



City Council

Regular Meeting Agenda

<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, April 15, 2026

5:00 p.m. Closed Session

6:00 p.m. Regular Session

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

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

MEETING PARTICIPATION

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

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

Those wishing to participate in the meetings remotely must register in advance at <https://bit.ly/CityCouncilZoomRegistration>. Additionally, Zoom participants must be running the latest version or will be required to update to it before joining 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 first from those attending in person, with the submission of a speaker card. Once that is complete, we will move to those on Zoom who have their hand raised. Following public comment from Zoom, we will close the public comment period for that item.

Remote public comment 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 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, at least two full business days before the start of the meeting.

SPECIAL/REGULAR MEETING

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

SPECIAL MEETING

5:00 p.m. Closed Session

CALL TO ORDER

ROLL CALL ATTENDANCE

DECLARATION OF POSTING AGENDA

CLOSED SESSION

Conference with Legal Counsel—Existing Litigation (§ 54956.9)

Berns v. City of Morgan Hill, Santa Clara County Superior Court Case No. 25-CV-472644

Conference with Legal Counsel—Anticipated Litigation

Initiation of Litigation pursuant to § 54956.9(c)

(Unknown Number of Cases)

Conference with Legal Counsel—Anticipated Litigation

Significant Exposure to Litigation pursuant to § 54956.9(b)

(One Case)

OPPORTUNITY FOR PUBLIC COMMENT ON CLOSED SESSION

ADJOURN TO CLOSED SESSION

REGULAR MEETING

6:00 p.m.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

RECOGNITIONS

Library, Culture, and Arts Commissioner Mark Fiorenza

Parks and Recreation Commissioner Shweta Maniar

City Attorney Donald Larkin

PROCLAMATIONS

American Red Cross Month

Parkinson's Awareness Month

American Muslim Appreciation & Awareness Month

PRESENTATIONS

YAC Presentation - Developmental Asset #9: Service to Others

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. ACCEPTANCE OF 2025 MORGAN HILL WATER MAIN REPLACEMENT PROJECT

Recommendation:

1. Accept as complete the 2025 Morgan Hill Water Main Replacement Project;
2. Authorize the City Engineer to execute the Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

2. APPROVE MONTEREY - AMG & ASSOCIATES CONCESSIONS FOR A 100% AFFORDABLE PROJECT

Recommendation:

Adopt a resolution approving the applicant's request of five concessions to the City's Objective Residential Development Design and Development Standards pursuant to California Density Bonus Law (Gov. Code §65915).

3. APPROVE THE APRIL 1, 2026 CITY COUNCIL MEETING MINUTES

Recommendation:

Approve the April 1, 2026 City Council Meeting Minutes.

OTHER BUSINESS

4. APPROVE REIMBURSEMENT AGREEMENT WITH THE LUMBERYARD DEVELOPER FOR COMPLETION OF TENANT IMPROVEMENTS AT THE FUTURE CITY-OWNED NON-PROFIT CENTER BUILDING

Recommendation:

Authorize the City Manager to execute and administer a reimbursement agreement with the MH Lumberyard 49, LLC. for the design and construction of tenant improvements at the future City-owned office space at 17020 Depot Street.

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 2026-2027

- Fiscal Sustainability
- Public Safety
- Affordable Housing and Homelessness
- Economic Development and Tourism
- Transportation
- Economic Mobility

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
- Promoting a Healthy Community



April

Developmental Asset #9

Service to Others:

Young person serves in the community
one hour or more per week.



A real-life topic that connects with this month's developmental asset is:

Extra-curricular Activities

Jay Sandhu

Active Member



- YAC Volunteering
- Volunteering at food pantries
- Service work at place of worship

Constance Costa

Active Member

Co- Developmental Asset Ambassador



- YAC Leadership
- Morgan Hill Library Volunteer
- Literary Magazine Editor

Aakash Shakya

Active Member

Developmental Asset Co-Lead



- Volunteering at Food Banks
- YAC Volunteering
- Business Club at School

*“Service to others is the rent you pay
for your room here on Earth” -
Muhammad Ali*





CITY COUNCIL STAFF REPORT

MEETING DATE: April 15, 2026

PREPARED BY:

Yat Cho, Senior Project Manager

APPROVED BY: City Manager

ACCEPTANCE OF 2025 MORGAN HILL WATER MAIN REPLACEMENT PROJECT

RECOMMENDATION(S)

1. Accept as complete the 2025 Morgan Hill Water Main Replacement Project;
2. Authorize the City Engineer to execute the Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety and Quality of Life

Maintaining and Enhancing Infrastructure

Strategic Priorities 2026-2027

Healthy Community

Guiding Documents

Water System Master Plan

REPORT NARRATIVE:

On June 4, 2025, the City Council awarded the 2025 Morgan Hill Water Main Replacement Project to DPI, Inc. in the amount of \$537,800 with a construction contingency of \$107,560. The project included the replacement of the existing water main within the shopping center located near the Hale Avenue and West Main Avenue intersection. Additionally, approximately 225 linear feet of 8" water main was installed between White Oak Court to Hilltop Court along East Dunne Avenue (Attachment 1- Vicinity Map).

Project construction began on August 10, 2025 and was substantially completed in February 2026. One change order was authorized in the amount of \$49,423 (Attachment 2). The final construction contract with DPI, Inc. is \$587,223.

Staff recommends accepting this project as it is complete in accordance with the plans

and specifications and directing the City Clerk to file the Notice of Completion (Attachment 3).

COMMUNITY ENGAGEMENT:

Inform

Prior to and during construction, staff worked with the contractor to minimize inconveniences by providing advanced notifications to residents and owners on construction activities. Regular updates with construction information were also provided regularly through Nextdoor and on the City's website.

ALTERNATIVE ACTIONS:

There is no alternative action available. Accepting the project in accordance with the contract documents is a required process and enables the City to release any retained funds owed to the Contractor per California Public Contract Code Section 7107.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

December 15, 2021 - City Council adopted the Water Systems Master Plan.

June 4, 2025 - City Council awarded 2025 Morgan Hill Water Main Replacement Project to DPI, Inc.

FISCAL AND RESOURCE IMPACT:

The final contract amount for the 2025 Morgan Hill Water Main Replacement Project is \$587,223 (including one change order in the amount of \$49,423). The project was awarded to DPI, Inc. in the amount of \$537,800 with an authorized contingency of \$107,560 (Total \$645,360). This project is funded in the adopted Capital Improvement Program Budget, under Project WA6005 — Water Pipeline Repair and Replacement, funded by the Water Capital Project Fund (653). The balance of \$58,137 will be returned to the Water Capital Project Funds (653).

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 work for this project involves the repair, maintenance, or minor alteration of existing City facilities involving negligible or no expansion of the use of those facilities.



