CITY OF MORGAN HILL

City Council

Regular Meeting Agenda

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

Wednesday, June 3, 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

RECOGNITIONS

Morgan Hill Toros 12U

CITY COUNCIL REPORTS

Council Member Iwanaga

OTHER REPORTS

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

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. ACCEPT 2025 PAVEMENT REHABILITATION PROJECT

Recommendation:

1. Accept as complete the 2025 Pavement Rehabilitation Project;
2. Authorize the City Engineer to sign the Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

2. **APPROVE A CONSULTANT AGREEMENT WITH ADVANCED INTEGRATION & CONTROLS IN THE AMOUNT OF $277,920 FOR SCADA HMI APPLICATION UPGRADES**

Recommendation:
Award and authorize the City Manager to execute a Consultant Agreement with Advanced Integration & Controls, in the not to exceed amount of $277,920 for SCADA HMI Application Upgrades.

3. **APPROVE A FOURTH AMENDMENT TO AGREEMENT WITH AKEL ENGINEERING FOR ON-CALL WATER AND WASTEWATER SERVICES TO INCREASE THE NOT TO EXCEED AMOUNT BY $60,000**

Recommendation:
Approve and authorize the City Manager to execute a fourth amendment to the agreement with Akel Engineering Group to increase the not to exceed amount by $60,000, for a contract total of $438,750.

4. **APPROVE THE 2025 ANNUAL CONTROLLED EQUIPMENT USE REPORT**

Recommendation:
Approve the 2025 Annual Military Equipment Use Report and the continued use of the controlled equipment contained in the report.

5. **APPROVE THE MAY 6, 2026 CITY COUNCIL AND THE MAY 20, 2026 CITY COUNCIL MEETING MINUTES**

Recommendation:
Approve the May 6, 2026 and the May 20, 2026 City Council Meeting Minutes.

6. **APPROVE TRANSFER OF PROPERTY TO VALLEY WATER FOR FLOOD PROTECTION PROJECT**

Recommendation:
Authorize the City Manager to execute a grant deed and any other documents necessary to transfer the City owned property (APN 767-05-049) for flood protection purposes.

7. **APPROVE UPDATED 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 an updated 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.

8. AWARD TOW AGREEMENT WITH DICK'S COMMUNITY TOWING AND TRANSPORT FOR POLICE-GENERATED TOW SERVICES

Recommendation:

1. Award Tow Agreement with Dick's Community Towing and Transport for Police-Generated Tow Services; and
2. Authorize the City Manager to execute the Agreement.

9. AWARD POLICE AND PUBLIC SERVICES DEPARTMENTS FLEET SERVICE AGREEMENT TO FRANK'S AUTO SERVICE

Recommendation:

1. Award Fleet Services Agreement to Frank's Auto Service for a total not to exceed amount of $300,000; and
2. Authorize the City Manager to execute the Agreement.

10. AWARD STREET LIGHTING AND TRAFFIC SIGNAL MAINTENANCE SERVICE AGREEMENT

Recommendation:

1. Award an agreement to Cal-West Lighting and Signal Maintenance, Inc. in the amount of $1,000,000 to provide street lighting and traffic signal maintenance and repair services; and
2. Authorize the City Manager to execute and administer said agreement.

11. RECEIVE MONTHLY BUDGET UPDATE AND APRIL 2026 FINANCIAL AND INVESTMENT REPORTS

Recommendation:
Receive and file reports.

OTHER BUSINESS

12. RECEIVE A REPORT ON CITY OF MORGAN HILL VACANCIES, AND RECRUITMENT AND RETENTION EFFORTS

Recommendation:
Receive the informational report on City of Morgan Hill Vacancies, and Recruitment and Retention Efforts Pursuant to Government Code Section 3502.3 (AB 2561).

PUBLIC HEARINGS

13. ADOPT RESOLUTION ORDERING ANNUAL ASSESSMENTS AND RELATED ACTIONS FOR CITY OF MORGAN HILL LANDSCAPE ASSESSMENT DISTRICT NUMBER 1 (DISTRICT)

Recommendation:

1. Open and close the public hearing; and
2. Adopt resolution confirming Fiscal Year (FY) 2026-27 annual assessments and ordering the levy of assessments for the District.

14. ADOPT THE FISCAL YEAR (FY) 2026-27 AND 2027-28 OPERATING BUDGET, FY 2026-27 THROUGH 2031-32 CAPITAL IMPROVEMENT PROGRAM BUDGET, ADOPT FY 2026-27 APPROPRIATIONS LIMIT, AUTHORIZE THE ALLOCATION OF GENERAL FUND BUDGET SAVINGS TO EXCESS ERAF RESERVES; DELEGATE AUTHORITY TO THE CITY MANAGER TO PURCHASE CITYWIDE COMPUTER REPLACEMENTS INCLUDED IN THE ADOPTED BUDGET, AND APPROVE MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEE GROUP SALARY SCHEDULES

Recommendation:

1. Open/Close Public Hearing;
2. Adopt resolution to:
   a. Adopt the FY 2026-27 and 2027-28 Operating Budget;
   b. Adopt the FY 2026-27 through 2031-32 Capital Improvement Program Budget;
   c. Adopt the 2026-27 Appropriations Limit and Appropriations Limit Adjustment Factors;
3. Authorize the allocation of General Fund Budget Savings to Excess Educational Revenue Augmentation Fund (ERAF) reserves;
4. Delegate authority to the City Manager to purchase citywide computer replacements included in the Adopted Budget; and
5. Approve the Management, Professional, and Confidential Employee Group salary schedules.

15. CONDUCT PUBLIC HEARING FOR INPUT ON THE 2025 URBAN WATER MANAGEMENT PLAN (UWMP) AND ADOPTION OF THE UWMP AND THE WATER SHORTAGE CONTINGENCY PLAN (WSCP)

Recommendation:

1. Conduct a public hearing to receive input on the 2025 Urban Water Management Plan;
2. Adopt a Resolution approving the 2025 Urban Water Management Plan and authorize its submittal to the Department of Water Resources; and

3. Adopt a Resolution approving the 2025 Water Shortage Contingency Plan and authorize its submittal to the Department of Water Resources.

OTHER BUSINESS

16. APPROVE LEADERSHIP MORGAN HILL CLASS OF 2026 PROJECT PROPOSAL

Recommendation:

1. Approve the proposed Leadership Morgan Hill Class of 2026 (Class) Project to create a historical trail in partnership with the Morgan Hill Historical Society; and
2. Direct City staff to coordinate with the Class on the final implementation of the Project.

17. ADOPT POLICY REGARDING DISRUPTION OF TELEPHONIC, AUDIO/VISUAL, OR INTERNET SERVICE DURING CITY COUNCIL MEETINGS

Recommendation:
Adopt the City Council Policy regarding disruption of telephonic, audio/visual, or internet service during City Council meetings in compliance with Government Code section 54953.4.

18. PROVIDE DIRECTION TO STAFF ON PROPOSED FUTURE COUNCIL INITIATED AGENDA ITEMS

Recommendation:
Determine if the majority of the City Council wants the following items agendized at a future meeting for discussion:

1. Establish a Formal Policy for Intergovernmental Agency and Organizational Briefings; and
2. Evaluate Banning Class 2 E-bikes Operated by Minors.

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.

Strategic Priorities 2026-2027

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

Choose Morgan Hill

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

City Council Ongoing Priorities

- Enhancing Public Safety 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

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Yat Cho, Senior Project Manager
APPROVED BY: City Manager

ACCEPT 2025 PAVEMENT REHABILITATION PROJECT

RECOMMENDATION(S)

1. Accept as complete the 2025 Pavement Rehabilitation Project;
2. Authorize the City Engineer to sign the Notice of Completion; and
3. Direct the City Clerk to file said Notice of Completion with the County Recorder's Office.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Enhancing Public Safety and Quality of Life
Maintaining and Enhancing Infrastructure

Strategic Priorities 2026-2027
Fiscal Sustainability

Guiding Documents
Bikeways, Trails, and Recreation Master Plan

REPORT NARRATIVE:

On May 21, 2025, the 2025 Pavement Rehabilitation Project was awarded to JV Lucas Paving in the amount of $2,010,148 with a construction contingency of $301,522. The project included pavement rehabilitation on the following streets (Attachment 1 - Vicinity Map).

- Llagas Road from City/County limit to Glen Ayre Drive
- East Main Avenue from Condit Road to the City/County Limit
- Tilton Avenue from Hale Avenue to Dougherty Avenue
- Streets within the Woodland Acres subdivision (Woodland Avenue, Woodland Court, Rolling Hills Drive, Greenwood Avenue, Rocky Ridge Road, and Black Oak Court)
- Deer Run Court

East Main Avenue from Condit Road to the City/County Limit is shared between the City

and the County of Santa Clara (County). The northern half of the roadway is City-owned/maintained, while the southern half is owned/maintained by the County. Hence, a cost sharing agreement was executed with the County for the paving work on East Main Avenue.

The project began on July 21, 2025, and was substantially completed by May 2026. No change orders were authorized for this project (Attachment 2) and the final construction contract with JV Lucas is $1,940,221. Material quantities are estimated for bidding purposes and the contractor is paid based on the actual quantities used to complete the work. As a result, there were contract savings below the base bid in the amount of $69,927.

Staff recommends accepting this project as it is completed in accordance with the plans and specifications. Staff respectfully requests and directs the City Clerk to file the Notice of Completion (Attachment 3).

COMMUNITY ENGAGEMENT:

Inform

The project engineer, contractor, and other staff members made best efforts to provide notification prior to and during the course of construction through citywide emails, social media posts, and regular updates on the City website.

ALTERNATIVE ACTIONS:

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

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On April 2, 2025, the City Council approved the Cost Share Agreement with the County of Santa Clara for repaving of East Main Avenue for $341,495.

On April 2, 2025, the City Council received the Pavement Condition Update and Pavement Rehabilitation Planning Update.

On May 21, 2025, the City Council awarded the 2025 Pavement Rehabilitation Project to JV Lucas Paving.

FISCAL AND RESOURCE IMPACT:

The final contract amount for the 2025 Pavement Rehabilitation project is $1,940,221. The project was awarded to JV Lucas Paving in the amount of $2,010,148 with an authorized contingency of $301,522 (Total $2,311,670). This project is funded in the adopted Capital Improvement Program Budget, under Project SR5004, Pavement Rehabilitation, funded by the Street CIP Fund (308). The balance of $371,449 will be returned to the Street CIP Fund (308). Additionally, the reimbursement from the County of Santa Clara for the cost share agreement in the amount of $292,697 will also be

returned to the Street CIP Fund (308).

CEQA (California Environmental Quality Act):

Categorical Exemption

The activities described in this Staff Report are categorically exempt under CEQA, specifically pursuant to Section 15301 of the CEQA guidelines (Existing Facilities), as the subject work involves the repair, maintenance, or minor alteration of existing City facilities involving negligible or no expansion of use of those facilities.

CITY OF MORGAN HILL

Public Services Department
CIP Engineering Division

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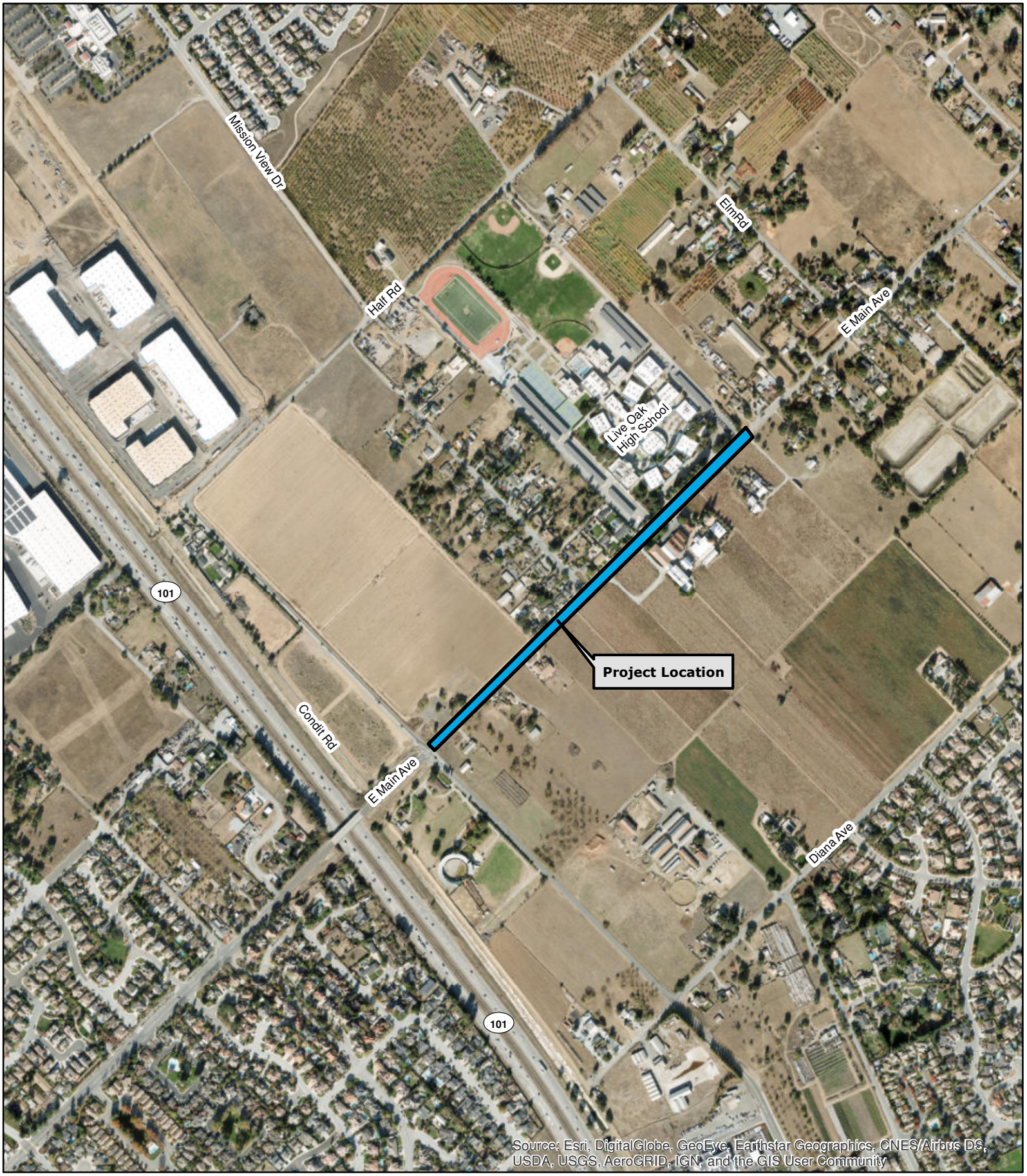
2025 Pavement Rehabilitation Project
(Woodland Acres, Deer Run Ct, Llagas Rd)

820 410 0 820 1,640 2,460
Feet



CITY OF MORGAN HILL

Public Services Department
CIP Engineering Division

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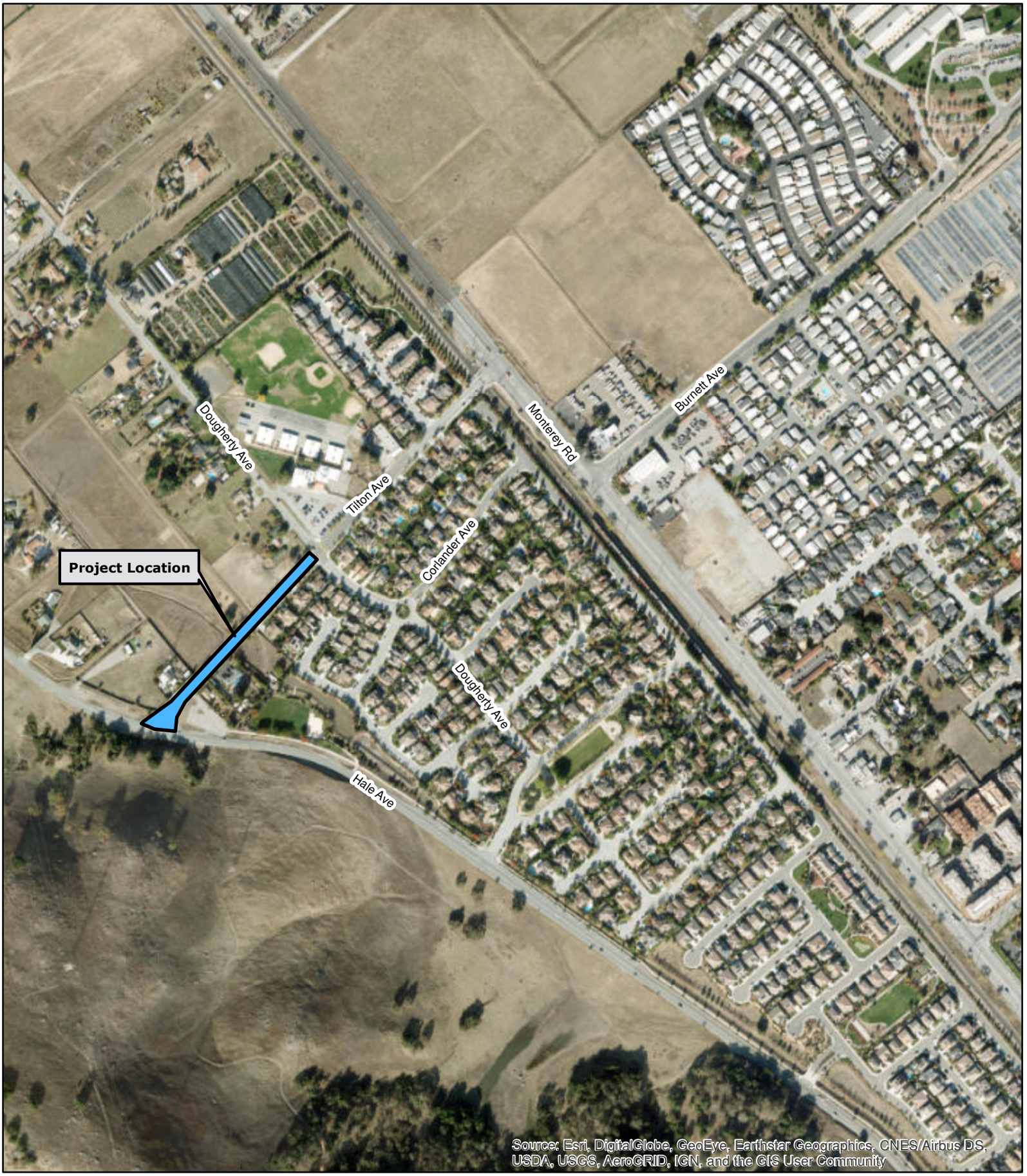
2025 Pavement Rehabilitation Project
(East Main Avenue)

820 410 0 820 1,640 2,460
Feet



CITY OF MORGAN HILL

Public Services Department
CIP Engineering Division

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2025 Pavement Rehabilitation Project (Tilton Ave)

820 410 0 820 1,640 2,460
Feet

CIP Contract Acceptance
Funding Closeout Statement

Project:	2025 Pavement Rehabilitation Project		
Project No:	SR5004		
Date of Project Award:	21-May-25	Project Award Amount:	$2,010,148
Funding Source:	F308	Contingency Authorized:	$301,522
Date of Project Acceptance:	3-Jun-26	Total Authorized:	$2,311,670
		Actual Base Contract Spent:	$1,940,221

Change Orders

	Description	Date	Council Approval Reqd? (Y/N)	
			Total C.O.:	$0.00

Additional Appropriations

Source	Amount	Date
None		

		Total Construction Amount (Base Contract plus CO's):	**$1,940,221.09**
Construction Fund Balance:	$371,448.91		

Recording Requested By:
The City of _____

When Recorded Mail To:
_____ <name, title>
_____ <street address>
_____ <city, state and zip>

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§ 6103, 27383

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

NOTICE OF COMPLETION
Civil Code §§ 8182, 8184, 9204, and 9208

NOTICE IS HEREBY GIVEN THAT:

1. The undersigned is the agent of the owner of the Project described below.

2. Owner's full name is City of Morgan Hill ("City")

3. City's address is 17575 Peak Avenue Morgan Hill, CA 95037

4. The nature of City's interest in the Project is:
XX Fee Ownership __ Lessee __ Other:_____

5. Construction work on the Project performed on City's behalf is generally described as follows:

2" Pavement Mill and Fill, 3" Pavement Mill and Fill, Full Depth Asphalt Concrete Pavement Repairs, ADA Curb Ramp Upgrade, Removal and Replacement of Existing Asphalt Concrete Curb, Crack Sealing, Vehicle Detector Loop Replacements, Replacement of all Existing Traffic Delineation and Markings, Replacement of Existing Flexible Bike lane Separator Posts, Utility Cover Adjustments, and all other related work on various streets within the City Limits.

6. The name of the original Contractor for the Project is: JV Lucas Paving

7. The Project was accepted as complete on: June 3, 2026

8. The Project is located at:

* Llagas Road from City/County limit to Glen Ayre Drive
* East Main Avenue from Condit Road to the City/County Limit
* Tilton Avenue from Hale Avenue to Dougherty Avenue
* Streets within the Woodland Acres subdivision (Wood Land Avenue, Woodland Court, Rolling Hills Drive, Greenwood Avenue, Rocky Ridge Road, and Black Oak Court)
* Deer Run Court

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

_____ _____
Signature Date

Scott Creer, City Engineer

EXEMPT FROM NOTARY ACKNOWLEDGMENT REQUIREMENTS PER GOVERNMENT CODE § 27287 AND CIVIL CODE § 920

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
James Sylvain, Deputy Director Utility Services
Inga Alonzo, Management Analyst
APPROVED BY: City Manager

APPROVE A CONSULTANT AGREEMENT WITH ADVANCED INTEGRATION & CONTROLS IN THE AMOUNT OF $277,920 FOR SCADA HMI APPLICATION UPGRADES

RECOMMENDATION(S)
Award and authorize the City Manager to execute a Consultant Agreement with Advanced Integration & Controls, in the not to exceed amount of $277,920 for SCADA HMI Application Upgrades.

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
Water System Master Plan
Wastewater System Master Plan

REPORT NARRATIVE:
The Utilities Division's existing Supervisory Control and Data Acquisition (SCADA) application was originally developed in 2014 using Wonderware InTouch. In 2022, the City upgraded its network system hardware, including servers, modems and switches, alongside updating the Human Machine Interface (HMI) software to AVEVA InTouch 2020 R2. The system supports monitoring and controlling approximately 50 sites distributed throughout the City infrastructure. These field sites primarily utilize Tesco Controls equipment with Tesco Programmable Logic Controllers (PLCs) as their core processors. The system currently manages about 26,000 pieces of information shown to operators and 2,500 pieces of information stored for long-term records. As the City's operations continue to grow and change, the existing system application requires an upgrade. Updating the system will support modern operational needs, simplify how the software is licensed and organized, and ensure it remains reliable and sustainable for years to come.

City staff issued a Request for Proposal (RFP) in February 2026 to solicit qualified system integrators and solution providers for the upgrade of its SCADA HMI system. The project requirements were developed to ensure the system is easier for staff to use, more reliable, and better suited for daily operations. While the current software is usable, it is not as intuitive for users and requires multiple separate licenses to operate its various components. Transitioning to software that provides these features as built-in capabilities offers a more effective solution and makes the system simpler for staff to manage and maintain.

Staff received seven proposals, but four were missing submittal documents and were deemed non-responsive. The other three submittals were evaluated by a team of four raters comprised of City and Valley Water staff using a weighted evaluation criteria outlined in Attachment 1. Advanced Integration & Controls (AIC) received the highest overall evaluation score, earning 80.3 out of a possible 100 points, significantly outperforming the other proposers in key categories including system capability, project approach, interview performance, and overall qualifications. Based on the evaluation results and the firm's demonstrated understanding of the City's operational needs, staff recommends awarding the contract to Advanced Integration & Controls.

COMMUNITY ENGAGEMENT:
Since maintenance of the City's water and wastewater infrastructure is a regular operational function of the City, no efforts were made to inform the community about this proposed project.

ALTERNATIVE ACTIONS:

1. Council can decide not to move forward with the project. This action is not recommended as it will constrain staff's ability to take full advantage of the system and limit the effective use of a tool that they rely upon for remote site monitoring to make critical operational decisions.
2. The Council could review scoring and decide to select one of the other vendors. This action is not advisable because the product offered by AIC and recommended by the raters meets and is more in line with the City's operational needs.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
On November 3, 2021, Council approved an agreement with Tesco Controls for SCADA Systems Integration Services in the amount of $87,090. Later, on April 6, 2022, Council approved an amendment increasing the amount of the agreement to include an additional $130,100 for Tesco recommended hardware servers.

FISCAL AND RESOURCE IMPACT:
This project is budgeted 50% in water operations contractual services and 50% in

wastewater operations contractual services.

CEQA (California Environmental Quality Act):
Categorical Exemption
The planned maintenance and management of existing City infrastructure falls within the CEQA categorical exemption of Class 1, Existing Facilities.

SCADA HMI Applications Upgrade
Evaluation Weighted Scores

	Evaluation Weighted Scores			
SCADA HMI Applications Update		**Advanced Integration & Controls**	**Aspect Engineering**	**Tesco Controls**
1. Experience and Qualifications - Relevant technical experience of company and expertise of its staff in SCADA systems. Demonstrated compliance with cybersecurity and industry standards.				
POINTS 25		21.25	17.50	21.00
2. Capability - Quality, feasibility, and innovation of the proposed solution. Project management and scheduling robustness.				
POINTS 30		24.75	16.50	16.25
3. Morgan Hill SCADA experience - Firm (or Firm's employee(s) has previous experience with Morgan Hill's SCADA system setup.				
POINTS 5		4.75	0.00	4.75
4. References - References and quality of the overall proposal including compliance with proposal requirements.				
POINTS 5		1.00	3.13	2.13
5. Interview - Answer City's Quesitons and has full understanding of the project.				
POINTS 10		8.75	6.75	4.50
6. Cost Schedule				
POINTS 25		19.75	20.75	17.75
Total overall Score		**80.3**	**64.6**	**66.4**

CONSULTANT AGREEMENT
ADVANCED INTEGRATION & CONTROLS

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

1. **City Authority**. This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, ____, 20___.

2. **Term of Agreement**. This Agreement shall cover services rendered from the Effective Date of this Agreement until June 30, 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 SCADA HMI Application Uprades as further described in **Exhibit A.**

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

4.1. Amount. $277,920.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed Two Hundred Seventy-Seven Thousand Nine Hundred Twenty dollars and shall be billed based on the rate and basis set forth in **Exhibit B.** If the City Manager extends the term of this Agreement pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for the term exceed the City Manager's authority pursuant to Chapter 3.04 of the Morgan Hill Municipal Code, unless otherwise authorized by City Council.

4.2. Billing. CONSULTANT shall provide CITY with an invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT on a monthly basis unless otherwise specified in Exhibit B. All invoices shall be sent to the CITY addressed to the department head or project manager identified below in Section 13 Notices. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.

5. **Termination**. CITY or CONSULTANT shall have the right to terminate this Agreement, without cause, by giving thirty (30) days' written notice or less under urgent circumstances. Upon such termination, CONSULTANT shall submit to CITY an itemized statement of services performed for which compensation

has not been paid. CITY may require CONSULTANT to complete certain work product or documents and CONSULTANT shall deliver to CITY all documents in its possession without additional compensation to CONSULTANT. The City Manager of CITY is authorized to terminate this Agreement, in whole or in part, on behalf of CITY.

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

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

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

7.1. **Insurance Types and Amounts.**

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

7.1.2. Automobile Liability. CONSULTANT shall maintain Automobile Liability covering all owned, non-owned and hired automobiles (if CONSULTANT does not own automobiles, then CONSULTANT shall maintain Hired/Non-owned Automobile Liability) against claims and liabilities for personal injury, death, or property damage

providing protection in the minimum amount of: (i) one million dollars ($1,000,000.00) combined single limit for any one accident or occurrence, or (ii) the maximum amount of such insurance available to CONSULTANT under CONSULTANT's combined insurance policies (including any excess or “umbrella” policies), whichever is greater.

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

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

7.1.5. Professional Liability.

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

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

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

7.1.7. Crime/Fidelity Bond. If the performance of CONSULTANT'S work or service under this Agreement relates to or involves handling of CITY monies, CONSULTANT shall procure and maintain Crime insurance, in the minimum amount of: (i) three hundred thousand dollars ($300,000.00) per occurrence, covering all CONSULTANT'S officers and employees, for loss of CITY monies caused by dishonesty and/or theft.

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

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

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

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

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

7.2.2. Workers Compensation.

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

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

7.4. **Certificates**. CONSULTANT shall furnish CITY of Morgan Hill with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, CONSULTANT shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the CONSULTANT's agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to

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

Certificate Holder address:

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

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

9. **Compliance with Law**.

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

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

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

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

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

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

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

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

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

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

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

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

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

Address of CONSULTANT is as follows:

Advanced Integration & Controls
525 W. Alluvial Avenue, Suite C

Fresno, CA 93711

Address of CITY is as follows:

Utilities Division	with a copy to:
City of Morgan Hill	City Clerk
100 Edes St.	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. All documents or other information developed or received by CONSULTANT for work performed under this Agreement shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.

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

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

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

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

21. **Defense and Indemnification**.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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[Signatures on Next Page]

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

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

AS SET FORTH IN CA. CORP. CODE § 313, TWO SIGNATURES ARE REQUIRED FOR CALIFORNIA CORPORATIONS:
(1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; AND
(2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:

City Clerk/Deputy City Clerk

Michelle Bigelow
Print Name

Date: _____

APPROVED AS TO FORM:
Donald A. Larkin

City Attorney

Print Name

Date: _____

CITY OF MORGAN HILL

City Manager

Christina J. Turner
Print Name

Date: _____

Advanced Integration & Controls

By:

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

Date: _____

By:

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

Date: _____

EXHIBIT A
SCOPE OF SERVICES

Consultant shall upgrade the SCADA HMI system application to improve performance, usability, and maintainability. The upgrade solution will be capable of simplifying the overall system architecture and minimizing the number of licenses required for essential features. The upgraded application will maintain compatibility with existing hardware, especially Tesco Controls PLC 2000 and 3000 series and other field devices. It will also enhance data acquisition efficiency, alarm management, and visualization capabilities and ensure compliance with industry standards and cybersecurity best practices.

Task 1 System Review and Assessment - Analyze the current SCADA system architecture, including hardware and software components. Evaluate the existing InTouch 2023 R2 application and infrastructure for potential migration or enhancement opportunities. AIC will establish a documented baseline of the current system and formally capture all stakeholder requirements before development begins.
Deliverables include:

- **» Architecture documentation: server configuration, Tesco driver setup, OS versions, network topology, tag inventory, historian configuration, alarm structure, and client workstation layout**
- **» Dedicated L3000g gateway assessment: current configuration, redundancy behavior between the two units, and HMI platform interface strategy - a prerequisite for Task 2**
- **» Stakeholder interviews: operations, IT, and management to capture workflow needs, remote access requirements, and reporting requirements**
- **» Security posture review: authentication, VPN configuration, network segmentation, and OS patch levels (integrated with Task 5)**
- **» Key Findings and Recommendations Report: documented baseline, stakeholder requirements, L3000g findings, and recommended upgrade approach - City acceptance triggers Task 2**
- **» Task 3 (System Integration and Compatibility) is addressed within Task 1. Tesco protocol compatibility confirmation is a required deliverable of the Task 1 report.**

Task 2 HMI Application Upgrade and Development - AIC shall upgrade using the VTSCADA platform by Trihedral Engineering. This all-inclusive SCADA platform purpose-built for water and wastewater operations that directly addresses the City's preference for a single-license solution. All features, historian, alarms, reporting, mobile thin client, redundancy, and 200+ drivers including the Tesco protocol, are included without separate add-on modules.

Task 2 is structured in two phases: A front-loaded workshop phase to lock design before development begins, followed by in-house application development using a reusable template driven approach that leverages the operational consistency across Morgan Hill's approximately 50 remote sites.

Phase A - Design Workshops (4 Weeks): AIC shall facilitate structured workshops covering screen layouts and navigation, historian tag configuration and trending, alarm management philosophy, reporting requirements, remote access and mobile monitoring (targeting 12 users across laptops, tablets, and smartphones), and L3000g redundancy and communications strategy. The concluding workshop produces City sign-off on a locked design. AIC recognizes that requirements evolve and are committed to flexibility throughout this phase; once design is locked, both teams will honor the approved baseline to protect schedule and budget, with any material scope changes handled through a transparent conversation about impacts.

Phase B - In-House Development (12 Weeks): Following design lock, AIC will build the new application using a standardized graphics library of reusable components.
Development deliverables include:

- **» Updated tag database (~26,000 HMI tags, ~2,100 historian tags)**
- **» Approximately 200 screens (50 sites x 4 screens) using template driven development for consistency and efficiency**
- **» Remote access and mobile thin client configuration for up to 12 concurrent users**
- **» Alarm configuration, trend displays, and operational reports per workshop defined requirements**
- **» Security group and user permission model; redundant primary/secondary server configuration**
- **» City development workstation setup for staff familiarization and future in-house training**

Task 3 System Integration and Compatibility - Ensure integration with existing Tesco Controls field equipment and PLCs. Confirm network hardware compatibility with the upgraded system. AIC will integrate this task into Task 1.

Task 4 Testing and Validation - Perform rigorous testing phases including unit testing, integration testing, system testing, and user acceptance testing (UAT) with City staff. Demonstrate system performance under real-world operational loads. Set testing environment, station(s) for staff to develop, test, modify and launch HMI applications in the future.
Phase A - In-House Pre-Validation: Every tag, alarm, historian point, screen, report, security group, and redundancy failover will be tested internally before deployment on City hardware. Where feasible, AIC will configure the Tesco communications driver to optimize polling traffic and protect radio network bandwidth - viability will be confirmed during Task 1.
Phase B - Parallel Deployment and Validation: The new application will run in parallel with the existing system on City hardware. AIC shall provide structured City-facing test forms for independent staff verification; deficiencies are documented and tracked to resolution. This approach compresses on-site testing time and builds staff familiarity simultaneously.

Task 5 Security Compliance- Ensure secure authentication, authorization, and encryption for system access and data transmission. AIC shall strictly adhere to NIST SP 800-82 and IEC 62443 guidelines throughout the project lifecycle. Security assessment findings shall be documented by AIC in the Task 1 report, secure-by-design practices are applied throughout Task 2 development, and a post-installation security posture comparison report shall be delivered by AIC following go-live. The report will also flag the aging radio infra-structure as a near-term capital planning consideration.

Task 6 Documentation and Training - Provide comprehensive technical documentation including system design, configuration, and operational procedures. Conduct training sessions for operators, administrators, and IT personnel.
Documentation deliverables include:

- **» Updated SCADA network architecture drawings**
- **» Full application and configuration backups**
- **» Five operational quick reference guides covering alarm management, report access, SCADA login and user administration, trend navigation, and remote access procedures.**

AIC will deliver three structured four-hour training sessions conducted at City facilities using the development workstation and a dedicated training environment, ensuring the production system remains fully operational throughout:

- **» Session 1: SCADA Application - navigation, normal operations, setpoint adjustment, user management**

» Session 2: Alarming - acknowledgment workflow, alarm history, roster management, notification configuration

» Session 3: Remote Access, Reporting, and Trends - mobile access, report generation and scheduling, trend configuration

» IT Staff Technical Orientation (separate): system administration, back-up procedures, and development workstation configuration

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

TASK	TITLE	INVOICE MILESTONE (UPON CITY ACCEPTANCE OF:)	AMOUNT	INVOICE #
1	System Review and Assessment	Key Findings and Recommendations Report	$17,260	1
2	HMI Upgrade and Development	50% -- City sign-off on design lock	$40,000	2
2	(continued)	50% -- City acceptance of completed application in development environment	$46,200	3
2	VTScada License	Dual Server Premium, 25K Tags, Unlimited Clients. All-inclusive: historian, alarms, reporting, mobile thin client, 200+ drivers, dual-server redundancy support.	$53,595	3
4	Testing and Validation	City acceptance of parallel deployment and test documentation package	$43,100	4
5	Security Compliance	Acceptance of post-installation security posture report	$17,260	5
6	Documentation and Training	Acceptance of all documentation and completion of all training sessions	$25,840	6
--	Per Diem -- Travel and Lodging	Invoiced as incurred with itemized receipts	$9,400	--
	TOTAL PROFESSIONAL SERVICES + LICENSE + PER DIEM	TOTAL	$252,655	

A 10% Contingency in the amount of $25,265 is being added to the agreement for any additional authorized work. Work authorized beyond the defined task scope will be performed on a time-and-materials basis at AIC's standard rate of $200/hr. All additional work requires prior written authorization from the City's project manager.

EXHIBIT C
SCHEDULE OF PERFORMANCE

TASK	MILESTONE / DELIVERABLE	TYPE	START	DURA-TION	TAR-GET
1/3	Kickoff meeting: project schedule submitted	Kickoff	Week 1-2	1 Wk	Wk 2
1	Key Findings and Recommendations Report delivered (incl. L3000g assessment and Task 3 compatibility)	Deliverable	Week 3-4	3 Wks	Wk 6
1	City acceptance of Key Findings Report (triggers Invoice #1 and Task 2A start)	City OK	Week 7	1 Wk	Wk 7
5*	Security assessment findings documented (concurrent)	Deliverable	Week 8	2 Wks	Wk 9
2A	Design workshops complete; City sign-off on design lock (triggers Invoice #2)	City OK	Week 8	4 Wks	Wk 12
2B	Completed HMI application delivered to development environment (triggers Invoice #3)	Deliverable	Week 13	12 Wks	Wk 25
4	In-house pre-validation complete; parallel deployment initiated	Milestone	Week 25	3 Wks	Wk 28
4	City test documentation delivered; City-led testing period	Deliverable	Week 28	4-5 Wk	Wk 33
4	Defect resolution complete; final cutover and go-live (triggers Invoice #4)	City OK	Week 33	2 Wks	Wk 35
5*	Security posture report delivered and accepted (triggers Invoice #5; concurrent)	Deliverable	Week 35	2 Wks	Wk 37
6*	All documentation delivered and accepted (concurrent)	Deliverable	Week 26	2 Wks	Wk 39
6*	All training sessions completed (triggers Invoice #6)	Deliverable	Week 38	2 Wks	Wk 40
	SUBSTANTIAL COMPLETION	Complete			Wk 40

* Concurrent tasks do not extend the overall schedule. City OK milestones require timely City action

1. City Responsibilities
   The schedule above assumes timely City participation. AIC will notify the City within five business days if a delay is projected to impact the overall schedule. Key City responsibilities include:
   » Staff available for Task 1 interviews within the first two weeks of NTP
   » Written acceptance of the Key Findings Report within ten business days of delivery
   » Attendance of designated staff at all Task 2A design workshops and written sign-off on design lock within five business days of the final workshop
   » City-led testing completed, and deficiencies returned to AIC within fifteen business days of test documentation delivery
   » Training attendees designated, and session dates confirmed at least ten business days in advance

2. Schedule Modifications
   AIC shall notify the City's project manager in writing within five business days of any circumstance that may affect a milestone date. Schedule modifications require written agreement from both parties. Schedule extensions due to City-caused delay do not constitute a breach of this Agreement by AIC.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
James Sylvain, Deputy Director Utility Services
Inga Alonzo, Management Analyst
APPROVED BY: City Manager

APPROVE A FOURTH AMENDMENT TO AGREEMENT WITH AKEL ENGINEERING FOR ON-CALL WATER AND WASTEWATER SERVICES TO INCREASE THE NOT TO EXCEED AMOUNT BY $60,000

RECOMMENDATION(S)
Approve and authorize the City Manager to execute a fourth amendment to the agreement with Akel Engineering Group to increase the not to exceed amount by $60,000, for a contract total of $438,750.

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
Water System Master Plan
Wastewater System Master Plan

REPORT NARRATIVE:
The Akel Engineering Group on-call agreement was part of a competitive Request for Proposals (RFP) conducted in August 2021 to obtain multiple on-call consultants to provide water and wastewater utility planning and engineering services to the City. Typical projects awarded under these agreements include, but are not limited to, master planning, hydrologic and hydraulic modeling, asset condition assessments, water quality assessments, capacity analysis, project engineering and design. Staff utilize these agreements by asking for a proposal from the consultants for a specific service or project as needed and issuing a task order under the appropriate agreement.

The Akel Engineering Group has extensive knowledge of the City’s infrastructure as they have developed the City's water and wastewater master plans. In addition, Akel Engineering has developed and maintained the City's models for the City's water,

wastewater and stormwater systems and is currently working on finalizing the Urban Water Management Plan. The City has utilized Akel Engineering at a higher than anticipated rate for the last two years to perform modeling on numerous development projects related to residential applications. Costs associated with this residential development work is reimbursed to the City, but still requires expense on the contract. Thus, the funds for the Akel agreement are close to being exhausted, but the agreement does not expire until December 2026. The City's Water System Master Plan (WSMP) is updated every five years and is currently due for an update. In order to fund the WSMP work and other anticipated tasks, $60,000 is needed on the agreement to cover the cost through December 2026. Staff recommends increasing the current not to exceed amount from $378,750 to $438,750.

COMMUNITY ENGAGEMENT:

Not Applicable

These consultant services support the ongoing maintenance and operation of the City's water system, which is an expected activity by residents and businesses.

ALTERNATIVE ACTIONS:

The Council could decide not to approve the amendment. This is not recommended as staff would need to go out individually for certain projects instead of using a valid, non-expired agreement that was competitively bid.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On December 15, 2021, City Council approved the on-call water and wastewater utility planning and engineering services agreement in the amount of $150,000 to Akel Engineering. Then, on November 1, 2023, Council approved a first amendment to the agreement increasing the not-to-exceed amount to $300,000.

FISCAL AND RESOURCE IMPACT:

Funds for this agreement come from multiple sources including Water and Wastewater Operations Funds, various CIP Projects, and reimbursements from developers for specific development related work. On-call work shall only be authorized when budgeted funds are available.

CEQA (California Environmental Quality Act):

Categorical Exemption

Continuing administrative activities and feasibility or planning studies for possible future actions that the agency has not approved, adopted, or funded are not considered projects for environmental review under CEQA.

FOURTH AMENDMENT TO AGREEMENT
AKEL ENGINEERING GROUP, INC.

This FOURTH AMENDMENT TO AGREEMENT is entered into and becomes effective on _____ (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and AKEL ENGINEERING GROUP, INC., a California Corporation ("CONSULTANT"), hereinafter referred to collectively as the “Parties".

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Fourth 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 December 22, 2021, for consultant services, for a maximum compensation of One Hundred Fifty Thousand Dollars ($150,000.00) (“CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS”).

3. The CITY and CONSULTANT entered into a “First Amendment to Agreement” made as of November 26, 2023, under which the maximum compensation under the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, as amended, was increased to Three Hundred Thousand Dollars ($300,000.00).

4. The CITY and CONSULTANT entered into a “Second Amendment to Agreement” made as of December 13, 2024, under which the term of the Agreement was extended until December 31, 2025.

5. The CITY and CONSULTANT entered into a “Third Amendment to Agreement” made as of November 12, 2025, under which the maximum compensation under the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, as amended, was increased to Three Hundred Seventy-Eight Thousand Seven Hundred Fifty Dollars ($378,750.00) and the term of the Agreement extended until December 31, 2026. The CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, and the First, Second, and Third Amendments thereto are attached as Exhibit “1” to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, as amended, as attached as Exhibit "1,” shall remain in full force and effect; except that the following amendments shall be made as set forth below:

    A. Paragraph 4.1 shall be amended to reflect the increased total compensation that shall not exceed Four Hundred Thirty-Eight Thousand Seven Hundred Fifty Dollars ($438,750.00).

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

means a contract that is executed by applying an electronic signature using technology approved by the CITY.

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

4. **Conflicts**. In the event of a conflict between the terms and provisions of this FOURTH AMENDMENT to Agreement and the terms and provisions of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS or any earlier amendment, the terms of this FOURTH 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:

Michelle Bigelow, City Clerk

Date: _____

APPROVED AS TO FORM:

Elisa Tolentino, City Attorney

Date: _____

CITY OF MORGAN HILL

Christina Turner, City Manager

Date: _____

AKEL ENGINEERING GROUP, INC.

By:

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

Date: 05/14/2026

By:

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

Date: 05/14/2026

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126-04-21-082

THIRD AMENDMENT TO AGREEMENT
AKEL ENGINEERING GROUP, INC.

This THIRD AMENDMENT TO AGREEMENT is entered into and becomes effective on 11/12/2025 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and AKEL ENGINEERING GROUP, INC., a California Corporation ("CONSULTANT"), hereinafter referred to collectively as the “Parties".

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Third Amendment to Agreement is entered into based upon the authority of the City Manager pursuant to Chapter 3.04 of the Morgan Hill Municipal Code.

2. The CITY and CONSULTANT entered into that “CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS” made as of December 22, 2021, for consultant services, for a maximum compensation of One Hundred Fifty Thousand Dollars ($150,000.00) (“CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS”).

3. The CITY and CONSULTANT entered into a “First Amendment to Agreement” made as of November 26, 2023, under which the maximum compensation of the Agreement, as amended, was increased to Three Hundred Thousand Dollars ($300,000.00). The First Amendment to Agreement was entered into pursuant to the action of the Morgan Hill City Council taken on November 1, 2023.

4. The CITY and CONSULTANT entered into a “Second Amendment to Agreement” made as of December 13, 2024, under which the term of the Agreement was extended until December 31, 2025. The CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, and the First and the Second Amendments thereto are attached as Exhibit “1” to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, as amended, as attached as Exhibit "1,” shall remain in full force and effect; except that the following amendments shall be made as set forth below:

   A. Paragraph 2 shall be amended and replaced in its entirety by the following:

      “2. **Term of Agreement**. This Agreement shall be effective and cover services rendered from December 22, 2021, until December 31, 2026."

   B. Paragraph 4.1 shall be amended to reflect the increased total compensation that shall not exceed Three Hundred Seventy-Eight Thousand Seven Hundred Fifty Dollars ($378,750.00).

   C. The time period described in Exhibit B is hereby amended to conform to the new end date of the Agreement of December 31, 2026.

2. **Electronic Signatures.** Unless otherwise prohibited by law or CITY policy, the Parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term “electronic copy of a signed

contract" refers to a transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed contract in a portable document format. The term "electronically signed contract" means a contract that is executed by applying an electronic signature using technology approved by the CITY.

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

4. **Conflicts**. In the event of a conflict between the terms and provisions of this THIRD AMENDMENT to Agreement and the terms and provisions of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS or any earlier amendment, the terms of this THIRD 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:

Signed by:
Michelle Bigelow
[illegible]
Michelle Bigelow, City Clerk

Date: 11/12/2025

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

DocuSigned by:
Donald Larkin
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Date: 11/10/2025

CITY OF MORGAN HILL

DocuSigned by:
Christina Turner
[illegible]
Christina Turner, City Manager

Date: 11/12/2025

AKEL ENGINEERING GROUP, INC.

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

Date: 11/10/25

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

Date: 11/10/25

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EXHIBIT 1

SECOND AMENDMENT TO AGREEMENT
AKEL ENGINEERING GROUP, INC.

This SECOND AMENDMENT TO AGREEMENT is entered into and becomes effective on 12/13/2024 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and AKEL ENGINEERING GROUP, INC., a California Corporation ("CONSULTANT"), hereinafter referred to collectively as the "Parties".

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Second Amendment to Agreement is entered into based upon the authority of the City Manager pursuant to Chapter 3.04 of the Morgan Hill Municipal Code.

2. The CITY and CONSULTANT entered into that "CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS" made as of December 22, 2021, for consultant services for a maximum compensation of One Hundred Fifty Thousand Dollars ($150,000.00) ("CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS").

3. The CITY and CONSULTANT entered into a "First Amendment to Agreement" made as of November 26, 2023, under which only the maximum compensation under the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, as amended, was increased to Three Hundred Thousand Dollars ($300,000.00). The First Amendment to Agreement was entered into pursuant to the action of the Morgan Hill City Council taken on November 1, 2023. The CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS and the First Amendment thereto are attached as Exhibit "1" to this Agreement.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS, as amended, as attached as Exhibit "1," shall remain in full force and effect; except that the following amendments shall be made as set forth below:

   A. Paragraph 2 shall be amended and replaced in its entirety by the following:

   "2. **Term of Agreement**. This Agreement shall be effective and cover services rendered from December 22, 2021, until December 31, 2025. The City Manager is authorized to extend the term of this Agreement for a maximum period of one, one-year extension. Any such extension shall be in writing and signed by both Parties to this Agreement."

   B. The time period described in EXHIBIT B is hereby amended to conform to the new end date of the Agreement of December 31, 2025.

   C. Paragraph 12 shall be amended and replaced in its entirety by the following:

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

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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)."

2. **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.

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

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

5. **Conflicts**. In the event of a conflict between the terms and provisions of this SECOND AMENDMENT to Agreement and the terms and provisions of the CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS or any earlier amendment, the terms of this SECOND AMENDMENT to Agreement shall govern and control.

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:
(1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; **AND**
(2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:
Signed by:
Michelle Bigelow
Bigelow, City Clerk

Date: 12/16/2024

APPROVED AS TO FORM:
Donald A. Larkin, City Attorney
DocuSigned by:
Cynthia Hasson
BFE66AF9672C451...
Date: 12/9/2024

CITY OF MORGAN HILL
DocuSigned by:
Christina Turner
Christina Turner, City Manager

Date: 12/13/2024

AKEL ENGINEERING GROUP, INC.

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

Date: 11/21/2024

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

Date: 11/21/2024

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126-04-21-082

EXHIBIT 1

FIRST AMENDMENT TO AGREEMENT
AKEL ENGINEERING GROUP, INC.

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on 11/26/2023 (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and AKEL ENGINEERING GROUP, INC., a California Corporation ("CONSULTANT"), hereinafter referred to collectively as the "Parties".

RECITALS

The following recitals are a substantive part of this Agreement:

1. This First Amendment to Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on November 1, 2023.

2. The CITY and CONSULTANT entered into that "CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS" made as of December 22, 2021, for consultant services for a maximum compensation of One Hundred Fifty Thousand Dollars ($150,000.00) ("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 amended, as attached as Exhibit "1," shall remain in full force and effect; except that the following amendments shall be made as set forth below:

A. Paragraph 4.1 shall be amended and replaced in its entirety by the following:

"4.1. Amount. Compensation under this Agreement shall not exceed THREE HUNDRED THOUSAND DOLLARS ($300,000.00) and shall be billed based on the rate and basis set forth in **Exhibit B**. The fees schedule and the rates in Exhibit B remain the same through December 31, 2024, unless the Parties mutually agree to revise the fees and rates in a writing signed by both Parties to this Agreement."

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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. **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:
DocuSigned by:
Michelle Bigelow
Michelle Bigelow, City Clerk
Date: 11/27/2023

APPROVED AS TO FORM:
DocuSigned by:
Donald Larkin
Donald A. Larkin, City Attorney
Date: 11/16/2023

CITY OF MORGAN HILL
DocuSigned by:
Christina Turner
Christina Turner, City Manager
Date: 11/26/2023

AKEL ENGINEERING GROUP, INC.

By:
Title: TONY AKEL, PRESIDENT
Print Name and Title of Signer.
If Corporate: Chairman, President or Vice President

Date: 9/27/23

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

Date: 9/27/23

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126-04-21-082

EXHIBIT 1

CONSULTANT AGREEMENT FOR DESIGN PROFESSIONALS
AKEL ENGINEERING GROUP, INC.

THIS AGREEMENT is entered into and becomes effective on 12/22/2021 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Akel Engineering Group, Inc. 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 December, 15, 2021.

2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until December 31, 2024 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum of two one-year extensions. Any such extension shall be in writing and signed by both Parties to this Agreement.

3. **Scope of Service.** The services to be performed by CONSULTANT shall be Water and Wastewater Utility Planning and Engineering Services as further described in **Exhibit A.**

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

   4.1. **Amount.** $150,000.00. Total compensation to CONSULTANT under this Agreement during its initial term set forth in Section 2 above shall not exceed One Hundred Fifty Thousand dollars and shall be billed based on the rate and basis set forth in **Exhibit B.** If the City Manager extends the term of this Agreement pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to CONSULTANT, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement, and provided further that in no event shall such maximum compensation allowed for each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to CONSULTANT for one year of service during the immediately preceding prior year of service, 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.

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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

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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

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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. _____ 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. The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds;

7.2.1.2. The 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; and,

7.2.1.3. Insurance shall be primary non-contributing.

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 _____ All insurance required pursuant to this Agreement must be issued by a company licensed and admitted, or otherwise legally authorized to

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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 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

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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.

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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:

Akel Engineering Group
7433 North First Street, Suite 103
Fresno, CA 93720

Address of CITY is as follows:

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

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

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

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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").

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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. 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.

26. 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,

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legal representatives or other permitted assignees or transferees had entered into this Agreement originally.

27. ☐ 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.

[Signatures on Next Page]

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28. **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

Michelle Bigelow
Print Name

Date: 12/22/2021

APPROVED AS TO FORM:

DocuSigned by:
Donald Larkin
City Attorney

Donald A. Larkin
Print Name

Date: 12/16/2021

CITY OF MORGAN HILL

DocuSigned by:
Christina Turner
City Manager

Christina J. Turner
Print Name

Date: 12/22/2021

Akel Engineering Group

By:

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

Date: 12/7/21

By:

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

Date: 12/7/21

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EXHIBIT A
SCOPE OF SERVICES

The services for this agreement will be to provide on-call water and wastewater planning and engineering services to the City. The City will ask the consultant to provide a proposals for specific services or projects as needed and will issue a notice to proceed if the proposal is accepted. Services may include but are not limited to the following; master planning, hydrologic and hydraulic modeling, asset condition assessments, water quality assessments, capacity analysis, project engineering and design. Below are the anticipated work tasks that the selected consultant team may complete under this contract. The City reserves the right to expand or exclude scope items, as needed during this contract.

1. **Preliminary utility planning including updating comprehensive plans alternative studies, permit document preparation and approval, environmental impact studies, and public hearings and meetings.**

2. **Coordination and preparation of environmental permitting documents required to receive the necessary environmental approvals to construct the assigned projects.**

3. **Coordination of all utility relocations, including prior rights negotiations, utility designation and location services, and technical review of proposed relocation plans.**

4. **Design services for various projects including water pipelines and pump stations, wastewater pipelines and lift stations, and site development with small buildings and parking facilities.**

5. **Review and develop utility design and construction standards.**

6. **Provide peer review services for documents designed by other firms or City staff to assure adherence to accepted engineering practices and standards.**

7. **Water Resources analysis to develop new water supply sources within the City including surface water and groundwater development, and reservoirs to meet projected demand.**

8. **Water system and wastewater system capacity analysis.**

9. **Planning and design of water system pump stations, water storage tanks, and water system distribution projects; and wastewater lift stations and wastewater collection system projects.**

10. **Preparation of Contract Documents for bidding purposes including final plans, specifications, cost estimates, constructability reviews to determine contract duration, and necessary addenda.**

11. **Construction support services, including review and approval of shop drawings, respond to Request for Information, periodic progress meetings, and field consultation as necessary. Provide specialty construction engineering observations as requested.**

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12. Search and identify sources for governmental grants that will assist the City in funding utility projects including preparation of grant applications/proposal on an as needed basis.

13. Presentations to and attendance at necessary staff and/ or City Council meetings.

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EXHIBIT B
SCHEDULE OF COMPENSATION RATES

Consultant Billing Rates and Fee

AKEL
ENGINEERING GROUP, INC.

FEE SCHEDULE

Effective Through:

June 30, 2022

Category	Hourly Rate
Senior Principal Engineer	$255
Principal Engineer	$230
Senior Engineer	$190
Associate Engineer	$170
Assistant Engineer	$145
Engineering Assistant	$115
Senior GIS Technician	$150
GIS Technician	$125
Word Processing/Secretarial	$100

Other Direct Expenses

Other Direct Cost	Cost plus 5%

** Fee Schedule is subject to an annual increase at the end of the fiscal year*

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Sub-consultant Billing Rates and Fee

KASRAIE CONSULTING
Ventura, CA 93003
Phone: (805) 340-4744

PUBLIC WORKS PROJECTS
RATE SHEET

January 1, 2021 through December 31, 2021

	POSITION TITLE	HOURLY BILLING RATE
1		$205
2		$195
		$185
4		$160
5		$130
6	GIS Specialist	$120
7		$105
8		

MISCELENEOUS

Printing, reproduction, postage, delivery and other services	At Cost
Mileage outside Ventura County	At Current IRS Rate
Subconsultant Markup	15 Percent
Litigation/Expert Witness Rate Adjustment	175 Percent

Other direct and miscellaneous charges encountered in performance of services, such as permits, supplies not normally used to perform a specific job, etc. are billed at cost with no additional service charge.

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CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Mario Ramirez, Police Captain
APPROVED BY: City Manager

APPROVE THE 2025 ANNUAL CONTROLLED EQUIPMENT USE REPORT

RECOMMENDATION(S)
Approve the 2025 Annual Military Equipment Use Report and the continued use of the controlled equipment contained in the report.

COUNCIL PRIORITIES, GOALS & STRATEGIES
City Council Ongoing Priorities
Enhancing Public Safety

Strategic Priorities 2026-2027
Fiscal Sustainability
Public Safety

Guiding Documents
Public Safety Master Plan

REPORT NARRATIVE:

On September 30, 2021, the Governor of the State of California approved AB-481, requiring law enforcement agencies to obtain approval of the applicable governing body (City Council) by adopting a military equipment use policy. The Department is required to seek City Council approval of their military equipment or controlled equipment use procedure by ordinance at a regular open meeting prior to taking certain actions relating to the funding, acquisition, or use of military equipment, as defined.

The bill allows the governing body to approve the funding, acquisition, or use of military equipment or controlled equipment within its jurisdiction only if it determines that the controlled equipment meets specified standards. The ordinance is subject to an annual City Council review to determine whether, based on an annual controlled equipment report, the standards set forth in the approving ordinance have been met. The City Council may renew the authorizing ordinance, disapprove authorization for special controlled equipment where standards have not been met, or require modifications to the controlled equipment use procedure to address any non-compliance with standards.

Finally, the bill requires the publication of the controlled equipment use procedure and the

annual controlled equipment report on the Department's website. The controlled equipment use procedure must be posted on the website at least thirty (30) days before the City Council meeting.

California Government Code section 7072 requires an annual report within a year of the policy approval and annually after that for as long as the controlled equipment is in use. The annual report must contain the following information:

1. A summary of how the equipment was used and the purpose of its use.

2. A summary of any complaints or concerns from members of the public about the equipment.

3. The results of an internal audit, including any information about violations of the equipment use policy and any actions taken in response.

4. The total annual cost for each type of equipment, including acquisition, personnel, training, transportation, maintenance, storage, upgrade, and other ongoing expenses; and from what source funds will be provided for the controlled equipment in the calendar year following submission of the annual report.

5. The quantity possessed for each type of controlled equipment.

6. If the law enforcement agency intends to acquire additional controlled equipment next year, and the quantity sought for each type of qualifying equipment.

The Police Department shall hold at least one (1) well-publicized and conveniently located community engagement meeting. The public may discuss and ask questions regarding the annual report, the law enforcement agency's funding, acquisition, and/or the use of the controlled equipment.

The Morgan Hill Police Department recognizes the public's ongoing interest in how controlled equipment is used to protect our community. We are committed to maintaining our community's trust in providing professional and responsive police services. Therefore, the Morgan Hill Police Department has authored the following comprehensive Annual Report on Controlled Equipment Use to remain transparent with our community and in accordance with annual reporting requirements set forth by applicable California Law. The Police Department has completed its **2025 Annual Report on Controlled Equipment Use** and presented it at a well-publicized Town Hall Meeting on May 13, 2026, in the City Council Chamber. The Annual Report is included as an attachment for review and approval. Five (5) community members came to the Town Hall Meeting and were given the opportunity to ask questions and receive clarification regarding the use of controlled equipment. No objections were raised by attendees concerning the continued use of controlled equipment by the Police Department.

COMMUNITY ENGAGEMENT:
On May 13, 2026, Morgan Hill Police Department held a Town Hall Meeting to discuss the

2025 Controlled Equipment Annual Report. The meeting was advertised in the City's 411 email, on the City's website, and other channels.

ALTERNATIVE ACTIONS:
None.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
On June 4, 2025, the City Council approved the 2024 Controlled Equipment Use Report as outlined in Government Code section 7070.

FISCAL AND RESOURCE IMPACT:
The cost of the controlled equipment for 2025 was $428,153. The projected cost of the controlled equipment for 2026 is $58,991 and is included in the Police Department's Fiscal Year 2026-27 budget.

Equipment Type	Equipment Cost (2025)	Cost Projections (2026)
Unmanned Aircraft System	$0	$23,730
Armored Rescue Vehicle	$405,987	2,000
The ROOK	N/A	N/A
Mobile Incident Command	$10,700	$12,000
Long Range Acoustical Device (LRAD)	$0	$0
40mm Less-Lethal Launchers	$0	$250
Less-Lethal Shotguns	$0	$15,911
Diversionary Devices	$2,117	$1,500
Rifles	$4,806	$2,000
Chemical Agents and Smoke Canisters	$4,543	$1,500
PepperBall Launchers	$0	$100
TOTAL	**$428,153**	**$58,991**

It should be noted that the purchase of the Armored Rescue Vehicle was $405,987, representing 95% of the total amount spent on controlled equipment in 2025.

CEQA (California Environmental Quality Act):
Not a Project
Administrative activity that has no potential to impact the environment directly or indirectly.

Morgan Hill Police Department

2025

CONTROLLED EQUIPMENT USE ANNUAL REPORT

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Executive Summary

On September 30, 2021, the State of California enacted Assembly Bill (AB) 481, which requires law enforcement agencies to develop and adopt a military equipment use policy and annually obtain approval from the agency's applicable governing body for that policy, as well as for the funding, acquisition, or use of the military equipment within its jurisdiction. Approval may only be granted if the governing body determines that the military or controlled equipment meets specified standards.

This legislation also allows the agency's governing body to approve the continued use of military equipment within its jurisdiction that was acquired prior to January 1, 2022.

As outlined in AB 481, California Government Code section 7072 requires agencies to publish an annual report within one (1) year of policy approval and annually thereafter for as long as the military equipment is available for use. The annual report must contain the following information:

(1) A summary of how the equipment was used and the purpose of its use.

(2) A summary of any complaints or concerns received concerning the equipment.

(3) The results of an internal audit, any information about violations of the military equipment use policy, and any actions taken in response.

(4) The total annual cost for each type of equipment, including acquisition, personnel, training, transportation, maintenance, storage, upgrade, and other ongoing expenses; and from what source funds will be provided for the equipment in the calendar year following submission of the annual report.

(5) The quantity possessed for each type of military equipment.

(6) If the law enforcement agency intends to acquire additional military equipment next year, and the quantity sought for each type of qualifying equipment.

Additionally, AB 481 requires the publication of the agency's military equipment use policy and an annual report regarding the agency's military equipment use. These documents must be published thirty (30) days prior to the governing body's approval hearing. A community engagement meeting regarding the agency's annual report must also be held within thirty (30) days of the policy being published.

The Morgan Hill Police Department has established Policy 708 - Armed Rescue Vehicle and Policy 709 – Military Equipment. These policies are available on the Police Department's website at https://www.morganhill.ca.gov/2275/Military-Equipment-Policies.

The Police Department will present these policies and the annual report of its military and controlled equipment and usage annually at a predetermined City Council meeting. At this meeting, the Council may review and determine whether the standards governing the equipment and its usage have been met, approve the continued use of the equipment, require modifications to the equipment or its use, or disapprove

authorization if the standards have not been met.

In addition, at least one (1) well-publicized and conveniently located community engagement meeting will be held to allow members of the public to discuss and ask questions regarding the Police Department's annual military and controlled equipment report, including funding, acquisition, and/or use of the equipment.

Military equipment is a term used to describe specific items designed, developed, or modified for military application. Controlled equipment is a broader term that encompasses both specialized military hardware and civilian items that may have potential military application.

The Morgan Hill Police Department recognizes the public's ongoing interest in how military and controlled equipment is utilized to protect our community. We remain committed to maintaining the community's trust by providing professional, responsive police services. To support this commitment, the Morgan Hill Police Department has prepared the following comprehensive Annual Controlled Equipment Use Report to promote transparency and to comply with the annual reporting requirements established by California law.

Introduction

The Morgan Hill Police Department is committed to protecting lives and property through partnership with our community while providing professional and responsive police services. To effectively and safely accomplish our mission, the Department maintains specialized (military or controlled) equipment to safeguard the citizens of Morgan Hill and protect our first responders.

Although the Department maintains an inventory of specialized equipment, the mere possession of such equipment does not warrant its use. The decision to deploy military or controlled equipment is based on the merits and the totality of the circumstances of each unique incident and is done in compliance with Department policy and California law.

The term "military equipment or controlled equipment," as used in Assembly Bill (AB) 481, does not necessarily indicate that the equipment is or has been used by the military. Many items defined as military or controlled equipment under AB 481 are commonly used by law enforcement agencies to preserve life, enhance public and officer safety, and ensure preparedness for both lethal and less-lethal threats that may arise in our communities. The Morgan Hill Police Department's use of controlled equipment is consistent with established best practices utilized by law enforcement agencies nationwide.

Equipment used by the Morgan Hill Police Department that is considered military or controlled equipment under AB 481 includes, but is not limited to, emergency response equipment such as command vehicles and armored rescue vehicles, less-lethal shotguns, less-lethal 40mm projectile launchers, precision rifles, unmanned aircraft systems, and other specialized equipment. Continued access to and responsible use of this equipment ensures our officers have the appropriate tools to de-escalate situations, preserve life, maintain public safety, and protect civil liberties.

This Annual Controlled Equipment Use Report provides a summary of equipment usage guidelines, inventory, fiscal impact, complaints, and reported community concerns for the 2025 calendar year (January 1, 2025 through December 31, 2025).

Summary of Controlled Equipment Usage

The Morgan Hill Police Department provides law enforcement services twenty-four (24) hours a day, seven (7) days a week, serving a city population of approximately 46,384 residents. The Department is committed to de-escalation whenever possible, and the use of force is reserved for situations where less intrusive options are not feasible.

In 2025, the Morgan Hill Police Department responded to approximately 32,377 calls for service. Of those calls, officers used force on eleven (11) occasions, representing 0.03% of the total calls for service. It should be noted that four (4) of the use-of-force incidents occurred during an officer-involved shooting incident at a local Safeway store.

Police events and critical incidents are often dynamic and unpredictable. The availability of specialized equipment assists incident commanders, officers, and specialized units in resolving incidents safely and effectively. Incident commanders, supervisors, individual officers, and specialized teams are responsible for recognizing when specialized equipment should be deployed and for ensuring its use remains within the confines of Department policy and California law.

Each use of military or controlled equipment is subject to review to ensure it was deployed appropriately based on the totality of the circumstances known to the officers at the time of the incident. These reviews place particular emphasis on maintaining community and officer safety, protecting civil liberties, and ensuring compliance with applicable laws and departmental policies.

While the Morgan Hill Police Department maintains a variety of military and controlled equipment, the mere possession of the equipment does not warrant its use. Deployment is restricted to specific circumstances and, in some cases, limited to trained personnel or specialized units.

This section outlines the operational use of controlled equipment during the 2025 calendar year. Certain items of controlled equipment, particularly consumable items such as ammunition, diversionary devices, pepper balls, and chemical agents are used regularly for training purposes to maintain proficiency. Training-related usage is not included in this section. This section provides data only for the operational deployment of controlled equipment identified in this Annual Controlled Equipment Report.

The following is the data for military equipment usage by category for 2025:

Unmanned Aircraft System (UAS)
An unmanned aircraft system was utilized operationally zero **(0)** times in 2025.

Armored Rescue Vehicle (ARV)
The armored rescue vehicle was utilized operationally twenty-two **(22)** times in 2025.

- These deployments occurred during SWAT operations in the City of Gilroy and the City of Morgan Hill, as well as during special events in the City of Morgan Hill, such as the Morgan Hill Mushroom Festival, the Morgan Hill Freedom Fest, and Boots and Brews Country Music Festival. The ARV was obtained through mutual aid with the Santa Clara County Sheriff's Office, the Santa Clara Police Department, and the Gilroy Police Department.

NIJ Level IV Armored Caterpillar (CAT) Multi-Terrain Loader (The ROOK)
The NIJ Level IV Armored Caterpillar (CAT) Multi-Terrain Loader (The ROOK) was utilized operationally zero **(0)** times in 2025. Currently, the Department does not possess a NIJ Level IV Armored Caterpillar (CAT) Multi-Terrain Loader (The ROOK).

Mobile Command Vehicle (MCV)
The Mobile Command Vehicle (MCV) was utilized operationally twenty-two **(22)** times in 2025.

- Deployments occurred during SWAT operations in the City of Gilroy and Morgan Hill, as well as for special events, such as the Morgan Hill Mushroom Festival, the Morgan Hill Freedom Fest, and the Boots and Brews Country Music Festival.

Long Range Acoustic Device (LRAD)
The Long-Range Acoustic Device (LRAD) was utilized operationally zero **(0)** times in 2025.

40 MM Launchers and Rounds
The 40 MM Launchers and Rounds were utilized operationally zero **(0)** times in 2025.

Less Lethal Shotgun
A Less Lethal Shotgun was utilized operationally one **(1)** time in 2025.

- 04/18/25: Officers responded to an incident involving a male subject holding a knife and a wine bottle, walking around the Safeway Store on E. Dunne Avenue in Morgan Hill. Officers attempted to communicate with the subject to have him drop the knife and wine bottle; however, the subject retreated further into the store. During the incident, officers deployed the less-lethal shotgun multiple times to take the subject into custody as the subject threw bottles at the officers. This incident ended with an officer involved shooting. The subject was taken into custody and provided medical treatment.

Distraction Devices
Distraction Devices were utilized operationally fourteen **(14)** times in 2025.

- In these instances, the Distraction Devices were used as attention-getters for SWAT callouts or high-risk warrant services. No medical attention was required because of the deployment of these devices.

Chemical Agent and Smoke Canisters
Chemical Agents and Smoke Canisters were utilized operationally two **(2)** times in 2025.

- 07/22/25: The SWAT Team was initiated for a barricaded subject in Gilroy, who was holding other occupants captive in a residence. Officers attempted to communicate with the subject and requested they exit the residence and surrender; however, the subject refused to comply. Eventually, the subject did release the other occupants of the residence, but they remained within the residence and refused to exit and surrender to the officers. At the time of the incident, the subject was wanted for assault with a deadly weapon, brandishing a weapon, and a probation violation. As the subject continued to refuse to exit the residence, chemical agents were deployed into the residence. After a few minutes, the subject exited the residence and attempted to flee on foot. After a foot pursuit, the subject was taken into custody and provided medical care.

- 12/10/25: Officers conducted a high-risk vehicle stop for a stolen vehicle. The vehicle's occupant refused to exit and follow the officers' commands. Officers continued to give the occupant multiple commands to exit the vehicle however, the occupant refused to comply or speak with the officers. The rear window of the vehicle was broken with a break-bar, and the officers deployed Oleoresin Capsicum (OC) spray within the vehicle. The OC spray deployment was effective, and the occupant exited the vehicle and was taken into custody. The occupant was provided medical treatment on-scene by medical personnel.

PepperBall Launcher and Related Munitions
PepperBall Launcher and Related munitions were utilized operationally zero **(0)** times in 2025.

Rifles
The Colt Carbine AR-15 Rifle, Colt Carbine M4 Rifle, and Remington 700 Rifle were utilized operationally zero **(0)** times in 2025, as the Morgan Hill Police Department had zero officer-involved shootings involving rifles.

Current Inventory of Controlled Equipment

The Morgan Hill Police Department is committed to maintaining transparency regarding its controlled equipment inventory and sharing information about the equipment's capabilities, uses, and related details with our community and elected officials. The data provided in this report is accurate as of February 2025; however, inventory may have fluctuated by the time of this report's publication.

The inventory of controlled equipment - particularly consumable items such as ammunition, diversionary devices, and other munitions - may fluctuate due to factors such as operational use, deterioration, training, maintenance, expiration, and replenishment guidelines.

***NOTE:** The descriptions and source photos in this report are for controlled equipment descriptive purposes only and the products and vendors are not endorsed by the City of Morgan Hill or the Morgan Hill Police Department.

The following table lists the various types, descriptions, and guidelines for the usage of controlled equipment currently employed by the Department.

Controlled Equipment Categories

California Government Code 7070, designates fifteen (15) categories of items deemed "military equipment" or more accurately defined as controlled equipment:

*	**Category 1:**	Unmanned, remotely piloted, powered aerial or ground vehicles
*	**Category 2:**	Mine-resistant ambush-protected (MRAP) vehicles or armored personnel carriers
*	**Category 3:**	High mobility multipurpose wheeled vehicles (HMMWV), two-and-one-half-ton trucks, five-ton trucks, or wheeled vehicles that have a breaching or entry apparatus attached
	Category 4:	Tracked armored vehicles that provide ballistic protection to their occupants
*	**Category 5:**	Command and control vehicles that are either built or modified to facilitate the operational control and direction of public safety units
	Category 6:	Weaponized aircraft, vessels, or vehicles of any kind
*	**Category 7:**	Battering rams, slugs, and breaching apparatuses that are explosive in nature
	Category 8:	Firearms and ammunition of .50 caliber or greater, excluding standard-issue shotguns and standard-issue shotgun ammunition
*	**Category 9:**	Specialized firearms and ammunition of less than .50 caliber, including firearms and accessories identified as assault weapons in Penal Code §30510 and Penal Code §30515, except for standard-issue handguns
*	**Category 10:**	Any firearm or firearm accessory that is designed to launch explosive projectiles
*	**Category 11:**	Noise-flash diversionary devices and explosive breaching tools
*	**Category 12:**	Munitions containing tear gas or OC, excluding standard, service-issued handheld pepper spray
	Category 13:	TASER® Shockwave, microwave weapons, water cannons, and long-range acoustic devices
*	**Category 14:**	Kinetic energy weapons and munitions
	Category 15:	Any other equipment as determined by a governing body or a state agency to require additional oversight

*** Indicates a category of controlled equipment previously approved by the governing body and utilized by the Morgan Hill Police Department.**

Unmanned Aerial Systems (UAS) (Category 1)

An unmanned aerial system can sustain direct flight, whether remotely controlled or via pre-programming. All the attached systems are designed to gather information through photography, recording, or other means.

