all apparatus access and water supply requirements of Chapter 5 and Appendix B of the 20252 California Fire Code

3. An automatic sprinkler system shall be provided throughout existing Group A, B, E, F, I, L, M, R, S and U buildings and structures, when additions are made that increase the building area by more than 1,200 square feet or where the resulting area exceeds 3,600 square feet.
4. An automatic sprinkler system shall be provided throughout all new basements regardless of size and throughout existing basements that are expanded by more than 50%.
5. Any change in the character of occupancy or in use of any building which, in the opinion of the City fire code official or building official, would place the building into a more hazardous division of the same occupancy group or into a different group of occupancies and constitutes a greater degree of life safety ¹ or increased fire risk ², shall require the installation of an approved fire automatic fire sprinkler system.

¹ Life Safety—Increased occupant load, public assembly areas, public meeting areas, churches, indoor amusement attractions, buildings with complex exiting systems due to increased occupant loads, large schools/daycare facilities, large residential care facilities with non ambulatory.

² Fire Risks—High-piled combustible storage, woodworking operations, hazardous operations using hazardous materials, increased fuel loads (storage of moderate to highly combustible materials), increased sources of ignition (welding, automotive repair with use of flammable liquids and open flames).

~~C.—Section 909.22.1 of the 2022 California Fire Code is hereby amended to read in its entirety:~~

~~909.22.1 Schedule. A routine maintenance and operational testing program shall be initiated immediately after the smoke control system has passed the acceptance tests. A written schedule for routine maintenance and operational testing shall be established and both shall occur at least annually.~~

15.44.1120 - Chapter 33—Fire Safety During Construction and Demolition.

A. Section 330711.1 is hereby added to read:

330711.1 Required Fire Department Access Roadways: All construction sites shall be accessible by fire department apparatus by means of roadways having an all-weather driving service of not less than 20ft. of unobstructed width. The roads shall have the ability to withstand the live loads of a 75,000 pound fire apparatus, and have a minimum 13ft. 6 in. of

vertical clearance. Dead end fire access roads in excess of 150 ft. in length shall be provided with approved turnarounds.

When approved by the Fire Code Official, temporary access roadways may be utilized until such time that the permanent roadways are installed. As a minimum, the roadway shall consist of a compacted sub base and eight (8") inches of road base material (Class 2 aggregate base rock) both compacted to a minimum 95%. The perimeter edges of the roadway shall be contained and delineated by curb and gutter or other approved method. The use of geotextile reinforcing fabric underlayment or soils lime-treatment may be required if so determined by the project civil engineer. Provisions for surface drainage shall also be provided where necessary. The integrity of the roadway shall be maintained at all times.

~~15.44.130 – Chapter 49 – Requirements for Wildland-Urban Interface Fire Areas.~~

~~A. Section 4901.3 and 4901.4 are hereby added to read:~~

~~4901.3 Where applicable. These requirements shall apply to all areas within the City of Morgan Hill as set forth and delineated on the map entitled "Wildland-Urban Interface Fire Area" which map and all notations, references, data and other information shown thereon are hereby adopted and made a part of this Chapter. The map properly attested, shall be on file in the Office of the City Clerk.~~

~~4901.4 Exemptions. These requirements shall not apply to any land or water area acquired or managed for one or more of the following purposes or uses:~~

~~(1) Habitat for endangered or threatened species, or any species that is a candidate for listing as an endangered or threatened species by the state or federal government.~~

~~(2) Lands kept in a predominantly natural state as habitat for wildlife, plant, or animal communities.~~

~~— (3) Open space lands that are environmentally sensitive parklands.~~

~~— (4) Other lands having scenic values, as declared by the local agency, or by state or federal law.~~

~~B. Section 4906.1.1, 4906.1.2, 4906.1.3 and 4906.1.4 are hereby added to read:~~

~~4906.1.1 Hazardous vegetation and fuels shall be managed to reduce the severity of potential exterior wildfire exposure to buildings, to reduce the risk of fire spreading to buildings, and provide for safe access for emergency wildland fire equipment and civilian evacuation concurrently, as required by applicable laws and standards.~~

~~4906.1.2 Maintenance required. Maintenance is required to ensure conformance with these standards and measures, and to assure continued availability, access, and utilization, of the defensible space during a wildfire.~~

~~4906.1.3 Additional measures. No person subject to these regulations shall permit any fire hazard, as defined in this chapter, to exist on premises under their control, or fail to take immediate action to abate a fire hazard when requested to do so by the enforcing agency.~~

~~4906.1.4 Exemption. For the purposes of this chapter, vegetation removal or management, undertaken in whole or in part, for fire prevention or suppression purposes shall not be deemed to alter the natural condition of public property.~~

~~C. Section 4907.3 of the 2022 California Fire Code is amended to read in its entirety:~~

~~4907.3 Requirements. Hazardous vegetation and fuels around all buildings, roads, driveways, and structures shall be maintained in accordance with the following laws and regulations:~~

- ~~1. Public Resources Code, Sections 4291 through 4296.~~
- ~~2. California Code of Regulations, Title 14, Division 1.5, Chapter 7, Subchapter 3, Article 3, Section 1299.03.~~
- ~~3. California Government Code, Sections 51175 – 51189.~~
- ~~4. California Code of Regulations, Title 19, Division 1, Chapter 7, Subchapter 1, Section 3.07.~~
- ~~5. Any local ordinance of the City of Morgan Hill~~

15.44.1240 - Chapter 50—Hazardous Materials—General Provisions.

A. Section 5001.2.2.2 of the 202~~5~~² California Fire Code is hereby amended to read in its entirety:

5001.2.2.2 Health hazards. The material categories listed in this section are classified as health hazards. A material with a primary classification as a health hazard can also pose a physical hazard.

1. Highly toxic and toxic materials.
2. Corrosive materials.
3. Moderately toxic gas.
4. Health hazards-Other.

~~B. Section 5003.1.3.1 is hereby added to read:~~

~~5003.1.3.1 Toxic, highly Toxic, moderately toxic gases and similarly used or handled materials. The storage, use and handling of toxic, highly toxic and moderately toxic gases in amounts exceeding Table 6004.2.1.4 shall be in accordance with this Chapter and Chapter 60. Any toxic, highly toxic or moderately toxic material that is used or handled as a gas or vapor shall be in accordance with the requirements for toxic, highly toxic or moderately toxic gases.~~

~~C. Section 5003.1.5 is hereby added to read:~~

~~5003.1.5 Health hazards-Other. The storage, use and handling of materials classified as other health hazards including carcinogens, irritants and sensitizers in amounts exceeding 810 cubic feet for gases, 55 gallons for liquids and 5,000 pounds for solids shall be in accordance with this Section 5003.~~

~~E. Section 5003.1.6 is hereby added to read:~~

~~5003.1.6 Additional Spill Control and Secondary Containment Requirements. In addition to the requirements set forth in Section 5004.2. An approved containment system is required for any quantity of hazardous materials that are liquids or solids at normal temperature, and pressure (NTP) where a spill is determined to be a plausible event and where such an event~~

~~would endanger people, property or the environment. The approved containment system may be required to include a combination of spill control and secondary containment meeting the design and construction requirements set forth in Section 5004.2.~~

BD. Section 5003.2.2.1 of the 2025~~2~~ California Fire Code is hereby amended to read in its entirety:

5003.2.2.1 Design and construction. Piping, tubing, valves, fittings and related components used for hazardous materials shall be in accordance with the following:

1. Piping, tubing, valves, fittings, and related components shall be designed and fabricated from materials compatible with the material to be contained and shall be of adequate strength and durability to withstand the pressure, structural and seismic stress, and exposure to which they are subject.
2. Piping and tubing shall be identified in accordance with ASME A13.1 and Santa Clara County Fire Chiefs Marking Requirements and Guidelines for Hazardous Materials and Hazardous Waste to indicate the material conveyed.
3. Readily accessible manual valves or automatic remotely activated fail-safe emergency shutoff valves shall be installed on supply piping and tubing at the following locations:
 - 3.1 The point of use.
 - 3.2 The tank, cylinder or bulk use.
4. Manual emergency shutoff valves and controls for remotely activated emergency shutoff valves shall be identified and the location shall be clearly visible accessible and indicated by means of a sign.
5. Backflow prevention or check valves shall be provided when the backflow of hazardous materials could create a hazardous condition or cause the unauthorized discharge of hazardous materials.
6. Where gases or liquids having a hazard ranking of Health hazard Class 3 or 4, Flammability Class 4, or Reactivity Class 4 in accordance with NFPA 704 are carried in pressurized piping above 15 pounds per square inch gauge (psig)(103 Kpa), an approved means of leak detection, emergency shutoff and excess flow control shall be provided. Where the piping originates from within a hazardous material storage room or area, the excess flow control shall be located within the storage room or area. Where the piping originates from a bulk source, the excess flow control shall be located as close to the bulk source as practical.