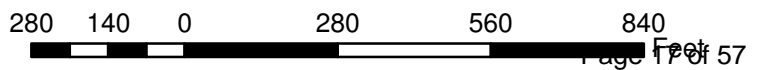
Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



**Public Services Department
CIP Engineering Division**

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2025 Morgan Hill Water Main Replacement Project (1 of 2)





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



CITY OF MORGAN HILL

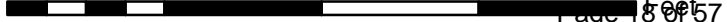
**Public Services Department
CIP Engineering Division**

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2025 Morgan Hill Water Main Replacement Project (2 of 2)



820 410 0 820 1,640 2,460



CIP Contract Acceptance Funding Closeout Statement

Project:	2025 Morgan Hill Water Main Replacement Project		
Project No:	WA6005		
Date of Project Award:	4-Jun-25	Project Award Amount:	\$537,800
Funding Source:	653	Contingency Authorized:	\$107,560
Date of Project Acceptance:	15-Apr-26	Total Authorized:	\$645,360
		Actual Base Contract Spent:	\$537,800

Change Orders				
	Description	Date	Council Approval Req'd? (Y/N)	
CO #001	Various T&M Change Orders and Adds/Deducts to Bid Schedule	5-Feb-26	N	\$49,423.11
			Total C.O.:	\$49,423.11

Additional Appropriations		
Source	Amount	Date

Total Construction Amount (Base Contract plus CO's): **\$587,223.11**

Construction Fund Balance:

\$58,136.89

Recording Requested By:

When Recorded Mail To:

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

NOTICE OF COMPLETION
Civil Code §§ 9204 and 9208

NOTICE IS HEREBY GIVEN THAT:

1. The undersigned is the agent of the Owner of the Project described below.
2. Owner's full name is City of Morgan Hill ("City").
3. Owner's address is 17575 Peak Ave., Morgan Hill, CA 95037.
4. The nature of Owner's interest in the Project is:
XX Fee ownership ___ Lessee XX Other: Easement
5. Construction work on the Project performed on Owner's behalf is generally described as follows: Abandon and Installation of approximately 600 Linear Feet of 8" Water Main at the Main Avenue/Hale Avenue Shopping Center and installation of approximately 225 Linear Feet of 8" Water Main off East Dunne between White Oak Court and Hilltop Court.
6. The name of the original Contractor for the Project is: DPI, Inc. located at 5942 Las Positas Road Livermore, CA 94551
7. The Project was accepted as completed on: April 15, 2026
8. The Project is located at: Main Avenue/Hale Avenue Shopping Center and East Dunne Avenue between White Oak Court and Hilltop Court

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

Date

Signature

Scott Creer – City Engineer

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



CITY COUNCIL STAFF REPORT

MEETING DATE: April 15, 2026

PREPARED BY:

Tiffany Brown, Senior Planner

APPROVED BY: City Manager

APPROVE MONTEREY - AMG & ASSOCIATES CONCESSIONS FOR A 100% AFFORDABLE PROJECT

RECOMMENDATION(S)

Adopt a resolution approving the applicant's request of five concessions 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

Maintaining and Enhancing Infrastructure

Strategic Priorities 2026-2027

Fiscal Sustainability

Guiding Documents

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

PROJECT

The project site is located on the east side of Monterey Road at 17910 and 17920 Monterey Road, Assessor's Parcel Numbers 726-25-001 and 726-25-002, on the northeast corner of Wright Avenue and Monterey Road (adjacent to the Morgan Hill Unified School District Community Adult School). The project proposal includes demolishing the existing structures on the 1.89-net acre site and constructing a 100% affordable multifamily apartment complex containing 100-units (53 units per acre) with 100 parking spaces and associated onsite improvements. The proposed structure varies in height, ranging from approximately 40-feet (three stories) on the front portion of the lot to roughly 68-feet in height (six stories) on the back side of the lot. Segments of the building consisting of interior staircases and elevator shafts are proposed to be approximately 82-feet in height as required for roof access. Proposed plans are available on the [project webpage](#).

The project is requesting five concessions as part of the project. No waivers from standards are requested for the project at this time.

AFFORDABLE HOUSING COMMITMENT

The project as proposed will be a 100% affordable project with proposed Below Market Rate units spread across Very Low, Low, and Moderate Below Market Rate (BMR) unit types for rent. See Table 1.1 for the proposed unit spread. The project will be required to execute an Inclusionary Housing Ordinance (IHO) Agreement with the City to memorialize the IHO commitment.

Table 1.1

Below Market Rate Unit Type	Number of Units
Very Low	8
Low	72
Moderate	19
Manager Unit	1
Total Units	100

Because this project is 100% affordable and located within a half-mile of a major transit stop (Caltrain Station) and two bus routes (route 568 and route 68), it qualifies for several benefits under California's Density Bonus Law (Gov. Code §65915) and Government Code Section 65863.2 (Assembly Bill 2097). Specifically, the project is entitled to unlimited density, an additional three-stories, or 33-feet in height, and an exemption from parking minimums — without concessions. Based on the 100% affordability, it also qualifies for up to five (5) concessions and unlimited waivers of the City's Objective Residential Development Design and Development Standards.

CONCESSION REQUEST

The project is requesting five concessions as listed below:

1) Private Open Space — Development Standards require that multifamily dwellings provide a minimum of 48 square feet per unit to a minimum of 50 percent of the units in the development. This would require balconies for 50 units. The applicant is requesting to eliminate this standard and not provide private open space (balconies or porches) for any units. The applicant notes it qualifies as a concession as it would result in additional construction costs of approximately \$15,000 to \$30,000 per unit or \$750,000 to \$1,500,000 total.

2) Storage Area — Development Standards require each unit to provide a storage area of 25 square feet (100 cubic feet). The applicant is requesting to eliminate this standard and not include storage areas. This request qualifies as a concession as the applicant notes providing storage areas translates to a loss of approximately five (5) residential units for the project.

3) Exterior Treatment and Materials — Under City Standards, at least two materials must be used on any building facade in addition to glazing and railings. Any one material must comprise at least 20% of any building facade, excluding windows and railings. A change in material must be offset by a minimum of six inches in depth. Exterior finish materials should be chosen and applied to not appear artificial, as in the

case of brick veneer applied on a single building face so that it is obviously ¼ inch thick when viewed from the side, or in the case of a trellis made of 2 inches x 2 inches or 2 inches x 4 inches. Veneers are required to turn corners, avoiding exposed edges. The applicant is requesting to eliminate this Objective Standard and only provide the materials shown on the Design Permit plans. The applicant will utilize a concession to eliminate the standard and note that it qualifies as a concession in that it would increase the construction budget by a minimum of \$31,620.

4) Balconies — Development Standards require at least 25% of homes facing a street, alley, or common interior courtyard include a balcony overlooking a common area with a minimum size of six (6) feet by four (4) feet. This would require balconies for 25 units. The applicant is requesting to eliminate this standard and not provide balconies. The applicant notes to use a concession to eliminate the standard as it would result in an increase in construction costs from approximately \$15,000 to \$30,000 per unit.

5) Undergrounding Overhead Utilities — City Standards require all new utility distribution and service connections to be placed underground. This standard does not apply to aerial power transmission lines. All existing overhead utilities adjacent to any site boundary, within the project site or along any street frontage, are required to be placed underground in accordance with City Standards and affected utility company guidelines. The applicant identifies elimination of this requirement as a concession and notes the undergrounding would increase the construction budget by \$250,000 to \$350,000.

ANALYSIS

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

1. Not result in identifiable and actual cost reductions, consistent with Government Code §65915(k), to provide for affordable housing costs, as defined in Section 50052.5 of the Health and Safety Code, or for rents for the targeted units to be set as specified in Government Code §65915(c).
2. Have a specific, adverse impact, as defined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low-income and moderate-income households; 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 concessions 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 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 the project's public hearing will be published in the Morgan Hill Times.

ALTERNATIVE ACTIONS:

City Council may deny the applicant's concession request if the Council makes the findings defined 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 the Affordable Housing Exemption under Cal. Code Regs. Tit. 14, § 15194.



March 12, 2026

Tiffany Brown
Development Services Department
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

Re: Request for Density Bonus and Concessions
17910 & 17920 Monterey Road, Morgan Hill, CA | APN: 726-25-001 & 726-25-002

Ms. Brown,

AMG & Associates, LLC (AMG) requests a density bonus and concessions for the aforementioned property pursuant to State Density Bonus Law [Government Code (GC) Section 65915]. The project is a total of 100 units with 100 parking stalls. The proposed affordability will be distributed according to the below table and consistent with the following applicable codes:

AMI	Very Low Income	Low Income	Moderate Income	Total Rentable	Manager Units	TOTAL
# Units	8	72	19	99	1	100
% of Rentable Units	8%	72%	20%			

- Inclusionary Housing Requirements:** Section 14.04.040 of Morgan Hill’s Municipal Code requires all new rental residential projects consisting of two or more dwelling units located within the city but outside of downtown are required to restrict fifteen percent of the dwelling units to low-income and very low-income households. At least one-half of the required inclusionary units shall be for very low-income households.