Capability: The Morgan Hill Police Department owns one (1) Unmanned Aerial System (UAS) to enhance public safety. The UAS can be deployed when an overhead view would assist officers or incident commanders with planning and responding to a situation. Types of situations include but are not limited to, infrastructure damage assessments, major traffic collision investigations, search for missing persons, natural disaster management, crime scene photography, SWAT, tactical or other public safety and life-preservation missions, and/or in response to specific requests from local, State, or Federal fire authorities for fire response and/or prevention. Any Unmanned Aerial System used by the Department complies with all Federal, State, and Local laws.

Usage: Use is established under Morgan Hill Police Department Policy 613 and FAA Regulation 14 CFR Part 107. It is the policy of the Department to utilize UAS only for official law enforcement purposes and in a manner that respects the privacy of our community, pursuant to State and Federal law. UAS usages include the collection of evidence in the form of aerial photography/video in support of an investigation (i.e., shooting scenes, homicide scenes); support of SWAT and Patrol during high-risk, tactical, or other public safety life preservation missions (i.e., interior visual assessments of structures or outdoor areas to gain intelligence prior to officers entering a dwelling or contacting a potentially armed or a resistive subject that may be hiding); to conduct aerial searches for missing persons; and provide aerial observation to assist in managing natural disasters (i.e., fires, floods, storms) or in any other manner to preserve life and enhance public safety.

Training Requirements: All Department UAS operators are licensed by the Federal Aviation Administration for UAS operations. Although not required by P.O.S.T. or the FAA, officers attend a 20-hour internal training course. Course topics include terminology, proper and safe flying techniques, privacy concerns, laws, and the Department's UAS policy review.

The Department currently utilizes the following UAS:

Skydio Two

Cost	$1,000 each
Quantity	1
Lifespan	3-5 Years
Funding Source	Department Funds

Manufacturer: Skydio

Manufacturer Description: The Skydio 2+ weighs approximately 800 grams and can record video within approximately 27 minutes of flight time. This is a remotely operated battery-powered or autonomous aircraft designed to be operated within sight of the operator or a spotter. Each aircraft is equipped with a camera capable of relaying a real-time image back to the operator.

Armored Vehicle (Categories 2 & 3)

Commercially produced 4-wheel drive vehicle designed for law enforcement that provides protection against bullets, shell fragments, and other projectiles.

Capability: The Medevac is primarily used by the Special Weapons and Tactics Team (SWAT) to safely transport personnel to and from critical incidents, extract citizens from volatile situations, conduct high-risk rescue operations, provide emergency medical staff and/or Tactical Emergency Medicine (TEM) personnel a safe working environment, and deliver equipment in high-risk environments. The Medevac can also be used to conduct rescue missions during disasters. Additionally, the vehicle is utilized for community engagement efforts and other applications deemed appropriate**.**

Usage: Use is established under the Morgan Hill Police Department Policy 708. It is the policy of the Department to utilize the armored vehicle only for official law enforcement purposes and pursuant to Federal and State law.

Training Requirements: All drivers/operators shall attend formalized instruction and be trained in vehicle operations and practical driving techniques. P.O.S.T.-certified driving instructors provide training in safe driving practices and proper operation of the vehicle equipment.

Purchasing Note: The Department received the Lenco Bearcat in December 2025.

The Department currently utilizes the following Armored Vehicle:

2023 LENCO Bearcat, G3

Cost	$405,987
Quantity	1
Lifespan	25 Years
Funding Source	City Funding

Manufacturer: LENCO

Manufacturer Description: The Lenco BearCat Medevac, also known as the Armored Rescue Vehicle (ARV), was designed to meet the combined requirements of SWAT & Tactical Emergency Medical Service Teams. The Medevac can be used as an armored Response & Rescue SWAT truck for dangerous callouts and is equipped to provide Tactical EMS with a safe & effective environment to deal with trauma cases. It seats 10-12 personnel with an open floor plan that allows for the rescue of down personnel. It can stop various projectiles, which provide greater safety to citizens and officers beyond the protection level of shield and personal body armor.

NIJ Level IV Armored Caterpillar (CAT) Multi-Terrain Loader (The ROOK) (Category 4)

A commercially produced Caterpillar tractor designed for law enforcement that provides protection against bullets, shell fragments, and other projectiles.

Capability: The ROOK is primarily used by the Special Weapons and Tactics Team (SWAT) to safely transport personnel to and from critical incidents, extract citizens from volatile situations, conduct high-risk rescue operations and training, provide emergency medical staff and/or Tactical Emergency Medicine (TEM) personnel a safe working environment, and deliver equipment in high-risk environments. The ROOK can also be used to conduct rescue missions during disasters. Additionally, the vehicle is utilized for community engagement efforts and other applications deemed appropriate**.**

Usage: Use is established under the Morgan Hill Police Department Policy 709. It is the policy of the Department to utilize the armored vehicle only for official law enforcement purposes and pursuant to Federal and State law.

Training Requirements: All drivers/operators shall attend formalized instruction and be trained in vehicle operations and practical driving techniques. P.O.S.T.-certified driving instructors provide training in safe driving practices and proper operation of the vehicle equipment.

Purchasing Note: The Department is currently seeking grant funding opportunities for this purchase.

The Department will be seeking grant funding for the following Armored Vehicle:

NIJ Level IV Armored Caterpillar (CAT) Multi-Terrain Loader (The ROOK)

Cost	N/A
Quantity	N/A
Lifespan	25 Years
Funding Source	Grant Funding

Manufacturer: NIJ

Manufacturer Description: ROOK is a custom "armored critical incident vehicle" built on the chassis of a CAT Bulldozer manufactured by Ring Power. The ROOK is built to increase job safety, versatility, and mission-specific response. The ROOK is equipped with powerful mission-specific attachments. The ROOK is capable of being used in tight areas both inside and outside, where traditional armored vehicles may not be able to enter.

Mobile Incident Command Vehicle (Category 5)

A completely self-contained command post was designed to provide shelter access to department computers for extended events. This vehicle can also manage/facilitate pre-planned or significant events requiring on-site planning and incident command personnel.

Capability: As a mobile base of operations, this vehicle contains specialized command, control, and communications equipment for use during critical incidents, large-scale events, natural disasters, and community events. The command vehicle is equipped to function as a fully operational mobile Public Safety Answering Point (PSAP). It will serve as a backup to the Police Department's existing Dispatch Center.

Usage: The command vehicle shall be used by trained personnel in a manner consistent with Department policy and training. Furthermore, only personnel who have completed the Departmental training and are properly licensed may drive the command vehicle.

Training Requirements: All drivers/operators shall attend formal instruction and be trained in vehicle operation and practical driving techniques. P.O.S.T.-certified driving instructors provide training in safe driving practices and proper operation of the vehicle equipment.

The Department currently operates the following MCV:

2018 Mobile Incident Command Vehicle

Cost	$ 690,132
Quantity	1
Lifespan	25 Years (Chassis) 6 Years (IT Systems)
Funding Source	Grant Funding/ Department Funds

Manufacturer: LDV, Inc**.**

Manufacturer Description: The Mobile Command Vehicle (MCV) is a fully functioning Mobile Public Safety Answering Point (PSAP) and is a backup to our existing Dispatch Center. The MCV is a shared asset used by the Morgan Hill Police Department and the Gilroy Police Department during critical incidents, pre-planned large events, searching for missing persons, natural disasters, and community events.

Long Range Acoustic Device (LRAD) (Category 13)

Long Range Acoustic Device (LRAD) is a high-intensity directional array for long-range, crystal-clear hailing, notification, and an unmistakable warning tone. The LRAD is primarily used as a communication device.

Capability: Featuring an extended voice broadcast range of 600 meters, the LRAD 100X ensures voice messages are heard and understood. LRAD's optimized driver, waveguide, and power efficiency technologies enable the LRAD 100X to provide several hours of clear, continuous communication from a single battery charge.

Usage: To be used to issue dispersal orders during crowd and riot control situations or to address the public in the event of civil emergencies, natural disasters, evacuations, and police incidents (e.g., missing persons, perimeters for wanted suspects/ K9 deployments, etc.). The LRAD may also be used to issue a warning tone. The LRAD shall only be used by officers trained in its deployment and used consistently with Department policy and training.

Training Requirements: All operators receive training prior to operating any of the LRAD's in the field to ensure proper deployment. It is the policy of the Morgan Hill Police Department to utilize the LRAD only for official law enforcement purposes and pursuant to Federal and State law.

The Department currently operates the following LRADs

Long Range Acoustic Device (LRAD)

Cost	$ 17,558
Quantity	1
Lifespan	25 Years
Funding Source	Grant Funding

Manufacturer: LRAD

Manufacturer Description: Featuring an extended voice broadcast range of 600 meters, the LRAD 100X ensures voice messages are heard and understood. LRAD's optimized driver, waveguide, and power efficiency technologies enable the LRAD 100X to provide several hours of clear, continuous communication from a single battery charge.

40mm Less-Lethal Launchers and Munitions (Categories 10, 12, & 14)

A single-shot impact launcher can fire an array of less-lethal 40mm rounds.

Capability: De-escalate situations using less-lethal force and gain compliance from a safe distance. 40mm Less-Lethal Launchers have an effective range of up to twenty (20) yards.

Usage: The 40mm less-lethal launcher may be deployed to gain compliance or de-escalate conflicts, helping prevent a situation from becoming a lethal force situation. The system's effectiveness provides time and distance between officers and a suspect, reducing the threat's immediacy and allowing further de-escalation. This system can be used to address self-destructive/suicidal, dangerous, and/or combative individuals; to gain a tactical advantage from a distance (i.e., breaking a window to get an unobstructed view of an individual or disabling a security camera); against potentially vicious animals; and for riot/crowd control and/or civil unrest incidents where the use of the 40mm is objectively reasonable.

Training Requirements: Officers who utilize 40mm less-lethal chemical agents or impact rounds are trained in their use by P.O.S.T.-certified less-lethal chemical agent instructors. Training includes a review of the Department's Use of Force Policy, nomenclature, familiarization with the system, and a qualification course.

The Department utilizes the following 40mm Less-Lethal Launcher and Munitions:

Defense Technologies 40mm Single Shot Launcher #1425

Cost	$810 each
Quantity	5
Lifespan	25 Years
Funding Source	Department Funds

Manufacturer: Defense Technology

Manufacturer Description: The 40mm Single Launcher is a tactical single-shot launcher that features an adjustable Integrated Front Grip (IFG) with a rail-mounted holographic sight. It will fire standard 40mm less lethal ammunition, up to 4.8 inches in cartridge length. It will launch a 40mm less lethal round up to 131 feet and is only authorized to be used by trained personnel.

The Department currently possesses the following 40mm Munitions:

Defense Technology 40mm Exact Impact Sponge Round #6325

Cost	$32 each
Quantity	44 Rounds
Lifespan	5 Years
Funding Source	Department Funds

Manufacturer: Defense Technology

Manufacturer Description: A less lethal 40mm lightweight plastic and foam projectile fired from a single or multi-round purpose-built 40mm launcher with a rifled barrel at 325 FPS. The 40mm Exact Impact Sponge Round provides accurate and effective performance when fired from an approved distance of not less than five (5) feet and as far as 131 feet from the target. The 30-gram foam projectile delivers 120 ft/lbs. of energy on impact.

Defense Technology 40mm Direct Impact Reloadable Training Kit #6530

Cost	$1342 each
Quantity	1 kit
Lifespan	No Expiration
Funding Source	Department Funds

Manufacturer: Defense Technology

Manufacturer Description: The 250-piece Direct Impact Reloadable Training Kit allows realistic training to be conducted at a fraction of the cost of using operational rounds. These reusable projectiles can be reloaded by hand in the field in less than ten (10) seconds without the need for presses or other reloading equipment. These rounds are not for use on humans.

Less-Lethal Shotgun and Munitions (Categories 9 & 14)

The less-lethal shotgun is a standard Remington Model 870, 12-gauge shotgun that has been converted to fire bean bag rounds as an alternative to lethal force when appropriate. The less-lethal shotgun has a distinctive, orange-colored stock and foregrip to distinguish it from lethal weapons.

Capability: The less-lethal shotgun can fire a 12-gauge Super-Sock Bean Bag Round with a maximum effective range of seventy-five (75) feet. The weapon system's range helps maintain space between officers and a suspect, reducing the threat's immediacy, which is a principle of De-Escalation.

Usage: The less-lethal shotguns can be deployed to de-escalate conflict and reduce the need for lethal force. The system's effectiveness allows time and distance between officers and a suspect, reducing the threat's immediacy and allowing further de-escalation. This system can be used to address self-destructive/suicidal, dangerous, and/or combative individuals, to gain a tactical advantage from a distance (i.e., breaking a window to get an unobstructed view of an individual or disabling a security camera), against potentially vicious animals, riot/crowd control and/or civil unrest incidents where the use of the 40mm is objectively reasonable.

Training Requirements: Officers must complete at least two (2) hours of department training before deploying the less-lethal shotgun. Training includes a review of the Department's Use of Force Policy, nomenclature, system familiarization, and a qualification course.

Purchasing Note: The Department has ordered fifteen (15) Remington 870 Less Lethal shotguns and is currently waiting for delivery of the shotguns.

The Department possesses the following Less Lethal Shotguns and Munitions:

Mossberg 500 Less Lethal 12-Gauge Shotgun

Cost	$553.00 each
Quantity	13
Lifespan	25 Years
Funding Source	General Funds

Manufacturer: Mossberg

Manufacturer Description: The Mossberg 500 Less Lethal Shotgun is used to deploy the less lethal 12-gauge Super-Sock Bean Bag Round up to seventy-five (75) feet. The weapon system's range helps maintain space between officers and suspects, reducing the immediacy of the threat, a principle of De-Escalation.

Combined Systems Inc. Super-Sock Bean Bag Round #2581

Cost	$32/box
Quantity	85 Rounds
Lifespan	No Expiration
Funding Source	General Funds

Manufacturer: Combined Systems Inc.

Manufacturer Description: A less lethal 2.4-inch 12-gauge shotgun round firing a ballistic fiber bag filled with 40 grams of lead shot at a velocity of 270-290 feet per second. CTS Super-Sock rounds are discharged from a dedicated 12-gauge shotgun that is distinguishable by an orange butt stock and foregrip. This round provides accurate and effective performance when fired from the approved distance of not fewer than five (5) feet. The maximum effective range of this munition is up to seventy-five (75) feet from the target.

Diversionary Devices (Category 11)

A handheld device that can be deployed to emit a flash, sound, and/or smoke.

Capability: To produce atmospheric overpressure and brilliant white light that can cause short-term (6 to 8 seconds) physiological/psychological, sensory deprivation to give officers a tactical advantage. A diversionary device is ideal for distracting dangerous suspects during apprehensions, hostage rescues, room entry, or other high-risk arrest situations.

Usage: Diversionary devices shall only be used by officers who have been trained in their proper use. These devices can be deployed in hostage and barricaded subject situations; in high-risk (search/arrest) warrant services, where there may be hazards to officers; during other high-risk situations where their use would be advantageous for preserving life and/or increasing officer safety; and during training exercises.

Training Requirements: Officers must attend diversionary device training before using this equipment. P.O.S.T. certified instructors provide training in the safe handling, deployment, and documentation on the use of this equipment.

Note: Some Diversionary Device orders can only be placed in minimum quantities. As a result, some inventories may occasionally exceed the amount needed.

The Department currently possesses the following Diversionary Devices:

Combined Systems Inc. (CTS) Flash Bang, Steel Body-7290

Cost	71.00 per
Quantity	10 in stock
Lifespan	5 Years
Funding Source	Department Funds

Manufacturer: Combined Systems Inc. (CTS)

Manufacturer Description: The CTS 7290 is the standard for diversionary flash-bang devices. The patented design of the CTS 7290 incorporates a porting system that eliminates movement of the body at detonation, even if the top or bottom of the device should be in contact with a hard surface. In addition, internal adjustments have greatly reduced smoke output. Model 7290 produces 165-180db and 6-8 million candela of light output.

Special tactical units use flash bangs during hostage rescues and high-risk warrants. It is an ATF-controlled Class-C explosive device that emits a bright light and thunderous noise to distract potentially dangerous individuals.

Combined Systems Inc. (CTS) Flash Bang, Steel Body-7290M

Cost	$46.00 per
Quantity	13 in stock/
Lifespan	5 Years (MFG 2024)
Funding Source	General Fund

Manufacturer: Combined Systems Inc. (CTS)

Manufacturer Description: The CTS 7290M Mini Flash-Bang is the newest generation in the evolution of the Flash-Bang. Model 7290M Flash-Bang exhibits all the same attributes as its larger counterpart but in a smaller and lighter package. Weighing 15 ounces, the Model 7290M is approximately 30% lighter than the CTS 7290 but still has the same 180db output as the CTS 7290 and produces 6-8 million candela of light. The patent design of the Model 7290M incorporates a porting system that eliminates movement of the body at detonation, even if the top or bottom of the device should be in contact with a hard surface. In addition, internal adjustments have greatly reduced smoke output.

Flash Bangs are used by special tactical units during hostage rescue and high-risk warrants. It is an ATF-controlled Class C explosive device that emits a bright light and thunderous noise to distract potentially dangerous individuals.

Rifles and Munitions (Category 9)

The rifle is a long-barreled firearm designed for greater accuracy over a long distance.

Capability: The rifle allows officers to engage hostile suspects from distances far greater than their handguns. The standard-issued rifles can have an effective range of six hundred (600) yards and offer increased accuracy over a handgun. However, rifles are not appropriate for every situation.

Usage: Officers may deploy the rifle in any circumstance where the officer can reasonably expect the rifle to be needed. Examples of some general guidelines for deploying the rifle may include, but are not limited to, the following:

- Situations where the officer reasonably anticipates an armed encounter.
- When an officer is faced with a situation that may require the delivery of accurate and effective shot placement at long range.
- Situations where an officer reasonably expects the need to meet or exceed a suspect's weaponry.
- When an officer reasonably believes there may be a need to deliver accurate shot placement on a barricaded suspect or a suspect with a hostage.
- When an officer reasonably believes a suspect may be wearing body armor.

Training Requirements: Officers must complete a 16-hour P.O.S.T. approved training course before deploying a rifle. Officers are required to pass a qualification course annually. P.O.S.T.-certified instructors teach the course.

All SWAT operators will complete a minimum of two (2) hours of department training before deploying the H&K MP5. Training includes a review of the Department's Use of Force Policy, nomenclature, familiarization with the system, and a qualification course.

The Department currently possesses the following rifles and munitions:

Colt Tactical Carbine Model AR-15A3

Cost	$1,099 each
Quantity	49
Lifespan	Ten years
Funding Source	Department Funds

Manufacturer: Colt

Manufacturer Description: A rifle that fires an intermediate-power cartridge (.223) is more powerful than a standard pistol but less powerful than a standard rifle. Rifle and has a 16" barrel. The magazine holds thirty (30) rounds, and the rifle has a collapsible stock. The carbine allows officers to engage hostile suspects at distances generally greater than the effective distance of their handguns. Additionally, AR-15 rifles offer advantages over handguns, such as increased accuracy potential and the ability to defeat soft body armor but are not appropriate for every situation.

Colt Tactical Carbine Model M4

Cost	$2,027 each
Quantity	8
Lifespan	Ten years
Funding Source	Department Funds

Manufacturer: Colt

Manufacturer Description: A rifle that fires an intermediate-power cartridge (.223) is more powerful than a standard pistol but less powerful than a standard rifle. Rifle and has a 16" barrel. The magazine holds thirty (30) rounds, and the rifle has a collapsible stock. The carbine allows officers to engage hostile suspects at distances generally greater than the effective distance of their handguns. Additionally, M4 rifles offer advantages over handguns, such as increased accuracy potential and the ability to defeat soft body armor but are not appropriate for every situation.

Remington Model 700 P Bolt Action Rifle

Cost	$1099 each
Quantity	1
Lifespan	Ten years
Funding Source	Department Funds

Manufacturer: Remington

Manufacturer Description: A semi-automatic shoulder-fired rifle with precision optics that fires a .308 Winchester cartridge. The .308 rifle allows SWAT Snipers to engage violent suspects at great distances. The .308 rifles are used exclusively by officers assigned to the SWAT Sniper Team. These rifles are typically deployed with the SWAT Sniper Team during high-risk SWAT operations and special events or instances wherein Sniper Over Watch Teams are needed.

Heckler & Koch MP5

Cost	$500 each
Quantity	4
Lifespan	Fifteen years
Funding Source	Department Funds

Manufacturer: Heckler & Koch

Manufacturer Description:
The Heckler & Koch MP5 is a renowned 9mm x 19 caliber submachine gun for police and special operations forces, known for its high reliability, accuracy, and ease of handling. The H&K MP5 allows SWAT officers to engage hostile suspects at a close distance during high-risk incidents requiring a SWAT team.

The Department currently possesses the following rifle munitions:

Federal American Eagle 9MM Luger 147 GR Full Metal Jacket

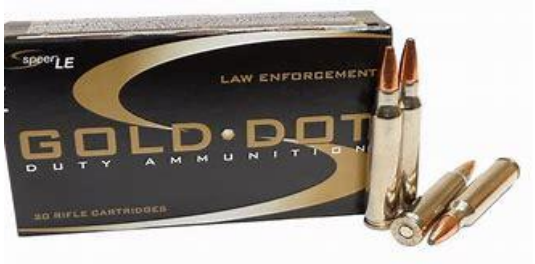
Cost	$295/ Case
Quantity	20,000 Round
Lifespan	No Expiration
Funding Source	Department Funds

Manufacturer: Federal

Manufacturer Description: This Federal American Eagle 9mm Luger ammunition is loaded with a 147-grain Full Metal Jacket bullet. The Full Metal Jacket bullet is for range practice and reducing fouling in the barrel. The jacket extends from the nose to the base, preventing bullet expansion and barrel leading. This ammunition is a new production, non-corrosive ammo, featuring brass cases, boxer primed, and reloadable.

Speer Gold DOT .223 62 Grain (GR) Rifle Round

Cost	$260 Case
Quantity	16,500 Rounds
Lifespan	No Expiration
Funding Source	Department Funds

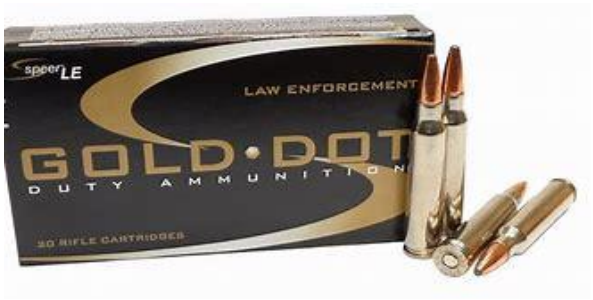


Manufacturer: Speer Gold

Manufacturer Description: Remington ammo made by Speer is reloadable, features nickel-plated brass cases and Boxer primers, and is a non-corrosive round. In addition to its remarkable strength, Gold Dot rifle ammunition asserts remarkable accuracy with exact tolerances and unparalleled bullet uniformity of jacket thickness. The Gold Dot LE ammunition joins the jacket and core one molecule at a time; thanks to this, Speer eradicates the potential for the leading cause of bullet failure (jacket/core separation). This process will guarantee extraordinary weight retention through barriers as strong as auto-glass.

Speer Gold DOT .223 55 Grain (GR) Rifle Round

Cost	$260/ Case
Quantity	28,000 Rounds
Lifespan	No Expiration
Funding Source	General Fund



Manufacturer: Speer Gold

Manufacturer Description: Remington ammo made by Speer is reloadable, features nickel-plated brass cases and Boxer primers, and is a non-corrosive round. In addition to its remarkable strength, Gold Dot rifle ammunition asserts remarkable accuracy with exact tolerances and unparalleled bullet uniformity of jacket thickness. The Gold Dot LE ammunition joins the jacket and core one molecule at a time; thanks to this, Speer eradicates the potential for the leading cause of bullet failure (jacket/core separation). This process will guarantee extraordinary weight retention through barriers as strong as auto-glass.

Hornady .308 Winchester A-Max Tap Rifle Round

Cost	$433 Case
Quantity	1200 Rounds
Lifespan	No Expiration
Funding Source	General Fund

Manufacturer: Hornady

Manufacturer Description: This law enforcement cartridge offers match accuracy with a high ballistic coefficient, providing superior long-range performance. This load demonstrates expansion and fragmentation like the 168-gr. Load, but with a noticeable increase in penetration and retained bullet weight. This bullet penetrates glass with minimal deflection and exhibits excellent expansion and fragmentation characteristics.

Chemical Agents and Smoke Canisters (Category 12)

Canisters containing non-lethal chemical agents and/or smoke that are released when deployed.

Capability: Chemical agents and smoke canisters have a variety of individual capabilities and applications. Chemical agents and smoke canisters can be delivered to the environment in a variety of ways, including but not limited to powder, liquid mist, smoke, pyrotechnic devices, and vapor aerosols. Exposure to chemical agents normally causes no lasting effects. This equipment has indoor and outdoor capabilities and uses.

Usage: The use of chemical agents causes mucous membranes and exposed skin to become inflamed, resulting in a burning sensation. It provides a temporary respiratory effect and induces skin discomfort. Chemical agents and smoke canisters may be utilized during confrontations with violent or potentially violent suspects as a less lethal option to assist with dispersing violent crowds and/or for the arrest of suspects. Smoke canisters are used to create a diversion or conceal the movement of a tactical team.

Training Requirements: Officers utilizing chemical agent canisters are certified by P.O.S.T. less-lethal chemical agent instructors. Sworn members are trained in the proper use of chemical agent canisters and smoke canisters, as well as the terminology and documentation for the use of this equipment.

The Department currently has chemical agents:

Combined Systems Inc. (CTS) 6210-R Red Smoke

Cost	$45.85 per
Quantity	19 in stock
Lifespan	5 Years
Funding Source	General Fund

Manufacturer: Combined Systems Inc. (CTS)

Manufacturer Description: White and colored smoke grenades obscure tactical movement, signaling or marking a landing zone.

Outdoor Tactical Grenade CS- 8230

Cost	33.37 per
Quantity	25 in stock
Lifespan	5 Years
Funding Source	General Fund

Manufacturer: Combined Systems Inc. (CTS)

Manufacturer Description: 8230 – The smallest diameter burning grenade that discharges a high volume of smoke and chemical agent through multiple emission ports. It can be hand-thrown or launched. Specifically for outdoor use, it should not be deployed on rooftops, crawl spaces, or indoors due to its fire-producing capability.

40mm Frangible Impact-CS Powder-4530

Cost	30.00 per
Quantity	38 in stock
Lifespan	5 Years
Funding Source	General Fund

Manufacturer: Combined Systems Inc.

Manufacturer Description: 40mm multi-effect munition delivering greater energy on the target with extreme accuracy and simultaneously dispersing a cloud of irritant or marking powder.

Launching Cup attachment

Cost	100.00 per
Quantity	2 in stock
Lifespan	
Funding Source	General Fund

Manufacturer: Combined Systems Inc. (CTS)

Manufacturer Description: The LC6 Launching Cups are designed for the 6200 series grenades. These can be fired from most 12-gauge smooth-bore shotguns. The cups can be attached to virtually any 12-gauge shotgun, and the munition is launched with the Model 2600 launching cartridge.

Combined Systems Inc. (CTS) CS Baffled Canister Grenade, Pyro, Low Flame Potential- 5230(B)

Cost	$60.56 each
Quantity	44
Lifespan	5 Years
Funding Source	General Fund

Manufacturer: Combined Systems Inc. (CTS) Manufacturer

Description: Pyrotechnic grenade designed for indoor use, delivering a maximum amount of irritant smoke throughout multiple rooms with minimal risk of fire.

Combined Systems Inc. (CTS) Launching Cartridge- 2600

Cost	$8.50 each
Quantity	64
Lifespan	5 Years
Funding Source	General Fund

Manufacturer: Combined Systems Inc. (CTS) Launching Cartridge

Manufacturer Description: The LC5 & LC6 launching cups are designed for the 52 & 62 series grenades, respectively. The cups can be attached to virtually any 12-gauge shotgun, and the munitions are launched with the Model 2600 and Model 3600 launching cartridges.

Combined Systems Inc. (CTS) Oleoresin Capsicum (OC) Vapor Grenade-6340

Cost	57.22 per
Quantity	19
Lifespan	5 Years
Funding Source	General Fund

Manufacturer: Combined Systems Inc. (CTS)

Manufacturer Description: This unique grenade delivers an invisible Oleoresin Capsicum (OC) vapor and renders an intense respiratory effect to a non-compliant subject.

PepperBall Launcher and Projectiles

A device that discharges projectiles containing non-lethal chemical agents, which are released upon impact.

Capability: The Defense Innovation is a compressed-air-powered launcher designed to fire non-lethal PepperBall projectiles.

Usage: To limit the escalation of conflict where employment of lethal force is prohibited or undesirable. Situations for the use of the less-lethal weapon systems may include, but are not limited to:

1. Self-destructive, dangerous, and/or combative individuals.
2. Riot/crowd control and civil unrest incidents.
3. Circumstances where a tactical advantage can be obtained.
4. Potentially vicious animals.
5. Training exercises or approved demonstrations.

Training Requirements: Officers using PepperBall launchers are trained in their use by P.O.S.T.-certified less-lethal and chemical agent instructors.

The Department currently possesses the following PepperBall Launcher:

Defense Innovations PepperBall Launcher

Cost	$350.00
Quantity	2
Lifespan	20 years
Funding Source	General Fund

Manufacturer: Defense Innovations

Manufacturer Description: The Defense Innovation is a compressed-air powered launcher designed to fire non-lethal PepperBall projectiles. A device that discharges projectiles containing non-lethal chemical agents, which are released upon impact. The PepperBall Defense Innovation is a single-feed system that uses a hopper.

PepperBall Projectiles

Cost	$75.00
Quantity	2
Lifespan	Three years
Funding Source	General Fund

Manufacturer: Defense Innovations

Manufacturer Description: The basic PepperBall projectile contains 2% PAVA pepper powder and is designed for direct impact and area saturation, especially in confined interior spaces. The projectile contains 0.5% PAVA Powder. The projectile is discharged from a PepperBall Launcher and has a 200-500 FPS velocity.

Training Summary

The safe use of certain military equipment requires ongoing training to maintain proficiency and required certifications. While the Department conducts training internally through the Personnel and Training Division, external training courses and services are often necessary as well. Training opportunities may vary from year to year based on operational needs and Federal or State mandates. Both consumable and non-consumable equipment are often utilized during training to ensure competency during actual operational use. Funding for training is provided through Police Department's operating budget and/or grant funding.

Equipment Costs

The following table summarizes equipment-related expenditures for the calendar year 2025 and projects expenses for calendar year 2026. Equipment expenditure includes the acquisition of new equipment, the replacement of damaged equipment, and the ongoing maintenance of the controlled equipment.

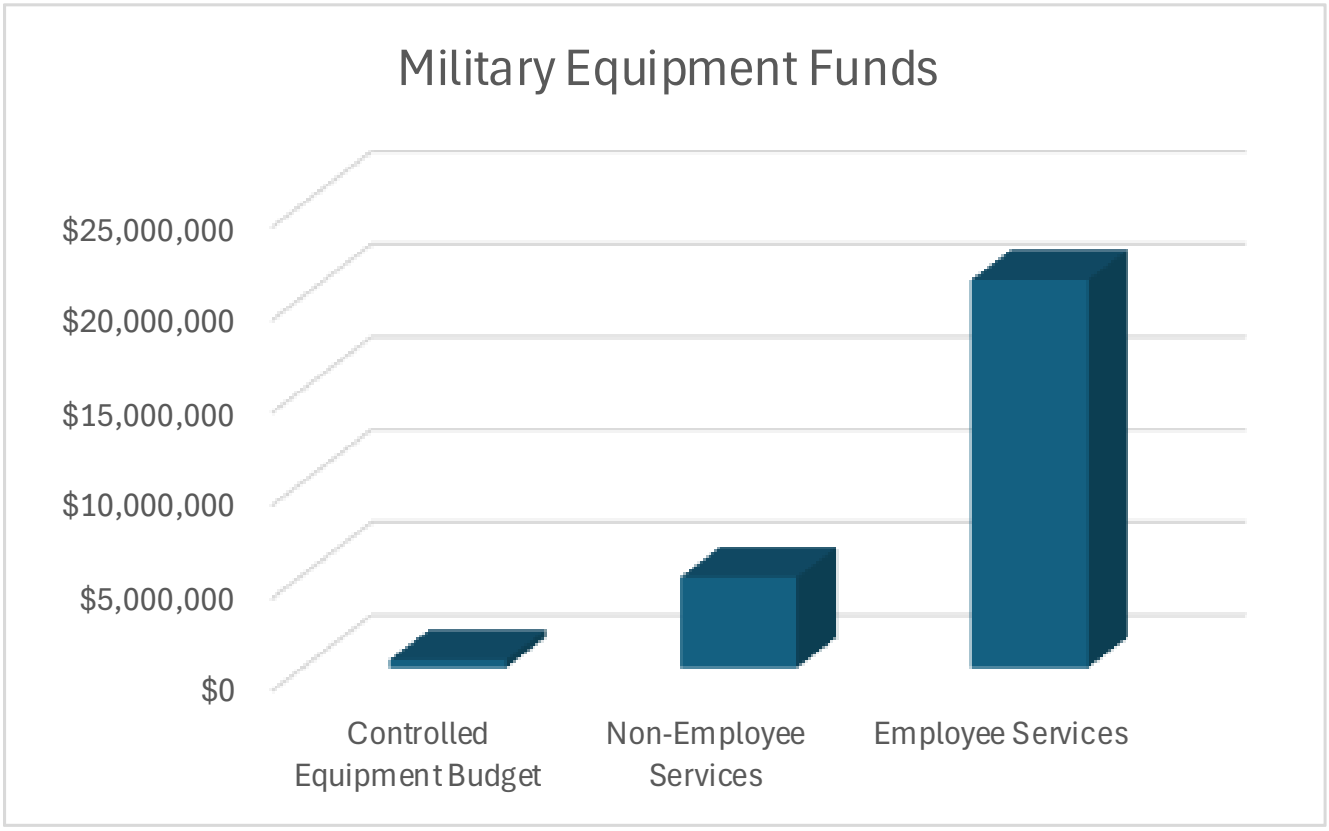
Equipment Type	Annual Maintenance (2025)	Projections (2026)
Unmanned Aircraft System	$0	$23,730
Armored Vehicles	$405,987	2,000
The ROOK	N/A	N/A
Mobile Incident Command	$10,700	$12,000
Long Range Acoustic Device (LRAD)	$0	$0
40mm Less-Lethal Launchers	$0	$250
Less-Lethal Shotguns	$0	$15,911
Diversionary Devices	$2,117	$1,500
Rifles	$4,806	$2,000
Chemical Agents and Smoke Canisters	$4,543	$1,500
PepperBall Launchers	$0	$100
TOTAL	**$428,153**	**$58,991**

Fiscal Impact

The Morgan Hill Police Department is budgeted for 77 full-time employees, including 44 Sworn officers and 33 professional staff. During Fiscal Year 2025/2026, the Police Department had an operating budget of $25,794,022.

Although the City of Morgan Hill adopts its operating budget on a two-year fiscal basis (beginning July 1), the cost of controlled equipment expenditures is reflected in this report for the calendar year 2025 as required by Assembly Bill 481.

In 2025, the Morgan Hill Police Department spent approximately $428,153 on controlled equipment. Some expenditures for military equipment were funded through Federal and/or State grants, reducing the impact of acquiring, utilizing, maintaining, and training with military equipment on the Department's operating budget. Although some of these expenditures were paid for with grant funding, the total expenditure represents only 1.63% of the Police Department's operating budget. It should be noted that the purchase of the BearCat was $405,987, representing 95% of the total amount spent on controlled equipment in 2025.



Projected Acquisitions for 2026

Although most acquisitions can be anticipated, the unanticipated replacement of existing military equipment may be necessary due to loss or damage. Replacement of these items will be handled on a case-by-case basis, dependent on operational need and in compliance with department policy for acquiring controlled equipment.

Consumable Controlled Equipment

Consumable military equipment acquisitions for calendar year 2026 will remain consistent with current replenishment schedules and policies. Acquisitions will only restore quantities previously approved by the governing body.

Categories of consumable military equipment include:

- Ammunition – All Calibers
- Chemical Agent and Smoke Canisters
- Specialty Munitions (40mm and Less Lethal Munitions)
- Diversionary Devices

Non-Consumable Controlled Equipment

NIJ Level IV Armored Caterpillar (CAT) Multi-Terrain Loader (The ROOK)

The Department seeks to purchase an NIJ Level IV Armored Caterpillar (CAT) Multi-Terrain Loader (The ROOK). The ROOK will primarily be used by the Special Weapons and Tactics Team (SWAT) to safely transport personnel to and from critical incidents, extract citizens from volatile situations, conduct high-risk rescue operations and training, provide emergency medical staff and/or Tactical Emergency Medicine (TEM) personnel a safe working environment, and deliver equipment in high-risk environments. The ROOK can also be used to conduct rescue missions during disasters. Additionally, the vehicle would be utilized for community engagement efforts and other applications deemed appropriate**.**

Funding for acquiring a ROOK will be from grants, as the Department is seeking grant funding or other funding options. The projected cost for the equipment is listed below:

Manufacturer Name and Model	Category	Quantity	Cost
NIJ Level IV Armored Caterpillar Multi-Terrain Loader (The ROOK)	4	1	$578,515
TOTAL:			**$578,515**

Lifespan:
25 years

Fiscal Impact: The annual maintenance for a ROOK will be approximately $2,000 a year.

Training: All drivers/operators shall attend formalized instruction and be trained in vehicle operations and practical driving techniques. P.O.S.T.-certified driving instructors provide training in safe driving practices and proper operation of the vehicle equipment.

Remington 870 Less Lethal Shotguns

The Department seeks to purchase (15) fifteen Remington 870 Less Lethal shotguns. This purchase will replace the Department's current less-lethal shotguns, which have reached the end of their service life. These shotguns are on order with the vendor, the original delivery date was to be determined in 2025, due to back-ordered stock.

The Department has set funding aside for the purchase of the Remington 870 Less Lethal shotgun. The project cost for the equipment is listed below:

Manufacturer Name and Model	Category	Quantity	Cost
Remington 870 Less Lethal Shotgun	9 & 14	15	$15,911
TOTAL:			**$15,911**

Lifespan:
15 Years

Fiscal Impact: The annual maintenance for the less lethal shotgun will be approximately $250 a year.

Training: All officers must complete a minimum of two (2) hours of department training before deploying the less lethal shotgun. Training includes a review of the Department's Use of Force Policy, nomenclature, familiarization of the system, and a qualification course.

Surefire Suppressors SOCOM556-RC2

The Department seeks to purchase eight (8) Surefire Suppressor SOCOM556-RC2 for the Department's SWAT team. The Surefire Suppressor SOCOM556-RC2 optimizes any 5.56 mm/.223-caliber weapon system with a minimum barrel length of 10 inches. It incorporates the latest in manufacturing techniques and materials to produce the most exceptional tool. Precision-built of advanced high-temp Inconel alloys and stainless steel, and CNC laser-welded for uncompromising durability, the RC2 can stand up to the harshest conditions while helping to maintain the reliability of the host weapon thanks to unique internal baffling that reduces back pressure.

Funding for acquiring the Surefire Suppressors SOCOM556-RC2 will be from general fund. The project cost for the equipment is listed below:

Manufacturer Name and Model	Category	Quantity	Cost
Surefire Suppressor SOCOM556-RC2	9 & 14	8	$ 9,592.00
TOTAL:			**$9,592.00**

Lifespan:
15 Years

Fiscal Impact: The annual maintenance for the Surefire Suppressor SOCOM556-RC2 will be approximately $50.00 a year.

Training: All SWAT operators must complete a minimum of two (2) hours of department training before deploying the Surefire Suppressor SOCOM556-RC2. Training includes a review of the Department's Use of Force Policy, nomenclature, familiarization with the system, and a qualification course.

Tomahawk Mini Burn Safe

The Department seeks to purchase two Tomahawk Mini Burn Safe for the deployment of CS Tactical Grenade Canister during SWAT operations. The Tomahawk Mini Burn Safe is a compact and highly efficient incineration unit designed for the safe disposal of sensitive documents, small-scale waste, and combustible materials. Engineered with durability, security, and convenience in mind, this burn safe provides a controlled environment for incineration, ensuring minimal emissions and high combustion efficiency.

Funding for acquiring the Tomahawk Mini Burn Safe will be from the general fund. The projected cost for the equipment is listed below:

Manufacturer Name and Model	Category	Quantity	Cost
Tomahawk Mini Burn Safe	12	2	$ 450.00
TOTAL:			**$450.00**

Lifespan:
10 years

Fiscal Impact: The annual maintenance for a Tomahawk Mini Burn Safe is approximately $100.00

Training: Officers utilizing chemical agent canisters are certified by P.O.S.T. less-lethal chemical agent instructors. Sworn members are trained in the proper use of chemical agent canisters and smoke canisters, as well as the terminology and documentation for the use of this equipment.

Tomahawk Burn Safe Spear

The Department seeks to purchase two Tomahawk Burn Safe Spears for deploying CS Tactical Grenade Canisters during SWAT operations. The Tomahawk Burn Safe Spear is a robust and precision-engineered tool designed for safe, efficient, and controlled incineration of various materials. Whether used for secure document disposal, controlled burning in outdoor environments, or tactical applications, this burn-safe spear combines durability, high-temperature resistance, and user-friendly operation.

Funding for acquiring the Tomahawk Mini Burn Safe will be from the general fund. The projected cost for the equipment is listed below:

Manufacturer Name and Model	Category	Quantity	Cost
Tomahawk Burn Safe Spear	12	2	$ 1,570.00
TOTAL:			**$,1570.00**

Lifespan:
10 years

Fiscal Impact: The annual maintenance for a Tomahawk Burn Safe Spear is approximately $100.00

Training: Officers utilizing chemical agent canisters are certified by P.O.S.T. less-lethal chemical agent instructors. Sworn members are trained in the proper use of chemical agent canisters and smoke canisters, as well as the terminology and documentation for the use of this equipment.

Department Transparency

The application and use of controlled equipment may raise questions or concerns by community members. The Morgan Hill Police Department is committed to maintaining transparency regarding police activities, department policies, agency practices, and the use of controlled equipment. By being open and accountable we strengthen trust and confidence, foster positive community relationships, and uphold the principles outlined in the Pillars of 21st Century Policing.

Controlled Equipment Coordinator Report

Although the Morgan Hill Police Department is committed to transparency, we may occasionally receive complaints about our policies, practices, and/or the use of controlled equipment. The Department is committed to conducting thorough and impartial investigations into all concerns and complaints. Addressing concerns fairly, objectively, and promptly helps maintain community trust and ensures the Department continues to provide exceptional service.

Our designated Controlled Equipment Coordinator is responsible for inspecting and auditing military equipment to ensure compliance with Assembly Bill (AB) 481. The coordinator also serves as the primary point of contact for receiving citizen complaints and monitoring policy adherence related to the use of controlled equipment.

Inventory

The Controlled Equipment Coordinator conducted an inventory check and identified controlled equipment not included in the 2025 inventory itemization. The inventory itemization in this report has been corrected to reflect the equipment not previously included.

Complaints

In 2025, the Morgan Hill Police Department did not receive any citizen complaints concerning the use or possession of military equipment.

Policy Violations

The Morgan Hill Police Department did not identify any policy violations related to the deployment or use of controlled equipment for 2025.

Conclusion

The equipment, resources, and training described in this report enable the Morgan Hill Police Department to protect our community by enhancing both public and officer safety. Controlled equipment supports the safe and effective resolution of critical incidents. Although controlled equipment is used infrequently, it must be readily available in rapidly evolving situations where it can be used effectively in our public safety responses.

When making decisions about funding, acquiring, or deploying controlled equipment, the Department carefully considers public welfare, safety, and civil liberties. This annual military equipment report reaffirms our commitment to transparency, providing the community with information and ensuring compliance with the State law.

The Department welcomes meaningful public input regarding the use of controlled equipment. Inquiries, complaints, or concerns can be submitted to the Morgan Hill Police Department's Controlled Equipment Coordinator via email at Mario.Ramirez@morganhill.ca.gov.

Additionally, information about the Morgan Hill Police Department is available at https://www.morganhill.ca.gov/129/Police-Department.

Appendix

1. Governing Body- The legislative body of the City of Morgan Hill.

2. Controlled Equipment- Includes items defined by the California Government Code section 7070, subsections (c)(1) through (c)(16).

3. "Military Equipment Impact Statement" means a publicly released, written document that includes, at a minimum, all the following:

(a) Description: A description of each type of Controlled Equipment, the quantity sought, its capabilities, expected lifespan, intended uses and effects, and how it works, including product descriptions from the manufacturer of the Controlled Equipment.

(b) Purpose: The purposes and reasons for which the Morgan Hill Police Department (hereinafter, "Police Department") proposes to use each type of Controlled Equipment.

(c) Fiscal Cost: The fiscal cost of each type of Controlled Equipment, including the initial costs of obtaining the equipment, the estimated or anticipated costs of each proposed use, the estimated or anticipated costs of potential adverse impacts, and the estimated or anticipated annual, ongoing costs of the equipment, including operating, training, transportation, storage, maintenance, and upgrade costs.

(d) Impact: An assessment specifically identifying any potential impacts that the use of Military Equipment might have on the welfare, safety, civil rights, and civil liberties of the public and what specific affirmative measures will be implemented to safeguard the public from potential adverse impacts.

(e) Mitigations: Specific, affirmative technical and procedural measures that will be implemented to safeguard the public from such impacts.

(f) Alternatives: Alternative methods or methods by which the Police Department can accomplish the purposes for which the Military Equipment is proposed to be used, the annual costs of alternative method or methods, and the potential impacts of alternative method or methods on the welfare, safety, civil rights, and civil liberties of the public.

CITY OF MORGAN HILL

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, May 6, 2026

6:00 p.m.

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

CALL TO ORDER

Mayor Turner called the City Council meeting to order at 6:00 p.m.

ROLL CALL ATTENDANCE

Deputy City Clerk Rossi called the roll.

PRESENT	Mark Turner, Soraida Iwanaga, Yvonne Martinez Beltran, Miriam Vega
ABSENT	Marilyn Librers

DECLARATION OF POSTING AGENDA

Deputy City Clerk Rossi declared the posting of the 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

The meeting recessed at 6:25 p.m. and reconvened at 6:30 p.m.

PRESENTATIONS

YAC Presentation - Developmental Asset #18: Youth Programs

CITY COUNCIL REPORTS

Council Member Martinez Beltran shared that she attended the Chamber of Commerce Mixer at the Grange, a Town Hall with Supervisor Arenas and Senator Cortese, the Silicon Valley Clean Energy Executive Board meeting, a Cal Cities Board meeting, the Kiwanis Turn Around Scholarship event, the Morgan Hill Police Department Reentry Resource Fair, the Building Trades Casino Night, a Bluegrass concert at the Grange, the AAUW Red Dress Day Exhibit at the Morgan Hill Library, Living History Day hosted by the Morgan Hill Historical Society, and the Woodland Estates' 40th Anniversary celebration. She also reported attending Cal Cities City Leaders Summit conference in Sacramento.

CITY MANAGER'S REPORT

City Manager Turner recognized the City's new hires, promotions, and retirees. She also shared several housing initiatives underway to expand access to affordable housing, including a regional manufactured homeownership program in partnership with the City of Gilroy and Santa Clara County to assist low-income households and agricultural workers with purchasing manufactured homes, a senior home repair partnership with Rebuilding Together Silicon Valley, and a bilingual workshop to help residents navigate the City's Below Market Rate homeownership program. She announced upcoming community events scheduled for May 16, including the Budget Town Hall and Open Streets Morgan Hill, as well as the City Council Budget Workshop on May 20. She also provided a community update on the Hale Avenue closure and the Valley Water Upper Llagas Flood Protection Project.

CITY ATTORNEY'S REPORT

None.

OTHER REPORTS

Council Member Iwanaga shared that she attended the Cal Cities City Leaders Summit conference in Sacramento, where she participated in classes and connected with officials from cities similar to Morgan Hill to discuss common challenges facing local governments. She also attended the 18th Annual Salt of the Earth Tequila Tasting benefiting the Latino Family Fund, highlighting the event's support of programs that empower Latino families.

Council Member Vega shared that she attended the Salt of the Earth event, highlighted the inspiring story of a family continuing its agave farming legacy through the next generation, and the Woodland Estates' 40th Anniversary celebration. She recognized Teacher Appreciation Week and expressed her gratitude to teachers for their lasting impact on students and the community, acknowledging several educators who positively influenced her life.

Mayor Turner shared his appreciation to Caltrans for their work repairing the on and off ramps near Tennant and Dunne Avenue. He reported attending a VTA Finance, Audit, and Administration Committee meeting, the Santa Clara County Library District Board meeting, and VTA and LAFCO workshops. He also attended the San Martin Neighborhood Alliance Town Hall meeting, the Latino Family Fund fundraiser, Living History Days event, Woodland Estates' 40th anniversary celebration, the Kiwanis Turnaround Scholarship event, and the Parade for Paws at the Wine Walk event.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Public Comment For Items Not On The Agenda

Public comment opened at 7:02 p.m. With no 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, Council Member Iwanaga, Council Member Martinez Beltran,

	Council Member Vega
NAYS:	None
ABSTAIN:	None
ABSENT:	Mayor Pro Tem Librers

CONSENT CALENDAR

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

MOTION:

Approving consent calendar items 1 through 3, 5 and 7 through 12.

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

Council Member Iwanaga recused herself from item 12 due to a Council conflict of interest.

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.

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.

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.

ITEMS PULLED FOR DISCUSSION

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.

Public Services Director Ghione provided a report.

Public comment opened at 7:09 p.m. With no requests to speak, public comment closed.

MOTION:
Approving the recommended action.

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

6. APPROVE PEEBLES - PEEBLES 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).

Senior Planner Brown provided a presentation and report.

Public comment opened at 7:13 p.m. With no requests to speak, public comment closed.

MOTION:
Approving the recommended action.

RESULT:	Passed
MOVER:	Council Member Martinez Beltran
SECONDER:	Council Member Vega
AYES:	Mayor Turner, Council Member Iwanaga, Council Member Martinez

	Beltran, Council Member Vega
NAYS:	None
ABSTAIN:	None
ABSENT:	Mayor Pro Tem Librers

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.

Public Services Director Ghione provided a report.

Public comment opened at 7:25 p.m. With no requests to speak, public comment closed.

MOTION:
Approving the recommended action.

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

OTHER BUSINESS

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

Recommendation:
Receive and file reports.

Finance Director Nguyen provided a presentation and report.

Public comment opened at 7:36 p.m. With no requests to speak, public comment closed.

Report received.

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.

City Manager Turner provided a presentation and report.

The meeting recessed at 7:47 p.m. and reconvened at 8:00 p.m.

Public comment opened at 8:23 p.m. The following people were called to speak:
Doug Muirhead
Joe Baranowski (Zoom)
Armando Benavides (Zoom)
With no further requests to speak, public comment closed.

Report received.

FUTURE COUNCIL INITIATED AGENDA ITEMS

Council Member Martinez Beltran requested a discussion on reports from other governmental organizations.

ADJOURNMENT

There being no further business, Mayor Turner adjourned the meeting at 8:41 p.m.

Minutes Prepared by:
Vicky Rossi, Deputy City Clerk

CITY OF MORGAN HILL

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, May 20, 2026

6:00 p.m.

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

CALL TO ORDER

Mayor Turner called the City Council meeting to order at 6:00 p.m.

ROLL CALL ATTENDANCE

City Clerk Bigelow called the roll.

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

Mayor Pro Tem Librers participated remotely as a reasonable accommodation due to disability under the Americans with Disabilities Act.

Council Member Martinez Beltran arrived at 7:26 p.m.

MOTION:

Approving Mayor Pro Tem Librers' remote participation.

RESULT:	Passed
MOVER:	Council Member Iwanaga
SECONDER:	Council Member Vega

AYES:	Mayor Turner, Mayor Pro Tem Librers, Council Member Iwanaga, Council Member Vega
NAYS:	None
ABSTAIN:	None
ABSENT:	Council Member Martinez Beltran

DECLARATION OF POSTING AGENDA

City Clerk Bigelow declared the posting of the agenda.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Public Works Week

Jewish American Heritage Month: Rabbi Faith Joy Dantowitz with Congregation Emeth & Rabbi Mendel Liberow with Chabad South County Jewish Center

CITY COUNCIL REPORTS

Council Member Vega shared that her committees have not met recently and announced that she will be joining the Morgan Hill Unified School District as a culinary teacher, expressing excitement about the new role.

OTHER REPORTS

Mayor Turner reported attending VTA meetings, the National Day of Prayer in San Jose, the Cities Association meeting, the Senior Resource Fair, Open Streets, and a Mobility Partnership meeting. He also visited classrooms at Jackson Academy and attended the Farmers Market, where he highlighted the success of the new market location. In addition, he served as emcee for the Blue and Gold Luncheon in Gilroy, where Detective Kira Patton was recognized and honored for her investigative work.

Council Member Iwanaga reported attending an Empowerment Youth Program meeting and expressed appreciation for the high school students who participated in the 12 week program. She also toured the Teen Center at the Centennial Recreation Center and highlighted the expansion of the Farmers Market.

CITY MANAGER'S REPORT

City Manager Turner shared that in addition to Detective Kira Patton being recognized at the Blue and Gold Luncheon, Assistant Chief Nick Giampaoli was also honored for

his leadership and dedication to the safety of Morgan Hill and surrounding communities. She highlighted his strategic oversight in launching the Butterfield Fire Station, strengthening emergency response capabilities in South County, and his management of the transition from the South Santa Clara County Fire District to the Central Fire Protection District while maintaining seamless public safety coverage. She noted that his professionalism and work ethic make him an invaluable asset to the Morgan Hill Fire Department.

CITY ATTORNEY'S REPORT

None.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Public comment opened at 6:18 p.m. The following people were called to speak:
Tere Johnson
Cricket Rubino
With no further requests to speak, public comment closed.

ADOPTION OF AGENDA

MOTION:
Adopting the agenda as posted.

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

CONSENT CALENDAR

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

MOTION:
Approving consent calendar items 1 through 5.

RESULT:	Passed
MOVER:	Council Member Iwanaga

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

1. ADOPT A RESOLUTION APPROVING FY 2026-27 LIST OF STREET REHABILITATION PROJECTS FUNDED BY SENATE BILL (SB) 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT

Recommendation:
Adopt a resolution approving a list of street rehabilitation projects for Fiscal Year 2026-27 funded by SB1, the Road Repair and Accountability Act of 2017.

2. AUTHORIZE THE CITY MANAGER TO SUBMIT A BID FOR THE PURCHASE OF TWO USED FIRE ENGINES FROM THE CITY OF MOUNTAIN VIEW

Recommendation:

1. Authorize the City Manager to submit a bid for the purchase of two used fire engines from the City of Mountain View at a price not to exceed 115% of the independently appraised value of the apparatus plus applicable taxes and fees; and
2. Authorize the City Manager to execute and administer the associated purchase agreement if the City's bid is accepted.

3. 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.

4. AWARD 2026 PAVEMENT REHABILITATION PROJECT TO O'GRADY PAVING, INC.

Recommendation:

1. Approve 2026 Pavement Rehabilitation plans and specifications;
2. Award contract to O'Grady Paving, Inc. for the 2026 Pavement Rehabilitation Project in the amount of $2,326,481;
3. Authorize the expenditure of construction contingency not to exceed $348,972; and
4. Authorize the City Manager to execute and administer the construction

contract with O'Grady Paving, Inc.

5. PAVEMENT REHABILITATION PLANNING UPDATE

Recommendation:
Receive update.

OTHER BUSINESS

6. REVIEW THE CITY MANAGER'S RECOMMENDED FY 2026-27 AND FY 2027-28 BIENNIAL OPERATING AND FY 2026-27 THROUGH FY 2031-32 CAPITAL IMPROVEMENT PROGRAM BUDGETS

Recommendation:
Review and discuss the Recommended Budgets

The meeting recessed at 6:26 p.m. and reconvened at 6:31 p.m.

City Manager Turner provided a presentation and report. Finance Director Dat Nguyen, Economic Development Director Matt Mahood, and Public Services Director Chris Ghione answered questions.

Public comment opened at 7:56 p.m.
Armando Benavides (Zoom) was called to speak.
With no further requests to speak, public comment closed.

Report received.

FUTURE COUNCIL INITIATED AGENDA ITEMS

Mayor Turner requested a discussion to explore banning Class 2 E-Bikes for kids under the age of 18.

ADJOURNMENT

There being no further business, Mayor Turner adjourned the meeting at 8:11 p.m.

Minutes Prepared by:
Michelle Bigelow, City Clerk

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Chris Ghione, Public Services Director
APPROVED BY: City Manager

APPROVE TRANSFER OF PROPERTY TO VALLEY WATER FOR FLOOD PROTECTION PROJECT

RECOMMENDATION(S)
Authorize the City Manager to execute a grant deed and any other documents necessary to transfer the City owned property (APN 767-05-049) for flood protection purposes.

COUNCIL PRIORITIES, GOALS & STRATEGIES
City Council Ongoing Priorities
Enhancing Public Safety and Quality of Life
Maintaining and Enhancing Infrastructure

Guiding Documents
Storm Drain Master Plan

REPORT NARRATIVE:
The City of Morgan Hill owns approximately 8,973 square feet of property that connects Warren Avenue to West Little Llagas Creek. This property has been developed by Valley Water and includes the inlet structure for the tunnel which is a component of the Upper Llagas Creek Flood Protection Project. Since Valley Water will be operating and maintaining this infrastructure, the City and Valley Water are proposing a transfer of this property to Valley Water. The City will retain an easement to access the section of the creek that is still owned by the City.

COMMUNITY ENGAGEMENT:
None
No community engagement was conducted for this property transfer. Coordinated management of flood control infrastructure between government entities is a necessary function for the City.

ALTERNATIVE ACTIONS:
There is no feasible alternative action. Should the City retain ownership of the property, it would need to take on management and ownership of a flood control infrastructure operated and maintained by Valley Water.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The City Council has approved many past actions related to the Upper Llagas Flood Protection Project, including the recent actions below:

- On March 6, 2019, the City Council received an update report on the Project from Valley Water.
- The City Council approved design consultant work with Woodard and Curran, Inc., on June 26, 2019, for $457,271 to design City improvements associated with Valley Water's Flood Protection Project and an amendment for additional scope on September 23, 2020, for an additional $71,697.
- The City Council approved a $748,000 cost-sharing agreement for Phase 1 of the Project on September 23, 2020, and a $3.5 million cost-sharing agreement for Phase 2A of the Project on November 18, 2020.
- On April 6, 2022, the City Council approved design consultant work with Mark Thomas and Company for $246,000 for consultant work associated with City improvements.
- On June 26, 2024, the City Council authorized the City Manager to execute and administer a cost-share agreement with Valley Water for the construction of improvements supporting the Upper Llagas Creek Flood Control Project for up to $4.5 million.

FISCAL AND RESOURCE IMPACT:

There is no significant fiscal impact associated with this transaction. The City will save nominal maintenance costs in maintaining the property.

CEQA (California Environmental Quality Act):

Environmental Impact Report

Valley Water certified an Environmental Impact Report for the Flood Control Project.

RECORD WITHOUT FEE UNDER CALIFORNIA GOVERNMENT CODE SECTION 6103

AFTER RECORDING RETURN TO:
REAL ESTATE SERVICES UNIT
SANTA CLARA VALLEY WATER DISTRICT
5750 ALMADEN EXPRESSWAY
SAN JOSE, CALIFORNIA 95118

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 767-05-001 (portion)

Grantee is exempt under section 11922 Revenue and Taxation Code of the state of California. Declarant or Agent Determining Tax:

_____
Name, Title

DOCUMENT NO.: 5027-164

GRANT DEED

CITY OF MORGAN HILL, a municipal corporation of the County of Santa Clara, State of California, hereinafter "Grantor," do(es) hereby grant to the SANTA CLARA VALLEY WATER DISTRICT, a Special District, created by the California Legislature, hereinafter "Grantee," all that real property in the City of Morgan Hill, County of Santa Clara, State of California, described in the attached Exhibit A.

Reserving therefrom an easement for the purpose of ingress and egress on, upon, over, and across the real property described in Exhibit A. Said easement area shall be kept clear of any type of building, fences, structure, pavement, or trees, other than those presently existing, unless prior written approval is obtained from Grantor.

Dated this day of , 2026.

City of Morgan Hill, a municipal corporation
of the County of Santa Clara, State of California

By: _____
Name: Christina Turner
Title: City Manager

ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE §1189

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

STATE OF CALIFORNIA
COUNTY OF SANTA CLARA } SS

On this ____ day of_____, in the year 20__, before me_____,

Notary Public, personally appeared _____
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

_____
Notary Public in and for said County and State

CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

☐ Individual
☐ Corporate Officer(s): _____
☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact _____
☐ Trustee (s)
☐ Guardian/Conservator
☐ Other: _____

Signer is Representing (Name of Person(s) or Entity (ies)

_____ _____

CERTIFICATE OF CONSENT AND ACCEPTANCE

This is to certify that the interest in real property conveyed by the attached Deed or Grant to the Santa Clara Valley Water District, also referred to herein as the Grantee, is hereby accepted by the undersigned duly authorized agent on behalf of the Board of Directors of said Santa Clara Valley Water District, pursuant to authority conferred by Resolution No. 14-79 of said Board of Directors adopted on the 9th day of September 2014, and the Grantee consents to recordation thereof by its said duly authorized agent.

Dated: _____, 20__

Santa Clara Valley Water District

By: _____
Chief Executive Officer/Clerk of the Board of Directors
(Strike out inapplicable one)

Santa Clara Valley Water District
San Jose, CA 95118

EXHIBIT A

PROJECT: UPPER LLAGAS CREEK

RESU FILE NO.: 5027-164
BY: B. Quilatan

All of that certain parcel of land situate in the unincorporated area of Santa Clara County, State of California, more particularly described as follows:

Being a portion of the lands as described in that certain FINAL ORDER OF CONDEMNATION recorded as Document Number 25650463, filed on June 12, 2024, also being a portion of Lot 91, as shown on that certain Map entitled "Morgan Hill Ranch Map No. 3", filed on September 21, 1892 in Book "G" of Maps at Pages 20 and 21, both recorded in the Office of the Recorder, County of Santa Clara, State of California, more particularly described as follows:

BEGINNING at the most northerly corner of Parcel 1, as described in the Grant Deed from Coast Counties Gas and Electric Company to City of Morgan Hill, a municipal corporation, recorded on November 10, 1952 in Book 2522 of Official Records at Page 564, in the Office of the Recorder, County of Santa Clara, State of California;

Thence along the northwesterly line of said Parcel 1, South 55° 51' 26" West, 28.03 feet to the most westerly corner of said Parcel 1;

Thence leaving said northwesterly line of said Parcel 1, North 34° 07' 45" West, 140.01 feet to the most northerly corner of the lands as described in that certain Deed recorded as Document Number 25586705, filed on January 16, 2024 in the Office of the Recorder, County of Santa Clara, State of California;

Thence along the northwesterly line of said lands as described in said deed, North 55° 51' 52" West, 47.89 feet to the most northwesterly corner of said lands;

Thence leaving said northwesterly line, the following two (2) courses:

1) North 00° 30' 48" East, 6.45 feet to the beginning of a curve, concave northwesterly, and having a radius of 547.50 feet;
2) Northerly along said curve thru a central angle of 17° 18' 16", an arc distance of 165.36 feet to a point on the northeasterly line of aforesaid Lot 91 as shown on that certain Map entitled "Morgan Hill Ranch Map No. 3", filed on September 21, 1892 in Book "G" of Maps at Pages 20 and 21, both recorded in the Office of the Recorder, County of Santa Clara, State of California;

Thence along said northeasterly line, South 34° 08' 34" East, 293.37 feet to the **POINT OF BEGINNING.**

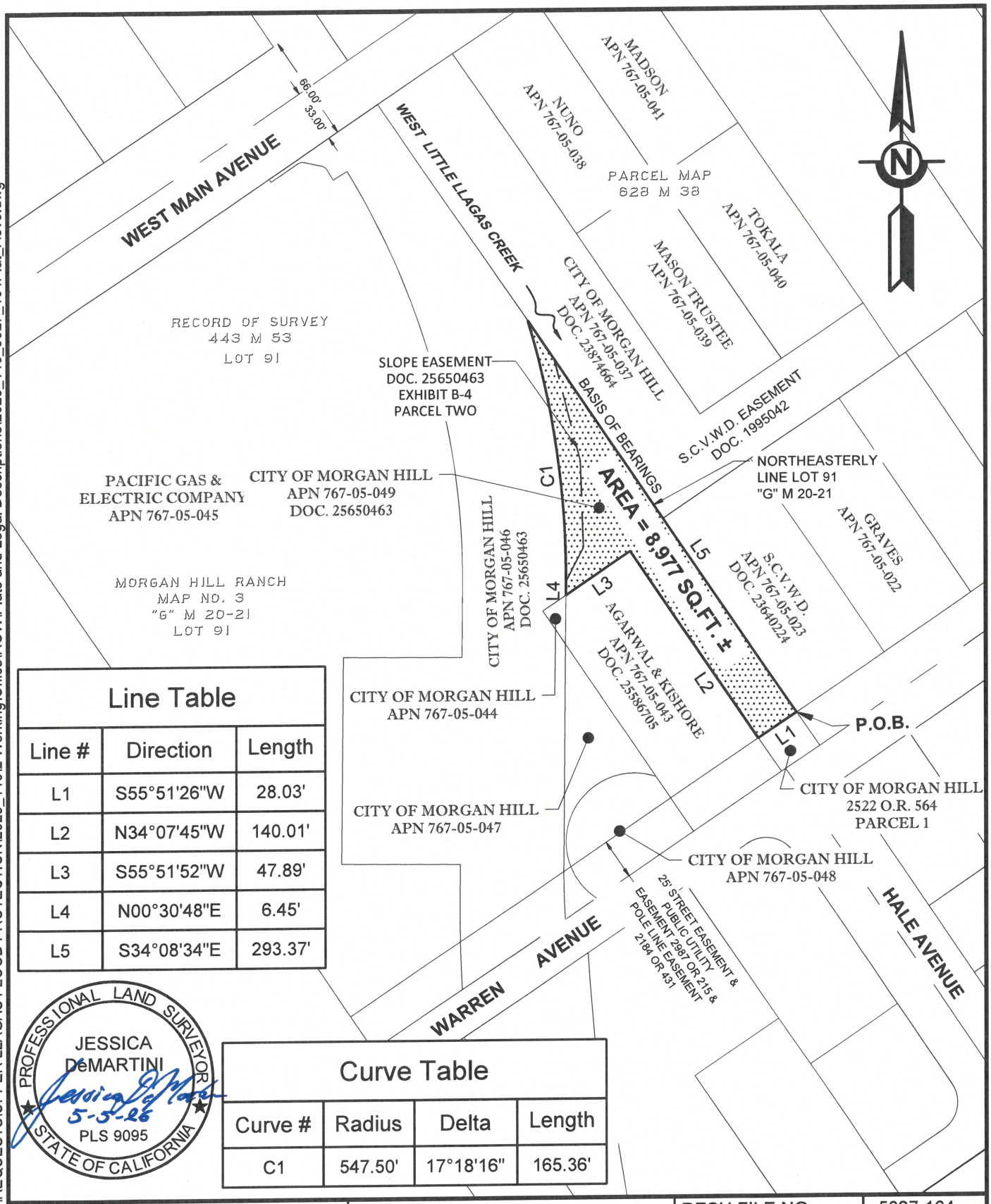
Containing 8,977 square feet of land, more or less.

BASIS OF BEARINGS:
The bearing of S34°08'34"E, shown as S34°52.3'E along the northeasterly line of the lands shown as "LOT 91" on that certain Record of Survey, filed for record on June 18, 1979, in book 443 of Maps at Page 53, in the Office of the Recorder, County of Santa Clara, State of California, was used as Basis of Bearings shown hereon.

SURVEYOR'S STATEMENT:
The description was prepared by me or under my direction in conformance with the requirements of the Land Surveyor's Act.

Jessica DeMartini, PLS 9095

5/5/26
Date



Line Table

Line #	Direction	Length
L1	S55°51'26"W	28.03'
L2	N34°07'45"W	140.01'
L3	S55°51'52"W	47.89'
L4	N00°30'48"E	6.45'
L5	S34°08'34"E	293.37'

Curve Table

Curve #	Radius	Delta	Length
C1	547.50'	17°18'16"	165.36'

PROFESSIONAL LAND SURVEYOR
JESSICA DeMARTINI
5-5-26
PLS 9095
STATE OF CALIFORNIA

SANTA CLARA VALLEY WATER DISTRICT
Valley Water

SCALE: 1" = 100'

RESU FILE NO.	5027-164
APN	767-05-049
LSMU REQUEST NO.	2025-146
DRAWN	B. Quilatan

SHEET 1 OF 1

SCVWD S:\REQUESTS\UPPER LLAGAS FLOOD PROTECTION\2025_146\2 Working\Office\ROWPlats and Legal Descriptions\2025_146_5027_164Plat_Rev3.dwg

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Chris Ghione, Public Services Director
APPROVED BY: City Manager

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

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

COUNCIL PRIORITIES, GOALS & STRATEGIES
City Council Ongoing Priorities
Supporting our Youth, Seniors, and Entire Community
Promoting a Healthy Community

Guiding Documents
Bikeways, Trails, and Recreation Master Plan

REPORT NARRATIVE:
On April 15, the City Council approved a reimbursement agreement with the developer of the Lumberyard residential development to complete tenant improvements for the space being transferred to the City of Morgan Hill. That full report is available here:

https://morganhillca.portal.civicclerk.com/event/1348/files/report/1889

Following previous Council approval, the City, the developer, and the future tenant (the Santa Clara Valley Habitat Agency) met again and determined that minor revisions to the reimbursement agreement are required to satisfy all parties. These minor revisions include an updated layout for improvements, clearly outlining overhead cost reporting, and costs for delays in completing the project. These updates have been incorporated into the revised agreement, which is included as Attachment 1.

COMMUNITY ENGAGEMENT:
Inform
Significant public notice, engagement and Council discussion occurred during the

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

ALTERNATIVE ACTIONS:
The City Council could choose to not approve the reimbursement agreement and provide City staff with atlerntaive direction.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- April 14, 2026 - The City Council approved the reimbursement agreement that is proposed to be updated with this item.
- September 1, 2021 — The City Council approved an amendment to the Disposition and Development Agreement for the Lumberyard Project.
- October 2, 2019 – City Council reviewed and approved the Design Review Permit for the project.
- September 10, 2019 – Planning Commission approved the Tentative Map for the project and recommended approval of the Design Review Permit to City Council.
- October 3, 2018 – City Council approved a Disposition Development Agreement memorializing the realignment of Depot Street, the parking lot enhancements for the CCC, the development of office space within the mixed-use project site, and the vacation of Depot Street.
- September 5, 2018 – The City Council provided direction on purchasing the 3,000 sq ft office building for non-profits and received direction on future use of the Friendly Inn facility.
- August 21, 2018 – Presentation to the Parks and Recreation Commission for the opportunity to purchase the 3,000 square foot office space within the proposed development. The Parks and Recreation Commission recommended approval to the City Council.

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

CEQA (California Environmental Quality Act):
Project
The construction of the office space where the tenant improvements will occur was included in the environmental review for the Lumberyard Development Project. The project has been constructed under the Final Master Environmental Impact Report

(FMEIR) for the Morgan Hill Downtown Specific Plan certified in November 2009, the 2016 Environmental Impact Report (EIR) for the Morgan Hill 2035 General Plan Update, and through Project Addendum that concluded it would not result in a substantial increase in the magnitude of any significant environmental impacts previously identified.

R E I M B U R S E M E N T A G R E E M E N T

THE LUMBERYARD

MH LUMBERYARD 49, LLC.

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

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to City Council approval on April 15, 2026.

2. The DEVELOPER is currently constructing a three thousand (3,000) square foot office space to be transferred to the City for use as a non-profit center for the Lumberyard Project ("Project").

3. CITY and Latala Group, LLC entered into an Disposition and Development Agreement ("DDA") on November 20, 2018, that was recorded with the Santa Clara County Recorder's Office on November 29, 2018, document number 24072193.

4. CITY and Latala Group, LLC then entered into an Amendment to the Disposition and Development Agreement ("First Amendment") on March 12, 2019, that was recorded with the Santa Clara County Recorder's Office on June 6, 2019, document Number 24197079.

5. CITY and Latala Group, LLC, entered then into a Development Agreement ("DA") on April 25, 2019, that was recorded on May 21, 2019, with the Santa Clara County Recorder as document number 24184437.

6. CITY and Latala Group, LLC, then entered into a Second Amendment to the Disposition and Development Agreement on September 1, 2021 ("Second Amendment"), that was approved by the Morgan Hill City Council on September 1, 2021 in Resolution No. 21-041.