Exceptions:

1. Piping for inlet connections designed to prevent backflow.
2. Piping for pressure relief devices.

7. Secondary containment or equivalent protection from spills shall be provided for piping for liquid hazardous materials and for highly toxic and toxic corrosive gases above threshold quantities listed in Tables 6004.2.1.4. Secondary containment includes but is not limited to double walled piping.

Exceptions:

1. Secondary containment is not required for toxic corrosive gases if the piping is constructed of inert materials.
2. Piping under sub-atmospheric conditions if the piping is equipped with an alarm and fail-safe-to-close valve activated by a loss of vacuum.
8. Expansion chambers shall be provided between valves whenever the regulated gas may be subjected to thermal expansion. Chambers shall be sized to provide protection for piping and instrumentation and to accommodate the expansion of regulated materials.

~~C.E.~~ Section 5003.2.2.2 of the 2025~~2~~ California Fire Code is hereby amended to read in its entirety:

5003.2.2.2 Additional regulation for supply piping for health hazard materials. Supply piping and tubing for gases and liquids having a health hazard ranking of 3 or 4 shall be in accordance with ASME B31.3 and the following:

1. Piping and tubing utilized for the transmission of toxic, highly toxic, or highly volatile corrosive liquids and gases shall have welded, or brazed connections throughout except for connections within an exhausted enclosure if the material is a gas, or an approved method of drainage or containment is provided for connections if the material is a liquid.
2. Piping and tubing shall not be located within corridors, within any portion of a means of egress required to be enclosed in fire-resistance-rated construction or in concealed spaces in areas not classified as Group H Occupancies.
3. All primary piping for toxic, highly toxic and moderately toxic gases shall pass a helium leak test of 1×10^{-9} cubic centimeters/second where practical, or shall pass testing in accordance with an approved, nationally recognized standard. Tests shall be conducted by a qualified "third party" not involved with the construction of the piping and control systems.

~~F.~~ Section 5003.5.2 is hereby added to read:

5003.5.2 Ventilation ducting. Ducts venting hazardous materials operations shall be labeled with the hazard class of the material being vented and the direction of flow.

~~G.~~ Section 5003.5.3 is hereby added to read:

5003.5.3 "H" occupancies. In "H" occupancies, all piping and tubing may be required to be identified when there is any possibility of confusion with hazardous materials transport tubing or piping. Flow direction indicators are required.

~~H.~~ Section 5003.4.10.4.3 of the 2022 California Fire Code is hereby amended to read in its entirety:

5003.10.4.3 Highly toxic, toxic, and moderately toxic, gases shall be limited to a container of a maximum water capacity of 1 lb.

~~D.I.~~ Section 5004.2.1 of the 2025~~2~~ California Fire Code is hereby amended to read in its entirety:

5004.2.1 Spill control for hazardous material liquids. Rooms, buildings or areas used for storage of hazardous material liquids shall be provided with spill control to prevent the flow

of liquids to adjoining areas. Floors in indoor locations and similar surfaces in outdoor locations shall be constructed to contain a spill from the largest single vessel by one of the following methods:

1. Liquid-tight sloped or recessed floors in indoor locations or similar areas in outdoor locations.
2. Liquid-tight floors in indoor and outdoor locations or similar areas provided with liquid-tight raised or recessed sills or dikes.
3. Sumps and collection systems, including containment pallets in accordance with Section 5004.2.3.
4. Other approved engineered systems.

Except for surfacing, the floors, sills, dikes, sumps and collection systems shall be constructed of noncombustible material, and the liquid-tight seal shall be compatible with the material stored. When liquid-tight sills or dikes are provided, they are not required at perimeter openings having an open-grate trench across the opening that connects to an approved collection system.

EJ. Section 5004.2.2.2 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:
5004.2.2.2 Incompatible materials. Incompatible materials shall be separated from each other in independent secondary containment systems.

15.44.1350 – Chapter 56 — Explosives and Fireworks.

A. Section 5601.1.3 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:

5601.1. 3 Fireworks. The possession, manufacture, storage, sale, handling, and use of fireworks, including those fireworks classified as Safe and Sane by the California State Fire Marshal, are prohibited.

Exception: The use of fireworks for fireworks displays as allowed in Section 5608.

15.44.1460 - Chapter 57—Flammable and Combustible Liquids.

A. Section 5704.2.7.5.8 of the 202~~52~~ California Fire Code is hereby amended to read in its entirety:

5704.2.7.5.8 Overfill prevention. An approved means or method in accordance with Section 5704.2.9.7.5 shall be provided to prevent the overfill of all Class I, II and IIIA liquid storage tanks. Storage tanks in refineries, bulk plants or terminals regulated by Sections 5706.4 or 5706.7 shall have overfill protection in accordance with API 2350.

Exception: Outside aboveground tanks with a capacity of 1320 gallons (5000 L) or less need only comply with Section 5704.2.9.7.5.1 (Item 1, Sub-item 1.1)

An approved means or method in accordance with Section 5704.2.9.7.5 shall be provided to prevent the overfilling of Class IIIB liquid storage tanks connected to fuel-burning equipment inside buildings.

B. ~~Section 5704.2.7.5.9 is hereby added to read:~~

~~5704.2.7.5.9 Automatic filling of tanks. Systems that automatically fill flammable or combustible liquid tanks shall be equipped with overfill protection, approved by the fire code official, that sends an alarm signal to a constantly attended location and immediately stops the filling of the tank. The alarm signal and automatic shutoff shall be tested on an annual basis and records of such testing shall be maintained on-site for a period of five (5) years.~~

15.44.1570 – Chapter 58 — Flammable gases and flammable cryogenic fluids.

A. Section 5809.3.34 of the 20252 California Fire Code is hereby amended to read in its entirety:

5809.3.34 Site plan. For other than emergency roadside service, a site plan shall be developed for each location at which mobile gaseous hydrogen fueling occurs. The site plan shall be of sufficient detail to indicate the following:

1. All buildings and structures.
2. Lot lines or property lines.
3. Solar photovoltaic parking lot canopies.
4. Appurtenances on-site and their use and function.
5. All uses adjacent to the lot lines of the site.
6. Hydrogen fueling locations.
7. Scale of the site plan.

~~The site plan shall be in sufficient detail to indicate: all buildings, structures, lot lines, property lines and appurtenances on site and their use and function, and the scale of the site plan.~~

15.44.180 – Chapter 64 — Pyrophoric Materials.

A. ~~Section 6405.3.1 is hereby added to read:~~

~~6405.3.1 Silane distribution systems automatic shutdown. Silane distribution systems shall automatically shut down at the source upon activation of the gas detection system at levels above the alarm level and/or failure of the ventilation system for the silane distribution system.~~

15.44.1690 – Appendix C- Fire Hydrant Locations and Distribution

A. Section C102.1 of the 20252 California Fire Code is hereby amended to read in its entirety:

C102.1 Minimum number of fire hydrants for a building. The number of fire hydrants available to a building shall be not less than the minimum specified in Table C102.1, utilizing the base fire flow without fire sprinkler reduction.

B. Section C103.1 of the 20252 California Fire Code is hereby amended to read in its entirety:

C103.1 Hydrant spacing. Fire apparatus access roads and public streets providing required access to buildings in accordance with Section 503 of the California Fire Code shall be provided with one or more fire hydrants, as determined by Section C102.1. Where more than one fire hydrant is required, the distance between required fire hydrants shall be in accordance with Sections C103.2 and C103.3, but in no case shall the average spacing be more than 300 feet on center.

15.44.170200 - Violation.