For this project, 15 percent of the total unit count exclusive of the manager’s units is 15. Of those affordable units, one-half must be set aside for very low-income households and the other half must be set aside for low-income households. 8 of the affordable units will be designated for those earning 50% of the area median income (AMI) and 7 of the affordable units will be designated for those earning up to 80% AMI

- Housing Accountability Act [Government Code §65589.5]:** The Housing Accountability Act offers protection for housing developments that provide at least 20% of their units for lower income households as defined by Health and Safety Code §50079.5. This project will designate more than 20% of its affordable units to low-income households and therefore qualifies for protection under subdivision (d) of the Housing Accountability Act.

3. **State Density Bonus Law (SDBL) [Government Code §65915]:** We request a density bonus, concessions, and reduced parking standards in accordance with SDBL. Below please find descriptions for each item requested.

- (i) **Density Bonus:** Pursuant to 65915(f)(3)(D)(iii), a housing development is exempt from “maximum controls on density” when it meets two criteria – affordability and location within a very low vehicle travel area. Since this project complies with both criteria, as detailed below, then the City “shall not impose any maximum controls on density.”
 - **Affordability [§65915(b)(1)(G)]:** 100% of the units in the development, except those units designated for manager’s units, are for lower income households (80% AMI), as defined by HSC §50079.5. This project meets this requirement as illustrated in table above.
 - **Very Low Vehicle Travel Area [§65915(f)(3)(D)(iii) & (o)(9)]:** The project must also be located within a very low vehicle travel area which is defined by SDBL as an area “where the existing residential development generates vehicle miles traveled per capita that is below 85 percent of either regional vehicle miles traveled per capita or city vehicle miles traveled per capita.” The screen capture provided in Exhibit A obtained from Site Check, a mapping tool managed by the State’s Office of Planning and Research, indicates that the site is located within this travel area. Therefore, this project meets this requirement.
- **Height Increase:** Pursuant to §65915(d)(2)(D), a project that receives unlimited density shall be eligible for up to an additional 33 feet in height. As indicated in Item (i) above, “maximum controls on density” do not apply to this project. The base height for this project is 35 feet, and with the additional 33 feet is permitted a maximum height of 68’. The project requests the additional height and proposes a building that is approximately 67’-7” tall.
- **Concessions & Waivers:** Pursuant to §65915(d)(2)(D) and (e)(3), a project that receives unlimited density shall be eligible for five concessions. As indicated in Item (i) above, “maximum controls on density” do not apply to this project. Please see the “Concessions” section for details on what is being requested at this time. Waivers may be requested but it is up to the City to agree to these waiver requests. At this time no waivers are being requested.
- **Parking Standards:** As permitted by §65915(p)(3)(A), a project that meets the affordability requirements of (b)(1)(G) and is located within one-half mile with “unobstructed access” to a major transit stop is not subject to parking standards. SDBL defines how one-half mile is measured as follows (emphasis added):

“that any point on a proposed development, for which an applicant seeks a density bonus, other incentives or concessions, waivers or reductions of development standards, or a vehicular parking ratio pursuant to this section, is within one-half mile of any point on the property on which a major transit stop is located, including any parking lot owned by the transit authority or other local agency operating the major transit stop” [§65915(o)(3)].

SDBL relies on Section 21155(b) of the Public Resources Code to define a major transit stop. This definition, amongst other things, includes a high-quality transit corridor. The property is within one-half mile from the Morgan Hill Caltrain Station as defined by Government Code Section 65915(o)(2). Please see Exhibit B for further details on HCD’s technical memo. Based on this, the

project meets the requirement and is not permitted to provide parking. However, 100 vehicular stalls are proposed.

CONCESSIONS

Below are the concessions being requested which result in actual, identifiable costs for the project.

1. Private Open Space: Section 18.40.060 of the Zoning Code requires that multifamily dwellings provide a minimum of 48 square feet per unit to a minimum of 50 percent of the units in the development. This would require balconies for 50 units. This standard is eligible as a concession because it would result in “identifiable and actual cost reductions” for the construction of this affordable housing project. These balconies will have high construction costs in regards to structural support, waterproofing, railings, special annual inspections, etc. We estimate that this can cost approximately \$15,000 to \$30,000 per unit. If we incorporated private open space for all the units then we could expect an increase in the construction budget of approximately \$750,000 to \$1,500,000.
2. Storage Area: Section 18.40.060 requires each unit shall be provided a separate storage area of at least 100 cubic feet with a minimum horizontal surface of 25 SF. This would translate in a loss of approximately 5 units. This would be an actual, identifiable cost reduction because if the Applicant complied with this then units would be eliminated translating to an increase in land and soft costs per unit. The difference between land cost per unit at 95 units (without the concession) and at 100 units (with the concession) is approximately \$410 per unit. These numbers were calculated based on a land purchase price of \$3,900,000. A concession for this development standard results in an “actual and identifiable cost reduction” for the construction of this affordable housing project.
3. Exterior Treatments and Materials: At least two materials shall be used on any building facade, in addition to glazing and railings. Any one material must comprise at least 20% of any building facade, excluding windows and railings. A change in material must be offset by a minimum of six inches in depth. Exterior finish materials should be chosen and applied to not appear artificial as in the case of brick veneer applied on a single building face so that it is obviously ¼ inch thick when viewed from the side, or in the case of a trellis made of 2 inch x 2 inch or 2 inch x 4 inch members. Veneers are required to turn corners, avoiding exposed edges.

This standard is eligible as a concession because it would result in “identifiable and actual cost reductions” for the construction of this affordable housing project. The Applicant is proposing the use of two materials on the façades. In order to meet this standard, the Applicant will need increase the brick veneers on all facades. We estimate that this will cost an estimated \$15 per square foot. There will be an increase in the construction budget of \$31,620 at minimum.

4. Balconies: 25 percent of homes facing a street, alley or common interior courtyard include a balcony overlooking a common area with a minimum size of 6 feet by 4 feet. This would require balconies for 25 units. This standard is eligible as a concession because it would result in “identifiable and actual cost reductions” for the construction of this affordable housing project. These balconies will have high construction costs in regards to structural support, waterproofing, railings, special annual inspections, etc. We estimate that this can cost approximately \$15,000 to \$30,000 per unit. If we incorporated balconies for 25 units then we could expect an increase in the construction budget of approximately \$375,000 to \$750,000.
5. Undergrounding Utilities: All new utility distribution and service connections are placed underground. This standard does not apply to aerial power transmission lines. All existing overhead utilities adjacent

to any site boundary, within the project site, or along any street frontage are placed underground in accordance with City standards and affected utility company guidelines. This standard is eligible as a concession because it would result in “identifiable and actual cost reductions” for the construction of this affordable housing project. There will be an increase in the construction budget of \$250,00-\$350,000.

Granting the density bonus and concessions permits us to develop the project at the allowed 100 units pursuant to State Density Bonus Law. Please note that we may revise or request additional concessions and/or waivers during the entitlement process if the City’s interpretation of the various code provisions varies from our understanding of the regulations. Should you have any further questions, please feel free to contact me at kcalica@amgland.com or (818) 697-4919.

Sincerely,

A handwritten signature in blue ink, appearing to read 'K. Calica', with a stylized flourish at the end.