7. On December 21, 2021, Latala Group LLC transferred the property to MH Lumberyard 49, LLC, a California limited liability company. The Deed of Trust was recorded with the Santa Clara County Recorder on December 21, 2021, as document number 25200594.

8. This construction is occurring under Development Agreement, Disposition and Development Agreement, First Amendment to Disposition and Development Agreement, and Second Amendment to Disposition and Development Agreement.

9. The current Development and Disposition and Development Agreements require the

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

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

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

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

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term of Agreement**. This Agreement covers services to be rendered from the execution of this Agreement until such time as the amount or portion for reimbursement has been paid to DEVELOPER or its designee. This Agreement shall terminate upon full reimbursement.

2. **Scope of Project**. The project scope consists of the design and construction of the following improvements to prepare the future City office space for occupancy.

3. **IMPROVEMENTS TO BE PROVIDED**. IMPROVEMENTS to be performed by DEVELOPER consist of the following:

- PLANS: Architectural, Mechanical, Electrical, and Title 24 plans for the Tenant Improvement scope in substantial alignment with the City of Morgan Hill CONCEPT MARKUP (Exhibit A) of the Bassenian Lagoni floorplan and Harris & Sloan 3/12/26 mechanical plan markup, noting the Plans will be adjusted as necessary from the CONCEPT MARKUP to ensure constructability. CITY shall not make any changes to the scope specified in this Agreement that would cause an increase the overall cost of labor, materials and work specified in this Agreement.
- Wall Partitions / Drywall: 3 5/8” metal studs with drywall finished for painting.
- Heating, Venting and Air Conditioning: Use existing equipment installed for the commercial warm shell per the approved Building 7 plans, with revised distribution as necessary to complete the PLANS.
- Electrical: two plugs and one data line per office, four plugs at conference room, two drops from the ceiling for cubicles, two four-foot strip lights at each office, one lot lighting at cubicle area, one 100 amp subpanel, OCC sensors per Title 24, Lighting and Title 24 controls, twelve circuits, and A/C circuit.
- Fire Sprinklers: design/build overhead fire sprinkler system to complete the PLANS.
- Ceiling: Revised CertainTeed suspended ceiling system and Baroque 5/8" 2'x4' acoustical tile

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

- Finish Carpentry and Hardware: Therma Tru S81000 flush doors, Exterior MDF Jamb, Black Timely Frame, and Copper Creek Heavy duty grade 2 Erin levers (Passage & Classroom features) or approved equivalents, wall stops, deadbolt on open area door
- Paint: priming and painting of interior tenant improvement drywalled surfaces, interior office / conference room doors, and office / conference room / cubicle area trim.
- Flooring: MOK Fractional Ground 12x36 color 829 Focus or approved equivalent
- Labor, supervision, overhead, materials, equipment, and insurance coverage to complete the work specified in the inclusions herein.
- Improvements provided by the developer shall specifically exclude:
    - All permit / plan check / jurisdictional review / inspection costs
    - Costs for delays or interruptions due to strikes, accidents, jurisdictional review / approvals / permitting, or other events beyond the control of DEVELOPER, its owners, partnerships, joint ventures, managers, members, shareholders, agents, employees, assigns, successors, affiliates, and subsidiaries. The schedule of the work is as follows:
      Plans Complete for Submittal to City: June 30,2026
      City Plan Check to Plan Approval: July 7, 2026
      Tenant Improvements Work Complete: August 31, 2026
    - Any and all items not specified herein as an inclusion

DEVELOPER has not commenced the construction of the IMPROVEMENTS.

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

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

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

    4.3 Payment. CITY shall make payment for fifty percent (50%) of the Amount within thirty (30) days of execution of the Agreement. CITY shall make payment for the next forty percent (40%) of the Amount within sixty (60) days of execution of the Agreement if substantial completion of the improvements has occurred. CITY shall make payment for the final ten percent (10%) of the Amount upon completion of the work.

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

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

5. **Assignment of Payments**.

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

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

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

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

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

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

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

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

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

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

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

13. **Time of Essence**. Time is of the essence in the performance of this Agreement. Any action or inaction by the CITY to cause the date of the completion of the work to occur after August 31, 2026 shall incur an additional cost of $438.40 per day payable by the CITY to DEVELOPER.

14. **Limitations Upon Subcontracting and Assignment**. Neither this Agreement nor any portion shall be assigned by DEVELOPER without prior written consent of CITY.

15. **Authority to Execute**. The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement.

16. **Indemnification**. DEVELOPER shall indemnify the CITY as outlined in the Development Agreement, Disposition and Development Agreement, and Amendments referenced hereto between CITY and DEVELOPER. Moreover, the DEVELOPER agrees to protect, and hold harmless CITY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of, or in any way connected with performance of the Agreement by DEVELOPER, DEVELOPER'S agents, officers, employees, subcontractors, or independent contractors hired by DEVELOPER. The only exception to DEVELOPER'S responsibility to protect, defend, and hold harmless CITY, is due to the sole negligence of CITY. This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by DEVELOPER.

17. **Modification**. This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified or provisions waived only by subsequent mutual written agreement executed by CITY and DEVELOPER.

18. **California Law**. This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the central branch of the Santa Clara County Superior Court.

19. **Interpretation**. This Agreement shall be interpreted as though prepared by both parties.

20. **Preservation of Agreement**. Should any provision of this Agreement be found invalid or unenforceable, the decision affected only the provision interpreted, and all remaining provisions shall remain enforceable.

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

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

CITY OF MORGAN HILL

By: _____
Christina J. Turner, City Manager

Date: _____

"DEVELOPER"
MH LUMBERYARD 49, LLC

By: _____

Date: _____

ATTEST:

_____
Michelle Bigelow, City Clerk

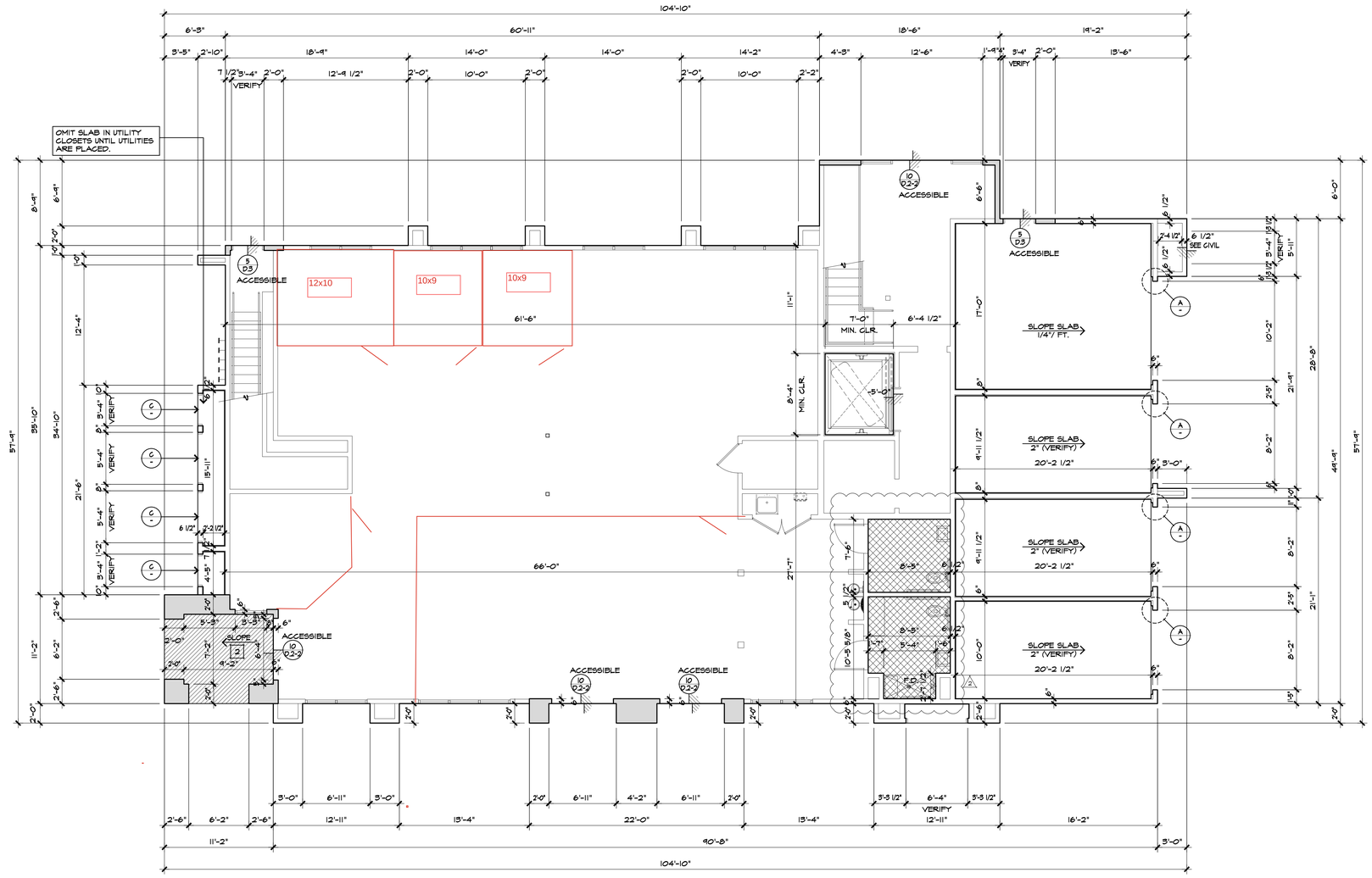
Date: _____

APPROVED AS TO FORM:

_____
Donald A Larkin, City Attorney

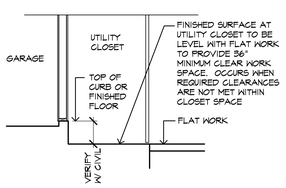
Date: _____

Exhibit A

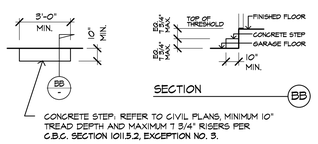


SLAB INTERFACE PLAN

SCALE: 3/16"=1'-0"

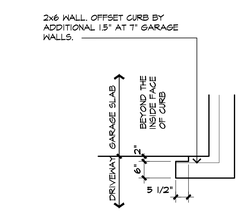


CLEAR SPACE AT UTILITY CLOSET — SCALE: 1/4"=1'-0" — C



CONCRETE STEP. REFER TO CIVIL PLANS. MINIMUM 10" TREAD DEPTH AND MAXIMUM 7 3/4" RISERS PER C.B.C. SECTION 1011.5.2, EXCEPTION NO. 3.

CONCRETE STEP: UNIT TO GARAGE — SCALE: 1/4"=1'-0" — B



GENERAL INFORMATION AT GARAGE DOOR — SCALE: 1/2"=1'-0" — A

GENERAL SLAB INTERFACE NOTES

5/11/2

A. VERIFY MINIMUM FOUNDATION DEPTH, WIDTH, REINFORCING STEEL AND ADDITIONAL EXPANSIVE SOIL REQUIREMENTS WITH THE SOILS REPORT.
B. REFER TO POST TENSION AND STRUCTURAL ENGINEERING DRAWINGS FOR INFORMATION NOT SHOWN HERE.
C. FOR HARDSCAPE INFORMATION REFER TO LANDSCAPE PLANS.
D. COURTYARDS: PROVIDE POSITIVE DRAINAGE AWAY FROM BUILDING(S) TO SURFACE AREA DRAINS.
E. COURTYARD DRAIN LOCATIONS TO BE DETERMINED BY CIVIL ENGINEER. SEE PRECISE GRADING PLANS FOR LOCATIONS.
F. WHEN REQUIRED BY SOILS ENGINEER OR OTHERS, TIE COURTYARD DRAINS AND ROOF DOWNSPOUTS INTO SITE AREA DRAINS.
G. PRIOR TO POURING SLAB COORDINATE RISER SLEEVE WITH POST TENSION DRAWINGS.

REFER TO CIVIL, POST TENSION, STRUCTURAL, MECHANICAL, PLUMBING, AND ELECTRICAL DRAWINGS FOR ADDITIONAL INFORMATION NOT SHOWN HERE.

SLAB INTERFACE LEGEND

5/11/2

- INDICATES DROP IN SLAB.
- INDICATES AREA OF DEPRESSED SLAB TO RECEIVE OVER FOUR. REFER TO LANDSCAPE ARCHITECT/ CIVIL DRAWINGS FOR INFORMATION REQUIRED TO DETERMINE DEPTH OF OVER FOUR AND SLAB DEPRESSION. SEE POST TENSION DRAWINGS FOR ADDITIONAL INFORMATION.
- INDICATES AREA OF CONCRETE FLATWORK. REFER TO LANDSCAPE DRAWINGS.
- INDICATES AREA OF DEPRESSED SLAB TO RECEIVE FINISHED FLOORING OVER SETTING BED. SEE POST TENSION DRAWINGS FOR MORE INFORMATION.
- INDICATES 4" RAISED CURB ABOVE FINISH FLOOR. VERIFY LOCATIONS W/ SITE PLANS. SEE DETAIL: 2/D5

NOTE: COORDINATE CURBS WITH SHEAR WALLS PRIOR TO CONSTRUCTION.

ADDITIONAL CURBS MAY BE REQUIRED WHERE EXTERIOR SIDEWALKS APPROACH BEING FLUSH WITH UNIT FINISH FLOOR DUE TO GRADING. COORDINATE WITH CIVIL GRADING PLANS PRIOR TO CONSTRUCTION.

SLAB INTERFACE NOTES

5/11/2

1. CONCRETE STEP WHERE OCCURS, REFER TO CIVIL DRAWINGS.
2. CONCRETE PORCH/ PATIO. VERIFY WITH CIVIL PLANS (SLOPE MIN. 1/4" PER FOOT).
3. AC PAD. VERIFY LOCATION.
4. PROVIDE ELEVATOR PIT WHERE OPTIONAL ELEVATOR IS SELECTED. SEE MANUFACTURER'S SPECIFICATIONS TO VERIFY PIT DEPTH PRIOR TO INSTALLATION. (BUILDING 1-6)

Bassenian | Lagoni
ARCHITECTURE • PLANNING • INTERIORS
2031 ORCHARD DRIVE | NEWPORT BEACH, CA 92660 T 949.553.9100 F 949.553.0548

3RD SUBMITTAL

Date: 04-20-23

REVISIONS

2	BUILDING DEPARTMENT	04/20/25

DRAWINGS ISSUED FOR BID PRIOR TO AGENCY APPROVAL MAY INCLUDE REVISIONS DUE TO ENGINEERING AND ARCHITECTURAL BACK CHECK AND / OR AGENCY REVIEW AND APPROVAL

VAN DAELE HOMES
2900 ADAMS STREET
SUITE C-25
RIVERSIDE, CA 92504
PH:(951) 354-2121 FAX:(951) 354-2996

The Lumberyard
17020 Depot Street
Morgan Hill, CA

BUILDING TYPE '7'
(9 PLEX)
SLAB INTERFACE PLAN

A7.0

JOB NUMBER: 521-20024

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BASSENIAN LAGONI ARCHITECTS

#MST-2022-0014

PLOT DATE: 4-21-23
FILE NAME: 0024 A7.00 BLDG 7_SLAB

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Mario Ramirez, Police Captain
APPROVED BY: City Manager

AWARD TOW AGREEMENT WITH DICK'S COMMUNITY TOWING AND TRANSPORT FOR POLICE-GENERATED TOW SERVICES

RECOMMENDATION(S)

1. Award Tow Agreement with Dick's Community Towing and Transport for Police-Generated Tow Services; and
2. Authorize the City Manager to execute the Agreement.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Enhancing Public Safety

Strategic Priorities 2026-2027
Public Safety

Guiding Documents
Public Safety Master Plan

REPORT NARRATIVE:

The City contracts police tow services for all police-generated tows. The current contract expires on June 30, 2026. The purpose of this report is to summarize the results of the recent Request for Proposal (RFP) process and request the City Council's approval and authorization to enter into a new agreement for police generated towing and vehicle storage services. The proposed term of the new service agreement is five (5) years, starting on July 1, 2026 and ending on June 30, 2031, with an option to extend for two (2) additional years.

In 2009, the City Council approved the implementation of the Franchise Tow Program (Program) designed to recover costs associated with the police-generated tow for the removal and impound of vehicles. The City executed Franchise Tow Agreements authorizing the towing, impounding, and release of vehicles as authorized by 22850.5 of the California Vehicle Code.

The Police Department issued a Request for Proposal in February 2026 for police-

generated tows. The RFP was posted on the City of Morgan Hill's website. Dick's Community Towing and Transport was the only tow company to submit a proposal and attend the mandatory pre-proposal conference. Based on the qualifications outlined in their proposal, Dick's Community Towing and Transport meet the criteria set forth in the RFP. Dick's Community Towing and Transport is currently the only franchise tow service provider and has an Agreement with the City, with a term ending on June 30, 2026.

City staff evaluated current police-generated tow fee rates and the tow franchise fee to ensure 100% cost recovery. City staff is recommending an increase in police-generated tow fee rates and the tow franchise fee. Police-generated tow charges shall increase from $342.00 per hour to $345.00 per hour for an automobile, motorhome, or camping trailer. In addition, City staff is recommending an increase in impound storage fees from $132.00 to $135.00 per automobile and $200.00 per motorhome or camping trailer. In addition to the impound storage fees, after-hour storage gate fees will be $172.50. Any changes to the listed rates will follow the approved rate changes set forth by the California Highway Patrol (CHP) and submission of an approved CHP 234A form in that calendar year.

The tow franchise fee will be $165.00 per vehicle under this agreement. The City reserves the right to increase this fee during the extended term of this Agreement.

The primary changes to the proposed Agreement allow the tow company to increase its towing rates as set forth by the California Highway Patrol (CHP) and upon submission of an approved CHP 234A form within that calendar year.

City staff recommend entering into a new Agreement for five (5) years with Dick's Community Towing and Transport. At the conclusion of the five (5) year term, the program will be reevaluated to ensure all City Council-directed program goals and objectives are being met. The new Agreement establishes rates for the tow company, requires background checks for tow company drivers, and maintains a fee structure that provides 100% cost recovery for the City to administer the program.

COMMUNITY ENGAGEMENT:
This report serves to inform the community of the proposed Tow Agreement between the City of Morgan Hill and Dick's Community Towing and Transport.

ALTERNATIVE ACTIONS:
Should the Council not approve this Agreement, the City would not maximize cost recovery for this program. The absence of this Agreement precludes the tow company from having to pay the franchise tow fee. Additionally, having this Agreement in place guarantees a tow response within thirty (30) minutes, which is necessary to clear traffic collisions, continue the flow of traffic, and maintain safety of the roadway.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
In 2009, the Council approved the implementation of the Franchise Tow Program to

recover the costs associated with police-generated tows. Agreements called for tow companies to pay the City 20% of the revenue received from the police- related tow.

In 2011, because the management of the tow program was overly labor-intensive, the program was modified to a flat fee, instead of the 20% share, per police-generated tow.

In 2020, the Council approved a five-year (5) agreement with Dick's Community Towing and Transport for police-generated tow services.

FISCAL AND RESOURCE IMPACT:
This Agreement will help ensure 100% cost recovery for police-generated tows. The program has generated, on average, $70,000 a year in revenues for the last two fiscal years. The revenues are deposited into the General Fund (010), where the associated program administration expenditures are included.

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.

Proposal for Police Towing Services

Dick's Community Towing & Transport
17765 Laurel Rd.
Morgan Hill, CA. 95037
(408) 779-3833

www.dickscommunitytow.com

April 3, 2026

Presented to:

City of Morgan Hill

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17765 Laurel Rd.
Morgan Hill, CA. 95037
(408) 779-3833
www.dickscommunitytow.com

To Whom It May Concern,

Dick's Community Towing & Transport is pleased to submit this proposal for the City of Morgan Hill's police towing contract. As a premier provider of emergency roadside and towing services in the south bay area since 1957, we have built our reputation on a foundation of reliability and excellence.

We pride ourselves on maintaining an immaculate, state-of-the-art fleet operated by uniformed drivers who are highly trained, certified, and dedicated to the highest standards of professional service.

Since 2018, it has been our privilege to serve the Morgan Hill Police Department and the residents of this community. We have a deep understanding of the unique operational requirements of this agency, and we remain fully committed to meeting and exceeding every condition outlined in the current RFP.

Should you have any questions regarding this proposal, please contact our authorized representatives:

- **Joey Sgarlato**, President | (408) 329-8747 | joey@dickscommunitytow.com
- **Jesse Lares (JL)**, Operations Manager | (408) 422-2884 | jl@dickscommunitytow.com

Thank you for your time and for the continued opportunity to serve the City of Morgan Hill.

Sincerely,

Joey Sgarlato, President

1.

Detailed Response to Exhibit B
A: Qualifications and Experience

- Community Towing DBA Dick's Community Towing & Transport is a corporation incorporated on December 23, 2019.
    - The headquarters is located at 17765 Laurel Rd., Morgan Hill, CA 95037.
    - A branch office operates at 888 Camden Ave., Campbell, CA 95008.
    - Corporate officers include Joseph Sgarlato and Stephen Sgarlato.
    - The local office has been in operation since 1950, originally founded by Gary Ponzini.

- In 2018, the owners of Dick's Automotive Transport, Inc. (888 Camden Ave., Campbell, CA 95008) acquired Community Towing from Gary Ponzini. In 2025, both entities were consolidated under Community Towing DBA Dick's Community Towing & Transport, resulting in the dissolution of Dick's Automotive.

- Business operations were conducted as Dick's Automotive Transport Inc. at 888 Camden Ave., Campbell, CA 95008 from 1957 through 2025. Following the 2018 acquisition, the company was rebranded as Community Towing DBA Dick's Community Towing & Transport Inc.

- N/A

- Across our two locations, we are currently included in the rotation with the California Highway Patrol, Campbell Police Department, Los Gatos Police Department, Santa Clara County Sheriff's Office, and Morgan Hill Police Department. These contracts mandate driver background checks and Tow Certifications, and T.I.M. training (Traffic Incident Management). Additionally, all agencies require the use of properly maintained equipment and tow trucks, as well as professionally uniformed drivers. Annual inspections are conducted by the California Highway Patrol, with random truck inspections performed regularly at the scales. Our scope of services encompasses towing, transport, and recovery of vehicles for accidents, storage, or impoundment as directed by the relevant agency. We have provided services to several police agencies for over sixty years, and specifically to the Morgan Hill area since the company's acquisition from Gary Ponzini in 2018.

- As a family-owned business with offices in Morgan Hill and Campbell, we maintain a robust commercial presence capable of handling light, medium-duty, recovery, flat tire assistance, lockouts, mobile battery installations, and fuel delivery. We are dedicated to prompt response and superior roadside service quality. All drivers hold CTTA towing certifications and undergo background checks from multiple police agencies and AAA ERS. Our equipment is state-of-the-art and meticulously maintained. Uniformed drivers participate in ongoing training to remain current with industry advancements and new equipment.

B. **Method of Approach**

- Our "Scope of Work" remains unchanged after five years, ensuring the high-quality service you've come to rely on. We have tow drivers and trucks available 24/7 to support the Morgan Hill Police Department and the City of Morgan Hill. Our office is open Monday through Friday from 8:00 am to 5:00 pm, staffed by knowledgeable personnel ready to assist with calls, vehicle releases, and towing requests. For towing and vehicle releases, our services are accessible around the clock.

- Joey Sgarlato, Owner (408) 329-8747
    - Steve Sgarlato (408) 592-9460, Owner
    - Jesse Lares (JL) (408) 422-2884, Operations Manager
        - *Since this document has the potential to become a public document, we request that these personal phone numbers are redacted and retained only by City members as appropriate.*

- Vehicles subject to a 180 issued by the MHPD will be released solely upon submission of an official vehicle release form by an authorized individual. The designated person must provide a valid driver's license at the time of collection.

- When a vehicle has been issued a 180, property will only be released to the individual(s) named on the Property Release, upon presentation of acceptable identification. If no 180 has been issued for the vehicle, property will be released solely to the registered owner or an authorized agent who presents appropriate permission documentation.

- In the event that a vehicle sustains damage while under our care, a comprehensive investigation will be conducted. Should responsibility be attributed to our company, we will collaborate with the registered owner to reach a satisfactory resolution. If a vehicle is stolen during our custody, the MHPD will be notified, and an appropriate investigation will ensue. We maintain full insurance coverage to address both scenarios as necessary.

- If we damage private property, we will investigate and, if responsible, work with the owner to resolve the issue.

- State law requires that a lien be placed on a vehicle, and the owner listed with the DMV must be notified within 15 days. The lien provides information about where the vehicle is located, and the registered owner can contact us to inquire about the vehicle's status, the police agency that requested the tow, and any fees owed.

- Each complaint is carefully investigated by Jesse Lares (JL), the Operations Manager. For inquiries, you can contact him at our office number: (408) 779-3833.

- If policies or procedures change, affected parties are notified by phone, email, or in person. Drivers are monitored daily through company programs, with GPS, cameras, and radios in every truck. Management is always available to assist drivers.

- Our company allows vehicle owners to retrieve their vehicles using cash and debit or credit cards. For insurance companies, we accept cash, debit or credit cards, and checks as specified by 22651.7 and 22651.1.

- Several tools are used to fulfil reporting requirements. Towbook is our main software for call handling, dispatching, and managing stored or impounded vehicles. With Towbook, we instantly access call details, photos, and release or impound records. Additionally, all tow trucks are equipped with GPS tracking and cameras, and our storage lot and office are monitored by video surveillance.

- Electronic 180's or Release forms can be emailed to our main company email address, hello@dick'scommunitytow.com. All members of management have access to this email and can retrieve the releases or 180 as needed.

- At present, we provide the Morgan Hill Police Department with a physical copy of the monthly report on towed vehicles. If an electronic version is requested, we are able to send the report via email.

- Should electronic access to our Stored or Impound files be requested, we will endeavor to accommodate such requests.

- All employees of Dick's Community Towing are background checked by both the CHP and AAA Emergency Roadside Service.

    - We are a current member of the Morgan Hill Chamber of Commerce and the Campbell Chamber of Commerce.

    - Certificates from the California Tow Truck Association/ERSCA.

    - Over 2,000 Google reviews for our Morgan Hill location alone currently sitting at 5 stars.

    - Training documents from both our HR company (Employer's Guardian) and motor clubs like AAA Roadside.

    - References:
        - Gary Ponzini, Community Garage (408) 779-5322
        - John Baugh, House of Wreckers (650) 594-1530
        - Frank LaCorte, Marx Towing (408) 847-8697
        - Megan Malone, Advanced Auto Body (408) 778-9678

C. **Safety and Compliance**

- We conduct safety meetings every month for all personnel, drivers, management and office staff. We use materials provided by our human resources company, AAA, Management,

and CTTA/ERSCA. A member of Management rides with all drivers at various times to confirm and or update that all safety and defensive driving requirements are met. Drivers are also required to take the CHP-required T.I.M. course.

- Our vehicles are inspected daily by the drivers at the start of their shift. This inspection includes, but is not limited to, tires, fluids, cleanliness, lights, and equipment. The vehicles are also on a mileage-based check with an ASE certified technician at an outside mechanic shop. All trucks are randomly pulled into the CHP scales and inspected by CHP officers. A recent scale inspection sheet is included with the CHP truck inspection forms. The records are kept through Towbook and the CHP inspections are kept with the truck files.

- See attached Loss Runs.

D. Facilities & Equipment

-

3001	2024 Dodge Ram 5500	58202Y3	3C7WRMDL2RG164826	20000	A	FLATBED
3003	2024 International MV 607	05051W3	3HAEUMML0RL300414	26000	A	FLATBED
3004	2022 Freightliner M2 106	97913E3	1FVACWFC0NHMZ9959	26000	A	FLATBED
3005	2021 International MV607	82671B3	1HTEUMML2MH420407	26000	A	FLATBED
3006	2021 International MV Series	39978M3	1HTEUMML1MH244546	26000	A	FLATBED
3035	2017 Peterbilt 337	78550F2	2NP2HJ7X1HM440584	33000	B	W/L MEDIUM

- All trucks have radios for communication with the office, the after-hours answering service, and each other. In addition, all drivers have cell phones (they do not use them while driving).

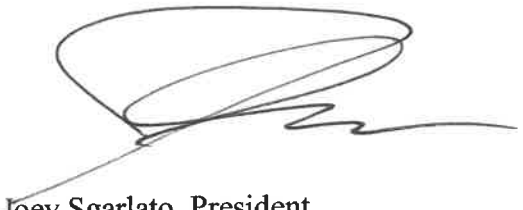
- The storage facility at 17765 Laurel Rd., Morgan Hill, CA 95037, accommodates approximately 70 vehicles, with capacity subject to adjustment should there be a surplus of motorhomes. The premises are secured by an eight-foot perimeter fence topped with razor wire, supplemented by comprehensive lighting and surveillance cameras covering all areas. The office provides an ADA-compliant space for customers to conduct vehicle-related transactions, with security cameras installed throughout public areas. Additionally, the parking lot offers space for six to nine vehicles, including an ADA-accessible van spot.

- Facility security includes an eight-foot perimeter fence topped with razor wire surrounding the storage lot, as well as comprehensive lighting and camera coverage across the storage lot, front parking area, and office. Surveillance cameras are also strategically placed within the office space.

REQUESTED CONTRACT ADDENDUM

- According to our discussion with Captain Ramirez, we request that all contract rates match the current CHP TSA agreed-upon rates, as done with other police agencies we serve. This applies to tow rates, medium duty tow rates, after-hours fees, storage rates, and similar charges. The Company will submit updated, approved CHP rates annually by the end of June, aligning with the July 1st renewal.

- Additionally, we feel that raising the franchise fee from $132 to $165 per MHPD tow is excessive and suggest a percentage-based fee would be fairer for both parties. For instance, the current MHPD tow rate is $342, with a franchise fee of $132 per tow, which equates to about 38.6% of the tow rate. I propose setting the fee at a flat 40% of the current tow rate.



Joey Sgarlato, President
Dick's Community Towing
17765 Laurel Rd Morgan Hill, CA. 95037
(408) 779-3833

6.

GENERAL QUESTIONNAIRE
REQUIREMENTS FOR POLICE TOWING SERVICES

Please give detailed and specific answers for questions that require an explanation. Use additional sheets of paper if additional space is needed and include the corresponding question number next to your answer.

Name of company: Community Towing DBA Dicks Community Towing + Transport
Name of contact person: Joey Sgarlato
Name of owner/president: Joey Sgarlato
Contact person phone number: 408-329-8747
Contact person e-mail: joey@dickscommunitytow.com
Business office address: 17765 Laurel Rd Morgan Hill, CA 95037
Tow yard address: 17765 Laurel Rd Morgan Hill, CA 95037

Yes	No		Tow Service Requirement
☒	☐	1.	Towing Services are available on a 24 hour/7 days a week basis?
☒	☐	2.	Do you have a valid and current DMV Certified California Motor Carrier Permit or USDOT Motor Carrier number? **If yes, give ID # CA 0578427 and USDOT 3555734
☒	☐	3.	Is the business certified to tow vehicles for the California Highway Patrol?
☒	☐	4.	Is business office located within a five (5) mile radius from Morgan Hill Police Department? If not, give business address and distance in miles from Morgan Hill City Hall.
☒	☐	5.	Is towing company able to respond to normal towing requests within 20 minutes when heavy duty or super heavy duty tow is not required, within 45 minutes when a heavy duty (Class C) or super heavy duty (Class D) tow is required, and within 30 minutes after normal business hours? **If not, please explain.

Yes	No		Tow Service Requirements (cont.)
☒	☐	6.	Do you participate in the DMV Employer Pull Notice (EPN) Program? ** If no, please provide explanation.

Yes	No		Tow Yard Requirements
☒	☐	7.	Does your storage area meet the requirements in the Tow Police Guidelines and Requirements? **If no, please explain.
☒	☐	8.	Is storage facility accessible twenty-four (24) hours a day, seven (7) days a week? ** If not, please explain.
☐	☒	9.	Do you have a secondary storage facility? **If yes, give facility addresses) and distance in miles from business office and from Morgan Hill City Hall.
		10.	Where will you store vehicles towed or impounded from Morgan Hill under this contract? Please provide address: 17765 Laurel Rd Morgan Hill, CA 95037
☒	☐	11.	Does your evidence hold area meet the requirements in the Tow Police Guidelines and Requirements? **If no, please explain.

Yes	No		Business Office
☒	☐	12.	Do you have a full-time manager that has a minimum of two (2) years verifiable for-hire towing experience? Please provide proof.
☒	☐	13.	Are signs that identify business to the public as a tow service visible and legible from the street during daylight and evening hours?
☒	☐	14.	Are business hours and fees pertaining to tow service, storage charges, and miscellaneous related charges posted for public view in an unobstructed area inside and outside the office?
☒	☐	15.	Does business provide a number to call for service when the office is closed? **If yes, please provide an explanation of procedure. Sign posted by the front entrance
☒	☐	16.	Does your business have a reliable communication system in place that enables requests for service 24 hours a day/7 days a week? **If yes, please explain what this system is. Office Staff phone system and after hours dispatch/ answering service 24/7. Truck radios used as well
☒	☐	17.	Is the telephone number answered by a live voice that can respond to customers and attend to their requests after normal business hours including weekends and holidays? Provide details. Answering Service in conjunction with our shift Supervisor / lead
☒	☐	18.	Does business have procedures to train its employees on company policies, customer service, handling transactions related to towing, storage, and release of property and/or vehicles? **If yes, please provide an explanation of procedures. Hiring packet completed upon hiring and 30-60 days of training before being solo.

☒ ☐ 19. If you are the owner, do you have a minimum of two (2) years verifiable for-hire towing experience? **Provide additional information for consideration.
Been with the company since 2010, business has been open since 1950

Yes **No** **Tow Truck Drivers**

☒ ☐ 20. Do you have a full-time driver that has a minimum of two (2) years verifiable for-hire towing experience? **If yes, how many drivers do you have that have the minimum two (2) years verifiable for-hire towing experience? 9

☒ ☐ 21. Do you have at least one (1) driver who has five (5) years verifiable for-hire salvage and recovery experience? **If yes, how many drivers with five (5) verifiable years' for-hire salvage and recovery experience do you have? 6

☒ ☐ 22. Are Tow Truck Drivers at least twenty-one years of age with the proper licenses and medical certificates if required?

23. Please provide the following information on all current employees and those employed within the last year: name, date of birth, California driver's license number; copies of certificates for class of vehicle employee will drive; verification of training as defined by Sec. 2436.5 of CVC; and include pictures of current employees in uniform.

Yes **No** **Tow Truck Driver Training**

☒ ☐ 24. Does business have a procedure to train its truck drivers in the proficient use of the tow truck and related equipment and in performing towing and recovery operations in a safe and expedient manner? **If yes, explain procedure and include training outline or curriculum.
30-60 days of on the job training as well as tow certification through CTTA / ERSCA

Yes	No		Tow Truck Classification and Equipment
☒	☐	25.	Class A: Light Duty - Does business have a minimum of two (2) operational tow trucks with a manufacturer's gross vehicle weight rating (GVWR) of 14,000 to 25,999 pounds with wheel lift capability or car carrier? If yes, how many? Provide copies of DMV registration of those vehicles that will service the City of Morgan Hill. 6
☒	☐	26.	Class B: Medium Duty - Does business have a minimum of one (1) operational tow truck with a manufacturer's GVWR of 26,000 to 47,999 pounds? The truck must be equipped with air brakes, a tractor protection valve or device, and capable of providing and maintaining continuous air to the towed vehicle. Provide Information on your Class B Trucks below, and provide copies of DMV registration of those vehicles that will service the City of Morgan Hill. Peterbilt Wrecker body truck rated for medium duty towing
☐	☒	27.	Class C: Heavy Duty - Does business have a minimum of one (1) operational three axle tow truck with a manufacturer's GVWR of at least 48,000 to 51,999 pounds? The truck must be equipped with air brakes, a tractor protection valve or deviceand capable of providing and maintaining continuous air to the towed vehicle. It must have a 25 ton recovery equipment rating, and must include 200 feet of 5/8" cable or OEM specifications. Can the Heavy Duty truck respond within 45 minutes during regular business hours and 60 after hours? Provide Information on your Class C Trucks below, and provide copies of DMV registration of those vehicles that will service the City of Morgan Hill.
☐	☒	28.	Class D: Super Heavy Duty - Does business have a minimum of one (1) operational three axle tow truck with a Gross Vehicle Weight rating at least 52,000 pounds. The truck shall be equipped with air brakes and must be capable of providing and maintaining continuous air to the towed vehicle. (If this class of tow truck is used exclusively for salvage and recovery operations, there is no requirement for providing and maintaining continuous air to the towed vehicle.) Class D equipment must have a 30 ton recovery equipment rating, and must include 250 feet of ¾" 6x19 cable or OEM specifications. Can

the Super Heavy Duty truck respond within 45 minutes during regular business hours and 60 minutes after hours?

Provide Information on your Class D Trucks below, and provide copies of DMV registration of those vehicles that will service the City of Morgan Hill.

Yes	No		
☒	☐	29.	Does your business maintain and equip tow trucks with auxiliary equipment to be used when appropriate in order to properly and safely tow vehicles? Please provide details. Skates, jumper packs, fuel cans, Lockout equipment, Specialty straps, go-jacks, all standard towing equipment
☒	☐	30.	Is a comprehensive and current pricing sheet for services maintained in all tow trucks?
Yes	**No**		**Financial Interest**
☐	☒	31.	Do you own more than 50% of another tow business or are you the parent or subsidiary of another towing company? **If yes, list other business(es), include city, state, and ownership capacity, e.g., owner, subsidiary, etc.
☐	☒	32.	Are you directly involved with any other towing business? **If yes, list other business(es) and your involvement, e.g., owner, subsidiary, etc.
☐	☒	33.	Are you directly or indirectly associated with a company providing private security services or private property impounds (PPI)? **If yes, please identify and provide details.

Yes	No		
☐	☒	34.	Are you associated with any other towing service company that may participate in this RFP? **If yes, please provide details.

Records

Yes	No		
☒	☐	35.	Are all originals records of business transactions retained on-site? **If no, explain where records are kept and give location name and address.
☒	☐	36.	At a minimum, do business invoices include vehicle description, service begin and end time, type of service, location of service, itemized cost breakdown of service, driver's name, and type of tow truck used? ** Please attach a blank original invoice.

NON-COLLUSION AFFIDAVIT

The Proposer declares, by signing and submitting a proposal, that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the Proposer has not directly or indirectly induced or solicited any other proposer to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any proposer or anyone else to put in a sham proposal, or that anyone shall refrain from proposing; that the Proposer has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the Proposer or any other proposer, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other proposer, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and, further, that the Proposer has not, directly or indirectly, submitted his, her or its proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

I understand collusive bidding is a violation of State and Federal law and can result in fines, prison sentences, and civil damage awards.

I agree to abide by all conditions of this bid and certify that I am authorized to sign this proposal for the Proposer.

Signature of Authorized Representative

4/2/26
Date

Joey Sgarlato
Name of Authorized Representative

President
Title

7.

Dick's Community Towing Morgan Hill
17765 Laurel Rd., Morgan Hill CA 95037
Phone: (408) 779-3833 | Fax : (669) 888-3787

Impound Invoice

Printed 3/12/2026

Invoice #	23876
Call #	23876
Case #	00-00000
Account	MHPD
Date/Time Requested	3/12/2026 2:45 PM
Date/Time Completed:	3/12/2026 3:49 PM
Date/Time Impounded:	3/12/2026 3:49 PM
Driver	Zeferino E
Truck	3035

Reason for Impound	Storage
VIN Number	000000000000
Model	2000 Honda CR-V (White)
License Plate	0000000
Drivable	Yes
Keys	No
Towed from	16200 Vineyard Blvd, Morgan Hill, CA 95037, USA (Morgan Hill Police Department)
Stored at	Laurel Road 17765 Laurel Road, Morgan Hill CA 95037
Police Hold	Yes

Release Notes:

Storage charges	Quantity	Price	Line Total
(Storage - Storage Fees) Impounds/Storage: Daily Impound Rate	1	$130.00	$130.00

Towing charges	Quantity	Price	Line Total
(Towing) Police Agency - MHPD (price per hour)	1 (1 h)	$342.00	$342.00

Towing SubTotal	$342.00
Storage - Storage Fees SubTotal	$130.00
Subtotal	$472.00
Taxes	$0.00
Grand Total	**$472.00**
Amount Due:	**$472.00**

I understand that services like winching, towing, unlocking, or servicing my vehicle, as well as leaving it on unattended premises, may inherently risk additional damage. While I trust in the expertise and certification of the towing and emergency response professionals, I also acknowledge the challenging nature of the services performed. Accordingly, I agree not to hold the towing company or its employees responsible for any damage that may occur as a result of these services.

Signature: _____ **Date:** _____

CA# 578427

Upon request, you are entitled to receive a copy of the Towing and Storage Fees and Access Notice

Sample Invoice

8.

Community Towing
17765 Laurel Rd.
Morgan Hill, CA. 95037
(408) 779-3833
communitytowingmh.com

Morgan Hill Police Dept.
Police Towing Proposal
Attn: Captain Ramirez

QUALITY PARK
10 x 13

RECEIVED
APR 03 2026
BY: .....

CITY OF MORGAN HILL
NON-EXCLUSIVE FRANCHISE AGREEMENT FOR POLICE TOWING SERVICES
WITH DICK'S COMMUNITY TOWING & TRANSPORT

This Franchise and Service Agreement ("Agreement") is effective as of July_____, 2026 ("Effective Date") between the City of Morgan Hill ("CITY"), and Dick's Community Towing & Transport ("OPERATOR").

R E C I T A L S

1. CITY requires services for the towing, storage and release of vehicles impounded pursuant to the California Vehicle Code ("Program") in the exercise of its police powers as necessary or appropriate for the general welfare of its citizens.

2. Chapter 5.52 (Tow Car Services) of the Morgan Hill Municipal Code ("Ordinance") provides for the operation of a rotational tow program for Police-Generated Tows under the Program with tow car services that enter into franchise agreements with the CITY.

3. OPERATOR is a tow car service and desires to offer vehicle storage services, including storage facilities and vehicle release or lien sale services under the Program.

4. Under California Vehicle Code Section 22850.5, the City may recover administration and other costs in the staffing, administration, and operation of the Program.

5. The Ordinances authorizes franchise agreements for Police-Generated Tows, as defined in Section 3 of this Agreement, pursuant to the authority of California Vehicle Code 12110.

6. On _____, the City Council of the CITY directed the City Manager to execute an agreement.

7. This service will be provided on a rotating basis with other similarly qualified OPERATORS who have been granted franchises by CITY.

8. In consideration of OPERATOR'S promise to be available to provide the services as set forth herein, and abide by the terms of this Agreement; the CITY agrees to allow OPERATOR to provide vehicle storage services under the Program and grants OPERATOR a franchise to perform Police-Generated Tows within the City of Morgan Hill.

9. The parties have negotiated the terms pursuant to which OPERATOR will provide such services and have herein reduced such terms to writing.

TOW SERVICE AGREEMENT

NOW, THEREFORE, CITY and OPERATOR, in consideration of the mutual promises set forth herein, hereby agree as follows:

1. **Effectiveness of Agreement.** This Agreement shall commence on the Effective Date and shall terminate on June 30, 2031, unless terminated sooner or extended by CITY in accordance with the terms of this Agreement. The City, at its option, may renew this contract for up to one, two-year extension period, beginning on July 1, 2031 provided that performance is deemed acceptable, that the extension is agreeable to the tow service operator, and that a written amendment extending the agreement is executed prior to the termination of the agreement.

2. Exclusivity of Agreement. CITY agrees to limit tow car services for the Program and franchises to perform Police-Generated Tows to the named OPERATORS below:

- Dick's Community Towing & Transport

CITY'S agreement in this paragraph is conditioned upon compliance of OPERATORS with the terms of this Agreement and is subject to the limitation of Section 22.1.

3. Scope of Service. The services to be performed by OPERATOR shall be:

3.1 Police-Generated Tows. OPERATOR shall be responsible for responding to any tow requested by the City of Morgan Hill Police Department in the course of official police activities for which a California Highway Patrol Form 180 is issued. Such requests include, but are not limited to, the tow of a vehicle that is subject to impound under the Program, driven by a driver who is arrested, detained, incapacitated or physically unable to drive the vehicle, involved in a traffic collision or accident, or abandoned and subject to towing under the Vehicle Code or Morgan Hill Municipal Code ("Police-Generated Tows").

3.1.1: The request for a AAA tow does not constitute as a Police Generated Tow and does not count toward the Rotation Tow Program. If a AAA tow is requested, CITY, through its Police Department designee, will obtain the AAA Roadside Assistance Card number, prior to requesting any AAA Tow.

3.2 Vehicle Storage Services. OPERATOR shall be responsible for the provision of vehicle storage services; including storage facilities, releasing vehicles and personal property from stored vehicles, and conducting lien sale services under the Program.

3.3 Limitations. Except for owners of vehicles subject to a Mandatory Tow, owners of vehicles subject to a Police-Generated Tow may choose to use and negotiate the services of a tow operator or storage provider other than the operators listed in Section 2 of this Agreement. "Mandatory Tow" shall mean a tow of a vehicle that is subject to impound or storage under the Program, driven by a driver who is arrested, or detained, or abandoned and subject to towing under any applicable law.

4. **Rotation Tow Program: Conditions and Regulations**. The CITY shall maintain a list of all OPERATORS in the Rotation Tow Program as defined in Morgan Hill Municipal Code Section 5.52.010(B) ("List"). The List will govern which OPERATOR will respond to dispatches for police-generated tows, and the order of dispatch.

4.1. Hours of Operation. OPERATOR agrees to provide tow service on a twenty-four (24) hour basis, seven (7) days per week, including holidays, without extra charge.

4.2. Requirements. OPERATOR is responsible for providing prompt service, removal of any vehicle regardless of age or condition, and clearing an accident scene as further described in Section 6.10.

4.3. City Sole Dispatcher. Only the CITY shall dispatch an OPERATOR to provide services covered by this Agreement.

4.4. Notice of Unavailability. OPERATOR shall inform the Morgan Hill Police Department Communications Center ("Communication Center") of any temporary unavailability due to staffing or equipment limitations. OPERATOR will be skipped in the call rotation until OPERATOR informs the Communications Center of their renewed availability.

4.5. Refusal or Failure to Respond. OPERATOR shall accept any and all requests for service unless OPERATOR has informed the Communications Center of its unavailability. An OPERATOR who refuses/fails to respond (including circumstances described in Section 6.2) shall be suspended from the List for twenty-four (24) hours. An OPERATOR that repeatedly (more than 3 times) fails to respond in any thirty (30) day period shall be suspended for one (1) month from the List and subject to possible termination of this Agreement at the discretion of the CITY.

4.6. List Rotation. A call to an OPERATOR shall constitute one turn on the List and the OPERATOR shall then be moved to the bottom of the list. Telephone answering services of OPERATOR are deemed agents of OPERATOR and are required to comply with all provisions of this Agreement.

The CITY shall call the next OPERATOR on the List when an OPERATOR:

- fails to answer the phone
- is unable to provide a service
- is unable to respond
- is canceled due to excessive response time or refuses to provide service or respond.

4.7. Storage Space. An OPERATOR unable to provide storage space in response to a call will be suspended from the List for twenty-four (24) hours or until storage space is made available, whichever is greater.

4.8. Cancelled Calls. When the CITY determines that the OPERATOR dispatched is not needed or the call is canceled by the CITY or the vehicle's registered owner or agent prior to the OPERATOR taking possession of the vehicle, there shall be no charge and the OPERATOR shall be placed back at the top of the List.

4.8.1. Pursuant to California Civil Code Section 3068.1(a), possession is deemed to arise when the vehicle is removed and is in transit or vehicle recovery operations or load salvage operations have begun.

4.9. Cancelled Rate. If OPERATOR has taken possession of the vehicle and service is canceled by the vehicle's owner or agent, charges shall not exceed one half of the regular towing charge for the actual time expended on the call.

4.10. Multiple OPERATORS. If two or more OPERATORS are required at the same incident, CITY, through its Police Department designee, shall have the discretion to assign OPERATORS to the vehicles to be towed.

4.11. Police Direction. CITY, through its Police Department designee, may direct an OPERATOR to move vehicles to help clear a roadway or for lifesaving operations. OPERATORS shall provide the requested assistance at no charge.

4.12. Specific Request. Nothing in this Agreement shall prohibit CITY, through its Police Department designee, from requesting the next OPERATOR on the List when the necessary resources to clear a hazard are not available from the OPERATOR currently at the top of the List. If no OPERATORS on the List have the resources to respond to an incident, CITY may dispatch a tow company outside of the List rotation to respond to that incident.

4.13. Collection of Payment. The OPERATOR shall be responsible for the collection of payment of any charge for services rendered. Requests for payments shall be made to the owner of the vehicle or other lawful claimant, and no cost or expense or any part thereof shall be charged against the CITY.

5. Tow Drivers: Rules and Regulations. All tow truck drivers employed by OPERATOR ("Driver(s)") shall attend and successfully pass, a certified tow truck driver training course meeting the requirements of the California Highway Patrol. The CITY may waive this requirement for a period of up to six months in instances where a company has no Drivers who have completed a certified tow truck driver-training course and the lack of training is due to a loss of trained employees. OPERATOR shall ensure that Drivers responding to calls have completed a certified tow truck drivers training course and are qualified and competent employees of OPERATOR. Drivers shall be at least 21 years old and possess the following minimum Class Driver's License:

- Class A Tow Truck - Valid Class C (3) license or A (1) license with valid medical certificate.

- Class B/C/D Tow Truck - Valid Class A (1) license with valid medical certificate, endorsed to allow operation of special vehicle configurations and/or special cargoes.

5.1. List of Drivers. The OPERATOR shall maintain a current list of Drivers and provide the list to the CITY.

5.1.1 OPERATOR shall notify the CITY within seven (7) days of any hiring of new Drivers or termination of current Drivers.

5.1.2 The OPERATOR shall provide a copy of the certified tow truck drivers training certificate to the CITY within thirty (30) days of any hiring of new Drivers or termination of current Drivers.

5.2. Required Driver Information. The OPERATOR, shall as a minimum, maintain the following information for each Driver: Full Name, Date of Birth, California Driver License Number, Copy of valid medical certificate, Job Title/Description, Current Home Address, Current Home Phone Number, Types of trucks the Driver is trained and instructed to operate, and a copy of the tow truck driver training course certificate.

5.3. EPN Program. All Drivers shall be enrolled in the Employer Pull Notice Program (EPN) with the Department of Motor Vehicles. The OPERATOR shall provide a copy of the current EPN Program report, or in the case of a newly hired Driver, proof of enrollment in the EPN Program.

- Upon the addition of new Drivers, OPERATOR will be granted a maximum of 30 days to enroll Drivers in the Pull Notice Program.
- Pull Notices shall be kept on file, signed, and dated by OPERATOR.

5.4. Background Checks. All Drivers will be fingerprinted as part of the background check process. Drivers will not be eligible to drive for the CITY until the fingerprinting has been completed and proof has been provided to the CITY. Drivers may operate in a “trainee” status with a certified driver pending the return of the results of the fingerprint check. Drivers found to have convictions for any of the violations specified in Vehicle Code Section 13377(a) shall not be permitted to drive a tow truck for an OPERATOR while providing services pursuant to this Agreement.

5.5. Uniforms. Drivers of OPERATOR shall wear an identifiable uniform displaying both the OPERATOR and Driver’s name. All Drivers shall wear the federally mandated traffic safety vests or reflectorized uniform shirts.

5.6. Identification Badges. Drivers shall carry an identification badge at all times which displays a photograph of the Driver and signature. The identification badge shall be presented upon demand to the person(s) for whom the services are offered or any Police Officer.

5.6. Personal Appearance. Drivers shall represent a professional image. An unacceptable representation would include: unbathed, excessively dirty/torn uniform, excessive or offensive body art or piercings.

5.7. Demeanor and Conduct. While providing services for CITY, the OPERATOR or Driver shall refrain from any acts of misconduct including, but not limited to any of the following behavior:

- Rude or discourteous
- Lack of Service, selective service or refusal to provide service which the Operator is capable of performing.
- Any act of sexual harassment or sexual impropriety.
- Unsafe driving practices.
- Exhibiting any objective symptoms of alcohol or drug use.
- Appearing at the scene of a CITY rotation tow call with the odor of an alcoholic beverage emitting from his/her breath. The Driver shall submit to a preliminary alcohol screening test upon demand of the CITY if an odor of an alcoholic beverage is detected.

5.8 Violations. Any violations of the Driver rules and regulation shall result in a one (1) week suspension of OPERATOR from the List. Any safety related violation shall be governed by Section 23, with penalty up to and including termination of this Agreement.

6. Response To Calls.

6.1. Response Time. The OPERATOR shall respond to calls twenty-four (24) hours a day, seven (7) days a week, within the response time of twenty (20) minutes during the Operator's office business hours (which shall be at least from 8a.m. to 5p.m. seven (7) days a week), and of thirty (30) minutes during all other times. At the time of notification the OPERATOR will advise the Communication Center when the OPERATOR is unable either to respond or to meet the response time.

6.1.1 The maximum response time may be adjusted based on a variety of factors, including location. Such adjustments are in the sole discretion of CITY, through its Police Department designee.

6.2. Inability to Respond. If, after accepting the call, the OPERATOR is unable to respond or will be delayed in responding, the OPERATOR shall immediately notify the Communications Center.

6.3. Response Requirements. An appropriately licensed Driver shall respond with a properly equipped tow truck of the class required to tow the vehicle and be in possession of the appropriate license and endorsements.

6.4. Failure to Respond. A failure to adequately respond to calls, and/or repeated (more than 3 times) failures to meet the response time requirements in any thirty (30)

day period, shall result in a one (1) month suspension from the List and possible termination of this Agreement at the discretion of the CITY.

6.5. Notice of Scheduled Unavailability. When an OPERATOR will be temporarily unavailable to provide services due to a pre-planned or scheduled activity, the OPERATOR shall notify the CITY at least 24 hours prior to the date that services will be unavailable, noting the times and dates of the unavailability.

6.6. Appropriate Personnel. Only Drivers and equipment requested shall respond to a CITY rotation tow call, no other persons shall accompany Driver.

6.7. Requests for Assistance. There may be times when the OPERATOR assigned the initial call may require additional assistance. The OPERATOR may make a request for additional assistance to the Morgan Hill Police Officer managing the scene. Dispatch of assistance will be determined by the List.

6.8. CITY Assistance. When an OPERATOR who was not called to a scene comes upon a collision scene where a vehicle or vehicles are blocking a roadway, a Morgan Hill Police Officer may request OPERATOR'S assistance in clearing the roadway. In such a case, the OPERATOR may be requested to move the vehicle to a safe location, and leave it. There shall be no charge for this assistance. The assistance provided shall not change the OPERATOR'S place in the List rotation.

6.9. Disputes. If the OPERATOR questions or disputes the List rotation, the OPERATOR shall not contact the Communications Center. All questions and disputes shall be referred in writing to the Field Operations Captain (“Captain”) during business hours, Monday through Friday, excluding holidays.

6.10. Scene Cleanup. It shall be the responsibility of the Driver to remove or clean from the scene of the collision any non-hazardous liquid, glass, or debris from the scene excluding flammable substances. Failure to do so will result in a request for the Driver to return to the scene to complete the clean-up. Repeated complaints (more than 3 times) that the OPERATOR’S Drivers have failed to comply with this section shall result in a one (1) month suspension of OPERATOR from the List and possible termination of this agreement at the discretion of the CITY.

7. Tow Truck Requirements

7.1. Adequate Vehicles. OPERATOR must provide an adequate number of tow trucks dedicated to servicing the towing needs of the CITY.

7.2. Vehicle Equipment and Maintenance. OPERATOR shall equip and maintain tow trucks covered under this Agreement in accordance with the provisions set forth in the California Vehicle Code, Title 13 of the California Code of Regulations, the conditions of this Agreement, and in a manner consistent with industry standards and practices.

7.3. Proof of Inspection. OPERATOR has, and shall maintain, proof that all service vehicles have been inspected by and meet California Highway Patrol standards.

7.4. Violations. A violation of the Gross Vehicle Weight Rating ("GVWR") and safe loading requirements of a tow truck shall result in the immediate suspension of OPERATOR from the List. The suspension shall remain in effect until CITY has conducted an inspection and concluded that OPERATOR is in compliance. Such violations may include exceeding the tow truck's GVWR, any axle weight rating, maximum tire weight ratings, or not maintaining fifty (50) percent of the tow truck's unladen front axle weight on the front axle when towing.

8. **Rates**. Rates charged under the Program and for all Police-Generated Tows shall be reasonable, valid, and not in excess of those rates established by the CITY as follows:

- Maximum charge for automobiles of **Three Hundred and Forty-Five Dollars** ($345.00) per hour per CITY Police-Generated Tow (inclusive of any drop, hourly or other rates).
- Maximum charge for a motorhome or camping trailer of **Three Hundred and Forty-Five Dollars** ($345.00) per hour per CITY Police-Generated Tow (inclusive of any drop, hourly or other rates)
- Maximum charge for automobiles of **One Hundred and Thirty-Five Dollars** ($135.00) per day for storage under the Program
- Maximum charge for a motorhome or camping trailer of **Two Hundred Dollars** ($200.00) per day for storage under the Program
- In the event a motorhome or camping trailer is not picked up from the tow yard within thirty (30) days, the City will pay an **Eight Hundred Dollar** ($800.00) disposal fee to the tow company per motorhome or camping trailer
- Lien fees shall not exceed the limits of the California Vehicle Code
- After-hour gate fees are set at a maximum of **One Hundred Seventy-Two Dollars and Fifty Cents** ($172.50)
- Any changes to the listed rates will be based upon the approved rate changes set forth by the California Highway Patrol (CHP) and submission of an approved CHP 234A form in that calendar year. OPERATOR will notify CITY prior to proceeding with the new rates in the next invoice.

8.1. Over Charges. Any OPERATOR who charges rates above the maximum rates shall be suspended from the List for seventy-two (72) hours and shall refund any amounts received in excess of the maximum rates.

8.2. Rates Kept in Vehicle. The approved schedule of rates shall be kept in OPERATOR'S vehicle and presented upon demand to the person(s) for whom the services are being provided, or their agents.

8.3 Extraordinary Circumstances. "Extraordinary Circumstances" shall encompass the following situations: 1) a tow response requiring towing a heavy vehicle requiring use of a tow truck with a 25,000 pound or greater GVWR chassis, 2) retrieval of a vehicle that is completely off of the roadway, or 3) where the Captain issues a written certification of Extraordinary Circumstances. In only these Extraordinary Circumstances

may OPERATOR deviate from the maximum charges specified in this section and charge an hourly rate of no more than $245 for the duration of the call. Revenues derived from any Extraordinary Circumstances tows shall be subject to payment to City pursuant to Section 11.

9. Impound Storage Fees. The maximum charge for automobiles is One Hundred and Thirty-Five Dollars ($135.00) per day, and the maximum charge for a motorhome or camping trailer is Two Hundred Dollars ($200.00) per day for storage of police directed impounds under the Program. The charge applies to all police directed impounds, including but not limited to, the following violations of the California Vehicle Code:

- Section 14602.6 - unlicensed Drivers
- Section 14602.7 - vehicles used in flight from a police officer
- Section 14602.8 - certain repeat offenses of DUI
- Section 23103(a) & (b) - reckless driving
- Section 23109(a) - vehicles used in speed contests
- Section 23109(c) - exhibition of speed

9.1. Posting of Fees. Pursuant to Civil Code Section 3070, the OPERATOR shall display in plain view at all cashiers' stations a sign disclosing all storage fees and charges in force, including the maximum storage rate.

9.2. Less than 24 Hours. Pursuant to Civil Code Section 3068.1(a), owners of vehicles stored twenty-four (24) hours or less shall be charged no more than one day of storage.

9.3. Portions of Day. Pursuant to Civil Code Section 3068.1(a), if the vehicle is released from storage after twenty-four (24) hours, charges may be allowed on a full, calendar-day basis for each day of storage, or portion thereof.

10. Compliance with Municipal Code. OPERATOR acknowledges that the services to be performed under this Agreement are a municipal affair and subject to the provisions of Morgan Hill Municipal Code Chapter 5.52, which is incorporated herein by reference as though fully set forth herein. OPERATOR agrees to and shall abide by all requirements of Chapter 5.52 as the same may be amended from time to time.

11. Franchise and Administrative Fees. OPERATOR shall pay to CITY the following franchise and administrative fees:

11.1. Per Tow Franchise Fee. OPERATORS shall pay to the CITY One Hundred sixty five Dollars ($165.00) per vehicle tow performed by OPERATOR pursuant to this Agreement, including all Police-Generated Tows ("Per Tow Fee"). CITY reserves the right to increase this fee during any extended term of this Agreement.

11.1.1: The $165.00 Tow Franchise Fee will be waived for every vehicle accompanied with a California Department of Motor Vehicle's "Noticed of Vehicle to be Dismantled or Junked" (Junk Slip). As such "Junk Slips" will only be issued

for those vehicles, at the time of tow the CITY, through its Police Department designee, believes are valued at $500.00 or less. If an OPERATOR elects to dispose of a vehicle without an accompanied "Junk Slip," they do so at their own cost and still required to pay the $165.00 Tow Franchise Fee.

11.2 Impound Program. Should the 30 day holds specified in Section 9 be held unconstitutional by a court of competent jurisdiction, CITY and OPERATOR shall negotiate in good faith new terms.

12. Franchise and Administrative Fees Payment.

12.1. Time of Payment. On or before the fifteenth (15^{th}) day of each month, OPERATOR shall pay to CITY the Per Tow Fees for vehicle tows for the preceding month.

12.2 Supporting Documentation. The Tow Fee Payment shall be accompanied by an accounting in sufficient detail to fully document how the Per Tow Fees due were calculated. OPERATOR agrees to supply any additional supporting documentation requested by CITY. The required documentation and retention schedule is detailed in Section 19.

12.3. Late Fee. Failure to remit the Per Tow Fees to CITY when due shall result in the imposition of a late fee of five-percent (5%) per month until paid. If the Operator fails to pay the fee for more than (90) ninety days after the due date, the City shall have the option to suspend OPERATOR from the List until the fee is paid or, in the CITY'S discretion, to terminate this Agreement.

12.4. OPERATOR shall pay all required franchise and administrative fees to:

City of Morgan Hill Police Department
16200 Vineyard Blvd.
Morgan Hill, CA. 95037
Attn. Captain Mario Ramirez

13. Storage Facility. The OPERATOR shall maintain a storage facility ("facility") located within five (5) miles of the City limits of Morgan Hill. The facility shall have an office and be staffed during business hours (8:00 a.m. to 5:00 p.m. Monday through Friday). Facility employees shall be trained to conduct business transactions related to towing, storage and release of vehicles and property. All payments, releases and other transactions related to vehicles towed and stored under this Agreement shall be conducted at the facility where the subject vehicle is stored. All storage facilities of OPERATOR shall offer the same payment options, regardless of location. Any change in the location of the facility shall have the prior written approval of the CITY.

13.1. Responsibility for Vehicles. OPERATOR shall be solely responsible for the safe storage of vehicles and all personal property inside stored vehicles.

13.2. Security. The OPERATOR shall provide security for vehicles and property at the facility. The OPERATOR is responsible for the care, custody, and control of any property contained in towed or stored vehicles. Either a fenced or a closed area for storage shall be used. The area shall be sufficiently secure to discourage trespassers and have sufficient lighting so as to make visible any person(s) within the area during the nighttime. NO WAIVER, HOLD HARMLESS AGREEMENT, OR OTHER SIMILAR RELEASE AND/OR INDEMNIFICATION AGREEMENT SHALL BE REQUIRED BY OPERATOR AS A CONDITION TO THE RELEASE OF A VEHICLE TOWED TO AND STORED AT THE STORAGE FACILITY.

13.3. Storage Space. The OPERATOR'S facility shall have adequate storage space to accommodate vehicles stored under this Agreement.

13.4. Protective Storage of Vehicles. Vehicles with open windows, roofs (excluding vehicles with major damages from collisions), shall be stored inside to protect the interior of the vehicles from adverse weather conditions. If there is no inside storage available, the vehicle shall be covered with a tarp.

13.5. Shared Facilities. Facilities shared by OPERATORS or other business establishments not owned by the OPERATOR shall be physically separated and secured from each other.

13.6. Business Hours and Signage. For the purpose of this Agreement, normal business hours shall not be less than 8 a.m. to 5 p.m., Monday through Friday, except for state recognized holidays. OPERATOR'S facility shall have a sign clearly visible from the street and illuminated at night that identifies it to the public as a towing storage facility and posts OPERATOR'S business hours.

13.6.1 OPERATOR shall display a telephone number in plain view on the sign which, upon calling, will result in a response within thirty (30) minutes for after hours release of a vehicle.

13.6.2 OPERATOR shall not display any sign or engage in any advertising indicating an official or unofficial connection with CITY.

14. Release of Personal Property. Pursuant to California Vehicle Code Section 22851(b), the OPERATOR shall release personal property from the vehicle to the vehicle's owner or their agent upon demand. No property shall be released to anyone other than the registered owner without written, signed authorization from the registered owner. No fee shall be charged for the release of personal property during normal business hours.

14.1. After Hour Fee. The maximum charge for a non-business hour's release of personal property shall be **One Hundred Seventy-two Dollars and Fifty Cents** ($172.50), or less, in accordance with the Vehicle Code.

14.2. Written Release. At no time will any property be released or removed from a vehicle seized and ordered held by a peace officer without the proper written release from the Morgan Hill Police Department.

14.3. Receipt. A receipt shall be provided for the removed property, with a copy placed in the stored vehicle. This procedure shall also apply to the removal of property by OPERATOR to a secured area within the facility.

15. Release of Vehicles. OPERATOR shall release impounded or stored vehicles provided that OPERATOR: (a) receives all applicable fees due it from the registered owner or owner's authorized agent and (b) only upon written authorization from the Morgan Hill Police Department.

15.1. After Hour Release. An employee of OPERATOR shall be available to release stored vehicles within sixty (60) minutes after notification on a twenty-four (24) hour basis, seven (7) days per week, including holidays.

15.2. Title Signed Over. In the event the registered owner of an impounded vehicle signs over the title of the vehicle to the OPERATOR in lieu of towing and storage fees, the OPERATOR shall keep the vehicle in impound for the reminder of the impound period. At the end of the impound period the OPERATOR will be required to obtain a "no fee" release from the CITY in order to take full custody of the vehicle.

16. Insurance Requirements. OPERATOR 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 OPERATOR, 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. Any deductibles or self-insured retentions must be declared to and approved by City. **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.** OPERATOR **further understands that the CITY reserves the right to modify the insurance requirements set forth herein, with thirty (30) days' notice provided to** OPERATOR**, at any time as deemed necessary to protect the interests of the CITY.**

16.1. **Insurance Types and Amounts.**

16.1.1 Commercial General Liability (CGL). OPERATOR 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) for bodily injury or death to any one person for any one accident or occurrence and at least one million dollars ($1,000,000.00) for property damage, or (ii) the maximum amount of such insurance available to OPERATOR under OPERATOR'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

16.1.2 Garagekeepers: OPERATOR shall maintain Garagekeepers insurance covering all owned and non-owned automobiles, including automobile parts and equipment, in OPERATOR'S care, custody or control against claims and liabilities for damage, theft, or loss in the minimum amount of: (i) one hundred thousand dollars ($100,000.00) or (ii) the maximum amount of such insurance available to OPERATOR under OPERATOR'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater. Such insurance shall be primary over any other insurance.

16.1.3 Automobile Liability. OPERATOR shall maintain Automobile Liability covering all owned, non-owned and hired automobiles 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) for bodily injury or death to any one person for any one accident or occurrence and at least one million dollars ($1,000,000.00) for property damage, or (ii) the maximum amount of such insurance available to OPERATOR under OPERATOR'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

16.1.4 Workers' Compensation Insurance and Employer's Liability. OPERATOR 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 OPERATOR under OPERATOR'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater. If OPERATOR is self-insured, OPERATOR shall provide its Certificate of Permission to Self-Insure, duly authorized by the Department of Industrial Relations.

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

16.2.1 General Liability.

16.2.1.1 The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds;

16.2.1.2 the 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; and,

16.2.1.3 insurance shall be primary non-contributing.

16.3 **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 an financial size rating of "VII" or better.

16.4 **Certificates**. OPERATOR shall furnish CITY of Morgan Hill with copies of all policies or certificates as outlined herein, whether new or modified, promptly upon receipt. No policy subject to the OPERATOR'S agreement with the CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. 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

17. Defense and Indemnification.

17.1. Defense and Indemnification. The OPERATOR agrees to indemnify and hold harmless the CITY, its officers, agents and employees ("INDEMNITEES") from any and all liability, including defense costs, attorneys' fees, and all other fees incidental to the defense, loss, or damage the CITY may suffer as a result of any and all suits, claims, demands, costs, or judgments against the CITY arising from the acts or failure to act of the OPERATOR, it's officers, employees and/or agents resulting from OPERATORs implementation and performance of this Agreement ("CLAIM").

17.2. Independent Counsel. CITY reserves the right to select legal counsel and control the defense of any CLAIMS which come within OPERATOR'S obligation to indemnify, defend and hold harmless the INDEMNITEES.

17.3. 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 OPERATOR.

18. Inspections.

18.1. Tow Trucks. CITY shall have the right to inspect all tow trucks annually. At the written request of the OPERATOR, the CITY will inspect a tow truck within seven (7) calendar days of the request unless urgent attention is warranted. The CITY, through its Police Department designee, may conduct additional inspections without notice to the OPERATOR during business hours. The OPERATOR shall use only tow trucks that have been inspected and approved by the CITY.

18.2. Storage Facility. The City may inspect OPERATOR'S storage facility at any time during normal business hours without notice. The purpose of such inspections is to ensure that the OPERATOR is providing a reasonably safe and clean facility in which vehicles are stored and where contact with the public occurs. The CITY may determine what is reasonably safe and clean. Failure to maintain the facility at a minimum level of cleanliness or failure to provide a safe environment shall result in a seventy-two (72) hour suspension from the List.

19. Business Records.

19.1. Service Records. OPERATOR shall maintain records, including but not limited to invoices, pertaining to all services provided pursuant to the Agreement for a period of at least three (3) years. The records shall be maintained at the OPERATOR'S place of business. Police-Generated Tow records shall include a description of each vehicle towed, nature of service performed, beginning and end time of call, location of call, itemized cost of towing and storage, the tow truck driver's name, and truck used. OPERATOR shall retain records on all impounds under the Program, including vehicle descriptions, length of vehicle impound, and final disposition of impounded vehicles. OPERATOR shall maintain these records, and any other records requested by CITY, with sufficient detail to fully document how the quarterly franchise and administrative fees are calculated.

19.2. Other Required Records. OPERATOR shall also maintain business records relating to personnel, insurance, personnel taxes, payroll, applicable operating authorities, local operating authorities, federal, state and local licensing, and other records, relating to the Operator's lawful performance of this Agreement.

19.3. Inspection of Records. CITY may inspect all OPERATOR records set forth in Sections 19.1 and 19.2 with at least three (3) day notice during OPERATOR'S regular business hours. Failure of OPERATOR to comply with this requirement will result in suspension of OPERATOR from the List for two (2) weeks.

19.4. Copies of Records. OPERATOR shall permit CITY to make copies of business records at OPERATOR'S place of business, or to remove business records for the purposes of reproduction, at OPERATOR'S option. CITY shall provide a receipt for any original records removed from OPERATOR'S place of business.

20. Sale/Transfer of OPERATOR. The sale and/or transfer of a majority interest in OPERATOR shall immediately terminate this Agreement unless otherwise agreed in writing by the CITY. The individual or entity that acquires the interest must apply for a new franchise and service agreement as the new entity.

21. Compliance with Law. The OPERATOR 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. OPERATOR and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon 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.

21.1. Convictions. Any felony conviction of an owner of OPERATOR for stolen or embezzled vehicles, fraud related to the towing business, or stolen property shall be cause for termination of the Agreement.

21.2. Compliance with Wage and Hour Laws: OPERATOR, 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 OPERATOR and/or its subcontractors: BY SIGNING THIS AGREEMENT, OPERATOR 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 OPERATOR OR ITS SUBCONTRACTOR(S) HAS VIOLATED ANY APPLICABLE WAGE AND HOUR LAWS. OPERATOR 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 OPERATOR or any subcontractor it employs to perform work under this Agreement has violated any applicable wage and hour law, or OPERATOR learns of such a judgment, decision, or order that was not previously disclosed, OPERATOR 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. OPERATOR and its subcontractors shall promptly satisfy and comply with any such judgment, decision, or order, and shall provide the City Attorney with documentary evidence of compliance with the final judgment, decision or order within five (5) days of satisfying the final judgment, decision or order. CITY reserves the right to require OPERATOR to enter into an agreement with CITY regarding the manner in which any such final judgment, decision, or order will be satisfied.

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

agency, CITY reserves the right to withhold payment to OPERATOR 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.

22. Suspension. CITY may suspend OPERATOR from this Agreement, precluding it from being included on the Rotation Tow Program List, for any violation of this Agreement. The suspension shall last for the term listed in this Agreement for specified violations. For unspecified violations, CITY may suspend OPERATOR for the amount of time, in its discretion, CITY deems necessary to bring about proper compliance with the terms of this Agreement. CITY shall have the right to control the timing of suspensions to ensure adequate service levels.

22.1 Reserved Rights. Notwithstanding any other provisions of this Agreement, should suspensions or terminations lead to a situation in which less than three (3) OPERATORS are on the List, CITY reserves the right to contract with other parties in order to maintain no more than four (4) operators to provide services under this Agreement.

