



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, May 6, 2026

6:00 p.m.

**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

Language Interpretation / Interpretación de idiomas

Live Digital Language Interpretation is available. To access the interpretation during the meeting, go to:

<https://live.pocketalk.com/guest/S71BBUiWwiqXh3sPBf9Bfs2Ey4OYY9zgv8vZB5>

or scan the QR code below:

Tenemos Interpretación digital en vivo. Para usar la interpretación durante la reunión, visite:

<https://live.pocketalk.com/guest/S71BBUiWwiqXh3sPBf9Bfs2Ey4OYY9zgv8vZB5>

o escanee el código QR a continuación:



You can use a headset on your phone for audio or read the transcript on your device.

Tablets and disposable headphones will be provided in person during the meeting to those who do not have their own devices.

Puede usar audífonos en su celular para escuchar el audio o leer la transcripción. Durante la reunión, se prestarán tabletas y audífonos desechables para las personas que no tengan su propio aparato.

Remote 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.

CALL TO ORDER

ROLL CALL ATTENDANCE

DECLARATION OF POSTING AGENDA

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Affordable Housing Month

Foster/Resource Parents Month

RECOGNITIONS

Nyla and Aden Valencia, NCAA Accomplishments

Santa Clara Valley Science & Engineering Fair Winners

Oakwood School, Michelle Helvey

YAC Leaders

YAC Angel Sponsors: MICROTEL by Wyndham Morgan Hill, Johnson Lumber Ace Hardware, The Ford Store Morgan Hill, Oakwood School, and The Edward Boss Prado Foundation

PRESENTATIONS

YAC Presentation - Developmental Asset #18: Youth Programs

CITY COUNCIL REPORTS

Council Member Martinez Beltran

CITY MANAGER'S REPORT

City Manager Presentation - New Hires, Promotions, and Retirees

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. **APPOINT THE CITY ATTORNEY AS REPRESENTATIVE TO PLAN JPA BOARD OF DIRECTORS**

Recommendation:

Adopt a resolution designating the City Attorney position as the City's representative and the Risk Management Analyst position as the alternate to the PLAN JPA Board of Directors.

2. **APPROVE FIRST AMENDMENT TO CONSULTANT AGREEMENT FOR CONSTRUCTION SUPPORT AND NEW CONSULTANT AGREEMENT FOR DESIGN SERVICES WITH KENNEDY/JENKS CONSULTANTS FOR THE HOLIDAY LAKE IMPROVEMENTS PROJECT**

Recommendation:

1. Approve First Amendment with Kennedy/Jenks Consultants for additional construction support services for the East Dunne Hillside Reservoir Project for an additional \$197,757, for a total not to exceed amount of \$497,757;
2. Approve Consultant Agreement for Design Professionals with Kennedy/Jenks Consultants for the design of the Holiday Lake Booster Station and Piping Project for a not to exceed amount of \$1,422,058; and
3. Authorize the City Manager to execute all documents and make minor modifications as necessary in order to consummate the above transactions with Kennedy/Jenks Consultants.

3. **APPROVE FY 2026-27 COUNTYWIDE SOLID WASTE SERVICES FOOD RECOVERY PROGRAM AGREEMENT WITH JOINT VENTURE: SILICON VALLEY NETWORK**

Recommendation:

1. Approve the FY 2026-27 Joint Venture: Silicon Valley Network consultant agreement for the Food Recovery Program in the amount of \$514,913; and
2. Authorize the City Manager to execute and administer the agreement with Joint Venture: Silicon Valley Network.

4. **APPROVE SECOND AMENDMENT TO THE AGREEMENT WITH THE COUNTY OF SANTA CLARA FOR COUNTYWIDE HOUSEHOLD HAZARDOUS WASTE COLLECTION PROGRAM**

Recommendation:

Authorize the City Manager to execute the second amendment to the agreement with the County of Santa Clara for the Countywide Household Hazardous Waste Collection Program.

5. **APPROVE AN AGREEMENT WITH UTILITY SERVICE PARTNERS PRIVATE LABEL, INC., DBA SLWA INSURANCE SERVICES, TO OFFER THE HOMESERVE SERVICE LINE WARRANTY PROGRAM**

Recommendation:

Authorize the City Manager to execute and administer an agreement with Utility Service Partners Private Label, Inc., dba SLWA Insurance Services, to provide the HomeServe Service Line Warranty Program for an initial term of three years.

6. **APPROVE PEBBLES - PEBBLES SQUARE, LLC CONCESSION FOR THE APPROVED RESIDENTIAL PROJECT**

Recommendation:

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

7. **APPROVE UPDATED ADA SELF-EVALUATION AND TRANSITION PLAN**

Recommendation:

Approve the City of Morgan Hill 2026 ADA Self-Evaluation and Transition Plan.

8. **APPROVE THE APRIL 15, 2026 CITY COUNCIL MEETING MINUTES**

Recommendation:

Approve the April 15, 2026 City Council Meeting Minutes.

9. **AUTHORIZE AMENDMENT TO THE CENTENNIAL RECREATION CENTER OPERATING AGREEMENT WITH THE YMCA OF SILICON VALLEY FOR AN ADDITIONAL 5-YEAR TERM**

Recommendation:

Authorize the City Manager to execute an Amended and Restated Centennial

Recreation Center Operating Agreement with the YMCA of Silicon Valley to extend the partnership through June 30, 2031.

10. AWARD BUTTERFIELD BASIN ONLINE CONVERSION PROJECT TO GRANITEROCK COMPANY

Recommendation:

1. Approve the Butterfield Basin Online Conversion Project Plans and Specifications;
2. Award the contract to Graniterock Company for the Butterfield Basin Online Conversion Project in the amount of \$1,970,825;
3. Authorize expenditure of construction contingency funds not to exceed \$788,330; and
4. Authorize the City Manager to execute and administer the construction contract with Graniterock Company.

11. AWARD 2026 SIDEWALK REPAIRS AND REPLACEMENT PROJECT TO QLM, INC.

Recommendation:

1. Award contract to QLM, Inc. in the amount of \$281,000 and authorize the expenditure of 10% contingency funds not to exceed \$28,100 for a total authorization of \$309,100; and
2. Authorize the City Manager to execute and administer that certain construction contract with QLM, Inc.

12. INITIATE ANNUAL ASSESSMENT DISTRICT PROCESS FOR LANDSCAPE ASSESSMENT DISTRICT NUMBER 1

Recommendation:

1. Adopt resolution initiating the proceedings for the levy of assessments for Fiscal Year 2026-27;
2. Adopt resolution approving the Engineer's Annual Report and the proposed assessment levy; and
3. Adopt resolution declaring the City Council's intention to levy the assessments in the District and to set the Public Hearing date for June 3, 2026.

PUBLIC HEARINGS

13. APPROVE SOLID WASTE MANAGEMENT RATE ADJUSTMENT FOR 2026

Recommendation:

Adopt a resolution approving an adjustment to the maximum allowable solid waste collection rates effective July 1, 2026.

OTHER BUSINESS

14. **RECEIVE MONTHLY BUDGET UPDATE; MARCH 2026 FINANCIAL AND INVESTMENT REPORTS; AND CITY MANAGER AUTHORITY REPORT**

Recommendation:

Receive and file reports.

15. **INTRODUCE THE RECOMMENDED FY 2026-27 AND FY 2027-28 BIENNIAL OPERATING AND FY 2026-27 THROUGH FY 2031-32 CAPITAL IMPROVEMENT PROGRAM BUDGETS**

Recommendation:

Receive the Introduction to the Recommended Budget Presentation.

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



May

Developmental Asset #18

Youth Programs:

Young person spends three or more hours per week in sports, clubs, or organization at school and/or in community organizations.



A real-life topic that connects with this month developmental assets is:

Personal Interests

Aiden Terry

Active Member



- Playing Sports (ex: basketball, baseball, football & more.)
- Photography
- Youth Action Council



Natalie Brinquis

Board Member

Co-Lead Social Media



- Young Women Leaders (YWL)
- Sports (e.g. tennis & soccer)
- Youth Action Council



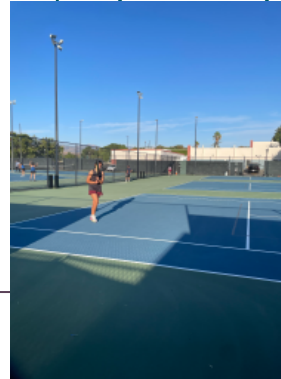
Makayla Brinquis

Board Member

Co-Lead Social Media



- Youth Action Council
- Climate Action Plan for School Pathways (CAPS)
- Sports - Tennis



Quote

"You cannot get through a single day without having an impact on the world around you. What you do makes a difference, and you have to decide what kind of difference you want to make" - Jane Goodall





CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

Donald Larkin, City Attorney

APPROVED BY: City Manager

APPOINT THE CITY ATTORNEY AS REPRESENTATIVE TO PLAN JPA BOARD OF DIRECTORS

RECOMMENDATION(S)

Adopt a resolution designating the City Attorney position as the City's representative and the Risk Management Analyst position as the alternate to the PLAN JPA Board of Directors.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Strategic Priorities 2026-2027

Fiscal Sustainability

Public Safety

REPORT NARRATIVE:

Background:

Originally created in 1986 by the Association of Bay Area Governments (ABAG), PLAN was formed as a non-profit public benefit corporation to assist member communities that were struggling to obtain affordable liability insurance. PLAN has since transitioned to a joint powers insurance authority and is no longer directly affiliated with ABAG.

Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA) is a joint powers insurance authority consisting of 28 member cities in the San Francisco Bay Area. Members of PLAN JPA collectively share the risk of self-insured losses and purchase a broad range of risk management services including, program administration, accounting and finance, claims administration, risk control, loss prevention, actuarial services, training and education, and legal services to support the shared risk programs.

Each member agency appoints one primary staff member and one alternate to the PLAN JPA Board of Directors. Member agencies generally appoint the staff member most involved in claims and risk management (e.g. City Manager, Finance Director, Human Resources Director, or City Attorney). In 2018, Morgan Hill appointed City Attorney Donald Larkin as the primary board member, and Risk Management Analyst Shadia Hrichi as the alternate. With Mr. Larkin's retirement, the City Council must appoint a new representative.

Rather than appoint an individual, staff recommends that the City Council designate the position of City Attorney as their appointment to the Board, and the position of Risk Management Analyst as the alternate. This will ensure continuity in the event of a staff transition.

COMMUNITY ENGAGEMENT:

None

ALTERNATIVE ACTIONS:

The City Council could choose a different staff member or position to represent the City on the PLAN JPA Board of Directors.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council appointed Donald Larkin as representative to the ABAG PLAN Corporation Board of Directors in July 2016. Donald Larkin was appointed to the PLAN JPA Board of Directors in June 2018.

FISCAL AND RESOURCE IMPACT:

Fiscal:

The appointment of a representative to the PLAN JPA Board of Directors will have no direct fiscal impact.

Resource:

Service on the PLAN JPA Board of Directors is part of the City Attorney's role as Risk Manager and is not an additional duty.

CEQA (California Environmental Quality Act):

Not a Project

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

RESOLUTION NO. 26-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPOINTING THE CITY ATTORNEY AS THE CITY’S REPRESENTATIVE ON THE PLAN JPA BOARD OF DIRECTORS

WHEREAS, the City of Morgan Hill joined the Pooled Liability Assurance Network Joint Exercise of Powers Agreement (PLAN JPA) in June 2018; and

WHEREAS, PLAN JPA is a self-funded insurance pool serving public agencies; and

WHEREAS, the operations of these programs are governed by a Board of Directors consisting of one representative from each agency; and

WHEREAS, participation on the Board of Directors is carried out by City risk management staff as part of their regular duties and does not result in any additional compensation to the employees; and

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

The City Council hereby designates the following positions as appointees to the PLAN JPA Board of Directors, effective May 6, 2026: City Attorney, Board Member; and Risk Management Analyst, Board Alternate.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 6th day of May 2026 by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: 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.26-XX adopted by the City Council at the meeting held on _____, 2026.

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

DATE: _____

MICHELLE BIGELOW, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

David Gittleson, Associate Engineer

APPROVED BY: City Manager

APPROVE FIRST AMENDMENT TO CONSULTANT AGREEMENT FOR CONSTRUCTION SUPPORT AND NEW CONSULTANT AGREEMENT FOR DESIGN SERVICES WITH KENNEDY/JENKS CONSULTANTS FOR THE HOLIDAY LAKE IMPROVEMENTS PROJECT

RECOMMENDATION(S)

1. Approve First Amendment with Kennedy/Jenks Consultants for additional construction support services for the East Dunne Hillside Reservoir Project for an additional \$197,757, for a total not to exceed amount of \$497,757;
2. Approve Consultant Agreement for Design Professionals with Kennedy/Jenks Consultants for the design of the Holiday Lake Booster Station and Piping Project for a not to exceed amount of \$1,422,058; and
3. Authorize the City Manager to execute all documents and make minor modifications as necessary in order to consummate the above transactions with Kennedy/Jenks Consultants.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety and Quality of Life

Maintaining and Enhancing Infrastructure

Strategic Priorities 2026-2027

Fiscal Sustainability

Guiding Documents

Morgan Hill 2035 General Plan

Water System Master Plan

REPORT NARRATIVE:

The Holiday Lake Capital Improvement Project involves a multi-year operational reorganization of the existing Holiday Lake water system pressure zones. The City's past Water Master Plan(s) identified the need for these improvements due to a deficiency in water storage for fire protection for the Holiday Lake and Jackson Oaks neighborhoods. The required infrastructure needed to address this deficiency in the

Holiday Lake and Jackson Oak neighborhoods includes the construction of a new reservoir/tank above East Dunne Avenue (Phase 1) and the installation of a new water transmission line from the new reservoir/tank to the existing Holiday Lake reservoir(s)/tank(s) (Phase 2). A new booster station will also be built as part of Phase 2 (Attachment 1-Project Location Map).

In 2016, Kennedy/Jenks Consultants were awarded the design contract for the East Dunne Reservoir/tank project. The reservoir design was finalized in late 2023 and the project was put out to bid in the Spring of 2024. On June 26, 2024, the City Council awarded the East Dunne Hillside Reservoir/tank construction contract to Azul Works Inc. (Phase 1) and approved a construction support services contract with Kennedy/Jenks Consultants in the amount of \$300,000. The East Dunne Reservoir Project is scheduled to be completed later this year. As construction has progressed, the need to use Kennedy/Jenks services has exceeded the amount that was originally anticipated by city staff. This additional use of the consultant was due to redesign work identified in the field, which reduced construction costs, lowered long-term operating costs, and supported the project advancing ahead of schedule. Therefore, staff is recommending that the contract with Kennedey/Jenks be amended by the amount of \$197,757 to ensure adequate construction support services are available through the duration of the project, anticipated to be completed by the end of 2026. The revised contract amount with Kennedy/Jenks would be \$497,757(\$300,000+\$197,757) (Attachment 2-First Amendment).

Phase 2 of the Holiday Lake Capital Improvements project will involve the design and construction of a new booster station and a water transmission line to move water from the new East Dunne reservoir/tank to the existing Holiday Lake reservoirs/tanks. With Kennedy/Jenks involvement with Phase 1 (both design and construction support), they have gained invaluable knowledge and understanding of the City's complex water system, including booster pumps, motor control systems, pipe locations and connections, pressure zones, and sequencing of operations. As such, selecting a new design firm would negate much of the previous knowledge/experience for the project, and it would create both design inefficiency and unnecessary costs to the project. Kennedy/Jenks Consultant's scope of work would include the modification of the existing east Dunne Booster station pumps, designing the new Holiday Lake Booster Station and the water transmission line from the new Dunne Reservoir/tank to the existing Holiday Lake reservoir/tank (Attachment 3-Consultant Agreement). Staff therefore recommends the approval of the Kennedy/Jenks Consultants agreement for a not to exceed amount of \$1,422,058 to allow for the completion of the Holiday Lake Capital Improvements Project. While this design work will come at significant cost, the Phase 2 design is highly complex, involving not only the design of the full booster station and new transmission line, but also the integration of the new infrastructure with the existing Holiday Lake Reservoir and significant existing water infrastructure. Therefore, staff believes the costs and associated hours of engineering work is appropriate.

COMMUNITY ENGAGEMENT:

Inform

Staff has provided presentations regarding the project to the communities of Jackson Oaks and Holiday Lake Estates multiple times since 2015, but most recently on April 8, 2026. The presentations provide design elements and updates on the status of the project. Staff will continue community engagement prior to the start of the project and during the project.

ALTERNATIVE ACTIONS:

City Council may decide not to enter into an agreement with Kennedy/Jenks Consultants for the Holiday Lake Booster Station and Piping project. However, the project was approved in the FY 2024-25 to 2029-30 Capital Improvement Budget under Holiday Lake Improvements.

City Council may also decide not to enter into a construction contract with Kennedy/Jenks for continued construction support services. However, it is common practice to have the design firm involved in the construction process to address design and constructability issues and review critical submittals.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On January 20, 2016, the City Council approved a Professional Service Agreement with Kennedy Jenks Consultants to design the East Dunne Avenue Reservoir project for \$390,278.

On August 24, 2016, the City Council approved a Second Amendment with Kennedy Jenks Consultants for a total contract price of \$526,074.

On June 7, 2023, City Council approved a professional services agreement with Kennedy Jenks Consultants to complete the design for the East Dunne Avenue Hillside Water Reservoir project not to exceed \$240,187.

On May 15, 2024, the City Council Adopted and certified the project Mitigated Negative Declaration and approved the Mitigation Monitoring and Reporting Program for the project.

On June 19, 2024, the City Council adopted the Fiscal Year 2024-25 and 2025-2026 Operating Budget and FY 2024-2025 through 2029-2030 Capital Improvement Program Budget.

On June 26, 2024, the City Council awarded the construction contract to Azul Works Inc. and approved a construction support services contract with Kennedy/Jenks Consultants for \$300,000.

FISCAL AND RESOURCE IMPACT:

Funding for both contracts is budgeted in the FY 2024-25 Capital Budget from CIP WA6007-Holiday Lake Improvements, utilizing Water Capital Project Funds (653) and Water Impact Funds (651). The City received \$4 million from the Urban Community Drought Relief Grant program through the State of California's Department of Water

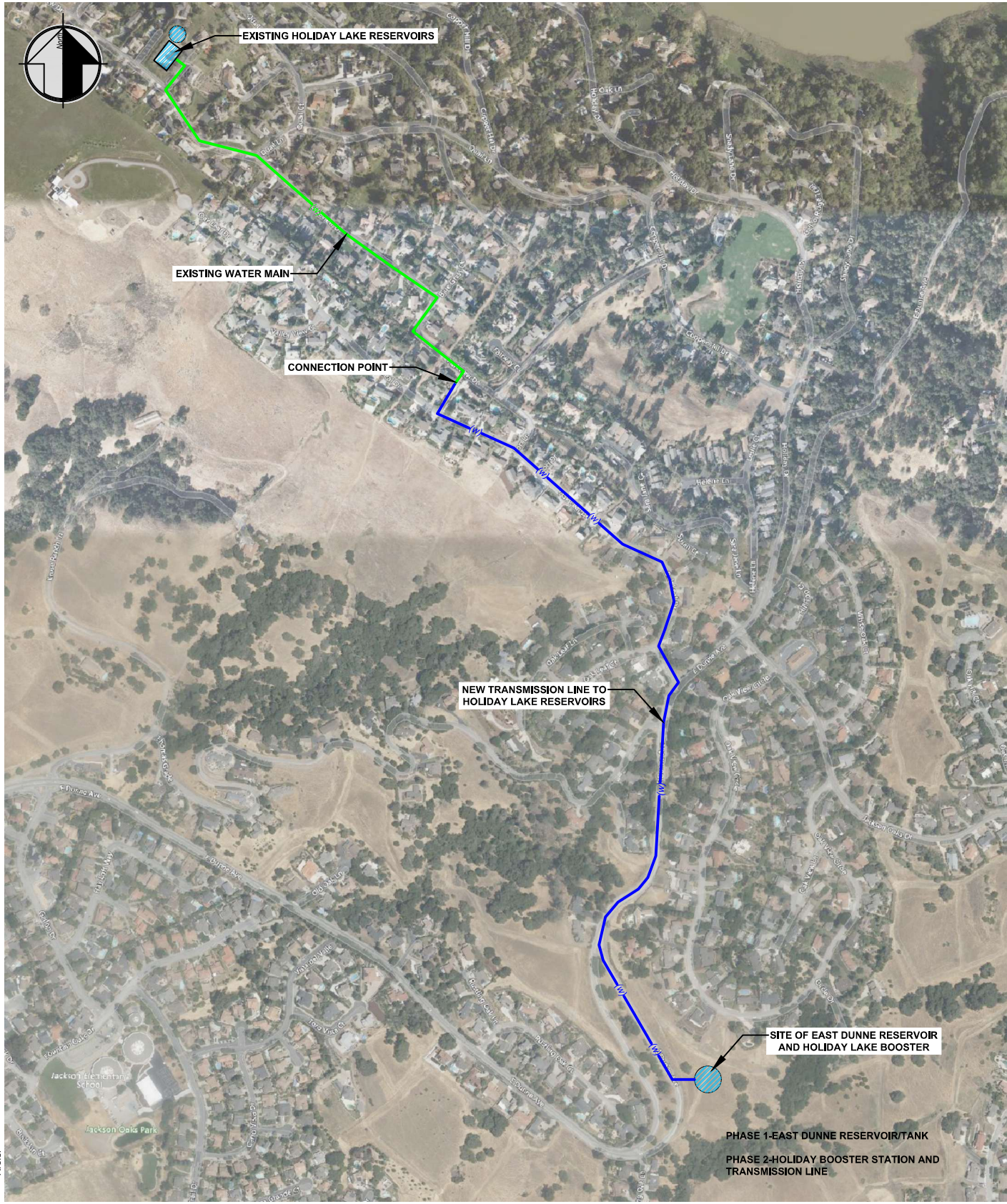
Resources for this project.

CEQA (California Environmental Quality Act):

Project

An Initial Study (IS) and Mitigated Negative Declaration was updated by Raney Planning & Management to identify and mitigate all environmental impacts from the project. The Mitigated Negative Declaration and the Mitigation Monitoring and Reporting Plan were approved by City Council on May 15, 2024, and incorporated into the project specifications. The Mitigated Negative Declaration was filed with the County Recorder's Office on May 29, 2024.

C:\Users\agustin.vizcarra\Desktop\Dunne Tank Vicinity maps.dwg - 4/3/2026 3:30 PM - Plotted 4/7/2026 11:52 AM by Agustin Vizcarra Xrefs:



City of Morgan Hill
 Engineering & Utilities Department
 CIP Engineering Division
 17575 Peak Ave. Morgan Hill, CA 95037
 Phone: (408) 776-6480 Fax: (408) 779-7236

Vicinity Map
 East Dunne Hillside Water Reservoir
 Holiday Lake Booster Station and Transmission Line

SCALE: NTS	JOB #: WA6007	SHEET
DRAWN BY: AEV	DATE: 4/3/2026	1 of 1

**FIRST AMENDMENT TO AGREEMENT
KENNEDY/JENKS CONSULTANTS, INC.**

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on _____ (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and KENNEDY/JENKS CONSULTANTS, INC., a California Corporation ("CONSULTANT" or "KENNEDY JENKS"), 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 FOR DESIGN PROFESSIONALS" made as of August 7, 2024, for consultant services for a maximum compensation of Three Hundred Thousand Dollars (\$300,000.00), pursuant to the action taken by the Morgan Hill City Council on June 26, 2024 ("CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS"). 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 1 shall be corrected to reference the June 26, 2024, Morgan Hill City Council Meeting.
 - B. Paragraph 3 is hereby amended to include the additional services to be performed by CONSULTANT as set forth in **Exhibit A-1**, hereby incorporated by this reference.
 - C. Paragraph 4.1 shall be amended to reflect the increased total compensation that shall not exceed Four Hundred Ninety-Seven Thousand Seven Hundred Fifty-Seven Dollars (\$497,757.00) and shall be billed based on the rate and basis set forth in **Exhibit B-1**, that is incorporated herein by this reference.
 - D. Paragraph 4.2. shall be amended to have all references to "Exhibit B" be updated to reference the revised rates and basis set forth in **Exhibit "B-1"**.
 - E. 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).”

F. Paragraph 14 shall be updated to reflect CONSULTANT’S correct address: Kennedy/Jenks, Inc., 303 Second Street, Suite 300, South San Francisco, CA 94107.

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.

///

///

///

///

///

///

///

///

///

///

///

///

///

[Signatures on the Next Page]

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 FOR DESIGN PROFESSIONALS, 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:

KENNEDY/JENKS CONSULTANTS, INC.

Donald A. Larkin, City Attorney

By: 

Date: _____

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

Date: 4/8/2026

By: 

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

Date: 4/8/2026

EXHIBIT A-1



303 Second Street, Suite 300 South
San Francisco, California 94107
415-243-2150
FAX: 415-896-0999

25 March 2026

Mr. David Gittleson, P.E.
Associate Engineer
Utilities & Engineering Department
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, California 95037

Subject: Proposal for Amendment No. 1 – Conformed Documents
As-Needed Engineering Services During Construction for the East Dunne Hillside
Water Reservoir and Booster Pump Station Project

Dear Mr. Gittleson:

Kennedy/Jenks Consultants, Inc. (Kennedy Jenks) presents the following Amendment No. 1 for additional as-needed engineering services during construction (ESDC) for the East Dunne Hillside Water Reservoir and Booster Pump Station Project (Project) in accordance with the August 7, 2024 professional services agreement executed between the City of Morgan Hill (City) and Kennedy Jenks Consultants (herein referred to as the Original Contract). At the City's request, this amendment expands the level of support provided under the Original Contract to incorporate preparation of a conformed set of construction documents reflecting bid-phase addenda, as well as additional construction-phase engineering services. These services include review of 30 additional Requests for Information (RFIs), 30 additional Submittals, two (2) additional Design Clarifications, and three (3) Design Modifications. The following sections present the scope of work, assumptions, City responsibilities, basis of compensation, schedule, and applicable terms and conditions associated with this amendment.

Mr. David Gittleston, P.E.
City of Morgan Hill
25 March 2026
Page 2

Scope of Work

Kennedy Jenks will provide additional professional services for ESDC for the Project as described in the following sections.

Phase 1 – Project Management and Quality Control

Task 1.1 – Project Management

Additional scope under this task includes team management and coordination for additional scope items described under Tasks 2.3, 2.4, 2.5, 2.8, 2.9, and 2.10.

Task 1.2 - Quality Assurance and Quality Control (QA/QC)

Additional scope under this Task include the QA/QC of the additional scope items described under Task 2.3, 2.4, and 2.5.

Phase 2 – As-Needed ESDC

Task 2.1 – Preconstruction Meeting

No change in scope.

Task 2.2 – Construction Progress Meetings

No change in scope.

Task 2.3 – RFI Responses

The Original Contract scope limited Kennedy Jenks' review responsibilities to RFIs pertaining solely to structural specifications and drawings. At the City's request, the scope of services has been expanded to include the review of RFIs across all engineering disciplines. Based on this expanded scope, Kennedy Jenks will review an additional 30 RFIs, increasing the total number of RFI responses under this contract to 50.

For budgeting purposes, this amendment includes an estimated 120 additional labor hours, assuming an average of 4 hours per RFI response. The budget also includes senior-level engineering hours to perform QA/QC review of each RFI under Task 1.2.

Mr. David Gittleston, P.E.
City of Morgan Hill
25 March 2026
Page 3

It is the City's responsibility to provide Kennedy Jenks with all RFIs received from the Contractor and to distribute all completed RFI responses to the Contractor.

Task 2.4 – Design Clarifications

At the City's request, the scope of work for Design Clarifications has been expanded. Under the Original Contract, Kennedy Jenks was authorized to prepare up to 2 Design Clarifications. This amendment adds 2 additional Design Clarifications, increasing the total allowance under the contract to 4.

Kennedy Jenks will prepare each Design Clarification as requested by the City. This work includes reviewing the Contractor's request or issue, evaluating the applicable design documents, and developing a written clarification or response. For budgeting purposes, this amendment includes an additional 32 labor hours, based on an average of 16 hours per Design Clarification.

The budget also includes senior-level engineering time to conduct QA/QC review for each Design Clarification under Task 1.2.

Task 2.5 – Submittal Responses

At the City's request, the scope of work for Contractor Submittal reviews has been expanded beyond structural specifications and drawings to include Submittals from all engineering disciplines. Under this amendment, Kennedy Jenks will perform review of 30 additional Submittals, including re-Submittals. This increases the total number of Submittals reviewed under this contract from 64 to 94.

For the purposes of this amendment, the term Submittal continues to include technical submittals, shop drawings, samples, operations and maintenance manuals, and product data required to be submitted by the Contractor. Kennedy Jenks' review will remain limited to determining substantial conformity with the intent of the Contract Documents, including general compliance with design concepts and the applicable specifications. Review will not include verification of quantities, dimensions, weights or gauges, fabrication processes, construction methods, coordination with other trades, or construction safety, all of which remain the sole responsibility of the Contractor.

Submittals lacking sufficient clarity or completeness will be returned to the Contractor with appropriate comments.

Mr. David Gittleston, P.E.
City of Morgan Hill
25 March 2026
Page 4

Kennedy Jenks will prepare a written review response for each Submittal, documenting the recommended disposition and any associated comments. Kennedy Jenks' standard construction administration forms will be utilized for all submittal responses. Submittal responses will be provided to the City, and the City will remain responsible for distribution to the Contractor. For budgeting purposes, this amendment includes an additional 150 labor hours, based on an average of 5 hours per Submittal review. The budget also includes senior-level engineering time to conduct QA/QC review for each Submittal under Task 1.2.

Task 2.6 – Change Order Assistance

No change in scope.

Task 2.7: Record Drawings

No change in scope.

Task 2.8: Conformed Documents

Kennedy Jenks shall prepare a conformed set of construction documents (including drawings and specifications within Divisions 1-17) based on changes made via addenda during the bid phase. The conformed drawings and specifications will be a searchable and bookmarked PDF version of the drawings and specifications. Drawings will have all clouding, revision triangles, and title block revision descriptions removed. Specifications will have addenda language incorporated in redline format and reference to Addendum number in brackets. The conformed set is not stamped and signed. In addition to an electronic copy, three half-scale (11"x17") and one full-size (22"x34") paper copies of the conformed drawings will be provided, and three paper bound copies of the specifications. It is assumed the City will be responsible for the conformed set of front end specifications.

Task 2.8 Deliverables:

1. Conformed drawings (Electronic, Adobe Acrobat format and hard copy)
2. Conformed specifications (Electronic, Adobe Acrobat format and hard copy)

Mr. David Gittleston, P.E.
City of Morgan Hill
25 March 2026
Page 5

Task 2.9: Design Modifications

At the City's request, this amendment includes additional engineering services for preparing Design Modifications required to address changes identified during construction. Under this amendment, Kennedy Jenks will develop up to three (3) Design Modifications, which may include revisions to drawings, updates to technical specifications, and other supporting design documentation necessary to address the requested modifications.

Each Design Modification will include evaluation of the requested change, coordination with relevant engineering disciplines, preparation of revised drawings and/or specification sections, and development of a written summary or clarification as needed. For budgeting purposes, this amendment includes a total of 102 labor hours for completion of the three (3) Design Modifications. The budget under this task includes senior-level engineering hours necessary to perform QA/QC review of each Design Modification.

Task 2.10: ESDC Contingency

Kennedy Jenks will provide as-needed ESDC contingency during the project as requested and authorized by the City. Services may include assistance with additional submittals, RFIs, design clarifications, change orders, design modifications, site visits, or meetings. An allowance of up to \$25,000 is reserved for this task.

Assumptions

The following additional assumptions were developed when preparing the Scope of Work, schedule, and estimated fee for this Amendment. The assumptions presented in the Original Contract are also applicable to this Amendment.

1. It is assumed that the executed contract documentation for the selected bidder will not be incorporated.
2. This scope assumes there will be one submittal of the conformed documents and no comments for revisions from the City are expected.
3. Conformed documents include drawings and specifications Divisions 1-17.

Mr. David Gittleson, P.E.
City of Morgan Hill
25 March 2026
Page 6

Tasks Performed by City

The following additional tasks will be provided by the City:

1. The City is responsible for distribution of the conformed documents to the Contractor.
2. The City is responsible for the production of Mylar plans.
3. It is assumed the City will be responsible for the conformed set of front end specifications.

ATTACHMENT A



Client/Address: City of Morgan Hill
17575 Peak Avenue
Morgan Hill, California 95037

Contract/Proposal Date: February 12, 2026

Schedule of Charges

January 1, 2026

PERSONNEL COMPENSATION

Classification	Hourly Rate
Engineer-Scientist-Specialist 1.....	\$170
Engineer-Scientist-Specialist 2.....	\$200
Engineer-Scientist-Specialist 3.....	\$230
Engineer-Scientist-Specialist 4.....	\$250
Engineer-Scientist-Specialist 5.....	\$270
Engineer-Scientist-Specialist 6.....	\$290
Engineer-Scientist-Specialist 7.....	\$315
Engineer-Scientist-Specialist 8.....	\$340
Engineer-Scientist-Specialist 9.....	\$360
Senior CAD-Designer	\$210
CAD-Designer	\$200
Senior CAD-Technician	\$195
CAD-Technician	\$180
Project Assistant.....	\$145
Administrative Assistant.....	\$135

In addition to the above Hourly Rates, an Associated Project Cost charge of \$9.74 per hour will be added to Personnel Compensation for costs supporting projects including telecommunications, software, information technology, internal photocopying, shipping, and other support activity costs related to the support of projects.

Direct Expenses

Reimbursement for direct expenses, as listed below, incurred in connection with the work, will be at cost plus ten percent for items such as:

- a. Maps, photographs, 3rd party reproductions, 3rd party printing, equipment rental, and special supplies related to the work.
- b. Consultants, soils engineers, surveyors, contractors, and other outside services.
- c. Rented vehicles, local public transportation and taxis, travel and subsistence.
- d. Project specific telecommunications and delivery charges.
- e. Special fees, insurance, permits, and licenses applicable to the work.
- f. Outside computer processing, computation, and proprietary programs purchased for the work.

Reimbursement for vehicles used in connection with the work will be at the federally approved mileage rates or at a negotiated monthly rate.

If prevailing wage rates apply, the above billing rates will be adjusted as appropriate.

Overtime for non-exempt employees will be billed at one and a half times the Hourly Rates specified above.

Rates for professional staff for legal proceedings or as expert witnesses will be at rates one and one-half times the Hourly Rates specified above.

Excise and gross receipts taxes, if any, will be added as a direct expense.

The foregoing Schedule of Charges is incorporated into the agreement for the services provided, effective January 1, 2026 through December 31, 2026. After December 31, 2026, invoices will reflect the Schedule of Charges currently in effect.

Basis of Compensation

Compensation for this additional Scope of Work will be on a time and expense reimbursement basis in accordance with the January 1, 2026 Schedule of Charges included in Attachment A. Payments will be made monthly based on invoices, which describe services and list actual costs and expenses. Kennedy Jenks will complete the additional work outlined in this Amendment for \$197,757 as summarized in the table below and shown in the attached cost fee table

(Attachment B). Kennedy Jenks’ original authorization was for \$300,000, therefore the total fee budget will be \$497,757 once Amendment No. 1 is authorized by the City. This amount will not be exceeded without prior written authorization from the City. A summary of the proposed budget by phase is provided below. The budget may be increased, if necessary, to provide additional services requested by the City.

Phase 1	Original Contract Fee	Amendment No.1 Fee	Total Fee
Phase 1 - Project Management and Quality Control	\$80,467	\$36,069	\$116,536
Phase 2 - As Needed ESDC	\$219,533	\$161,687	\$381,220
Total Contract Amount	\$300,000	\$197,757	\$497,757

Schedule

There will be no change to the proposed Project Schedule in the Original Contract.

Attachment B - Proposal Fee Estimate (Assoc. Proj. Costs or Comm Charges as ODC)

CLIENT Name: City of Morgan Hill

PROJECT Description: E. Dunne Hillside Water Reservoir & BPS As-Needed ESDC - Amendment No. 1

Proposal/Job Number: 2468022*00 Date: 3/25/2026

January 1, 2026 Rates	Eng-Sci-9	Eng-Sci-8	Eng-Sci-7	Eng-Sci-6	Eng-Sci-5	Eng-Sci-4	Eng-Sci-3	Eng-Sci-2	Eng-Sci-1	Sr. CAD-Design	CAD-Design	Sr. CAD-Tech	CAD-Tech	Project Assistant	Total	KJ Labor	KJ Escalation (per year)	KJ Assoc. Proj. Costs	KJ Sub-Markup	KJ ODCs	KJ ODCs Markup	Total Labor	Total Subs	Total Expenses	Total Labor + Subs + Expenses	
Classification:															Hours	Fees	4%	\$9.74	10%	Fees	10%				Fees	
Hourly Rate:	\$360	\$340	\$315	\$290	\$270	\$250	\$230	\$200	\$170	\$210	\$200	\$195	\$180	\$145												
Phase 1 - Project Management																										
Task 1.1 - Project Management					50									4	54	\$14,080	\$845	\$526	\$0	\$0	\$0	\$0	\$14,925	\$0	\$526	\$15,451
Task 1.2 - Quality Assurance and Quality Control			60												60	\$18,900	\$1,134	\$584	\$0	\$0	\$0	\$20,034	\$0	\$584	\$20,618	
Phase 1 - Subtotal	0	0	60	0	50	0	0	0	0	0	0	0	0	4	114	\$32,980	\$1,979	\$1,110	\$0	\$0	\$0	\$34,959	\$0	\$1,110	\$36,069	
Phase 2 - As-Needed ESDC																										
Task 2.1 - Preconstruction Meeting															0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Task 2.2 - Construction Progress Meetings (35)															0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Task 2.3 - RFI Responses (20 initially, add 30 under amendment, total of 50)		45	45		30										120	\$37,575	\$2,255	\$1,169	\$0	\$0	\$0	\$39,830	\$0	\$1,169	\$40,998	
Task 2.4 - Design Clarifications (2 initially, add 2 under amendment, total of 4)					23						9				32	\$8,010	\$481	\$312	\$0	\$0	\$0	\$8,491	\$0	\$312	\$8,802	
Task 2.5 - Submittal Responses (64 initially, add 30 under amendment, total of 94)		60	60		30										150	\$47,400	\$2,844	\$1,461	\$0	\$0	\$0	\$50,244	\$0	\$1,461	\$51,705	
Task 2.6 - Change Order Assistance (2)															0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Task 2.7 - Record Drawings (76)															0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Task 2.8 - Conformed Documents				8	1		11					5	8		33	\$7,560	\$454	\$321	\$0	\$0	\$0	\$8,014	\$0	\$321	\$8,335	
Task 2.9 - Design Modifications (3)					57						45				102	\$24,390	\$1,463	\$993	\$0	\$0	\$0	\$25,853	\$0	\$993	\$26,847	
Task 2.10 - ESDC Contingency															0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$25,000	
Phase 2 - Subtotal	0	105	105	8	141	0	11	0	0	0	59	0	8	0	437	\$149,935	\$7,496	\$4,256	\$0	\$0	\$0	\$157,431	\$0	\$4,256	\$161,687	
All Phases Total	0	105	165	8	191	0	11	0	0	0	59	0	8	4	551	\$182,915	\$9,475	\$5,367	\$0	\$0	\$0	\$192,390	\$0	\$5,367	\$197,757	

EXHIBIT 1

CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS Kennedy/Jenks Consultants

THIS AGREEMENT is entered into and becomes effective on 8/7/2024 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Kennedy/Jenks Consultants 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 June, 19, 2024.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until July 15, 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 to provide construction support services as further described in **Exhibit A**.
4. **Compensation.** CONSULTANT shall be compensated as follows:
 - 4.1. **Amount.** \$300,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Three Hundred Thousand dollars and shall be billed based on the rate and basis set forth in **Exhibit B**. If the City Manager extends the term of this Agreement pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement, and provided further that in no event shall such maximum compensation allowed for the term exceed the City Manager's authority pursuant to Chapter 3.04 of the Morgan Hill Municipal Code, unless otherwise authorized by City Council.
 - 4.2. **Billing.** CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 13 Notices. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY'S judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

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

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

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

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

7.1. **Insurance Types and Amounts.**

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

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

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

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

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

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

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

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

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

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

7.2.2. Workers Compensation.

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

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

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

Certificate Holder address:

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

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

9. **Compliance with Law**.

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

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

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

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

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

Don Barraza, Project Manager
Kennedy/Jenks Consultants
2350 Mission College Boulevard, Suite 525
Santa Clara, CA 95054
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.

///

///

///

///

///

///

///

///

///

[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:

DocuSigned by:

Michelle Bigelow

City Clerk/Deputy City Clerk

Michelle Bigelow

Print Name

Date: 8/7/2024

APPROVED AS TO FORM:

DocuSigned by:

Donald Larkin

City Attorney

Donald A. Larkin

Print Name

Date: 8/7/2024

CITY OF MORGAN HILL

DocuSigned by:

Christina Turner

City Manager

Christina J. Turner

Print Name

Date: 8/7/2024

Kennedy/Jenks Consultants

Jamie E. Kolkey

By: Jamie E. Kolkey

Vice President and Operations Manager

Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: June 24, 2024

Gerard P. Cavaluzzi

By: Gerard P. Cavaluzzi

Corporate Secretary

Print Name and Title of Signer.

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

Date: June 24, 2024

**EXHIBIT A
SCOPE OF SERVICES**



303 Second Street, Suite 300 South
San Francisco, California 94107
415-243-2150
FAX: 415-896-0999

7 June 2024

Mr. David Gittleston, P.E.
Associate Engineer
Utilities & Engineering Department
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, California 95037

Subject: Proposal for As-Needed Engineering Services During Construction for the East Dunne Hillside Water Reservoir and Booster Pump Station Project

Dear Mr. Gittleston:

Kennedy/Jenks Consultants, Inc. (Kennedy Jenks) is pleased to submit this proposal to provide professional services for as-needed engineering services during construction (ESDC) for the East Dunne Hillside Water Reservoir and Booster Pump Station Project (Project). As requested by the City of Morgan Hill (City), these services will be provided on an as-needed basis for items pertaining to the facilities including the reservoir and the retaining walls on the reservoir and pump station sites.

It is understood that these services will be performed as a new contract between Kennedy Jenks and the City. The Scope of Work, assumptions, summary of tasks to be performed by the City, basis of compensation, schedule and terms and conditions for this proposal are included below.

Scope of Work

Kennedy Jenks will provide professional services for as-needed ESDC for the Project, working closely with City staff. Kennedy Jenks' work is organized in four tasks as described in the following sections.

Phase 1 – Project Management and Quality Control

Task 1.1 – Project Management

Kennedy Jenks will set up the project within Kennedy Jenks' accounting system, prepare subconsultant agreements, provide management and oversight of in-house project personnel and subconsultants



Mr. David Gittleston, P.E.
City of Morgan Hill
7 June 2024
Page 2

throughout the project, and will review and monitor project budget and progress on a regular basis. Kennedy Jenks will prepare and submit monthly invoices electronically to the City in accordance with the Agreement. This task assumes a construction duration of 35 months from Notice to Proceed (NTP).

Task 1.1 Deliverables:

1. Monthly invoices (electronic, PDF format)

Task 1.2 - Quality Assurance and Quality Control (QA/QC)

Each deliverable will receive a quality control review prior to submission to the City from a senior Kennedy Jenks engineer, not directly associated with the project. This includes QA/QC of all Submittal responses, Requests for Information (RFI) responses, design clarifications, and change order assistance.

Phase 2 – As-Needed ESDC

This Scope of Work and Fee Estimate provides an estimate of ESDC in support of Project elements including the reservoir and retaining walls for the Project.

Task 2.1 – Preconstruction Meeting

Kennedy Jenks will attend one, 2-hour virtual preconstruction meeting with the selected Contractor and City construction personnel to review construction project organization, roles and responsibilities associated with construction administration, construction related correspondence, observations and inspections, contract change orders, monthly progress estimates and payments, material testing, disinfection testing, project closeout, and record documents. The meeting will be attended by up to three Kennedy Jenks staff. This City will be responsible for facilitating the meeting and preparing the agenda and meeting minutes.

Task 2.2 – Construction Progress Meetings

Kennedy Jenks will attend up to 35 construction progress meetings (assuming one per month of construction) at the request of the City. Each progress meeting is anticipated to be held virtually, have a 1-hour duration, and will be attended by up to two Kennedy Jenks staff. The City will be responsible for facilitating the meeting and preparing the agenda and meeting minutes.

Task 2.3 – RFI Responses

Kennedy Jenks will assist City staff with preparing responses to Requests for Information (RFIs) related to structural specifications and drawings as requested by the City. Kennedy Jenks' standard construction administration forms will be used for all RFI responses. It is the responsibility of the City to provide RFIs



Mr. David Gittleston, P.E.
City of Morgan Hill
7 June 2024
Page 3

received from the Contractor and to distribute all RFI responses to the Contractor. For budgeting purposes, this proposal assumes a total labor estimate of 80 hours based on assuming 4 hours per RFI response and a total of 20 RFIs. Budget for a senior level engineer to conduct a QA/QC review of each RFI is included under Task 1.2.

Task 2.3 Deliverables:

1. Responses to RFIs (Electronic, PDF format)

Task 2.4 – Design Clarifications

Kennedy Jenks will issue up to 2 Design Clarifications as requested by the City at approximately 16 hours per Design Clarification on average for reviewing and preparing a written response or clarification. Budget for a senior level engineer to conduct a QA/QC review of each Design Clarification is included under Task 1.2

Task 2.4 Deliverables:

1. Design Clarifications (Electronic, PDF format)

Task 2.5 – Submittal Responses

Kennedy Jenks will review Contractor Submittals pertaining to the retaining walls and reservoir drawings and structural technical specifications as requested by the City for conformance with the Contract Documents. This task includes the review of up to 64 Submittals, including re-Submittals. The term Submittal used herein includes technical submittals, shop drawings, samples, operations and maintenance manuals, and product data required to be submitted by the Contractor. Review will be for substantial conformity with the intent of the Contract drawings and specifications. Such review shall be only for conformance with the design concepts and general compliance with the project's Contract Documents. It shall not include review of quantities, dimensions, weights or gauges, fabrication processes, construction methods, coordination with the work of other trades, or construction safety precautions, all of which are the sole responsibility of the Contractor. Submittals lacking in clarity or completeness will be returned to the Contractor with appropriate comments.

Kennedy Jenks will prepare a review letter for each Submittal with the recommended disposition and review comments. Kennedy Jenks' standard construction administration forms will be used for all submittal responses. Kennedy Jenks will provide submittal responses to the City and the City will be responsible for distribution of these documents to the Contractor. For budgeting purposes, this proposal assumes a total labor estimate of 320 hours for this task based on assuming 5 hours per Submittal response. Budget for a senior level engineer to conduct a QA/QC review of each Submittal is included under Task 1.2.



Mr. David Gittleston, P.E.
 City of Morgan Hill
 7 June 2024
 Page 4

Task 2.5 Deliverables:

1. Shop Drawing Review Letters responding to submittals (Electronic, PDF format)

Task 2.6 – Change Order Assistance

Kennedy Jenks will review and consult with the City on change orders to the contract documents. For budgeting purposes, this proposal assumes a total labor estimate of 16 hours based on assuming 8 hours per change order assistance and a total of 2 change orders. Budget for a senior level engineer to conduct a QA/QC review of each submittal is included under Task 1.2.

Task 2.7: Record Drawings

Kennedy Jenks will prepare Record Drawings for the Project using the as-built drawing markups of construction changes provided by the Contractor. For estimating purposes, it is assumed that 76 drawings will be updated, each requiring on average 4 hours. Kennedy Jenks will provide one electronic and one full sized (22"x34") paper hard copy of the Record Drawing set.

Task 2.5 Deliverables:

1. One full sized (22"x34") paper hard copy of the Record Drawing set
2. Electronic files of Record Drawing set (AutoCAD and PDF format)

Assumptions

The following assumptions were developed when preparing the Scope of Work, schedule, and estimated fee for the project.

1. Per discussions with the City, Kennedy Jenks's schedule and compensation are based on providing the above services for a period of 35 months. If the schedule is extended beyond this period and project management funds are exhausted, a written request will be provided for additional funds.
2. Inspection services are not included as part of this scope of work.
3. It is assumed that Kennedy Jenks will be assisting the City with the ESDC services described above and Kennedy Jenks will not be responsible for distribution of materials to the Contractor.
4. Construction Management services, including construction management software for document control, are not included in this proposal.



Mr. David Gittleston, P.E.
 City of Morgan Hill
 7 June 2024
 Page 5

5. This Scope of Work is based on quantities for reviews identified in the tasks. Additional reviews will require City authorization and an amendment to this contract.

Tasks Performed by City

The following tasks will be provided by the City:

1. The City is responsible for direct communication and coordination with the Contractor, as well as distribution of all materials to the Contractor.
2. The City will be responsible for all inspection services required for the Project
3. The City is responsible for tracking all Submittals and RFIs in a Master Log.
4. It is assumed that the City will be contracting a third party Construction Manager for this Project.
5. Participate in decision-making and provide a best-faith effort to make key decisions in a timely manner.
6. Monitor and manage communications with the residents and stakeholders including any public outreach efforts.

Basis of Compensation

Kennedy Jenks’ proposes that compensation this Scope of Work be on a time and expense reimbursement basis in accordance with the January 1, 2024 Schedule of Charges enclosed. Payments will be made monthly based on invoices, which describe services and list actual costs and expenses. A fee budget of \$300,000 is proposed for the as-needed ESDC services of the reservoir and retaining walls. This amount will not be exceeded without prior written authorization from the City.

A summary of the proposed budget by phase is provided below. The budget may be increased, if necessary, to provide additional services requested by the City.

Phase	Estimated Fee Budget
Phase 1 – Project Management and Quality Control	\$80,467
Phase 2 – As-Needed Engineering Services During Construction	\$219,533
Total Contract Amount	\$300,000

Proposal Fee Estimate (Assoc. Proj. Costs or Comm Charges as ODC)

CLIENT Name: City of Morgan Hill
 PROJECT Description: E. Dunne Hillside Water Reservoir & BPS As-Needed ESDC
 Proposal/Job Number: _____ Date: 6/7/2024

January 1, 2024 Rates	Eng-Sci-9	Eng-Sci-8 D. Barraza	Eng-Sci-7 P.J. Bourdaniotis, J. Salter, J. Jindra	Eng-Sci-6	Eng-Sci-5 R. Druffel- Rodriguez	Eng-Sci-4 P. Tran	Eng-Sci-3	Eng-Sci-2	Eng-Sci-1	Sr. CAD-Design	CAD-Design	Sr. CAD-Tech	CAD-Tech	Project Assistant	Admin. Assist.	Aide	Inspector (M. Godinho)	Total	KJ Labor	KJ Escalation (per year)	KJ Assoc. Proj. Costs	KJ Sub-Markup	KJ ODCs	KJ ODCs Markup	Total Labor	Total Subs	Total Expenses	Total Labor + Subs + Expenses	
Hourly Rate:	\$335	\$320	\$300	\$275	\$250	\$230	\$210	\$190	\$155	\$195	\$180	\$165	\$145	\$145	\$130	\$105	\$260	Hours	Fees	4%	\$9.74	10%	Fees	10%				Fees	
Phase 1 - Project Management																													
Task 1.1 - Project Management					140	19								35				194	\$44,447	\$2,667	\$1,890	\$0	\$0	\$47,114	\$0	\$1,890	\$49,004		
Task 1.2 - Quality Assurance and Quality Control			96															96	\$28,800	\$1,728	\$935	\$0	\$0	\$30,528	\$0	\$935	\$31,463		
Phase 1 - Subtotal	0	0	96	0	140	19	0	0	0	0	0	0	0	35	0	0	0	290	\$73,247	\$4,395	\$2,825	\$0	\$0	\$77,642	\$0	\$2,825	\$80,467		
Phase 2 - As-Needed ESDC																													
Task 2.1 - Preconstruction Meeting		2			2	2												6	\$1,600	\$0	\$58	\$0	\$0	\$1,600	\$0	\$58	\$1,658		
Task 2.2 - Construction Progress Meetings (35)					35	35												70	\$16,800	\$1,008	\$682	\$0	\$0	\$17,808	\$0	\$682	\$18,490		
Task 2.3 - RFI Responses (20)		30	30			20												80	\$23,200	\$1,392	\$779	\$0	\$0	\$24,592	\$0	\$779	\$25,371		
Task 2.4 - Design Clarifications (2)		16	16															32	\$9,920	\$595	\$312	\$0	\$0	\$10,515	\$0	\$312	\$10,827		
Task 2.5 - Submittal Responses (62)		128	128			64												320	\$94,080	\$5,645	\$3,117	\$0	\$0	\$99,725	\$0	\$3,117	\$102,842		
Task 2.6 - Change Order Assistance (2)		8	8															16	\$4,960	\$298	\$156	\$0	\$0	\$5,158	\$0	\$156	\$5,314		
Task 2.7 - Record Drawings (76)			19			57						152						228	\$46,170	\$5,540	\$2,221	\$0	\$1,000	\$51,710	\$0	\$3,321	\$55,031		
Phase 2 - Subtotal	0	184	201	0	37	178	0	0	0	0	152	0	0	0	0	0	0	752	\$196,730	\$14,478	\$7,324	\$0	\$1,000	\$211,109	\$0	\$8,424	\$219,533		
All Phases Total	0	184	297	0	177	197	0	0	0	0	152	0	0	35	0	0	0	1042	\$269,977	\$18,873	\$10,149	\$0	\$1,000	\$288,751	\$0	\$11,249	\$300,000		



Mr. David Gittleson, P.E.
City of Morgan Hill
7 June 2024
Page 6

Schedule

Kennedy Jenks proposes to complete the overall scope of work described above in accordance with the enclosed estimated construction schedule.

Terms and Conditions

This proposal is based on current projections of staff availability and costs and, therefore, is valid for 90 days following the date of this letter. Unless noted otherwise the terms and conditions of the Service Agreement for Design Professionals for the East Dunne Hillside Water Reservoir Project between Kennedy Jenks and the City dated 4 July 2023 are acceptable for use in a new agreement. If this proposal meets your approval, please forward an amended service agreement for design professionals for this work.

If you have any questions regarding this proposal, please contact Don Barraza at (415) 243-2483 or Rachel Druffel-Rodriguez at (858) 676-7532.

Very truly yours,

KENNEDY/JENKS CONSULTANTS, INC.

Donald L. Barraza, P.E.
Vice President, Principal Engineer

Rachel Druffel-Rodriguez, P.E.
Project Manager

AUTHORIZATION:

City of MORGAN HILL

By: _____

(Signature)

(Print Name)

Title: _____

Date: _____

Enclosure

1. Estimated Construction Schedule
2. Professional Services Schedule of Charges
3. Proposal Fee Estimate

EXHIBIT B
SCHEDULE OF COMPENSATION RATES



Client/Address: City of Morgan Hill
 17575 Peak Avenue
 Morgan Hill, California 95037

Contract/Proposal Date: June 7, 2024

Schedule of Charges

June 7, 2024

PERSONNEL COMPENSATION

Classification	Hourly Rate
Engineer-Scientist-Specialist 1.....	\$155
Engineer-Scientist-Specialist 2.....	\$190
Engineer-Scientist-Specialist 3.....	\$210
Engineer-Scientist-Specialist 4.....	\$230
Engineer-Scientist-Specialist 5.....	\$250
Engineer-Scientist-Specialist 6.....	\$275
Engineer-Scientist-Specialist 7.....	\$300
Engineer-Scientist-Specialist 8.....	\$320
Engineer-Scientist-Specialist 9.....	\$335
Senior CAD-Designer	\$195
CAD-Designer	\$180
Senior CAD-Technician	\$165
CAD-Technician	\$145
Project Assistant.....	\$145
Administrative Assistant.....	\$130
Aide.....	\$105

In addition to the above Hourly Rates, an Associated Project Cost charge of \$9.74 per hour will be added to Personnel Compensation for costs supporting projects including telecommunications, software, information technology, internal photocopying, shipping, and other support activity costs related to the support of projects.

Direct Expenses

Reimbursement for direct expenses, as listed below, incurred in connection with the work, will be at cost plus ten percent for items such as:

- a. Maps, photographs, 3rd party reproductions, 3rd party printing, equipment rental, and special supplies related to the work.
- b. Consultants, soils engineers, surveyors, contractors, and other outside services.
- c. Rented vehicles, local public transportation and taxis, travel and subsistence.
- d. Project specific telecommunications and delivery charges.
- e. Special fees, insurance, permits, and licenses applicable to the work.
- f. Outside computer processing, computation, and proprietary programs purchased for the work.

Reimbursement for vehicles used in connection with the work will be at the federally approved mileage rates or at a negotiated monthly rate.

If prevailing wage rates apply, the above billing rates will be adjusted as appropriate.

Overtime for non-exempt employees will be billed at one and a half times the Hourly Rates specified above.

Rates for professional staff for legal proceedings or as expert witnesses will be at rates one and one-half times the Hourly Rates specified above.

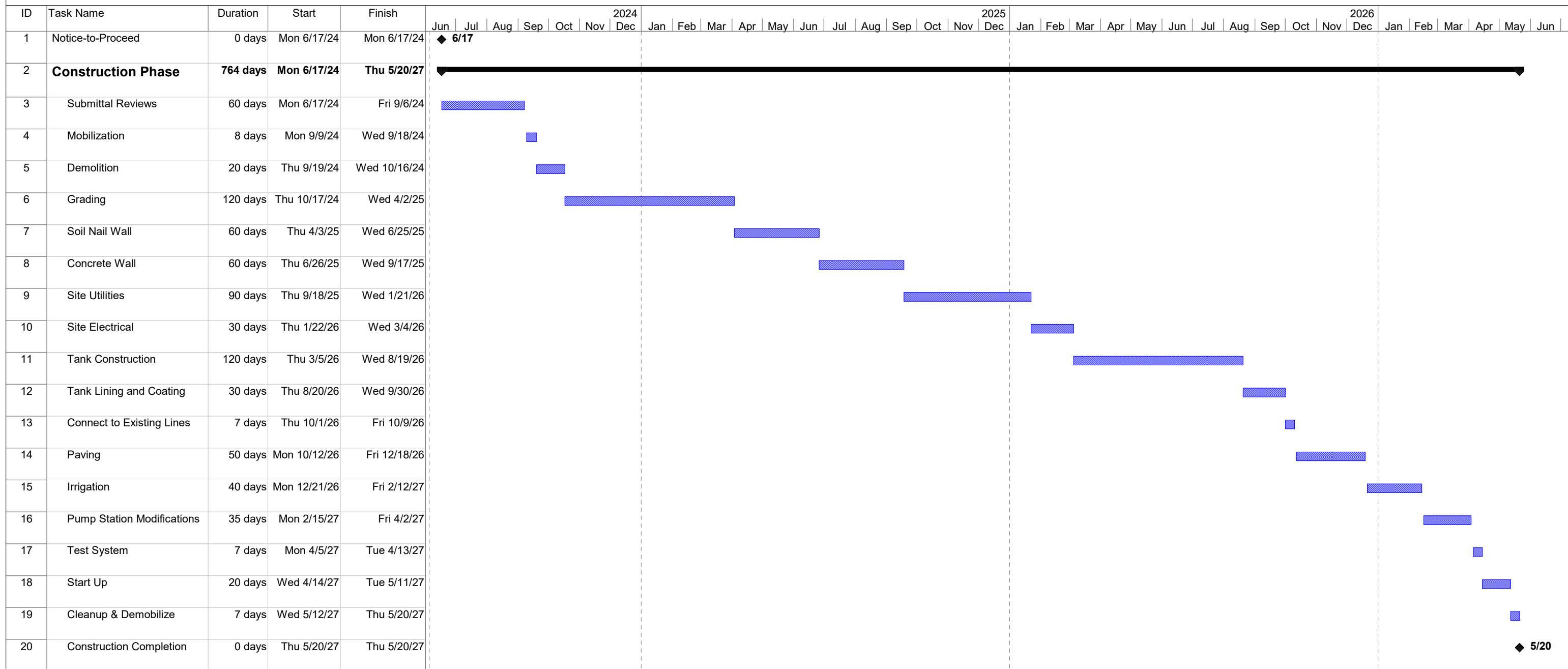
Excise and gross receipts taxes, if any, will be added as a direct expense.

The foregoing Schedule of Charges is incorporated into the agreement for the services provided, effective January 1, 2024 through December 31, 2024. After December 31, 2024, invoices will reflect the Schedule of Charges currently in effect.

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

**Estimated Construction duration: 3 years max.
Estimated start date: July 27, 2024 Estimated
Completion Date: May 20, 2027**

City of Morgan Hill
East Dunne Hillside Water Reservoir and Booster Pump Station
Estimated Construction Schedule



Date: Wed 6/5/24

Task		Milestone	◆	Project Summary		External Milestone	◆	Deadline	⇩
Split		Summary	▼	External Tasks		Progress	▬		

CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS
Kennedy/Jenks Consultants, 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 Kennedy/Jenks Consultants, Inc., a California corporation ("CONSULTANT" or "KENNEDY JENKS") 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 December 30, 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 to design the Holiday Lake Booster station and Piping Project per the attached scope of work as further described in **Exhibit A.**
4. **Compensation.** CONSULTANT shall be compensated as follows:
 - 4.1. **Amount.** \$1,422,058.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed One Million Four Hundred Twenty two Thousand and Fifty 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:

Don Barraza, P.E.
Kennedy/Jenks Consultants
303 Second Street, Suite 300 South
San Francisco, CA 94107

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.

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 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

Kennedy/Jenks Consultants, Inc

City Attorney

By: 

Print Name

Spencer Archer, Vice President

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

Date: _____

Date: 4/8/2026

By: 

Gerard P. Cavaluzzi, Secretary

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

Date: 4/8/2026

EXHIBIT A SCOPE OF SERVICES

Understanding and Background

This proposal is based on discussions with City staff; a review of the *Theory of Operations Preliminary Report* prepared by Akel Engineering Group, Inc. (Akel Engineering, March 2023); coordination with Akel Engineering; an evaluation of Table 8.2 and Figure 8.1 of the Water System Master Plan (WSMP); and Kennedy Jenks' previous work on the development of the East Dunne Hillside Water Reservoir site and the East Dunne Booster Pump Station Modifications.

It is understood that the City requires design of the new Holiday Lake Pump Station (HL-PS) at the East Dunne Hillside Reservoir site to boost water from the new East Dunne Hillside Water Reservoir to the existing Holiday Lake Tanks and a new pipeline to convey water from the new HL-PS to the Holiday Lake Tanks site. The City will provide input and confirm the flowrate and pipeline sizing.

It is understood that the new pipeline construction will consist of two segments of the Holiday Lake Pipeline as shown in the WSMP Figure 8.1 and Table 8.2: 1) HL-P3 along East Dunne Avenue; and 2) HL-P4 along Oak Leaf Drive. The proposed 12-inch Holiday Lake Pipeline will be approximately 0.93 miles (4,900 LF) in length and will ultimately connect to the 12-inch Lake View Drive (HL-P5) segment, which has already been constructed and conveys water to the Holiday Lake Tanks. The connection is anticipated to occur along Park View Drive just east of its intersection with Blue Grass Court as seen on **Figure 1**. Based on information provided by the City, this proposal was prepared assuming the majority of the new pipeline alignment will maintain approximately 3.5 feet of cover, except in locations where additional depth is required to avoid existing utilities.

Kennedy Jenks will review the previous design modifications of the E. Dunne Booster Pump Station, in coordination with City input regarding control of the pump station pressure zones in the lower E. Dunne service area and assess the need for a larger standby engine generator.

This proposal is based on review of the preliminary pipeline alignment provided by the City outlined in the *Theory of Operations Preliminary Report* prepared by Akel Engineering (March 2023), previous borehole logs from geotechnical investigations at the East Dunne Hillside Water Reservoir site, and preliminary review of the City of Morgan Hill geologic maps showing local geologic conditions in the vicinity of the project.

From review of the local geology, it is understood that a primary geotechnical challenge to constructing the pipeline may be the excavatability of the site soils/bedrock along the planned pipeline alignment. The City geologic map shows two primary geologic units along the alignment: 1) Santa Clara Formation, some portions of which are mapped as containing hard basalt boulders, which are readily visible on the slopes adjacent to East Dunne Avenue; and 2) Serpentinite, which varies in hardness from "soft, highly sheared" to "hard, relatively fresh boulder-like masses".

Both geologic units have the potential to present difficult excavation conditions, requiring excavation methods beyond the use of conventional backhoes or excavators, such as jack hammers or ram-hoes. Therefore, one of the primary reasons for a subsurface exploration program along the proposed pipeline alignment is to help identify areas along the proposed alignment that may present difficult excavation conditions, to potentially adjust the alignment, and to reduce the potential for change orders during construction.

We understand that the City would like one (1) set of construction documents prepared to include all elements of the project. The elements of the project are shown in **Figure 1** and have been broken down into seven areas as noted below:

2-A: East Dunne Booster Pump Station Modifications (ED-PS)

- Upgrade existing ED-PS Pump 2A from 180 gpm to 450 gpm and Pump 2B from 190 gpm to 450 gpm (1 duty + 1 standby) to service the newly constructed East Dunne Hillside Reservoir.

2-B: Holiday Lake Pump Station (HL-PS)

- Construct new pump station building to house three (3) new 350 gpm pumps (2 duty + 1 standby) to serve existing Holiday Lake Zone Tanks 1 and 2.
- Provide diesel standby engine-generator unit with subbase tank containing fuel supply for 48 hours of continuous, full-load operation
- Demolition of existing irrigation pump station (pump and pressure tank), and controls. Irrigation water supply to be transferred to connection from pump station discharge piping with backflow prevention.

2-C: Holiday Lake Pipeline (HL-P3) – Dunne Avenue

- Construct approximately 2,500 LF of 12-inch water main, from the proposed Holiday Lake Zone Pump Station along Dunne Avenue to Oak Leaf Drive.
 - Interconnect with the existing 8-inch water main at the following locations:
 - Approximately 1,300 feet south of the intersection of Dunne Avenue and Oak Leaf Drive.
 - Intersection of Dunne Avenue and Oak Leaf Drive.

2-D: Holiday Lake Pipeline (HL-P4) – Oak Leaf Drive

- Construct approximately 2,400 linear feet of 12-inch water main along Oak Leaf Drive, from Dunne Drive to Lori Drive/Park View Drive.

2-E: ED-PS to Holiday Zone 1 Pipeline Tie-In

- Construct approximately 600 LF of 12-inch water main from the intersection of Thomas Grade Drive and East Dunne Avenue to the intersection of Thomas Grade Drive and Kruse Ranch Lane.
- Interconnect at existing locations:
 - i. Interconnect with the existing 16-inch from the ED-PS along Dunne Ave,
 - ii. Interconnect with the existing 12-inch water main at the intersection of Thomas Grade Drive and Kruse Ranch Lane.
- Alignment assumed to be within existing easement and/or right-of-way.

2-F: Right-of-Way Northeast of East Dunne Pump Station

- Approximately 2,800 LF of 8-inch water main between East Dunne Pump Station and Oak Leaf Drive will remain in service. No change.

2-G: Proposed Pressure Reducing Valve (PRV)

- Construct a PRV approximately 1,800 feet west of Dunne Avenue within the road right-of-way on Thomas Grade Drive at an elevation of 703 feet.

Scope of Work

Kennedy Jenks will provide professional design services required to complete the design of the pump station, pipelines, PRV, and modifications to the existing pump station, working closely with City staff. Kennedy Jenks will provide electronic files of design plans in AutoCAD format. Deliverables such as specifications will generally be furnished in electronic format using MS Word or Adobe PDF format. Our work is organized into eight (8) phases and two optional phases as described below:

Phase 1000 – Project Management

Task 01 – Project Initiation

Kennedy Jenks will set up the project within Kennedy Jenks' accounting system, prepare subconsultant agreements, and issue a Project Initiation Plan to the design team, outlining the scope and budget, and developing a baseline schedule.

A Hazard Appraisal & Recognition Plan (HARP) will be prepared and implemented for the work. If an employee needs to visit the site where ongoing field investigation activities are ongoing, they will implement the requirements of the HARP. Subconsultants will prepare HARPs for field activities they plan as part of the Project and submit them for informational purposes prior to performing the field activities.

Task 02 – Monitoring and Control

Project coordination will include bi-weekly phone calls with the City's project manager to discuss work progress, schedule, and budget. Additional regular communication with the City's project manager will be done by phone and email to coordinate project activities. The frequency of these calls will be adjusted throughout the project according to the level of activity. In addition, Kennedy Jenks will regularly communicate with the Project Engineer, project team members, and subconsultants throughout the project. A Major Decisions Log (MDL) that documents the City's major decisions related to the Project will also be prepared and maintained.

Task 03 – Monthly Reports and Invoicing

Monthly invoices will be prepared and submitted electronically to the City in accordance with the Agreement. Invoices will be prepared and submitted electronically on a monthly basis. Monthly project progress status updates will be prepared and delivered to the City to support the monthly invoices prepared.

Task 04 – Project Closeout

Kennedy Jenks will complete all project closeout activities, including finalizing documentation, resolving outstanding comments, and confirming that all deliverables have been submitted to the City. The team will participate in a closeout meeting to review the project; capture lessons

learned and confirm completion of scope. Kennedy Jenks will also archive project files in accordance with internal standards and client requirements.

Task 1000 Deliverables:

1. Major Decisions Log updates (electronic, Adobe Acrobat format)
2. Monthly Invoices (electronic, Adobe Acrobat format)
3. Monthly Progress Status Update (electronic, Adobe Acrobat format).

Phase 1100 - Quality Assurance and Quality Control

Each deliverable will receive a quality control review prior to submission to the City from a senior engineer, not directly associated with the project.

Task 01 – Quality Management

An internal quality control plan will be developed at project initiation.

Task 02 – In-house Concept and Criteria Review (C&CR) Meeting

An in-house C&CR meeting will be conducted early on the project to obtain focused technical input from senior staff based on their experience from other similar projects. The C&CR meeting will be attended by up to seven (7) key project team members.

Task 03 – Milestone Reviews

The draft Basis of Design Technical Memorandum, Construction Document Submittals (e.g. 30%, 60%, 90%, 100%), and other deliverables will be reviewed. Reviews will be performed by senior staff and will include inter-discipline coordination checks.

Phase 1200 – Meetings

It is anticipated that the kickoff meeting will address still undefined elements of the project associated with the E. Dunne Booster Pump Station modifications, E. Dunne Hillside Water Reservoir, and Holiday Lake Pump Station and Pipeline. It is anticipated that the design review meetings will address all elements of the project. Kennedy Jenks will prepare for and participate in the following meetings with the City. The meetings are estimated to have a 2-hour maximum duration (excluding time for preparation of materials) and will be attended by up to six (6) staff.

1. Kick-off meeting – to be held virtually
2. 30% Design Review Meeting – to be held virtually
3. 60% Design Review meeting – to be held virtually

4. 90% Design Review meeting – to be held virtually

Kennedy Jenks will also prepare for, and participate, in up to four (4) progress coordination meetings or conference calls with City staff during the project. Each progress meeting is anticipated to have a 1-hour duration (excluding time for preparation of materials) and will be attended by up to six (6) staff.

The meetings are detailed in the following subtasks:

Task 01 – Project Kick-off Meeting

Kennedy Jenks will prepare for, attend, and facilitate the kick-off meeting with the City and team members. Client stakeholders, planned roles and responsibilities, project scope, schedule, budget, project controls processes, deliverables, workshops, key deliverable dates and milestones, and key technical issues will be discussed. A meeting agenda will be prepared and notes will be prepared and submitted following the meeting.

Task 02 – Design Review Meetings

Workshop-type meetings will be conducted with the City during the Project to efficiently communicate design concepts and facilitate decisions to keep the project on schedule. The planned meetings will occur at three (3) milestone points as follows:

1. 30% Design Review Meeting
2. 60% Design Review Meeting
3. 90% Design Review Meeting

Task 03 – Progress Meetings

Kennedy Jenks will prepare for, attend, and conduct up to four (4) progress coordination meetings or conference calls that will include a review of progress, discussion of items requiring feedback, list of outstanding issues requiring resolution, status of scope, schedule and budget, and review of risks. Meeting agendas will be prepared, and meeting notes will be prepared and submitted for the progress meetings.

Task 1200 Deliverables:

1. Meeting Agendas and Notes (Electronic, Adobe pdf format)

Phase 2000 – Investigations

Task 01 – Topographic Survey

Kennedy Jenks will subcontract with Mark Thomas & Company (MTC) to provide utility and boundary survey services necessary for developing the design for the pipeline. MTC shall supply all labor and furnish all materials, supplies, tools and equipment, and all consumable items that are required to complete the utility and boundary survey of the pipeline limits shown in **Figure 1**. All survey work shall be completed by a California licensed land surveyor in accordance with applicable California statutes governing land surveying. The horizontal survey datum shall be California State Plane Coordinate (SPC) System NAD83, US feet and the vertical datum shall be NAVD88, US feet as derived from previous work from 2016, so the two projects are in alignment. Temporary control points (horizontal and vertical) shall be established at the site for ground control based on the specified datums.

Subtask 01.01 – Aerial Mapping

MTC will perform a survey to provide topographic mapping sufficient to serve as the basis for future civil design work. Pertinent accessible and surface visible above and below ground features will be located and documented primarily using Aerial mapping means supplemented by field surveys. Field crews will set flight panels to control aerial mapping efforts. Once aerial targets are set MTC's Aerial Consultant will fly the project to capture the aerial imagery. MTC will process the data from the field survey and provide coordinate values to the Aerial Consultant to perform aerial triangulation. Once aerial triangulation is complete the aerial consultant will produce mapping and ortho photo rectification. This data will serve as the base map to facilitate design efforts of the pipelines. Mapping will include planimetrics, a Digital Terrain Model (DTM), and contours presented at a scale of 1"=40' with a 1' Contour Interval. This scope item is limited to one (1) day of fieldwork for a 2-person crew.

Subtask 01.02 – Subsurface Utility Engineering (SUE) Detection and Mark Out

MTC SUE crews will provide private utility detection and marking services to an ASCE SUE Quality Level B (QL-B) underground utilities. Crews will utilize electromagnetic (EM) induction and ground-penetrating radar (GPR), as appropriate, to detect subsurface utilities and will mark detected utilities using paint, flags, and/or whisksers. Utility markings will be placed in pink to denote survey marking and dotted using APWA/USA color code conventions to identify the utility type. Where feasible, estimated utility depths will be obtained based on signal characteristics from EM locating or GPR; depth information is dependent on-site conditions and signal quality. Any notable issues, limitations, or discrepancies identified during the QL-B investigation will be reported to Kennedy Jenks and documented as part of the SUE deliverables. This scope of work is limited to eight (8) days of a one person SUE crew.

In addition to the field task described above, MTC will perform Quality ASCE SUE Level D (QL-D) utility research to identify available records and published utility information within the Area of Interest. QL-D services will be performed using CivilGrid, a cloud-based utility data aggregation platform. This effort will include:

- Collection and review of available utility records and datasets from public and private utility owners, municipalities, and other data providers.
- Compilation of existing utility information to support planning-level understanding of subsurface utility conditions.
- Integration of QL-D utility information with field observations, where applicable, to support subsequent Quality Level B efforts.

QL-D information is limited to the accuracy and completeness of available records and is intended for planning and coordination purposes only.

Subtask 01.03 – Supplemental Utility Survey

MTC will field survey underground and overhead utilities and structures based upon surface visible evidence and available dips within the project limits. These field surveys will utilize conventional ground survey techniques and will supplement the base mapping developed in Task 1. Information to be captured will include:

Sewers, catch basins, and manhole lids locations and elevations. Manholes and catch basins shall be opened and dipped to obtain structure/pipe inverts and manhole body size and eccentricity (if possible);

- Water valves, meters, hydrants, manhole lids and vaults;
- Gas valves, stand pipes, manhole lids and vaults;
- Overhead/underground telecom features, including manhole lids and vaults;
- Overhead/underground electric features, including poles, manhole lids and vaults.
- Dips at intersections will be sufficient to determine slope through the intersection.
- All Utility Marks

No utilities will be dipped other than sewer and storm. This scope of work is limited to four (4) days of fieldwork for a two (2) person crew.

Subtask 01.04 – Boundary Survey of APN 729-01-001

MTC will perform a field survey to locate necessary monumentation (based on publicly available record maps filed with the County of Santa Clara) to establish property lines of APN 729-01-001 (2700 THOMAS GRADE AVE, MORGAN HILL, CA 95037-6731), also being Lot 1 on Tract No. 5134 (319M37). It is our understanding that no other monument ties to other maps other than those publicly available will be necessary to complete this project. The Santa Clara County Maps of interest include: 267M1, 319M37, 343M4, 639M25, and 640M33.

Once the field data is collected and processed, MTC will plot the retraced boundary lines in a "LandNet" CAD file to be shared with the design team.

MTC will also plot encumbrances as shown in the title report for APN 729-01-001. Encumbrances are limited to those shown in the title report and MTC is not liable for unwritten or unrecorded rights. Encumbrances will be noted by the exception number in the title report and the title report number for the subject parcel. These exceptions will be plotted against the retraced right-of-way/boundary lines. The combination of right-of-way and encumbrances will serve as the Land net for use in the design process. The cost of procuring the title report is included in this scope and fee. This scope of work is limited to one (1) day of field work for a two (2) person crew.

Subtask 01.05 – Boundary Survey and Record of Survey of Thomas Grade

If required, MTC can work with the City of Morgan Hill to document the location of Thomas Grade (formerly Dunne Ave) from the intersection of the current E Dunne Ave and Thomas Grade as shown on Tract No. 5134 , along Lots 1 & 2 and 80 Open Space to the mapped location of Thomas Grade on Tract No. 4696 (267M1). Since this portion of Thomas Grade in question has not been shown on a previously recorded map (presumably created by deed dedication), MTC will be obligated under Business and Professions code 8762 of the Professional Land Surveyors Act to file a Record of Survey with the County of Santa Clara. It is assumed that the Record of Survey will be no more than two (2) sheets. This scope assumes addressing only one round of comments from the county is included.

Task 02 – Geotechnical Investigation

Kennedy Jenks will subcontract with Haley & Aldrich to conduct a geotechnical investigation of the pipeline alignment and Holiday Lake Pump Station site sufficient to design the Holiday Lake Pump Station and associated pipelines. The geotechnical investigations task includes the following elements:

Subtask 02.01 – Project Management and Meetings

Haley & Aldrich will manage and coordinate our field investigation with Kennedy Jenks and City staff. It is assumed boring locations will be readily accessible by truck-mounted drilling equipment. We have also budgeted for two one-hour meetings (virtual) during the project.

Subtask 02.02 – Data Review and Site Reconnaissance

Haley & Aldrich will review available, pertinent soils, geotechnical, geologic, groundwater elevation data, and seismic data previously developed for private and public improvement projects that are readily attainable from the City, Santa Clara Valley Water District, Santa Clara County, Caltrans, U.S. Geological Survey, and other public agencies. Haley & Aldrich will review the available geologic and soil mapping before conducting our field investigation. In addition, reconnaissance of the site will consist of:

- Confirming drill rig access;
- Documenting of the site with photographs;
- Applying for and obtaining an encroachment permit from the City;
- Identifying visually and documenting key features pertinent to the geotechnical design;
- Marking of preliminary boring locations in the field; and
- Notifying Underground Service Alert (USA) for utility marking. A private utility locator will also be used to clear the boring locations.

Subtask 02.03 – Field Investigation

Subsurface exploration will consist of drilling up to seven borings along the planned pipeline alignment and at the pump station and PRV on Thomas Grade. The borings will be drilled using truck-mounted drilling equipment and will extend to depths ranging from 15 to 30 feet below grade unless drill refusal occurs at a shallower depth. The borings are anticipated to be drilled in one day. A drilling permit is not required by the Santa Clara Valley Water District for borings less than 45 feet in depth. We assume a no-fee encroachment permit is required for this work, which we will apply for with the City.

Soil samples will be collected using the Standard Penetration Test Split Spoon Sampler and/or California Modified Sampler methods, and blow count data will be obtained for engineering analysis. Soil samples will generally be taken at 3- to 5-foot intervals. Groundwater levels will be measured in the borings if encountered.

At completion, borings will be backfilled with neat cement slurry following Santa Clara Valley Water District's requirements. Soil cuttings will be collected and disposed of off the site. Testing and disposal charges will be added to our estimate if contaminated materials are encountered.

Subtask 02.04 – Laboratory Testing

Laboratory testing will be performed on selected soil samples retrieved from the borings to determine engineering properties and confirm field classifications. Laboratory testing is anticipated to include, but is not limited to, moisture content, dry soil density, sieve analysis, Atterberg Limits, and shear strength testing. In addition, two samples will be tested following Caltrans corrosion requirements, including Minimum Resistivity, pH, Chloride, and Sulfate.

Subtask 02.05 – Engineering Analysis and Geotechnical Design Report

Haley & Aldrich will evaluate the boring logs, and laboratory test results to estimate the geotechnical engineering properties of the encountered materials. Engineering analysis will include calculations and analysis for foundation design. The results from the data review, subsurface exploration, laboratory testing, and engineering analysis will be used as the basis

for the development of geotechnical recommendations to be presented in a Geotechnical Design Report with supporting graphics and data. Our Geotechnical Design Report will include the following:

- An introduction including site location, description, and purpose of the investigation;
- Figures, including a site plan showing our boring locations, and key site features, and applicable geologic mapping;
- A summary of the site geology and subsurface conditions;
- Boring logs and test results from the subsurface exploration and lab testing;
- Site seismicity and seismic hazards, including liquefaction potential;
- Foundation design criteria, including design criteria for vertical and lateral support of the structure; and
- Site grading recommendations, including criteria for fill quality and compaction, and exterior concrete flatwork.

A draft report will be provided for review and comment before a final report is issued.

Task 2000.02 Deliverables:

1. Draft and Final Geotechnical Report

Task 03 – Potholing

Kennedy Jenks will prepare a draft proposed potholing plan and associated map for City review. Following receipt of City comments, the potholing plan will be revised and finalized. Kennedy Jenks will subcontract with Bess Utility Solutions (Bess) to perform utility verification at selected locations along the project alignment, as identified in the approved potholing plan, for the purpose of confirming the horizontal and vertical location of existing underground utilities. For scoping purposes, it is assumed that up to 22 potholes will be required, with an estimated depth distribution of 12 potholes at approximately 4 feet of cover and 10 potholes at approximately 8 feet of cover. These quantities and depths are preliminary and may be refined upon further coordination with the City or based on field conditions; if additional potholes are required or if deeper and more intensive excavation (e.g., trench slots or extended shoring) is necessary, an increase in budget and schedule will be required and will be authorized in writing prior to proceeding. It is assumed that Class II AB backfill and temporary cold-patch pavement restoration will be acceptable for all pothole locations. Any requirement for hot-mix asphalt or more extensive permanent pavement repairs will be considered outside the scope of this proposal and will require additional budget and a contract amendment. The information collected will support the design efforts by Kennedy Jenks and reduce construction risk associated with unknown or inaccurately mapped utilities. Bess will prepare a draft and final

potholing report summarizing methods, findings, and field data as the deliverable for this task.

Task 2000.03 Deliverables:

1. Draft and Final Proposed Pothole Plan
2. Draft and Final Pothole Report

Task 04 – Field Investigation

Kennedy Jenks will conduct one (1) site visit to each pump station location – the E. Dunne Booster Pump Station and the E. Dunne Hillside Reservoir site, which will serve as the future location of the Holiday Lake Pump Station – and walk the proposed pipeline alignments and site of the proposed pressure-reducing valve (PRV) alignment to verify existing field conditions, including the existing generator, electrical equipment capacity, utility service capacity, and utility connection availability, as well as identify site-specific constraints that may influence design or construction. The field investigation will be attended by up to five (5) Kennedy Jenks team members and will be performed during development of the Preliminary Design.

Task 05 – Utility Research and Review

Kennedy Jenks will contact Underground Service Alert to determine the utility owners within the project limits and send formal requests to each utility owner requesting record drawings and any future utility plans.

Phase 3000 – Preliminary Design

Task 01 – Coordination

Kennedy Jenks will attend periodic internal and external coordination meetings pertaining to the Preliminary Design.

Task 02 – 30% Drawings and OPCC

Selected partially complete 30% drawings, an opinion of probable construction cost (OPCC), and an updated drawing list will be prepared and included in the Technical Memorandum described in the next task. The guidelines of the Association for the Advancement of Cost Engineering (AACE) will be followed and standard Kennedy Jenks cost estimating procedures for this initial OPCC and subsequent OPCCs will be performed. The initial OPCC will be in accordance with AACE Class 4 estimate guidelines.

Task 3000.02 Deliverables:

1. AACE Class 4 OPCC (Electronic, Adobe pdf format)
2. Preliminary (30%) Drawings (Electronic, Adobe pdf format)

Task 03 – Basis of Design Technical Memorandum (TM) for Pump Stations and Pipelines

Kennedy Jenks will prepare a single technical memorandum (TM) summarizing the basis of design for the Holiday Lake Pump Station, E. Dunne Booster Pump Station modifications, and associated pipelines to document the design criteria. The TM will cover the approach and applicable design criteria for each design discipline, including the following elements for each pump station and pipeline alignment:

Holiday Lake Pump Station:

- Site civil (grading, drainage, access, etc.) and yard piping
- Stormwater pollution prevention and control plans for the pump station
- Structural Basis of Design
- Architectural
- HVAC and other building mechanical systems
- Pumping equipment and related valves, piping and other hydraulic appurtenances
- Engineering associated with identifying “Duty” versus “Standby”, lift and preferences regarding the type of pumps and motors to be used for the pump station.
- A hydraulic profile for the pumping station and pipeline
- Electrical systems and electrical service including PG&E permitting
- Standby diesel engine generator – assumed to be outside of the HL-PS building within its own sound-attenuated enclosure in the location of the currently planned irrigation equipment.
- Demolition of the existing irrigation equipment (pump and pressure tank) and controls, Irrigation controls to be integrated into new pump station design. Water supply for irrigation system to be transferred to a connection on the high pressure (discharge) piping of the new HL-PS. Connection to be made with backflow prevention unit.
- Instrumentation and control systems
- Code review

E. Dunne Booster Pump Station:

- Evaluating and modifying the E. Dunne Pump Station to operate under control of the new reservoir.
- Connecting the Holiday Zone 1 pumps of the E. Dunne Pump Station (Pumps 2A and 2B) to the pipeline to the new E. Dunne Hillside Reservoir, validating the new pumping requirements including changing pumps.
- Evaluation of modifying pressure zone(s) in the lower E. Dunne area.

Evaluating E. Dunne pumping requirements and assessing whether the existing generator size is adequate, including determining if replacement with a new generator is necessary.

- Instrumentation and control systems.
- Code review

Associated Pipelines:

- Plan and profile sheets illustrating the pipeline alignments.
- Selected pipeline standard details
- Structural items such as valve and meter vaults (assumed to be precast)
- Line valves, air release valves, and blow offs.
- Pumping equipment and related valves, piping and other hydraulic appurtenances
- A hydraulic profile for the pumping station and pipeline
- Electrical facilities
- Stormwater pollution prevention and control plans for the pipeline
- Instrumentation and control systems
- Code review

Approximately two (2) weeks after the submittal of the TM, a review meeting with the City will be facilitated to discuss the basis of design, City comments, and other relevant issues.

A workshop with City staff will be held to discuss the Draft TM and 30% design drawing, and any critical issues as provided in Phase 1200.

Task 3000.03**Deliverables:**

1. Pump Stations and Pipelines Draft and Final TM (Electronic, Adobe pdf format)

Task 04 – Surge Analysis and Control Recommendations

Upon the sudden loss of power to the Holiday Lake Pump Station during pump operation, a low-pressure wave will propagate out into the pipeline, lowering the pressure in the system as it travels downstream toward the Holiday Lake Reservoir. This low-pressure wave could result in a reduction in the hydraulic grade line (HGL) elevation sufficient to cause negative pressure conditions in the pipeline, leading to possible vapor pressure conditions that could result in water column separation and vapor cavity formation. Upon reflection of the pressure surge wave at the Holiday Lake Reservoir and re-pressurization of the system, any vapor cavities that have formed will collapse, creating extremely high pressures that could over-pressurize the system. When the re-pressurization wave reaches the pump station, it will again be reflected as a high-pressure wave that, depending on the magnitude, could over-pressurize the system. Kennedy Jenks will subcontract with Scott Foster Engineering, Inc. (SFE) to perform an analysis of a sudden loss of power and the startup of the pump station when delivering flow to the Holiday Lake Reservoir.

Subtask 04.01 – Information Review

Applicable project information will be reviewed including pump station plans and sections; pump curves; valving; operational scenarios, and hydraulic model of the Holiday Lake Zone. Proposed pipeline profiles, materials, diameters, and pressure classes will also be reviewed.

Subtask 04.02 – Model Development

A surge analysis model of the system including the pump station and the pipeline for maximum and minimum demand flow conditions delivering to the Holiday Lake Reservoir under high and low water surface elevations for both the East Dunne and Holiday Lake reservoirs will be created.

Subtask 04.03 – Analysis and Recommendations

Surge analyses simulations will be performed for sudden pump trip and pump startup of the pump station under maximum and minimum demand flow conditions assuming no surge protection for the system. Based on the results of the analyses, if necessary, surge protection measures will be recommended in the form of pressurized surge tanks and/or vacuum relief valves to protect the entire system from adverse pressure surges.

Subtask 04.04 – Draft Technical Memorandum

A Draft Technical Memorandum will be prepared and submitted summarizing the results and recommendations of the analysis.

Subtask 04.05 – Final Technical Memorandum

Following receipt of Kennedy Jenks and City comments, SFE will address the comments and submit the Final Technical Memorandum.

Task 3000.04 Deliverables:

1. Surge Analysis Draft and Final Technical Memorandum (Electronic, Adobe pdf format).

Phase 4000 – Final Design

Task 01 – Coordination

Kennedy Jenks will attend periodic internal and external coordination meetings pertaining to the Final Design.

Task 02 – 60% Drawings, Specifications List, and OPCC

Based on the design concepts, modifications, and criteria established in the TM, a comprehensive 60% design submittal package will be prepared for City review covering the new Holiday Lake Pump Station, all new associated pipelines, the new PRV and the East Dunne Booster Pump Station modifications. Work will include advancing the 30% pump station and pump station modification drawings and preparing additional general, civil, mechanical, structural, architectural, and electrical drawings – such as site grading, mechanical layouts, details, door/window/finish schedules, electrical single-line diagrams, and conduit and wire schedules—as well as preparing new pipeline drawings including general sheets, plan-and-profile sheets (at a scale of 1"=30' horizontal and 1"=5' vertical), details, and erosion and sediment control. Drawings will be prepared using AutoCAD 2026 format. Drawings will be set up with 24" x 36" format for reduction to half-scale 12"x18" size for submittal and bidding purposes. A list of planned technical specifications required for the work for the 60% design will be prepared. Quantity take-offs from the 60% design drawings will be performed and an OPCC update (AAE Class 3) will be prepared. A workshop with City staff will be held to discuss the 60% design and any critical issues as provided in Phase 1200.

Task 4000.02 Deliverables:

1. 60% Design Drawings (Electronic, Adobe pdf format).
2. 60% Design Specifications Table of Contents (Electronic, Adobe pdf format)
3. Class 3 OPCC (Electronic, Adobe pdf format).

Task 03 – 90% Drawings, Specifications, OPCC, and Schedule

Responses to the City's review comments on the 60% design package will be incorporated and the 60% design drawings will be advanced to the 90% design level for City review. The

90% phase will consist of further detailed design and refinement of the project elements to produce a complete set of drawings. Inter-disciplinary and intra-disciplinary coordination will be completed. Kennedy Jenks will coordinate with PG&E for the service application for the new Holiday Lake Pump Station and modifications to the service application for increased connected load at the E. Dunne Booster pump station.

The responses to comments on both submitted and the proposed list of specifications from the 60% design review will be incorporated and 90% design level specifications will be prepared. The technical specifications will be prepared using standard Construction Specifications Institute (CSI) 2004 format, modified for the project. It is assumed that Division 0 and 1 specifications will be prepared by the City staff – with the exception of Kennedy Jenks' specification section 01 87 13 Seismic Requirements. Kennedy Jenks will provide bid quantities to the City to be included in Division 1.

The quantity take-offs from the 90% design drawings will be updated and an OPCC (AACE Class 2) for the 90% design will be prepared.

A conceptual construction schedule broken down to define the major components of work will be prepared. The conceptual schedule will likely contain the following elements:

- Shop drawing submittals for pumps, pipelines, shoring systems, electrical gear, valves and piping.
- Fabrication of pumps, pipes, fittings, and electrical gear
- Holiday Lake Pump Station construction
- East Dunne Booster Pump Station modification
- Pipeline construction
- Surface restoration
- Structural and mechanical construction
- Pipe connections
- Pipe testing
- Pump station startup and testing.

A workshop with City staff will be held to discuss the 90% design and any critical issues as provided in Phase 1200.

Task 4000.03 Deliverables:

1. 90% Design Drawings (Electronic, Adobe pdf format).
2. 90% Design Specifications (Electronic, Adobe pdf format).
3. Class 2 OPCC (Electronic, Adobe pdf format).
4. Conceptual Construction Schedule (Electronic, Adobe pdf format).
5. PG&E Service Application.

Task 04 – 100% Drawings, Specifications, OPCC, and Schedule

Responses to the comments from the 90% design review will be incorporated and final signed and sealed 100% design drawings will be prepared. Following review of the 90% design specifications by the City, the final comments will be addressed and the final signed and sealed 100% technical specifications will be prepared. An electronic copy of the drawings and specifications will be provided. The quantity take-offs from the 100% design drawings will be updated and an OPCC (AACE Class 2) for the 100% design will be finalized. A final construction schedule defining the major components of work will be prepared.

Task 4000.04 Deliverables:

1. 100% Design Drawings (Electronic, Adobe pdf format).
2. 100% Design Specifications (Electronic, Adobe pdf format).
3. Class 2 OPCC (Electronic, Adobe pdf format).
4. Final Construction Schedule (Electronic, Adobe pdf format).
5. PG&E Service Application

Phase 5000 – Permitting Support

Task 01 – Pump Station Building Permit Assistance

A building permit will be required from the City Building Department. It is assumed that the City will prepare the building permit application. However, Kennedy Jenks will assist the City in responding to written permit review comments received from the Building Department. It is assumed Kennedy Jenks will not be participating in permitting meetings. A total of 316 hours has been budgeted for this task.