Kimberly Calica
AMG & Associates, LLC

EXHIBIT A

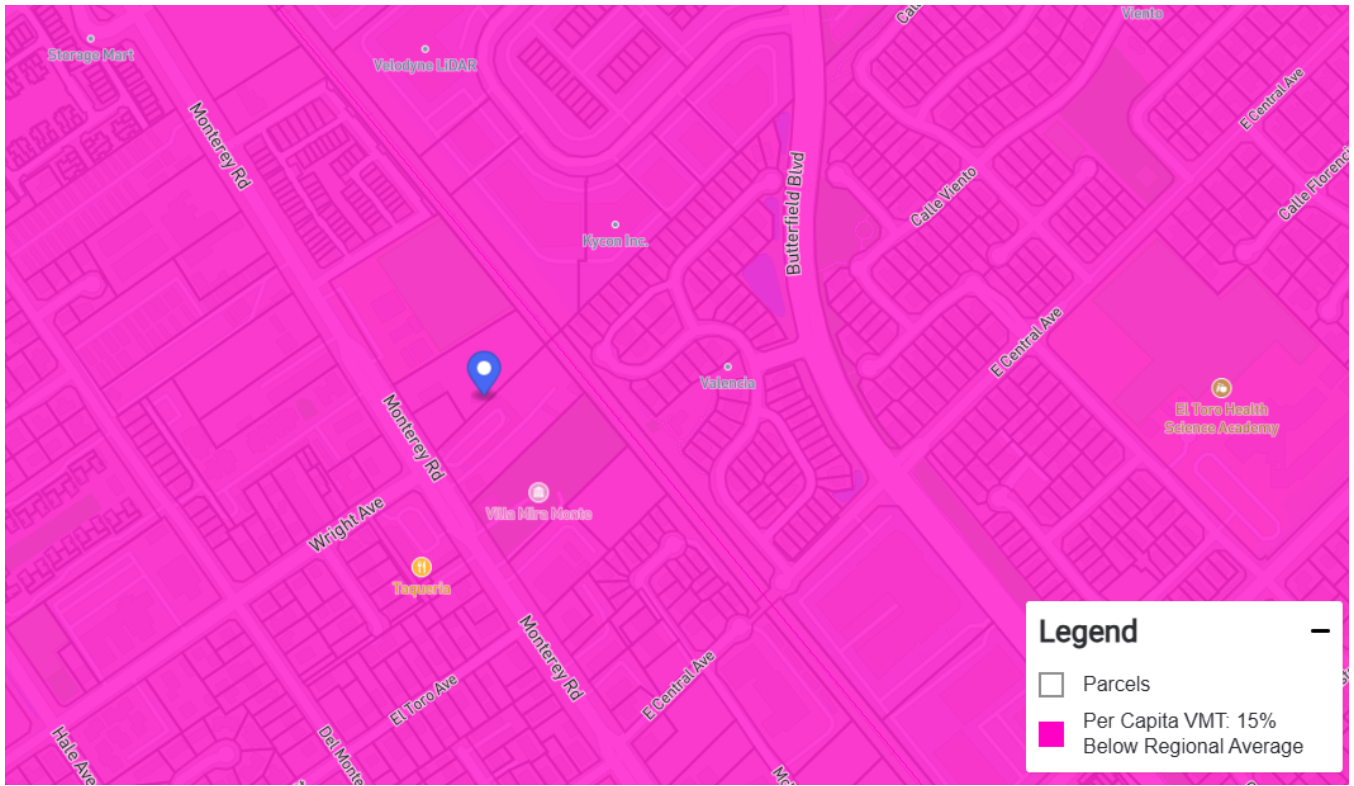


EXHIBIT B

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



November 17, 2021

Jennifer Carman
City of Morgan Hill
Development Services Director
17575 Peak Avenue
Morgan Hill, CA 95037

Dear Jennifer Carman:

RE: Morgan Hill State Density Bonus Law – Letter of Technical Assistance

The purpose of this letter is to provide technical assistance on the application of State Density Bonus Law (SDBL) (Gov. Code, § 65915.) The California Department of Housing and Community Development (HCD) has reviewed and responded to the questions contained in your letter dated August 31, 2021. Prior to receiving your letter, HCD received a request for technical assistance from AMG & Associates, LLC (AMG) on August 20, 2021, which posed very similar questions. This letter is intended to answer questions and provide clarifications applicable to both letters.

Project Description

HCD understands that AMG proposes to develop 200 units of deed-restricted affordable housing on two parcels located at 17910 and 17920 Monterey Street in Morgan Hill. The approximately 1.7-acre site, consisting of two parcels, currently contains an auto repair shop. One hundred percent of the units of the development would be affordable. These would include 20 units for households earning up to 50 percent of the area median income (AMI), 140 units for households earning up to 80 percent of AMI, and 40 units for households earning up to 120 percent of AMI.

The project site has a general plan land-use designation of Mixed-Use Flex, allowing residential densities of 7-24 dwelling units per acre (du/ac). The site is zoned Mixed-Use Flex, which also allows residential densities from 7 du/ac through 24 du/ac. Since the project site is 1.7 acres with a maximum allowable residential density of 24 du/ac, the base density of the site is 41 units. Given that the proposed development would provide 200 units, which represents an approximately 500 percent density bonus, the development would only be possible if found eligible for the “unlimited” density bonus provided under Government Code section 65915, subdivision (f)(3)(D)(ii). Pursuant to this subdivision, no maximum controls on density may be imposed on a development for which one hundred percent of all units are for lower-income households (containing

up to 20 percent moderate-income units) and that is located within one-half mile of a major transit stop.

As described in the project description, 160 units (80 percent) would be for lower-income households and 40 units (20 percent) would be for moderate-income households. This would qualify the proposed development with respect to affordability. The main question then is whether the project is located within one-half mile of a major transit stop. (Gov. Code, § 65915, subs. (f)(3)(D)(ii), (o)(3); Pub. Resources Code, § 21155, subd. (b).) The City and applicant agree that the nearby Morgan Hill Caltrain station meets the definition of a major transit stop under this definition. The sole question presented here is whether the project site is within one-half mile of the Morgan Hill Caltrain station.

Interpretation of Subdivision (o)(2)

Recently enacted changes to Government Code section 65915, subdivision (o)(2), explain that “Located within one-half mile of a major transit stop” means that “*any* point on a proposed development, for which an applicant seeks a density bonus, other incentives or concessions, waivers or reductions of development standards, or a vehicular parking ratio pursuant to this section, is within one-half mile of *any* point on the property on which a major transit stop is located, including any parking lot owned by the transit authority or other local agency operating the major transit stop.” (Emphasis added.)

Despite the definition contained in state law, it is apparent that approaches vary in the real-world application of these newly adopted measurements. Therefore, HCD offers the following technical assistance in the interpretation of the point of measurement on “any point on a proposed development” and “any point on the property upon which a major transit stop is located”.

Liberal Interpretation. Subdivision (r) of Government Code section 65915 requires that the SDBL be interpreted liberally in favor of producing the maximum number of total housing units. HCD remains mindful of this interpretive directive whenever offering technical assistance on the SDBL.

Point of Measurement–Major Transit Stop. HCD interprets “any point on the property upon which a major transit stop is located” to mean any point on the parcel(s) that make up the property upon which a major transit stop is located. HCD believes that the Legislature intended this broad definition when it chose the very general term “any point on the property”. Had the Legislature specifically intended the boarding platform itself to be the point of measurement, as is suggested by the City, it could have done so. Because land is most commonly understood in terms of parcels, parcels represent a familiar way to establish the boundaries of a “property”. Cities also typically perform

measurements from the edges of parcels in other situations (e.g., public hearing notice mailing radius).

While the edges of a boarding platform should not serve as a point of measurement for the purposes of establishing eligibility under the SDBL, the boarding platform (and by extension, the parcel upon which it sits) is certainly a “point on the property.” Therefore, and based on information provided by the applicant, HCD interprets that a straight-line measurement should be taken from the westernmost point on Parcel Number 726-13-050. This point is coincident with the eastern edge of the East Main Avenue right-of-way.