23. Termination Upon Default. This Agreement may be terminated prior to the expiration of the term of this Agreement as follows:

23.1. Event of Default. Each of the following shall constitute an Event of Default ("Event of Default") hereunder:

23.1.1. Material Breach. Failure to perform any material obligation under this Agreement.

23.1.2. Repeated Pattern of Breaches. A pattern of breaches over time such that in combination, they constitute a significant failure by OPERATOR to perform its obligations.

23.1.3. Misrepresentation or False Warranty. Any representation, disclosure, assurance or warranty made to CITY by OPERATOR in connection with, or as an inducement to entering into or performing this Agreement or any future amendment to this Agreement, or that is a condition to the effectiveness of the Agreement, that proves to be false or misleading in any material respect as of the time the representation, disclosure, assurance, or warranty.

23.1.4. OPERATOR Debt. OPERATOR files a voluntary petition for debt relief under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or consents to the appointment of, or taking of possession by, a receiver, liquidator, assignee (other than as a part of a transfer of equipment no longer useful to OPERATOR or necessary for this Agreement), trustee (other than as security for an obligation under a deed of trust), custodian, sequestrator (or similar official) of OPERATOR or a part of OPERATOR'S operating assets or any substantial part of OPERATOR'S property, or shall make any general assignment for the benefit of OPERATOR'S creditors, or shall become insolvent and unable to pay its debts generally as they become due.

23.1.5. Court Order or Decree. Any court having jurisdiction enters a decree or order for relief in respect of OPERATOR, in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law now or hereafter in effect, or OPERATOR shall consent to or shall fail to oppose any such proceeding, or any such court shall enter a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of OPERATOR or for any part of OPERATOR'S operating equipment or assets, or order the winding up or liquidation of the affairs of OPERATOR.

23.1.6. Cessation of Services. OPERATOR ceases to provide services as required under this Agreement for a period of five (5) consecutive days or more, for any reason within the control of OPERATOR. In the event of a labor dispute, strike or slow down the period shall be seven (7) consecutive days.

23.1.7. Failure to Meet Payment or Reporting Requirements. OPERATOR fails to make any payment of any sum owed to CITY required under this Agreement and/or refuses to provide CITY with required information, reports, and/or records in a timely manner as provided for in the Agreement.

23.1.8. Assignment. OPERATOR assigns or attempts to assign this Agreement without CITY approval.

23.2. Termination. Unless otherwise provided for in this Agreement, CITY shall have the right to terminate this Agreement upon an Event of Default by giving a written notice of default and termination to the OPERATOR. In the Event of Default set forth in subsections 23.1.1 to 23.1.3, OPERATOR shall have thirty (30) days from the date of the notice to correct any default or failure to perform. In the Event of Default set forth in subsections 23.1.4 to 23.1.7, OPERATOR shall have five (5) days from the date of the notice to correct any default or failure to perform. The decision as to whether or not there exists a default or failure to perform, or whether OPERATOR has satisfactorily corrected any default or failure to perform shall be solely that of CITY. The Agreement shall be terminated at the end of the applicable period to correct without further notice or action of the CITY unless the CITY determines and notifies the OPERATOR in writing that the default or failure to perform has been corrected.

23.3 Waiver. A waiver by CITY of any breach or default by OPERATOR shall not be deemed to be waiver of any other breach or default by OPERATOR, including ones with respect to the same obligations hereunder, and including new incidents of the same breach or default. The subsequent acceptance by CITY of any damages or other money paid by OPERATOR hereunder shall not be deemed to be a waiver by CITY of any preexisting or concurrent breach or default by OPERATOR.

23.4 Appeal. OPERATOR has the right to appeal any suspension or termination of this agreement or any administrative decision affecting this agreement. OPERATOR shall use the appellate procedure set forth in Chapter 1.20 of the Morgan Hill Municipal Code. The department head referenced in Section 1.20.020 shall be the Chief of Police.

24. 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 OPERATOR is as follows:
(ENTER ADDRESS)

Address of CITY is as follows:

Chief of Police	with a copy to:
City of Morgan Hill	City Clerk
16200 Vineyard Boulevard	17575 Peak Avenue
Morgan Hill, CA 95037	Morgan Hill, CA 95037

25. Independent Contractor. OPERATOR is an independent contractor and not an agent or employee of CITY.

26. Modification. This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified, or provisions waived only by subsequent mutual written agreement executed by CITY and OPERATOR.

27. 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.

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

29. Conflict of Interest and Reporting. OPERATOR shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.

30. Licenses, Permits, and Fees. OPERATOR shall obtain a City of Morgan Hill Business License, all permits, and licenses as may be required by this Agreement.

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

32. **Limitations Upon Subcontracting and Assignment**. Neither this Agreement nor any portion shall be assigned by OPERATOR, without prior written consent of CITY.

33. **Governing Law and Venue**. This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the Santa Clara County Superior Court.

34. **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.

35. **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.

36. **OPERATOR'S Proposal**. If applicable, this Agreement shall include OPERATOR'S proposal which is incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.

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[Signatures on Next Page]

37. **Authority to Execute**. The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute 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 Clerk/Deputy City Clerk

Michelle Bigelow
Print Name

Date: _____

APPROVED AS TO FORM:

City Attorney

Elisa Tolentino
Print Name

Date: _____

CITY OF MORGAN HILL

City Manager

Christina J. Turner
Print Name

Date: _____

(ENTER OPERATOR NAME)

By:

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

Date: _____

By:

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

Date: _____

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Mario Ramirez, Police Captain
APPROVED BY: City Manager

AWARD POLICE AND PUBLIC SERVICES DEPARTMENTS FLEET SERVICE AGREEMENT TO FRANK'S AUTO SERVICE

RECOMMENDATION(S)

1. Award Fleet Services Agreement to Frank's Auto Service for a total not to exceed amount of $300,000; and
2. Authorize the City Manager to execute the Agreement.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Enhancing Public Safety
Maintaining and Enhancing Infrastructure

Strategic Priorities 2026-2027
Fiscal Sustainability

Guiding Documents
Economic Blueprint
Public Safety Master Plan

REPORT NARRATIVE:

The Police and Public Services Departments collectively maintain a fleet of vehicles. As such, vehicle maintenance and repair are essential for City operations and the safety of our staff and community.

In February 2026, the City of Morgan Hill issued a Request for Proposal (RFP) for vehicle fleet repair and maintenance for the Police and Public Services Departments. The City of Morgan Hill received one proposal: 1) Frank’s Auto Service, which met the RFP requirements.

In response to the RFP, the Police and Public Services Departments recommend entering into a new Service Agreement with Frank’s Auto Service for a 3-year term. Frank’s Auto Service has provided fleet services to the Police Department for over eleven (11) years. The Police Department remains extremely satisfied with the services

and workmanship provided. Staff is confident Frank's Auto Service will continue to provide a superior level of service under the new Agreement.

The Fleet Maintenance Agreement will begin on July 1, 2026, and run through June 30, 2029. To maintain operational efficiencies and consistency, at the end of the Agreement term, the City shall have the option to renew the Agreement for an additional two-year period.

COMMUNITY ENGAGEMENT:
The RFP was posted on the City's website and with the mechanics' trade association for publication. This staff report serves to inform the community of the proposed agreement between the City of Morgan Hill and Frank's Auto Service for the repair and maintenance of vehicles operated by the Police and Public Services Departments.

ALTERNATIVE ACTIONS:
The City Council could choose not to approve this Fleet Maintenance Agreement and direct staff to issue a new RFP.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
The City Council approved a maintenance agreement with Frank's Auto on June 23, 2021. The Agreement was extended for an additional two years and expires June 30, 2026.

FISCAL AND RESOURCE IMPACT:
The costs reflected in the proposal submitted by Frank's Auto Service are as follows:

Year 1: Labor Cost per Hour - $180.00 | Material Costs 20% Above Wholesale

Year 2: Labor Cost per Hour - $185.00 | Material Costs 20% Above Wholesale

Year 3: Labor Cost per Hour - $190.00 | Material Costs 20% Above Wholesale

The Repair and Maintenance Agreement shall not exceed $300,000. Based on the historical review of vehicle repair costs from 2021 to 2026, the not-to-exceed amount is reduced from $368,000 in 2021 to $300,000.

CEQA (California Environmental Quality Act):
Not a project under CEQA, as it involves continuing administrative and maintenance activities of the City that will not result in a direct or indirect physical change in the environment.

CITY OF MORGAN HILL

RECEIVED
APR - 2 2026
By 298

Request for Proposals

VEHICLE FLEET MAINTENANCE AND REPAIR SERVICES FOR POLICE DEPARTMENT AND PUBLIC SERVICES

The City of Morgan Hill ("City") requests proposals for furnishing maintenance and repair services, including all labor, parts, and materials necessary for the varied vehicles, including different classifications, types, and makes/models within the Morgan Hill Police Department ("Police Department") and Morgan Hill Public Services ("Public Services") fleet. Due to the changing needs and requirements of the fleet, the number of vehicles, make/model, and fleet composition may change without prior notice.

Qualified service providers should be located within the general area of Morgan Hill and shall be within a 3-mile radius of the Police Department. The selection will be based on the proposal most advantageous to the City. The Police Department's and Public Services' needs and requirements are outlined in the following Request for Proposal ("RFP") and attachments, that are incorporated herein by this reference.

Proposals are due by
5:00 p.m. on Friday, April 3, 2026

REQUEST FOR PROPOSAL INFORMATION

- SECTION 1 – General Instructions and Information for Proposers/Service Provider
- SECTION 2 – Technical Specifications
  - Exhibit A: Scope of Services
  - Exhibit B: Operating Procedures for Vehicle Maintenance Services
- SECTION 3 – Proposal Forms
  - Exhibit C: Service Provider Management Information
  - Exhibit D: Recommended Maintenance Schedule
  - Exhibit E: Cost and Conditions
  - Exhibit F: Police Department and Public Services Fleet List
  - Exhibit G: 90-Day Vehicle Inspection
  - Wage Theft Prevention Bid Certification
- ATTACHMENTS
  - Attachment A: City Service Agreement Example
    - Exhibit A: Scope of Services
    - Exhibit B: Schedule of Compensation Rates
    - Exhibit C: Schedule of Performance

SECTION 1

General Instructions and Information for Proposers/Service Providers

Proposal Submission. Electronic proposals will be received by the Morgan Hill Police Department via email to mario.ramirez@morganhill.ca.gov by **5:00 p.m. on Friday, April 3, 2026**. The subject line in the email shall read, "Response to RFP for Vehicle Fleet Maintenance and Repair Services". Late proposals will not be accepted. Proposals will not be opened publicly. Proposal submittals and scores become public information after notice of intent to award. Failure to use the forms provided within the RFP package will result in an incomplete proposal. Prospective Proposers/Service Providers are to include proposal documents and complete Exhibits C, D, E and the Wage Theft Prevention Bid Certification in their RFP proposal package. Incomplete proposals will not be considered.

Selection Process. It is the City's intent to select the Service Provider with the best combination of qualifications, experience, references, and cost proposal. The proposals received by the City will be reviewed by an Evaluation Committee comprised of City staff and other technical experts. The Committee will rank the proposals for agreement negotiations based upon the materials submitted by the proposed Proposers/Service Providers. The Committee may choose to interview two or more closely ranked Service Providers but will not expect or schedule time for elaborate presentations. The successful Proposer/Service Provider will be expected to enter into the attached Services Agreement (Attachment A).

Evaluation Criteria and Scoring. The City may request a Proposer/Service Provider to submit additional information pertinent to the RFP. The City also reserves the right to investigate and rely upon information from other available sources in addition to any documents or information submitted by the Service Provider. The City retains the sole discretion to determine issues of compliance and to determine whether a Service Provider is responsive and responsible. The City will determine a Service Provider's quality, fitness and capacity to perform projects satisfactorily

Examination of Contract Documents. Each Proposer is solely responsible for a thorough review of the Request for Proposal (RFP) Documents and the examination of Scope of Work and City Service Contract along with Insurance Requirements before submitting a Proposal.

Addenda. Any addenda issued prior to the Proposal submissions deadline shall constitute part of the Contract Documents. The City reserves the right to issue addenda prior to the proposal submission deadline. All addenda must be acknowledged/executed and submitted with the Proposal.

License. The Service Provider must be licensed in the State of California with a valid Bureau of Automotive Repair license to perform the services included in this RFP. The selected service provider will be required to obtain and maintain a valid City of Morgan Hill Business License and comply with all other licenses, insurance and permit requirements of the City, State and Federal governments, as well as all other requirements of the law.

City Representative. The designated City representative/project manager for this Project is Captain Mario Ramirez of the Morgan Hill Police Department at (669) 253-4987.

Request for Information. Please submit all questions via e-mail to Captain Mario Ramirez, mario.ramirez@morganhill.ca.gov no later than **March 19, 2026 at 5:00 p.m**. In the e-mail subject line please state, "Vehicle Fleet Services RFP Questions".

Bonds. No Bonds are required.

Insurance. Prior to the start of work, the Service Provider shall be required to procure and provide proof of the insurance coverage required by the contract in the form of certificates and endorsements. The required insurance must cover the Service Provider's activities relating to or arising from the performance of the work. It must remain in full force and effect at all times during the period covered by the Contract. All required insurance must be issued by a company licensed to do business in the State of California, and each such Insurer must have an A.M. Best's financial strength rating of "A" or better and a financial size rating of "VII" or better. If the Service Provider fails to provide any of the required coverage in full compliance with the requirements of the Contract Documents, the City may, at its sole discretion, purchase such coverage at Service Provider's expense and deduct the cost from payments due to the Service Provider, or terminate the Contract for default.

The following insurance policies and limits are required for this Contract:

A. **Commercial General Liability (CGL).** Service Provider shall maintain CGL against claims and liabilities for personal injury, death, or property damage providing protection in the minimum amount of:
   (1) One million dollars ($1,000,000.00) combined single limit for any one accident or occurrence; or
   (2) The maximum amount of such insurance available to Service Provider under their combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

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

C. **Workers' Compensation Insurance and Employer's Liability**. Service Provider shall maintain Workers Compensation coverage, as required by law, in the minimum amount of:
   (1) One million dollars ($1,000,000.00) for any one accident or occurrence; or
   (2) The maximum amount of such insurance available to Service Provider under Service Provider's Combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

   If the Service Provider is self-insured, they shall provide their Certificate of Permission to Self-Insure, duly authorized by the Department of Industrial Relations.

D. **Garagekeepers Insurance.** Service Provider shall maintain Garagekeepers insurance covering all owned and non-owned automobiles, including automobile parts and equipment in the Service Provider's care, custody, or control against claims and liabilities for damage, theft, or other loss in the minimum amount of:
   (1) One hundred and fifty thousand dollars ($150,000.00; or
   (2) The maximum amount of such insurance available to the Service Provider under their combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

   Such insurance shall be primary over any other insurance.

Required Endorsements: Service Provider shall provide proof of the following endorsements, listed for each policy for which endorsements are required, as outlined below:

A. **General Liability.**
   1) The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds;
   2) The 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; and
   3) The insurance shall be primary non-contributing.

B. **Workers Compensation.** If the performance of Service Provider's work or service under this Agreement involves access to or activity on any property or premises owned or occupied by the City, including, but not limited to, service provider's retrieval and delivery of vehicles, 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.

Permits. The Service Provider shall obtain and pay for any necessary permits.

Additive or Deductive Items. If this Request for Proposal includes additive or deductive items, the method to be used to determine the proposal most advantageous to the City without consideration of the prices on the additive or deductive items.

The City retains the right to add to or deduct from the Contract any of the additive or deductive alternates included in the Bid Proposal.

Bid Protest. Any Proposal protest must be in writing and received by the City Attorney's Office at 17575 Peak Avenue, Morgan Hill, California, 95037, by fax: (408) 779-1592, or by email: cityattorney@morganhill.ca.gov before 5:00 p.m. no later than two (2) working days following bid opening (the "Bid Protest Deadline") and must comply with the following requirements:

A. Only a Proposer who has actually submitted a Bid Proposal is eligible to submit a bid protest against another Proposer. Subcontractors are not eligible to submit bid protests. A Proposer may not rely on the bid protest submitted by another Proposer but must timely pursue its own protest.
B. The bid protest must contain a complete statement of the basis for the protest and all supporting documentation. Material submitted after the Bid Protest Deadline will not be considered. The protest must refer to the specific portion or portions of the Contract Documents upon which the protest is based. The protest must include the name, address, and telephone number of the person representing the protesting Proposer if different from the protesting Proposer.
C. A copy of the protest and all supporting documents must also be transmitted by fax or by email, by or before the Bid Protest Deadline, to the protested Proposer and any other Proposer who has a reasonable prospect of receiving an award depending upon the outcome of the protest.

The procedure and time limits set forth in this section are mandatory and are the Proposer's sole and exclusive remedy in the event of a bid protest. The Proposer's failure to comply with these procedures shall constitute a waiver of any right to further pursue a bid protest, including filing a Government Code Claim or initiation of legal proceedings.

Withdrawal of Proposals. Proposals may be withdrawn by the bidder prior to the time fixed for the due date of the proposals but may not be withdrawn for a period of ninety (90) days after the opening of proposals. A successful bidder shall not be relieved of the proposal submitted without the City's consent.

Incurred Costs. The City is not responsible for any costs incurred by a Proposer responding to this RFP.

Rejection of Bids and Award of Contract. The City reserves, in its sole discretion, the right to reject any and all Proposals, including the right to cancel or postpone the RFP or the Project at any time, or to decline to award the Agreement to any of the Respondents. The City reserves the right, acting in its sole discretion, to waive non-substantive bid irregularities, the right to accept or reject any and all bids, or to abandon the work entirely. The City will first evaluate, and rank proposals based on qualifications (including performance, reliability, and proximity of the service provider), experience, and references.

The winning proposal will be selected based on the proposal deemed most advantageous to the City. The Contract will be awarded by the City Council, if at all, on July 1, 2026, on the basis of the proposal most advantageous to the City in the sole discretion of the City of Morgan Hill.

Public Records Act. All responses to this RFP will become public records after notice of intent to award under the California Public Records Act (Cal. Government Code section 7920.000 et seq.). All documents that are sent to the City will be subject to disclosure if requested by a member of the public. Although the California Public Records Act recognizes that certain confidential trade secret information may be protected from disclosure, the City of Morgan Hill may not be in a position to establish that the information that a Proposers/Service Providers submits is a trade secret.

If you believe that there are portion(s) of your proposal which are exempt from disclosure under the Public Records Act, you must mark it as such by stamping/marking "Confidential" on the requisite documents and state the specific provision in the Public Records Act which provides the exemption as well as the factual basis for claiming the exemption. Do not mark your entire proposal as "confidential."

If a request is made for information marked "Confidential", "Trade Secret" or "Proprietary", the City will provide Proposers/Service Providers who submitted the information with reasonable notice to seek protection from disclosure by a court of competent jurisdiction. The City will not be responsible for any legal or other costs incurred by Proposers/Service Providers seeking to shield a portion of their proposal from public disclosure.

SECTION 2
Technical Specifications

SCOPE OF SERVICES

The scope of service, operating procedures, and vehicles to be covered are attached herein as Exhibits A and B.

The Morgan Hill Police Department currently has 46 vehicles in its fleet, including but not limited to Patrol vehicles, unmarked Detective vehicles, Community Services and Animal Services trucks, Patrol motorcycles, trailers, and a prisoner transport van.

Public Services currently has 59 vehicles in its fleet, including but not limited to Ford trucks, Chevrolet trucks, Ram trucks, utility trucks, SUV's, a cargo van, hybrid and electric vehicles.

TERMS AND CONDITIONS

A. The term of the Contract shall be for a period of three (3) years beginning upon execution of Agreement by the City. The Contract may be extended by the City, at its sole discretion, for up to an additional two (2) years. The City's decision to exercise its options will be based upon satisfactory performance of fleet maintenance services. The City reserves the right, and the Service Provider agrees to allow the City the option to renew, at the City's sole discretion, for up to one (1) additional two-year period and the unit price of the Contract for the additional two years will be subject to negotiation and mutually agreed upon by both parties.

B. The City reserves the right to reject any and all proposals and to waive minor irregularities in any proposal.

C. The City reserves the right to request clarification of information submitted and to request additional information from any proposer.

D. The City reserves the right to award any contract to the next most qualified Proposer if the successful Proposer does not execute a contract within fifteen (15) days after the contract award.

E. The City reserves the right to award all or a portion of the required services to more than one qualified Proposer/Service Provider at the City's sole discretion.

F. The Contract resulting from acceptance of a proposal by the City shall be in a form supplied or approved by the City and shall reflect the specifications in this RFP. A sample contract is attached as Attachment A for informational purposes, but the City may modify this Contract to suit the specific services and needs of the City. Service Providers must submit any and all exceptions to this RFP with its proposal, clearly identifying the exception, including the page number and section number, as appropriate. Service Providers should note that the submittal of an exception does not obligate the City to revise the terms of this RFP or any resulting agreement. The City will not consider any exceptions that are not identified in the proposal. Otherwise, the Proposer will be deemed to have accepted the form of the Agreement. The City will not consider changes to its indemnification and insurance.

G. After preliminary selection and prior to contract award, the City will meet with the chosen Service Provider to review procedures for invoicing, payment, reporting, if any, and monitoring contract performance.

H. The chosen service provider should expect to schedule semi-annual meetings with designated City staff to review service performance.

I. The City shall not be responsible for any costs incurred by the firm in preparing, submitting, or presenting its response to this RFP.

J. The City reserves the right to perform unannounced site visits and interview staff and management prior to selection to determine, among other things if needed:
1) Customer service responsiveness;
2) Shop organization and operation efficiency; and
3) Response time.

COMPENSATION

A. The Service Provider shall present detailed information on their fee schedule for the specifications proposed and for any variation for the non-routine services, without sales tax (although taxes will be included in the final contract price). They should also provide specifics as to definitions of routine versus non-routine tasks, what is fixed as opposed to variable, and how costs are adjusted according to that classification.

B. Payment by the City for the services will only be made after the services have been performed and accepted by authorized City representatives. The City requires that all its vendors have a Department of Treasury Internal Revenue Service Form W-9 on file with the City to accommodate the payment. Itemized billings shall be submitted upon completion containing the information specified by the City, as described in Exhibit A, Section E, Repair Order Content and Procedure.

Individual invoices for services rendered and parts purchased shall be submitted within seven (7) days of completion of work and acceptance by an authorized Police Department representative for Police Department vehicles. Individual invoices for services rendered and parts purchased shall be submitted within seven (7) days of completion of work and acceptance by the authorized representative for Public Services vehicles. Invoices will include the following: Vehicle Fleet Number, Last five digits of Vehicle Identification Number (VIN), Repair Order Numbers, cost, and date identified.

Payment will be made thirty (30) days after receipt of the invoice.

EXHIBIT A
SCOPE OF SERVICES

GENERAL PROVISIONS

The successful Proposer/Service Provider must be able to perform general and preventive maintenance and routine repair services on vehicles and equipment, including, but not limited to, brakes, tires, suspension, heat/air conditioning systems, electrical systems, engines, etc. The City's preference is for the Proposer/Service Provider to have the ability to perform all required services. However, work may be subcontracted. When subcontractors are used, the Proposer/Service Provider is responsible for the performance of the work, including but not limited to billing, reporting, scheduling, delivery, work quality, and warranty. The Proposer/Service Provider shall list all subcontractors.

The Proposer/Service Provider must have the ability to provide the required preventive maintenance and repair service listed in Section E (below) for the fleet listed on Exhibit F. Any exception, including subcontracting, must be noted in the response.

A. Preventive Maintenance

The Police Department fleet vehicles are routinely driven in short distances, frequent start/stop, and long idle periods. The Police Department requests the Proposer/Service Provider to provide a recommended schedule for fleet vehicle maintenance requirements due to the use conditions (Exhibit D). The average annual usage is 13,000 miles for Police Patrol vehicles.

Public Services vehicles are routinely driven in short distances, frequently start/stop, and for long periods of time. The average annual usage is approximately 7,000 miles for utility vehicles.

10 Public Services vehicles require Biennial Inspection of Terminals (BIT) reporting. The successful proposer will perform an inspection of these vehicles every 90 days as required by the California Highway per-service Program. A sample of the 90 Day Vehicle Inspection Form is provided as Exhibit G in this RFP. Please provide a per service cost for these inspections and reporting at the bottom of Exhibit D. This cost will not include any repairs needed found in the inspection. The service provider will email the report to the designated Engineering, Utilities, Community Services representative.

B. Repairs and Maintenance

Provide service/repairs to all common mechanical and electrical systems as needed.

C. Transport of Vehicles for Service

1) Provide vehicle pick-up and delivery to and from Morgan Hill Police Department
    a. Police Department - 16200 Vineyard Boulevard, Morgan Hill
2) Provide vehicle pick-up and delivery to and from the City of Morgan Hill's Corporation Yard
    a. Corporation Yard – 100 Edes Court, Morgan Hill
3) For vehicles not drivable, an additional towing charge may be billed upon approval of authorized City staff.
4) Service Provider shall store vehicles in a secure yard for overnight storage.
5) 24/7 on-call phone and shop open to all City vehicles.
6) Locked and gated facility that includes alarm and security cameras.

D. Conditions on Required Services

1) When a prior appointment has been made for routine maintenance, the turn-around time should be between 4 to 6 hours.
2) Provide adequate inventory on special parts to ensure minimum turn- around on non-routine repairs.
3) All Police Department fleet vehicles that have been involved in a pursuit will undergo inspection and repair as required. Vehicles to be inspected after pursuit will be the discretion of officer-involved and authorized Police Department staff.
4) The inspection will be completed immediately after a pursuit.

E. Repair Order Content and Procedure

1) The Service Provider shall provide Repair Orders for all services provided containing the following information:
    a. Repair estimates with anticipated work to be performed, estimated completion time, and estimated cost signed by the City staff upon pick-up/drop-off. A confirming copy with the final cost shall be emailed to City upon completion, and a billing copy shall be sent to the City with the invoice.
    b. Actual work/cost above written estimate requires City approval prior to work start.
    c. Authorization of work by a designated City employee or designee is required for all repair orders.
    d. Individual vehicle charges shall be submitted on separate repair orders for each service visit. The repair order must include:
        i. Date work performed.
        ii. Vehicle Number and/or License Number, Make/Model.
        iii. Vehicle mileage at the time of service/repair.
        iv. Date in/date out/time completed.
        v. Detail type of service, hours, material used, and cost associated with each.
        vi. Subcontracted repair orders containing the same information shall be attached to the repair order.
2) The Service Provider guarantees and warrants that all materials furnished, and all services performed will be free from defects in material and workmanship and will be warranted by Proposer for a minimum of 12 months, 12,000 miles, or the length of time of any warranty given by the manufacturer or rebuilder/remanufacturer, whichever is greater, after acceptance. The Service Provider shall remedy all such defects at his/her own expense within one (1) working day after notification by the City.
3) Warranty repair orders need to be provided by the Service Provider. The Proposer shall be the prime/principal Service Provider.
4) Brand Designations and "Or Equal" Substitutions. Any specification designating a material, product, thing, or service by specific brand or trade name, followed by the words "or equal," is intended only to indicate quality and type of item desired, and proposers may request use of any equal material, product, thing, or service. All data substantiating the proposed substitute as an "equal" item must be submitted with a written request for substitution.

F. Fleet Maintenance Software

The Police Department has purchased a cloud-based fleet management software program, Fleetio (https://fleetio.com). The City will require the successful and chosen Service Provider to utilize the software to maintain service and repair records and track inventory of parts purchased. The Service Provider will be required to install the software on its business/commercial hardware and identify appropriate staff to be trained in its use and utilize the software as required by the Police Department.

The City's Engineering, Utilities, and Community Services divisions reserve the right to be added to the Police Department's Fleetio contract.

G. Hours of Operation

The Police Department operates on a 24/7 basis and desires the most comprehensive hourly coverage possible. Please identify regular business hours and emergency business hours, if available. Successful Proposer/Service Provider shall provide cell phone numbers to the Police Department for service on the weekends and evenings for emergency services such as tow-ins.

H. Employees

Service Provider's employees who work on Police Department vehicles shall undergo a criminal background check, paid by the Service Provider. The criminal background check will consist of a criminal history review by submitting fingerprints to the California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI). Each employee will be fingerprinted through Livescan fingerprinting process available at an authorized Livescan location. Any arrest recorded will be reviewed by the Police Department's designee and subject to the discretion of the Morgan Hill Police Department whether the employee will or will not be able to work on City vehicles.

EXHIBIT B
OPERATING PROCEDURES FOR VEHICLE MAINTENANCE SERVICES

This Exhibit sets forth the operating policy and procedures for servicing City vehicles and equipment. It discusses maintenance scheduling procedures and invoicing requirements.

Contracted maintenance facilities are expected to provide prompt, courteous, and competent service to drivers. Garage staff must be knowledgeable about service procedures and initiate the service transaction within 30 minutes of their arrival and/or service call is placed. It is essential that the service desk is staffed adequately to provide efficient customer service in a timely manner.

To assist the Service Provider with the maintenance program, the City will provide:

A. Listing of covered vehicles (Exhibit F) updated, as necessary.
B. Repair orders and billing invoices must refer to the vehicles by their VIN number and vehicle ID number.
C. City preventive maintenance schedule (Exhibit D).
D. Designated City staff contacts.

Safety Check

The Service Provider shall perform a safety check in conjunction with all maintenance requirements listed within this RFP. These safety checks shall be performed every time a vehicle is brought in for service:

1. Tires – Visually check condition/Alignments.

2. Lights – Check directional signaling devices and emergency light systems for proper operation.

3. Seat belt – Check operation of seatbelts.

4. Windshield Wipers and Washers – Check the condition of wiper arms and blades.
    a. Check the aim and flow of washer spray. Fill the washer reservoir with washer solvent.

5. Fluid Levels – Check and replenish fluid levels in transmission, differential, steering sector or power steering pump, and master cylinder. Inspect all units for leakage and clogging.

6. Battery – Check the condition of heatshield, hold-down clamps and cable ends, top off electrolyte level, and clean top and terminals, as necessary.

7. Heater-Defroster-Air Conditioner System and Wiper Controls – Check switches, valves, and ducting doors for proper operation.

8. Exhaust System – Visually inspect the complete exhaust system, including catalytic converter and heat-shielding. Check for broken, damaged, missing, or poorly positioned parts. Inspect for open seams, holes, or any condition which could allow exhaust fumes to enter the vehicle.

9. Steering and Suspension Components – Conduct a "look and "shake" inspection.

10. Frame/Sub-Frame and Cross Member – Visually check for "drive-over" and/or vehicular damage and fatiguing.

11. Drive Shaft U-Joints / CV Joints – Conduct a "look" and "shake" inspection for seal leakage and joint failure.

12. Critical Components – Check the condition of all under-hood heatshields and the routing of all hoses and wiring to ensure maximum protection from radiated exhaust heat. Inspect all coolant hoses, fuel line hoses, power steering hoses, engine accessory drive belts, and other under-hood plastic or rubber components.

13. Brakes – Inspect all brake line hoses and master cylinder for signs of leaks or damage. Inspect front brake pads, rear brake linings, wheels, cylinders, and parking brake cables and linkage. Report estimate of the remaining life of pads and shoes.

14. Starter/Charging System – Electronically check starter motor cranking speed and current draw. Check the alternator charging rate.

15. Cooling System – Visually inspect the entire system for leaks, damage, or other signs of needed repair.

16. Tire Repair/Headlamps/Brakes – These shall be repaired and receive priority while city staff waits in order to minimize the time vehicle is out of service.

Scheduling of Maintenance and Service Procedures

1. The Police Department and Public Services will designate an authorized Fleet Representative (FR); the FR is the Service Provider's primary contact with the City.

2. The Service Provider shall identify a single individual by name to serve as the responsible contact for daily communication with the Police Department and Public Services regarding vehicle scheduling and vehicle status update(s).

3. The FR will contact the designated representative between 8:00 a.m. and 5:00 p.m., on weekdays to determine the status of vehicles and/or equipment being serviced. The representative shall provide accurate and timely information to the FR on vehicle status, including but not limited to:
    a. What vehicle(s)/equipment are ready by vehicle VIN and vehicle ID number.
    b. What vehicle(s)/equipment are being serviced/require repair.
    c. Estimated completion of vehicle(s)/equipment under repair.
    d. Description of repairs and costs.

4. After the service is completed, the Service Provider shall:
    a. Complete Vehicle Service Order ready for FR or designee to sign.
    b. Place service reminder label on the driver's side windshield stating the mileage and date for the next routine preventive maintenance.
    c. Contact FR or designee to provide time that vehicle is ready for transport back to the original location. If the FR is not available, a voicemail message will be left.

d. After the FR or designee has checked the work performed and has approved the Repair Order, the Proposer's representative shall provide the vehicle keys to the FR or designee.

5. When repairs cannot be accomplished at the Service Provider's facility, the Service Provider must contact the FR for instructions. No repairs shall be made by non-authorized facilities without notification of the FR.

6. The Service Provider shall report to the FR any vehicle brought in for service or repair, and the Proposer has determined that the service or repair was due to driver misuse.

7. The Service Provider will be responsible for loss and damage to all City vehicles under its custody and/or control.

8. All repair parts are to be original equipment manufacturer (OEM) or equivalent. Exceptions will be individually considered by the FR on a case-by-case basis.

Preventive Maintenance

Based on the Maintenance Schedule to be mutually agreed upon by the successful Proposer/Service Provider and the City, the Police Department, and Public Services, the Proposer/Service Provider will utilize Fleetio software to establish a list of vehicles due for preventive maintenance service at the beginning of each month. Vehicles will be listed by VIN and vehicle ID number, the type of preventative maintenance the vehicle is to receive, and the week the vehicle is due for service. The FR or designee will notify the Proposer of specific dates the vehicle will be ready for service.

The preventive maintenance services will be in accordance with the preventive maintenance schedule. Additionally:

1. If projected brake pad/shoe life is less than 1500 miles, replace brake pads/shoes.

2. Tires will be checked, and the depth of the tread will be indicated on Repair Order.

3. Turn-around time of 6 to 8 hours for routine preventive maintenance is expected.

4. When a prior appointment has been made for routine maintenance, the preferred turn-around time is four (4) hours; but a turn-around time between three (3) and five (5) hours will be accepted.

Non-Preventive Maintenance Service and Emergencies

1. Non-routine maintenance, other than emergencies, will be handled by appointment through the FR or designee. If a City employee delivers a vehicle to the Service Provider's facility Monday through Friday between 8:00 a.m. and 5:00 p.m. and is requesting service without prior notification, call the FR or designee for instructions.

2. For delivery after hours, if a City vehicle has a breakdown or is involved in an accident and must be towed, then it will be towed to the Service Provider's locked facility. In such a situation, the Service Provider shall contact the FR for instructions and be present to accept the vehicle.

3. There may be times when the FR calls early in the day with a specific set of instructions, and later in the day changes them; or another staff member will call to change them if the FR is not available. ***The last set of instructions will prevail***.

4. Turn-around time of six (6) to eight (8) hours for non-preventive maintenance service is required unless otherwise approved by the FR.

SECTION 3
Proposal Forms

Service Providers must have prior successful experience performing maintenance and repair services on automobiles, trucks, and other vehicles, must be licensed to conduct business in the State of California, and must possess all permits, licenses, certifications, approvals, equipment, materials, and staff necessary to perform and/or carry out the requirements of the Contract.

EXHIBIT C
SERVICE PROVIDER MANAGEMENT INFORMATION

MANAGEMENT INFORMATION

Please supply the information requested below. Attach additional sheets, if necessary, to provide the required information.

1. SERVICE PROVIDER PROFILE RESPONSIBILITY:

   a. FACILITY NAME: Frank's Auto Service

   b. NAME OF FACILITY OWNER(S): Frank Gamez

   c. FACILITY ADDRESS: 16250 Railroad Ave. Morgan Hill, CA. 95037

   d. PHONE NUMBER: 408-778-3470

   e. FAX NUMBER: _____

   f. NUMBER OF YEARS IN BUSINESS: 30

   g. NUMBER OF YEARS IN BUSINESS AT THIS LOCATION: 13

   h. AUTOMOTIVE REPAIR DEALER LICENSE NO.: ARD00199996

2. PROXIMITY TO MORGAN HILL POLICE DEPARTMENT 1/8 MILES

3. PROXIMITY TO THE CITY OF MORGAN HILL CORPORATION YARD 1 MILES

4. NAME OF FACILITY MANAGER(S): Frank Gamez
   State the duties and qualifications of Facility Manager(s):
   a. Owner Operator-Oversees all repairs and inspections
   b. Certified Mechanic with 30 years experience in automotive repair
   c. Available 24/7 for all emergency services
   d.
   e.

5. ASSIGNED CONTACT/SERVICE REPRESENTATIVE:

   a. Name: Frank Gamez

   b. Title/Duties: Owner/Operator

   c. Qualifications: Certified Mechanic

   d. Years with Service Provider: _____

   e. Phone Numbers: Work: 408-778-3470 Cell: 408-722-1883

f. Emergency Contact (365 days; 24 hours):Frank Gamez

Operating Hours:
The Service Provider shall be currently operating out of a commercial facility, which is open and accessible to City Personnel without prior notice during regular business hours. Facilities shall be available for vehicle services between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday (excluding holidays). State hours that the Service Provider's facility is open for maintenance services.

Monday 7:00 a.m. to 6:00 p.m.

Tuesday 7:00 a.m. to 6:00 p.m.

Wednesday 7:00 a.m. to 6:00 p.m.

Thursday 7:00 a.m. to 6:00 p.m.

Friday 7:00 a.m. to 6:00 p.m.

REFERENCES AND QUALIFICATIONS

1. Describe your shop's experience providing vehicle maintenance services, including the number of years in business and type of services provided.

   Our auto repair shop is a full-service automotive maintenance and repair facility with over 30 years of continuous operation, proudly serving our community with integrity, reliability, and technical expertise. We specialize in comprehensive vehicle care for both domestic and foreign makes, providing everything from routine maintenance to complex diagnostics and repairs.

   Our services include, but are not limited to, oil changes, brake inspections and repair, engine diagnostics, transmission service, suspension and steering repair, heating and air conditioning service, battery replacement, tire services, fluid checks and flushes, and preventative maintenance programs. We utilize modern diagnostic equipment and up-to-date repair techniques to ensure accuracy and efficiency in every job.

2. Please provide three (3) commercial fleet maintenance client references within the last five (5) years, their size of the fleet by vehicle type, years of contract relation, type of frequency of the service provided. Please identify the contact person and phone number for each. Use additional sheets if necessary.

   a. Company Name:City of Morgan Hill Police Department

      Company Address:16200 Vineyard Blvd Morgan Hill, CA. 95037

      Company Phone:408-779-2101

      Contact Person:Shane Palsgrove

      Fleet size/ Type:20/ Police cruisers, Undercover vehicles

Years of Contract: 13

b. Company Name: Paragon Mechanical

Company Address: 16160 Caputo Dr. Morgan Hill, CA. 95037

Company Phone: 408-727-7303

Contact Person: Wes Craig

Fleet size/ Type: 75/ Maintenance trucks

Years of Contract: 3

c. Company Name: Morgan Hill Unified School District

Company Address: 15600 Concord Circle Morgan Hill, Ca. 95037

Company Phone: 408-201-6000

Contact Person: Serafin Castro

Fleet size/ Type: 12/maintenance vehicles

Years of Contract: 3

3. Approximately what percent of your facility's work is currently derived from fleet business?

a. 10%

4. Has your facility ever been the subject of a Better Business Bureau action? Yes / No

Describe:

5. Are you currently, or have you ever previously provided repair services to other government entities? Yes / No

If yes, please list the entity names, contact person, and phone number:

Morgan Hill Unified School District

City of Morgan Hill Public Works

City of Morgan Hill Police Department

6. Briefly describe your interest in servicing the City's fleet (Exhibit F) and what factors make you the best candidate in your opinion?

Our interest in continuing to service the City's fleet is rooted in our long-standing commitment to reliability, safety, and supporting essential public services. For the past 13 years, we have proudly partnered with the Morgan Hill Police Department, gaining a deep understanding of the operational demands, urgency, and accountability required to keep municipal vehicles in service and mission-ready.

We believe we are the best candidate due to our proven track record, responsiveness, and consistency. Over the course of our existing contract, we have demonstrated our ability to provide timely maintenance and repairs, minimize vehicle downtime, and communicate clearly with department staff. Our team understands the importance of prioritizing fleet vehicles, especially those critical to public safety, and we have built our processes around efficiency and dependability.

7. Describe any subcontractors that you propose to use to perform the services within the contract.

San Martin Tire

Ford Store of Morgan Hill

Morgan Hill Dodge Jeep

FACILITY DESCRIPTION

1. How many bays are available for vehicles? 4

2. Indicate the number and type of vehicle lifts in the shop. Describe the diagnostic and service equipment currently used. List equipment by function, make, model, and year.

a. Equipment/Function	Make	Model	Age
4 Vehicle Lifts			
Alignment Rack & Machine			New
Diagnostic Computers			

3. Describe what provisions and procedures you have in place to dispose of hazardous substances, oils, coolants, etc.

Third party contract with American Valley Waste Oil

4. Do you have a certified emissions specialist on staff? Yes / No

5. Do you have an electrical systems specialist on staff? Yes / No

6. Describe any experience that you have in servicing/maintaining lift-equipped vehicles.

   We provide all maintenance services listed above for lift-equipped vehicles but we do not service or maintain ADA lifts.

7. The City requires the Service Provider to coordinate warranty work. Please describe how you would perform that and which dealership/service departments you will use for Chevrolet, Ford, GMC, and Dodge. Please provide the name of the dealership, shop location, and phone number.

   All warranty work is coordinated through city representatives and maintenance managers at Ford of Morgan Hill and Dodge of Morgan Hill.

8. Can you perform emergency roadside service as required? Yes / No

All repairs are to be OEM or equivalent. Exceptions will be individually considered on a case-by-case basis. The price for each service shall include parts, labor, and all necessary fluids and free fluid top off between service intervals. Interior vacuum and exterior wash and service reminder stickers are required with each service.

Proposers/Service Providers must state the unit price separately for each item and extend the total. Unit prices shall include all packing charges. Unit prices will be used as a basis for when an error in extending total amounts occurs. Proposers/Service Providers who restrict offers to the basis of "Lots" or "All or None" must clearly indicate such restriction in writing in the Proposal.

The City is required to pay Santa Clara County and State Sales or Use Taxes for most goods and services. Applicable taxes will be added as a separate item in the contract.

COMPANY	DELIVERY GUARANTEED		DAYS AFTER ORDER
ADDRESS	PROMPT PAYMENT DISCOUNT TERMS		
CITY	STATE	ZIP CODE	PHONE
AUTHORIZED REPRESENTATIVE (Print)	TITLE	SIGNATURE	

Proposals signed by an agent are to be accompanied by evidence of their authority

EXHIBIT F

MORGAN HILL POLICE DEPARTMENT AND PUBLIC SERVICES FLEET LIST

Police Department Fleet List

Name	Year	Make	Model	Type
150	2020	BMW	R1250 RT	Motorcycle
159	2019	FORD	EXPLORER	Car
163	2019	CHEVROLET	TAHOE	SUV
164	2021	FORD	EXPLORER	SUV
165	2021	CHEVROLET	TAHOE	SUV
166	2022	BMW	R1250 RT	Motorcycle
167	2022	BMW	R1250 RT	Motorcycle
168	2021	FORD	EXPLORER	Car
169- MSO Transport	2022	FORD	TRANSIT 350	Van
170-ASO	2022	FORD	F250 SUPER DUTY	Pickup Truck
171	2024	DODGE	DURANGO	SUV
172	2024	DODGE	DURANGO	SUV
173	2024	DODGE	DURANGO	SUV
174	2024	DODGE	DURANGO	SUV
175	2024	DODGE	DURANGO	SUV
176	2024	DODGE	DURANGO	SUV
177	2024	DODGE	DURANGO	SUV
178	2024	DODGE	DURANGO	SUV
179	2024	DODGE	DURANGO	SUV
180	2025	DODGE	DURANGO	SUV
182	2024	BMW	R1250 RT	Motorcycle
183	2024	BMW	R1250 RT	Motorcycle
184	2024	BMW	R1250 RT	Motorcycle
185	2024	BMW	R1250 RT	Motorcycle
186	2025	DODGE	DURANGO	SUV
187	2025	DODGE	DURANGO	SUV
188	2025	DODGE	DURANGO	SUV
189	2026	FORD	F250 SUPER DUTY	Pickup Truck
306	2012	FORD	TAURUS	Car
308	2014	FORD	TAURUS	Car
309-Pool Vehicle	2014	FORD	FUSION SE	Car
311	2015	HONDA	ACCORD LX	Car
312	2015	HONDA	ACCORD	Car
313	2016	CHEVROLET	TAHOE	SUV
315	2020	FORD	EXPLORER	Car

Name	Year	Make	Model	Type
316	2020	FORD	EXPLORER	Car
317	2020	FORD	EXPLORER	Car
318-SET	2020	FORD	EXPLORER	Car
319	2023	TOYOTA	TACOMA	Pickup Truck
320	2024	TOYOTA	SIENNA	Van
321	2024	TOYOTA	CAMRY	Car
322	2024	JEEP	COMPASS	Car
323	2025	DODGE	DURANGO	SUV
324	2025	RAM	1500	Pickup Truck
Evidence	2006	FORD	F-150	Pickup Truck
SWAT Truck	2001	FORD	F450 SUPER DUTY	Truck

Public Service Fleet List

Year / Make / Model / Vehicle Number	Replacement Year
2009 Ford Ranger Super Cab (W09154)	2021
2011 Ford F450 Utility Truck w/Crane (W11124)	2022
2014 Ford F150 Super Cab (W14161)	2024
2015 Ford F450 Super Cab (W15117)	2022
2015 Ford F450 Super Cab w/ Scelzi Utility Body (W15144)	2022
2018 Ford Transit Cargo Van (W18163)	2025
2019 Ford F350 Super Cab w/ Scelzi Utility Body (W19104)	2027
2019 Ford F450 Super Cab w/ Scelzi Utility Body (W19168)	2026
2019 Ford F450 Super Cab w/ Scelzi Utility Body (W19170)	2026
2019 Ford F450 Super Cab w/ Scelzi Utility Body (W19171)	2026
2020 Ford F150 (U20167)	2027
2020 Ford F150 (U20165)	2027
2020 Ford F150 (U2019)	2027
2020 Ford F250 4x4 (S20158)	2027
2008 Ford Ranger Extended Cab (E08153)	2020
2008 Ford Ranger Extended Cab (E08156)	2020
2007 Ford Escape SLS 4WD (E07141)	2020
2020Ford F150 (R20120)	2027
2007 Ford F250 4x2 Super Cab Utility (R07150)	N/A
2020 Ford F250 4x2 Super Cab (R20102)	2027
1999 Dodge 1500 Club Cab (R99117)	N/A
2008 Ford F250 4x2 Super Cab (R08118)	N/A
2001 Jeep Cherokee (D01116)	N/A
2014 Chevy PU 2WD (D14182)	N/A
2008 Ford F450 4x2 Regular Cab Utility w/Crane	N/A
2020 Ford F250 4x4 Super Cab	2027
2011 Ford F250 4X4 - Abatement Spray Truck (D11151)	N/A
2008 Ford F450 4x2 Crew Cab (D08127)	N/A
2014 Ford Focus Electric (D14116)	N/A

Year / Make / Model / Vehicle Number	Replacement Year
2014 Ford 150 (B14152)	N/A
2014 Ford 150 (B14153	N/A
2018 Ford Escape SE 4WD (B18151)	N/A
2018 Chevy Colorado (B18150)	N/A
2019 Ford F150 Crew Cab	N/A
2020 Ford Ranger	N/A
2002 Chevy Pickup 2WD (D02182)	N/A
2010 Ford Ranger Pickup (A10120)	N/A
2014 Ford Flex (A14121)	N/A
2014 Ford F150 (A14122)	N/A

EXHIBIT G

CITY OF MORGAN HILL

City of Morgan Hill
90-Day Vehicle Inspection

Date: _____ Vehicle Lic # _____

Inspected by: _____ Vehicle ID # _____

Company Name: _____ Mileage _____

	Inspection Items required by 34505.5 CVC	*Not OK*	*OK*
1	Warning Devices - air, oil and temperature, vacuum		
2	Belts - compressor(s), fan and water pump		
3	Air line - leaks, condition and protection		
4	Tractor protection valve - breakaway test		
5	Brakes - lining, drums and adjustment - near cam over, pedal ht.-hyd.		
6	Hoses, and tubing condition - protection, hyd., brake reservoir level		
7	Air leaks and 1- minute brake application test, vacuum loss		
8	Air governor adjustment - minimum 85 - maximum 130		
9	Identify number 1 air tank - drain - test check valve		
10	All tank secure, drains operable, drain tanks		
11	Check tires wheels, nuts and studs, cracked, secure and inflation, tread		
12	Parking brake - condition and adjustment		
13	Emergency stopping system - labeled, operable		
14	Release after loss of service air - test anti skid lamp		
15	Check steering gear and mounting - free lash		
16	Steering arms, drag links and tie rod ends		
17	Fifth wheel condition and mounting		
18	Springs, shackles and U-bolts - torque arms		
19	Wheel seals, hydraulic brake system leaks		

	Trailers		
1	Air leaks - brake system		
2	Brakes - adjustments - drums - near cam over		
3	Springs - U bolts - torque arm		
4	Drawbar - hitch and safety cable - check strand wear		
5	Fifth wheel on pull trailer		
6	Tires wheel - nuts and studs		
7	Fifth wheel pin wear - safety lock		
8	Emergency relay valves, tank mounting		
9	Air lines - between trailers, gladhands, rubbers		

Comments: _____

_____

_____

_____

City of Morgan Hill
90-Day Vehicle Inspection

		Complete ✓
1	Air Compressor Governor Cut-in _____ Lbs Cut-out _____ Lbs (Min 85 psi - Max 130)	
2	Air System Contaminants	
3	Emergency Stopping system/Parking brake	
4	Brake adjustment at each drum Left front _____" Right front _____" Left rear _____" Right rear _____" Left rear rear _____" Right rear rear _____"	
5	Brake inspection	
6	Truck air guage(s) operational	
7	Air or vacuum leak - motor stopped Applied Pressure _____ PSI After 1 minute _____ PSI (Not to exceed 2 PSI - 3PSI on vehicles in combination)	
8	Single control applies all brakes	
9	Low pressure warning device(s) (75 - 55 PSI range)	
10	Tractor Protection/push-pull valve operation Tractor supply _____ PSI before releasing air: * Must apply trailer spring brakes after air loss is stopped TP-2 & TP-4 trailer protection valves (45-20 PSI on main gauge) TP-3 & TP-5 tractor protection valves * Does not protect trailer supply lines	
11	Relay emergency valve (if applicable)	
12	Check valves operate	

Comments: _____

_____

_____

_____

EXHIBIT D
RECOMMENDED MAINTENANCE SCHEDULE

Please provide a recommended Vehicle Maintenance Schedule in the box below.

- Provide number of miles for each service level below (example: Service "A" at 5,000 miles)
- Mark an "X" for type of service to be provided at each service level

	EXHIBIT A – RECOMMENDED VEHICLE MAINTENANCE SCHEDULE	Service A At 5000 Miles	Service B At 5000 Miles	Service C At 5000 Miles	Service D At 5000 Miles
1	Change Engine Oil	X	X	X	X
2	Change Engine Oil Filter	X	X	X	X
3	Check Air Filter Condition	X	X	X	X
4	Check and Adjust Drive Belts	X	X	X	X
5	Check Battery Electrolyte Level, Add Water as needed and Clean and Tighten Terminals	X	X	X	X
6	Check Brake Fluid Level	X	X	X	X
7	Check Brake Pads, Shoes, and Hoses	X	X	X	X
8	Check Breather Condition	X	X	X	X
9	Check Drive Tran Fluid Levels (Transmission, Transfer Case, and Differential)	X	X	X	X
10	Check Engine Compartment Fluid Levels, Add as needed	X	X	X	X
11	Check Engine Cooling System, Hoses and Clamps	X	X	X	X
12	Check Exhaust System	X	X	X	X
13	Check Front and Rear Shocks for Wear and/or Leakage	X	X	X	X
14	Check Exterior and Interior Lights and Other Electrical Items for Correct Operation	X	X	X	X
15	Check Power Steering Fluid Level	X	X	X	X
16	Check Tire Pressure and Condition	X	X	X	X
17	Check Windshield Wiper operation, Blades condition, and Washer Solvent level, Fill as needed	X	X	X	X
18	Lubricate Chassis/CV boots	X	X	X	X
19	Lubricate Steering Linkage	X	X	X	X
20	Check Front Brake Pads, Rotors and Calipers	X	X	X	X
21	Check Rear Brake Shoes, Drums and Wheel Cylinders	X	X	X	X
22	Rotate Tires (4 Way - Front to Rear)	X	X	X	X
23	Air Filter - Replace	X	X	X	X
24	Check Headlight Alignment	X	X	X	X
25	Check Parking Brake Operation	X	X	X	X
26	Lubricate Door Latches, Locks and Hinges	X	X	X	X
27	Fuel Filter - Replace	X	X	X	X
28	Transmission - Change Fluid, Filter, Gasket	X	X	X	X
29	Check Air Condition System, Freon Level and Compressor Operation Where Applicable	X	X	X	X

Please provide a per service cost for a 90-Day Vehicle Inspection and reporting per Exhibit G ZERO CHARGE ON INSPECTIONS. $

This Cost does not include any repairs needed that are found during the inspection.

FRANK GAMEZ

EXHIBIT E

COST AND CONDITIONS

Please see conditions on page 26 prior to completing the tables on page 23 and 24

Please provide the unit costs per year in the table below for 4 x 4 trucks and utility vehicles	Police							
	4x4 Trucks, Utility Vehicles & Sedans							
Services/Costs	Labor Per Hour	Year 1	Year 2	Year 3	Material Cost	Year 1	Year 2	Year 3
Service A: Vehicle Maintenance Services provided at mileage level as reflected in Exhibit D		$180.00	$185.00	$190.00		20%	20%	20%
Service B: Vehicle Maintenance Services provided at mileage level as reflected in Exhibit D		$180.00	$185.00	$190.00		20%	20%	20%
Service C: Vehicle Maintenance Services provided at mileage level as reflected in Exhibit D		$180.00	$185.00	$190.00		20%	20%	20%
Service D: Vehicle Maintenance Services provided at mileage level as reflected in Exhibit D		$180.00	$185.00	$190.00		20%	20%	20%
Cost of Hourly Labor Rate (not included in Service A,B,C,D)		$180.00	$185.00	$190.00		20%	20%	20%
Replacement Dealer Parts (not included in Service A,B,C,D)		$180.00	$185.00	$190.00		20%	20%	20%
Replacement Non-Dealer Parts (not included in Service)		$180.00	$185.00	$190.00		20%	20%	20%

Conditions:

1. Prices for the services listed above must include all labor and material needed to complete the services specified.
2. Prices proposed in this section are fixed prices for the initial period of the contract (three (3) years). Should City elect to renew the contract for an additional (2) years, the unit price of the Contract will be subject to negotiation and be mutually agreed upon by both parties for the 24-month term.
3. All repair parts are to be OEM or equivalent. Exceptions will be individually considered on a case-by-case basis. Price for each service shall include parts, labor and all necessary fluids and free fluid top off between service intervals.
4. Provide breakdown of labor hours for each periodic repair item and indicate any exceptions, if applicable. Labor hours shall include repair time, not factory time.
5. Unless otherwise specified and/or agreed to, all services performed will be free from defects in material and workmanship and will be warranted for a minimum of 120 days or 4000 miles, or the length of time of any warranty given by the manufacturer or rebuilder/remanufacturer, whichever is greater, after acceptance.

Wage Theft Prevention Bid Certification

(To be executed by bidder and submitted with bid)

All Bidders are expected to have read and understand the "Wage Theft Prevention Policy" adopted on July 26, 2017 which can be found at https://www.morganhill.ca.gov/DocumentCenter/View/22921/CP-17-01-Wage-Theft-Prevention.

The undersigned Bidder hereby certifies that Bidder and its principals have__, have not __been found by a final court judgement or final administrative action of an investigatory agency to have violated federal, state or local wage and hour laws within the past five years from the date of the submitted bid or proposal.

For each disclosed violation, the Bidder shall provide a copy of (i) the court order and judgment and/or final administrative decision; and (ii) documents demonstrating either that the order/judgment has been satisfied, or if the order/judgment has not been fully satisfied, a written and signed description of Bidder's efforts to date to satisfy the order/judgment. The completed Certification shall be submitted by the Bidder to the City as a part of its bid or proposal.

The City, at its sole discretion, may disqualify a bidder based on one or more disclosed judgments consistent with the criteria set forth in the Policy.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this certification is executed on 4-1-26 [date], at Morgan Hill [city], CA [state].

Signature

FRANK GAMEZ, PRESIDENT

Print Name and Title

THIS FORM MUST BE USED WHEN SUBMITTING

ATTACHMENT A

SERVICE AGREEMENT

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

1. **City Authority.** This Agreement is entered into pursuant to the Choose an item.

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

3. **Scope of Service.** The services to be performed by SERVICE PROVIDER shall be____ as further described in **Exhibit A**.

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

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

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

5. **Termination.** CITY or SERVICE PROVIDER shall have the right to terminate this Agreement, without cause, by giving thirty (30) days' written notice or less under urgent circumstances. Upon such termination, SERVICE PROVIDER shall submit to CITY an itemized statement of services performed

for which compensation has not been paid. CITY may require SERVICE PROVIDER to complete certain work product or documents and SERVICE PROVIDER shall deliver to CITY all documents in its possession without additional compensation to SERVICE PROVIDER. The City Manager 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 SERVICE PROVIDER of such occurrence, and this Agreement shall terminate after the last day during the fiscal year for which appropriations shall have been budgeted for CITY or are otherwise available for payments.

6. **Performance of Work.** SERVICE PROVIDER represents that it is qualified by virtue of experience, training, education, and expertise to accomplish these services. Services shall be performed by SERVICE PROVIDER in accordance with professional practices in a manner consistent with a level of care, competence and skill exercised by qualified members of the SERVICE PROVIDER'S profession. By delivery of completed work, SERVICE PROVIDER certifies that the work conforms to the requirements of this Agreement and all applicable federal, state, and local laws. SERVICE PROVIDER 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 SERVICE PROVIDER desires to leave or store any of SERVICE PROVIDER'S equipment at a CITY site while SERVICE PROVIDER is performing work or service pursuant to this Agreement, SERVICE PROVIDER will first obtain the consent of 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 SERVICE PROVIDER'S sole risk.

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

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

8.1. **Insurance Types and Amounts.**

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

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

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

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

8.1.5. Garagekeepers. SERVICE PROVIDER shall maintain Garagekeepers insurance covering all owned and non-owned automobiles, including automobile parts and equipment, in SERVICE PROVIDER'S care, custody or control against claims and liabilities for damage, theft, or other loss in the minimum amount of: (i) one hundred and fifty thousand dollars ($150,000.00) or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies

(including any excess or "umbrella" policies), whichever is greater. Such insurance shall be primary over any other insurance.

8.1.6. Professional Liability.

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

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

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

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

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

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

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

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

8.2.2. Workers Compensation.

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

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

8.4. Certificates. SERVICE PROVIDER shall furnish CITY 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, SERVICE PROVIDER shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the SERVICE PROVIDER'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 8. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

10. **Compliance with Law.**

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

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

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

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

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

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

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

Notice to City Related to Wage Theft Prevention: Notice provided to the City Attorney as required under this Section shall be addressed to: City Attorney, City of Morgan Hill, 17575 Peak Avenue, Morgan Hill, CA 95037. The Notice provisions of this Section

are separate from any other notice provisions in this Agreement and, accordingly, only notice provided to the above address satisfies the notice requirements in this Section.

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

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

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

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

Address of SERVICE PROVIDER is as follows:

Address of CITY is as follows:

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

with a copy to:
City Clerk
City of Morgan Hill

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

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

17. **Maintenance of Records.**

17.1. Maintenance. SERVICE PROVIDER shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and CITY rules and ordinances related to services provided under this Agreement. SERVICE PROVIDER shall

maintain records for a period of at least 3 years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the 3-year period, then SERVICE PROVIDER shall retain said records until such action is resolved.

17.2 Access to and Audit of Records. The CITY shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the SERVICE PROVIDER and its subcontractors related to services under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of $10,000, the Parties to this Agreement may be subject, at the request of 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.

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

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

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

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

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

22. **Defense and Indemnification.**

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

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

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

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

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

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

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

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

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

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

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

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

contract" means a contract that is executed by applying an electronic signature using technology approved by the CITY.

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

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Signatures are on following page

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

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

AS SET FORTH IN CA. CORP. CODE § 313, TWO SIGNATURES ARE REQUIRED FOR CALIFORNIA CORPORATIONS:
(1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; AND
(2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:

_____
City Clerk/Deputy City Clerk

Michelle Bigelow
Print Name

Date:_____

CITY OF MORGAN HILL

_____
City Manager

Christina J. Turner
Print Name

Date:_____

APPROVED AS TO FORM:
Donald A. Larkin

_____
City Attorney

_____
Print Name

Date:_____

By:

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

Date: 4-2-26

By:

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

Date:_____

EXHIBIT A
SCOPE OF SERVICES

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

EXHIBIT C
SCHEDULE OF PERFORMANCE

SERVICE AGREEMENT
Frank O. Gamez, INC dba Frank's Auto Service

THIS AGREEMENT is entered into and becomes effective on _____ (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and Frank O. Gamez, INC dba Frank's Auto Service a California corporation ("SERVICE PROVIDER") hereinafter referred to collectively as "Parties." In consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority**. This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, ____, 20___.

2. **Term of Agreement**. This Agreement shall cover services rendered from the Effective Date of this Agreement until June 30, 2029 at which time SERVICE PROVIDER'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum period of two (2) years. Any such extension shall be in writing and signed by both Parties to this Agreement.

3. **Scope of Service**. The services to be performed by SERVICE PROVIDER shall be repair, service and routine maintenance for he City of Morgan Hill fleet as further described in **Exhibit A.**

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

4.1. Amount. $300,000.00. Total compensation to SERVICE PROVIDER 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 SERVICE PROVIDER during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for the extended term exceed 105% of the maximum compensation allowed to be paid to SERVICE PROVIDER for one year of service during the initial term of this Agreement.

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

5. **Termination**. CITY or SERVICE PROVIDER shall have the right to terminate this Agreement, without cause, by giving thirty (30) days' written notice or less under urgent circumstances. Upon such

termination, SERVICE PROVIDER shall submit to CITY an itemized statement of services performed for which compensation has not been paid. CITY may require SERVICE PROVIDER to complete certain work product or documents and SERVICE PROVIDER shall deliver to CITY all documents in its possession without additional compensation to SERVICE PROVIDER. The City Manager 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 SERVICE PROVIDER of such occurrence, and this Agreement shall terminate after the last day during the fiscal year for which appropriations shall have been budgeted for CITY or are otherwise available for payments.

6. **Performance of Work**. SERVICE PROVIDER represents that it is qualified by virtue of experience, training, education, and expertise to accomplish these services. Services shall be performed by SERVICE PROVIDER in accordance with professional practices in a manner consistent with a level of care, competence and skill exercised by qualified members of the SERVICE PROVIDER'S profession. By delivery of completed work, SERVICE PROVIDER certifies that the work conforms to the requirements of this Agreement and all applicable federal, state, and local laws. SERVICE PROVIDER 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 SERVICE PROVIDER desires to leave or store any of SERVICE PROVIDER'S equipment at a CITY site while SERVICE PROVIDER is performing work or service pursuant to this Agreement, SERVICE PROVIDER will first obtain the consent of 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 SERVICE PROVIDER'S sole risk.

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

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

8.1. **Insurance Types and Amounts.**

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

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

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

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

8.1.5. Garagekeepers. SERVICE PROVIDER shall maintain Garagekeepers insurance covering all owned and non-owned automobiles, including automobile parts and equipment, in SERVICE PROVIDER'S care, custody or control against claims and liabilities for damage, theft, or other loss in the minimum amount of: (i) one hundred and fifty thousand dollars ($150,000.00) or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater. Such insurance shall be primary over any other

insurance.

8.1.6. Professional Liability.

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

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

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

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

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

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

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

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

8.2.2. Workers Compensation.

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

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

8.4. **Certificates**. SERVICE PROVIDER shall furnish CITY 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, SERVICE PROVIDER shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to the SERVICE PROVIDER'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 8. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

10. **Compliance with Law**.

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

10.2. Compliance with Wage and Hour Laws: SERVICE PROVIDER, and any subcontractor it employs to complete work under this Agreement, shall comply with all applicable

federal, state, and local wage and hour laws. Applicable laws may include, but are not limited to, the Federal Fair Labor Standards Act and the California Labor Code.

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

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

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

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

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

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

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

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

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

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

Address of SERVICE PROVIDER is as follows:

Frank O. Gamez, Inc. dba Frank's Auto Service
16250 Railroad Aveunue
Morgan Hill, CA 95037

Address of CITY is as follows:

Chief of Police
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

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

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

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

17. **Maintenance of Records**.

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

17.2. Access to and Audit of Records. The CITY shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the SERVICE PROVIDER and its subcontractors related to services under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of $10,000, the Parties to this Agreement may be subject, at the request of 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.

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

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

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

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

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

22. **Defense and Indemnification**.

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

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

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

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

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

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

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

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

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

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

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

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

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

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Signatures are on following page

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

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

AS SET FORTH IN CA. CORP. CODE § 313, TWO SIGNATURES ARE REQUIRED FOR CALIFORNIA CORPORATIONS:
(1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; AND
(2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:

City Clerk/Deputy City Clerk

Michelle Bigelow
Print Name

Date: _____

APPROVED AS TO FORM:
Donald A. Larkin

City Attorney

Print Name

Date: _____

CITY OF MORGAN HILL

City Manager

Christina J. Turner
Print Name

Date: _____

By:

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

Date: _____

By:

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

Date: _____

EXHIBIT A
SCOPE OF SERVICES

GENERAL PROVISIONS

The successful Proposer/Service Provider must be able to perform general and preventive maintenance and routine repair services on vehicles and equipment, including, but not limited to, brakes, tires, suspension, heat/air conditioning systems, electrical systems, engines, etc. The City's preference is for the Proposer/Service Provider to have the ability to perform all required services. However, work may be subcontracted. When subcontractors are used, the Proposer/Service Provider is responsible for the performance of the work, including but not limited to billing, reporting, scheduling, delivery, work quality, and warranty. The Proposer/Service Provider shall list all subcontractors.

The Proposer/Service Provider must have the ability to provide the required preventive maintenance and repair service listed in Section E (below) for the fleet listed on Exhibit F. Any exception, including subcontracting, must be noted in the response.

A. Preventive Maintenance

The Police Department fleet vehicles are routinely driven in short distances, frequent start/stop, and long idle periods. The Police Department requests the Proposer/Service Provider to provide a recommended schedule for fleet vehicle maintenance requirements due to the use conditions (Exhibit D). The average annual usage is 13,000 miles for Police Patrol vehicles.

Public Services vehicles are routinely driven in short distances, frequently start/stop, and for long periods of time. The average annual usage is approximately 7,000 miles for utility vehicles.

10 Public Services vehicles require Biennial Inspection of Terminals (BIT) reporting. The successful proposer will perform an inspection of these vehicles every 90 days as required by the California Highway per-service Program. A sample of the 90 Day Vehicle Inspection Form is provided as Exhibit G in this RFP. Please provide a per service cost for these inspections and reporting at the bottom of Exhibit D. This cost will not include any repairs needed found in the inspection. The service provider will email the report to the designated Engineering, Utilities, Community Services representative.

B. Repairs and Maintenance

Provide service/repairs to all common mechanical and electrical systems as needed.

C. Transport of Vehicles for Service:

1) Provide vehicle pick-up and delivery to and from Morgan Hill Police Department

    a. Police Department - 16200 Vineyard Boulevard, Morgan Hill

2) Provide vehicle pick-up and delivery to and from the City of Morgan Hill's Corporation Yard

    a. Corporation Yard – 100 Edes Court, Morgan Hill

3) For vehicles not drivable, an additional towing charge may be billed upon approval of authorized City staff.

4) Service Provider shall store vehicles in a secure yard for overnight storage.

5) 24/7 on-call phone and shop open to all City vehicles.

6) Locked and gated facility that includes alarm and security cameras.

D. Conditions on Required Services

1) When a prior appointment has been made for routine maintenance, the turn-around time should be between 4 to 6 hours.

2) Provide adequate inventory on special parts to ensure minimum turn- around on non-routine repairs.

3) All Police Department fleet vehicles that have been involved in a pursuit will undergo inspection and repair as required. Vehicles to be inspected after pursuit will be the discretion of officer-involved and authorized Police Department staff.

4) The inspection will be completed immediately after a pursuit.

E. Repair Order Content and Procedure

1) The Service Provider shall provide Repair Orders for all services provided containing the following information:

   a. Repair estimates with anticipated work to be performed, estimated completion time, and estimated cost signed by the City staff upon pick-up/drop-off. A confirming copy with the final cost shall be emailed to City upon completion, and a billing copy shall be sent to the City with the invoice.

   b. Actual work/cost above written estimate requires City approval prior to work start.

   b. Authorization of work by a designated City employee or designee is required for all repair orders.

   c. Individual vehicle charges shall be submitted on separate repair orders for each service visit. The repair order must include:

      i. Date work performed.
      ii. Vehicle Number and/or License Number, Make/Model.
      iii. Vehicle mileage at the time of service/repair.
      iv. Date in/date out/time completed.
      v. Detail type of service, hours, material used, and cost associated with each.
      vi. Subcontracted repair orders containing the same information shall be attached to the repair order.

2) The Service Provider guarantees and warrants that all materials furnished, and all services performed will be free from defects in material and workmanship and will be warranted by

Proposer for a minimum of 12 months, 12,000 miles, or the length of time of any warranty given by the manufacturer or rebuilder/remanufacturer, whichever is greater, after acceptance. The Service Provider shall remedy all such defects at his/her own expense within one (1) working day after notification by the City.

3) Warranty repair orders need to be provided by the Service Provider. The Proposer shall be the prime/principal Service Provider.

4) Brand Designations and "Or Equal" Substitutions. Any specification designating a material, product, thing, or service by specific brand or trade name, followed by the words "or equal," is intended only to indicate quality and type of item desired, and proposers may request use of any equal material, product, thing, or service. All data substantiating the proposed substitute as an "equal" item must be submitted with a written request for substitution.

F. Fleet Maintenance Software

The Police Department has purchased a cloud-based fleet management software program, Fleetio (https://fleetio.com). The City will require the successful and chosen Service Provider to utilize the software to maintain service and repair records and track inventory of parts purchased. The Service Provider will be required to install the software on its business/commercial hardware and identify appropriate staff to be trained in its use and utilize the software as required by the Police Department.

The City's Engineering, Utilities, and Community Services divisions reserve the right to be added to the Police Department's Fleetio contract.

G. Hours of Operation

The Police Department operates on a 24/7 basis and desires the most comprehensive hourly coverage possible. Please identify regular business hours and emergency business hours, if available. Successful Proposer/Service Provider shall provide cell phone numbers to the Police Department for service on the weekends and evenings for emergency services such as tow-ins.

H. Employees

Service Provider's employees who work on Police Department vehicles shall undergo a criminal background check, paid by the Service Provider. The criminal background check will consist of a criminal history review by submitting fingerprints to the California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI). Each employee will be fingerprinted through Livescan fingerprinting process available at an authorized Livescan location. Any arrest recorded will be reviewed by the Police Department's designee and subject to the discretion of the Morgan Hill Police Department whether the employee will or will not be able to work on City vehicles.

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

Payment for service shall be described in Exhibit D and E

EXHIBIT C
SCHEDULE OF PERFORMANCE

This Exhibit sets forth the operating policy and procedures for servicing City vehicles and equipment. It discusses maintenance scheduling procedures and invoicing requirements.

Contracted maintenance facilities are expected to provide prompt, courteous, and competent service to drivers. Garage staff must be knowledgeable about service procedures and initiate the service transaction within 30 minutes of their arrival and/or service call is placed. It is essential that the service desk is staffed adequately to provide efficient customer service in a timely manner.

To assist the Service Provider with the maintenance program, the City will provide:

A. Listing of covered vehicles (Exhibit F) updated, as necessary.
B. Repair orders and billing invoices must refer to the vehicles by their VIN number and vehicle ID number.
C. City preventive maintenance schedule (Exhibit D).
D. Designated City staff contacts.

Safety Check

The Service Provider shall perform a safety check in conjunction with all maintenance requirements listed within this RFP. These safety checks shall be performed every time a vehicle is brought in for service:

1. Tires – Visually check condition/Alignments.

2. Lights – Check directional signaling devices and emergency light systems for proper operation.

3. Seat belt – Check operation of seatbelts.

4. Windshield Wipers and Washers – Check the condition of wiper arms and blades.

    a. Check the aim and flow of washer spray. Fill the washer reservoir with washer solvent.

5. Fluid Levels – Check and replenish fluid levels in transmission, differential, steering sector or power steering pump, and master cylinder. Inspect all units for leakage and clogging.

6. Battery – Check the condition of heatshield, hold-down clamps and cable ends, top off electrolyte level, and clean top and terminals, as necessary.

7. Heater-Defroster-Air Conditioner System and Wiper Controls – Check switches, valves, and ducting doors for proper operation.

8. Exhaust System – Visually inspect the complete exhaust system, including catalytic converter and heat-shielding. Check for broken, damaged, missing, or poorly positioned parts. Inspect for open seams, holes, or any condition which could allow exhaust fumes to enter the vehicle.