Task 02 – California Division of Drinking Water (DDW) Distribution Pump Stations and Pipeline Permit and Waiver Support

It is assumed that the City will be responsible for preparing, packaging, and submitting all California State Water Resources Control Board Division of Drinking Water (DDW) permit applications for the pump station(s) and pipeline, including fees and agency coordination. Kennedy Jenks will provide as-needed technical assistance limited to responding to written DDW comments on the permit materials – clarifications, revisions to narrative/design criteria, and supporting technical content – up to 16 hours. For the separation waiver associated with the 12-inch water main along Thomas Grade Drive, Kennedy Jenks will similarly provide as-needed technical support up to eight (8) hours, including furnishing technical information for the waiver package and responding to written DDW comments, while the City will prepare and submit the waiver application and all required forms. Additional services beyond these hour caps (e.g., meetings/hearings, field work, multiple resubmittal cycles, or new technical studies) are excluded and can be provided as added services upon written authorization.

Task 03 – Air Quality Management District Permit Assistance

Based on past experience, permits from the Air Quality Management District (AQMD) for generator modifications and new generators require engineering support. Kennedy Jenks has provided effort for coordinating with AQMD for revised and new permits for both the E. Dunne Booster and Holiday Lake Pump Stations. It is assumed the City will be responsible for completing and filling in the permit application. Up to twelve (12) hours has been budgeted for this task.

Phase 6000 – As-Needed Design Contingency (Optional)

Kennedy Jenks will provide as-needed design contingency during the project as requested and authorized by the City. Services may include assistance with additional design services, additional design based on unforeseen site conditions, and additional site visits or meetings. An allowance of up to \$50,000 is reserved for this task.

Phase 7000 – Bid and Award Assistance

Answers to written questions submitted to the City by bidders and forwarded in writing to Kennedy Jenks will be provided. Contract requirements which are changed as a result of questions and answers will be included in addenda. It is assumed that up to two (2) addenda will be prepared. It is assumed that the City will distribute all addenda. Two staff members will attend one pre-bid meeting and site visit and prepare the pre-bid meeting agenda and meeting minutes. The bid results for the two lowest construction bid packages received will be reviewed and a recommendation to the City concerning award of the contract will be provided.

Phase 8000 – Construction and Operations Support (Not Included)

This phase will be authorized later, following further development of the bidding and construction schedule for the project. This phase is likely to include some of the following tasks:

- Responses to contractor requests for information (RFIs)
- Review submittals and shop drawings
- Issue design clarifications
- Construction site visits
- Construction management (limited support)
- Construction observation (as needed)
- Punch list administration
- Record drawing preparation
- Testing and startup assistance
- Operations manual for the system components including E. Dunne Pump Station modifications, E. Dunne Hillside Reservoir, Holiday Lake Pump Station, Holiday Lake Pipeline to Holiday Lake Tanks.

Phase 9000 – Optional Services (Not Included)

Depending on the findings from Phase 2000 and decisions made during Phase 3000, additional tasks may be authorized to facilitate the design and construction of the project elements. These may include:

- Additional potholing at the pump station site or along the pipeline alignment to locate existing underground structures and utilities.
- Designing necessary relocations for utilities or other facilities.
- Planning and/or design of modifications to facilities in the lower E. Dunne pressure zone.
- Additional encroachment or DDW permit assistance such as preparation of Drinking Water Operations Plan.
- Assistance with CEQA document update and/or other environmental permits.
- Additional presentations regarding the design and schedule for the project.
- Inspection services to include special inspection(s) and structural observation(s) in accordance with the building code.

Assumptions

The following assumptions were developed when preparing the scope of work, schedule, and estimated cost for the project.

1. One (1) set of construction documents will be prepared to include all project elements. Construction documents will include the City's Project Manual, including General Conditions.
2. Permission to perform the field investigation work described herein will be provided by the City.
3. A City encroachment permit is required for the field work associated with the geotechnical investigation and potholing work. Haley and Aldrich will provide up to five (5) traffic control plans and Bess will provide up to six (6) traffic control plans. Both will submit a completed encroachment permit application. As this is a City project, it is assumed the permit application fee will be waived.
4. Subsurface exploration conducted by Haley & Aldrich will take place between 8:00 AM and 5:00 PM on non-holiday weekdays. Potholing activities performed by Bess will occur between 7:00 AM and 4:30 PM on non-holiday weekdays.
5. Traffic control will be required for most borings and potholes, which will be located within public streets.
6. Drilling and traffic control subcontractors' fees are based on prevailing wage rates.
7. Soil cuttings from the boring will not be contaminated and excess soil will be transported from the site and disposed of as clean soil.
8. The City's front ends (Division 0 and 1) specifications will be incorporated into Kennedy Jenks' standard specifications for Division 2 through 50.
9. It is assumed that any architectural treatment of the Holiday Lake Pump Station will be limited to that of the City's other distribution system pump stations, utilizing split-face concrete masonry unit (CMU) walls as the primary exterior finish.
10. The Holiday Lake Pump Station will consist of a single-story building housing electrical switch gear, controls, pumps, piping and accessories.
11. The Holiday Lake Pump Station has readily available power connections at site right-of-way from the electric utility (PG&E). PG&E has sufficient power capacity for the new station and major upgrades, and coordination will not be necessary.
12. The Holiday Lake Pump Station will include an outdoor on-site standby generator with enclosure and diesel fuel tank. An automatic transfer switch will be mounted in the

pump building and be field wired to the generator.

13. The site irrigation system installed as part of the East Dunne Hillside Reservoir project may be demolished. The water supply connection, power supply and irrigation control may be transferred to the Holiday Lake Pump Station.
14. The Holiday Lake Pump Station will only serve areas in a single pressure zone. No pressure reducing valve stations will be needed.
15. No new instruments or controls will be required at the Holiday Lake tanks and site.
16. The Holiday Lake Pump Station building permit drawings will not require any special code compliance sheets (ADA, egress/occupancy diagrams, Green Building, Fire code, etc.).
17. The East Dunne Booster Pump Station will be available for evening (off-hour) operation throughout the duration of the project.
18. All pipelines will be installed by open cut.
19. All water mains will be ductile iron per City of Morgan Hill standards.
20. All pipeline work will be done in the public Right-of-Way and easements will not be procured.
21. It is assumed that the design of the 12-inch water main running along Thomas Grade Drive, connecting ED-PS to Holiday Zone 1, will require a Main Separation Waiver from DDW.
22. No cathodic protection design will be required.
23. The City will complete the building permit forms. Kennedy Jenks assumes all information will be submitted in PDF format.
24. The design budget is based on Kennedy Jenks preparing up to eighty-nine (89) drawings (preliminary drawing list enclosed at the end of the proposal).
25. Does not include any engineering effort for modifying pressure zones in the lower E. Dunne area or design of a new generator installation. The existing day tank, the fuel piping between the engine generator and the day tank, and the exhaust system will have to be evaluated for re-use or replacement. If a new generator is needed, building area expansion will not be required.
26. The E. Dunne Pump Station electrical equipment capacity is sufficient for Phase 2 – no equipment or electrical utility upsize will be required.
27. Effort to coordinate with AQMD for revised and new permits for both the E. Dunne

Booster and Holiday Lake Pump Stations is included. The City will be responsible for completing and filing the permit application.

28. All proposed facilities are located within City property, easements and/or the right-of-way.
29. Per direction of the City, no fire hydrant is required near the East Dunne Hillside Water Reservoir site.
30. Akel Engineering is responsible for any hydraulic modeling for the facilities.
31. The new PRV facility will be housed in a below grade pre-cast vault within the right-of-way and will not include remote monitoring capabilities; therefore, no associated electrical or telemetry work is anticipated.
32. For the survey work, it is assumed all access will be granted and no traffic control will be required.
33. Instrumentation and controls design services for additional equipment, areas, and/or structures not listed in this scope of work are excluded but may be added by amendment.
34. Radio path studies are excluded.
35. Existing control panels and PLC cabinets have sufficient capacity for the additional I/O anticipated as part of this project.
36. Evaluation of existing instrumentation, instrument arrangements, and existing process control strategies are excluded.
37. Pipe supports, pipe support anchorage, and equipment anchorage designs are assumed to be deferred submittal designs.
38. Vaults are assumed to be pre-cast with deferred submittal design.
39. Seismic evaluation, strengthening, or retrofit of existing structures and buildings is excluded from this scope.
40. Proposed pump building is anticipated to be CMU bearing and shear walls with metal roof deck supported by steel roof framing members. It is assumed that all pipeline design will be in public streets and that there will not be a need to file or obtain any encroachment permits or easements.

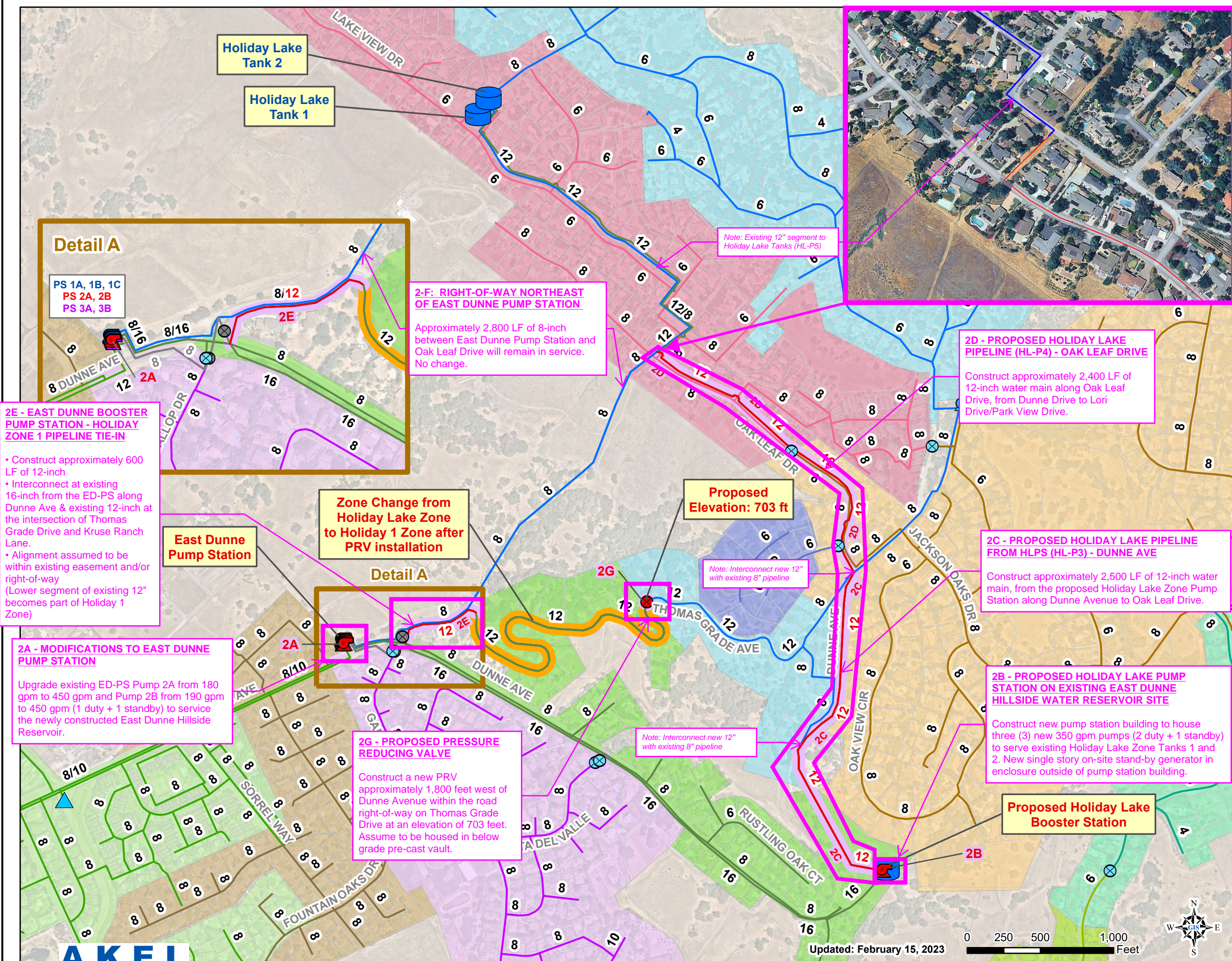
Tasks Performed by City

The following tasks will be performed by the City:

1. Provide all readily available background documentation for the pump station and pipeline to Kennedy Jenks for review.
2. Provide input and confirm the flowrate(s) for all pump stations and pipelines.
3. Provide operational information such as the maximum and minimum water surface elevations in the East Dunne and Holiday Lake reservoirs.
4. Provide as-built documentation of the existing water pipelines for tie-ins including record drawings.
5. Prepare and submit pump station building permit application and any applicable fees; interface with the building department as required.
6. Review Kennedy Jenks' submittals within the scheduled time periods and provide a single, consolidated set of comments on each submittal.
7. Participate in decision-making and provide a best-faith effort to make key decisions in a timely manner.
8. Print the Contract Document Bid Sets and distribute to prospective bidders.
9. Conduct the advertisement for bidding, reproduce and distribute plans, act as the point of contact for contractors, organize bid opening, award the construction contract, and arrange Pre-Bid meetings.
10. Monitor and manage communications with the local residents and stakeholders including any public outreach efforts.
11. Provide the system hydraulic model produced by Akel Engineering.

Terms and Conditions

This proposal is based on current projections of staff availability and costs and, therefore, is valid for ninety (90) days following the date of this letter. To assure a clear understanding of all matters related to our mutual responsibilities, the attached Standard Conditions dated August 7, 2024 are made a part of our agreement. We have found these terms to be appropriate for use with agreements for the provision of engineering and scientific services, and accordingly, should any conflict exist between the attached terms and the form of any purchase order or confirmation issued, the terms of this proposal and the attached Standard Conditions shall prevail in the absence of our express written agreement.



Legend

Proposed System Improvements

- Booster Station
- Phase 2 PRVs
- Phase 2 Pipes
- Proposed Change to Holiday 1

To be Abandoned

- PRVs
- Pipes

Existing System

- Tanks
- Booster Stations
- Well
- PRVs

Pipes by Pressure Zone

- Holiday 1
- Holiday Lake Zone
- Holiday Zone #2
- Holiday Zone #3
- Jackson Oaks HPZ #1
- Jackson Oaks HPZ #2
- Jackson Oaks Zone #1
- Jackson Oaks Zone #2
- Jackson Oaks Zone #3
- Nob Hill Zone

Future Pressure Zones

- Holiday 1
- Holiday 2
- Holiday 3
- Holiday Lake
- Jackson Oaks 1
- Jackson Oaks 2
- Jackson Oaks 3
- Jackson Oaks H 1
- Jackson Oaks H 2
- Nob Hill

NOTE: FIGURE 3 FROM AKEL ENGINEERING'S THEORY OF OPERATIONS PRELIMINARY REPORT, MARCH 2023

PRELIMINARY

FIGURE 1
Proposed Holiday Lake Improvements - Phase 2
 East Dunne Tank and Pump Station
 City of Morgan Hill



Preliminary List of Drawings

<u>Sheet</u>	<u>Drawing</u>	<u>Drawing Title</u>
GENERAL		
1	G-000	Title Sheet, Sheet Index, Vicinity Map, Location Map
2	G-001	Drawing Index
3	G-002	General Abbreviations
4	G-003	General Notes and Legend
5	G-004	General Equipment Designations and Process Identification Codes
6	G-005	General Process Symbols
7	G-006	Basis of Design and Hydraulic Profile
DEMOLITION		
8	D-001	Demolition Abbreviations and Notes
9	D-100	Holiday Lake Pump Station Existing Conditions and Demolition Plan
10	D-200	East Dunne Booster Pump Station Existing Conditions and Demolition Plan
CIVIL		
11	C-001	Civil Notes
12	C-002	Civil Legend
13	C-003	Standard Details - I
14	C-004	Standard Details - II
15	C-010	Overall Site Plan
16	C-100	Holiday Lake Pump Station Horizontal Control, Paving, and Grading Plan
17	C-101	Holiday Lake Pump Station Yard Piping Plan
18	C-110	ED-PS to Holiday Zone 1 Tie-In Plan and Profile Sta: 1+00 to 7+00
19	C-120	Holiday Lake Pipeline HL-P3 Plan and Profile Sta: 1+00 to 7+00
20	C-121	Holiday Lake Pipeline HL-P3 Plan and Profile Sta: 7+00 to 13+00
21	C-122	Holiday Lake Pipeline HL-P3 Plan and Profile Sta: 13+00 to 19+00
22	C-123	Holiday Lake Pipeline HL-P3 Plan and Profile Sta: 19+00 to 25+00
23	C-124	Holiday Lake Pipeline HL-P3 Plan and Profile Sta: 25+00 to 26+00
24	C-125	Holiday Lake Pipeline HL-P4 Plan and Profile Sta: 1+00 to 7+00
25	C-126	Holiday Lake Pipeline HL-P4 Plan and Profile Sta: 7+00 to 13+00
26	C-127	Holiday Lake Pipeline HL-P4 Plan and Profile Sta: 13+00 to 19+00
27	C-128	Holiday Lake Pipeline HL-P4 Plan and Profile Sta: 19+00 to 25+00
28	C-130	Pressure Reducing Valve Vault Plan, Sections, and Detail
29	C-500	City of Morgan Hill Details - I
30	C-501	City of Morgan Hill Details - II
31	C-502	Connection Details - I
32	C-503	Connection Details - II
33	C-600	Construction Erosion Control BMPs

STRUCTURAL

34	S-001	Structural General Notes and Abbreviations
35	S-002	Structural Special Inspection and Testing Notes - I
36	S-003	Structural Special Inspection and Testing Notes - II
37	S-004	Structural Special Inspection and Testing Notes - III
38	S-005	Standard Details - I
39	S-006	Standard Details - II
40	S-007	Standard Details - III
41	S-008	Standard Details - IV
42	S-100	Holiday Lake Pump Station Foundation Plan
43	S-101	Holiday Lake Pump Station Roof Framing Plan
44	S-102	Holiday Lake Pump Station Sections and Details - I
45	S-103	Holiday Lake Pump Station Sections and Details - II
46	S-200	Holiday Lake Outdoor Generator Foundation Plan and Sections
47	S-300	East Dunne Booster Pump Station - Demolition Plan and Details

ARCHITECTURAL

48	A-001	Code Summary, Schedules and Notes
49	A-002	Standard Details - I
50	A-003	Standard Details - III
51	A-100	Holiday Lake Pump Station - Floor and Roof Plan
52	A-101	Holiday Lake Pump Station - Exterior Elevations
53	A-102	Holiday Lake Pump Station - Building Sections

PROCESS MECHANICAL

54	M-001	Mechanical General Notes and Abbreviations
55	M-101	Holiday Lake Pump Station - Pump and Piping Plans
56	M-102	Holiday Lake Pump Station - Mechanical Sections
57	M-300	East Dunne Booster Pump Station - Demolition Plan
58	M-301	East Dunne Booster Pump Station - Modified Piping Plan
59	M-500	Mechanical Details - I
60	M-501	Mechanical Details - II

BUILDING MECHANICAL

61	H-001	HVAC General Notes, Legend, and Abbreviations
62	H-002	HVAC Schematic, Legend and Schedules
63	H-100	Holiday Lake Pump Station - Plan
64	H-500	HVAC Details

ELECTRICAL

65	E-001	Abbreviations and Notes
66	E-002	Electrical Legend - I
67	E-003	Electrical Legend - II

Mr. David Gittleson, P.E.
 City of Morgan Hill
 26 March 2026
 Page 31

68	E-004	Electrical Standard Details - I
69	E-010	Overall Electrical Site Plan
70	E-011	Holiday Lake Pump Station - Enlarged Site Plan
71	E-020	Holiday Lake Pump Station - Single Line Diagram
72	E-021	East Dunne Pump Station - Single Line Diagram
73	E-030	Holiday Lake and East Dunne Pump Station - Equipment Elevation
74	E-040	Panelboard and Luminaire Schedules
75	E-050	Holiday Lake and East Dunne Pump Station - Conduit Block Diagram Holiday Lake and East Dunne Pump Station - Conduit and Cable Schedule
76	E-060	Schedule
77	E-100	Holiday Lake Pump Station - Equipment Location and Grounding Plan
78	E-101	Holiday Lake Pump Station - Lighting and Receptacle Plan
79	E-200	East Dunne Pump Station - Electrical Modifications

INSTRUMENTATION & CONTROL

80	I-001	Instrumentation Legend and Notes
81	I-002	Standard Details - I
82	I-003	Standard Details - II
83	I-010	Communications Block Diagram - I
84	I-011	Communications Block Diagram - II East Dunne Booster Pump Station - Process and Instrumentation Diagram
85	I-020	Diagram
86	I-022	Holiday Lake Pump Station - Process and Instrumentation Diagram
87	I-023	Holiday Lake Miscellaneous - Process and Instrumentation Diagram
88	I-030	Control Panel Elevations
89	I-500	Details

**EXHIBIT B
SCHEDULE OF COMPENSATION RATES**

Basis of Compensation

We propose that compensation for our services be on a time and expense reimbursement basis in accordance with the January 1, 2026, Schedule of Charges enclosed. Payments will be made monthly based on invoices, which describe services and list actual costs and expenses. Based on our estimate of services for our proposed tasks, we propose a fee budget of \$1,422,058, for the design and bid period services for the project. We will notify you prior to expenditure of 80 percent of the budget if the need for a budget increase is anticipated. We will not be obligated to continue providing services upon expenditure of authorized funding if the increased budget needed to complete the scope of work is not authorized. Construction period services for the project will be defined, budgeted, and authorized at a later date. A summary of the proposed budget by phase is provided below. The budget may be increased, if necessary, to provide additional services requested by the City.

Phase	Estimated Fee Budget
Phase 1000 – Project Management	\$91,240
Phase 1100 – Quality Assurance and Quality Control	\$96,570
Phase 1200 – Meetings	\$31,115
Phase 2000 – Investigations	\$334,338
Phase 3000 – Preliminary Design	\$236,090
Phase 4000 – Final Design	\$539,660
Phase 5000 – Permitting	\$15,480
Phase 6000 – As-Needed Design Contingency (Optional)	\$50,000
Phase 7000 – Bid and Award Assistance	\$27,565
Phase 8000 – Construction and Operations Support (Not Included)	TBD
Phase 9000 – Optional Services (Not Included)	TBD
Phases 1000- 7000 TOTAL	\$1,422,058

Schedule

Kennedy Jenks proposes to complete the overall scope of work described above over a duration of twelve (12) months. Depending upon drill rig availability, it is anticipated drilling will begin approximately four (4) weeks from receipt of NTP. The geotechnical file review at the City offices can be completed in the intervening time. Laboratory testing will be completed approximately three (3) weeks after the field exploration is completed. The geotechnical design report will be completed approximately three (3) weeks after the lab testing has been completed. Topographic survey of the pipeline alignment will take approximately 9 weeks from notice to proceed. Kennedy Jenks’s schedule is based on providing the scope of work for a period of twelve (12) months. If the schedule is extended beyond this period for reasons not caused or controlled by Kennedy Jenks, an amendment to this contract may be requested to provide additional time and budget. The schedule is based on the City limiting review of design deliverables to a maximum of two (2) weeks.

Client/Address: City of Morgan Hill
 17575 Peak Avenue
 Morgan Hill, CA 95037

Contract/Proposal Date: March 10, 2026

Schedule of Charges

January 1, 2026

PERSONNEL COMPENSATION

Classification	Hourly Rate
Engineer-Scientist-Specialist 1.....	\$170
Engineer-Scientist-Specialist 2.....	\$200
Engineer-Scientist-Specialist 3.....	\$230
Engineer-Scientist-Specialist 4.....	\$250
Engineer-Scientist-Specialist 5.....	\$270
Engineer-Scientist-Specialist 6.....	\$290
Engineer-Scientist-Specialist 7.....	\$315
Engineer-Scientist-Specialist 8.....	\$340
Engineer-Scientist-Specialist 9.....	\$360
Senior CAD-Designer	\$210
CAD-Designer	\$200
Senior CAD-Technician	\$195
CAD-Technician	\$180
Project Assistant.....	\$145
Administrative Assistant.....	\$135

Direct Expenses

Reimbursement for direct expenses, as listed below, incurred in connection with the work, will be at cost plus ten percent for items such as:

- a. Maps, photographs, 3rd party reproductions, 3rd party printing, equipment rental, and special supplies related to the work.
- b. Consultants, soils engineers, surveyors, contractors, and other outside services.
- c. Rented vehicles, local public transportation and taxis, travel and subsistence.
- d. Project specific telecommunications and delivery charges.
- e. Special fees, insurance, permits, and licenses applicable to the work.
- f. Outside computer processing, computation, and proprietary programs purchased for the work.

Reimbursement for vehicles used in connection with the work will be at the federally approved mileage rates or at a negotiated monthly rate.

If prevailing wage rates apply, the above billing rates will be adjusted as appropriate.

Overtime for non-exempt employees will be billed at one and a half times the Hourly Rates specified above.

Rates for professional staff for legal proceedings or as expert witnesses will be at rates one and one-half times the Hourly Rates specified above.

Excise and gross receipts taxes, if any, will be added as a direct expense.

The foregoing Schedule of Charges is incorporated into the agreement for the services provided, effective January 1, 2026 through December 31, 2026. After December 31, 2026, invoices will reflect the Schedule of Charges currently in effect.

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

Design to be completed by December 30, 2027 under the direction of CITY staff and in coordination with CONSULTANT.

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.

CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

Cynthia Iwanaga, Management Analyst

APPROVED BY: City Manager

APPROVE FY 2026-27 COUNTYWIDE SOLID WASTE SERVICES FOOD RECOVERY PROGRAM AGREEMENT WITH JOINT VENTURE: SILICON VALLEY NETWORK

RECOMMENDATION(S)

1. Approve the FY 2026-27 Joint Venture: Silicon Valley Network consultant agreement for the Food Recovery Program in the amount of \$514,913; and
2. Authorize the City Manager to execute and administer the agreement with Joint Venture: Silicon Valley Network.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Protecting the Environment and Preserving Open Space and Agricultural Land

Promoting a Healthy Community

REPORT NARRATIVE:

The purpose of this report is to provide the City Council with an opportunity to consider entering into a consultant agreement with Joint Venture: Silicon Valley Network ("JVS") for the administration and implementation of the FY 2026-27 Santa Clara County Food Recovery Program. The cost of the agreement is 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 specific 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 requirements for food recovery programs, as well as program enhancements to launch a Reusables in Prepared Food Recovery Pilot Program and Community Refrigeration Pilot Program.

On November 13, 2025, the County's Recycling and Waste Reduction Commission (RWRC) Implementation Committee (IC) approved the Food Recovery Program budget for fiscal years 2026-2028, and recommended that the RWRC approve the budget, and associated enhancement projects to implement in FY 2026-27. On January 15, 2026, the RWRC approved the budget for the implementation of the FY 2026-27 JVSJ consultant agreement for the implementation of the Food Recovery Program and associated program enhancements.

Staff recommends entering into the FY 2026-27 Consultant Agreement with JVSJ in the total amount of \$514,913. The base program amount is \$318,879 and the enhancement programs amount is \$196,034. The agreement will support food recovery program services for the period from July 1, 2026 to June 30, 2027.

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 this agreement. 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 TAC Administrator and Contracting Agent. This could also result in significant regulatory issues for all jurisdictions in fulfilling mandated State requirements.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council has not taken prior action on this specific agreement but previously took action approving an amendment to the FY2025-26 Food Recovery Contract on October 15, 2025.

FISCAL AND RESOURCE IMPACT:

The new FY 2026-27 JVSJ consultant agreement for the implementation of the Food Recovery Program was approved by the Recycling and Waste Reduction Commission (RWRC) on January 15, 2026 as a project fully funded by TAC member jurisdictions' contributions, and will have no impact on the City's General Fund. Funding will be included in the FY 2026-27 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.

CONSULTANT AGREEMENT
Joint Venture: Silicon Valley Network
AKA Joint Venture Silicon Valley

THIS AGREEMENT is entered into and becomes effective on _____ (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 Network a California nonprofit 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 June 30, 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 Santa Clara County FY 26-27 Food Recovery Program as further described in **Exhibit A**.
4. **Compensation.** CONSULTANT shall be compensated as follows:
 - 4.1. **Amount.** \$514,913.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Five Hundred Fourteen Thousand Nine Hundred Thirteen 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 Network
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, Env.S. Mngr.	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:

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:

JOINT VENTURE: SILICON VALLEY NETWORK

Russell Hancock

City Attorney

By: _____

Donald A. Larkin
Print Name

Russell Hancock, President and CEO
Print Name and Title of Signer.

If Corporate: Chairman, President or Vice President

Date: _____

Date: 04/15/2026

Ashley Raggio

By: _____

Ashley Raggio, Chief Operating Officer
Print Name and Title of Signer.

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

Date: 4/15/2026

**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, and in response to any CalRecycle enforcement action. The Program will dedicate more time and resources to harder-to-reach, more difficult generators, resulting in potentially more enforcement referrals and Program time spent communicating and following up with these generators.

- 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, at least 10% of generators per jurisdiction, 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.

Enhancements

Reusables in Prepared Food Recovery Pilot

In line with broader state and local goals to move away from single use packaging, this project would support businesses and FROs willing to pilot the use of reusables in the recovery of prepared food from food businesses or for recovered food prepared by FROs and delivered to clients. Starting with research into current best practices across the country, staff would develop a research-based program for reusable containers in food recovery, designing a strong program and saving businesses and FROs money.

Deliverables

- 1. Develop a research-based Reusables in Food Recovery Program to be piloted in Santa Clara County.**
- 2. Identify FRO partners with capacity and interest in using, inventorying, storing and washing reusable containers for prepared food recovery.**
- 3. Select and purchase/apply for grants for the reusable materials, in consultation with FRO partners.**
- 4. Prepare a report assessing program effectiveness from the standpoint of FRO partners, businesses; container loss rates; and prospects for expanding the program.**

Community Refrigeration Pilot

The Initiative aims to set up commercial refrigeration at three affordable housing complexes or other public-serving organizations where surplus edible food recovered from large food-generating businesses will be delivered and made available to community members. This project is a continuation of the work that the Initiative has successfully implemented at four affordable housing sites in Santa Clara County with funding from, and in partnership with, the Public Health Department. It will increase both edible food recovery capacity in the county and make food assistance more accessible and convenient for low-income Santa Clara County residents. The steps to establish such a program are described in greater detail in the JVSF Food Recovery Initiative’s Program Implementation Guide. Initiative staff will work with the host site(s) as the sites purchase equipment and the sites ensure electricity requirements are met. The site(s) will invoice the Initiative for a stipend to cover start-up costs.

Deliverables

- 1. Evaluate host site options, including housing facilities and/or public-serving organizations, and choose the best sites for the program.**
- 2. Conduct an RFP process to fairly evaluate and choose a food recovery organization to reliably source surplus food from local businesses and/or institutions and safely deliver to the host sites.**
- 3. Facilitate the establishment of the food access program at the 3 sites, including facilitating the procurement and establishment of food storage equipment and supporting onsite staff in developing participation guidelines and informing participants.**

- 4. Conduct outreach about the Community Refrigeration Pilot to housing providers and some other public facing institutions in cities funding this project. Offer technical assistance to those who want it.**
- 5. Compile a final report capturing project outcomes, lessons learned, and recommendations for future iterations.**

**EXHIBIT B
SCHEDULE OF COMPENSATION RATES**

The total compensation amount for this agreement is \$514,913.00 per the below breakdowns:

SANTA CLARA COUNTY FOOD RECOVERY PROGRAM	
FY 2026-2027 BASE PROGRAM BUDGET	
Activity	Cost
Contractor: data entry, generator research	\$ 4,203.00
Travel: Including inspections	\$ 1,600.00
Staff Time: Executive Director ~20%, Program Manager ~70%, and Inspector/Educator, ~70%	\$ 240,000.00
Technology Needs: database and extension subscriptions, hot spot	\$ 3,800.00
Printings, mailings, as well as other supplies as needed- less printing than previous year	\$ 5,500.00
Overhead: This is not a complete list: Administrative and Financial Software expenses, webhosting, maintenance, Employer payroll fees/taxes, Salary of Administration staff (Finance/HR/Operations), and programatic staff time spent on administrative tasks (budgeting), Employer contribution to 401k, Business insurance, Board development and management, Remote internet stipends, Audit and Accounting costs, in-county travel, conference participation and travel.	\$ 63,776.00
Total	\$ 318,879.00

SANTA CLARA COUNTY FOOD RECOVERY PROGRAM	
ENHANCEMENTS 26-27 ACTIVITY	BUDGET
Recovery Project	Activity
Recovery Project	Cost
	Reusable supplies, washing if necessary. May include some small advertising to businesses
	\$30,827
	Staff time
	\$22,000
	Program Overhead, 20%
	\$13,207
	Total
	\$66,034
Affordable Housing	
Refrigeration Project	Activity, 3-4 sites
	Cost, 3 sites
	Refrigerators/supplies/shelving for cold and dry storage of recovered food, installation, electrical work
	\$ 23,000.00
	Housing stipend
	\$ 18,000.00
	FRO stipend
	\$ 24,000.00
	Staff time
	\$ 30,000.00
	NEW DELIVERABLE: Outreach to all housing providers and other public facing institutions, and offer technical assistance to all who want it across all jurisdictions participating in funding this project
	\$ 9,000.00
	Program Overhead, 20%
	\$ 26,000.00
	Total
	\$ 130,000.00
TOTAL ENHANCEMENTS	
	\$ 196,034.00

**EXHIBIT C
SCHEDULE OF PERFORMANCE**

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

EXHIBIT D

SANTA CLARA COUNTY FOOD RECOVERY PROGRAM							
Proposed Jurisdiction Contributions for Base Program and Enhancements FY 2026-2027							
11/13/2025 IC Meeting PRESENTED							
Price per generator		286.50		\$ 292.79			
Jurisdictions	Total Edible Food Generators	Base Program Contract Cost	Fiscal Agent	Jurisdiction Base + Fiscal Agent Administration \$6,994	Enhancements - Suggestion	Enhancements- Actuals	Jurisdiction Base + Fiscal Agent Administration + Actual Enhancements
Campbell	31	\$ 8,882.00	\$ 194.00	\$ 9,076.00	\$ 7,659.00		\$ 9,076.00
Cupertino	43	\$ 12,320.00	\$ 270.00	\$ 12,590.00	\$ 10,624.00	\$ 10,624.00	\$ 23,214.00
Gilroy	34	\$ 9,741.00	\$ 214.00	\$ 9,955.00	\$ 8,401.00	\$ 8,401.00	\$ 18,356.00
Los Altos	19	\$ 5,444.00	\$ 119.00	\$ 5,563.00	\$ 4,695.00	\$ 4,695.00	\$ 10,258.00
Los Altos Hills	1	\$ 287.00	\$ 6.00	\$ 293.00	\$ 247.00	\$ 247.00	\$ 540.00
Los Gatos	25	\$ 7,163.00	\$ 157.00	\$ 7,320.00	\$ 6,177.00		\$ 7,320.00
Milpitas	64	\$ 18,336.00	\$ 402.00	\$ 18,738.00	\$ 15,813.00	\$ 15,813.00	\$ 34,551.00
Monte Sereno	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Morgan Hill	27	\$ 7,736.00	\$ 169.00	\$ 7,905.00	\$ 6,671.00	\$ 6,671.00	\$ 14,576.00
Mountain View	67	\$ 19,196.00	\$ 421.00	\$ 19,617.00	\$ 16,554.00	\$ -	\$ 19,617.00
Palo Alto	59	\$ 16,904.00	\$ 370.00	\$ 17,274.00	\$ 14,578.00	\$ 14,578.00	\$ 31,852.00
San Jose	504	\$ 144,396.00	\$ 3,169.00	\$ 147,565.00	\$ 124,528.00	\$ 77,435.00	\$ 225,000.00
Santa Clara	120	\$ 34,380.00	\$ 755.00	\$ 35,135.00	\$ 29,650.00	\$ 29,650.00	\$ 64,785.00
Saratoga	6	\$ 1,719.00	\$ 38.00	\$ 1,757.00	\$ 1,482.00		\$ 1,757.00
Sunnyvale	88	\$ 25,212.00	\$ 553.00	\$ 25,765.00	\$ 21,743.00	\$ 21,743.00	\$ 47,508.00
Unincorporated	25	\$ 7,163.00	\$ 157.00	\$ 7,320.00	\$ 6,177.00	\$ 6,177.00	\$ 13,497.00
Total County-wide	1113	\$ 318,879.00	\$ 6,994.00	\$ 325,873.00	\$ 274,999.00	\$ 196,034.00	\$ 521,907.00
Max amount for RWRC per MOU				\$ 337,404.00			
Enhancements Total + West Valley Cities						\$ 211,352.00	
Enhancements Total W/O West Valley Cities						\$ 196,034.00	

*\$514,913 is for the JVSF FRP and Enhancements Consultant Agreement, and \$6,994 is for the County Fiscal Agent Service Agreement for the combined total amount of \$521,907.

CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

Mario Pichardo, Environmental Services Administrator

APPROVED BY: City Manager

APPROVE SECOND AMENDMENT TO THE AGREEMENT WITH THE COUNTY OF SANTA CLARA FOR COUNTYWIDE HOUSEHOLD HAZARDOUS WASTE COLLECTION PROGRAM

RECOMMENDATION(S)

Authorize the City Manager to execute the second amendment to the agreement with the County of Santa Clara for the Countywide Household Hazardous Waste Collection Program.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Protecting the Environment and Preserving Open Space and Agricultural Land

Strategic Priorities 2026-2027

Public Safety

REPORT NARRATIVE:

The purpose of this City Council report is to request authorization for the City Manager to execute the Second Amendment to the Agreement for the Countywide Household Hazardous Waste (HHW) Collection Program (Attachment 1).

For over 20 years, County of Santa Clara has collected a fee to offset each jurisdiction's solid waste management and HHW management expenses. The Countywide AB 939 Fee is collected at waste transfer and disposal facilities by facility operators and has two components. The first component is a Program Fee of \$1.50 per ton, which is charged to assist in funding integrated waste management activities. The second component is the HHW Fee of \$2.60 per ton, which is held by the County and used to directly offset HHW Collection Program costs associated with use of the program by each jurisdiction's residents. The HHW Collection Program provides City residents with the opportunity to participate in several HHW collection events each month, held at a permanent collection center in San Martin. If HHW Fee revenues exceed a jurisdiction's HHW Collection Program costs at the end of the fiscal year, the remaining funds are transferred to the jurisdictions to be used to promote or support HHW management costs. Alternatively, if HHW Fee revenues are less than a jurisdiction's HHW Collection Program costs at the end of the fiscal year, then the jurisdiction is billed for the shortfall.

In 2024, the Council authorized the City Manager to execute the three-year Countywide HHW Collection Program Agreement (Attachment 2). In 2025, the Council authorized the First Amendment to the agreement (Attachment 3), which included the FY 2025-26 collection schedule and updated augmentation amount. Staff is now requesting approval of the Second Amendment, which includes the FY 2026-27 collection schedule and updated augmentation amount.

Each year, the County reviews HHW Program participation levels and AB 939 disposal fee revenues to evaluate each city's contribution and recommend adjustments to the projected augmentation amount. For FY 2026-27, the County also completed a competitive procurement process for a new service provider. The proposals received reflected a minimum 20% increase in cost. While County staff continue to negotiate more favorable rates, current projections reflect these anticipated increases. In addition, recent economic impacts to the County budget, including reduced federal funding, have increased overall program costs and required adjustments to overhead allocations.

For FY 2026-27, the County recommends an augmentation amount of \$131,512. While the City may elect to allocate a different amount, the City would be responsible for any shortfall. Approval of the recommended augmentation amount will help ensure that all Morgan Hill residents desiring to participate in the program will be allowed to do so.

COMMUNITY ENGAGEMENT:

Inform

The recommended action is an extension of a long-standing program with no changes proposed, so no engagement activities were conducted prior to presenting the amendment for Council consideration. Should the Second Amendment be approved, staff will continue to inform the public about the availability of the County program along with other local HHW disposal opportunities.

ALTERNATIVE ACTIONS:

The Council could decide not to approve the Second Amendment and direct staff to further evaluate the provision of these services and the recommended augmentation amount.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The current Countywide First Amendment to the HHW Collection Program Agreement was approved by the City Council on May 25, 2025 (Attachment 2). The Council has historically acted annually on either an agreement or an amendment to the agreement for over 20 years.

FISCAL AND RESOURCE IMPACT:

Fees collected and actual participation in the HHW Collection Program can vary from year to year. Based on current County projections, providing HHW collection services to Morgan Hill residents at a rate of 4% of households will require a City subsidy for the base HHW program in FY 2026-27. In addition, due to continued strong resident participation, increased contractor service costs resulting from the County's recent

competitive procurement process, and higher program overhead allocations, the County of Santa Clara recommends the City provide a total augmentation amount of \$131,512 for FY 2026-27. While the City may elect to allocate a different amount, the City would be responsible for any resulting Discretionary Fund shortfall.

Under the City's current Franchise Agreement for solid waste collection services, implementation fees may be requested by the City at the beginning of each fiscal year to cover costs related to compliance activities required under local, regional, state, or federal permits, laws, and/or regulations for the collection and management of solid waste. Because the HHW Collection Program is required as part of AB 939 compliance, similar to prior years, the City will continue to request implementation funds to cover ongoing annual HHW Collection Program costs based on program participation levels, implementation costs, and HHW Fee collections at landfills. The annual request for these implementation funds helps ensure that increasing County HHW costs do not impact the City's General Fund.

Should the City owe less to the HHW Collection Program than the requested implementation funds in a given year, any remaining funds would be used for other local solid waste collection services and/or to offset the next HHW implementation funds request.

CEQA (California Environmental Quality Act):

Approval is categorically exempt from environmental review under Section 15308 (Actions by regulatory Agencies for Protection of the Environment) of the CEQA Guidelines.

SECOND AMENDMENT TO THE AGREEMENT FOR COUNTYWIDE HOUSEHOLD HAZARDOUS WASTE COLLECTION PROGRAM

The Agreement for Countywide Household Hazardous Waste Collection Program (AGREEMENT) by and between the City of Morgan Hill (CITY) and the County of Santa Clara (COUNTY) previously entered into on June 28, 2024, and as subsequently amended, is hereby further amended as set forth below.

The COUNTY and the CITY agree that:

1. Section 3. FIXED PROGRAM COST is amended in full to read:

3. FIXED PROGRAM COST

Estimated HHW Fixed Program Costs are projected in Attachment B-1, attached hereto and incorporated herein. Fixed Program Costs are allocated to CITY at the conclusion of each fiscal year based on CITY's proportional share of the County population and will not exceed \$5.07 per household for Fiscal Years 2025 and 2026. Fixed Program Cost will not exceed \$5.19 per household for Fiscal Year 2027. Fixed Program Costs may include, but are not limited to, up to eleven (11) County HHW Program staff members, facility lease costs, vehicle lease costs, office rent, office supplies, county administrative overhead, county legal counsel, training costs, equipment and facility maintenance and union negotiated salary and benefit changes.

2. Section 6. VARIABLE COST PER CAR is amended in full to read:

6. VARIABLE COST PER CAR

The Variable Cost Per Car is the cost associated with actual labor, waste disposal, transportation and other services provided to the residents at the County Household Hazardous Waste Collection Facilities (CoHHWCF) and at Temporary Events. The Variable Cost Per Car is estimated to be approximately \$66.02 per participating resident car for Fiscal Years 2025 and 2026. The Variable Cost Per Car is estimated to be approximately \$86.73 per participating resident car for Fiscal Year 2027. The estimated cost per car will be adjusted to reflect actual service costs. After Fixed Program Costs and San José Facility Use Surcharge are allocated on a per household basis, the Variable Cost Per Car will be used to calculate the costs to service 4% of households across all participating jurisdictions. If the level of 4% of households is not reached in the CITY, the CoHHW Program may use the remaining balance of funds, in cooperation with the CITY, to increase public outreach and/or provide additional services in that jurisdiction the following year.

3. Section 16. ADDITIONAL SERVICES UNDER THIS AGREEMENT is amended in full to read:

16. ADDITIONAL SERVICES UNDER THIS AGREEMENT

CITY must augment funding provided under this Agreement to cover the cost of a minimum participation level of 4% of CITY households; CITY may also elect to augment funding to provide additional services to increase CITY participation beyond the 4% minimum participation level. Additional services shall be made available upon written agreement between the CITY's authorized representative and the County Executive Officer or designee. Additional services may include, but are not limited to, additional appointments (charged at the Variable Cost Per Car rate), door-to-door HHW collection, used oil filter collection, universal waste collection, electronic waste collection, and abandoned waste collection.

CITY agrees to augment up to an additional \$75,407 to the Countywide HHW Program during Fiscal Year 2025 for the purpose of attaining or increasing CITY household participation above the 4% minimum participation level at the scheduled collection dates listed in Attachment C, attached hereto and incorporated herein. Augmentation will be calculated, where applicable, at the Variable Cost Per Car rate. Other services will be charged based on a cost recovery basis. CITY authorizes the COUNTY to use CITY'S Available Discretionary Funding portion of the AB939 HHW Fee, if available, to offset the above agreed additional augmentation amount.

CITY agrees to augment up to an additional \$86,968 to the Countywide HHW Program during Fiscal Year 2026 for the purpose of attaining or increasing CITY household participation above the 4% minimum participation level at the scheduled collection dates listed in Attachment C-1, attached hereto and incorporated herein. Augmentation will be calculated, where applicable, at the Variable Cost Per Car rate. Other services will be charged based on a cost recovery basis. CITY authorizes the COUNTY to use CITY'S Available Discretionary Funding portion of the AB939 HHW Fee, if available, to offset the above agreed additional augmentation amount.

CITY agrees to augment up to an additional \$ 131,512 to the Countywide HHW Program during Fiscal Year 2027 for the purpose of attaining or increasing CITY household participation above the 4% minimum participation level at the scheduled collection dates listed in Attachment C-2, attached hereto and incorporated herein. Augmentation will be calculated, where applicable, at the Variable Cost Per Car rate. Other services will be charged based on a cost recovery basis. CITY authorizes the COUNTY to use CITY'S Available Discretionary Funding portion of the AB939 HHW Fee, if available, to offset the above agreed additional augmentation amount.

CITY agrees to make an interim payment to COUNTY amounting to 50 percent of the augmentation amount stated above for each fiscal year. This interim payment shall be made no later than September 30th of each fiscal year. The remaining balance of any outstanding cost shall be reconciled and paid or refunded in accordance with the terms outlined in the annual cost statement.

At the end of each fiscal year, a final annual cost statement shall be prepared by COUNTY and issued to CITY by November 30th. The annual cost statement will take into consideration costs incurred on behalf of CITY for additional services and all payments made by CITY to COUNTY. If any balance is owed to COUNTY, it will be due within 30 days following receipt of the annual cost statement. If any credit is owed to CITY, COUNTY will refund that amount to CITY within 30 days following delivery of the annual cost statement.

- 4. Attachment C-2 "HHW Schedule Of Collection Events for Fiscal Year 2026/2027" attached hereto and incorporated herein by this reference is hereby added to the AGREEMENT.

Except as provided herein, all terms and conditions of the AGREEMENT shall remain in full force and effect.

IN WITNESS WHEREOF, COUNTY and CITY, through their duly authorized representatives, have entered into this Second Amendment to the AGREEMENT on the last date shown below:

COUNTY OF SANTA CLARA

CITY OF MORGAN HILL

Signature:

Signature:

James R. Williams
County Executive

Name: _____
Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM AND LEGALITY

Willie Nguyen
Deputy County Counsel

Date: _____

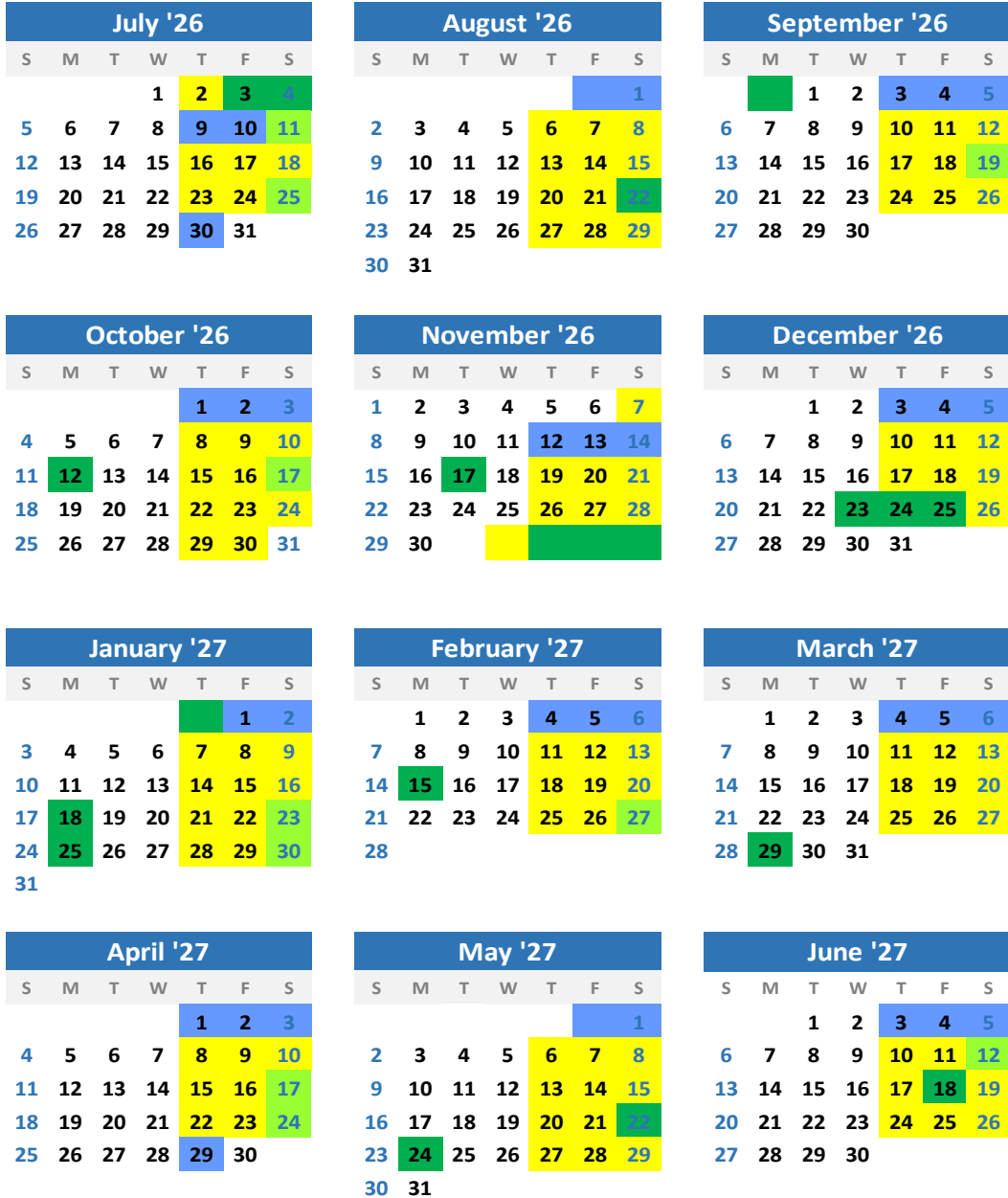
ATTACHMENT B-1: ESTIMATED HHW PROGRAM FIXED COSTS FOR FISCAL YEAR 2026/2027

FIXED COST		
Staff Salary and Benefits		\$ 1,926,605
County Admin Overhead		\$780,328
County Counsel		\$17,745
Phones and Communications		\$13,787
Facilities Lease Costs	San Jose	\$215,880
Vehicle Costs		\$104,363
Office Supplies and postage		\$4,430
Maintenance, Software		\$150,150
HHW Hotline		\$150,000
Garbage & Utilities		\$47,434
Membership & Dues		\$20,475
Training & Conference		\$6,825
Safety Wear		\$28,392
Printing		\$11,632
Other Services & Supplies		\$53,127
ESTIMATED ANNUAL TOTAL		\$ 3,531,171.72

ATTACHMENT C-2: HHW SCHEDULE OF COLLECTION EVENTS FOR FISCAL YEAR 2026/2027*

2026-2027

HHW Schedule of Collection Events for Fiscal Year 2026/2027



Schedule subject to change

KEY:		
Las Plumas Permanent	102	
LP & SM Permanent	34	136 Total Permanent Events
Temporary Event	10	146 Total Events
Holiday	11	

**AGREEMENT FOR COUNTYWIDE
HOUSEHOLD HAZARDOUS WASTE
COLLECTION PROGRAM**

This Agreement for Countywide Household Hazardous Waste Collection Program (“AGREEMENT”) is made by and between the City of Morgan Hill (“CITY”) and the County of Santa Clara (“COUNTY”) on the 28th day of June 2024.

RECITALS

WHEREAS, the Board of Supervisors of the County of Santa Clara (“Board of Supervisors”) has approved a Countywide Household Hazardous Waste Collection Program whereby residents of the unincorporated areas of the Santa Clara County and cities and towns within Santa Clara County participating in the Countywide program will have an opportunity to safely dispose of household hazardous wastes (HHW), regardless of the specific location at which the collection has been scheduled; and

WHEREAS, CITY desires to provide residents with convenient opportunities to safely dispose of their HHW in order to encourage the proper disposal of toxic products, and avoid unauthorized or improper disposal in the garbage, sanitary sewer, storm drain system, or on the ground, in a manner which creates a health and/or environmental hazard; and

WHEREAS, CITY desires to provide a safe, convenient, and economical means for residents to dispose of HHW. These wastes include, but are not limited to, common household products such as household cleaning products, furniture polish, solvents, oven cleaner, pesticides, oil-based paints, motor oil, antifreeze, car batteries, mercury thermostats, fluorescent lamps, household batteries, and electronic waste; and

WHEREAS, CITY desires to schedule Household Hazardous Waste Collection Events (Events) for residents for FY 2025 through FY 2027 (July 1, 2024 – June 30, 2027); and

WHEREAS, CITY desires to provide household hazardous waste collection services to a minimum of 4% of the households per fiscal year in its jurisdiction; and

WHEREAS, CITY desires to participate in the Countywide Household Hazardous Waste Collection Program to meet these objectives; and

WHEREAS, pursuant to Public Resources Code Section 41901, the Board of Supervisors has approved the collection of a \$4.10 per ton Countywide AB939 Implementation fee, including a \$2.60 per ton Household Hazardous Waste Fee (AB939 HHW Fee), for FY 2025 through FY 2027 (July 1, 2024 – June 30, 2027) on all wastes landfilled or incinerated within Santa Clara County, received at any non-disposal or collection facility located within Santa Clara County and subsequently transported for disposal or incineration outside of Santa Clara County, collected from any location within the County by a solid waste hauler operating pursuant to a franchise, contract, license, or permit issued by any local jurisdiction and subsequently

transported for disposal or incineration outside of Santa Clara County, or removed from any location in Santa Clara County by any person or business for disposal or incineration outside the county; and

WHEREAS, the AB939 HHW Fee is allocated to the Countywide Household Hazardous Waste Program and participating jurisdictions to fund HHW program costs in accordance with the terms of the Countywide AB939 Implementation Fee Agreement; and

WHEREAS, CITY desires for COUNTY to utilize CITY's share of the AB939 HHW Fee to provide HHW services for CITY residents.

NOW THEREFORE, CITY and COUNTY AGREE AS FOLLOWS:

1. PURPOSE

The purpose of this AGREEMENT is to state the terms and conditions under which CITY will participate in the Countywide Household Hazardous Waste Collection Program (CoHHW Program) available to its residents. Participating jurisdictions are those jurisdictions that enter into this AGREEMENT with the County.

2. PROGRAM FUNDING SOURCE

HHW Program services are mandated by State law, Public Resources Code Section 41500 *et seq.* State law authorizes cities and counties to impose fees in amounts sufficient to support planning and implementation of integrated waste management programs, including HHW elements. The AB939 HHW Fee, of \$2.60 per ton, imposed by COUNTY as part of the AB939 Implementation Fee and collected and distributed in accordance with the Agreement for Countywide AB939 Implementation Fee will be the primary source of funding for CoHHW Program services. CITY agrees that COUNTY may utilize CITY's share of the AB939 HHW fee to provide HHW Program services in accordance with the terms and conditions of this AGREEMENT.

Funds derived from the AB939 HHW Fee will be allocated among five types of CoHHW Program service costs as follows:

- A. Fixed Program Costs will be apportioned based on the number of households in each participating jurisdiction. The number of households will be determined at the beginning of each Fiscal Year by statistics compiled by the California Department of Finance, Demographic Research Unit from their most recent Report, "Population Estimates for California Cities and Counties."
- B. San José Facility Use Surcharge will be apportioned based on CITY residents' participation at the County Household Hazardous Waste Collection Facility located at 1608 Las Plumas Avenue, San José, CA 95133.

- C. Variable Cost Per Car is the cost associated with labor, waste disposal, transportation, and other services provided to residents at the County HHW Collection Facilities and at temporary HHW collection events. The Variable Cost Per Car is based on the estimated cost of providing a base level service to 4% of households in all participating jurisdictions. The number of households will be determined at the beginning of each Fiscal Year by statistics compiled by the California Department of Finance, Demographic Research Unit from their most recent Report, "Population Estimates for California Cities and Counties."
- D. Available Discretionary Funding is allocated based on tonnage generated per participating jurisdiction, and after allocation of Fixed Program Costs, San José Facility Use Surcharge, and Variable Cost Per Car allocation.
- E. Abandoned Waste Disposal Costs will fund disposal of HHW illegally abandoned at Nonprofit Charitable Reuser organizations as defined in Section 41904 of California Public Resources Code.

The projected AB939 HHW Fee Allocation by jurisdiction is set out in Attachment A, attached hereto and incorporated herein.

3. FIXED PROGRAM COST

Estimated HHW Fixed Program Costs are projected in Attachment B, attached hereto and incorporated herein. Fixed Program Costs are allocated to CITY at the conclusion of each fiscal year based on CITY's proportional share of the County population and will not exceed \$5.07 per household for Fiscal Years 2025, 2026, and 2027. Fixed Program Costs may include, but are not limited to, up to eleven (11) County HHW Program staff members, facility lease costs, vehicle lease costs, office rent, office supplies, county administrative overhead, county legal counsel, training costs, equipment and facility maintenance and union negotiated salary and benefit changes.

4. ABANDONED WASTE DISPOSAL COST

The Abandoned Waste Disposal Cost will fund disposal of HHW illegally abandoned at Nonprofit Charitable Reuser organizations. The Abandoned Waste Disposal Cost is based on the cost to the County to dispose of abandoned waste allocated among participating jurisdictions based on their proportional share of the County population and shall not exceed \$0.05 per household. Projected Abandoned Waste Disposal Costs to the CITY based on a charge of \$0.05 per household are set forth in Attachment A, attached hereto and incorporated herein.

For the purposes of this Agreement, "Nonprofit Charitable Reuser Organization" is defined in accordance with Section 41904 of California Public Resources Code as follows: a charitable organization, as defined in Section 501(c)(3) of the federal Internal Revenue Code, or a distinct operating unit or division of the charitable organization, that reuses and recycles donated goods or materials and receives more than 50 percent of its revenues from the handling and sale of those donated goods or materials.

5. SAN JOSÉ FACILITY USE SURCHARGE

The total San José Facility Use Surcharge for CITY will be based on CITY residents' proportional participation at the County Household Hazardous Waste Collection Facility located at 1608 Las Plumas Avenue, San José. Estimated San José Facility Use Surcharges are projected in Attachment A, attached hereto and incorporated herein. The San José Facility Use Surcharge will vary depending on facility usage but will not exceed \$8.09 per car for Fiscal Years 2025, 2026, and 2027.

6. VARIABLE COST PER CAR

The Variable Cost Per Car is the cost associated with actual labor, waste disposal, transportation and other services provided to the residents at the County Household Hazardous Waste Collection Facilities (CoHHWCF) and at Temporary Events. The Variable Cost Per Car is estimated to be approximately \$66.02 per participating resident car for Fiscal Years 2025, 2026 and 2027. The estimated cost per car will be adjusted to reflect actual service costs. After Fixed Program Costs and San José Facility Use Surcharge are allocated on a per household basis, the Variable Cost Per Car will be used to calculate the costs to service 4% of households across all participating jurisdictions. If the level of 4% of households is not reached in the CITY, the CoHHW Program may use the remaining balance of funds, in cooperation with the CITY, to increase public outreach and/or provide additional services in that jurisdiction the following year.

7. AVAILABLE DISCRETIONARY FUNDING

The Available Discretionary Funding portion of the AB939 HHW Fee will be allocated based on the tons of waste generated within each jurisdiction, and after allocation of Fixed Program Costs, San José Facility Use Surcharge, and Variable Cost Per Car allocation. Available Discretionary Funds must be used for HHW purposes. Options for how to spend these funds include, but are not limited to, increasing the number of residents served in that jurisdiction by the CoHHW Program, subsidizing curbside used motor oil collection, electronic waste (e-waste) collection, universal waste collection, emergency HHW services, funding HHW public education, the support of capital infrastructure projects to accommodate HHW drop-off and collection events, or providing special programs such as retail collection of certain waste and/or door-to-door collection of HHW for the elderly and/or persons with disabilities and neighborhood clean-up events. COUNTY has discretion to determine appropriate uses of Available Discretionary Funding in accordance with the terms and conditions in this Agreement, and to apply the funding toward those uses.

8. ADMINISTRATION AND PAYMENT OF THE AB939 HHW FEE

The County of Santa Clara Recycling and Waste Reduction Division will administer the AB939 HHW Fee, as part of the existing online disposal reporting and payment system. Administration and payment will be made in accordance with the Agreement for Countywide AB939 Implementation Agreement. Notwithstanding the foregoing, the COUNTY shall maintain records of the amount, use, and distribution of Fixed Program Cost expenditures for at least five (5) years after the termination date of this Agreement, unless otherwise required by law

to retain such records for a longer period. CITY may request in writing a review by COUNTY of the Fixed Program Cost records. The review shall be performed within 30 days of request and results shall be reported to participating cities in writing.

9. PROGRAM PUBLICITY

The CoHHW Program shall produce and make available to the public an HHW brochure for distribution. The brochure will be made available at various events, including but not limited to, environmental events and community fairs. The brochure may also be distributed, upon request, to cities within Santa Clara County and to Santa Clara County residents and businesses. The CITY shall be responsible for developing and coordinating citywide awareness of the HHW Program. The CoHHW Program shall be responsible for Countywide public education for used oil recycling. CoHHW Program public awareness responsibilities shall include, but not be limited to, the following activities:

- Serving as the formal contact to the local media such as local newspapers and television news stations;
- Providing participating jurisdictions with educational materials developed for the CoHHW Program;
- Promoting oil and oil filter recycling by developing, purchasing, and distributing educational materials, media relations materials, basic art work and camera ready advertising materials for distribution countywide and for use by jurisdictions;
- Representing the program through educational presentations at schools and businesses and attendance at community events such as local fairs and festivals; and
- Providing participating jurisdictions opportunities to review and comment on the development of countywide outreach materials.

CITY's public awareness responsibilities, at the sole discretion of the CITY, shall include, but not be limited to, the following activities:

- Providing a copy of HHW promotional materials to the CoHHW Program for review for accuracy and completeness, prior to publication;
- Developing and distributing HHW promotion communications to residents for local and CITY newsletters, newspapers and to the electronic media;
- Providing the CoHHW Program with a copy of HHW promotion materials produced by the CITY;
- Conducting and supporting outreach and publicity to attain the goal of 4% of households in the CITY participating in the CoHHW Program; and
- Providing the CoHHW Program a report summarizing all outreach activities conducted by the CITY during the fiscal year. The report is due 30 days after the end of the reporting period.

10. TEMPORARY HHW EVENTS

COUNTY shall conduct Temporary HHW Events at various sites located in Santa Clara County. COUNTY shall obtain all necessary permits and licenses required for the Temporary

HHW Events and shall provide or contract for the services of properly trained, qualified personnel and hazardous waste haulers, and shall provide or secure suitable equipment and supplies to properly receive, package, label, haul, recycle and dispose of the household hazardous wastes collected at the Temporary HHW Events.

When COUNTY conducts a Temporary HHW Event in CITY's jurisdiction, CITY agrees to provide solid waste and recycling services at such event at no cost to the CoHHW Program to ensure the proper management of non-hazardous waste generated at the event. Any additional expenses for such event incurred beyond the agreed-upon budget shall be subject to negotiation and mutual agreement between the COUNTY and the CITY.

To increase the Community's awareness of and participation in any Temporary HHW Event in CITY's jurisdiction, the CITY agrees to promote, at the CITY's sole expense, each such event to the residents at least thirty (30) days in advance before the scheduled date. The promotion may include, but is not limited to, bill inserts, door hangers, flyers, in-person outreach events, newsletters, press releases, public service announcements, social media, television public access stations, websites, etc.

11. HOUSEHOLD HAZARDOUS WASTE COLLECTION FACILITIES

COUNTY shall conduct collection operations at two County Household Hazardous Waste Collection Facilities (CoHHWCF).

The CoHHWCF are located at:

- ◆ *San Martin, 13055 Murphy Avenue, San Martin, CA 95046*
- ◆ *San José, 1608 Las Plumas, San José, CA 95133*

The COUNTY shall obtain all necessary permits and licenses required for the CoHHWCF and shall provide or contract for services, equipment, and supplies to properly receive, package, label, haul, recycle and dispose of wastes collected.

12. RECYCLING AND DISPOSAL PROGRAM FOR VERY SMALL QUANTITY GENERATORS

COUNTY will provide services to accept hazardous waste from Very Small Quantity Generators (VSQG) in accordance with Section 25218.3 of California Health and Safety Code, as amended from time to time. VSQG is defined in Section 25218.1(q) of California Health and Safety Code.

Eligible VSQGs include, but not limited to, small businesses, governmental entities, non-profit organizations, schools, special districts, etc. within the County so long as they meet the criteria as defined in Section 25218.1(q) of California Health and Safety Code. Eligible VSQGs will be allowed to bring their hazardous waste to CoHHWCF. These services to VSQGs located within the CITY will be provided on a cost recovery basis, which will include program administration,

on-site collection, transportation, and disposal costs. COUNTY will assume responsibility for fee collection from participating VSQG.

The CITY may choose to pay for services for VSQG's within the CITY and will notify the COUNTY in writing with 30-day advance notice in order to exercise this option. If the CITY exercises this option, the COUNTY will invoice the CITY for all costs associated with VSQG's within the CITY. If CITY has available Discretionary Funding, COUNTY may use this funding to pay for VSQG costs.

13. ABANDONED HOUSEHOLD HAZARDOUS WASTE

The CoHHW Program will allow for the disposal of abandoned HHW by government agencies and qualified nonprofit charitable reusers. Abandoned HHW means HHW left at a property by an unknown party. Abandoned household hazardous waste does not include waste generated by a known organization or agency in the course of normal business operations such as, but not limited to, the assembly or manufacture of products from new or used materials or the provision of charitable services such as classroom education, meal preparation, and shelter, or the provision of services for a fee.

A) GOVERNMENT AGENCIES

Government agencies shall be charged for disposal of abandoned HHW according to the CoHHW Program's rates for VSQGs.

B) NONPROFIT CHARITABLE REUSER

In order to qualify as a Nonprofit Charitable Reuser, the business must submit to the County Executive a request to be so designated. The County Executive shall review the request and supporting documentation and shall make a final decision on the designation. COUNTY will accept abandoned HHW from Nonprofit Charitable Reusers and will waive disposal fees on the cost of disposal of the abandoned HHW in an annual amount not to exceed funds available from the existing unexpended abandoned waste fund. Funding for disposal available to Nonprofit Charitable Reuser shall be on a first come first serve basis. Once the available fund to pay for the disposal of the abandoned HHW from Nonprofit Charitable Reusers is exhausted, disposal fees shall no longer be waived, and Nonprofit Charitable Reusers shall be charged for disposal of abandoned HHW according to the CoHHW Program's rates for VSQGs. No additional costs shall be applied to the budget of the CITY or any other participating jurisdiction.

14. HOUSEHOLD HAZARDOUS WASTES ACCEPTED

HHW accepted by the CoHHW Program shall be limited to those materials that qualify as "Household Hazardous Waste" pursuant to Section 25218.1(d) of California Health and Safety Code, as amended from time to time. These materials include, but are not limited to, automotive fluids, automotive and other types of batteries, latex and oil paint, oil filters, garden chemicals,

household cleaners, pool chemicals, mercury thermostats, fluorescent lamps containing mercury, household batteries, electronic waste (e-waste), and other common hazardous consumer products.

15. WASTES NOT ACCEPTED

Certain hazardous wastes shall not be accepted for collection and disposal. These include, but are not limited to, compressed gas cylinders larger than 5 gallons, radioactive materials, biohazardous waste, and explosives. Other wastes not accepted by the CoHHW Program are wastes generated as part of operating a business, including a home operated business, except that waste from VSQGs as provided for in Section 12 of this Agreement shall be accepted.

16. ADDITIONAL SERVICES UNDER THIS AGREEMENT

CITY must augment funding provided under this Agreement to cover the cost of a minimum participation level of 4% of CITY households; CITY may also elect to augment funding to provide additional services to increase CITY participation beyond the 4% minimum participation level. Additional services shall be made available upon written agreement between the CITY's authorized representative and the County Executive Officer or designee. Additional services may include, but are not limited to, additional appointments (charged at the Variable Cost Per Car rate), door-to-door HHW collection, used oil filter collection, universal waste collection, electronic waste collection, and abandoned waste collection.

CITY agrees to augment up to an additional \$ 75,407 to the Countywide HHW Program during Fiscal Year 2025 for the purpose of attaining or increasing CITY household participation above the 4% minimum participation level at the scheduled collection dates listed in Attachment C, attached hereto and incorporated herein. Augmentation will be calculated, where applicable, at the Variable Cost Per Car rate. Other services will be charged based on a cost recovery basis. CITY authorizes the COUNTY to use CITY'S Available Discretionary Funding portion of the AB939 HHW Fee, if available, to offset the above agreed additional augmentation amount.

CITY agrees to make an interim payment to COUNTY amounting to 50 percent of the augmentation amount stated above for each fiscal year. This interim payment shall be made no later than September 30th of each fiscal year. The remaining balance of any outstanding cost shall be reconciled and paid or refunded in accordance with the terms outlined in the annual cost statement.

At the end of each fiscal year, a final annual cost statement shall be prepared by COUNTY and issued to CITY by November 30th. The annual cost statement will take into consideration costs incurred on behalf of CITY for additional services and all payments made by CITY to COUNTY. If any balance is owed to COUNTY, it will be due within 30 days following receipt of the annual cost statement. If any credit is owed to CITY, COUNTY will refund that amount to CITY within 30 days following delivery of the annual cost statement.

//

17. INFORMATION AND APPOINTMENT LINE

COUNTY will operate a telephone information and appointment desk Monday through Friday, from the hours of 9:00 a.m. to 5:00 p.m, except for COUNTY-recognized holidays. The information service will register residents for the Temporary HHW Events and the collections at CoHHWCF. The information service will provide information about hazardous household materials. CITY will be notified immediately if resident participation approaches a level of service that may not be supported by available funding.

18. SCHEDULING AND SITE SELECTION

COUNTY shall work with CITY to determine the date(s) of Temporary Events and collections at the CoHHWCF. CITY shall coordinate with COUNTY in locating and securing sites for Temporary HHW Events. It is recognized that some participating jurisdictions in the CoHHW Program may not have appropriate sites available. A proposed HHW schedule for Fiscal Year 2025 of Temporary Events and collections at CoHHWCF is included as Attachment C. COUNTY will schedule an adequate number of collection days to serve the 4% level of service. The COUNTY determines the adequate number of collection days by tracking attendance at each event.

19. OUTSIDE FUNDING

During the term of this Agreement, COUNTY may seek outside funding sources for services that would supplement existing HHW services such as permanent collection sites, equipment, retail take-back collection and operational funding. If outside funding is obtained, the CoHHW Program will, at COUNTY's discretion, proceed with development of additional programs using that outside funding without drawing on CITY's funding provided under this Agreement.

20. REGIONAL GRANT AND OIL PAYMENT PROGRAM PARTICIPATION

The CITY authorizes the CoHHW Program to apply for lead agency grants, including but not limited to Used Oil Payment Program grants, from the California Department of Resources Recycling and Recovery (CalRecycle), on behalf of participating jurisdictions. The CoHHW Program will act on behalf of all participating jurisdictions, as the lead applicant and administrator. The CoHHW Program will oversee how the moneys are used and work in cooperation with CITY as to how the funds will be spent. Nothing in this section shall preclude the COUNTY or a participating jurisdiction from applying for grant funds in any case where the CoHHW Program does not apply for the grant opportunity.

21. EMERGENCY SERVICES

Participating jurisdictions, at their option, may desire to provide residents with convenient emergency opportunities to safely dispose of their HHW in the event of a disaster. The purpose of this emergency planning for HHW is to minimize potential public health and safety impacts, as well as to minimize costs and confusion. Attachment D sets out CITY and

COUNTY responsibilities for the collection of household hazardous wastes in response to an emergency. CITY shall make good faith efforts to provide the public with information related to the problems associated with HHW. Upon the decision to hold an emergency collection event, it is CITY's responsibility to make a good faith effort to prepare and disseminate the necessary outreach to notify the public of an emergency collection event. An emergency collection event shall be initiated by a written request from CITY to COUNTY. Emergency collection events can be scheduled in as little as ten (10) working days of CITY's written request or at an agreed upon date thereafter. The emergency collection plan is set out in Attachment D, Household Hazardous Waste Emergency Collection Plan.

COUNTY agrees to conduct the Emergency Collection Event at a mutually agreeable site and time. The COUNTY will obtain the necessary permit from California Department of Toxic Substances Control and will handle wastes in accordance with applicable state laws and regulations. COUNTY will bill CITY for all Emergency Collection Events on a cost recovery basis, and all payments shall be due COUNTY within 30 days following the receipt of the invoice.

22. PRIVATE SPONSORED EVENTS

COUNTY may also secure funding from corporations or agencies to conduct HHW Collection Events for corporate employees and residents of participating jurisdictions and to pay for special programs such as Universal Waste collection at retail locations. The transportation, treatment, and disposal liability for nonresident employee participation in these events shall be shared by all participating jurisdictions, including the CITY, and the COUNTY, as described in Section 26 of this Agreement. Summary information concerning these corporate sponsored events, if any, will be included in the CoHHW Program's annual report to the participating jurisdictions.

23. INSURANCE REQUIREMENTS

Contractors who provide hazardous waste transportation, treatment, or disposal services shall have the required insurance as outlined in Attachment E, Exhibit E Insurance Requirements for Environmental Services Contract. Other contractors shall have insurance in amounts to be determined by COUNTY Insurance Manager, after consultation with CITY. COUNTY shall obtain insurance certificates from each of the contractors prior to the contractor providing service to the program naming the COUNTY as an additional insured.

24. WASTE TRACKING AND REPORTING

COUNTY will provide a mid-year report to CITY regarding participation rates from each participating jurisdiction by March 15 of each year. Mid-year and year end reports will outline the types and quantities of waste collected, the amount of waste diverted for reuse or recycling and the waste management method for each waste stream and associated costs for services. COUNTY will prepare a report summarizing program activities which will be delivered to the participating jurisdictions no later than six months after the end of COUNTY's fiscal year.

It will be assumed for cost and reporting purposes that each participating jurisdiction is contributing to the waste stream in proportion to the number of its residents who directly participate.

COUNTY shall take steps to assure that the bi-annual statements to jurisdictions reflect the funds necessary to cover costs for CITY participation in services scheduled during the next quarter.

25. PARTICIPATION REPORTING

COUNTY shall employ means necessary to verify the place of residence of all participants in the CoHHW Program.

26. HOLD HARMLESS AND INDEMNIFICATION

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

Additionally, CITY shall indemnify COUNTY for CITY's apportioned share of any liability incurred and attributed to the Countywide HHW Program for the transportation, treatment or disposal of the household hazardous waste, once the waste has been accepted by a licensed hazardous waste hauler. Apportionment for disposal liability shall be determined by each participating jurisdiction's pro rata proportion of household participation in the Program. Apportionment for transportation and treatment liability shall be determined by each participating jurisdiction's pro rata household participation at the event where the waste was generated. COUNTY will use reasonable efforts to obtain recovery from all available resources, including insurance, of any liable hauler or liable disposal facility operator. No liability shall be apportioned to CITY for transportation, treatment or disposal in any case where COUNTY has contracted for such services and has failed to require the contractor to maintain the insurance requirements set forth in Section 23 above.

CITY shall further indemnify COUNTY for CITY's apportioned share of liability incurred and attributed to the Countywide HHW Program for the transportation, treatment or disposal of household hazardous waste at corporate sponsored events where non-county resident

employees of the corporate sponsor are authorized to participate in the event. Liability for the nonresident portion of the disposal of waste shall be shared by the participating jurisdictions and the COUNTY as described above. The nonresident portion shall be determined by calculating the percentage of nonresidents participating in the event. This percentage will then be subtracted from the total liability for the household hazardous waste prior to assessing CITY's apportioned share of any liability for the household hazardous waste.

COUNTY shall require VSQGs and Nonprofit Charitable Reusers to indemnify COUNTY, at minimum, for their apportioned share of any liability incurred and attributed to the Countywide HHW Program for the transportation, treatment, or disposal of their hazardous waste, once the waste has been accepted by a licensed hazardous waste hauler. The VSQG and Nonprofit Charitable Reuser portion of the waste shall be determined by calculating the percentage, by weight, of the total household hazardous waste accepted by the CoHHW Program. This percentage will be used to calculate the portion of liability attributed to VSQGs and Nonprofit Charitable Reusers and will be subtracted from the total liability prior to assessing CITY's apportioned share of any liability for household hazardous waste.

27. TERMINATION

This Agreement may be terminated by either the COUNTY or CITY upon thirty (30) days written notice given by the terminating party.

28. TERM OF AGREEMENT

The term of this Agreement shall be from July 1, 2024 to June 30, 2027, or until all revenue from the last quarter's AB939 fee payments have expended and/or distributed, whichever is later.

29. INDEPENDENT CONTRACTOR

Each party shall perform responsibilities and activities described herein as an independent contractor and not as an officer, agent, servant or employee of any of the parties hereto. Each party shall be solely responsible for the acts and omissions of its officers, agents, employees, contractors and subcontractors, if any. Nothing herein shall be considered as creating a partnership or joint venture between the parties.

30. EXECUTION BY COUNTERPART

This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed an original and all of which shall together constitute one and the same instrument.

31. CONTROLLING LAW

This Agreement shall be governed and construed in accordance with the laws of the State of California.

32. ENTIRE AGREEMENT

This document embodies the entire Agreement between the parties with respect to the subject matter hereof. No modification of this Agreement shall be effective unless and until modification is evidenced by writing signed by all parties or their assigned designates.

33. NOTICES

All notices and communications herein required shall be in writing to the other party as follows, unless expressly changed in writing:

CITY of <u>Morgan Hill</u>	City Representative <u>Tanya Carothers</u> Representative's Title <u>Env Services Administrator</u> City Address <u>17575 Peak Avenue</u> <u>Morgan Hill, California</u> <u>95037</u>
----------------------------	---

County of Santa Clara	Director Consumer and Environmental Protection Agency 1553 Berger Drive San José, California 95112
-----------------------	---

34. CONTRACT EXECUTION

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

//

//

//

//

//

//

IN WITNESS WHEREOF, the parties have executed this AGREEMENT FOR COUNTYWIDE HOUSEHOLD HAZARDOUS WASTE COLLECTION PROGRAM on the dates as stated below:

Date: 6/28/2024

COUNTY OF SANTA CLARA

DocuSigned by:
James R. Williams
74FCE0CB70FA478

JAMES R. WILLIAMS
County Executive

Date: 6/10/2024

“CITY”

DocuSigned by:
Christina Turner
5D71891A34701C

CITY/TOWN OF city of Morgan Hill
Title City Manager
A municipal corporation

APPROVED AS TO FORM AND LEGALITY:

Approved as to form:

DocuSigned by:
Willie Nguyen
A1756187CF04415

WILLIE NGUYEN
Deputy County Counsel

DocuSigned by:
Cynthia Hasson
BF86A1E9672C451

Cynthia Hasson
Assistant City Attorney

Attachments:

- A Projected Fiscal Years 2025, 2026, and 2027 AB939 HHW Fee Funding Allocation by Jurisdiction
- B Estimated HHW Program Fixed Costs for Fiscal Years 2025, 2026, and 2027
- C HHW Schedule of Collection Events for Fiscal Year 2025
- D Household Hazardous Waste Emergency Collection Plan
- E Exhibit-E Insurance Requirements for Environmental Services Contracts

ATTACHMENT A: PROJECTED FISCAL YEARS 2025-2027 ANNUAL HHW FEE FUNDING ALLOCATION BY JURISDICTION

Cities	No of Households	4% of Households	Disposal Tonnage	AB939 HHW Fee per Ton \$2.60	Fixed Cost per HH \$5.07	SJ Facility Surcharge \$8.09	Variable Cost per Car \$66.02	Abandoned Waste Disposal Cost per HH \$0.05	Discretionary Fund	Estimated Augmentation	Anticipated Participation	Anticipated Participation at SJ Facility
Campbell	18,451	738	37,162	\$ 96,620	\$ 93,494	\$ 5,971	\$ 48,725	\$ 923	\$ (52,493)	\$ 80,093	1,196	1,096
Cupertino	21,787	871	29,930	\$ 77,819	\$ 110,398	\$ 7,050	\$ 57,536	\$ 1,089	\$ (98,254)	\$ 133,081	1,399	936
Gilroy	18,784	751	60,599	\$ 157,558	\$ 95,181	\$ 6,079	\$ 49,605	\$ 939	\$ 5,754	\$ 27,110	1,162	154
Los Altos	11,871	475	16,597	\$ 43,153	\$ 60,152	\$ 3,842	\$ 31,349	\$ 594	\$ (52,784)	\$ 96,037	1,130	784
Los Altos Hills	3,151	126	5,589	\$ 14,531	\$ 15,967	\$ 1,020	\$ 8,321	\$ 158	\$ (10,934)	\$ 22,221	297	174
Los Gatos	14,006	560	23,770	\$ 61,802	\$ 70,970	\$ 4,532	\$ 36,987	\$ 700	\$ (51,368)	\$ 94,219	1,209	1,199
Milpitas	25,769	1,031	59,694	\$ 155,204	\$ 130,575	\$ 8,339	\$ 68,051	\$ 1,288	\$ (53,049)	\$ 79,341	1,429	989
Monte Sereno	1,353	54	735	\$ 1,911	\$ 6,856	\$ 438	\$ 3,573	\$ 68	\$ (9,024)	\$ 17,334	180	185
Morgan Hill	16,178	647	44,235	\$ 115,011	\$ 81,976	\$ 5,235	\$ 42,723	\$ 809	\$ (15,732)	\$ 75,407	1,551	392
Mountain View	39,194	1,568	51,011	\$ 132,629	\$ 198,602	\$ 12,684	\$ 103,504	\$ 1,960	\$ (184,120)	\$ 169,083	1,340	772
Palo Alto	29,285	1,171	45,188	\$ 117,489				\$ 1,464	\$ 116,025			
San Jose	345,798	13,832	827,019	\$ 2,150,250	\$ 1,752,210	\$ 111,904	\$ 913,183	\$ 17,290	\$ (644,337)	\$ 1,186,168	22,039	20,539
Santa Clara	53,370	2,135	113,691	\$ 295,597	\$ 270,434	\$ 17,271	\$ 140,939	\$ 2,069	\$ (135,715)	\$ 237,003	3,669	2,010
Saratoga	11,353	454	17,897	\$ 46,533	\$ 57,527	\$ 3,674	\$ 29,981	\$ 568	\$ (45,217)	\$ 76,767	932	800
Sunnyvale	63,111	2,524	99,239	\$ 258,021	\$ 319,793	\$ 20,423	\$ 166,664	\$ 3,156	\$ (252,014)	\$ 262,351	2,681	1,533
Unincorporated	18,558	742	45,693	\$ 118,802	\$ 94,036	\$ 6,006	\$ 49,008	\$ 928	\$ (31,176)	\$ 80,009	1,482	845
Total	682,019	27,681	1,478,050	\$ 3,842,931	\$ 3,358,172	\$ 214,467	\$ 1,750,148	\$ 34,601	\$ (1,514,457)	\$ 2,636,224	41,656	32,348

Notes: No of HH and Disposal tonnage are based on FY2022-2023 actuals. Anticipated participation and anticipated participation at SJ facility are based on 10% increase from FY2022-2023 actual participation.

ATTACHMENT B: ESTIMATED ANNUAL HHW PROGRAM FIXED COSTS FOR FISCAL YEARS 2025, 2026, AND 2027

FIXED COST		
Staff Salary and Benefits		\$ 1,926,605.10
County Admin Overhead		\$667,328
County Counsel		\$17,745
Phones and Communications		\$13,787
Facilities Lease Costs	San Jose	\$215,880
Vehicle Costs		\$44,363
Office Supplies and postage		\$4,430
Maintenance, Software		\$150,150
HHW Hotline		\$150,000
Garbage & Utilities		\$47,434
Membership & Dues		\$20,475
Training & Conference		\$6,825
Safety Wear		\$28,392
Printing		\$11,632
Other Services & Supplies		\$53,127
ESTIMATED ANNUAL TOTAL		\$ 3,358,171.77

**ATTACHMENT C: HHW SCHEDULE OF PERMANENT & TEMPORARY
COLLECTION EVENTS FOR FISCAL YEAR 2025-2027***

2024/Month	Day	Date	Location	Type of Event	County Holidays/ Notes
July	Wed	3	San Jose	Permanent	
	Thursday	4	No Event	No Event	4th OF JULY
	Fri,Sat	5,6	San Jose	Permanent	
	Fri,Sat	5,6	San Martin	Permanent	
	Thurs,Fri	11,12	San Jose	Permanent	
	Saturday	13	Sunnyvale	Temporary	Confirmed
	Thurs,Fri,Sat	18,19,20	San Jose	Permanent	
August	Thurs,Fri,Sat	25,26,27	San Jose	Permanent	
	Thurs,Fri,Sat	1,2,3	San Martin	Permanent	
	Thurs,Fri,Sat	1,2,3	San Jose	Permanent	
	Fri,Sat	4,5	San Martin	Permanent	
	Thurs,Fri,Sat	8,9,10	San Jose	Permanent	
	Thurs,Fri,Sat	15,16,17	San Jose	Permanent	
	Thurs,Fri	22,23	San Jose	Permanent	
	Saturday	24	Mountain View	Temporary	Confirmed
	Thurs,Fri	29,30	San Jose	Permanent	
	Saturday	31	No Event	No Event	LABOR DAY WEEKEND
September	Thurs,Fri,Sat	5,6,7	San Martin	Permanent	
	Thurs,Fri,Sat	5,6,7	San Jose	Permanent	
	Thurs,Fri,Sat	12,13,14	San Jose	Permanent	
	Thurs,Fri	19,20	San Jose	Permanent	
	Saturday	21	Santa Clara	Temporary	Confirmed
	Thurs,Fri,Sat	26,27,28	San Jose	Permanent	
October	Thurs,Fri,Sat	3,4,5	San Martin	Permanent	
	Thurs,Fri,Sat	3,4,5	San Jose	Permanent	
	Thurs,Fri,Sat	10,11	San Jose	Permanent	
	Saturday	12	Sunnyvale	Temporary	Confirmed
	Thurs,Fri,Sat	17,18,19	San Jose	Permanent	
	Thurs,Fri,Sat	24,25,26	San Jose	Permanent	
November	Thurs	31	San Jose	Permanent	
	Fri, Sat	1,2	San Jose	Permanent	
	Thurs,Fri, Sat	7,8,9	San Martin	Permanent	
	Thurs	7,8,9	San Jose	Permanent	
	Thurs,Fri,Sat	14,15,16	San Jose	Permanent	
	Thurs,Fri,Sat	21,22,23	San Jose	Permanent	
	Thurs,Fri,Sat	28,29,30	No Event	No Event	THANKSGIVING
December	Fri, Sat	5,6,7	San Martin	Permanent	
	Thurs,Fri,Sat	5,6,7	San Jose	Permanent	
	Thurs,Fri,Sat	12,13,14	San Jose	Permanent	
	Thurs,Fri,Sat	19,20,21	San Jose	Permanent	
	Wed,Thurs	25,26	No Event	No Event	CHRISTMAS
	Fri,Sat	27,28	San Jose	Permanent	

**ATTACHMENT C: HHW SCHEDULE OF PERMANENT & TEMPORARY
COLLECTION EVENTS FOR FISCAL YEAR 2025-2027* (Continued)**

2025/Month	Day	Date	Location	Type of Event	County Holidays/ Notes
January	Wed	1	No Event	No Event	NEW YEAR'S
	Thurs,Fri, Sat	2,3,4	San Martin	Permanent	
	Thurs,Fri,Sat	2,3,4	San Jose	Permanent	
	Thurs,Fri	9,10	San Jose	Permanent	
	Saturday	11	Sunnyvale	Temporary	TBD
	Thurs,Fri,Sat	16,17,18	San Jose	Permanent	
	Thurs,Fri	23,24	San Jose	Permanent	
	Saturday	25	Santa Clara	Temporary	TBD
	Thurs,Fri	30,31	San Jose	Permanent	
February	Sat	1	San Jose	Permanent	
	Thurs,Fri, Sat	6,7,8	San Martin	Permanent	
	Thurs,Fri,Sat	6,7,8	San Jose	Permanent	
	Thurs,Fri,Sat	13,14,15	San Jose	Permanent	
	Thurs,Fri,Sat	20,21,22	San Jose	Permanent	
	Thurs,Fri	27,28	San Jose	Permanent	
March	Sat	1	San Jose	Permanent	
	Thurs,Fri, Sat	6,7,8	San Martin	Permanent	
	Thurs,Fri,Sat	6,7,8	San Jose	Permanent	
	Thurs,Fri,Sat	13,14,15	San Jose	Permanent	
	Thurs,Fri,Sat	20,21,22	San Jose	Permanent	
	Thurs,Fri,Sat	27,28,29	San Jose	Permanent	
April	Thurs,Fri,Sat	3,4,5	San Jose	Permanent	
	Thurs,Fri, Sat	3,4,5	San Martin	Permanent	
	Thurs,Fri	10,11	San Jose	Permanent	
	Saturday	12	Los Altos	Temporary	TBD
	Thurs,Fri	17,18	San Jose	Permanent	
	Saturday	19	Sunnyvale	Temporary	TBD
	Thurs,Fri	24,25	San Jose	Permanent	
	Saturday	26	Santa Clara	Temporary	TBD
May	Thurs,Fri,Sat	1,2,3	San Jose	Permanent	
	Thurs,Fri, Sat	1,2,3	San Martin	Permanent	
	Thurs,Fri,Sat	8,9,10	San Jose	Permanent	
	Thurs,Fri,Sat	15,16,17	San Jose	Permanent	
	Thurs,Fri	22,23	San Jose	Permanent	
	Saturday	24	No Event	No Event	MEMORIAL DAY WEEKEND
	Thurs,Fri,Sat	29,30,31	San Jose	Permanent	
June	Thurs,Fri, Sat	5,6,7	San Martin	Permanent	
	Thurs,Fri,Sat	5,6,7	San Jose	Permanent	
	Thurs,Fri	12,13	San Jose	Permanent	
	Saturday	14	Milpitas	Temporary	TBD
	Thurs, Fri,Sat	19,20,21	San Jose	Permanent	
	Thurs,Fri,Sat	26,27,28	San Jose	Permanent	

*SUBJECT TO CHANGE

ATTACHMENT D:

**COUNTY HOUSEHOLD HAZARDOUS WASTE
EMERGENCY COLLECTION PLAN**

1. PURPOSE

The purpose of the Household Hazardous Waste Emergency Collection Plan is to minimize potential public health and safety impacts, as well as to minimize costs and confusion during an emergency or disaster. This Attachment describes the services the County can provide and the responsibilities of each party for the collection of household hazardous wastes (HHW) in response to an emergency as defined by the local jurisdiction.

Jurisdictions should contact local emergency agencies, the Governor's Office of Emergency Services (OES), and California Department of Toxic Substances Control (DTSC) for more specific information on hazardous materials emergency response.

2. Timing of HHW

While it is important to have special collection opportunities for disaster-related HHW as soon as possible to avoid illegal disposal or harm to people and/or the environment, having an event or service too soon after a disaster may result in low participation. Sufficient public notification, assessment and monitoring of the disaster and cleanup process by the designated City HHW Coordinator(s) is essential.

3. Public Information/Notification:

Cities should be prepared to provide the public with information related to the problems associated with HHW along with information about special collection events and services. Upon the decision to hold an emergency collection event, it is the City's responsibility to prepare and deliver the necessary public outreach to notify the public of an upcoming event. A City's public outreach program should evaluate all forms of media including: newspaper ads, posters, flyers, press releases, banners, door-to-door notices, roadside signs, signs on dumpsters, radio public service announcements, social media outlets and television public access stations. Be aware of communities where multiple language outreach efforts will be necessary.

4. State HHW Collection Permits

DTSC is responsible for issuing the necessary state permits for HHW collection facilities. During an emergency, the County will obtain the necessary emergency permit for special collection of household hazardous waste from DTSC through their expedited approval process.

5. Collection Events

Temporary collection events can be set-up at various sites including parking lots, city maintenance yards, within neighborhoods needing service, and at landfills or a centralized

location to service larger segments of the population. Waste collected will be transported with a transportation vehicle provided by the HHW Program. In addition, events can be scheduled at the two existing Countywide Household Hazardous Waste Collection Facilities (CoHHWCF). The following options are available to each participating City.

- Neighborhood Drop-off Events: The County is able to provide localized service to specific areas in need of household hazardous waste collection services. The County will work with City Solid Waste Coordinators to conduct coordinated efforts to residents in the affected area. After a specific event, waste will be transported by County staff or a hazardous waste contractor to an appropriate facility.
- Mobile HHW Event: The County conducts Household Hazardous Waste Collection Event (Events) at various sites located in Santa Clara County throughout the year. Events will be expanded to give priority to disaster victims when requested by the City. The County shall obtain all necessary permits and licenses required for the events and shall provide and/or contract for the services of properly trained personnel and hazardous waste haulers. The County shall also provide or secure suitable equipment and supplies to properly receive, package, label, haul, recycle and dispose of the household hazardous wastes collected at events.
- CoHHWCF: The County operates two permitted HHW collection facilities for the collection and storage of HHW. The County shall provide or contract for services, equipment, and supplies to properly receive, package, label, haul, recycle and dispose of wastes collected at the CoHHWCF.