- A. A violation of the code adopted by this chapter occurs when a person:
 - 1. Fails to comply with this code;
 - 2. Violates or fails to comply with any order made under this code;
 - 3. Builds in violation of any detailed statement of specifications or plans submitted and approved thereunder or any certificate or permit issued thereunder and from which no appeal has been taken; or
 - 4. Fails to comply with such an order as affirmed or modified by the city council or by a court of competent jurisdiction, within the time fixed in this chapter.
- B. Such person may be liable severally and for each and every such violation and noncompliance respectively.
- C. The imposition of one penalty for any violation shall not excuse the violation or permit it to continue and all such persons shall be required to correct or remedy such violations or defects within a reasonable time.
- D. The application of the above penalty shall not be held to prevent the enforced removal of prohibited conditions.

Section 6. References to Prior Code. Unless superseded and expressly repealed, references in City forms, documents and regulations to the chapters and sections of the former Morgan Hill Building Code 2022~~19~~, shall be construed to apply to the corresponding provisions contained within the Morgan Hill Building Code 2025~~2~~. Ordinance No. 233~~07~~ of the City of Morgan Hill and all other ordinances or parts of ordinances in conflict herewith are hereby superseded and expressly repealed.

Section 7. CEQA. The City Council finds, pursuant to Title 14 of the California Code of Regulations, Section 15061(b)(3), that the adoption of this Ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) because it can be seen with certainty that there is no potential for causing a significant effect on the environment.

Section 8. Severability. Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

Section 9. Effective Date; Publication. This Ordinance shall take effect on January 1, 2026~~3~~. The City Clerk is hereby directed to publish this Ordinance or a summary thereof pursuant to Government Code Section 36933.

This ordinance was introduced at a meeting of the City Council held on the ____ day of ____, 20__, and adopted at a meeting held on the ____ day of ____, 20__, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST:

APPROVED:

MICHELLE BIGELOW, City Clerk

MARK TURNER, Mayor

CERTIFICATE OF THE CITY CLERK

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

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

DATE: _____

MICHELLE BIGELOW, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: October 15, 2025

PREPARED BY:

Matt Mahood, Economic Development Director

APPROVED BY: City Manager

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

RECOMMENDATION(S)

Accept and file the Visit Morgan Hill Annual Report.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Maintaining and Enhancing Infrastructure

Preserving and Cultivating Public Trust

2024-2025 Strategic Priorities

Fiscal Sustainability

Economic Development and Tourism

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

Economic Blueprint

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

Every year, Visit Morgan Hill, the Owners' Association of the Morgan Hill Tourism Business Improvement District (MHTBID), is required to present an annual report at the end of each year of operation to the Morgan Hill City Council pursuant to Streets and Highways Code §36650. The purpose of this staff report is to present the MHTBID's Annual Report (Attachment 1) for acceptance by the City Council.

Background:

On January 23, 2019, the City Council adopted a resolution establishing a Morgan Hill Tourism Business Improvement District (MHTBID) for a five-year term. The MHTBID provides for the collection of a 1.5% assessment of gross short-term room rental revenue, separate from and in addition to the City's Transient Occupancy Tax (TOT) of 11%. The City's 11% TOT revenues are public funds that support the General Fund. In comparison, the 1.5% MHTBID assessments are special assessment funds managed by a non-profit board (Visit Morgan Hill) and are used for marketing and sales

promotions, as well as sports facility improvements/programs designed to market the area as a tourism and event destination and increase room night sales at assessed lodging businesses. On March 1, 2024, the MHTBID entered a new term of 10 years, through February 28, 2034.

The Streets and Highways Code 36650 requires the MHTBID to provide the City Council with an Annual Report that articulates the following:

- Any proposed changes in the boundaries of the improvement district, or any benefit zones, or classification of businesses within the district.
- The improvements and activities provided for that fiscal year.
- An estimate of the cost of providing the improvements and the activities for that fiscal year.
- The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against their business for that fiscal year.
- The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

Management District Plan:

A Management District Plan (Plan) identifies the MHTBID's boundaries, budget, services, and governance. Below is a summary of MHTBID's Plan:

- **Boundary:** All lodging businesses located within the boundaries of the City of Morgan Hill.
- **Term:** Ten (10) -year assessment beginning March 1, 2024, through February 28, 2034, with an annual 30-day period of protest for termination by assessed businesses.
- **Budget:** Annual assessment rate of 1.5% (on top of the existing TOT) of gross short-term room rental revenue, producing an annual budget of approximately \$341,000. The Management Plan allows the Owners Association to annually approve incremental increases or decreases to the MHTBID rate of up to 0.5%. The cumulation of approved rate increases or decreases shall not exceed a maximum MHTBID rate of 3% or a minimum rate of 1.5%.
- **Mission:** Marketing and sales promotions, as well as sports facility improvements/programs designed to market the area as a tourism and event destination and increase room night sales at assessed lodging businesses.
- **Governance:** A non-profit corporation, Visit Morgan Hill, serves as the "Owners' Association" charged with the management of funds and implementation of the MHTBID Management District Plan. An annual report is required to be provided to the City Council within 120 days of the MHTBID's fiscal year (October 30).

Owners' Association Makeup (Visit Morgan Hill Board of Directors):

The Owners' Association, Visit Morgan Hill (VMH), is a private entity separate from the City of Morgan Hill. The make-up of the VMH Board of Directors includes up to four (4) but not less than (3) lodging representatives, two (2) City of Morgan Hill representatives, and up to three (3) but not less than (1) community representatives within the areas associated with wineries, sports recreation, and the community at large with interest in tourism. Currently, the Assistant City Manager of Development Services and the Assistant City Manager of Public Services serve on the VMH Board.

Annual Report

The Owners' Association is required to present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 within one hundred-twenty (120) days of the MHTBID's fiscal year (October 30). The 2025 Annual Report is attached for the City Council's review and acceptance (Attachment 1). VMH's Annual Report does not propose any changes to the boundaries, benefit zones, or classifications of businesses. The Annual Report lists the district's activities and accomplishments, including the implementation of a Strategic Plan, Brand Marketing, and various visitor marketing and promotion efforts.

The MHTBID is expected to collect approximately \$341,000 annually. The City collects 2% of the MHTBID for management and administration.

In Fiscal Year 2024-25, VMH's income for July 1, 2024 – June 30, 2025, was \$327,492. The City collected \$6,684 for management and administration in the last fiscal period.

COMMUNITY ENGAGEMENT:

Inform.

The Visit Morgan Hill board of directors meets every other month and conforms with Brown Act noticing requirements. These meetings are open to the public, and meeting records are kept at visitmorganhill.org.

ALTERNATIVE ACTIONS:

No alternative action is recommended, as this is an annual report on activities which have already occurred.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On July 18, 2018, the City Council directed staff to proceed with the creation of a Morgan Hill Tourism Business Improvement District (MHTBID) and voted to establish it and adopted the Management Plan on January 23, 2019. VMH has provided annual reports to the City since the inception of the district with the most recent annual report provided on October 23, 2024.

On December 6, 2023, the City Council adopted a resolution and ordinance establishing and renewing the MHTBID with a 10-year assessment.

FISCAL AND RESOURCE IMPACT:

The preparation of the MHTBID annual report is part of the City's and Visit Morgan Hill's

workplan.

CEQA (California Environmental Quality Act):

Categorical Exemption.

Pursuant to CEQA, organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment are exempt activities.

VISIT MORGAN HILL

ANNUAL REPORT FY 2024-25

Morgan Hill Tourism Business
Improvement District



ANNUAL REPORT

This report serves as the Annual Report from Visit Morgan Hill (VMH), responsible for the Morgan Hill Tourism Business Improvement District (MHTBID), to the Morgan Hill City Council.

MHTBID BACKGROUND

The MHTBID assessment was implemented beginning March 1, 2019 and continued for five (5) years through February 29, 2024. The MHTBID began a new term of ten (10) years, from March 1, 2024 – February 28, 2034. The assessment collects 1.5% of hotel tax revenue for the purpose of marketing and promoting Morgan Hill as an overnight tourism destination.

VISIT MORGAN HILL

The Owners’ Association responsible for the MHTBID is the Visit Morgan Hill Board of Directors (known as the advisory body) and is made up of 1) three to four hotel representatives, 2) up to three community members representing the wineries, sports, and community at large; and 3) two representatives from the City of Morgan Hill representing Public Services and Economic Development. VMH was formed in March 2019.