9. Steering and Suspension Components – Conduct a “look and “shake” inspection.

10. Frame/Sub-Frame and Cross Member – Visually check for “drive-over” and/or vehicular damage and fatiguing.

11. Drive Shaft U-Joints / CV Joints – Conduct a “look” and “shake” inspection for seal leakage and joint failure.

12. Critical Components – Check the condition of all under-hood heatshields and the routing of all hoses and wiring to ensure maximum protection from radiated exhaust heat. Inspect all coolant hoses, fuel line hoses, power steering hoses, engine accessory drive belts, and other under-hood plastic or rubber components.

13. Brakes – Inspect all brake line hoses and master cylinder for signs of leaks or damage. Inspect front brake pads, rear brake linings, wheels, cylinders, and parking brake cables and linkage. Report estimate of the remaining life of pads and shoes.

14. Starter/Charging System – Electronically check starter motor cranking speed and current draw. Check the alternator charging rate.

15. Cooling System – Visually inspect the entire system for leaks, damage, or other signs of needed repair.

16. Tire Repair/Headlamps/Brakes – These shall be repaired and receive priority while city staff waits in order to minimize the time vehicle is out of service.

<u>Scheduling of Maintenance and Service Procedures</u>

1. The Police Department and Public Services will designate an authorized Fleet Representative (FR); the FR is the Service Provider’s primary contact with the City.

2. The Service Provider shall identify a single individual by name to serve as the responsible contact person for daily communication with the Police Department and Public Services regarding vehicle scheduling and vehicle status update(s).

3. The FR will contact the designated representative between 8:00 a.m. and 5:00 p.m., on weekdays to determine the status of vehicles and/or equipment being serviced. The representative shall provide accurate and timely information to the FR on vehicle status, including but not limited to:

    a. What vehicle(s)/equipment are ready by vehicle VIN and vehicle ID number.
    b. What vehicle(s)/equipment are being serviced/require repair.
    c. Estimated completion of vehicle(s)/equipment under repair.
    d. Description of repairs and costs.

4. After the service is completed, the Service Provider shall:

    a. Complete Vehicle Service Order ready for FR or designee to sign.

    b. Place service reminder label on the driver’s side windshield stating the mileage and date for the next routine preventive maintenance.

c. Contact FR or designee to provide time that vehicle is ready for transport back to the original location. If the FR is not available, a voicemail message will be left.

d. After the FR or designee has checked the work performed and has approved the Repair Order, the Proposer's representative shall provide the vehicle keys to the FR or designee.

5. When repairs cannot be accomplished at the Service Provider's facility, the Service Provider must contact the FR for instructions. No repairs shall be made by non-authorized facilities without notification of the FR.

6. The Service Provider shall report to the FR any vehicle brought in for service or repair, and the Proposer has determined that the service or repair was due to driver misuse.

7. The Service Provider will be responsible for loss and damage to all City vehicles under its custody and/or control.

8. All repair parts are to be original equipment manufacturer (OEM) or equivalent. Exceptions will be individually considered by the FR on a case-by-case basis.

Preventive Maintenance

Based on the Maintenance Schedule to be mutually agreed upon by the successful Proposer/Service Provider and the City, the Police Department, and Public Services, the Proposer/Service Provider will utilize Fleetio software to establish a list of vehicles due for preventive maintenance service at the beginning of each month. Vehicles will be listed by VIN and vehicle ID number, the type of preventative maintenance the vehicle is to receive, and the week the vehicle is due for service. The FR or designee will notify the Proposer of specific dates the vehicle will be ready for service.

The preventive maintenance services will be in accordance with the preventive maintenance schedule. Additionally:

1. If projected brake pad/shoe life is less than 1500 miles, replace brake pads/shoes.

2. Tires will be checked, and the depth of the tread will be indicated on Repair Order.

3. Turn-around time of 6 to 8 hours for routine preventive maintenance is expected.

4. When a prior appointment has been made for routine maintenance, the preferred turn-around time is four (4) hours; but a turn-around time between three (3) and five (5) hours will be accepted.

Non-Preventive Maintenance Service and Emergencies

1. Non-routine maintenance, other than emergencies, will be handled by appointment through the FR or designee. If a City employee delivers a vehicle to the Service Provider's facility Monday through Friday between 8:00 a.m. and 5:00 p.m. and is requesting service without prior notification, call the FR or designee for instructions.

2. For delivery after hours, if a City vehicle has a breakdown or is involved in an accident and must be towed, then it will be towed to the Service Provider's locked facility. In such a

situation, the Service Provider shall contact the FR for instructions and be present to accept the vehicle.

3. There may be times when the FR calls early in the day with a specific set of instructions, and later in the day changes them; or another staff member will call to change them if the FR is not available. The last set of instructions will prevail.

4. Turn-around time of six (6) to eight (8) hours for non-preventive maintenance service is required unless otherwise approved by the FR.

EXHIBIT D
RECOMMENDED MAINTENANCE SCHEDULE

Please provide a recommended Vehicle Maintenance Schedule in the box below.

- Provide number of miles for each service level below (example: Service "A" at 5,000 miles)
- Mark an "X" for type of service to be provided at each service level

	EXHIBIT A – RECOMMENDED VEHICLE MAINTENANCE SCHEDULE	Service A At 5000 Miles	Service B At 5000 Miles	Service C At 5000 Miles	Service D At 5000 Miles
1	Change Engine Oil	X	X	X	X
2	Change Engine Oil Filter	X	X	X	X
3	Check Air Filter Condition	X	X	X	X
4	Check and Adjust Drive Belts	X	X	X	X
5	Check Battery Electrolyte Level, Add Water as needed and Clean and Tighten Terminals	X	X	X	X
6	Check Brake Fluid Level	X	X	X	X
7	Check Brake Pads, Shoes, and Hoses	X	X	X	X
8	Check Breather Condition	X	X	X	X
9	Check Drive Tran Fluid Levels (Transmission, Transfer Case, and Differential)	X	X	X	X
10	Check Engine Compartment Fluid Levels, Add as needed	X	X	X	X
11	Check Engine Cooling System, Hoses and Clamps	X	X	X	X
12	Check Exhaust System	X	X	X	X
13	Check Front and Rear Shocks for Wear and/or Leakage	X	X	X	X
14	Check Exterior and Interior Lights and Other Electrical Items for Correct Operation	X	X	X	X
15	Check Power Steering Fluid Level	X	X	X	X
16	Check Tire Pressure and Condition	X	X	X	X
17	Check Windshield Wiper operation, Blades condition, and Washer Solvent level, Fill as needed	X	X	X	X
18	Lubricate Chassis/CV boots	X	X	X	X
19	Lubricate Steering Linkage	X	X	X	X
20	Check Front Brake Pads, Rotors and Calipers	X	X	X	X
21	Check Rear Brake Shoes, Drums and Wheel Cylinders	X	X	X	X
22	Rotate Tires (4 Way - Front to Rear)	X	X	X	X
23	Air Filter - Replace	X	X	X	X
24	Check Headlight Alignment	X	X	X	X
25	Check Parking Brake Operation	X	X	X	X
26	Lubricate Door Latches, Locks and Hinges	X	X	X	X
27	Fuel Filter - Replace	X	X	X	X
28	Transmission - Change Fluid, Filter, Gasket	X	X	X	X
29	Check Air Condition System, Freon Level and Compressor Operation Where Applicable	X	X	X	X

Please provide a per service cost for a 90-Day Vehicle Inspection and reporting per Exhibit G ZERO CHARGE ON INSPECTIONS. $

This Cost does not include any repairs needed that are found during the inspection.

FRANK GARNER

EXHIBIT E
COST AND CONDITIONS

Please see conditions on page 26 prior to completing the tables on page 23 and 24

Please provide the unit costs per year in the table below for 4 x 4 trucks and utility vehicles	Police							
	4x4 Trucks, Utility Vehicles & Sedans							
Services/Costs	Labor Per Hour	Year 1	Year 2	Year 3	Material Cost	Year 1	Year 2	Year 3
Service A: Vehicle Maintenance Services provided at mileage level as reflected in Exhibit D		$180.00	$185.00	$190.00		20%	20%	20%
Service B: Vehicle Maintenance Services provided at mileage level as reflected in Exhibit D		$180.00	$185.00	$190.00		20%	20%	20%
Service C: Vehicle Maintenance Services provided at mileage level as reflected in Exhibit D		$180.00	$185.00	$190.00		20%	20%	20%
Service D: Vehicle Maintenance Services provided at mileage level as reflected in Exhibit D		$180.00	$185.00	$190.00		20%	20%	20%
Cost of Hourly Labor Rate (not included in Service A,B,C,D)		$180.00	$185.00	$190.00		20%	20%	20%
Replacement Dealer Parts (not included in Service A,B,C,D)		$180.00	$185.00	$190.00		20%	20%	20%
Replacement Non-Dealer Parts (not included in Service)		$180.00	$185.00	$190.00		20%	20%	20%

Conditions:

1. Prices for the services listed above must include all labor and material needed to complete the services specified.
2. Prices proposed in this section are fixed prices for the initial period of the contract (three (3) years). Should City elect to renew the contract for an additional (2) years, the unit price of the Contract will be subject to negotiation and be mutually agreed upon by both parties for the 24-month term.
3. All repair parts are to be OEM or equivalent. Exceptions will be individually considered on a case-by-case basis. Price for each service shall include parts, labor and all necessary fluids and free fluid top off between service intervals.
4. Provide breakdown of labor hours for each periodic repair item and indicate any exceptions, if applicable. Labor hours shall include repair time, not factory time.
5. Unless otherwise specified and/or agreed to, all services performed will be free from defects in material and workmanship and will be warranted for a minimum of 120 days or 4000 miles, or the length of time of any warranty given by the manufacturer or rebuilder/remanufacturer, whichever is greater, after acceptance.

EXHIBIT F

MORGAN HILL POLICE DEPARTMENT AND PUBLIC SERVICES
FLEET LIST

Police Department Fleet List

Name	Year	Make	Model	Type
150	2020	BMW	R1250 RT	Motorcycle
159	2019	FORD	EXPLORER	Car
163	2019	CHEVROLET	TAHOE	SUV
164	2021	FORD	EXPLORER	SUV
165	2021	CHEVROLET	TAHOE	SUV
166	2022	BMW	R1250 RT	Motorcycle
167	2022	BMW	R1250 RT	Motorcycle
168	2021	FORD	EXPLORER	Car
169- MSO Transport	2022	FORD	TRANSIT 350	Van
170-ASO	2022	FORD	F250 SUPER DUTY	Pickup Truck
171	2024	DODGE	DURANGO	SUV
172	2024	DODGE	DURANGO	SUV
173	2024	DODGE	DURANGO	SUV
174	2024	DODGE	DURANGO	SUV
175	2024	DODGE	DURANGO	SUV
176	2024	DODGE	DURANGO	SUV
177	2024	DODGE	DURANGO	SUV
178	2024	DODGE	DURANGO	SUV
179	2024	DODGE	DURANGO	SUV
180	2025	DODGE	DURANGO	SUV
182	2024	BMW	R1250 RT	Motorcycle
183	2024	BMW	R1250 RT	Motorcycle
184	2024	BMW	R1250 RT	Motorcycle
185	2024	BMW	R1250 RT	Motorcycle
186	2025	DODGE	DURANGO	SUV
187	2025	DODGE	DURANGO	SUV
188	2025	DODGE	DURANGO	SUV
189	2026	FORD	F250 SUPER DUTY	Pickup Truck
306	2012	FORD	TAURUS	Car
308	2014	FORD	TAURUS	Car
309-Pool Vehicle	2014	FORD	FUSION SE	Car
311	2015	HONDA	ACCORD LX	Car
312	2015	HONDA	ACCORD	Car
313	2016	CHEVROLET	TAHOE	SUV
315	2020	FORD	EXPLORER	Car

Name	Year	Make	Model	Type
316	2020	FORD	EXPLORER	Car
317	2020	FORD	EXPLORER	Car
318-SET	2020	FORD	EXPLORER	Car
319	2023	TOYOTA	TACOMA	Pickup Truck
320	2024	TOYOTA	SIENNA	Van
321	2024	TOYOTA	CAMRY	Car
322	2024	JEEP	COMPASS	Car
323	2025	DODGE	DURANGO	SUV
324	2025	RAM	1500	Pickup Truck
Evidence	2006	FORD	F-150	Pickup Truck
SWAT Truck	2001	FORD	F450 SUPER DUTY	Truck

Public Service Fleet List

Year / Make / Model / Vehicle Number	Replacement Year
2009 Ford Ranger Super Cab (W09154)	2021
2011 Ford F450 Utility Truck w/Crane (W11124)	2022
2014 Ford F150 Super Cab (W14161)	2024
2015 Ford F450 Super Cab (W15117)	2022
2015 Ford F450 Super Cab w/ Scelzi Utility Body (W15144)	2022
2018 Ford Transit Cargo Van (W18163)	2025
2019 Ford F350 Super Cab w/ Scelzi Utility Body (W19104)	2027
2019 Ford F450 Super Cab w/ Scelzi Utility Body (W19168)	2026
2019 Ford F450 Super Cab w/ Scelzi Utility Body (W19170)	2026
2019 Ford F450 Super Cab w/ Scelzi Utility Body (W19171)	2026
2020 Ford F150 (U20167)	2027
2020 Ford F150 (U20165)	2027
2020 Ford F150 (U2019)	2027
2020 Ford F250 4x4 (S20158)	2027
2008 Ford Ranger Extended Cab (E08153)	2020
2008 Ford Ranger Extended Cab (E08156)	2020
2007 Ford Escape SLS 4WD (E07141)	2020
2020Ford F150 (R20120)	2027
2007 Ford F250 4x2 Super Cab Utility (R07150)	N/A
2020 Ford F250 4x2 Super Cab (R20102)	2027
1999 Dodge 1500 Club Cab (R99117)	N/A
2008 Ford F250 4x2 Super Cab (R08118)	N/A
2001 Jeep Cherokee (D01116)	N/A
2014 Chevy PU 2WD (D14182)	N/A
2008 Ford F450 4x2 Regular Cab Utility w/Crane	N/A
2020 Ford F250 4x4 Super Cab	2027
2011 Ford F250 4X4 - Abatement Spray Truck (D11151)	N/A
2008 Ford F450 4x2 Crew Cab (D08127)	N/A
2014 Ford Focus Electric (D14116)	N/A

Year / Make / Model / Vehicle Number	Replacement Year
2014 Ford 150 (B14152)	N/A
2014 Ford 150 (B14153	N/A
2018 Ford Escape SE 4WD (B18151)	N/A
2018 Chevy Colorado (B18150)	N/A
2019 Ford F150 Crew Cab	N/A
2020 Ford Ranger	N/A
2002 Chevy Pickup 2WD (D02182)	N/A
2010 Ford Ranger Pickup (A10120)	N/A
2014 Ford Flex (A14121)	N/A
2014 Ford F150 (A14122)	N/A

EXHIBIT G

CITY OF MORGAN HILL

City of Morgan Hill
90-Day Vehicle Inspection

Date: _____ Vehicle Lic # _____

Inspected by: _____ Vehicle ID # _____

Company Name: _____ Mileage _____

	Inspection Items required by 34505.5 CVC	*Not OK*	*OK*
1	Warning Devices - air, oil and temperature, vacuum		
2	Belts - compressor(s), fan and water pump		
3	Air line - leaks, condition and protection		
4	Tractor protection valve - breakaway test		
5	Brakes - lining, drums and adjustment - near cam over, pedal ht.-hyd.		
6	Hoses, and tubing condition - protection, hyd., brake reservoir level		
7	Air leaks and 1- minute brake application test, vacuum loss		
8	Air governor adjustment - minimum 85 - maximum 130		
9	Identify number 1 air tank - drain - test check valve		
10	All tank secure, drains operable, drain tanks		
11	Check tires wheels, nuts and studs, cracked, secure and inflation, tread		
12	Parking brake - condition and adjustment		
13	Emergency stopping system - labeled, operable		
14	Release after loss of service air - test anti skid lamp		
15	Check steering gear and mounting - free lash		
16	Steering arms, drag links and tie rod ends		
17	Fifth wheel condition and mounting		
18	Springs, shackles and U-bolts - torque arms		
19	Wheel seals, hydraulic brake system leaks		

Trailers

1	Air leaks - brake system		
2	Brakes - adjustments - drums - near cam over		
3	Springs - U bolts - torque arm		
4	Drawbar - hitch and safety cable - check strand wear		
5	Fifth wheel on pull trailer		
6	Tires wheel - nuts and studs		
7	Fifth wheel pin wear - safety lock		
8	Emergency relay valves, tank mounting		
9	Air lines - between trailers, gladhands, rubbers		

Comments: _____

_____

_____

_____

City of Morgan Hill
90-Day Vehicle Inspection

		Complete ✓
1	Air Compressor Governor Cut-in _____ Lbs Cut-out _____ Lbs (Min 85 psi - Max 130)	
2	Air System Contaminants	
3	Emergency Stopping system/Parking brake	
4	Brake adjustment at each drum Left front _____" Right front _____" Left rear _____" Right rear _____" Left rear rear _____" Right rear rear _____"	
5	Brake inspection	
6	Truck air guage(s) operational	
7	Air or vacuum leak - motor stopped Applied Pressure _____ PSI After 1 minute _____ PSI (Not to exceed 2 PSI - 3PSI on vehicles in combination)	
8	Single control applies all brakes	
9	Low pressure warning device(s) (75 - 55 PSI range)	
10	Tractor Protection/push-pull valve operation Tractor supply _____ PSI before releasing air: * Must apply trailer spring brakes after air loss is stopped TP-2 & TP-4 trailer protection valves (45-20 PSI on main gauge) TP-3 & TP-5 tractor protection valves * Does not protect trailer supply lines	
11	Relay emergency valve (if applicable)	
12	Check valves operate	

Comments:_____

_____

_____

_____

Wage Theft Prevention Bid Certification

(To be executed by bidder and submitted with bid)

All Bidders are expected to have read and understand the "Wage Theft Prevention Policy" adopted on July 26, 2017 which can be found at https://www.morganhill.ca.gov/DocumentCenter/View/22921/CP-17-01-Wage-Theft-Prevention.

The undersigned Bidder hereby certifies that Bidder and its principals have__, have not __been found by a final court judgement or final administrative action of an investigatory agency to have violated federal, state or local wage and hour laws within the past five years from the date of the submitted bid or proposal.

For each disclosed violation, the Bidder shall provide a copy of (i) the court order and judgment and/or final administrative decision; and (ii) documents demonstrating either that the order/judgment has been satisfied, or if the order/judgment has not been fully satisfied, a written and signed description of Bidder's efforts to date to satisfy the order/judgment. The completed Certification shall be submitted by the Bidder to the City as a part of its bid or proposal.

The City, at its sole discretion, may disqualify a bidder based on one or more disclosed judgments consistent with the criteria set forth in the Policy.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this certification is executed on 4-1-26 [date], at Morgan Hill [city], CA [state].

Signature

FRANK GAMEZ, PRESIDENT

Print Name and Title

THIS FORM MUST BE USED WHEN SUBMITTING

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Cynthia Iwanaga, Management Analyst
APPROVED BY: City Manager

AWARD STREET LIGHTING AND TRAFFIC SIGNAL MAINTENANCE SERVICE AGREEMENT

RECOMMENDATION(S)

1. Award an agreement to Cal-West Lighting and Signal Maintenance, Inc. in the amount of $1,000,000 to provide street lighting and traffic signal maintenance and repair services; and
2. Authorize the City Manager to execute and administer said agreement.

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
Public Safety

Guiding Documents
Public Safety Master Plan

REPORT NARRATIVE:

The purpose of this report is to provide the City Council with an opportunity to award a street lighting and traffic signal maintenance service agreement to Cal-West Lighting and Signal Maintenance, Inc. in the not-to-exceed amount of $1,000,000 during the initial two-year term, and authorize the City Manager to execute and administer the agreement.

The City has contracted for street lighting and traffic signal maintenance for many years, and does not have the staffing resources or equipment to perform the work internally. Services provided under this agreement include street lighting, parking lot lighting, and traffic signal bulb replacements, equipment troubleshooting, emergency response services, and consultation services.

The City's current agreement expires on June 30, 2026. The new agreement is proposed with an initial two-year term with authorization for the City Manager to execute three (3) consecutive one-year extensions, and the ability to increase the not-to-exceed amount to allow for annual price increases up to 5% of the prior year's pricing. The initial two-year term would be from July 1, 2026 to June 30, 2028.

A Request for Proposals (RFP) was released on March 2, 2026. In soliciting proposals for this agreement, the City advertised in the Morgan Hill Times on February 27, 2026. Bids were posted on the City website, Public Purchase online 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, for which subscribers include contractors as well as national builders' exchanges. Electrical (CSLB C-10) contractors registered on the City's bidders' list were also informed of the RFP opportunity via email. A non-mandatory pre-proposal meeting was held on March 18, 2026 via a virtual Zoom meeting.

Four proposals were received by the April 8, 2026 deadline. A team of evaluators from the Public Services Department Maintenance and Engineering Divisions evaluated and scored the proposals based on the contractors' narratives, which included qualifications, experience, and references. The proposals were evaluated using a "Best Value" methodology in which contractors meeting the minimum threshold score of 30 out of 40 points in the Qualifications, Experience, and References narrative were then scored based upon the cost proposals. Of the four (4) proposals submitted, three (3) scored the minimum 30 points to advance to the scoring of the cost proposal pricing. A complete scoring summary of all the contractors' proposals is attached to this staff report (Attachment 1).

The recommended contractor was selected based on the total points scored by the three proposals that received 30 points or more for their qualifications, experience, and references narrative in addition to the points for the traffic signal maintenance and street lighting cost proposals. Below is a scoring summary of the three proposals:

Contractor	Total Points
Cal-West Lighting and Signal Maintenance, Inc.	123.32
Bear Electrical Solutions, LLC	113.13
St. Francis Electric, LLC	92.73

Staff recommends entering into a contract with Cal-West Lighting and Signal

Maintenance, Inc. to provide traffic signal maintenance and street lighting services for a not-to-exceed amount of $1,000,000 for two years (Attachment 2). The scope of work will include both maintenance and repair costs to be performed on an as-needed basis and pre-approved by City maintenance staff.

Cal-West Lighting and Signal Maintenance, Inc. has been the City's traffic signal and street lighting contractor for over 15 years. City staff has been satisfied with their service. The company has over 22 years of experience in the traffic signal and street lighting business. Reference checks with other jurisdictions indicated that Cal-West is responsive to requests and their work meets the satisfaction of staff.

The RFP document can be viewed via this link: RFP
The Addendum #1 document can be viewed via this link: Addendum 1

COMMUNITY ENGAGEMENT:
As traffic signal and street lighting maintenance services are expected to be performed on City streets, no community engagement was completed for this contract for services.

ALTERNATIVE ACTIONS:
The City Council could elect not to award this maintenance service agreement, and request that the services be rebid in hopes of obtaining a lower bid. This action would require the extension of the current street lighting and traffic signal maintenance agreement until December 31, 2026 in order to allow enough time to rebid services. It is unlikely a lower bid proposal could be obtained since it is a specialized service, extensive outreach was conducted, and four firms responded to this RFP.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
The Council has previously approved agreements for street lighting and traffic signal services for over a decade. The City's current agreement was approved by the Council on May 5, 2021.

FISCAL AND RESOURCE IMPACT:
If approved, the total funding authorization for this agreement would be $1,000,000 in the initial two-year term. The City Manager would have authority to extend the agreement and increase the maximum compensation for three one-year terms, at a level that would allow for cost increases of up to 5% above the immediately prior year's pricing. Funding for street lighting and traffic signal services is budgeted in the General Fund, within the Street Maintenance and Downtown Maintenance budgets.

CEQA (California Environmental Quality Act):
Categorical Exemption
The activities described in this staff report are categorically exempt under CEQA, specifically pursuant to Section 15301 of the CEQA Guidelines (Existing Facilities), as the subject work involves the repair, maintenance or minor alteration of existing City

facilities involving negligible or no expansion of use of those facilities.

2026 City of Morgan Hill Street Lighting and Traffic Signal - RFP Scoring Summary

	NARRATIVE SCORING: 40 points total					NARRATIVE SCORING				
						Points Available	Bear Electrical Solutions	Cal-West Lighting	St. Francis Electric	Tennyson Electric*
Previous Experience						15.00	13.33	13.00	13.33	11.33
References & Work Quality						10.00	8.50	8.67	8.67	5.67
Qualifications of Staff						5.00	4.67	4.67	4.33	2.67
Organized Communication Systems						10.00	9.00	8.67	8.33	6.00
						40.00	**35.50**	**35.00**	**34.67**	**25.67**
										***Tennyson did not score minimum 30 points**
	COST PROPOSALS					**COST PROPOSALS SCORING**				
Item	**Price from Lowest Bidder**	**Bear Electrical Solutions**	**Cal-West Lighting**	**St. Francis Electric**	**Tennyson Electric***	Points Available	**Bear Electrical Solutions**	**Cal-West Lighting**	**St. Francis Electric**	**Tennyson Electric***
Task A:										
Total Annual Routine Maintenance	49,200.00	77,940.00	49,200.00	86,349.00		**60.00**	37.88	60.00	34.19	
Task B:										
Average of Labor Costs	115.00	115.00	162.50	169.25		**10.00**	10.00	7.08	6.79	
Average of Equipment and Trip Costs	33.67	33.67	60.00	72.33		**4.00**	4.00	2.24	1.86	
Total for 2-Hour Emergency Service	390.00	400.00	390.00	535.00		**10.00**	9.75	10.00	7.29	
Timing Input Call	55.00	55.00	195.00	237.00		**3.00**	3.00	0.85	0.70	
Average of (3) Front Limit/Line Loop	526.67	526.67	950.00	1,137.00		**2.00**	2.00	1.11	0.93	
Average of (3) All Other Loops	526.67	526.67	950.00	1,157.00		**2.00**	2.00	1.11	0.91	
New Signal Turn-On	310.00	310.00	600.00	500.00		**2.00**	2.00	1.03	1.24	
Street Light Maintenance	70.00	70.00	100.00	118.00		**7.00**	7.00	4.90	4.15	
						100.00	**77.63**	**88.32**	**58.06**	
					GRAND TOTAL	**140.00**	**113.13**	**123.32**	**92.73**	

Point Score is lowest bidder's item price divided by each Contractor's item price times the number of points available. For example, St. Francis' Annual Maintenance Price = 49,200/86,349 X 60 points = 34.19 points

MAINTENANCE SERVICE AGREEMENT
Cal-West Lighting and Signal Maintenance 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 Cal-West Lighting and Signal Maintenance, Inc. a California corporation. ("SERVICE PROVIDER") hereinafter referred to collectively as "Parties." In consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority**. This Agreement is entered into pursuant to the action of the Morgan Hill City Council taken on _____, 20____.

2. **Term of Agreement**. This Agreement shall cover services rendered from the Effective Date of this Agreement until June 30, 2028 at which time SERVICE PROVIDER'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum of three one-year extensions. Any such extension shall be in writing and signed by both Parties to this Agreement.

3. **Scope of Service**. The services to be performed by SERVICE PROVIDER shall be street lighting and traffic signal maintenance services as further described in **Exhibit A.**

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

4.1. Amount. $1,000,000.00. Total compensation to SERVICE PROVIDER under this Agreement during its initial term set forth in Section 2 above shall not exceed One Million dollars and shall be billed based on the rate and basis set forth in **Exhibit B.** If the City Manager extends the term of this Agreement pursuant to the provisions of Section 2 above, the City Manager shall have the authority to increase the maximum compensation allowed to be paid to SERVICE PROVIDER during that extended term period, so long as City Council has appropriated sufficient funds therefor, the Parties mutually agree to such amount in a writing signed by both Parties to this Agreement and provided further that in no event shall such maximum compensation allowed for each subsequent extended one-year term exceed 105% of the maximum compensation allowed to be paid to SERVICE PROVIDER for one year of service during the immediately preceding prior year of service.

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

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

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

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

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

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

6.2. Excusable Delay (Force Majeure). If either Party is unable to comply with any provision of this Contract due to causes beyond its reasonable control, direct or indirect, and which could not have been reasonably anticipated, such as Acts of God, acts of war, civil disorders, or other similar acts, such Party shall not be held liable for such failure to comply, provided the other Party receives written notice of such force majeure event no later than five (5) calendar days after commencement of such force majeure event. The spread or effects of Covid-19, and any variants thereof, can be reasonably anticipated and do not constitute a force majeure event. Tariffs imposed by the US government, and any resulting supply disruptions do not constitute a force majeure event.

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

6.4. Responsibility for Damage to City Property. SERVICE PROVIDER shall be liable for any damage caused by SERVICE PROVIDER to any CITY property. Any such damage shall be repaired at the SERVICE PROVIDER' s sole expense.

6.5. Defective Work; Guarantee and Warranty.

6.5.1. "Defective" means work that is unsatisfactory or unsuited for the use intended, faulty, or deficient, that does not conform to the Agreement, or does not meet the requirements of any inspection, reference standard, test or approval referred to in the Agreement or has been damaged before final payment (unless responsibility for the protection thereof has been assumed in writing by CITY). Unapproved substitutions are Defective. CITY is the judge of whether work is Defective. A "Defect" is a condition, component, or part that is unsatisfactory or unsuited for the use intended, faulty, or deficient, that does not conform to the Agreement, or does not meet the requirements of any inspection, reference standard, test or approval referred to in the Agreement or has been damaged before final payment (unless responsibility for the protection thereof has been assumed in writing by CITY).

6.5.2. SERVICE PROVIDER shall perform all services, including labor, materials, tools, equipment, and related work, in a good workmanlike, and professional manner, consistent with industry standards applicable to traffic signal maintenance and installation. CITY may inspect and accept or reject any of SERVICE PROVIDER's work under this Agreement, either during performance or when completed. CITY may withhold payment of a portion of an invoice because of defective work not remedied or because of unsatisfactory work performed by SERVICE PROVIDER. During the course of work or subsequent inspection, any component is found to be worn, defective or otherwise capable of causing a traffic signal or associated system to fail or malfunction, SERVICE PROVIDER shall repair or replace such component with the same part or City approved equivalent. When defective work is remedied by SERVICE PROVIDER, payment shall be made for amounts withheld because of them.

6.5.3. Observation and inspection of the work shall not relieve SERVICE PROVIDER of any of its obligations under this Agreement. Even though equipment, materials, or work required to be provided under the Agreement have been

inspected, accepted, and estimated for payment, SERVICE PROVIDER shall, at its own expense, replace or repair any such equipment, material, or work found to be Defective up to the end of the lifetime workmanship warranty and guarantee period or the materials and manufacturer warranties.

6.5.4. SERVICE PROVIDER does hereby guarantee its maintenance work performed pursuant to the scope of services ("Guarantee"). SERVICE PROVIDER hereby grants to OWNER lifetime workmanship warranty & guarantee following SERVICE PROVIDER'S work, its unconditional warranty of the quality and adequacy of all of the work including, without limitation, all labor and workmanship associated with services performed under this Agreement. Should any defect, failure or deficiency arise that is attributable to SERVICE PROVIDER'S installation methods, workmanship or craftsmanship, SERVICE PROVIDER shall immediately correct, repair or replace the affected work at no cost to the City. SERVICE PROVIDER shall prioritize such corrective action above all other non-emergency work.. SERVICE PROVIDER is not guaranteeing work performed previously by other providers, only its own work. SERVICE PROVIDER does not warrant or guarantee any parts, equipment, or materials beyond the scope of the original manufacturer's warranty, and its stated limitations. All materials installed by the SERVICE PROVIDER shall be covered exclusively under their respective manufacturer warranty claims, but shall not be responsible for costs associated with manufacturer-covered failures.

6.5.5. If within the lifetime workmanship warranty and the materials and manufacturer warranties period, or such other longer period of time as may be prescribed by laws or regulations, or by any extended warranty or guarantee, any of SERVICE PROVIDER's work is found to be Defective, SERVICE PROVIDER shall promptly, without cost to CITY and in accordance with SERVICE PROVIDER's written instructions, correct such Defective work. SERVICE PROVIDER shall remove any Defective work rejected by CITY and replace it with work that is not Defective, and satisfactorily correct or remove and replace any damage to other work or the work of others resulting therefrom. If SERVICE PROVIDER fails to comply promptly with the terms of such instructions, or in an emergency where delay would cause serious risk of loss or damage, SERVICE PROVIDER may have the Defective work corrected or the rejected work removed and replaced. SERVICE PROVIDER shall pay for all claims, costs, losses and damages caused by or resulting from such removal and replacement. Where SERVICE PROVIDER fails to correct Defective work, or Defects are discovered outside the correction period, OWNER shall have all rights and remedies granted by law.

6.5.6. Neither final payment nor use nor occupancy of the work performed by the SERVICE PROVIDER shall constitute an acceptance of work not done in accordance with this Guarantee or relieve SERVICE PROVIDER of liability in respect to any express warranties or responsibilities for faulty materials or workmanship. SERVICE PROVIDER shall remedy any Defects in the work and pay for any damage resulting therefrom, which shall appear within the time period specified above in Section 6.5.5.

7. **Hazardous Materials.** Without limiting any other requirement or obligation of SERVICE PROVIDER under this Agreement, if SERVICE PROVIDER needs to use any material or chemical considered to be a hazardous material under any federal, state, or local law, regulation or policy, SERVICE PROVIDER agrees to fully and timely abide by and comply with all laws, regulations and

policies pertaining to the use, transport, removal, handling, disposal, or other activity related to any and all such materials or chemicals. Prior to commencement of work or services under this Agreement, SERVICE PROVIDER shall provide CITY with a complete list of the hazardous materials SERVICE PROVIDER reasonably anticipates it may need to use to provide the services of SERVICE PROVIDER under this Agreement, together with the reasonably anticipated quantities thereof, if requested by CITY.

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

8.1. **Insurance Types and Amounts.**

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

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

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

8.1.4. Pollution (Environmental) Liability. If the performance of SERVICE PROVIDER'S work or service under this Agreement involves hazardous materials, contaminated soil disposal, and/or a risk of accidental release of fuel oil, chemicals or other toxic gases or hazardous materials, SERVICE PROVIDER shall procure and maintain Pollution Liability covering the SERVICE

PROVIDER'S liability for bodily injury, property damage and environmental damage resulting from pollution and related cleanup costs arising out of the work or services to be performed under this Agreement. Coverage shall be provided for both work performed on site, as well as during the transport of hazardous materials. Such coverage shall be in the minimum amount of: (i) one million dollars ($1,000,000.00) for any one accident or occurrence, or (ii) the maximum amount of such insurance available to SERVICE PROVIDER under SERVICE PROVIDER'S combined insurance policies (including any excess or "umbrella" policies), whichever is greater.

8.1.5. Professional Liability.

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

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

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

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

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

8.2.1.1. "Additionally Insured" - The City of Morgan Hill, its elected or appointed officials, boards, agencies, officers, agents, employees, and

volunteers are named as additional insureds on a form at least as broad as ISO Form CG 20 10 for ongoing operations.

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

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

8.2.2. Workers Compensation.

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

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

8.4. **Certificates**. SERVICE PROVIDER shall furnish CITY with copies of all certificates as outlined herein, whether new or modified, promptly upon receipt. In the event of a claim or legal action, SERVICE PROVIDER shall promptly furnish CITY of Morgan Hill with copies of all policies outlined herein. No policy subject to SERVICE PROVIDER'S agreement with CITY shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY. A "material change" is a change that results in non-compliance with any insurance requirements in this section 8. Certificates, including renewal certificates, may be mailed electronically to riskmgmt@morganhill.ca.gov or delivered to the Certificate Holder address provided herein.

Certificate Holder address:

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

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

10. **Compliance with Law**.

10.1. SERVICE PROVIDER and its officers, employees, agents, and subcontractors shall comply with all applicable laws, ordinances, administrative regulations, and permitting requirements in carrying out their obligations under this Agreement. SERVICE PROVIDER and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon any basis prohibited by State or Federal law, including

but not limited to, race, color, creed, religion, gender, marital status, age, sexual orientation, national origin, mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.

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

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

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

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

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

10.2.5. Under Labor Code Section 1813, SERVICE PROVIDER will forfeit to CITY as a penalty, the sum of Twenty-Five Dollars ($25.00) for each day during which a worker employed by SERVICE PROVIDER or any subcontractor is required or permitted to work more than eight (8) hours in anyone (1) calendar day or more than forty (40) hours per calendar week, except if such workers are paid overtime under Labor Code Section 1815.

10.3. DIR Registration. CITY will not accept a Bid Proposal from or enter into a contract with a SERVICE PROVIDER, without first receiving proof to the satisfaction of CITY that SERVICE PROVIDER and its subcontractors are registered with the California Department of Industrial Relations to perform public work under Labor Code Section 1725.5, subject to limited legal exceptions. Under Labor Code section 1771.4, this Agreement is subject to compliance monitoring and enforcement by the California Department of Industrial Relations.

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

Final Judgments, Decisions, and Orders: For purposes of this Section, a "final judgment, decision, or order" refers to one for which all appeals have been exhausted or the time to appeal has expired. Relevant investigatory government agencies include: the federal

Department of Labor, the California Division of Labor Standards Enforcement, or any other governmental entity or division tasked with the investigation and enforcement of wage and hour laws.

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

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

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

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

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

11. **Independent Service Provider**. SERVICE PROVIDER is an independent service provider and not an agent or employee of CITY.

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

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

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

Address of SERVICE PROVIDER is as follows:

Cal-West Lighting and Signal Maintenance, Inc.
412 Lano Street
San Jose, CA 95125

Address of CITY is as follows:

Keri Russell,Maint. Mgr.
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

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

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

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

17. **Maintenance of Records**.

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

17.2. Access to and Audit of Records. CITY shall have the right to examine, monitor and audit all records, documents, conditions, and activities of SERVICE PROVIDER and its subcontractors related to services under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of $10,000, the Parties to this Agreement may be subject, at the request of CITY or as part of any audit of CITY,

to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.

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

17.4. California Public Records Act. The City, as a public agency, is subject to the disclosure requirements of the California Public Records Act ("CPRA"). This Agreement, including Service Provider's rates and fees, is a public record under the California Public Records Act. If Service Provider has proprietary information contained in these documents, and Service Provider wishes to claim that such information falls within one or more CPRA exemptions, Service Provider must clearly mark such information "Confidential and Proprietary," and identify the specific lines containing the information. In the event of a request for such information, the City will make reasonable efforts to provide notice to Service Provider prior to such disclosure.

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

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

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

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

22. **Defense and Indemnification**.

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

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

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

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

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

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

22.6. No Liens or Encumbrances. SERVICE PROVIDER shall not provide any services or products subject to any chattel mortgage or under a conditional sales contract or other agreement by which an interest is retained by a third party. SERVICE PROVIDER warrants that it has good title to all materials or products used by SERVICE PROVIDER or provided to CITY pursuant to this Contract, free from all liens, claims or encumbrances.

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

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

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

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

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

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

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

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

[Signatures on the 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 Clerk/Deputy City Clerk

Michelle Bigelow
Print Name

Date:

APPROVED AS TO FORM:

City Attorney

Elisa Tolentino
Print Name

Date:

CITY OF MORGAN HILL

City Manager

Christina J. Turner
Print Name

Date:

CAL-WEST LIGHTING AND SIGNAL MAINTENANCE, INC.

Craig H. Geis Jr.
By:

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

Date: 5/14/2026

Sherry Geis
By:

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

Date: 5/14/2026

847901
Contractor's License Number(s) *(if applicable)*

Expiration Date(s) 10/31/2026

1000023113
Contractor's DIR Registration Number(s) *(if applicable)*

Expiration Date(s) 6/30/2028

EXHIBIT A
SCOPE OF SERVICES

The Service Provider will provide specialized electrical maintenance and repair services for traffic signals and lighting, streetlights, flashing beacons, lighted crosswalks, and other related City equipment. The scope of work will include maintenance, emergency repair, non-emergency routine inspections and new equipment upgrade and installation work. The City operates and maintains 47 traffic signals with a variety of signal controllers, 2 HAWK signals, 1 miscellaneous fire station signal, 11 rapid flashing beacons (RRFB), 5 advance signal flashing beacons and 5 flashing beacons.

The City also has an EMTRAC Signal-Priority System that must be maintained on an annual basis.

The Service Provider is required to have qualified traffic technicians that have demonstrated experience with traffic signal, streetlight, and other electrical work. The Service Provider shall also have the ability to troubleshoot and diagnose problems with all of the City's traffic signal related electrical operation systems.

The total amount of work available will be a function of routine traffic signal maintenance plus the amount of work that is required due to normal "wear and tear," collision damage, vandalism, and other factors that may result in the need for emergency response maintenance services. The City expects traffic signal technicians to be regularly assigned to the City as necessary to provide preventative maintenance and to respond to unscheduled/emergency work.

The maximum markup on parts and materials for this agreement will be 10%.

Scope of Work:

1-1 SCOPE OF SERVICE:

The Service Provider will furnish all tools, equipment, apparatus, facilities, labor, service, and materials to perform all work necessary to maintain traffic signal facilities and streetlights in good and workmanlike manner. All labor, services, materials, and equipment shall be furnished and said work performed and completed by the Service Provider as an independent Service Provider, subject to the inspection and approval of the Maintenance Manager of the City of Morgan Hill, or their representative.

Preventative Maintenance:

The Service Provider shall provide a routine, comprehensive preventative maintenance program designed to minimize the incidence of outages and malfunction; reduce complaints; and extend the useful life of the traffic signal equipment. The Service Provider will be required to furnish and use a preventative maintenance checklist form approved by the City. The Service Provider shall provide one electronic copy of the maintenance checklist to the City following each inspection, to maintain a copy of the checklist in the traffic signal controller cabinet, and to maintain a copy of the maintenance checklist at the Service Provider's office. The program shall include monthly inspections of each signalized intersection.

Each controller unit shall be inspected, cleaned, and adjusted during a routine inspection one time per month. This includes all accessory items such as the Emtrac system and signal interconnect systems. Each controller conflict monitor shall be tested once yearly during the month of July.

All traffic signal detection loops shall be maintained and repaired as needed.

All incandescent lamps in all signals shall be replaced based on an eighty percent (80%) depletion period. Service Provider shall use only standard traffic signal lamps as manufactured by General Electric Company or Sylvania Company.

All light emitting diode (LED) modules in all signals shall be replaced when more than two percent (2%) of the LEDs have failed. Service Provider shall only use standard LED traffic signal modules approved by the California Department of Transportation (Caltrans).

The Service Provider shall replace or repair any and all defective parts of the controller mechanism as needed. All lenses and reflectors shall be cleaned and polished once a year. At this time, all broken parts shall be replaced.

Service Provider shall maintain the appearance of all traffic signals monthly including graffiti removal, and removal of stickers, etc.

All fixed time, semi-actuated and fully actuated signals which are installed from time to time shall be added to those already maintained by the Service Provider as City notifies the Service Provider of the installation thereof. These signals shall be maintained at the same rate and in the same manner as those covered by the maintenance agreement. In the event notification is made at other than the beginning of the monthly contract period, payment for that month shall be prorated from the day the Service Provider is notified. The Service Provider is to be at all new installation turn-on to provide technical assistance and guidance.

Service Provider is to maintain by annual testing all Emtrac systems throughout the city at locations.

School/PED flashing beacons are to be adjusted regarding Daylight Savings Time and Pacific Standard Time as needed twice a year.

Scheduled Repairs:

The Service Provider shall investigate and determine the corrective requirements for each reported malfunction, failure, or outage of the traffic signal system. The Service Provider shall repair or replace equipment and components that have failed, deteriorated, or malfunctioned from the normal operation of the traffic signal system. Replacement of controllers and battery backup systems will require approval of City staff prior to replacement.

Based on a Street Light Repair list sent weekly, repairs would be made within fourteen (14) calendar days. The price is for the electrician, bucket truck, and lamp. Additional items are extra cost. Lights needing a quicker response will be billed based on labor and material. Please note that the warranty period is over on all of our street lights.

No permanent change shall be done without prior approval of the City. Whenever equipment is removed, the City representative shall be notified by phone and e-mail within twenty-four (24) hours, except weekends and holidays (where the firm shall wait until the next calendar day to notify the City Representative).

The Service Provider may be requested to input timing changes provided by the City.

Emergency Response Work:

The Service Provider may be called upon from time to time by the City to repair, replace, or refurbish

equipment which has been damaged by vehicle accidents, acts of God, malicious damage, natural causes, or need to install new appurtenances. In this case Service Provider shall make emergency service calls when necessary to make temporary or permanent repairs or installation to signal equipment and appurtenances such as: safety lighting, traffic signs, pedestrian signals, flashing beacons, streetlights, detector devices external to the cabinet or failure of the controller.

If a traffic signal is knocked down the Service Provider should install a temporary light and flow-up and provide the City with pricing for a new light.

The City's streetlights are maintained by the City. The Service Provider shall, upon request, make emergency calls to remove streetlights that have been knocked down, and deliver to the City corporation yard. The Service Provider may be requested to replace and install a new streetlight and possibly, depending upon extent of damage, repair or replace the street light pole pedestal. Service Provider shall maintain a 24 hour per day emergency service for the replacement of burned-out lamps or controller malfunctions. A maximum response time of two (2) hours will be required of the Service Provider. When traveling to and from the locations of the equipment to be serviced, Service Provider's representative shall observe traffic signals at other designated intersections for possible malfunctions.

1-2 TERM OF SERVICE The initial term of the contract will be from July 1, 2026 through June 30, 2028. The City, at its option, may renew this contract for up to three one-year terms beginning on July 1, 2028. This option will be exercised only if the Service Provider has demonstrated superior performance in provision of traffic signal and street light maintenance services to the City.

Pricing entries in Bid Schedule of Proposal Package applies to the period of July 1, 2026 to June 30, 2028.

1-3 WORK HOURS

The work hours for any, and all traffic signal and street light preventative maintenance and repairs will be scheduled with City Maintenance Staff during regular business hours (7:00 a.m. to 5:00 p.m. Monday through Friday). As authorized by the City, the Service Provider may perform Unscheduled and Emergency Response Work on the traffic signal system not covered by preventative maintenance and scheduled repairs.

Deviation from the above will not be permitted except by written permission of the City Maintenance Manager or designated City representative from the facility.

From time to time, the City may take on improvement projects or other construction. The Service Provider shall cooperate with the City or its agents while said work is underway.

1-4 WORKMANSHIP AND QUALITY LEVEL

All work shall be performed by staff directly employed and supervised by the Service Provider. The Service Provider shall provide management and technical supervision through competent Service Provider supervisors as required to provide the specified traffic signal and street light maintenance. The Service Provider shall be responsible for the skills, methods and actions of all employees, subcontractors and for all work done.

The Service Provider shall cooperate with the representative authorized by the City to enable them to determine the Service Provider 's conformity with these specifications and the adequacy of the work being performed. The Service Provider shall give personal supervision to the work and will meet with the Maintenance Manager or designated City representative, a minimum of once per month, at a

schedule mutually agreed upon.

1-5 LOCATIONS

A list of signalized intersections is included at the end of the Technical Specifications.

1-6 MONTHLY ACTIVITY REPORT

The Service Provider shall provide a computerized monthly activity report to the City by the fifteenth (15th) working day of each month for the previous month. A monthly report shall be sent via e-mail to the City with the monthly invoice. No payment will be made without submittal of the report: The report shall include:

i. Unscheduled and Emergency Response Work: Time the service calls were received, names of City staff who made the service call, time arrived at intersection, response time, nature of problem, the number of hours spent for each repair, materials used, whether the activity related to accident or vandalism, and a special listing of intersections with three or more calls in one month.

ii. Scheduled Repairs: A complete record of all work that was performed on the traffic signal equipment during the previous month including the date and time, make model, and serial number of any major components or other equipment that was newly installed at each intersection.

iii. Preventative Maintenance: Time and date the preventative maintenance work was performed.

iv. Pending Repair List: Provide a monthly report of all pending repair work needed at each intersection. The intersection name should be listed along with a description of the repair required, problem that created the repair and level of severity (high priority repair, medium priority repair, low priority repair).

1-7 RESPONSE AND SERVICE

i. The Service Provider shall provide response and service on a twenty-four (24) hour, seven (7) day per week basis. Immediate action shall be taken to safeguard the public any time a signal installation becomes partly or totally inoperative from any cause whatsoever. The maximum response times shall be as follows:

a. Emergency and accident maintenance – one (1) hour

b. Replacement of burnt-out signal faces
1. Red faces on mast arms – two (2) hours
2. Red faces on poles – two (2) hours
3. Green and yellow faces – two (2) hours

c. All other signal maintenance – twenty-four (24) hours

d. Safety Lighting – forty-eight (48) hours

ii. Signal on-flash, signal blackout not caused by a power outage, and any malfunction of pedestrian signals shall constitute an emergency. The City may extend the maximum response time for maintenance on a case-by-case basis if the signal remains operational in a satisfactory manner and the condition poses no immediate hazard to the public.

iii. Permanent work shall be completed as soon as possible and, in all cases, no less than fourteen

(14) calendar days, unless extended in writing by the City and as agreed upon by City and Service Provider.

iv. Failure to meet the response time requirements by the Service Provider shall be sufficient cause for the City to authorize maintenance to be completed by others and deduct the costs of said maintenance from payments due the Service Provider. Repetitive failure shall be deemed sufficient cause for the City to terminate the contract.

1-8 SIGNAL SHUT DOWN AND SIGNAL ON FLASH

The Service Provider shall immediately notify the City's Public Services Department and Police Department of any signal turn-offs or signal-on-flash necessitated by their operation. Signal shut down of any duration and sign-on-flash operation in excess of fifteen (15) minutes must be first authorized by the Public Services Dept.-Maintenance Division.

For any light poles that have Small Cell devices installed, there is a 24-hour advanced notice to AT & T required if poles need to be powered down for servicing (except when not possible due to emergency).

In addition, safety precautions are the responsibility of the Service Provider to manage related to RF Emissions from Small Cell devices.

If a vendor needs to power down the Small Cell devices while servicing the poles for planned/routine maintenance, that power down is subject to the advance noticing requirement.

1-9 SPARE EQUIPMENT

The Service Provider shall maintain adequate storage and shop facilities and sufficient stock of spare parts and signal equipment to effectively maintain the traffic signals. The Service Provider shall maintain at least one fully tested standby controller that is compatible with the City's system. The Service Provider will own and maintain all spare parts until installation in the City. The City typically has a few light poles in stock at the Corp Yard but the Service Provider should also keep a small stock on hand.

1-10 SALVAGED EQUIPMENT

The Service Provider shall store any designated equipment, as designated by the City, at the Service Provider's storage yard at no additional cost to the City. Components such as mast arms and luminaires that are undamaged may be re-used at the direction of the City. Any material or equipment declared as non-salvageable by the Public Services Department shall be taken from the City and disposed of properly by the Service Provider at Service Provider's cost.

1-11 SAFETY

The Service Provider and staff shall follow all established safety procedures and shall take special care not to endanger the public in any way. These laws include the Occupational Safety and Health Act of 1970 and rules and regulations issued pursuant thereto, and City's safety regulations as amended from time to time. Service Provider shall be fully responsible for the safety of its and its Subcontractors' employees, agents and invitees. Service Provider shall notify City, in writing, of the existence of hazardous conditions, property or equipment relating to the performance of the work that are not under Service Provider's control. Service Provider shall be responsible for taking all the necessary precautions against injury to persons or damage to the property of Service Provider, subcontractors or persons from recognized hazards until the responsible party corrects the hazard.

1-12 EMERGENCY SITUATIONS

For medical or public safety emergencies call 9-1-1. For all emergencies contact the Maintenance Manager or designated staff to report the issue immediately (24-hours/day).

List of City of Morgan Hill Signalized Intersections, HAWK, RRFB, Advance Signal Flashing Beacons and Flashing Beacons to Be Serviced by This Contract

Signalized Intersections:

1. Monterey/Tilton
2. Monterey/Burnett
3. Monterey/Peebles
4. Monterey/Madrone Parkway
5. Monterey/Cochrane
6. Cochrane/Cochrane Circle
7. Cochrane/Butterfield
8. Cochrane/Sutter Boulevard
9. Cochrane/Cochrane Plaza/Madrone
10. Cochrane/DePaul
11. Monterey/Old Monterey
12. Monterey/Wright
13. Monterey/Main
14. Main/Butterfield
15. Main/Calle Mazatan
16. Monterey/2nd Street
17. Monterey/Dunne
18. Dunne/Church
19. Dunne/Butterfield
20. Dunne/Walnut Grove
21. Dunne/Condit
22. Dunne/Murphy
23. Dunne/Peppertree
24. Dunne/Hill
25. Monterey/Spring
26. Monterey/Cosmo
27. Monterey/Tennant-Edmundson
28. Tennant/Church
29. Tennant/Vineyard
30. Tennant/Butterfield
31. Tennant/Juan Hernandez
32. Monterey/Vineyard
33. Monterey/Watsonville Road-Butterfield
34. Monterey/John Wilson Way
35. Butterfield/Sutter
36. Butterfield/Diana
37. Butterfield/San Pedro
38. Butterfield/Barrett
39. Butterfield/Central Avenue
40. Cochrane/Mission View
41. Monterey/4th Street
42. Butterfield/Digital
43. Cochrane/Woodview
44. Hale/Llagas

45. Hale Ave/DeWitt & Spring Avenue
46. Hale Ave/W. Main Avenue
47. Hale Ave/Wright Avenue (Fall 2026)

High-Intensity Actuated Crosswalk Signal (HAWK):
1. Watsonville Road/Wes Little Llagas Creek Trail
2. Monterey Road/Britton School (Fall 2026)

Miscellaneous Signal:
1. Butterfield Fire Station

Rapid Flashing Beacons (RRFB):
1. Tilton/Dougherty
2. Monterey/Central (To be eliminated Fall 2026)
3. Main/Del Monte
4. Main/Grand Prix Way
5. W Dunne/Del Monte
6. W Edmundson/Trail Crossing
7. W Edmundson/Community Park Drive
8. Cosmo Ave/Trail Crossing
9. La Crosse/La Alameda Dr
10. La Crosse/Trail Crossing (North)
11. La Crosse/Trail Crossing (South)
Note: Four to Six additional RRFB to be installed/added by Summer 2027

Advance Signal Flashing Beacons:
1. Monterey/Tilton
2. Monterey/Old Monterey
3. Monterey John Wilson Way
4. 17660 Monterey
5. 17775 Monterey
Flashing Beacons:

1. Nordstrom on Dunne
2. Dunne/Saddleback
3. Edes CT/Trail Crossing
4. Cosmo/Trail Crossing
5. Burnett Ave. at Sobrato High School

PLEASE SEE ATTACHED 2025 Standard Plan ES-5B

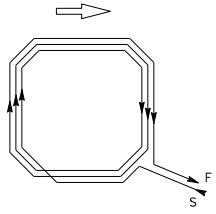
Dist	COUNTY	ROUTE	POST MILES TOTAL PROJECT	SHEET No.	TOTAL SHEETS

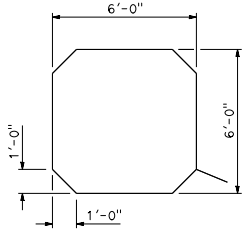
Bhanupriya Sharma
REGISTERED ELECTRICAL ENGINEER

September 19, 2025
PLANS APPROVAL DATE

THE STATE OF CALIFORNIA OR ITS OFFICERS OR AGENTS SHALL NOT BE RESPONSIBLE FOR THE ACCURACY OR COMPLETENESS OF SCANNED COPIES OF THIS PLAN SHEET.

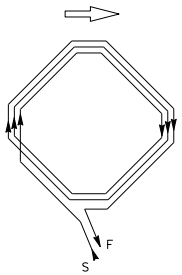
REGISTERED PROFESSIONAL ENGINEER — Bhanupriya Sharma — No. E23752 — Exp. 12-31-25 — ELECTRICAL — STATE OF CALIFORNIA

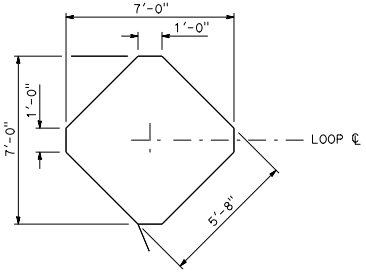




WINDING DETAIL SAW CUT DETAIL

TYPE A LOOP DETECTOR CONFIGURATION



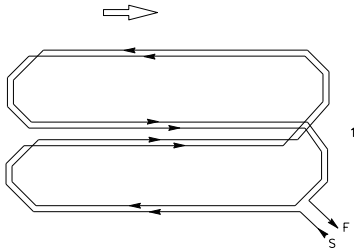


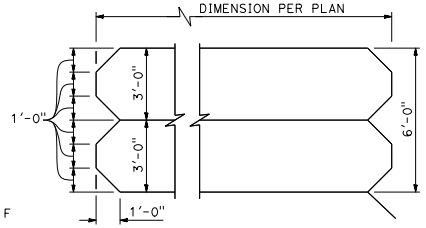
WINDING DETAIL SAW CUT DETAIL

TYPE B LOOP DETECTOR CONFIGURATION

NOTES:

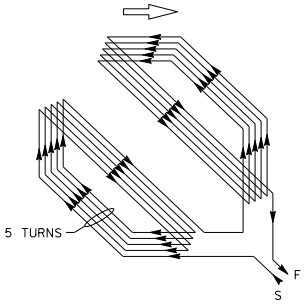
1. Round corners of acute angle saw cuts to prevent damage to conductors.
2. Typical distance separating loops from edge to edge is 10' for Type A, B, D, E, and F installation in single lane.
3. Use Type D and F loops for limit line detection and bicycle lanes.

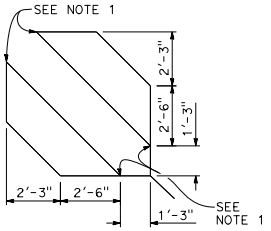




WINDING DETAIL SAW CUT DETAIL

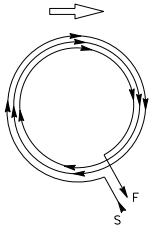
TYPE C LOOP DETECTOR CONFIGURATION

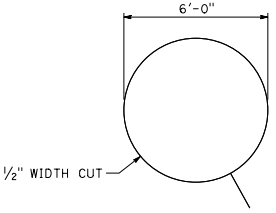




WINDING DETAIL SAW CUT DETAIL

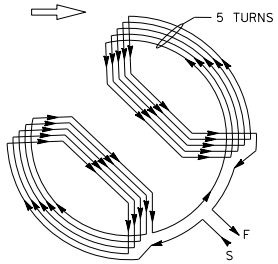
TYPE D LOOP DETECTOR CONFIGURATION

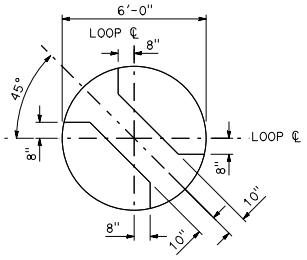




WINDING DETAIL SAW CUT DETAIL

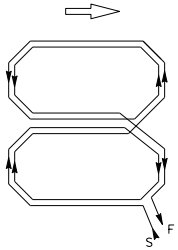
TYPE E LOOP DETECTOR CONFIGURATION

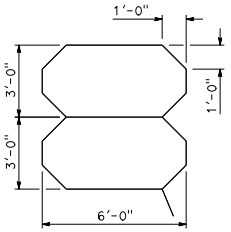




WINDING DETAIL SAW CUT DETAIL

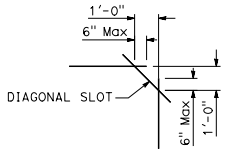
TYPE F LOOP DETECTOR CONFIGURATION





WINDING DETAIL SAW CUT DETAIL

TYPE Q LOOP DETECTOR CONFIGURATION



PLAN VIEW OF DIAGONAL SLOT AT CORNERS

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

ELECTRICAL SYSTEMS (DETECTORS)

NO SCALE

ES-5B

7-1-25

2025 STANDARD PLAN ES-5B

554

Return to Table of Contents

EXHIBIT B
SCHEDULE OF COMPENSATION RATES

The total compensation for this contract will be $1,000,000 or $500,000 per year for the term of the agreement. Please see the attached rate sheet which includes:

Task Rate Schedule A - Annual Routine Maintenance

Task Rate Schedule B - Time & Material Service Repairs

EXHIBIT B- SCHEDULE OF COMPENSATION
Rates effective 7/1/2026 to 6/30/2028

Contractor Name Cal-West Lighting and Signal Maintenance, Inc.

ATTACHMENT A: REVISED BID SCHEDULE - page 1

City of Morgan Hill Traffic Signal and Street Lighting Maintenance

TASK RATE SCHEDULE A - ANNUAL ROUTINE MAINTENANCE

#1 MONTHLY MAINTENANCE FEE PER INTERSECTION*

$	per month	X 12 months	X 47 intersections	=	ANNUAL AMOUNT
70.00					39,480.00

#2 EMTRAC SYSTEM MAINTENANCE ANNUAL

$	per year	X 1 per year	=	
0.00				Included

#3 HIGH-INTENSITY ACTUATED CROSSWALK SIGNAL (HAWK)*

$	per month	X 12 months	X 2 HAWKs	=	
60.00					1440.00

#4 MISCELLANEOUS SIGNAL (BUTTERFIELD FIRE STATION)*

$	per month	X 12 months	X 1 Misc. Signal	=	
60.00					720.00

#5 RRFB, ADVANCE SIGNAL FLASHING BEACONS & FLASHING BEACONS*

$	per month	X 12 months		=	
30.00			**X 21** (11) RRFB, (5) Advance Signal Flashing Beacons & (5) Flashing Beacons		7560.00

TOTAL ANNUAL AMT = 49,200.00

***Based on attached Signalized Intersections, HAWK, RRFB, Advance Signal Flashing Beacons and Flashing Beasons List (Exhibit A-1)**

TASK RATE SCHEDULE B - TIME & MATERIAL SERVICE REPAIRS

#1 LABOR AND EQUIPMENT RATES

LABOR SCHEDULE	STRAIGHT TIME HOURLY RATE	OVERTIME HOURLY RATE
Signal Maintenance Supervisor	$ 165.00	$ 250.00
Signal Maintenance Technician	$ 165.00	$ 250.00
Traffic Signal Staff	$ 85.00	$ 150.00
Laborer	$ 85.00	$ 150.00

EQUIPMENT RATES	HOURLY RATE	DAY RATE	JOB TRIP RATE
Utility Vehicle	$ 0.00	$ 0.00	$ 0.00
Service Vehicle	$ 30.00	$ 120.00	$ 60.00
Boom Truck	$ 30.00	$ 120.00	$ 60.00
Hydraulic Lift	$ 80.00	$ 240.00	$ 160.00
Air Compressor	$ 0.00	$ 0.00	$ 0.00

A. TOTAL AMOUNT FOR 2-HOUR EMERGENCY SERVICE CALL FOR POLE KNOCKDOWN $ 390.00

B. TIMING INPUT CALL $ 195.00

#2 LOOP REPAIR

As it is deemed necessary to replace damaged detection loops, contractor to include all all labor, material and equipment

Front/Limit Line Loop (1 each) (Exhibit A-2: 2025 Caltrans Standard Plan ES-5B/Type F)

Quantity of 1-4 loops	$ 1000.00	1 each
Quantity of 5-9 loops	$ 950.00	1 each
Quantity of 10+ loops	$ 900.00	1 each

All Other Loops (1 each) (Exhibit A-2: 2025 Caltrans Standard Plan ES-5B/Type E)

Quantity of 1-4 loops	$ 1000.00	1 each
Quantity of 5-9 loops	$ 950.00	1 each
Quantity of 10+ loops	$ 900.00	1 each

THIS REVISED BID SCHEUDLE MUST BE SUBMITTED WITH BID PROPOSAL

Contractor Name Cal-West Lighting and Signal Maintenance, Inc.

ATTACHMENT A: REVISED BID SCHEDULE -page 2

City of Morgan Hill Traffic Signal and Street Lighting Maintenance

#3 NEW SIGNAL TURN-ON **1 each occurance**	$ 600.00
#4 STREET LIGHT MAINTENANCE **1 each occurance**	$ 100.00
# 5 MARK-UP PARTS AND MATERIALS (PER CITY, MAXIMUM MARK-UP IS 10%)	**10%**

EXHIBIT C
SCHEDULE OF PERFORMANCE

The 1-7 RESPONSE AND SERVICE

i. The Service Provider shall provide response and service on a twenty-four (24) hour, seven (7) day per week basis. Immediate action shall be taken to safeguard the public any time a signal installation becomes partly or totally inoperative from any cause whatsoever. The maximum response times shall be as follows:

a. Emergency and accident maintenance – one (1) hour

b. Replacement of burnt-out signal faces
1. Red faces on mast arms – two (2) hours
2. Red faces on poles – two (2) hours
3. Green and yellow faces – two (2) hours

c. All other signal maintenance – twenty-four (24) hours

d. Safety Lighting – forty-eight (48) hours

ii. Signal on-flash, signal blackout not caused by a power outage, and any malfunction of pedestrian signals shall constitute an emergency. The City may extend the maximum response time for maintenance on a case-by-case basis if the signal remains operational in a satisfactory manner and the condition poses no immediate hazard to the public.

iii. Permanent work shall be completed as soon as possible and, in all cases, no less than fourteen (14) calendar days, unless extended in writing by the City and as agreed upon by City and Service Provider.

iv. Failure to meet the response time requirements by the Service Provider shall be sufficient cause for the City to authorize maintenance to be completed by others and deduct the costs of said maintenance from payments due the Contractor. Repetitive failure shall be deemed sufficient cause for the City to terminate the contract.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Dat Nguyen, Finance Director
APPROVED BY: City Manager

RECEIVE MONTHLY BUDGET UPDATE AND APRIL 2026 FINANCIAL AND INVESTMENT REPORTS

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 is providing this monthly budget update, along with the April 2026 financial and investment reports.

April 2026 Financial Report
The Revenue and Expense Summary through April 2026 is included on page 4 of the attached monthly financial and investment reports. Overall, General Fund revenues total $39.9 million or about 69% of the budget. Expenditures and encumbrances through April totaled $51.6 million, of which approximately $2.5 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of $50.3 million. This represents an increase of $1.3 million, including encumbrances, compared to the prior year. Excluding encumbrances, expenditures increased by about $1.4 million, primarily due to negotiated salary adjustments and overall cost increases.

Budget Update
There has been no material change since the last budget update to the Council on May 6, 2026. Regarding water revenue, Morgan Hill residents consumed about 6% more water through April compared to the prior three-year average. As a result, a revenue stabilization water rate was not implemented.

COMMUNITY ENGAGEMENT:

Inform
Finance staff prepares these financial reports to inform City officials, the Council, the Community, and various lenders and stakeholders about the financial health of the organization, which assists each one of the interested parties in making sound financial and investment decisions.

ALTERNATIVE ACTIONS:
Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
The City Council receives and files the financial and investment report for each month. At the September 16, 2015 meeting, City Council recommended monthly financial and investment reports be agendized 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

April 30, 2026 - 83% of Year Complete

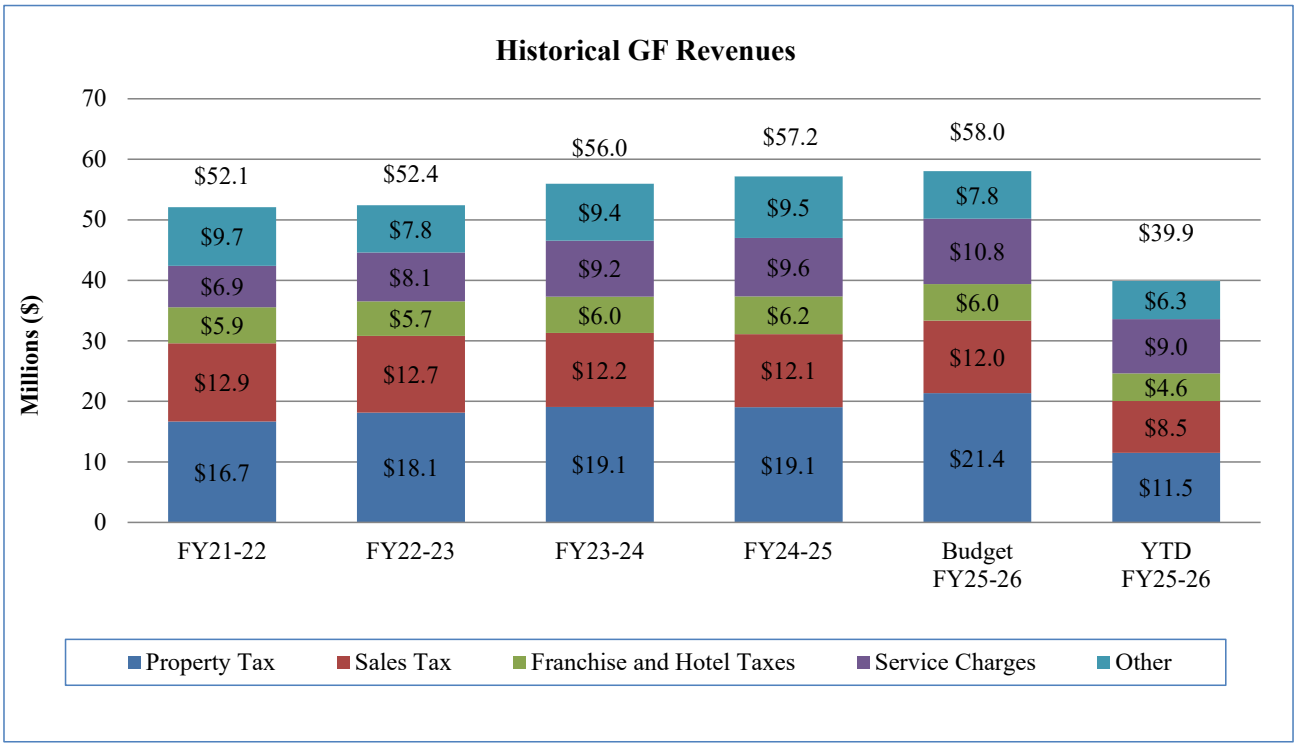
CITY OF MORGAN HILL

Prepared by:

FINANCE DEPARTMENT

- **General Fund** – Revenues through April totaled $39.9 million, or approximately 69% of the budget. For property tax revenue, staff estimate the City will end the year at approximately $21.3 million, net of the 20% excess ERAF set-aside of approximately $0.6 million, slightly below the upwardly revised budget of $21.4 million. 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. Overall, total General Fund revenue is projected to come in at approximately $59.3 million, or about $1.3 million better than budget, partially due to the $0.5 million early repayment of the interfund loan from the Development Services Fund, as well as higher sales tax revenue as noted above.

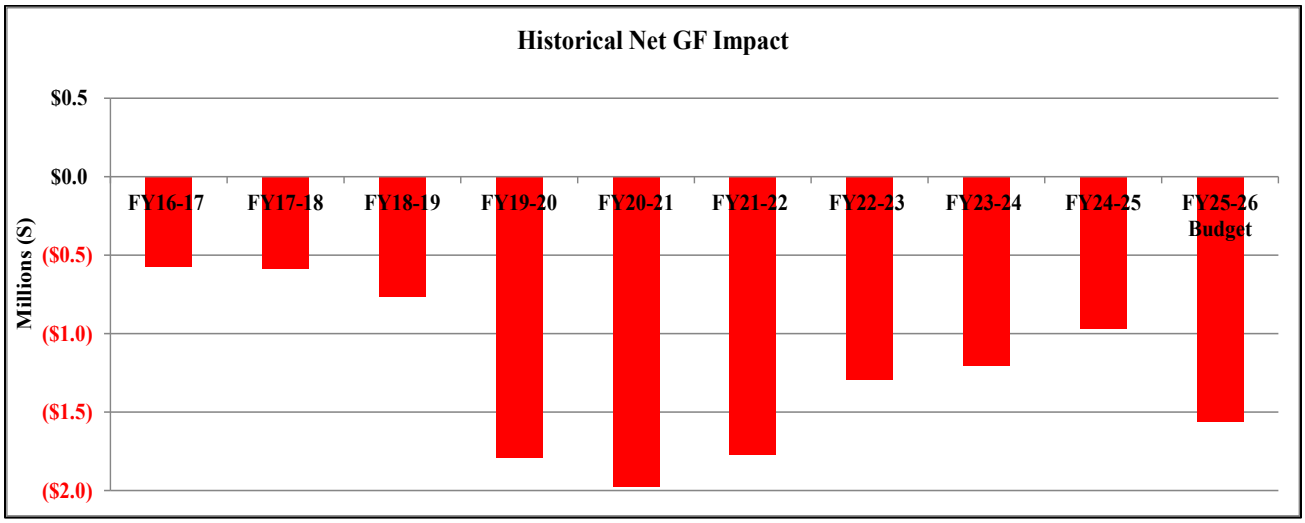
  The chart below shows historical General Fund revenues by major revenue category from FY21-22 through FY24-25 Actual, FY25-26 Budget, and YTD as of April 30, 2026.



  General Fund expenditures and encumbrances through April totaled $51.6 million, of which approximately $2.5 million is attributable to outstanding encumbrances, compared to prior year expenditures, including encumbrances, of $50.3 million. This represents an increase of $1.3 million, including encumbrances, compared to the prior year. Excluding encumbrances, expenditures increased by about $1.4 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 April 30, 2026. The net impact of Recreation operations on the General Fund is expected to be better than budget.

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 April totaled $7.1 million, compared to approximately $5.3 million for the same period last year, primarily due to updated fees and increased activity. Expenditures, including encumbrances, totaled $5.0 million.

- **Debt Service Funds –** Expenditures through April 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.