The CoHHWCF are located at:

San Martin, 13055 Murphy Ave, San Martin, CA 95046
San Jose, 1608 Las Plumas, San Jose, CA 95133

6. Costs, Documentation, and Reimbursements

Cities will be billed on a cost recovery basis. Costs of emergency events will be tracked and billed separately. Emergency funding applications pending from the State or Federal government for reimbursements in no way relieves the City of responsibility to make timely payment to the County in accordance with the terms of the AGENCY AGREEMENT FOR COUNTYWIDE HOUSEHOLD HAZARDOUS WASTE COLLECTION PROGRAM.

The County agrees to provide the City with a detailed accounting of services provided for an emergency collection. Documentation will track the time and materials of staff, outside contractor expenses, and quantities and types of waste collected to demonstrate that the wastes were generated above and beyond existing collection programs.

Services to businesses will be provided on a cost recovery basis and according to Section 12 of the AGENCY AGREEMENT FOR COUNTYWIDE HOUSEHOLD HAZARDOUS WASTE COLLECTION PROGRAM, which includes program administration, on-site collection, transportation, and disposal costs. The County will assume responsibility for collecting fees from participating businesses.

7. State and Federal Assistance and Funds

It is the City's responsibility to pursue reimbursement from State or Federal agencies.

California Governor's Office of Emergency Services (Cal OES)

Cal OES is responsible for requesting assistance is declared a state disaster area, and the local jurisdiction deems that the needs of the disaster response are beyond ce on behalf of local jurisdictions for resources beyond the capability of the jurisdiction. State assistance may include assistance available from State, Federal, or private sources. If a local jurisdiction its capabilities, then the local jurisdiction can request assistance and reimbursement of costs from Cal OES.

Follow Standardized Emergency Management System (SEMS)

All requests and emergency responses must be in accordance with the SEMS. DTSC may have funding available for hazardous waste response and collection.

Federal Assistance

If a state disaster area is declared a federal disaster, then federal funding assistance may be available through the Cal OES. Funding and assistance may be available from Federal agencies such as FEMA and the USEPA.

Damage estimates: The city should provide to the Cal OES estimates of damages and a "scope of work requested." It is recommended that the local HHW coordinator meet ahead of time with local emergency agencies or Cal OES contacts regarding the proper procedures and wording of requests for assistance.

Funding Process: The funding process may vary depending on the unique circumstances of the disaster. The process can either be the traditional FEMA reimbursement process, or by direct assistance from USEPA.

REFERENCES

California Integrated Waste Management Board, Integrated Waste Management Disaster Plan: Guidance for local government on disaster debris management, January 1997.

Emergency Planning Contacts and Personnel

Primary County Contact: County of Santa Clara
Consumer and Environmental Protection Agency
Household Hazardous Waste Program
ATTN: Hazardous Materials Program Manager
(408)-918-1967

For Non-Emergency after-hours, contact County Communications at: (408) 977-3220

Responsibility: Coordinate and establish proper collection and disposal methods for household hazardous waste. Assess the need for HHW and VSQG services in consultation with the City and other operations.

Cal OES Public Safety Communications Main Office

601 Sequoia Pacific Boulevard
Sacramento, CA 95811
(916) 894-5209

Cal OES

3650 Schriever Avenue
Mather, CA 95655-4203
(916) 845-8510

CHEMTREC Emergency number, (800) 424-9300
Non-emergency (800) 262-8200

Chemtrec is a public service established by the Chemical Manufacturers Association. The Center was developed as a resource for obtaining immediate emergency response information to mitigate accidental chemical releases, and as a means for emergency responders to obtain technical assistance from chemical industry product safety specialists, emergency response coordinators, toxicologists, physicians, and other industry experts to safely mitigate incidents involving chemicals.

ATTACHMENT E

EXHIBIT E

**INSURANCE REQUIREMENTS FOR
ENVIRONMENTAL SERVICES
CONTRACTS**

(Hazardous Waste Disposal, Remediation Services, Environmental Consulting, etc.)

Indemnity

The Contractor shall indemnify, defend, and hold harmless the County of Santa Clara (hereinafter "County"), its officers, agents and employees from any third party claim, liability, loss, injury or damage to the extent arising out of, or in connection with, performance of this AGREEMENT by Contractor and/or its agents or employees, excepting only loss, injury or damage caused by the sole negligence or willful misconduct of personnel employed by the County. It is the intent of the parties to this AGREEMENT to provide the broadest possible coverage for the County. The Contractor shall reimburse the County for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which the Contractor contests its obligation to indemnify, defend and/or hold harmless the County under this AGREEMENT and does not prevail in that contest.

Insurance

Without limiting the Contractor's indemnification of the County, the Contractor shall provide and maintain at its own expense, during the term of this AGREEMENT, or as may be further required herein, the following insurance coverages and provisions:

A. Evidence of Coverage

Prior to commencement of this AGREEMENT, the Contractor shall provide a Certificate of Insurance certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate.

This verification of coverage shall be sent to the requesting County department, unless otherwise directed. The Contractor shall not receive a Notice to Proceed with the work under the AGREEMENT until it has obtained all insurance required and such insurance has been approved by the County. This approval of insurance shall neither relieve nor decrease the liability of the Contractor.

B. Qualifying Insurers

All coverages, except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A- V, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by the County's Insurance Manager.

ATTACHMENT E

Exhibit E (Continued)

C. Notice of Cancellation

Should any of the requested policies be cancelled before the expiration date, notice will be provided in accordance with policy provisions.

D. Insurance Required

1. Commercial General Liability Insurance - for bodily injury (including death) and property damage which provides limits as follows:

- a. Each occurrence - \$1,000,000
- b. General aggregate - \$2,000,000
- c. Products/Completed Operations aggregate - \$2,000,000
- d. Personal Injury - \$1,000,000

2. General liability coverage shall include:

- a. Premises and Operations
- b. Products/Completed
- c. Personal Injury liability
- d. Severability of interest

3. General liability coverage shall include the following endorsement, a copy of which shall be provided to the County:

Additional Insured Endorsement, (Commercial General Liability Additional Insured provided pursuant to Additional Insured Endorsement #1), which shall read:

“County of Santa Clara, and members of the Board of Supervisors of the County of Santa Clara, and the officers, agents, and employees of the County of Santa Clara, individually and collectively, as additional insureds provided pursuant to Additional Insured Endorsement Form #1.”

Insurance afforded by the additional insured endorsement shall apply as primary insurance, and other insurance maintained by the County of Santa Clara, its officers, agents, and employees shall be excess only and not contributing with insurance provided

Exhibit E (Continued)

under this policy. Public Entities may also be added to the Additional Insured Endorsement Form #1 as applicable by way of insurance addendum, and the contractor shall be notified by the contracting department of these requirements.

4. Automobile Liability Insurance

For bodily injury (including death) and property damage which provides total limits of not less than one million dollars (\$1,000,000) combined single limit per occurrence applicable to all owned, non-owned and hired vehicles. Coverage shall include Environmental Impairment Liability Endorsement MCS90 for contracts requiring the transportation of hazardous materials/wastes.

5. Workers' Compensation and Employer's Liability Insurance

- a. Statutory California Workers' Compensation coverage including broad form all-states coverage.
- b. Employer's Liability coverage for not less than one million dollars (\$1,000,000) per occurrence.

6. Contractors Pollution Liability Insurance

Coverage shall provide a minimum of not less than five million dollars (\$5,000,000) per occurrence and aggregate for bodily injury, personal injury, property damage and cleanup costs both on and offsite.

7. Professional Errors and Omissions Liability Insurance (required for contractors providing professional services, such as through a professional engineer, registered geologist, etc.)

- a. Coverage shall be in an amount of not less than one million dollars (\$1,000,000) per claim/aggregate.
- b. If coverage contains a deductible or self-retention, it shall be reviewed and approved by the County's Insurance Manager prior to contract execution.
- c. Coverage as required herein shall be maintained for a minimum of two years following termination or completion of this AGREEMENT.

ATTACHMENT E

Exhibit E (Continued)

8. Claims Made Coverage

If coverage is written on a claims made basis, the Certificate of Insurance shall clearly state so. In addition to coverage requirements above, such policy shall provide that:

- a. Policy retroactive date coincides with or precedes the Consultant's start of work (including subsequent policies purchased as renewals or replacements).
- b. Policy allows for reporting of circumstances or incidents that might give rise to future claims. If coverage terminated Run-Off (Tail) coverage will be purchased for three (3) years following termination.

E. Special Provisions

The following provisions shall apply to this AGREEMENT:

1. The foregoing requirements as to the types and limits of insurance coverage to be maintained by the Contractor and any approval of said insurance by the County or its insurance consultant(s) are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Contractor pursuant to this AGREEMENT, including but not limited to the provisions concerning indemnification.
2. The County acknowledges that some insurance requirements contained in this AGREEMENT may be fulfilled by self-insurance on the part of the Contractor. However, this shall not in any way limit liabilities assumed by the Contractor under this AGREEMENT. Any self-insurance shall be approved in writing by the County upon satisfactory evidence of financial capacity. Contractor's obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance programs or self-insurance retentions.
3. Should any of the work under this AGREEMENT be sublet, the Contractor shall require each of its subcontractors of any tier to carry the aforementioned coverages.
4. The County reserves the right to withhold payments to the Contractor in the event of material noncompliance with the insurance requirements outlined above.

ATTACHMENT E

Exhibit E (Continued)

F. Fidelity Bonds (Required only if contractor will be receiving advanced funds or payments)

Before receiving compensation under this AGREEMENT, Contractor will furnish County with evidence that all officials, employees, and agents handling or having access to funds received or disbursed under this AGREEMENT, or authorized to sign or countersign checks, are covered by a BLANKET FIDELITY BOND in an amount of AT LEAST fifteen percent (15%) of the maximum financial obligation of the County cited herein. If such bond is canceled or reduced, Contractor will notify County immediately, and County may withhold further payment to Contractor until proper coverage has been obtained. Failure to give such notice may be cause for termination of this AGREEMENT, at the option of County.

City of Morgan Hill Contract Checklist

Contract # _____	
Is FPPC Required (<i>completed by CA</i>)?	No
DocuSigned by: <i>Cynthia Hasson</i> BFE66AF9672C451...	

Date: 06/06/2024

Project Name: AB 939 Countywide Agreement

Contractor's Name: County of Santa Clara

Project Manager: Tanya Carothers

Department: Public Services Dept. - Environmental Division

STANDARD CITY/AGENCY FORM:

Is this a Standard City/Agency Form without any changes:

YES NO

[If there are changes to the Standard City/Agency Form, describe in attached memo/ email]

Are there funds for this request?

YES NO

Fund: NA - the program will be covered by HHW discretionary fees, and Implementation Funds through our Recology Contract if needed.

Project: _____

Account #: _____

CONTRACTOR'S INSURANCE

***To be completed before agreement is routed to Shadia Hrichi.

***Please fill in one of the section below:

Insurance reviewed and approved on date of: _____

Insurance is not required per email dated: _____

Amendment - Insurance not needed: X

*NOTE: Amended contracts do not require additional/new insurance

FIRST AMENDMENT TO THE AGREEMENT FOR COUNTYWIDE HOUSEHOLD HAZARDOUS WASTE COLLECTION PROGRAM

The Agreement for Countywide Household Hazardous Waste Collection Program (AGREEMENT) by and between the City of Morgan Hill (CITY) and the County of Santa Clara (COUNTY) previously entered into on June 28, 2024, is hereby amended as set forth below.

The COUNTY and the CITY agree that:

1. Section 16. ADDITIONAL SERVICES UNDER THIS AGREEMENT is amended in full to read:

16. ADDITIONAL SERVICES UNDER THIS AGREEMENT

CITY must augment funding provided under this Agreement to cover the cost of a minimum participation level of 4% of CITY households; CITY may also elect to augment funding to provide additional services to increase CITY participation beyond the 4% minimum participation level. Additional services shall be made available upon written agreement between the CITY's authorized representative and the County Executive Officer or designee. Additional services may include, but are not limited to, additional appointments (charged at the Variable Cost Per Car rate), door-to-door HHW collection, used oil filter collection, universal waste collection, electronic waste collection, and abandoned waste collection.

CITY agrees to augment up to an additional \$75,407 to the Countywide HHW Program during Fiscal Year 2025 for the purpose of attaining or increasing CITY household participation above the 4% minimum participation level at the scheduled collection dates listed in Attachment C, attached hereto and incorporated herein. Augmentation will be calculated, where applicable, at the Variable Cost Per Car rate. Other services will be charged based on a cost recovery basis. CITY authorizes the COUNTY to use CITY'S Available Discretionary Funding portion of the AB939 HHW Fee, if available, to offset the above agreed additional augmentation amount.

CITY agrees to augment up to an additional **\$86,968** to the Countywide HHW Program during Fiscal Year 2026 for the purpose of attaining or increasing CITY household participation above the 4% minimum participation level at the scheduled collection dates listed in Attachment C-1, attached hereto and incorporated herein. Augmentation will be calculated, where applicable, at the Variable Cost Per Car rate. Other services will be charged based on a cost recovery basis. CITY authorizes the COUNTY to use CITY'S Available Discretionary Funding

portion of the AB939 HHW Fee, if available, to offset the above agreed additional augmentation amount.

CITY agrees to make an interim payment to COUNTY amounting to 50 percent of the augmentation amount stated above for each fiscal year. This interim payment shall be made no later than September 30th of each fiscal year. The remaining balance of any outstanding cost shall be reconciled and paid or refunded in accordance with the terms outlined in the annual cost statement.

At the end of each fiscal year, a final annual cost statement shall be prepared by COUNTY and issued to CITY by November 30th. The annual cost statement will take into consideration costs incurred on behalf of CITY for additional services and all payments made by CITY to COUNTY. If any balance is owed to COUNTY, it will be due within 30 days following receipt of the annual cost statement. If any credit is owed to CITY, COUNTY will refund that amount to CITY within 30 days following delivery of the annual cost statement.

2. Section 17. INFORMATION AND APPOINTMENT LINE is amended in full to read:

17. INFORMATION AND APPOINTMENT LINE

COUNTY will operate a telephone information and appointment desk Monday through Friday, from the hours of 8:30 a.m. to 4:30 p.m, except for COUNTY-recognized holidays. The information service will register residents for the Temporary HHW Events and the collections at CoHHWCF. The information service will provide information about hazardous household materials. CITY will be notified immediately if resident participation approaches a level of service that may not be supported by available funding.

3. Attachment C-1 "HHW Schedule Of Collection Events for Fiscal Year 2025/2026" attached hereto and incorporated herein by this reference is hereby added to the AGREEMENT.

Except as provided herein, all terms and conditions of the AGREEMENT shall remain in full force and effect.

IN WITNESS WHEREOF, COUNTY and CITY, through their duly authorized representatives, have entered into this First Amendment to the AGREEMENT on the last date shown below:

COUNTY OF SANTA CLARA

Signature:

DocuSigned by:
James R. Williams
74FCE0CB79FA478...

James R. Williams
County Executive

Date: 6/13/2025

CITY OF MORGAN HILL

Signature:

DocuSigned by:
Christina Turner
6D91984F549944E...

Name: Christina Turner
Title: city Manager

Date: 6/3/2025

APPROVED AS TO FORM AND LEGALITY

DocuSigned by:
Willie Nguyen
A1756187CF04415...

Willie Nguyen
Deputy County Counsel

Date: 6/13/2025

Approved as to form:

DocuSigned by:
Donald Larkin
45E6F0273EA2464...

Donald Larkin
City Attorney/Risk Manager
Date: 6/2/2025

ATTACHMENT C-1: HHW SCHEDULE OF COLLECTION EVENTS FOR FISCAL YEAR 2025/2026*

2025-2026

HHW Schedule of Collection Events for Fiscal Year 2025/2026

July '25						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August '25						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

September '25						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October '25						
S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November '25						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December '25						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

January '26						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February '26						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March '26						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April '26						
S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May '26						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June '26						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Schedule subject to change

KEY:		
Las Plumas Permanent	155	
LP & SM Permanent	38	193 Total Permanent Events
Temporary Event	11	204 Total Events
Holiday	7	

CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

Mario Pichardo, Environmental Services Administrator

APPROVED BY: City Manager

APPROVE AN AGREEMENT WITH UTILITY SERVICE PARTNERS PRIVATE LABEL, INC., DBA SLWA INSURANCE SERVICES, TO OFFER THE HOMESERVE SERVICE LINE WARRANTY PROGRAM

RECOMMENDATION(S)

Authorize the City Manager to execute and administer an agreement with Utility Service Partners Private Label, Inc., dba SLWA Insurance Services, to provide the HomeServe Service Line Warranty Program for an initial term of three years.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety and Quality of Life
Supporting our Youth, Seniors, and Entire Community
Promoting a Healthy Community

Strategic Priorities 2026-2027

Fiscal Sustainability

REPORT NARRATIVE:

The HomeServe Service Line Program, offered by Utility Service Partners Private Label, Inc. (USP), a HomeServe company, was conceived to educate property owners about their service line responsibilities and help residents avoid significant out-of-pocket expenses for unexpected service line repairs and replacements. Property owners are typically responsible for the maintenance and repair of water and sewer service lines that run from their homes to the public main. Repairs to these lines can be costly and unexpected. The voluntary Service Line Warranty Program offers residents affordable protection for these types of repairs.

Similar programs have been successfully implemented by municipalities and water utilities nationwide, with more than 1,300 partners across the country, including over 40 in California. Local examples include San Diego (a partner since 2012 and the first in California), as well as the cities of Fresno, Stockton, Antioch, Daly City, Vallejo, and San Jose Water.

This program is in alignment with numerous City priorities and will specifically benefit Morgan Hill residents in various ways, including:

- Provide homeowners affordable protection against significant and unexpected costs to repair leaking, broken, or clogged water and sewer lines, as well as in-home plumbing lines.
- Ensure delivery of timely, high-quality repair services in adherence to all applicable codes.
- Stimulate the local economy by utilizing fully vetted local contractors to complete repairs.

Coverage

The HomeServe Service Line Program offers three separate voluntary coverage options. There are no service fees or deductibles, and no annual or lifetime coverage limits. Customers may cancel at any time. The coverage offered for the service lines is typically coverage that would not be available with a standard home insurance policy. The coverage offered includes options for coverage for the exterior water line between a house and the meter, exterior sewer line between a house and connection to the City main line, as well as an option for in-home plumbing and drainage.

Participation in the program is entirely voluntary for residents. The City's role is limited to authorizing the use of its logo for branding and approving marketing materials. All marketing materials clearly disclose that the program and the City are separate entities. The City is bringing forward this program as an enhanced option for our residents. Rates for residents available via the Homeserve program are included within the agreement (Attachment 1).

In addition to providing a benefit to the community, the HomeServe USA Corp. program includes a marketing payment to the City to help offset costs associated with program-related communications. City staff is recommending approval of the marketing agreement, which will allow the City to receive \$7,500 in additional annual revenue.

COMMUNITY ENGAGEMENT:

Inform

If approved, the City will share information regarding the voluntary program through its communication channels to ensure residents understand their service line responsibilities and available protection options.

ALTERNATIVE ACTIONS:

The Council may choose to authorize participation in the program but not elect to collect the Brand Fee revenue. This will result in the monthly rates for residents being reduced by \$0.50 per coverage type per month. This is not recommended as the City could utilize the revenue to offset staff time associated with supporting communications on the program.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

None.

FISCAL AND RESOURCE IMPACT:

Supporting this program's communication and resident questions will be primarily supported by the Public Services Department in the Environmental Services Division. The program is aligned with other work occurring in the Division and is not anticipated to increase workload significantly. The City will receive \$7,500 annually in General Fund (010) revenue from the program.

CEQA (California Environmental Quality Act):

Not a Project

This action constitutes an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment.

MARKETING AGREEMENT

This MARKETING AGREEMENT (“**Agreement**”) is entered into and made effective as of _____, (“**Effective Date**”), by and between the City of Morgan Hill, California (“**City**”), and Utility Service Partners Private Label, Inc. d/b/a SLWA Insurance Services, a Delaware corporation (“**SLWA**,” and together with City, the “**Parties**,” and each, a “**Party**”).

WHEREAS, individual residential property owners (“**Customer(s)**”) residing in the City own and are responsible for sewer and water lines between the mainlines and the connection on their property;

WHEREAS, City desires to announce to Customers the opportunity, but not the obligation, to purchase plans as set forth in Exhibit A or as otherwise mutually agreed by the Parties in writing (including by email) (“**Plan(s)**”) to repair such lines; and

WHEREAS, SLWA is a subsidiary of HomeServe USA Corp. (“**HomeServe**”).

NOW, THEREFORE, in consideration of the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and with the intent to be legally bound hereby, the Parties agree as follows:

1. **Purpose.** City grants to SLWA the right to offer and market service Plans subject to the terms and conditions of this Agreement.

2. **Obligations of the Parties.**

A. **Mutual Grant of License.** City grants to SLWA a non-exclusive license (“**License**”) to use the designated names, symbols, trademarks, service marks, logotypes, trade names and insignias (“**Marks**”) owned by City or its Affiliates (defined below), which may include the use of City’s logo and name in advertising (including on SLWA’s websites or social media sites), in signature lines, and in marketing materials to be sent to Customers, all at SLWA’s sole cost and subject to City’s prior review and approval, which will not be unreasonably conditioned, delayed, denied, or withheld. SLWA grants to City a License to use SLWA’s Marks which shall be limited to the use of SLWA’s logo and name in advertising (including on City’s websites or social media sites), in all cases subject to SLWA’s prior review and approval, which will not be unreasonably conditioned, delayed, denied, or withheld. Each Party’s use of the other Party’s Marks in accordance with this Agreement will not infringe any other party’s rights. In the event that City extends a similar license to a competitor of SLWA during the Term, City shall provide thirty (30) days’ written notice prior to such grant of license and SLWA may immediately terminate this Agreement.

B. **Data.**

i. If City elects to do so, City may provide SLWA with “zip code” data for Customers in an agreed-upon format. If City further elects to do so, City may also provide a list of the name, service address, postal address (if different), residential telephone number, and, if available, email address of Customers and any other appropriate or necessary data (“**Customer Data**”) to SLWA, or to a third party if and as directed by SLWA in writing, for use by SLWA in furtherance of the marketing and sale of the Plans. If provided by City, Customer Data will be provided to SLWA quarterly or more frequently during the Term and in a mutually agreed electronic format. If provided by City to SLWA, Customer Data shall remain City’s property and Confidential Information (defined below), and SLWA will only use Customer Data as permitted by this Agreement. If Customer Data is provided by City to SLWA, City warrants, represents, and covenants that Customer Data has been and will be collected in compliance with all Applicable Laws, and that it is permitted by Applicable Laws and by any applicable privacy policy to provide Customer Data to SLWA and to permit SLWA to use Customer Data for the purposes set forth in or contemplated by this Agreement. SLWA may obtain Customer Data from a third-party in furtherance of the marketing and sale of the Plans. In the event SLWA obtains Customer Data from a third-party, it shall become and remain SLWA’s property and Confidential Information. “**Member**” means those Customers that purchase and are successfully enrolled in a Plan by SLWA. Each Member’s name, address, phone number, email address and any other information that SLWA collects from a Member, is SLWA’s property and Confidential Information.

ii. **Data Processing Addendum.** In the event that City provides Customer Data to SLWA, the Parties shall abide by all of the requirements and obligations set forth in that certain Data Processing Addendum, which can be accessed and viewed at: <https://www.homeserve.com/sc/legal/HomeServeDataPrivacyAddendum> (the “**DPA**”), which is incorporated herein by reference, and which may be modified by SLWA to maintain compliance with all Data Protection Laws (as defined in the DPA). In the event of any inconsistency between the provisions in this Agreement and those contained in the DPA, the DPA shall control.

3. **Term; Termination.** The term of this Agreement shall be for the number of years in Exhibit A commencing with the Effective Date (“**Initial Term**”). The Agreement will automatically renew for additional one (1) year terms, unless one of the Parties gives the other written notice at least ninety (90) days prior to the end of the then current term (each a “**Renewal Term**” and collectively with the Initial Term, the “**Term**”) that the Party does not intend to renew this Agreement. In the event that a Party is in material breach of this Agreement, the non-breaching Party may terminate this Agreement thirty (30) days after giving written notice to the breaching Party of such breach, (i) if said breach is not cured during said thirty (30) day period, or, (ii) if such breach is incapable of being cured in such period, the breaching Party has failed to take during such period substantive steps to cure such breach. Beginning twelve (12) months after the Effective Date, either Party may terminate this Agreement without cause upon sixty (60) days’ prior written notice to the other Party. SLWA will, to the extent permissible under Applicable Laws, be permitted to complete any marketing initiative approved by City prior to termination of this Agreement.

4. **Consideration.** As consideration for the License granted in Section 2.A above, SLWA shall pay City a fee (“**Brand Fee**”) as set forth in Exhibit A. Payment of the Brand Fee for the first year of the Initial Term is subject to the approval and mailing of the first campaign for that year. Thereafter, payment of the Brand Fee is subject to City's timely approval of all other marketing materials for the prior year of the Term and the approval and mailing of the first campaign of the then current year of the Term. SLWA will pay the applicable Brand Fee to City within thirty (30) days after such campaign mailings have been made and applicable City approvals secured.

5. **Applicable Laws.** Each Party shall comply at all times with all applicable laws, statutes, treaties, rules, codes, ordinances, regulations, permits, official guidelines, judgements, orders and interpretations, as well as licensing or registration requirements (“**Applicable Laws**”) with respect to its obligations under this Agreement. For any Customer Data provided by City to SLWA, City warrants, represents and covenants that Customer Data has been and will be collected in compliance with all Applicable Laws. City is permitted by Applicable Laws and privacy policies to provide Customer Data to SLWA and to permit SLWA to use such data as contemplated by this Agreement.

6. **Confidentiality.** “**Confidential Information**” of a Party means any non-public, proprietary, or confidential information, whether or not it constitutes a trade secret under Applicable Laws, and any other information that a reasonable person would expect to be confidential. Each Party will treat Confidential Information received from the other Party as confidential, and such Party shall not disclose or use such information in a manner contrary to the purposes of this Agreement. Notwithstanding the foregoing, a Party shall not be liable to the other Party for any disclosure of Confidential Information that is required under any Applicable Laws, applicable public records act or under court order. To the extent legally permissible, a Party shall provide written notice to the other Party prior to any such disclosure.

7. **Ruling and/or Code Change; Coverage Changes.** In the event that: (i) a change or proposed change in Applicable Laws, or municipal or similar codes; or (ii) an interpretation, policy, ruling, or order by any court, tribunal, arbitrator, regulatory agency, commission, including a public service commission or similar body of the state or commonwealth where City is located, or other instrumentality of the United States, or any state, county, city, or other political subdivision; negatively or potentially negatively impacts the terms of this Agreement or the obligations of the Parties set forth in this Agreement, the Parties shall negotiate in good faith to modify the terms of this Agreement accordingly. Should the Parties be unable to reach a mutual agreement to revise this Agreement, then either Party may terminate this Agreement on thirty (30) days’ written notice to the other Party. Notwithstanding the above, the coverages under the Plans are subject to change by SLWA due to changes required by Applicable Laws or the service agreements for the Plans.

8. **Independent Contractor Status.** The obligations performed by each Party in this Agreement shall be executed as an independent contractor. SLWA shall have responsibility for and control over the details and means for providing the Plans under this Agreement. Neither Party nor any of its directors, managers, members, officers, employees, contractors,

subcontractors, and agents, and in the case of City, also its elected officials (“**Representatives**”) shall be considered an employee, representative, agent or subcontractor of the other Party or its Representatives.

9. **Indemnification.** Each Party (the “**Indemnifying Party**”) hereby agrees to indemnify, defend and hold the other Party and its Representatives (collectively or individually, “**Indemnitee**”) harmless from and against any and all third party claims, damages, losses, expenses, suits, actions, decrees, judgments, awards, reasonable attorneys' fees and court costs (“**Claim(s)**”), which an Indemnitee may suffer or which may be sought against or are recovered or obtainable from an Indemnitee, as a result of or arising out of any breach of this Agreement by the Indemnifying Party, or any negligent or fraudulent act, intentional misconduct, or omission of the Indemnifying Party or its Representatives in the performance of this Agreement; provided that the applicable Indemnitee notifies the Indemnifying Party of any such Claim within a time that does not prejudice the ability of the Indemnifying Party to defend against such Claim. Any Indemnitee under this Agreement may participate in its own defense, but will be responsible for all costs incurred, including reasonable attorneys' fees, in connection with such participation.

10. **Anti-Bribery and Corruption.**

A. Each Party warrants to the other that:

- i. it has not offered, promised, given, accepted, or agreed to give or accept, and shall not during the Term offer, promise, give, accept, or agree to give to or accept from any person any bribe on behalf of the other Party or otherwise with the object of obtaining a business advantage for the other Party or otherwise;
- ii. it will not engage in any activity or practice which would constitute an offense under any applicable anti-bribery and corruption laws, including but not limited to the United States Foreign Corrupt Practices Act of 1977, the United Kingdom’s Bribery Act 2010 and Canada’s Corruption of Foreign Public Officials Act, and it will notify the other Party as soon as practicable of any offense of the foregoing acts in connection with this Agreement, or any breach of the undertakings contained in this section of which it becomes aware;
- iii. it has in place, and during the Term will maintain, its own policies, procedures, and internal controls, including accounting procedures to record expenditures in connection with this Agreement, necessary to ensure compliance with any applicable anti-bribery and corruption laws;
- iv. it will ensure that any person who performs or has performed services for or on its behalf (“**Associated Person**”) complies with this section, it will not enter into an agreement with any Associated Person in connection with this Agreement unless such agreement contains terms substantially similar to those contained in this section, and it shall be responsible for any breach of such terms, or these terms, by any Associated Person that is a subcontractor of the Party hereunder;
- v. from time to time during the Term, at the reasonable request of the other Party, it will confirm in writing that it has complied with the terms of this section and will provide any information reasonably requested by the other Party to demonstrate such compliance; and
- vi. in the case of City, it will abide by the “Reporting Hotline” section of SLWA’s Business Partner Code of Conduct (described in “Business Partner Code of Conduct” section) to report to SLWA any request or demand for any improper payments or other improper advantage of any kind in connection with the performance of this Agreement.

11. **Records; Audit.** Each Party shall, at all times during the Term and for a period of seven (7) years after the termination or expiration of this Agreement, maintain complete and accurate records, together with supporting or underlying documents and materials, kept and maintained by such Party or its Representatives to substantiate such Party’s compliance with its obligations and responsibilities under this Agreement. Up to once per year of the Term, each Party shall have the right, upon at least ten (10) days’ prior written notice and during normal business hours, at its sole cost and expense, to audit and inspect, on its own or through a Representative, the other Party’s records for the purpose of confirming such other Party’s compliance with the terms of this Agreement.

12. **Notice.** Any notice required to be given under this Agreement shall be deemed to have been received when delivered (i) by personal service, (ii) by electronic mail with confirmation of delivery and receipt (provided a hard copy is sent promptly by regular mail), or (iii) by registered or certified mail, return receipt requested, with the United States Postal Service, addressed as follows.

To: City:
City of Morgan Hill
17575 Peak Ave.
Morgan Hill, CA 95037
Attention: Christina Turner
email: christina.turner@morganhill.ca.gov

To: SLWA:
Utility Service Partners Private Label, Inc.
d/b/a SLWA Insurance Services
45 Glover Ave., 6th Fl.
Norwalk, CT 06850
Attention: Michael Backus, Chief Revenue Officer
email: michael.backus@homeserveusa.com

With a copy to:
Legal Department
email: legal@homeserveusa.com

13. **Entire Agreement; No Third-Party Beneficiaries; Severability.** The Parties acknowledge that no representations, agreements, or promises were made by the other Party or by any of its Representatives other than those specifically contained in this Agreement. This Agreement, including the recitals as well as any attachments or exhibits, constitutes the entire agreement of the Parties with respect to the matters contemplated in this Agreement, and supersedes any prior agreement or understanding with respect to them. The Parties agree that this Agreement was entered into solely for the respective benefit of each of them and their respective successors and assigns, and nothing in this Agreement is intended to create any third-party beneficiaries. This Agreement may be amended or modified only by a written instrument executed by an authorized representative of each of the Parties. No term or provision hereof shall be deemed waived and no breach excused unless such waiver or consent is in writing and signed by the Party claimed to have waived or consented. Subject to Applicable Laws, the invalidity or unenforceability of a specific provision in the Agreement shall not render any other provision(s) invalid, inoperative, or unenforceable.

14. **Assignment.** Neither Party may assign or transfer any of its rights under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably delayed, withheld, conditioned, or denied, except to an affiliate of the assigning Party or an acquirer of all or substantially all of the assets of the assigning Party. Any purported assignment or delegation in violation of this section shall be null and void. No assignment or transfer of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement. This Agreement shall be binding upon and shall inure to the benefit of the Parties as well as their respective successors or permitted assigns. For purposes of this Agreement, "Affiliate(s)" means any person or entity directly or indirectly controlling, controlled by, or under common control with a Party. In the case of SLWA, this shall mean its parent, HomeServe, and its direct and indirect subsidiaries.

15. **Counterparts; Electronic Delivery.** This Agreement may be executed in counterparts delivered by email, DocuSign, or other electronic transmission; such counterparts will be deemed originals and binding upon the Parties upon receipt, regardless of whether originals are delivered thereafter. All such counterparts will constitute one and the same contract, and the signature of any Party to any counterpart will be deemed a signature to any other counterpart.

16. **Governing Law; Venue; Waiver of Jury Trial.** The Parties shall comply with all Applicable Laws with respect to their respective obligations under this Agreement. This Agreement is governed by and shall be construed in accordance with the laws of California, without regard to the choice of law principles of the forum state. Any action at law, suit in equity, or other proceeding against any Party with respect to this Agreement or in connection with any of the matters contemplated by this Agreement shall be brought and maintained exclusively in the state or federal courts located in California, as applicable. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE

ANY RIGHT THAT MAY EXIST TO HAVE A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED UPON OR ARISING OUT OF, UNDER, OR IN ANY WAY CONNECTED WITH, THIS AGREEMENT.

17. **Business Partner Code of Conduct.** SLWA and City are committed to conducting their business activities with the highest standards of honesty and integrity. City acknowledges that it has received and reviewed SLWA's Business Partner Code of Conduct (available at <https://www.homeserve.com/sc/cobc>) as updated from time to time, and City agrees to abide by SLWA's Business Partner Code of Conduct as a material condition of this Agreement. Should City suspect or become aware of any actual or suspected violation of SLWA's Business Partner Code of Conduct, City shall promptly notify SLWA or its anonymous ethics hotline (*see* SLWA's Business Partner Code of Conduct)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

CITY OF MORGAN HILL

**UTILITY SERVICE PARTNERS
PRIVATE LABEL, INC.
D/B/A SLWA INSURANCE
SERVICES**

By: _____

By: _____

Name: _____

Name: Michael Backus

Title: _____

Title: Chief Revenue Officer

Exhibit A

Marketing Agreement

City of Morgan Hill Term Sheet

- I. **Initial Term.** Three (3) Years, with the option for Renewal Term(s).
- II. **Brand Fee.** During the Initial Term, SLWA shall pay City \$ 22,500 spread across the first Three (3) Years of the Initial Term, as follows:
 - A. Year 1 - \$ 7,500
 - B. Year 2 - \$ 7,500
 - C. Year 3 - \$ 7,500
 - D. Renewal Term(s) - The Brand Fee shall be \$ 7,500 for each Renewal Term.
- III. **License Conditions.** Use of City's Marks in accordance with Section 2.A of the Agreement.
- IV. **Plans; Plan Fees; Scope of Coverage.** The summary of coverage is accurate as of the Effective Date. SLWA will offer the following rates to Customers:
 - A. Exterior water service line plan (initially, \$ 6.99 per month)
 - i. Covers Customers' responsibility: From the meter and/or curb box to the main shut-off valve inside the home.
 - ii. Covers well service lines if applicable: From the external wall of Customers' well casing to the external foundation wall of the home.
 - iii. Coverage Cap: Unlimited number of calls/\$12,000 per call/unlimited annual maximum.
 - B. Exterior sewer/septic line plan (initially, \$ 11.99 per month)
 - i. Covers Customers' responsibility: From the external wall of the home to the sewer main.
 - ii. Covers septic lines if applicable: From the external foundation wall of the home to the point of connection to the septic tank.
 - iii. Coverage Cap: Unlimited number of calls/\$12,000 per call/unlimited annual maximum.
 - C. Interior plumbing and drainage plan (initially, \$ 16.99 per month)
 - i. Covers repair or replacement of the following inside the home, for which the Customers have sole responsibility, that is damaged due to normal wear and tear:
 - a. The blocked or leaking interior water supply and drainage system pipes that carry fresh or drinkable water and wastewater.
 - ii. Coverage Cap: Unlimited number of calls/\$3,000 per call/unlimited annual maximum.

Pricing above does not include taxes which will be collected by SLWA as well. SLWA may adjust the Plan fees; provided, that, any such adjustment shall not exceed one dollar (\$1.00) per month per Plan in any twelve (12) month period. If such adjustment shall exceed one dollar (\$1.00), both Parties must agree in writing.
- V. **Marketing Campaigns.** SLWA shall have the right to conduct up to three (3) campaigns per year through such channels as may be mutually agreed by the Parties.

CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

Tiffany Brown, Senior Planner

APPROVED BY: City Manager

APPROVE PEBBLES - PEBBLES SQUARE, LLC CONCESSION FOR THE APPROVED RESIDENTIAL PROJECT

RECOMMENDATION(S)

Adopt a resolution approving the applicant's request of a concession 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

On October 28, 2025 the Peebles - Peebles Square project received approval of Planning entitlements for a 20-lot Vesting Subdivision Map, Design Permit, and associated environmental review for the development of 20 attached residential units on an approximate 0.9-acre lot located on the northeast corner of Monterey Road and Peebles Avenue (APN:726-41-065). The units are dispersed between four townhome-style buildings (consisting of a 7-plex, 5-plex, and two 4-plex structures) with associated common open space and site improvements ([project webpage with plans](#)). The project met the required affordable commitment per the Inclusionary Housing Ordinance (IHO) and qualified for a density bonus under State law, making the project eligible for concessions and waivers. The approved project included the following waivers:

- Reduced Open Space
- Reduced Parking for two units
- Reduced utility easement
- Reduced front and side yard setbacks
- Reduced landscaping

- Modified daylight plane

CONCESSION REQUEST

There are overhead utility lines adjacent to the south property line of the project site along Monterey Road and Peebles Avenue. While overhead utilities can include PG&E lines, telephone lines, and cable television or fiber optic communication cables, the overhead utility lines are communication lines only - owned by Frontier and Spectrum.

Based on the affordability level provided in the project, a single concession may be granted. The applicant is requesting a concession to eliminate the requirement to underground existing overhead utility lines. Development Standards require all utility distribution and service connections be placed underground. This also includes existing overhead utilities adjacent to any site boundary, within the project site, or along any street frontage. The applicant proposes not to underground any existing overhead utilities as part of the project, estimating cost savings at a minimum of \$600,000.

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.

COMMUNITY ENGAGEMENT:

The project was duly noticed within the Morgan Hill Times for the October 28, 2025, Planning Commission meeting and notices were mailed to property owners within 300 feet of the site. Prior to the approval of the project in October, staff created a dedicated project webpage on the City's website and the project sign was posted on the site.

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:

The project's Vesting Tentative Map and Design Permit were reviewed and approved at the Planning Commission Hearing on October 28, 2025.

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 the California Environmental Quality Act (CEQA) pursuant to Assembly Bill 130 (AB130), which provides a statutory exemption for eligible residential development projects.

VIA EMAIL

Tiffany Brown
City of Morgan Hill Planning Division
17575 Peak Ave
Morgan Hill, CA 95037
Tiffany.Brown@morganill.ca.gov

December 9, 2025

Re: **Updated Density Bonus Letter and Comments on Affordable Housing Obligations for SB330 Design Review & Tentative Map Applications for 20-Unit Townhome Project at 25 Pebbles Ave (APN 726-41-065) SR2024-0009/SD2024-0006/EA2024-0006**

Enclosed you will find an updated density bonus letter for the Pebbles Square LLC Design Review and Tentative Map applications to develop a .90 gross acre site at 25 Pebbles Avenue (APN: 726-41-065) into a 20-unit for-sale townhome project at a proposed density of 22.2 DUs/AC.

Density Bonus Waivers & Reductions of Development Standards

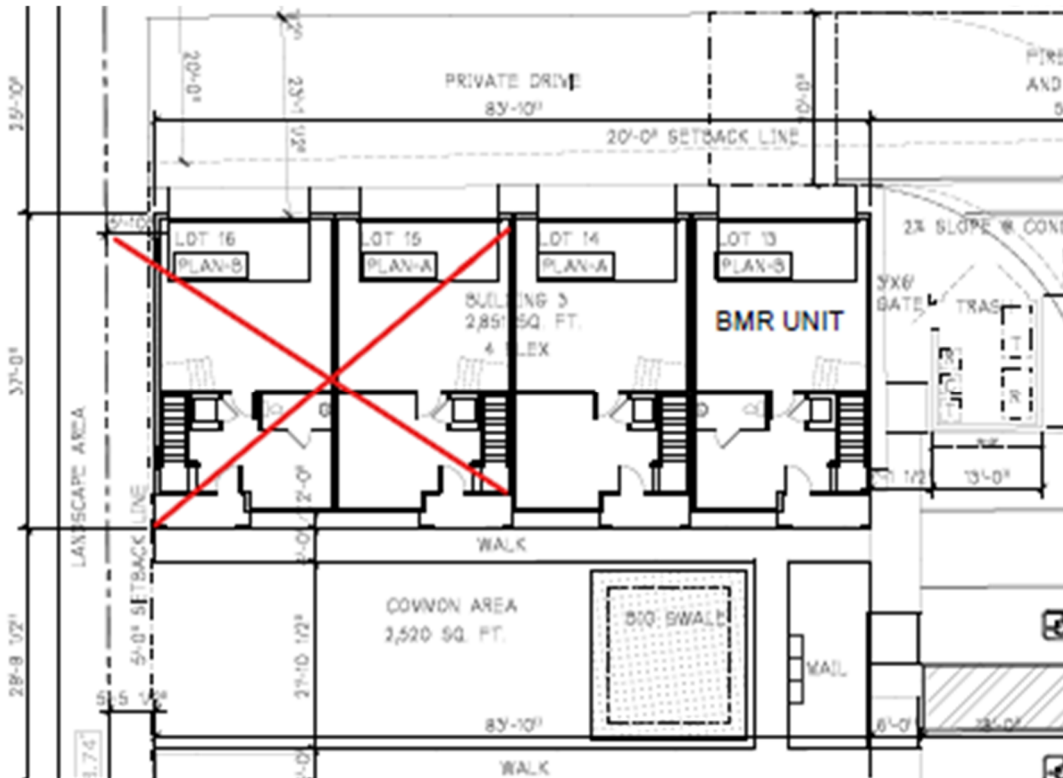
Based on the City's final comments dated August 22, 2025, the applicant is requesting the following waivers and reductions in development standards as permitted under State Density Bonus Law. Because the application of these development standards "will have the effect of physically precluding the construction of a development...at the densities permitted...", the City must waive the above-noted standards unless doing so "would have a specific and adverse impact upon health or safety, and for which there is no feasible methods to satisfactorily mitigate or avoid the specific adverse impact." (Gov. Code § 69515(e)(1).)

Waiver #1: Common Open Space

Development Standard: 140 SF of Common Open Space per Unit.

Waiver Requested: Decrease the amount of Common Open Space to 100 SF per Unit.

Justification: If an additional 1,000 SF of Common Open Space were provided, it would require the applicant to lose two (2) units.

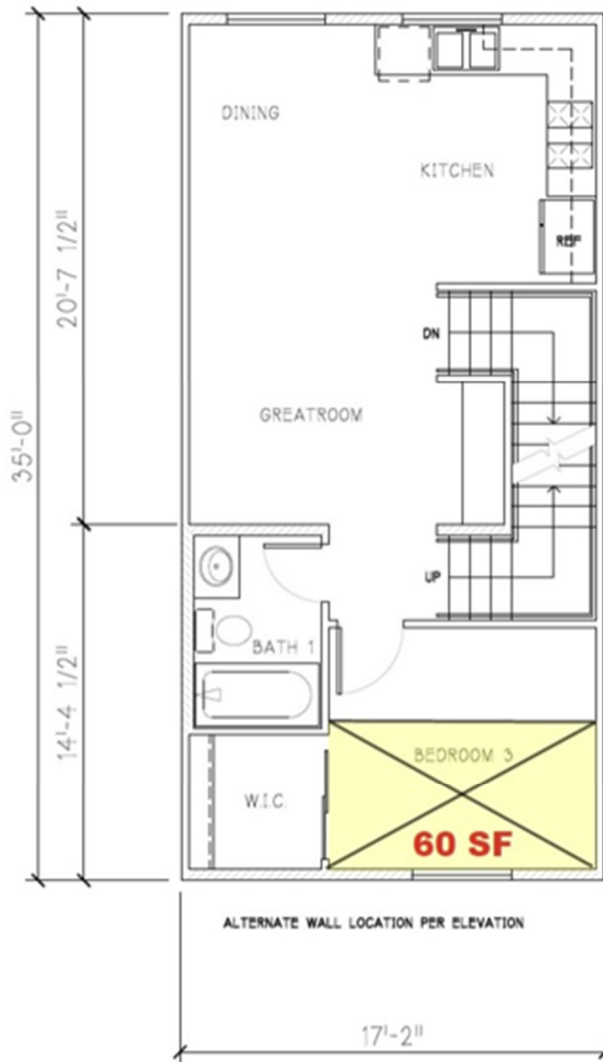


Waiver #2: Private Open Space

Development Standard: 60 SF of private open space per Unit.

Waiver Requested: Eliminate the private open space for Plan C.

Justification: If Plan C were required to include the 60 SF balcony, it would eliminate a bedroom in that unit.



2 PLAN-C 2ND FLOOR PLAN
1/4" = 1'-0"

Waiver/Reduction of Development Standards #3: Covered Parking Spaces

Development Standard: 2 covered parking spaces per unit are required.

Relief Requested: Decrease the number of covered parking spaces for 2 of the units to 1 space per unit.

Justification: Without decreasing the width of the townhomes along Peebles Ave, it was impossible to meet the 26' fire access requirements and provide sufficient access for utilities. The applicant was accordingly required to reduce the width of two units, which then made it impossible to provide 2 covered parking spaces in those units. Because non-compliance with the fire access requirements and/or not having sufficient room to access utilities would have precluded approval and construction of the units, this is a development standard that is subject to a waiver. See diagram below illustrating how the previously proposed row of townhomes along Peebles did not meet the 26' minimum drive aisle width.



Waiver/Reduction of Development Standards #4: Reduction in Utility Easement to 7'

Development Standard: 10' Public Utility Easement.

Relief Requested: Decrease the width of the easement to 7'.

Justification: Increasing the utility easement to 10' would require the entire project to be pushed back by 3'. This would eliminate the units along the frontage of the requested easements. The civil engineer has confirmed that the 7' easement as proposed should be sufficient to safely service the Project and to provide for future utilities.



Waiver/Reduction of Development Standards #5: Permit Encroachments in Front Setback

Development Standard: 15' front setback along Peebles is required for zoning compliance; 30' front setback where adjacent to arterial streets is required for Monterey from the design guideline handbook.

Relief Requested: Allow front porches and buildings to encroach into front setbacks.

Justification: Not allowing the encroachment would eliminate 10 of the 12 units as designed on Monterey and Peebles.



Waiver/Reduction of Development Standards #6: Reduction in Interior Side Yard Setback (North PL)

Development Standard: 15' transitional setback is required on interior side yard.

Relief Requested: Decrease the setback to 5.5' on north property line.

Justification: Enforcing the 15' setback on the north property line would eliminate the three units as designed on that property line.

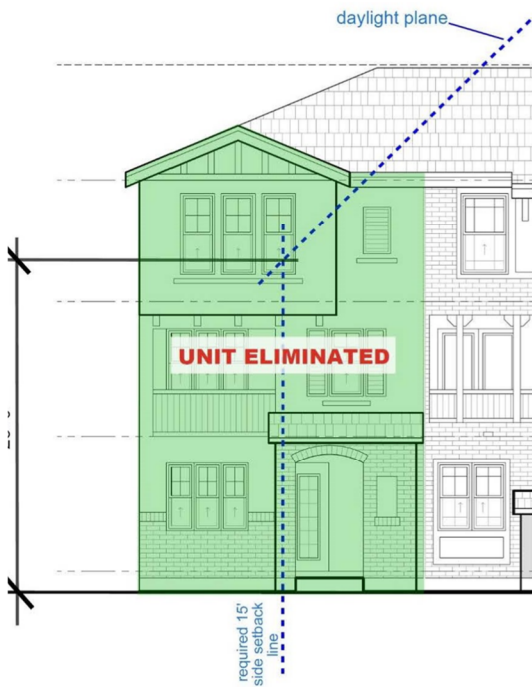


Waiver/Reduction of Development Standards #7: Eliminate Daylight Plane on Interior Side Yard Setback (North PL)

Development Standard: Daylight plane at 25' from minimum required setback extending at 45 degrees from required setback.

Relief Requested: Eliminate the daylight plane on the interior side yard setback.

Justification: Enforcing a daylight plane at 45 degrees from the 15' setback on the north property line would eliminate the three units as designed on that property line.

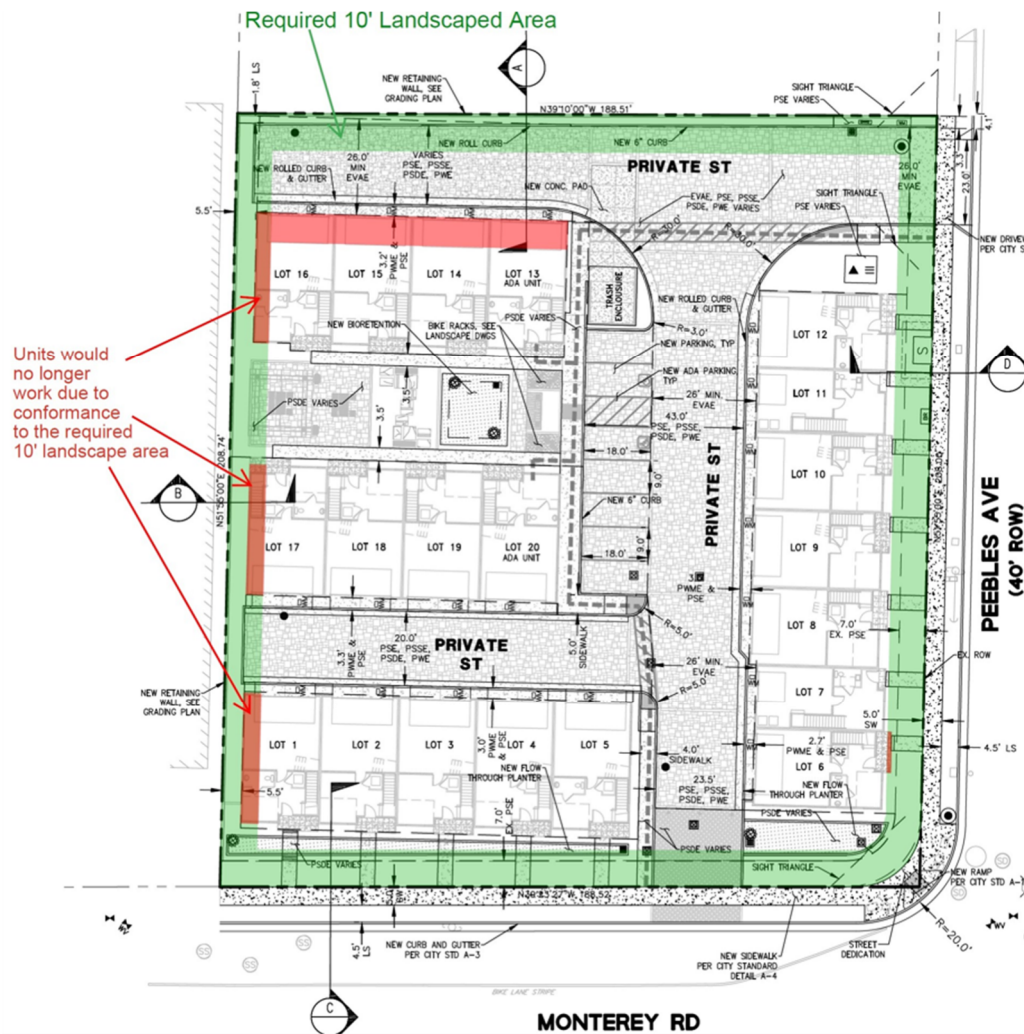


Waiver/Reduction of Development Standards #8: Reduce required landscaping under MHMC § 18.92.130

Development Standard: A landscaped planting area is required that extends a minimum of 10' from the property line along all residential property lines.

Relief Requested: Reduce the 10' minimum along the side property lines and eliminate it along the rear property line.

Justification: Enforcing larger landscaped areas would eliminate 3 of the units as designed on the side setback and it would also intrude into the required fire truck turnaround.



Density Bonus Incentives and Concessions

The applicant is requesting an incentive under State Density Bonus Law (“SDBL”) for relief from the undergrounding requirement of utilities as set forth below:

Incentive #1: Relief from Undergrounding of Utilities

Development Standard: Design and Development Standards Nos. 47 and 48 both require undergrounding of utilities.

Incentive Requested: Relief from any requirement that the Applicant underground existing utilities or new utilities along the project frontage.

Justification: Each pole that needs to be placed underground comes at an approximate cost of \$100,000. There are currently 6 poles that would need to be undergrounded, which, if it can be avoided, would result in a savings of approximately \$600,000 to the project.

We appreciate the City’s support so far and we look forward to receiving an expeditious approval consistent with the requirements under State housing laws. Aside from the City’s legal obligation to grant the requested waivers, it is important to note that the Project provides high-quality affordable housing units at no public cost and adds ownership housing options for moderate-income earners who are priced out of the single-family residential market.

We look forward to your comments. If you have any questions or need any further information, I can be reached at 415-265-1086 or mg@hestia-re.com.

Kind regards,



Melanie Griswold

RESOLUTION NO. 26-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING ONE CONCESSION FOR THE PEBBLES – PEBBLES SQUARE PROJECT CONTAINING 20 ATTACHED TOWNHOME-STYLE PROJECT LOCATED ON THE NORTHEAST CORNER OF MONTEREY ROAD AND PEBBLES AVENUE (APN:726-41-065)

WHEREAS, on March 28, 2024, Peebles Square, LLC submitted an application for a Vesting Tentative Map and Design Permit to develop the Peebles – Peebles Square residential project consisting of 20 single-family attached townhome-style condominiums on an 0.9-acre site; and

WHEREAS, the project commits to meet the City’s Inclusionary Housing Ordinance by constructing two below-market-rate units and paying the in-lieu fee for the remainder unit; and

WHEREAS, such request was reviewed and approved by the Planning Commission at their regular meeting on October 28, 2025; and

WHEREAS, Peebles Square, LLC requested one concession for the residential project; and

WHEREAS, pursuant to Government Code Section §65915, known as Density Bonus Law, the project is allowed one concession with unlimited waivers; and

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 concession as requested by the applicant:

Concession:

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 located on the northeast corner of Monterey Road and Peebles Avenue as identified by Assessor’s Parcel Number 726-41-065 will construct the public benefit of 10% affordable units for qualifying persons and families incorporated within the Peebles – Peebles Square project and pay the remaining 5% in-lieu fee to achieve 15% affordability to comply with City IHO requirements.

NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE 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 pursuant to Government Code Section §65915.

SECTION 4. The City Council of the City of Morgan Hill hereby approves one concession for the Peebles – Peebles Square project.

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

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 6th day of May 2026 by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: 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.26-XX adopted by the City Council at the meeting held on _____, 2026.

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

DATE: _____

MICHELLE BIGELOW, City Clerk

CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

Chris Ghione, Public Services Director

APPROVED BY: City Manager

APPROVE UPDATED ADA SELF-EVALUATION AND TRANSITION PLAN

RECOMMENDATION(S)

Approve the City of Morgan Hill 2026 ADA Self-Evaluation and Transition Plan.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Maintaining and Enhancing Infrastructure

Supporting our Youth, Seniors, and Entire Community

REPORT NARRATIVE:

The City of Morgan Hill has completed a comprehensive update to its Americans with Disabilities Act (ADA) Self-Evaluation and Transition Plan. This plan identifies physical barriers to accessibility in City facilities and the public right-of-way and establishes a prioritized schedule for their removal. Approval of this plan ensures the City remains in compliance with federal Title II requirements and continues to improve accessibility for all residents.

In early 2025, the City awarded a professional services contract to Bureau Veritas to perform a citywide evaluation of facilities, parks, and streets. The previous transition plan required updating to reflect current infrastructure conditions and evolving accessibility standards. The completed draft has undergone internal review and a public comment period held from March 30, 2026, through May 1, 2026. The draft plan can be accessed at the link below (which was previously provided to the Council for advance review):

<https://www.morganhill.ca.gov/DocumentCenter/View/56879/City-of-Morgan-Hill---Draft-ADA-Self-Evaluation-and-Transition-Plan-Report-3-5-2026>

The 2026 Plan provides a detailed inventory of necessary upgrades across various City-owned assets, including the Centennial Recreation Center and local park systems. By adopting this Plan, the City establishes a formal framework for barrier removal, which is a legal prerequisite for maintaining eligibility for various state and federal infrastructure grants as well as protecting itself legally while barriers are removed.

A foundational element of this updated Transition Plan is the integration of a citywide sidewalk and curb ramp assessment. This assessment was conducted by IMS Infrastructure Management Services and utilized for the development of the Plan. This approach has supported the external development of this Plan, while simultaneously allowing for the development of internal planning data to be integrated into the City's maintenance asset management and work order system.

COMMUNITY ENGAGEMENT:

Inform/Consult

Community input was an included component in identifying barriers and establishing remediation priorities. City staff and the consulted team solicited public input via online survey from August 19 to September 19, 2025. Survey results are included in Appendix B of the Plan. The draft plan was made available for public review from March 30, 2026, through May 1, 2026 on the City website.

ALTERNATIVE ACTIONS:

The City Council could choose to decline to adopt the Plan. This would leave the City without a current, federally-mandated Transition Plan, potentially jeopardizing eligibility for state and federal transportation grants and increasing the City's exposure to ADA-related litigation. The Council could also choose to provide staff with input on the Plan and direct staff to return with modifications.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On February 5, 2025, the City Council approved a professional services agreement with Bureau Veritas to conduct a comprehensive Citywide ADA Self-Evaluation and Transition Plan update.

On November 15, 2023, the City Council approved a consultant agreement with IMS Infrastructure Management Services for a sidewalk assessment.

FISCAL AND RESOURCE IMPACT:

The removal of all identified physical accessibility barriers for buildings, parks, and pedestrian facilities in the public right-of-way in the City of Morgan Hill system is estimated to cost \$15.9 million. While this number appears daunting, staff are working to incorporate improvements into various existing funding areas to implement them in conjunction with existing projects. Areas where project funds have been identified, include:

- **Facility Maintenance Budgets:** Utilizing existing project budgets for routine building repairs to include ADA corrective work.
- **In-House Labor:** Leveraging existing facility, park, and street maintenance staff to perform "low-cost/high-impact" removals.

- **Annual Sidewalk Replacement:** Directing funding from the annual sidewalk replacement project specifically toward sidewalk repairs and curb ramp upgrades.
- **Pavement Project Coordination:** Utilizing pavement project funding to install updated curb ramps simultaneously with scheduled resurfacing projects to maximize efficiency.
- **Parks and Recreation Capital Projects:** Using the Park Renovation and Expansion and Recreation Facility Renovation and Expansion CIP funding to support the ADA upgrades identified at the Recreation Facilities.

Staff intend to work through the upcoming fiscal year to incorporate improvements into the planning for all these areas and report progress annually. City Facility improvements totaling an estimated \$3.7 million must be implemented over 10 years and public right-of-way improvements totaling an estimated \$12.2 million must be completed over the next 20 years.

CEQA (California Environmental Quality Act):

Not a Project

The approval of the ADA Transition Plan is not a project under the California Environmental Quality Act (CEQA) as it is an administrative planning document. Individual capital projects identified within the Plan will undergo specific environmental review at the time of implementation.



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 15, 2026

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 was called at 5:00 p.m. for the purpose of conducting a closed session.

SPECIAL MEETING

5:00 p.m. Closed Session

CALL TO ORDER

Mayor Turner called the City Council meeting to order at 5:02 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 Vega arrived at 5:45 p.m.

DECLARATION OF POSTING AGENDA

Deputy City Clerk Rossi declared the posting of the agenda.

CLOSED SESSION

City Attorney Larkin announced the closed session items.

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

Public comment opened at 5:02 p.m. With no requests to speak, public comment closed.

ADJOURN TO CLOSED SESSION

The meeting adjourned to closed session at 5:02 p.m.

REGULAR MEETING

The regular meeting convened at 6:04 p.m.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

RECOGNITIONS

Library, Culture, and Arts Commissioner Mark Fiorenza

Parks and Recreation Commissioner Shweta Maniar

Visit Morgan Hill, Executive Director Krista Rupp

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 shared that she attended a luncheon hosted by Assemblywoman Gail Pellerin where two Morgan Hill women were honored as Women of the Year, the Mayor's State of the City and volunteered at Live Oak High School's Rock the Mock event. She also attended the Youth Task Force meeting, chaired the Santa Clara County Habitat Agency meeting, participated in a Silicon Valley at Home meeting, and served on a State Committee focused on service for communities. She attended the Donate Life flag-raising ceremony, noting it was especially personal as she spoke about her experience with organ donation.

CITY MANAGER'S REPORT

City Manager Turner shared that the Dennis Kennedy Morgan Hill Aquatics Center hosted the Far Western Championships, bringing over 1,000 athletes and 3,000 spectators to Morgan Hill and generating increased activity for local hotels and restaurants. She also provided an update on the Upper Llagas Creek Flood Protection Project, noting the closure of Hale Avenue through December 2026 for construction improvements, and announced that the next regular City Council meeting will be held on May 6.

CITY ATTORNEY'S REPORT

City Attorney Larkin shared that the Council met in closed session earlier in the evening on three items and there were no reportable actions.

OTHER REPORTS

Council Member Vega recognized and welcomed her students who attended the meeting.

Council Member Iwanaga shared that she volunteered at an Easter Sunday event hosted by the Edward Boss Prado Foundation, serving first responders and senior citizens. She expressed that she was honored to have participated in the event.

Council Member Martinez Beltran shared that she participated in Rock the Mock at Live Oak High School and attended an ABAG Housing Committee meeting. She also attended a Silicon Valley Clean Energy Board meeting, a VTA PAC meeting, and a Cal Cities Peninsula Division meeting. She volunteered at the Wildflower Run, highlighting

strong community involvement, and noted the upcoming Cal Cities Leaders Summit in Sacramento.

Mayor Turner shared that he attended a Cities Association - Legislative Action Council meeting; a Finance, Audit, and Administration Committee meeting (which is a subcommittee of VTA); and also a VTA Board meeting.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Public comment opened at 6:55 p.m. The following people were called to speak:

Gabby Crescini

Brain Sullivan

With no further requests to speak, public comment closed.

ADOPTION OF AGENDA

MOTION:

Adopting the agenda as posted.

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

CONSENT CALENDAR

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

MOTION:

Approving the consent calendar items 1 and 3.

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

ABSTAIN:	None
-----------------	------

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.

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

Recommendation:

Approve the April 1, 2026 City Council Meeting Minutes.

ITEMS PULLED FOR DISCUSSION

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).

Senior Planner Brown provided a report.

Public comment opened at 7:30 p.m. Speaker Gene Broussard (Zoom) was called to speak.

With no further requests to speak, public comment closed.

MOTION:

Approving the recommended actions.

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

ABSTAIN:	None
-----------------	------

The meeting recessed at 7:49 p.m. and reconvened at 7:54 p.m.

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.

Public Services Director Ghione provided a report.

Public comment opened at 8:09 p.m. Doug Muirhead was called to speak. With no further requests to speak, public comment closed.

MOTION:

Approving the recommended actions.

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

FUTURE COUNCIL INITIATED AGENDA ITEMS

Council Member Martinez Beltran requested a discussion on revisiting objective standards, including operational open space storage, the impact of balconies on public health and safety, and the undergrounding of utilities.

Mayor Pro Tem Librers requested a discussion to obtain a complete list of development projects completed by AMG and Associates in order to review them and evaluate potential needs for storage and related considerations.

ADJOURNMENT

There being no further business, Mayor Turner adjourned the meeting at 8:13 p.m.

Minutes Prepared by:
Vicky Rossi, Deputy City Clerk

CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

Chris Ghione, Public Services Director

APPROVED BY: City Manager

AUTHORIZE AMENDMENT TO THE CENTENNIAL RECREATION CENTER OPERATING AGREEMENT WITH THE YMCA OF SILICON VALLEY FOR AN ADDITIONAL 5-YEAR TERM

RECOMMENDATION(S)

Authorize the City Manager to execute an Amended and Restated Centennial Recreation Center Operating Agreement with the YMCA of Silicon Valley to extend the partnership through June 30, 2031.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Supporting our Youth, Seniors, and Entire Community
Promoting a Healthy Community

Strategic Priorities 2026-2027

Fiscal Sustainability

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

REPORT NARRATIVE:

The City of Morgan Hill has partnered with the YMCA of Silicon Valley for the operations of the Centennial Recreation Center (CRC) since the facility opened in 2006. This year marks 20 years of partnership at the CRC, with the original partnership agreement being executed on June 29, 2006, with the Centennial Recreation Center holding its official opening on October 28, 2006. This long-standing partnership leverages the YMCA's expertise in membership-based health/fitness programming and grant funding for the senior nutrition program, with the City's expertise in managing aquatics and community service/recreation programming. It also ensures the City is able to operate and maintain its facilities as a coordinated system responsible to Morgan Hill residents and the City Council, while recovering costs across the system.

Proposed Amended and Restated Agreement

This agreement consolidates the original 2006 agreement and its seven subsequent amendments and side letters into a single restated document. Key provisions include:

- **Term Extension:** The agreement extends the partnership for an additional five years, terminating on June 30, 2031. This is the only material update to the agreement.
- **Financial Structure:** The agreement continues the model established in the Seventh Amendment, which eliminated the risk/reward profit-sharing function. The City will reimburse the YMCA for direct expenses plus an 18% administrative overhead rate, up to the approved annual budget.
- **Santa Clara Family Health Plan (SCFHP):** This section addresses collaboration for SCFHP members, including a per-visit payment from the YMCA to the City and administrative support for these memberships. The SCFHP has supported increased community use and increased revenue for the City/facility.
- **Updated Operating Plan (Attachment 2):** The 2026 Center Operating Plan (COP) updates staffing hierarchies, marketing strategies, and establishes a target of October 2026 to develop a new co-branded theme for the facility.

Partnership Evaluation

Per the City's Partnership Agreement, an evaluation was conducted prior to this proposed extension. This evaluation is included as Attachment 3. Key findings include:

- **Membership Recovery:** The CRC has recovered to approximately 85% of its 2019 peak membership prior to the COVID-19 Pandemic, a rate that exceeds all other YMCA of Silicon Valley branches.
- **Member Satisfaction:** In a July 2025 survey, 91% of members rated the facility overall as "excellent" or "good."
- **Senior Services:** The Senior Center sees an average daily attendance of over 135 visits, with the nutrition program serving an average of over 90 lunches per day.
- **Fiscal Performance:** The Parks and Recreation Division has consistently exceeded budget expectations post-pandemic, with recent cost recovery resulting in a net impact of less than \$1 million and an even lower budgeted net impact for FY 2026-27.

COMMUNITY ENGAGEMENT:

Consult/Involve

Community engagement for the Centennial Recreation Center and partnership occurs on an ongoing basis. It includes annual membership surveys, with the most recent July 2025 results showing that 91% of members rate the facility as "excellent" or "good." Additionally, customer comment cards (hard copy and online) are regularly received and utilized to gauge user wants/needs as well as support timely response to concerns. The management team at the CRC is also able to utilize the Listen 360 platform (a YMCA tool) to track satisfaction, maintaining a "Net Promoter Score" of 80 which exceeds the national fitness industry average.

ALTERNATIVE ACTIONS:

If the City Council chooses not to approve the Amended and Restated Agreement, the current partnership will terminate on June 30, 2026. In this scenario, the City would need to identify an alternative service model for health, fitness, and senior services or assume full responsibility for all Centennial Recreation Center operations and staffing. This action is not recommended.

The City Council could also choose to approve the amendment, but provide staff additional direction on operations as part of this item or through the budget process.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council approved the original partnership operating agreement in June 2006. The City Council subsequently approved seven previous amendments to this agreement from 2010 to 2021, the most recent seventh amendment occurring in August 2021.

FISCAL AND RESOURCE IMPACT:

The City shall pay the YMCA for direct costs and an 18% administrative overhead rate up to the amount approved in the annual budget process. Future payments will continue to be determined through the annual budget process, with the majority of expenses offset by CRC-generated revenue. Operation of the Teen Center and City-provided support in the Senior Center are partnership elements that are not offset. The agreement provides that expenses will be established within the City's budget, so ultimate approval of funding levels for the YMCA rests within the City's budget process.

CEQA (California Environmental Quality Act):

Not a Project

This action is an administrative program that will not result in a physical change to the environment and therefore does not constitute a project under CEQA.

**CITY OF MORGAN HILL AND
YMCA
COMMUNITY RECREATION CENTER OPERATING
AMENDED AND RESTATED AGREEMENT**

This Agreement ("Agreement") is made this ____ day of _____, 2026 ("Effective Date"), by and between the City of Morgan Hill, a California general law city ("City"), and the YMCA of -Silicon Valley, a California non-profit corporation ("YMCA") for operations of the Centennial Recreation Center ("CRC") located at 171 W Edmundson Avenue, Morgan Hill, California.

Recitals

WHEREAS, CITY and YMCA entered into the Original Community Recreation Center Operating Agreement ("Original Agreement") made as of June 29, 2006 for operating the CRC.

WHEREAS, CITY and YMCA entered into the First Addendum to the Original Agreement on October 5, 2010 ("First Addendum"). WHEREAS, CITY and YMCA entered into the Second Addendum to the Original Agreement on December 23, 2015 ("Second Addendum").

WHEREAS, CITY and YMCA entered into the Third Amendment to the Original Agreement on April 4, 2016 ("Third Amendment").

WHEREAS, CITY and YMCA entered into the Fourth Amendment to the Original Agreement on September 21, 2016 ("Fourth Amendment").

WHEREAS, CITY and YMCA entered into the Fifth Amendment to the Original Agreement on December 22, 2016 ("Fifth Amendment") and a Side Letter on March 8, 2018.

WHEREAS, CITY and YMCA entered into the Sixth Amendment to the Original Agreement on June 27, 2020.

WHEREAS, CITY and YMCA entered into the Seventh Amendment to the Original Agreement on August 16, 2021 ("Seventh Amendment") and a Side Letter on August 4, 2022.

WHEREAS, CITY and YMCA desire to amend and restate the Original Agreement, First Addendum, Second Addendum, Third Amendment, Fourth Amendment, Fifth Amendment, Sixth Amendment, Seventh Amendment and side letters.

WHEREAS, CITY the City owns the newly constructed CRC, an approximately 57,000 square foot community recreation center which includes fitness rooms, gymnasium, an indoor swimming pool, a senior wing and a teen wing.

The YMCA is experienced in operating health and fitness facilities and is interested in expanding its programs in the Morgan Hill area.

WHEREAS, the City currently operates an Outdoor Aquatics Center, a Community Cultural Center and other certain recreational facilities and programs.

WHEREAS, the parties believe they can maximize the programs offered and better control the expenses of operating the CRC if the City, using City employees and contract service to operate the facility and provide certain programming while the YMCA, using YMCA employees, provides health and fitness and other certain programming at the CRC.

WHEREAS, the City and YMCA desire to take advantage of the YMCA's experience in offering membership-based health and fitness programming while ensuring that the City remains responsible to the City Council and the residents of Morgan Hill for the CRC's operations including its financial performance.

WHEREAS, the parties desire to set forth the terms and conditions of their relationship in this Agreement with further details of the actual CRC operations to be set forth in a Center Operating Plan. The Center Operating Plan ("COP") is attached to this Agreement as Exhibit A; however it is intended that specific services provided by each party and the operating relationships may change over the course of this Agreement in order to meet community needs.

WHEREAS, the City and YMCA commit themselves to work together in the spirit of partnership for the success of the CRC, subject to the terms and conditions of this Agreement, and to deal with each other with fairness, respect, cooperation, and good faith in the operation of the CRC and performance of this Agreement. The City and YMCA commit to promptly resolve disputes over this Agreement and/or CRC operations.

NOW THEREFORE, the parties agree as follows.

Agreement

1. Parties to the Agreement.

City is the City of Morgan Hill, 17555 Peak Avenue, Morgan Hill, California 95037, with its principal contact for purposes of this Agreement as follows:

City Manager
17555 Peak Avenue
Morgan Hill, CA 95037
Phone: 408-779-7271
Fax: 408-779-1592

YMCA is the YMCA of Silicon Valley, 550 S Winchester Blvd, Suite 250 San Jose, California 95128, with its principal contact for purposes of this Agreement as follows:

President and CEO,
YMCA of Silicon Valley
550 S Winchester Blvd, Suite 250
San Jose, CA 95128
Phone: 408-351-6413

Fax: 408-298-0413

2. Term.

- 2.1 The term of this Agreement shall commence on the Effective Date and shall terminate on June 30, 2031, unless earlier terminated by either party as provided in Section 2.2 or extended as provided in Section 2.3.
- 2.2 In addition to the provisions of Section 5.6 and 5.7 below, either party may request an early termination of this Agreement after June 30, 2009. Such a request must be made in writing, and must be made a minimum of six months in advance of proposed termination date, unless City and YMCA mutually agree to a lesser time. Provided that such written request is timely made, termination shall occur upon the specified termination date.
- 2.3 This Agreement may be extended for two additional five-year terms upon the written mutual agreement of the parties which agreement must be reached no later than December 31, 2010, for the first extension, and February 6, 2016 for the second extension, for the second extension. The parties may mutually agree to additional extensions beyond this date. Prior to each extension, the parties shall prepare an evaluation of the success of CRC operations and present it to the City Council and YMCA. Criteria for this evaluation are provided in the COP.

3. Management and Staffing.

- 3.1 City and YMCA agree to cooperatively manage and operate the CRC as a first class recreation center for the benefit of the public. A "Recreation Manager," or other classification as determined by the City, shall be employed by the City and responsible for all CRC operations. The COP is attached to this Agreement as Exhibit A and is incorporated into this Agreement by this reference. The COP, among other things, details staff duties and operating relationships. The parties hereby authorize the Morgan Hill City Manager ("City Manager") and YMCA of Santa Clara Valley CEO ("CEO") to modify in writing the COP from time to time as may be necessary to facilitate efficient operations of the CRC consistent with the intent of this Agreement.
- 3.2 The Recreation Manager shall be employed by the City. The City shall provide the YMCA with opportunities for meaningful and substantial input on the selection and ongoing performance of the Recreation Manager. The Recreation Manager shall have operational authority for the management and operation of the CRC, the duties and responsibilities of the Recreation Manager shall include, but not be limited to:
- a. Managing the CRC so that it is developed and maintained as a first class recreational center.
 - b. Preparing and administering the annual budget and work plan for development and operation of the CRC.
 - c. Preparing the annual progress report for the preceding fiscal year for approval by the City Council.
 - d. Organizing, scheduling, and directing YMCA and City employees assigned to the CRC.
 - e. Reporting on status of operations at the CRC as requested.
 - f. Performing all duties that are usual and customary and normally associated with the position of a recreation manager of a public recreation center.
- 3.3 Notwithstanding the parties' agreement to cooperatively manage and operate the CRC, City employees working at the CRC are employed solely by the City, and the City retains all responsibilities associated with their employment YMCA employees working at the CRC are employed solely by the YMCA, and the YMCA retains all responsibilities associated with their employment. The parties agree to cooperate fully with each other in resolving any employment issues. The YMCA agrees to indemnify and hold the City, its agents, officers and employees harmless from any claim or damage resulting from an employment matter involving a CRC YMCA employee acting within the scope of employment The City agrees to indemnify and hold the YMCA, its agents, officers and employees harmless from any claim or damage resulting from an employment matter involving a CRC City employee acting within the scope of employment.
- 3.4 Performance issues on the part of the Recreation Manager may be raised by either party and addressed through the dispute resolution process provided for in Section

11.1 of this Agreement.

3.5 The CRC staff shall be comprised of employees of both the City and the YMCA. It is acknowledged and agreed between the parties that to achieve the optimum performance of the total CRC staff, City employees may be directed to work at the CRC on YMCA activities within the scope of this Agreement and YMCA employees may be directed to work at the CRC on City activities within the scope of this Agreement.

3.6 The City Assistant City Manager/Public Services Director and the YMCA Chief Operating Officer shall meet periodically to evaluate CRC operations. Reports shall be provide annually to the City Council and the Board of Directors of the YMCA of Silicon Valley on member satisfaction data and data on the financial performance of the CRC. The Director and Chief Operating Officer may involve other City and YMCA staff in development of the annual report as desired.

4. Grounds and Facilities.

4.1 The City shall retain title to the grounds, buildings, structures and all other improvements, and its equipment subject to approval of the Recreation Manager, certain equipment owned by the YMCA may be used at the CRC; provided, however, any such equipment must be identified in a writing attached to the COP and the equipment must be clearly marked as YMCA property on the equipment itself.

4.2 The City and YMCA agree that both parties shall continue joint use of the grounds, buildings, equipment and other improvements at the CRC in furtherance of this Agreement. The Recreation Manager shall determine the most effective use of the CRC grounds, buildings, equipment and other improvements subject to the approval of the Assistant City Manager/Public Services Director, or such other individual designated in writing by the City Manager, in consultation with the Chief Operating Officer for the YMCA, or such other individual designated in writing by the YMCA CEO.

5. Budget and Funding.

5.1 The parties agree that it is the intent of the arrangement governed by this Agreement that revenues generated by CRC programs and activities will be sufficient to cover operating expenses (including, but not limited to, maintenance and contributions to any capital improvement reserves established in the budget) no later than fiscal year 2008/09. (For purposes of this Agreement, "fiscal year" shall mean the twelve consecutive months beginning July 1 of the year first referenced and ending June 30 of the year last referenced. For example, "fiscal year 2008/09" means the period beginning July 1, 2008 and ending June 30, 2009.)

a. In February of each year, the Recreation Manager and the Executive

Director of the Mount Madonna YMCA ("Executive Director") shall develop budget assumptions related to the CRC operating budget for the following fiscal year.

- b. Before March 15, or on another mutually-agreed upon date, the Recreation Manager and Executive Director shall develop the preliminary proposed annual CRC operating budget and workplan. The budget will include estimated costs and revenue from health and fitness activities and senior services as well as agreed-upon capital improvement reserves. The YMCA may agree to the preliminary proposed CRC operating budget and workplan or terminate this Agreement subject to the notification provisions of section 5.6.
 - c. The proposed annual budget and work plan will be included in the City Manager's Recommended Budget, which must be submitted to the City Council no later than May 15 each year. Once the City Council has established the annual operating budget, the YMCA may agree to the CRC operating budget or terminate this Agreement subject to the notification provisions of section 5.6.
 - d. Once the annual budget and work plan is approved by the City Council, that annual budget and work plan shall be implemented by the Recreation Manager for the upcoming fiscal year.
- 5.2 As part of the initial annual budget, the City shall pay YMCA an agreed-upon amount including direct expenses and overhead for the provision of health and fitness programs at the CRC or other City facilities in support of the CRC membership. The foregoing payments shall be made quarterly, in equal installments, and shall be due by July 15, October 15, January 15 and April 15. YMCA shall provide the City with reconciliation of actual quarterly expenses by October 31, January 31, April 30, and July 31 each year. Operating expenses to be paid to the YMCA for health and fitness programs shall be established with the adoption of the annual budget and work plan.
- 5.3 The City and YMCA may agree to a mid-year budget adjustment to the CRC budget in special circumstances including, but not limited to, a significant unexpected expense affecting the CRC operations which could not be reasonably anticipated or controlled.
- 5.4 The City shall provide YMCA with monthly reports on the operating position of the CRC. Both parties agree to maintain agreed-upon customer service standards and accessibility over the course of the year, while recognizing that operations may change over the year in order to meet financial objectives for CRC operations.
- 5.5 As part of the annual budget and work plan adoption process, the parties will agree on a method for separately accounting for fee-based activities (health and fitness,

aquatics, facility operations) and non-fee-based. There shall be no annual reconciliation process associated with profit sharing. The City shall pay the YMCA for direct costs and administrative overhead up to the amount approved in the annual budget. The Administrative overhead rate utilized in the annual budget for the YMCA shall be 18%.

5.6 In the event that the YMCA does not agree to the annual budget and work plan as approved by the City Council, this Agreement shall terminate. The YMCA will notify the City in writing that this Agreement shall be terminated six months from the date of notification, or on another date as agreed-upon by the parties. Distribution of net operating gain or loss shall be suspended during the six month notice period. Likewise, the YMCA shall not be obligated to pay a proportional amount of revenue shortfalls, as described in section 5.5, during the six month notice period. The parties acknowledge and agree that such a termination will require a substantial amount of time to accommodate ongoing obligations at the CRC and to enable full separation of responsibilities and obligations of the parties. The parties agree to cooperate reasonably one with the other in such an event to facilitate such a separation as expeditiously as possible. Termination of this Agreement as provided in this Section (with each party bearing its own costs) shall be the sole remedy of the parties.

5.7 In the event that the YMCA objects to the candidate selected by the City for the position of Recreation Manager, either at the initial hire or in future hiring actions, the YMCA may terminate this Agreement by giving the City six months advance written notice. Distribution of net operating gain or loss shall be suspended during the six month notice period. Likewise, the YMCA shall not be obligated to pay a proportional amount of revenue shortfalls, as described in section 5.5, during the six month notice period. The parties acknowledge and agree that such a termination will require a substantial amount of time to accommodate ongoing obligations at the CRC and to enable full separation of responsibilities and obligations of the parties. The parties agree to cooperate reasonably one with the other in such an event to facilitate such a separation as expeditiously as possible. Termination of this Agreement as provided in this Section (with each party bearing its own costs) shall be the sole remedy of the parties.

6. Programming and Pricing

6.1 The City and YMCA will agree upon programming and pricing as part of the annual budget and work plan process. The initial programming and pricing is as described in the COP. The parties will agree on which existing recreational and fitness programming currently offered by the City or the Mt. Madonna YMCA, if any, will be moved to the CRC.

6.2 The parties acknowledge that the scope of community services offered at the CRC, including youth, family, intergenerational, special event, and adaptive programming, may evolve over time.

- 6.3 Initial program pricing and the pricing philosophy for the CRC are provided in Section 2 of the COP.
- 6.4 It is intended that the annual City Council approval of the budget and work plan will authorize the City Manager to adjust prices and programming as needed in accordance with a City Council adopted policy or directive.

7. Integration with other Facilities.

The parties agree to discuss and consult on recreational and fitness programs to Morgan Hill residents including, but not limited to, teens and seniors at other City or YMCA owned or operated venues.

8. Senior Services.

8.1 The parties agree that the YMCA will provide senior program services as defined in the COP at the CRC. The YMCA currently has a contract with the County of Santa Clara to provide a Senior Nutrition Site in Morgan Hill. It is anticipated that the YMCA will relocate the Senior Nutrition Site to the CRC. In developing the annual budget, as long as the County pays for the direct costs of the Senior Nutrition Site, there will be no charge to the City for these services. At any time that the County ceases paying the YMCA for a Senior Nutrition Site at the CRC, inclusion of this service and the cost of providing it will be considered as part of the annual budget and work plan.

9. Revenues and Marketing.

9.1 The parties agree that Morgan Hill residents are intended to be the primary beneficiaries of the CRC, although the CRC will be available for the use of non-residents as well. To that end, the parties desire to develop a marketing plan and activity program pricing structure that will accomplish the foregoing goal and will provide adequate revenues to cover annual operating expenditures. The parties also intend to jointly and/or individually seek grants or other sources of funding which may be available to provide existing or expanded services and programs at the CRC. Both parties agree to cooperate fully, one with the other, in such endeavors. Implementation of this Section is addressed more fully in the COP.

9.2 The parties agree that there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, disability, national origin, sexual orientation, or ancestry, in any activity or membership offered pursuant to this Agreement

10. Audits, Record Retention and Inspection.

10.1 The parties understand and agree that the City is a public entity and as such is subject to various laws including, but not limited to, the California Public Records Act, and as such members of the public as well as representatives of governmental

agencies have access to and the right to examine, audit, excerpt, copy or transcribe any pertinent transaction, activity, or other records of each party relating to this Agreement. Such material, including, but not limited to, all pertinent costs, accounting, and financial records shall be retained by each party for a period of at least five (5) years after their creation date.

- 10.2 Each party grants the other party, at the requesting party's expense, the right to conduct at any reasonable time an audit and re-audit of the books, records and business conducted related to this Agreement and observe the operation of the business so that the accuracy of the above records and any of the invoices for services provided can be confirmed.
- 10.3 In the event of any dispute between the parties as to financial matters, the parties agree, as their sole remedy, to mutually choose an independent auditor to conduct an investigation of the disputed matter. If the parties are unable to mutually choose an independent auditor, each party shall identify one auditor and those two auditors shall choose a third, independent auditor to conduct the investigation. The auditor so named shall be deemed to have been mutually chosen by the parties. If, as a result of the investigation of the mutually chosen auditor, any adjustment in payment is required by either party, such payment shall be made within sixty (60) days of receipt of written demand for same. The decision of the mutually chosen auditor shall be final and binding upon the parties.
- 10.4 If either party triggers the process set forth in section 10.3 (the "Triggering Event"), that action shall give either party the opportunity to terminate this Agreement by providing the other party six months advance written notice of such desire to terminate. Such option to terminate must be exercised within ninety (90) days of the Triggering Event. The action to terminate this Agreement described in this section is not intended nor shall it adversely affect the process set forth in section 10.3.

11. Dispute Resolution.

- 11.1 Operational Issues. Except as otherwise specifically set forth in this Agreement, any dispute concerning day to day operational decisions in the implementation of this Agreement as further detailed in the COP shall be resolved by the Recreation and Assistant City Manager/Public Services Director and the Chief Operating Officer of the YMCA. For any disputes which cannot be resolved by these individuals, either party may request that the Morgan Hill City Manager resolve the dispute after first consulting with the YMCA CEO. The decision of the City Manager shall be final.
- 11.2 Other Issues. Should other disputes arise between the parties for which a dispute resolution mechanism or remedy is not otherwise specifically set forth in this Agreement (such as, for example, in section 10.3), and the parties are unable to resolve such matters between themselves by negotiation after the complaining party has provided the other party written notice of the complaint and a reasonable

opportunity to cure the problem, then such disputes shall be resolved in the courts of the County of Santa Clara in accordance with applicable law and procedure, including any claims procedures that may be required by law with respect to a general law city.

- 11.3 Termination Option. If either party seeks judicial redress of a dispute as set forth in section 11.2 (the "Triggering Event"), that action shall give either party the opportunity to terminate this Agreement by providing the other party six months advance written notice of such desire to terminate. Such option to terminate must be exercised within ninety (90) days of the Triggering Event. The action to terminate this Agreement described in this section is not intended nor shall it adversely affect the process set forth in section 11.2.

12 Indemnification.

- 12.1 The City agrees to indemnify, defend and hold harmless YMCA, its agents, officer and employees, from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage arising from or connected with City's operations or its services under this Agreement, including any Worker's Compensation suits, liability or expense, arising from or connected with services performed by or on behalf of the City by any person pursuant to this Agreement. City's duty to indemnify YMCA shall survive the expiration or other termination of this Agreement.
- 12.2 YMCA agrees to indemnify, defend and hold harmless City, its agents, officer and employees, from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage arising from or connected with YMCA's operations or its services under this Agreement, including any Worker's Compensation suits, liability or expense, arising from or connected with services performed by or on behalf of the YMCA by any person pursuant to this Agreement. YMCA's duty to indemnify City shall survive the expiration or other termination of this Agreement

13. Insurance.

- 13.1 General Requirements. Without limiting YMCA's indemnification of City or limiting City's indemnification of YMCA, YMCA and City shall each provide and maintain at its own expense throughout the term of this Agreement the hereinafter listed programs of insurance covering its operations hereunder. Such insurance provided by YMCA and by City shall be provided by insurers satisfactory to City's Risk Manager and satisfactory to the YMCA's Risk Manager, respectively, and a certificate or other evidence of coverage and certified copies of additional insured endorsements satisfactory to City and YMCA, respectively, shall be delivered to the City's Risk Manager and to the YMCA's Risk Manager, respectively, before the effective date of this agreement. It is recognized that City currently provides

general liability, workers' compensation, and auto liability insurance coverage through a combination of self insurance, pooled coverage, and purchased excess insurance coverage. Such evidence of coverage shall specifically identify this Agreement and shall contain the express condition that City or YMCA, as applicable, is to be given at least thirty (30) days advance written notice of any modification or termination of any program of insurance. All such insurance provided by YMCA shall be primary to and not contributing with any other insurance maintained by City. With the exception of workers' compensation insurance, all such insurance provided by YMCA and by City shall name "City of Morgan Hill, its elected officials, officers, employees, agents and representatives" and "YMCA of Santa Clara Valley, its officers, employees, agents, and representatives," respectively, as additional insureds.

At all times during the term of this Agreement, YMCA and City shall provide and maintain the following forms and amounts of insurance:

- a. Liability. Comprehensive General Liability Insurance written on a commercial general liability form or on a comprehensive general liability form covering the hazards of premises-operations, products/completed operations, independent contractors, advertising, contractual, broad form of property damage, and personal injury with a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence and an aggregate limit of not less than Four Million Dollars (\$4,000,000)..
- b. Workers' Compensation. Insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability.
- c. Comprehensive Automobile Liability. Endorsed for all owned, non-owned, and hired vehicles with a combined single limit of not less than Two Million Dollars (\$2,000,000) per accident.
- d. Failure to Comply. Failure on the part of YMCA or City to procure or maintain required insurance shall constitute a material breach of contract upon which City or YMCA, respectively, may immediately terminate this Agreement. Notwithstanding this requirement, in the event that YMCA or City fails to procure or keep in effect at all times the insurance coverage required herein, City or YMCA, respectively, may in its discretion procure said insurance on behalf of YMCA or City, respectively, and charge YMCA or City, respectively, the full cost of the insurance and administrative costs.

13.2 The parties agree and will ensure that all CRC staff are trained in all safety related matters as required by law or appropriate for the services provided at the CRC. This includes tuberculosis and criminal history checks as part of pre-employment screening, and blood borne pathogens and child abuse prevention training after hire.

14. Notices.

Any notice, consent, authorization or other communication to be given shall be in writing and deemed duly given and received when (a) delivered personally, (b) transmitted by facsimile, (c) one business day after being deposited for next-day delivery with a nationally recognized overnight delivery service, or (d) three business days after being mailed by first class mail, charges and postage prepaid, and in all cases properly addressed to the party to receive such notice at the last address furnished for such purpose by the party to whom notice is directed.

In the case of notices to be given to the City, notice shall be addressed as follows:

City Manager
City of Morgan Hill
17555 Peak Avenue
Morgan Hill, CA 95037
Phone: 408-779-7271
Fax: 408-779-1592

With a copy to:

City Clerk
City of Morgan Hill
17555 Peak Avenue
Morgan Hill, CA 95037
Phone: 408-779-7271
Fax: 408-779-3117

In the case of notices to be given to the YMCA, notice shall be addressed as follows:

President and CEO, YMCA of Silicon Clara Valley
550 S Winchester Blvd, Suite 250
San Jose, CA 95128
Phone: 408-351-6413
Fax: 408-298-0413

Either party may change its address or other contact information by giving notice in writing to the other party as specified in this section.

15. Amendments.

This Agreement shall only be amended by a writing signed by both parties after approval by the City Council and YMCA Board of Directors.

16. Appropriations.

The payment of any obligations of the City described in this Agreement is subject to the

annual appropriation of funds for said payments by the City Council. This provision does not affect any obligation of the City for payment of funds attributable to a fiscal year for which an annual budget has been approved.

17. Miscellaneous Provisions.

- 17.1 Good Faith and Cooperation. The City and YMCA agree that it is in their mutual best interest and in the best interest of the public that the CRC be operated and managed as herein agreed and, to that end, the parties shall in all instances cooperate and act in good faith in compliance with all of the terms, covenants, and conditions of this Agreement and shall deal fairly with each other.
- 17.2 Severability. If any provision of this Agreement, or the application of such provision to any party or circumstance, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to such party or circumstance other than those to which it is held to be invalid or unenforceable, shall not be affected thereby.
- 17.3 Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of California, without regard to that state's conflict of laws principles.
- 17.4 Entire Agreement. This Agreement contains the entire agreement of the parties and supersedes all prior to contemporaneous written or oral negotiations, correspondence, understandings and agreements between the parties regarding the subject matter hereof.
- 17.5 Parties in Interest. Nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any party other than the YMCA and the City nor shall anything in this Agreement relieve or discharge the obligation or liability of any third party to any party to this Agreement nor shall any provision give any third party any right of subrogation or action over or against any party to this Agreement.
- 17.6 Waiver. Failure of either party to complain of any action, non-action or default of the other party shall not constitute a waiver of such party's rights hereunder with respect to such action, non-action or default. Waiver by the YMCA or City of any right or any default hereunder shall not constitute a waiver of any subsequent default of the same obligation or for any other default, past, present or future.. No payment by a party, or acceptance by the other party, of a lesser amount than shall be due from one party to the other shall be treated otherwise than as a payment on account. The acceptance by a party of a check for a lesser amount, with an endorsement or statement thereon, or upon any letter accompanying such check, that such lesser amount is payment in full, shall be given no *effect*, and a party may accept such check without prejudice to any rights or remedies which it may have against the other party.