As of June 30, 2025, the Visit Morgan Hill Board members, their representation areas, and terms were:

| Representative | Industry | Term |
|-----------------------|-----------------|-------------|
| Michael Meredith | Hotel | 2025-2027 |
| Chris Ghione | City | N/A |
| Edith Ramirez | City | N/A |
| Gene Guglielmo | Winery | 2025-2027 |

| | | |
|----------------------|-----------|-----------|
| Alexis Solis | Hotel | 2025-2027 |
| Victoria San Nicolas | Hotel | 2024-2026 |
| John McKay | Community | 2024-2026 |
| Bina Roy Desai | Hotel | 2024-2026 |

The initial appointment terms beginning at VMH's formation in March 2019 are as follows:

| Representative | Industry | Term |
|------------------------------|-------------------|-------------|
| Michael Meredith | Hotel | 2019-2021 |
| Chris Ghione | City | N/A |
| Edith Ramirez | City | N/A |
| Andrew Firestone | Hotel | 2019-2021 |
| Gene Guglielmo | Winery | 2019-2021 |
| Carrie Benjamin* | Sports/Recreation | 2019-2021 |
| Karen Mendes | Hotel | 2019-2020 |
| Frank Leal | Community | 2019-2020 |
| Bina Roy Desai | Hotel | 2019-2020 |
| <i>*Formerly David Eadie</i> | | |

METHOD AND BASIS OF LEVYING ASSESSMENT

The annual MHTBID assessment rate is 1.5% of gross short-term room rental revenue. Assessments are not collected on stays of more than thirty (30) consecutive days or stays by any officer or employee of a foreign government who is exempt by reason of

express provision of federal law or international treaty. The City of Morgan Hill is responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the MHTBID. The MHTBID has a ten (10) year life, beginning March 1, 2024 through February 28, 2034. Pursuant to Streets and Highways Code §36670, once per year, beginning on the anniversary of MHTBID formation, there is a thirty (30) day period in which owners paying fifty percent (50%) or more of the assessment may protest and initiate a City Council hearing on MHTBID termination.

IMPROVEMENTS AND ACTIVITIES

See Appendix Item A

A summary of Visit Morgan Hill's improvements and activities is provided here. Please see detailed overview in Appendix A and Market Indicators in Appendix B.

- Developed and Implemented Annual Budget and Work Plan
- Executed Operations & Administrative, Marketing Communications, Business Development, and Industry Relations programs
- Conducted Required Tax, Insurance, and Administrative Filings
- Maintained Visitor Information & Business Listings on visitmorganhill.org
- Maintained Online Public Event Calendar and Blog Publishing
- Implemented Digital Advertising, Email, and Marketing Campaigns
- Hosted Journalists and Influencers and Secured Travel Media Coverage
- Published Social Media Content, Campaigns, and Influencer Partnerships
- Generated Group Event Leads for Hotels, Sports Centers, and Event Venues
- Posted Visitor Information Signage at Sports Facilities
- Continued Tourism Brochure Distribution at Regional Travel Hubs
- Continued Strategic Partnerships & Advocacy for Tourism Development

COST OF PROVIDING IMPROVEMENTS AND ACTIVITIES

See Appendix Items C & E

For the fiscal year July 1, 2024 – June 30, 2025, operating expenses totaled \$308,536.93.

INCOME STATEMENT

See Appendix Item C

VMH's bank income for July 1, 2024 – June 30, 2025 was \$329,596.13. This amount is made up of \$327,491.92 in TBID funds and \$2,104.21 in reimbursements and miscellaneous refunds. There is a 2-month processing period before VMH receives monthly TBID funds. May and June 2025 TBID collections were distributed to VMH in July and August 2025, respectively. For July 1, 2024 – June 30, 2025 the TBID income collected, but not all distributed to VMH within the fiscal year was \$330,787.38.

BALANCE SHEET

See Appendix Item D

ESTIMATED AMOUNT OF SURPLUS OR DEFICIT REVENUES CARRIED OVER

See Appendix Item E

The ending cash balance on June 30, 2025 was \$307,297.33.

CASH SUMMARY

See Appendix Item E

TAXES WERE PREPARED WITHOUT AUDIT

Visit Morgan Hill's 2024 Federal Return of Organization Exempt from Income Tax has been electronically filed and accepted with the Internal Revenue Service, Federal and State. No tax is payable with the filing of this return. Visit Morgan Hill's 2024 California Exempt Organization Annual Information Return was also electronically filed. No audit conducted.

OTHER CONTRIBUTIONS

No other financial contributions were made to Visit Morgan Hill.

PROPOSED CHANGES

There are no proposed changes to the boundaries of the improvement district or to any of the benefit zones or classification of businesses within the district.

APPENDICES

Appendix Item A: Improvements & Activities

Appendix Item B: Market Indicators

Appendix Item C: Income Statement

Appendix Item D: Balance Statement

Appendix Item E: Cash Summary

APPENDIX Item A

IMPROVEMENTS AND ACTIVITIES DETAIL

Visit Morgan Hill Annual Report FY 2024-25

Enclosed are the improvements and activities Visit Morgan Hill implemented for July 1, 2024 – June 30, 2025.

BACKGROUND

Visit Morgan Hill (VMH) follows the MHTBID Management District Plan and a comprehensive Strategic Plan that serve as the long-term guide for its improvements and activities. In April 2025, VMH conducted a facilitated Board meeting to reconfirm strategy, review progress, and identify new opportunities. Each year, VMH establishes a Board-approved Work Plan, based on strategic priorities and market research, and provides bi-monthly and quarterly updates to the Board on progress.

In FY 2024–25, the VMH Work Plan deepened focus on brand marketing, public relations, group business development, data, and attraction development through community partnership. By leveraging industry expertise and regional partnerships, VMH delivered impact in digital marketing metrics, media exposure, lead generation, and regional cooperative marketing.

1. Operations & Administrative

- Managed all monthly and year-end reporting, accounting, insurance, tax filings, and operational software/tools
- Compiled and reported key metrics and market status to stakeholders
- Developed and refined ongoing agency management (PR, social, content), and project-based contractor responsibilities
- Coordinated a facilitated Board Retreat (April 2025) with guest DMO speakers from Lodi, Tri Valley, and San Jose
- Reviewed and assessed right-size investment for data tools:
 - Implemented CrowdRiff for UGC photo and video sourcing
 - Introduced new, free website-to-visit attribution tool

2. Marketing Communications

Visit Morgan Hill maintains a full suite of owned, earned, and paid marketing programs. High quality visual and written content is continually developed in-house to share Morgan Hill's attributes and provide travel inspiration and planning tools—meeting potential visitors wherever they get information and whatever part of their planning journey they are in.

Website

VMH's [website](#) is the cornerstone of all marketing activities, providing the digital presence of Morgan Hill visitor information and paths to hotel booking.

- Continued all VisitMorganHill.org website publishing
- Maintained listings for 235 businesses/orgs
- Published 30 original [Blog Posts](#), guides, roundups, announcements
- Listed 700 local events on [Event Calendar](#) with +40K page views
- Optimized existing Travel Info pages and maps
- Developed new landing pages for strategic campaigns and partnerships
- Achieved notable annual performance and conversion metrics
 - Record Web Page Views 266K | +13% YOY
 - Web Visits +167K | +12% YOY
 - Unique Visitors +135K | +8% YOY
 - Page Views +266K | +13% YOY
 - Outbound Clicks to Local Business: 41,096 | +8% YOY

Email Marketing

Wrote and deployed quarterly consumer travel [Email Newsletter](#), generating average open rates of 55% and click through rates of 7% outperforming industry benchmarks.

Public Relations

- Attracted and coordinated 9 in-market journalist/trade/influencer visits for earned media, content, and tourism business development with resulting coverage in blogs, social media, and publications.
 - Influencer/Vloggers: [Run the Atlas](#)
 - TV/Influencer: [KTLA](#) & Your Bucket List Guide
 - Regional collaboration with Gilroy and Carmel-by-the-Sea
 - Writers: [Modesto Bee](#), Laura Ness, Randy Yagi
 - Online Publisher: 7x7
 - Photographer: Robert Kaufman
 - Publisher: SV Creates & Content Magazine
 - Travel Trade: Visit CA's Mexico Tour Operators and Flight Centre

-
- Secured 46 media stories through ongoing pitching to journalists, state and regional DMO submissions, and press releases. Generated media coverage for Spina Farms, Guglielmo Winery's Centennial, Mushroom Festival, and Cura Contemporary Gallery; featured in MSN, Edible Monterey Bay, Trending Travel, SF Chronicle, SJ Spotlight, and Visit California storylines.
 - Wrote monthly column published in Morgan Hill Life/Morgan Hill Times.