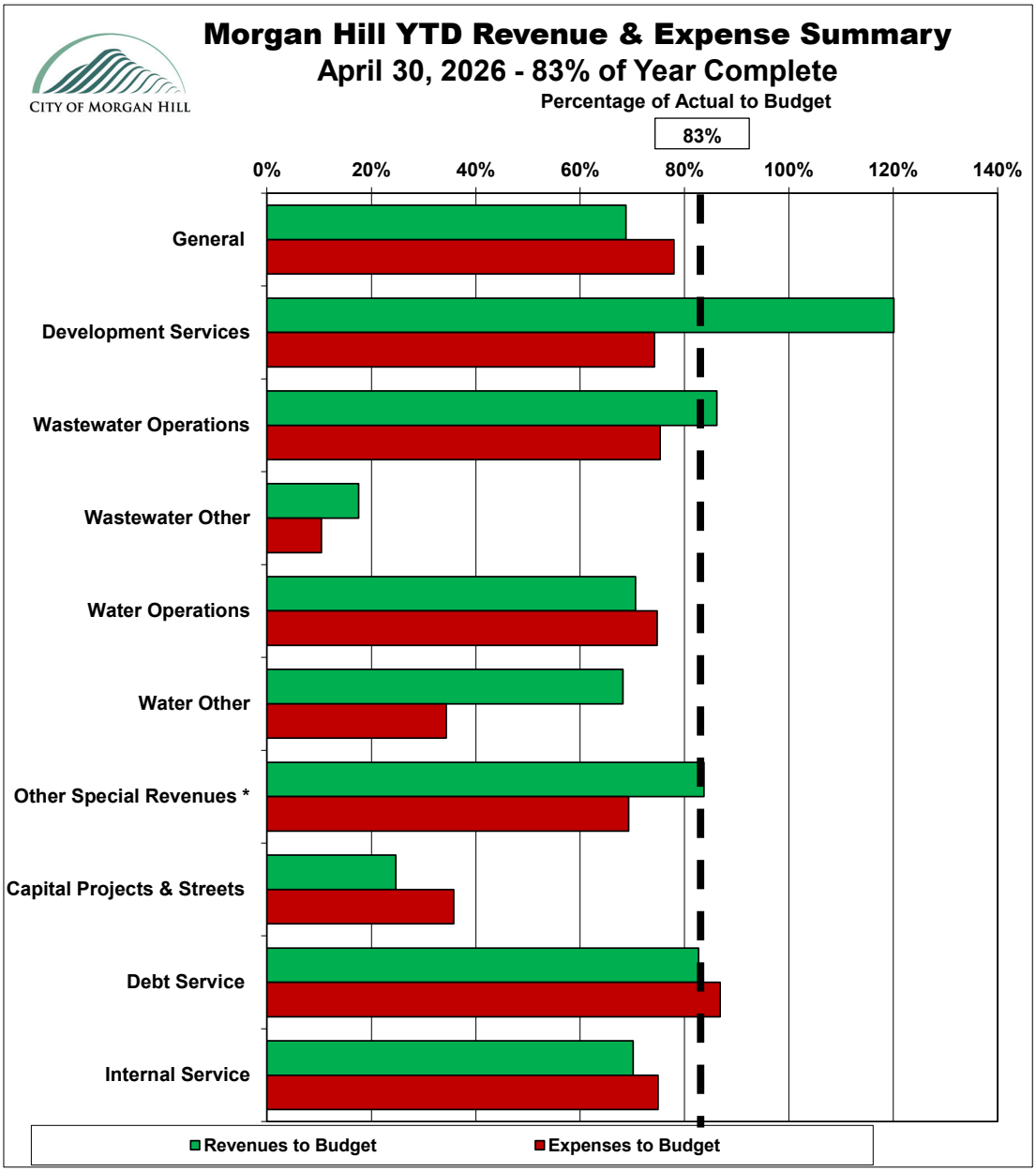
- **Wastewater Operations –** Revenues through April totaled $15.9 million. Expenditures and outstanding encumbrances totaled $14.0 million or 75% of the budget. The table below shows historical Wastewater Operations revenues and expenditures from FY21-22 through FY24-25 Actual, FY25-26 Budget, and YTD as of April 30, 2026.

(amount in millions)	FY21-22	FY22-23	FY23-24	FY24-25	Budget FY25-26	YTD FY25-26
Revenues	14.9	15.3	15.2	18.2	18.4	15.9
Expenditures	14.8	16.0	14.9	18.1	18.6	14.0
Operating Margin	0.1	(0.7)	0.3	0.1	(0.2)	1.9
Operating Margin without Encumbrances	0.1	(0.7)	0.3	0.1	(0.2)	2.2

- **Water Operations** – Water Operations includes Utility Billing, Water Conservation, and Water Operations. Revenues through April totaled $16.6 million. Water Operations expenditures, including outstanding encumbrances, totaled $17.7 million. Morgan Hill residents consumed about 6% more water through April 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 April 30, 2026.

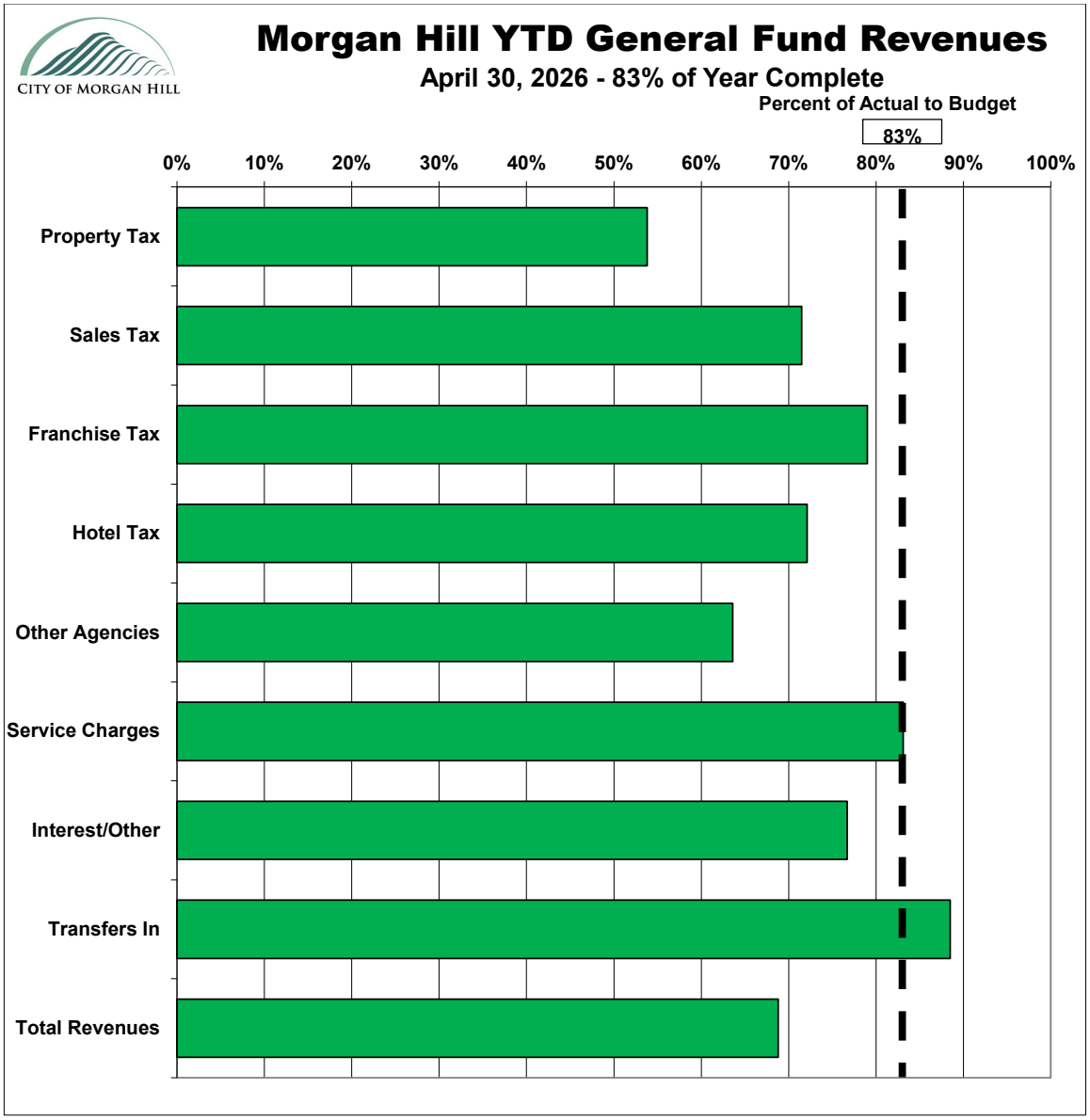
(amount in millions)	FY21-22	FY22-23	FY23-24	FY24-25	Budget FY25-26	YTD FY25-26
Revenues	16.0	18.1	18.7	21.5	23.5	16.6
Expenditures	15.2	18.0	19.1	21.5	23.7	17.7
Operating Margin	0.8	0.1	(0.4)	-	(0.2)	(1.1)
Operating Margin without Encumbrances	0.8	0.1	(0.4)	-	(0.2)	(0.7)

- **Investments –** One security was called, and six new securities were purchased. Total interest earnings received on investments were $311,000 during the month.

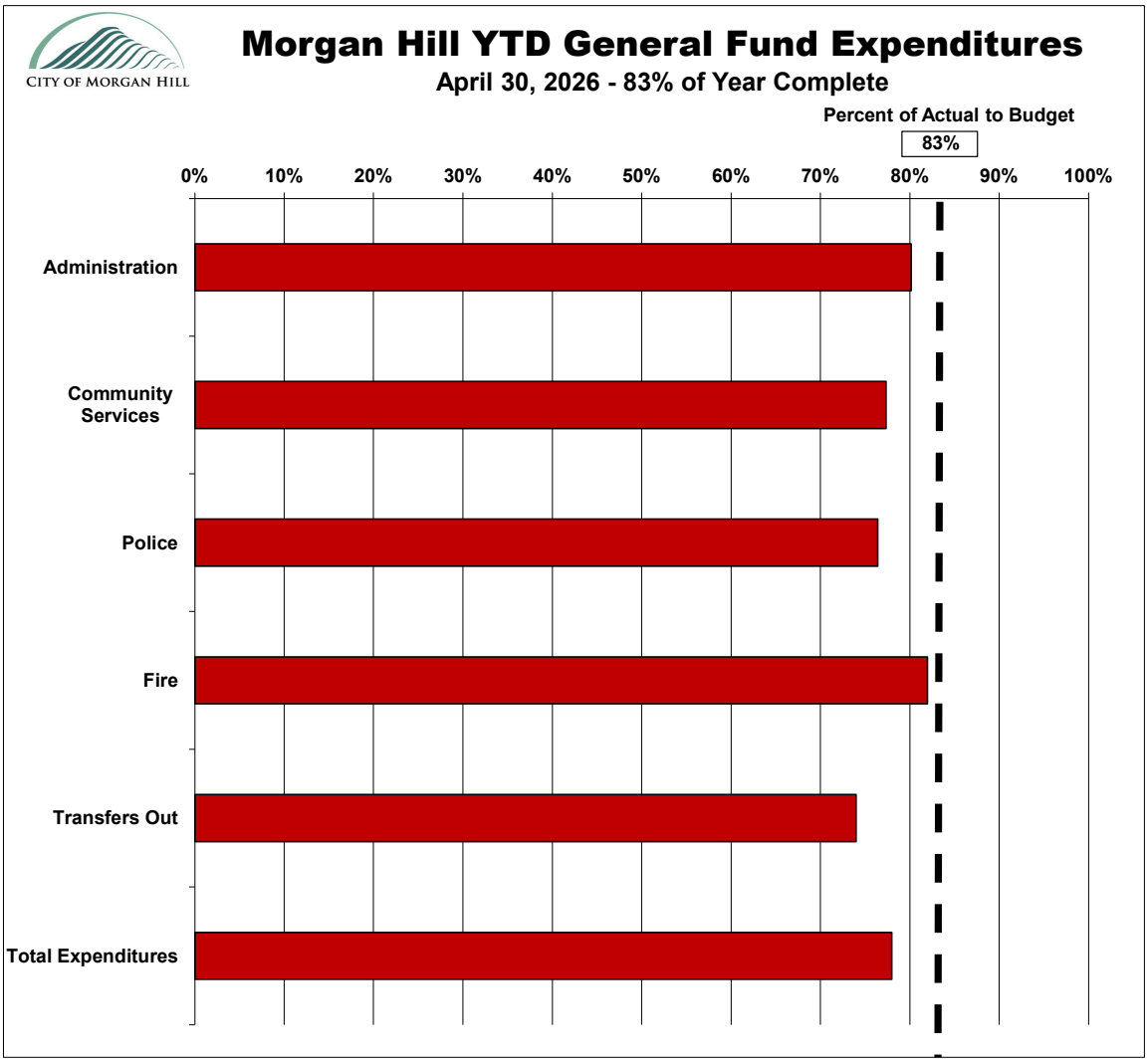


FUND NAME	REVENUES ACTUAL	REVENUES % OF BUDGET	EXPENSES ACTUAL PLUS ENCUMBRANCES	EXPENSES % OF BUDGET
General	$ 39,927,145	69%	$ 51,597,785	78%
Development Services	7,060,328	120%	5,029,108	74%
Wastewater Operations	15,877,856	86%	13,989,124	75%
Wastewater Other	8,019,145	18%	9,313,197	10%
Water Operations	16,560,247	71%	17,722,981	75%
Water Other	8,719,674	68%	13,102,267	34%
Other Special Revenues *	5,932,188	84%	7,201,094	69%
Capital Projects & Streets	8,954,028	25%	18,789,704	36%
Debt Service	575,934	83%	593,844	87%
Internal Service	11,470,864	70%	13,475,344	75%
TOTAL FOR ALL FUNDS	$ 123,097,411	55%	$ 150,814,447	47%

* Includes all Special Revenue Funds except Development Services Fund and Street Funds.



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
Property Tax	$ 21,369,792	$ 11,498,138	54%	$ 10,798,086	6%
Sales Tax	11,989,269	8,576,754	72%	8,078,329	6%
Franchise Tax	3,354,166	2,649,317	79%	2,530,671	5%
Hotel Tax	2,658,340	1,917,044	72%	1,764,787	9%
Other Agencies	954,307	606,844	64%	1,307,809	-54%
Service Charges	10,834,856	9,000,466	83%	8,967,996	0%
Interest/Other	3,468,411	2,658,990	77%	2,713,237	-2%
Transfers In	3,411,140	3,019,591	89%	2,768,715	9%
TOTAL REVENUES	$ 58,040,280	$ 39,927,145	69%	$ 38,929,630	3%



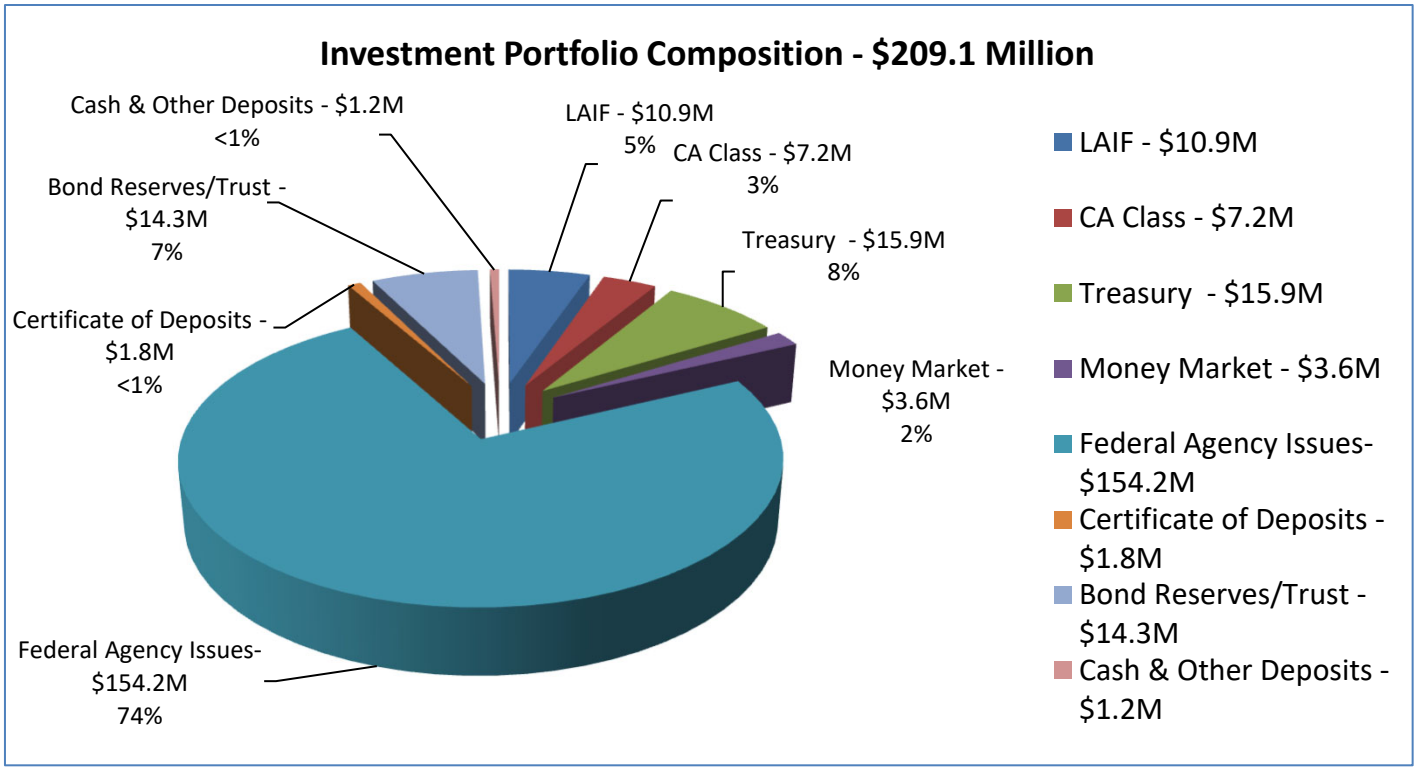
EXPENDITURE CATEGORY	BUDGET	ACTUAL PLUS ENCUMBRANCES	% OF BUDGET	PRIOR YTD PLUS ENCUMBRANCES	% CHANGE FROM PRIOR YEAR
Administration	$ 6,981,791	$ 5,595,829	80%	$ 5,577,587	0%
Community Services	20,298,319	15,695,330	77%	15,215,011	3%
Police	26,228,527	20,043,969	76%	19,723,249	2%
Fire	11,238,402	9,213,426	82%	8,520,072	8%
Transfers Out	1,418,558	1,049,231	74%	1,215,192	-14%
TOTAL EXPENDITURES	$ 66,165,597	$ 51,597,785	78%	$ 50,251,111	3%

City of Morgan Hill
Recreation Report - Fiscal Year 2025-26
For the Month Ended April 30, 2026
83% of Year Complete

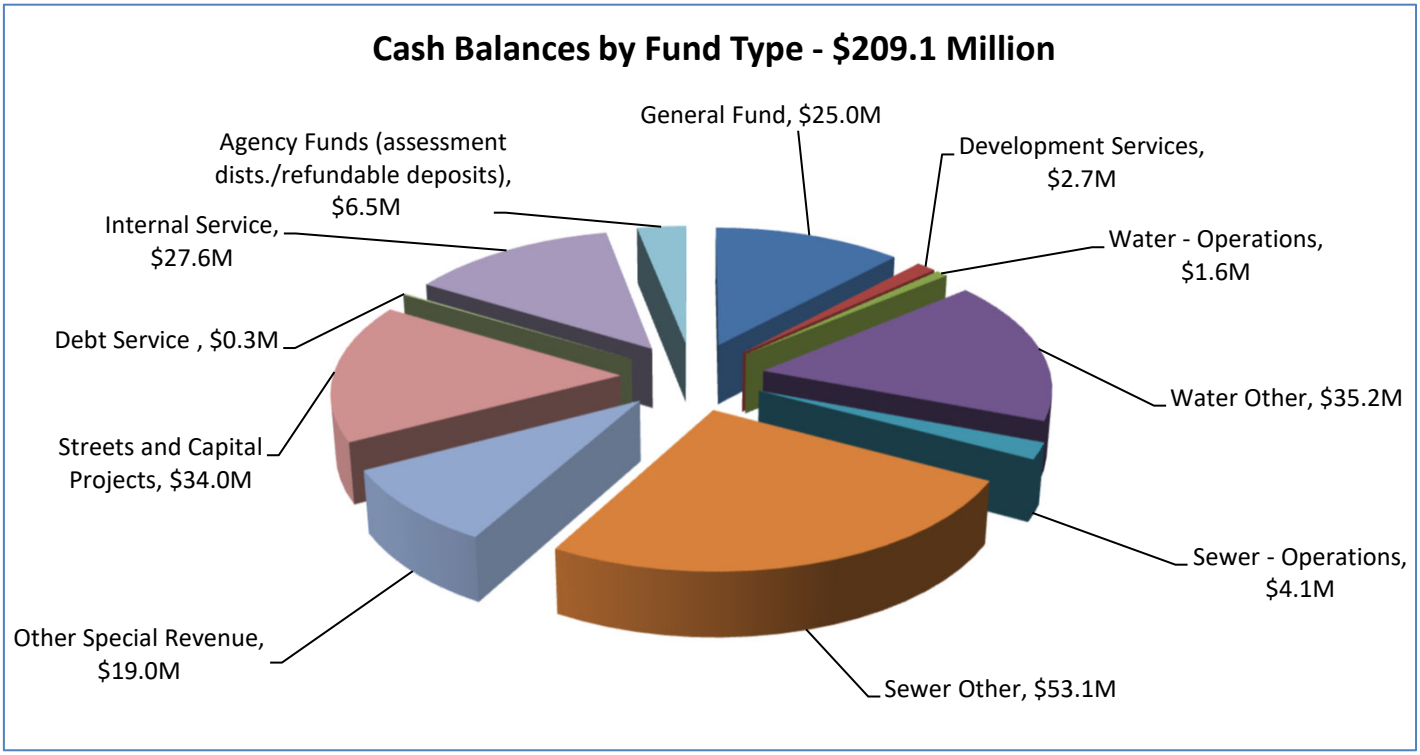
	Budget	April 2026	YTD	% of Budget
Revenues				
Membership Services & Rec Programs	$ 6,830,960	$ 543,406	$ 5,537,538	
Facility Rentals	1,245,612	113,224	1,251,303	
Community Services	178,498	34,577	134,243	
Transfers in	100,000	6,250	83,333	
Total Revenues	$ 8,355,070	$ 697,457	$ 7,006,417	84%
Less: Expenditures				
Membership & Program Services	$ 7,547,394	$ 397,547	$ 5,689,112	
Facility Rentals	1,451,514	98,687	985,877	
Community Services	923,254	81,037	634,716	
Total Expenditures	$ 9,922,163	$ 577,270	$ 7,309,705	74%
Net Impact without encumbrances	**$ (1,567,093)**	**$ 120,187**	**$ (303,288)**	
Encumbrances	-	-	1,028,554	
Net Impact with encumbrances	**$ (1,567,093)**	**$ 120,187**	**$(1,331,842)**	

City of Morgan Hill
Monthly Investment Report - April 30, 2026

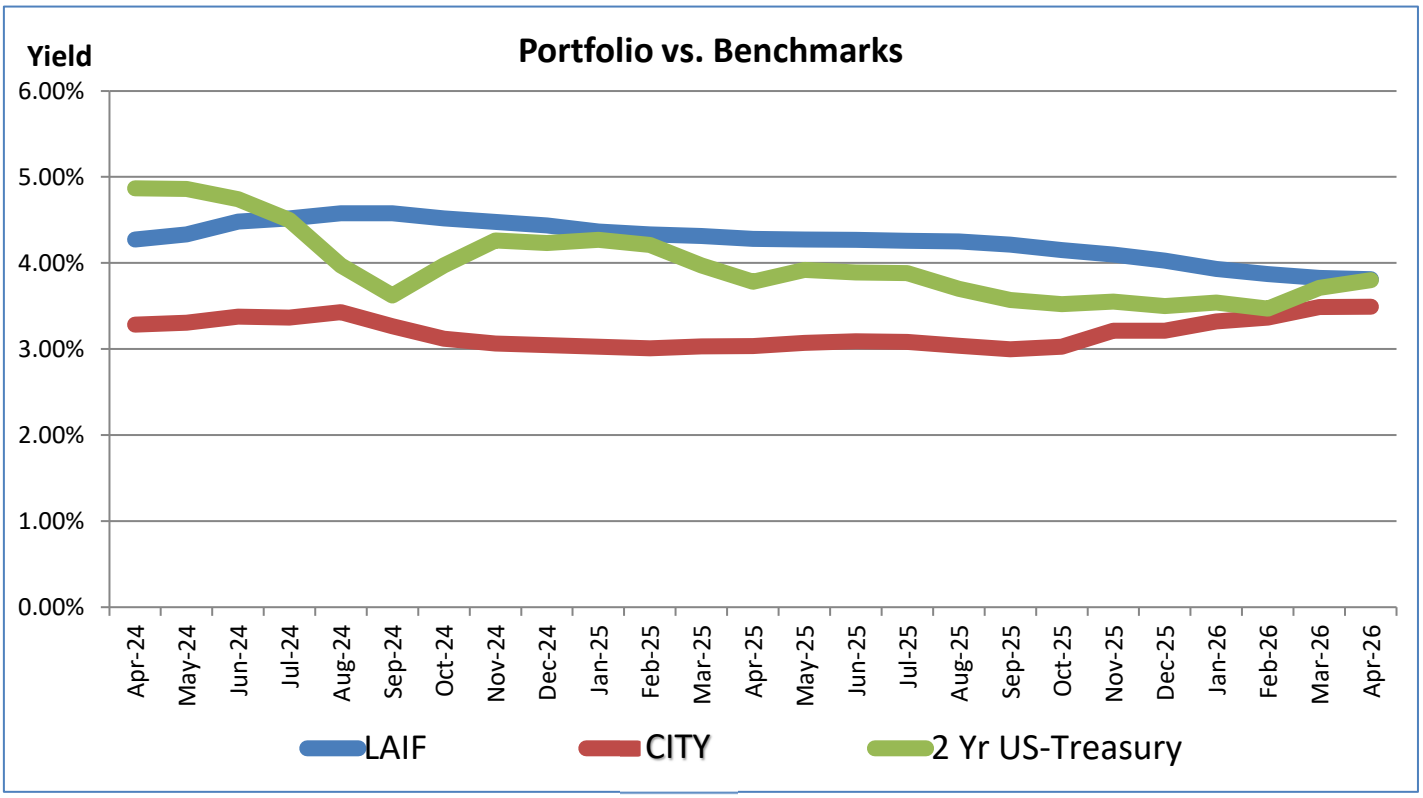
The following are the snapshots of City's investment portfolio as of April 30, 2026. The first chart shows the portfolio composition by investment type:



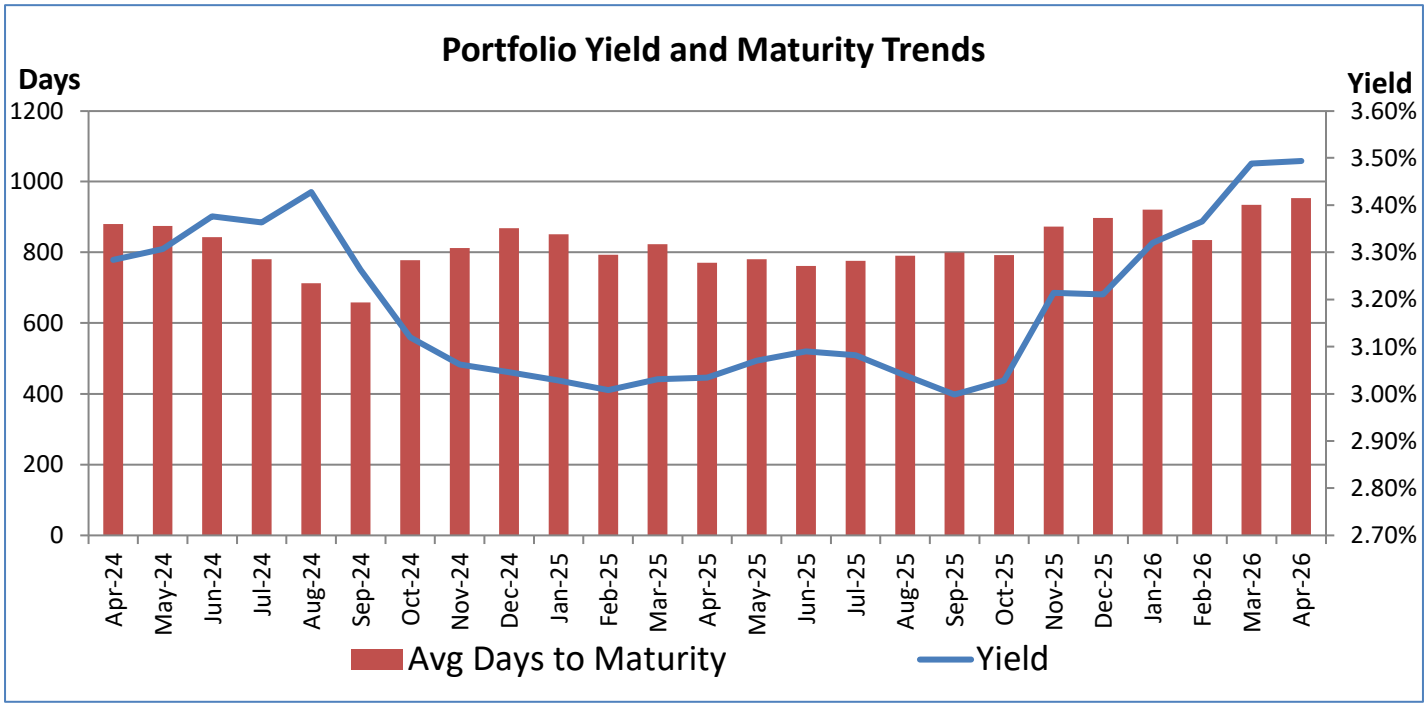
The chart below shows cash balances by fund type reconciled to City's financial system:



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

City of Morgan Hill
Investment Portfolio Detail
As of April 30, 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			**$ 10,939,749**	**$ 10,939,749**	**5.2%**	**$ 10,963,614**	**3.81%**		
California C L A S S			**7,242,729**	**7,242,729**	**3.5%**	**7,242,729**	**3.69%**		
WFB Money Market			**3,562,916**	**3,562,916**	**1.7%**	**3,562,916**	**3.53%**		
US Bank - Portfolio of Securities									
Dreyfus Treasury Agency MM	261908107		23,577	23,577	0.0%	23,577	3.52%		
Treasury Note	91282CCZ2	10/8/2021	1,987,656	1,998,961	1.0%	1,976,820	1.00%	9/30/2026	9/30/2026
Treasury Note	912828U24	6/13/2022	1,904,688	1,988,263	1.0%	1,981,680	3.16%	11/15/2026	11/15/2026
Treasury Note	91282CFL0	9/30/2024	2,031,719	2,021,696	1.0%	1,995,320	3.53%	9/30/2029	9/30/2029
Treasury Note	91282CLL3	10/1/2024	1,994,323	1,995,963	1.0%	1,987,260	3.53%	9/15/2027	9/15/2027
Treasury Note	91282CCV1	10/4/2024	1,822,536	1,892,531	0.9%	1,877,040	3.61%	8/31/2028	8/31/2028
Treasury Note	31282CFJ5	10/7/2024	1,949,794	1,961,438	0.9%	1,949,220	3.76%	8/31/2029	8/31/2029
Treasury Note	91282CFY2	12/19/2024	1,959,077	1,967,400	0.9%	1,994,540	4.39%	11/30/2029	11/30/2029
Treasury Note	91282CJM4	12/9/2025	2,057,023	2,050,573	1.0%	2,029,840	3.77%	11/30/2030	11/30/2030
FHLB Bond	3130AMNH1	6/9/2021	2,000,000	2,000,000	1.0%	1,994,140	1.08%	5/5/2026	6/9/2026
FHLB Bond	3130AMYJ5	6/30/2021	2,000,000	2,000,000	1.0%	1,991,020	1.00%	6/30/2026	6/30/2026
FHLB Bond	3130AMYP1	7/15/2021	3,000,000	3,000,000	1.4%	2,983,950	1.13%	7/15/2026	7/15/2026
FHLB Bond	3130ANJC5	8/26/2021	2,000,000	2,000,000	1.0%	1,981,100	0.80%	8/26/2026	8/26/2026
FHLB Bond	3130ANLW8	8/26/2021	3,000,000	3,000,000	1.4%	2,974,440	1.00%	5/26/2026	8/26/2026
FHLB Bond	3130ANLZ1	8/26/2021	2,000,000	2,000,000	1.0%	1,981,740	0.90%	8/26/2026	8/26/2026
FHLB Bond	3130A8XY4	9/13/2021	2,103,340	2,007,529	1.0%	1,986,860	0.82%	9/11/2026	9/11/2026
FFCB Bond	3133EM4X7	9/28/2021	1,982,960	1,998,757	1.0%	1,978,660	0.98%	9/10/2026	9/10/2026
FHLB Bond	3130APCH6	9/29/2021	3,000,000	3,000,000	1.4%	2,967,810	1.13%	5/5/2026	9/29/2026
FHLB Bond	3130ANZE3	9/30/2021	2,000,000	2,000,000	1.0%	1,976,520	0.88%	9/30/2026	9/30/2026
FHLB Bond	3130AP6N0	9/30/2021	3,000,000	3,000,000	1.4%	2,966,340	1.05%	6/30/2026	9/30/2026
FHLB Bond	3130AP6M2	9/30/2021	3,000,000	3,000,000	1.4%	2,966,670	1.02%	6/30/2026	9/30/2026
FHLB Bond	3130APCG8	10/19/2021	2,000,000	2,000,000	1.0%	1,973,940	1.00%	7/19/2026	10/19/2026
FHLB Bond	3130APNX9	11/18/2021	2,000,000	2,000,000	1.0%	1,972,880	1.30%	11/18/2026	11/18/2026
FHLB Bond	3130AQHU0	1/19/2022	2,000,000	2,000,000	1.0%	1,977,760	1.74%	1/19/2027	1/19/2027
FHLB Bond	3130B2P58	9/26/2024	2,003,014	2,000,000	1.0%	1,990,880	3.87%	9/10/2026	9/10/2029
FHLB Bond	3130B36N8	10/15/2024	1,944,000	1,995,850	1.0%	1,988,160	4.32%	10/15/2026	10/15/2029
FHLB Bond	3130B5A73	2/26/2025	2,000,000	2,000,000	1.0%	2,000,480	4.75%	8/26/2026	2/26/2030
FAMCMTN Bond	31424WZC9	5/7/2025	3,000,000	3,000,000	1.4%	2,981,670	4.55%	5/7/2026	5/7/2030
FHLB Bond	3130B6FS0	5/28/2025	2,000,000	2,000,000	1.0%	1,999,340	4.75%	5/14/2026	5/14/2030
FAMCMTN Bond	31424WB50	5/28/2025	2,000,000	2,000,000	1.0%	1,991,780	4.74%	5/28/2026	5/28/2030
FAMCMTN Bond	31424WG30	6/26/2025	1,200,000	1,200,000	0.6%	1,199,772	4.33%	6/26/2026	6/26/2028
FFCB Bond	3133ETMB0	6/27/2025	2,000,775	2,000,000	1.0%	1,995,840	4.65%	6/24/2026	6/24/2030
FAMCMTN Bond	31424WG55	7/1/2025	2,000,000	2,000,000	1.0%	1,996,880	4.60%	7/1/2026	7/1/2030
FFCB Bond	3133ETNA1	7/2/2025	2,000,000	2,000,000	1.0%	1,997,340	4.50%	7/2/2026	1/2/2030
FNMA Bond	3136GAM22	8/12/2025	2,988,270	2,998,518	1.4%	2,981,340	4.14%	8/12/2026	8/12/2030
FAMCMTN Bond	31424WN81	8/12/2025	2,000,000	2,000,000	1.0%	1,991,100	4.39%	8/12/2026	8/12/2030
FNMA Bond	3136GAQF9	9/3/2025	2,000,000	2,000,000	1.0%	1,988,280	4.25%	6/3/2026	6/3/2030
FFCB Bond	3133ETXY8	9/16/2025	2,000,000	2,000,000	1.0%	1,984,900	4.00%	9/16/2026	9/16/2030
FHLB Bond	3130B7SF2	9/18/2025	2,000,222	2,000,000	1.0%	1,975,000	4.00%	9/17/2026	9/17/2030
FNMA Bond	3136GAUR8	9/25/2025	2,000,000	2,000,000	1.0%	1,957,280	4.20%	5/18/2026	9/18/2030
FNMA Bond	3136GAVD8	9/26/2025	2,000,000	2,000,000	1.0%	1,991,220	4.13%	6/26/2026	9/26/2030
FHLB Bond	3130B7YU2	10/15/2025	2,000,000	2,000,000	1.0%	1,985,600	4.33%	5/5/2026	10/15/2030
FFCB Bond	3133ETJ73	10/21/2025	2,000,000	2,000,000	1.0%	1,985,080	4.12%	5/5/2026	10/21/2030
FFCB Bond	3133ETJ73	10/21/2025	2,000,000	2,000,000	1.0%	1,985,080	4.12%	5/5/2026	10/21/2030
FNMA Bond	3136GAYT0	10/22/2025	2,000,000	2,000,000	1.0%	1,980,280	4.00%	7/23/2026	10/23/2028
FNMA Bond	3136GAZ44	10/24/2025	2,000,000	2,000,000	1.0%	1,984,080	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%	1,991,960	4.25%	5/5/2026	11/5/2030
FNMA Bond	3136GC2M6	11/6/2025	2,000,000	2,000,000	1.0%	1,995,400	4.08%	5/6/2026	5/6/2030
FNMA Bond	3136GC3V5	11/6/2025	2,000,000	2,000,000	1.0%	1,984,920	4.13%	11/6/2026	11/6/2030
FNMA Bond	3136GC5Z4	11/18/2025	2,000,000	2,000,000	1.0%	1,990,540	4.13%	5/18/2026	5/18/2029
FHLMCMTN Bond	3134HB6G1	11/20/2025	2,000,000	2,000,000	1.0%	1,993,600	4.00%	5/20/2026	11/20/2028
FHLMCMTN Bond	3134HB7G0	11/20/2025	2,000,000	2,000,000	1.0%	1,982,740	4.15%	11/13/2026	11/13/2030
FAMCMTN Bond	31424W3P5	11/25/2025	1,000,000	1,000,000	0.5%	984,430	4.13%	11/25/2026	11/25/2030

Investment Type	CUSIP	Settlement Date	Cost Value	Book Value	% of Portfolio	Market Value	YTM at Cost	Next Call Date	Date of Maturity
FHLMCMTN Bond	3134HCFN4	12/10/2025	2,000,000	2,000,000	1.0%	1,992,400	4.08%	6/10/2026	12/10/2029
FNMA Bond	3136GCAE5	12/11/2025	2,000,000	2,000,000	1.0%	1,981,540	4.03%	6/11/2027	12/11/2030
FHLMCMTN Bond	3134HCGL7	12/11/2025	2,000,000	2,000,000	1.0%	1,987,180	4.05%	6/11/2026	12/11/2028
FHLMCMTN Bond	3134HCGL7	12/11/2025	2,000,000	2,000,000	1.0%	1,987,180	4.05%	6/11/2026	12/11/2028
FFCB Bond	3133ET3X3	12/12/2025	2,000,000	2,000,000	1.0%	1,990,900	4.26%	6/12/2026	12/12/2030
FHLMCMTN Bond	3134HCCW7	12/15/2025	2,000,000	2,000,000	1.0%	1,981,200	4.25%	6/2/2026	12/2/2030
FHLMCMTN Bond	3134HCFX2	12/23/2025	2,000,000	2,000,000	1.0%	1,982,940	4.18%	12/23/2026	12/30/2030
FFCB Bond	3133ET6F9	1/8/2026	2,000,000	2,000,000	1.0%	1,984,500	4.06%	7/8/2026	7/8/2030
FNMA Bond	3136GCD93	1/8/2026	2,000,000	2,000,000	1.0%	1,982,700	4.06%	1/8/2027	1/8/2031
FHLB Bond	3130B9A83	1/28/2026	2,000,000	2,000,000	1.0%	1,980,360	4.00%	1/28/2028	1/28/2031
FHLMCMTN Bond	3134HCRN1	1/28/2026	2,000,000	2,000,000	1.0%	1,984,460	4.15%	1/28/2027	1/28/2031
FHLB Bond	3130B9EP1	2/6/2026	2,000,000	2,000,000	1.0%	1,985,880	4.00%	8/6/2026	8/6/2029
FNMA Bond	3136GCP66	2/26/2026	2,000,000	2,000,000	1.0%	1,986,040	3.88%	8/26/2026	2/26/2029
FNMA Bond	3136GCPB5	2/27/2026	2,000,000	2,000,000	1.0%	1,985,400	4.00%	8/27/2026	2/27/2030
FHLMCMTN Bond	3134HCXT1	3/9/2026	2,000,000	2,000,000	1.0%	1,991,640	4.00%	9/9/2026	3/9/2029
FHLB Bond	3130B9RG7	3/9/2026	2,000,000	2,000,000	1.0%	1,987,620	4.00%	9/9/2026	3/9/2029
FNMA Bond	3136GCSX4	3/10/2026	1,500,000	1,500,000	0.7%	1,490,265	4.00%	9/10/2027	3/10/2031
FHLB Bond	3130B9SX9	3/11/2026	1,500,000	1,500,000	0.7%	1,494,405	4.13%	3/11/2027	3/11/2031
FHLMCMTN Bond	3134HCAZ0	3/12/2026	2,000,000	2,000,000	1.0%	1,993,660	4.15%	6/12/2026	3/12/2029
FHLMCMTN Bond	3134HCZB8	3/16/2026	2,000,000	2,000,000	1.0%	1,996,240	4.00%	6/16/2026	3/16/2028
FHLMCMTN Bond	31428JEC7	3/23/2026	2,000,000	2,000,000	1.0%	1,990,380	4.00%	3/23/2027	3/23/2029
FHLB Bond	3130B9XA3	3/24/2026	2,000,000	2,000,000	1.0%	1,997,720	4.00%	9/24/2026	3/24/2028
FHLMCMTN Bond	3134HCZT9	3/24/2026	2,000,000	2,000,000	1.0%	1,990,680	4.25%	3/24/2027	3/24/2031
FHLMCMTN Bond	3134HCC64	3/26/2026	2,000,000	2,000,000	1.0%	1,997,880	4.20%	3/26/2027	3/26/2029
FFCB Bond	3133EWJQ4	3/27/2026	2,000,000	2,000,000	1.0%	2,012,060	4.39%	3/27/2028	3/27/2029
FFCB Bond	3133EWLL2	4/16/2026	2,000,000	2,000,000	1.0%	1,994,160	4.09%	4/16/2027	4/16/2029
FHLB Bond	3130BACG0	4/23/2026	2,000,000	2,000,000	1.0%	1,987,680	4.25%	4/23/2027	4/23/2031
FHLMCMTN Bond	3134HCP29	4/27/2026	2,000,000	2,000,000	1.0%	1,997,680	4.05%	4/27/2027	4/27/2029
FNMA Bond	3136GD4B6	4/28/2026	2,000,000	2,000,000	1.0%	1,996,140	4.00%	10/28/2026	4/28/2028
FHLB Bond	3130BAHC4	4/30/2026	2,000,000	2,000,000	1.0%	1,996,640	4.13%	10/30/2026	4/30/2029
CD - Morgan Stanley Bank	61690DGT9	11/8/2023	250,000	250,000	0.1%	256,503	5.05%	11/8/2028	11/8/2028
CD - Morgan Stanley Private Bank	61768EE82	11/8/2023	250,000	250,000	0.1%	256,503	5.05%	11/8/2028	11/8/2028
CD - American Express	02589AF98	11/8/2023	250,000	250,000	0.1%	256,205	5.00%	11/8/2028	11/8/2028
CD - State Bank India	8562834U7	11/24/2023	250,000	250,000	0.1%	256,305	5.00%	11/24/2028	11/24/2028
CD - JPMorgan Chase	46659CLN8	9/30/2025	250,000	250,000	0.1%	249,205	4.13%	9/30/2030	9/30/2030
CD - Sallie Mae	795451EE9	12/10/2025	250,000	250,000	0.1%	248,373	3.90%	12/10/2030	12/10/2030
CD - Toyotal Financial	89235MTV3	4/16/2026	250,000	250,000	0.1%	250,470	4.10%	4/16/2031	4/16/2031
Sub Total/Average			**$ 171,702,975**	**$ 171,851,055**	**82.2%**	**$ 170,821,431**	**3.46%**		
Total City Managed/Average			**$ 193,448,370**	**$ 193,596,449**	**92.6%**	**$ 192,590,691**	**3.49%**		
Bond Reserve Accounts - Held By Trustees			**$ 6,449,044**	**$ 6,449,044**	**3.1%**	**$ 6,449,044**			
Cash/Deposits			**$ 1,213,812**	**$ 1,213,812**	**0.6%**	**$ 1,213,812**			
PARS and CALPERS CERBT Trust			**$ 7,887,404**	**$ 7,887,404**	**3.8%**	**$ 11,339,075**			
GRAND TOTAL/AVERAGE			**$ 208,998,630**	**$ 209,146,709**	**100.0%**	**$ 211,592,622**			

CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF APRIL 30, 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	3.81%	$ 10,939,749	5.2%	$ 10,963,614
California CLASS	All Funds Pooled	3.69%	7,242,729	3.5%	7,242,729
US Bank - Portfolio of Securities	All Funds Pooled	3.46%	171,851,055	82.2%	170,821,431
WFB MMA	All Funds Pooled	3.53%	3,562,916	1.7%	3,562,916
	SUBTOTAL		**$ 193,596,449**	**92.6%**	**$ 192,590,691**
Bond Reserve Accounts - held by trustees					
Zions Bank - Civic Center/Library Facility					
Blackrock Liq Fund	Debt Service	3.29%	38,829	0.0%	38,829
Zions Bank - MH Police Facility Lease Revenue Bonds					
Blackrock Liq Fund	Debt Service	3.29%	49,418	0.0%	49,418
BNY - RDA Bonds					
Dreyfus Cash Mgmt 521	Agency Fund	3.24%	6,360,797	3.0%	6,360,797
	SUBTOTAL		**6,449,044**	**3.1%**	**6,449,044**
Other Cash/Deposits					
General Checking	All Funds		1,167,962	0.6%	1,167,962
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%	7,592,623
PARS - PENSION Trust			2,650,000	1.3%	3,746,452
	SUBTOTAL		**9,101,216**	**4.4%**	**12,552,887**
Total Cash and Investments			**$ 209,146,709**	**100.0%**	**$ 211,592,622**

CASH ACTIVITY SUMMARY
FY 2025-26

Fund Type	07/01/2025 Balance	Change in Cash Balance	4/30/2026 Balance
General Fund	$ 27,754,684	$ (2,724,772)	$ 25,029,912
Development Services	1,256,663	1,402,849	2,659,513
Water - Operations	1,682,675	(83,314)	1,599,361
Water Other	33,378,396	1,778,625	35,157,022
Sewer - Operations	581,685	3,477,891	4,059,576
Sewer Other	51,823,477	1,328,584	53,152,061
Other Special Revenue	18,941,285	105,020	19,046,304
Streets and Capital Projects	40,813,196	(6,802,876)	34,010,320
Debt Service	354,990	(17,909)	337,081
Internal Service	29,447,571	(1,861,289)	27,586,282
Agency Funds (assessment dists./refundable deposits)	6,701,471	(192,194)	6,509,276
Total	**$ 212,736,093**	**$ (3,589,384)**	**$ 209,146,709**

Note: See Investment Porfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.

I certify that information on the investment report has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill Investment Policy and all State laws and regulations.

Prepared by: _____
Gina Nazareno, Senior Accountant

Approved by:

Reviewed by: _____
Dat Nguyen, Finance Director

_____
Cindy Murphy, Treasurer

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Revenues - Fiscal Year 2025-26
For the Month Ended April 30, 2026
83% 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	$ 10,051,936	56%	$ 9,425,111	$ 626,825	7%
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	207,878	64%	212,940	(5,062)	-2%
Sales Tax	12,711,087	11,511,087	8,301,934	72%	7,782,601	519,332	7%
Public Safety Sales Tax	478,182	478,182	274,821	57%	295,728	(20,907)	-7%
Transient Occupancy Taxes	2,958,340	2,658,340	1,917,044	72%	1,764,787	152,257	9%
Franchise (Refuse ,Cable ,PG&E)	3,354,166	3,354,166	2,649,317	79%	2,530,671	118,646	5%
Property Transfer Tax	642,000	642,000	370,445	58%	400,790	(30,344)	-8%
TOTAL TAXES	**40,913,566**	**40,013,566**	**25,011,698**	**63%**	**23,572,663**	**1,439,035**	**6%**
LICENSES/PERMITS							
Business License	200,000	200,000	80,636	40%	84,959	(4,323)	-5%
Other Permits	82,750	82,750	220,622	267%	183,534	37,088	20%
TOTAL LICENSES/PERMITS	**282,750**	**282,750**	**301,258**	**107%**	**268,493**	**32,765**	**12%**
FINES AND PENALTIES							
Parking Enforcement	9,800	9,800	4,775	49%	6,708	(1,933)	-29%
Bails & Fines	55,000	55,000	40,445	74%	30,278	10,167	34%
Administrative Citations	20,000	20,000	20,693	103%	13,932	6,761	49%
TOTAL FINES AND PENALTIES	**84,800**	**84,800**	**65,913**	**78%**	**50,918**	**14,995**	**29%**
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	606,844	64%	1,307,809	(700,964)	-54%
TOTAL OTHER AGENCIES	**498,199**	**1,017,961**	**677,759**	**67%**	**1,380,942**	**(703,183)**	**-51%**
CHARGES CURRENT SERVICES							
Police False Alarm Charge	33,500	33,500	23,963	72%	25,839	(1,877)	-7%
Business License Application Review	84,872	84,872	48,547	57%	45,840	2,707	6%
Membership Services & Rec Programs	6,830,960	6,830,960	5,537,538	81%	5,262,986	274,552	5%
Facility Rentals	1,245,612	1,245,612	1,251,303	100%	1,253,533	(2,230)	0%
Community Services	138,498	178,498	134,243	75%	126,934	7,308	6%
General Administration Overhead	1,727,037	1,727,037	1,436,077	83%	1,402,425	33,652	2%
Other Charges Current Services	734,377	734,377	568,796	77%	850,438	(281,642)	-33%
TOTAL CURRENT SERVICES	**10,794,856**	**10,834,856**	**9,000,466**	**83%**	**8,967,996**	**32,471**	**0%**
OTHER REVENUE							
Use of money/property	1,283,417	1,583,417	1,081,318	68%	1,263,854	(182,536)	-14%
Other Revenues	548,648	811,790	769,140	95%	656,049	113,092	17%
TOTAL OTHER REVENUE	**1,832,065**	**2,395,207**	**1,850,459**	**77%**	**1,919,902**	**(69,444)**	**-4%**
TRANSFERS IN							
One Time Transfer	165,000	165,000	137,500	83%	137,500	-	0%
Public Safety Facilities Fund	50,000	50,000	41,667	83%	41,667	-	0%
Supplemental Law Enforcement Fund	100,000	100,000	100,000	100%	100,000	-	n/a
Countywide Solid Waste	563,961	544,328	469,968	86%	450,273	19,694	4%
Streets	851,932	851,932	779,890	92%	657,192	122,698	19%
Park Maintenance	650,000	650,000	541,667	83%	541,667	-	n/a
Sewer Operations	434,390	434,390	398,992	92%	344,750	54,242	16%
Water Operations	434,390	434,390	398,992	92%	344,750	54,242	16%
Open Space	81,100	81,100	67,583	83%	67,583	-	n/a
Park Development	100,000	100,000	83,333	83%	83,333	-	n/a
TOTAL TRANSFERS IN	**3,430,773**	**3,411,140**	**3,019,591**	**89%**	**2,768,715**	**250,876**	**9%**
TOTAL GENERAL FUND	**57,837,009**	**58,040,280**	**39,927,145**	**69%**	**38,929,630**	**997,515**	**3%**
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	851,932	851,932	624,698	73%	651,691	(26,993)	-4%
Interest / Other Revenue/Other Charges	1,665	1,665	7,011	421%	5,502	1,509	27%
202 STREET MAINTENANCE	**853,597**	**853,597**	**631,709**	**74%**	**657,192**	**(25,484)**	**-4%**

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Revenues - Fiscal Year 2025-26
For the Month Ended April 30, 2026
83% 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	14,569	132%	12,720	1,849	15%
Police Grant/SLEF/JAG	100,000	100,000	201,537	202%	194,664	6,873	4%
205 SUPPLEMENTAL LAW ENFORCEMENT FUND	**111,065**	**111,065**	**216,106**	**195%**	**207,383**	**8,722**	**4%**
206 DEVELOPMENT SERVICES							
Building Fees	3,655,850	3,768,850	4,223,618	112%	3,419,938	803,680	23%
Planning Fees	954,276	1,059,276	1,623,073	153%	911,732	711,341	78%
Engineering Fees	723,341	723,341	1,046,733	145%	744,779	301,954	41%
Other Revenue/Current Charges	544,851	326,851	166,903	51%	259,959	(93,055)	-36%
206 DEVELOPMENT SERVICES	**5,878,318**	**5,878,318**	**7,060,328**	**120%**	**5,336,408**	**1,723,920**	**32%**
207 LONG RANGE PLANNING	**827,760**	**827,760**	**1,167,372**	**141%**	**994,613**	**172,759**	**17%**
215 and 216 HCD BLOCK GRANT							
Interest Income/Other Revenue	994	994	1,779	179%	1,978	(199)	-10%
215 and 216 HCD BLOCK GRANT	**994**	**994**	**1,779**	**179%**	**1,978**	**(199)**	**-10%**
225 ASSET SEIZURE	**1,631**	**1,631**	**2,683**	**165%**	**3,010**	**(327)**	**-11%**
229 LIGHTING AND LANDSCAPE	**207,135**	**207,135**	**121,194**	**59%**	**117,132**	**4,062**	**3%**
230 COMMUNITY FACILITIES DISTRICT	**28,314**	**28,314**	**19,336**	**68%**	**19,276**	**60**	**0%**
232 ENVIRONMENTAL PROGRAMS	**525,286**	**525,286**	**455,079**	**87%**	**421,281**	**33,798**	**8%**
234 MOBILE HOME PARK RENT STAB.	**2,447**	**2,447**	**5,767**	**236%**	**5,884**	**(117)**	**-2%**
236 HOUSING MITIGATION	**3,061,720**	**3,478,220**	**2,051,087**	**59%**	**2,013,543**	**37,545**	**2%**
240 EMPLOYEE ASSISTANCE	**481**	**481**	**5,916**	**1230%**	**6,050**	**(134)**	**-2%**
246 COUNTYWIDE SOLID WASTE	**2,393,478**	**1,716,866**	**1,731,341**	**101%**	**1,727,426**	**3,916**	**0%**
255 HOUSING SUCCESSOR AGENCY	**418,260**	**418,260**	**153,497**	**37%**	**395,454**	**(241,957)**	**-61%**
260 PUBLIC ART	**869**	**869**	**1,031**	**119%**	**580**	**450**	**78%**
TOTAL SPECIAL REVENUE FUNDS	**14,311,356**	**14,051,244**	**13,624,225**	**97%**	**11,907,211**	**1,717,014**	**14%**
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	**2,324,852**	**2,324,852**	**656,024**	**28%**	**1,968,039**	**(1,312,015)**	**-67%**
302 PARK MAINTENANCE	**1,008,792**	**1,008,792**	**42,653**	**4%**	**69,261**	**(26,608)**	**-38%**
303 LOCAL DRAINAGE	**3,672,294**	**3,672,294**	**151,329**	**4%**	**429,813**	**(278,484)**	**-65%**
304 LOCAL DRAINAGE/NON AB1600	**28,357**	**187,838**	**32,790**	**17%**	**293,552**	**(260,761)**	**-89%**
306 AGRICULTURE & OPEN SPACE PRESERVATION	**10,461**	**10,461**	**199,674**	**1909%**	**1,046,634**	**(846,960)**	**-81%**
308 STREET CIP	**7,777,340**	**7,777,340**	**2,846,703**	**37%**	**3,757,988**	**(911,285)**	**-24%**
309 TRAFFIC IMPACT	**3,584,714**	**3,584,714**	**853,996**	**24%**	**2,100,319**	**(1,246,323)**	**-59%**
315 PUBLIC SAFETY FACILITIES IMPACT	**2,217,137**	**5,517,137**	**1,508,159**	**27%**	**6,330,668**	**(4,822,509)**	**-76%**
346 PUBLIC FACILITIES NON-AB1600	**26,226**	**26,226**	**45,443**	**173%**	**187,331**	**(141,888)**	**-76%**
347 PUBLIC FACILITIES IMPACT	**994,483**	**994,483**	**96,851**	**10%**	**358,076**	**(261,225)**	**-73%**
348 LIBRARY	**2,180,740**	**2,180,740**	**455,460**	**21%**	**1,388,640**	**(933,180)**	**-67%**
350 UNDERGROUNDING	**47,258**	**47,258**	**82,690**	**175%**	**83,392**	**(703)**	**-1%**
360 COMMUNITY/REC IMPACT FUND	**3,802,095**	**3,802,095**	**892,456**	**23%**	**2,539,146**	**(1,646,690)**	**-65%**
375 QUIMBY FEE	**4,268,487**	**4,268,487**	**458,091**	**11%**	**2,054,661**	**(1,596,570)**	**-78%**
TOTAL CAPITAL PROJECTS FUNDS	**31,943,236**	**35,402,717**	**8,322,320**	**24%**	**22,607,522**	**(14,285,202)**	**-63%**
DEBT SERVICE FUNDS							
420 CIVIC CENTER DEBT	**302,376**	**302,376**	**251,343**	**83%**	**249,995**	**1,348**	**1%**
441 POLICE FACILITY BOND	**394,304**	**394,304**	**324,591**	**82%**	**321,156**	**3,435**	**1%**
TOTAL DEBT SERVICE FUNDS	**696,680**	**696,680**	**575,934**	**83%**	**571,151**	**4,784**	**1%**

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Revenues - Fiscal Year 2025-26
For the Month Ended April 30, 2026
83% 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	15,555,469	87%	13,022,762	2,532,707	19%
Interest Income/Transfers	121,041	121,041	61,037	50%	59,954	1,083	2%
Other Revenue/Current Charges	428,860	428,860	261,350	61%	253,748	7,602	3%
640 WASTEWATER OPERATION	**18,420,901**	**18,420,901**	**15,877,856**	**86%**	**13,336,463**	**2,541,392**	**19%**
641 WASTEWATER EXPANSION							
Interest Income	164,788	164,788	570,682	346%	649,978	(79,296)	-12%
Development Impact Fee	30,415,728	30,415,728	1,820,707	6%	9,505,948	(7,685,241)	-81%
641 WASTEWATER EXPANSION	**30,580,516**	**30,580,516**	**2,391,389**	**8%**	**10,155,926**	**(7,764,537)**	-76%
642 WASTEWATER RATE STABILIZATION	**93,037**	**93,037**	**83,613**	**90%**	**92,383**	**(8,771)**	**-9%**
643 WASTEWATER CAPITAL PROJECT	**15,076,739**	**15,076,739**	**5,544,143**	**37%**	**5,661,521**	**(117,378)**	**-2%**
TOTAL SEWER FUNDS	***64,171,193***	***64,171,193***	***23,897,001***	***37%***	***29,246,294***	**(5,349,293)**	***-18%***
650 WATER OPERATION							
Water Sales	21,385,800	21,385,800	15,057,669	70%	14,087,754	969,915	7%
Meter Install & Service	110,000	110,000	38,753	35%	70,865	(32,112)	-45%
Transfers-In / Interest Income	911,184	911,184	691,141	76%	693,524	(2,382)	0%
Other Revenue/Current Charges	1,044,838	1,044,838	772,684	74%	620,347	152,336	25%
650 WATER OPERATION	**23,451,822**	**23,451,822**	**16,560,247**	**71%**	**15,472,490**	**1,087,757**	**7%**
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	40,273	40,273	140,698	349%	157,789	(17,091)	-11%
Development Impact Fee	4,833,886	4,833,886	723,668	15%	3,301,871	(2,578,203)	-78%
651 WATER EXPANSION	**4,874,159**	**4,874,159**	**864,365**	**18%**	**3,459,659**	**(2,595,294)**	**-75%**
652 WATER RATE STABILIZATION	**99,247**	**99,247**	**89,434**	**90%**	**99,479**	**(10,046)**	**-10%**
653 WATER CAPITAL PROJECT	**7,809,380**	**7,809,380**	**7,765,875**	**99%**	**5,563,319**	**2,202,557**	**40%**
TOTAL WATER FUNDS	***36,234,608***	***36,234,608***	***25,279,921***	***70%***	***24,594,948***	**684,974**	***3%***
TOTAL ENTERPRISE FUNDS	**100,405,801**	**100,405,801**	**49,176,922**	**49%**	**53,841,242**	**(4,664,319)**	**-9%**
INTERNAL SERVICE FUNDS							
730 INFORMATION SYSTEMS	**3,038,971**	**3,038,971**	**2,532,382**	**83%**	**2,407,443**	**124,939**	**5%**
740 BUILDING MAINTENANCE	**1,270,189**	**1,270,189**	**1,067,780**	**84%**	**1,188,679**	**(120,899)**	**-10%**
741 BUILDING REPLACEMENT	**1,049,288**	**2,299,288**	**877,479**	**38%**	**877,734**	**(255)**	**0%**
745 CIP ADMINISTRATION	**2,880,028**	**2,880,028**	**1,590,367**	**55%**	**1,571,078**	**19,289**	**1%**
760 UNEMPLOYMENT INSURANCE	**8,298**	**8,298**	**6,835**	**82%**	**7,973**	**(1,137)**	**-14%**
770 WORKERS COMPENSATION	**1,211,610**	**1,211,610**	**768,013**	**63%**	**767,349**	**664**	**0%**
790 EQUIPMENT REPLACEMENT	**1,615,158**	**1,615,158**	**1,357,422**	**84%**	**1,540,783**	**(183,361)**	**-12%**
791EMPLOYEE BENEFITS	**1,251,963**	**1,251,963**	**974,295**	**78%**	**955,113**	**19,182**	**2%**
795 GENERAL LIABILITY INSURANCE	**2,769,881**	**2,769,881**	**2,296,292**	**83%**	**2,092,710**	**203,582**	**10%**
TOTAL INTERNAL SERVICE FUNDS	**15,095,386**	**16,345,386**	**11,470,864**	**70%**	**11,408,861**	**62,003**	**1%**
TOTAL FOR ALL FUNDS	**$ 220,289,468**	**$ 224,942,107**	**$ 123,097,411**	**55%**	**$ 139,265,615**	**$ (16,168,205)**	**-12%**

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Expenses - Fiscal Year 2025-26
For the Month Ended April 30, 2026
83% 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	**$ 41,543**	**$ 631,504**	**$ 583,309**	**$ -**	**$ 583,309**	**92%**	**$ 378,591**
	CITY ATTORNEY	**44,824**	**1,046,783**	**817,090**	**82,201**	**899,290**	**86%**	**808,383**
	CITY MANAGER	**61,199**	**1,041,692**	**601,828**	**1,524**	**603,351**	**58%**	**553,371**
	HUMAN RESOURCES	**76,666**	**1,032,289**	**864,771**	**-**	**864,771**	**84%**	**787,829**
	COUNCIL SVCS & RECORDS MGMT							
	Council Svcs & Records Mgmt	49,772	627,757	477,255	-	477,255	76%	467,177
	Elections	3,033	38,516	30,512	-	30,512	79%	280,131
	COUNCIL SVCS & RECORDS MGMT	**52,804**	**666,273**	**507,767**	**-**	**507,767**	**76%**	**747,308**
	FINANCE	**158,254**	**2,563,249**	**1,720,439**	**416,902**	**2,137,341**	**83%**	**1,783,891**
	TOTAL ADMINISTRATION	**435,289**	**6,981,791**	**5,095,203**	**500,626**	**5,595,829**	**80%**	**5,059,374**
	II. COMMUNITY SERVICES							
	Membership Services & Rec. Programs	397,547	7,547,394	5,689,112	823,088	6,512,200	86%	5,952,318
	Recreation Facility Rentals	98,687	1,451,514	985,877	59,908	1,045,785	72%	453,661
	Innovative Transit	-	-	-	-	-	n/a	502,975
	Community Services	81,037	923,254	634,716	145,559	780,275	85%	489,370
	Park Maintenance	101,383	1,563,669	918,403	87,968	1,006,371	64%	941,351
	Environmental Services	46,768	1,042,804	537,814	8,447	546,262	52%	498,654
	Countywide Solid Waste Program	43,009	546,317	409,305	-	409,305	75%	400,793
	Street Maintenance	230,667	3,598,941	2,773,755	26,997	2,800,753	78%	2,766,769
	Downtown Maintenance	25,514	396,152	258,570	46,125	304,695	77%	225,620
	PD Building Maintenance	39,081	727,124	441,047	73,166	514,214	71%	491,451
	Cable Television	7,599	91,406	75,933	-	75,933	83%	75,655
	COMMUNITY SERVICES	**1,071,292**	**17,888,575**	**12,724,533**	**1,271,258**	**13,995,791**	**78%**	**12,798,618**
	CODE COMPLIANCE	**34,243**	**420,943**	**342,408**	**-**	**342,408**	**81%**	**323,459**
	INFRASTRUCTURE PLANNING & CONGESTION MGMT	**31,177**	**644,253**	**430,352**	**6,786**	**437,138**	**68%**	**350,270**
	ECONOMIC DEVELOPMENT PROGRAMS	**68,569**	**1,344,548**	**806,860**	**113,134**	**919,994**	**68%**	**809,450**
	TOTAL COMMUNITY SERVICES	**1,205,281**	**20,298,319**	**14,304,153**	**1,391,177**	**15,695,330**	**77%**	**14,281,797**
	III. PUBLIC SAFETY							
	POLICE							
	PD Administration	142,210	1,964,769	1,485,307	5,940	1,491,246	76%	1,291,458
	Field Operations	1,039,154	14,224,118	10,559,199	49,753	10,608,952	75%	9,622,520
	Support Services	213,732	2,766,134	2,186,780	64,474	2,251,254	81%	2,176,140
	Emergency Services/Haz Mat	21,810	291,798	213,494	-	213,494	73%	210,046
	Special Operations	339,619	4,405,650	3,361,633	-	3,361,633	76%	3,512,758
	Dispatch Services	206,651	2,576,058	1,998,131	119,259	2,117,390	82%	1,844,447
	POLICE	**1,963,176**	**26,228,527**	**19,804,543**	**239,426**	**20,043,969**	**76%**	**18,657,368**
	FIRE	**844,022**	**11,238,402**	**8,859,950**	**353,476**	**9,213,426**	**82%**	**8,492,696**
	TOTAL PUBLIC SAFETY	**2,807,198**	**37,466,930**	**28,664,493**	**592,902**	**29,257,395**	**78%**	**27,150,064**
	IV. TRANSFERS							
	Other	104,923	1,418,558	1,049,231	-	1,049,231	74%	1,215,192
	TOTAL TRANSFERS	**104,923**	**1,418,558**	**1,049,231**	**-**	**1,049,231**	**74%**	**1,215,192**
	TOTAL GENERAL FUND	**4,552,691**	**66,165,597**	**49,113,080**	**2,484,705**	**51,597,785**	**78%**	**47,706,427**

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Expenses - Fiscal Year 2025-26
For the Month Ended April 30, 2026
83% 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**	**197,416**	**857,492**	**784,524**	**-**	**784,524**	**91%**	**657,192**
205	**PUBLIC SAFETY/SUPP.LAW**	**115**	**101,380**	**101,150**	**-**	**101,150**	**100%**	**101,128**
206	**DEVELOPMENT SERVICES FUND**							
	Planning	118,406	1,733,837	1,350,301	-	1,350,301	78%	1,325,554
	Building	246,920	3,254,121	2,346,985	54,873	2,401,858	74%	2,259,457
	Engineering	121,524	1,786,271	1,276,949	-	1,276,949	71%	1,265,166
206	**DEVELOPMENT SERVICES FUND**	**486,849**	**6,774,229**	**4,974,235**	**54,873**	**5,029,108**	**74%**	**4,850,178**
207	**LONG RANGE PLANNING**	**128,227**	**2,872,275**	**984,327**	**266,558**	**1,250,885**	**44%**	**956,231**
215/216	**CDBG**	**8**	**90**	**75**	**-**	**75**	**83%**	**73**
225	**ASSET SEIZURE**	**70**	**840**	**700**	**-**	**700**	**83%**	**684**
229	**LIGHTING AND LANDSCAPE**	**9,602**	**218,856**	**127,230**	**11,127**	**138,357**	**63%**	**155,041**
230	**COMMUNITY FACILITIES DISTRICT**	**1,733**	**24,377**	**21,376**	**-**	**21,376**	**88%**	**20,340**
232	**ENVIRONMENTAL PROGRAMS**	**35,769**	**469,415**	**329,334**	**3,228**	**332,561**	**71%**	**334,329**
234	**MOBILE HOME PARK**	**81**	**970**	**808**	**-**	**808**	**83%**	**793**
236	**HOUSING MITIGATION**	**83,489**	**2,480,440**	**1,420,298**	**1,020,045**	**2,440,343**	**98%**	**960,988**
240	**EMPLOYEE ASSISTANCE**	**84**	**21,010**	**2,522**	**-**	**2,522**	**12%**	**4,328**
246	**COUNTYWIDE SOLID WASTE PROGRAM**	**217,727**	**1,808,470**	**1,267,527**	**466,583**	**1,734,109**	**96%**	**1,046,776**
255	**HOUSING SUCCESSOR AGENCY**	**138,103**	**1,375,331**	**1,091,786**	**81,063**	**1,172,849**	**85%**	**965,883**
260	**PUBLIC ART**	**536**	**6,430**	**5,358**	**-**	**5,358**	**83%**	**10,243**
TOTAL SPECIAL REVENUE FUNDS		**1,299,809**	**17,011,604**	**11,111,250**	**1,903,476**	**13,014,725**	**77%**	**10,064,207**
CAPITAL PROJECT FUNDS								
301	**PARK DEVELOPMENT**	**137,155**	**4,256,161**	**1,402,496**	**256,773**	**1,659,269**	**39%**	**671,922**
302	**PARK MAINTENANCE**	**54,167**	**1,650,000**	**543,062**	**-**	**543,062**	**33%**	**543,817**
303	**LOCAL DRAINAGE**	**40,852**	**7,363,833**	**1,158,617**	**217,104**	**1,375,721**	**19%**	**5,569,493**
304	**LOCAL DRAIN. NON-AB1600**	**41,913**	**530,148**	**169,238**	**84,306**	**253,544**	**48%**	**80,035**
306	**AGRICULTURE & OPEN SPACE PRESERVATI(**	**10,731**	**128,770**	**107,308**	**-**	**107,308**	**83%**	**106,797**
308	**STREET CIP**	**10,980**	**8,054,263**	**2,404,864**	**113,264**	**2,518,129**	**31%**	**3,851,468**
309	**TRAFFIC IMPACT**	**57,830**	**4,774,469**	**509,034**	**145,303**	**654,337**	**14%**	**3,341,903**
315	**PUBLIC SAFETY FACILITIES IMPACT**	**209,112**	**4,527,175**	**1,371,422**	**1,236,673**	**2,608,095**	**58%**	**5,847,475**
346	**PUBLIC FAC.NON AB1600**	**1,293**	**930,655**	**234,145**	**34,142**	**268,287**	**29%**	**398,781**
347	**PUBLIC FACILITIES IMPACT**	**60,284**	**1,855,069**	**1,152,597**	**102,274**	**1,254,871**	**68%**	**370,039**
348	**LIBRARY IMPACT**	**17,957**	**2,515,486**	**879,572**	**-**	**879,572**	**35%**	**178,013**
350	**UNDERGROUNDING**	**105**	**1,448,810**	**1,050**	**-**	**1,050**	**0%**	**128,250**
360	**COMM/REC CENTER IMPACT**	**31,335**	**5,564,824**	**427,124**	**149,649**	**576,773**	**10%**	**381,179**
375	**QUIMBY FEE**	**243,454**	**8,097,366**	**4,671,093**	**634,070**	**5,305,163**	**66%**	**1,340,668**
TOTAL CAPITAL PROJECTS FUNDS		**917,167**	**51,697,029**	**15,031,621**	**2,973,558**	**18,005,180**	**35%**	**22,809,840**
DEBT SERVICE FUNDS								
420	**CIVIC CENTER DEBT**	**289**	**294,598**	**261,224**	**-**	**261,224**	**89%**	**244,075**
441	**POLICE FACILITY BOND DEBT**	**383**	**389,293**	**332,620**	**-**	**332,620**	**85%**	**331,009**
TOTAL DEBT SERVICE FUNDS		**673**	**683,891**	**593,844**	**-**	**593,844**	**87%**	**575,084**