- 17.7 Construction. This Agreement has been negotiated by the parties and their respective legal counsel and will be fairly interpreted in accordance with its terms and without strict construction in favor of or against any party.
- 17.8 No Assignment. This Agreement, nor any part of it nor any right or obligation arising from it shall be assigned without the express written consent of the parties.
- 17.9 Independent Contractor Status. The parties shall at all times be acting as independent contractors. This Agreement is not intended, and shall not be construed to create the relationship of agent, servant, employee, partner, joint venture or association as between the parties. The parties understand and agree that any of their personnel furnishing services to the CRC under this Agreement are employees solely of the party which hired such personnel for purposes of workers' compensation liability and for purposes of receiving all other types of employee benefits. The parties shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any personnel hired by them for injuries arising from or connected with services performed under this Agreement, and shall bear the sole responsibility and liability for furnishing all other employee benefits to any personnel hired by them.

18. Membership Reciprocity.

- 18.1 Effective January 1, 2017, the CRC will no longer sell YMCA Silicon Valley ("YSV") memberships. Also, effective January 1, 2017, CRC memberships will include the benefit of allowing CRC members access to all YSV locations and all YMCAs that have entered into a reciprocity agreement with the YSV ("Reciprocal YMCAs"). In exchange for this benefit, the City shall allow YMCA members who purchase memberships at YSV and Reciprocal YMCA locations to access the CRC at no additional charge. Use of the City's Aquatics Center is not included as part of reciprocal use.
- 18.2 The Parties agree that the membership reciprocity arrangement as outlined in Section 18 assumes equal use of YMCA facilities by CRC members and vice versa. Additionally, any YMCA member who regularly uses the CRC more than ten times per month and more than his or her home YMCA will be asked to transfer membership to the CRC. Any CRC member regularly using a specific YMCA more than ten times per month and more than the CRC will be asked to transfer membership to the YMCA. All reciprocal use of the CRC and YSV locations and Reciprocal YMCAs will be tracked by the YMCA. The YMCA will share use numbers with the City by the tenth day of July and January each year.
- 18.3 CRC staff may set limits on attendance or restrict use of the CRC facility or programs for YMCA members in order to provide CRC members with priority use. YMCA staff may set limits on attendance or restrict use of YSV or Reciprocal YMCA facilities or programs for CRC members in order to provide YMCA members with priority use.

18.4 Both parties will monitor use and meet to evaluate and/or modify the terms of this reciprocity arrangement by June 30, 2017. Any modifications to this Section 18 shall be in writing signed by both parties. Notwithstanding Section 11 of this Agreement, both parties have the ability to terminate the membership reciprocity provisions and all terms outlined in this Section 18 by providing written notice to the other party ninety (90) days ahead of the intended termination date.

19. YMCA Santa Clara Family Health Plan Usage.

19.1 The YMCA has entered into an agreement with the Santa Clara Family Health Plan (PLAN) to provide YSV Membership to members of the PLAN. Therefore the, the YMCA agrees to provide the following to the City to compensate the City for the anticipated additional use by YSV Members associated with the Plan:

- a. Payment by the YMCA to the City of \$7 per visit (as documented by card access swipe) by SCFHP Members. Payment to be made Quarterly.
- b. Payment by YMCA to City for lost revenue from current CRC members cancelling to join the Plan. Membership shall be paid on an ongoing basis for the term of the agreement at the cancelling individual's current CRC membership rate.
 1. The City shall be responsible for providing the YMCA cancelled memberships and individual rate's for review against all new YSV memberships not to exceed \$11,000.
 2. YMCA shall conduct review and make payment quarterly within 30 days of the quarters ending in September, December, March, and June.

19.2 In addition to payment to the City the YMCA shall take on support administrative support responsibilities associated with the YSV membership for the CRC that include the following:

- a. YMCA on-site management shall be responsible for membership account issues that are elevated related to the SCFHP memberships.
- b. YMCA shall have at least one staff person available for membership support between 9am-5pm Monday through Friday each week. Additional member services support (YMCA Solutions Center) will not be reimbursed as part of the Operating Agreement.
- c. City staff (3 permanent management employees) granted access to YMCA membership software. Access should be at a level to enable teammates to provide basic customer service for members at the front desk of the CRC (query membership status and other agreed-upon actions).

- d. YMCA to authorize YMCA memberships team to access the City's real-time CRC membership report to verify membership status.

IN WITNESS WHEREOF, the YMCA and the City have executed this Agreement as of the day and year first above written.

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:

YMCA of Silicon Valley

City Attorney

By:

Elisa Tolentino

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

CENTENNIAL RECREATION CENTER OPERATING PLAN May 2026

The purpose of this document is to outline the operational structure of the YMCA and City partnership for the operation of the CRC. This document is intended to set operational processes and does not allocate liability between the parties. In the event of any inconsistency between this document and the Operating Agreement, the terms of the Operating Agreement shall prevail.

1. Community Recreation Center Management.

- a. The City of Morgan Hill and the YMCA of Silicon Valley through the Mt. Madonna Branch will work together in the spirit of partnership to provide health and fitness and senior services to members and participants of the Centennial Recreation Center. The YMCA will offer an agreed-upon range of programming and will involve the City in hiring, supervising and evaluating all staff that deliver these programs.

- b. Personnel

It is recognized that all staff who work at the CRC are members of multiple work teams and are members of one CRC staff team. When staff are working they will be expected to work together as one, high performing team focusing on customer service, safety, communication, and cooperation.

All CRC staff will attend appropriate staff meetings as determined by the Recreation Manager and YMCA Executive Director. YMCA staff will be expected to attend selected YMCA trainings and staff meetings of the branch or Association. City staff will be expected to attend selected City trainings and meetings. When appropriate, CRC staff will have access to selected YMCA and City trainings.

To ensure a team environment, CRC staff will have many items in common:

- Identical staff uniforms and nametags with the partnership logo or co-branded theme.
- Joint staff meetings.
- Identical payroll periods.
- Identical safety and risk management policies within the CRC facility.
- Expectation to work as a team and support all other departments of the CRC.
- Responsibility to identify problems and provide solutions for the entire center.

The Recreation Manager will be hired by the City and will be responsible for providing leadership for all CRC team members in an effort to deliver a large

volume of high quality programs. The team will be comprised of three major departments:

- City staff hired by the Recreation Manager.
- City staff hired by the City's Maintenance Manager.
- YMCA staff hired by the YMCA.

Success of the Recreation Manager will be measured by:

- Creating one high performing CRC staff team from City CRC, YMCA CRC, and Maintenance Division CRC staff
- Membership income/ number of members enrolled
- Member satisfaction survey results
- Number of seniors served in the Senior Center
- Number of teens served in the Teen Center
- Reaching or exceeding budgeted net for entire center
- Overall facility cleanliness and functioning
- Safety & Risk Management
- Satisfaction of City residents with easy movement between CRC, YMCA, and City Programs

The YMCA Executive Director will be hired by the YMCA and will supervise the Health and Wellness Program Director, Program staff assigned to Health and Wellness, the Senior Nutrition Program, the Teen Center, and the Kid's Club. The YMCA shall provide all land-based fitness programming. The YMCA Executive Director shall be responsible for membership retention for these program areas. Water-based fitness classes will be supervised by the City.

The Recreation Manager and YMCA Executive Director are responsible for marketing the membership of the facility in coordination with the City's Marketing and Communications Supervisor. The Recreation Manager will supervise the sales and service staff who work and oversee the Welcome Desk. They will assure that people can join the facility easily, and will be responsible for all enrollment for CRC programs, City programs, and YMCA programs (if desired by the YMCA in coordination with the YMCA Executive Director).

- c. Reporting relationships.

	CRC City Staff	Recreation Manager	CRC YMCA Staff
Position	Aquatics Supervisor, Recreation and Aquatics Coordinators, Maintenance Specialist, Senior Center Coordinator	Recreation Manager	Executive Director, Health and Wellness Director, Program Coordinator, Kids Club Coordinator, Nutrition Site Manager
Job Descriptions	City	City with YMCA input	YMCA with City input
Recruiting	City	City with YMCA input	YMCA with City input
Screening	City	City	YMCA of Silicon Valley
Decide finalists	City	City with YMCA input	YMCA with City input
Interviews	Regular process, possible YMCA involvement	Regular process with a visit to a YMCA and a near final interview with City and YMCA staff together	Regular process with City involvement
Decision	City	City decision with YMCA input	YMCA decision with City input
Reports to	Recreation Manager	Assistant City Manager/Public Services Director	Mt Madonna YMCA Branch Executive
Employee Progressive Discipline	City with possible YMCA input	City with possible YMCA input	YMCA with possible City input
Performance Evaluation	Recreation Manager with input from YMCA	Assistant City Manager/Public Services Director with input from YMCA	YMCA with input from Recreation Manager

- d. Staff liaison:
The Mt. MadonnaYMCA Executive Director
- Meet regularly with Recreation Manager to coordinate YMCA programming and services with the CRC (
 - Work with Recreation Manager, City Marketing and Communications Supervisor, and YMCA Marketing and Communications department on marketing and enrollment strategies
 - Provide supervision to YMCA Staff to assure program quality and maximum enrollment
 - Resolve any YMCA staff performance problems

- e. Capital expenditures.
The City has an established fund for ongoing replacement of capital equipment and facility components. Contributions to this fund occur annually. The City and YMCA will continue to work together to identify funding opportunities for future facility expansion.
- f. Facility maintenance.
The Recreation Manager will be responsible for managing facility maintenance in cooperation with the City's Maintenance Manager. The YMCA will be responsible for fitness equipment upkeep and maintenance. At all times, the CRC and its equipment will be maintained in a safe, clean, and operational manner. All CRC staff will be responsible to assist in keeping the facility clean as part of their daily duties. City staff and/or contractual crews will perform detailed, daily cleaning. A daily, monthly, quarterly, and annual cleaning plan will be developed to ensure the long-term integrity of the CRC.
- g. Cash Handling/Accounting/Payables/Receivables/Collections.
The Recreation Manager will be responsible to ensure all cash handling, accounting, payables, receivables, and collections policies are adhered to by CRC staff. The City and YMCA will cooperatively determine which party can most effectively and efficiently perform these duties as part of the partnership. Detailed policies and procedures will be maintained for all financial aspects of the CRC operations.
- h. Membership policies.
The City and YMCA will cooperatively develop membership policies that are intended to ensure community access, maximize revenue and comply with legal mandates. Existing YMCA policies may be modified to meet the CRC's operational needs. Both parties understand and agree that there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, disability, national origin, sexual orientation or ancestry.
- i. Membership software.
The City and YMCA will cooperatively determine which software package best meets the CRC's membership sales, tracking, and management needs. All appropriate CRC team members will be thoroughly trained to ensure that accurate and timely processing of information is achieved.
- j. Operating hours: Estimated Days and Hours of Operation.
The CRC will be open seven days per week except on major holidays; Easter, July Fourth, Thanksgiving, and Christmas. Operating hours will be determined based on demand.

The City and YMCA may determine that it is in the best interest of the partnership and CRC members to adjust the operating schedule.

- k. Customer surveys and complaint resolution.
Customer comment cards will be available at the Welcome Desk and online at all times. The City and YMCA will collaborate to implement online surveys of the membership on an agreed upon schedule. The Recreation Manager and Executive Director will be responsible to track comments, provide recommendations for service improvements, and to ensure all complaints are handled in a professional and timely manner.

2. Programming and pricing.

a. Pricing Policy

- Member fees will be set to provide access to the health and fitness facility and maximize revenue
- The resident rate will apply to those who live in Morgan Hill.
- The standard rate will apply to those who do not live or work in Morgan Hill.
- Since membership is the income stream that will provide the best chance of cost recovery, pricing will be done to encourage membership
- Seniors and teens have specialized centers in the facility, and will not need to join in order to take advantage of the programs in these centers. If they wish to use the fitness facilities, they will need to join the CRC or purchase a day pass.

b. Pricing changes

The City Manager will be empowered by the City Council to adjust membership fees to meet cost recovery goals established by the City Council.

- As expenses increase, prices will be adjusted to meet cost recovery goals
- Fee increases would be determined by taking into account 3 major items:
 - (1) Salary increases
 - (2) CPI
 - (3) Significant increases in costs in other operational areas
- If it is determined that the current pricing structure relating to the daily fee is undermining the cost recovery goal, the City Manager will make a decision to revise the fee or the goal.

c. Main Membership Categories

- Adult: Includes one adult and all children age 21 and under living at the same address. Access all hours, and all core programs.
- Family: Two adults and all children 21 and under living at the same address. Access all hours, and all core programs
- Special Hours: One adult (22 and older), designed for seniors and those with flexible schedules. 10am to 4 pm weekdays, and any time on the weekends, and access all core programs during these hours
- Couple Special Hours: Same as “Special Hours”, but for two adults.
- Adult Plus: Addition of extra adult living at the same address, access all hours, and all core programs
- Youth/Teen: One youth/young adult, ages 12-21. Access all hours all core programs.
- Day Pass: Access for one person to open gym, open swim, fitness room

Categories may be adjusted, deleted or new categories added by agreement of both parties. The City Manager is authorized to approve these changes for the City.

d. Aquatics Center Membership

One membership for CRC and Aquatics Center use will be offered. Membership benefits of the Aquatics Center include Lap Swim, Recreation Swim, and Aquatics Fitness Classes.

e. Membership Reciprocity

For the purpose of increasing membership sales and retention, the City and YMCA shall strive to offer additional membership options for CRC members to utilize YMCA of Silicon Valley facilities and for YMCA members to utilize the CRC. The City and YMCA Recognize that evaluation of the success of membership reciprocity relies on accurate timely reporting of statistics. Reporting shall be provided monthly (within 15 days following the end of each month), and shall include:

- Exact Statistics to be developed
-

f. Program Pricing Structure.

Type	Member	Non/member
Membership processing fee	\$75 for Adult \$100 for Family	
Membership	Fee	n/a
Core class	Free	Fee
Specialty Class	Member fee	Non-member fee +\$10

Type	Member	Non/member
Swim lessons	Member fee	Non-member fee + \$10
Day Pass	Fee	Fee

- Core Health and Wellness programs are free for members. Examples:
 - Aerobics
 - Water Fitness
 - Group cycling class
 - Wellness Orientation
- Day pass participants can use the gymnasium, the fitness center, and lap or recreational swim and take a group exercise class.
- Some Specialty Classes will have an additional cost for everyone. Examples:
 - Strength Training
 - Personal Training
 - Swim lessons
 - YMCA Diabetes Prevention Program

g. Strategic Planning

The Recreation Manager and YMCA Executive Director will work with CRC staff, YMCA staff and City staff to develop and update an ongoing strategy for membership recruitment and retention. The City's Assistant City Manager/Public Services Director and YMCA Chief Operating Officer shall meet on an ongoing basis to support CRC staff on Strategic Planning.

3. Partnership Evaluation.

As described in Section 2.3 of the Operating Agreement, the parties will conduct an evaluation of the success of the partnership prior to extending the term of Agreement. This evaluation will be presented to the City of Morgan Hill City Council and the YMCA of Silicon Valley Board of Directors as appropriate.

The parties will work together on the development of this evaluation, agreeing to the criteria to be used in the evaluation. The criteria may include:

- Extent to which a high performing CRC staff team has been developed from City CRC, YMCA CRC, and Aquatics Division CRC staff
- Membership income/ number of members enrolled
- Member experience survey results
- Number of seniors served in the Senior Center
- Number of teens served in the Teen Center
- Reaching or exceeding budgeted net for entire center
- Overall facility cleanliness and functioning
- Safety and risk Management
- Satisfaction of City residents with easy movement between CRC, YMCA, and Aquatics Center Programs

5. Advertising and marketing of facility and programming.

- a. The partnership of the City and YMCA will be prominently displayed on the facility, staff uniforms, and written materials. Both the City and YMCA agree that any differentiation of the two parties for branding purposes is not intended to separate the staff during the operation of the facility, but to take advantage of the brand name of the YMCA and City for marketing purposes. The parties will maintain a logo or co-branded theme to identify and celebrate the partnership.
- b. The Recreation Manager is responsible for developing a marketing plan in coordination with the YMCA. The YMCA Executive Director, City Marketing Supervisor, and Recreation Manager will meet regularly and review the CRC promotion schedule.
- c. The parties intend to advertise CRC programming in both City and YMCA publications/resources.
- d. All staff members are expected to support marketing and communication efforts by keeping updated program information available for use online and on social media.
- e. Printed materials will say "Centennial Recreational Center, operated in Partnership with the YMCA of Silicon Valley."
- f. City is willing to have YMCA staff provide information regarding other YMCA programming that would be available to CRC members as part of their membership.
- g. The partnership will be identified with signage inside the building. Printed materials with the YMCA logo and other identifying information may be used at the facility.
- h. The City and the YMCA will develop a plan to update exterior signage to reflect the partnership. The final signage design shall be approved by the City.
- i. All printed materials posted in the facility will meet established facility standards for type and sizing to ensure neat and orderly aesthetics within the facility.
- j. Guidelines for use of the CRC logo versus YMCA logo have been established for use inside the facility.
- k. The City and YMCA shall meet regularly to review and update these guidelines. The City and YMCA shall make best efforts to develop an update a new updated co-branded theme for the facility prior to October 2026.

6. Senior Services Provided at the CRC.

The YMCA will provide a senior nutrition program and wellness activities for Seniors at the CRC, in conjunction with City offered Senior programs and programs coordinated with other senior service organizations:

- a. The YMCA will operate a daily nutrition program. Specific attendance goals will be set by the YMCA in partnership with the City and the County.
- b. The YMCA will have opportunities to offer health and wellness classes for seniors.

7. Teen Services Provided

- a. The YMCA will operate the Teen Center at the CRC. The City and YMCA will agree to hours of operation and staffing levels annually as part of the budget process.
- b. The YMCA Teen Center staff will work with the City's Recreation Coordinator to involve the City's Youth Action Council in Teen Center operations.
- c. The YMCA and City will coordinate with other youth service agencies to enhance services offered and maximize use in the Teen Center.

8. Internal Communications and Reporting

- a. The YMCA and City commit to provide timely reporting of required statistics per the Operating Agreement, and additionally, shall strive to provide information and statistics requested by either party in a timely manner, when available.
- b. YMCA and City staff shall utilize email as a primary communication tool for communication between key staff within the facility and within both organizations. Routine response and review of email will be an expectation of all key staff members.

9. Santa Clara Family Health Plan Usage

The YMCA and the City currently collaborate to offer membership benefits to members of the Santa Clara Family Health Plan that are registered with the YMCA of Silicon Valley. The YMCA may be required to update its agreement with the Santa Clara Family Health Plan during the life of the contract, which may necessitate an update to how the City and YMCA collaborate in this area. Should this occur the City and YMCA shall meet and discuss impacts and any need for contract amendment.

10. Emergency Operations

As a City facility the CRC is designated for use in City emergency response. This use may be as a shelter or other function. All City and YMCA staff are expected to support operations of the facility as part of emergency response. City and YMCA staff members may be asked to participate in training in areas of emergency response as part of their job function.

The YMCA and City shall strive for open communication during emergencies and/or issues involving safety and security that either entity is facing which may impact the CRC. The Recreation Manager, Executive Director, Assistant City Manager/Public Services Director, and YMCA Chief Operating Officer shall immediately implement open lines of communication during situations to ensure consistent response at the CRC.

11. It is understood between the parties that this COP may be amended from time to time by the mutual agreement of the parties to reflect operating experience. The City Manager shall have authority to authorize amendments to the COP on behalf of the City.



MEMORANDUM

Date: April 20, 2026
To: City Council
Christina Turner, City Manager

From: Jennie Tucker, Recreation Manager
Chris Ghione, Assistant City Manager/Public Services Director

Subject: YMCA Partnership Evaluation

Purpose

The purpose of this memorandum is to provide the City Council and City Manager with an evaluation of the partnership between the City and the YMCA at the Centennial Recreation Center (CRC). Per the City's Partnership Agreement, an evaluation is required prior to any amendment to extend the partnership. This report summarizes the evaluation based on the criteria outlined in the current agreement.

Evaluation

High Performing Team

Criteria: Extent to which a high performing CRC staff team has been developed from City CRC, YMCA CRC, and Aquatics Division CRC staff

Evaluation: The CRC team consists of both YMCA and City personnel who work collaboratively to achieve shared objectives through regularly scheduled team meetings. The management team operates as a unified group, with no functional distinction between YMCA and City staff. Recruitment for full-time positions is a collaborative effort, involving the partner agency to ensure a successful and inclusive process. As the lead for the partnership, the Recreation Manager regularly relies on YMCA team members to support overall facility and membership operations, just as they do with City staff. This integrated operational support is critical to the efficiency and success of the CRC.

Membership Experience

Criteria: Membership income/ number of members enrolled

Evaluation: During the COVID-19 pandemic, membership and participation at the Centennial Recreation Center decreased significantly, including a drop in membership levels of nearly 50%. This decline was consistent with trends in the private health and wellness industry and those reported by partners at the YMCA of Silicon Valley. Over the last five years, the CRC and Aquatics Center teams have worked diligently to improve processes, enhance member experiences, and rebuild the membership base toward pre-pandemic levels. Current membership is approximately 85% of its 2019 peak, a recovery rate that currently exceeds all other YMCA of Silicon Valley branches. ~~Additionally, CRC Members utilizing the YMCA Silicon Valley Branches have shown a Net Promoter Score of 80 according to Listen 360, a customer experience and reputation management platform used by the YMCA. Net Promoter Scores (NPS) measure customer loyalty~~

~~and satisfaction. Average net promoter scores at gyms and fitness centers range from 44-77. The team remains committed to targeted membership growth.~~

Survey Results

Member experience survey results

Evaluation: Every two years, a comprehensive membership survey is distributed to all active members via email. The survey typically sees an approximate 12% response rate, with the most recent conducted in July 2025. Overall, respondents rated the CRC as “excellent” or “good” across most categories, including staff friendliness, cleanliness, and safety and security. In 2025, 91% of members rated the facility overall as "excellent" or "good". The survey also allows members to provide open-ended feedback. All comments are shared with the management team and utilized to develop an annual work plan for continuous improvement.

Additionally, YMCA Members utilizing the CRC have shown a Net Promoter Score of 80 according to Listen 360, a customer experience and reputation management platform used by the YMCA. Net Promoter Scores (NPS) measure customer loyalty and satisfaction. Average net promoter scores at gyms and fitness centers range from 44-77.

Senior Services

Number of seniors served in the Senior Center

Evaluation: The facility sees an estimated average daily attendance of over 135 visits at the Senior Center. The Senior Nutrition program is the largest program and provides an average of over 90 lunches per day, Monday through Friday. Additionally, programming has expanded significantly in recent years, specifically in older adult exercise classes and cost-recovery senior trips. The Senior Center also coordinates with senior transportation providers and operates a volunteer driver program. Furthermore, the center hosts and coordinates with several social service organizations to support seniors who may not be regular attendees of the facility.

Teen Services

Number of teens served in the Teen Center

Evaluation: The facility has supported hundreds of teens in the CRC Teen Center through partnership with the YMCA and other organizations with estimated visitation of over 14 teens per day. Attendance is lower and the City and YMCA have been working together to identify new opportunities to partner with other organizations to increase the use of the facility. Programs such as the Adaptive Hangout and the recently commenced Saturday night gym programs should increase overall attendance with teens that would otherwise not be likely to use the facility.

Budget

Reaching or exceeding budgeted net for entire center

Evaluation: The City’s Parks and Recreation Division has consistently exceeded budget expectations over the last four fiscal years following the pandemic. Most recently, the overall cost recovery resulted in a net impact of less than \$1 million. With recent facility improvements and continued membership growth, it is anticipated that cost recovery will continue to improve for the City.

Facility Cleanliness and Function

Overall facility cleanliness and functioning

Evaluation: In the most recent member survey, 32% of respondents rated cleanliness as "excellent" and 41% as "good," while 11% rated it as "fair," 1% as "poor," and 12% were unsure. While these results are positive, the City and YMCA teams continue to identify cost-effective ways to enhance facility cleanliness. Over the past year, several facility components at both the CRC and Aquatics Center were replaced, resulting in temporary area closures. Given that these facilities are approximately 20 years old, such renovations are expected and have not significantly impacted membership. Following major recent renovations to HVAC and pool components, the frequency of future closures is expected to decrease

Safety

Safety and Risk Management

Evaluation: The City has had no significant claims filed by users in the last five years. Facility staff maintain rigorous documentation of all incidents and regularly consult with both YMCA and City risk management experts to ensure the implementation of best practices.

Overall Satisfaction (Summary)

Satisfaction of City residents with easy movement between CRC, YMCA, and Aquatics Center Programs

Evaluation: Based on recent survey results, regularly received customer comment cards, and steady membership growth, it is the staff's assessment that overall satisfaction with the facilities remains high. Despite this positive assessment the City and YMCA team members recognize the need for continued improvement, which is a foundation for the work at the Centennial Recreation Center.

CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

Kristian Wallace, Associate Engineer

APPROVED BY: City Manager

AWARD BUTTERFIELD BASIN ONLINE CONVERSION PROJECT TO GRANITEROCK COMPANY

RECOMMENDATION(S)

1. Approve the Butterfield Basin Online Conversion Project Plans and Specifications;
2. Award the contract to Graniterock Company for the Butterfield Basin Online Conversion Project in the amount of \$1,970,825;
3. Authorize expenditure of construction contingency funds not to exceed \$788,330; and
4. Authorize the City Manager to execute and administer the construction contract with Graniterock Company.

COUNCIL PRIORITIES, GOALS & STRATEGIES

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

Strategic Priorities 2026-2027

Fiscal Sustainability

Public Safety

Guiding Documents

Climate Action Plan

Storm Drain Master Plan

REPORT NARRATIVE:

The City of Morgan Hill was previously awarded \$2.0 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 offline

detention basin intended to support flood control activities associated with the Butterfield Channel, to a multi-use online detention basin that will support groundwater recharge, meet State-mandated stormwater trash capture requirements, and improve flood protection.

In September 2024, City Council approved a design consultant agreement with Schaaf & Wheeler Consulting Civil Engineers to prepare a feasibility study for the proposed conversion of Butterfield Basin to the proposed multi-use basin. In October 2025, City Council approved the Second Amendment to the design consultant agreement with Schaaf & Wheeler to prepare construction documents for the proposed Butterfield Basin Online Conversion Project. Plans and specifications were completed in March 2026. The project was advertised on March 20, 2026, and a bid opening was held on April 9, 2026. The bid results are as follows:

Bidder	Base Bid
Graniterock Company	\$1,970,825.00
GradeTech, Inc.	\$1,975,219.25
Specialty Construction, Inc.	\$2,062,256.00
Daco Construction General Engineering Contractor	\$2,431,231.00
Granite Construction Company	\$2,939,425.00
Corcus Construction, Inc.	\$2,994,365.00
McKim Corporation	\$3,099,997.93*
Galeb Paving, Inc.	\$3,131,444.00
S&H Construction, Inc.	\$3,650,040.00

Azul Works, Inc.	\$5,926,260.00*
------------------	-----------------

*The construction base bid total was corrected due to a calculation error.

The bid proposals received were structured such that the base bid was the lowest responsible bidder. The lowest responsible bidder was Graniterock Company with a base bid of \$1,970,825 and their bid was approximately 35% lower than the Engineer's estimate of \$3,028,200. Graniterock Company is an experienced contractor and has the necessary qualifications to do this project. Graniterock Company has previously worked within the City of Morgan Hill on the Upper Llagas Creek Protection Project Phase 1 and is currently working on the Upper Llagas Creek Protection Project Phase 2B. Staff recommends the award of the contract to Graniterock Company in the amount of \$1,970,825 with a 40% contingency for this project. Due to lower bid amounts than expected, a larger contingency is included to support unknown conditions, potential alternate outlet weir designs/modifications, and potential additional excavation for groundwater recharge to meet the local fund matching requirements of the Urban Community Drought Relief Grant. The project is scheduled to begin in June 2026 and be completed in September 2026, assuming no significant delays.

The plans and specifications are available for review on the City's [website](https://www.morganhill.ca.gov/1436/Project-Plans-Specifications-and-Bid-Res) and may be found here: <https://www.morganhill.ca.gov/1436/Project-Plans-Specifications-and-Bid-Res>

COMMUNITY ENGAGEMENT:

During and ahead of construction, staff will inform the community regarding the progress of this project using media, social media, and the City's website.

ALTERNATIVE ACTIONS:

City Council may elect not to award this construction contract and direct staff to re-bid the project in hopes of obtaining a lower bid proposal. Staff does not recommend this alternative as competitive bids were received. Rebidding the project is not likely to result in significant savings, and it will delay the project 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, the City Council approved the FY 2024-25 through FY2029-30 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.

- On October 15, 2025, City Council approved the Second Amendment to the design consultant agreement with Schaaf & Wheeler Consulting Civil Engineers for the preparation of construction documents for the Butterfield Basin Online Conversion Project.

FISCAL AND RESOURCE IMPACT:

If approved, the total authorization of this project shall be \$2,759,155. The contract amount for the portion of this project with Graniterock Company is \$1,970,825 with a construction contingency of \$788,330. Funding for the Butterfield Basin Online Conversion Project is available within the approved FY 24-25 through FY 29-30 Capital Improvement Program with the Drainage Impact Fund (303) under the Fisher/Butterfield Storm System Expansion (Project No. SD4006). The City has been awarded \$2 million in competitive grant funding from the State of California under the Urban Community Drought Relief Grant.

CEQA (California Environmental Quality Act):

Categorical Exemption

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 to a multi-use basin, adding trash-capture systems, and providing additional groundwater recharge.



City of Morgan Hill

U r à 3A U i c a • A] a d ^ } c



CITY OF MORGAN HILL

LOCATION PLAN

Butterfield Basin

Date: 8/30/24

Drwn by: 59

PAGE 1 OF 1

CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:
Cynthia Iwanaga, Management Analyst
APPROVED BY: City Manager

AWARD 2026 SIDEWALK REPAIRS AND REPLACEMENT PROJECT TO QLM, INC.

RECOMMENDATION(S)

1. Award contract to QLM, Inc. in the amount of \$281,000 and authorize the expenditure of 10% contingency funds not to exceed \$28,100 for a total authorization of \$309,100; and
2. Authorize the City Manager to execute and administer that certain construction contract with QLM, Inc.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Enhancing Public Safety and Quality of Life
Maintaining and Enhancing Infrastructure

Strategic Priorities 2026-2027

Fiscal Sustainability

Guiding Documents

Morgan Hill 2035 General Plan

REPORT NARRATIVE:

The purpose of this item is to present the City Council with an opportunity to review and consider the contract prepared to complete the City's 2026 Sidewalk Repair and Replacement Project. The scope of work for the 2026 Sidewalk Repair and Replacement Project will include the removal and replacement of concrete sidewalks at various locations within the City limits from June to August 2026. Over 3,840 square feet of damaged sidewalks will be removed and replaced. In addition, 85 linear feet of curb and gutter and 45 Americans with Disabilities Act (ADA) curb ramps will be installed. Tree root removal will be completed dependent upon the conditions at each sidewalk location. The exact locations and City bid documents can be viewed on the City website via the following links: [Bid](#) and [Addenda](#)

In soliciting bids for this sidewalk repair project, the City advertised in the Morgan Hill

Times on February 20, 2026. Bids were posted on the City website, Public Purchase online plan service, and at four builders exchanges including the Builders Exchange of Santa Clara County, San Francisco Builders Exchange, Bay Area Builders Exchange and Central Coast Builders Association. Lastly, the bid was posted on the Dodge and Data Analytics and the Bid Net websites, whose subscribers include hundreds of contractors as well as national builders exchanges. General Engineering (A) and Concrete (C-8) contractors registered on the City's bidders' list were also informed of the bid opportunity via email.

A non-mandatory pre-bid meeting was held on March 19, 2026 via a virtual Zoom meeting. The bid opening was held on April 7, 2026 via a virtual Zoom meeting and 16 bids were received. Below they are listed from lowest to highest bid.

Bidder	Amount
QLM, Inc.	\$281,000.00
Villalobos and Associates	\$291,750.00
Cervantes Landscape Services, Inc.	\$296,475.00
DR General Engineering*	\$298,380.00*
Estate Design and Construction	\$315,000.00
Duran Construction Group	\$332,890.00
Becon, Inc.	\$373,495.00
JMS Cement Contractors, Inc.	\$401,340.00
Zara Construction, Inc.	\$409,680.00
Lewis and Tibbitts, Inc.	\$412,733.50
Ram-Con Corporation	\$428,287.20
Allsite Corp. Goods Services	\$429,720.00
Spenco Construction	\$429,775.00
The Don Chapin Co., Inc.	\$468,975.00
Golden Bay Construction, Inc.	\$521,332.50
FBD Vanguard	\$565,345.00

Construction, Inc.	
--------------------	--

*This bid was deemed non-responsive.

The responsive bidder with the lowest responsive bid was QLM, Inc. at \$281,000. QLM, Inc. has over 25 years of experience and has completed similar projects for several government agencies in the San Francisco Bay Area, including the City of San Jose, City of Fremont Parks and Recreation, and County of Santa Clara Parks and Recreation.

Staff recommends that the City Council award the contract to QLM, Inc. in the amount of \$281,000 and authorize the City Manager to execute and administer the contract. A 10% contingency of \$28,100 is recommended, which will yield a total construction authorization of \$309,100 for the 2026 Sidewalk Repair and Replacement Project.

COMMUNITY ENGAGEMENT:

Inform

Contractor will post signs at the sidewalk repair sites to inform pedestrians and cars of the construction underway. Notification will also be posted on the City's website and Nextdoor Morgan Hill to inform residents that sidewalk repairs will be underway throughout the City beginning in early June 2026.

ALTERNATIVE ACTIONS:

An alternative action would be to not approve the contract and delay the repair of citywide sidewalks.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

While the City Council has not previously taken action on this specific item, conducting sidewalk repairs is an ongoing public safety activity and the Council has approved numerous contracts for sidewalk repairs in the past.

FISCAL AND RESOURCE IMPACT:

Funding for this agreement is allocated in the FY 2025/2026 budget in Fund 308: Pavement (\$171,455) and Fund 346: Public Facilities (\$137,645): CIP Project SR5008.308.CONSTR and SR.5008.346.CONSTR.

CEQA (California Environmental Quality Act):

Categorical Exemption

The activities described in this Staff Report are categorically exempt under CEQA, specifically pursuant to Section 15301 (c) 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 the use of those facilities.

CONTRACT

This public works contract (“Contract”) is entered into by and between the City of Morgan Hill (“City”) and QLM, Inc. a California Corporation for work on the 2026 Sidewalk Repairs & Replacement Project (“Project”).

The parties agree as follows:

1. **Award of Contract.** In response to the Notice Inviting Bids, Contractor has submitted a Bid Proposal to perform the Work to construct on the Project. On _____, 20____, City authorized award of this Contract to Contractor for the amount set forth in Section 4, below.
2. **Contract Documents.** The Contract Documents incorporated into this Contract include and are comprised of all of the documents listed below. The definitions provided in Article 1 of the General Conditions apply to all of the Contract Documents, including this Contract.
 - 2.1 Notice Inviting Bids;
 - 2.2 Instructions to Bidders;
 - 2.3 Addenda, if any;
 - 2.4 Bid Proposal and attachments thereto;
 - 2.5 Contract;
 - 2.6 Payment and Performance Bonds;
 - 2.7 General Conditions;
 - 2.8 Special Conditions;
 - 2.9 Project Plans and Specifications;
 - 2.10 Change Orders, if any;
 - 2.11 Notice of Award;
 - 2.12 Notice to Proceed; and
 - 2.13 The following: “No other documents”
3. **Contractor’s Obligations.** Contractor will perform all of the Work required for the Project, as specified in the Contract Documents. Contractor must provide, furnish, and supply all things necessary and incidental for the timely performance and completion of the Work, including all necessary labor, materials, supplies, tools, equipment, transportation, onsite facilities, and utilities, unless otherwise specified in the Contract Documents. Contractor must use its best efforts to diligently prosecute and complete the Work in a professional and expeditious manner and to meet or exceed the performance standards required by the Contract Documents.

4. **Payment.** As full and complete compensation for Contractor's timely performance and completion of the Work in strict accordance with the terms and conditions of the Contract Documents, City will pay Contractor Two-Hundred Eighty-One Thousand Dollars (\$281,000) (the "Contract Price"), for all of Contractor's direct and indirect costs to perform the Work, including all labor, materials, supplies, equipment, federal, state and local taxes, insurance, bonds, and all overhead costs, in accordance with the payment provisions in the General Conditions.
5. **Time for Completion.** Contractor will fully complete the Work for the Project, meeting all requirements for Final Completion, within 90 calendar days from the start date set forth in the Notice to Proceed ("Contract Time"). Curb ramps must be completed between June 1, 2026 and July 24, 2026. By signing below, Contractor expressly waives any claim for delayed early completion.
6. **Liquidated Damages.** As further specified in Section 5.4 of the General Conditions, if Contractor fails to complete the Work within the Contract Time, City will assess liquidated damages in the amount of Five Hundred Dollars (\$500.00) per day for each day of unexcused delay in achieving Final Completion, and such liquidated damages may be deducted from City's payments due or to become due to Contractor under this Contract. Contract Price will be reduced accordingly.
7. **Labor Code Compliance.**
 - 7.1 **General.** This Contract is subject to all applicable requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code, including requirements pertaining to wages, working hours and workers' compensation insurance, as further specified in Article 9 of the General Conditions.
 - 7.2 **Prevailing Wages.** This Project is subject to the prevailing wage requirements applicable to the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the Work, including employer payments for health and welfare, pension, vacation, apprenticeship and similar purposes. Copies of these prevailing rates are available online at <http://www.dir.ca.gov/DLSR>.
 - 7.3 **DIR Registration.** City will not enter into the Contract with a bidder without proof that the bidder and its Subcontractors are registered with the California Department of Industrial Relations to perform public work pursuant to Labor Code Section 1725.5, subject to limited legal exceptions.
8. **Workers' Compensation Certification.** Pursuant to Labor Code Section 1861, by signing this Contract, Contractor certifies as follows: "I am aware of the provisions of Labor Code Section 3700 which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the Work on this Contract."

9. **Conflicts of Interest.** Contractor, its employees, Subcontractors and agents, may not have, maintain or acquire a conflict of interest in relation to this Contract in violation of any City ordinance or requirement, or in violation of any California law, including Government Code Section 1090 *et seq.*, or the Political Reform Act, as set forth in Government Code Section 81000 *et seq.* and its accompanying regulations. Any violation of this Section constitutes a material breach of the Contract.
10. **Independent Contractor.** Contractor is an independent contractor under this Contract and will have control of the Work and the means and methods by which it is performed. Contractor and its Subcontractors are not employees of City and are not entitled to participate in any health, retirement, or any other employee benefits from City.
11. **Notice.** Any notice required by the Contract Documents must be made in writing, signed, dated, and sent to the other party by personal delivery, U.S. Mail, a reliable overnight delivery service, or by email as a PDF file. Notice is deemed effective upon delivery unless otherwise specified. Notice for each party must be given as follows:

City:

City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037
Phone: (408) 779-7259
Attn: City Clerk
Email: michelle.bigelow@morganhill.ca.gov
Copy to: kerri.russell@morganhill.ca.gov

Contractor:

Name: QLM, Inc.
Address: 94 Umbarger Road
City/State/Zip: San Jose, CA 95111
Phone: 408-640-0336
Attn: Darrell Qualls, President
Email: darrell.qualls@qlm-inc.com
Copy to:

12. General Provisions.

- 12.1 **Assignment and Successors.** Contractor may not assign its rights or obligations under this Contract, in part or in whole, without City's written consent. This Contract is binding on Contractor's and City's lawful heirs, successors and permitted assigns.

- 12.2 Third Party Beneficiaries.** There are no intended third-party beneficiaries to this Contract.
- 12.3 Governing Law and Venue.** This Contract will be governed by California law and venue will be in the Superior Court of Santa Clara County, and no other place. Contractor waives any right it may have pursuant to Code of Civil Procedure Section 394, to file a motion to transfer any action arising from or relating to this Contract to a venue outside of Santa Clara County, California.
- 12.4 Amendment.** No amendment or modification of this Contract will be binding unless it is in a writing duly authorized and signed by the parties to this Contract.
- 12.5 Integration.** This Contract and the Contract Documents incorporated herein, including authorized amendments or Change Orders thereto, constitute the final, complete, and exclusive terms of the agreement between City and Contractor.
- 12.6 Severability.** If any provision of the Contract Documents, is determined to be illegal, invalid, or unenforceable, in whole or in part, the remaining provisions of the Contract Documents will remain in full force and effect.
- 12.7 Iran Contracting Act.** If the Contract Price exceeds \$1,000,000, Contractor certifies, by signing below, that it is not identified on a list created under the Iran Contracting Act, Public Contract Code Section 2200 *et seq.* (the “Act”), as a person engaging in investment activities in Iran, as defined in the Act, or is otherwise expressly exempt under the Act.
- 12.8 Authorization.** Each individual signing below warrants that he or she is authorized to do so by the party that he or she represents, and that this Contract is legally binding on that party. If Contractor is a corporation, signatures from two officers of the corporation are required pursuant to California Corporations Code Section 313. If Contractor is a partnership, signature by a general partner with authority to bind the partnership is required. If Contractor is a limited liability company (LLC), a signature by a member or manager with authority to bind the LLC is required.
- 12.9 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.
- 12.10 Notice of Security and/or Privacy Incident.** If Contractor, or its subcontractor, 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, Contractor 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. Contractor 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, Contractor 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. Contractor 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.

[Signatures are on the following page.]

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.

The parties agree to this Contract as witnessed by the signatures below:

CITY OF MORGAN HILL:

Christina J. Turner
City Manager

Date: _____

Attest:

Michelle Bigelow
City Clerk

Date: _____

Approved as to Form:

Donald A. Larkin
City Attorney

Date: _____

CONTRACTOR:
QLM, INC.

Darrell Qualls
Signature

Darrell Qualls, President
Name/Title [print]

Date: 04/15/2026

Corporate entities must provide a second signature:

Darrell Qualls
Signature

Darrell Qualls, Treasurer, Secretary
Name/Title [print]

Date: 04/15/2026

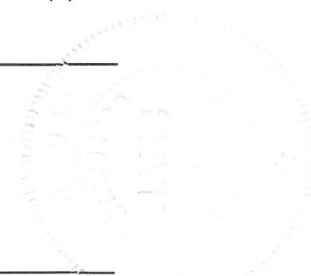
560651
Contractor's License Number(s)

06/30/2026
Expiration Date(s)

Seal:

1000000353
Contractor's DIR Registration Number(s)

06/30/2026
Expiration Date



END OF CONTRACT

PAYMENT BOND

The City of Morgan Hill ("City") and QLM, Inc. ("Contractor") have entered into a contract for work on the 2026 Sidewalk Repairs & Replacement Project ("Project"). The Contract is incorporated by reference into this Payment Bond ("Bond").

1. **General.** Under this Bond, Contractor as principal and United Fire & Casualty Company, its surety ("Surety"), are bound to City as obligee in an amount not less than Two-Hundred Eighty-One Thousand Dollars (\$281,000) ("Bond Sum"), under California Civil Code Section 9550, *et seq.*, to ensure payment to authorized claimants. This Bond is binding on the respective successors, assigns, owners, heirs, or executors of Surety and Contractor
2. **Surety's Obligation.** If Contractor or any of its Subcontractors fails to pay a person authorized in California Civil Code Section 9100 to assert a claim against a payment bond, any amounts due under the Unemployment Insurance Code with respect to work or labor performed under the Contract, or any amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of Contractor and its Subcontractors, under California Unemployment Insurance Code Section 13020, with respect to the work and labor, then Surety will pay the obligation.
3. **Beneficiaries.** This Bond inures to the benefit of any of the persons named in California Civil Code Section 9100, so as to give a right of action to those persons or their assigns in any suit brought upon this Bond. Contractor must promptly provide a copy of this Bond upon request by any person with legal rights under this Bond.
4. **Duration.** If Contractor promptly makes payment of all sums for all labor, materials, and equipment furnished for use in the performance of the Work required by the Contract, in conformance with the time requirements set forth in the Contract and as required by California law, Surety's obligations under this Bond will be null and void. Otherwise, Surety's obligations will remain in full force and effect.
5. **Waivers.** Surety waives any requirement to be notified of alterations to the Contract or extensions of time for performance of the Work under the Contract. Surety waives the provisions of Civil Code Sections 2819 and 2845. City waives the requirement of a new bond for any supplemental contract under Civil Code Section 9550. Any notice to Surety may be given in the manner specified in the Contract and delivered or transmitted to Surety as follows:

Attn: Surety Department
Address: 118 Second Ave SE
City/State/Zip: Cedar Rapids IA 52401
Phone: 800-343-9131
Email: surety@unitedfiregroup.com

6. **Law and Venue.** This Bond will be governed by California law, and venue for any dispute pursuant to this Bond will be in the Superior Court of Santa Clara County, and no other place. Surety will be responsible for City's attorneys' fees and costs in any action to enforce the provisions of this Bond.
7. **Effective Date; Execution.** This Bond is entered into and is effective on April 14, 2026.



SURETY: United Fire & Casualty Company

CONTRACTOR: QLM, Inc.

s/ Jody Nelson

s/ Darren Qualls

Name: Jody Nelson

Name: DARREN QUALLS

Title: Attorney - In - Fact

Title: PRES

(Attach Acknowledgment with Notary Seal and Power of Attorney)

APPROVED AS TO FORM:

By: _____
Donald A. Larkin, City Attorney

Date: _____

END OF PAYMENT BOND



UNITED FIRE & CASUALTY COMPANY, CEDAR RAPIDS, IA
 UNITED FIRE & INDEMNITY COMPANY, WEBSTER, TX
 FINANCIAL PACIFIC INSURANCE COMPANY, ROSEVILLE, CA

POWER OF ATTORNEY

To verify the authenticity of this Power of Attorney, please contact us at
 UFG Insurance, 118 Second Ave SE, Cedar Rapids, IA 52401
 telephone (800) 343-9130 or email surety@unitedfiregroup.com
THIS POWER OF ATTORNEY IS VOID IF ALTERED
 To notify us of a claim, please contact us at surety@unitedfiregroup.com

KNOW ALL PERSONS BY THESE PRESENTS, That United Fire & Casualty Company, a corporation duly organized and existing under the laws of the State of Iowa; United Fire & Indemnity Company, a corporation duly organized and existing under the laws of the State of Texas; and Financial Pacific Insurance Company, a corporation duly organized and existing under the laws of the State of California (herein collectively called the Companies), and having their corporate headquarters in Cedar Rapids, State of Iowa, does make, constitute and appoint

MARK VEYTSER, DMITRIY LAZAREV, MAHMUD M ISCHANOV, TERRY R. BANER, STEVEN A. CALLAWAY, MICHELLE STANWOOD, JAMIE WHITESIDE, JODY NELSON, JOSEPH VELASQUEZ, ANDREA HERING, JAMES UNTIEDT, BILL FRANGIEH, JENNIFER MULLINS, MAC ISCHANOV, JOE LONGWELLO, VICTORIA M. RIEDL, MAUREEN GHINAZZI, EACH INDIVIDUALLY

their true and lawful Attorney(s)-in-Fact with power and authority hereby conferred to sign, seal and execute in its behalf all lawful bonds, undertakings and other obligatory instruments of similar nature provided that no single obligation shall exceed \$25,000,000.00 and to bind the Companies thereby as fully and to the same extent as if such instruments were signed by the duly authorized officers of the Companies and all of the acts of said Attorney, pursuant to the authority hereby given and hereby ratified and confirmed.

The Authority hereby granted by United Fire & Casualty Company, United Fire & Indemnity Company, and Financial Pacific Insurance Company shall expire as of the 3rd day of February, 2028 unless sooner revoked.

This Power of Attorney has been duly made, executed and delivered pursuant to, and in accordance with, the articles of incorporation, bylaws, and other governing documents of each of the respective Companies, and by authority therein granted and under applicable corporate law.

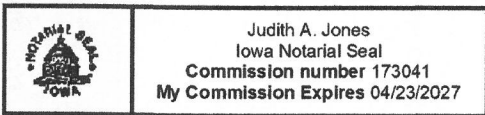
IN WITNESS WHEREOF, the COMPANIES have each caused these presents to be signed by its officer and its corporate seal to be hereto affixed this 3rd day of February, 2026.



By: *Kyanna M. Saylor*
 Kyanna M. Saylor, Vice President of
 United Fire & Casualty Company
 United Fire & Indemnity Company
 Financial Pacific Insurance Company

State of Iowa, County of Linn, ss:

On this 3rd day of February, 2026, before me personally came Kyanna M. Saylor to me known, who being by me duly sworn, did depose and say; that she is a Vice President of UNITED FIRE & CASUALTY COMPANY, a Vice President of UNITED FIRE & INDEMNITY COMPANY, and a Vice President of FINANCIAL PACIFIC INSURANCE COMPANY, the corporations described in and which executed the above instrument; that she knows the seal of said corporations; that the seals affixed to the said instrument are such corporate seals; that these seals were so affixed pursuant to authority given by the Boards of Directors of said corporations and that she signed her name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporations.



Notary Public: *Judith A. Jones*
 My commission expires: 04/23/2027

I, Mary A. Bertsch, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and that the said Power of Attorney has not been revoked and is now in full force and effect.

In testimony whereof I have hereunto subscribed my name and affixed the corporate seal of each said Company this 14 day of April, 2026.



By: *Mary A. Bertsch*
 Mary A. Bertsch, Assistant Secretary of
 United Fire & Casualty Company
 United Fire & Indemnity Company
 Financial Pacific Insurance Company

ACKNOWLEDGMENT

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

State of California
County of Placer)

On 04-14-2024 before me, Kelly Michelle Fishler, Notary Public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature Kelly Michelle Fishler (Seal)



Bond # 54-269779

Premium \$2,782.00

Premium is for project term and subject to adjustment based on final contract value

PERFORMANCE BOND

The City of Morgan Hill ("City") and QLM, Inc. ("Contractor") have entered into a contract for work on the 2026 Sidewalk Repairs & Replacement Project ("Project"). The Contract is incorporated by reference into this Performance Bond ("Bond").

1. **General.** Under this Bond, Contractor as principal and _____ United Fire & Casualty Company _____, its surety ("Surety"), are bound to City as obligee for an amount not less than Two-Hundred Eighty-One Thousand Dollars (\$281,000) (the "Bond Sum") to ensure Contractor's faithful performance of its obligations under the Contract. By executing this Bond, Contractor and Surety bind themselves and their respective heirs, executors, administrators, successors and assigns, jointly and severally, to the provisions of this Bond.
2. **Surety's Obligations.** Surety's obligations are co-extensive with Contractor's obligations under the Contract. If Contractor fully performs its obligations under the Contract, including its warranty obligations under the Contract, Surety's obligations under this Bond will become null and void. Otherwise, Surety's obligations under this bond will remain in full force and effect.
3. **Waiver.** Surety waives any requirement to be notified of and further consents to any alterations to the Contract made under the applicable provisions of the Contract Documents, including changes to the scope of Work or extensions of time for performance of Work under the Contract. Surety waives the provisions of Civil Code Sections 2819 and 2845.
4. **Application of Contract Balance.** Upon making a demand on this Bond for completion of the Work prior to acceptance of the Project, City will make the Contract Balance available to Surety for completion of the Work under the Contract. For purposes of this provision, the Contract Balance is defined as the total amount payable by City to Contractor as the Contract Price minus amounts already paid to Contractor, and minus any liquidated damages, credits, or backcharges to which City is entitled under the terms of the Contract.
5. **Contractor Default.** Upon written notification from City that Contractor is in default under Article 13 of the Contract General Conditions, time being of the essence, Surety must act within the time specified in Article 13 to remedy the default through one of the following courses of action:
 - 5.1 Arrange for completion of the Work under the Contract by Contractor, with City's consent, but only if Contractor is in default solely due to its financial inability to complete the Work;

5.2 Arrange for completion of the Work under the Contract by a qualified contractor acceptable to City, and secured by performance and payment bonds issued by an admitted surety as required by the Contract Documents, at Surety's expense, or

5.3 Waive its right to complete the Work under the Contract and reimburse City the amount of City's costs to have the remaining Work completed.

6. **Surety Default.** If Surety defaults on its obligations under the Bond, City will be entitled to recover all costs it incurs due to Surety's default, including legal, design professional, or delay costs.
7. **Notice.** Any notice to Surety may be given in the manner specified in the Contract and delivered or transmitted to Surety as follows:

Attn: Surety Department
Address: 118 Second Ave SE
City/State/Zip: Cedar Rapids IA 52401
Phone: 800-343-9131
Fax: 888-514-9190
Email: surety@unitedfiregroup.com

8. **Law and Venue.** This Bond will be governed by California law, and venue for any dispute pursuant to this Bond will be in the Superior Court of Santa Clara County, and no other place. Surety will be responsible for City's attorneys' fees and costs in any action to enforce the provisions of this Bond.

[Signatures are on the following page.]

9. **Effective Date; Execution.** This Bond is entered into and effective on
April 14, 2026.

SURETY: United Fire & Casualty Company

CONTRACTOR: QLM, Inc.

s/ Jody Nelson
Name: Jody Nelson

s/ Darren Quarrs
Name: DARREN QUARRS

Title: Attorney - In - Fact

Title: PRES

(Attach Acknowledgment with Notary Seal and Power of Attorney)

APPROVED AS TO FORM:

By: _____
Donald A. Larkin, City Attorney

Date: _____

END OF PERFORMANCE BOND



UNITED FIRE & CASUALTY COMPANY, CEDAR RAPIDS, IA
 UNITED FIRE & INDEMNITY COMPANY, WEBSTER, TX
 FINANCIAL PACIFIC INSURANCE COMPANY, ROSEVILLE, CA
POWER OF ATTORNEY

To verify the authenticity of this Power of Attorney, please contact us at
 UFG Insurance, 118 Second Ave SE, Cedar Rapids, IA 52401
 telephone (800) 343-9130 or email surety@unitedfiregroup.com
THIS POWER OF ATTORNEY IS VOID IF ALTERED
 To notify us of a claim, please contact us at surety@unitedfiregroup.com

KNOW ALL PERSONS BY THESE PRESENTS, That United Fire & Casualty Company, a corporation duly organized and existing under the laws of the State of Iowa; United Fire & Indemnity Company, a corporation duly organized and existing under the laws of the State of Texas; and Financial Pacific Insurance Company, a corporation duly organized and existing under the laws of the State of California (herein collectively called the Companies), and having their corporate headquarters in Cedar Rapids, State of Iowa, does make, constitute and appoint

MARK VEYTSER, DMITRIY LAZAREV, MAHMUD M ISCHANOV, TERRY R. BANER, STEVEN A. CALLAWAY, MICHELLE STANWOOD, JAMIE WHITESIDE, JODY NELSON, JOSEPH VELASQUEZ, ANDREA HERING, JAMES UNTIEDT, BILL FRANGIEH, JENNIFER MULLINS, MAC ISCHANOV, JOE LONGWELLO, VICTORIA M. RIEDL, MAUREEN GHINAZZI, EACH INDIVIDUALLY

their true and lawful Attorney(s)-in-Fact with power and authority hereby conferred to sign, seal and execute in its behalf all lawful bonds, undertakings and other obligatory instruments of similar nature provided that no single obligation shall exceed \$25,000,000.00 and to bind the Companies thereby as fully and to the same extent as if such instruments were signed by the duly authorized officers of the Companies and all of the acts of said Attorney, pursuant to the authority hereby given and hereby ratified and confirmed.

The Authority hereby granted by United Fire & Casualty Company, United Fire & Indemnity Company, and Financial Pacific Insurance Company shall expire as of the 3rd day of February, 2028 unless sooner revoked.

This Power of Attorney has been duly made, executed and delivered pursuant to, and in accordance with, the articles of incorporation, bylaws, and other governing documents of each of the respective Companies, and by authority therein granted and under applicable corporate law.

IN WITNESS WHEREOF, the COMPANIES have each caused these presents to be signed by its officer and its corporate seal to be hereto affixed this 3rd day of February, 2026.



By: *Kyanna M. Saylor*
 Kyanna M. Saylor, Vice President of
 United Fire & Casualty Company
 United Fire & Indemnity Company
 Financial Pacific Insurance Company

State of Iowa, County of Linn, ss:

On this 3rd day of February, 2026, before me personally came Kyanna M. Saylor to me known, who being by me duly sworn, did depose and say; that she is a Vice President of UNITED FIRE & CASUALTY COMPANY, a Vice President of UNITED FIRE & INDEMNITY COMPANY, and a Vice President of FINANCIAL PACIFIC INSURANCE COMPANY, the corporations described in and which executed the above instrument; that she knows the seal of said corporations; that the seals affixed to the said instrument are such corporate seals; that these seals were so affixed pursuant to authority given by the Boards of Directors of said corporations and that she signed her name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporations.



Notary Public: *Judith A. Jones*
 My commission expires: 04/23/2027

I, Mary A. Bertsch, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and that the said Power of Attorney has not been revoked and is now in full force and effect.

In testimony whereof I have hereunto subscribed my name and affixed the corporate seal of each said Company this 14 day of April, 2026.



By: *Mary A. Bertsch*
 Mary A. Bertsch, Assistant Secretary of
 United Fire & Casualty Company
 United Fire & Indemnity Company
 Financial Pacific Insurance Company

ACKNOWLEDGMENT

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

State of California
County of Placer

On 04-14-2024 before me, Kelly Michelle Fishler, Notary Public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature Kelly Michelle Fishler (Seal)



GENERAL CONDITIONS

Article 1 - Definitions

1.1 Definitions. The following definitions apply to all of the Contract Documents unless otherwise indicated, e.g., additional definitions that apply solely to the Specifications or other technical documents. Defined terms and titles of documents are capitalized in the Contract Documents, with the exception of the following (in any tense or form): “day,” “furnish,” “including,” “install,” “work day,” or “working day.”

Allowance means a specific amount that must be included in the Bid Proposal for Work that may or may not be included in the Project, depending on conditions that will not become known until after bids are opened. If the Contract Price includes an Allowance and the cost of performing the Work covered by that Allowance is greater or less than the Allowance, the Contract Price will be increased or decreased accordingly.

Article, as used in these General Conditions, means a numbered Article of the General Conditions, unless otherwise indicated by the context.

Change Order means a written document duly approved and executed by City, which changes the scope of Work, the Contract Price, or the Contract Time.

City means the City of Morgan Hill, acting through its City Council, officers, employees, City Engineer, and any other authorized representatives.

City Engineer or City Project Manager means the City Engineer or City Project Manager for City and his or her authorized delegee(s).

Claim means a separate demand by Contractor for a change in the Contract Time or Contract Price, that has previously been submitted to City in accordance with the requirements of the Contract Documents, and which has been rejected by City, in whole or in part; a written demand by Contractor disputing a unilateral Change Order or a portion thereof; or a written demand by Contractor objecting to the amount of Final Payment.

Contract means the signed agreement between City and Contractor for performing the Work required for the Project, and all documents expressly incorporated therein.

Contract Documents means, collectively, all of the documents listed as such in Section 2 of the Contract, including the Notice Inviting Bids; the Instructions to Bidders; addenda, if any; the Bid Proposal and attachments thereto; the Contract; the Notice of Award and Notice to Proceed; the payment and performance bonds; the General Conditions; the Special Conditions; the Project Plans and

Specifications; any Change Orders; and any other documents that are clearly and unambiguously made part of the Contract Documents. The Contract Documents do not include documents provided “For Reference Only,” or documents that are intended solely to provide information regarding existing conditions.

Contract Price means the total compensation to be paid to Contractor for performance of the Work, as set forth in the Contract and as may be amended by Change Order or adjusted for an Allowance. The Contract Price is not subject to adjustment due to inflation or due to the increased cost of labor, material, supplies, or equipment following submission of the Bid Proposal. The Contract Price is deemed to include all applicable federal, state, and local taxes.

Contract Time means the number of days specified for complete performance of the Work, as set forth in the Contract and as may be amended by Change Order.

Contractor means the individual, partnership, corporation, or joint venture that has signed the Contract with City to perform the Work.

Day means a calendar day unless otherwise specified.

Design Professional means the licensed individual(s) or firm(s) retained by City to provide architectural, engineering, or other design professional services for the Project. If no Design Professional has been retained for this Project, any reference to Design Professional is deemed to refer to the Engineer.

DIR means the California Department of Industrial Relations.

Drawings has the same meaning as Plans.

Engineer means the City Engineer for the City of Morgan Hill and his or her authorized delegee(s).

Excusable Delay is defined in Section 5.3(B), Excusable Delay.

Extra Work means new or unforeseen work added to the Project, as determined by the Engineer in his or her sole discretion, including Work that was not part of or incidental to the scope of the Work when the Contractor’s bid was submitted; Work that is substantially different from the Work as described in the Contract Documents at bid time; or Work that results from a substantially differing and unforeseeable condition.

Final Completion means Contractor has fully completed all of the Work required by the Contract Documents to the City’s satisfaction, including all punch list items, and any required commissioning or training, and has provided the City with all required submittals, including the instructions and manuals, product warranties, and as-built drawings.

Final Payment means payment to Contractor of the unpaid Contract Price, including release of undisputed retention, less amounts withheld or deducted pursuant to the Contract Documents.

Furnish means to purchase and deliver for the Project.

Government Code Claim means a claim submitted pursuant to California Government Code § 900 et seq.

Hazardous Materials means any substance or material identified now or in the future as hazardous under any Laws, or any other substance or material that may be considered hazardous or otherwise subject to Laws governing handling, disposal, or cleanup.

Including, whether or not capitalized, means “including, but not limited to,” unless the context clearly requires otherwise.

Inspector means the individual(s) or firm(s) retained or employed by City to inspect the workmanship, materials, and manner of construction of the Project and its components to ensure compliance with the Contract Documents and all Laws.

Install means to fix in place for materials, and to fix in place and connect for equipment.

Laws means all applicable local, state, and federal laws, regulations, rules, codes, ordinances, permits, orders, and the like enacted or imposed by or under the auspices of any governmental entity with jurisdiction over any of the Work or any performance of the Work, including health and safety requirements.

Non-Excusable Delay is defined in Section 5.3(D), Non-Excusable Delay.

Plans means the City-provided plans, drawings, details, or graphical depictions of the Project requirements, but does not include Shop Drawings.

Project means the public works project referenced in the Contract.

Project Manager means the individual designated by City to oversee and manage the Project on City’s behalf and may include his or her authorized delegee(s) when the Project Manager is unavailable. If no Project Manager has been designated for this Project, any reference to Project Manager is deemed to refer to the Engineer.

Recoverable Costs is defined in Section 5.3(F), Recoverable Costs.

Request for Information or RFI means Contractor's written request for information about the Contract Documents, the Work or the Project, submitted to City in the manner and format specified by City.

Section, when capitalized in these General Conditions, means a numbered section or subsection of the General Conditions, unless the context clearly indicates otherwise.

Shop Drawings means drawings, plan details or other graphical depictions prepared by or on behalf of Contractor, and subject to City acceptance, which are intended to provide details for fabrication, installation, and the like, of items required by or shown in the Plans or Specifications.

Specialty Work means Work that must be performed by a specialized Subcontractor with the specified license or other special certification, and that the Contractor is not qualified to self-perform.

Specifications means the technical, text specifications describing the Project requirements, which are prepared for and incorporated into the Contract by or on behalf of City, and does not include the Contract, General Conditions or Special Conditions.

Subcontractor means an individual, partnership, corporation, or joint venture retained by Contractor directly or indirectly through a subcontract to perform a specific portion of the Work. The term Subcontractor includes subcontractors, suppliers, fabricators, and equipment lessors of all tiers, unless otherwise indicated by the context. A third party such as a utility performing related work on the Project is not a Subcontractor, even if Contractor must coordinate its Work with the third party.

Technical Specifications has the same meaning as Specifications.

Work means all of the construction and services necessary for or incidental to completing the Project in conformance with the requirements of the Contract Documents.

Work Day or Working Day, whether or not capitalized, means a weekday when the City is open for business, and does not include holidays observed by City.

Worksite means the place or places where the Work is performed, which includes, but may extend beyond the Project site, including separate locations for staging, storage, or fabrication.

Article 2 - Roles and Responsibilities

2.1 City.

(A) **City Council.** The City Council has final authority in all matters affecting the Project, except to the extent it has delegated authority to the Engineer.

(B) **Engineer.** The Engineer, acting within the authority conferred by the City Council, is responsible for administration of the Project on behalf of City, including authority to provide directions to the Design Professional and to Contractor to ensure proper and timely completion of the Project. The Engineer's decisions are final and conclusive within the scope of his or her authority, including interpretation of the Contract Documents.

(C) **Project Manager.** The Project Manager assigned to the Project will be the primary point of contact for the Contractor and will serve as City's representative, for daily administration of the Project on behalf of City. Unless otherwise specified, all of Contractor's communications to City (in any form) will go to or through the Project Manager. City reserves the right to reassign the Project Manager role at any time or to delegate duties to additional City representatives, without prior notice to or consent of Contractor.

(D) **Design Professional.** The Design Professional is responsible for the overall design of the Project, and to the extent authorized by City, may act on City's behalf to ensure performance of the Work in compliance with the Plans and Specifications, including any design changes authorized by Change Order. The Design Professional's duties may include review of Contractor's submittals, visits to any Worksite, inspecting the Work, evaluating test and inspection results, and participation in Project-related meetings, including any pre-construction conference, weekly meetings, and coordination meetings. The Design Professional's interpretation of the Plans or Specifications is final and conclusive.

2.2 Contractor.

(A) **General.** Contractor must provide all labor, materials, supplies, equipment, services, and incidentals necessary to perform and timely complete the Work in strict accordance with the Contract Documents, and in an economical and efficient manner in the best interests of City, and with minimal inconvenience to the public.

(B) **Responsibility for the Work and Risk of Loss.** Contractor is responsible for supervising and directing all aspects of the Work to facilitate

the efficient and timely completion of the Work. Contractor is solely responsible for, and required to exercise full control over the Work, including the construction means, methods, techniques, sequences, procedures, safety precautions and programs, and coordination of all portions of the Work with that of all other contractors and Subcontractors, except to the extent that the Contract Documents provide other specific instructions. Contractor's responsibilities extend to any plan, method or sequence suggested, but not required by City or specified in the Contract Documents. From the date of commencement of the Work until either the date on which City formally accepts the Project or the effective date of termination of the Contract, whichever is later, Contractor bears all risks of injury or damage to the Work and the materials and equipment delivered to any Worksite, by any cause including fire, earthquake, wind, weather, vandalism or theft, subject to the limitations of Laws, including Public Contract Code section 7105.

(C) **Project Administration.** Contractor must provide sufficient and competent administration, staff, and skilled workforce necessary to perform and timely complete the Work in accordance with the Contract Documents. Before starting the Work, Contractor must designate in writing and provide complete contact information, including telephone numbers and email address, for the officer or employee in Contractor's organization who is to serve as Contractor's primary representative for the Project, and who has authority to act on Contractor's behalf. A Subcontractor may not serve as Contractor's primary representative.

(D) **On-Site Superintendent.** Contractor must, at all times during performance of the Work, provide a qualified and competent full-time superintendent acceptable to City, and assistants, as necessary, who must be physically present at the Project site while any aspect of the Work is being performed. The superintendent must have full authority to act and communicate on behalf of Contractor, and Contractor will be bound by the superintendent's communications to City. City's approval of the superintendent is required before the Work commences. If City is not satisfied with the superintendent's performance, City may request a qualified replacement of the superintendent. Failure to comply may result in temporary suspension of the Work, at Contractor's sole expense and with no extension of Contract Time, until an approved superintendent is physically present to supervise the Work. Contractor must provide written notice to City, as soon as practicable, before replacing the superintendent.

(E) **Standards.** Contractor must, at all times, ensure that the Work is performed in an efficient, skillful manner following best practices and in full compliance with the Contract Documents, Laws, and applicable manufacturer's recommendations. Contractor has a material and ongoing obligation to provide true and complete information, to the best of its

knowledge, with respect to all records, documents, or communications pertaining to the Project, including oral or written reports, statements, certifications, Change Order requests, or Claims.

(F) **Meetings.** Contractor, its project manager, superintendent, and any primary Subcontractors requested by City, must attend a pre-construction conference, if requested by City, as well as weekly Project progress meetings scheduled with City. If applicable, Contractor may also be required to participate in coordination meetings with other parties relating to other work being performed on or near the Project site or in relation to the Project, including work or activities performed by City, other contractors, or other utility owners.

(G) **Construction Records.** Contractor will maintain up-to-date, thorough, legible, and dated daily job reports, which document all significant activity on the Project for each day that Work is performed on the Project. The daily report for each day must include the number of workers at the Project site; primary Work activities; major deliveries; problems encountered, including injuries, if any; weather and site conditions; and delays, if any. Contractor will take date and time-stamped photographs to document general progress of the Project, including site conditions prior to construction activities, before and after photographs at offset trench laterals, existing improvements and utilities, damage and restoration. Contractor will maintain copies of all subcontracts, Project-related correspondence with Subcontractors, and records of meetings with Subcontractors. Upon request by the City, Contractor will permit review of and/or provide copies of any of these construction records.

(H) **Responsible Party.** Contractor is solely responsible to City for the acts or omissions of any Subcontractors, or any other party or parties performing portions of the Work or providing equipment, materials, or services for or on behalf of Contractor or the Subcontractors. Upon City's written request, Contractor must promptly and permanently remove from the Project, at no cost to City, any employee, Subcontractor, or employee of a Subcontractor who the Engineer has determined to be incompetent, intemperate or disorderly, or who has failed or refused to perform the Work as required under the Contract Documents.

(I) **Correction of Defects.** Contractor must promptly correct, at Contractor's sole expense, any Work that is determined by City to be deficient or defective in any way, including workmanship, materials, parts, or equipment. Workmanship, materials, parts, or equipment that do not conform to the requirements under the Contract Documents, as determined by City, will be considered defective and subject to rejection. Contractor must also promptly correct, at Contractor's sole expense, any Work performed beyond the lines and grades shown on the Plans or established

by City, and any Extra Work performed without City's prior written approval. If Contractor fails to correct or to take reasonable steps toward correcting defective Work within five days following notice from City, or within the time specified in City's notice to correct, City may elect to have the defective Work corrected by its own forces or by a third party, in which case the cost of correction will be deducted from the Contract Price. If City elects to correct defective Work due to Contractor's failure or refusal to do so, City or its agents will have the right to take possession of and use any equipment, supplies, or materials available at the Project site or any Worksite on City property, in order to effectuate the correction, at no extra cost to City. Contractor's warranty obligations under Section 11.2, Warranty, will not be waived nor limited by City's actions to correct defective Work under these circumstances. Alternatively, City may elect to retain defective Work, and deduct the difference in value, as determined by the Engineer, from payments otherwise due to Contractor. This paragraph applies to any defective Work performed by Contractor during the one-year warranty period under Section 11.2.

(J) **Contractor's Records.** Contractor must maintain all of its records relating to the Project in any form, including paper documents, photos, videos, electronic records, approved samples, and the construction records required pursuant to paragraph (G), above. Project records subject to this provision include, complete Project cost records and records relating to preparation of Contractor's bid, including estimates, take-offs, and price quotes or bids.

- (1) Contractor's cost records must include all supporting documentation, including original receipts, invoices, and payroll records, evidencing its direct costs to perform the Work, including, but not limited to, costs for labor, materials and equipment. Each cost record should include, at a minimum, a description of the expenditure with references to the applicable requirements of the Contract Documents, the amount actually paid, the date of payment, and whether the expenditure is part of the original Contract Price, related to an executed Change Order, or otherwise categorized by Contractor as Extra Work. Contractor's failure to comply with this provision as to any claimed cost operates as a waiver of any rights to recover the claimed cost.
- (2) Contractor must continue to maintain its Project-related records in an organized manner for a period of five years after City's acceptance of the Project or following Contract termination, whichever occurs first. Subject to prior notice to Contractor, City is entitled to inspect or audit any of Contractor's records relating to the Project or to investigate Contractor's plant or equipment during Contractor's normal business hours. Contractor's records may also be subject to

examination and audit by the California State Auditor, pursuant to Government Code § 8546.7. The record-keeping requirements set forth in this subsection 2.2(J) will survive expiration or termination of the Contract.

(K) **Copies of Project Documents.** Contractor and its Subcontractors must keep copies, at the Project site, of all Work-related documents, including the Contract, permit(s), Plans, Specifications, addenda, Contract amendments, Change Orders, RFIs and RFI responses, Shop Drawings, as-built drawings, schedules, daily records, testing and inspection reports or results, and any related written interpretations. These documents must be available to City for reference at all times during construction of the Project.

2.3 Subcontractors.

(A) **General.** All Work which is not performed by Contractor with its own forces must be performed by Subcontractors. City reserves the right to approve or reject any and all Subcontractors proposed to perform the Work, for reasons including the Subcontractor's poor reputation, lack of relevant experience, financial instability, and lack of technical ability or adequately trained workforce. Each Subcontractor must obtain a City business license before performing any Work.

(B) **Contractual Obligations.** Contractor must require each Subcontractor to comply with the provisions of the Contract Documents as they apply to the Subcontractor's portion(s) of the Work, including the generally applicable terms of the Contract Documents, and to likewise bind their subcontractors. Contractor will provide that the rights that each Subcontractor may have against any manufacturer or supplier for breach of warranty or guarantee relating to items provided by the Subcontractor for the Project, will be assigned to City. Nothing in these Contract Documents creates a contractual relationship between a Subcontractor and City, but City is deemed to be a third-party beneficiary of the contract between Contractor and each Subcontractor. Copies of subcontracts must be available to the Engineer upon request. Before a Subcontractor commences Work on the Project, Contractor must provide the Engineer a written statement with the name of the Subcontractor, a description of each portion of the Work performed by the Subcontractor, and the percentage of the overall Work to be performed by the Subcontractor.

(C) **Termination.** If the Contract is terminated, each Subcontractor's agreement must be assigned by Contractor to City, subject to the prior rights of any surety, but only if and to the extent that City accepts, in writing, the assignment by written notification, and assumes all rights and obligations of Contractor pursuant to each such subcontract agreement.

(D) **Substitution of Subcontractor.** If Contractor requests substitution of a listed Subcontractor under Public Contract Code Section 4107, Contractor is solely responsible for all costs City incurs in responding to the request, including legal fees and costs to conduct a hearing, and any increased subcontract cost to perform the Work that was to be performed by the listed Subcontractor. If City determines that a Subcontractor is unacceptable to City based on the Subcontractor's failure to satisfactorily perform its Work, or for any of the grounds for substitution listed in Public Contract Code Section 4107(a), City may request removal of the Subcontractor from the Project. Upon receipt of a written request from City to remove a Subcontractor pursuant to this paragraph, Contractor will immediately remove the Subcontractor from the Project and, at no further cost to City, will either (1) self-perform the remaining Work to the extent that Contractor is duly licensed and qualified to do so, or (2) substitute a Subcontractor that is acceptable to City, in compliance with Public Contract Code Section 4107, as applicable.

2.4 Coordination of Work.

(A) **Concurrent Work.** City reserves the right to perform, have performed, or permit performance of other work on or adjacent to the Project site while the Work is being performed for the Project. Contractor is responsible for coordinating its Work with other work being performed on or adjacent to the Project site, including by any utility companies or agencies, and must avoid hindering, delaying, or interfering with the work of other contractors, individuals, or entities, and must ensure safe and reasonable site access and use as required or authorized by City. To the full extent permitted by law, Contractor must hold harmless and indemnify City against any and all claims arising from or related to Contractor's avoidable, negligent, or willful hindrance of, delay to, or interference with the work of any utility company or agency or another contractor or subcontractor.

(B) **Coordination.** If Contractor's Work will connect or interface with work performed by others, Contractor is responsible for independently measuring and visually inspecting such work to ensure a correct connection and interface. Contractor is responsible for any failure by Contractor or its Subcontractors to confirm measurements before proceeding with connecting Work. Before proceeding with any portion of the Work affected by the construction or operations of others, Contractor must give the Project Manager prompt written notification of any defects Contractor discovers which will prevent the proper execution of the Work. Failure to give notice of any known or reasonably discoverable defects will be deemed acknowledgement by Contractor that the work of others is not defective and will not prevent the proper execution of the Work. Contractor must also promptly notify City if work performed by others, including work or activities performed by City's own forces, is operating to hinder, delay, or interfere

with Contractor's timely performance of the Work. City reserves the right to backcharge Contractor for any additional costs incurred due to Contractor's failure to comply with the requirements in this Section 2.4.

2.5 Submittals. Unless otherwise specified, Contractor must submit to the Engineer for review and acceptance, all schedules, Shop Drawings, samples, product data and similar submittals required by the Contract Documents, or upon request by the Engineer. Unless otherwise specified, all submittals, including Requests for Information are subject to the general provisions of this Section, as well as specific submittal requirements that may be included elsewhere in the Contract Documents, including the Special Conditions or Specifications. The Engineer may require submission of a submittal schedule at or before a pre-construction conference, as may be specified in the Notice to Proceed.

(A) **General.** Contractor is responsible for ensuring that its submittals are accurate and conform to the Contract Documents.

(B) **Time and Manner of Submission.** Contractor must ensure that its submittals are prepared and delivered in a manner consistent with the current City-accepted schedule for the Work and within the applicable time specified in the Contract Documents, or if no time is specified, in such time and sequence so as not to delay the performance of the Work or completion of the Project.

(C) **Required Contents.** Each submittal must include the Project name and contract number, Contractor's name and address, the name and address of any Subcontractor or supplier involved with the submittal, the date, and references to applicable Specification section(s) and/or drawing and detail number(s).

(D) **Required Corrections.** If corrections are required, Contractor must promptly make and submit any required corrections as specified in full conformance with the requirements of this Section, or other requirements that apply to that submittal.

(E) **Effect of Review and Acceptance.** Review and acceptance of a submittal by City will not relieve Contractor from complying with the requirements of the Contract Documents. Contractor is responsible for any errors in any submittal, and review or acceptance of a submittal by City is not an assumption of risk or liability by City.

(F) **Enforcement.** Any Work performed or any material furnished, installed, fabricated, or used without City's prior acceptance of a required submittal is performed or provided at Contractor's risk, and Contractor may be required to bear the costs incident thereto, including the cost of removing

and replacing such Work or material, repairs to other affected portions of the Work or material, and the cost of additional time or services required of City, including costs for the Design Professional, Project Manager, or Inspector.

(G) **Excessive RFIs.** An RFI will be considered excessive or unnecessary if the City determines that the explanation or response to the RFI is clearly and unambiguously discernable from the Contract Documents. City's costs to review and respond to excessive or unnecessary RFIs may be deducted from payments otherwise due to Contractor.

2.6 Shop Drawings. When Shop Drawings are required by the Specifications or requested by the Engineer, they must be prepared according to best practices at Contractor's expense. The Shop Drawings must be of a size and scale to clearly show all necessary details. Unless otherwise specified by City, Shop Drawings must be provided to the Engineer for review and acceptance at least 30 days before the Work will be performed. If City requires changes, the corrected Shop Drawings must be resubmitted to the Engineer for review within the time specified by the Engineer. For all Project components requiring Shop Drawings, Contractor will not furnish materials or perform any Work until the Shop Drawings for those components are accepted by City. Contractor is responsible for any errors or omissions in the Shop Drawings, shop fits and field corrections; any deviations from the Contract Documents; and for the results obtained by the use of Shop Drawings. Acceptance of Shop Drawings by City does not relieve Contractor of Contractor's responsibility.

2.7 Access to Work. Contractor must afford prompt and safe access to any Worksite by City and its employees, agents, or consultants authorized by City; and upon request by City, Contractor must promptly arrange for City representatives to visit or inspect manufacturing sites or fabrication facilities for items to be incorporated into the Work.

2.8 Personnel. Contractor and its Subcontractors must employ only competent and skillful personnel to perform the Work. Contractor and its Subcontractor's supervisors, security or safety personnel, and employees who have unescorted access to the Project site must possess proficiency in English sufficient to read, understand, receive, and implement oral or written communications or instructions relating to their respective job functions, including safety and security requirements. Upon written notification from the Engineer, Contractor and its Subcontractors must immediately discharge any personnel who are incompetent, disorderly, disruptive, threatening, abusive, or profane, or otherwise refuse or fail to comply with the requirements of the Contract Documents or Laws, including Laws pertaining to health and safety. Any such discharged personnel may not be re-employed or permitted on the Project in any capacity without City's prior written consent.

Article 3 - Contract Documents

3.1 Interpretation of Contract Documents.

(A) **Plans and Specifications.** The Plans and Specifications included in the Contract Documents are complementary. If Work is shown on one but not on the other, Contractor must perform the Work as though fully described on both, consistent with the Contract Documents and reasonably inferable from them as being necessary to produce the indicated results. The Plans and Specifications are deemed to include and require everything necessary and reasonably incidental to completion of the Work, whether or not particularly mentioned or shown. Contractor must perform all Work and services and supply all things reasonably related to and inferable from the Contract Documents. In the event of a conflict between the Plans and Specifications, the Specifications will control, unless the Plan(s) at issue are dated later than the Specification(s) at issue. Detailed drawings take precedence over general drawings, and large-scale drawings take precedence over smaller scale drawings. Any arrangement or division of the Plans and Specifications into sections is for convenience and is not intended to limit the Work required by separate trades. A conclusion presented in the Plans or Specifications is only a recommendation. Actual locations and depths must be determined by Contractor's field investigation. Contractor may request access to underlying or background information in City's possession that is necessary for Contractor to form its own conclusions.

(B) **Duty to Notify and Seek Direction.** If Contractor becomes aware of a changed condition in the Project, or of any ambiguity, conflict, inconsistency, discrepancy, omission, or error in the Contract Documents, including the Plans or Specifications, Contractor must promptly submit a Request for Information to the Engineer and wait for a response from City before proceeding further with the related Work. The RFI must notify the City of the issue and request clarification, interpretation, or direction. The Engineer's clarification, interpretation, or direction will be final and binding on Contractor. If Contractor proceeds with the related Work before obtaining City's response, Contractor will be responsible for any resulting costs, including the cost of correcting any incorrect or defective Work that results. Timely submission of a clear and complete RFI is essential to avoiding delay. Delay resulting from Contractor's failure to submit a timely and complete RFI to the Engineer is Non-Excusable Delay. If Contractor believes that City's response to an RFI justifies a change to the Contract Price or Contract Time, Contractor must perform the Work as directed, but may submit a timely Change Order request in accordance with the Contract Documents. (See Articles 5 and 6.)

(C) **Figures and Dimensions.** Figures control over scaled dimensions.

(D) **Technical or Trade Terms.** Any terms that have well-known technical or trade meanings will be interpreted in accordance with those meanings, unless otherwise specifically defined in the Contract Documents.

(E) **Measurements.** Contractor must verify all relevant measurements in the Contract Documents and at the Project site before ordering any material or performing any Work, and will be responsible for the correctness of those measurements or for costs that could have been avoided by independently verifying measurements.

(F) **Compliance with Laws.** The Contract Documents are intended to comply with Laws and will be interpreted to comply with Laws.

3.2 Order of Precedence. Information included in one Contract Document but not in another will not be considered a conflict or inconsistency. Unless otherwise specified in the Special Conditions, in case of any conflict or inconsistency among the Contract Documents, the following order of precedence will apply, beginning from highest to lowest, with the most recent version taking precedent over an earlier version:

- (A) Change Orders;
- (B) Addenda;
- (C) Contract;
- (D) Notice to Proceed;
- (E) Attachment B- Federal Contract Requirements (only if used);
- (F) Special Conditions;
- (G) General Conditions;
- (H) Payment and Performance Bonds;
- (I) Specifications;
- (J) Plans;
- (K) Notice of Award
- (L) Notice Inviting Bids;
- (M) Attachment A – Federal Bidding Requirements (only if used);
- (N) Instructions to Bidders;
- (O) Contractor’s Bid Proposal and attachments;
- (P) The City’s standard specifications, as applicable; and
- (Q) Any generic documents prepared by and on behalf of a third party, that were not prepared specifically for this Project, such as Caltrans Standard Specifications or Caltrans Special Provisions.

3.3 Caltrans Standard Specifications. Any reference to or incorporation of the Standard Specifications of the State of California, Department of Transportation (“Caltrans”), including “Standard Specifications,” “Caltrans Specifications,” “State

Specifications,” or “CSS,” means the most current edition of Caltrans’ Standard Specifications, unless otherwise specified (“Caltrans Standard Specifications”), including the most current amendments as of the date that Contractor’s bid was submitted for this Project. The following provisions apply to use of or reference to the Caltrans Standard Specifications or Special Provisions:

(A) **Limitations.** None of the “General Provisions” of the Caltrans Standard Specifications, i.e., sections 1 through 9, applies to these Contract Documents with the exception of any specific provisions, if any, which are expressly stated to apply to these Contract Documents.

(B) **Conflicts or Inconsistencies.** If there is a conflict or inconsistency between any provision in the Caltrans Standard Specifications or Special Provisions and a provision of these Contract Documents, as determined by City, the provision in the Contract Documents will govern.

(C) **Meanings.** Terms used in the Caltrans Standard Specifications or Special Provisions are to be interpreted as follows:

(1) Any reference to the “Engineer” is deemed to mean the City Engineer.

(2) Any reference to the “Special Provisions” is deemed to mean the Special Conditions, unless the Caltrans Special Provisions are expressly included in the Contract Documents listed in Section 2 of the Contract.

(3) Any reference to the “Department” or “State” is deemed to mean City.

3.4 For Reference Only. Contractor is responsible for the careful review of any document, study, or report provided by the City or appended to the Contract Documents solely for informational purposes and identified as “For Reference Only.” Nothing in any document, study, or report so appended and identified is intended to supplement, alter, or void any provision of the Contract Documents. Contractor is advised that City or its representatives may be guided by information or recommendations included in such reference documents, particularly when making determinations as to the acceptability of proposed materials, methods, or changes in the Work. Any record drawings or similar final or accepted drawings or maps that are not part of the Contract Documents are deemed to be For Reference Only. The provisions of the Contract Documents are not modified by any perceived or actual conflict with provisions in any document that is provided For Reference Only.

3.5 Current Versions. Unless otherwise specified by City, any reference to standard specifications, technical specifications, or any City or state codes or

regulations means the latest specification, code or regulation in effect on the date the Contract is signed.

3.6 Conformed Copies. If City prepares a conformed set of the Contract Documents following award of the Contract, it will provide Contractor with two hard copy (paper) sets and one copy of the electronic file in PDF format. It is Contractor's responsibility to ensure that all Subcontractors, including fabricators, are provided with the conformed set of the Contract Documents at Contractor's sole expense.

3.7 Ownership. No portion of the Contract Documents may be used for any purpose other than construction of the Project, without prior written consent from City. Contractor is deemed to have conveyed the copyright in any designs, drawings, specifications, Shop Drawings, or other documents (in paper or electronic form) developed by Contractor for the Project, and City will retain all rights to such works, including the right to possession.

Article 4 - Bonds, Indemnity, and Insurance

4.1 Payment and Performance Bonds. Within ten days following issuance of the Notice of Award, Contractor is required to provide a payment bond and a performance bond, each in the penal sum of not less than 100 percent of the Contract Price, and each executed by Contractor and its surety using the bond forms included with the Contract Documents.

(A) **Surety.** Each bond must be issued and executed by a surety admitted in California. If an issuing surety cancels the bond or becomes insolvent, within seven days following written notice from City, Contractor must substitute a surety acceptable to City. If Contractor fails to substitute an acceptable surety within the specified time, City may, at its sole discretion, withhold payment from Contractor until the surety is replaced to City's satisfaction, or terminate the Contract for default.

(B) **Supplemental Bonds for Increase in Contract Price.** If the Contract Price increases during construction by five percent or more over the original Contract Price, Contractor must provide supplemental or replacement bonds within ten days of written notice from City pursuant to this Section, covering 100% of the increased Contract Price and using the bond forms included with the Contract Documents.

4.2 Indemnity. To the fullest extent permitted by law, Contractor must indemnify, defend, and hold harmless City, its Council, officers, officials, employees, agents, volunteers, and consultants, (individually, an "Indemnitee," and collectively the "Indemnitees") from and against any and all liability, loss, damage, claims, causes of action, demands, charges, fines, costs, and expenses

(including, without limitation, attorney fees, expert witness fees, paralegal fees, and fees and costs of litigation or arbitration) (collectively, "Liability") of every nature arising out of or in connection with the acts or omissions of Contractor, its employees, Subcontractors, representatives, or agents, in bidding or performing the Work or in failing to comply with any obligation of Contractor under the Contract, except such Liability caused by the active negligence, sole negligence, or willful misconduct of an Indemnitee. This indemnity requirement applies to any Liability arising from alleged defects in the content or manner of submission of Contractor's bid for the Contract. Contractor's failure or refusal to timely accept a tender of defense pursuant to this Contract will be deemed a material breach of this Contract. City will timely notify Contractor upon receipt of any third-party claim relating to the Contract, as required by Public Contract Code Section 9201. Contractor waives any right to express or implied indemnity against any Indemnitee. Contractor's indemnity obligations under this Contract will survive the expiration or any early termination of the Contract.

4.3 Insurance. No later than ten days following issuance of the Notice of Award, Contractor must procure and provide proof of the insurance coverage required by this Section in the form of certificates and endorsements acceptable to City. The required insurance must cover the activities of Contractor and its Subcontractors relating to or arising from the performance of the Work, and must remain in full force and effect at all times during the period covered by the Contract through the date of City's acceptance of the Project. 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. If Contractor fails to provide any of the required coverage in full compliance with the requirements of the Contract Documents, City may, at its sole discretion, purchase such coverage at Contractor's expense and deduct the cost from payments due to Contractor, or terminate the Contract for default. Contractor further understands that City reserves the right to modify the insurance requirements set forth herein, with thirty (30) days' notice provided to Contractor, at any time as deemed necessary to protect the interests of City. The procurement of the required insurance will not be construed to limit Contractor's liability under this Contract or to fulfill Contractor's indemnification obligations under this Contract.

(A) **Deductibles and Self-Insured Retentions.** Any deductibles or self-insured retentions must be declared to and approved by City. If the City's Risk Manager determines that the deductibles and/or self-insured retentions are unacceptably high, at City's option, Contractor must either reduce or eliminate the deductibles and/or self-insured retentions as they apply to City and all required Additional Insured; or must provide a financial guarantee, to City's satisfaction, guaranteeing payment of losses and related investigation, claim administration, and legal expenses.

(B) **Policies and Limits.** The following insurance policies and limits are required for this Contract unless otherwise specified in the Special Conditions:

- (1) **Commercial General Liability Insurance (“CGL”).** Contractor shall maintain CGL and must include coverage for liability arising from Contractor’s or its Subcontractor’s acts or omissions in the performance of the Work against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of: (i) two million dollars (\$2,000,000.00) combined single limit each occurrence and either a general aggregate limit of four million dollars (\$4,000,000.00) or a general aggregate limit of two million dollars (\$2,000,000.00) as applied on a “per project” or “per location” basis, or (ii) the maximum amount of such insurance available to Contractor under Contractor’s combined insurance policies (including any excess or “umbrella” policies), whichever is greater.
 - a. CGL policy may not exclude explosion, collapse, underground excavation hazard, or removal of lateral support.
 - b. CGL policy must include contractor’s protected coverage, blanket contractual, and completed operations.
- (2) **Builder’s Risk Insurance:** The Builder’s Risk Insurance policy must be issued on occurrence basis, for all-risk coverage (including Flood and Earthquake) on a one hundred percent (100%) completed value basis on the insurable portion of the Project for the benefit of City.
- (3) **Workers’ Compensation Insurance and Employer’s Liability:** Contractor shall maintain Workers Compensation coverage, as required by law. The policy must comply with the requirements of the California Workers’ Compensation Insurance and Safety Act and provide protection 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 Contractor under Contractor’s combined insurance policies (including any excess or “umbrella” policies), whichever is greater. If Contractor is self-insured, Contractor must provide its Certificate of Permission to Self-Insure, duly authorized by the Department of Industrial Relations.
- (4) **Automobile Liability:** Contractor shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if Contractor does not own automobiles, then Contractor 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, or (ii) the maximum amount of such insurance available to Contractor under Contractor's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

(5) **Pollution (Environmental) Liability:** If the performance of Contractor's work or service under this Contract involves hazardous materials, contaminated soil disposal, and/or a risk of accidental release of fuel oil, chemicals or other toxic gases or hazardous materials, Contractor shall procure and maintain Pollution Liability covering Contractor'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 Contract. 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 Contractor under Contractor's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

(6) **Professional Liability:**

a. If the performance of Contractor's work or service under this Contract involves professional and/or technical services (examples include, but are not limited to, architects, engineers, land surveyors, legal services, and appraisers), Contractor 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 Contractor under Contractor's combined insurance policies (including any excess or "umbrella" policies), whichever is greater. Further, if Contractor maintains a claims-made policy, Contractor shall provide written evidence of such insurance to City for at least five (5) years after the completion of work performed under this Contract.

b. If the performance of Contractor's work or service under this Contract relates to Information Technology or related services (examples include, but are not limited to computer

programmers, hardware engineers, or other systems consultants), Contractor 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 Contractor under Contractor's combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

(C) **Required Endorsements.** Contractor must provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:

- (1) For all Policies except Builder's Risk and Professional Liability:
 - a. "Waiver of Subrogation" endorsements providing that the carrier agrees to waive any right of subrogation it may have against the City of Morgan Hill and the City's elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers.
- (2) General Liability, Automobile, and Pollution Liability:
 - a. "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 and at least as broad as ISO Form CG 20 37 for completed operations.
 - b. "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.
- (3) General Liability:
 - a. "Separation of Insureds" endorsements stating that the inclusion of more than one insured will not operate to impair the rights of one insured against another, and the coverages afforded will apply as though separate policies have been issued to each insured.

(D) **Subcontractors.** Contractor must ensure that each Subcontractor is required to maintain the same insurance coverage required under this Section 4.3, with respect to its performance of Work on the Project,

including those requirements related to the additional insureds and waiver of subrogation. Contractor must confirm that each Subcontractor has complied with requirements as outlined herein. The insurance requirements for Subcontractors do not replace or limit the Contractor's insurance obligations.

(E) **Qualification of Insurers.** All insurance required pursuant to this Contract 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 "VIII" or better.

(F) **Certificates.** Contractor must 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, Contractor shall promptly furnish City of Morgan Hill with copies of all policies outlined herein. No policy subject to Contractor's Contract with City shall be reduced, canceled, allowed to expire, or materially changed except after thirty (30) days' notice by the insurer to City, unless due to non-payment of premiums, in which case ten (10) days written notice must be made to City. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address as follows:

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

(G) **Contractor's Responsibilities.** This Section 4.3 establishes the minimum requirements for Contractor's insurance coverage in relation to this Project, but is not intended to limit Contractor's ability to procure additional or greater coverage. Contractor is responsible for its own risk assessment and needs and is encouraged to consult its insurance provider to determine what coverage it may wish to carry beyond the minimum requirements of this Section. Contractor is solely responsible for the cost of its insurance coverage, including premium payments, deductibles, or self-insured retentions, and no Additional Insured will be responsible or liable for any of the cost of Contractor's insurance coverage.