Social Media

- Improved brand messaging strategy, content quality, and representation
- Published 54 [Video Reels](#): 41 owned, 13 collaborations with other creators/influencers such as Bay Area Buzz, Mav Visuals, Shaz + Shine, Spouse Sprouts Me, Bay Area Panthers, and other local businesses
- Achieved several record performing reels with 10K–65K views
- Achieved engagement rate of 6% across channels
- Increased followers across channels (IG, TikTok, FB) + 45%

Campaigns & Ad Placements

- 7x7.com [editorial feature](#), digital ads, social posts, email features
- [Nob Hill Gazette](#) advertorial feature and email
- Visit California [Road Trips Guide](#) regional cooperative (pg. 53)
- Phoenix Magazine regional cooperative
- [Big Games](#) landing page development in preparation for 2026 campaign
- Merry Morgan Hill event page

Visual Assets

- Developed digital content with contracted creators.
- Onboarded CrowdRiff UGC management system for streamlined asset collection, creating new organizational structure and storage for photo/video

Print Materials & Distribution

- Placement on back cover of Central Coast map, with 225K CFD distro
- Placement in CTM Silicon Valley-South Bay map with CFD distro
- Continued distribution of Visit Morgan Hill brochure
 - SJC airport, San Jose-Santa Clara area hotels
 - SFO airport area hotels, CA Welcome Centers and SF Visitor Centers
- Began development of Morgan Hill visitor guide

3. Business Development

- Generated hotel leads representing 2,360 room nights, from diverse market segments:
 - Bay Area Panthers training camp and visiting teams
 - ICMA Conference (room blocks, dining, activities)
 - Soccer tournaments, swim meets, weddings, birthdays
 - Tour and travel groups via international sales missions
- Fielded 85 visitor information requests

Sports Development

- Developed Sports Tournament Lodging Incentive program
- Published the [Sports Tournament Planning Guide](#) (print + digital), including with distribution to sports facility partners
- Continued to publish online [Sports Facility Calendar](#) for tournaments
- Maintained VMH banners, brochures, and QR codes at sports facilities
- Secured IFL [Bay Area Panthers](#) training facility for 3rd year
 - Over 500 hotel room nights for training and visiting teams
 - SAP banners, video board, announcements
 - TV & Radio commercial pre, post, and during each home game
- Hosted periodic sports meetings with MHOSC and City Parks & Rec Dept

Group Market Development

- Expanded [Group Venues & Facilities](#) landing page with navigable subpages for key markets of Meetings, Weddings, Sports—with venue search, hotel quick chart, and step by step planning tools
- Represented Morgan Hill at Tour Operator Sales Missions, pitching to 100+ inbound travel agents for European, Asian, and domestic markets
 - Example Results: [Be My Guest/Trafalgar Tour Series](#) with contract with Terra Amico Farms for tour and meal; Samho Tour Inc. and America Asia Travel group room blocks in Morgan Hill
- Conducted local partner trainings for [Tourism Exchange USA](#) online booking platform, designed for small businesses to reach global customers
- Continued bi-monthly Morgan Hill hotel operator check-in meetings

4. Partnership & Product Development

Local Business Engagement and Tools

- Expanded [How-To/FAQ](#) resources for local business collaboration with VMH and shared through communications campaign of email

newsletter, MH Life column, and strategic partner organization meetings and presentations

- Updated website with streamlined [local event submission](#) process
- Introduced new photo and video uploading tool for local partners
- Published 700 local events of visitor-interest and promoted major festivals, events, and happenings through social media and newsletters

Strategic Partnership & Event Engagement

- Regularly attend partner organization meetings with MH Chamber Board and Economic Development Committee, Downtown Association, PBID (Destination Downtown), and Wineries of Santa Clara Valley
- Expanded participation in various local promotions, sponsorship, volunteering, planning groups for special events
- Collaborated with the City of Morgan Hill Economic Development and Parks and Recreation Departments to promote events and activations such as parks & rec week, [Guac Walk](#), 120th Anniversary planning, and 2026 “Big Games” planning
- Collaborated with Destination Downtown to host the [Summer Kickoff event](#) with the Bay Area Panthers, and various volunteer group for the Merry Morgan Hill holiday event promotion

Regional & State-Level Industry Engagement

- Participated in the invite-only Visit CA pilot program of [Tourism Exchange USA](#), positioning VMH as a panelist at state tourism conference with exposure to 900+ travel professionals
- Active leadership in Central Coast Tourism Council regional marketing
- Participated on Visit CA [Regional Strategic Tourism Plan](#) Steering Committee for the San Francisco Bay Area
- Grew connections with Visit Lodi, Salinas, Gilroy, San Jose, Santa Cruz, Tri-Valley, and SF Peninsula

Advocacy

- Provide research and data on tourism related industry topics and policy discussion where needed
- Engaged on the following topics related to tourism:
 - Fattoria Public Market
 - County of Santa Clara Office of Economic Development
 - Condit Rd PUD updates
 - Transportation Master Planning

APPENDIX Item B

TOURISM MARKET INDICATORS

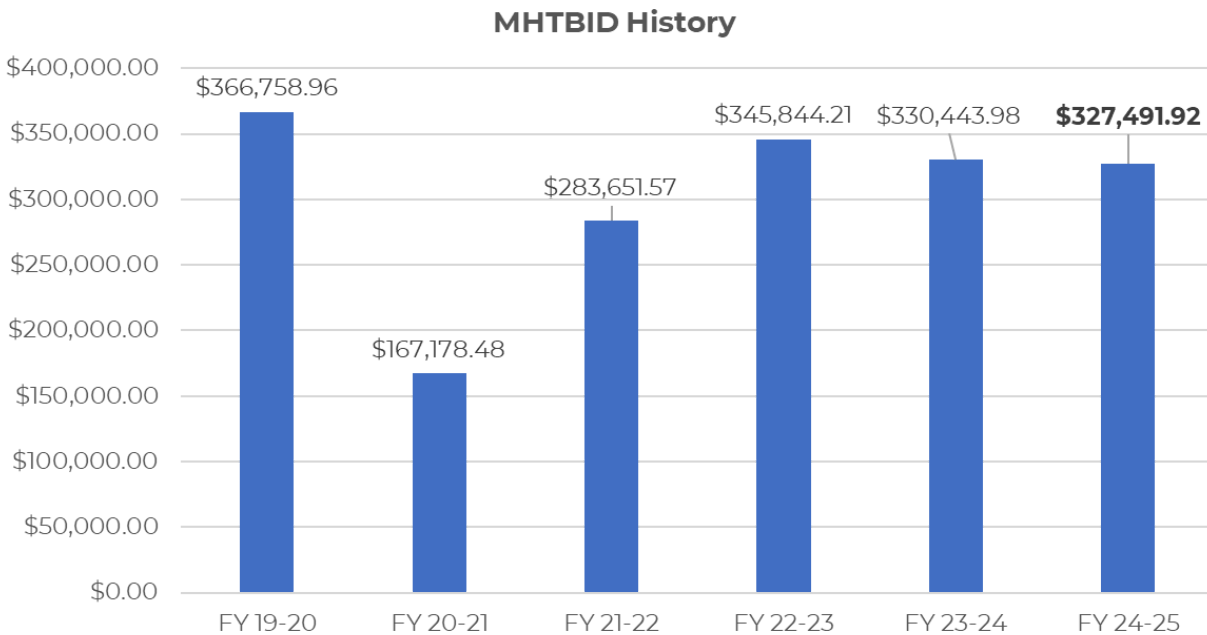
Visit Morgan Hill Annual Report FY 2024-25

Visit Morgan Hill (VMH) uses three data sources to indicate performance of the local tourism market.

1. **MHTBID** – source: Assessment Collections
2. **Hotel Metrics** – source: CoStar/STR
3. **Visitor Spending** – source: Visa Insights

1. MHTBID – Assessment Collections

MHTBID funds received by Visit Morgan Hill from July 1, 2024 – June 30, 2025 were **\$327,491.92**, representing a 0.9% year over year decline.



→ **Transient Occupancy Tax (TOT)**, a separate 11% city tax on hotel guests that supports the General Fund, generated an estimated **\$2.5M** in FY 2024-25.