CITY OF MORGAN HILL

City of Morgan Hill
Year to Date Expenses - Fiscal Year 2025-26
For the Month Ended April 30, 2026
83% 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**	**700,118**	**18,570,816**	**13,715,386**	**273,737**	**13,989,124**	**75%**	**13,666,560**
641	**WASTEWATER CAPITAL EXPANSION**	**211,885**	**54,898,903**	**1,716,961**	**651,636**	**2,368,598**	**4%**	**5,077,447**
642	**WASTEWATER RATE STABILIZATION**	**168**	**2,010**	**1,675**	**-**	**1,675**	**83%**	**1,638**
643	**WASTEWATER CAPITAL PROJECTS**	**611,123**	**34,316,583**	**4,320,991**	**2,621,933**	**6,942,925**	**20%**	**2,192,064**
TOTAL SEWER FUND(S)		**1,523,293**	**107,788,312**	**19,755,014**	**3,547,307**	**23,302,321**	**22%**	**20,937,708**
WATER								
	Water Operations	1,391,947	21,663,763	15,868,083	324,900	16,192,984	75%	14,453,111
	Utility Billing	121,347	1,544,437	1,183,047	11,731	1,194,778	77%	1,113,744
	Water Conservation	26,130	494,608	308,283	26,936	335,219	68%	245,899
650	**WATER OPERATIONS**	**1,539,424**	**23,702,807**	**17,359,414**	**363,567**	**17,722,981**	**75%**	**15,812,754**
651	**WATER CAPITAL EXPANSION**	**271,376**	**9,618,856**	**1,779,574**	**1,224,085**	**3,003,659**	**31%**	**1,133,822**
652	**WATER RATE STABILIZATION**	**125**	**1,500**	**1,250**	**-**	**1,250**	**83%**	**1,227**
653	**WATER-CAPITAL PROJECTS**	**672,134**	**28,523,123**	**5,512,533**	**4,584,825**	**10,097,357**	**35%**	**2,239,578**
TOTAL WATER FUND(S)		**2,483,059**	**61,846,287**	**24,652,771**	**6,172,477**	**30,825,248**	**50%**	**19,187,381**
TOTAL ENTERPRISE FUNDS		**4,006,352**	**169,634,598**	**44,407,785**	**9,719,784**	**54,127,569**	**32%**	**40,125,090**
INTERNAL SERVICE FUNDS								
730	**INFORMATION SYSTEMS**	**176,885**	**3,183,799**	**2,379,834**	**217,591**	**2,597,426**	**82%**	**1,998,363**
740	**BUILDING MAINTENANCE**	**93,864**	**1,420,189**	**978,967**	**16,815**	**995,782**	**70%**	**969,197**
741	**BUILDING REPLACEMENT**	**489,224**	**4,842,221**	**2,227,911**	**283,647**	**2,511,558**	**52%**	**1,211,881**
745	**CIP ADMINISTRATION**	**205,938**	**2,744,438**	**2,134,445**	**-**	**2,134,445**	**78%**	**1,965,007**
760	**UNEMPLOYMENT**	**-**	**15,000**	**9,321**	**-**	**9,321**	**62%**	**6,205**
770	**WORKERS COMPENSATION**	**32,535**	**1,007,970**	**813,751**	**-**	**813,751**	**81%**	**1,021,856**
790	**EQUIPMENT REPLACEMENT**	**-**	**1,147,077**	**534,398**	**609,491**	**1,143,888**	**100%**	**862,131**
791	**EMPLOYEE BENEFITS FUND**	**2,015**	**1,000,000**	**625,765**	**-**	**625,765**	**63%**	**693,007**
795	**GEN. LIABILITY INSURANCE**	**18,304**	**2,623,909**	**2,643,408**	**-**	**2,643,408**	**101%**	**2,267,778**
TOTAL INTERNAL SERVICE FUNDS		**1,018,764**	**17,984,602**	**12,347,800**	**1,127,544**	**13,475,344**	**75%**	**10,995,424**
REPORT TOTAL		**$ 11,795,457**	**$ 323,177,322**	**$ 132,605,380**	**$ 18,209,067**	**$ 150,814,447**	**47%**	**$ 132,276,072**

City of Morgan Hill
Fund Activity Summary - Fiscal Year 2025-26
For the Month Ended April 30, 2026
83% of Year Complete

Fund No.	Fund Description	Beginning Fund Balance 07-01-25	Revenues YTD Actual	Revenues % of Budget	Expenses YTD Actual	Expenses % of Budget	Year to-Date Deficit or Carryover	Preliminary Ending Fund Balance Reserved[1]	Preliminary Ending Fund Balance Unreserved
010	GENERAL FUND	$ 28,203,982	$ 39,927,145	69%	$ 49,113,080	74%	$ (9,185,935)	$ 2,484,705	$ 16,533,341
TOTAL GENERAL FUND		**$ 28,203,982**	**$ 39,927,145**	**69%**	**$ 49,113,080**	**74%**	**$ (9,185,935)**	**$ 2,484,705**	**$ 16,533,341**
202	STREET MAINTENANCE	152,931	$ 631,709	74%	$ 784,524	72%	$ (152,815)	$ -	$ 116
205	PUBLIC SAFETY/SUPPL. LAW	523,410	216,106	195%	101,150	71%	114,956	-	638,366
206	DEVELOPMENT SERVICES	(987,534)	7,060,328	120%	4,974,235	73%	2,086,093	54,873	1,043,686
207	LONG RANGE PLANNING	1,367,092	1,167,372	141%	984,327	34%	183,045	266,558	1,283,578
215 / 216	CDBG	34,690	1,779	179%	75	83%	1,704	-	36,394
225	ASSET SEIZURE	107,136	2,683	165%	700	83%	1,983	-	109,119
229	LIGHTING AND LANDSCAPE	204,684	121,194	59%	127,230	58%	(6,036)	11,127	187,521
230	COMMUNITY FACILITIES DISTRICT	169,007	19,336	68%	21,376	88%	(2,040)	-	166,967
232	ENVIRONMENTAL PROGRAMS	576,223	455,079	87%	329,334	70%	125,745	3,228	698,741
234	MOBILE HOME PK RENT STAB.	87,242	5,767	236%	808	83%	4,959	-	92,201
235	SENIOR HOUSING	253,103	-	n/a	-	n/a	-	-	253,103
236	HOUSING MITIGATION	10,243,057	2,051,087	59%	1,420,298	57%	630,790	1,020,045	9,853,802
240	EMPLOYEE ASSISTANCE	63,420	5,916	1230%	2,522	12%	3,394	-	66,814
246	COUNTYWIDE SOLID WASTE	324,737	1,731,341	101%	1,267,527	70%	463,815	466,583	321,969
255	HOUSING SUCCESSOR AGENCY	3,856,660	153,497	37%	1,091,786	79%	(938,289)	81,063	2,837,309
260	PUBLIC ART	37,920	1,031	119%	5,358	83%	(4,328)	-	33,592
TOTAL SPECIAL REVENUE FUNDS		**$ 17,013,778**	**$ 13,624,225**	**97%**	**$ 11,111,250**	**65%**	**$ 2,512,976**	**$ 1,903,476**	**$ 17,623,278**
301	PARK DEV. IMPACT FUND	$ 3,333,114	$ 656,024	28%	$ 1,402,496	33%	$ (746,472)	$ 256,773	$ 2,329,869
302	PARK MAINTENANCE	1,896,529	42,653	4%	543,062	33%	(500,409)	-	1,396,120
303	LOCAL DRAINAGE	10,517,077	151,329	4%	1,158,617	16%	(1,007,288)	217,104	9,292,685
304	LOCAL DRAINAGE/NON-AB1600	1,342,166	32,790	17%	169,238	32%	(136,447)	84,306	1,121,413
306	AG. AND OPEN SPACE PRESERVATION	2,344,054	199,674	1909%	107,308	83%	92,366	-	2,436,420
308	STREET CIP	4,608,966	2,846,703	37%	2,404,864	30%	441,838	113,264	4,937,540
309	TRAFFIC IMPACT FUND	2,855,919	853,996	24%	509,034	11%	344,962	145,303	3,055,578
315	PUBLIC SAFETY FACILITIES IMPACT	(6,894,240)	1,508,159	27%	1,371,422	30%	136,737	1,236,673	(7,994,175)
346	PUBLIC FACILITIES NON-AB1600	1,921,852	45,443	173%	234,145	25%	(188,701)	34,142	1,699,008
347	PUBLIC FACILITIES IMPACT FUND	1,250,914	96,851	10%	1,152,597	62%	(1,055,746)	102,274	92,894
348	LIBRARY IMPACT FUND	3,540,033	455,460	21%	879,572	35%	(424,112)	-	3,115,921
350	UNDERGROUNDING	1,768,756	82,690	175%	1,050	0%	81,640	-	1,850,396
360	COMM/REC CTR IMPACT FUND	4,522,800	892,456	23%	427,124	8%	465,332	149,649	4,838,483
375	QUIMBY FEE	6,800,701	458,091	11%	4,671,093	58%	(4,213,002)	634,070	1,953,629
TOTAL CAPITAL PROJECT FUNDS		**$ 39,808,641**	**$ 8,322,320**	**24%**	**$ 15,031,621**	**29%**	**$ (6,709,302)**	**$ 2,973,558**	**$ 30,125,781**
420	CIVIC CENTER DEBT	$ 192,703	$ 251,343	83%	$ 261,224	89%	$ (9,881)	$ 38,829	$ 143,993
441	POLICE FACILITY BOND DEBT	162,288	324,591	82%	332,620	85%	(8,028)	49,418	104,841
TOTAL DEBT SERVICE FUNDS		**$ 354,991**	**$ 575,934**	**83%**	**$ 593,844**	**87%**	**$ (17,909)**	**$ 88,246**	**$ 248,835**
640	WASTEWATER OPERATIONS	$ 3,158,106	$ 15,877,856	86%	$ 13,715,386	74%	$ 2,162,469	273,737	5,046,838
641	WASTEWATER IMPACT FUND	22,082,658	2,391,389	8%	1,716,961	3%	674,428	651,636	22,105,450
642	WASTEWATER RATE STABILIZATION	3,295,308	83,613	90%	1,675	83%	81,938	-	3,377,246
643	WASTEWATER CAPITAL PROJECTS	23,945,613	5,544,143	37%	4,320,991	13%	1,223,152	2,621,933	22,546,832
650	WATER OPERATIONS	4,429,715	16,560,247	71%	17,359,414	73%	(799,167)	363,567	3,266,981
651	WATER IMPACT FUND	5,747,541	864,365	18%	1,779,574	19%	(915,209)	1,224,085	3,608,247
652	WATER RATE STABILIZATION	3,524,499	89,434	90%	1,250	83%	88,184	-	3,612,683
653	WATER -CAPITAL PROJECT	22,586,031	7,765,875	99%	5,512,533	19%	2,253,342	4,584,825	20,254,549
TOTAL ENTERPRISE FUNDS		**$ 88,769,471**	**$ 49,176,922**	**49%**	**$ 44,407,785**	**26%**	**$ 4,769,137**	**$ 9,719,784**	**$ 83,818,825**
730	INFORMATION SERVICES	$ 619,218	$ 2,532,382	83%	$ 2,379,834	75%	$ 152,547	$ 217,591	$ 554,174
740	BUILDING MAINTENANCE	346,643	1,067,780	84%	978,967	69%	88,813	16,815	418,641
741	BUILDING REPLACEMENT	5,024,498	877,479	38%	2,227,911	46%	(1,350,432)	283,647	3,390,419
745	CIP ENGINEERING	7,515	1,590,367	55%	2,134,445	78%	(544,078)	-	(536,563)
760	UNEMPLOYMENT	285,588	6,835	82%	9,321	62%	(2,486)	-	283,102
770	WORKERS COMPENSATION	2,338,745	768,013	63%	813,751	81%	(45,738)	30,000	2,263,007
790	EQUIPMENT REPLACEMENT	10,172,190	1,357,422	84%	534,398	47%	823,025	609,491	10,385,724
791	EMPLOYEE BENEFITS FUNDS	346,566	974,295	78%	625,765	63%	348,530	-	695,096
795	GEN. LIABILITY INSURANCE	1,149,474	2,296,292	83%	2,643,408	101%	(347,116)	-	802,358
TOTAL INTERNAL SERVICE FUNDS		**$ 20,290,437**	**$ 11,470,864**	**70%**	**$ 12,347,800**	**69%**	**$ (876,936)**	**$ 1,157,544**	**$ 18,255,957**

City of Morgan Hill
Fund Activity Summary - Fiscal Year 2025-26
For the Month Ended April 30, 2026
83% of Year Complete

Fund No.	Fund Description	Beginning Fund Balance 07-01-25	Revenues YTD Actual	Revenues % of Budget	Expenses YTD Actual	Expenses % of Budget	Year to-Date Deficit or Carryover	Preliminary Ending Fund Balance Reserved[1]	Preliminary Ending Fund Balance Unreserved
SUMMARY BY FUND TYPE									
	GENERAL FUND GROUP	$ 28,203,982	$ 39,927,145	69%	$ 49,113,080	74%	$ (9,185,935)	$ 2,484,705	$ 16,533,341
	SPECIAL REVENUE GROUP	17,013,778	13,624,225	97%	11,111,250	65%	2,512,976	1,903,476	17,623,278
	DEBT SERVICE GROUP	354,991	575,934	83%	593,844	87%	(17,909)	88,246	248,835
	CAPITAL PROJECTS GROUP	39,808,641	8,322,320	24%	15,031,621	29%	(6,709,302)	2,973,558	30,125,781
	ENTERPRISE GROUP	88,769,471	49,176,922	49%	44,407,785	26%	4,769,137	9,719,784	83,818,825
	INTERNAL SERVICE GROUP	20,290,437	11,470,864	70%	12,347,800	69%	(876,936)	1,157,544	18,255,957
	TOTAL ALL GROUPS	**$ 194,441,300**	**$ 123,097,411**	**55%**	**$ 132,605,380**	**41%**	**$ (9,507,969)**	**$ 18,327,313**	**$ 166,606,017**

[1] Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Michael Horta, Human Resources Director
APPROVED BY: City Manager

RECEIVE A REPORT ON CITY OF MORGAN HILL VACANCIES, AND RECRUITMENT AND RETENTION EFFORTS

RECOMMENDATION(S)
Receive the informational report on City of Morgan Hill Vacancies, and Recruitment and Retention Efforts Pursuant to Government Code Section 3502.3 (AB 2561).

COUNCIL PRIORITIES, GOALS & STRATEGIES
City Council Ongoing Priorities
Fostering a Positive Organizational Culture
Preserving and Cultivating Public Trust

Strategic Priorities 2026-2027
Fiscal Sustainability

REPORT NARRATIVE:
Assembly Bill ("AB") 2561, codified in Government Code Section 3502.3, passed in 2024 with a January 1, 2025, effective date, and requires public agencies to hold a public hearing to address the status of job vacancies annually prior to the adoption of the final budget. During this public hearing, the City must present information on the status of job vacancies and the City's recruitment and retention efforts. If necessary, the City will identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process. The City's employee bargaining units have been informed of the June 3, 2026, public hearing and are entitled to make a presentation at the hearing related to vacancies within their respective bargaining unit. This report is for informational purposes only as required by law.

In compliance with the new legal obligation, the City is required to present the following information at the public hearing:

1. The status of vacancies at the City of Morgan Hill.
2. Information on the City's recruitment and retention efforts.
3. Obstacles in the City's policies, procedures, and recruitment activities that may create challenges in the hiring process.

If the number of job vacancies within a single bargaining unit meets or exceeds 20% of the total number of authorized full-time positions, the staff presentation will also include the following information:

1. The total number of job vacancies within the bargaining unit.
2. The total number of applicants for vacant positions within the bargaining unit.
3. The average number of days to complete the hiring process from when a position is posted.
4. Opportunities to improve compensation and other working conditions.

Vacancies:
As of April 30, 2026, there are no bargaining units with a vacancy rate exceeding 20%.

Bargaining Unit Vacancy Rate as of 4/30/2026: American Federation of State, County, and Municipal Employees (AFSCME) 6.32%; Community Services Officers' Association (CSOA) 0.0%; Police Officers' Association (POA) 6.67%; and Management, Professional, and Confidential Employees 5.23%; Total 5.57%

Bargaining Unit	**Vacancy Rate** *As of 4/30/2026*
American Federation of State, County, and Municipal Employees (AFSCME)	6.32%
Community Services Officers' Association (CSOA)	0.0%
Police Officers' Association (POA)	6.67%
Management, Professional, and Confidential Employees	5.23%
Total	**5.57%**

Recruitment and Retention Efforts:
The Human Resources (HR) Team has implemented a variety of programs and initiatives aimed at enhancing efficiency, improving effectiveness, and delivering exceptional service throughout the recruitment and selection process. Key efforts include:

- ***Review of Job Classifications****:* Before beginning any recruitment process, HR partners with the hiring manager to review the job description, ensuring that the duties and requirements are accurate and up to date. When updates are

necessary, HR facilitates the revision process and routes the changes for proper approval. This proactive approach helps Morgan Hill stay competitive in attracting top talent.

- ***Streamlined Application Process****:* HR utilizes NeoGov Insight, a comprehensive platform that streamlines the recruitment process. It allows HR to review applications, schedule candidates, and send notifications regarding applicant status. To provide flexibility and broaden access, departments have the option of conducting initial oral board interviews via Zoom. This not only accommodates candidates' schedules but also makes it easier for HR to coordinate with raters and assemble diverse interview panels for a well-rounded assessment.
- ***Advertising & Outreach****:* All City job postings are automatically published on our website through NeoGov Insight and advertised on GovernmentJobs.com. In addition, the HR team collaborates with our Communications and Engagement Coordinator to promote opportunities through social media and printed brochures. For more difficult to fill positions, ads are posted in career-specific forums. To further expand our outreach, HR also actively participates in local career fairs to connect directly with potential candidates.
- ***Competitive Wages & Benefits****:* Through our collective bargaining process, Morgan Hill is committed to offering competitive salaries and comprehensive benefits designed to attract and retain high-quality employees who support our mission and values.
- ***Retention:*** Employees are encouraged to participate in career development sessions, leadership classes and academies. The City sends participants to Leadership Morgan Hill and Santa Clara County Leadership Academy. In an effort to ensure easy access to the classes and academies, the City often hosts these events. We provide and encourage our employees to take advantage of coaching, growth opportunities, and assignments within their departments.
- ***Positive Work Environment and Quality of Life****:* At Morgan Hill, we pride ourselves on exceptional customer service and strong teamwork, so much so that we refer to our employees as *teammates*. The HR team plays a vital role in supporting this culture by bridging the gap between departments and people. We do this through in-person on-boarding, personalized welcome emails for new hires, and warm introductions during the Oath of Office and the City Manager's quarterly report. We also offer alternative work schedules for those positions that qualify.

Our W.O.W. (Work on Wellness) Committee keeps our culture vibrant by organizing fun and healthy events and challenges throughout the year, such as walking challenges and other team-building events. The goal is to have employees build strong relationships in a social and professional setting along with focusing on the health of their mind and body.

Each year, the HR team also hosts a Health and Wellness Fair, which offers updates on employee benefits, opportunities to connect with local health and wellness providers, and recognition through our annual Service Awards.

Obstacles:
Even with all that the City is doing, there is always more that can be done to recruit and retain great employees. Competition for qualified applicants is always a challenge, especially in more specialized positions. Many government agencies are experiencing challenges in attracting interest in public sector careers. It is important that the City continues to engage with professionals of all ages so they are aware of the opportunities. That is why efforts around positive work environments are so important. Human Resources prides itself on the relationships it has built with all the departments and ensures employees have a positive on-boarding experience. The City strives to maintain well-qualified and engaged employees.

COMMUNITY ENGAGEMENT:
Inform
This report serves to inform the public of the required vacancy information.

ALTERNATIVE ACTIONS:
No alternative actions as this report is a new requirement.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
On June 4, 2025, the City Council received the report on City of Morgan Hill vacancies, and recruitment and retention efforts.

FISCAL AND RESOURCE IMPACT:
No fiscal or resource impact in providing this report.

CEQA (California Environmental Quality Act):
Not a project, administrative activity that has no potential to impact the environment directly or indirectly.

CITY OF MORGAN HILL

AB 2561 City of Morgan Hill Vacancies, and Recruitment and Retention Efforts

Public Hearing

City Council Meeting
June 3, 2026

What is AB2561?

Assembly Bill 2561 requires that, on an annual basis, public agencies assess and address vacancy rates.

1. The status of vacancies at the City of Morgan Hill.
2. Information on the City's recruitment and retention efforts.
3. Obstacles in the City's policies, procedures, and recruitment activities.

Additional obligation may apply if the vacancy rate in a bargaining unit exceeds 20%

City of Morgan Hill Bargaining Units

Bargaining Unit	Represented Classifications
American Federation of State, County, and Municipal Employees (AFSCME)	Professional, Paraprofessional, Technical, Clerical, Maintenance and Utility positions
Community Services Officers' Association (CSOA)	Public Safety Dispatchers, Records, Animal Control and Property and Evidence positions
Police Officers' Association (POA)	Multi Service Officer, Police Officer, Corporal and Sergeant positions
Management, Professional, and Confidential Employees	Management positions including Human Resources and Payroll excluding City Manager and City Attorney

Vacancy Rate by Bargaining Units

Bargaining Unit	Vacancy Rate *As of 4/30/2025*
American Federation of State, County, and Municipal Employees (AFSCME)	6.32%
Community Services Officers' Association (CSOA)	0.0%
Police Officers' Association (POA)	6.67%
Management, Professional, and Confidential Employees	5.23%
Total	5.57%

Recruitment and Retention Efforts

- Review of job classifications
- Streamline application process
- Advertising and outreach
- Competitive wages and benefits
- Retention
- Positive work environment and quality of life

Obstacles

- Competition for qualified candidates
- Attracting interest in public sector careers
- Commitment to public sector

Questions?

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Keri Russell, Maintenance Manager
APPROVED BY: City Manager

ADOPT RESOLUTION ORDERING ANNUAL ASSESSMENTS AND RELATED ACTIONS FOR CITY OF MORGAN HILL LANDSCAPE ASSESSMENT DISTRICT NUMBER 1 (DISTRICT)

RECOMMENDATION(S)

1. Open and close the public hearing; and
2. Adopt resolution confirming Fiscal Year (FY) 2026-27 annual assessments and ordering the levy of assessments for the District.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Maintaining and Enhancing Infrastructure

Strategic Priorities 2026-2027
Fiscal Sustainability

REPORT NARRATIVE:

The City of Morgan Hill Landscape Assessment District No. 1 (District) was created to pay for the maintenance of the parks and common landscaping in neighborhoods benefiting from the open space within the District. The purpose of this item is to:

A. Provide an opportunity for public input;
B. Confirm the FY 2026-27 Assessments; and
C. Order the levy of the Assessments.

Per California Streets and Highways code Sections 22623 to 22631, the Annual Report (Attachment 1) is required to set the annual assessments in the District. In addition to approving the report on May 6, 2026, the Council declared its intent to levy assessments in the District and established June 3, 2026 as the date of the official public hearing.

COMMUNITY ENGAGEMENT:

Ongoing resident outreach is occurring in several of the subareas and City staff are

striving to increase the resident outreach to others. 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 developed relationships with resident groups in several areas. Staff are closely working with active districts on the ongoing maintenance and budgets 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 limitations of funding available to the subarea without an associated increase in assessment.

Staff is recommending an increase to Belle Estates, Jackson 7, La Crosse, Llagas Obata, and Stone Creek subarea. Staff have had resident meetings to discuss the increase with each of these areas.

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.

On May 6, 2026, the City Council initiated the annual assessment process and approved the Engineer’s Annual Report, for FY 2026-27. In addition to approving the report, the Council declared its intent to levy assessments in the District and established June 3, 2026 as the date of the official public hearing.

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

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fund tomorrow since 1996

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Keri Russell, Maintenance Manager

NBS

Ingrid Mijangos, Administrator

Melissa Ellico, Project Manager

Kristin Harvey, Client Success Ambassador

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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

	Oak Creek I, II, III
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	**$55,141.36**
ADMINISTRATIVE EXPENSES	
Salaries	$4,498.01
Postage/Advertising	33.15
Internal Services	3,152.85
Administrative/Engineering Contract	1,483.46
Subtotal Administrative Expenses	**$9,167.47**
SUBTOTAL ZONE COST	**$64,308.83**
Fund Balance (Reduction)/Reserve	(13,733.83)
TOTAL BALANCE TO LEVY	**$50,575.00**
Number of Assessable Units	**119**
Assessment Rate per Unit	**$425.00**
Estimated Beginning Fund Balance July 1, 2026	**$46,553.35**
Fund Balance Change	**(13,733.83)**
Estimated Ending Fund Balance June 30, 2027	**$32,819.52**

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:

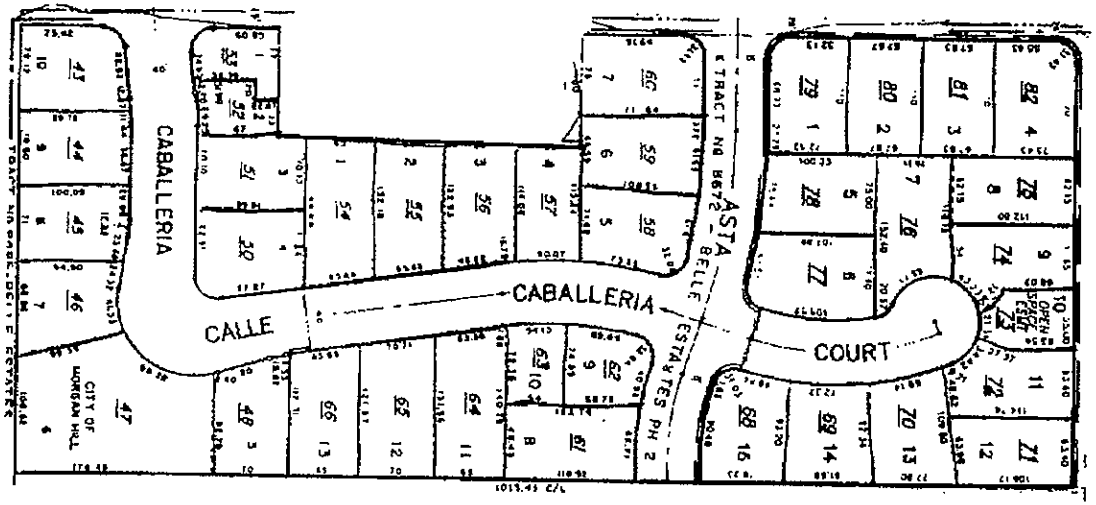
Estimated Fiscal Year 2026/27 Costs and Fund Adjustment	$3,750.00
Total Units	10
Fiscal Year 2026/27 Actual Assessment Per Unit	$375.00
Fiscal Year 2026/27 Maximum Assessment Per Unit	$765.06

(1)

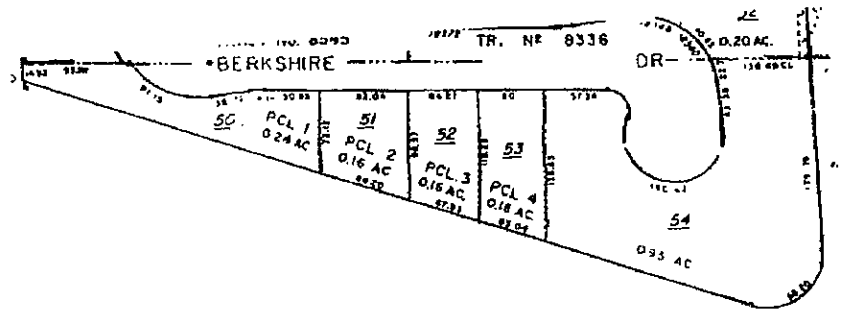
There is no change in the assessment rate from the previous fiscal year.

5. ASSESSMENT DIAGRAMS

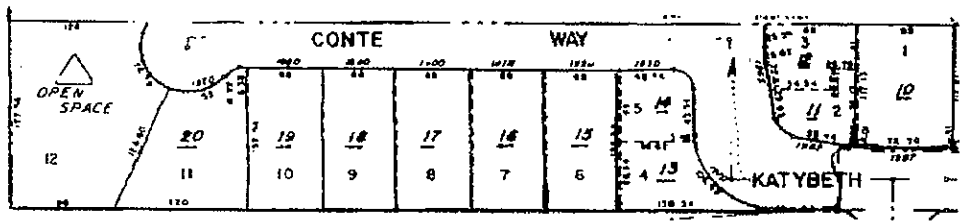
The Assessment Diagrams for each Zone in the District have been submitted to the City Clerk in the format required under the provisions of the Act. Copies of the diagrams are included herein. The lines and dimensions shown on maps of the County Assessor for the current year are, by reference, made part of this Report as well.



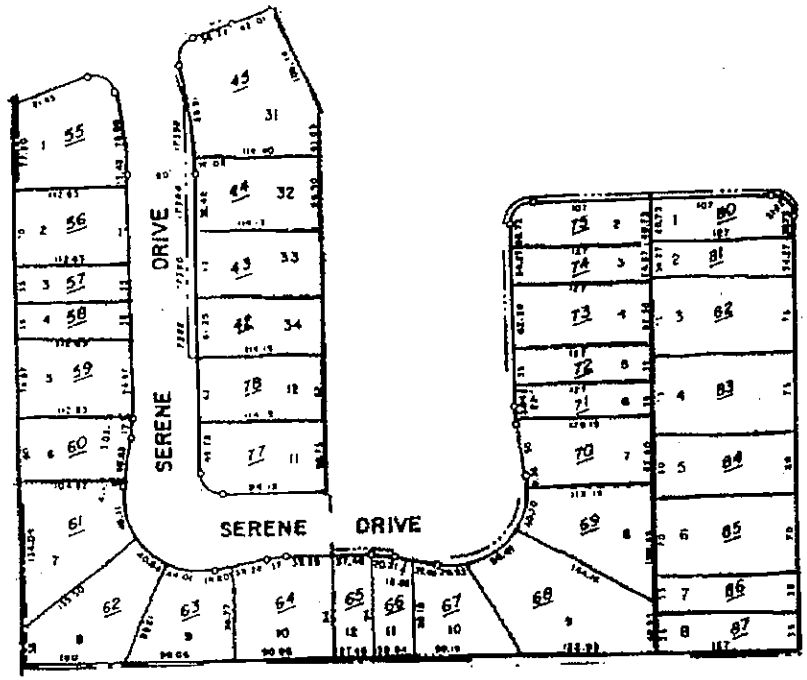
BELLE ESTATES ZONE



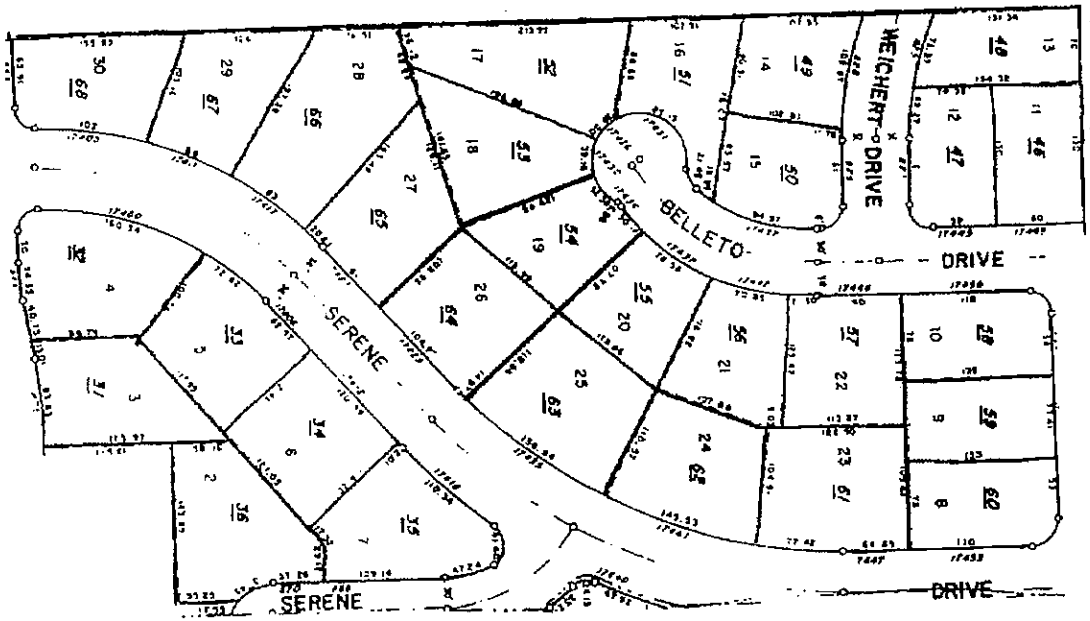
CHANG/BERTELONE ZONE



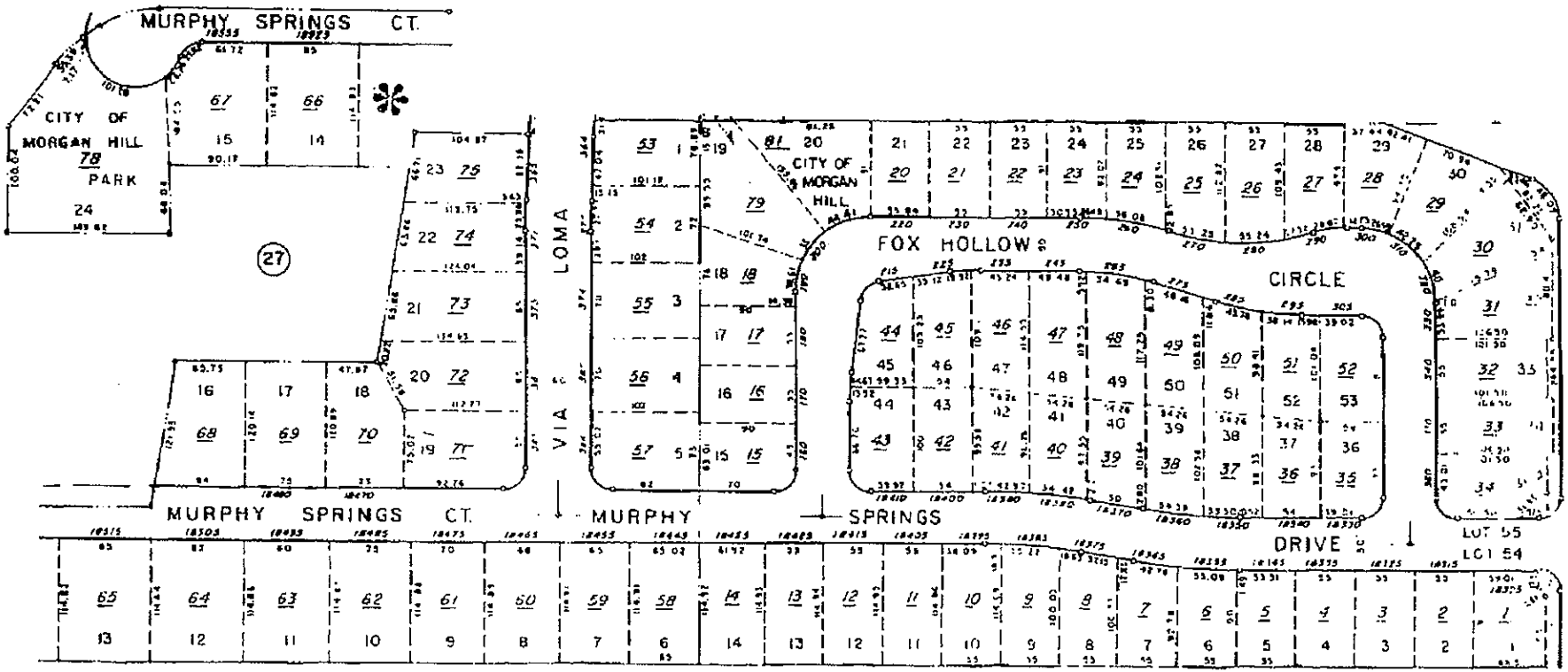
CONTE GARDENS ZONE



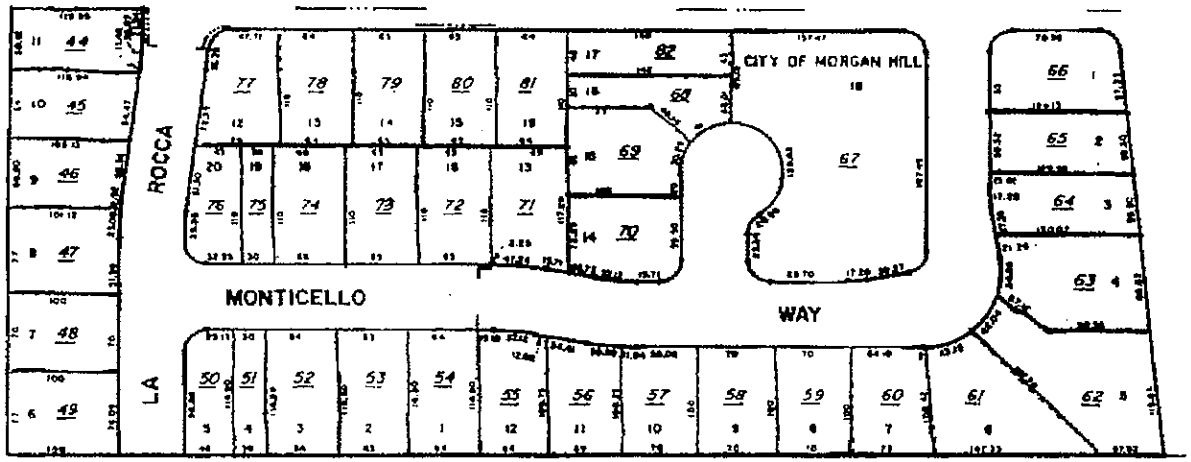
DIANA ESTATES ZONE SHEET 1



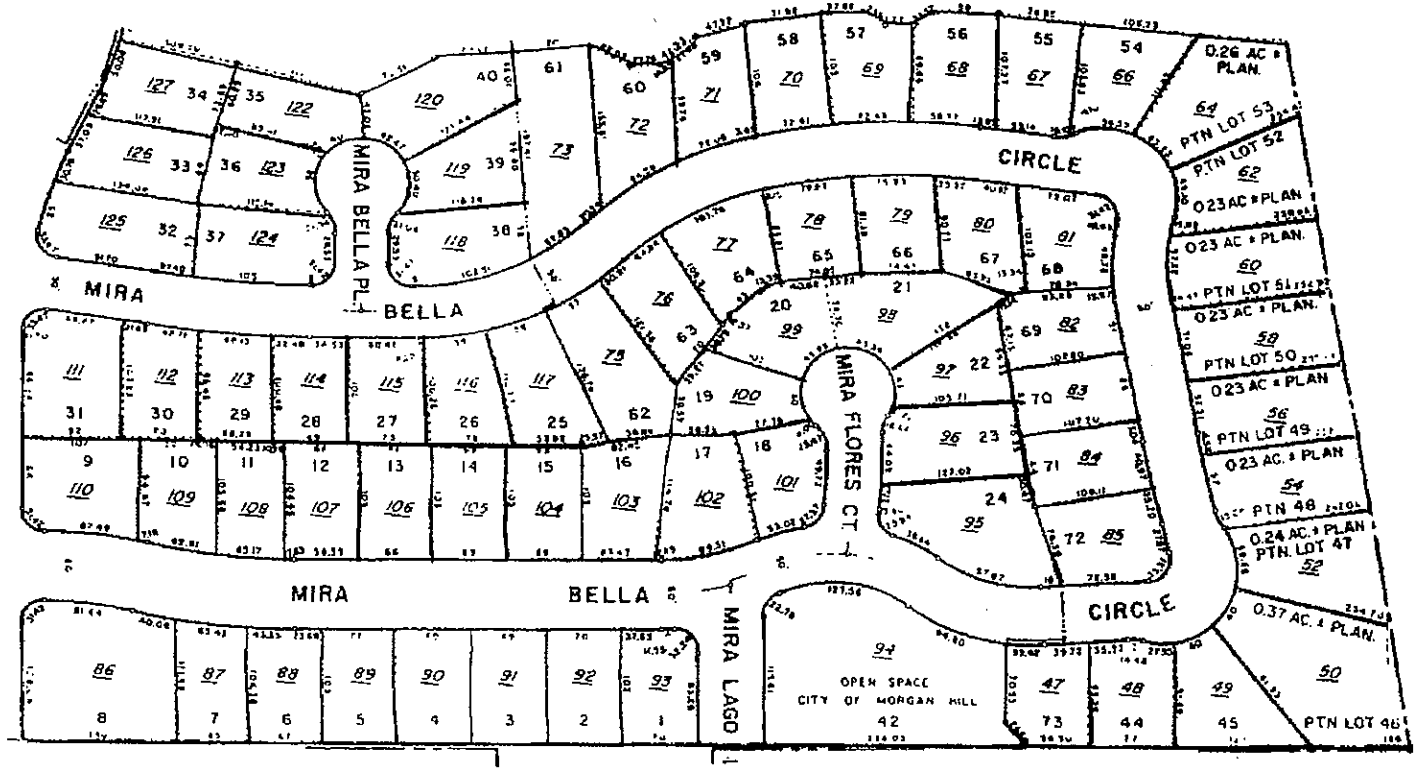
DIANA ESTATES ZONE SHEET 2



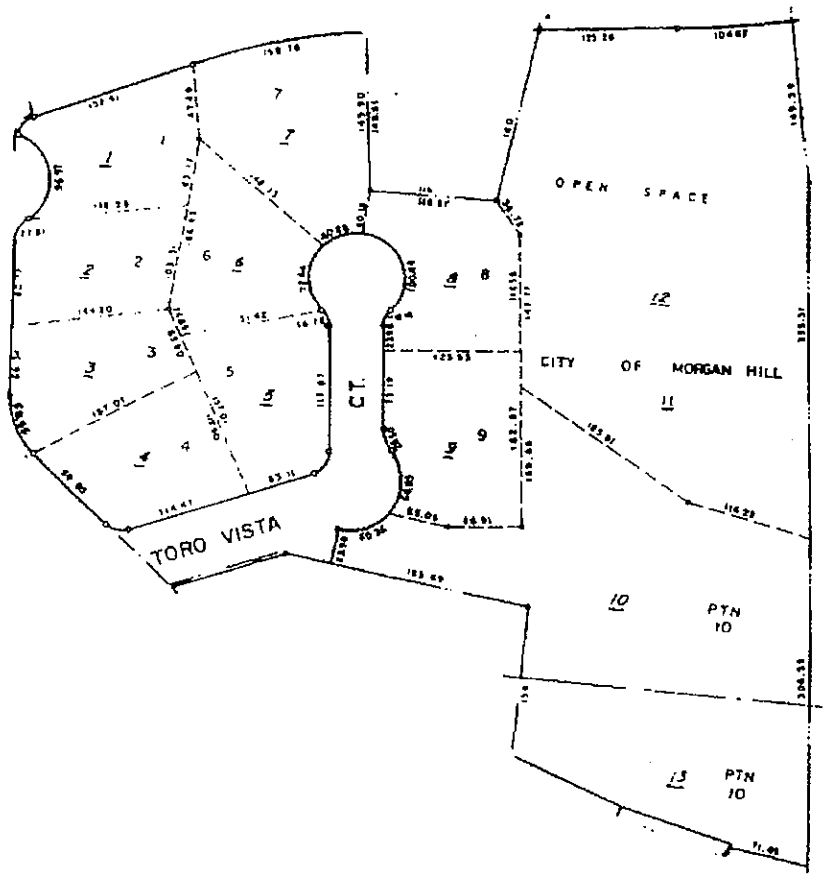
FOX HOLLOW/MURPHY SPRINGS ZONE



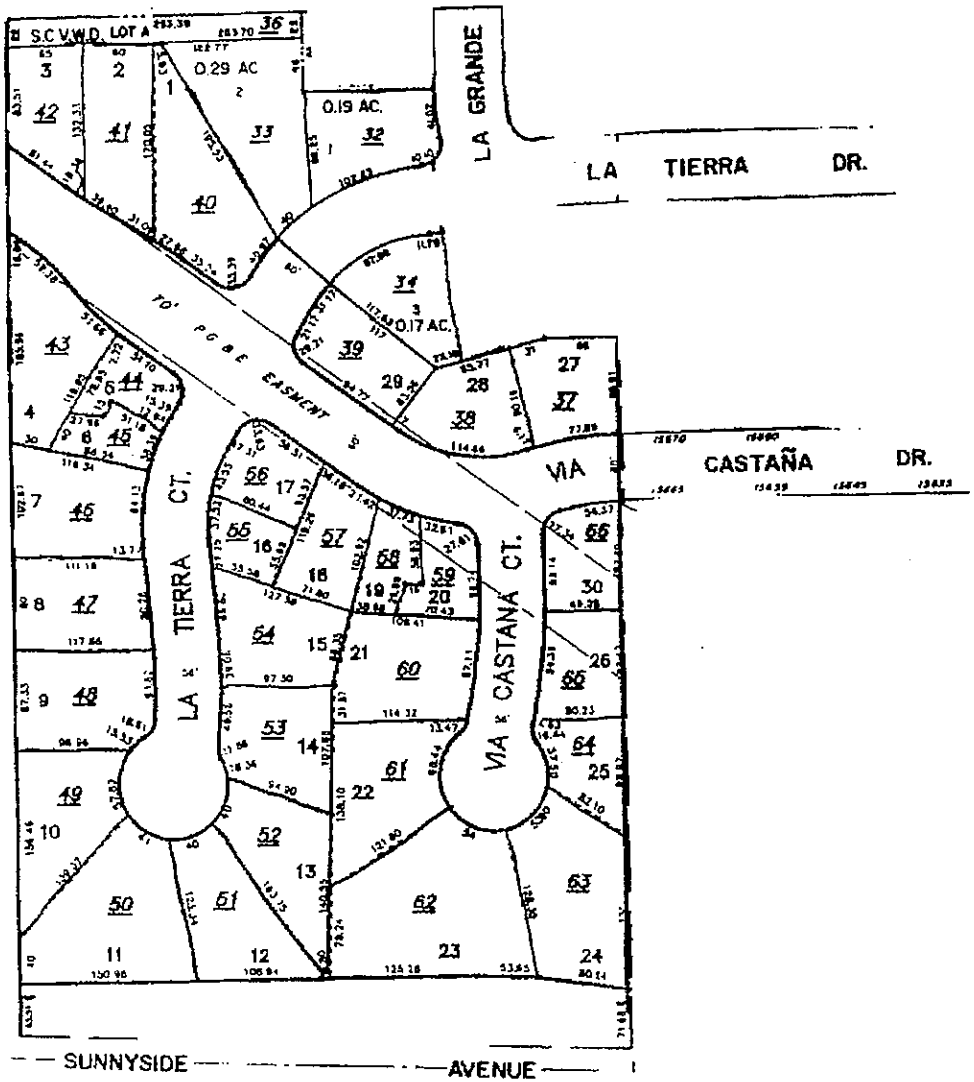
HAMILTON SQUARE ZONE



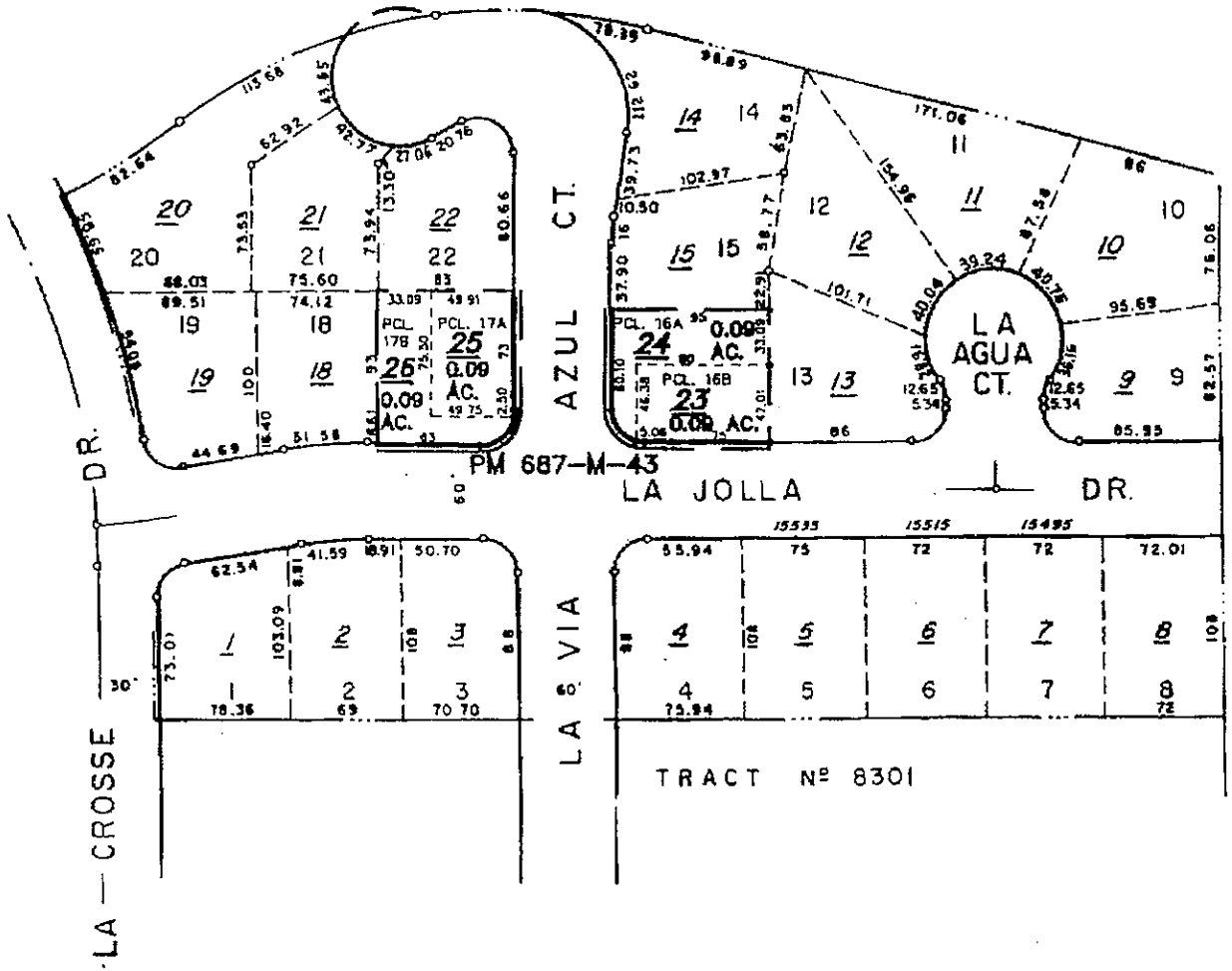
JACKSON MEADOWS #6 ZONE



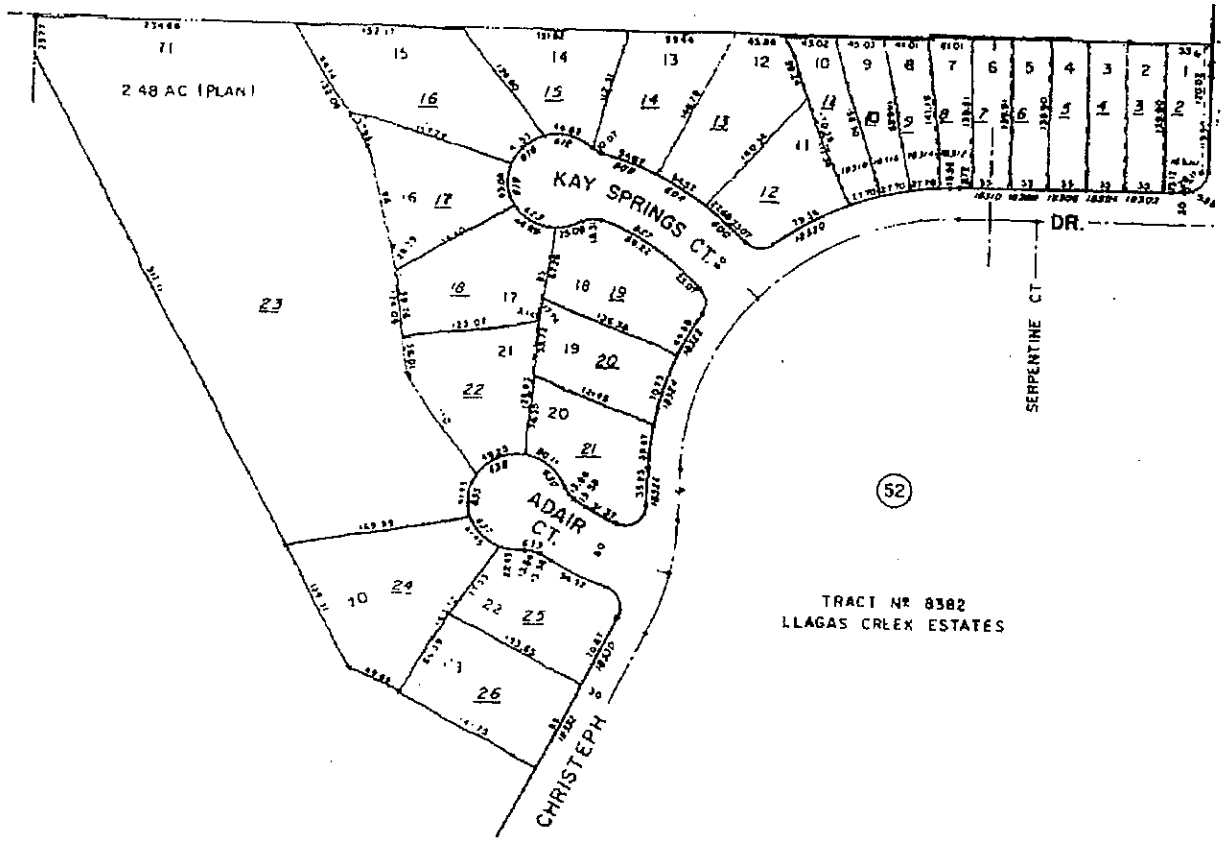
JACKSON MEADOWS #7 ZONE



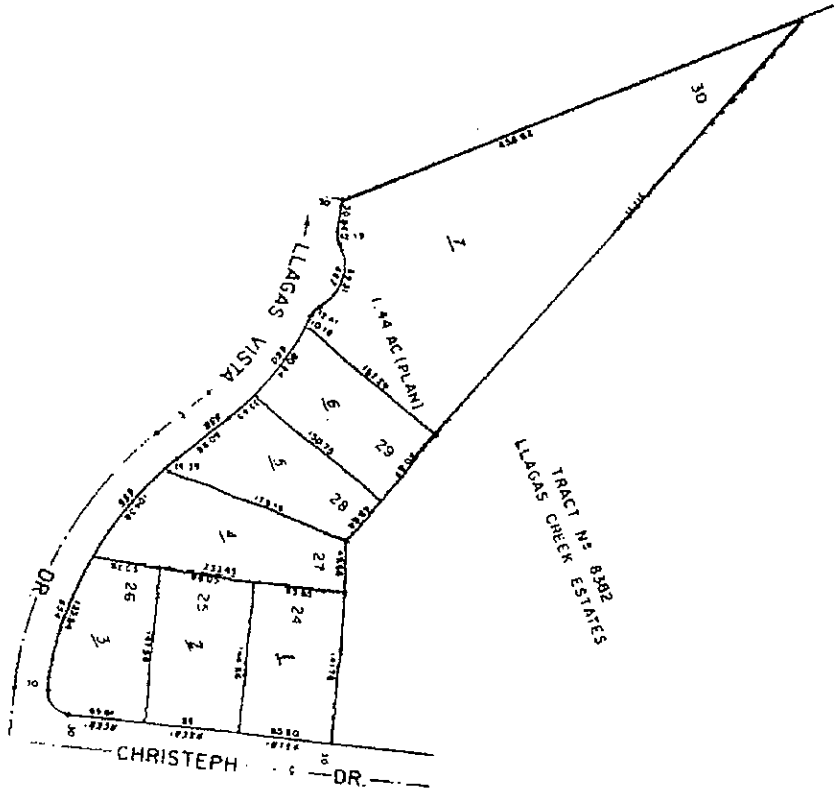
LA GRANDE ESTATES ZONE



LACROSSE/GERA ZONE

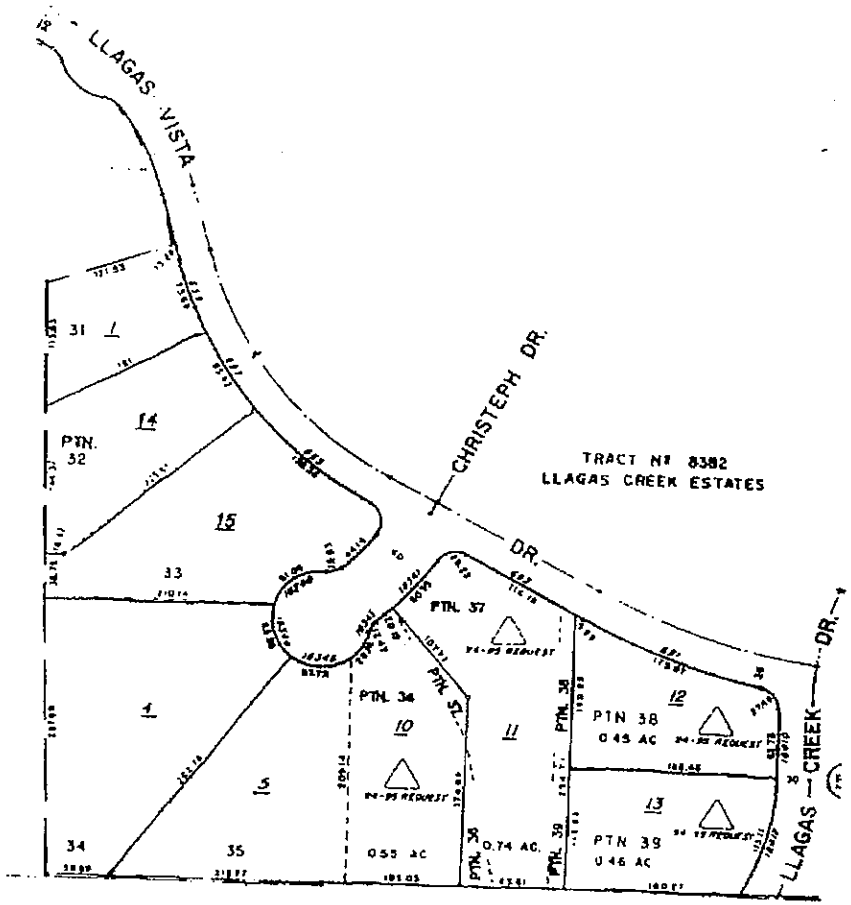


LLAGAS CREEK ESTATES ZONE SHEET 1

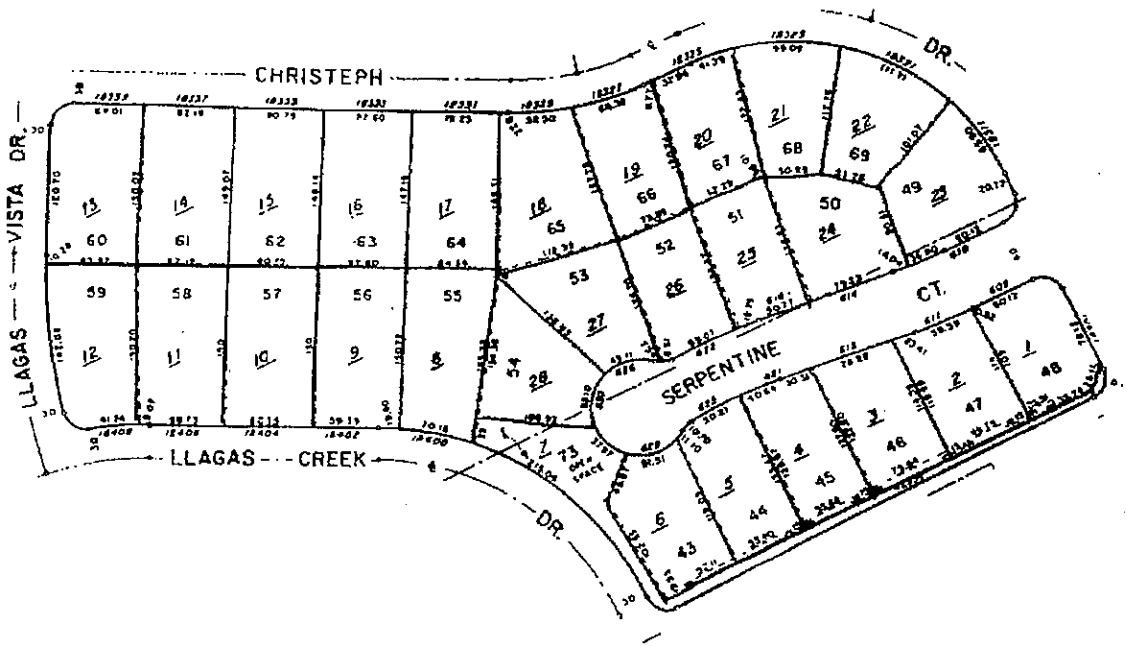


LLAGAS CREEK ESTATES ZONE

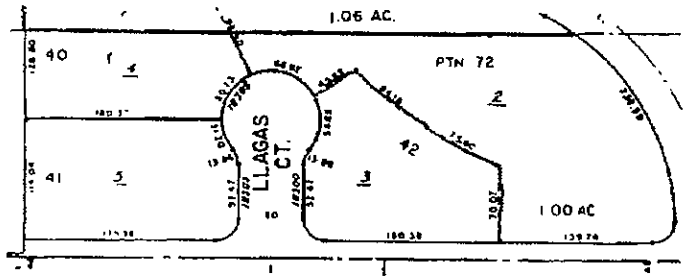
SHEET 2



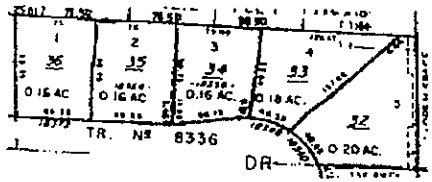
LLAGAS CREEK ESTATES ZONE SHEET 3



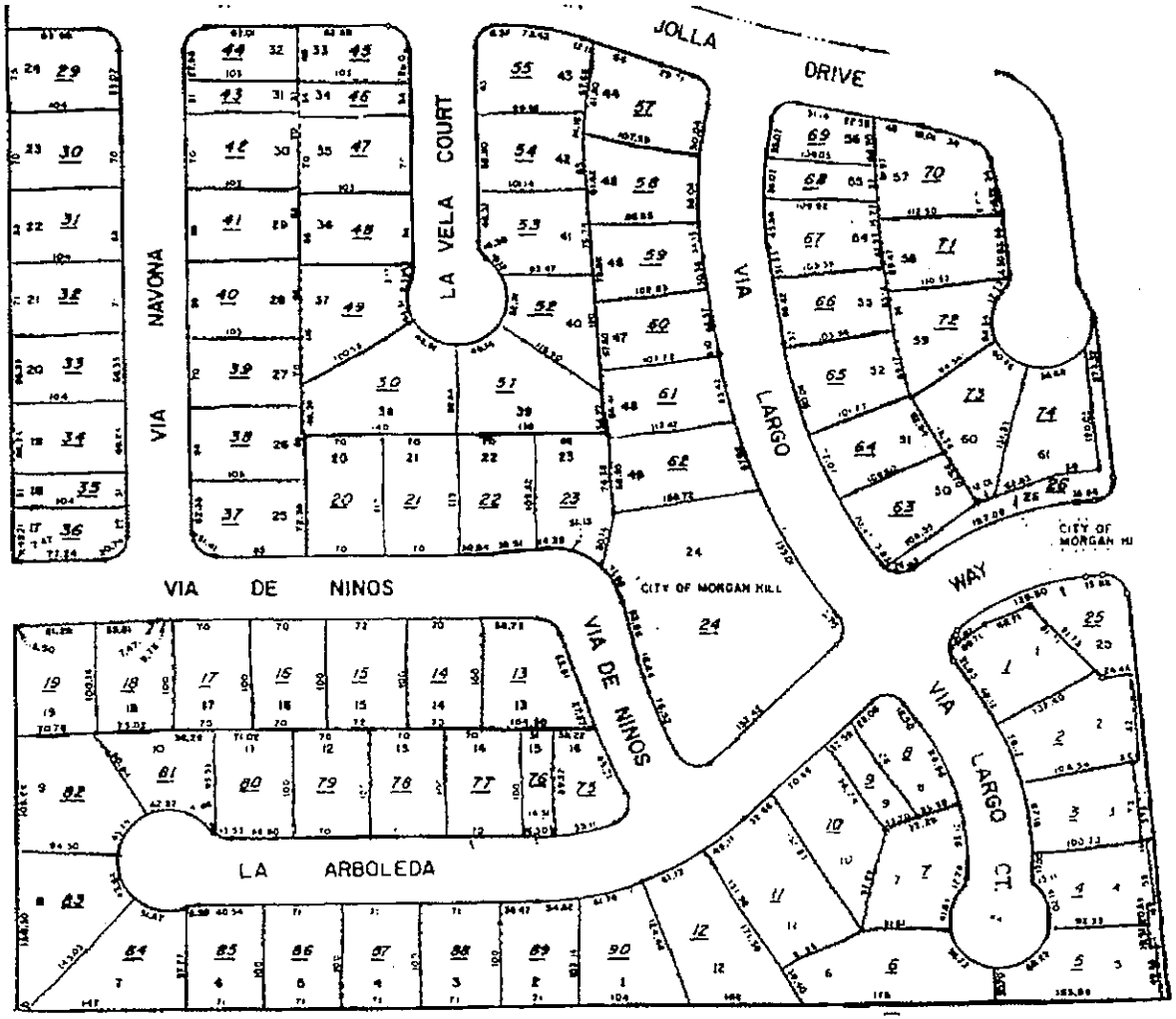
LLAGAS CREEK ESTATES ZONE SHEET 4



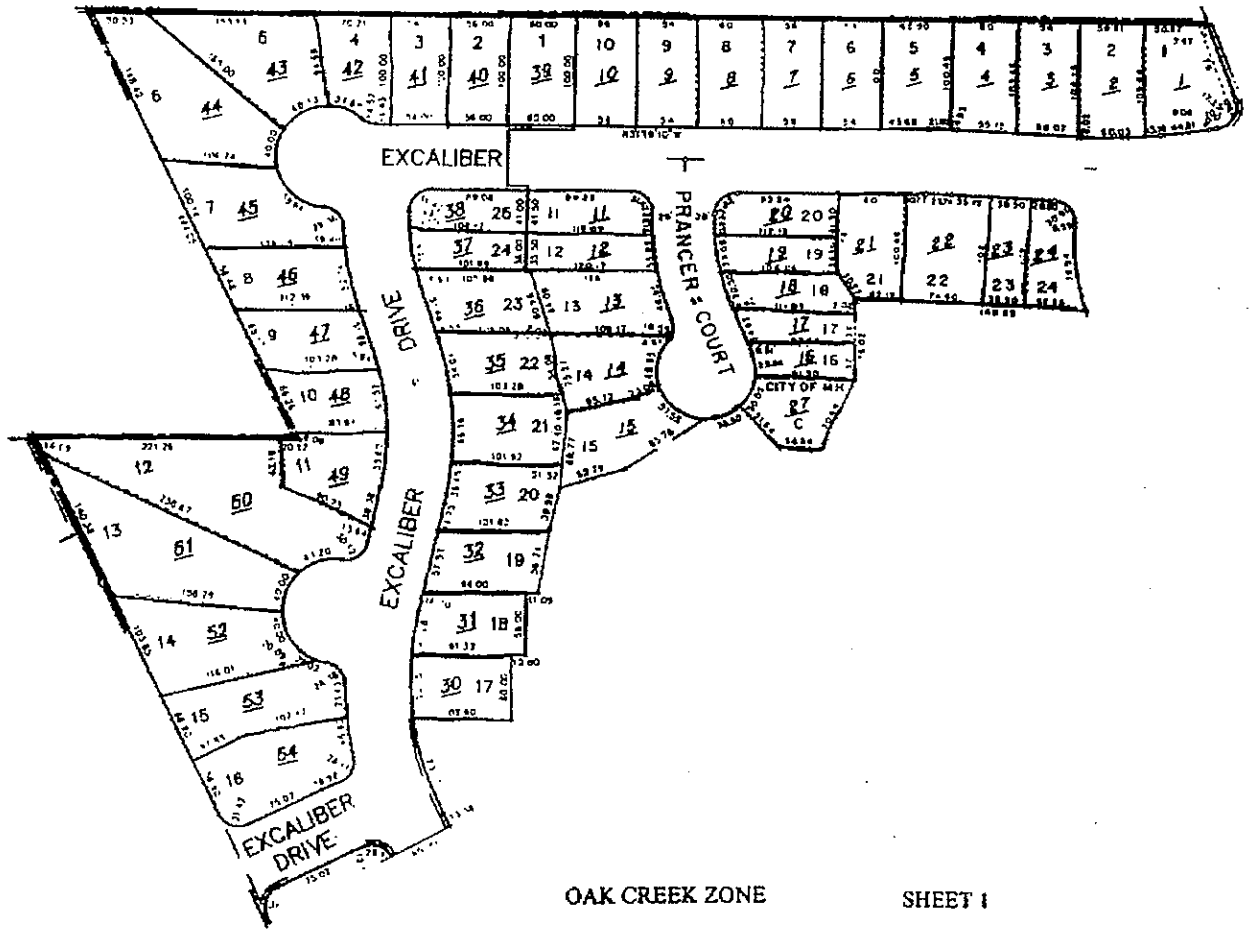
LLAGAS CREEK ESTATES ZONE SHEET 5



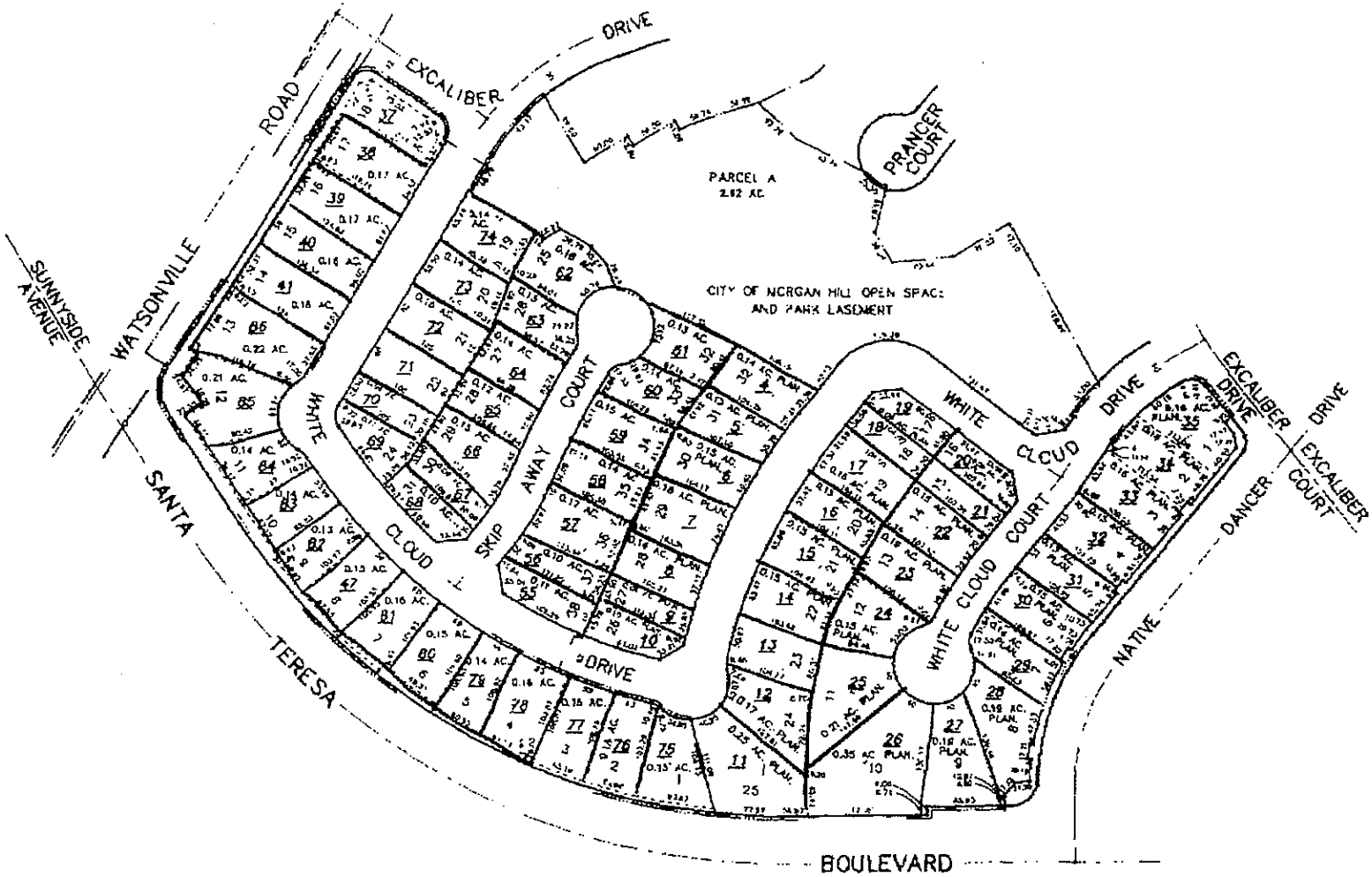
LLAGAS/OBATA ZONE



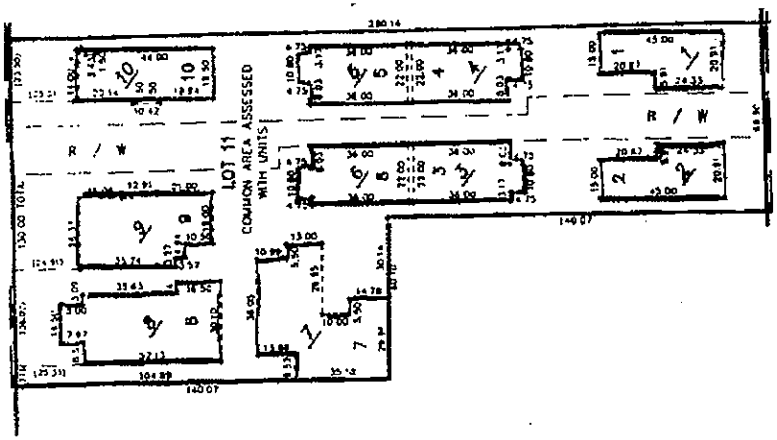
MILL CREEK ZONE



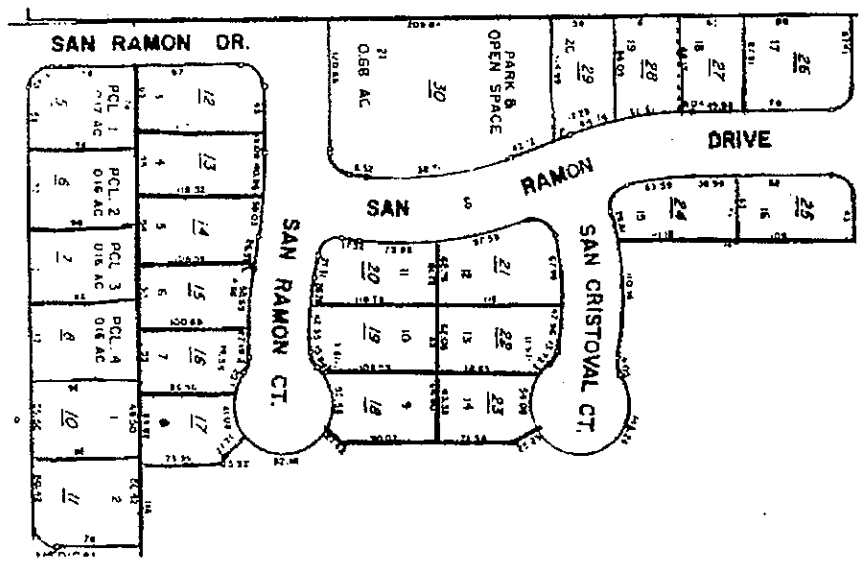
OAK CREEK ZONE SHEET 1



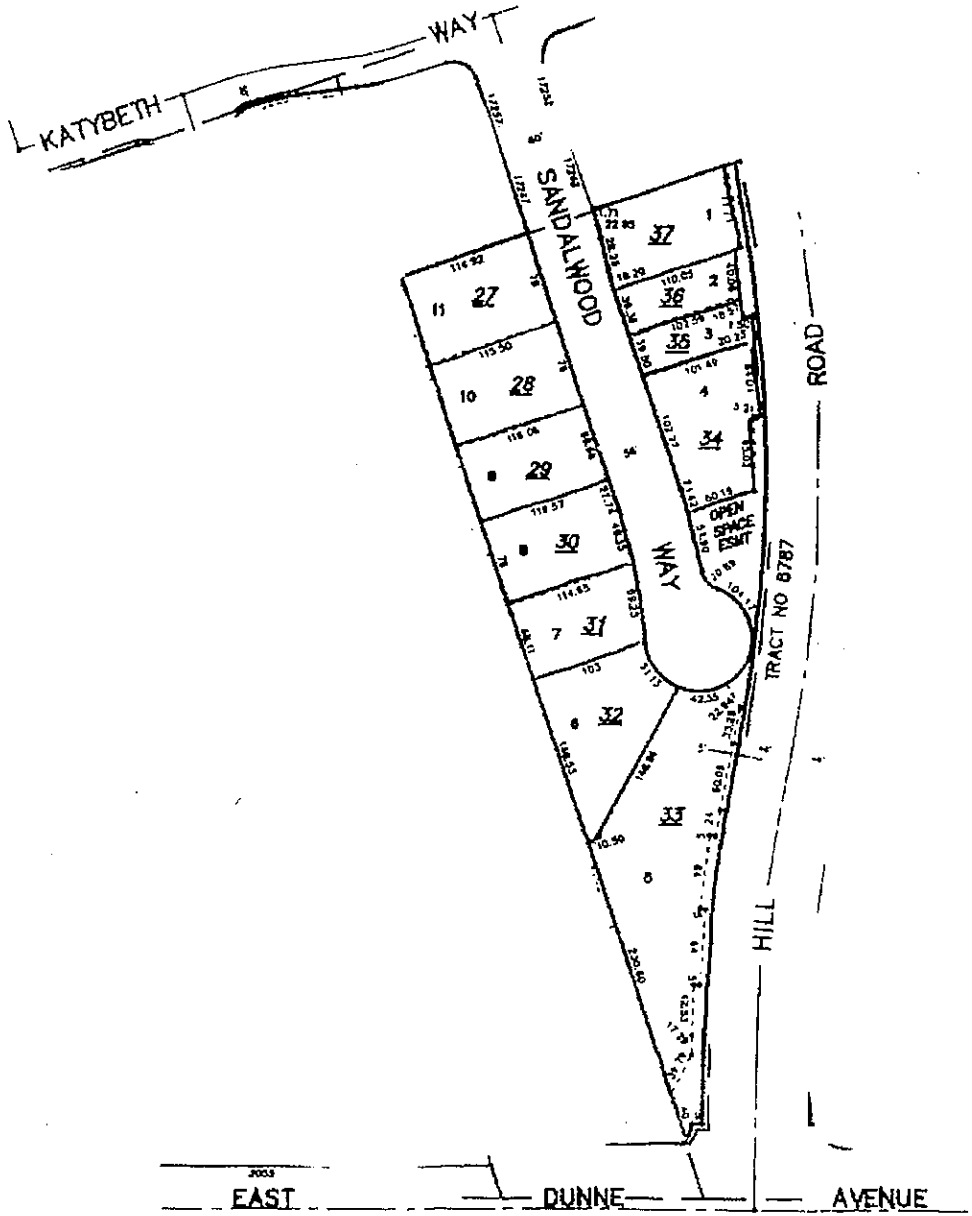
OAK CREEK ZONE SHEET 2



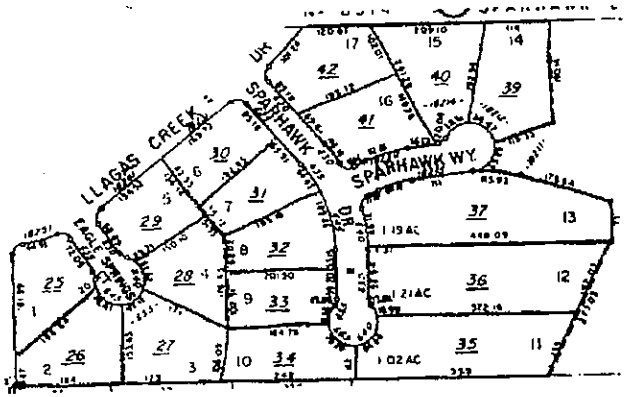
PARSONS CORNER ZONE



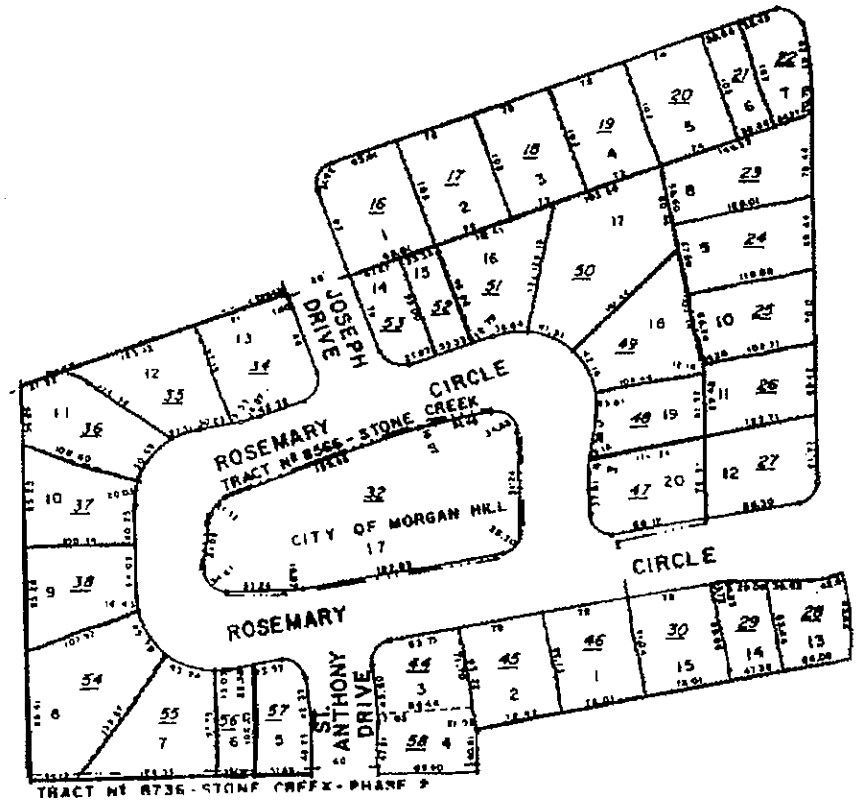
ROSEHAVEN ZONE



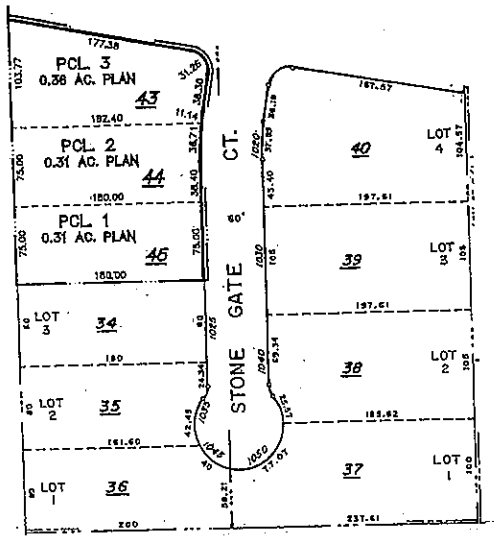
SANDALWOOD ZONE



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

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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**

Slight variances may occur due to rounding

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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

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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

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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

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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

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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

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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

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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

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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

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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**

Slight variances may occur due to rounding

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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

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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

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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**

Slight variances may occur due to rounding

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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

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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

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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

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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

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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**

Slight variances may occur due to rounding

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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

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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

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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

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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

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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**

Slight variances may occur due to rounding

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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

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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

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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

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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, CALIFORNIA, CONFIRMING THE ASSESSMENT AND ORDERING THE LEVY 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 of said district to the City of Morgan Hill Landscape Assessment District No. 1 (the "Assessment District"); and,

WHEREAS, the City has retained NBS for the purposes of assisting with the annual levy of the Assessment District, and the preparation and filing of an Annual Report; and

WHEREAS, NBS has not been required to update the Annual Report since the City Council's preliminary approval on May 6th 2026; and

WHEREAS, the City Council has, by previous resolution, declared its intention to hold a Public Hearing concerning the levy and collection of assessments within the Assessment District; and

WHEREAS, notice of such Public Hearing was duly given in accordance with Section 22626 of the Act; and

WHEREAS, at the time and place specified in the aforementioned notice the City Council held and conducted such Public Hearing, and considered all objections to the assessment.