HCD recognizes that the shape of parcels containing boarding platforms associated with major transit stops are often irregularly shaped and inconsistent in size. Irregular parcel shapes, such as long/narrow railroad rights-of-way, can distort the true proximity of the project site to the major transit stop to a certain extent. For example, the Cottle Light Rail Station in San Jose is located on an I-shaped parcel that extends northward from the boarding platform almost 0.2 miles. Measurements taken from the edges of inconsistently sized and irregularly shape of parcels would, as a matter of chance, advantage certain potential development sites and disadvantage others. However, such variation does not provide adequate justification to allow a local agency to apply a stricter standard than is provided by the statute.

Point of Measurement – Proposed Development. HCD interprets that the point of measurement on the site of a proposed development should be any portion of the parcel(s) containing the structures, parking areas, landscaping, etc., that make up the development. Given the infill nature of the proposed development (and lacking a site plan for the proposed development), HCD anticipates that all or nearly all of the site will meet this requirement. Therefore, an appropriate point of measurement would likely be on or near the parcel edge nearest to the Morgan Hill Caltrain Station.

Project Eligibility for Unlimited Density. Applying the definitions and methodology described in this letter, it appears that the proposed development lies approximately 2,050 feet from the property on which a major transit stop is located. Therefore, the proposed project appears to be located within one-half mile (2,640 feet) of the major transit stop.

Parking Exemption. In subdivision (p) of Government Code section 65915, the SDBL provides for a variety of parking reductions and exemptions. Subparagraph (3) provides that a development that consists solely of housing affordable to lower-income families located within one-half mile of a major transit stop is exempt from local requirements to provide on-site parking. Per the project description, the proposed development contains 20 percent moderate-income units. Moderate-income units (i.e., serving households earning 80-120 percent of AMI) do not serve lower-income families. Therefore, the proposed development does not appear to meet the

requirements of subparagraph (3) in subdivision (p) and is not eligible for that specific parking exemption. As noted in the City's letter dated August 21, 2021, the City recognizes that other reduced parking standards under subdivision (p) may apply and that the applicant may request incentives, concessions, or waivers related to further parking reductions. The ability of an applicant to pursue reductions in off-street parking requirements is described in subdivision (p)(6) of Government Code section 65915.

Conclusion

In conclusion, HCD interprets that the proposed development is located within one-half mile of a major transit stop and therefore qualifies for "unlimited" density under Government Code section 65915, subdivision (f)(3)(D)(ii). HCD interprets that the proposed development does not qualify for the parking exemption described in Government Code section 65915 subdivision (p)(3). HCD strongly supports the development of affordable housing in Morgan Hill generally and on this project site specifically. Morgan Hill has met its RHNA targets for all income levels except Very Low Income (VLI), where it has constructed only 29.3 percent (80 units) of its target of 273 units. The construction of additional VLI units should therefore be a top priority. HCD believes that the residents of the proposed development would benefit greatly from the walkable proximity to a Caltrain station and the other amenities of downtown Morgan Hill.

If you have questions or need additional information, please contact Brian Heaton at Brian.Heaton@hcd.ca.gov.

Sincerely,



Shannan West
Housing Accountability Unit Chief

RESOLUTION NO. 26-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING FIVE CONCESSIONS FOR THE MONTEREY – AMG & ASSOCIATES RESIDENTIAL PROJECT CONTAINING 100 PERCENT AFFORDABLE UNITS LOCATED AT 17910 - 17920 MONTEREY ROAD (APN: 726-25-001 and 726-25-002)

WHEREAS, AMG & Associates, LLC submitted an application for the Monterey – AMG & Associates Residential Project (Project), development project consisting of an affordable multifamily apartment complex consisting of 100 units with 100 parking stalls and associated onsite improvements;

WHEREAS, AMG & Associates, LLC requested five concessions for the residential project;

WHEREAS, the Project is a rental multifamily apartment project consisting of eight (8) very low-income units, 72 low-income units, 19-moderate income units, and one manager unit, totaling 100 affordable units.

WHEREAS, pursuant to Government Code Section §65915, known as Density Bonus Law, an 100% affordable or Below Market Rate (BMR) project located within a half mile of a major transit stop (Caltrain) is allowed unlimited density, an additional three-stories, or 33-feet in height, to achieve the desired density, and allows up to five concessions with unlimited waivers;

WHEREAS, pursuant to Government Code Section §65863.2, a residential, commercial, or other development project located within one-half mile of public transit is exempt from parking minimums;

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

1. The reduction of the development standard would not result in identifiable and actual cost reductions, consistent with Government Code §65915(k), to provide for affordable housing costs, as defined in Section 50052.5 of the Health and Safety Code, or for rents for the targeted units to be set as specified in Government Code §65915(c);
2. The reduced development standard would have a specific, adverse impact, as defined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low-income and moderate-income households; or
3. The reduction would be contrary to state or federal law.

WHEREAS, the City shall grant the following concessions as requested by the applicant:

Concession:

1. Private Open Space Requirement – concession from providing a minimum of 48 square feet of private open space per unit to a minimum of 50 percent of the units in the development.
2. Storage Area Requirement – concession from providing a separate storage area of at least 100 cubic feet with a minimum horizontal surface of 25 square feet.
3. Exterior Treatment and Materials – concession from providing at least two materials used on any building facade in addition to glazing and railings.
4. Balconies – concession from providing at least 25-percent of homes facing a street, alley, or common interior courtyard to include a balcony with a minimum size of six-feet by four-feet.
5. Undergrounding of Utilities – concession from undergrounding overhead utilities adjacent to any site boundary, within the project site or along any street frontage.

WHEREAS, the proposed project will provide a public benefit of 100-percent affordable units for persons and families of moderate-income and lower-income, incorporated within the Monterey – AMG & Associates project located at 17910 and 17920 Monterey Road and as identified by Assessor’s Parcel Numbers 726-25-001 and 726-25-002.

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 concessions pursuant to Government Code Section §65915.

SECTION 4. The City Council of the City of Morgan Hill hereby approves the five (5) concessions and unlimited waivers if requested for the Monterey – AMG & Associates 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 April 2026 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 April 15, 2026.

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

DATE: _____

MICHELLE BIGELOW, City Clerk



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, April 1, 2026

5:30 p.m. Closed Session
6:00 p.m. Regular Session, Continued to 6:30 p.m.

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

SPECIAL/REGULAR MEETING

A special meeting of the City Council was called at 5:30 p.m. for the purpose of conducting a closed session.

SPECIAL MEETING

5:30 p.m. Closed Session

CALL TO ORDER

Mayor Turner called the City Council meeting to order at 5:30 p.m.

ROLL CALL ATTENDANCE

Deputy City Clerk Rossi called the roll.

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

Council Member Martinez Beltran joined the meeting at 5:56 p.m. and participated under AB 2449, just cause.

DECLARATION OF POSTING AGENDA

Deputy City Clerk Rossi declared the posting of the agenda.

CLOSED SESSION

City Attorney Larkin announced the closed session item.

Threat to Public Services or Facilities (§ 54957)

Consultation with: Morgan Hill Police Department, Chief of Police

OPPORTUNITY FOR PUBLIC COMMENT ON CLOSED SESSION

Public comment opened at 5:30 p.m. With no requests to speak, public comment closed.

ADJOURN TO CLOSED SESSION

The meeting adjourned to closed session at 5:30 p.m.