2. Hotel Metrics – CoStar/ STR

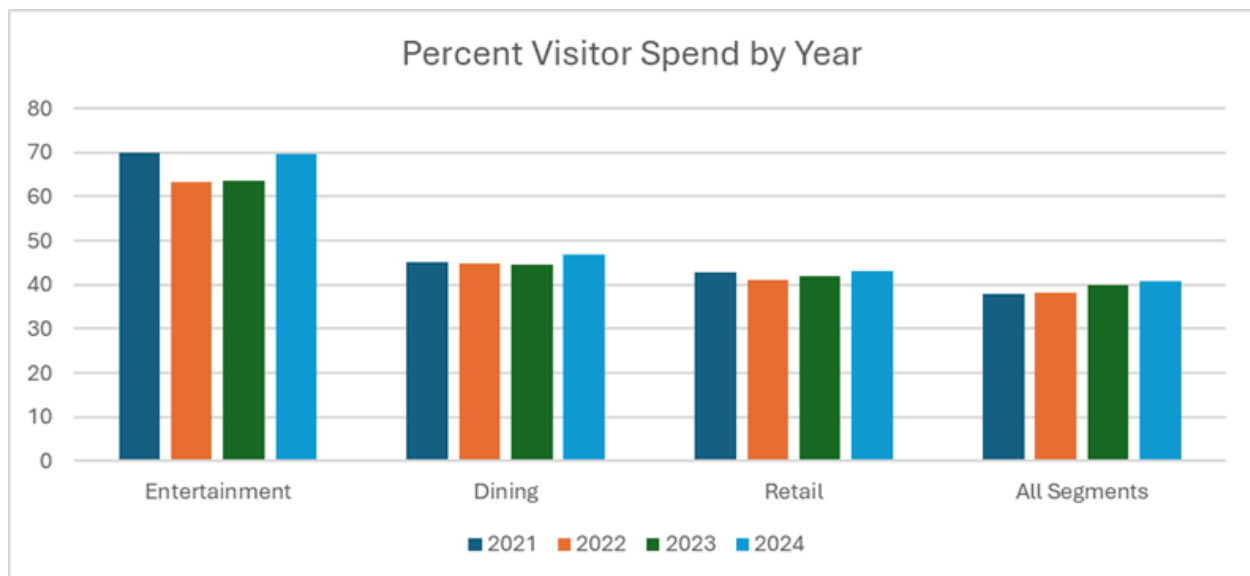
Morgan Hill’s Smith Travel Research (STR, now CoStar) metrics are an aggregate of 10 reporting hotels, representing 85% of room inventory. As of June 2025, the running 12-month averages for key metrics were:

- **64% OCC** - Occupancy: percentage of hotel rooms rented
 - **\$124 ADR** - Average Daily Rate: average room rental rate per night
 - **\$79 RevPAR** - Revenue Per Available Room: revenue earned per available room
- Hotel revenue was **\$26.1 million*** FY 2024-25, a 2.3% increase YOY

**This includes hotel revenue exempt from TOT & TBID, such as stays over 30 days. (Source: CoStar/STR)*

3. Visitor Spending – Visa Insights*

The percentage of spending by visitors (non-resident cardholders) is growing, particularly in categories such as dining (47.4%), entertainment (69.9%), and retail (43.1%). Visitors make up **40.5% of citywide spending** in all categories.



- Total visitor Visa card spending was **\$179 million** (Source: Visa)
- Estimated Sales Tax-able Spend by Visitors was **\$118.8 million**.
- Estimated \$10.8 million in Total Sales Tax (Local, County, State)
- Estimated **\$1.2M** in City Sales Tax Generated by Visitor Visa

**Visa Insights provides anonymous Visa credit card spending information in Morgan Hill. It only accounts for a portion of total spending by all payment forms, so actual spending is higher. This data provides consistent year over year comparison data that may be broken out by non-resident spending. Not all non-resident spending is assumed to be tourism related; however, some merchant categories are closely aligned with tourism activities.*

Estimated ROI on MHTBID Investment

To quantify the value of tourism to the City and businesses of Morgan Hill, the following estimates are provided, based on the available market indicator data for FY 2024-25. For every dollar of MHTBID generation (\$327,492), city hotels and businesses benefit approximately:

- **Hotel Revenue (~\$26.1M)**
 - \$80 per \$1 of TBID
- **City TOT (~\$2.5M)**
 - \$7.63 per \$1 of TBID
- **Total Visitor Spending (~\$179M*)**
 - \$547 per \$1 of TBID
- **City Sales Tax Revenue (\$1.2M**)**
 - \$3.63 per \$1 of TBID

The City of Morgan Hill also received a total **Administration Fee of \$6,684**, which is 2% of the total MHTBID for the year.

Though not a claim of direct attribution to Visit Morgan Hill, the figures provide a baseline that may be compared year over year and indicate the importance of continuing to provide visitor resources and tourism-focused promotion to drive incremental revenue streams. The figures presented do not account for resident cardholder spending that may have been influenced by Visit Morgan Hill efforts, also contributing to business revenue and taxes.

**Total Visitor Spending inclusive of all merchant categories and local, county, state taxes.*

***City Sales Tax Revenue by Visitors = Sales Taxable Spend \$118.8M x 1% = \$1,188,000, or rounded to \$1.2M referenced.*

POST-PANDEMIC SNAPSHOT

Morgan Hill's lodging market continues to contend with post-pandemic impacts such as regional business travel and convention decline, increased lodging stock in San Jose, increasing operating costs, and lending challenges. At a time of year over year gains until 2019, Morgan Hill and the San Jose region's occupancy and average daily rate levels were above the national average. As of July 2025, the San Jose region is ahead of national averages, though still 19% below its revenue levels of 2019. Morgan Hill is at 23% below 2019 lodging revenue levels, and below the national average rates for occupancy and average daily rate. (Source: CoStar)

CONCLUSION

Tourism is an important component of the overall Morgan Hill economy, contributing to business revenue, sales tax, hotel tax (TOT). Though lodging market conditions are challenging, on average, Morgan Hill hotels earned greater revenue than last year and the share of visitor spending in the city has grown in categories closely related to tourism.

APPENDIX Item C: Income Statement

Visit Morgan Hill

Income Statement

July 1, 2024 - June 30, 2025

Income

| | | |
|--------------------------|--------------|---------------------|
| TBID | \$327,491.92 | |
| Refunds & Reimbursements | \$2,104.21 | |
| Total Income | | \$329,596.13 |

Operating Expenses

| | | |
|---|----------------|---------------------|
| Administrative | | |
| Salaries | \$160,749.46 | |
| Tax Services | \$770.00 | |
| Employer tax | | |
| Employee tax | | |
| Payroll service fees & wire fees | \$909.62 | |
| Insurance | \$2,872.33 | |
| Softwares, Systems (adobe, office, squarespace) | \$2,544.10 | |
| Dues and subscriptions data | \$13,655.00 | |
| Office Supplies, hardware, postage, misc | \$485.66 | |
| | | \$181,986.17 |
| Marketing Communications | | |
| Agency PR & Social Media | \$75,821.59 | |
| Additional Advertising | \$26,298.13 | |
| Content & Promo Materials | \$5,005.20 | |
| | | \$107,124.92 |
| Business Development & Industry | | |
| Strategic Market Development | \$2,598.95 | |
| Hosting Fees | \$2,095.93 | |
| Sponsorship | \$0.00 | |
| | | \$4,694.88 |
| Industry & Community Relations | | |
| Strategic Partnership Dues & Sponsorship | \$7,006.61 | |
| Meetings & Conferences | \$7,697.87 | |
| | | \$14,704.48 |
| Erroneous Charges | \$26.48 | |

\$26.48

**Total Operating
Expense**

\$308,536.93

Net Income

\$21,059.20

APPENDIX Item D: Balance Sheet

Visit Morgan Hill

Balance Sheet

June 30th, 2025

Assets

| | | |
|----------------------|----------|---------------------|
| Current Assets | Checking | \$307,297.33 |
| | AR | \$0.00 |
| Total Current Assets | | <u>\$307,297.33</u> |

Liabilities & Equity

| | | |
|----------------------------|----------------|---------------------|
| Liabilities | | \$0.00 |
| Equity | Balance 7.1.23 | \$286,238.13 |
| | Year Earnings | \$329,596.13 |
| | Less Op Exp | <u>\$308,536.93</u> |
| | Net | \$307,297.33 |
| Total Liabilities & Equity | | \$307,297.33 |