Article 5 - Contract Time

5.1 Time is of the Essence. Time is of the essence in Contractor's performance and completion of the Work, and Contractor must diligently prosecute the Work and complete it within the Contract Time.

(A) **General.** Contractor must commence the Work on the date indicated in the Notice to Proceed, and must fully complete the Work in strict compliance with all requirements of the Contract Documents and within the Contract Time. Contractor may not begin performing the Work before the date specified in the Notice to Proceed.

(B) **Authorization.** Contractor is not entitled to compensation or credit for any Work performed before the date specified in the Notice to Proceed, with the exception of any schedules, submittals, or other requirements, if any, that must be provided or performed before issuance of the Notice to Proceed

(C) **Rate of Progress.** Contractor and its Subcontractors must, at all times, provide workers, materials, and equipment sufficient to maintain the rate of progress necessary to ensure full completion of the Work within the Contract Time. If City determines that Contractor is failing to prosecute the Work at a sufficient rate of progress, City may, in its sole discretion, direct Contractor to provide additional workers, materials, or equipment, or to work additional hours or days without additional cost to City, in order to achieve a rate of progress satisfactory to City. If Contractor fails to comply with City's directive in this regard, City may, at Contractor's expense, separately contract for additional workers, materials, or equipment or use City's own forces to achieve the necessary rate of progress. Alternatively, City may terminate the Contract based on Contractor's default.

5.2 Schedule Requirements. Contractor must prepare all schedules using standard, commercial scheduling software acceptable to Engineer, and must provide the schedules in electronic and paper form as requested by the Engineer. In addition to the general scheduling requirements set forth below, Contractor must also comply with any scheduling requirements included in the Special Conditions or in the Technical Specifications.

(A) **Baseline (As-Planned) Schedule.** Within ten calendar days following City's issuance of the Notice to Proceed (or as otherwise specified in the Notice to Proceed), Contractor must submit to City for review and acceptance a baseline (as-planned) schedule using critical path methodology showing in detail how Contractor plans to perform and fully complete the Work within the Contract Time including labor, equipment, materials, and fabricated items. The baseline schedule must show the order of the major items of Work and the dates of start and completion of each item, including when the materials and equipment will be procured. The schedule must also include the work of all trades reflecting anticipated labor or crew hours and equipment loading for the construction activities, and must be sufficiently comprehensive and detailed to enable progress to be monitored on a day-by-day basis. For each activity, the baseline schedule

must be dated, provided in the format specified in the Contract Documents or as required by City, and must include, at a minimum, a description of the activity, the start and completion dates of the activity, and the duration of the activity.

(1) *Specialized Materials Ordering.* Within five calendar days following issuance of the Notice to Proceed, Contractor must order any specialized material or equipment for the Work that is not readily available from material suppliers. Contractor must also retain documentation of the purchase order date(s).

(B) **City's Review of Schedules.** City will review and may note exceptions to the baseline schedule, and to the progress schedules submitted as required below, to assure completion of the Work within the Contract Time. Contractor is solely responsible for resolving any exceptions noted in a schedule and, within seven days, must correct the schedule to address the exceptions. City's review or acceptance of Contractor's schedules will not operate to waive or limit Contractor's duty to complete the Project within the Contract Time, nor to waive or limit City's right to assess liquidated damages for Contractor's unexcused failure to do so.

(C) **Progress Schedules.** After City accepts the final baseline schedule with no exceptions, Contractor must submit an updated progress schedule and three week look-ahead schedule, in the format specified by City, for review and acceptance with each application for a progress payment or when otherwise specified by City, until completion of the Work. The updated progress schedule must show: how the actual progress of the Work as constructed to date compares to the baseline schedule; reflect any proposed changes in the construction schedule or method of operations, including to achieve Project milestones within the Contract Time; and identify any actual or potential impacts to the critical path. Contractor must also submit periodic reports to City of any changes in the projected material or equipment delivery dates for the Project.

(1) *Float.* The progress schedule must show early and late completion dates for each task. The number of days between those dates will be designated as the "float." Any float belongs to the Project and may be allocated by the Engineer to best serve timely completion of the Project.

(2) *Failure to Submit Schedule.* Reliable, up-to-date schedules are essential to efficient and cost-effective administration of the Project and timely completion. If Contractor fails to submit a schedule within the time periods specified in this Section, or submits a schedule to which City has noted exceptions that are not corrected, City may withhold up to five percent from payment(s) otherwise due to

Contractor until the exceptions are resolved, the schedule is corrected and resubmitted, and City has accepted the schedule. In addition, Contractor's failure to comply with the schedule requirements in this Section 5.2 will be deemed a material default and a waiver of any claims for Excusable Delay or loss of productivity arising during any period when Contractor is out of compliance, subject only to the limits of Public Contract Code Section 7102.

(D) **Recovery Schedule.** If City determines that the Work is more than one week behind schedule, within seven days following written notice of such determination, Contractor must submit a recovery schedule, showing how Contractor intends to perform and complete the Work within the Contract Time, based on actual progress to date.

(E) **Effect of Acceptance.** Contractor and its Subcontractors must perform the Work in accordance with the most current City-accepted schedule unless otherwise directed by City. City's acceptance of a schedule does not operate to extend the time for completion of the Work or any component of the Work, and will not affect City's right to assess liquidated damages for Contractor's unexcused delay in completing the Work within the Contract Time.

(F) **Posting.** Contractor must at all times prominently post a copy of the most current City-accepted progress or recovery schedule in its on-site office.

(G) **Reservation of Rights.** City reserves the right to direct the sequence in which the Work must be performed or to make changes in the sequence of the Work in order to facilitate the performance of work by City or others, or to facilitate City's use of its property. The Contract Time or Contract Price may be adjusted to the extent such changes in sequence actually increase or decrease Contractor's time or cost to perform the Work.

(H) **Authorized Working Days and Times.** Contractor is limited to working Monday through Friday, excluding City-observed holidays, during City's normal business hours, except as expressly provided in the Special Conditions, or as authorized in writing by City. City reserves the right to charge Contractor for additional costs incurred by City due to Work performed on days or during hours not expressly authorized in the Contract Documents, including reimbursement of costs incurred for inspection, testing, and construction management services.

5.3 Delay and Extensions of Contract Time.

(A) **Notice of Delay.** If Contractor becomes aware of any actual or potential delay affecting the critical path, Contractor must promptly notify

the Engineer in writing, regardless of the nature or cause of the delay, so that City has a reasonable opportunity to mitigate or avoid the delay.

(B) **Excusable Delay.** The Contract Time may be extended if Contractor encounters “Excusable Delay,” which is an unavoidable delay in completing the Work within the Contract Time due to causes completely beyond Contractor’s control, and which Contractor could not have avoided or mitigated through reasonable care, planning, foresight, or diligence, provided that Contractor is otherwise fully performing its obligations under the Contract Documents. Grounds for Excusable Delay may include fire, natural disasters, including earthquake or unusually severe weather, acts of terror or vandalism, epidemic, unforeseeable adverse government actions, unforeseeable actions of third parties, encountering unforeseeable hazardous materials, unforeseeable site conditions, or suspension for convenience under Article 13. The Contract Time will not be extended based on circumstances which will not unavoidably delay completing the Work within the Contract Time based on critical path analysis.

(C) **Weather Delays.** A “Weather Delay Day” is a Working Day during which Contractor and its forces, including Subcontractors, are unable to perform more than 40% of the critical path Work scheduled for that day due to adverse weather conditions which impair the ability to safely or effectively perform the scheduled critical path Work that day. Adverse weather conditions may include rain, saturated soil, and Project site clean-up required due to adverse weather. Determination of what constitutes critical path Work scheduled for that day will be based on the most current, City-approved schedule. Contractor will be entitled to a non-compensable extension of the Contract Time for each Weather Delay Day in excess of the normal Weather Delay Days within a given month as determined by reliable records, including monthly rainfall averages, for the preceding ten years (or as otherwise specified in the Special Conditions or Specifications).

(1) Contractor must fully comply with the applicable procedures in Articles 5 and 6 of the General Conditions regarding requests to modify the Contract Time.

(2) Contractor will not be entitled to an extension of time for a Weather Delay Day to the extent Contractor is responsible for concurrent delay on that day.

(3) Contractor must take reasonable steps to mitigate the consequences of Weather Delay Days, including prudent workforce management and protecting the Work, Project Site, materials, and equipment.

(D) **Non-Excusable Delay.** Delay which Contractor could have avoided or mitigated through reasonable care, planning, foresight, or diligence is “Non-Excusable Delay.” Contractor is not entitled to an extension of Contract Time or any compensation for Non-Excusable Delay, or for Excusable Delay that is concurrent with Non-Excusable Delay. Non-Excusable Delay includes delay caused by:

- (1) weather conditions which are normal for the location of the Project, as determined by reliable records, including monthly rainfall averages, for the preceding ten years;
- (2) Contractor’s failure to order equipment and materials sufficiently in advance of the time needed for completion of the Work within the Contract Time;
- (3) Contractor’s failure to provide adequate notification to utility companies or agencies for connections or services necessary for completion of the Work within the Contract Time;
- (4) foreseeable conditions which Contractor could have ascertained from reasonably diligent inspection of the Project site or review of the Contract Documents or other information provided or available to the Contractor;
- (5) Contractor’s failure, refusal, or financial inability to perform the Work within the Contract Time, including insufficient funds to pay its Subcontractors or suppliers;
- (6) performance or non-performance by Contractor’s Subcontractors or suppliers;
- (7) the time required to respond to excessive RFIs (see Section 2.5(G));
- (8) delayed submission of required submittals, or the time required for correction and resubmission of defective submittals;
- (9) time required for repair of, re-testing, or re-inspection of defective Work;
- (10) enforcement of Laws by City, or outside agencies with jurisdiction over the Work; or

- (11) City's exercise or enforcement of any of its rights or Contractor's duties pursuant to the Contract Documents, including correction of defective Work, extra inspections or testing due to non-compliance with Contract requirements, safety compliance, environmental compliance, or rejection and return of defective or deficient submittals.

(E) **Compensable Delay.** Pursuant to Public Contract Code Section 7102, in addition to entitlement to an extension of Contract Time, Contractor is entitled to compensation for costs incurred due to delay caused solely by City, when that delay is unreasonable under the circumstances involved and not within the contemplation of the parties ("Compensable Delay"). Contractor is not entitled to an extension of Contract Time or recovery of costs for Compensable Delay that is concurrent with Non-Excusable Delay. Delay due to Weather Delay Days, in excess of normal for a given month, as set forth in Section 5.3(C), is not Compensable Delay, and will only entitle Contractor to an extension of time commensurate with the time lost due to such delay.

(F) **Recoverable Costs.** Contractor is not entitled to compensation for Excusable Delay unless it is Compensable Delay, as defined above. Contractor is entitled to recover only the actual, direct, reasonable, and substantiated costs ("Recoverable Costs") for each working day that the Compensable Delay prevents Contractor from proceeding with more than 50% of the critical path Work scheduled for that day, based on the most recent progress schedule accepted by City. Recoverable Costs will not include home office overhead or lost profit.

(G) **Request for Extension of Contract Time or Recoverable Costs.** A request for an extension of Contract Time or any associated Recoverable Costs must be submitted in writing to City within 14 calendar days of the date the delay is first encountered, even if the duration of the delay is not yet known at that time, or any entitlement to the Contract Time extension or to the Recoverable Costs will be deemed waived. In addition to complying with the requirements of this Article 5, the request must be submitted in compliance with the Change Order request procedures in Article 6, below. Strict compliance with these requirements is necessary to ensure that any delay or consequences of delay may be mitigated as soon as possible, and to facilitate cost-efficient administration of the Project and timely performance of the Work. Any request for an extension of Contract Time or Recoverable Costs that does not strictly comply with all of the requirements of Article 5 and Article 6 will be deemed waived.

- (1) **Required Contents.** The request must include a detailed description of the cause(s) of the delay, and must also describe the measures that Contractor has taken to mitigate

the delay and/or its effects, including efforts to mitigate the cost impact of the delay, such as by workforce management, or by a change in sequencing. If the delay is still ongoing at the time the request is submitted, the request should also include Contractor's plan for continued mitigation of the delay or its effects.

- (2) *Delay Days and Costs.* The request must specify the number of days of Excusable Delay claimed, or provide a realistic estimate if the duration of the delay is not yet known. If the Contractor believes it is entitled to Recoverable Costs for Compensable Delay, the request must specify the amount of and basis for the Recoverable Costs that are claimed or provide a realistic estimate if the amount is not yet known. Any estimate of delay duration or cost must be updated in writing and submitted with all required supporting documentation as soon as the actual time and cost is known. The maximum extension of Contract Time will be the number of days, if any, by which an Excusable Delay or a Compensable Delay exceeds any concurrent Non-Excusable Delay. Contractor is entitled to an extension of Contract Time, or compensation for Recoverable Costs, only if, and only to the extent that, such delay will unavoidably delay Final Completion.
- (3) *Supporting Documentation.* The request must also include any and all supporting documentation necessary to evidence the delay and its actual impacts, including scheduling and cost impacts, with a time impact analysis using critical path methodology, and demonstrating the unavoidable delay to Final Completion. The time impact analysis must be submitted in a form or format acceptable to City.
- (4) *Burden of Proof.* Contractor has the burden of proving that the delay was an Excusable Delay or Compensable Delay, as defined above; Contractor has fully complied with its scheduling obligations in Section 5.2, Schedule Requirements; Contractor has made reasonable efforts to mitigate the delay and its schedule and cost impacts; the delay will unavoidably result in delaying Final Completion; and any Recoverable Costs claimed by Contractor were actually incurred and were reasonable under the circumstances.
- (5) *Legal Compliance.* Nothing in this Section 5.3 is intended to require the waiver, alteration, or limitation of the applicability of Public Contract Code Section 7102.

(6) *No Waiver.* Any grant of an extension of Contract Time or compensation for Recoverable Costs due to Compensable Delay will not operate as a waiver of City's right to assess liquidated damages for Non-Excusable Delay.

(7) *Dispute Resolution.* In the event of a dispute over entitlement to an extension of Contract Time or compensation for Recoverable Costs, Contractor may not stop Work pending resolution of the dispute, but must continue to comply with its duty to diligently prosecute the performance and timely completion of the Work. Contractor's sole recourse for an unresolved dispute based on City's rejection of a Change Order request for an extension of Contract Time or compensation for Recoverable Costs is to comply with the dispute resolution provisions set forth in Article 12, below.

5.4 Liquidated Damages. It is expressly understood that if Final Completion is not achieved within the Contract Time, City will suffer damages from the delay that are difficult to determine and accurately specify. Pursuant to Public Contract Code section 7203, if Contractor fails to achieve Final Completion within the Contract Time Non-Excusable Delay, City will charge Contractor in the amount specified in the Contract for each calendar day that Final Completion is delayed beyond the Contract Time, as liquidated damages and not as a penalty. Any waiver of accrued liquidated damages, in whole or in part, is subject to approval of the City Council or its authorized delegee.

(A) **Liquidated Damages.** Liquidated damages will not be assessed for any Excusable Delay or Compensable Delay, as set forth above.

(B) **Milestones.** Liquidated damages may also be separately assessed for failure to meet milestones specified elsewhere in the Contract Documents.

(C) **Setoff.** City is entitled to deduct the amount of liquidated damages assessed against any payments otherwise due to Contractor, including progress payments, Final Payment, or unreleased retention. If there are insufficient Contract funds remaining to cover the full amount of liquidated damages assessed, City is entitled to recover the balance from Contractor or its performance bond surety.

(D) **Occupancy or Use.** Occupancy or use of the Project in whole or in part prior to Final Completion does not constitute City's acceptance of the Project and will not operate as a waiver of City's right to assess liquidated damages for Contractor's Non-Excusable Delay in achieving Final Completion.

(E) **Other Remedies.** City's right to liquidated damages under this Section applies only to damages arising from Contractor's Non-Excusable Delay or failure to complete the Work within the Contract Time. City retains its right to pursue all other remedies under the Contract for other types of damage, including damage to property or persons, costs or diminution in value from defective materials or workmanship, costs to repair or complete the Work, or other liability caused by Contractor.

Article 6 - Contract Modification

6.1 Contract Modification. Subject to the limited exception set forth in subsection (D) below, any change in the Work or the Contract Documents, including the Contract Price or Contract Time, will not be a valid and binding change to the Contract unless it is formalized in a Change Order, including a "no-cost" Change Order or a unilateral Change Order. Changes in Work will not operate to release, limit, or abridge Contractor's warranty obligations pursuant to Article 11 or any obligations of Contractor's bond sureties.

(A) **City-Directed Changes.** City may direct changes in the scope or sequence of Work or the requirements of the Contract Documents, without invalidating the Contract. Such changes may include Extra Work as set forth in subsection (C) below, or deletion or modification of portions of the Work. Contractor must promptly comply with City-directed changes in the Work in accordance with the intent of the original Contract Documents, even if Contractor and City have not yet reached agreement as to adjustments to the Contract Price or Contract Time for the change in the Work or for the Extra Work. Contractor is not entitled to extra compensation for cost savings resulting from "value engineering" pursuant to Public Contract Code Section 7101, except to the extent authorized in advance by City in writing, and subject to any applicable procedural requirements for submitting a proposal for value engineering cost savings.

(B) **Disputes.** In the event of a dispute over entitlement to or the amount of a change in Contract Time or a change in Contract Price related to City-directed change in the Work, Contractor must perform the Work as directed and may not delay its Work or cease Work pending resolution of the dispute, but must continue to comply with its duty to diligently prosecute the performance and timely completion of the Work, including the Work in dispute. Likewise, in the event that City and Contractor dispute whether a portion or portions of the Work are already required by the Contract Documents or constitute Extra Work, or otherwise dispute the interpretation of any portion(s) of the Contract Documents, Contractor must perform the Work as directed and may not delay its Work or cease Work pending resolution of the dispute, but must continue to comply with its duty to

diligently prosecute the performance and timely completion of the Work, including the Work in dispute, as directed by City. If Contractor refuses to perform the Work in dispute, City may, acting in its sole discretion, elect to delete the Work from the Contract and reduce the Contract Price accordingly, and self-perform the Work or direct that the Work be performed by others. Alternatively, City may elect to terminate the Contract for convenience or for cause. Contractor's sole recourse for an unresolved dispute related to changes in the Work or performance of any Extra Work is to comply with the dispute resolution provisions set forth in Article 12, below.

(C) **Extra Work.** City may direct Contractor to perform Extra Work related to the Project. Contractor must promptly perform any Extra Work as directed or authorized by City in accordance with the original Contract Documents, even if Contractor and City have not yet reached agreement on adjustments to the Contract Price or Contract Time for such Extra Work. If Contractor believes it is necessary to perform Extra Work due to changed conditions, Contractor must promptly notify the Engineer in writing, specifically identifying the Extra Work and the reason(s) the Contractor believes it is Extra Work. This notification requirement does not constitute a Change Order request pursuant to Section 6.2, below. Contractor must maintain detailed daily records that itemize the cost of each element of Extra Work, and sufficiently distinguish the direct cost of the Extra Work from the cost of other Work performed. For each day that Contractor performs Extra Work, or Work that Contractor contends is Extra Work, Contractor must submit no later than the following Working Day, a daily report of the Extra Work performed that day and the related costs, together with copies of certified payroll, invoices, and other documentation substantiating the costs ("Extra Work Report"). The Engineer will make any adjustments to Contractor's Extra Work Report(s) based on the Engineer's records of the Work. When an Extra Work Report(s) is agreed on and signed by both City and Contractor, the Extra Work Report(s) will become the basis for payment under a duly authorized and signed Change Order. Failure to submit the required documentation by close of business on the next Working Day is deemed a full and complete waiver for any change in the Contract Price or Contract Time for any Extra Work performed that day.

(D) **Minor Changes and RFIs.** Minor field changes, including RFI replies from City, that do not affect the Contract Price or Contract Time and that are approved by the Engineer acting within his or her scope of authority, do not require a Change Order. By executing an RFI reply from City, Contractor agrees that it will perform the Work as clarified therein, with no change to the Contract Price or Contract Time.

(E) **Remedy for Non-Compliance.** Contractor's failure to promptly comply with a City-directed change is deemed a material breach of the Contract, and in addition to all other remedies available to it, City may, at its

sole discretion, hire another contractor or use its own forces to complete the disputed Work at Contractor's sole expense, and may deduct the cost from the Contract Price.

6.2 Contractor Change Order Requests. Contractor must submit a request or proposal for a change in the Work, compensation for Extra Work, or a change in the Contract Price or Contract Time as a written Change Order request or proposal.

(A) **Time for Submission.** Any request for a change in the Contract Price or the Contract Time must be submitted in writing to the Engineer within 14 calendar days of the date that Contractor first encounters the circumstances, information or conditions giving rise to the Change Order request, even if the total amount of the requested change in the Contract Price or impact on the Contract Time is not yet known at that time. If City requests that Contractor propose the terms of a Change Order, unless otherwise specified in City's request, Contractor must provide the Engineer with a written proposal for the change in the Contract Price or Contract Time within five working days of receiving City's request, in a form satisfactory to the Engineer.

(B) **Required Contents.** Any Change Order request or proposal submitted by Contractor must include a complete breakdown of actual or estimated costs and credits, and must itemize labor, materials, equipment, taxes, insurance, subcontract amounts, and if applicable, Extra Work Reports. Any estimated cost must be updated in writing as soon as the actual amount is known.

(C) **Required Documentation.** All claimed costs must be fully documented, and any related request for an extension of time or delay-related costs must be included at that time and in compliance with the requirements of Article 5 of the General Conditions. Upon request, Contractor must permit City to inspect its original and unaltered bidding records, subcontract agreements, subcontract change orders, purchase orders, invoices, or receipts associated with the claimed costs.

(D) **Required Form.** Contractor must use City's form(s) for submitting all Change Order requests or proposals, unless otherwise specified by City.

(E) **Certification.** All Change Order requests must be signed by Contractor and must include the following certification:

"The undersigned Contractor certifies under penalty of perjury that its statements and representations in this Change Order request are true and correct. Contractor warrants that this Change Order request is comprehensive and complete as to the Work or changes

referenced herein, and agrees that any known or foreseeable costs, expenses, or time extension requests not included herein, are deemed waived.”

6.3 Adjustments to Contract Price. The amount of any increase or decrease in the Contract Price will be determined based on one of the following methods listed below, in the order listed with unit pricing taking precedence over the other methods. Markup applies only to City-authorized time and material Work, and does not apply to any other payments to Contractor. For Work items or components that are deleted in their entirety, Contractor will only be entitled to compensation only for those direct, actual, and documented costs (including restocking fees), reasonably incurred before Contractor was notified of the City’s intent to delete the Work, with no markup for overhead, profit, or other indirect costs.

(A) **Unit Pricing.** Amounts previously provided by Contractor in the form of unit prices, either in a bid schedule or in a post-award schedule of values pursuant to Section 8.1 Schedule of Values, will apply to determine the price for the affected Work, to the extent applicable unit prices have previously been provided for that type of Work. No additional markup for overhead, profit, or other indirect costs will be added to the calculation.

(B) **Lump Sum.** A mutually agreed upon, all-inclusive lump sum price for the affected Work with no additional markup for overhead, profit, or other indirect costs;

(C) **Time and Materials.** On a time and materials basis, if and only to the extent compensation on a time and materials basis is expressly authorized by City in advance of Contractor’s performance of the Work and subject to any not-to-exceed limit. Time and materials compensation for increased costs or Extra Work (but not decreased costs or deleted Work), will include allowed markup for overhead, profit, and other indirect costs, calculated as the total of the following sums, the cumulative total of which may not exceed the maximum markup rate of 15%:

(1) All direct labor costs provided by the Contractor, excluding superintendence, project management, or administrative costs plus 15 percent markup;

(2) All direct material costs provided by the Contractor, including sales tax, plus 15 percent markup;

(3) All direct plant and equipment rental costs provided by the Contractor, plus 15 percent markup;

(4) All direct additional subcontract costs plus ten percent markup for Work performed by Subcontractors; and

(5) Increased bond or insurance premium costs computed at 1.5% percent of the total of the previous four sums.

6.4 Unilateral Change Order. If the parties dispute the terms of a proposed Change Order, including disputes over the amount of compensation or extension of time that Contractor has requested, the value of deleted or changed Work, what constitutes Extra Work, or quantities used, City may elect to issue a unilateral Change Order, directing performance of the Work, and authorizing a change in the Contract Price or Contract Time for the adjustment to compensation or time that the City believes is merited. Contractor's sole recourse to dispute the terms of a unilateral Change Order is to submit a timely Claim pursuant to Article 12, below.

6.5 Non-Compliance Deemed Waiver. Contractor waives its entitlement to any increase in the Contract Price or Contract Time if Contractor fails to fully comply with the provisions of this Article. Contractor will not be paid for unauthorized Extra Work.

Article 7 - General Construction Provisions

7.1 Permits, Fees, Business License, and Taxes.

(A) **Permits, Fees, and City Business License.** Contractor must obtain and pay for all permits, fees, and licenses required to perform the Work, including a City business license. Contractor must cooperate with and provide notifications to all government agencies with jurisdiction over the Project, as may be required. Contractor must provide City with copies of all records of permits and permit applications, payment of required fees, and any licenses required for the Work.

(B) **Taxes.** Contractor must pay for all taxes on labor, material, and equipment, except Federal Excise Tax to the extent that City is exempt from Federal Excise Tax.

7.2 Temporary Facilities. Contractor must provide, at Contractor's sole expense, any and all temporary facilities for the Project, including an onsite staging area for materials and equipment, a field office, sanitary facilities, utilities, storage, scaffolds, barricades, walkways, and any other temporary structure required to safely perform the Work along with any incidental utility services. The location of all temporary facilities must be approved by the City prior to installation. Temporary facilities must be safe and adequate for the intended use, and installed and maintained in accordance with Laws

and the Contract Documents. Contractor must fence and screen the Project site and, if applicable, any separate Worksites, including the staging area, and its operation must minimize inconvenience to neighboring properties. Additional provisions pertaining to temporary facilities may be included in the Specifications or Special Conditions.

(A) **Utilities.** Contractor must install and maintain the power, water, sewer and all other utilities required for the Project site, including the piping, wiring, internet and Wi-Fi connections, and any related equipment necessary to maintain the temporary facilities.

(B) **Removal and Repair.** Contractor must promptly remove all such temporary facilities when they are no longer needed or upon completion of the Work, whichever comes first. Contractor must promptly repair any damage to City's property or to other property caused by the installation, use, or removal of the temporary facilities, and must promptly restore the property to its original or intended condition.

7.3 Noninterference and Site Management. Contractor must avoid interfering with City's use of its property at or adjacent to the Project site, including use of roadways, entrances, parking areas, walkways, and structures. Contractor must also minimize disruption of access to private property in the Project vicinity. Contractor must coordinate with affected property owners, tenants, and businesses, and maintain some vehicle and pedestrian access to their residences or properties at all times. Temporary access ramps, fencing or other measures must be provided as needed. Before blocking access to a private driveway or parking lot, Contractor must provide effective notice to the affected parties at least 48 hours in advance of the pending closure and allow them to remove vehicles. Private driveways, residences and parking lots must have access to a roadway during non-Work hours.

(A) **Offsite Acquisition.** Unless otherwise provided by City, Contractor must acquire, use and dispose of, at its sole expense, any Worksites, licenses, easements, and temporary facilities necessary to access and perform the Work.

(B) **Offsite Staging Area and Field Office.** If additional space beyond the Project site is needed, such as for the staging area or the field office, Contractor may need to make arrangements with the nearby property owner(s) to secure the space. Before using or occupying any property owned by a third party, Contractor must provide City with a copy of the necessary license agreement, easement, or other written authorization from the property owner, together with a written release from the property owner holding City harmless from any related liability, in a form acceptable to the City Attorney.

(C) **Traffic Management.** Contractor must provide traffic management and traffic controls as specified in the Contract Documents, as required by Laws, and as otherwise required to ensure public and worker safety, and to avoid interference with public or private operations or the normal flow of vehicular, bicycle, or pedestrian traffic.

7.4 Signs. No signs may be displayed on or about City's property, except signage which is required by Laws or by the Contract Documents, without City's prior written approval as to size, design, and location.

7.5 Project Site and Nearby Property Protections.

(A) **General.** Contractor is responsible at all times, on a 24-hour basis and at its sole cost for protecting the Work, the Project site, and the materials and equipment to be incorporated into the Work until the City has accepted the Project, excluding any exceptions to acceptance, if any. Except as specifically authorized by City, Contractor must confine its operations to the area of the Project site indicated in the Plans and Specifications. Contractor is liable for any damage caused by Contractor or its Subcontractors to the Work, City's property, the property of adjacent or nearby property owners and the work or personal property of other contractors working for City, including damage related to Contractor's failure to adequately secure the Work or any Worksite.

(1) Subject to City's approval, Contractor will provide and install safeguards to protect the Work; any Worksite, including the Project site; City's real or personal property and the real or personal property of adjacent or nearby property owners, including plant and tree protections.

(2) City wastewater systems may not be interrupted. If the Work disrupts existing sewer facilities, Contractor must immediately notify City and establish a plan, subject to City's approval, to convey the sewage in closed conduits back into the sanitary sewer system. Sewage must not be permitted to flow in trenches or be covered by backfill.

(3) Contractor must remove with due care, and store at City's request, any objects or material from the Project site that City will salvage or reuse at another location.

(4) If directed by Engineer, Contractor must promptly repair or replace any property damage, as specified by the Engineer. However, acting in its sole discretion, City may elect to have the property damage remedied otherwise, and may deduct the cost to

repair or replace the damaged property from payment otherwise due to Contractor.

(5) Contractor will not permit any structure or infrastructure to be loaded in a manner that will damage or endanger the integrity of the structure or infrastructure.

(B) **Securing Project Site.** After completion of Work each day, Contractor must secure the Project site and, to the extent feasible, make the area reasonably accessible to the public unless City approves otherwise. All excess materials and equipment not protected by approved traffic control devices must be relocated to the staging area or demobilized. Trench spoils must be hauled off the Project site daily and open excavations must be protected with steel plates. Contractor and Subcontractor personnel may not occupy or use the Project site for any purpose during non-Work hours, except as may be provided in the Contract Documents or pursuant to prior written authorization from City.

(C) **Unforeseen Conditions.** If Contractor encounters facilities, utilities, or other unknown conditions not shown on or reasonably inferable from the Plans or apparent from inspection of the Project site, Contractor must immediately notify the City and promptly submit a Request for Information to obtain further directions from the Engineer. Contractor must avoid taking any action which could cause damage to the facilities or utilities pending further direction from Engineer. The Engineer's written response will be final and binding on Contractor. If Engineer's subsequent direction to Contractor affects Contractor's cost or time to perform the Work, Contractor may submit a Change Order request as set forth in Article 6 above.

(D) **Support; Adjacent Properties.** Contractor must provide, install, and maintain all shoring, bracing, and underpinning necessary to provide support to City's property and adjacent properties and improvements thereon. Contractor must provide notifications to adjacent property owners as may be required by Laws. See also Section 7.15 Trenching of Five Feet or More.

(E) **Notification of Property Damage.** Contractor must immediately notify the City of damage to any real or personal property resulting from Work on the Project. Contractor must immediately provide a written report to City of any such property damage in excess of \$500 (based on estimated cost to repair or replace) within 24 hours of the occurrence. The written report must include: (1) the location and nature of the damage, and the owner of the property, if known; (2) the name and address of each employee of Contractor or any Subcontractor involved in the damage; (3) a detailed description of the incident, including precise location, time, and names and contact information for known witnesses; and (4) a police or first responder

report, if applicable. If Contractor is required to file an accident report with another government agency, Contractor will provide a copy of the report to City.

7.6 Materials and Equipment.

(A) **General.** Unless otherwise specified, all materials and equipment required for the Work must be new, free from defects, and of the best grade for the intended purpose, and furnished in sufficient quantities to ensure the proper and expeditious performance of the Work. Contractor must employ measures to preserve the specified quality and fitness of the materials and equipment. Unless otherwise specified, all materials and equipment required for the Work are deemed to include all components required for complete installation and intended operation, and must be installed in accordance with the manufacturer's recommendations or instructions. Contractor is responsible for all shipping, handling, and storage costs associated with the materials and equipment required for the Work. Contractor is responsible for providing security and protecting the Work and all of the required materials, supplies, tools and equipment at Contractor's sole cost until City has formally accepted the Project as set forth in Section 11.1, Final Completion. Contractor will not assign, sell, mortgage, or hypothecate any materials or equipment for the Project, or remove any materials or equipment that have been installed or delivered.

(B) **City-Provided.** If the Work includes installation of materials or equipment to be provided by City, Contractor is solely responsible for the proper examination, handling, storage, and installation in accordance with the Contract Documents. Contractor must notify City of any defects discovered in City-provided materials or equipment sufficiently in advance of scheduled use or installation to afford adequate time to procure replacement materials or equipment as needed. Contractor is solely responsible for any loss of or damage to such items which occurs while the items are in Contractor's custody and control, the cost of which may be offset from the Contract Price and deducted from any payment(s) due to Contractor.

(C) **Intellectual Property Rights.** Contractor must, at its sole expense, obtain any authorization or license required for use of patented or copyright-protected materials, equipment, devices or processes that are incorporated into the Work. Contractor's indemnity obligations in Article 4 apply to any claimed violation of intellectual property rights.

7.7 Substitutions.

(A) **"Or Equal."** Any Specification designating a material, product, or thing (collectively "item") or service by specific brand or trade name,

followed by the words “or equal,” is intended only to indicate the quality and type of item or service desired, and Contractor may request use of any equal item or service. Unless otherwise stated in the Specifications, any reference to a specific brand or trade name for an item or service that is used solely for the purpose of describing the type of item or service desired, will be deemed to be followed by the words “or equal.” A substitution will only be approved if it is a true “equal” item or service in every aspect of design, function, and quality, as determined by City, including dimensions, weight, maintenance requirements, durability, fit with other elements, and schedule impacts.

(B) **Request for Substitution.** A post-award request for substitution of an item or service must be submitted in writing to the Engineer for approval in advance, within the applicable time period provided in the Contract Documents. If no time period is specified, the substitution request may be submitted any time within 35 days after the date of award of the Contract, or sufficiently in advance of the time needed to avoid delay of the Work, whichever is earlier.

(C) **Substantiation.** Any available data substantiating the proposed substitute as an equal item or service must be submitted with the written request for substitution. Contractor’s failure to timely provide all necessary substantiation, including any required test results as soon as they are available, is grounds for rejection of the proposed substitution, without further review.

(D) **Burden of Proving Equality.** Contractor has the burden of proving, at Contractor’s sole cost, the equality of the proposed substitution. City has sole discretion to determine whether a proposed substitution is equal, and City’s determination is final.

(E) **Approval or Rejection.** If the proposed substitution is approved, Contractor is solely responsible for any additional costs or time associated with the substituted item or service. If the proposed substitution is rejected, Contractor must, without delay, install the item or use the service as specified by the City.

(F) **Contractor’s Obligations.** City’s approval of a proposed substitution will not relieve Contractor from any of its obligations under the Contract Documents. In the event Contractor makes an unauthorized substitution, Contractor will be solely responsible for all resulting cost impacts, including the cost of removal and replacement and the impact to other design elements.

7.8 Testing and Inspection.

(A) **General.** All materials, equipment, and workmanship used in the Work are subject to inspection and testing by City at all times and at all locations during construction and/or fabrication, including at any Worksite, shops, and yards. All manufacturers' application or installation instructions must be provided to the Inspector at least ten days prior to the first such application or installation. Contractor must, at all times, make the Work available for testing or inspection. Neither City's inspection or testing of Work, nor its failure to do so, operate to waive or limit Contractor's duty to complete the Work in accordance with the Contract Documents.

(B) **Scheduling and Notification.** Contractor must cooperate with City in coordinating the inspections and testing. Contractor must submit samples of materials, at Contractor's expense, and schedule all tests required by the Contract Documents in time to avoid any delay to the progress of the Work. Contractor must notify the Engineer no later than noon of the Working Day before any inspection or testing and must provide timely notice to the other necessary parties as specified in the Contract Documents. If Contractor schedules an inspection or test beyond regular Work hours, or on a Saturday, Sunday, or recognized City holiday, Contractor must notify the Engineer at least two Working Days in advance for approval. If approved, Contractor must reimburse City for the cost of the overtime inspection or testing. Such costs, including the City's hourly costs for required personnel, may be deducted from payments otherwise due to Contractor.

(C) **Responsibility for Costs.** City will bear the initial cost of inspection and testing to be performed by independent consultants retained by City, subject to the following exceptions:

(1) Contractor will be responsible for the costs of any subsequent inspections or tests which are required to substantiate compliance with the Contract Documents, and any associated remediation costs.

(2) Contractor will be responsible for inspection costs, at City's hourly rates, for inspection time lost because the Work is not ready, or Contractor fails to appear for a scheduled inspection.

(3) If any portion of the Work that is subject to inspection or testing is covered or concealed by Contractor prior to the inspection or testing, Contractor will bear the cost of making that portion of the Work available for the inspection or testing required by the Contract Documents, and any associated repair or remediation costs.

(4) Contractor is responsible for properly shoring all compaction test sites deeper than five feet below grade, as required under Section 7.15 below.

(5) Any Work or material that is defective or fails to comply with the requirements of the Contract Documents must be promptly repaired, removed, replaced, or corrected by Contractor, at Contractor's sole expense, even if that Work or material was previously inspected or included in a progress payment

(D) **Contractor's Obligations.** Contractor is solely responsible for any delay occasioned by remediation of defective or noncompliant Work or material. Inspection or testing of the Work does not in any way relieve Contractor of its obligations to perform the Work as specified. Any Work done without the inspection(s) or testing required by the Contract Documents will be subject to rejection by City.

(E) **Distant Locations.** If required off-site testing or inspection must be conducted at a location more than 100 miles from the Project site, Contractor is solely responsible for the additional travel costs required for testing and/or inspection at such locations.

(F) **Final Inspection.** The provisions of this Section 7.8 also apply to final inspection under Article 11, Completion and Warranty Provisions.

7.9 Project Site Conditions and Maintenance. Contractor must at all times, on a 24-hour basis and at its sole cost, maintain the Project site and staging and storage areas in clean, neat, and sanitary condition and in compliance with all Laws pertaining to safety, air quality, and dust control. Adequate toilets must be provided, and properly maintained and serviced for all workers on the Project site, located in a suitably secluded area, subject to City's prior approval. Contractor must also, on a daily basis and at its sole cost, remove and properly dispose of the debris and waste materials from the Project site.

(A) **Air Emissions Control.** Contractor must not discharge smoke or other air contaminants into the atmosphere in violation of any Laws. Contractor must comply with all Laws, including the California Air Resources Board's In-Use Off-Road Diesel-Fueled Fleets Regulation (13 CCR § 2449 et seq.).

(B) **Dust and Debris.** Contractor must minimize and confine dust and debris resulting from the Work. Contractor must abate dust nuisance by cleaning, sweeping, and immediately sprinkling with water excavated areas of dirt or other materials prone to cause dust, and within one hour after the Engineer notifies Contractor that an airborne nuisance exists. The Engineer may direct that Contractor provide an approved water-spraying truck for this purpose. If water is used for dust control, Contractor will only use the minimum necessary. Contractor must take all necessary steps to keep wastewater out of streets, gutters, or storm drains. See Section 7.19,

Environmental Control. If City determines that the dust control is not adequate, City may have the work done by others and deduct the cost from the Contract Price. Contractor will immediately remove any excess excavated material from the Project site and any dirt deposited on public streets.

(C) **Clean up.** Before discontinuing Work in an area, Contractor must clean the area and remove all debris and waste along with the construction equipment, tools, machinery, waste, and surplus materials.

(1) Except as otherwise specified, all excess Project materials, and the materials removed from existing improvements on the Project site with no salvage value or intended reuse by City, will be Contractor's property.

(2) Hauling trucks and other vehicles leaving the Project site must be cleaned of exterior mud or dirt before traveling on City streets. Materials and loose debris must be delivered and loaded to prevent dropping materials or debris. Contractor must immediately remove spillage from hauling on any publicly traveled way. Streets affected by Work on the Project must be kept clean by street sweeping.

(D) **Disposal.** Contractor must dispose of all Project debris and waste materials in a safe and legal manner. Contractor may not burn or bury waste materials on the Project site. Contractor will not allow any dirt, refuse, excavated material, surplus concrete or mortar, or any associated washings, to be disposed of onto streets, into manholes or into the storm drain system.

(E) **Completion.** At the completion of the Work, Contractor must remove from the Project site all of its equipment, tools, surplus materials, waste materials and debris., presenting a clean and neat appearance. Before demobilizing from the Project site, Contractor must ensure that all surfaces are cleaned, sealed, waxed, or finished as applicable, and that all marks, stains, paint splatters, and the like have been properly removed from the completed Work and the surrounding areas. Contractor must ensure that all parts of the construction are properly joined with the previously existing and adjacent improvements and conditions. Contractor must provide all cutting, fitting and patching needed to accomplish that requirement. Contractor must also repair or replace all existing improvements that are damaged or removed during the Work, both on and off the Project site, including curbs, sidewalks, driveways, fences, signs, landscaping, utilities, street surfaces and structures. Repairs and replacements must be at least equal to the previously existing improvements, and the condition, finish and dimensions must match the previously existing improvements. Contractor must restore to original condition all property or items that are not designated for

alteration under the Contract Documents and leave each Worksite clean and ready for occupancy or use by City.

(F) **Non-Compliance.** If Contractor fails to comply with its maintenance and cleanup obligations or clean up order, City may, acting in its sole discretion, elect to suspend the Work until the condition(s) is corrected with no increase in the Contract Time or Contract Price, or undertake appropriate cleanup measures without further notice and deduct the cost from any amounts due or to become due to Contractor.

7.10 Instructions and Manuals. Contractor must provide to City three copies each of all instructions and manuals required by the Contract Documents, unless otherwise specified. These must be complete as to drawings, details, parts lists, performance data, and other information that may be required for City to easily maintain and service the materials and equipment installed for this Project.

(A) **Submittal Requirements.** The instructions and manuals, along with any required guarantees, must be delivered to City for review, prior to requesting final inspection pursuant to Section 11.1(A), unless otherwise specified.

(B) **Training.** Contractor or its Subcontractors must train City's personnel in the operation and maintenance of any complex equipment or systems as a condition precedent to Final Completion, if required in the Contract Documents.

7.11 As-built Drawings. Contractor and its Subcontractors must prepare and maintain at the Project site a detailed, complete, and accurate as-built set of the Plans which will be used solely for the purpose of recording changes made in any portion of the original Plans in order to create accurate record drawings at the end of the Project.

(A) **Duty to Update.** The as-built drawings must be updated as changes occur, on a daily basis if necessary. City may withhold the estimated cost for City to have the as-built drawings prepared from payments otherwise due to the Contractor, until the as-built drawings are brought up to date to the satisfaction of City. Actual locations to scale must be identified on the as-built drawings for all runs of mechanical and electrical work, including all site utilities, installed underground, in walls, floors, or otherwise concealed. Deviations from the original Plans must be shown in detail. The exact location of all main runs, whether piping, conduit, ductwork, or drain lines, must be shown by dimension and elevation. The location of all buried pipelines, appurtenances, or other improvements must be represented by coordinates and by the horizontal distance from visible above-ground improvements.

(B) **Final Completion.** Contractor must verify that all changes in the Work are depicted in the as-built drawings and must deliver the complete set of as-built drawings to City for review and acceptance as a condition precedent to Final Completion and Final Payment.

7.12 Existing Utilities.

(A) **General.** The Work may be performed in developed, urban areas with existing utilities, both above and below ground, including utilities identified in the Contract Documents or in other informational documents or records. Contractor must take due care to locate identified or reasonably identifiable utilities before proceeding with trenching, excavation, or any other activity that could damage or disrupt existing utilities. This may include excavation with small equipment, potholing, or hand excavation, and, if practical, using white paint or other suitable markings to delineate the area to be excavated. Except as otherwise provided herein, Contractor will be responsible for costs resulting from damage to identified or reasonably identifiable utilities due to Contractor's negligence or failure to comply with the Contract Documents, including the requirements in this Article 7.

(B) **Unidentified Utilities.** Pursuant to Government Code Section 4215, if, during the performance of the Work, Contractor discovers utility facilities not identified by City in the Contract Documents, Contractor must immediately provide written notice to City and the utility. City assumes responsibility for the timely removal, relocation, or protection of existing main or trunkline utility facilities located on the Project site, if those utilities are not identified in the Contract Documents. Contractor will be compensated in accordance with the provisions of the Contract Documents for the costs of locating, repairing damage not due to Contractor's failure to exercise reasonable care, and removing or relocating such utility facilities not indicated in the Plans or Specifications with reasonable accuracy, and for equipment on the Project necessarily idled during such work. Contractor will not be assessed liquidated damages for delay in completion of the Work, to the extent such delay was caused by City's failure to provide for removal or relocation of the utility facilities.

7.13 Notice of Excavation. Contractor must comply with all applicable requirements in Government Code Sections 4216 through 4216.5, which are incorporated by reference herein. Government Code Section 4216.2 requires that, except in an emergency, Contractor must contact the appropriate regional notification center, or Underground Services Alert, at least two working days, but not more than fourteen calendar days before starting any excavation if the excavation will be conducted in an area that is known, or reasonably should be known, to contain subsurface installations. Contractor may not begin excavation until it has obtained and

submitted to Engineer an inquiry identification number from Underground Services Alert.

7.14 Trenching and Excavations of Four Feet or More. As required by Public Contract Code Section 7104, if the Work includes digging trenches or other excavations that extend deeper than four feet below the surface, the provisions in this Section apply to the Work and the Project.

(A) ***Duty to Notify.*** Contractor must promptly, and before the following conditions are disturbed, provide written notice to City if Contractor finds any of the following conditions:

(1) Material that Contractor believes may be a hazardous waste, as defined in Section 25117 of the Health and Safety Code, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with the provisions of existing Laws;

(2) Subsurface or latent physical conditions at the Project site differing from those indicated by information about the Project site made available to bidders prior to the deadline for submitting bids; or

(3) Unknown physical conditions at the Project site of any unusual nature, materially different from those ordinarily encountered and generally recognized as inherent in work of the character required by the Contract Documents.

(B) ***City Investigation.*** City will promptly investigate the conditions and if City finds that the conditions materially differ from those indicated, apparent, or reasonably inferred from information about the Project site made available to bidders, or involve hazardous waste, and cause a decrease or increase in Contractor's cost of, or the time required for, performance of any part of the Work, City will issue a Change Order.

(C) ***Disputes.*** In the event that a dispute arises between City and Contractor regarding any of the conditions specified in subsection (B) above, or the terms of a Change Order issued by the City, Contractor will not be excused from completing the Work within the Contract Time, but must proceed with all Work to be performed under the Contract. Contractor will retain any and all rights provided either by the Contract or by Laws which pertain to the resolution of disputes between Contractor and City.

7.15 Trenching of Five Feet or More. As required by Labor Code Section 6705, if the Contract Price exceeds \$25,000 and the Work includes the excavation of any trench or trenches of five feet or more in depth, a detailed plan must be submitted to City for acceptance in advance of the excavation. The detailed plan must show the design of shoring, bracing, sloping, or other

provisions to be made for worker protection from the hazard of caving ground during the excavation. If the plan varies from the shoring system standards, it must be prepared by a California registered civil or structural engineer. Use of a shoring, sloping, or protective system less effective than that required by the Construction Safety Orders is prohibited.

7.16 New Utility Connections. Except as otherwise specified, City will pay connection charges and meter costs for new permanent utilities required by the Contract Documents, if any. Contractor must notify City sufficiently in advance of the time needed to request service from each utility provider so that connections and services are initiated in accordance with the Project schedule.

7.17 Lines and Grades. Contractor is required to use any benchmark provided by the Engineer. Unless otherwise specified in the Contract Documents, Contractor must provide all lines and grades required to execute the Work. Contractor must also provide, preserve, and replace if necessary, all construction stakes required for the Project. All stakes or marks must be set by a California licensed surveyor or a California registered civil engineer. Contractor must notify the Engineer of any discrepancies found between Contractor's staking and grading and information provided by the Contract Documents. Upon completion, all Work must conform to the lines, elevations, and grades shown in the Plans, including any changes directed by a Change Order.

7.18 Historic or Archeological Items.

(A) **Contractor's Obligations.** Contractor must ensure that all persons performing Work at the Project site are required to immediately notify the Project Manager, upon discovery of any potential historic or archeological items, including historic or prehistoric ruins, a burial ground, archaeological or vertebrate paleontological site, including fossilized footprints or other archeological, paleontological or historical feature on the Project site (collectively, "Historic or Archeological Items").

(B) **Discovery; Cessation of Work.** Upon discovery of any potential Historic or Archeological Items, Work must be stopped within an 85-foot radius of the find and may not resume until authorized in writing by City. If required by City, Contractor must assist in protecting or recovering the Historic or Archeological Items, with any such assistance to be compensated as Extra Work on a time and materials basis under Article 6, Contract Modification. At City's discretion, a suspension of Work required due to discovery of Historic or Archeological Items may be treated as Excusable Delay pursuant to Article 5 or as a suspension for convenience under Article 13.

7.19 Environmental Control. Contractor must not pollute any drainage course or its tributary inlets with fuels, oils, bitumens, acids, insecticides, herbicides or other harmful materials. Contractor must prevent the release of any hazardous material or hazardous waste into the soil or groundwater, and prevent the unlawful discharge of pollutants into City's storm drain system and watercourses as required below. Contractor and its Subcontractors must at all times in the performance of the Work comply with all Laws concerning pollution of waterways.

(A) **Stormwater Permit.** Contractor must comply with all applicable conditions of the State Water Resources Control Board National Pollutant Discharge Elimination System General Permit for Waste Discharge Requirements for Discharges of Stormwater Runoff Associated with Construction Activity ("Stormwater Permit").

(B) **Contractor's Obligations.** If required for the Work, a copy of the Stormwater Permit is on file in City's principal administrative offices, and Contractor must comply with the permit without adjustment of the Contract Price or the Contract Time. Contractor must timely and completely submit required reports and monitoring information required by the conditions of the Stormwater Permit. Contractor must also comply with all other Laws governing discharge of stormwater, including applicable municipal stormwater management programs.

7.20 Noise Control. Contractor must comply with all applicable noise control Laws. Noise control requirements apply to all equipment used for the Work or related to the Work, including trucks, transit mixers or transient equipment that may or may not be owned by Contractor.

7.21 Mined Materials. Pursuant to Public Contract Code § 20676, Contractor will not purchase any sand, gravel, or other minerals for the Work from an operation subject to the Surface Mining and Reclamation Act of 1975 (Public Resources Code Section 2710 *et seq.*), unless the Contractor certifies, under penalty of perjury, that the minerals are from a mining operation included on the AB 3098 List, which may be accessed online at: <https://www.conservation.ca.gov/smgb/Pages/AB-3098-List.aspx>

Article 8 - Payment

8.1 Schedule of Values. Prior to submitting its first application for payment, Contractor must prepare and submit to the Project Manager a schedule of values apportioned to the various divisions and phases of the Work, including mobilization and demobilization. If a Bid Schedule was submitted with Contractor's bid, the amounts in the schedule of values must be consistent with the Bid Schedule. Each line item contained in the schedule

of values must be assigned a value such that the total of all items equals the Contract Price. The items must be sufficiently detailed to enable accurate evaluation of the percentage of completion claimed in each application for payment, and the assigned value consistent with any itemized or unit pricing submitted with Contractor's bid.

(A) **Measurements for Unit Price Work.** Materials and items of Work to be paid for on the basis of unit pricing will be measured according to the methods specified in the Contract Documents.

(B) **Deleted or Reduced Work.** Contractor will not be compensated for Work that City has deleted or reduced in scope, except for any labor, material or equipment costs for such Work that Contractor reasonably incurred before Contractor learned that the Work could be deleted or reduced. Contractor will only be compensated for those actual, direct and documented costs incurred, and will not be entitled to any mark up for overhead or lost profits.

8.2 Progress Payments. Following the last day of each month, or as otherwise required by the Special Conditions or Specifications, Contractor will submit to Project Manager a monthly application for payment for Work performed during the preceding month based on the estimated value of the Work performed during that preceding month.

(A) **Application for Payment.** Each application for payment must be itemized to include labor, materials, and equipment incorporated into the Work, and materials and equipment delivered to the Project site, as well as authorized and approved Change Orders. Each payment application must be supported by the unit prices submitted with Contractor's Bid Schedule and/or schedule of values and any other substantiating data required by the Contract Documents. **Each application for payment shall be accompanied by completed "Contract Balance Form," a copy of which is provided at the end of Article 8.**

(B) **Payment of Undisputed Amounts.** City will pay the undisputed amount due within thirty days after Contractor has submitted a complete and accurate payment application, subject to Public Contract Code Section 20104.50. City will deduct a percentage from each progress payment as retention, as set forth in Section 8.5, below, and may deduct or withhold additional amounts as set forth in Section 8.3, below.

8.3 Adjustment of Payment Application. City may adjust or reject the amount requested in a payment application, including application for Final Payment, in whole or in part, if the amount requested is disputed or unsubstantiated. Contractor will be notified in writing of the basis for the modification to the amount requested. City may also deduct or withhold from payment

otherwise due based upon any of the circumstances and amounts listed below. Sums withheld from payment otherwise due will be released when the basis for that withholding has been remedied and no longer exists.

(A) For Contractor's unexcused failure to perform the Work as required by the Contract Documents, including correction or completion of punch list items. City may withhold or deduct an amount based on the City's estimated cost to correct or complete the Work.

(B) For loss or damage caused by Contractor or its Subcontractors arising out of or relating to performance of the Work, or any failure to protect the Project site, City may deduct an amount based on the estimated cost to repair or replace.

(C) For Contractor's failure to pay its Subcontractors and suppliers when payment is due. City may withhold an amount equal to the total of past due payments and may opt to pay that amount separately via joint check pursuant to Section 8.6(B), Joint Checks.

(D) For Contractor's failure to timely correct rejected, nonconforming, or defective Work. City may withhold or deduct an amount based on the City's estimated cost to correct or complete the Work.

(E) For any unreleased stop notice, City may withhold 125% of the amount claimed.

(F) For Contractor's failure to submit any required schedule or schedule update in the manner specified or within the time specified in the Contract Documents, City may withhold an amount equal to five percent of the total amount requested until Contractor complies with its schedule submittal obligations.

(G) For Contractor's failure to maintain or submit as-built documents in the manner specified or within the time specified in the Contract Documents; City may withhold or deduct an amount based on the City's cost to prepare the as-builts.

(H) For Work performed without City-accepted Shop Drawings, when accepted Shop Drawings are required before proceeding with the Work, City may deduct an amount based on the estimated cost to correct unsatisfactory Work or diminution in value.

(I) For fines, payments, or penalties assessed under the Labor Code, City may deduct from payments due to Contractor as required by Laws and as directed by the Division of Labor Standards Enforcement.

(J) For any other fines, payments, or penalties assessed against the City relating to Contractor's acts or omissions, including violations of Laws, City may withhold or deduct such amounts from payment otherwise due to Contractor.

(K) For any other costs or charges that may be withheld or deducted from payments to Contractor, as provided in the Contract Documents, including liquidated damages, City may withhold or deduct such amounts from payment otherwise due to Contractor.

8.4 Early Occupancy. Neither City's payment of progress payments nor its partial or full use or occupancy of the Project constitutes acceptance of any part of the Work.

8.5 Retention. City will retain five percent of the full amount due on each progress payment (i.e., the amount due before any withholding or deductions pursuant to Section 8.3, Adjustment of Payment Application), or the percentage stated in the Notice Inviting Bids, whichever is greater, as retention to ensure full and satisfactory performance of the Work. Contractor is not entitled to any reduction in the rate of withholding at any time, nor to release of any retention before 35 days following City's recordation of the Notice of Completion, subject to the terms of Public Contract Code § 7107..

(A) **Substitution of Securities.** As provided by Public Contract Code Section 22300, Contractor may request in writing that it be allowed, at its sole expense, to substitute securities for the retention withheld by City. Any escrow agreement entered into pursuant to this provision must fully comply with Public Contract Code Section 22300, and will be subject to approval as to form by City's legal counsel. If City exercises its right to draw upon such securities in the event of default pursuant to section (7) of the statutory Escrow Agreement for Security Deposits in Lieu of Retention, pursuant to subdivision (g) of Public Contract Code Section 22300 ("Escrow Agreement"), and if Contractor disputes that it is in default, its sole remedy is to comply with the dispute resolution procedures in Article 12 and the provisions therein. It is agreed that for purposes of this paragraph, an event of default includes City's rights pursuant to these Contract Documents to withhold or deduct sums from retention, including withholding or deduction for liquidated damages, incomplete or defective Work, stop payment notices, or backcharges. It is further agreed that if any individual authorized to give or receive written notice on behalf of a party pursuant to section (10) of the Escrow Agreement are unavailable to give or receive notice on behalf of that party due to separation from employment, retirement, death, or other circumstances, the successor or delegee of the named individual is deemed to be the individual authorized to give or receive notice pursuant to section (10) of the Escrow Agreement.

(B) **Release of Undisputed Retention.** All undisputed retention, less any amounts that may be assessed as liquidated damages, retained for stop notices, or otherwise withheld pursuant to Section 8.3 Adjustment of Payment Application will be released as Final Payment to Contractor no sooner than 35 days following recordation of the notice of completion, and no later than 60 days following acceptance of the Project by City's governing body or authorized designee pursuant to Section 11.1(C) Acceptance, or, if the Project has not been accepted, no later than 60 days after the Project is otherwise considered complete pursuant to Public Contract Code Section 7107(c).

8.6 Payment to Subcontractors and Suppliers. Each month, Contractor must promptly pay each Subcontractor and supplier the value of the portion of labor, materials, and equipment incorporated into the Work or delivered to the Project site by the Subcontractor or supplier during the preceding month. Such payments must be made in accordance with the requirements of Laws pertaining to such payments, and those of the Contract Documents and applicable subcontract or supplier contract.

(A) **Withholding for Stop Notice.** Pursuant to Civil Code Section 9358, City will withhold 125% of the amount claimed by an unreleased stop notice, a portion of which may be retained by City for the costs incurred in handling the stop notice claim, including attorneys' fees and costs, as authorized by law.

(B) **Joint Checks.** City reserves the right, acting in its sole discretion, to issue joint checks made payable to Contractor and a Subcontractor or supplier, if City determines this is necessary to ensure fair and timely payment to Subcontractor or supplier who has provided services or goods for the Project. As a condition to release of payment by a joint check, the joint check payees may be required to execute a joint check agreement in a form provided or approved by the City Attorney's Office. The joint check payees will be jointly and severally responsible for the allocation and disbursement of funds paid by joint check. Payment by joint check will not be construed to create a contractual relationship between City and a Subcontractor or supplier of any tier beyond the scope of the joint check agreement.

8.7 Final Payment. Contractor's application for Final Payment must comply with the requirements for submitting an application for a progress payment as stated in Section 8.2, above. Corrections to previous progress payments, including adjustments to estimated quantities for unit priced items, may be included in the Final Payment. If Contractor fails to submit a timely application for Final Payment, City reserves the right to unilaterally process and issue Final Payment without an application from Contractor in order to close out the Project. For the purposes of determining the deadline for Claim

submission pursuant to Article 12, the date of Final Payment is deemed to be the date that City acts to release undisputed retention as final payment to Contractor, or otherwise provides written notice to Contractor of Final Payment or that no undisputed funds remain available for Final Payment due to offsetting withholdings or deductions pursuant to Section 8.3, Adjustment of Payment Application. If the amount due from Contractor to City exceeds the amount of Final Payment, City retains the right to recover the balance from Contractor or its sureties.

8.8 Release of Claims. City may, at any time, require that payment of the undisputed portion of any progress payment or Final Payment be contingent upon Contractor furnishing City with a written waiver and release of all claims against City arising from or related to the portion of Work covered by those undisputed amounts, subject to the limitations of Public Contract Code Section 7100. Any disputed amounts may be specifically excluded from the release.

8.9 Warranty of Title. Contractor warrants that title to all work, materials, or equipment incorporated into the Work and included in a request for payment will pass over to City free of any claims, liens, or encumbrances upon payment to Contractor.

CONTRACT BALANCE FORM

Note: A detailed invoice MUST be attached to this Contract Balance Form.

CONTRACTOR NAME: _____ DATE: _____
MAILING ADDRESS: _____ TELEPHONE NO.: _____

FAX NO.: _____

PROJECT NO.: _____
INVOICE NO.: _____

1. ORIGINAL CONTRACT AMOUNT: \$ _____
2. APPROVED CHANGE ORDERS TOTAL: \$ _____
3. REVISED CONTRACT AMOUNT: (1+2) \$ _____
4. PREVIOUS BALANCE PAID: \$ _____
5. REMAINING BALANCE: (3-4) \$ _____
6. CURRENT PROGRESS PAYMENT DUE: \$ _____
(before retention)
7. 5% RETENTION FROM WORK DONE: (-)\$ _____
8. CURRENT BALANCE DUE: (6-7) \$ _____
9. REMAINING BALANCE OF REVISED (5-8) \$ _____
(including retention)

Article 9 - Labor Provisions

9.1 Discrimination Prohibited. Discrimination against any prospective or present employee engaged in the Work on grounds of race, color, ancestry, national origin, ethnicity, religion, sex, sexual orientation, age, disability, or marital status is strictly prohibited. Contractor and its Subcontractors are required to comply with all applicable Laws prohibiting discrimination, including the California Fair Employment and Housing Act (Government Code Section 12900 *et seq.*), Government Code Section 11135, and Labor Code Sections 1735, 1777.5, 1777.6, and 3077.5.

9.2 Labor Code Requirements.

(A) **Eight Hour Day.** Pursuant to Labor Code Section 1810, eight hours of labor constitute a legal day's work under this Contract.

(B) **Penalty.** Pursuant to Labor Code Section 1813, Contractor will forfeit to City as a penalty, the sum of \$25.00 for each day during which a worker employed by Contractor or any Subcontractor is required or permitted to work more than eight hours in any one calendar day or more than 40 hours per calendar week, except if such workers are paid overtime under Labor Code Section 1815.

(C) **Apprentices.** Contractor 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.

(D) **Notices.** Pursuant to Labor Code Section 1771.4, Contractor is required to post all job site notices prescribed by Laws.

9.3 Prevailing Wages. Each worker performing Work under this Contract that is covered under Labor Code Sections 1720, 1720.3, or 1720.9, including cleanup at the Project site, must 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>. Contractor must post a copy of the applicable prevailing rates at the Project site.

(A) **Penalties.** Pursuant to Labor Code Section 1775, Contractor and any Subcontractor will forfeit to City as a penalty up to \$200.00 for each calendar day, or portion of a day, for each worker paid less than the applicable prevailing wage rate. Contractor must also pay each worker the difference between the applicable prevailing wage rate and the amount actually paid to that worker.

(B) **Federal Requirements.** If this Project is subject to federal prevailing wage requirements in addition to California prevailing wage requirements, Contractor and its Subcontractors are required to pay the higher of the currently applicable state or federal prevailing wage rates.

9.4 Payroll Records. Contractor must comply with the provisions of Labor Code Sections 1771.4, 1776, and 1812 and all implementing regulations, which are fully incorporated by this reference, including requirements for electronic submission of payroll records to the DIR.

(A) **Contractor and Subcontractor Obligations.** Contractor and each Subcontractor must keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed in connection with the Work. Each payroll record must contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct; and

(2) Contractor or Subcontractor has complied with the requirements of Labor Code Sections 1771, 1811, and 1815 for any Work performed by its employees on the Project.

(B) **Certified Record.** A certified copy of an employee's payroll record must be made available for inspection or furnished to the employee or his or her authorized representative on request, to City, to the Division of Labor Standards Enforcement, to the Division of Apprenticeship Standards of the DIR, and as further required by the Labor Code.

(C) **Enforcement.** Upon notice of noncompliance with Labor Code Section 1776, Contractor or Subcontractor has ten days in which to comply with the requirements of this section. If Contractor or Subcontractor fails to do so within the ten-day period, Contractor or Subcontractor will forfeit a penalty of \$100.00 per day, or portion of a day, for each worker for whom compliance is required, until strict compliance is achieved. Upon request by the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement, these penalties will be withheld from payments then due to Contractor.

9.5 Labor Compliance. Pursuant to Labor Code Section 1771.4, the Contract for this Project is subject to compliance monitoring and enforcement by the DIR.

9.6 Wage Theft Prevention. Compliance with Wage and Hour Laws: Contractor, 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 Contractor and/or its Subcontractors: BY SIGNING THIS AGREEMENT, CONTRACTOR 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 CONTRACTOR OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. CONTRACTOR 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 Contractor or an subcontractor it employs to perform work under this Agreement has violated any applicable wage and hour law, or Contractor learns of such a judgment, decision, or order that was not previously disclosed, Contractor 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. Contractor 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 Contractor 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 Contractor 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 Contractor 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.

Article 10 - Safety Provisions

10.1 Safety Precautions and Programs. Contractor and its Subcontractors are fully responsible for safety precautions and programs, and for the safety of persons and property in the performance of the Work. Contractor and its Subcontractors must at all times comply with all applicable health and safety Laws and seek to avoid injury, loss, or damage to persons or property by taking reasonable steps to protect its employees and other persons at any Worksite, materials and equipment stored on or off site, and property at or adjacent to any Worksite.

(A) **Reporting Requirements.** Contractor must immediately notify the City of any death, serious injury or illness resulting from Work on the Project. Contractor must immediately provide a written report to City of each recordable accident or injury occurring at any Worksite within 24 hours of the occurrence. The written report must include: (1) the name and address of the injured or deceased person; (2) the name and address of each employee of Contractor or of any Subcontractor involved in the incident; (3) a detailed description of the incident, including precise location, time, and names and contact information for known witnesses; and (4) a police or first responder report, if applicable. If Contractor is required to file an accident report with a government agency, Contractor will provide a copy of the report to City.

(B) **Legal Compliance.** Contractor's safety program must comply with the applicable legal and regulatory requirements. Contractor must provide City with copies of all notices required by Laws.

(C) **Contractor's Obligations.** Any damage or loss caused by Contractor arising from the Work which is not insured under property insurance must be promptly remedied by Contractor.

(D) **Remedies.** If City determines, in its sole discretion, that any part of the Work or Project site is unsafe, City may, without assuming responsibility for Contractor's safety program, require Contractor or its Subcontractor to cease performance of the Work or to take corrective measures to City's satisfaction. If Contractor fails to promptly take the required corrective measures, City may perform them and deduct the cost from the Contract Price. Contractor agrees it is not entitled to submit a Claim for damages, for an increase in Contract Price, or for a change in Contract Time based on Contractor's compliance with City's request for corrective measures pursuant to this provision.

10.2 Hazardous Materials. Unless otherwise specified in the Contract Documents, this Contract does not include the removal, handling, or disturbance of any asbestos or other Hazardous Materials. If Contractor encounters materials on the Project site that Contractor reasonably believes to be asbestos or other Hazardous Materials, and the asbestos or other Hazardous Materials have not been rendered harmless, Contractor may continue Work in unaffected areas reasonably believed to be safe, but must immediately cease work on the area affected and report the condition to City. No asbestos, asbestos-containing products or other Hazardous Materials may be used in performance of the Work.

10.3 Material Safety. Contractor is solely responsible for complying with Section 5194 of Title 8 of the California Code of Regulations, including by providing information to Contractor's employees about any hazardous chemicals to which they may be exposed in the course of the Work. A hazard communication program and other forms of warning and training about such exposure must be used. Contractor must also maintain Safety Data Sheets ("SDS") at the Project site, as required by Law, for materials or substances used or consumed in the performance of the Work. The SDS will be accessible and available to Contractor's employees, Subcontractors, and City.

(A) **Contractor Obligations.** Contractor is solely responsible for the proper delivery, handling, use, storage, removal, and disposal of all materials brought to the Project site and/or used in the performance of the Work. Contractor must notify the Engineer if a specified product or material cannot be used safely.

(B) **Labeling.** Contractor must ensure proper labeling on any material brought onto the Project site so that any persons working with or in the vicinity of the material may be informed as to the identity of the material,

any potential hazards, and requirements for proper handling, protections, and disposal.

10.4 Hazardous Condition. Contractor is solely responsible for determining whether a hazardous condition exists or is created during the course of the Work, involving a risk of bodily harm to any person or risk of damage to any property. If a hazardous condition exists or is created, Contractor must take all precautions necessary to address the condition and ensure that the Work progresses safely under the circumstances. Hazardous conditions may result from, but are not limited to, use of specified materials or equipment, the Work location, the Project site condition, the method of construction, or the way any Work must be performed.

10.5 Emergencies. In an emergency affecting the safety or protection of persons, Work, or property at or adjacent to any Worksite, Contractor must take reasonable and prompt actions to prevent damage, injury, or loss, without prior authorization from the City if, under the circumstances, there is inadequate time to seek prior authorization from the City.

Article 11 - Completion and Warranty Provisions

11.1 Final Completion.

(A) ***Final Inspection and Punch List.*** When the Work required by this Contract is fully performed, Contractor must provide written notification to City requesting final inspection. The Engineer will schedule the date and time for final inspection, which must include Contractor's primary representative for the Project and its superintendent. Based on that inspection, City will prepare a punch list of any items that are incomplete, missing, defective, incorrectly installed, or otherwise not compliant with the Contract Documents. The punch list to Contractor will specify the time by which all of the punch list items must be completed or corrected. The punch list may include City's estimated cost to complete each punch list item if Contractor fails to do so within the specified time. The omission of any non-compliant item from a punch list will not relieve Contractor from fulfilling all requirements of the Contract Documents. Contractor's failure to complete any punch list item within the time specified in the punch list will not waive or abridge its warranty obligations for any such items that must be completed by the City or by a third party retained by the City due to Contractor's failure to timely complete any such outstanding item.

(B) ***Requirements for Final Completion.*** Final Completion will be achieved upon completion or correction of all punch list items, as verified by City's further inspection, and upon satisfaction of all other Contract requirements, including any commissioning required under the Contract Documents, and submission of all final submittals, including instructions

and manuals as required under Section 7.10, and complete, final as-built drawings as required under Section 7.11, all to City's satisfaction.

(C) **Acceptance.** The Project will be considered accepted upon City Council action during a public meeting to accept the Project, unless the Engineer is authorized to accept the Project, in which case the Project will be considered accepted upon the date of the Engineer's issuance of a written notice of acceptance. In order to avoid delay of Project close out, the City may elect, acting in its sole discretion, to accept the Project as complete subject to exceptions for punch list items that are not completed within the time specified in the punch list.

(D) **Final Payment and Release of Retention.** Final Payment and release of retention, less any sums withheld pursuant to the provisions of the Contract Documents, will not be made sooner than 35 days after recordation of the notice of completion. If Contractor fails to complete all of the punch list items within the specified time, City may withhold up to 150% of City's estimated cost to complete each of the remaining items from Final Payment and may use the withheld retention to pay for the costs to self-perform the outstanding items or to retain a third party to complete any such outstanding punch list item.

11.2 Warranty.

(A) **General.** Contractor warrants that all materials and equipment will be new unless otherwise specified, of good quality, in conformance with the Contract Documents, and free from defective workmanship and materials. Contractor further warrants that the Work will be free from material defects not intrinsic in the design or materials required in the Contract Documents. Contractor warrants that materials or items incorporated into the Work comply with the requirements and standards in the Contract Documents, including compliance with Laws, and that any Hazardous Materials encountered or used were handled as required by Laws. At City's request, Contractor must furnish satisfactory evidence of the quality and type of materials and equipment furnished. Contractor's warranty does not extend to damage caused by normal wear and tear, or improper use or maintenance.

(B) **Warranty Period.** Contractor's warranty must guarantee its Work for a period of one year from the date of Project acceptance (the "Warranty Period"), except when a longer guarantee is provided by a supplier or manufacturer or is required by the Specifications or Special Conditions. Contractor must obtain from its Subcontractors, suppliers and manufacturers any special or extended warranties required by the Contract Documents.

(C) **Warranty Documents.** As a condition precedent to Final Completion, Contractor must supply City with all warranty and guarantee documents relevant to equipment and materials incorporated into the Work and guaranteed by their suppliers or manufacturers.

(D) **Subcontractors.** The warranty obligations in the Contract Documents apply to Work performed by Contractor and its Subcontractors, and Contractor expressly agrees to be co-guarantor of such Work.

(E) **Contractor's Obligations.** Upon written notice from City to Contractor of any defect in the Work discovered during the Warranty Period, Contractor or its responsible Subcontractor must promptly correct the defective Work at its own cost. Contractor's obligation to correct defects discovered during the Warranty Period will continue past the expiration of the Warranty Period as to any defects in Work for which Contractor was notified prior to expiration of the Warranty Period. Work performed during the Warranty Period ("Warranty Work") will be subject to the warranty provisions in this Section 11.2 for a one-year period that begins upon completion of such Warranty Work to City's satisfaction.

(F) **City's Remedies.** If Contractor or its responsible Subcontractor fails to correct defective Work within ten days following notice by City, or sooner, if required by the circumstances, City may correct the defects to conform with the Contract Documents at Contractor's sole expense. Contractor must reimburse City for its costs in accordance with subsection (H) below.

(G) **Emergency Repairs.** In cases of emergency where any delay in correcting defective Work could cause harm, loss or damage, City may immediately correct the defects to conform with the Contract Documents at Contractor's sole expense. Contractor or its surety must reimburse City for its costs in accordance with subsection (H), below.

(H) **Reimbursement.** Contractor must reimburse City for its costs to repair under subsections (F) or (G), above, within 30 days following City's submission of a demand for payment pursuant to this provision. If City is required to initiate legal action to compel Contractor's compliance with this provision, and City is the prevailing party in such action, Contractor and its surety are solely responsible for all of City's attorney's fees and legal costs expended to enforce Contractor's warranty obligations herein in addition to any and all costs City incurs to correct the defective Work.

11.3 Use Prior to Final Completion. City reserves the right to occupy or make use of the Project, or any portions of the Project, prior to Final Completion if City has determined that the Project or portion of it is in a condition suitable for the proposed occupation or use, and that it is in its best interest to occupy or make use of the Project, or any portions of it, prior to Final Completion.

City will notify Contractor in writing of its intent to occupy or make use of the Project or any portions of the Project, pursuant to this provision.

(A) **Non-Waiver.** Occupation or use of the Project, in whole or in part, prior to Final Completion will not operate as acceptance of the Work or any portion of it, nor will it operate as a waiver of any of City's rights or Contractor's duties pursuant to these Contract Documents, and will not affect nor bear on the determination of the time of substantial completion with respect to any statute of repose pertaining to the time for filing an action for construction defect.

(B) **City's Responsibility.** City will be responsible for the cost of maintenance and repairs due to normal wear and tear with respect to those portions of the Project that are being occupied or used before Final Completion. The Contract Price or the Contract Time may be adjusted pursuant to the applicable provisions of these Contract Documents if, and only to the extent that, any occupation or use under this Section actually adds to Contractor's cost or time to complete the Work within the Contract Time.

11.4 Substantial Completion. For purposes of determining "substantial completion" with respect to any statute of repose pertaining to the time for filing an action for construction defect, "substantial completion" is deemed to mean the last date that Contractor or any Subcontractor performs Work on the Project prior to City acceptance of the Project, except for warranty work performed under this Article.

Article 12 - Dispute Resolution

12.1 Claims. This Article applies to and provides the exclusive procedures for any Claim arising from or related to the Contract or performance of the Work.

(A) **Limitations.** A Claim may only include the portion of a previously rejected demand that remains in dispute between Contractor and City. With the exception of any dispute regarding the amount of money actually paid to Contractor as Final Payment, Contractor is not entitled to submit a Claim demanding a change in the Contract Time or the Contract Price, which has not previously been submitted to City in full compliance with Article 5 and Article 6, and subsequently rejected in whole or in part by City.

(B) **Scope of Article.** This Article is intended to provide the exclusive procedures for submission and resolution of Claims of any amount, and applies in addition to the provisions of Public Contract Code Section 9204

and Sections 20104 *et seq.*, which are incorporated herein by this reference.

(C) **No Work Delay.** Notwithstanding the submission of a Claim or any other dispute between the parties related to the Project or the Contract Documents, Contractor must perform the Work and may not delay or cease Work pending resolution of a Claim or other dispute, but must continue to diligently prosecute the performance and timely completion of the Work, including the Work pertaining to a Claim or other dispute.

(D) **Informal Resolution.** Contractor will make a good faith effort to informally resolve a dispute before initiating a Claim, preferably by face-to-face meeting between authorized representatives of Contractor and City.

12.2 Claims Submission. The following requirements apply to any Claim subject to this Article:

(A) **Substantiation.** The Claim must be submitted to City in writing by registered or certified mail with return receipt requested and clearly identified as a “Claim” submitted pursuant to this Article 12. The Claim must include all of the documents necessary to substantiate the Claim including the Change Order request that was rejected in whole or in part, and a copy of City’s written rejection that is in dispute. The Claim must clearly identify and describe the dispute, including relevant references to applicable portions of the Contract Documents, and a chronology of relevant events. Any Claim for additional payment must include a complete, itemized breakdown of all known or estimated labor, materials, taxes, insurance, and subcontract, or other costs. Substantiating documentation such as payroll records, receipts, invoices, or the like, must be submitted in support of each component of claimed cost. Any Claim for an extension of time or delay costs must be substantiated with a schedule analysis and narrative depicting and explaining claimed time impacts. Contractor understands that submission of a Claim which has no basis in fact or which Contractor knows to be false may violate the False Claims Act (Government Code Section 12650 *et seq.*).

(B) **Claim Format and Content.** A Claim must be submitted in the following format:

(1) Provide a cover letter, specifically identifying the submission as a “Claim” submitted under this Article 12 and specifying the requested remedy (e.g., amount of proposed change to Contract Price and/or change to Contract Time).

(2) Provide a summary of each Claim, including underlying facts and the basis for entitlement, and identify each specific demand at issue,

including the specific Change Order request (by number and submittal date), and the date of City's rejection of that demand, in whole or in part.

(3) Provide a detailed explanation of each issue in dispute. For multiple issues included within a single Claim or for multiple Claims submitted concurrently, separately number and identify each individual issue or Claim and include the following for each separate issue or Claim:

(a) A succinct statement of the matter in dispute, including Contractor's position and the basis for that position;

(b) Identify and attach all documents that substantiate the Claim, including relevant provisions of the Contract Documents, RFIs, calculations, and schedule analysis (see subsection (A), Substantiation above);

(c) A chronology of relevant events; and

(d) Analysis and basis for claimed changes to Contract Price, Contract Time, or any other remedy requested.

(4) Provide a summary of issues and corresponding claimed damages. If, by the time of the Claim submission deadline (below), the precise amount of the requested change in the Contract Price or Contract Time is not yet known, Contractor must provide a good faith estimate, including the basis for that estimate, and must identify the date by which it is anticipated that the Claim will be updated to provide final amounts.

(5) Include the following certification, executed by Contractor's authorized representative:

"The undersigned Contractor certifies under penalty of perjury that its statements and representations in this Claim submittal are true and correct. Contractor warrants that this Claim submittal is comprehensive and complete as to the matters in dispute, and agrees that any costs, expenses, or delay not included herein are deemed waived.

(C) ***Submission Deadlines.***

(1) A Claim disputing rejection of a request for a change in the Contract Time or Contract Price must be submitted within 21 days following the date that City notified Contractor in writing that a

request for a change in the Contract Time or Contract Price, duly submitted in compliance with Article 5 and Article 6, has been rejected in whole or in part. A Claim disputing the terms of a unilateral Change Order must be submitted within 21 days following the date of issuance of the unilateral Change Order. These Claim deadlines apply even if Contractor cannot yet quantify the total amount of any requested change in the Contract Time or Contract Price. If the Contractor cannot quantify those amounts, it must submit an estimate of the amounts claimed pending final determination of the requested remedy by Contractor.

(2) With the exception of any dispute regarding the amount of Final Payment, any Claim must be filed on or before the date of Final Payment, or will be deemed waived.

(3) A Claim disputing the amount of Final Payment must be submitted within 21 days of the effective date of Final Payment, under Section 8.7, Final Payment, above.

(4) Strict compliance with these Claim submission deadlines is necessary to ensure that any dispute may be mitigated as soon as possible, and to facilitate cost-efficient administration of the Project. Any Claim that is not submitted within the specified deadlines will be deemed waived by Contractor.

12.3 City's Response. City will respond within 45 days of receipt of the Claim with a written statement identifying which portion(s) of the Claim are disputed, unless the 45-day period is extended by mutual agreement of City and Contractor or as otherwise allowed under Public Contract Code Section 9204. However, if City determines that the Claim is not adequately substantiated pursuant to Section 12.2(A), Substantiation, City may first request, in writing, within 30 days of receipt of the Claim, any additional documentation supporting the Claim or relating to defenses to the Claim that City may have against the Claim.

(A) **Additional Information.** If additional information is thereafter required, it may be requested and provided upon mutual agreement of City and Contractor. If Contractor's Claim is based on estimated amounts, Contractor has a continuing duty to update its Claim as soon as possible with information on actual amounts in order to facilitate prompt and fair resolution of the Claim.

(B) **Non-Waiver.** Any failure by City to respond within the times specified above will not be construed as acceptance of the Claim in whole or in part, or as a waiver of any provision of these Contract Documents.

12.4 Meet and Confer. If Contractor disputes City's written response, or City fails to respond within the specified time, within 15 days of receipt of City's response, or within 15 days of City's failure to respond within the applicable 45-day time period under Section 12.3, respectively, Contractor may notify City of the dispute in writing sent by registered or certified mail, return receipt requested and demand an informal conference to meet and confer for settlement of the issues in dispute. If Contractor fails to notify of the dispute, and demand an informal conference to meet and confer City in writing within the specified time, Contractor's Claim will be deemed waived.

(A) **Schedule Meet and Confer.** Upon receipt of the demand to meet and confer, City will schedule the meet and confer conference to be held within 30 days, or later if needed to ensure the mutual availability of each of the individuals that each party requires to represent its interests at the meet and confer conference.

(B) **Location for Meet and Confer.** The meet and confer conference will be scheduled at a location at or near City's principal office.

(C) **Written Statement After Meet and Confer.** Within ten working days after the meet and confer has concluded, City will issue a written statement identifying which portion(s) of the Claim remain in dispute, if any.

(D) **Submission to Mediation.** If the Claim or any portion remains in dispute following the meet and confer conference, within ten working days after the City issues the written statement identifying any portion(s) of the Claim remaining in dispute, the Contractor may identify in writing disputed portion(s) of the Claim that will be submitted for mediation, as set forth below.

12.5 Mediation and Government Code Claims.

(A) **Mediation.** Within ten working days after the City issues the written statement identifying any portion(s) of the Claim remaining in dispute, following the meet and confer, City and Contractor will mutually agree to a mediator, as provided under Public Contract Code Section 9204. Mediation will be scheduled to ensure the mutual availability of the selected mediator and all of the individuals that each party requires to represent its interests. If there are multiple Claims in dispute, the parties may agree to schedule the mediation to address all outstanding Claims at the same time. The parties will share the costs of the mediator and mediation fees equally, but each party is otherwise solely and separately responsible for its own costs to prepare for and participate in the mediation, including costs for its legal counsel or any other consultants.

(B) **Government Code Claims.**

(1) Timely presentation of a Government Code Claim is a condition precedent to filing any legal action based on or arising from the Contract. Compliance with the Claim submission requirements in this Article 12 is a condition precedent to filing a Government Code Claim.

(2) The time for filing a Government Code Claim will be tolled from the time Contractor submits its written Claim pursuant to Section 12.2, above, until the time that Claim is denied in whole or in part at the conclusion of the meet and confer process, including any period of time used by the meet and confer process. However, if the Claim is submitted to mediation, the time for filing a Government Code Claim will be tolled until conclusion of the mediation, including any continuations, if the Claim is not fully resolved by mutual agreement of the parties during the mediation or any continuation of the mediation.

12.6 Tort Claims. This Article does not apply to tort claims and nothing in this Article is intended nor will be construed to change the time periods for filing tort-based Government Code Claims.

12.7 Arbitration. It is expressly agreed, under Code of Civil Procedure Section 1296, that in any arbitration to resolve a dispute relating to this Contract, the arbitrator's award must be supported by law and substantial evidence.

12.8 Burden of Proof and Limitations. Contractor bears the burden of proving entitlement to and the amount of any claimed damages. Contractor is not entitled to damages calculated on a total cost basis, but must prove actual damages. Contractor is not entitled to speculative, special, or consequential damages, including home office overhead or any form of overhead not directly incurred at the Project site or any other Worksite; lost profits; loss of productivity; lost opportunity to work on other projects; diminished bonding capacity; increased cost of financing for the Project; extended capital costs; non-availability of labor, material or equipment due to delays; or any other indirect loss arising from the Contract. The Eichleay Formula or similar formula will not be used for any recovery under the Contract. The City will not be directly liable to any Subcontractor or supplier.

12.9 Legal Proceedings. In any legal proceeding that involves enforcement of any requirements of the Contract Documents, the finder of fact will receive detailed instructions on the meaning and operation of the Contract Documents, including conditions, limitations of liability, remedies, claim procedures, and other provisions bearing on the defenses and theories of liability. Detailed findings of fact will be requested to verify enforcement of the Contract Documents. All of the City's remedies under the Contract Documents will be construed as cumulative, and not exclusive, and the City

reserves all rights to all remedies available under law or equity as to any dispute arising from or relating to the Contract Documents or performance of the Work.

12.10 Other Disputes. The procedures in this Article 12 will apply to any and all disputes or legal actions, in addition to Claims, arising from or related to this Contract, including disputes regarding suspension or early termination of the Contract, unless and only to the extent that compliance with a procedural requirement is expressly and specifically waived by City. Nothing in this Article is intended to delay suspension or termination under Article 13.

Article 13 - Suspension and Termination

13.1 Suspension for Cause. In addition to all other remedies available to City, if Contractor fails to perform or correct Work in accordance with the Contract Documents, including non-compliance with applicable environmental or health and safety Laws, City may immediately order the Work, or any portion of it, suspended until the circumstances giving rise to the suspension have been eliminated to City's satisfaction.

(A) **Notice of Suspension.** Upon receipt of City's written notice to suspend the Work, in whole or in part, except as otherwise specified in the notice of suspension, Contractor and its Subcontractors must promptly stop Work as specified in the notice of suspension; comply with directions for cleaning and securing the Worksite; and protect the completed and in-progress Work and materials. Contractor is solely responsible for any damages or loss resulting from its failure to adequately secure and protect the Project.

(B) **Resumption of Work.** Upon receipt of the City's written notice to resume the suspended Work, in whole or in part, except as otherwise specified in the notice to resume, Contractor and its Subcontractors must promptly re-mobilize and resume the Work as specified; and within ten days from the date of the notice to resume, Contractor must submit a recovery schedule, prepared in accordance with the Contract Documents, showing how Contractor will complete the Work within the Contract Time.

(C) **Failure to Comply.** Contractor will not be entitled to an increase in Contract Time or Contract Price for a suspension occasioned by Contractor's failure to comply with the Contract Documents.

(D) **No Duty to Suspend.** City's right to suspend the Work will not give rise to a duty to suspend the Work, and City's failure to suspend the Work

will not constitute a defense to Contractor's failure to comply with the requirements of the Contract Documents.

13.2 Suspension for Convenience. City reserves the right to suspend, delay, or interrupt the performance of the Work in whole or in part, for a period of time determined to be appropriate for City's convenience. Upon notice by City pursuant to this provision, Contractor must immediately suspend, delay, or interrupt the Work and secure the Project site as directed by City, except for taking measures to protect completed or in progress Work as directed in the suspension notice, and subject to the provisions of Section 13.1(A) and (B), above. If Contractor submits a timely request for a Change Order in compliance with Articles 5 and 6, the Contract Price and the Contract Time will be equitably adjusted by Change Order pursuant to Articles 5 and 6 to reflect the cost and delay impact occasioned by such suspension for convenience except to the extent that any such impacts were caused by Contractor's failure to comply with the Contract Documents or the terms of the suspension notice or notice to resume. However, Contract Time will only be extended if the suspension causes or will cause unavoidable delay in Final Completion. If Contractor disputes the terms of a Change Order issued for such equitable adjustment due to suspension for convenience, its sole recourse is to comply with the Claim procedures in Article 12.

13.3 Termination for Default. City may declare that Contractor is in default of the Contract for a material breach of or inability to fully, promptly, or satisfactorily perform its obligations under the Contract.

(A) **Default.** Events giving rise to a declaration of default include Contractor's refusal or failure to supply sufficient skilled workers, proper materials, or equipment to perform the Work within the Contract Time; Contractor's refusal or failure to make prompt payment to its employees, Subcontractors, or suppliers or to correct defective Work or damage; Contractor's failure to comply with the Laws, or orders of any public agency with jurisdiction over the Project; evidence of Contractor's bankruptcy, insolvency, or lack of financial capacity to complete the Work as required within the Contract Time; suspension, revocation, or expiration and nonrenewal of Contractor's license or DIR registration; dissolution, liquidation, reorganization, or other major change in Contractor's organization, ownership, structure or existence as a business entity; unauthorized assignment of Contractor's rights or duties under the Contract; or any material breach of the Contract requirements.

(B) **Notice of Default and Opportunity to Cure.** Upon City's declaration that Contractor is in default, due to a material breach of the Contract Documents, if City determines that the default is curable, City will afford Contractor the opportunity to cure the default within ten days of City's notice

of default, or within a period of time reasonably necessary for such cure, including a shorter period of time if applicable.

(C) **Termination.** If Contractor fails to cure the default or fails to expediently take steps reasonably calculated to cure the default within the time period specified in the notice of default, City may issue written notice to Contractor and its performance bond surety of City's termination of the Contract for default.

(D) **Waiver.** Time being of the essence in the performance of the Work, if Contractor's surety fails to arrange for completion of the Work in accordance with the Performance Bond, within seven calendar days from the date of the notice of termination, pursuant to paragraph (C), City may immediately make arrangements for the completion of the Work through use of its own forces, by hiring a replacement contractor, or by any other means that City determines advisable under the circumstances. Contractor and its surety will be jointly and severally liable for any additional cost incurred by City to complete the Work following termination, where "additional cost" means all cost in excess of the cost City would have incurred if Contractor had timely completed Work without the default and termination. In addition, City will have the right to immediate possession and use of any materials, supplies, and equipment procured for the Project and located at the Project site or any Worksite on City property for the purposes of completing the remaining Work.

(E) **Compensation.** Within 30 days of receipt of updated as-builts, all warranties, manuals, instructions, or other required documents for Work installed to date, and delivery to City of all equipment and materials for the Project for which Contractor has already been compensated, Contractor will be compensated for the Work satisfactorily performed in compliance with the Contract Documents up to the effective date of the termination pursuant to the terms of Article 8, Payment, subject to City's rights to withhold or deduct sums from payment otherwise due pursuant to Section 8.3, and excluding any costs Contractor incurs as a result of the termination, including any cancellation or restocking charges or fees due to third parties. If Contractor disputes the amount of compensation determined by City, its sole recourse is to comply with the Claim Procedures in Article 12, by submitting a Claim no later than 30 days following notice from City of the total compensation to be paid by City.

(F) **Wrongful Termination.** If Contractor disputes the termination, its sole recourse is to comply with the Claim procedures in Article 12. If a court of competent jurisdiction or an arbitrator later determines that the termination for default was wrongful, the termination will be deemed to be a termination for convenience, and Contractor's damages will be strictly limited to the compensation provided for termination for convenience, under

Section 13.4, below. Contractor waives any claim for any other damages for wrongful termination including special or consequential damages, lost opportunity costs or lost profits, and any award of damages is subject to Section 12.8, Burden of Proof and Limitations.

13.4 Termination for Convenience. City reserves the right, acting in its sole discretion, to terminate all or part of the Contract for convenience upon written notice to Contractor.

(A) **Compensation to Contractor.** In the event of City's termination for convenience, Contractor waives any claim for damages, including for loss of anticipated profits from the Project. The following will constitute full and fair compensation to Contractor, and Contractor will not be entitled to any additional claim or compensation.

(1) **Completed Work.** The value of its Work satisfactorily performed as of the date notice of termination is received, based on Contractor's schedule of values and unpaid costs for items delivered to the Project site that were fabricated for incorporation in the Work;

(2) **Demobilization.** Demobilization costs specified in the schedule of values, or if demobilization costs were not provided in a schedule of values pursuant to Section 8.1, then based on actual, reasonable, and fully documented demobilization costs; and

(3) **Termination Markup.** Five percent of the total value of the Work performed as of the date of notice of termination including reasonable, actual, and documented costs to comply with the direction in the notice of termination for convenience, and demobilization costs, which is deemed to cover all overhead and profit to date.

(B) **Disputes.** If Contractor disputes the amount of compensation determined by City pursuant to paragraph (A), above, its sole recourse is to comply with the Claim procedures in Article 12, by submitting a Claim no later than 30 days following notice from City of total compensation to be paid by City.

13.5 Actions Upon Termination for Default or Convenience. The following provisions apply to any termination under this Article, whether for default or convenience, and whether in whole or in part.

(A) **General.** Upon termination, City may immediately enter upon and take possession of the Project and the Work and all tools, equipment, appliances, materials, and supplies procured or fabricated for the Project.

Contractor will transfer title to and deliver all completed Work and all Work in progress to City.

(B) **Submittals.** Unless otherwise specified in the notice of termination, Contractor must immediately submit to City all designs, drawings, as-built drawings, Project records, contracts with vendors and Subcontractors, manufacturer warranties, manuals, and other such submittals or Work-related documents required under the terms of the Contract Documents, including incomplete documents or drafts.

(C) **Close Out Requirements.** Except as otherwise specified in the notice of termination, Contractor must comply with all of the following:

(1) Immediately stop the Work, except for any Work that must be completed pursuant to the notice of termination and comply with City's instructions for cessation of labor and securing the Project and any other Worksite(s).

(2) Comply with City's instructions to protect the completed Work and materials, using best efforts to minimize further costs.

(3) Contractor must not place further orders or enter into new subcontracts for materials, equipment, services or facilities, except as may be necessary to complete any portion of the Work that is not terminated.