REGULAR MEETING

The regular meeting convened at 6:31 p.m.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Donate Life Month

CITY COUNCIL REPORTS

Mayor Turner shared that the OV Toros soccer program was recently selected to join MLS Next, a highly competitive national youth league, marking a significant milestone. He shared that this recognition places the program, the Outdoor Sports Complex, and the City of Morgan Hill on the national stage, while also creating opportunities for local players to connect with colleges and pursue collegiate soccer. He noted that the OV Toros are now recognized among the top soccer clubs in Northern California and are the only club from south of San Jose to Santa Barbara accepted into MLS Next, marking a notable achievement for the community.

CITY MANAGER'S REPORT

City Manager Turner shared the City's Summer Camp Expo is scheduled for April 11 at Railroad Park and encouraged families to explore seasonal recreation opportunities. She also shared that the City partnered with the nonprofit Our City Forest, resulting in the planting of over 70 trees throughout the City, including along Monterey Road and

near Butterfield Park. She noted that many resources were donated, and additional support was provided by City staff. She reminded the Community that the next regular City Council meeting will be held on April 15.

CITY ATTORNEY'S REPORT

City Attorney Larkin shared that the Council met in closed session earlier in the evening and there was no reportable action.

OTHER REPORTS

Mayor Pro Tem Librers shared that she attended a Cal Cities Community Services Policy Committee meeting, where discussions focused on how cities can support childcare.

Council Member Iwanaga shared that she attended the Santa Clara Valley Water District Water Resources Committee meeting with Council Member Vega, highlighting an engaging discussion on recycled water and noting the importance of considering future water reuse needs, particularly in preparation for drought conditions.

Council Member Vega welcomed her students in attendance from Salinas. She shared her participation in meetings related to the Upper Llagas Creek and Anderson Dam projects and the Santa Clara Valley Water District Water Resources Committee, highlighting ongoing discussions on expanding recycled water use.

Council Member Martinez Beltran shared her attendance at an ABAG meeting, a Cal Cities Housing Policy meeting, and a Labor Council brunch.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Public comment opened at 6:43 p.m. The following people were called to speak:

Tere Johnson

Chris Robell

With no further requests to speak, public comment closed.

ADOPTION OF AGENDA

MOTION:

Adopting the agenda as posted.

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

CONSENT CALENDAR

Items appearing on the Consent Calendar are considered routine and may be approved by one motion. Pursuant to City Council Policies and Procedures (CP 97-01), any member of the Council or public may request to have an item removed from the Consent Calendar for comment and action.

MOTION:

Approving consent calendar items 1 through 5.

RESULT:	Passed
MOVER:	Council Member Iwanaga
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

1. APPROVE SECOND AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH RENAISSANCE ENTREPRENEURSHIP CENTER

Recommendation:

Approve and authorize the City Manager to execute and administer the Second Amendment to the professional services agreement with the Renaissance Entrepreneurship Center for an additional amount of \$75,000, for a total not-to-exceed amount of \$125,000, and extending services for an additional one-year term.

2. APPROVE THE MARCH 18, 2026 CITY COUNCIL MEETING MINUTES

Recommendation:

Approve the March 18, 2026 City Council Meeting Minutes.

3. AWARD EAST DUNNE SEWER UPSIZE PROJECT

Recommendation:

1. Approve the East Dunne Sewer Upsize Project Plans and Specifications;
2. Award contract to SubTerra Construction, Inc. for the East Dunne Sewer Upsize Project in the amount of \$1,086,465.50;
3. Authorize expenditure of construction contingency funds not to exceed \$250,000; and
4. Authorize the City Manager to execute and administer the construction contract with SubTerra Construction, Inc.

4. AWARD 2026 SEWER INFLOW AND INFILTRATION PROJECT

Recommendation:

1. Approve 2026 Sewer Inflow and Infiltration Project Plans and Specifications;
2. Award contract to Casey Construction, Inc. for the 2026 Sewer Inflow and Infiltration Project in the amount of \$1,720,419;
3. Authorize expenditure of construction contingency funds not to exceed \$250,000; and
4. Authorize the City Manager to execute and administer the construction contract with Casey Construction, Inc.

5. RECEIVE MONTHLY BUDGET UPDATE AND FEBRUARY 2026 FINANCIAL AND INVESTMENT REPORTS

Recommendation:

Receive and file reports.

OTHER BUSINESS

6. PROVIDE DIRECTION REGARDING COMMUNITY FUNDING REQUESTS

Recommendation:

1. Review applications submitted for FY 2026-27 funding cycle; and
2. Provide staff direction on funding awards to be incorporated within the City's FY 2026-27 Operating Budget.

Public Services Director Ghione and Community Services Supervisor Martin provided a presentation and report.

Public comment opened at 7:21 p.m. The following people were called to speak:

Doug Muirhead

Nick Gaich

Mattie Scariot

With no further requests to speak, public comment closed.

MOTION:

Motion failed for lack of a second.

RESULT:	Failed
MOVER:	Council Member Martinez Beltran
SECONDER:	None

AYES:	None
NAYS:	None
ABSTAIN:	None

MOTION:

Approving recommended actions.

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

7. **ADOPT RESOLUTIONS CALLING FOR A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 3, 2026, CONSOLIDATING ELECTION SERVICES WITH THE COUNTY OF SANTA CLARA REGISTRAR OF VOTERS, AND PLACING A MEASURE ON THE BALLOT TO CHANGE THE ELECTIVE CITY TREASURER POSITION TO AN APPOINTIVE POSITION.**

Recommendation:

1. Adopt Resolution A calling for a General Municipal Election to be held on Tuesday, November 3, 2026, to elect a Mayor, one Council Member from District B, and one Council Member from District D;
2. Adopt Resolution B requesting the services of the Board of Supervisors of the County of Santa Clara and the Registrar of Voters Office - and the Consolidation of the Election; and
3. Adopt Resolution C placing a measure on the ballot to change the elective City Treasurer Position to an appointive position.

City Clerk/Public Information Officer Bigelow provided a report.

Public comment opened at 7:50 p.m. With no requests to speak, public comment closed.

MOTION:

Approving the recommended actions.

RESULT:	Passed
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MOVER:	Council Member Iwanaga
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

8. **AUTHORIZE THE CITY MANAGER TO EXECUTE AN AMENDMENT TO THE EXISTING LOAN AGREEMENT WITH EDEN HOUSING AND A GRANT AGREEMENT CONTRIBUTING \$800,000 FROM THE HOUSING MITIGATION FUND FOR CAPITAL IMPROVEMENTS AT THE SKEELS PROJECT-17305 MONTEREY ROAD**

Recommendation:

1. Authorize the City Manager to negotiate and execute, subject to City Attorney review, an amendment to the existing loan for the Skeels Project, extending the term by 20 years and allowing future surplus cash to be retained in a replacement reserve account for ongoing capital improvements; and
2. Authorize the City Manager to negotiate and execute, subject to City Attorney review, a grant agreement with Eden Housing in an amount not to exceed \$800,000 from the Housing Mitigation Fund (Fund 236) for capital improvements, including roof replacement, water and sewer line upgrades, and new showers.

Housing and Economic Mobility Director Lang provided a report.

Public comment opened at 8:07 p.m. The following people were called to speak:

Manuel Salazar

Sally Casas

With no further requests to speak, public comment closed.

MOTION:

Approving recommended items.

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

9. CONTINUED DISCUSSION OF FISCAL SUSTAINABILITY

Recommendation:

Receive the report on revenue enhancement and cost-containment strategies to be incorporated into the upcoming biennial budget and review the proposed next steps for evaluating potential revenue measures for a November 2028 ballot.

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

Public comment opened at 8:53 p.m. The following people were called to speak:

Doug Muirhead

Chris Robell (Zoom)

With no further requests to speak, public comment closed.

Report received.

FUTURE COUNCIL INITIATED AGENDA ITEMS

Council Member Vega requested a discussion on inclusive housing ordinances.

Council Member Vega requested a discussion on public parking and street markings.

Council Member Iwanaga requested a discussion on downtown traffic speed enforcement.