APPENDIX Item E: Cash Summary

Visit Morgan Hill Cash Summary

Year Ending June 30th, 2025

Income

| | |
|------------------------------------|---------------------|
| TBID | \$327,491.92 |
| Refunds & Reimbursement | \$2,104.21 |
| Total | \$329,596.13 |

Less Operating Expenses

| | |
|--|---------------------|
| Administrative & Salary | \$168,331.17 |
| Dues & Subscriptions | \$13,655.00 |
| Agency PR & Social Media | \$75,821.59 |
| Additional Ads & Promo Material | \$31,303.33 |
| Business Development | \$4,694.88 |
| Industry & Community Relations | \$14,704.48 |
| Erroneous Charges | \$26.48 |
| Total | \$308,536.93 |

Summary

| | |
|--------------------------------|---------------------|
| Opening Balance 7.1.24 | \$286,238.13 |
| Cash Movement | \$21,059.20 |
| Closing Balance 6.30.25 | \$307,297.33 |

Visit Morgan Hill ANNUAL REPORT FY 24-25

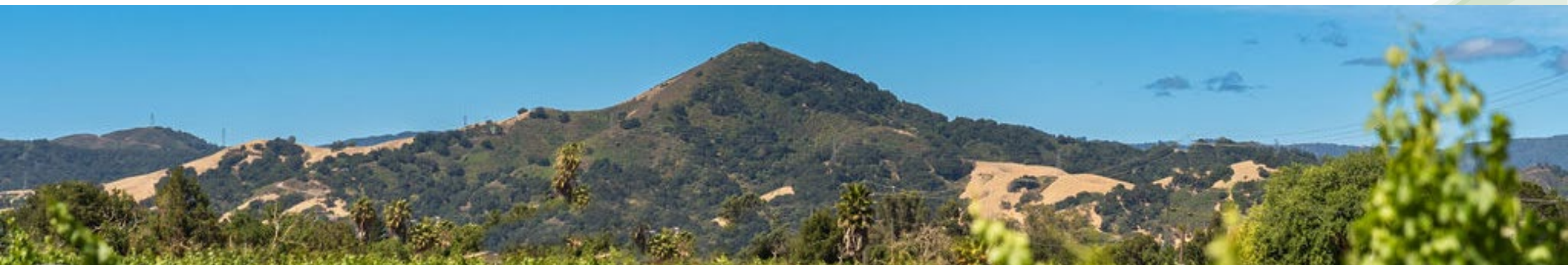
October 15, 2025

Morgan Hill Tourism Business
Improvement District (MHTBID)



About Visit Morgan Hill & MHTBID

- Visit Morgan Hill (VMH) **formed in 2019** as the Owners' Association for MHTBID
- MHTBID is a **special assessment district** focused on hotels
- Funded by a **1.5% assessment** on hotel stays <30 days
- Funds used to **promote overnight tourism** to Morgan Hill
- **Board** consists of hotel, winery, community, and city representatives



Why Tourism?

Overnight tourism generates greater spending than day trips
and is an important diversifier of local revenue sources.

Business
Revenue

Jobs

Hotel Tax

Sales Tax

Lodging | Restaurants | Recreation | Retail, Art, Entertainment | Venue & Event Services

Strategy & Work

- Guided by the MHTBID **Management District Plan**
- Comprehensive, long-term **Destination Strategic Plan**
- **Annual Work Plan & Budget** approved by Board of Directors each year
- **Strategic Priorities Summary** here



Grow Leisure Market Awareness of MH's Assets

- A vibrant downtown
- Appealing citywide dining
- Variety of wineries and farms
- Outdoor recreation, hiking, and biking
- Attractive public event programming
- Convenient lodging

Attract Sports & Private Social/Business Events

- State of the art aquatic center and flat field sports facilities
- 20+ private event venues
- Ideal lodging options for groups
- Leisure and teambuilding activities



Advocate for Long-Term Development of Complementary Tourism Assets

- Encourage improved and new assets with year-round seasonality and indoor options
- Support diversified hotel product and increased capacity, especially with full-service meeting space

Activities & Improvements

1. Marketing Communications

Continuous Owned, Earned, Paid Media

2. Group Business Development

Hotel Lead Generation & Distribution

3. Industry Relations & Development

Local Event & Attraction Collaboration

4. Operations & Administration

Continuous Reporting & Benchmarking



What my friends think I do



What locals think I do



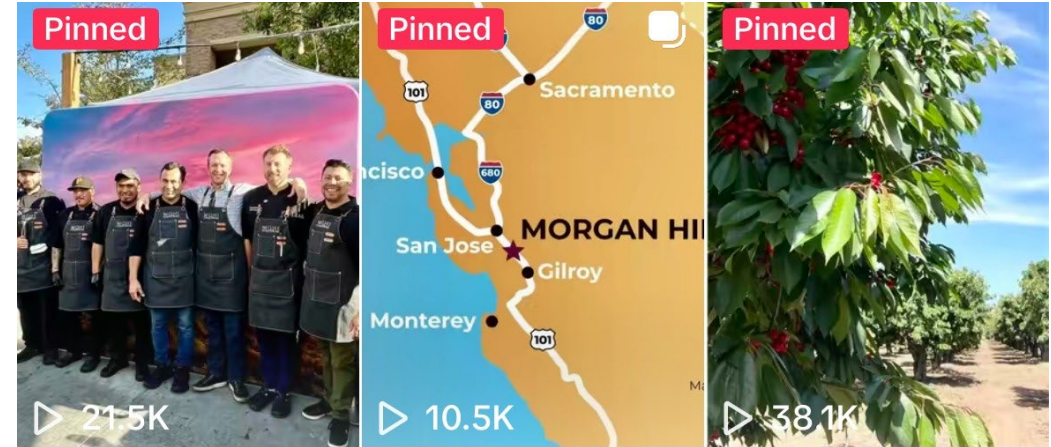
What city hall thinks I do



What I really do

Marketing Communications

- **Website:** 266K pageviews (+13% YOY)
- **Referrals:** 41K click throughs (+8% YOY)
- **Email:** 55% open rate, 7% click rate
- **PR & Media:** 46 stories (KTLA Off the Clock, Modesto Bee, SF Chronicle, MSN), monthly column in MH Times, Take 5 Chamber pod
- **Social Media:** +45% follower growth
- **Campaigns:** 7x7, Nob Hill Gazette, Visit CA Guide, Silicon Valley Brochure/Map





I WANNA
Getaway

FAMILY-FRIENDLY ROAD TRIP

THANK YOU: VISIT MORGAN HILL

  yourbucketlistguide

OFF THE
CLOCK
KTLA+

Group Business Development

- Generated **hotel leads representing 2,360 room nights** for soccer, weddings, tours
- Developed Sports Tournament **Guide**, lodging **incentive program**, and **Facility Calendar**, and secured **BAP training camp and visiting team rooms**
- Created online **meeting & event planning tools** and quick charts
- Secured **Trafalgar group farm tour series** and **Samho group room block**
- Rolled out **Tourism Exchange booking platform** for small local businesses

SPORTS
GROUPS

PRIVATE
EVENTS

WEDDINGS &
MILESTONES

TOUR GROUPS

MEETING &
CONFERENCE

TEAMBUILDING



terraamicofarms and segoviascatering



terraamicofarms Farm Tours 🧑🏻‍🌾 International Travelers 🌍 Amazing Food 🍷

We had the best time hosting @trafalgartravel and their guests for a lunch as part of their California journey. @segoviascatering created a 3-course lunch made with all local ingredients from our farm and other neighbors (of course highlighting the tomato 🍅) Bringing farm fresh foods and organic farming practices to those from all around the globe!!