(4) As directed in the notice, Contractor must assign to City or cancel existing subcontracts that relate to performance of the terminated Work, subject to any prior rights, if any, of the surety for Contractor's performance bond, and settle all outstanding liabilities and claims, subject to City's approval.

(5) As directed in the notice, Contractor must use its best efforts to sell any materials, supplies, or equipment intended solely for the terminated Work in a manner and at market rate prices acceptable to City.

(D) **Payment Upon Termination.** Upon completion of all termination obligations, as specified herein and in the notice of termination, Contractor will submit its request for Final Payment, including any amounts due following termination pursuant to this Article 13. Payment will be made in accordance with the provisions of Article 8, based on the portion of the Work satisfactorily completed, including the close out requirements, and consistent with the previously submitted schedule of values and unit pricing, including demobilization costs. Adjustments to Final Payment may include deductions for the cost of materials, supplies, or equipment retained by

Contractor; payments received for sale of any such materials, supplies, or equipment, less re-stocking fees charged; and as otherwise specified in Section 8.3, Adjustment of Payment Application.

(E) **Continuing Obligations.** Regardless of any Contract termination, Contractor's obligations for portions of the Work already performed will continue and the provisions of the Contract Documents will remain in effect as to any claim, indemnity obligation, warranties, guarantees, submittals of as-built drawings, instructions, or manuals, record maintenance, or other such rights and obligations arising prior to the termination date.

Article 14 - Miscellaneous Provisions

- 14.1 Assignment of Unfair Business Practice Claims.** Under Public Contract Code Section 7103.5, Contractor and its Subcontractors agree to assign to City all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services, or materials pursuant to the Contract or any subcontract. This assignment will be effective at the time City tenders Final Payment to Contractor, without further acknowledgement by the parties.
- 14.2 Provisions Deemed Inserted.** Every provision of law required to be inserted in the Contract Documents is deemed to be inserted, and the Contract Documents will be construed and enforced as though such provision has been included. If it is discovered that through mistake or otherwise that any required provision was not inserted, or not correctly inserted, the Contract Documents will be deemed amended accordingly.
- 14.3 Waiver.** City's waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of the Contract Documents will not be effective unless it is in writing and signed by City. City's waiver of any breach, failure, right, or remedy will not be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor will any waiver constitute a continuing waiver unless specified in writing by City.
- 14.4 Titles, Headings, and Groupings.** The titles and headings used and the groupings of provisions in the Contract Documents are for convenience only and may not be used in the construction or interpretation of the Contract Documents or relied upon for any other purpose.
- 14.5 Statutory and Regulatory References.** With respect to any amendments to any statutes or regulations referenced in these Contract Documents, the reference is deemed to be the version in effect on the date that bids were due.

14.6 Survival. The provisions that survive termination or expiration of this Contract include Contract Section 11, Notice, and subsections 12.1, 12.2, 12.3, 12.4, 12.5, and 12.6 of Section 12, General Provisions; and the following provisions in these General Conditions: Section 2.2(J), Contractor's Records, Section 2.3(C), Termination, Section 3.7, Ownership, Section 4.2, Indemnity, Article 12, Dispute Resolution, and Section 11.2, Warranty.

END OF GENERAL CONDITIONS

SPECIAL CONDITIONS

1. **Emergency Contact.** Prior to the commencement of Work on the Project, Contractor must provide contact information to the Engineer for the person designated by Contractor to respond to any emergency that arises on the Worksite during the course of the Project. That person will be responsible for responding to the Worksite within thirty (30) minutes following notification of an emergency by City's Police or Fire Department, regardless of the time of day.

END OF SPECIAL CONDITIONS

CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

Keri Russell, Maintenance Manager

APPROVED BY: City Manager

INITIATE ANNUAL ASSESSMENT DISTRICT PROCESS FOR LANDSCAPE ASSESSMENT DISTRICT NUMBER 1

RECOMMENDATION(S)

1. Adopt resolution initiating the proceedings for the levy of assessments for Fiscal Year 2026-27;
2. Adopt resolution approving the Engineer's Annual Report and the proposed assessment levy; and
3. Adopt resolution declaring the City Council's intention to levy the assessments in the District and to set the Public Hearing date for June 3, 2026.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Maintaining and Enhancing Infrastructure

Strategic Priorities 2026-2027

Fiscal Sustainability

REPORT NARRATIVE:

Landscape Assessment District No. 1 (District) was created to pay for the maintenance of the parks and common area landscaping in new neighborhoods benefiting from the open space. Per Government Code Sections 22623 to 22631, an Engineer's Annual Report (Attachment 1) is required to set the annual assessments in the Landscaping Assessment District and establish a Public Hearing date. This Public Hearing date has been scheduled for the City Council meeting on June 3, 2026.

The recommended assessment rate for each subarea, which is reflected in the Annual Report, has been proposed at a level that will enable the City to maintain each subarea and make reasonable improvements during the fiscal year. The Engineer's Annual Report details the proposed Fiscal Year 2026-27 assessments. The recommended assessment rates include increases for Belle Estates, Jackson 7, La Crosse, Llagas Obata, and Stone Creek subarea.

In the case of multiple subareas where the assessment cap does not increase annually,

and funding is limited, maintenance services continue to be minimized. The Landscape Assessment District law requires property owners in these areas to vote to approve assessment increases. In some cases, property owners are not willing to increase their assessments. Staff will continue to look for alternatives to effectively manage the District and plans to continue to engage residents across the District.

COMMUNITY ENGAGEMENT:

Ongoing resident outreach is occurring in several of the subareas and City staff are striving to increase the resident outreach. Some areas have more active homeowners groups that work with City staff in planning maintenance projects for their subareas, while residents of other subareas are less engaged. In recent years, City staff have successfully out reached to several areas. City teammates are closely working with active districts on the ongoing maintenance and budget for their district. Although outreach with residents is typically positive, not all residents are satisfied with the service being provided within their subarea. This dissatisfaction is often due to the limitations of funding available to the subarea without the associated increase in assessments levied.

Staff is recommending an increase to Belle Estates, Jackson 7, La Crosse, Llagas Obata, and Stone Creek subarea. Staff have had recent resident meetings to discuss the increases with residents in all these areas and has provided written notification ahead of those meetings.

ALTERNATIVE ACTIONS:

There is no other practical alternative action. The City Council could choose to provide staff with further direction on management of the District.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

In 1991, the City Council, under the Landscaping and Lighting Act of 1972, created the Fox Hollow/Murphy Springs Landscape Assessment District, and in 2010 chose to rename it to the City of Morgan Hill Landscape Assessment District No. 1. In May 2011, reserve targets for each subarea were established by the Council and in June 2025 the target reserves were increased.

The City Council adopts the annual assessments and the ordering of the levy for assessments for the District each year. This occurred most recently on June 18, 2025.

FISCAL AND RESOURCE IMPACT:

The cost for preparation of the Engineer's Annual Report will be paid for by the Landscape Assessment District Fund (229). It is anticipated that the District will generate \$227,715 in revenues in Fiscal Year 2026-27. Expenses are budgeted at \$243,298 meaning that overall the District's reserves are projected to be reduced by \$15,583 in the upcoming fiscal year. Providing administrative oversight to the District is a core activity of the Public Services Department's work program.

CEQA (California Environmental Quality Act):

Categorical Exemption

The planned maintenance and management of the subareas within the lighting and landscape assessment district fall within the CEQA categorical exemption of Class 1, Existing Facilities.

CITY OF MORGAN HILL

Fiscal Year 2026/27 Engineer's Report For:

Landscape Assessment District No. 1

March 2026

CITY OF MORGAN HILL
17575 Peak Avenue
Morgan Hill, CA 95037-4128
Phone: (408) 779-7271
Fax: (408) 778-1564

CITY COUNCIL

Mark Turner, Mayor

Marilyn Librers, Mayor Pro Tem

Soraida Iwanaga, Council Member

Yvonne Martinez Beltran, Council Member

Miriam Vega, Council Member

CITY STAFF

Christina Turner, City Manager

Chris Ghione, Public Services Director

Dat Nguyen, Finance Director

Keri Russell, Maintenance Manager

NBS

Ingrid Mijangos, Administrator

Melissa Ellico, Project Manager

Kristin Harvey, Client Success Ambassador

TABLE OF CONTENTS

1. Executive Summary	7
2. Overview.....	8
2.1 Introduction	8
2.2 Description of Boundaries	8
2.3 Description of Improvements and Services.....	8
3. Estimate of Costs	9
3.1 Definitions of Budget Items	9
3.2 Zone Budgets	10
4. Assessments.....	11
4.1 Belle Estates Zone.....	11
4.2 Chang/Bertelone Zone.....	12
4.3 Conte Gardens Zone	12
4.4 Diana Estates Zone.....	12
4.5 Fox Hollow/Murphy Springs Zone	13
4.6 Hamilton Square Zone	13
4.7 Jackson Meadows 6A/6B Zone	14
4.8 Jackson Meadows Number 7 Zone.....	14
4.9 La Grande Estates Zone	14
4.10 Lacrosse/Gera Zone	15
4.11 Llagas Creek Estates Zone.....	15
4.12 Llagas/Obata Zone	16
4.13 Mill Creek Zone	16
4.14 Oak Creek I, II, III	17

4.15	Parsons Corner Zone.....	17
4.16	Rose Haven Zone	17
4.17	Sandalwood Zone	18
4.18	Sparhawk Zone	18
4.19	Stone Creek Zone.....	19
4.20	Sunnyside/Stone Gate Zone	19
5.	Assessment Diagrams	20
6.	Assessment Roll.....	21
7.	Historical Actual Assessment Rates	22

1. EXECUTIVE SUMMARY

WHEREAS, the City Council of the City of Morgan Hill (the “City”), State of California, directed NBS to prepare and file a report, in accordance with Chapter 1, Article 4 of the Landscaping and Lighting Act of 1972 (the “Act”), presenting the plans and specifications describing the general nature, location and extent of the improvements to be maintained, an estimate of the costs of the maintenance, operations and servicing of the improvements for the City’s Landscape Assessment District No. 1 (the “District”) for Fiscal Year 2026/27. The report includes a diagram for the District, showing the area and properties proposed to be assessed, an assessment of the estimated costs of the maintenance, operations and servicing the improvements, and the net amount upon all assessable lots and/or parcels within the District in proportion to the special benefit received and;

WHEREAS, the assessment for each parcel is in compliance with the Proposition 218 Omnibus Implementation Act and Section 4 of Article XIII D of the California Constitution. The proposed assessments are not proposed to increase by more than the approved maximum allowable increases.

NOW THEREFORE, assessments have been levied in accordance with the assessment methodology adopted and approved by the City Council at the time of District formation, and are made to cover the portion of the estimated costs of maintenance, operation, and servicing of the improvements, to be paid by the assessable real property within the District in proportion to the special benefit received:

Zone	Units	FY 2026/27 Maximum Assessment Rate	FY 2026/27 Actual Assessment Rate	Total Assessment ⁽¹⁾
Belle Estates	36	\$502.22	\$450.00	\$16,200.00
Chang/Bertelone	8	1,215.00	550.00	4,400.00
Conte Gardens	11	477.82	365.00	4,015.00
Diana Estates	64	139.39	139.39	8,920.96
Fox Hollow ⁽²⁾	75	262.49	173.53	13,014.75
Hamilton Square	38	425.54	425.00	16,150.00
Jackson Meadows #6	70	108.10	108.00	7,560.00
Jackson Meadows #7	10	314.58	275.00	2,750.00
La Grande Estates	32	88.00	88.00	2,816.00
Lacrosse/Gera	24	142.99	125.00	3,000.00
Llagas Creek ⁽²⁾	71	353.45	343.00	24,353.00
Llagas/Obata	5	629.16	629.00	3,145.00
Mill Creek ⁽²⁾	84	340.30	285.00	23,940.00
Oak Creek I, II, III	119	453.82	425.00	50,575.00
Parsons Corner ⁽³⁾		NOT APPLICABLE		
Rose Haven	27	488.47	400.00	10,800.00
Sandalwood	11	450.00	450.00	4,950.00
Sparhawk ⁽²⁾	18	530.45	500.00	9,000.00
Stone Creek ⁽²⁾	35	587.58	525.00	18,375.00
Sunnyside/Stonegate ⁽²⁾	10	765.06	375.00	3,750.00
Totals:	748			\$227,714.71

(1) Actual amount placed on secured tax roll may be less due to Santa Clara County submittal requirements. Amounts placed on the tax roll must be rounded down to an even number.

(2) Maximum Assessment Rate increases by 3% annually.

(3) Detachment of Parsons Corner Zone was approved in April 2019.

2. OVERVIEW

2.1 Introduction

In 1991, the City Council created the Fox Hollow/Murphy Springs Landscape Assessment District, under the Act, and in 2010 chose to rename it to the City of Morgan Hill Landscape Assessment District No. 1. The District was formed in order to provide for the continued maintenance, operation, and administration of various improvements within the boundaries of the District. Following the initial formation, additional territory was annexed to the District as separate Zones. Currently, the District is comprised of 19 Zones (which decreased from 20 as a result of property owners within Parsons Corner electing to detach from the District in April 2019).

The District provides for and ensures the continued maintenance, servicing, administration, and operation of various landscaping improvements and associated appurtenances located within the public right-of-way and dedicated easements within the boundaries of the District.

2.2 Description of Boundaries

Exhibits from the Engineer's Report at the formation of the District define the boundaries and maintenance areas of each Zone within the District. These exhibits are on file and available for review at the Office of the City Engineer and, in conjunction with the County of Santa Clara (the "County") Assessor's maps of the areas annexed, comprise the assessment diagrams for the respective annexations. The Assessor's maps are on file in the office of the County Assessor and are, by reference, made a part of this Report.

2.3 Description of Improvements and Services

The improvements include the construction, operation, maintenance, and servicing of landscaping and appurtenant facilities; including, but not limited to, personnel, electrical energy, utilities such as water and gas, materials, contracting services, and other items necessary for the satisfactory operation of the following services:

"Landscape improvements provided within the District may include, but are not limited to: ground cover, shrubs, plants and trees, irrigation and drainage systems, graffiti removal, entry monuments, and associated appurtenant facilities. Services provided include all necessary service, operations, administration, and maintenance required to keep the above-mentioned improvements in a healthy, vigorous, and satisfactory condition."

Reference is made to the Plans and Specifications for the improvements, which is on file with the City.

3. ESTIMATE OF COSTS

3.1 Definitions of Budget Items

The following definitions describe some of the services and costs that may be included in the Zone budgets:

Direct Expenses

Maintenance: Includes all regularly scheduled labor, material (i.e. pipe, fertilizer, insecticides, paint, etc.) and equipment required to properly maintain and ensure the satisfactory condition of all landscaping, irrigation and drainage systems, and appurtenant facilities.

Extra Contract Costs: Includes all labor, equipment, and material costs associated with unscheduled repairs and improvements needed to ensure the satisfactory condition of all landscaping, irrigation and drainage systems, and appurtenant facilities.

Water/Sewer: Includes the furnishing of water required for the operation and maintenance of the landscaping facilities.

Electricity Costs: Includes the furnishing of electricity required for irrigation systems for the operation and maintenance of the landscaping facilities.

Other Supplies: Includes costs that are generally unforeseen and not normally included in the yearly maintenance contract costs. This may include repair of damaged amenities due to vandalism, storms, heavy frost, etc. Also included may be planned upgrades that provide a direct benefit to the District. These upgrades could include replacing plant materials and/or renovation of irrigation systems.

Administrative Expenses

Salaries: Includes the cost to particular departments and staff of the City to provide the coordination of District services, operations, and maintenance of the improvements, response to public concerns and education, and procedures associated with the levy and collection of assessments.

Postage/Advertising: Includes the cost of providing any mailed notice to the property owners and publishing and posting the Resolution of Intention as required by the Act.

Internal Services: Includes overhead costs allocated to the District for various City staff services.

Administrative/Engineering Contract: Includes the costs associated with contracting with professionals to provide services specific to the administration of the levy.

Contingency/Capital Replacement Fund Balance (Reduction)/Reserve

Positive amounts are collected for various reasons that include, but are not limited to, any or all of the following:

- To maintain reserves which enable the City to pay for costs associated with the District during the first six months of the fiscal year,

Contingency/Capital Replacement Fund Balance (Reduction)/Reserve (continued)

- To reduce the current fund balance deficit (if any) that exists as of the beginning of the fiscal year, and
- To plan for the replacement of capital improvements in the future.

3.2 Zone Budgets

The estimated costs of servicing, maintaining, repairing, and replacing the actual improvements for each Zone for Fiscal Year 2026/27 are shown on the following pages.

**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Belle Estates
DIRECT EXPENSES	
Maintenance	\$6,457.50
Extra Contract Costs	1,000.00
Water/Sewer	3,708.00
Electricity Costs	0.00
Other Supplies	500.00
Subtotal Direct Expenses	\$11,665.50
 ADMINISTRATIVE EXPENSES	
Salaries	\$1,360.74
Postage/Advertising	10.03
Internal Services	953.80
Administrative/Engineering Contract	448.78
Subtotal Administrative Expenses	\$2,773.35
 SUBTOTAL ZONE COST	\$14,438.85
Fund Balance (Reduction)/Reserve	1,761.15
 TOTAL BALANCE TO LEVY	\$16,200.00
Number of Assessable Units	36
Assessment Rate per Unit	\$450.00
Estimated Beginning Fund Balance July 1, 2026	\$7,411.71
Fund Balance Change	1,761.15
Estimated Ending Fund Balance June 30, 2027	\$9,172.86

**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Chang / Bertelone
DIRECT EXPENSES	
Maintenance	\$3,357.90
Extra Contract Costs	500.00
Water/Sewer	943.48
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$4,801.38
 ADMINISTRATIVE EXPENSES	
Salaries	\$302.39
Postage/Advertising	2.23
Internal Services	211.96
Administrative/Engineering Contract	99.73
Subtotal Administrative Expenses	\$616.31
 SUBTOTAL ZONE COST	 \$5,417.69
Fund Balance (Reduction)/Reserve	(1,017.69)
 TOTAL BALANCE TO LEVY	 \$4,400.00
Number of Assessable Units	8
Assessment Rate per Unit	\$550.00
Estimated Beginning Fund Balance July 1, 2026	\$12,035.02
Fund Balance Change	(1,017.69)
Estimated Ending Fund Balance June 30, 2027	\$11,017.33



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Conte Gardens
DIRECT EXPENSES	
Maintenance	\$0.00
Extra Contract Costs	1,000.00
Water/Sewer	2,900.00
Electricity Costs	240.00
Other Supplies	500.00
Subtotal Direct Expenses	\$4,640.00
ADMINISTRATIVE EXPENSES	
Salaries	\$415.78
Postage/Advertising	3.06
Internal Services	291.44
Administrative/Engineering Contract	137.13
Subtotal Administrative Expenses	\$847.41
SUBTOTAL ZONE COST	\$5,487.41
Fund Balance (Reduction)/Reserve	(1,472.41)
TOTAL BALANCE TO LEVY	\$4,015.00
Number of Assessable Units	11
Assessment Rate per Unit	\$365.00
Estimated Beginning Fund Balance July 1, 2026	\$11,108.45
Fund Balance Change	(1,472.41)
Estimated Ending Fund Balance June 30, 2027	\$9,636.04



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Diana Estates
DIRECT EXPENSES	
Maintenance	\$3,874.50
Extra Contract Costs	500.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$4,374.50
 ADMINISTRATIVE EXPENSES	
Salaries	\$2,419.10
Postage/Advertising	17.83
Internal Services	1,695.65
Administrative/Engineering Contract	797.83
Subtotal Administrative Expenses	\$4,930.41
 SUBTOTAL ZONE COST	\$9,304.91
Fund Balance (Reduction)/Reserve	(383.95)
 TOTAL BALANCE TO LEVY	\$8,920.96
Number of Assessable Units	64
Assessment Rate per Unit	\$139.39
Estimated Beginning Fund Balance July 1, 2026	\$9,382.83
Fund Balance Change	(383.95)
Estimated Ending Fund Balance June 30, 2027	\$8,998.88



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Fox Hollow
DIRECT EXPENSES	
Maintenance	\$4,029.48
Extra Contract Costs	1,000.00
Water/Sewer	4,635.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$9,664.48
 ADMINISTRATIVE EXPENSES	
Salaries	\$2,834.88
Postage/Advertising	20.89
Internal Services	1,987.09
Administrative/Engineering Contract	934.95
Subtotal Administrative Expenses	\$5,777.81
 SUBTOTAL ZONE COST	\$15,442.29
Fund Balance (Reduction)/Reserve	(2,427.54)
 TOTAL BALANCE TO LEVY	\$13,014.75
Number of Assessable Units	75
Assessment Rate per Unit	\$173.53
Estimated Beginning Fund Balance July 1, 2026	\$12,630.91
Fund Balance Change	(2,427.54)
Estimated Ending Fund Balance June 30, 2027	\$10,203.37



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Hamilton Square
DIRECT EXPENSES	
Maintenance	\$7,709.51
Extra Contract Costs	2,000.00
Water/Sewer	5,028.46
Electricity Costs	247.50
Other Supplies	1,000.00
Subtotal Direct Expenses	\$15,985.47
 ADMINISTRATIVE EXPENSES	
Salaries	\$1,436.34
Postage/Advertising	10.58
Internal Services	1,006.79
Administrative/Engineering Contract	473.71
Subtotal Administrative Expenses	\$2,927.42
SUBTOTAL ZONE COST	\$18,912.89
Fund Balance (Reduction)/Reserve	(2,762.89)
TOTAL BALANCE TO LEVY	\$16,150.00
Number of Assessable Units	38
Assessment Rate per Unit	\$425.00
Estimated Beginning Fund Balance July 1, 2026	\$8,012.38
Fund Balance Change	(2,762.89)
Estimated Ending Fund Balance June 30, 2027	\$5,249.49



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Jackson Meadows #6
DIRECT EXPENSES	
Maintenance	\$1,098.83
Extra Contract Costs	0.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$1,098.83
 ADMINISTRATIVE EXPENSES	
Salaries	\$2,645.89
Postage/Advertising	19.50
Internal Services	1,854.62
Administrative/Engineering Contract	872.62
Subtotal Administrative Expenses	\$5,392.63
 SUBTOTAL ZONE COST	\$6,491.46
Fund Balance (Reduction)/Reserve	1,068.54
 TOTAL BALANCE TO LEVY	\$7,560.00
Number of Assessable Units	70
Assessment Rate per Unit	\$108.00
Estimated Beginning Fund Balance July 1, 2026	(\$1,795.88)
Fund Balance Change	1,068.54
Estimated Ending Fund Balance June 30, 2027	(\$727.34)



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Jackson Meadows #7
DIRECT EXPENSES	
Maintenance	\$1,092.00
Extra Contract Costs	0.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$1,092.00
 ADMINISTRATIVE EXPENSES	
Salaries	\$377.98
Postage/Advertising	2.79
Internal Services	264.95
Administrative/Engineering Contract	124.66
Subtotal Administrative Expenses	\$770.38
SUBTOTAL ZONE COST	\$1,862.38
Fund Balance (Reduction)/Reserve	887.62
TOTAL BALANCE TO LEVY	\$2,750.00
Number of Assessable Units	10
Assessment Rate per Unit	\$275.00
Estimated Beginning Fund Balance July 1, 2026	\$1,566.50
Fund Balance Change	887.62
Estimated Ending Fund Balance June 30, 2027	\$2,454.12



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	La Grande Estates
DIRECT EXPENSES	
Maintenance	\$0.00
Extra Contract Costs	0.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$0.00
 ADMINISTRATIVE EXPENSES	
Salaries	\$1,209.55
Postage/Advertising	8.91
Internal Services	847.83
Administrative/Engineering Contract	398.91
Subtotal Administrative Expenses	\$2,465.20
SUBTOTAL ZONE COST	\$2,465.20
Fund Balance (Reduction)/Reserve	350.80
TOTAL BALANCE TO LEVY	\$2,816.00
Number of Assessable Units	32
Assessment Rate per Unit	\$88.00
Estimated Beginning Fund Balance July 1, 2026	(\$6,369.44)
Fund Balance Change	350.80
Estimated Ending Fund Balance June 30, 2027	(\$6,018.64)



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Lacrosse/Gera
DIRECT EXPENSES	
Maintenance	\$1,092.00
Extra Contract Costs	0.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$1,092.00
 ADMINISTRATIVE EXPENSES	
Salaries	\$453.58
Postage/Advertising	3.34
Internal Services	317.93
Administrative/Engineering Contract	149.59
Subtotal Administrative Expenses	\$924.44
SUBTOTAL ZONE COST	\$2,016.44
Fund Balance (Reduction)/Reserve	983.56
TOTAL BALANCE TO LEVY	\$3,000.00
Number of Assessable Units	24
Assessment Rate per Unit	\$125.00
Estimated Beginning Fund Balance July 1, 2026	\$271.99
Fund Balance Change	983.56
Estimated Ending Fund Balance June 30, 2027	\$1,255.55

**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Llagas Creek
DIRECT EXPENSES	
Maintenance	\$5,114.34
Extra Contract Costs	5,000.00
Water/Sewer	4,725.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$14,839.34
 ADMINISTRATIVE EXPENSES	
Salaries	\$2,683.68
Postage/Advertising	19.78
Internal Services	1,881.11
Administrative/Engineering Contract	885.09
Subtotal Administrative Expenses	\$5,469.66
 SUBTOTAL ZONE COST	\$20,309.00
Fund Balance (Reduction)/Reserve	4,044.00
 TOTAL BALANCE TO LEVY	\$24,353.00
 Number of Assessable Units	 71
 Assessment Rate per Unit	 \$343.00
 Estimated Beginning Fund Balance July 1, 2026	 \$16,468.50
Fund Balance Change	4,044.00
Estimated Ending Fund Balance June 30, 2027	\$20,512.50



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Llagas/Obata
DIRECT EXPENSES	
Maintenance	\$1,885.59
Extra Contract Costs	0.00
Water/Sewer	257.50
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$2,143.09
 ADMINISTRATIVE EXPENSES	
Salaries	\$188.99
Postage/Advertising	1.39
Internal Services	132.47
Administrative/Engineering Contract	62.33
Subtotal Administrative Expenses	\$385.18
SUBTOTAL ZONE COST	\$2,528.27
Fund Balance (Reduction)/Reserve	616.73
TOTAL BALANCE TO LEVY	\$3,145.00
Number of Assessable Units	5
Assessment Rate per Unit	\$629.00
Estimated Beginning Fund Balance July 1, 2026	\$920.99
Fund Balance Change	616.73
Estimated Ending Fund Balance June 30, 2027	\$1,537.72



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Mill Creek
DIRECT EXPENSES	
Maintenance	\$10,988.35
Extra Contract Costs	5,160.00
Water/Sewer	5,922.50
Electricity Costs	252.00
Other Supplies	1,500.00
Subtotal Direct Expenses	\$23,822.85
 ADMINISTRATIVE EXPENSES	
Salaries	\$3,175.06
Postage/Advertising	23.40
Internal Services	2,225.54
Administrative/Engineering Contract	1,047.15
Subtotal Administrative Expenses	\$6,471.15
 SUBTOTAL ZONE COST	\$30,294.00
Fund Balance (Reduction)/Reserve	(6,354.00)
 TOTAL BALANCE TO LEVY	\$23,940.00
Number of Assessable Units	84
Assessment Rate per Unit	\$285.00
Estimated Beginning Fund Balance July 1, 2026	\$11,305.51
Fund Balance Change	(6,354.00)
Estimated Ending Fund Balance June 30, 2027	\$4,951.51

**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	<u>Oak Creek I, II, III</u>
DIRECT EXPENSES	
Maintenance	\$27,581.36
Extra Contract Costs	10,000.00
Water/Sewer	12,360.00
Electricity Costs	3,700.00
Other Supplies	1,500.00
Subtotal Direct Expenses	<u>\$55,141.36</u>
ADMINISTRATIVE EXPENSES	
Salaries	\$4,498.01
Postage/Advertising	33.15
Internal Services	3,152.85
Administrative/Engineering Contract	1,483.46
Subtotal Administrative Expenses	<u>\$9,167.47</u>
SUBTOTAL ZONE COST	\$64,308.83
Fund Balance (Reduction)/Reserve	(13,733.83)
TOTAL BALANCE TO LEVY	<u>\$50,575.00</u>
Number of Assessable Units	119
Assessment Rate per Unit	\$425.00
Estimated Beginning Fund Balance July 1, 2026	\$46,553.35
Fund Balance Change	<u>(13,733.83)</u>
Estimated Ending Fund Balance June 30, 2027	\$32,819.52



helping communities fund tomorrow

www.nbsgov.com | 800.676.7516

**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Rose Haven
DIRECT EXPENSES	
Maintenance	\$8,790.68
Extra Contract Costs	1,000.00
Water/Sewer	1,493.50
Electricity Costs	270.90
Other Supplies	400.00
Subtotal Direct Expenses	\$11,955.08
 ADMINISTRATIVE EXPENSES	
Salaries	\$1,020.56
Postage/Advertising	7.52
Internal Services	715.35
Administrative/Engineering Contract	336.58
Subtotal Administrative Expenses	\$2,080.01
 SUBTOTAL ZONE COST	\$14,035.09
Fund Balance (Reduction)/Reserve	(3,235.09)
 TOTAL BALANCE TO LEVY	\$10,800.00
Number of Assessable Units	27
Assessment Rate per Unit	\$400.00
Estimated Beginning Fund Balance July 1, 2026	\$17,966.57
Fund Balance Change	(3,235.09)
Estimated Ending Fund Balance June 30, 2027	\$14,731.48



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Sandalwood
DIRECT EXPENSES	
Maintenance	\$1,885.59
Extra Contract Costs	0.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$1,885.59
 ADMINISTRATIVE EXPENSES	
Salaries	\$415.78
Postage/Advertising	3.06
Internal Services	291.44
Administrative/Engineering Contract	137.13
Subtotal Administrative Expenses	\$847.41
 SUBTOTAL ZONE COST	\$2,733.00
Fund Balance (Reduction)/Reserve	2,217.00
 TOTAL BALANCE TO LEVY	\$4,950.00
Number of Assessable Units	11
Assessment Rate per Unit	\$450.00
Estimated Beginning Fund Balance July 1, 2026	\$20,671.42
Fund Balance Change	2,217.00
Estimated Ending Fund Balance June 30, 2027	\$22,888.42

**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Sparhawk
DIRECT EXPENSES	
Maintenance	\$2,415.11
Extra Contract Costs	250.00
Water/Sewer	2,832.50
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$5,497.61
 ADMINISTRATIVE EXPENSES	
Salaries	\$680.37
Postage/Advertising	5.01
Internal Services	476.90
Administrative/Engineering Contract	224.39
Subtotal Administrative Expenses	\$1,386.67
 SUBTOTAL ZONE COST	\$6,884.28
Fund Balance (Reduction)/Reserve	2,115.72
 TOTAL BALANCE TO LEVY	\$9,000.00
Number of Assessable Units	18
Assessment Rate per Unit	\$500.00
Estimated Beginning Fund Balance July 1, 2026	\$6,549.29
Fund Balance Change	2,115.72
Estimated Ending Fund Balance June 30, 2027	\$8,665.01



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Stone Creek
DIRECT EXPENSES	
Maintenance	\$6,457.50
Extra Contract Costs	2,500.00
Water/Sewer	4,944.00
Electricity Costs	0.00
Other Supplies	0.00
Subtotal Direct Expenses	\$13,901.50
 ADMINISTRATIVE EXPENSES	
Salaries	\$1,322.94
Postage/Advertising	9.75
Internal Services	927.31
Administrative/Engineering Contract	436.31
Subtotal Administrative Expenses	\$2,696.31
 SUBTOTAL ZONE COST	\$16,597.81
Fund Balance (Reduction)/Reserve	1,777.19
 TOTAL BALANCE TO LEVY	\$18,375.00
Number of Assessable Units	35
Assessment Rate per Unit	\$525.00
Estimated Beginning Fund Balance July 1, 2026	\$6,008.36
Fund Balance Change	1,777.19
Estimated Ending Fund Balance June 30, 2027	\$7,785.55

**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Sunnyside / Stone Gate
DIRECT EXPENSES	
Maintenance	\$2,197.67
Extra Contract Costs	400.00
Water/Sewer	0.00
Electricity Costs	0.00
Other Supplies	400.00
Subtotal Direct Expenses	\$2,997.67
 ADMINISTRATIVE EXPENSES	
Salaries	\$377.98
Postage/Advertising	2.79
Internal Services	264.95
Administrative/Engineering Contract	124.66
Subtotal Administrative Expenses	\$770.38
 SUBTOTAL ZONE COST	\$3,768.05
Fund Balance (Reduction)/Reserve	(18.05)
 TOTAL BALANCE TO LEVY	\$3,750.00
Number of Assessable Units	10
Assessment Rate per Unit	\$375.00
Estimated Beginning Fund Balance July 1, 2026	\$18,698.57
Fund Balance Change	(18.05)
Estimated Ending Fund Balance June 30, 2027	\$18,680.52



**City of Morgan Hill
Landscape Assessment District No. 1
Fiscal Year 2026/27 Budget by Zone**

	Total of all Zones
DIRECT EXPENSES	
Maintenance	\$96,027.91
Extra Contract Costs	30,310.00
Water/Sewer	49,749.94
Electricity Costs	4,710.40
Other Supplies	5,800.00
Subtotal Direct Expenses	\$186,598.25
 ADMINISTRATIVE EXPENSES	
Salaries	\$27,819.60
Postage/Advertising	205.00
Internal Services	19,499.98
Administrative/Engineering Contract	9,175.01
Subtotal Administrative Expenses	\$56,699.59
SUBTOTAL ZONE COST	\$243,297.84
Fund Balance (Reduction)/Reserve	(15,583.14)
TOTAL BALANCE TO LEVY	\$227,714.71
Number of Assessable Units	748
Assessment Rate per Unit	N/A
Estimated Beginning Fund Balance July 1, 2026	\$199,397.03
Fund Balance Change	(15,583.14)
Estimated Ending Fund Balance June 30, 2027	\$183,813.89



4. ASSESSMENTS

The amount of the actual assessment for the Fiscal Year 2026/27 apportioned to each parcel, as shown on the latest equalized roll at the County Assessor’s office, is listed in Section 6 of this Report. The description of each lot or parcel is part of the records of the County Assessor and such records are, by reference, made part of this Report.

Method of Apportionment

The assessments are levied in accordance with the assessment methodology adopted and approved by the City Council at the time of District formation.

Pursuant to the Act and Article XIII D of the Constitution of the State of California, all parcels that have special benefit conferred upon them as a result of the maintenance and operation of improvements shall be identified and the proportionate special benefit derived by each identified parcel shall be determined in relation to the entire cost of the maintenance and operation of the improvements. Only parcels that receive direct special benefit are assessed, and each parcel is assessed in proportion to the estimated benefit received.

Several Zones have been annexed into the District and it has been determined that by reason of variations in the nature, location, and extent of the improvements, those areas will receive differing degrees of benefit from the improvements.

Within the Zones, each parcel is allocated a number of units, where each such unit is deemed to receive the same proportional special benefit from the maintenance and operation of the improvements within that Zone. The typical parcel, with a single-family residential use, will have one unit assigned. If the use or nature of a parcel confers special benefit in a greater or lesser degree than that typical use, that parcel may have greater than or less than one unit assigned.

4.1 Belle Estates Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$502.22 per unit. There is currently no inflator associated with the Belle Estates Zone assessments.

There are currently 36 parcels within this Zone, and the total Zone costs are spread to each of the 36 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$16,200.00
Total Units	36
Fiscal Year 2026/27 Actual Assessment Per Unit	\$450.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$502.22

The change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2025/26 Actual Assessment Per Unit	\$310.00
Fiscal Year 2026/27 Actual Assessment Per Unit	\$450.00
Change in the Actual Assessment Rate	\$140.00

4.2 Chang/Bertelone Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$1,215.00 per unit. There is currently no inflator associated with the Chang/Bertelone Zone assessments.

There are currently 8 parcels within this Zone, and the total Zone costs are spread to each of the 8 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$4,400.00
Total Units	8
Fiscal Year 2026/27 Actual Assessment Per Unit	\$550.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$1,215.00

There is no change in the assessment rate from the previous fiscal year.

4.3 Conte Gardens Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$477.82 per unit. There is currently no inflator associated with the Conte Gardens Zone assessments.

There are currently 11 parcels within this Zone, and the total Zone costs are spread to each of the 11 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$4,015.00
Total Units	11
Fiscal Year 2026/27 Actual Assessment Per Unit	\$365.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$477.82

There is no change in the assessment rate from the previous fiscal year.

4.4 Diana Estates Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$139.39 per unit. There is currently no inflator associated with the Diana Estates Zone assessments.

There are currently 64 parcels within this Zone, and the total Zone costs are spread to each of the 64 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$8,920.96
Total Units	64
Fiscal Year 2026/27 Actual Assessment Per Unit ⁽¹⁾	\$139.39
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$139.39

(1) May be rounded down to even cents per parcel for County Tax Roll purposes.

There is no change in the assessment rate from the previous fiscal year.

4.5 Fox Hollow/Murphy Springs Zone

The assessment rate originally approved at the time of District formation was \$106.15 per unit. In July 2005, the City conducted Proposition 218 proceedings to increase the maximum assessment rate and add an annual inflator of 3% for the Zone. Property owners approved the rate increase and the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The rate increase took effect in Fiscal Year 2005/06 and the 3% inflator took effect in Fiscal Year 2006/07.

There are currently 75 parcels within this Zone, and the total Zone costs are spread to each of the 75 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$13,014.75
Total Units	75
Fiscal Year 2026/27 Actual Assessment Per Unit ⁽¹⁾	\$173.53
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$262.49

(1) May be rounded down to even cents per parcel for County Tax Roll purposes.

There is no change in the assessment rate from the previous fiscal year.

4.6 Hamilton Square Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$425.54 per unit. There is currently no inflator associated with the Hamilton Square Zone assessments.

There are currently 38 parcels within this Zone, and the total Zone costs are spread to each of the 38 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$16,150.00
Total Units	38
Fiscal Year 2026/27 Actual Assessment Per Unit	\$425.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$425.54

There is no change in the assessment rate from the previous fiscal year.

4.7 Jackson Meadows 6A/6B Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$108.10 per unit. There is currently no inflator associated with the Jackson Meadows 6A/6B Zone assessments.

There are currently 70 parcels within this Zone, and the total Zone costs are spread to each of the 70 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$7,560.00
Total Units	70
Fiscal Year 2026/27 Actual Assessment Per Unit	\$108.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$108.10

There is no change in the assessment rate from the previous fiscal year.

4.8 Jackson Meadows Number 7 Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$314.58 per unit. There is currently no inflator associated with the Jackson Meadows Number 7 Zone assessments.

There are currently 10 parcels within this Zone, and the total Zone costs are spread to each of the 10 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$2,750.00
Total Units	10
Fiscal Year 2026/27 Actual Assessment Per Unit	\$275.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$314.58

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2025/26 Actual Assessment Per Unit	\$100.00
Fiscal Year 2026/27 Actual Assessment Per Unit	\$275.00
Change in the Actual Assessment Rate	\$175.00

4.9 La Grande Estates Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$88.00 per unit. There is currently no inflator associated with the La Grande Estates Zone assessments.

There are currently 32 parcels within this Zone, and the total Zone costs are spread to each of the 32 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$2,816.00
Total Units	32
Fiscal Year 2026/27 Actual Assessment Per Unit	\$88.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$88.00

There is no change in the assessment rate from the previous fiscal year.

4.10 Lacrosse/Gera Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$142.99 per unit. There is currently no inflator associated with the Lacrosse/Gera Zone assessments.

There are currently 24 parcels within this Zone, and the total Zone costs are spread to each of the 24 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$3,000.00
Total Units	24
Fiscal Year 2026/27 Actual Assessment Per Unit	\$125.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$142.99

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2025/26 Actual Assessment Per Unit	\$50.00
Fiscal Year 2026/27 Actual Assessment Per Unit	\$125.00
Change in the Actual Assessment Rate	\$75.00

4.11 Llagas Creek Estates Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$140.84 per unit. In July 2005, the City conducted Proposition 218 proceedings to increase the maximum assessment rate and add an annual inflator of 3% for the Zone. Property owners approved the rate increase and the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The rate increase took effect in Fiscal Year 2005/06 and the 3% inflator took effect in Fiscal Year 2006/07.

There are currently 71 parcels within this Zone, and the total Zone costs are spread to each of the 71 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$24,353.00
Total Units	71
Fiscal Year 2026/27 Actual Assessment Per Unit	\$343.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$353.45

4.12 Llagas/Obata Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$629.16 per unit. There is currently no inflator associated with the Llagas/Obata Zone assessments.

There are currently 5 parcels within this Zone, and the total Zone costs are spread to each of the 5 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$3,145.00
Total Units	5
Fiscal Year 2026/27 Actual Assessment Per Unit	\$629.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$629.16

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2025/26 Actual Assessment Per Unit	\$450.00
Fiscal Year 2026/27 Actual Assessment Per Unit	\$629.00
Change in the Actual Assessment Rate	\$179.00

4.13 Mill Creek Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$186.82 per unit. In February 2020, the City conducted Proposition 218 proceedings to increase the maximum assessment rate and add an annual inflator of 3% for the Zone. Property owners approved the assessment rate increase to \$285.00 per unit and the inflator. The rate increase took effect in Fiscal Year 2020/21 and the 3% inflator takes effect in Fiscal Year 2021/22.

There are currently 84 parcels within this Zone, and the total Zone costs are spread to each of the 84 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$23,940.00
Total Units	84
Fiscal Year 2026/27 Actual Assessment Per Unit	\$285.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$340.30

There is no change in the assessment rate from the previous fiscal year.

4.14 Oak Creek I, II, III

The assessment rate originally approved at the time of annexing this Zone into the District was \$453.82 per unit. There is currently no inflator associated with the Oak Creek I, II, III Zone assessments.

There are currently 119 parcels within this Zone, and the total Zone costs are spread to each of the 119 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$50,575.00
Total Units	119
Fiscal Year 2026/27 Actual Assessment Per Unit	\$425.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$453.82

There is no change in the assessment rate from the previous fiscal year.

4.15 Parsons Corner Zone

In April 2019, property owners in the Parsons Corner Zone voted to detach from the District. Therefore, there is no assessment for the Parsons Corner Zone.

4.16 Rose Haven Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$488.47 per unit. There is currently no inflator associated with the Rose Haven Zone assessments.

There are currently 24 parcels with a total of 27 units within this Zone, and the total Zone costs are spread to each of the 27 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$10,800.00
Total Units	27
Fiscal Year 2026/27 Actual Assessment Per Unit	\$400.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$488.47

There is no change in the assessment rate from the previous fiscal year.

4.17 Sandalwood Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$192.39 per unit. In April 2018, the City conducted Proposition 218 proceedings to increase the maximum assessment. Property owners approved the assessment rate increase to \$450.00 per unit. There is currently no inflator associated with the Sandalwood Zone assessments.

There are currently 11 parcels within this Zone, and the total Zone costs are spread to each of the 11 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$4,950.00
Total Units	11
Fiscal Year 2026/27 Actual Assessment Per Unit	\$450.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$450.00

There is no change in the assessment rate from the previous fiscal year.

4.18 Sparhawk Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$174.77 per unit. In July 2005, the City conducted Proposition 218 proceedings to increase the maximum assessment rate and add an annual inflator of 3% for the Zone. Property owners approved the rate increase and the inflator. Each year the maximum assessment rate is increased by 3% over the previous year's maximum assessment rate. The rate increase took effect in Fiscal Year 2005/06 and the 3% inflator took effect in Fiscal Year 2006/07. In June 2024, City Council approved the election results of a Proposition 218 proceeding to increase the maximum assessment rate to \$500.00 with a 3% annual inflator. Property owners approved the rate increase and the inflator. The rate increase took effect in Fiscal Year 2024/25 and the 3% inflator took effect in Fiscal Year 2025/26.

There are currently 18 parcels within this Zone, and the total Zone costs are spread to each of the 18 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$9,000.00
Total Units	18
Fiscal Year 2026/27 Actual Assessment Per Unit	\$500.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$530.45

There is no change in the assessment rate from the previous fiscal year.

4.19 Stone Creek Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$306.66 per unit. In July 2005, the City conducted Proposition 218 proceedings to add an annual inflator of 3% for the Zone. Property owners approved the inflator. Each year the maximum assessment rate is increased by 3% over the previous year’s maximum assessment rate. The inflator took effect in Fiscal Year 2005/06.

There are currently 35 parcels within this Zone, and the total Zone costs are spread to each of the 35 units as follows:

Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$18,375.00
Total Units	35
Fiscal Year 2026/27 Actual Assessment Per Unit	\$525.00
Fiscal Year 2026/27 Maximum Assessment Per Unit ⁽¹⁾	\$587.58

(1) Assessment rate increase approved by property owners in July 2005.

Any change in the assessment rate from the previous fiscal year is identified below:

Fiscal Year 2025/26 Actual Assessment Per Unit	\$388.46
Fiscal Year 2026/27 Actual Assessment Per Unit	\$525.00
Change in the Actual Assessment Rate	\$136.54

4.20 Sunnyside/Stone Gate Zone

The assessment rate originally approved at the time of annexing this Zone into the District was \$449.40 per unit. In July 2005, the City conducted Proposition 218 proceedings to add an annual inflator of 3% for the Zone. Property owners approved the inflator. Each year the maximum assessment rate is increased by 3% over the previous year’s maximum assessment rate. The inflator took effect in Fiscal Year 2005/06.

There are currently 10 parcels within this Zone, and the total Zone costs are spread to each of the 10 units as follows:

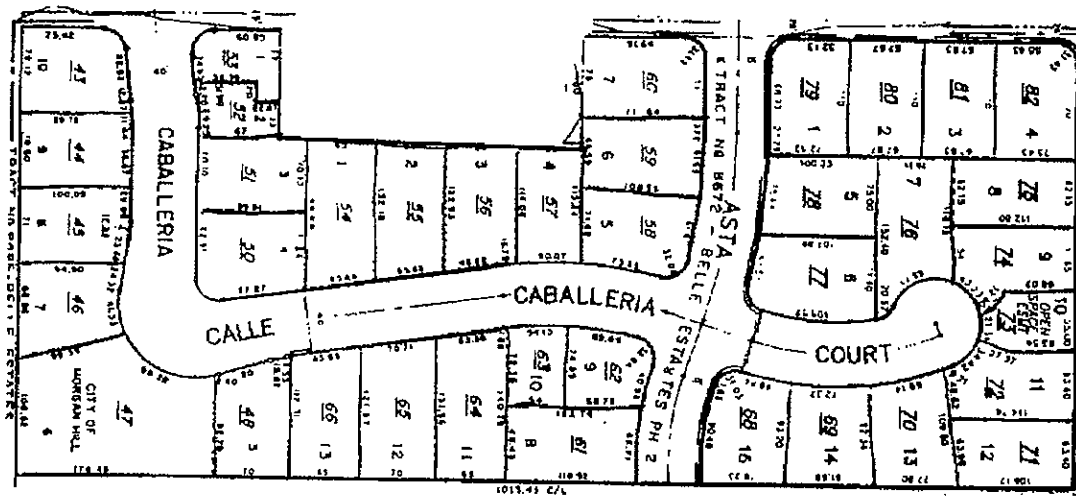
Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	\$3,750.00
Total Units	10
Fiscal Year 2026/27 Actual Assessment Per Unit	\$375.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	\$765.06

(1)

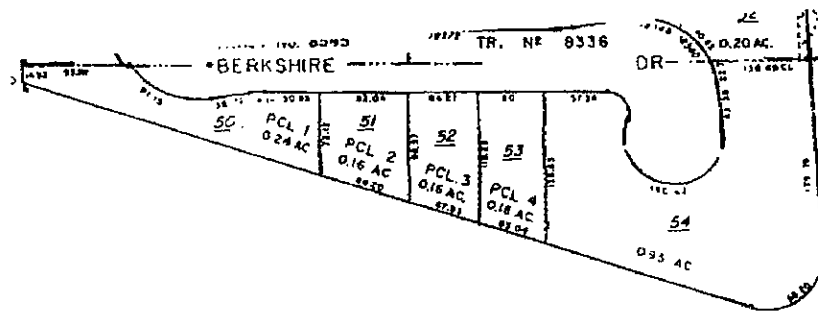
There is no change in the assessment rate from the previous fiscal year.

5. ASSESSMENT DIAGRAMS

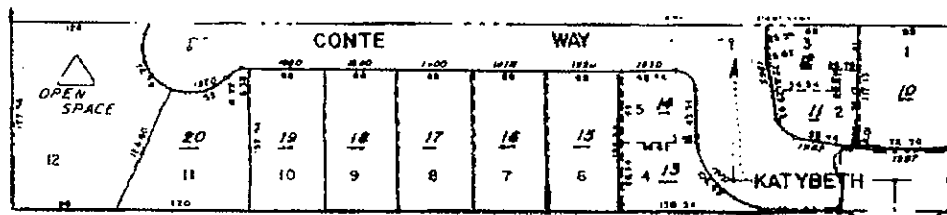
The Assessment Diagrams for each Zone in the District have been submitted to the City Clerk in the format required under the provisions of the Act. Copies of the diagrams are included herein. The lines and dimensions shown on maps of the County Assessor for the current year are, by reference, made part of this Report as well.



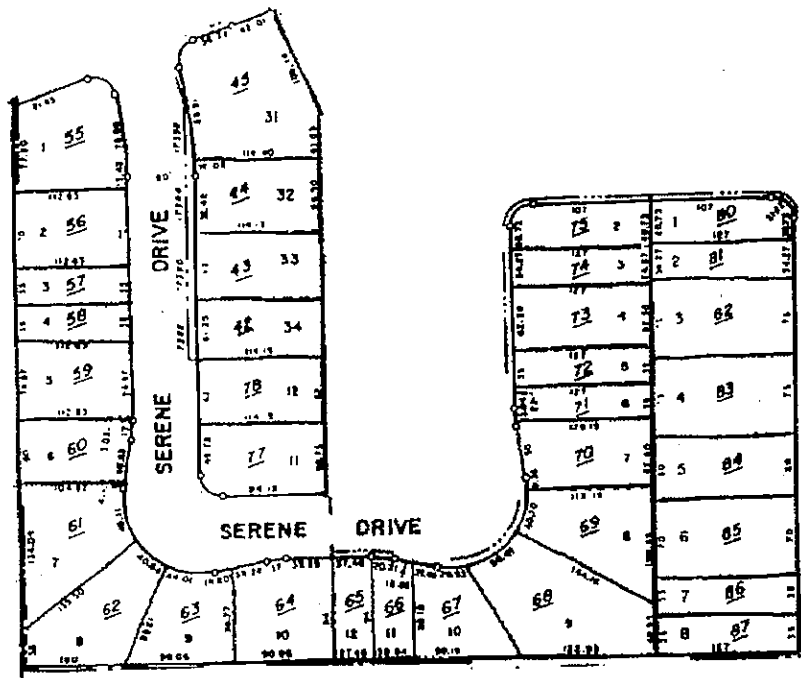
BELLE ESTATES ZONE



CHIANG/BERTELONE ZONE

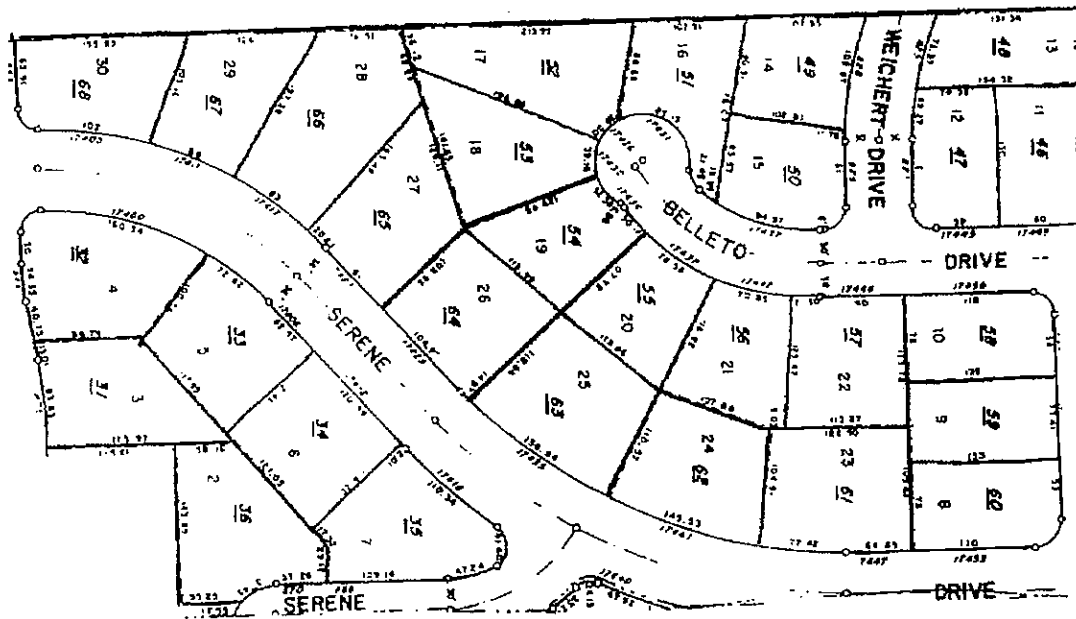


CONTE GARDENS ZONE



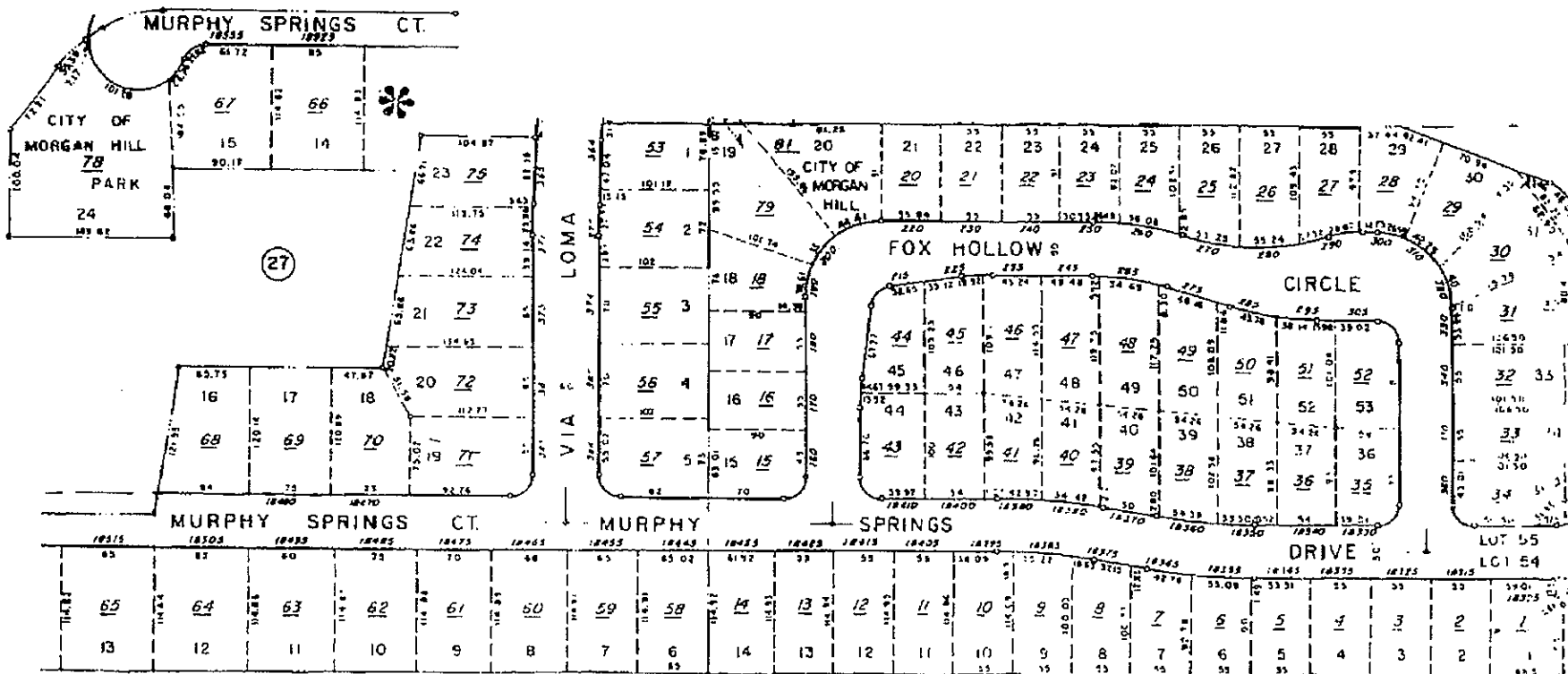
DIANA ESTATES ZONE

SHEET 1

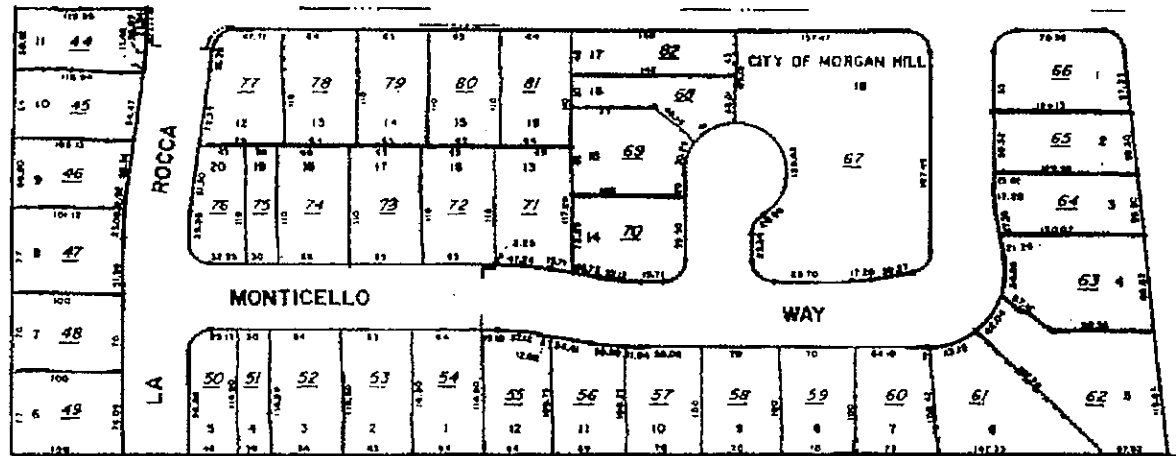


DIANA ESTATES ZONE

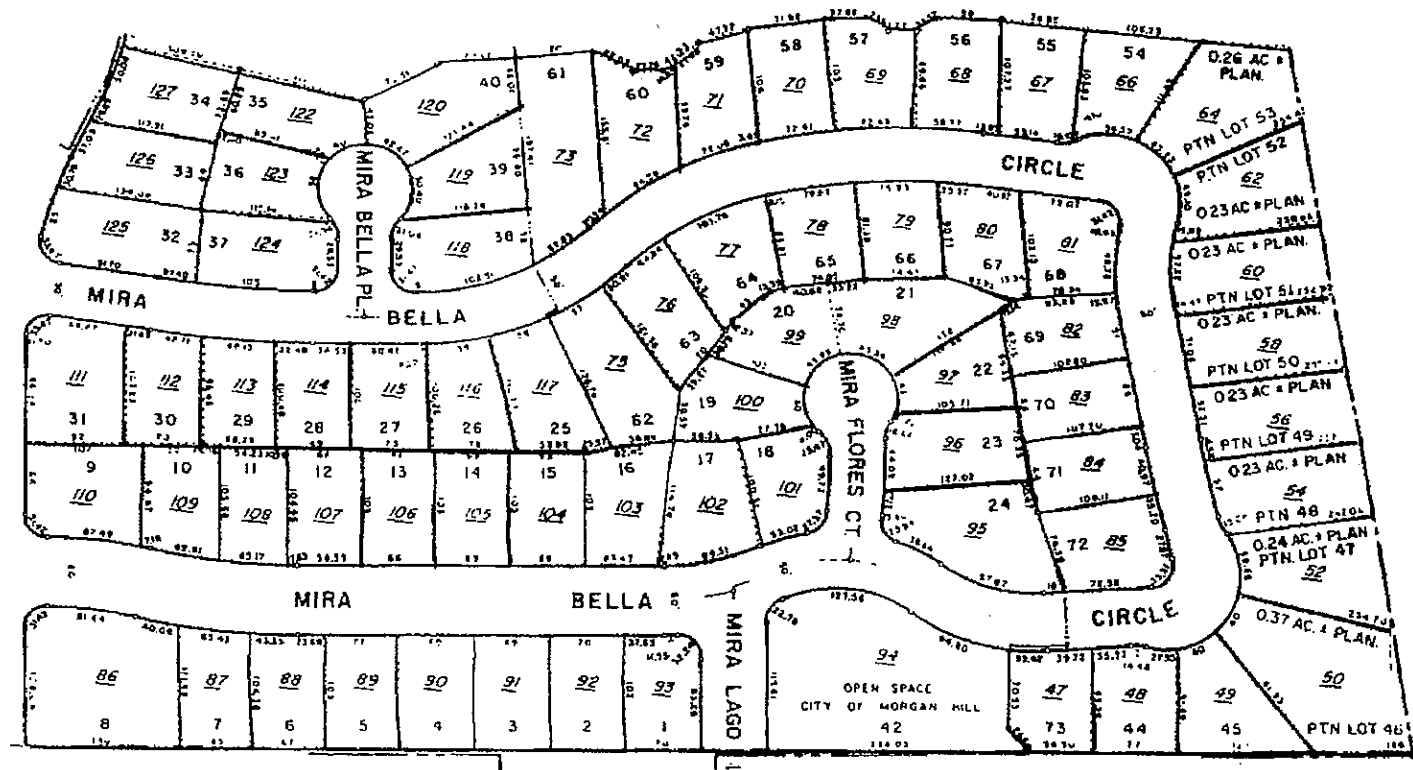
SHEET 2



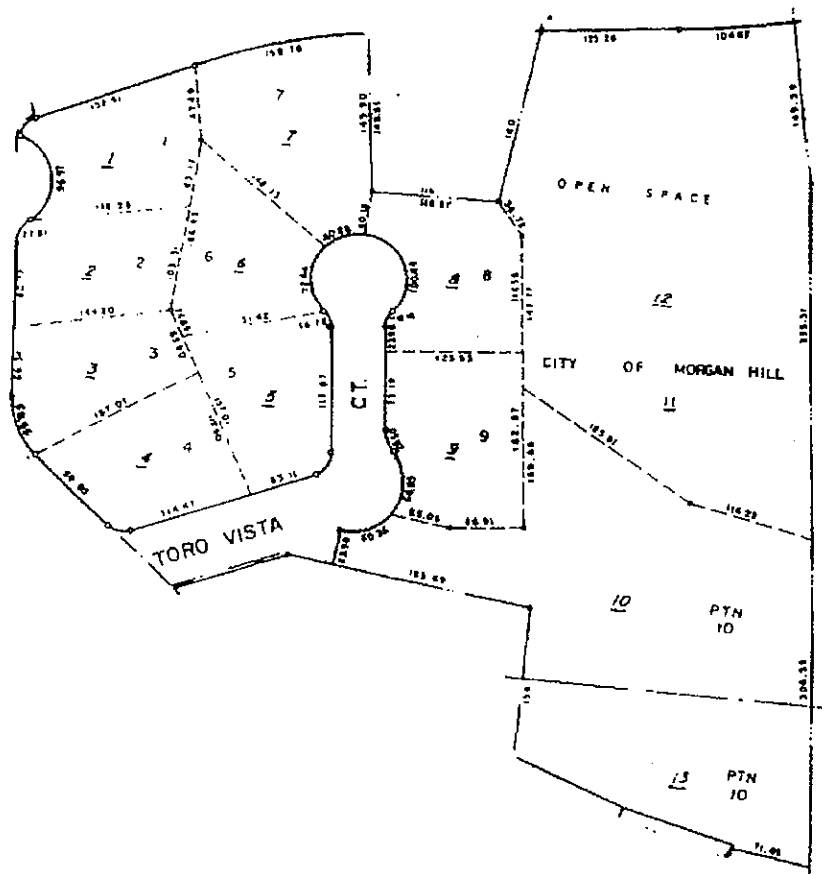
FOX HOLLOW/MURPHY SPRINGS ZONE



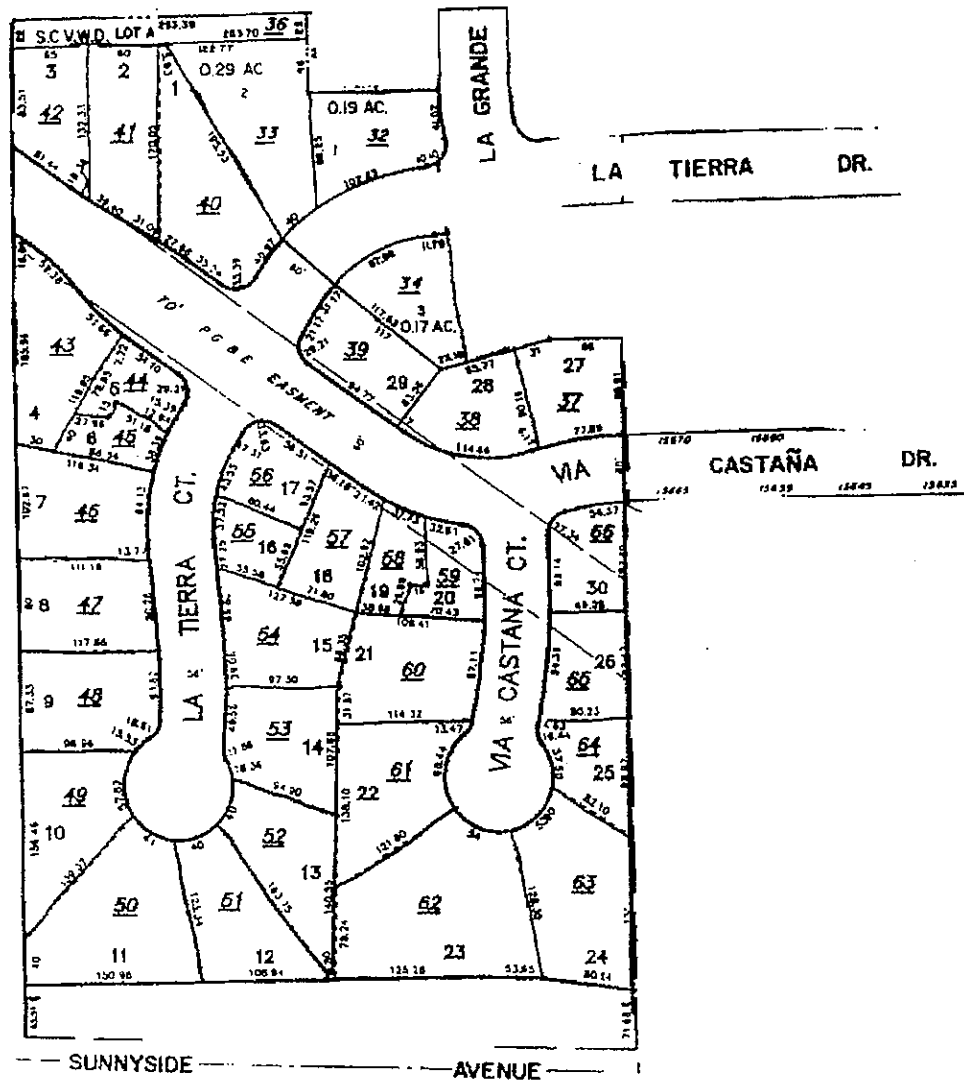
HAMILTON SQUARE ZONE



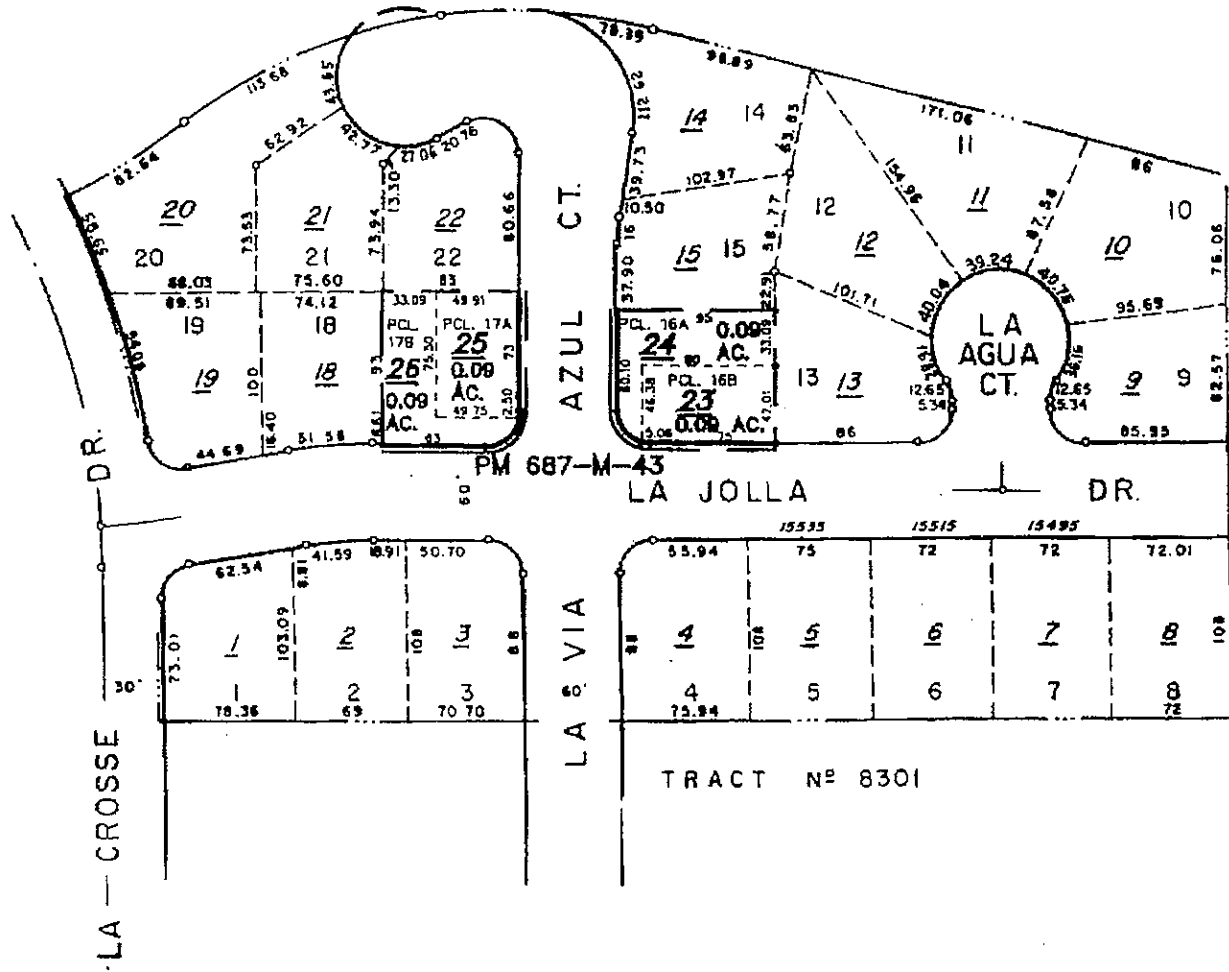
JACKSON MEADOWS #6 ZONE



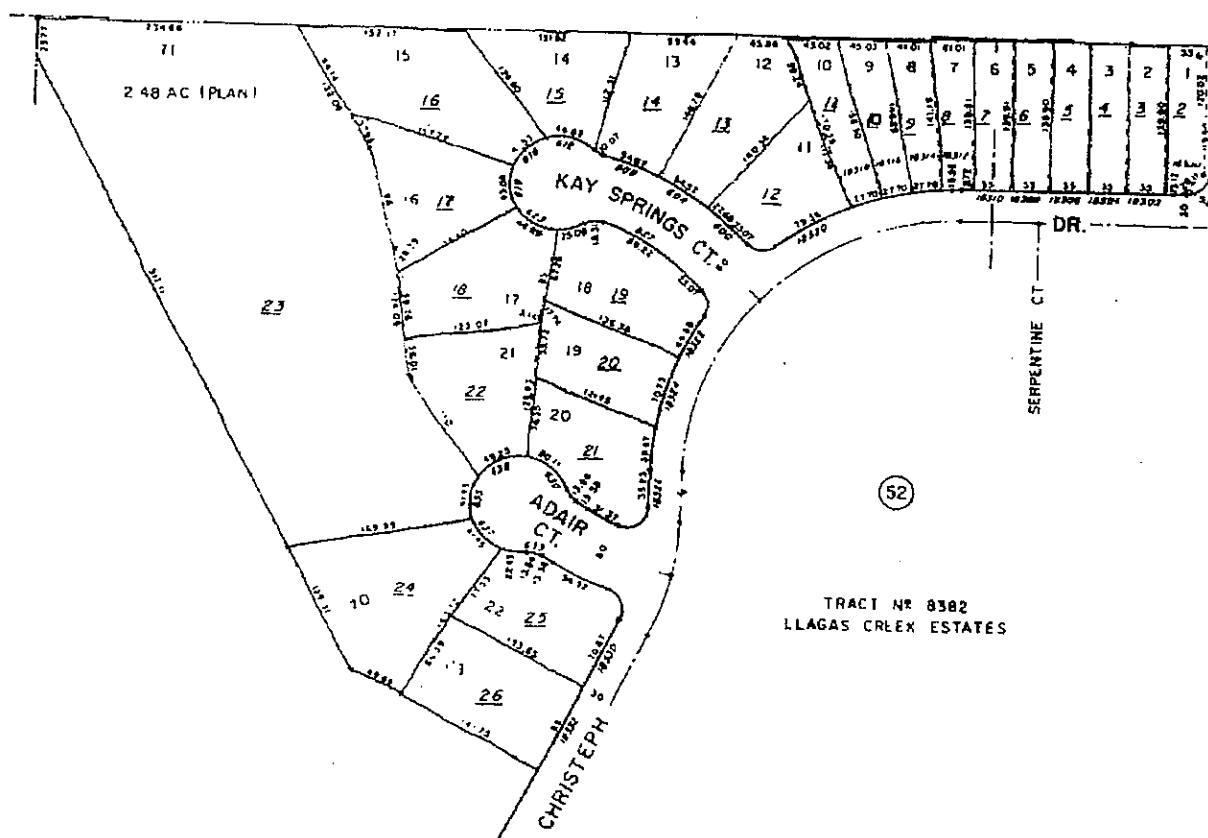
JACKSON MEADOWS #7 ZONE



LA GRANDE ESTATES ZONE

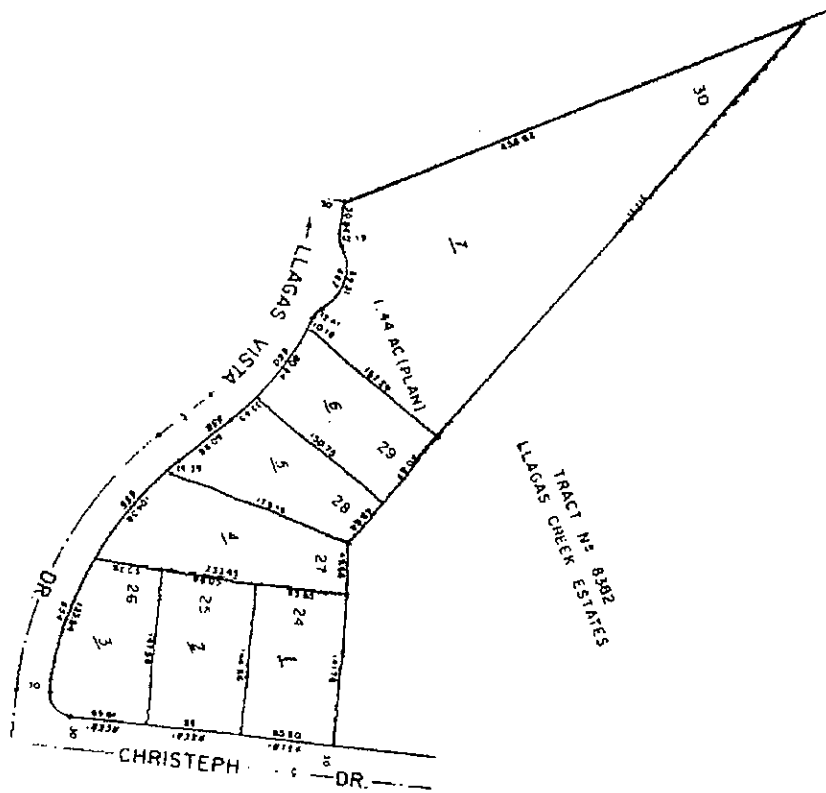


LACROSSE/GERA ZONE



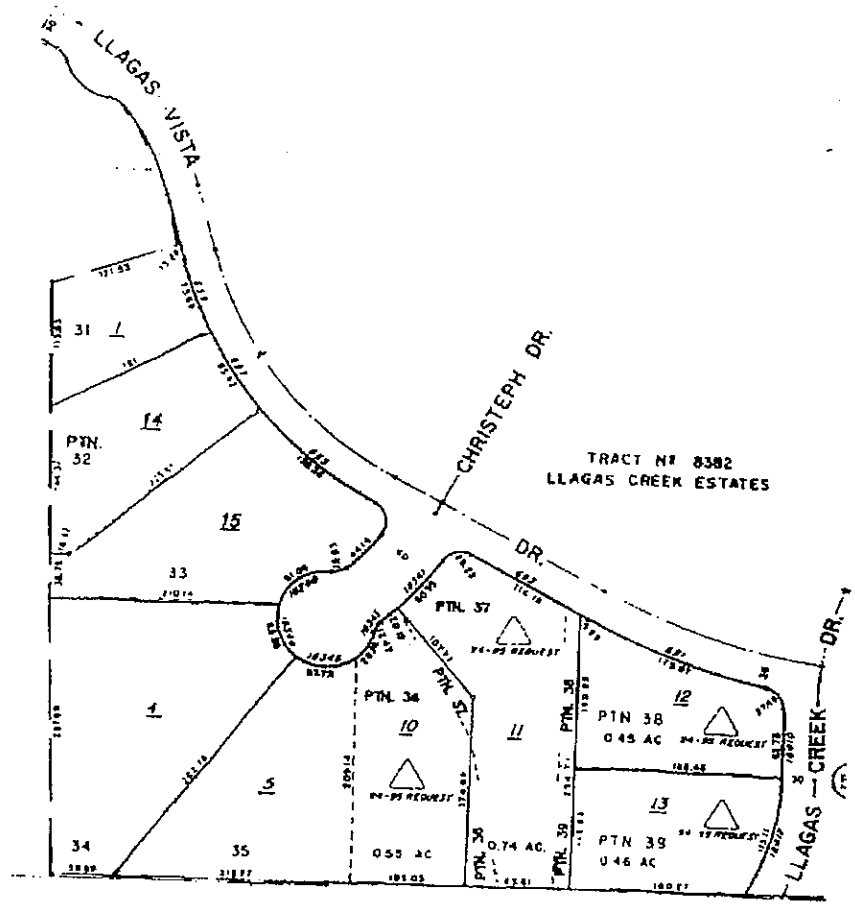
LLAGAS CREEK ESTATES ZONE

SHEET 1



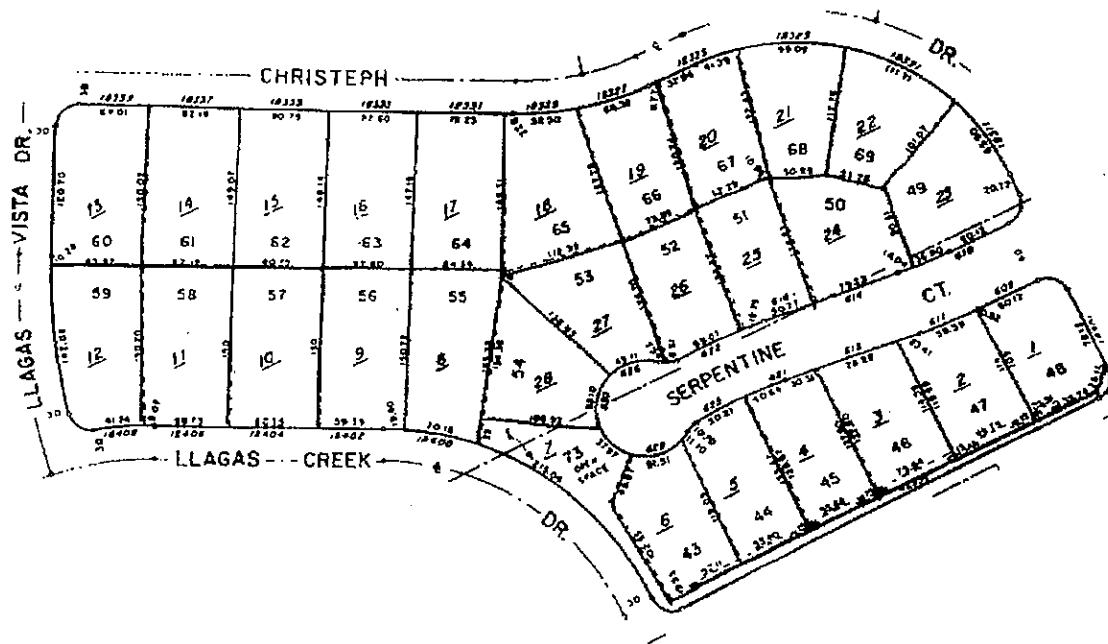
LLAGAS CREEK ESTATES ZONE

SHEET 2



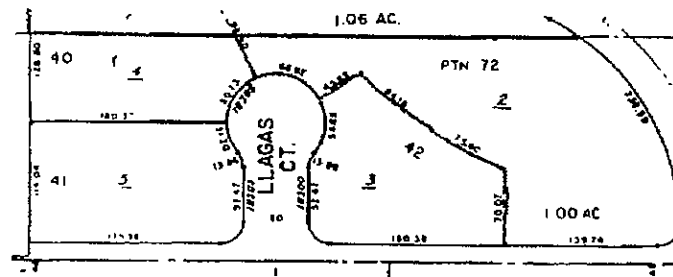
LLAGAS CREEK ESTATES ZONE

SHEET 3



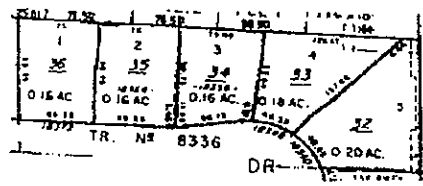
LLAGAS CREEK ESTATES ZONE

SHEET 4

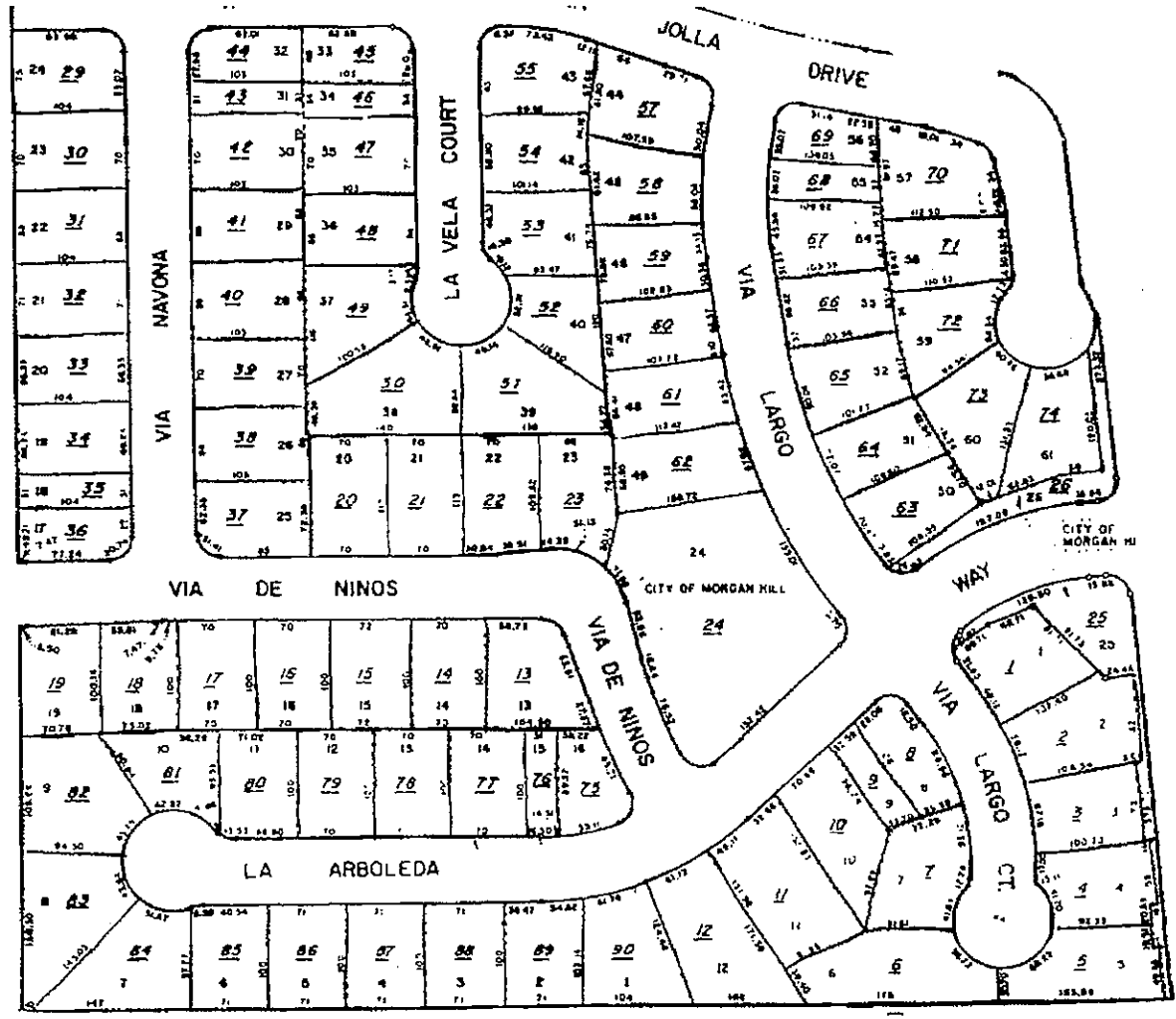


LLAGAS CREEK ESTATES ZONE

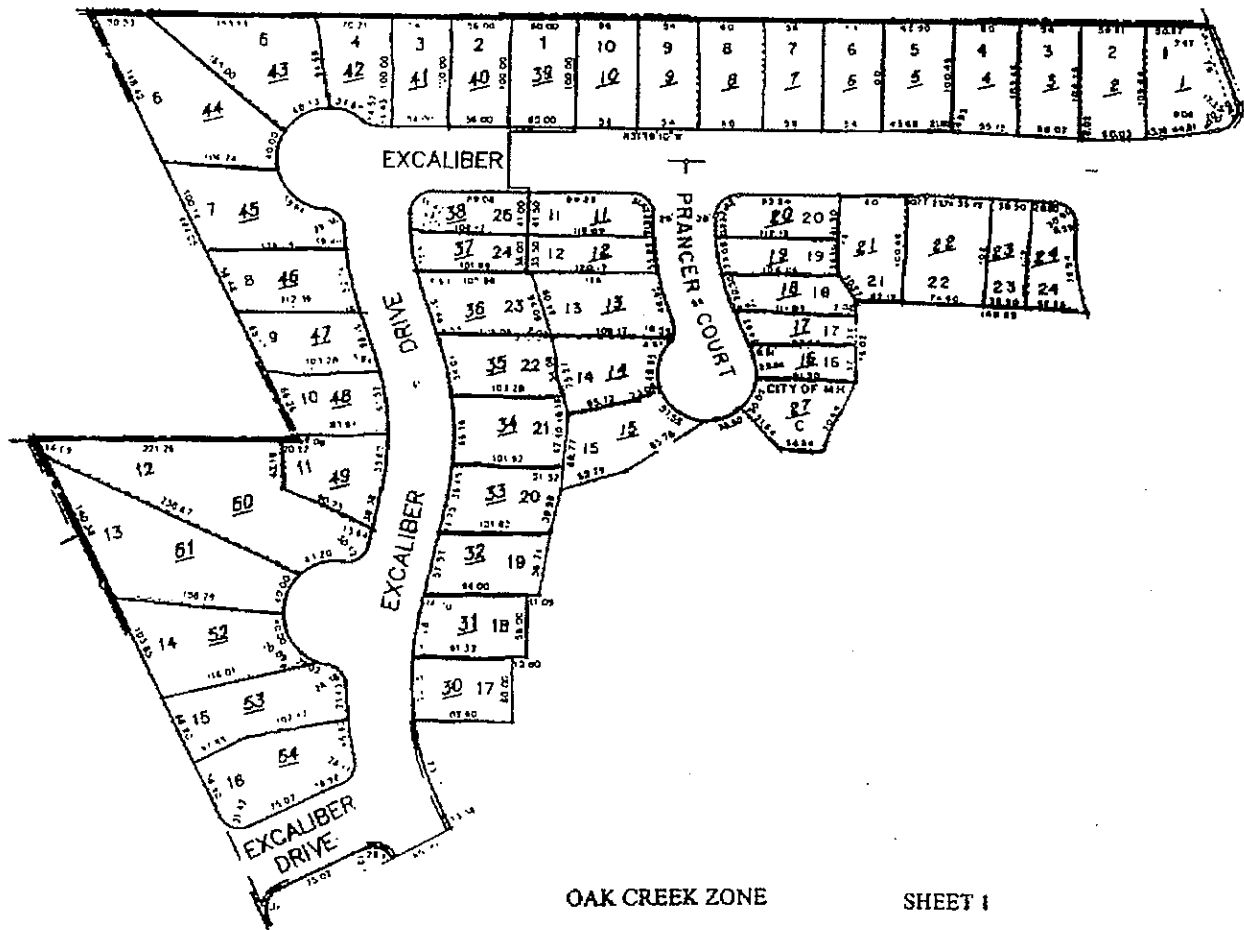
SHEET 5



LLAGAS/OBATA ZONE

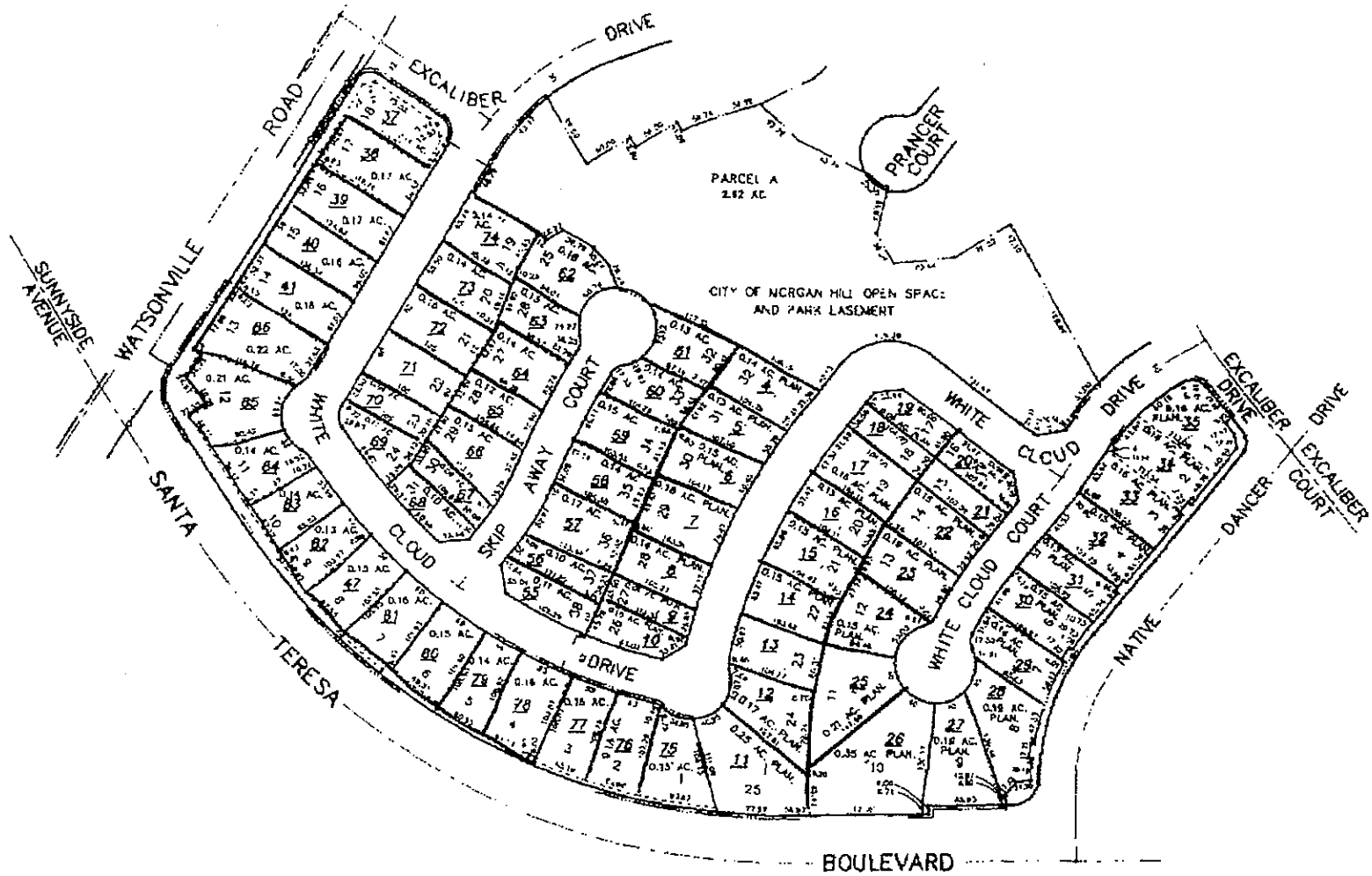


MILL CREEK ZONE



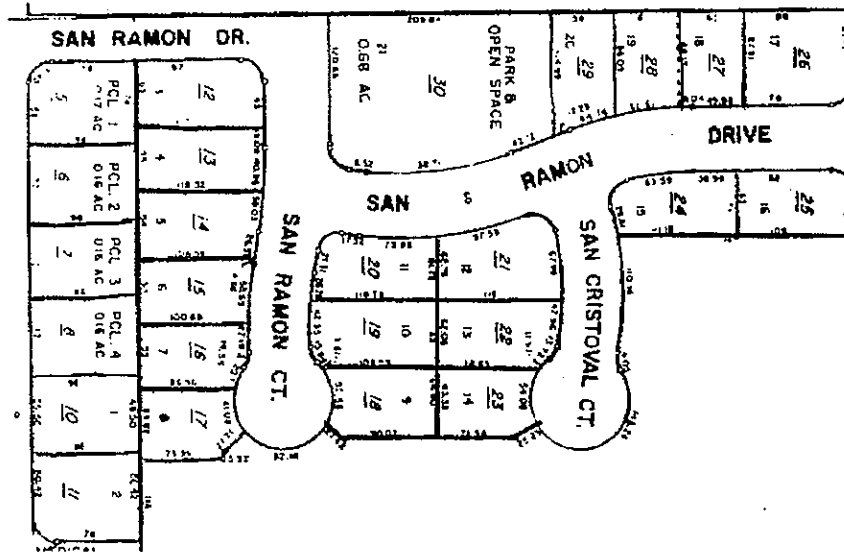
OAK CREEK ZONE

SHEET 1

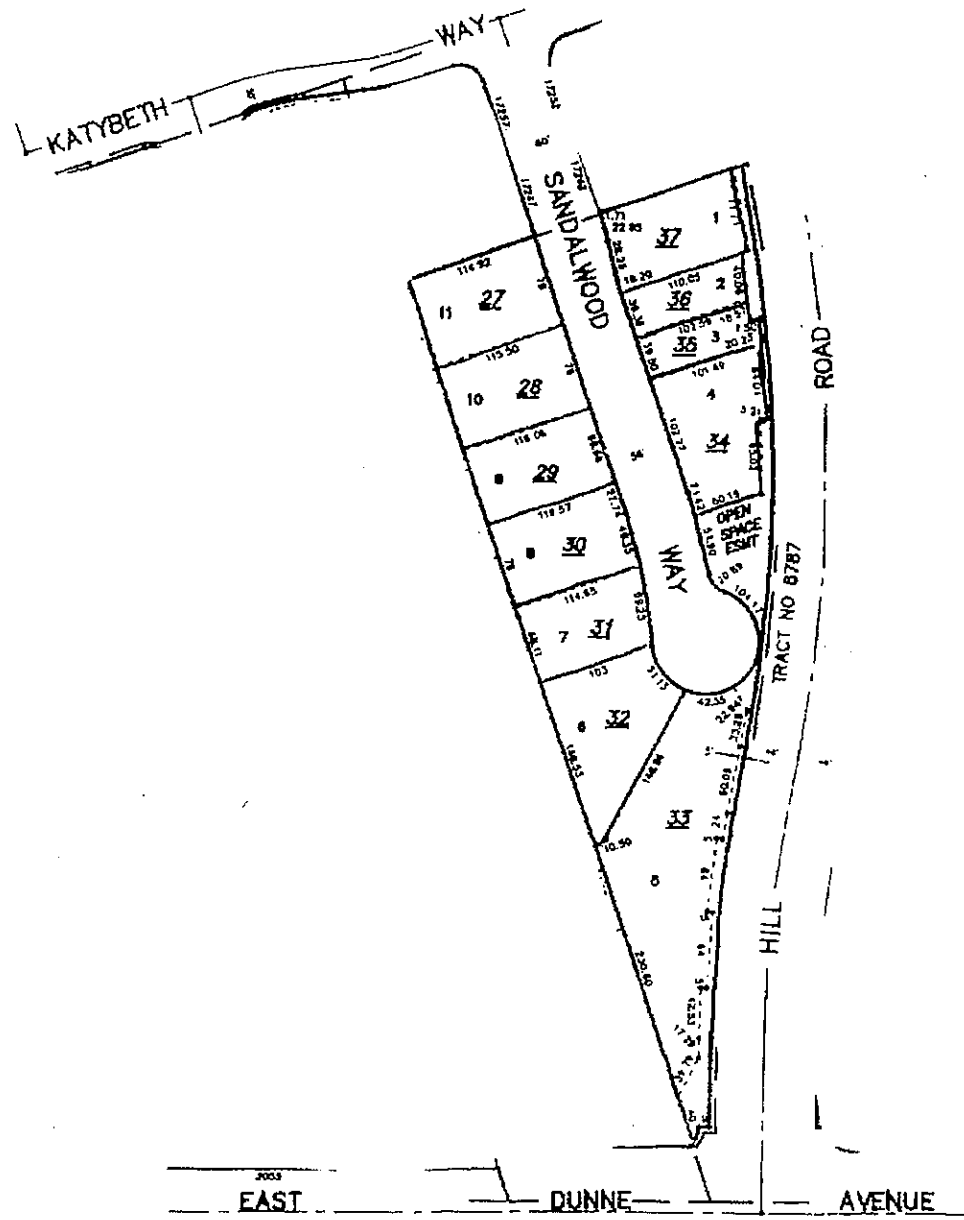


OAK CREEK ZONE

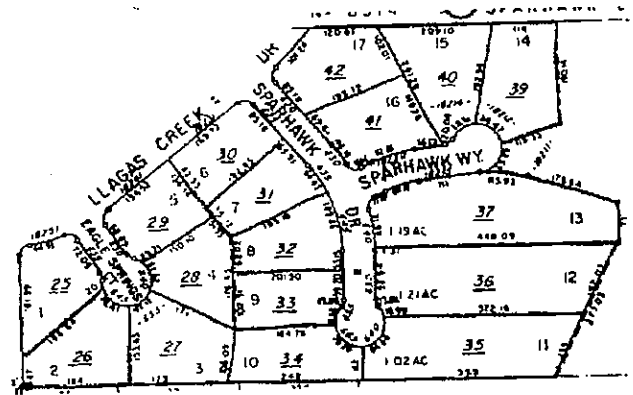
SHEET 2



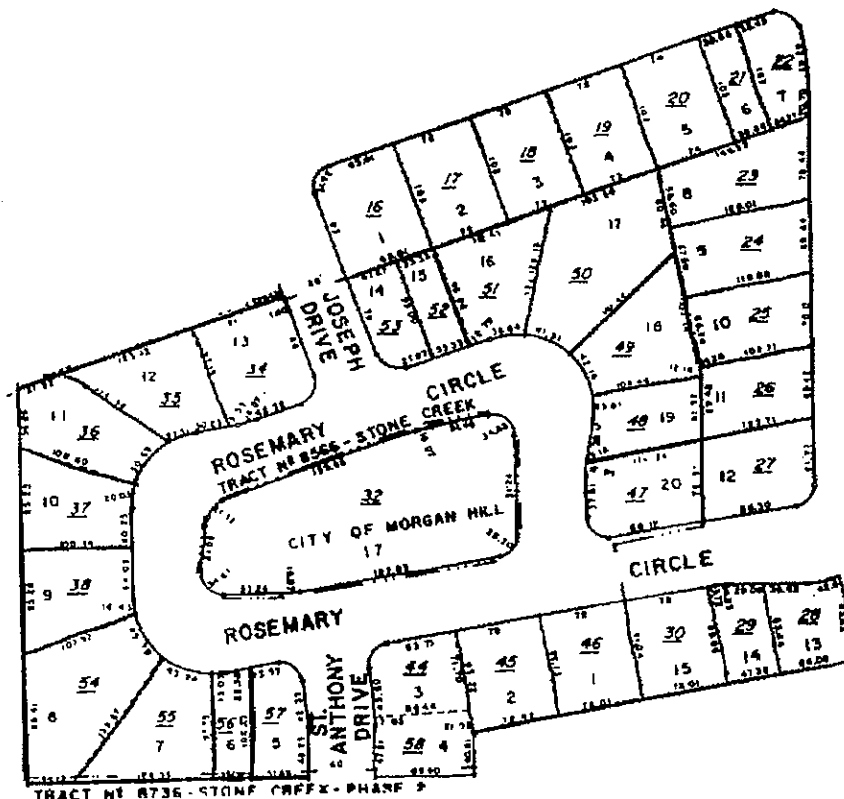
ROSEHAVEN ZONE



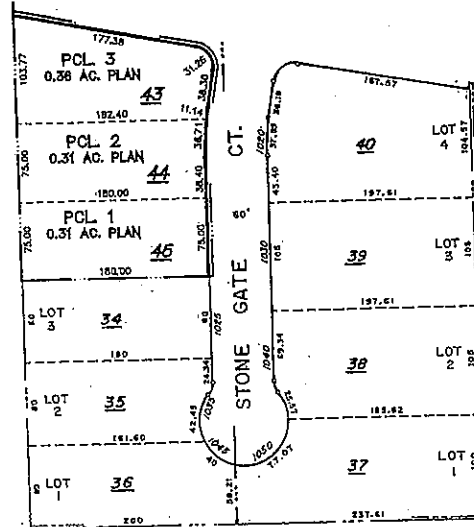
SANDALWOOD ZONE



SPARHAWK ZONE



STONE CREEK ZONE



SUNNYSIDE/STONEGATE ZONE

6. ASSESSMENT ROLL

The listing of Fiscal Year 2026/27 assessments is provided per Zone on the following pages. The description of each lot or parcel as part of the records of the County Assessor are, by reference, made part of this Report as well.