Council Member Martinez Beltran requested a discussion on reviewing coming up city contracts.

ADJOURNMENT

There being no further business, Mayor Turner adjourned the meeting at 9:18 p.m.

Minutes Prepared by:

Vicky Rossi, Deputy City Clerk

CITY COUNCIL STAFF REPORT

MEETING DATE: April 15, 2026

PREPARED BY:

Chris Ghione, Public Services Director

APPROVED BY: City Manager

APPROVE REIMBURSEMENT AGREEMENT WITH THE LUMBERYARD DEVELOPER FOR COMPLETION OF TENANT IMPROVEMENTS AT THE FUTURE CITY-OWNED NON-PROFIT CENTER BUILDING

RECOMMENDATION(S)

Authorize the City Manager to execute and administer a reimbursement agreement with the MH Lumberyard 49, LLC. for the design and construction of tenant improvements at the future City-owned office space at 17020 Depot Street.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Supporting our Youth, Seniors, and Entire Community

Promoting a Healthy Community

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

REPORT NARRATIVE:

The Lumberyard residential development has been under construction for several years and its final buildings are nearing completion. The development is along Depot Street near East Dunne Avenue and across from the Community and Cultural Center. As part of the project's development agreement and disposition and development agreement, the project has constructed a 3,000 square foot office space within the residential development. This office space was funded by the City through its Recreation Center Impact Fund. The purpose of the space was to replace, in part, the previous non-profit center located at the Friendly Inn on Crest Avenue that was closed when the City Council approved a lease agreement with the Boys and Girls Club for that space.

The proposed reimbursement agreement would leverage the existing developer's current construction at the site and knowledge as well as the developer's design understanding/knowledge to complete the improvements and quickly prepare the site for occupancy. The developer is currently only required to turn the space over as a "warm shell", which would require the City to subsequently hire an architectural firm and a construction firm to complete the work necessary for the site to be occupied. A **"warm shell"** refers to an office space that is delivered with only basic amenities installed, including HVAC systems, basic lighting, basic plumbing, finished ceilings, and concrete

floors, leaving the final interior layout, HVAC ducting and delivery, interior walls/doors/windows, interior lighting, interior electrical, data cabling, flooring and cosmetic finishes for the City to complete and finalize. The proposed reimbursement agreement would fund the design for the tenant improvements as well as construction of improvements to prepare the office space for use. The proposed reimbursement agreement would be for up to \$400,147, which the City believes would save the City significant dollars in completing the facility.

The previous non-profit center housed 6-10 non-profits that occupied space within various areas of the building and shared common restroom and conference room spaces, which resulted in reduced costs to non-profits using that space. Upon closure of that facility, the City worked to relocate several of the non-profit organizations to other locations. Both Alcoholics Anonymous and Narcotics Anonymous were relocated to the former El Toro Youth Center Building leased by Community Christian, and are still at the location. Others moved to private locations and the modular office space at City Hall.

The modular office space at City Hall has been in place for over 30 years and the buildings were purchased used when originally installed. These buildings are now failing and costs to maintain them are increasing. The Santa Clara Valley Habitat Agency is currently leasing a portion of these buildings in partnership with the City. City staff are proposing moving the Santa Clara Valley Habitat Agency to the new non-profit center space. This updated lease will come to the Council in the near future, but the Habitat Agency will pay full market rate for use of the space, which will assist in generating significant revenue from the new space. Moving the Habitat Agency to the new space will also allow the City to reduce maintenance on the failing space within the modular office space at City Hall. The City staff intend to return to Council with a recommendation on the remaining use of the space at the non-profit Center in the near future. The initial tenant improvements would prepare the space for the Habitat Agencies' use as well as space where other tenants could quickly move in. It is anticipated that the facility will be completed and ready for occupancy by this summer.

COMMUNITY ENGAGEMENT:

Inform

Significant public notice, engagement and Council discussion occurred during the development process for the Lumberyard. This included specific meetings with the City Council on development of the City owned office space. No additional engagement has occurred specific to this item specially relating to the reimbursement agreement for tenant improvements.

ALTERNATIVE ACTIONS:

The City Council could choose to not approve the reimbursement agreement and provide City staff with alternative direction.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- September 1, 2021 — The City Council approved an amendment to the

Disposition and Development Agreement for the Lumberyard Project.

- October 2, 2019 – City Council reviewed and approved the Design Review Permit for the project.
- September 10, 2019 – Planning Commission approved the Tentative Map for the project and recommended approval of the Design Review Permit to City Council.
- October 3, 2018 – City Council approved a Disposition Development Agreement memorializing the realignment of Depot Street, the parking lot enhancements for the CCC, the development of office space within the mixed-use project site, and the vacation of Depot Street.
- September 5, 2018 – The City Council provided direction on purchasing the 3,000 sq ft office building for non-profits and received direction on future use of the Friendly Inn facility.
- August 21, 2018 – Presentation to the Parks and Recreation Commission for the opportunity to purchase the 3,000 square foot office space within the proposed development. The Parks and Recreation Commission recommended approval to the City Council.

FISCAL AND RESOURCE IMPACT:

Funding for these improvements and agreement has been approved and is available within the Capital Improvement Plan Project PR 1014, from the Community Recreation Center Impact Fund (360). The use of the space as a non-profit center will support additional cost recovery for the Parks and Recreation Division through collection of lease revenue while reducing costs for ongoing maintenance of the modular buildings at the Civic Center.

CEQA (California Environmental Quality Act):

Project

The construction of the office space where the tenant improvements will occur was included in the environmental review for the Lumberyard Development Project. The project has been constructed under the Final Master Environmental Impact Report (FMEIR) for the Morgan Hill Downtown Specific Plan certified in November 2009, the 2016 Environmental Impact Report (EIR) for the Morgan Hill 2035 General Plan Update, and through Project Addendum that concluded it would not result in a substantial increase in the magnitude of any significant environmental impacts previously identified.

REIMBURSEMENT AGREEMENT

THE LUMBERYARD

MH LUMBERYARD 49, LLC.

THIS AGREEMENT is made this _____ day of _____, 2026, by the CITY OF MORGAN HILL, a municipal corporation ("CITY"), and **MH LUMBERYARD 49, LLC.**, a California Limited Liability Corporation ("DEVELOPER").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to City Council approval on April 15, 2026.
2. The DEVELOPER is currently constructing a three thousand (3,000) square foot office space to be transferred to the City for use as a non-profit center for the Lumberyard Project ("Project").
3. CITY and Latala Group, LLC entered into an Disposition and Development Agreement ("DDA") on November 20, 2018, that was recorded with the Santa Clara County Recorder's Office on November 29, 2018, document number 24072193.
4. CITY and Latala Group, LLC then entered into an Amendment to the Disposition and Development Agreement ("First Amendment") on March 12, 2019, that was recorded with the Santa Clara County Recorder's Office on June 6, 2019, document Number 24197079.
5. CITY and Latala Group, LLC, entered then into a Development Agreement ("DA") on April 25, 2019, that was recorded on May 21, 2019, with the Santa Clara County Recorder as document number 24184437.
6. CITY and Latala Group, LLC, then entered into a Second Amendment to the Disposition and Development Agreement on September 27, 2021 ("Second Amendment"), that was approved by the Morgan Hill City Council on September 1, 2021 in Resolution No. 21-041.
7. On December 21, 2021, Latala Group LLC transferred the property to MH Lumberyard 49, LLC, a California limited liability company. The Deed of Trust was recorded with the Santa Clara County Recorder on December 21, 2021, as document number 25200594.
8. This construction is occurring under Development Agreement, Disposition and Development Agreement, First Amendment to Disposition and Development Agreement, and Second Amendment to Disposition and Development Agreement.
9. The current Development and Disposition and Development Agreements require the

DEVELOPER to turn over the new space in the form of a “warm shell”, which is lacking any interior finishes and not prepared for occupancy.