•
•
#familyfarm #tomatofarm #organicfarm #tourgroups #trafalgar #international #foodies #farmfresh #heirloomtomatoes #smallfarm #localfarms #terraamicofarms

5d



michmibelle How lovely

5d 1 like Reply



Industry Relations & Development

- **Strategic Local Partners:** Wineries SCV, MHDA, Downtown PBID, Chamber, MHOSC, City Parks & Rec, and Econ Dev
- **Regional/State:** Leadership in Visit California programs and Central Coast Tourism Council
- **Event Collabs:** 700 events posted to calendar, Buy Local, Kickoff on 3rd, Merry Morgan Hill, MHMF
- **Advocacy & Data:** tourism perspective on local policy (e.g. Fattoria Public Market, Condit Rd PUD)



Market Indicator Metrics

MHTBID

Hotel Metrics

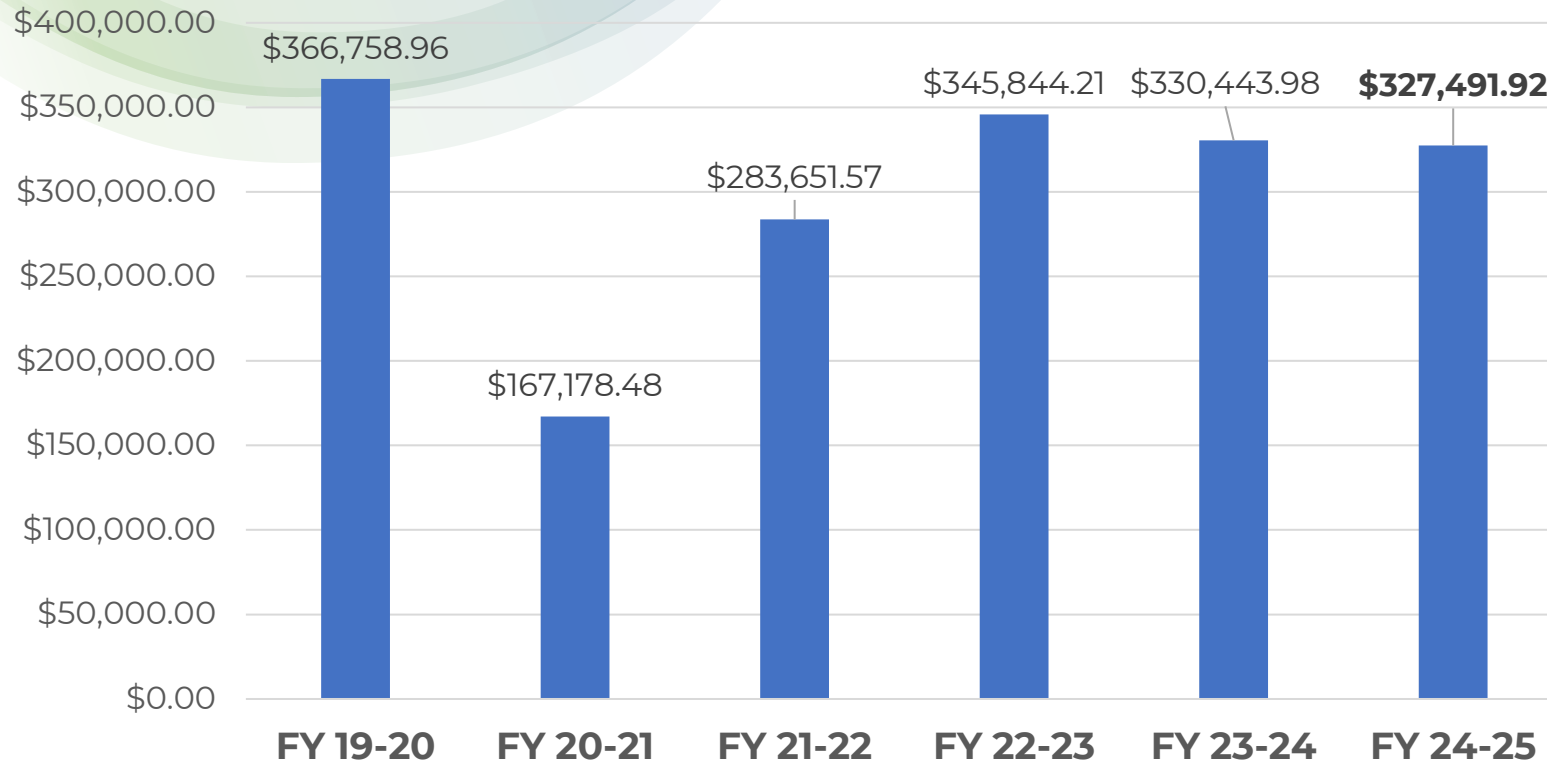
Visitor
Spending

MHTBID FY 24-25

• **TBID funds received: \$327,492**

• **Operating expenses: \$308,537**

MHTBID History



~\$6,700
 2% Administrative Fee retained by City as the MHTBID assessment collection entity

Estimated **\$2.5M** TOT generation, 11%.

Hotel Performance Metrics

Morgan Hill Hotel Metrics

Running 12-months as of June 2025

- **OCC** (Occupancy): **64%**
- **ADR** (Average Daily Rate): **\$124**
- **RevPAR** (Revenue Per Available Room): **\$79**
- **Hotel Revenue: \$26.1M** (+2.3% YOY)
- *Source: CoStar/STR*

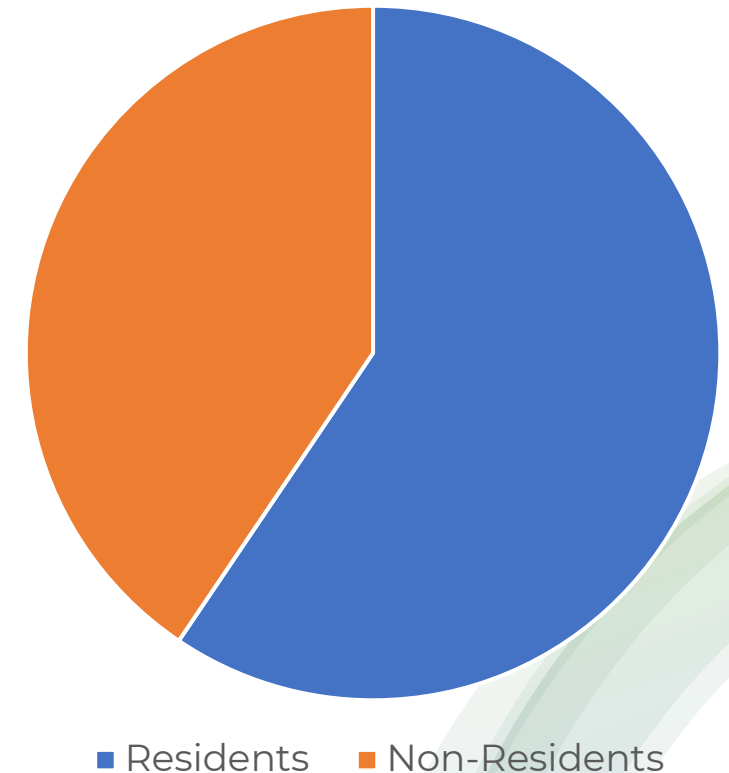


Visitor Spending

Citywide Visitor Visa Spending FY 24-25

- **40.5%** of all spending representing \$179M
 - Dining **47%**
 - Entertainment **70%**
 - Retail **43%**
- Sales-taxable spend: **\$118.8M**
 - **~\$1.2M** in City sales tax
- *Source: Visa Insights*

Citywide Visa Spending



Estimated ROI on MHTBID Investment

Per \$1 of TBID (\$327,492), a return of:

- **\$80 in Hotel Revenue (\$26.1M)**
- **\$7.63 in City TOT (\$2.5M)**
- **\$547 in Total Visitor Spending* (\$179M)**
- **\$3.63 in City Sales Tax (\$1.2M)**

Estimates based on available sample data.

**Total spending inclusive of all taxes and categories.*



VISIT MORGAN HILL What's Ahead?

Visitor Guide Magazine

- Premium print + digital (launch 2026)
- Local & Bay Area distribution

Digital Campaign

- Positioning for “Big Game” visitors
- Print & digital in-market saturation
- Local activation promotions

Continued Year-Round Promotion

- Wine, farm, culinary, sports, and arts



Conclusion & Thank You

Tourism has a significant and growing role in the local economy.

VMH is committed to continuing to deliver visibility as a tourism destination and value to our stakeholders.

Find Us: Our website and social media are great resources for both visitors and community!



FACEBOOK

[@VisitMorganHillCA](https://www.facebook.com/VisitMorganHillCA)

INSTAGRAM

[@VisitMorganHillCA](https://www.instagram.com/VisitMorganHillCA)

TIKTOK

[@VisitMorganHill](https://www.tiktok.com/@VisitMorganHill)

WEBSITE

www.visitmorganhill.org