City of Morgan Hill
Belle Estates
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
726-16-043	\$450.00	1	\$0.00	\$450.00
726-16-044	450.00	1	0.00	450.00
726-16-045	450.00	1	0.00	450.00
726-16-046	450.00	1	0.00	450.00
726-16-048	450.00	1	0.00	450.00
726-16-050	450.00	1	0.00	450.00
726-16-051	450.00	1	0.00	450.00
726-16-052	450.00	1	0.00	450.00
726-16-053	450.00	1	0.00	450.00
726-16-054	450.00	1	0.00	450.00
726-16-055	450.00	1	0.00	450.00
726-16-056	450.00	1	0.00	450.00
726-16-057	450.00	1	0.00	450.00
726-16-058	450.00	1	0.00	450.00
726-16-059	450.00	1	0.00	450.00
726-16-060	450.00	1	0.00	450.00
726-16-061	450.00	1	0.00	450.00
726-16-062	450.00	1	0.00	450.00
726-16-063	450.00	1	0.00	450.00
726-16-064	450.00	1	0.00	450.00
726-16-065	450.00	1	0.00	450.00
726-16-066	450.00	1	0.00	450.00
726-16-068	450.00	1	0.00	450.00
726-16-069	450.00	1	0.00	450.00
726-16-070	450.00	1	0.00	450.00
726-16-071	450.00	1	0.00	450.00
726-16-072	450.00	1	0.00	450.00
726-16-074	450.00	1	0.00	450.00
726-16-075	450.00	1	0.00	450.00
726-16-076	450.00	1	0.00	450.00
726-16-077	450.00	1	0.00	450.00
726-16-078	450.00	1	0.00	450.00
726-16-079	450.00	1	0.00	450.00
726-16-080	450.00	1	0.00	450.00
726-16-081	450.00	1	0.00	450.00
726-16-082	450.00	1	0.00	450.00
36 Accounts		36	\$0.00	\$16,200.00

Slight variances may occur due to rounding

City of Morgan Hill
Chang/Bertelone
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
764-23-050	\$550.00	1	\$0.00	\$550.00
764-23-051	550.00	1	0.00	550.00
764-23-052	550.00	1	0.00	550.00
764-23-053	550.00	1	0.00	550.00
764-23-057	550.00	1	0.00	550.00
764-23-058	550.00	1	0.00	550.00
764-23-059	550.00	1	0.00	550.00
764-23-060	550.00	1	0.00	550.00
8 Accounts		8	\$0.00	\$4,400.00

City of Morgan Hill
Conte Gardens
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
728-10-010	\$365.00	1	\$0.00	\$365.00
728-10-011	365.00	1	0.00	365.00
728-10-012	365.00	1	0.00	365.00
728-10-013	365.00	1	0.00	365.00
728-10-014	365.00	1	0.00	365.00
728-10-015	365.00	1	0.00	365.00
728-10-016	365.00	1	0.00	365.00
728-10-017	365.00	1	0.00	365.00
728-10-018	365.00	1	0.00	365.00
728-10-019	365.00	1	0.00	365.00
728-10-020	365.00	1	0.00	365.00
11 Accounts		11	\$0.00	\$4,015.00

Slight variances may occur due to rounding

City of Morgan Hill
Diana Estates
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
726-07-042	\$139.39	1	(\$0.01)	\$139.38
726-07-043	139.39	1	(0.01)	139.38
726-07-044	139.39	1	(0.01)	139.38
726-07-045	139.39	1	(0.01)	139.38
726-07-055	139.39	1	(0.01)	139.38
726-07-056	139.39	1	(0.01)	139.38
726-07-057	139.39	1	(0.01)	139.38
726-07-058	139.39	1	(0.01)	139.38
726-07-059	139.39	1	(0.01)	139.38
726-07-060	139.39	1	(0.01)	139.38
726-07-061	139.39	1	(0.01)	139.38
726-07-062	139.39	1	(0.01)	139.38
726-07-063	139.39	1	(0.01)	139.38
726-07-064	139.39	1	(0.01)	139.38
726-07-065	139.39	1	(0.01)	139.38
726-07-066	139.39	1	(0.01)	139.38
726-07-067	139.39	1	(0.01)	139.38
726-07-068	139.39	1	(0.01)	139.38
726-07-069	139.39	1	(0.01)	139.38
726-07-070	139.39	1	(0.01)	139.38
726-07-071	139.39	1	(0.01)	139.38
726-07-072	139.39	1	(0.01)	139.38
726-07-073	139.39	1	(0.01)	139.38
726-07-074	139.39	1	(0.01)	139.38
726-07-075	139.39	1	(0.01)	139.38
726-07-077	139.39	1	(0.01)	139.38
726-07-078	139.39	1	(0.01)	139.38
726-07-080	139.39	1	(0.01)	139.38
726-07-081	139.39	1	(0.01)	139.38
726-07-082	139.39	1	(0.01)	139.38
726-07-083	139.39	1	(0.01)	139.38
726-07-084	139.39	1	(0.01)	139.38
726-07-085	139.39	1	(0.01)	139.38
726-07-086	139.39	1	(0.01)	139.38
726-07-087	139.39	1	(0.01)	139.38
726-08-031	139.39	1	(0.01)	139.38
726-08-032	139.39	1	(0.01)	139.38
726-08-033	139.39	1	(0.01)	139.38
726-08-034	139.39	1	(0.01)	139.38
726-08-035	139.39	1	(0.01)	139.38
726-08-036	139.39	1	(0.01)	139.38
726-08-046	139.39	1	(0.01)	139.38

Slight variances may occur due to rounding

City of Morgan Hill
Diana Estates
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
726-08-047	139.39	1	(0.01)	139.38
726-08-048	139.39	1	(0.01)	139.38
726-08-049	139.39	1	(0.01)	139.38
726-08-050	139.39	1	(0.01)	139.38
726-08-051	139.39	1	(0.01)	139.38
726-08-052	139.39	1	(0.01)	139.38
726-08-053	139.39	1	(0.01)	139.38
726-08-054	139.39	1	(0.01)	139.38
726-08-055	139.39	1	(0.01)	139.38
726-08-056	139.39	1	(0.01)	139.38
726-08-057	139.39	1	(0.01)	139.38
726-08-058	139.39	1	(0.01)	139.38
726-08-059	139.39	1	(0.01)	139.38
726-08-060	139.39	1	(0.01)	139.38
726-08-061	139.39	1	(0.01)	139.38
726-08-062	139.39	1	(0.01)	139.38
726-08-063	139.39	1	(0.01)	139.38
726-08-064	139.39	1	(0.01)	139.38
726-08-065	139.39	1	(0.01)	139.38
726-08-066	139.39	1	(0.01)	139.38
726-08-067	139.39	1	(0.01)	139.38
726-08-068	139.39	1	(0.01)	139.38
64 Accounts		64	(\$0.64)	\$8,920.32

Slight variances may occur due to rounding

City of Morgan Hill
Fox Hollow
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
764-47-001	\$173.53	1	(\$0.01)	\$173.52
764-47-002	173.53	1	(0.01)	173.52
764-47-003	173.53	1	(0.01)	173.52
764-47-004	173.53	1	(0.01)	173.52
764-47-005	173.53	1	(0.01)	173.52
764-47-006	173.53	1	(0.01)	173.52
764-47-007	173.53	1	(0.01)	173.52
764-47-008	173.53	1	(0.01)	173.52
764-47-009	173.53	1	(0.01)	173.52
764-47-010	173.53	1	(0.01)	173.52
764-47-011	173.53	1	(0.01)	173.52
764-47-012	173.53	1	(0.01)	173.52
764-47-013	173.53	1	(0.01)	173.52
764-47-014	173.53	1	(0.01)	173.52
764-47-015	173.53	1	(0.01)	173.52
764-47-016	173.53	1	(0.01)	173.52
764-47-017	173.53	1	(0.01)	173.52
764-47-018	173.53	1	(0.01)	173.52
764-47-020	173.53	1	(0.01)	173.52
764-47-021	173.53	1	(0.01)	173.52
764-47-022	173.53	1	(0.01)	173.52
764-47-023	173.53	1	(0.01)	173.52
764-47-024	173.53	1	(0.01)	173.52
764-47-025	173.53	1	(0.01)	173.52
764-47-026	173.53	1	(0.01)	173.52
764-47-027	173.53	1	(0.01)	173.52
764-47-028	173.53	1	(0.01)	173.52
764-47-029	173.53	1	(0.01)	173.52
764-47-030	173.53	1	(0.01)	173.52
764-47-031	173.53	1	(0.01)	173.52
764-47-032	173.53	1	(0.01)	173.52
764-47-033	173.53	1	(0.01)	173.52
764-47-034	173.53	1	(0.01)	173.52
764-47-035	173.53	1	(0.01)	173.52
764-47-036	173.53	1	(0.01)	173.52
764-47-037	173.53	1	(0.01)	173.52
764-47-038	173.53	1	(0.01)	173.52
764-47-039	173.53	1	(0.01)	173.52
764-47-040	173.53	1	(0.01)	173.52
764-47-041	173.53	1	(0.01)	173.52
764-47-042	173.53	1	(0.01)	173.52
764-47-043	173.53	1	(0.01)	173.52

Slight variances may occur due to rounding

City of Morgan Hill
Fox Hollow
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
764-47-044	173.53	1	(0.01)	173.52
764-47-045	173.53	1	(0.01)	173.52
764-47-046	173.53	1	(0.01)	173.52
764-47-047	173.53	1	(0.01)	173.52
764-47-048	173.53	1	(0.01)	173.52
764-47-049	173.53	1	(0.01)	173.52
764-47-050	173.53	1	(0.01)	173.52
764-47-051	173.53	1	(0.01)	173.52
764-47-052	173.53	1	(0.01)	173.52
764-47-053	173.53	1	(0.01)	173.52
764-47-054	173.53	1	(0.01)	173.52
764-47-055	173.53	1	(0.01)	173.52
764-47-056	173.53	1	(0.01)	173.52
764-47-057	173.53	1	(0.01)	173.52
764-47-058	173.53	1	(0.01)	173.52
764-47-059	173.53	1	(0.01)	173.52
764-47-060	173.53	1	(0.01)	173.52
764-47-061	173.53	1	(0.01)	173.52
764-47-062	173.53	1	(0.01)	173.52
764-47-063	173.53	1	(0.01)	173.52
764-47-064	173.53	1	(0.01)	173.52
764-47-065	173.53	1	(0.01)	173.52
764-47-066	173.53	1	(0.01)	173.52
764-47-067	173.53	1	(0.01)	173.52
764-47-068	173.53	1	(0.01)	173.52
764-47-069	173.53	1	(0.01)	173.52
764-47-070	173.53	1	(0.01)	173.52
764-47-071	173.53	1	(0.01)	173.52
764-47-072	173.53	1	(0.01)	173.52
764-47-073	173.53	1	(0.01)	173.52
764-47-074	173.53	1	(0.01)	173.52
764-47-075	173.53	1	(0.01)	173.52
764-47-079	173.53	1	(0.01)	173.52
75 Accounts		75	(\$0.75)	\$13,014.00

Slight variances may occur due to rounding

City of Morgan Hill
Hamilton Square
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
767-36-044	\$425.00	1	\$0.00	\$425.00
767-36-045	425.00	1	0.00	425.00
767-36-046	425.00	1	0.00	425.00
767-36-047	425.00	1	0.00	425.00
767-36-048	425.00	1	0.00	425.00
767-36-049	425.00	1	0.00	425.00
767-36-050	425.00	1	0.00	425.00
767-36-051	425.00	1	0.00	425.00
767-36-052	425.00	1	0.00	425.00
767-36-053	425.00	1	0.00	425.00
767-36-054	425.00	1	0.00	425.00
767-36-055	425.00	1	0.00	425.00
767-36-056	425.00	1	0.00	425.00
767-36-057	425.00	1	0.00	425.00
767-36-058	425.00	1	0.00	425.00
767-36-059	425.00	1	0.00	425.00
767-36-060	425.00	1	0.00	425.00
767-36-061	425.00	1	0.00	425.00
767-36-062	425.00	1	0.00	425.00
767-36-063	425.00	1	0.00	425.00
767-36-064	425.00	1	0.00	425.00
767-36-065	425.00	1	0.00	425.00
767-36-066	425.00	1	0.00	425.00
767-36-068	425.00	1	0.00	425.00
767-36-069	425.00	1	0.00	425.00
767-36-070	425.00	1	0.00	425.00
767-36-071	425.00	1	0.00	425.00
767-36-072	425.00	1	0.00	425.00
767-36-073	425.00	1	0.00	425.00
767-36-074	425.00	1	0.00	425.00
767-36-075	425.00	1	0.00	425.00
767-36-076	425.00	1	0.00	425.00
767-36-077	425.00	1	0.00	425.00
767-36-078	425.00	1	0.00	425.00
767-36-079	425.00	1	0.00	425.00
767-36-080	425.00	1	0.00	425.00
767-36-081	425.00	1	0.00	425.00
767-36-082	425.00	1	0.00	425.00
38 Accounts		38	\$0.00	\$16,150.00

Slight variances may occur due to rounding

City of Morgan Hill
Jackson Meadows #6
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
817-26-047	\$108.00	1	\$0.00	\$108.00
817-26-048	108.00	1	0.00	108.00
817-26-049	108.00	1	0.00	108.00
817-26-066	108.00	1	0.00	108.00
817-26-067	108.00	1	0.00	108.00
817-26-068	108.00	1	0.00	108.00
817-26-069	108.00	1	0.00	108.00
817-26-070	108.00	1	0.00	108.00
817-26-071	108.00	1	0.00	108.00
817-26-072	108.00	1	0.00	108.00
817-26-073	108.00	1	0.00	108.00
817-26-075	108.00	1	0.00	108.00
817-26-076	108.00	1	0.00	108.00
817-26-077	108.00	1	0.00	108.00
817-26-078	108.00	1	0.00	108.00
817-26-079	108.00	1	0.00	108.00
817-26-080	108.00	1	0.00	108.00
817-26-081	108.00	1	0.00	108.00
817-26-082	108.00	1	0.00	108.00
817-26-083	108.00	1	0.00	108.00
817-26-084	108.00	1	0.00	108.00
817-26-085	108.00	1	0.00	108.00
817-26-086	108.00	1	0.00	108.00
817-26-087	108.00	1	0.00	108.00
817-26-088	108.00	1	0.00	108.00
817-26-089	108.00	1	0.00	108.00
817-26-090	108.00	1	0.00	108.00
817-26-091	108.00	1	0.00	108.00
817-26-092	108.00	1	0.00	108.00
817-26-093	108.00	1	0.00	108.00
817-26-095	108.00	1	0.00	108.00
817-26-096	108.00	1	0.00	108.00
817-26-097	108.00	1	0.00	108.00
817-26-098	108.00	1	0.00	108.00
817-26-099	108.00	1	0.00	108.00
817-26-100	108.00	1	0.00	108.00
817-26-101	108.00	1	0.00	108.00
817-26-102	108.00	1	0.00	108.00
817-26-103	108.00	1	0.00	108.00
817-26-104	108.00	1	0.00	108.00
817-26-105	108.00	1	0.00	108.00
817-26-106	108.00	1	0.00	108.00

Slight variances may occur due to rounding

City of Morgan Hill
Jackson Meadows #6
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
817-26-107	108.00	1	0.00	108.00
817-26-108	108.00	1	0.00	108.00
817-26-109	108.00	1	0.00	108.00
817-26-110	108.00	1	0.00	108.00
817-26-111	108.00	1	0.00	108.00
817-26-112	108.00	1	0.00	108.00
817-26-113	108.00	1	0.00	108.00
817-26-114	108.00	1	0.00	108.00
817-26-115	108.00	1	0.00	108.00
817-26-116	108.00	1	0.00	108.00
817-26-117	108.00	1	0.00	108.00
817-26-118	108.00	1	0.00	108.00
817-26-119	108.00	1	0.00	108.00
817-26-120	108.00	1	0.00	108.00
817-26-122	108.00	1	0.00	108.00
817-26-123	108.00	1	0.00	108.00
817-26-124	108.00	1	0.00	108.00
817-26-125	108.00	1	0.00	108.00
817-26-126	108.00	1	0.00	108.00
817-26-127	108.00	1	0.00	108.00
817-26-129	108.00	1	0.00	108.00
817-26-130	108.00	1	0.00	108.00
817-26-131	108.00	1	0.00	108.00
817-26-132	108.00	1	0.00	108.00
817-26-133	108.00	1	0.00	108.00
817-26-134	108.00	1	0.00	108.00
817-26-135	108.00	1	0.00	108.00
817-26-136	108.00	1	0.00	108.00
70 Accounts		70	\$0.00	\$7,560.00

Slight variances may occur due to rounding

City of Morgan Hill
Jackson Meadows #7
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
817-70-001	\$275.00	1	\$0.00	\$275.00
817-70-002	275.00	1	0.00	275.00
817-70-003	275.00	1	0.00	275.00
817-70-004	275.00	1	0.00	275.00
817-70-005	275.00	1	0.00	275.00
817-70-006	275.00	1	0.00	275.00
817-70-007	275.00	1	0.00	275.00
817-70-008	275.00	1	0.00	275.00
817-70-009	275.00	1	0.00	275.00
817-70-017	275.00	1	0.00	275.00
10 Accounts		10	\$0.00	\$2,750.00

City of Morgan Hill
La Grande Estates
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
767-45-032	\$88.00	1	\$0.00	\$88.00
767-45-033	88.00	1	0.00	88.00
767-45-034	88.00	1	0.00	88.00
767-45-037	88.00	1	0.00	88.00
767-45-038	88.00	1	0.00	88.00
767-45-039	88.00	1	0.00	88.00
767-45-040	88.00	1	0.00	88.00
767-45-041	88.00	1	0.00	88.00
767-45-042	88.00	1	0.00	88.00
767-45-043	88.00	1	0.00	88.00
767-45-044	88.00	1	0.00	88.00
767-45-045	88.00	1	0.00	88.00
767-45-046	88.00	1	0.00	88.00
767-45-047	88.00	1	0.00	88.00
767-45-048	88.00	1	0.00	88.00
767-45-049	88.00	1	0.00	88.00
767-45-050	88.00	1	0.00	88.00
767-45-051	88.00	1	0.00	88.00
767-45-052	88.00	1	0.00	88.00
767-45-053	88.00	1	0.00	88.00
767-45-054	88.00	1	0.00	88.00
767-45-055	88.00	1	0.00	88.00
767-45-056	88.00	1	0.00	88.00
767-45-057	88.00	1	0.00	88.00
767-45-058	88.00	1	0.00	88.00
767-45-059	88.00	1	0.00	88.00
767-45-060	88.00	1	0.00	88.00
767-45-061	88.00	1	0.00	88.00
767-45-062	88.00	1	0.00	88.00
767-45-063	88.00	1	0.00	88.00
767-45-064	88.00	1	0.00	88.00
767-45-065	88.00	1	0.00	88.00
32 Accounts		32	\$0.00	\$2,816.00

Slight variances may occur due to rounding

City of Morgan Hill
Lacrosse/Gera
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
767-46-001	\$125.00	1	\$0.00	\$125.00
767-46-002	125.00	1	0.00	125.00
767-46-003	125.00	1	0.00	125.00
767-46-004	125.00	1	0.00	125.00
767-46-005	125.00	1	0.00	125.00
767-46-006	125.00	1	0.00	125.00
767-46-007	125.00	1	0.00	125.00
767-46-008	125.00	1	0.00	125.00
767-46-009	125.00	1	0.00	125.00
767-46-010	125.00	1	0.00	125.00
767-46-011	125.00	1	0.00	125.00
767-46-012	125.00	1	0.00	125.00
767-46-013	125.00	1	0.00	125.00
767-46-014	125.00	1	0.00	125.00
767-46-015	125.00	1	0.00	125.00
767-46-018	125.00	1	0.00	125.00
767-46-019	125.00	1	0.00	125.00
767-46-020	125.00	1	0.00	125.00
767-46-021	125.00	1	0.00	125.00
767-46-022	125.00	1	0.00	125.00
767-46-023	125.00	1	0.00	125.00
767-46-024	125.00	1	0.00	125.00
767-46-025	125.00	1	0.00	125.00
767-46-026	125.00	1	0.00	125.00
24 Accounts		24	\$0.00	\$3,000.00

Slight variances may occur due to rounding

City of Morgan Hill
Llagas/Obata
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
764-23-032	\$629.00	1	\$0.00	\$629.00
764-23-033	629.00	1	0.00	629.00
764-23-034	629.00	1	0.00	629.00
764-23-035	629.00	1	0.00	629.00
764-23-036	629.00	1	0.00	629.00
5 Accounts		5	\$0.00	\$3,145.00

City of Morgan Hill
Llagas Creek
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
764-49-002	\$343.00	1	\$0.00	\$343.00
764-49-003	343.00	1	0.00	343.00
764-49-004	343.00	1	0.00	343.00
764-49-005	343.00	1	0.00	343.00
764-49-006	343.00	1	0.00	343.00
764-49-007	343.00	1	0.00	343.00
764-49-008	343.00	1	0.00	343.00
764-49-009	343.00	1	0.00	343.00
764-49-010	343.00	1	0.00	343.00
764-49-011	343.00	1	0.00	343.00
764-49-012	343.00	1	0.00	343.00
764-49-013	343.00	1	0.00	343.00
764-49-014	343.00	1	0.00	343.00
764-49-015	343.00	1	0.00	343.00
764-49-016	343.00	1	0.00	343.00
764-49-017	343.00	1	0.00	343.00
764-49-018	343.00	1	0.00	343.00
764-49-019	343.00	1	0.00	343.00
764-49-020	343.00	1	0.00	343.00
764-49-021	343.00	1	0.00	343.00
764-49-022	343.00	1	0.00	343.00
764-49-023	343.00	1	0.00	343.00
764-49-024	343.00	1	0.00	343.00
764-49-025	343.00	1	0.00	343.00
764-49-026	343.00	1	0.00	343.00
764-50-001	343.00	1	0.00	343.00
764-50-002	343.00	1	0.00	343.00
764-50-003	343.00	1	0.00	343.00
764-50-004	343.00	1	0.00	343.00
764-50-005	343.00	1	0.00	343.00
764-50-006	343.00	1	0.00	343.00
764-50-007	343.00	1	0.00	343.00
764-51-001	343.00	1	0.00	343.00
764-51-004	343.00	1	0.00	343.00
764-51-005	343.00	1	0.00	343.00
764-51-010	343.00	1	0.00	343.00
764-51-011	343.00	1	0.00	343.00
764-51-012	343.00	1	0.00	343.00
764-51-013	343.00	1	0.00	343.00
764-51-014	343.00	1	0.00	343.00
764-51-015	343.00	1	0.00	343.00
764-52-001	343.00	1	0.00	343.00

Slight variances may occur due to rounding

City of Morgan Hill
Llagas Creek
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
764-52-002	343.00	1	0.00	343.00
764-52-003	343.00	1	0.00	343.00
764-52-004	343.00	1	0.00	343.00
764-52-005	343.00	1	0.00	343.00
764-52-006	343.00	1	0.00	343.00
764-52-008	343.00	1	0.00	343.00
764-52-009	343.00	1	0.00	343.00
764-52-010	343.00	1	0.00	343.00
764-52-011	343.00	1	0.00	343.00
764-52-012	343.00	1	0.00	343.00
764-52-013	343.00	1	0.00	343.00
764-52-014	343.00	1	0.00	343.00
764-52-015	343.00	1	0.00	343.00
764-52-016	343.00	1	0.00	343.00
764-52-017	343.00	1	0.00	343.00
764-52-018	343.00	1	0.00	343.00
764-52-019	343.00	1	0.00	343.00
764-52-020	343.00	1	0.00	343.00
764-52-021	343.00	1	0.00	343.00
764-52-022	343.00	1	0.00	343.00
764-52-023	343.00	1	0.00	343.00
764-52-024	343.00	1	0.00	343.00
764-52-025	343.00	1	0.00	343.00
764-52-026	343.00	1	0.00	343.00
764-52-027	343.00	1	0.00	343.00
764-52-028	343.00	1	0.00	343.00
764-53-003	343.00	1	0.00	343.00
764-53-004	343.00	1	0.00	343.00
764-53-005	343.00	1	0.00	343.00
71 Accounts		71	\$0.00	\$24,353.00

Slight variances may occur due to rounding

City of Morgan Hill
Mill Creek
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
767-47-001	\$285.00	1	\$0.00	\$285.00
767-47-002	285.00	1	0.00	285.00
767-47-003	285.00	1	0.00	285.00
767-47-004	285.00	1	0.00	285.00
767-47-005	285.00	1	0.00	285.00
767-47-006	285.00	1	0.00	285.00
767-47-007	285.00	1	0.00	285.00
767-47-008	285.00	1	0.00	285.00
767-47-009	285.00	1	0.00	285.00
767-47-010	285.00	1	0.00	285.00
767-47-011	285.00	1	0.00	285.00
767-47-012	285.00	1	0.00	285.00
767-47-013	285.00	1	0.00	285.00
767-47-014	285.00	1	0.00	285.00
767-47-015	285.00	1	0.00	285.00
767-47-016	285.00	1	0.00	285.00
767-47-017	285.00	1	0.00	285.00
767-47-018	285.00	1	0.00	285.00
767-47-019	285.00	1	0.00	285.00
767-47-020	285.00	1	0.00	285.00
767-47-021	285.00	1	0.00	285.00
767-47-022	285.00	1	0.00	285.00
767-47-023	285.00	1	0.00	285.00
767-47-029	285.00	1	0.00	285.00
767-47-030	285.00	1	0.00	285.00
767-47-031	285.00	1	0.00	285.00
767-47-032	285.00	1	0.00	285.00
767-47-033	285.00	1	0.00	285.00
767-47-034	285.00	1	0.00	285.00
767-47-035	285.00	1	0.00	285.00
767-47-036	285.00	1	0.00	285.00
767-47-037	285.00	1	0.00	285.00
767-47-038	285.00	1	0.00	285.00
767-47-039	285.00	1	0.00	285.00
767-47-040	285.00	1	0.00	285.00
767-47-041	285.00	1	0.00	285.00
767-47-042	285.00	1	0.00	285.00
767-47-043	285.00	1	0.00	285.00
767-47-044	285.00	1	0.00	285.00
767-47-045	285.00	1	0.00	285.00
767-47-046	285.00	1	0.00	285.00
767-47-047	285.00	1	0.00	285.00

Slight variances may occur due to rounding

City of Morgan Hill
Mill Creek
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
767-47-048	285.00	1	0.00	285.00
767-47-049	285.00	1	0.00	285.00
767-47-050	285.00	1	0.00	285.00
767-47-051	285.00	1	0.00	285.00
767-47-052	285.00	1	0.00	285.00
767-47-053	285.00	1	0.00	285.00
767-47-054	285.00	1	0.00	285.00
767-47-055	285.00	1	0.00	285.00
767-47-057	285.00	1	0.00	285.00
767-47-058	285.00	1	0.00	285.00
767-47-059	285.00	1	0.00	285.00
767-47-060	285.00	1	0.00	285.00
767-47-061	285.00	1	0.00	285.00
767-47-062	285.00	1	0.00	285.00
767-47-063	285.00	1	0.00	285.00
767-47-064	285.00	1	0.00	285.00
767-47-065	285.00	1	0.00	285.00
767-47-066	285.00	1	0.00	285.00
767-47-067	285.00	1	0.00	285.00
767-47-068	285.00	1	0.00	285.00
767-47-069	285.00	1	0.00	285.00
767-47-070	285.00	1	0.00	285.00
767-47-071	285.00	1	0.00	285.00
767-47-072	285.00	1	0.00	285.00
767-47-073	285.00	1	0.00	285.00
767-47-074	285.00	1	0.00	285.00
767-47-075	285.00	1	0.00	285.00
767-47-076	285.00	1	0.00	285.00
767-47-077	285.00	1	0.00	285.00
767-47-078	285.00	1	0.00	285.00
767-47-079	285.00	1	0.00	285.00
767-47-080	285.00	1	0.00	285.00
767-47-081	285.00	1	0.00	285.00
767-47-082	285.00	1	0.00	285.00
767-47-083	285.00	1	0.00	285.00
767-47-084	285.00	1	0.00	285.00
767-47-085	285.00	1	0.00	285.00
767-47-086	285.00	1	0.00	285.00
767-47-087	285.00	1	0.00	285.00
767-47-088	285.00	1	0.00	285.00
767-47-089	285.00	1	0.00	285.00
767-47-090	285.00	1	0.00	285.00

Slight variances may occur due to rounding

City of Morgan Hill
Mill Creek
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
84 Accounts		84	\$0.00	\$23,940.00

City of Morgan Hill
Oak Creek I, II, III
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
779-51-001	\$425.00	1	\$0.00	\$425.00
779-51-002	425.00	1	0.00	425.00
779-51-003	425.00	1	0.00	425.00
779-51-004	425.00	1	0.00	425.00
779-51-005	425.00	1	0.00	425.00
779-51-006	425.00	1	0.00	425.00
779-51-007	425.00	1	0.00	425.00
779-51-008	425.00	1	0.00	425.00
779-51-009	425.00	1	0.00	425.00
779-51-010	425.00	1	0.00	425.00
779-51-011	425.00	1	0.00	425.00
779-51-012	425.00	1	0.00	425.00
779-51-013	425.00	1	0.00	425.00
779-51-014	425.00	1	0.00	425.00
779-51-015	425.00	1	0.00	425.00
779-51-016	425.00	1	0.00	425.00
779-51-017	425.00	1	0.00	425.00
779-51-018	425.00	1	0.00	425.00
779-51-019	425.00	1	0.00	425.00
779-51-020	425.00	1	0.00	425.00
779-51-021	425.00	1	0.00	425.00
779-51-022	425.00	1	0.00	425.00
779-51-023	425.00	1	0.00	425.00
779-51-024	425.00	1	0.00	425.00
779-51-030	425.00	1	0.00	425.00
779-51-031	425.00	1	0.00	425.00
779-51-032	425.00	1	0.00	425.00
779-51-033	425.00	1	0.00	425.00
779-51-034	425.00	1	0.00	425.00
779-51-035	425.00	1	0.00	425.00
779-51-036	425.00	1	0.00	425.00
779-51-037	425.00	1	0.00	425.00
779-51-038	425.00	1	0.00	425.00
779-51-039	425.00	1	0.00	425.00
779-51-040	425.00	1	0.00	425.00
779-51-041	425.00	1	0.00	425.00
779-51-042	425.00	1	0.00	425.00
779-51-043	425.00	1	0.00	425.00
779-51-044	425.00	1	0.00	425.00
779-51-045	425.00	1	0.00	425.00
779-51-046	425.00	1	0.00	425.00
779-51-047	425.00	1	0.00	425.00

Slight variances may occur due to rounding

City of Morgan Hill
Oak Creek I, II, III
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
779-51-048	425.00	1	0.00	425.00
779-51-049	425.00	1	0.00	425.00
779-51-050	425.00	1	0.00	425.00
779-51-051	425.00	1	0.00	425.00
779-51-052	425.00	1	0.00	425.00
779-51-053	425.00	1	0.00	425.00
779-51-054	425.00	1	0.00	425.00
779-52-004	425.00	1	0.00	425.00
779-52-005	425.00	1	0.00	425.00
779-52-006	425.00	1	0.00	425.00
779-52-007	425.00	1	0.00	425.00
779-52-008	425.00	1	0.00	425.00
779-52-009	425.00	1	0.00	425.00
779-52-010	425.00	1	0.00	425.00
779-52-011	425.00	1	0.00	425.00
779-52-012	425.00	1	0.00	425.00
779-52-013	425.00	1	0.00	425.00
779-52-014	425.00	1	0.00	425.00
779-52-015	425.00	1	0.00	425.00
779-52-016	425.00	1	0.00	425.00
779-52-017	425.00	1	0.00	425.00
779-52-018	425.00	1	0.00	425.00
779-52-019	425.00	1	0.00	425.00
779-52-020	425.00	1	0.00	425.00
779-52-021	425.00	1	0.00	425.00
779-52-022	425.00	1	0.00	425.00
779-52-023	425.00	1	0.00	425.00
779-52-024	425.00	1	0.00	425.00
779-52-025	425.00	1	0.00	425.00
779-52-026	425.00	1	0.00	425.00
779-52-027	425.00	1	0.00	425.00
779-52-028	425.00	1	0.00	425.00
779-52-029	425.00	1	0.00	425.00
779-52-030	425.00	1	0.00	425.00
779-52-031	425.00	1	0.00	425.00
779-52-032	425.00	1	0.00	425.00
779-52-033	425.00	1	0.00	425.00
779-52-034	425.00	1	0.00	425.00
779-52-035	425.00	1	0.00	425.00
779-52-037	425.00	1	0.00	425.00
779-52-038	425.00	1	0.00	425.00
779-52-039	425.00	1	0.00	425.00

Slight variances may occur due to rounding

City of Morgan Hill
Oak Creek I, II, III
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
779-52-040	425.00	1	0.00	425.00
779-52-041	425.00	1	0.00	425.00
779-52-047	425.00	1	0.00	425.00
779-52-055	425.00	1	0.00	425.00
779-52-056	425.00	1	0.00	425.00
779-52-057	425.00	1	0.00	425.00
779-52-058	425.00	1	0.00	425.00
779-52-059	425.00	1	0.00	425.00
779-52-060	425.00	1	0.00	425.00
779-52-061	425.00	1	0.00	425.00
779-52-062	425.00	1	0.00	425.00
779-52-063	425.00	1	0.00	425.00
779-52-064	425.00	1	0.00	425.00
779-52-065	425.00	1	0.00	425.00
779-52-066	425.00	1	0.00	425.00
779-52-067	425.00	1	0.00	425.00
779-52-068	425.00	1	0.00	425.00
779-52-069	425.00	1	0.00	425.00
779-52-070	425.00	1	0.00	425.00
779-52-071	425.00	1	0.00	425.00
779-52-072	425.00	1	0.00	425.00
779-52-073	425.00	1	0.00	425.00
779-52-074	425.00	1	0.00	425.00
779-52-075	425.00	1	0.00	425.00
779-52-076	425.00	1	0.00	425.00
779-52-077	425.00	1	0.00	425.00
779-52-078	425.00	1	0.00	425.00
779-52-079	425.00	1	0.00	425.00
779-52-080	425.00	1	0.00	425.00
779-52-081	425.00	1	0.00	425.00
779-52-082	425.00	1	0.00	425.00
779-52-083	425.00	1	0.00	425.00
779-52-084	425.00	1	0.00	425.00
779-52-085	425.00	1	0.00	425.00
779-52-086	425.00	1	0.00	425.00
119 Accounts		119	\$0.00	\$50,575.00

Slight variances may occur due to rounding

City of Morgan Hill
Rosehaven
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
817-10-005	\$400.00	1	\$0.00	\$400.00
817-10-006	400.00	1	0.00	400.00
817-10-007	400.00	1	0.00	400.00
817-10-008	400.00	1	0.00	400.00
817-10-010	400.00	1	0.00	400.00
817-10-011	400.00	2	0.00	800.00
817-10-012	400.00	1	0.00	400.00
817-10-013	400.00	1	0.00	400.00
817-10-014	400.00	1	0.00	400.00
817-10-015	400.00	1	0.00	400.00
817-10-016	400.00	1	0.00	400.00
817-10-017	400.00	1	0.00	400.00
817-10-018	400.00	1	0.00	400.00
817-10-019	400.00	1	0.00	400.00
817-10-020	400.00	1	0.00	400.00
817-10-021	400.00	2	0.00	800.00
817-10-022	400.00	1	0.00	400.00
817-10-023	400.00	1	0.00	400.00
817-10-024	400.00	1	0.00	400.00
817-10-025	400.00	1	0.00	400.00
817-10-026	400.00	2	0.00	800.00
817-10-027	400.00	1	0.00	400.00
817-10-028	400.00	1	0.00	400.00
817-10-029	400.00	1	0.00	400.00
24 Accounts		27	\$0.00	\$10,800.00

Slight variances may occur due to rounding

City of Morgan Hill
Sandalwood
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
728-11-027	\$450.00	1	\$0.00	\$450.00
728-11-028	450.00	1	0.00	450.00
728-11-029	450.00	1	0.00	450.00
728-11-030	450.00	1	0.00	450.00
728-11-031	450.00	1	0.00	450.00
728-11-032	450.00	1	0.00	450.00
728-11-033	450.00	1	0.00	450.00
728-11-034	450.00	1	0.00	450.00
728-11-035	450.00	1	0.00	450.00
728-11-036	450.00	1	0.00	450.00
728-11-037	450.00	1	0.00	450.00
11 Accounts		11	\$0.00	\$4,950.00

City of Morgan Hill
Sparhawk
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
764-31-025	\$500.00	1	\$0.00	\$500.00
764-31-026	500.00	1	0.00	500.00
764-31-027	500.00	1	0.00	500.00
764-31-028	500.00	1	0.00	500.00
764-31-029	500.00	1	0.00	500.00
764-31-030	500.00	1	0.00	500.00
764-31-031	500.00	1	0.00	500.00
764-31-032	500.00	1	0.00	500.00
764-31-033	500.00	1	0.00	500.00
764-31-034	500.00	1	0.00	500.00
764-31-035	500.00	1	0.00	500.00
764-31-036	500.00	1	0.00	500.00
764-31-037	500.00	1	0.00	500.00
764-31-038	500.00	1	0.00	500.00
764-31-039	500.00	1	0.00	500.00
764-31-040	500.00	1	0.00	500.00
764-31-041	500.00	1	0.00	500.00
764-31-042	500.00	1	0.00	500.00
18 Accounts		18	\$0.00	\$9,000.00

Slight variances may occur due to rounding

City of Morgan Hill
Stone Creek
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
726-06-016	\$525.00	1	\$0.00	\$525.00
726-06-017	525.00	1	0.00	525.00
726-06-018	525.00	1	0.00	525.00
726-06-019	525.00	1	0.00	525.00
726-06-020	525.00	1	0.00	525.00
726-06-021	525.00	1	0.00	525.00
726-06-022	525.00	1	0.00	525.00
726-06-023	525.00	1	0.00	525.00
726-06-024	525.00	1	0.00	525.00
726-06-025	525.00	1	0.00	525.00
726-06-026	525.00	1	0.00	525.00
726-06-027	525.00	1	0.00	525.00
726-06-028	525.00	1	0.00	525.00
726-06-029	525.00	1	0.00	525.00
726-06-030	525.00	1	0.00	525.00
726-06-034	525.00	1	0.00	525.00
726-06-035	525.00	1	0.00	525.00
726-06-036	525.00	1	0.00	525.00
726-06-037	525.00	1	0.00	525.00
726-06-038	525.00	1	0.00	525.00
726-06-044	525.00	1	0.00	525.00
726-06-045	525.00	1	0.00	525.00
726-06-046	525.00	1	0.00	525.00
726-06-047	525.00	1	0.00	525.00
726-06-048	525.00	1	0.00	525.00
726-06-049	525.00	1	0.00	525.00
726-06-050	525.00	1	0.00	525.00
726-06-051	525.00	1	0.00	525.00
726-06-052	525.00	1	0.00	525.00
726-06-053	525.00	1	0.00	525.00
726-06-054	525.00	1	0.00	525.00
726-06-055	525.00	1	0.00	525.00
726-06-056	525.00	1	0.00	525.00
726-06-057	525.00	1	0.00	525.00
726-06-058	525.00	1	0.00	525.00
35 Accounts		35	\$0.00	\$18,375.00

Slight variances may occur due to rounding

City of Morgan Hill
Sunnyside/Stonegate
Primary Assessment Roll for Fiscal Year 2026/27

APN	Rate Per Unit	Units	Rounding Adjustment	2026/27 Assessment
773-31-034	\$375.00	1	\$0.00	\$375.00
773-31-035	375.00	1	0.00	375.00
773-31-036	375.00	1	0.00	375.00
773-31-037	375.00	1	0.00	375.00
773-31-038	375.00	1	0.00	375.00
773-31-039	375.00	1	0.00	375.00
773-31-040	375.00	1	0.00	375.00
773-31-043	375.00	1	0.00	375.00
773-31-044	375.00	1	0.00	375.00
773-31-045	375.00	1	0.00	375.00
10 Accounts		10	\$0.00	\$3,750.00
745 Total Accounts		748	(\$1.39)	\$227,713.32

Slight variances may occur due to rounding

7. HISTORICAL ACTUAL ASSESSMENT RATES

The historical actual assessment rates levied per Zone are identified on the following pages.

**City of Morgan Hill
Landscape Assessment District No. 1**

Actual Historical Assessment Rates Per Zone

Zone	Belle Estates	Chang/Bertelone	Conte Gardens	Diana Estates	Fox Hollow/Murphy Sp.	Hamilton Square	Jackson Meadows #6	Jackson Meadows #7	La Grande Estates	Lacrosse/Gera
Annexation Number	93-03	93-05	92-10	94-01	Original	94-03	93-06	91-03	95-03	91-04
Original Rate	\$502.22	\$1,215.00	\$477.82	\$139.39	\$106.15	\$425.54	\$108.10	\$314.58	\$88.00	\$142.99
Unit Count	36	8	11	64	75	38	70	10	32	24
1991/92	-	-	-	\$139.39	-	-	-	\$314.58	-	\$142.99
1992/93	-	-	-	-	-	-	-	-	-	-
1993/94	-	-	-	69.80	-	-	-	77.35	-	8.93
1994/95	-	-	-	69.80	\$106.15	-	-	77.35	-	8.93
1995/96	\$502.00	\$1,215.00	\$285.98	54.14	79.92	\$425.54	\$108.10	88.66	-	8.93
1996/97	71.00	8.93	477.82	21.94	49.11	214.08	76.04	194.70	-	8.93
1997/98	71.00	8.93	477.82	21.94	49.11	214.08	76.04	194.70	-	8.93
1998/99	71.00	8.93	477.82	21.94	49.11	214.08	76.04	194.70	-	8.93
1999/00	147.81	8.93	477.82	81.03	49.11	399.71	108.10	314.50	\$88.00	8.93
2000/01	147.81	8.93	477.82	81.03	49.11	399.71	108.10	314.50	88.00	8.93
2001/02	147.80	8.92	477.82	54.80	49.10	399.70	86.38	314.50	88.00	8.92
2002/03	147.80	8.92	477.82	70.00	101.10	399.70	104.18	314.50	88.00	8.92
2003/04	175.00	8.92	477.82	80.00	101.10	399.70	104.18	314.50	88.00	8.92
2004/05	180.00	8.92	477.82	80.00	101.10	399.70	108.10	314.50	88.00	8.92
2005/06	180.00	94.92	477.82	105.00	141.10	399.70	108.10	314.50	88.00	8.92
2006/07	180.00	94.92	477.82	105.00	141.10	399.70	108.10	314.50	88.00	8.92
2007/08	194.00	94.92	477.82	135.00	141.10	399.70	108.10	314.50	88.00	8.92
2008/09	234.00	94.92	477.82	139.39	149.69	425.54	108.10	314.50	88.00	130.00
2009/10	234.00	200.00	477.82	139.39	149.69	425.54	108.10	314.50	88.00	130.00
2010/11	234.00	300.00	477.82	139.39	149.69	425.54	108.10	314.50	88.00	130.00
2011/12	282.00	400.00	477.82	139.39	168.48	425.54	108.10	314.50	88.00	50.00
2012/13	282.00	400.00	477.82	139.39	173.53	425.54	98.10	140.00	88.00	50.00
2013/14	320.00	500.00	477.82	139.39	173.53	425.54	98.10	140.00	88.00	50.00
2014/15	320.00	500.00	477.82	139.39	173.53	425.54	98.10	140.00	88.00	50.00
2015/16	320.00	550.00	400.00	139.39	173.53	425.54	108.00	140.00	88.00	50.00
2016/17	320.00	550.00	400.00	139.39	173.53	425.54	108.00	100.00	88.00	50.00
2017/18	320.00	550.00	400.00	139.39	173.53	325.00	108.00	100.00	88.00	50.00
2018/19	320.00	550.00	365.00	139.39	173.53	325.00	108.00	100.00	88.00	50.00
2019/20	320.00	550.00	365.00	139.39	173.53	325.00	108.00	100.00	88.00	50.00
2020/21	320.00	550.00	365.00	139.39	173.53	325.00	108.00	100.00	88.00	50.00
2021/22	320.00	550.00	365.00	139.39	173.53	325.00	108.00	100.00	88.00	50.00
2022/23	310.00	550.00	365.00	139.39	173.53	325.00	108.00	100.00	88.00	50.00
2023/24	310.00	550.00	365.00	139.39	173.53	425.00	108.00	100.00	88.00	50.00
2024/25	310.00	550.00	365.00	139.39	173.53	425.00	108.00	100.00	88.00	50.00
2025/26	310.00	550.00	365.00	139.39	173.53	425.00	108.00	100.00	88.00	50.00
2026/27	450.00	550.00	365.00	139.39	173.53	425.00	108.00	275.00	88.00	125.00

City of Morgan Hill
Landscape Assessment District No. 1
Actual Historical Assessment Rates Per Zone

Zone	Llagas Creek Estates	Llagas/Obata	Mill Creek	Oak Creek	Parsons Corner	Rose Haven	Sandalwood	Sparhawk	Stone Creek	Sunnyside/Stone Gate
Annexation Number	91-05	91-07	93-01	94-04	95-02	95-01	96-01	91-06	94-02	91-01
Original Rate	\$140.84	\$629.16	\$186.82	\$453.82	\$568.32	\$488.47	\$192.39	\$174.77	\$306.66	\$449.40
Unit Count	71	5	84	119	10	27	11	18	35	10
1991/92	\$140.85	\$629.16	-	-	-	-	-	\$174.77	-	\$449.40
1992/93	-	-	-	-	-	-	-	-	-	-
1993/94	19.13	335.37	-	-	-	-	-	93.03	-	15.05
1994/95	19.13	15.05	-	-	-	-	-	308.84	-	15.04
1995/96	76.60	15.05	\$186.82	\$453.82	-	-	-	226.46	\$306.66	15.04
1996/97	59.54	8.93	64.57	47.67	\$568.32	\$488.47	-	147.33	146.66	8.93
1997/98	59.54	8.93	64.57	47.67	457.40	189.73	-	147.33	146.66	8.93
1998/99	59.54	8.93	64.57	337.09	457.40	189.73	-	147.33	146.66	8.93
1999/00	140.85	8.93	95.83	320.52	457.40	189.73	\$192.36	147.33	275.00	8.93
2000/01	140.85	8.93	158.64	245.16	457.40	189.73	192.36	147.33	275.00	8.93
2001/02	105.86	8.92	158.64	150.00	457.40	189.72	192.36	147.32	275.00	8.92
2002/03	140.00	8.92	182.64	250.00	300.00	300.00	192.36	147.32	275.00	275.00
2003/04	140.00	8.92	120.00	300.00	300.00	300.00	192.36	147.32	275.00	192.50
2004/05	140.00	8.92	120.00	300.00	300.00	300.00	192.36	147.32	306.66	192.50
2005/06	190.00	53.92	138.00	300.00	430.00	300.00	192.36	202.32	306.66	332.50
2006/07	190.00	53.92	138.00	300.00	430.00	300.00	192.36	202.32	306.66	332.50
2007/08	190.00	53.92	168.00	300.00	460.00	330.00	192.36	208.38	306.66	332.50
2008/09	195.70	53.92	186.82	300.00	460.00	370.00	192.36	214.64	306.66	332.50
2009/10	195.70	53.92	186.82	300.00	460.00	370.00	192.36	214.64	306.66	332.50
2010/11	195.70	53.92	186.82	300.00	460.00	370.00	192.36	214.64	306.66	332.50
2011/12	195.70	53.92	186.82	350.00	250.00	450.00	192.36	241.58	306.66	332.50
2012/13	195.70	53.92	186.82	350.00	250.00	450.00	192.36	248.82	388.46	332.50
2013/14	233.67	53.92	186.82	350.00	250.00	450.00	192.36	248.82	388.46	412.50
2014/15	233.67	53.92	186.82	350.00	250.00	450.00	192.36	248.82	388.46	412.50
2015/16	233.67	143.92	186.82	350.00	250.00	450.00	192.36	248.82	388.46	375.00
2016/17	233.67	143.92	186.82	350.00	250.00	488.00	192.36	248.82	388.46	375.00
2017/18	233.67	143.92	186.82	350.00	250.00	488.00	192.36	248.82	388.46	375.00
2018/19	233.67	400.00	186.82	350.00	250.00	400.00	450.00	248.82	388.46	375.00
2019/20	233.67	400.00	186.82	350.00	0.00	400.00	450.00	248.82	388.46	375.00
2020/21	233.67	400.00	285.00	350.00	0.00	400.00	450.00	248.82	388.46	375.00
2021/22	233.67	400.00	285.00	350.00	0.00	400.00	450.00	248.82	388.46	375.00
2022/23	233.67	400.00	285.00	425.00	0.00	400.00	450.00	334.00	388.46	375.00
2023/24	233.67	450.00	285.00	425.00	0.00	400.00	450.00	334.00	388.46	375.00
2024/25	233.67	450.00	285.00	425.00	0.00	400.00	450.00	500.00	388.46	375.00
2025/26	343.00	450.00	285.00	425.00	0.00	400.00	450.00	500.00	388.46	375.00
2026/27	343.00	629.00	285.00	425.00	0.00	400.00	450.00	500.00	525.00	375.00

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL, INITIATING PROCEEDINGS FOR THE LEVY AND COLLECTION OF ASSESSMENTS FOR THE CITY OF MORGAN HILL LANDSCAPE ASSESSMENT DISTRICT NO. 1 FOR FISCAL YEAR 2026/27

WHEREAS, the City Council of the Morgan Hill (hereafter referred to as the “City Council”) previously completed its proceedings in accordance with and pursuant to the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500) (the “Act”) to establish the City of Morgan Hill (the “City”) Fox Hollow/Murphy Springs Landscape Assessment District and has by previous resolution changed the name to the City of Morgan Hill Landscape Assessment District No. 1 (the “Assessment District”); and,

WHEREAS, the City has retained NBS for the purpose of assisting with the annual levy of the Assessment District, and to prepare and file an Annual Report.

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE COUNCIL, AS FOLLOWS:

- 1. Annual Report:** The City Council hereby orders NBS to prepare and file with the City Clerk the Annual Report concerning the levy and collection of assessments within the Assessment District for the fiscal year commencing July 1, 2026 and ending June 30, 2027.
- 2. New Improvements or Changes to Existing Improvements:** There are no changes to existing improvements, nor are there any items being added to the list of improvements previously approved at the formation of the Assessment District.

PASSED, APPROVED AND ADOPTED by the City Council of Morgan Hill at a regular meeting held on the 6th day of May 2026.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: 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. ____, adopted by the City Council at the meeting held on May 6th 2026.

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

DATE: _____

Michelle Bigelow, City Clerk

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL, APPROVING THE ANNUAL REPORT FOR THE CITY OF MORGAN HILL LANDSCAPE ASSESSMENT DISTRICT NO. 1 FOR FISCAL YEAR 2026/27

WHEREAS, the City Council of the City of Morgan Hill (hereafter referred to as the “City Council”) previously completed its proceedings in accordance with and pursuant to the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500) (the “Act”) to establish the City of Morgan Hill’s (the “City”) Fox Hollow/Murphy Springs Landscape Assessment District and has by previous resolution changed the name to the City of Morgan Hill Landscape Assessment District No. 1 (the “Assessment District”); and,

WHEREAS, the City has retained NBS for the purpose of assisting with the annual levy of the Assessment District, and to prepare and file an Annual Report; and

WHEREAS, the City Council has, by previous resolution, ordered NBS to prepare and file such Annual Report; and

WHEREAS, NBS has prepared and filed such Annual Report with the City Clerk.

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE COUNCIL, AS FOLLOWS:

- 1. Approval of Report:** The City Council approves the Annual Report concerning the levy of assessments for the fiscal year commencing July 1, 2026 and ending June 30, 2027.

PASSED, APPROVED AND ADOPTED by the City Council of Morgan Hill at a regular meeting held on the 6th day of May 2026.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: 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. _____, adopted by the City Council at the meeting held on May 6th, 2026.

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

DATE: _____

Michelle Bigelow, City Clerk

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL, DECLARING ITS INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR THE CITY OF MORGAN HILL LANDSCAPE ASSESSMENT DISTRICT NO. 1 FOR FISCAL YEAR 2026/27

WHEREAS, the City Council of the City of Morgan Hill (hereafter referred to as the “City Council”) previously completed its proceedings in accordance with and pursuant to the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500) (the “Act”) to establish the City of Morgan Hill (the “City”) Fox Hollow/Murphy Springs Landscape Assessment District and has by previous resolution changed the name to the City of Morgan Hill Landscape Assessment District No. 1 (the “Assessment District”); and

WHEREAS, the City has retained NBS for the purpose of assisting with the annual levy of the Assessment District, and to prepare and file an Annual Report.

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE COUNCIL, AS FOLLOWS:

- 1. Intention:** The City Council hereby declares its intention to levy and collect assessments within the Assessment District to pay the costs of the Improvements for the fiscal year commencing July 1, 2026 and ending June 30, 2027. The City Council finds that the public’s best interest requires such action.
- 2. Improvements:** The Improvements include, but are not limited to: ground cover, shrubs, plants and trees, irrigation and drainage systems, graffiti removal, entry monuments, and associated appurtenant facilities. Services provided include all necessary service, operations, administration and maintenance required to keep the above mentioned improvements in a healthy, vigorous and satisfactory condition.
- 3. The City of Morgan Hill Landscape Assessment District No. 1 Boundaries:** The boundaries of the Assessment District are as shown by the assessment diagram filed in the office of the City Clerk, which assessment diagram is made a part hereof by reference.
- 4. Annual Report:** Reference is made to the Annual Report prepared by NBS, on file with the City Clerk, for a full and detailed description of the improvements, the boundaries of the Assessment District and the zones therein, and the proposed assessments upon assessable lots and parcels of land within the Assessment District.
- 5. Notice of Public Hearing:** The City Council hereby declares its intention to conduct a Public Hearing concerning the levy of assessments in accordance with Section 22629 of the Act. All objections to the assessment, if any, will be considered by the City Council.

The Public Hearing will be held on **Wednesday June 3, 2026 at 6:00 PM** or as soon thereafter as is feasible in the Council Chambers located at 17575 Peak Avenue, Morgan Hill, CA 95037. The City Council further orders the City Clerk to publish notice of this resolution in accordance with Section 22626 of the Act.

- 6. Increase of Assessment:** The maximum assessment is not proposed to increase from the previous year maximum assessment above what was previously approved by the property owners (as “increased assessment” is defined in Section 54954.6 of the Government Code).

PASSED, APPROVED AND ADOPTED by the City Council of Morgan Hill at a regular meeting held on the 6th day of May 2026.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: 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. ____, adopted by the City Council at the meeting held on May 6th, 2026.

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

DATE: _____

Michelle Bigelow, City Clerk

CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

Mario Pichardo, Environmental Services Administrator

APPROVED BY: City Manager

APPROVE SOLID WASTE MANAGEMENT RATE ADJUSTMENT FOR 2026

RECOMMENDATION(S)

Adopt a resolution approving an adjustment to the maximum allowable solid waste collection rates effective July 1, 2026.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Protecting the Environment

Strategic Priorities 2026-2027

Fiscal Sustainability

REPORT NARRATIVE:

The purpose of this report is to present Recology South Valley's (Recology) request for an annual adjustment to the maximum allowable solid waste service rates within the City of Morgan Hill for City Council consideration. Under the City's franchise agreement with Recology, annual rate adjustments are calculated using a formula that reflects changes in specific cost components. These components include the Consumer Price Index (CPI), compressed natural gas fuel costs, solid waste disposal costs, recycling processing costs, and exceptional costs incurred or anticipated for City-requested programs and regulatory compliance activities. Based on these factors, Recology has requested a 2.82% adjustment to solid waste collection rates effective July 1, 2026. Recology submitted its request in accordance with the franchise agreement timeline, and staff has reviewed the application and supporting documentation. Staff determined that the proposed adjustment was calculated in accordance with the methodology established in the franchise agreement.

For residential customers, applying the 2.82% adjustment to the current basic residential service rate of \$44.78 results in an increase of \$1.26 per month, for a new monthly rate of \$46.04. The hillside residential rate will increase from \$48.71 to \$50.08 per month. For commercial customers, a business utilizing a 3-yard dumpster serviced once per week will see the monthly rate increase from \$492.57 to \$506.46. Customers who qualify for reduced PG&E utility rates remain eligible to receive discounted solid waste service rates by providing documentation of their PG&E discount status to

Recology.

Staff recommends that the City Council adopt the resolution approving the adjustment to maximum allowable rates effective July 1, 2026.

SERVICE RATE CALCULATION COMPONENTS

Consumer Price Index (CPI)

The Consumer Price Index component adjusts the portion of rates associated with labor, equipment, maintenance, facilities, utilities, insurance, administrative costs, and other operational expenses. This component reflects changes in regional inflation affecting Recology's operating costs.

Fuel

The fuel component reflects changes in the cost of compressed natural gas used to operate Recology's collection vehicles. This adjustment accounts for fluctuations in fuel pricing and their impact on operating expenses.

Solid Waste Disposal

The disposal component adjusts rates based on changes in the cost of disposing of solid waste at the designated landfill facility. These costs are determined by disposal facility rate adjustments.

Recyclables Processing

This component adjusts rates based on changes in the cost of processing recyclable materials at recycling processing facilities. Market conditions and operational costs influence this component.

Exceptional Costs

Exceptional costs allow Recology to recover expenses associated with City-requested services and regulatory compliance activities. These costs may include:

- Performance audits
- Compost procurement requirements
- Homeless encampment cleanup services
- City-requested disposal vouchers
- Implementation funding for regulatory compliance programs

Exceptional costs for FY 2026-27 total \$715,894, which includes \$560,355 in implementation funding, \$52,752 for compost procurement, and \$102,787 in City franchise fees. These costs represent an increase of \$18,456 from the prior year, resulting in a 0.12% impact on the overall rate adjustment. Implementation funding for FY 2026-27 in the amount of \$560,355 will support City compliance with State and federal regulatory requirements related to solid waste and stormwater programs.

COMMUNITY ENGAGEMENT:

Inform

The community will be notified of the approved rate adjustment through notices included in Recology billing statements prior to implementation.

ALTERNATIVE ACTIONS:

Not applicable as the City is contractually obligated to approve this amendment to the maximum rates for the normal annual adjustment.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council has reviewed and approved annual solid waste rate adjustments for many years. In 2022, the City Council approved the current franchise agreement, which established the methodology used for calculating annual rate adjustments. The Council subsequently approved rate adjustments in 2023, 2024, and 2025 using the same methodology.

FISCAL AND RESOURCE IMPACT:

Approval of the proposed rate adjustment is anticipated to increase franchise fee revenue by approximately \$95,000 annually from FY2025-26 to FY2026-27. Actual revenues may vary depending on customer activity and service levels. Franchise fees are deposited into the General Fund (010). Staff review and processing of this rate application are included within the Public Services Department's existing work program.

CEQA (California Environmental Quality Act):

Not a Project

This action does not result in a direct or indirect physical change to the environment and therefore does not constitute a project under CEQA.



February 25, 2026

Mr. Mario Pichardo
Environmental Services Administrator
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

Re: July 2026 Rate Adjustment

Dear Mr. Pichardo:

As outlined in Exhibit A.2 section 1 thru 6 of the December 1, 2022 franchise agreement, we submit our request for a 2.82% adjustment to the collection rates effective July 1, 2026. Attached are the following exhibits:

Exhibit 1 - CPI Calculation

CPI calculation using the formulas described in Exhibit A.2 of the franchise agreement for the different components and sub-components.

Exhibit 2A – CPI Component

Data from the U.S. Department of Labor - Bureau of Labor Statistics displaying the required values of the CPI calculation. Due to the Federal Government shutdown in October 2025, Bureau of Labor Statistics data for October 2025 is not available. As a result, Recology used the average of the August 2025 index and the December 2025 index to create an October 2025 index for this calculation.

Exhibit 2B – Fuel Component

PG&E rate schedule G-NGV1 showing the October average monthly cost per unit.

Exhibit 2C – Disposal Component

Copies of the Pricing Update letters from the disposal site indicating the most recent disposal billing rates for calendar years 2024 and 2025 used to calculate the increase per ton.



Exhibit 2D – Recyclables Processing Component

Table showing monthly processing cost/(revenue) per ton

Exhibit 2E – Exceptional Costs Component

Copy of the Implementation Funding request for FY 2026/2027 as well as the actual calendar year 2025 compost procurement sales amounts included in the July 2026 rate adjustment calculation.

Exhibit 3 – Rate Schedule

This table applies the combined CPI factor to the current rates and calculates the adjusted rates for July 1, 2026.

Should you have any questions or need additional information, please call me at (408) 464-3745.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Kelly', written over a horizontal line.

Mike Kelly
General Manager

**RECOLOGY SOUTH VALLEY
CITY OF MORGAN HILL
RATE ADJUSTMENT
EFFECTIVE JULY 1, 2026**

Rate change calculation formula	$\frac{X(1) - X(2)}{X(2)}$	
1) <u>CPI Index Component</u>		
X (1) = October, 2025		358.280
X (2) = October, 2024		349.370
CPI =		$\frac{358.28 - 349.37}{349.370}$
CPI =		2.55%
Percentage Applicable		83.5%
83.5% of CPI =		2.13%
2) <u>Fuel (PG&E Schedule G-NGV1)</u>		
X (1) = 12-mo Average ended Oct-25		1.272
X (2) = 12-mo Average ended Oct-24		1.261
Fuel =		$\frac{1.272 - 1.261}{1.261}$
Fuel =		0.87%
Percentage Applicable		3.5%
3.5% of Fuel =		0.03%
3) <u>Disposal Component</u>		
X (1) = MSW Disposal Rate Oct-25		28.49
X (2) = MSW Disposal Rate Oct-24		28.06
Disposal Change =		$\frac{28.49 - 28.06}{28.06}$
Disposal Change =		1.53%
Percentage Applicable		10.5%
10.5% of Disposal =		0.16%
4) <u>Recyclables Processing Component</u>		
X (1) = Recyclables unit cost per ton 12-mo ended Oct-25		23.59
X (2) = Recyclables unit cost per ton 12-mo ended Oct-24		20.45
Recyclables unit cost per ton Change =		$\frac{23.59 - 20.45}{20.45}$
Recyclables unit cost per ton Change =		15.35%
Percentage Applicable		2.5%
2.5% of Recyclables Processing =		0.38%
5) <u>Exceptional Costs</u>		
Annualized Billed Revenue		15,539,049
Remove Prior Year Exceptional Costs		(697,438)
Performance Audit		0
City requested homeless encampment and other clean-up events		0
City requested dispoals/compost vouchers		52,752
Annual Mandatory Implementation Funds		560,355
Add 15.5% City Fees		102,787
Current Year Exceptional Costs		715,894
TOTAL EXCEPTIONAL COSTS		18,456
Exceptional Costs Adjustment =		0.12%
Total rate adjustment (1+2+3+4+5)		2.82%

CPI for All Urban Consumers (CPI-U)
Original Data Value

Series Id: CUURS49BSA0

Not Seasonally Adjusted

Series All items in San Francisco-Oakland-Hayward, CA,

Title: all urban consumers, not seasonally adjusted

Area: San Francisco-Oakland-Hayward, CA

Item: All items

Base 1982-84=100

Period:

Years: 2015 to 2025

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2015		254.910		257.622		259.117		259.917		261.019		260.289	258.572	256.723	260.421
2016		262.600		264.565		266.041		267.853		270.306		269.483	266.344	263.911	268.777
2017		271.626		274.589		275.304		275.893		277.570		277.414	274.924	273.306	276.542
2018		281.308		283.422		286.062		287.664		289.673		289.896	285.550	282.666	288.435
2019		291.227		294.801		295.259		295.490		298.443		297.007	295.004	293.150	296.859
2020		299.690		298.074		300.032		300.182		301.736		302.948	300.084	299.109	301.059
2021		304.387		309.419		309.497		311.167		313.265		315.805	309.721	306.724	312.718
2022		320.195		324.878		330.539		328.871		332.062		331.222	327.060	323.408	330.711
2023		337.173		338.496		340.056		340.094		341.219		339.915	339.050	337.689	340.411
2024		345.151		351.247		351.064		349.290		349.370		348.001	348.417	347.857	348.977
2025		354.432		355.707		356.460		357.992		358.280		358.568	356.005	354.522	357.786
										Year over Year % Change					2.55%

Pacific Gas and Electric Company
Schedule G-NGV1
Natural Gas Service for Compression^{1/}
on Customers' Premises
November 1, 2023, to October 31, 2025
 (\$/therm^{2/})

Effective Date	Advice Number	Customer Charge	Procurement Charge	Transportation Charge	Total G-NGV1 Charge ^{4/}	Cap-and-Trade Cost Exemption Credit ^{5/}	PPP Surcharge ^{4/}
11/01/23	4821-G	\$0.44121	\$0.64714	\$0.63972	\$1.28686	\$0.11886	\$0.04866
12/01/23	4828-G	\$0.44121	\$0.84001	\$0.63972	\$1.47973	\$0.11886	\$0.04866
01/01/24	4847-G	\$0.44121	\$0.67924	\$0.86390	\$1.54314	\$0.17989	\$0.05218
02/01/24	4858-G	\$0.44121	\$0.59844	\$0.88048	\$1.47892	\$0.17989	\$0.05218
03/01/24	4872-G	\$0.44121	\$0.37285	\$0.88048	\$1.25333	\$0.17989	\$0.05218
04/01/24	4882-G	\$0.44121	\$0.04226	\$0.90403	\$0.94629	\$0.17989	\$0.05218
05/01/24	4900-G	\$0.44121	\$0.06196	\$0.90403	\$0.96599	\$0.17989	\$0.05218
06/01/24	4919-G	\$0.44121	\$0.14791	\$0.90403	\$1.05194	\$0.17989	\$0.05218
07/01/24	4926-G	\$0.44121	\$0.33826	\$0.90403	\$1.24229	\$0.17989	\$0.05218
08/01/24	4947-G	\$0.44121	\$0.47120	\$0.90403	\$1.37523	\$0.17989	\$0.05218
09/01/24	4962-G	\$0.44121	\$0.35980	\$0.94226	\$1.30206	\$0.19678	\$0.05218
10/01/24	4975-G	\$0.44121	\$0.26991	\$0.94226	\$1.21217	\$0.19678	\$0.05218
11/01/24	4988-G	\$0.44121	\$0.36645	\$0.94226	\$1.30871	\$0.19678	\$0.05218
12/01/24	5003-G	\$0.44121	\$0.44075	\$0.94226	\$1.38301	\$0.19678	\$0.05218
01/01/25	5012-G	\$0.44121	\$0.42303	\$0.97682	\$1.39985	\$0.14753	\$0.06181
02/01/25	5026-G	\$0.44121	\$0.37644	\$0.97682	\$1.35326	\$0.14753	\$0.06181
03/01/25	5037-G	\$0.44121	\$0.25381	\$0.97682	\$1.23063	\$0.14753	\$0.06181
04/01/25	5046-G	\$0.44121	\$0.15778	\$0.97682	\$1.13460	\$0.14753	\$0.06181
05/01/25	5061-G	\$0.44121	\$0.20044	\$0.97682	\$1.17726	\$0.14753	\$0.06181
06/01/25	5071-G	\$0.44121	\$0.25764	\$0.97682	\$1.23446	\$0.14753	\$0.06181
07/01/25	5080-G	\$0.44121	\$0.25539	\$0.97682	\$1.23221	\$0.14753	\$0.06181
08/01/25	5089-G	\$0.44121	\$0.24768	\$0.97695	\$1.22463	\$0.14753	\$0.06181
09/01/25	2102-G	\$0.44121	\$0.30197	\$0.97414	\$1.27611	\$0.14753	\$0.06181
10/01/25	5115-G	\$0.44121	\$0.33209	\$0.97414	\$1.30623	\$0.14753	\$0.06181

Nov-23 to Oct-24 Average	\$1.26100
Nov-24 to Oct-25 Average	\$1.27200
Year over Year % Change	0.87%

^{1/} Rate Schedule G-NGV1 was converted to Standard Status, rather than Experimental, effective August 30, 2008, due to Advice Letter 2945-G.
^{2/} Unless otherwise noted.
^{3/} The procurement rate includes a charge of \$0.06258 per therm to reflect account balance amortizations in accordance with Advice Letter 3157-G. Schedule G-PPPS (Public Purpose Program surcharge) needs to be added to the Total G-NGV1 Charge for bill calculation.
^{4/} See Schedule G-PPPS for details and exempt customers.
^{5/} The Cap-and-Trade Cost Exemption Credit is applicable to Covered Entities (i.e., customers that currently have a direct obligation to pay for allowances directly to the Air Resources Board for their Greenhouse Gas (GHG) emissions) who will see a line item credit on their bill equal to \$0.102 per therm times their monthly billed volumes. See tariff for further explanation.

Disposal Component



JOHN SMITH ROAD LANDFILL
P.O. Box 1480
Hollister, CA 95024
T: 831-637-4515
F: 831-245-0017

December 14, 2024

Mike Kelly
Morgan Hill/ Gilroy
1351 Pacheco Pass Highway
Gilroy, CA. 95020-0530

Subject: **Pricing Update for Disposal of Solid Waste at John Smith Road Landfill**

Dear Mike,

The purpose of this letter is to inform you of your annual rate increases to the disposal rate charged by John Smith Road Landfill for receipt of municipal solid waste (MSW). The rate increases will take effect January 1, 2025.

Currently your tonnage rate is \$28.06/ton. Per our Solid Waste Disposal Agreement your increase reflects the CPI on the proprietary tonnage rate, increase by 1.91%. Your new rate including taxes will be **\$28.49/ton.**

If you have any questions concerning the above matter, please feel free to contact me at (813) 537-1567.

Sincerely,

Andrew Obertello

Andrew Obertello
Site Manager
John Smith Road Landfill
831-537-1567

Per JS Letter

		\$ 28.49
--	--	-----------------

Disposal Component

John Smith Road Landfill
P.O. Box 1480
Hollister, CA. 95023
(831) 637-4515

December 15, 2023

Mike Kelly
Morgan Hill / Gilroy
1351 Pacheco Pass Highway
Gilroy, CA. 95020-0530

Subject: Pricing Update for Disposal of Solid Waste at John Smith Road Landfill

Dear Mike,

The purpose of this letter is to inform you of your annual rate increases to the disposal rate charged by John Smith Road Landfill for receipt of municipal solid waste (MSW). The rate increases will take effect January 1, 2024.

Currently your tonnage rate is \$27.38/ton. Per our Solid Waste Disposal Agreement your increase reflects the CPI on the proprietary tonnage rate of 2.21%. Your new rate including taxes and .20/censton for the increase in the depletion fee from the county will be \$28.06/ton.

If you have any questions concerning the above matter, please feel free to contact me at (831) 537-1567.

Sincerely,

Andy Obertello
Site Manager
John Smith Road Landfill
831-537-1567

Per JS Letter

		\$ 28.06
--	--	----------

Recyclables Processing Component

Month	Tons	Cost/(Revenue)	\$/Ton
Nov-23	1,283.03	\$ 31,722.65	\$ 24.72
Dec-23	1,372.17	\$ 42,779.40	\$ 31.18
Jan-24	1,575.62	\$ 45,167.38	\$ 28.67
Feb-24	1,192.30	\$ 43,407.28	\$ 36.41
Mar-24	1,368.19	\$ 24,347.41	\$ 17.80
Apr-24	1,338.81	\$ 21,054.18	\$ 15.73
May-24	1,402.26	\$ 19,954.72	\$ 14.23
Jun-24	1,277.42	\$ 22,510.05	\$ 17.62
Jul-24	1,345.29	\$ 12,516.23	\$ 9.30
Aug-24	1,321.59	\$ 19,593.68	\$ 14.83
Sep-24	1,225.93	\$ 15,811.46	\$ 12.90
Oct-24	1,331.77	\$ 29,085.44	\$ 21.84
	16,034.38	\$ 327,949.88	\$ 20.45

Month	Tons	Cost/(Revenue)	\$/Ton
Nov-24	1,292.96	\$ 36,207.99	\$ 28.00
Dec-24	1,565.80	\$ 41,911.20	\$ 26.77
Jan-25	1,479.24	\$ 33,130.18	\$ 22.40
Feb-25	1,273.19	\$ 37,843.69	\$ 29.72
Mar-25	1,239.86	\$ 34,426.79	\$ 27.77
Apr-25	1,294.23	\$ 28,266.32	\$ 21.84
May-25	1,337.24	\$ 27,413.50	\$ 20.50
Jun-25	1,286.95	\$ 27,502.97	\$ 21.37
Jul-25	1,907.46	\$ 39,984.31	\$ 20.96
Aug-25	1,295.77	\$ 27,453.78	\$ 21.19
Sep-25	1,325.19	\$ 29,373.88	\$ 22.17
Oct-25	1,350.28	\$ 29,208.18	\$ 21.63
	16,648.17	\$ 392,722.79	\$ 23.59

YOY% **15.35%**

Exceptional Costs

Implementation Funding: \$560,355



CITY OF MORGAN HILL
 17575 PEAK AVENUE
 MORGAN HILL, CA 95037
 PHONE 408-779-7271
 FAX 408-779-3117

WWW.MORGANHILL.CA.GOV

Recology South Valley
 Attn: General Manager
 1351 Pacheco Pass Highway
 Gilroy, CA 95020

January 29, 2026

Dear Recology South Valley,

Per Section 6(K) of the Franchise Agreement between the City of Morgan Hill and Recology South Valley (Franchise Agreement), Morgan Hill has the option to submit a written funding request to go toward costs incurred by the City to comply with Local, Regional, State and Federal permits, laws, and/or regulations relating to the collection and/or management of trash or solid wastes. The City would like to request the following amount of funding in FY 2026/27:

Implementation Funding: \$560,355

This funding request is being made so that it may become effective on July 1 of this calendar year (2026). Once effective, per the Franchise Agreement, proportional payments shall be made by Recology South Valley to the City at the same time as the quarterly franchise fee payment, provided that the City has approved new maximum service rates that compensate Recology South Valley for the amounts requested in this letter as required by the Franchise Agreement. These payments should be made separately from the Franchise payment and indicate the purpose of the payment.

Sincerely,

Christina Turner
 City Manager

cc: Chris Ghione, Public Services Director
 Dat Nguyen, Finance Director
 Mario Pichardo, Environmental Programs Administrator

2025 Morgan Hill Compost Procurement

Transaction Number	DATE	FARM	TONS	Yard	COST	Market Rate per Yard	Procurement Requirement Left (Tons)
MORGAN HILL							2198
2025-1	1/17/2025	La Jolla Farmin	2000	4000	\$48,000.00	\$12	198
2025-2	4/3/2025	Keene's Green	4	8	\$96.00	\$12	194
2025-3	6/27/2025	Fred Palla Farn	194	388	\$4,656.00	\$12	0
					TOTAL	\$52,752.00	

**RECOLOGY SOUTH VALLEY
CITY OF MORGAN HILL
RATES EFFECTIVE JULY 1, 2026**

DESCRIPTION	Current Rates	Add 2.82%	New Rates
<u>Residential Rates</u>			
BASIC SINGLE FAMILY	44.78	1.26	46.04
SGL FAM - NO STREET SWEEPING	44.22	1.25	45.47
HILLSIDE RESIDENTIAL	48.71	1.37	50.08
HILLSIDE RESIDENTIAL - NO SWEEPING	48.02	1.35	49.37
LOW INCOME	35.98	1.01	36.99
LOW INCOME - NO ST SWEEPING	35.53	1.00	36.53
EX YW CONTAINER RENT			
BULKY MATERIAL (1-3 ITEMS)	59.63	1.68	61.31
BULKY MATERIAL (EACH EXTRA ITEM)	23.82	0.67	24.49
SIDE/BACKYARD SERV	17.87	0.50	18.37
SIDE/BACKYARD SERV Disabled	FREE	FREE	FREE
TOTER RENTAL	7.57	0.21	7.78
RETURNED TRIP COLLECTION	46.65	1.32	47.97
<u>Commercial Rates</u>			
1 CAN COMM (32 GALLON)	27.39	0.77	28.16
2 CANS COMM (64 GALLON)	44.90	1.27	46.17
3 CANS COMM (96 GALLON)	62.50	1.76	64.26
4 CANS COMM (128 GALLON)	80.11	2.26	82.37
5 CANS COMM (160 GALLON)	97.70	2.76	100.46
6 CANS COMM (192 GALLON)	115.34	3.25	118.59
7 CANS COMM (224 GALLON)	132.85	3.75	136.60
8 CANS COMM (256 GALLON)	150.41	4.24	154.65
9 CANS COMM (288 GALLON)	168.00	4.74	172.74
10 CANS COMM (320 GALLON)	185.58	5.23	190.81
1 CAN COMM (32 GALLON) w/cart	34.96	0.99	35.95
2 CANS COMM (64 GALLON) w/cart	52.46	1.48	53.94
3 CANS COMM (96 GALLON) w/cart	70.06	1.98	72.04
ORGANICS			
32 GALLON 1 X WEEK	21.92	0.62	22.54
32 GALLON 2 X WEEK	41.57	1.17	42.74
32 GALLON 3 X WEEK	61.20	1.73	62.93
32 GALLON 4 X WEEK	80.84	2.28	83.12
32 GALLON 5 X WEEK	100.49	2.83	103.32
32 GALLON CONTAMINATED Recycle and Organics	46.65	1.32	47.97
64 GALLON 1 X WEEK	35.92	1.01	36.93
64 GALLON 2 X WEEK	68.11	1.92	70.03
64 GALLON 3 X WEEK	100.28	2.83	103.11
64 GALLON 4 X WEEK	132.48	3.74	136.22
64 GALLON 5 X WEEK	164.66	4.64	169.30
64 GALLON CONTAMINATED Recycle and Organics	46.65	1.32	47.97
96 GALLON 1 X WEEK	49.99	1.41	51.40
96 GALLON 2 X WEEK	94.80	2.67	97.47
96 GALLON 3 X WEEK	139.57	3.94	143.51
96 GALLON 4 X WEEK	184.37	5.20	189.57
96 GALLON 5 X WEEK	229.15	6.46	235.61
96 GALLON CONTAMINATED Recycle and Organics	46.65	1.32	47.97

**RECOLOGY SOUTH VALLEY
CITY OF MORGAN HILL
RATES EFFECTIVE JULY 1, 2026**

DESCRIPTION	Current Rates	Add 2.82%	New Rates
<u>Commercial Rates</u>			
GARBAGE			
1 YD 1 X WEEK	234.63	6.62	241.25
1 YD 2 X WEEK	444.88	12.55	457.43
1 YD 3 X WEEK	655.08	18.47	673.55
1 YD 4 X WEEK	865.33	24.40	889.73
1 YD 5 X WEEK	1,075.54	30.33	1,105.87
1 YD 6 X WEEK	1,284.21	36.21	1,320.42
2 YD 1 X WEEK	340.06	9.59	349.65
2 YD 2 X WEEK	644.74	18.18	662.92
2 YD 3 X WEEK	949.41	26.77	976.18
2 YD 4 X WEEK	1,254.11	35.37	1,289.48
2 YD 5 X WEEK	1,558.73	43.96	1,602.69
2 YD 6 X WEEK	1,861.17	52.48	1,913.65
1/2 3 YD 1 X WEEK (Grandfather)	246.27	6.94	253.21
3 YD 1 X WEEK	492.57	13.89	506.46
3 YD 2 X WEEK	938.01	26.45	964.46
3 YD 3 X WEEK	1,383.56	39.02	1,422.58
3 YD 4 X WEEK	1,828.94	51.58	1,880.52
3 YD 5 X WEEK	2,274.41	64.14	2,338.55
3 YD 6 X WEEK	2,719.86	76.70	2,796.56
4 YD 1 X WEEK	637.36	17.97	655.33
4 YD 2 X WEEK	1,211.25	34.16	1,245.41
4 YD 3 X WEEK	1,785.20	50.34	1,835.54
4 YD 4 X WEEK	2,359.16	66.53	2,425.69
4 YD 5 X WEEK	2,933.06	82.71	3,015.77
4 YD 6 X WEEK	3,506.99	98.90	3,605.89
6 YD 1 X WEEK	952.29	26.85	979.14
6 YD 2 X WEEK	1,822.45	51.39	1,873.84
6 YD 3 X WEEK	2,692.62	75.93	2,768.55
6 YD 4 X WEEK	3,562.84	100.47	3,663.31
6 YD 5 X WEEK	4,433.04	125.01	4,558.05
6 YD 6 X WEEK	5,303.21	149.55	5,452.76
SPECIAL COLLECTION	39.14	1.10	40.24
ORGANICS			
1 YD 1 X WEEK	187.70	5.29	192.99
1 YD 2 X WEEK	355.88	10.04	365.92
1 YD 3 X WEEK	524.06	14.78	538.84
1 YD 4 X WEEK	692.27	19.52	711.79
1 YD 5 X WEEK	860.43	24.26	884.69
1 YD 6 X WEEK	1,027.36	28.97	1,056.33
1 YD CONTAMINATED Recycle and Organics	58.66	1.65	60.31
2 YD 1 X WEEK	272.05	7.67	279.72
2 YD 2 X WEEK	515.79	14.55	530.34
2 YD 3 X WEEK	759.52	21.42	780.94
2 YD 4 X WEEK	1,003.28	28.29	1,031.57
2 YD 5 X WEEK	1,246.99	35.17	1,282.16
2 YD 6 X WEEK	1,488.95	41.99	1,530.94
2 YD CONTAMINATED Recycle and Organics	85.02	2.40	87.42
3 YD 1 X WEEK	394.07	11.11	405.18
3 YD 2 X WEEK	750.42	21.16	771.58
3 YD 3 X WEEK	1,106.84	31.21	1,138.05
3 YD 4 X WEEK	1,463.16	41.26	1,504.42
3 YD 5 X WEEK	1,819.53	51.31	1,870.84
3 YD 6 X WEEK	2,175.87	61.36	2,237.23
3 YD CONTAMINATED Recycle and Organics	123.15	3.47	126.62

**RECOLOGY SOUTH VALLEY
CITY OF MORGAN HILL
RATES EFFECTIVE JULY 1, 2026**

DESCRIPTION	Current Rates	Add 2.82%	New Rates
4 YD 1 X WEEK	509.89	14.38	524.27
4 YD 2 X WEEK	969.02	27.33	996.35
4 YD 3 X WEEK	1,428.16	40.27	1,468.43
4 YD 4 X WEEK	1,887.33	53.22	1,940.55
4 YD 5 X WEEK	2,346.45	66.17	2,412.62
4 YD 6 X WEEK	2,805.61	79.12	2,884.73
4 YD CONTAMINATED Recycle and Organics	159.34	4.49	163.83
6 YD 1 X WEEK	761.83	21.48	783.31
6 YD 2 X WEEK	1,457.96	41.11	1,499.07
6 YD 3 X WEEK	2,154.12	60.75	2,214.87
6 YD 4 X WEEK	2,850.26	80.38	2,930.64
6 YD 5 X WEEK	3,546.43	100.01	3,646.44
6 YD 6 X WEEK	4,242.57	119.64	4,362.21
6 YD CONTAMINATED Recycle and Organics	238.07	6.71	244.78
<i>SPECIAL COLLECTION Per yard</i>	31.29	0.88	32.17
REGULAR COMPACTOR (PER YARD)	61.82	1.74	63.56
RECYCLE COMPACTOR (PER YARD)	36.54	1.03	37.57
SUPER COMPACTOR (PER YARD)	123.60	3.49	127.09
20 YARD DEBRIS BOX	680.35	19.19	699.54
35 YARD DEBRIS BOX	971.95	27.41	999.36
40 YARD DEBRIS BOX	1,134.01	31.98	1,165.99
<i>ORGANICS</i>			
20 YARD DEBRIS BOX	544.29	15.35	559.64
35 YARD DEBRIS BOX	777.56	21.93	799.49
40 YARD DEBRIS BOX	907.21	25.58	932.79
<i>Debris Box Contaminated</i>			
20 YARD DEBRIS BOX Contaminated	680.35	19.19	699.54
35 YARD DEBRIS BOX Contaminated	971.95	27.41	999.36
40 YARD DEBRIS BOX Contaminated	1,134.01	31.98	1,165.99
<i>Debris Box Return Trip Fee</i>	87.87	2.48	90.35
PERM RENTAL	360.46	10.16	370.62
PERM DISPOSAL (PER YARD)	33.90	0.96	34.86
CARDBOARD COMPACTOR w/ garbage service	FREE	FREE	FREE
20 YARD CARDBOARD w/ garbage service	FREE	FREE	FREE
40 YARD CARDBOARD w/ garbage service	FREE	FREE	FREE
20 YARD OTHER RECYCLABLES	347.77	9.81	357.58
40 YARD OTHER RECYCLABLES	579.66	16.35	596.01
20 YARD DEBRIS BOX HILLSIDE	848.29	23.92	872.21
40 YARD DEBRIS BOX HILLSIDE	1,301.31	36.70	1,338.01
<u>Compactor Front Loader Service</u>			
2 YARD COMPACTOR 1 X WEEK	535.78	15.11	550.89
2 YARD COMPACTOR 2 X WEEK	1,071.52	30.22	1,101.74
2 YARD COMPACTOR 3 X WEEK	1,607.29	45.33	1,652.62
3 YARD COMPACTOR 1 X WEEK	803.66	22.66	826.32
3 YARD COMPACTOR 2 X WEEK	1,607.29	45.33	1,652.62
<u>Super Compactor Front Loader Service</u>			
2 YARD COMPACTOR 1 X WEEK	1,071.29	30.21	1,101.50
2 YARD COMPACTOR 2 X WEEK	2,142.55	60.42	2,202.97
2 YARD COMPACTOR 3 X WEEK	3,213.84	90.63	3,304.47
3 YARD COMPACTOR 1 X WEEK	1,606.90	45.31	1,652.21
3 YARD COMPACTOR 2 X WEEK	3,213.84	90.63	3,304.47
<u>Special Street Sweeping</u>			
M-F 8:00AM-5:00PM (PER HOUR)	87.87	2.48	90.35
ALL OTHER HOURS (MINIMUM + HOURLY)	585.78	16.52	602.30

CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

Dat Nguyen, Finance Director

APPROVED BY: City Manager

RECEIVE MONTHLY BUDGET UPDATE; MARCH 2026 FINANCIAL AND INVESTMENT REPORTS; AND CITY MANAGER AUTHORITY REPORT

RECOMMENDATION(S)

Receive and file reports.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities

Preserving and Cultivating Public Trust

Strategic Priorities 2026-2027

Fiscal Sustainability

REPORT NARRATIVE:

As part of the City Council's expectation to maintain a high level of transparency and to be responsible stewards of public funds, staff are providing this monthly budget update, along with the March 2026 financial and investment reports.