10. CITY desires the DEVELOPER to construct additional improvements within the facility to improve it to a level ready for use by future tenants.

11. DEVELOPER agrees, at its own cost and expense, to install these improvements ("IMPROVEMENTS").

12. DEVELOPER requests that CITY reimburse it for the cost to be incurred for the IMPROVEMENTS.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term of Agreement.** This Agreement covers services to be rendered from the execution of this Agreement until such time as the amount or portion for reimbursement has been paid to DEVELOPER or its designee. This Agreement shall terminate upon full reimbursement.
2. **Scope of Project.** The project scope consists of the design and construction of the following improvements to prepare the future City office space for occupancy.
3. **IMPROVEMENTS TO BE PROVIDED.** IMPROVEMENTS to be performed by DEVELOPER consist of the following:
 - PLANS: Architectural, Mechanical, Electrical, and Title 24 plans for the Tenant Improvement scope in substantial alignment with the City of Morgan Hill CONCEPT MARKUP (Exhibit A) of the Bassenian Lagoni floorplan and Harris & Sloan 3/12/26 mechanical plan markup, noting the Plans will be adjusted as necessary from the CONCEPT MARKUP to ensure constructability. CITY shall not make any changes to the scope specified in this Agreement that would cause an increase the overall cost of labor, materials and work specified in this Agreement.
 - Wall Partitions / Drywall: 3 5/8” metal studs with drywall finished for painting.
 - Heating, Venting and Air Conditioning: Use existing equipment installed for the commercial warm shell per the approved Building 7 plans, with revised distribution as necessary to complete the PLANS.
 - Electrical: two plugs and one data line per office, four plugs at conference room, two drops from the ceiling for cubicles, two four-foot strip lights at each office, one lot lighting at cubicle area, one 100 amp subpanel, OCC sensors per Title 24, Lighting and Title 24 controls, twelve circuits, and A/C circuit.
 - Fire Sprinklers: design/build overhead fire sprinkler system to complete the PLANS.
 - Ceiling: Revised CertainTeed suspended ceiling system and Baroque 5/8" 2'x4' acoustical tile

or approved equivalent to match City of Morgan Hill 2/17/26 markup of the PLANS.

- Finish Carpentry and Hardware: Therma Tru S81000 flush doors, Exterior MDF Jamb, Black Timely Frame, and Copper Creek Heavy duty grade 2 Erin levers (Passage & Classroom features) or approved equivalents, wall stops, deadbolt on open area door
- Paint: priming and painting of interior tenant improvement drywalled surfaces, interior office / conference room doors, and office / conference room / cubicle area trim.
- Flooring: MOK Fractional Ground 12x36 color 829 Focus or approved equivalent
- Labor, supervision, overhead, materials, equipment, and insurance coverage to complete the work specified in the inclusions herein.
- Improvements provided by the developer shall specifically exclude:
 - All permit / plan check / jurisdictional review / inspection costs
 - Costs for delays or interruptions due to strikes, accidents, jurisdictional review / approvals / permitting, or other events beyond the control of DEVELOPER, its owners, partnerships, joint ventures, managers, members, shareholders, agents, employees, assigns, successors, affiliates, and subsidiaries
 - Any and all items not specified herein as an inclusion

DEVELOPER has not commenced the construction of the IMPROVEMENTS.

4. **Compensation.** DEVELOPER will expend the following approximate amount in construction of IMPROVEMENTS:

4.1 **Amount.** Four Hundred Thousand One Hundred Forty-Seven dollars (\$400,147.00).

4.2 **Portion to be Reimbursed.** Four Hundred Thousand One Hundred Forty-Seven dollars (\$400,147.00).

4.3 **Payment.** CITY shall make payment for fifty percent (50%) of the Amount within thirty (30) days of execution of the Agreement. CITY shall reimburse DEVELOPER by invoice for remaining costs upon receipt of invoices to be submitted on a biweekly basis by DEVELOPER with payment to be made by CITY within two (2) weeks of receipt of the invoice.

4.4 **Records of Expenses.** DEVELOPER shall keep records in which complete and correct entries are made of all construction costs, including overhead, related to IMPROVEMENTS. These records shall be made available to CITY upon request.

4.5 **Termination.** CITY and DEVELOPER shall have the right to terminate this Agreement, without cause, by giving not less than thirty (30) days written notice of termination as provided in Paragraph 11 below. CITY shall reimburse DEVELOPER for all costs incurred by DEVELOPER through termination for DEVELOPER's performance of the terms of this Agreement.

5. **Assignment of Payments.**

5.1 **Payment Stream.** DEVELOPER may assign the payments upon written instruction to CITY as provided in Paragraph 12 below. CITY shall have no liability whatsoever for failure to follow these instructions or for any claim by any entity for the funds or for their assignment.

6. **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.

7. **Non-Discrimination.** DEVELOPER covenants there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, disability, sexual orientation, national origin, or ancestry, in any activity pursuant to this Agreement.

8. **Independent Contractor.** It is agreed to that DEVELOPER shall act and be an independent contractor and not an agent or employee of CITY.

9. **Compliance with Law.** DEVELOPER shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.

10. **Conflict of Interest and Reporting.** DEVELOPER shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.

11. **Notices.** All notices shall be personally delivered or mailed, via first class mail to the below listed addresses. 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.

a. Address of DEVELOPER is as follows:
MH Lumberyard 49, LLC
c/o Van Daele Homes Tim Fisher
391 N. Main Street Suite 301
Corona, CA 92878

b. Address of CITY is as follows:	With a copy to:
Public Services Director	City Clerk
City of Morgan Hill	City of Morgan Hill
17575 Peak Avenue	17575 Peak Avenue
Morgan Hill, CA 95037	Morgan Hill, CA 95037

12. **Licenses, Permits and Fees.** DEVELOPER shall obtain a **City of Morgan Hill Business License**, all permits, and licenses as may be required by this Agreement. The CITY shall be responsible for all permit, plan check, jurisdictional review, and inspection costs to complete the IMPROVEMENTS.

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

14. **Limitations Upon Subcontracting and Assignment.** Neither this Agreement nor any portion

shall be assigned by DEVELOPER without prior written consent of CITY.

15. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement.
16. **Indemnification.** DEVELOPER shall indemnify the CITY as outlined in the Development Agreement, Disposition and Development Agreement, and Amendments referenced hereto between CITY and DEVELOPER. Moreover, the DEVELOPER agrees to protect, and hold harmless CITY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of, or in any way connected with performance of the Agreement by DEVELOPER, DEVELOPER'S agents, officers, employees, subcontractors, or independent contractors hired by DEVELOPER. The only exception to DEVELOPER'S responsibility to protect, defend, and hold harmless CITY, is due to the sole negligence of CITY. This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by DEVELOPER.
17. **Modification.** 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 subsequent mutual written agreement executed by CITY and DEVELOPER.
18. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the central branch of the Santa Clara County Superior Court.
19. **Interpretation.** This Agreement shall be interpreted as though prepared by both parties.
20. **Preservation of Agreement.** Should any provision of this Agreement be found invalid or unenforceable, the decision affected only the provision interpreted, and all remaining provisions shall remain enforceable.
21. **Counterpart Signatures.** This Agreement may be signed in multiple counterparts, which shall, when executed by all Parties, constitute a single binding agreement.

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

CITY OF MORGAN HILL

**"DEVELOPER"
MH LUMBERYARD 49, LLC**

By: _____
Christina J. Turner, City Manager

By: _____

Date: _____

Date: _____

ATTEST:

APPROVED AS TO FORM:

Michelle Bigelow, City Clerk

Donald A Larkin, City Attorney

Date: _____

Date: _____