March 2026 Financial Report

The Revenue and Expense Summary through March 2026 is included on page 4 of the attached monthly financial and investment reports. Overall, General Fund revenues total \$34.0 million or about 59% of the budget. Expenditures and encumbrances through March totaled \$46.8 million, of which approximately \$2.3 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of \$45.8 million. This represents an increase of \$1.0 million, including encumbrances, compared to the prior year. Excluding encumbrances, expenditures increased by about \$1.3 million, primarily due to negotiated salary adjustments and overall cost increases.

Budget Update

The latest projections indicate that General Fund revenue for the fiscal year is expected to total approximately \$59.2 million, which is about \$1.2 million above budget. This favorable variance is partially attributable to a \$0.5 million loan repayment from the Development Services Fund.

General Fund expenditures are projected to total approximately \$63.7 million, compared to the amended budget of \$66.2 million. Excluding \$1.0 million in budgeted savings, the net expenditure budget is approximately \$65.2 million, yielding an estimated favorable variance of \$1.5 million.

Regarding water revenue, residents in Morgan Hill consumed approximately 5% more water through March compared to the prior three-year average. As a result, a revenue stabilization water rate was not implemented.

City Manager's Authority Report

Pursuant to the City Council Policy 18-05 - Report on delegation of authority to City Manager, Page 21 of Attachment 1 lists the contracts and/or agreements entered into between January 21, 2026 through April 21, 2026 between the amounts of \$25,000 to \$75,000, or the limit of the California Uniform Public Construction Cost Accounting Act (CUPCCAA).

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
March 31, 2026 - 75% of Year Complete



CITY OF MORGAN HILL

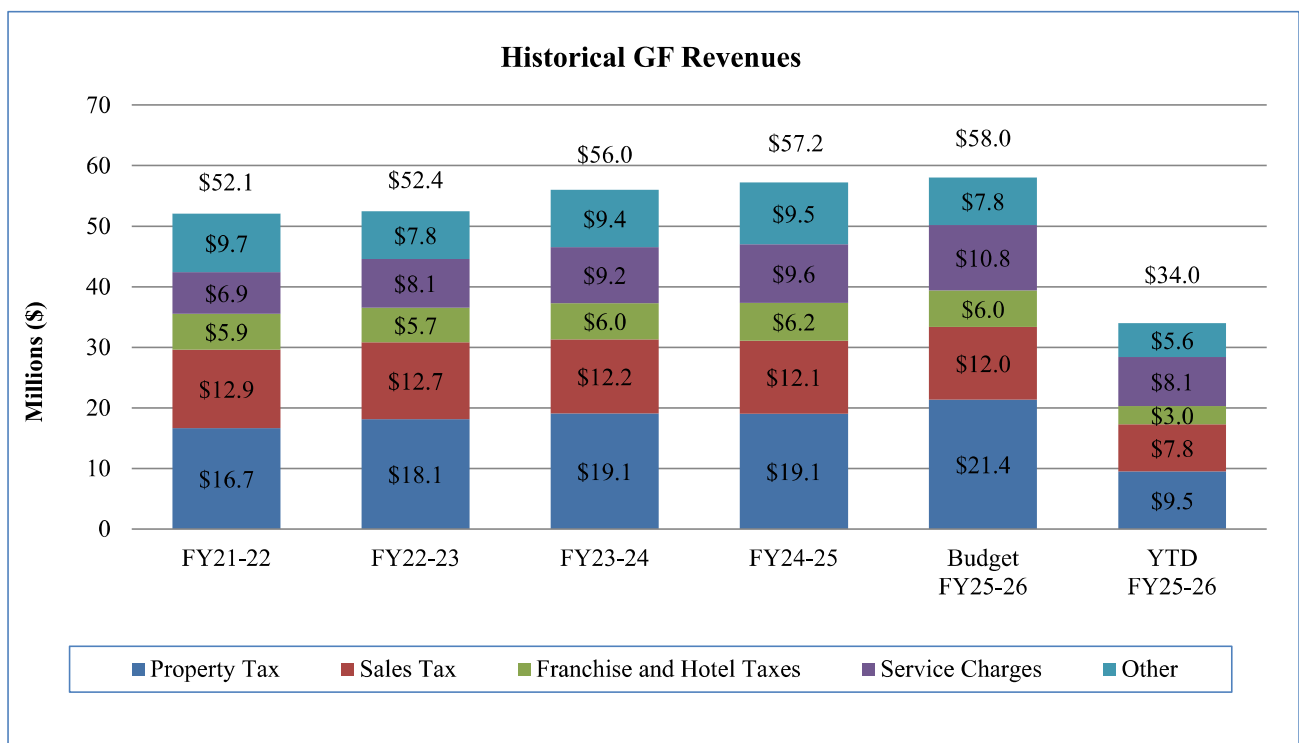
Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2025-26
FOR THE MONTH ENDED MARCH 2026 – 75% OF YEAR COMPLETE

- General Fund** – Revenues through March totaled \$34.0 million, or about 59% of the budget. For property tax revenue, the County estimates the City will receive approximately \$21.8 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, the consultant’s latest projection estimates the City’s current fiscal year sales tax revenue at approximately \$12.5 million, a slight increase from the revised budget of \$12.1 million, primarily due to one-time adjustments.

The chart below shows historical General Fund revenues by major revenue category from FY21-22 through FY24-25 Actual, FY25-26 Budget, and YTD as of March 31, 2026.



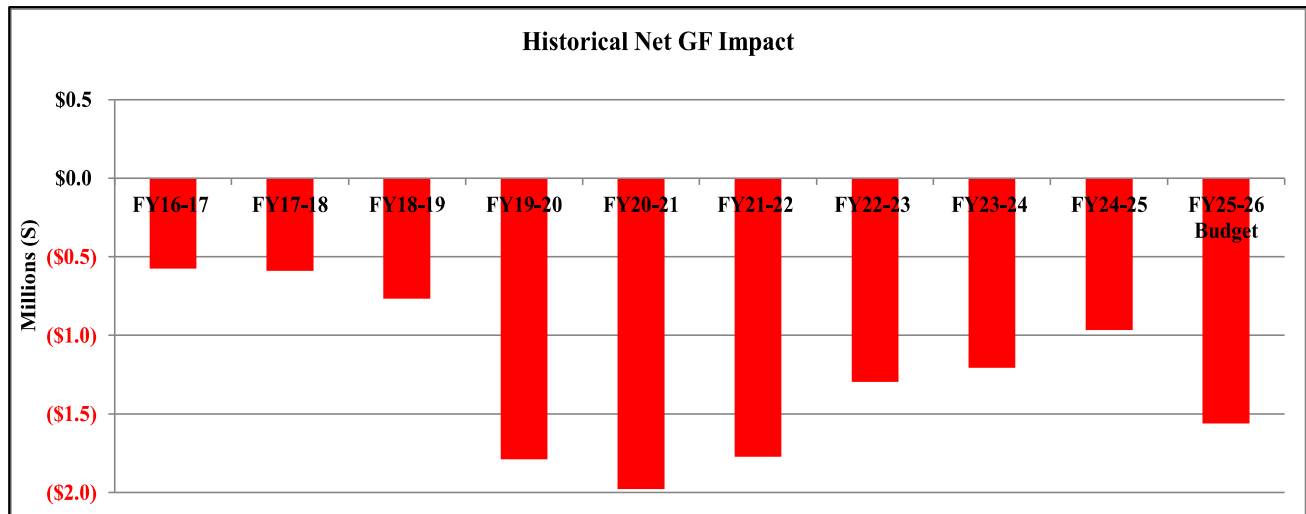
General Fund expenditures and encumbrances through March totaled \$46.8 million, of which approximately \$2.3 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of \$45.8 million. This represents an increase of \$1.0 million, including encumbrances, compared to the prior year. Excluding encumbrances, expenditures increased by about \$1.3 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 \$1.3 million as of March 31, 2026. The net impact of Recreation operations on the General Fund is expected to be better than budget.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2025-26
FOR THE MONTH ENDED MARCH 2026 – 75% 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 March totaled \$6.1 million, compared to approximately \$4.7 million for the same period last year, primarily due to updated fees and increased activity. Expenditures, including encumbrances, totaled \$4.6 million.
- **Debt Service Funds** – Expenditures through February totaled \$0.6 million. The debt service for the first half of the year includes both interest and principal, while the second half will include interest only. Debt service payments were scheduled when the bonds were issued and are budgeted for the months specified in the underlying bond documents. The General Fund’s portion of the annual debt service payments is approximately \$200,000, less than one percent of the General Fund’s budgeted revenues.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2025-26
FOR THE MONTH ENDED MARCH 2026 – 75% OF YEAR COMPLETE

- **Wastewater Operations** – Revenues through March totaled \$14.1 million. Expenditures and outstanding encumbrances totaled \$13.3 million or 72% of the budget. The table below shows historical Wastewater Operations revenues and expenditures from FY21-22 through FY24-25 Actual, FY25-26 Budget, and YTD as of March 31, 2026.

(amount in millions)					Budget	YTD
	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY25-26
Revenues	14.9	15.3	15.2	18.2	18.4	14.1
Expenditures	14.8	16.0	14.9	18.1	18.6	13.3
Operating Margin	0.1	(0.7)	0.3	0.1	(0.2)	0.8
Operating Margin without Encumbrances	0.1	(0.7)	0.3	0.1	(0.2)	1.1

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues through March totaled \$14.7 million. Water Operations expenditures, including outstanding encumbrances, totaled \$16.1 million. Morgan Hill residents consumed about 5% more water through March compared to the prior three-year average. As a result, no revenue stabilization water rate was implemented. The table below shows Water Operations revenues and expenditures from FY21-22 through FY24-25 Actual, FY25-26 Budget, and YTD as of March 31, 2026.

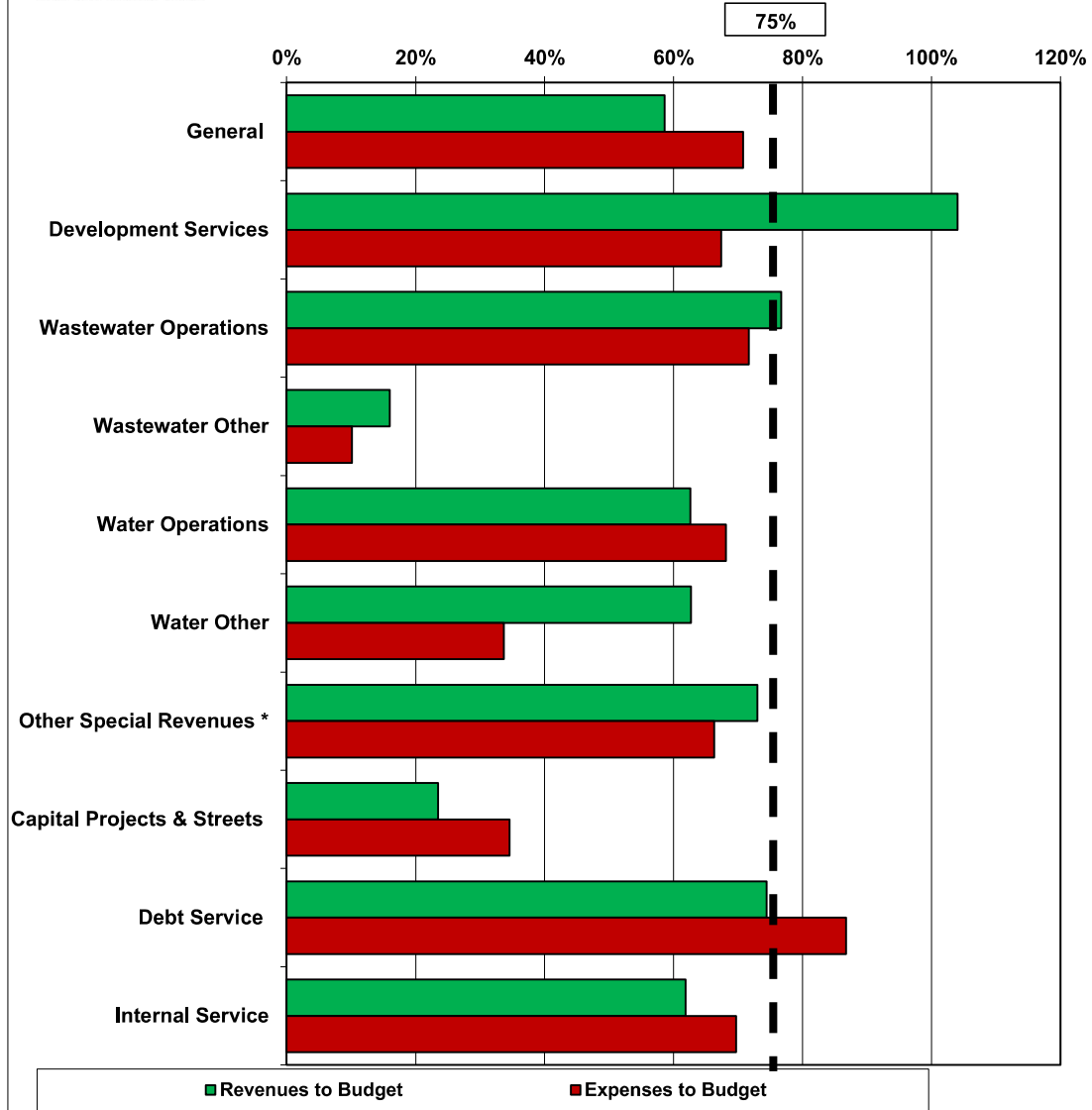
(amount in millions)					Budget	YTD
	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY25-26
Revenues	16.0	18.1	18.7	21.5	23.5	14.7
Expenditures	15.2	18.0	19.1	21.5	23.7	16.1
Operating Margin	0.8	0.1	(0.4)	-	(0.2)	(1.4)
Operating Margin without Encumbrances	0.8	0.1	(0.4)	-	(0.2)	(1.0)

- **Investments** – Three securities were called, and eleven new securities were purchased. Total interest earnings received on investments were \$643,000 during the month.



Morgan Hill YTD Revenue & Expense Summary March 31, 2026 - 75% of Year Complete

Percentage of Actual to Budget



FUND NAME	REVENUES		EXPENSES	
	ACTUAL	% OF BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET
General	\$ 34,005,923	59%	\$ 46,825,420	71%
Development Services	6,115,316	104%	4,564,050	67%
Wastewater Operations	14,127,837	77%	13,309,536	72%
Wastewater Other	7,315,989	16%	9,011,089	10%
Water Operations	14,676,125	63%	16,141,281	68%
Water Other	8,011,275	63%	12,837,524	34%
Other Special Revenues *	5,182,918	73%	6,910,169	66%
Capital Projects & Streets	8,501,426	23%	18,164,869	35%
Debt Service	518,506	74%	593,171	87%
Internal Service	10,109,618	62%	12,533,812	70%
TOTAL FOR ALL FUNDS	\$ 108,564,933	48%	\$ 140,890,922	44%

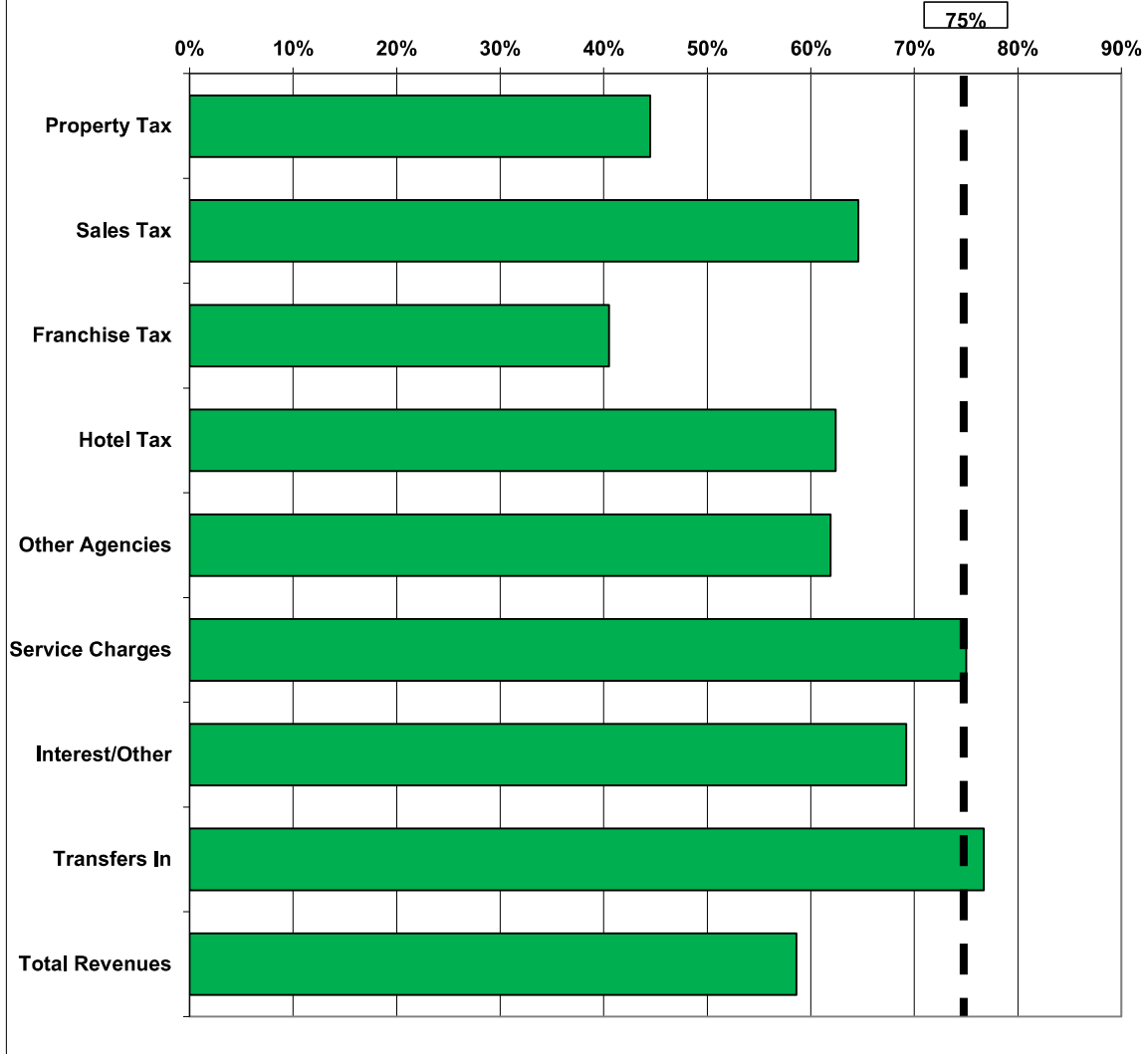
* Includes all Special Revenue Funds except Development Services Fund and Street Funds.



Morgan Hill YTD General Fund Revenues

March 31, 2026 - 75% of Year Complete

Percent of Actual to Budget

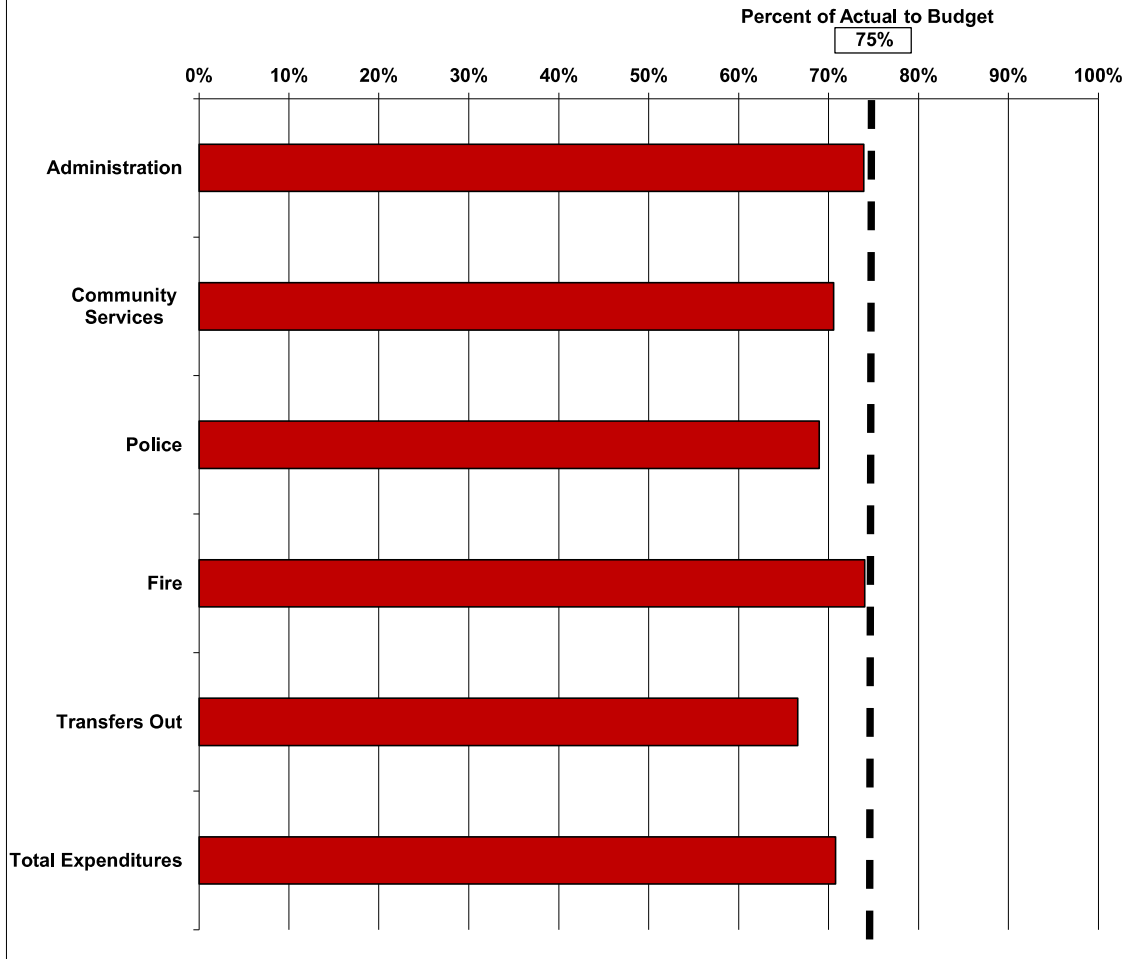


REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Property Tax	\$ 21,369,792	\$ 9,500,030	45%	\$ 9,071,527	5%
Sales Tax	11,989,269	7,748,483	65%	7,236,440	7%
Franchise Tax	3,354,166	1,358,128	41%	1,282,171	6%
Hotel Tax	2,658,340	1,659,313	62%	1,551,428	7%
Other Agencies	954,307	591,120	62%	1,286,861	-54%
Service Charges	10,834,856	8,130,950	75%	8,102,444	0%
Interest/Other	3,468,411	2,401,832	69%	2,449,699	-2%
Transfers In	3,411,140	2,616,068	77%	2,499,565	5%
TOTAL REVENUES	\$ 58,040,280	\$ 34,005,923	59%	\$ 33,480,137	2%



Morgan Hill YTD General Fund Expenditures

March 31, 2026 - 75% of Year Complete



EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YTD PLUS ENCUMBRANCES	% CHANGE FROM PRIOR YEAR
Administration	\$ 6,981,791	\$ 5,160,540	74%	\$ 5,126,008	1%
Community Services	20,298,319	14,320,231	71%	14,040,345	2%
Police	26,228,527	18,082,913	69%	17,851,432	1%
Fire	11,238,402	8,317,428	74%	7,704,018	8%
Transfers Out	1,418,558	944,308	67%	1,093,673	-14%
TOTAL EXPENDITURES	\$ 66,165,597	\$ 46,825,420	71%	\$ 45,815,475	2%

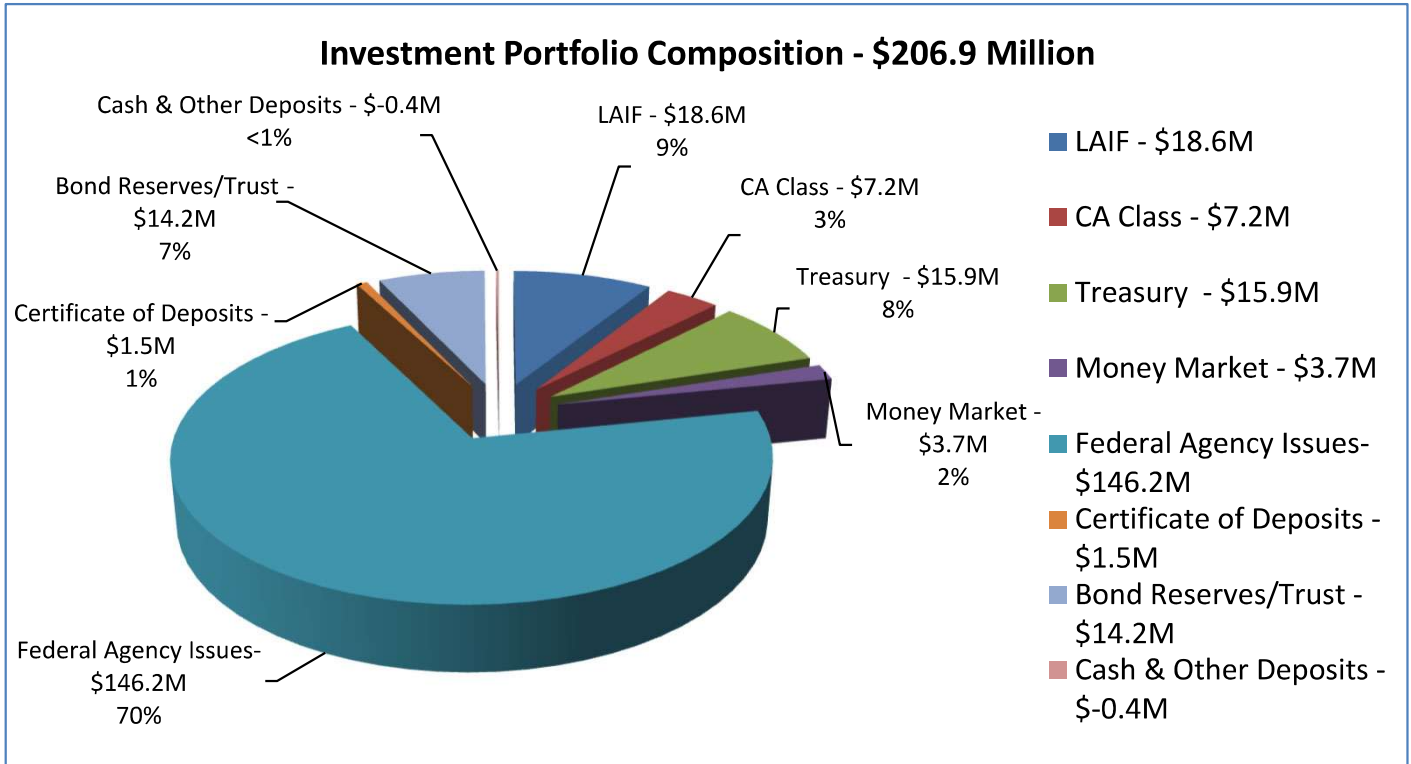


City of Morgan Hill
Recreation Report - Fiscal Year 2025-26
For the Month Ended March 31, 2026
75% of Year Complete

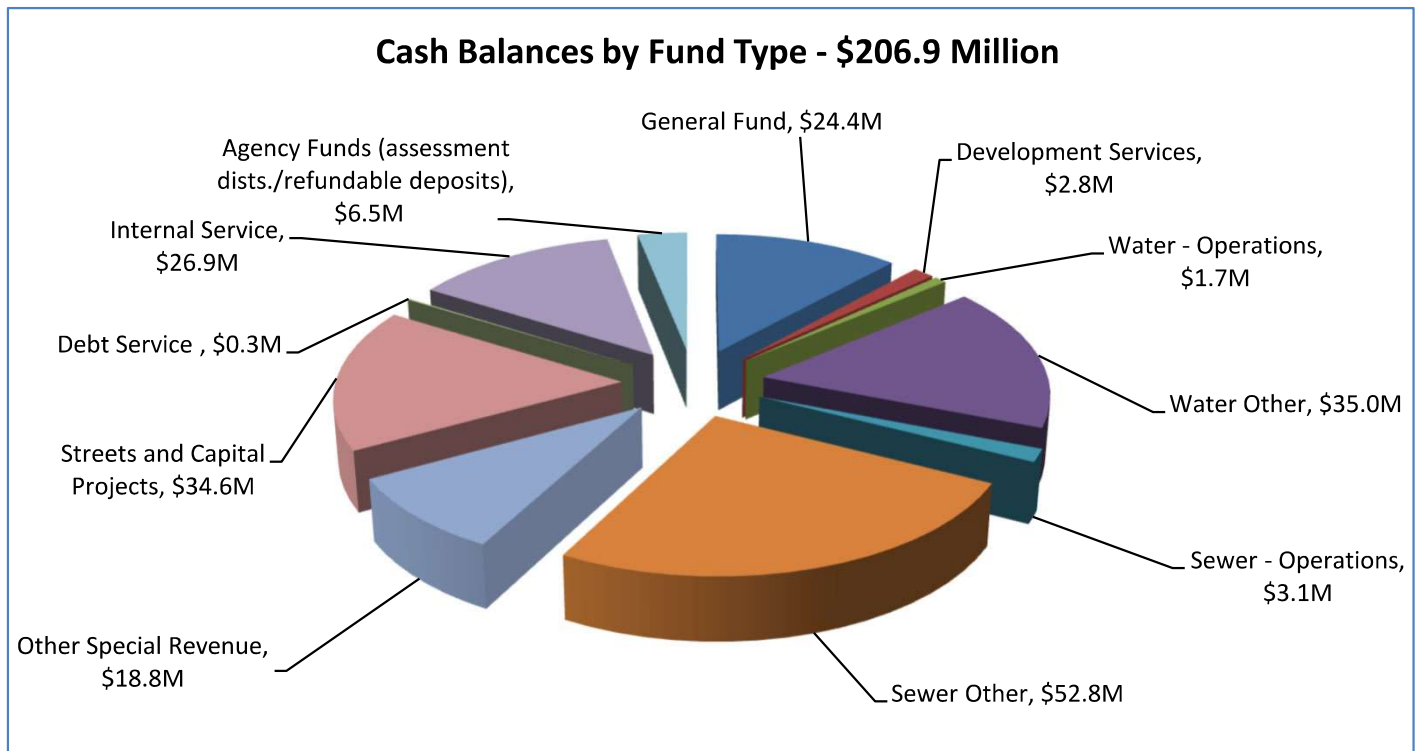
	<u>Budget</u>	<u>March 2026</u>	<u>YTD</u>	<u>% of Budget</u>
Revenues				
Membership Services & Rec Programs	\$ 6,830,960	\$ 677,505	\$ 4,994,132	
Facility Rentals	1,245,612	125,694	1,138,079	
Community Services	178,498	11,272	99,665	
Transfers in	100,000	6,250	75,000	
Total Revenues	<u>\$ 8,355,070</u>	<u>\$ 820,721</u>	<u>\$ 6,306,876</u>	75%
Less: Expenditures				
Membership & Program Services	\$ 7,547,394	\$ 771,468	\$ 5,291,564	
Facility Rentals	1,451,514	88,333	887,190	
Community Services	923,254	74,474	553,680	
Total Expenditures	<u>\$ 9,922,163</u>	<u>\$ 934,274</u>	<u>\$ 6,732,434</u>	68%
Net Impact without encumbrances	<u>\$ (1,567,093)</u>	<u>\$ (113,554)</u>	<u>\$ (425,558)</u>	
Encumbrances	-	-	918,237	
Net Impact with encumbrances	<u>\$ (1,567,093)</u>	<u>\$ (113,554)</u>	<u>\$ (1,343,795)</u>	

City of Morgan Hill Monthly Investment Report - March 31, 2026

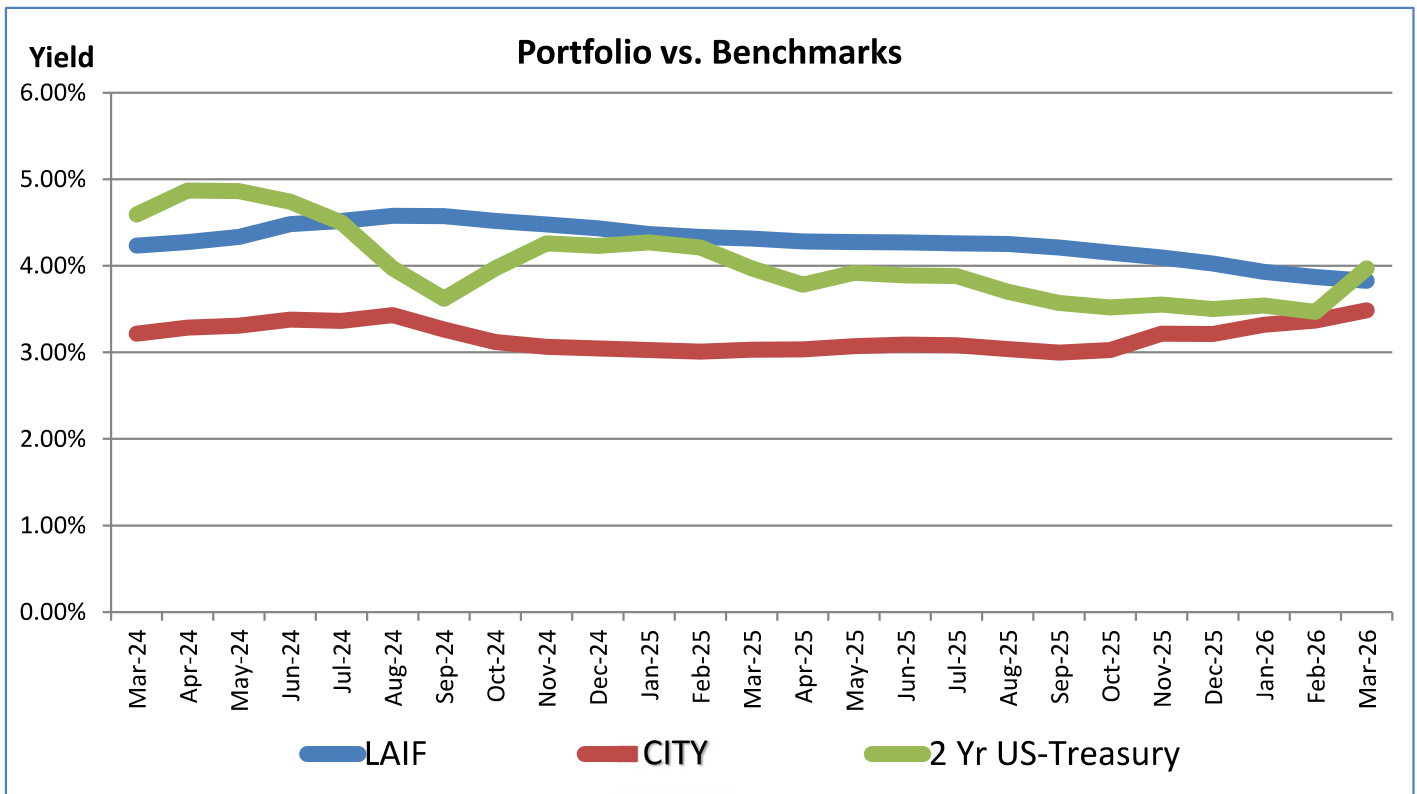
The following are the snapshots of City's investment portfolio as of March 31, 2026. The first chart shows the portfolio composition by investment type:



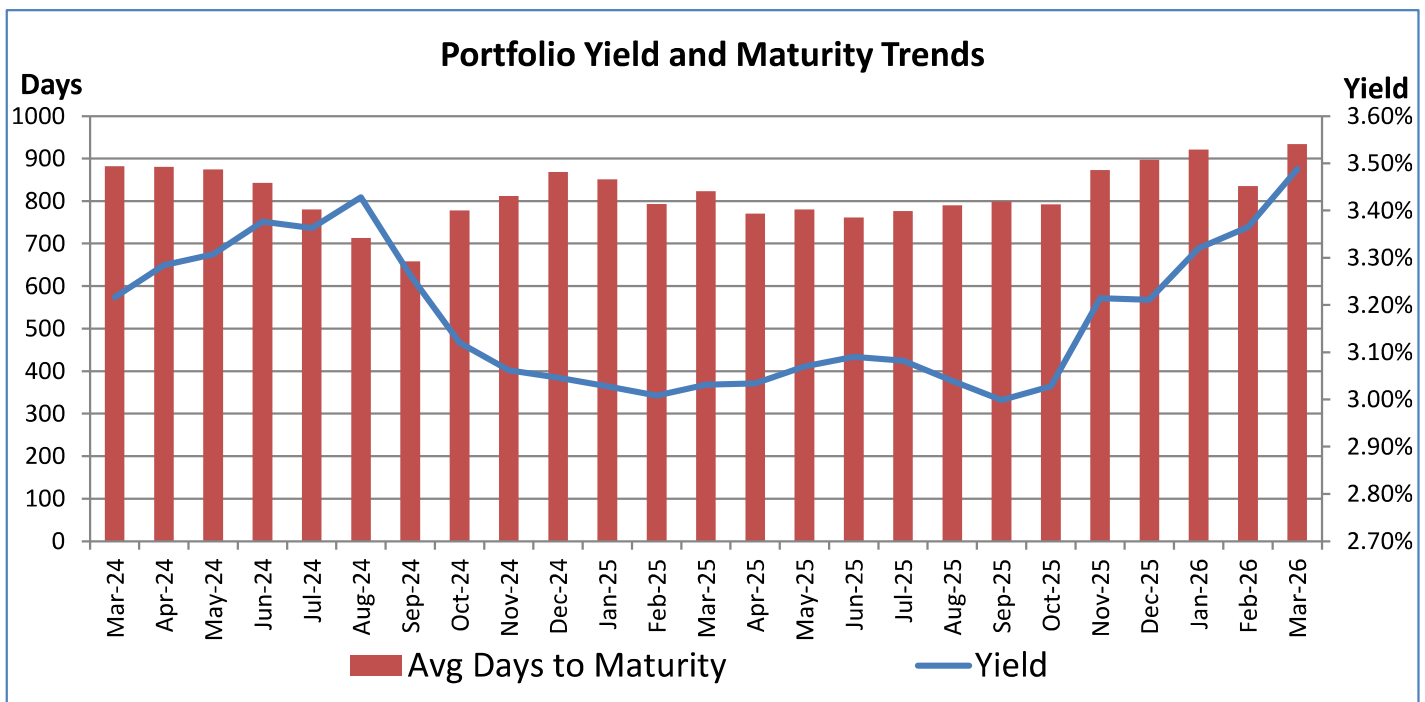
The chart below shows cash balances by fund type reconciled to City's financial system:



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 March 31, 2026**

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			\$ 18,577,272	\$ 18,577,272	9.0%	\$ 18,617,798	3.83%		
California C L A S S			7,220,818	7,220,818	3.5%	7,220,818	3.70%		
WFB Money Market			3,555,189	3,555,189	1.7%	3,555,189	3.53%		
US Bank - Portfolio of Securities									
Dreyfus Treasury Agency MM	261908107		191,725	191,725	0.1%	191,725	3.54%		
Treasury Note	91282CCZ2	10/8/2021	1,987,656	1,998,757	1.0%	1,971,820	1.00%	9/30/2026	9/30/2026
Treasury Note	912828U24	6/13/2022	1,904,688	1,986,493	1.0%	1,978,360	3.16%	11/15/2026	11/15/2026
Treasury Note	91282CFL0	9/30/2024	2,031,719	2,022,217	1.0%	2,000,160	3.53%	9/30/2029	9/30/2029
Treasury Note	91282CLL3	10/1/2024	1,994,323	1,995,722	1.0%	1,986,960	3.53%	9/15/2027	9/15/2027
Treasury Note	91282CCV1	10/4/2024	1,822,536	1,888,755	0.9%	1,876,560	3.61%	8/31/2028	8/31/2028
Treasury Note	31282CFJ5	10/7/2024	1,949,794	1,960,489	0.9%	1,952,900	3.76%	8/31/2029	8/31/2029
Treasury Note	91282CFY2	12/19/2024	1,959,077	1,966,654	1.0%	1,999,540	4.39%	11/30/2029	11/30/2029
Treasury Note	91282CJM4	12/9/2025	2,057,023	2,051,478	1.0%	2,036,180	3.77%	11/30/2030	11/30/2030
FHLB Bond	3130AMNH1	6/9/2021	2,000,000	2,000,000	1.0%	1,989,760	1.08%	4/5/2026	6/9/2026
FHLB Bond	3130AMYJ5	6/30/2021	2,000,000	2,000,000	1.0%	1,986,300	1.00%	6/30/2026	6/30/2026
FHLB Bond	3130AMYP1	7/15/2021	3,000,000	3,000,000	1.4%	2,977,080	1.13%	4/15/2026	7/15/2026
FHLB Bond	3130ANJC5	8/26/2021	2,000,000	2,000,000	1.0%	1,976,200	0.80%	8/26/2026	8/26/2026
FHLB Bond	3130ANLW8	8/26/2021	3,000,000	3,000,000	1.4%	2,967,600	1.00%	5/26/2026	8/26/2026
FHLB Bond	3130ANLZ1	8/26/2021	2,000,000	2,000,000	1.0%	1,977,000	0.90%	8/26/2026	8/26/2026
FHLB Bond	3130A8XY4	9/13/2021	2,103,340	2,009,196	1.0%	1,983,100	0.82%	9/11/2026	9/11/2026
FFCB Bond	3133EM4X7	9/28/2021	1,982,960	1,998,480	1.0%	1,973,760	0.98%	9/10/2026	9/10/2026
FHLB Bond	3130APCH6	9/29/2021	3,000,000	3,000,000	1.4%	2,961,480	1.13%	4/5/2026	9/29/2026
FHLB Bond	3130ANZE3	9/30/2021	2,000,000	2,000,000	1.0%	1,971,800	0.88%	9/30/2026	9/30/2026
FHLB Bond	3130AP6N0	9/30/2021	3,000,000	3,000,000	1.4%	2,959,860	1.05%	6/30/2026	9/30/2026
FHLB Bond	3130AP6M2	9/30/2021	3,000,000	3,000,000	1.4%	2,960,040	1.02%	6/30/2026	9/30/2026
FHLB Bond	3130APCG8	10/19/2021	2,000,000	2,000,000	1.0%	1,969,340	1.00%	4/19/2026	10/19/2026
FHLB Bond	3130APNX9	11/18/2021	2,000,000	2,000,000	1.0%	1,968,940	1.30%	11/18/2026	11/18/2026
FHLB Bond	3130AQHU0	1/19/2022	2,000,000	2,000,000	1.0%	1,975,740	1.74%	1/19/2027	1/19/2027
FHLB Bond	3130B2P58	9/26/2024	2,003,014	2,000,000	1.0%	1,990,960	3.87%	9/10/2026	9/10/2029
FHLB Bond	3130B36N8	10/15/2024	1,944,000	1,995,753	1.0%	1,988,160	4.32%	4/15/2026	10/15/2029
FHLB Bond	3130B5A73	2/26/2025	2,000,000	2,000,000	1.0%	2,000,680	4.75%	8/26/2026	2/26/2030
FAMCMTN Bond	31424WZC9	5/7/2025	3,000,000	3,000,000	1.4%	2,980,770	4.55%	5/7/2026	5/7/2030
FHLB Bond	3130B6FS0	5/28/2025	2,000,000	2,000,000	1.0%	1,997,700	4.75%	5/14/2026	5/14/2030
FAMCMTN Bond	31424WB50	5/28/2025	2,000,000	2,000,000	1.0%	1,990,500	4.74%	5/28/2026	5/28/2030
FAMCMTN Bond	31424WG30	6/26/2025	1,200,000	1,200,000	0.6%	1,200,876	4.33%	6/26/2026	6/26/2028
FFCB Bond	3133ETMB0	6/27/2025	2,000,775	2,000,000	1.0%	1,995,140	4.65%	6/24/2026	6/24/2030
FAMCMTN Bond	31424WG55	7/1/2025	2,000,000	2,000,000	1.0%	1,996,820	4.60%	7/1/2026	7/1/2030
FFCB Bond	3133ETNA1	7/2/2025	2,000,000	2,000,000	1.0%	1,996,300	4.50%	7/2/2026	1/2/2030
FHLMCMTN Bond	3134HBB59	7/30/2025	2,000,000	2,000,000	1.0%	1,996,400	4.64%	4/30/2026	7/30/2030
FNMA Bond	3136GAM22	8/12/2025	2,988,270	2,998,490	1.4%	2,980,530	4.14%	8/12/2026	8/12/2030
FAMCMTN Bond	31424WN81	8/12/2025	2,000,000	2,000,000	1.0%	1,990,580	4.39%	8/12/2026	8/12/2030
FNMA Bond	3136GAQF9	9/3/2025	2,000,000	2,000,000	1.0%	1,987,600	4.25%	6/3/2026	6/3/2030
FFCB Bond	3133ETXY8	9/16/2025	2,000,000	2,000,000	1.0%	1,984,460	4.00%	9/16/2026	9/16/2030
FHLB Bond	3130B7SF2	9/18/2025	2,000,222	2,000,000	1.0%	1,974,420	4.00%	9/17/2026	9/17/2030
FNMA Bond	3136GAUR8	9/25/2025	2,000,000	2,000,000	1.0%	1,957,860	4.20%	4/18/2026	9/18/2030
FNMA Bond	3136GAVD8	9/26/2025	2,000,000	2,000,000	1.0%	1,989,740	4.13%	6/26/2026	9/26/2030
FHLB Bond	3130B7YU2	10/15/2025	2,000,000	2,000,000	1.0%	1,984,740	4.33%	4/15/2026	10/15/2030
FFCB Bond	3133ETJ73	10/21/2025	2,000,000	2,000,000	1.0%	1,985,640	4.12%	4/21/2026	10/21/2030
FFCB Bond	3133ETJ73	10/21/2025	2,000,000	2,000,000	1.0%	1,985,640	4.12%	4/21/2026	10/21/2030
FNMA Bond	3136GAYT0	10/22/2025	2,000,000	2,000,000	1.0%	1,980,740	4.00%	4/23/2026	10/23/2028
FNMA Bond	3136GAZ44	10/24/2025	2,000,000	2,000,000	1.0%	1,983,740	4.00%	10/15/2026	10/15/2030
FHLMCMTN Bond	3134HB3J8	11/3/2025	2,000,000	2,000,000	1.0%	1,996,240	4.00%	5/1/2026	11/1/2028
FNMA Bond	3136GC3B9	11/5/2025	2,000,000	2,000,000	1.0%	1,990,880	4.25%	5/5/2026	11/5/2030
FNMA Bond	3136GC2M6	11/6/2025	2,000,000	2,000,000	1.0%	1,993,880	4.08%	5/6/2026	5/6/2030
FNMA Bond	3136GC3V5	11/6/2025	2,000,000	2,000,000	1.0%	1,984,280	4.13%	11/6/2026	11/6/2030
FNMA Bond	3136GC5Z4	11/18/2025	2,000,000	2,000,000	1.0%	1,989,840	4.13%	5/18/2026	5/18/2029
FHLMCMTN Bond	3134HB6G1	11/20/2025	2,000,000	2,000,000	1.0%	1,993,180	4.00%	5/20/2026	11/20/2028

Investment Type	CUSIP	Settlement Date	Cost Value	Book Value	% of Portfolio	Market Value	YTM at Cost	Next Call Date	Date of Maturity
FHLMCMTN Bond	3134HB7G0	11/20/2025	2,000,000	2,000,000	1.0%	1,982,500	4.15%	11/13/2026	11/13/2030
FAMCMTN Bond	31424W3P5	11/25/2025	1,000,000	1,000,000	0.5%	995,960	4.13%	11/25/2026	11/25/2030
FHLMCMTN Bond	3134HCFN4	12/10/2025	2,000,000	2,000,000	1.0%	1,991,360	4.08%	6/10/2026	12/10/2029
FNMA Bond	3136GCAE5	12/11/2025	2,000,000	2,000,000	1.0%	1,982,020	4.03%	6/11/2027	12/11/2030
FHLMCMTN Bond	3134HCGL7	12/11/2025	2,000,000	2,000,000	1.0%	1,987,300	4.05%	6/11/2026	12/11/2028
FHLMCMTN Bond	3134HCGL7	12/11/2025	2,000,000	2,000,000	1.0%	1,987,300	4.05%	6/11/2026	12/11/2028
FFCB Bond	3133ET3X3	12/12/2025	2,000,000	2,000,000	1.0%	1,989,640	4.26%	6/12/2026	12/12/2030
FHLMCMTN Bond	3134HCCW7	12/15/2025	2,000,000	2,000,000	1.0%	1,980,420	4.25%	6/2/2026	12/2/2030
FHLMCMTN Bond	3134HCFX2	12/23/2025	2,000,000	2,000,000	1.0%	1,982,980	4.18%	12/23/2026	12/30/2030
FFCB Bond	3133ET6F9	1/8/2026	2,000,000	2,000,000	1.0%	1,983,840	4.06%	7/8/2026	7/8/2030
FNMA Bond	3136GCD93	1/8/2026	2,000,000	2,000,000	1.0%	1,982,260	4.06%	1/8/2027	1/8/2031
FHLB Bond	3130B9A83	1/28/2026	2,000,000	2,000,000	1.0%	1,981,620	4.00%	1/28/2028	1/28/2031
FHLMCMTN Bond	3134HCRN1	1/28/2026	2,000,000	2,000,000	1.0%	1,981,920	4.15%	1/28/2027	1/28/2031
FHLB Bond	3130B9EP1	2/6/2026	2,000,000	2,000,000	1.0%	1,985,760	4.00%	8/6/2026	8/6/2029
FNMA Bond	3136GCP66	2/26/2026	2,000,000	2,000,000	1.0%	1,990,420	3.88%	8/26/2026	2/26/2029
FNMA Bond	3136GCPB5	2/27/2026	2,000,000	2,000,000	1.0%	1,985,760	4.00%	8/27/2026	2/27/2030
FHLMCMTN Bond	3134HCTX1	3/9/2026	2,000,000	2,000,000	1.0%	1,994,780	4.00%	9/9/2026	3/9/2029
FHLB Bond	3130B9RG7	3/9/2026	2,000,000	2,000,000	1.0%	1,987,860	4.00%	9/9/2026	3/9/2029
FNMA Bond	3136GCSX4	3/10/2026	1,500,000	1,500,000	0.7%	1,490,940	4.00%	9/10/2027	3/10/2031
FHLB Bond	3130B9SX9	3/11/2026	1,500,000	1,500,000	0.7%	1,494,675	4.13%	3/11/2027	3/11/2031
FHLMCMTN Bond	3134HCZA0	3/12/2026	2,000,000	2,000,000	1.0%	1,995,540	4.15%	6/12/2026	3/12/2029
FHLMCMTN Bond	3134HCZB8	3/16/2026	2,000,000	2,000,000	1.0%	1,998,480	4.00%	6/16/2026	3/16/2028
FHLMCMTN Bond	31428JEC7	3/23/2026	2,000,000	2,000,000	1.0%	1,991,540	4.00%	3/23/2027	3/23/2029
FHLB Bond	3130B9XA3	3/24/2026	2,000,000	2,000,000	1.0%	1,997,860	4.00%	9/24/2026	3/24/2028
FHLMCMTN Bond	3134HCZT9	3/24/2026	2,000,000	2,000,000	1.0%	1,990,400	4.25%	3/24/2027	3/24/2031
FHLMCMTN Bond	3134HCC64	3/26/2026	2,000,000	2,000,000	1.0%	1,998,040	4.20%	3/26/2027	3/26/2029
FFCB Bond	3133EWJQ4	3/27/2026	2,000,000	2,000,000	1.0%	2,000,220	4.39%	3/27/2028	3/27/2029
CD - Morgan Stanley Bank	61690DGT9	11/8/2023	250,000	250,000	0.1%	256,865	5.05%	11/8/2028	11/8/2028
CD - Morgan Stanley Private Bank	61768EE82	11/8/2023	250,000	250,000	0.1%	256,865	5.05%	11/8/2028	11/8/2028
CD - American Express	02589AF98	11/8/2023	250,000	250,000	0.1%	256,560	5.00%	11/8/2028	11/8/2028
CD - State Bank India	8562834U7	11/24/2023	250,000	250,000	0.1%	258,583	5.00%	11/24/2028	11/24/2028
CD - JPMorgan Chase	46659CLN8	9/30/2025	250,000	250,000	0.1%	248,920	4.13%	9/30/2030	9/30/2030
CD - Sallie Mae	795451EE9	12/10/2025	250,000	250,000	0.1%	248,588	3.90%	12/10/2030	12/10/2030
Sub Total/Average			\$ 163,621,123	\$ 163,764,210	79.1%	\$ 162,698,276	3.44%		
Total City Managed/Average			\$ 192,974,402	\$ 193,117,489	93.3%	\$ 192,092,080	3.49%		
Bond Reserve Accounts - Held By Trustees			\$ 6,344,336	\$ 6,344,336	3.1%	\$ 6,344,336			
Cash/Deposits			\$ (355,676)	\$ (355,676)	-0.2%	\$ (355,676)			
PARS and CALPERS CERBT Trust			\$ 7,887,404	\$ 7,887,404	3.8%	\$ 10,843,109			
GRAND TOTAL/AVERAGE			\$ 206,850,466	\$ 206,993,553	100.0%	\$ 208,923,850			



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF MARCH 31, 2026
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	3.83%	\$ 18,577,272	9.0%	\$ 18,617,798
California CLASS	All Funds Pooled	3.70%	7,220,818	3.5%	7,220,818
US Bank - Portfolio of Securities	All Funds Pooled	3.44%	163,764,210	79.1%	162,698,276
WFB MMA	All Funds Pooled	3.53%	3,555,189	1.7%	3,555,189
	SUBTOTAL		\$ 193,117,489	93.3%	\$ 192,092,080
Bond Reserve Accounts - held by trustees					
Zions Bank - Civic Center/Library Facility	Debt Service	3.30%	483	0.0%	483
Blackrock Liq Fund					
Zions Bank - MH Police Facility Lease Revenue Bonds	Debt Service	3.30%	614	0.0%	614
Blackrock Liq Fund					
BNY - RDA Bonds	Agency Fund	3.24%	6,343,239	3.1%	6,343,239
Dreyfus Cash Mgmt 521					
	SUBTOTAL		6,344,336	3.1%	6,344,336
Other Cash/Deposits					
General Checking	All Funds		(401,526)	-0.2%	(401,526)
Workers' Comp Administrators	Workers' Comp		30,000	0.0%	30,000
Petty Cash & Emergency Cash	General Fund		15,850	0.0%	15,850
CALPERS CERBT - OPEB Trust			5,237,404	2.5%	7,204,059
PARS - PENSION Trust			2,650,000	1.3%	3,639,051
	SUBTOTAL		7,531,728	3.6%	10,487,433
Total Cash and Investments			\$ 206,993,553	100.0%	\$ 208,923,850


CASH ACTIVITY SUMMARY
FY 2025-26


Fund Type	07/01/2025 Balance	Change in Cash Balance	3/31/2026 Balance
General Fund	\$ 27,754,684	\$ (3,301,087)	\$ 24,453,597
Development Services	1,256,663	1,560,441	2,817,104
Water - Operations	1,682,675	(13,345)	1,669,329
Water Other	33,378,396	1,639,900	35,018,296
Sewer - Operations	581,685	2,536,608	3,118,294
Sewer Other	51,823,477	943,035	52,766,512
Other Special Revenue	18,941,285	(119,283)	18,822,002
Streets and Capital Projects	40,813,196	(6,160,084)	34,653,112
Debt Service	354,990	(74,665)	280,326
Internal Service	29,447,571	(2,536,536)	26,911,034
Agency Funds (assessment dists./refundable deposits)	6,701,471	(217,524)	6,483,946
Total	\$ 212,736,093	\$ (5,742,540)	\$ 206,993,553

Note: See Investment Portfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.

I certify that information on the investment report has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill Investment Policy and all State laws and regulations.

Prepared by: 
 Gina Nazareno, Senior Accountant

Approved by: 
 Cindy Murphy, Treasurer

Reviewed by: 
 Dat Nguyen, Finance Director



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2025-26
For the Month Ended March 31, 2026
75% 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	\$ 8,096,008	45%	\$ 7,738,489	\$ 357,519	5%
Property Tax - RPTTF Residual Distribution	3,098,634	3,098,634	1,238,324	40%	1,160,036	78,288	7%
Property Tax - Supplemental Roll	325,515	325,515	165,698	51%	173,003	(7,305)	-4%
Sales Tax	12,711,087	11,511,087	7,473,663	65%	6,972,598	501,065	7%
Public Safety Sales Tax	478,182	478,182	274,821	57%	263,842	10,978	4%
Transient Occupancy Taxes	2,958,340	2,658,340	1,659,313	62%	1,551,428	107,885	7%
Franchise (Refuse ,Cable ,PG&E)	3,354,166	3,354,166	1,358,128	40%	1,282,171	75,956	6%
Property Transfer Tax	642,000	642,000	370,445	58%	350,784	19,662	6%
TOTAL TAXES	40,913,566	40,013,566	20,636,399	52%	19,492,351	1,144,048	6%
LICENSES/PERMITS							
Business License	200,000	200,000	79,571	40%	83,533	(3,962)	-5%
Other Permits	82,750	82,750	210,778	255%	177,407	33,371	19%
TOTAL LICENSES/PERMITS	282,750	282,750	290,348	103%	260,940	29,409	11%
FINES AND PENALTIES							
Parking Enforcement	9,800	9,800	3,571	36%	6,540	(2,969)	-45%
Bails & Fines	55,000	55,000	38,299	70%	24,937	13,362	54%
Administrative Citations	20,000	20,000	18,900	95%	13,732	5,168	38%
TOTAL FINES AND PENALTIES	84,800	84,800	60,770	72%	45,209	15,561	34%
OTHER AGENCIES							
Motor Vehicle in-Lieu	63,654	63,654	70,915	111%	73,134	(2,219)	-3%
Other Revenue - Other Agencies	434,545	954,307	591,120	62%	1,286,861	(695,742)	-54%
TOTAL OTHER AGENCIES	498,199	1,017,961	662,035	65%	1,359,995	(697,960)	-51%
CHARGES CURRENT SERVICES							
Police False Alarm Charge	33,500	33,500	19,718	59%	23,600	(3,882)	-16%
Business License Application Review	84,872	84,872	42,248	50%	42,170	78	0%
Membership Services & Rec Programs	6,830,960	6,830,960	4,994,132	73%	4,745,597	248,535	5%
Facility Rentals	1,245,612	1,245,612	1,138,079	91%	1,139,651	(1,572)	0%
Community Services	138,498	178,498	99,665	56%	123,540	(23,875)	-19%
General Administration Overhead	1,727,037	1,727,037	1,295,798	75%	1,262,183	33,615	3%
Other Charges Current Services	734,377	734,377	541,310	74%	765,703	(224,393)	-29%
TOTAL CURRENT SERVICES	10,794,856	10,834,856	8,130,950	75%	8,102,444	28,505	0%
OTHER REVENUE							
Use of money/property	1,283,417	1,583,417	1,016,086	64%	1,192,946	(176,860)	-15%
Other Revenues	548,648	811,790	593,268	73%	526,687	66,581	13%
TOTAL OTHER REVENUE	1,832,065	2,395,207	1,609,353	67%	1,719,633	(110,280)	-6%
TRANSFERS IN							
One Time Transfer	165,000	165,000	123,750	75%	123,750	-	0%
Public Safety Facilities Fund	50,000	50,000	37,500	75%	37,500	-	0%
Supplemental Law Enforcement Fund	100,000	100,000	100,000	100%	100,000	-	n/a
Countywide Solid Waste	563,961	544,328	422,971	78%	405,246	17,725	4%
Streets	851,932	851,932	582,937	68%	589,194	(6,257)	-1%
Park Maintenance	650,000	650,000	487,500	75%	487,500	-	n/a
Sewer Operations	434,390	434,390	362,793	84%	310,275	52,518	17%
Water Operations	434,390	434,390	362,793	84%	310,275	52,518	17%
Open Space	81,100	81,100	60,825	75%	60,825	-	n/a
Park Development	100,000	100,000	75,000	75%	75,000	-	n/a
TOTAL TRANSFERS IN	3,430,773	3,411,140	2,616,068	77%	2,499,565	116,503	5%
TOTAL GENERAL FUND	57,837,009	58,040,280	34,005,923	59%	33,480,137	525,786	2%
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	851,932	851,932	559,096	66%	584,208	(25,112)	-4%
Interest / Other Revenue/Other Charges	1,665	1,665	6,432	386%	4,986	1,446	29%
202 STREET MAINTENANCE	853,597	853,597	565,528	66%	589,194	(23,666)	-4%



City of Morgan Hill
 Year to Date Revenues - Fiscal Year 2025-26
 For the Month Ended March 31, 2026
 75% 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	12,988	117%	11,410	1,578	14%
Police Grant/SLEF/JAG	100,000	100,000	176,537	177%	145,969	30,568	21%
205 SUPPLEMENTAL LAW ENFORCEMENT FUND	111,065	111,065	189,524	171%	157,378	32,146	20%
206 DEVELOPMENT SERVICES							
Building Fees	3,655,850	3,768,850	3,330,244	88%	2,930,795	399,449	14%
Planning Fees	954,276	1,059,276	1,611,697	152%	803,480	808,217	101%
Engineering Fees	723,341	723,341	1,014,880	140%	741,799	273,081	37%
Other Revenue/Current Charges	544,851	326,851	158,494	48%	229,684	(71,189)	-31%
206 DEVELOPMENT SERVICES	5,878,318	5,878,318	6,115,316	104%	4,705,758	1,409,558	30%
207 LONG RANGE PLANNING	827,760	827,760	1,064,956	129%	882,473	182,484	21%
215 and 216 HCD BLOCK GRANT							
Interest Income/Other Revenue	994	994	1,600	161%	1,789	(189)	-11%
215 and 216 HCD BLOCK GRANT	994	994	1,600	161%	1,789	(189)	-11%
225 ASSET SEIZURE	1,631	1,631	2,414	148%	2,724	(310)	-11%
229 LIGHTING AND LANDSCAPE	207,135	207,135	120,730	58%	116,645	4,084	4%
230 COMMUNITY FACILITIES DISTRICT	28,314	28,314	18,924	67%	18,840	84	0%
232 ENVIRONMENTAL PROGRAMS	525,286	525,286	408,441	78%	378,845	29,596	8%
234 MOBILE HOME PARK RENT STAB.	2,447	2,447	5,538	226%	5,651	(112)	-2%
236 HOUSING MITIGATION	3,061,720	3,478,220	1,738,012	50%	1,842,650	(104,638)	-6%
240 EMPLOYEE ASSISTANCE	481	481	5,434	1130%	5,547	(113)	-2%
246 COUNTYWIDE SOLID WASTE	2,393,478	1,716,866	1,482,031	86%	1,413,351	68,680	5%
255 HOUSING SUCCESSOR AGENCY	418,260	418,260	144,374	35%	337,226	(192,852)	-57%
260 PUBLIC ART	869	869	940	108%	475	466	98%
TOTAL SPECIAL REVENUE FUNDS	14,311,356	14,051,244	11,863,762	84%	10,458,546	1,405,216	13%
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	2,324,852	2,324,852	626,665	27%	2,011,108	(1,384,443)	-69%
302 PARK MAINTENANCE	1,008,792	1,008,792	38,894	4%	64,093	(25,198)	-39%
303 LOCAL DRAINAGE	3,672,294	3,672,294	142,695	4%	461,476	(318,781)	-69%
304 LOCAL DRAINAGE/NON AB1600	28,357	187,838	29,676	16%	272,110	(242,434)	-89%
306 AGRICULTURE & OPEN SPACE PRESERVATION	10,461	10,461	183,968	1759%	1,039,658	(855,690)	-82%
308 STREET CIP	7,777,340	7,777,340	2,621,624	34%	3,532,171	(910,548)	-26%
309 TRAFFIC IMPACT	3,584,714	3,584,714	829,034	23%	2,083,585	(1,254,551)	-60%
315 PUBLIC SAFETY FACILITIES IMPACT	2,217,137	5,517,137	1,500,663	27%	6,350,181	(4,849,518)	-76%
346 PUBLIC FACILITIES NON-AB1600	26,226	26,226	41,091	157%	181,844	(140,753)	-77%
347 PUBLIC FACILITIES IMPACT	994,483	994,483	93,770	9%	354,678	(260,908)	-74%
348 LIBRARY	2,180,740	2,180,740	438,861	20%	1,366,765	(927,904)	-68%
350 UNDERGROUNDING	47,258	47,258	78,077	165%	78,617	(541)	-1%
360 COMMUNITY/REC IMPACT FUND	3,802,095	3,802,095	864,678	23%	2,539,772	(1,675,094)	-66%
375 QUIMBY FEE	4,268,487	4,268,487	446,203	10%	2,041,522	(1,595,319)	-78%
TOTAL CAPITAL PROJECTS FUNDS	31,943,236	35,402,717	7,935,898	22%	22,377,579	(14,441,682)	-65%
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	302,376	302,376	226,307	75%	225,105	1,202	1%
441 POLICE FACILITY BOND	394,304	394,304	292,199	74%	289,154	3,045	1%
TOTAL DEBT SERVICE FUNDS	696,680	696,680	518,506	74%	514,258	4,248	1%



City of Morgan Hill
 Year to Date Revenues - Fiscal Year 2025-26
 For the Month Ended March 31, 2026
 75% 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	13,843,672	77%	11,462,228	2,381,444	21%
Interest Income/Transfers	121,041	121,041	52,050	43%	52,685	(635)	-1%
Other Revenue/Current Charges	428,860	428,860	232,116	54%	227,217	4,899	2%
640 WASTEWATER OPERATION	18,420,901	18,420,901	14,127,837	77%	11,742,129	2,385,708	20%
641 WASTEWATER EXPANSION							
Interest Income	164,788	164,788	513,253	311%	586,536	(73,282)	-12%
Development Impact Fee	30,415,728	30,415,728	1,738,590	6%	9,563,478	(7,824,888)	-82%
641 WASTEWATER EXPANSION	30,580,516	30,580,516	2,251,843	7%	10,150,014	(7,898,171)	-78%
642 WASTEWATER RATE STABILIZATION							
	93,037	93,037	75,192	81%	83,499	(8,307)	-10%
643 WASTEWATER CAPITAL PROJECT							
	15,076,739	15,076,739	4,988,954	33%	5,121,236	(132,282)	-3%
TOTAL SEWER FUNDS	64,171,193	64,171,193	21,443,827	33%	27,096,879	(5,653,052)	-21%
650 WATER OPERATION							
Water Sales	21,385,800	21,385,800	13,468,343	63%	12,814,158	654,185	5%
Meter Install & Service	110,000	110,000	35,236	32%	70,865	(35,630)	-50%
Transfers-In / Interest Income	911,184	911,184	622,592	68%	552,595	69,997	13%
Other Revenue/Current Charges	1,044,838	1,044,838	549,954	53%	651,009	(101,054)	-16%
650 WATER OPERATION	23,451,822	23,451,822	14,676,125	63%	14,088,626	587,498	4%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	40,273	40,273	127,503	317%	140,129	(12,626)	-9%
Development Impact Fee	4,833,886	4,833,886	688,382	14%	3,308,399	(2,620,017)	-79%
651 WATER EXPANSION	4,874,159	4,874,159	815,885	17%	3,448,528	(2,632,643)	-76%
652 WATER RATE STABILIZATION							
	99,247	99,247	80,426	81%	89,978	(9,551)	-11%
653 WATER CAPITAL PROJECT							
	7,809,380	7,809,380	7,114,964	91%	5,005,102	2,109,862	42%
TOTAL WATER FUNDS	36,234,608	36,234,608	22,687,400	63%	22,632,234	55,165	0%
TOTAL ENTERPRISE FUNDS	100,405,801	100,405,801	44,131,226	44%	49,729,113	(5,597,887)	-11%
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	3,038,971	3,038,971	2,278,926	75%	2,166,266	112,660	5%
740 BUILDING MAINTENANCE	1,270,189	1,270,189	960,981	76%	1,069,560	(108,579)	-10%
741 BUILDING REPLACEMENT	1,049,288	2,299,288	791,679	34%	791,209	470	0%
745 CIP ADMINISTRATION	2,880,028	2,880,028	1,215,222	42%	1,332,835	(117,614)	-9%
760 UNEMPLOYMENT INSURANCE	8,298	8,298	6,156	74%	7,227	(1,072)	-15%
770 WORKERS COMPENSATION	1,211,610	1,211,610	692,503	57%	761,501	(68,998)	-9%
790 EQUIPMENT REPLACEMENT	1,615,158	1,615,158	1,221,210	76%	1,400,903	(179,693)	-13%
791 EMPLOYEE BENEFITS	1,251,963	1,251,963	876,877	70%	859,448	17,429	2%
795 GENERAL LIABILITY INSURANCE	2,769,881	2,769,881	2,066,063	75%	1,882,422	183,641	10%
TOTAL INTERNAL SERVICE FUNDS	15,095,386	16,345,386	10,109,618	62%	10,271,373	(161,754)	-2%
TOTAL FOR ALL FUNDS	\$ 220,289,468	\$ 224,942,107	\$ 108,564,933	48%	\$ 126,831,006	\$ (18,266,073)	-14%



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2025-26
 For the Month Ended March 31, 2026
 75% 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	\$ 34,709	\$ 631,504	\$ 541,766	\$ -	\$ 541,766	86%	\$ 352,940
	CITY ATTORNEY	119,089	1,046,783	772,266	82,201	854,466	82%	728,024
	CITY MANAGER	74,772	1,041,692	540,629	1,524	542,153	52%	500,723
	HUMAN RESOURCES	87,870	1,032,289	788,106	-	788,106	76%	699,221
	COUNCIL SVCS & RECORDS MGMT							
	Council Svcs & Records Mgmt	53,444	627,757	427,484	-	427,484	68%	416,386
	Elections	3,577	38,516	27,479	-	27,479	71%	276,957
	COUNCIL SVCS & RECORDS MGMT	57,021	666,273	454,963	-	454,963	68%	693,343
	FINANCE	163,172	2,563,249	1,562,185	416,902	1,979,087	77%	1,613,137
	TOTAL ADMINISTRATION	536,634	6,981,791	4,659,914	500,626	5,160,540	74%	4,587,387
II. COMMUNITY SERVICES								
	Membership Services & Rec. Programs	771,468	7,547,394	5,291,564	821,365	6,112,929	81%	5,495,245
	Recreation Facility Rentals	88,333	1,451,514	887,190	62,143	949,333	65%	409,330
	Innovative Transit	-	-	-	-	-	n/a	500,462
	Community Services	74,474	923,254	553,680	34,729	588,409	64%	428,386
	Park Maintenance	90,433	1,563,669	817,020	65,760	882,781	56%	862,517
	Environmental Services	46,141	1,042,804	491,046	-	491,046	47%	453,347
	Countywide Solid Waste Program	49,530	546,317	366,295	-	366,295	67%	363,533
	Street Maintenance	300,829	3,598,941	2,543,089	30,520	2,573,609	72%	2,510,338
	Downtown Maintenance	30,453	396,152	233,056	20,599	253,655	64%	203,391
	PD Building Maintenance	35,928	727,124	401,967	79,448	481,415	66%	460,221
	Cable Television	7,599	91,406	68,334	-	68,334	75%	68,086
	COMMUNITY SERVICES	1,495,188	17,888,575	11,653,241	1,114,564	12,767,806	71%	11,754,855
	CODE COMPLIANCE	34,243	420,943	308,165	-	308,165	73%	290,515
	INFRASTRUCTURE PLANNING & CONGESTION MGMT	39,668	644,253	399,175	6,786	405,961	63%	312,745
	ECONOMIC DEVELOPMENT PROGRAMS	79,788	1,344,548	738,291	100,009	838,300	62%	742,193
	TOTAL COMMUNITY SERVICES	1,648,887	20,298,319	13,098,872	1,221,359	14,320,231	71%	13,100,308
III. PUBLIC SAFETY								
POLICE								
	PD Administration	155,499	1,964,769	1,343,097	5,940	1,349,037	69%	1,177,098
	Field Operations	998,253	14,224,118	9,520,045	32,998	9,553,043	67%	8,630,048
	Support Services	213,064	2,766,134	1,973,047	64,474	2,037,521	74%	1,965,265
	Emergency Services/Haz Mat	23,351	291,798	191,684	-	191,684	66%	186,742
	Special Operations	308,237	4,405,650	3,022,013	15,315	3,037,328	69%	3,199,760
	Dispatch Services	217,288	2,576,058	1,791,480	122,819	1,914,299	74%	1,657,147
	POLICE	1,915,691	26,228,527	17,841,367	241,546	18,082,913	69%	16,816,061
	FIRE	852,589	11,238,402	8,015,928	301,500	8,317,428	74%	7,675,017
	TOTAL PUBLIC SAFETY	2,768,281	37,466,930	25,857,295	543,046	26,400,341	70%	24,491,078
IV. TRANSFERS								
	Other	104,923	1,418,558	944,308	-	944,308	67%	1,093,673
	TOTAL TRANSFERS	104,923	1,418,558	944,308	-	944,308	67%	1,093,673
	TOTAL GENERAL FUND	5,058,725	66,165,597	44,560,389	2,265,031	46,825,420	71%	43,272,446



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2025-26
 For the Month Ended March 31, 2026
 75% 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	587,107	-	587,107	68%	589,194
205	PUBLIC SAFETY/SUPP.LAW	115	101,380	101,035	-	101,035	100%	101,015
206	DEVELOPMENT SERVICES FUND							
	Planning	141,531	1,733,837	1,231,895	-	1,231,895	71%	1,194,234
	Building	242,651	3,254,121	2,100,066	76,664	2,176,730	67%	2,049,861
	Engineering	142,699	1,786,271	1,155,426	-	1,155,426	65%	1,117,247
206	DEVELOPMENT SERVICES FUND	526,881	6,774,229	4,487,386	76,664	4,564,050	67%	4,361,342
207	LONG RANGE PLANNING	75,585	2,872,275	856,100	326,202	1,182,302	41%	885,719
215/216	CDBG	8	90	68	-	68	75%	66
225	ASSET SEIZURE	70	840	630	-	630	75%	616
229	LIGHTING AND LANDSCAPE	12,946	218,856	117,628	14,011	131,639	60%	149,310
230	COMMUNITY FACILITIES DISTRICT	2,790	24,377	19,643	-	19,643	81%	17,660
232	ENVIRONMENTAL PROGRAMS	30,965	469,415	293,565	3,362	296,926	63%	300,379
234	MOBILE HOME PARK	81	970	727	-	727	75%	714
236	HOUSING MITIGATION	79,342	2,480,440	1,336,809	1,030,210	2,367,019	95%	891,106
240	EMPLOYEE ASSISTANCE	84	21,010	2,438	-	2,438	12%	4,245
246	COUNTYWIDE SOLID WASTE PROGRAM	246,768	1,808,470	1,049,799	637,313	1,687,113	93%	1,000,733
255	HOUSING SUCCESSOR AGENCY	57,048	1,375,331	953,683	162,125	1,115,808	81%	840,363
260	PUBLIC ART	536	6,430	4,822	-	4,822	75%	9,718
TOTAL SPECIAL REVENUE FUNDS		1,033,682	17,011,604	9,811,440	2,249,886	12,061,327	71%	9,152,179
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	119,007	4,256,161	1,265,341	353,780	1,619,121	38%	653,470
302	PARK MAINTENANCE	54,212	1,650,000	488,895	-	488,895	30%	489,605
303	LOCAL DRAINAGE	26,176	8,163,833	1,817,766	225,064	2,042,830	25%	5,550,346
304	LOCAL DRAIN. NON-AB1600	956	530,148	127,324	84,306	211,630	40%	76,385
306	AGRICULTURE & OPEN SPACE PRESERVATI	10,731	128,770	96,577	-	96,577	75%	96,118
308	STREET CIP	9,461	8,054,263	2,393,885	113,264	2,507,149	31%	3,837,151
309	TRAFFIC IMPACT	82,103	4,774,469	451,204	171,419	622,623	13%	3,269,938
315	PUBLIC SAFETY FACILITIES IMPACT	21,931	4,527,175	1,162,310	1,376,638	2,538,948	56%	5,705,903
346	PUBLIC FAC.NON AB1600	2,007	930,655	232,852	34,142	266,994	29%	397,185
347	PUBLIC FACILITIES IMPACT	67,781	1,855,069	1,092,313	105,925	1,198,238	65%	364,819
348	LIBRARY IMPACT	717,957	215,486	161,614	-	161,614	75%	160,211
350	UNDERGROUNDING	105	2,948,810	945	-	945	0%	128,147
360	COMM/REC CENTER IMPACT	6,102	5,564,824	395,789	156,544	552,333	10%	336,167
375	QUIMBY FEE	155,451	8,097,366	4,427,639	842,224	5,269,863	65%	1,309,877
TOTAL CAPITAL PROJECTS FUNDS		1,273,981	51,697,029	14,114,454	3,463,308	17,577,762	34%	22,375,324
DEBT SERVICE FUNDS								
420	CIVIC CENTER DEBT	289	294,598	260,935	-	260,935	89%	243,792
441	POLICE FACILITY BOND DEBT	383	389,293	332,236	-	332,236	85%	330,633
TOTAL DEBT SERVICE FUNDS		673	683,891	593,171	-	593,171	87%	574,425



City of Morgan Hill
 Year to Date Expenses - Fiscal Year 2025-26
 For the Month Ended March 31, 2026
 75% 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	1,422,601	18,570,816	13,015,268	294,268	13,309,536	72%	12,298,917
641	WASTEWATER CAPITAL EXPANSION	102,012	54,898,903	1,505,077	656,102	2,161,178	4%	4,526,709
642	WASTEWATER RATE STABILIZATION	168	2,010	1,508	-	1,508	75%	1,474
643	WASTEWATER CAPITAL PROJECTS	575,304	34,316,583	3,709,869	3,138,535	6,848,403	20%	2,162,470
TOTAL SEWER FUND(S)		2,100,085	107,788,312	18,231,721	4,088,905	22,320,625	21%	18,989,571
WATER								
	Water Operations	1,492,442	21,663,763	14,476,136	280,844	14,756,980	68%	13,096,728
	Utility Billing	106,163	1,544,437	1,061,700	13,511	1,075,212	70%	992,371
	Water Conservation	85,267	494,608	282,153	26,936	309,089	62%	235,031
650	WATER OPERATIONS	1,683,872	23,702,807	15,819,990	321,291	16,141,281	68%	14,324,131
651	WATER CAPITAL EXPANSION	253,729	9,618,856	1,508,198	1,401,244	2,909,441	30%	869,916
652	WATER RATE STABILIZATION	125	1,500	1,125	-	1,125	75%	1,105
653	WATER-CAPITAL PROJECTS	413,946	28,523,123	4,840,399	5,086,558	9,926,957	35%	1,728,328
TOTAL WATER FUND(S)		2,351,672	61,846,287	22,169,712	6,809,093	28,978,804	47%	16,923,479
TOTAL ENTERPRISE FUNDS		4,451,757	169,634,598	40,401,433	10,897,997	51,299,430	30%	35,913,050
INTERNAL SERVICE FUNDS								
730	INFORMATION SYSTEMS	188,774	3,183,799	2,202,949	235,037	2,437,987	77%	1,761,023
740	BUILDING MAINTENANCE	81,777	1,420,189	885,103	20,481	905,584	64%	888,081
741	BUILDING REPLACEMENT	542	4,842,221	1,738,687	339,767	2,078,454	43%	1,159,113
745	CIP ADMINISTRATION	204,531	2,744,438	1,928,508	-	1,928,508	70%	1,755,782
760	UNEMPLOYMENT	-	15,000	9,321	-	9,321	62%	6,205
770	WORKERS COMPENSATION	8,121	1,007,970	781,216	-	781,216	78%	1,072,786
790	EQUIPMENT REPLACEMENT	-	1,147,077	534,398	609,491	1,143,888	100%	844,844
791	EMPLOYEE BENEFITS FUND	51,201	1,000,000	623,750	-	623,750	62%	655,478
795	GEN. LIABILITY INSURANCE	35,394	2,623,909	2,625,105	-	2,625,105	100%	2,138,261
TOTAL INTERNAL SERVICE FUNDS		570,340	17,984,602	11,329,036	1,204,776	12,533,812	70%	10,281,572
REPORT TOTAL		\$ 12,389,157	\$ 323,177,322	\$ 120,809,924	\$ 20,080,999	\$ 140,890,922	44%	\$ 121,568,997



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2024-25
For the Month Ended March 31, 2026
75% of Year Complete

Fund No.	Fund Description	Beginning 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	\$ 27,063,982	\$ 34,005,923	59%	\$ 44,560,389	67%	\$ (10,554,466)	\$ 2,265,031	\$ 14,244,485
TOTAL GENERAL FUND		\$ 27,063,982	\$ 34,005,923	59%	\$ 44,560,389	67%	\$ (10,554,466)	\$ 2,265,031	\$ 14,244,485
202	STREET MAINTENANCE	152,931	\$ 565,528	66%	\$ 587,107	65%	\$ (21,579)	\$ -	\$ 131,352
205	PUBLIC SAFETY/SUPPL. LAW	523,410	189,524	171%	101,035	65%	88,489	-	611,899
206	DEVELOPMENT SERVICES	(987,534)	6,115,316	104%	4,487,386	66%	1,627,929	76,664	563,731
207	LONG RANGE PLANNING	1,367,092	1,064,956	129%	856,100	30%	208,856	326,202	1,249,746
215 / 216	CDBG	34,690	1,600	161%	68	75%	1,533	-	36,223
225	ASSET SEIZURE	107,136	2,414	148%	630	75%	1,784	-	108,920
229	LIGHTING AND LANDSCAPE	204,684	120,730	58%	117,628	54%	3,102	14,011	193,774
230	COMMUNITY FACILITIES DISTRICT	169,007	18,924	67%	19,643	81%	(718)	-	168,289
232	ENVIRONMENTAL PROGRAMS	576,223	408,441	78%	293,565	63%	114,876	3,362	687,738
234	MOBILE HOME PK RENT STAB.	87,242	5,538	226%	727	75%	4,811	-	92,053
235	SENIOR HOUSING	253,103	-	n/a	-	n/a	-	-	253,103
236	HOUSING MITIGATION	10,243,057	1,738,012	50%	1,336,809	54%	401,203	1,030,210	9,614,050
240	EMPLOYEE ASSISTANCE	63,420	5,434	1130%	2,438	12%	2,997	-	66,417
246	COUNTYWIDE SOLID WASTE	324,737	1,482,031	86%	1,049,799	58%	432,231	637,313	119,655
255	HOUSING SUCCESSOR AGENCY	3,856,660	144,374	35%	953,683	69%	(809,309)	162,125	2,885,226
260	PUBLIC ART	37,920	940	108%	4,822	75%	(3,882)	-	34,038
TOTAL SPECIAL REVENUE FUNDS		\$ 17,013,778	\$ 11,863,762	84%	\$ 9,811,440	58%	\$ 2,052,322	\$ 2,249,886	\$ 16,816,213
301	PARK DEV. IMPACT FUND	\$ 3,333,114	\$ 626,665	27%	\$ 1,265,341	30%	\$ (638,676)	\$ 353,780	\$ 2,340,658
302	PARK MAINTENANCE	1,896,529	38,894	4%	488,895	30%	(450,001)	-	1,446,528
303	LOCAL DRAINAGE	10,517,077	142,695	4%	1,817,766	22%	(1,675,070)	225,064	8,616,943
304	LOCAL DRAINAGE/NON-AB1600	1,342,166	29,676	16%	127,324	24%	(97,648)	84,306	1,160,212
306	AG. AND OPEN SPACE PRESERVATION	2,344,054	183,968	1759%	96,577	75%	87,390	-	2,431,444
308	STREET CIP	4,608,966	2,621,624	34%	2,393,885	30%	227,739	113,264	4,723,441
309	TRAFFIC IMPACT FUND	2,855,919	829,034	23%	451,204	9%	377,830	171,419	3,062,330
315	PUBLIC SAFETY FACILITIES IMPACT	(6,894,240)	1,500,663	27%	1,162,310	26%	338,354	1,376,638	(7,932,524)
346	PUBLIC FACILITIES NON-AB1600	1,921,852	41,091	157%	232,852	25%	(191,761)	34,142	1,695,949
347	PUBLIC FACILITIES IMPACT FUND	1,250,914	93,770	9%	1,092,313	59%	(998,543)	105,925	146,446
348	LIBRARY IMPACT FUND	3,540,033	438,861	20%	161,614	75%	277,247	-	3,817,280
350	UNDERGROUNDING	1,768,756	78,077	165%	945	0%	77,132	-	1,845,888
360	COMM/REC CTR IMPACT FUND	4,522,800	864,678	23%	395,789	7%	468,889	156,544	4,835,144
375	QUIMBY FEE	6,800,701	446,203	10%	4,427,639	55%	(3,981,436)	842,224	1,977,041
TOTAL CAPITAL PROJECT FUNDS		\$ 39,808,641	\$ 7,935,898	22%	\$ 14,114,454	27%	\$ (6,178,556)	\$ 3,463,308	\$ 30,166,777
420	CIVIC CENTER DEBT	\$ 192,703	\$ 226,307	75%	\$ 260,935	89%	\$ (34,628)	\$ 483	\$ 157,592
441	POLICE FACILITY BOND DEBT	162,288	292,199	74%	332,236	85%	(40,037)	614	121,636
TOTAL DEBT SERVICE FUNDS		\$ 354,991	\$ 518,506	74%	\$ 593,171	87%	\$ (74,665)	\$ 1,097	\$ 279,229
640	WASTEWATER OPERATIONS	\$ 3,158,106	\$ 14,127,837	77%	\$ 13,015,268	70%	\$ 1,112,569	294,268	3,976,407
641	WASTEWATER IMPACT FUND	22,082,658	2,251,843	7%	1,505,077	3%	746,767	656,102	22,173,323
642	WASTEWATER RATE STABILIZATION	3,295,308	75,192	81%	1,508	75%	73,684	-	3,368,992
643	WASTEWATER CAPITAL PROJECTS	23,945,613	4,988,954	33%	3,709,869	11%	1,279,086	3,138,535	22,086,164
650	WATER OPERATIONS	4,429,715	14,676,125	63%	15,819,990	67%	(1,143,865)	321,291	2,964,559
651	WATER IMPACT FUND	5,747,541	815,885	17%	1,508,198	16%	(692,313)	1,401,244	3,653,985
652	WATER RATE STABILIZATION	3,524,499	80,426	81%	1,125	75%	79,301	-	3,603,800
653	WATER -CAPITAL PROJECT	22,586,031	7,114,964	91%	4,840,399	17%	2,274,565	5,086,558	19,774,038
TOTAL ENTERPRISE FUNDS		\$ 88,769,471	\$ 44,131,226	44%	\$ 40,401,433	24%	\$ 3,729,794	\$ 10,897,997	\$ 81,601,267
730	INFORMATION SERVICES	\$ 619,218	\$ 2,278,926	75%	\$ 2,202,949	69%	\$ 75,977	\$ 235,037	\$ 460,158
740	BUILDING MAINTENANCE	346,643	960,981	76%	885,103	62%	75,878	20,481	402,040
741	BUILDING REPLACEMENT	5,024,498	791,679	34%	1,738,687	36%	(947,008)	339,767	3,737,723
745	CIP ENGINEERING	7,515	1,215,222	42%	1,928,508	70%	(713,286)	-	(705,771)
760	UNEMPLOYMENT	285,588	6,156	74%	9,321	62%	(3,165)	-	282,423
770	WORKERS COMPENSATION	2,338,745	692,503	57%	781,216	78%	(88,713)	30,000	2,220,032
790	EQUIPMENT REPLACEMENT	10,172,190	1,221,210	76%	534,398	47%	686,813	609,491	10,249,512
791	EMPLOYEE BENEFITS FUNDS	346,566	876,877	70%	623,750	62%	253,127	-	599,693
795	GEN. LIABILITY INSURANCE	1,149,474	2,066,063	75%	2,625,105	100%	(559,042)	-	590,432
TOTAL INTERNAL SERVICE FUNDS		\$ 20,290,437	\$ 10,109,618	62%	\$ 11,329,036	63%	\$ (1,219,418)	\$ 1,234,776	\$ 17,836,243



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2024-25
For the Month Ended March 31, 2026
75% of Year Complete

Fund No.	Fund Description	Beginning 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	\$ 27,063,982	\$ 34,005,923	59%	\$ 44,560,389	67%	\$ (10,554,466)	\$ 2,265,031	\$ 14,244,485
SPECIAL REVENUE GROUP	17,013,778	11,863,762	84%	9,811,440	58%	2,052,322	2,249,886	16,816,213
DEBT SERVICE GROUP	354,991	518,506	74%	593,171	87%	(74,665)	1,097	279,229
CAPITAL PROJECTS GROUP	39,808,641	7,935,898	22%	14,114,454	27%	(6,178,556)	3,463,308	30,166,777
ENTERPRISE GROUP	88,769,471	44,131,226	44%	40,401,433	24%	3,729,794	10,897,997	81,601,267
INTERNAL SERVICE GROUP	20,290,437	10,109,618	62%	11,329,036	63%	(1,219,418)	1,234,776	17,836,243
TOTAL ALL GROUPS	\$ 193,301,300	\$ 108,564,933	48%	\$ 120,809,924	37%	\$ (12,244,990)	\$ 20,112,095	\$ 160,944,214

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

City Manager's Signature Authority

Contracts and Agreements Between \$25,000 to \$75,000 Entered From 1/21/2026 to 4/21/2026

Vendor Name	Description of Service	Begin Date	End Date	Department	Amount
Altayeb, Walaa - Heal with Ella	Youth and Adult holistic wellness classes	1/21/2026	6/30/2027	PS	\$30,000
ACT Private Security and Investigations	On-call security services at Community Christian Church inclement weather shelter	1/28/2026	6/30/2026	PS	\$50,000
Roddick Pool Products, Inc	Pressure wash, polish and wax two slides at Aquatics Center	2/7/2026	4/24/2026	PS	\$40,081
Robertson Industries, Inc.	Resealing of pads at Railroad Park and Magical Bridge	3/3/2026	5/22/2026	PS	\$60,891
Community Fire Protection	Fire Protection Sprinkler Inspection, Testing and Maintenance	3/4/2026	2/29/2028	PS	\$75,000
California Roofing Company, Inc	On-Call roofing maintenance and repair services	3/20/2026	3/31/2028	PS	\$75,000

CITY COUNCIL STAFF REPORT

MEETING DATE: May 6, 2026

PREPARED BY:

Monica Delgado, Budget Manager

Dat Nguyen, Finance Director

APPROVED BY: City Manager

INTRODUCE THE RECOMMENDED FY 2026-27 AND FY 2027-28 BIENNIAL OPERATING AND FY 2026-27 THROUGH FY 2031-32 CAPITAL IMPROVEMENT PROGRAM BUDGETS

RECOMMENDATION(S)

Receive the Introduction to the Recommended Budget Presentation.

COUNCIL PRIORITIES, GOALS & STRATEGIES

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

Strategic Priorities 2026-2027

Fiscal Sustainability

Public Safety

Affordable Housing and Homelessness

Economic Development and Tourism

Transportation

Economic Mobility

Guiding Documents

Bikeways, Trails, and Recreation Master Plan

Climate Action Plan

Communications, Outreach, and Engagement Plan

Economic Blueprint

Fire Services Standards of Coverage

GIS Strategic Plan

Morgan Hill 2035 General Plan
 Public Safety Master Plan
 Storm Drain Master Plan
 Vision Zero
 Water System Master Plan
 Wastewater System Master Plan

REPORT NARRATIVE:

On Friday, May 1, the Recommended FY 2026-27 and FY 2027-28 Biennial Operating and FY 2026-27 through FY 2031-32 Capital Improvement Program (CIP) Budgets were distributed to the City Council and made available for public review.

The total Recommended Budget is \$244.2 million in FY 26-27 and \$221.4 million in FY 27-28. In FY 26-27, expenditures include \$66.6 million in the General Fund, \$92.7 million in CIP, and \$84.9 million across all other funds. In FY 27-28, expenditures include \$68.5 million in the General Fund, \$61.8 million in CIP, and \$91.1 million across all other funds. Additional details are provided in the Operating Department and CIP sections of the budget document.

This budget serves as a foundational roadmap for our Community, reflecting our core commitment to Fiscal Sustainability and Preserving and Cultivating Public Trust while maintaining the City services that the Community continues to expect during a period of financial transition and economic complexity.

[Recommended FY 2026-27 and FY 2027-28 Biennial Operating](#) and FY 2026-27 through [FY 2031-32 Capital Improvement Program](#) Budgets.

COMMUNITY ENGAGEMENT:

Involve

March 25, 2026 - Open Streets Budget Engagement with the Community

In addition to introducing the Recommended Budget on May 6, the Community is invited to participate in the Budget Town Hall Meeting which is scheduled for May 16 at 10:00 am, and the City Council Budget Workshop which is scheduled for May 20 at 6:00 pm.

ALTERNATIVE ACTIONS:

Not Applicable

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council received the last recommended biennial operating and CIP budgets in May 2024 which was subsequently adopted in June 2024.

FISCAL AND RESOURCE IMPACT:

The budget documents are the product of many employees working in a collaborative manner to strive to attain the Council's and Community's priorities in a cost-effective

manner while maintaining the City's goal of fiscal sustainability.

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.