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE COUNCIL, AS FOLLOWS:

1. **Final 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.

2. **Confirmation of Assessment and Diagram:** The City Council hereby confirms the assessment and the diagram as is described in full detail in the Annual Report on file with the City Clerk.

3. **Levy of Assessment:** Pursuant to Section 22631 of the Act, the adoption of this resolution shall constitute the levy of an assessment for the fiscal year commencing July 1, 2026 and ending June 30, 2027.

4. **Ordering of the Levy:** The City Council hereby orders NBS to prepare and submit the levy of assessments to Santa Clara County for placement on the Fiscal Year 2026/27 secured property tax roll.

PASSED, APPROVED AND ADOPTED by the City Council of Morgan Hill at a regular meeting held on the 3rd day of June 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 June 3rd, 2026.

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

DATE:_____

Michelle Bigelow, City Clerk

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Monica Delgado, Budget Manager
APPROVED BY: City Manager

ADOPT THE FISCAL YEAR (FY) 2026-27 AND 2027-28 OPERATING BUDGET, FY 2026-27 THROUGH 2031-32 CAPITAL IMPROVEMENT PROGRAM BUDGET, ADOPT FY 2026-27 APPROPRIATIONS LIMIT, AUTHORIZE THE ALLOCATION OF GENERAL FUND BUDGET SAVINGS TO EXCESS ERAF RESERVES; DELEGATE AUTHORITY TO THE CITY MANAGER TO PURCHASE CITYWIDE COMPUTER REPLACEMENTS INCLUDED IN THE ADOPTED BUDGET, AND APPROVE MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEE GROUP SALARY SCHEDULES

RECOMMENDATION(S)

1. Open/Close Public Hearing;
2. Adopt resolution to:
   a. Adopt the FY 2026-27 and 2027-28 Operating Budget;
   b. Adopt the FY 2026-27 through 2031-32 Capital Improvement Program Budget;
   c. Adopt the 2026-27 Appropriations Limit and Appropriations Limit Adjustment Factors;
3. Authorize the allocation of General Fund Budget Savings to Excess Educational Revenue Augmentation Fund (ERAF) reserves;
4. Delegate authority to the City Manager to purchase citywide computer replacements included in the Adopted Budget; and
5. Approve the Management, Professional, and Confidential Employee Group salary schedules.

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
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:
The purpose of this Public Hearing is for the City Council to receive public comment, consider, and adopt the City's two-year Recommended Budget for Fiscal Years 2026-27 and 2027-28. The Recommended Budget reflects City Council direction and Community input received throughout the budget development process, including budget workshops, Parks & Recreation Commission and Planning Commission review, and Community engagement efforts.

The total Recommended Budget for FY 2026-27 and FY 2027-28 is approximately $244.2 million and $221.4 million, respectively. Excluding the City's Capital Improvement Program (CIP), the total Operating Budget is approximately $151.5 million in FY 2026-27 and $159.6 million in FY 2027-28. The total CIP Budget for FY 2026-27 and FY 2027-28 is approximately $92.7 million and $61.8 million, respectively. The Recommended Budget remains unchanged from the version presented to the City Council during the budget workshops (Attachment 1).

Consistent with City Council direction, the Recommended Budget continues to address the City's structural fiscal challenges through a combination of cost containment, operational efficiencies, and targeted revenue enhancements, while maintaining core service levels. The budget reflects a comprehensive review of departmental expenditures and includes strategic hiring controls, energy savings initiatives, reduced operating costs, deferred non-essential maintenance, administrative cost recovery, and

fair market facility rental allocations. While these actions help narrow the City's ongoing structural deficit, additional efforts will be needed in the future to address long-term fiscal sustainability.

As outlined in the multi-year fiscal roadmap presented to the City Council on April 1, 2026, the City is preparing for a potential November 2028 revenue measure. Over the next two years, staff will conduct service level evaluations to define potential service reduction scenarios and inform the Community of the trade-offs required if additional ongoing revenue is not secured. These scenarios will include both moderate and major service impacts.

Through proactive planning, fiscal transparency, and continued Community engagement, the City will work to maintain essential services while building a more sustainable financial foundation for the future.

Excess ERAF Reserves
Due to the ongoing uncertainty surrounding the State Controller's Office interpretation and litigation related to Excess Educational Revenue Augmentation Fund (ERAF) distributions, staff recommends allocating General Fund budget savings, up to $1.0 million, to reserves designated for potential Excess ERAF exposure. Together with $1.0 million already set aside from the prior year, this would strengthen the City's financial preparedness for potential retroactive repayment obligations and future revenue reductions associated with Excess ERAF distributions. This action is consistent with County recommendations encouraging local agencies to set aside reserves for at-risk Excess ERAF revenues and supports the City's long-term fiscal stability.

Citywide Computer Replacements
As part of the City Council's effort to streamline meetings, the Council directed staff to identify agenda items that could be handled administratively. Staff have identified computer and workstation replacement purchases included in the adopted budget as appropriate for administrative approval. Currently, these purchases are centrally managed through the Information Services Division for the entire City. However, staff is still required to agendize and seek City Council approval for purchases, even when the equipment has already been appropriated through the budget process.

In addition, the technology industry continues to experience supply chain constraints, fluctuating availability, and shortened guaranteed pricing periods for computer equipment. As a result, staff may need to act quickly to secure pricing and ensure timely replacement of critical equipment. Requiring City Council approval for routine purchases can delay procurement and increase the risk of higher costs or missed purchasing opportunities.

Staff recommends that the City Council delegate authority to the City Manager to approve future computer and workstation replacement purchases included in the adopted budget, provided the purchases comply with the City's purchasing policy and do not require additional appropriations. This approach would streamline routine procurement activities while remaining consistent with the City's existing practice for

other routine purchases.

Classification and Compensation Adjustments
The changes include adjustments to the salary bands for the Information Technology Director and Police Captain classifications to maintain market competitiveness, address compaction issues, and support organizational alignment. In addition, the budget reflects the unfunding of a Principal Planner position following the promotion of the incumbent to the Planning Manager classification (Attachment 2). All associated costs and position changes are included in the Recommended Budget.

COMMUNITY ENGAGEMENT:
Involve

- November 8, 2025 - Budget at Sidewalk Saturdays
- December 10, 2025 - Budget Community Engagement Meeting (Release of Balancing Act Tool)
- March 25, 2026 - Budget Roundtable
- May 16, 2026 - Budget Townhall
- May 20, 2026 Budget Workshop
- June 3, 2026 Budget Public Hearing/Adoption

ALTERNATIVE ACTIONS:
Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- The Parks & Recreation Commission recommended approval of the CIP on April 21, 2026.
- The Planning Commission found the proposed CIP consistent with the General Plan on May 12, 2026 (Attachment 3).
- The Recommended Budget was introduced to the City Council and the Community on May 6, 2026.
- A Budget Workshop was held on May 20, 2026.

FISCAL AND RESOURCE IMPACT:
The total recommended budget for FY 2026-27 and 2027-28 is approximately $244.2 million and $221.4 million, respectively. The total six-year CIP Budget is approximately $311.8 million.

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.

LINKS TO RECOMMENDED BUDGET

Recommended FY 2026-27 and 2027-28 Operating Budget

View as a PDF or on ClearGov platform

Recommended FY 2026-27 through 2031-32 Capital Improvement Program

View as PDF

CITY OF MORGAN HILL
MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEE GROUP
SALARY SCHEDULE

Effective: December 21, 2025, Amended June 3, 2026 * Currently Unfunded Positions

Job Classification	Bottom of Range Monthly	Top of Range Monthly
Group 1-A: Executive Management		
Assistant City Manager for Administrative Services	$19,479	$25,595
Assistant City Manager for Development Services	$19,479	$25,595
Assistant City Manager/Public Services Director	$19,479	$25,595
Chief of Police	$19,479	$25,595
Community Services Director *	$17,180	$22,623
Development Services Director	$17,180	$22,623
Economic Development Director	$17,180	$22,623
Engineering and Utilities Director *	$17,180	$22,623
Finance Director	$17,180	$22,623
Housing and Economic Mobility Director	$17,180	$22,623
Human Resources Director	$17,180	$22,623
Information Technology Director	$17,180	$22,623
*Communications and Engagement Director**	$14,825	$19,481
~~Information Technology Director~~	~~$14,825~~	~~$19,481~~
Group 1-B: Middle Management	**Bottom**	**Top**
Police Captain	$17,180	$22,623
Assistant City Attorney	$14,825	$19,481
*Assistant Finance Director**	$14,825	$19,481
Building Official	$14,825	$19,481
City Clerk/Public Information Officer	$14,825	$19,481
Deputy Director for Engineering	$14,825	$19,481
Deputy Director for Utilities Services	$14,825	$19,481
*Housing Manager**	$14,825	$19,481
Planning Manager	$14,825	$19,481
*Program Administrator**	$14,825	$19,481
Assistant to the City Manager *	$13,890	$18,221
Building Manager	$13,106	$17,190
*Economic Development Manager**	$13,106	$17,190
Environmental Services Administrator	$13,106	$17,190
Maintenance Manager	$13,106	$17,190
*Principal Planner**	$13,106	$17,190
Recreation Manager	$13,106	$17,190
Senior Civil Engineer	$13,106	$17,190
Senior Project Manager	$13,106	$17,190
Budget Manager	$12,119	$15,939
Communications and Engagement Manager *	$12,119	$15,939
Community Services Manager *	$12,119	$15,939
Environmental Services Manager	$12,119	$15,939
Information Services Manager *	$12,119	$15,939
Network Architect	$12,119	$15,939
Police Support Services Manager	$12,119	$15,939
Public Services Administrative Manager	$12,119	$15,939
Supervising Civil Engineer	$12,119	$15,939
Utility Systems Manager	$12,119	$15,939
Accounting Manager *	$11,281	$14,827
Financial and Policy Analyst *	$11,281	$14,827
*Police Administrative Manager**	$11,281	$14,827
Senior Planner	$11,281	$14,827
Senior Recreation Supervisor	$10,730	$13,692
Community Services Supervisor	$10,219	$13,040
Council Services and Records Manager *	$10,219	$13,040
Deputy City Attorney	$10,219	$13,040
Economic Development Coordinator	$10,219	$13,040
Emergency Services Coordinator	$10,219	$13,040
GIS / Land Use Data Administrator	$10,219	$13,040
Maintenance Services Coordinator	$10,219	$13,040
*Older Adult Services Supervisor**	$10,219	$13,040
Public Services Facilities Security Coordinator	$10,219	$13,040
Senior Human Resources Analyst	$10,219	$13,040
Risk Management Analyst (.50 FTE)	$4,872	$6,392
Group 1-C: Confidential Exempt	**Bottom**	**Top**
Administrative Analyst	$9,741	$12,782
Legal Specialist	$8,764	$11,532
Group 1-D: Confidential Non-Exempt	**Bottom**	**Top**
Accounting Technician	$7,990	$10,197
Human Resources Technician	$7,771	$10,197
Human Resources Assistant *	$6,086	$7,960

CITY OF MORGAN HILL
MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEE GROUP
SALARY SCHEDULE

Effective: December 20, 2026, Amended June 3, 2026 * Currently Unfunded Positions

Job Classification	Bottom of Range Monthly	Top of Range Monthly
Group 1-A: Executive Management		
Assistant City Manager for Administrative Services	$19,869	$26,107
Assistant City Manager for Development Services	$19,869	$26,107
Assistant City Manager/Public Services Director	$19,869	$26,107
Chief of Police	$19,869	$26,107
Community Services Director *	$17,524	$23,075
Development Services Director	$17,524	$23,075
Economic Development Director	$17,524	$23,075
Engineering and Utilities Director *	$17,524	$23,075
Finance Director	$17,524	$23,075
Housing and Economic Mobility Director	$17,524	$23,075
Human Resources Director	$17,524	$23,075
Information Technology Director	$17,524	$23,075
*Communications and Engagement Director**	$15,121	$19,870
~~Information Technology Director~~	~~$15,121~~	~~$19,870~~
Group 1-B: Middle Management	**Bottom**	**Top**
Police Captain	$17,524	$23,075
Assistant City Attorney	$15,121	$19,870
*Assistant Finance Director**	$15,121	$19,870
Building Official	$15,121	$19,870
City Clerk/Public Information Officer	$15,121	$19,870
Deputy Director for Engineering	$15,121	$19,870
Deputy Director for Utilities Services	$15,121	$19,870
*Housing Manager**	$15,121	$19,870
Planning Manager	$15,121	$19,870
*Program Administrator**	$15,121	$19,870
Assistant to the City Manager *	$14,168	$18,586
Building Manager	$13,368	$17,534
*Economic Development Manager**	$13,368	$17,534
Environmental Services Administrator	$13,368	$17,534
Maintenance Manager	$13,368	$17,534
*Principal Planner**	$13,368	$17,534
Recreation Manager	$13,368	$17,534
Senior Civil Engineer	$13,368	$17,534
Senior Project Manager	$13,368	$17,534
Budget Manager	$12,361	$16,258
Communications and Engagement Manager *	$12,361	$16,258
Community Services Manager *	$12,361	$16,258
Environmental Services Manager	$12,361	$16,258
Information Services Manager *	$12,361	$16,258
Network Architect	$12,361	$16,258
Police Support Services Manager	$12,361	$16,258
Public Services Administrative Manager	$12,361	$16,258
Supervising Civil Engineer	$12,361	$16,258
Utility Systems Manager	$12,361	$16,258
Accounting Manager *	$11,506	$15,124
Financial and Policy Analyst *	$11,506	$15,124
*Police Administrative Manager**	$11,506	$15,124
Senior Planner	$11,506	$15,124
Senior Recreation Supervisor	$10,945	$13,965
Community Services Supervisor	$10,423	$13,301
Council Services and Records Manager *	$10,423	$13,301
Deputy City Attorney	$10,423	$13,301
Economic Development Coordinator	$10,423	$13,301
Emergency Services Coordinator	$10,423	$13,301
GIS / Land Use Data Administrator	$10,423	$13,301
Maintenance Services Coordinator	$10,423	$13,301
*Older Adult Services Supervisor**	$10,423	$13,301
Public Services Facilities Security Coordinator	$10,423	$13,301
Senior Human Resources Analyst	$10,423	$13,301
Risk Management Analyst (.50 FTE)	$4,969	$6,520
Group 1-C: Confidential Exempt	**Bottom**	**Top**
Administrative Analyst	$9,936	$13,038
Legal Specialist	$8,940	$11,762
Group 1-D: Confidential Non-Exempt	**Bottom**	**Top**
Accounting Technician	$8,150	$10,401
Human Resources Technician	$7,926	$10,401
Human Resources Assistant *	$6,207	$8,120

CITY OF MORGAN HILL
MANAGEMENT, PROFESSIONAL, AND CONFIDENTIAL EMPLOYEE GROUP
SALARY SCHEDULE

Effective: December 19, 2027, Amended June 3, 2026 * Currently Unfunded Positions

Job Classification	Bottom of Range Monthly	Top of Range Monthly
Group 1-A: Executive Management		
Assistant City Manager for Administrative Services	$20,067	$26,368
Assistant City Manager for Development Services	$20,067	$26,368
Assistant City Manager/Public Services Director	$20,067	$26,368
Chief of Police	$20,067	$26,368
Community Services Director *	$17,699	$23,306
Development Services Director	$17,699	$23,306
Economic Development Director	$17,699	$23,306
Engineering and Utilities Director *	$17,699	$23,306
Finance Director	$17,699	$23,306
Housing and Economic Mobility Director	$17,699	$23,306
Human Resources Director	$17,699	$23,306
Information Technology Director	$17,699	$23,306
*Communications and Engagement Director**	$15,273	$20,069
~~Information Technology Director~~	~~$15,273~~	~~$20,069~~
Group 1-B: Middle Management	**Bottom**	**Top**
Police Captain	$17,699	$23,306
Assistant City Attorney	$15,273	$20,069
*Assistant Finance Director**	$15,273	$20,069
Building Official	$15,273	$20,069
City Clerk/Public Information Officer	$15,273	$20,069
Deputy Director for Engineering	$15,273	$20,069
Deputy Director for Utilities Services	$15,273	$20,069
*Housing Manager**	$15,273	$20,069
Planning Manager	$15,273	$20,069
*Program Administrator**	$15,273	$20,069
Assistant to the City Manager *	$14,310	$18,772
Building Manager	$13,501	$17,709
*Economic Development Manager**	$13,501	$17,709
Environmental Services Administrator	$13,501	$17,709
Maintenance Manager	$13,501	$17,709
*Principal Planner**	$13,501	$17,709
Recreation Manager	$13,501	$17,709
Senior Civil Engineer	$13,501	$17,709
Senior Project Manager	$13,501	$17,709
Budget Manager	$12,485	$16,420
Communications and Engagement Manager *	$12,485	$16,420
Community Services Manager *	$12,485	$16,420
Environmental Services Manager	$12,485	$16,420
Information Services Manager *	$12,485	$16,420
Network Architect	$12,485	$16,420
Police Support Services Manager	$12,485	$16,420
Public Services Administrative Manager	$12,485	$16,420
Supervising Civil Engineer	$12,485	$16,420
Utility Systems Manager	$12,485	$16,420
Accounting Manager *	$11,621	$15,275
Financial and Policy Analyst *	$11,621	$15,275
*Police Administrative Manager**	$11,621	$15,275
Senior Planner	$11,621	$15,275
Senior Recreation Supervisor	$11,054	$14,105
Community Services Supervisor	$10,528	$13,434
Council Services and Records Manager *	$10,528	$13,434
Deputy City Attorney	$10,528	$13,434
Economic Development Coordinator	$10,528	$13,434
Emergency Services Coordinator	$10,528	$13,434
GIS / Land Use Data Administrator	$10,528	$13,434
Maintenance Services Coordinator	$10,528	$13,434
*Older Adult Services Supervisor**	$10,528	$13,434
Public Services Facilities Security Coordinator	$10,528	$13,434
Senior Human Resources Analyst	$10,528	$13,434
Risk Management Analyst (.50 FTE)	$5,019	$6,585
Group 1-C: Confidential Exempt	**Bottom**	**Top**
Administrative Analyst	$10,035	$13,168
Legal Specialist	$9,029	$11,880
Group 1-D: Confidential Non-Exempt	**Bottom**	**Top**
Accounting Technician	$8,231	$10,505
Human Resources Technician	$8,005	$10,505
Human Resources Assistant *	$6,269	$8,201

RESOLUTION NO. 26-02

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL RECOMMENDING ACCEPTANCE OF THE CITY'S CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2026/27 THROUGH 2031/32 AND FINDING THE PROGRAM YEARS 2026/27 AND 2027/28 CONSISTENT WITH THE GENERAL PLAN

WHEREAS, such request was considered by the Planning Commission at their regular meeting on May 12, 2026, at which time the Planning Commission recommended acceptance of the Capital Improvement Program for Fiscal Years 2026/27 through 2031/32 after finding the Program Fiscal Years 2026/27 and 2027/28 consistent with the General Plan;

NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES RESOLVE AS FOLLOWS:

SECTION 1: The proposed Fiscal Years 2026/27 and 2027/28 Capital Improvement Program is consistent with the General Plan, in that the infrastructure improvements shown in the Program will support the goals, policies, and programs of the General Plan, enabling orderly development of the City.

SECTION 2: The proposed Capital Improvement Program is found to be Exempt from the California Environmental Quality Act pursuant to Section 15262 of the CEQA Guidelines.

SECTION 3: The Planning Commission hereby recommends acceptance of the proposed Capital Improvement Program for Fiscal Years 2026/27 through 2031/32.

PASSED AND ADOPTED THIS 12TH DAY OF MAY 2026, AT A REGULAR MEETING OF THE MORGAN HILL PLANNING COMMISSION BY THE FOLLOWING VOTE:

AYES:	**COMMISSIONERS:**	**WILSON, HABIB, LAKE, MUELLER, LOVATO, DOWNEY, ADOAM**
NOES:	**COMMISSIONERS:**	**NONE**
ABSTAIN:	**COMMISSIONERS:**	**NONE**
ABSENT:	**COMMISSIONERS:**	**NONE**

ATTEST:

Jenna Luna

JENNA LUNA, Deputy City Clerk

APPROVED:

James Wilson
James Wilson (May 22, 2026 08:55:00 PDT)

JAMES WILSON, Chair

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ADOPTING THE FISCAL YEARS 2026-27 and 2027-28 OPERATING BUDGET, FISCAL YEARS 2026-27 THROUGH 2031-32 CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET, FISCAL YEAR 2026-27 APPROPRIATIONS LIMIT AND APPROPRIATIONS LIMIT ADJUSTMENT FACTORS

WHEREAS, the City of Morgan Hill Budget for the 2026-27 and 2027-28 fiscal years was prepared by City staff and reviewed by the City Manager;

WHEREAS, the City of Morgan Hill Budget for the 2026-27 and 2027-28 fiscal years was distributed to the City Council on April 30, 2026, introduced to the City Council on May 6, 2026, was reviewed at a budget workshop on May 20, 2026 and was further reviewed at a public hearing on June 3, 2026;

WHEREAS, the City of Morgan Hill Budget anticipates total expenditures of $244,169,640 in FY 2026-27 and $221,358,795 in FY 2027-28;

WHEREAS, in accordance with the State Revenue and Taxation Code Section 7910, the City of Morgan Hill's 2026-27 fiscal year General Fund appropriations limit is $178,035,983 as shown on Schedule A;

WHEREAS, in accordance with the State Revenue and Taxation Code Section 7910, the appropriations for the 2026-27 fiscal year, as shown on Schedule B, which are subject to the appropriations limit as set forth in Article XIIIB of the California Constitution, do not exceed the limit as stated above;

WHEREAS, the annual adjustment factors that were selected to calculate the 2026-27 fiscal year limit were: 1) California Per Capita Personal Income adjustment factor of 4.95 percent; and 2) City Population Growth factor of 0.4 percent;

WHEREAS, modifications and amendments to the Adopted 2026-27 and 2027-28 City of Morgan Hill Budget can only be made in accordance with Fiscal Policy 4 in the Adopted Budget document;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morgan Hill finds that the Capital Improvement Program is in conformity with the General Plan; and

BE IT FURTHER RESOLVED that the City Council of the City of Morgan Hill does hereby approve and adopt the City of Morgan Hill Fiscal Years 2026-27 and 2027-28 Recommended Operating Budget, Fiscal Years 2026-27 through 2031-32 Recommended Capital Improvement Program Budget, Appropriations Limit for Fiscal Year 2026-27, and Appropriations Limit Adjustment Factors for Fiscal Year 2026-27.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 3rd Day of June, 2026 by the following vote.

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

ATTEST: **APPROVED:**

_____ _____
MICHELLE BIGELOW, CITY CLERK **MARK TURNER, MAYOR**

• CERTIFICATION •

I, MICHELLE BIGELOW, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. ____ adopted by the City Council at a Regular Meeting held on June 3, 2026.

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

DATE: _____ _____
MICHELLE BIGELOW, City Clerk

SCHEDULE A

CITY OF MORGAN HILL
SPENDING LIMIT CALCULATION
FISCAL YEAR 2026-27

APPROPRIATIONS SUBJECT TO LIMIT

Fiscal Year 2026-27 General Fund Revenues		$61,256,680
Less Non Proceeds of Tax		20,515,405
Total appropriations subject to limits		$40,741,275

APPROPRIATIONS LIMIT

Fiscal year 2025-26 appropriations limit		$168,963,007
Plus Change Factor:		
A. Cost of living adjustment - CPI	1.0495	
B. Population Adjustment	1.0040	
Total Change Factor		1.0537
Increase in appropriations limit		$9,072,976
FISCAL YEAR 2025-26 APPROPRIATIONS LIMIT		**$178,035,983**
Remaining appropriations capacity		$137,294,708
Available capacity as a percent of appropriations limit		77%

NOTES

A. Cost of living adjustment is based on percentage change in California per capita income.

B. Population adjustment is based on the greater of annual population change for the City of Morgan Hill or Santa Clara County.

SCHEDULE B

CITY OF MORGAN HILL
SPENDING LIMIT CALCULATION
FISCAL YEAR 2026-27

REVENUE SOURCE	PROCEEDS OF TAX	NON PROCEEDS OF TAX	TOTALS
Property Tax	$ 22,780,000		$ 22,780,000
Sales Tax	12,014,063		12,014,063
Transient Occupancy Tax	2,800,000		2,800,000
Public Safety Sales Tax	460,001		460,001
Property Transfer Tax	636,000		636,000
Business License / Other Permits	403,443		403,443
Motor Vehicle in Lieu	73,000		73,000
Transfer from Fund 202 Street Fund Gax Tax	904,768		904,768
Use of Money and Property	670,000	1,954,060	2,624,060
Fines and Penalties		82,800	82,800
Other Revenue / Other Agencies		2,046,228	2,046,228
Police and Fire Fees		724,058	724,058
Franchise Revenue		3,531,135	3,531,135
Current Service Charges General Govt.		9,777,879	9,777,879
Transfers		2,399,245	2,399,245
Total	$ 40,741,275	$ 20,515,405	$ 61,256,680
Percentage of Total	67%	33%	100.00%

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
James Sylvain, Deputy Director Utility Services
Inga Alonzo, Management Analyst
APPROVED BY: City Manager

CONDUCT PUBLIC HEARING FOR INPUT ON THE 2025 URBAN WATER MANAGEMENT PLAN (UWMP) AND ADOPTION OF THE UWMP AND THE WATER SHORTAGE CONTINGENCY PLAN (WSCP)

RECOMMENDATION(S)

1. Conduct a public hearing to receive input on the 2025 Urban Water Management Plan;
2. Adopt a Resolution approving the 2025 Urban Water Management Plan and authorize its submittal to the Department of Water Resources; and
3. Adopt a Resolution approving the 2025 Water Shortage Contingency Plan and authorize its submittal to the Department of Water Resources.

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
Water System Master Plan

REPORT NARRATIVE:

The City of Morgan Hill has prepared a 2025 Urban Water Management Plan (UWMP) to satisfy the requirements of the California Water Code sections 10610 et seq. and Urban Water Management Planning Act of 1983 (UWMPA). Urban water suppliers with 3,000 or more service connections or supplying 3,000 or more acre-feet of water per year are required to prepare an Urban Water Management Plan (UWMP) every five years.

The purpose of the Urban Water Management Plan (UWMP) is to review and enhance the reliability of the water supply, ensure that future beneficial uses are supported by

adequate water supply availability, promote policies and programs that encourage water conservation, and provide a framework for responding to water supply shortages and drought conditions. The 2025 UWMP focuses on the following water-planning fundamentals:

- Preparing a roadmap for addressing current and long-term future water use.
- Evaluating potable and non-potable water supplies, assessing water deliveries, and identifying constraints on water availability under certain regulatory and hydrological conditions.
- Evaluating water supply reliability by integrating the water-use analyses with the water supply analyses to summarize the water service reliability assessment under normal conditions, single dry-year conditions, and five consecutive dry years through year 2050.
- Preparing a realistic Drought Risk Assessment (DRA) by including integrated water supplies and projected water use in a hypothetical consecutive five-year drought condition.
- Developing an effective Water Shortage Contingency Plan (WSCP) that specifies opportunities to reduce demand and augment supplies under various, and even unpredictable, water shortage conditions. It also sets the baseline of development of the Water Sytem Master Plan (WSMP).

Comparison of the City's future demands and available supplies indicates that the City will have sufficient water supply to meet its demands, even during single and multiple dry-year events, and by implementing the drought response actions documented in the Water Shortage Contingency Plan.

Staff recommends that City Council conduct a public hearing to receive input on the 2025 UWMP and 2025 WSCP, and then adopt the Resolutions provided as Attachment 3 and Attachment 4 approving the 2025 UWMP and 2025 WSCP and authorizing the submittal to the Department of Water Resources.

COMMUNITY ENGAGEMENT:

The UWMPA requires that the adopted UWMP demonstrate the water agency solicited public participation. A notice of public hearing was published in the local newspaper on May 15 and 22, 2026 notifying interested parties that the 2025 UWMP was available on the City's web page (morganhill.ca.gov) for review two successive weeks before the anticipated public hearing and adoption scheduled for June 3. The report underwent minor revisions following the publication date, due to the receipt of updated information from Valley Water, which were provided after the original publication date.

ALTERNATIVE ACTIONS:

The City Council could choose not to adopt the Resolution approving the 2025 UWMP and/or WSCP and provide alternate direction to staff. These alternatives are not recommended as approved plans are required by the State of California.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
On October 6, 2021, the City Council adopted the 2020 Urban Water Management Plan and the 2020 Water Shortage Contingency Plan.

FISCAL AND RESOURCE IMPACT:
There are no fiscal impacts associated with accepting this report.

CEQA (California Environmental Quality Act):
Categorical Exemption
The analysis of long-term water supply strategies is exempt from CEQA under Public Resources Code § 21102, 21150 (Feasibility or planning studies for possible future actions that the agency has not approved, adopted, or funded).

CITY OF MORGAN HILL

City of Morgan Hill

2025 Urban Water Management Plan

DRAFT

May 2026

AKEL ENGINEERING GROUP, INC.

CITY OF MORGAN HILL

2025
URBAN WATER MANAGEMENT PLAN

DRAFT

May, 2026

AKEL
ENGINEERING GROUP, INC.

AKEL
ENGINEERING GROUP, INC.

Smart Planning Our Water Resources

May 26th, 2026

City of Morgan Hill
17575 Peak Avenue
Morgan Hill California, 95037

Attention: James Sylvain, Deputy Director of Utilities Services

Subject: **2025 Urban Water Management Plan - Draft**

Dear James:

We are pleased to submit the City of Morgan Hill 2025 Urban Water Management Plan (2025 UWMP), compliant with the Urban Water Management Planning Act (UWMPA) of 1983 and subsequent amendments.

The plan updates existing and future water needs through the next 25 years, includes a Water Shortage Contingency Plan (WSCP), a Drought Risk Assessment (DRA), and must be submitted to the California Department of Water Resources every five years.

We extend our thanks to you, Chris Ghione, Assistant City Manager/Public Services; Mario Parraz, Utilities Operations Manager; and other City staff whose courtesy and cooperation were valuable in reviewing and completing this study.

Sincerely,

AKEL ENGINEERING GROUP, INC.

Tony Akel, P.E.
Principal

Enclosure: 2025 Urban Water Management Plan

7433 NORTH FIRST STREET, SUITE 103 • FRESNO, CALIFORNIA 93720 • (559) 436-0600 • FAX (559) 436-0622
www.akeleng.com

City of Morgan Hill
2025 Urban Water Management Plan

Contact Sheet

Date this plan was submitted to the Department of Water Resources:

Name of Person(s) preparing this plan:

James Sylvain, Deputy Director for Utilities Services
City of Morgan Hill
Phone: (408) 779-6282
Email: James.Sylvain@morganhill.ca.gov

Tony Akel, P.E., Project Manager
Akel Engineering Group, Inc.
Phone: (559) 436-0600
Fax (559) 436-0622
Email: takel@akeleng.com

The Water supplier is a Municipality

The Water supplier is a Retailer

Utility Services provided by the water supplier include: Water, Sewer

Is this Agency a Bureau of Reclamation Contractor? No

Is this Agency a State Water Project Contractor? No

Acknowledgements

City Council

Mark Turner, Mayor

Marilyn Librers, Mayor Pro Tempore

Miriam Vega

Yvonne Martínez Beltrán

Soraida Iwanaga

Management Personnel

Christina Turner, City Manager

Chris Ghione, Assistant City Manager/Public Services

James Sylvain, Deputy Director of Utility Services

Mario Parraz, Utilities Operations Manager

City of Morgan Hill
2025 Urban Water Management Plan

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2025 Urban Water Management Plan

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Acronyms and Abbreviations	Description
Act	Urban Water Management Planning Act
AF	acre-feet
AMI	advanced meter infrastructure
AMR	automatic meter reading
AWWA	American Water Works Association
CCAP	Climate Change Action Plan
CCR	California Code of Regulations
CDEC	California Data Exchange Center
CEQA	California Environmental Quality Act
CII	commercial, industrial and institutional
CIMIS	California Irrigation Management Information System
CY	Calendar Year
Delta	Sacramento–San Joaquin River Delta
DIM	dedicated irrigation meter(s)
DMM	demand measurement measure(s)
DPR	direct potable reuse
DRA	Drought Risk Assessment
DWR	California Department of Water Resources
eAR	Electronic Annual Reporting
ERP	Emergency Response Plan
EWEAP	Extrema Weather Event Action Plan
GPCD	gallons per-capita per day
GPMD	gallons per mile of main per day
GPSCD	gallons per service connection per day
GSA	Groundwater Sustainability Agency(ies)
GSP	Groundwater Sustainability Plan(s)
Guidebook	Urban Water Management Plan Guidebook
IPR	indirect potable reuse
IRWM	Integrated Regional Water Management
NAICS	North American Industry Classification System
NOAA	National Oceanographic and Atmospheric Agency
NPDES	National Pollutant Discharge Elimination System
PWS	public water system(s)
PWSID	public water system identification number
R-GPCD	residential gallons per-capita per day
RHNA	regional housing needs allocation
RUWMP	Regional Urban Water Management Plan
SDWIS	Safe Drinking Water Information System
SGMA	Sustainable Groundwater Management Act

Acronyms and Abbreviations	Description
State Water Board	State Water Resources Control Board
Supplier	urban water supplier
SWP	State Water Project
USGS	U.S. Geological Survey
UWMP	Urban Water Management Plan
UWUO	urban water-use objective
VAR	Volumetric Annual Report of Wastewater and Recycled Water
WDR	waste discharge requirements
WRR	water recycling requirements
WSCP	Water Shortage Contingency Plan
WSRA	Water Service Reliability Assessment

CHAPTER 1 – INTRODUCTION AND OVERVIEW

This chapter introduces the purpose of the Urban Water Management Plan (UWMP), its importance and its overall focus intended to meet statuary reporting requirements for submission to the California Department of Water Resources (DWR).

Urban Water Management Plan Focus

The purpose of the Urban Water Management Plan (UWMP) is to review and enhance the reliability of urban water supplies, ensure that future beneficial uses are supported by adequate water supply availability, promote policies and programs that encourage water conservation, and provide a framework for responding to water supply shortages and drought conditions. The 2025 UWMP focuses on the following water-planning fundamentals:

- Preparing a roadmap for addressing **current and long-term future water use**.
- Evaluating **potable and non-potable water supplies**, assessing water deliveries, and identifying constraints on water availability under certain regulatory and hydrological conditions.

- Evaluating **water supply reliability** by integrating the water-use analyses with the water supply analyses to summarize the water service reliability assessment under normal conditions, single dry-year conditions, and five consecutive dry years through year 2050.
- Preparing a realistic **Drought Risk Assessment** (DRA) by including integrated water supplies and projected water use in a hypothetical consecutive five-year drought condition.
- Developing an effective **Water Shortage Contingency Plan** (WSCP) that specifies opportunities to reduce demand and augment supplies under various, and even unpredictable, water shortage conditions.

Reinforcing the coordination between land-use planning, water supply planning, and climate change, make the City's 2025 UWMP both a valuable water management and water planning tool.

1.1 PURPOSE

The City of Morgan Hill (City) is required to submit an Urban Water Management Plan to the Department of Water Resources (DWR) in accordance with the California Water Code. The purpose of the UWMP is to review and enhance the reliability of urban water supplies, ensure that future beneficial uses are supported by adequate water supply availability, promote policies and programs that encourage water conservation, and provide a framework for responding to water supply shortages and drought conditions.

In addition to being filed every five years, the UWMP must comply with the requirements established in the Urban Water Management Planning Act (UWMP Act) of 1983, including all subsequent amendments. The UWMP Act requires agencies providing water for municipal purposes to more than 3,000 customers or serving more than 3,000 acre-feet annually to adopt an Urban Water Management Plan (UWMP) every five years, demonstrating water supply reliability in normal, single dry, and multiple dry water years. The UWMP Act also requires the California Department of Water Resources (DWR) to report to the Legislature on the status of UWMPs.

1.2 BACKGROUND

The drought of 1976-1977 caused widespread water supply shortages across California. Many cities and water districts were forced to seek additional water sources, highlighting the urgent need for comprehensive, long-term water management planning at both the local and statewide levels. In response, the Urban Water Management Planning Act (UWMPA) was proposed and adopted in 1983 to reduce the risk of future emergencies caused by inadequate water resource planning. State Assembly Bill 797 amended Division 6 of California Water Code in 1983, formally establishing the UWMPA. Since its enactment, more than 20 amendments have been made, expanding the data requirements and the planning elements included in the 2025 UWMP.

Early amendments to the UWMPA required a 20-year planning horizon, evaluated in 5-year increments, to compare water demand with available water supplies. More recently, these planning projections have been extended to a 25-year planning horizon to preserve the 20-year projections while allowing sufficient time for the preparation of the subsequent UWMP.

Additional amendments to the UWMPA require that the City's UWMP includes a Water Shortage Contingency Plan that meets the specifications of the Act as well as provisions for demand management measures and recycled water use. Recycled water use was added to reporting requirements because it provides a reliable alternative water source and can help meet future water demand. Individual water purveyors, in coordination with other water purveyors in the same general area where practicable, are responsible for preparing the Water Shortage Contingency Plan. Each supplier must also describe the water demand management measures currently in practice or scheduled for implementation. Notable Amendments include:

- **2009, SBX7-7** requires the state and its municipal water purveyors to achieve a 20 percent reduction in urban per capita water usage by the year 2020. The "20X2020" plan set an interim goal of a 10 percent reduction by 2015 and a 20 percent reduction by 2020.
- **2018, SB606** adds new requirements to the UWMP process as well as established updated urban water use objectives and water use reporting requirements:
    - Prepare a drought risk assessment that examines water shortage risks for a drought lasting for the next five years.
    - Prepare a comprehensive Water Shortage Contingency Plan that will include water budgeting forecast procedures, standard water shortage levels, shortage response actions, and other protocols.
    - Enacts an annually required water supply and demand assessment wherein an urban water supplier will assess local demand and supply conditions and provide that information to DWR.
- **2024, "Making Conservation a California Way of Life" regulation**, adopted by The State Water Resources Control Board (SWRCB) in summer 2024, went into effect on January 1, 2025. The regulation established efficiency goals for urban water retail suppliers to implement two enacted legislative mandates (AB 1668 and SB 606) in 2018. Under the new regulation:
    - Suppliers are held to calculate annual "urban water use objectives" and should include budgets for a subset of water uses.
    - The regulation provides for variances and temporary provisions to address unique water use circumstances.
    - Suppliers must annually demonstrate compliance with objectives beginning January 1, 2027.

1.3 UWMP IMPORTANCE

The importance of the UWMP was exceptionally well defined in the 2025 guidebook and included in this section.

Urban Water Management Plan Importance

A UWMP is the legal and technical water management foundation for Suppliers throughout California. A well-constructed UWMP can save Suppliers time and money, and it provides the Supplier's staff, the public, and elected officials with an understanding of past, current, and future water conditions and management. The UWMP integrates local and regional land-use planning, regional water supply, infrastructure, and demand management projects, as well as statewide issues of concern like climate change and regulatory revisions. In short, the UWMP gathers, characterizes, and synthesizes water-related information from numerous sources into a plan with local, regional, and statewide practical utility.

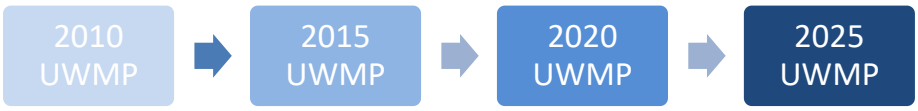
Thoughtful urban water management planning provides an opportunity for the City to integrate supplies and use in a balanced and methodical planning platform that addresses short-term and long-term water-planning conditions. The major benefits include:

- Assess changes in natural hydrology, climate, and **groundwater conditions**
- Anticipate the implications of regional, State, and **federal regulations**
- Understand supply conditions and **water-use variability**
- **Identify regional constraints** on, or opportunities for, shared water resources
- Integrate local **land-use changes**, development, plans, and population growth
- Prepare for **water shortages** and unforeseen calamities
- Anticipate **infrastructure improvements**
- Recognize project **funding needs** and opportunities

Thus, a UWMP provides a supplier with a reliable water management action plan that can be referenced during management decisions related to water supplies and especially during droughts. Importantly, UWMPs provide DWR, the State Water Resources Control Board (State Water Board), and the Legislature with an assessment of statewide water reliability.

1.4 NOTABLE UPDATES SINCE 2020 UWMP

The City of Morgan Hill has been preparing and submitting an UWMP every 5 years, and the last submittal was for the 2020 UWMP, which was adopted on November 29th, 2021.



This 2020 UWMP addressed many of the same elements required for the 2025 UWMP, including: plan preparation, service area description, water use characterization, SBX7-7 baselines, 2020 targets, normal-year water supply characterization, water service reliability and drought risk

assessment, water shortage contingency plan, demand management measures, and plan adoption. On November 1st, 2022, DWR completed the review of the City's 2020 UWMP and its supplements, issuing a letter of completeness.

The 2025 UWMP guidebook identifies the following notable updates since the 2020 UWMP:

2025 UWMP Updates	Description
Changes in Water Code	Minor Water Code updates have been made since 2020, but none affect the 2025 UWMP requirements
Suppliers with Multiple Public Water Systems (PWSs)	State agencies now use consistent criteria to decide when a supplier operating multiple PWSs counts as an Urban Water Supplier subject to UWMP rules
DWR Submittal Tables	Submittal tables have been updated to match the current reporting year, improve accuracy, and better show what Water Code requires versus what is optional.
Water Loss Standard Reporting	Water Loss Standard rules haven't changed, but updated standards for 2028 are now available. New guidance explains how suppliers should report progress on meeting these standards in their 2025 UWMPs.
Direct Potable Reuse	Regulations for direct potable reuse have been adopted since the last reporting cycle; minor updates were made to demand and supply tables to support this new reporting requirement.
Lower-Income Housing	New guidance clarifies how suppliers should project water demand for lower-income housing, integrating RHNA information and updated land-use planning.
Reporting Groundwater Recharge and Other Water Storage	Updated guidance clarifies how to report water placed into storage and later withdrawn, ensuring that water is not double-counted when moving between long-term and short-term storage.

1.5 UWMP IN RELATION TO OTHER EFFORTS

In addition to preparing the 2025 Urban Water Management Plan, the City has the following relevant infrastructure planning efforts:

- Water System Master Plan. Published in 2021, with an update planned for 2026.
- Wastewater System Master Plan. Published in 2024.
- Stormwater System Master Plan. Published in 2018, and Amendment 1 issued in 2020.

The planning horizons of these master planning documents is based on the 2035 General Plan, and which was adopted in 2016. The Morgan Hill 2035 General Plan, specifically through its Residential Development Control System (RDCS) and Measure S passed in 2016, establishes a maximum population goal. General Plan policy CNF-3.4 called for a 2035 population of 58,200 residents, however, the General Plan EIR studied the buildout projection as the Horizon Year, and estimated at approximately 68,057 people, which includes both the existing population and net new population from approved residential developments. Thus, the Horizon Year for these master plans extends to an approximate year of 2050, and coinciding with the 2025 UWMP, as shown on Figure 1-1. These master plans include relevant information on growth, as well as population and demand projections.

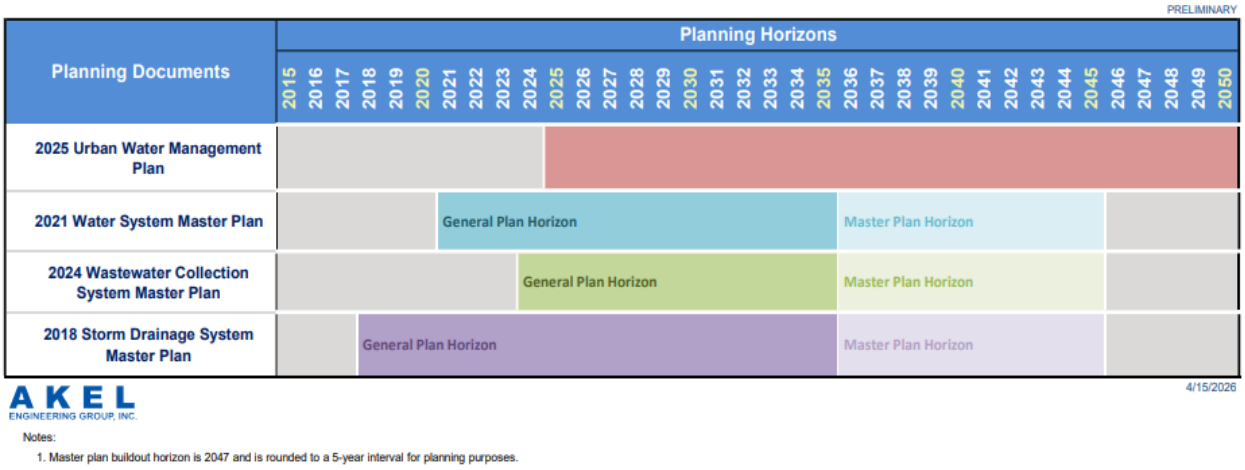


Figure 1-1 Planning Horizons

In 2019, in a joint effort with the City of Gilroy, the City of Morgan Hill completed a Sustainable Water Management Planning document. This plan reviewed and ranked potential supplemental long-term supply projects, including groundwater recharge, recycled water, surface water treatment projects, a scalping plant, and other initiatives. The ranking criteria considered factors such as increased yield to the Llagas Subbasin, cost, location of benefit, ease of implementation, regulatory considerations, and overall resiliency.

The preparation of the 2025 UWMP complements these planning efforts by providing guidance for efficient water use throughout the master planning horizon and identifying water conservation measures that influence both water demands and associated wastewater flows. Efforts have been made to ensure consistency between the water demand projections, and the projected water use for the 2025 UWMP and current master planning updates.

1.6 UWMPS AND GRANT OR LOAN ELIGIBILITY

To be eligible for any water grant or loan administered by DWR, an agency must have a current UWMP on file that has been determined by DWR to meet the requirements of the following Water Code.

California Water Code

10608.56 (a)	*On and after July 1, 2016, an urban retail water supplier is not eligible for a water grant or loan awarded or administered by the state unless the supplier complies with this part.*
10608.56 (c)	*Notwithstanding subdivision (a), the department shall determine that an urban retail water supplier is eligible for a water grant or loan even though the supplier has not met the per capita reductions required pursuant to Section 10608.24, if the urban retail water supplier has submitted to the department for approval a schedule, financing plan, and budget, to be included in the grant or loan agreement, for achieving the per capita reductions. The supplier may request grant or loan funds to achieve the per capita reductions to the extent the request is consistent with the eligibility requirements applicable to the water funds.*
10656	*An urban water supplier is not eligible for a water grant or loan awarded or administered by the state unless the urban water supplier complies with this part.*

Beginning in 2016, changes to California law require that urban retail water suppliers comply with the water conservation requirements established by the Water Conservation Act of 2009 to be eligible for State water grants or loans. For 2025 UWMPs, compliance with this Act means that a water agency must have met its 2025 Urban Water Use Target, which is discussed further in another chapter. This compliance must be documented and reported in the 2025 UWMP.

1.7 SUBMITTAL TABLES

This report includes the completed tables required by DWR in the 2025 UWMP Guidebook (January 2026), and included in **Appendix B**.

California Water Code

10644 (a)(2)	*The plan, or amendments to the plan, submitted to the department … shall include any standardized forms, tables, or displays specified by the department.*

As part of this 2025 UWMP, submittal tables required by the 2025 UWMP Guidebook were completed electronically using the DWR provided 2025 MS Excel workbook, and also filed electronically with DWR. Additionally, each 2025 submittal table is included in this document, within its respective section. Furthermore, each chapter includes a section summarizing the submittal tables.

1.8 REPORT ORGANIZATION

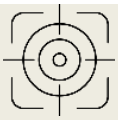
This report is organized in accordance with the outline suggested by the Department of Water Resources for the 2025 Urban Water Management Plans. According to the 2025 UWMP Guidebook, the following items and updates are provided with further explanation.

Chapter	Title	Description
Chapter 1	**Introduction and Overview**	This chapter introduces the purpose of the Urban Water Management Plan (UWMP), its importance, and its overall focus to meet statuary reporting requirements for submission to the California Department of Water Resources (DWR).
Chapter 2	**Plan Preparation**	This chapter describes the process used as well as the coordination and outreach during the preparation of the UWMP. The chapter also includes guidance and tables to ensure consistent use throughout the UWMP for two key elements: the use of a fiscal or calendar year, and the specific units of measurement the City uses to report water volumes.
Chapter 3	**Service Area Description**	This chapter describes the City's water service area, including existing and future land use types, climate, and historical and projected population.
Chapter 4	**Existing and Projected Water Demands**	This chapter provides a description of the current water uses as well as projected water uses through year 2050. Additionally, a description of potential recycled water uses is included.
Chapter 5	**Water Conservation Requirements**	This chapter includes the City's per-capita water conservation target requirements (SB X7-7) as calculated in previous UWMPs and monitors compliance in accordance with the Water Code. As California built the Urban Water Use Objective (UWUO) framework on top of the conservation goals from SB X7-7, using it as a benchmark and requiring suppliers' overall objectives to go beyond the older 20% by 2020 target to ensure ongoing water conservation efforts..
Chapter 6	**Normal-Year Water Supply**	This chapter summarizes the City's current and planned water supply sources and volumes, including characterization of the groundwater basins.
Chapter 7	**Water Service Reliability Assessment**	This chapter assesses the reliability of the City's water supply under normal conditions, single-year dry conditions, and consecutive five-year dry conditions. The assessment includes a comparison of water use versus expected water supply through 2050, and includes the Drought Risk Assessment.
Chapter 8	**Water Shortage Contingency Plan**	This chapter presents the City's Water Shortage Contingency Plan (WSCP), a required framework for responding to water shortages through standardized conservation stages, response actions, and emergency supply interruption procedures.

Chapter 9	**Demand Management Measures**	This chapter documents the City's efforts to reduce water demand using specific demand measurement measures (DMMs) as well as any other actions to maintain ongoing water conservation.
Chapter 10	**Plan Adoption**	This chapter summarizes the process for adopting and submitting the UWMP as well as the ways the public can access the adopted UWMP.
Appendices		The appendices provide supplemental and relevant information, in support of the report chapters.

CHAPTER 2 – PLAN PREPARATION

This chapter describes the process used as well as the coordination and outreach during the preparation of the UWMP. The chapter also includes guidance and tables to ensure consistent use throughout the UWMP for two key elements: the use of a fiscal or calendar year, and the specific units of measurement the City uses to report water volumes.



Chapter Focus

This chapter provides guidance on determining whether a City is required to prepare a UWMP, the various levels of regional coordination that a City may employ, and how the City can document consistency with plan preparation requirements.

2.1 BASIS FOR PREPARING THIS PLAN

This section documents the basis for preparing the 2025 UWMP and includes references to the relevant California Water Code.

California Water Code

10617	*"Urban water supplier" means a supplier, either publicly or privately owned, providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually. An urban water supplier includes a supplier or contractor for water, regardless of the basis of right, which distributes or sells for ultimate resale to customers. This part applies only to water supplied from public water systems subject to Chapter 4 (commencing with Section 116275) of Part 12 of Division 104 of the Health and Safety Code.*
10608.12 (t)	*"Urban retail water supplier" means a water supplier, either publicly or privately owned, that directly provides potable municipal water to more than 3,000 end users or that supplies more than 3,000 acre-feet of potable water annually at retail for municipal purposes.*
10621 (a)	*Each urban water supplier shall update its plan at least once every five years on or before July 1, in years ending in six and one, incorporating updated and new information from the five years preceding each update.*

The California Water Code (CWC) defines an "urban water supplier" as a publicly or privately owned supplier that provides water for municipal purposes either directly or indirectly to more than 3,000 customers or supplies more than 3,000 acre-feet of water annually. At the preparation of the 2025 UWMP, the City of Morgan Hill supplied water to over 15,163 active service connections in 2025, with a corresponding 2025 volume of approximately 7,158 acre-ft of water supplied, as summarized in **Table 2-1**. The City of Morgan Hill has been preparing an Urban Water Management Plan every five years and submitting to DWR.

The City's Public Water System identification number (PWSID), regulated by the State Water Board's Division of Drinking Water, is also documented on Table 2-1.

Submittal Table 2-1 Retail: Public Water Systems

Public Water System Number	Public Water System Name	Number of Municipal Connections 2025	Volume of Water Supplied 2025 (AF)
CA4310006	City of Morgan Hill	15,163	7,158
	Total	**15,163**	**7,158**

2.2 INDIVIDUAL OR REGIONAL PLAN

The City's 2025 UWMP is prepared as an individual plan, and the City is not currently part of any regional alliance preparing a regional UWMP. The 2025 UWMP identification as an "individual plan" is documented in Table 2-2.

California Water Code

10620 (d)(1) *An urban water supplier may satisfy the requirements of this part by participation in area wide, regional, watershed, or basin wide urban water management planning where those plans will reduce preparation costs and contribute to the achievement of conservation, efficient water use, and improved local drought resilience.*

Submittal Table 2-2: Plan Identification

Select	Type of Plan	Name of Regional Alliance or RUWMP
☑	**Individual UWMP**	
	☐ Water Supplier is also a member of a SB X7-7 Regional Alliance	
☐	**Regional Urban Water Management Plan (RUWMP)**	

2.3 SUPPLIER IDENTIFICATION

This section discusses supplier identification.

California Water Code

10608.20 (a)(1) *Urban retail water suppliers … may determine the targets on a fiscal year or calendar year basis.*

This UWMP has been prepared using calendar year (CY) data and incorporates complete data for 2025. All units of measure reported in the tables and submittal tables are in acre-feet (AF), as documented in Table 2-3.

Submittal Table 2-3: Supplier Identification

Type of Supplier	
☐	Supplier is a wholesaler
☑	Supplier is a retailer
Fiscal or Calendar Year	
☑	UWMP Tables Are in Calendar Years
☐	UWMP Tables Are in Fiscal Years
Units of Measure Used in UWMP[1]	
Acre-feet (AF)	

2.4 COORDINATION AND OUTREACH

This section describes the outreach and coordination efforts conducted for 2025 UWMP. More detailed notifications are documented in a separate chapter.

California Water Code

10620 (d)(3)	*Each urban water supplier shall coordinate the preparation of its plan with other appropriate agencies in the area, including other water suppliers that share a common source, water management agencies, and relevant public agencies, to the extent practicable.*
10621 (b)	*Every urban water supplier required to prepare a plan pursuant to this part shall, at least 60 days before the public hearing on the plan required by Section 10642, notify any city or county within which the supplier provides water supplies that the urban water supplier will be reviewing the plan and considering amendments or changes to the plan.*

The City's 2025 UWMP is an update to the 2020 UWMP and is intended to address the aspects of the UWMPA that fall under the City's authority, specifically water supply and water use. The draft plan has been shared with regional stakeholders and made available to the public in electronic formats. The wholesale water suppliers informed of the City's projected water use are listed in Table 2-4.

The UWMPA requires that the adopted UWMP demonstrate the water agency solicited public participation. In accordance with this requirement, the City held a public hearing to allow community members to provide comments, learn about existing and future water supplies, and raise concerns towards the plan being adopted. A notice of the public hearing will be published in the local newspaper on _____&_____ , 2026, notifying interested parties that the draft 2025

UWMP was available at various City facilities and on the City's web page ([www.morgan-hill.ca.gov]) for review two successive weeks prior to adoption. After public review, the plan was adopted on _____, 2026.

Submittal Table 2-4 Retail: Water Supplier Information Exchange
Water Code Section 10631(h)

Wholesale Water Supplier Name
Valley Water

2.5 SUBMITTAL TABLES SUMMARY

This chapter included the following submittal table(s):

- Table 2-1: Public Water Systems
- Table 2-2: Plan Identification
- Table 2-3: Supplier Identification
- Table 2-4: Water Supplier Information Exchange

CHAPTER 3 – SERVICE AREA DESCRIPTION

This chapter describes the City's water service area, including existing and future land use types, climate, and historical and projected population.

Chapter Focus

This chapter describes the City's water service area, including the discussion of the City's location, the boundaries of the water service area, existing and future land use types, and climate. It also summarizes historical and projected population trends and provides an overview of the City's demographics and socioeconomic conditions.

3.1 GENERAL DESCRIPTION

This section documents the City's location, service area, land use, and socioeconomic conditions.

California Water Code

10631 (a) *Describe the service area of the supplier…*

3.1.1 Location

The City is located in Santa Clara County, approximately 20 miles southeast of the city of San Jose (downtown) and 11 miles north of the city of Gilroy (Figure 3-1). Highway 101 bisects the eastern boundary of the City in the north-south direction. In 2001, the City outlined the long-term Urban Growth Boundary (UGB), which was approved by City Council, and identified lands intended for future urbanization within the City service area.

3.1.2 Land Use

According to the City's 2021 Water System Master Plan (WSMP) Update, the City's UGB encompasses approximately 17,661 acres of varying land-use types, which are defined as follows: 4,943 acres of residential; 2,192 acres of non-residential, including but not limited to: commercial, industrial, and institutional; and 10,527 acres of other non-demand generating land-use types such as rural county, open space and landscape irrigation. The residential component can be further subdivided, with 87 percent of the total residential acres designated for single-family dwellings and the remaining 13 percent for multi-family dwellings within the city limits. The existing and future land use maps, extracted from the City's 2021 WSMP Update, are shown on

Figure 3-3 and Figure 3-4, respectively. The existing and future land use information was the basis of water demand and supply planning for the City's 2021 WSMP Update.

3.1.3 Socioeconomic Conditions

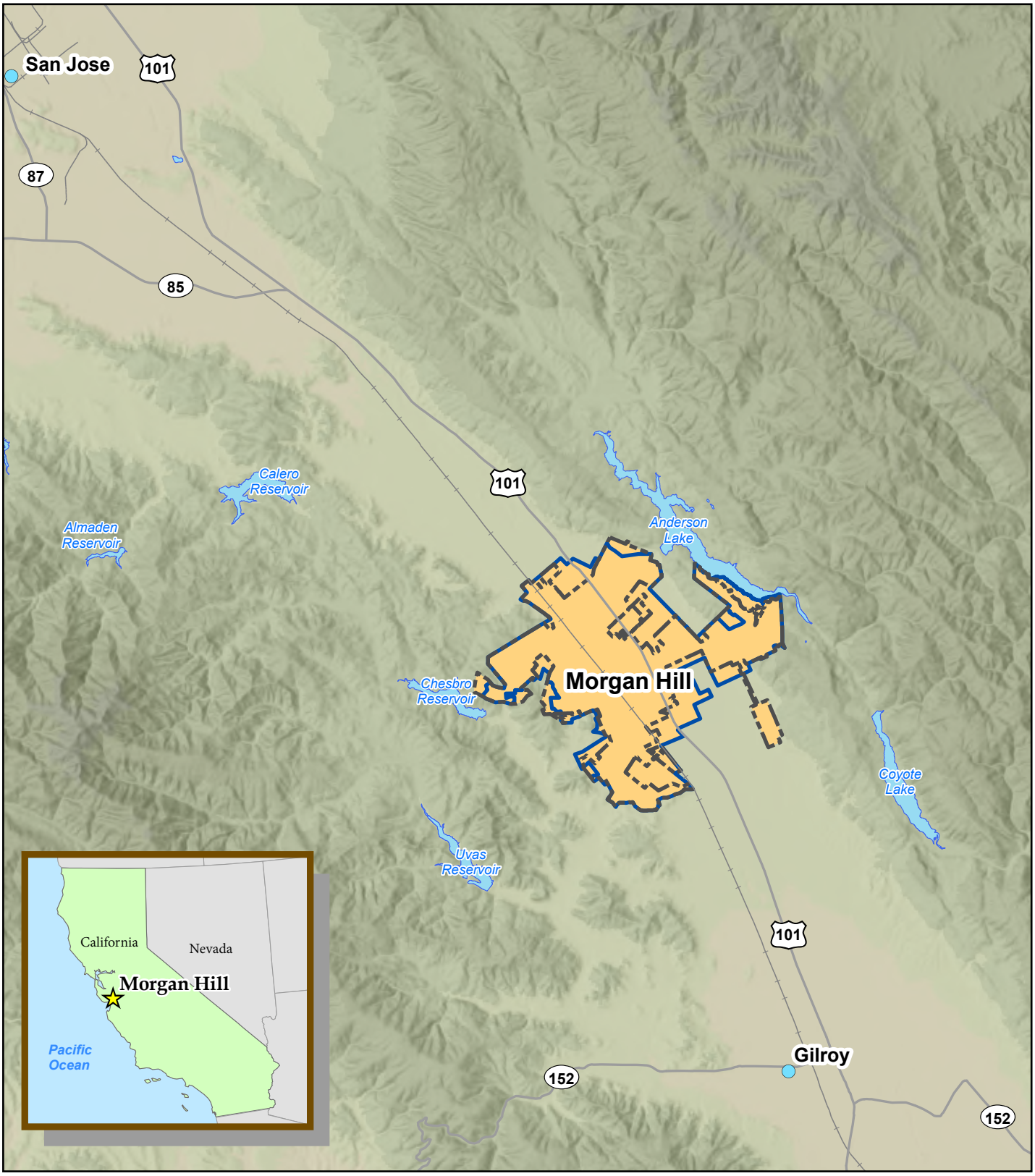
Based on data from the U.S. Census American Community Survey, the City has a median household income of approximately $163,920 per year and a per capita income of approximately $70,036 per year as of 2024. Approximately 46.8% of the population has a bachelor's degree or higher and 91% have a high school diploma or higher. Approximately 3.9% of the population lives below the poverty line.

According to population and housing statistics prepared by the California Department of Finance (DOF), the City has an average household occupancy of 2.91 people per household in 2025. Approximately 83% of the current residential units are single-family residences, with the other 17% reflecting multiple-family dwelling units. The 2025 residential vacancy rate is approximately 3.0%.

According to the City's General Plan, the primary sectors of employment are manufacturing and health services. The City's proximity to Silicon Valley plays an important role in economic activity, and agricultural production continues to be an important element to the City. The most recent unemployment rate was listed as 3.4%.

3.2 SERVICE AREA BOUNDARY MAPS

The City's most recent General Plan was adopted in July 2016 and outlines the UGB. Infrastructure improvements necessary to serve lands within the UGB were outlined in the City's 2017 water distribution, sewer collection, and storm drainage master plans. As shown on Figure 3-2, the City's existing water service area is generally consistent with the existing UGB. The City's UGB incorporates approximately 27.7 square miles and is the City's ultimate growth boundary for the life of the current General Plan; it is assumed that the UGB describes the future water system service area.



Legend

- Cities
- Study Area
- City Limits
- Urban Growth Boundary
- Highways
- Railroads
- Lakes

Elevation (ft)

- 45 - 250
- 251 - 500
- 501 - 1,000
- 1,001 - 2,000
- 2,001 - 3,000
- 3,001 - 4,000

PRELIMINARY

Updated: February 9, 2026

0 0.5 1 2 Miles

N W GIS E S

AKEL ENGINEERING GROUP, INC.

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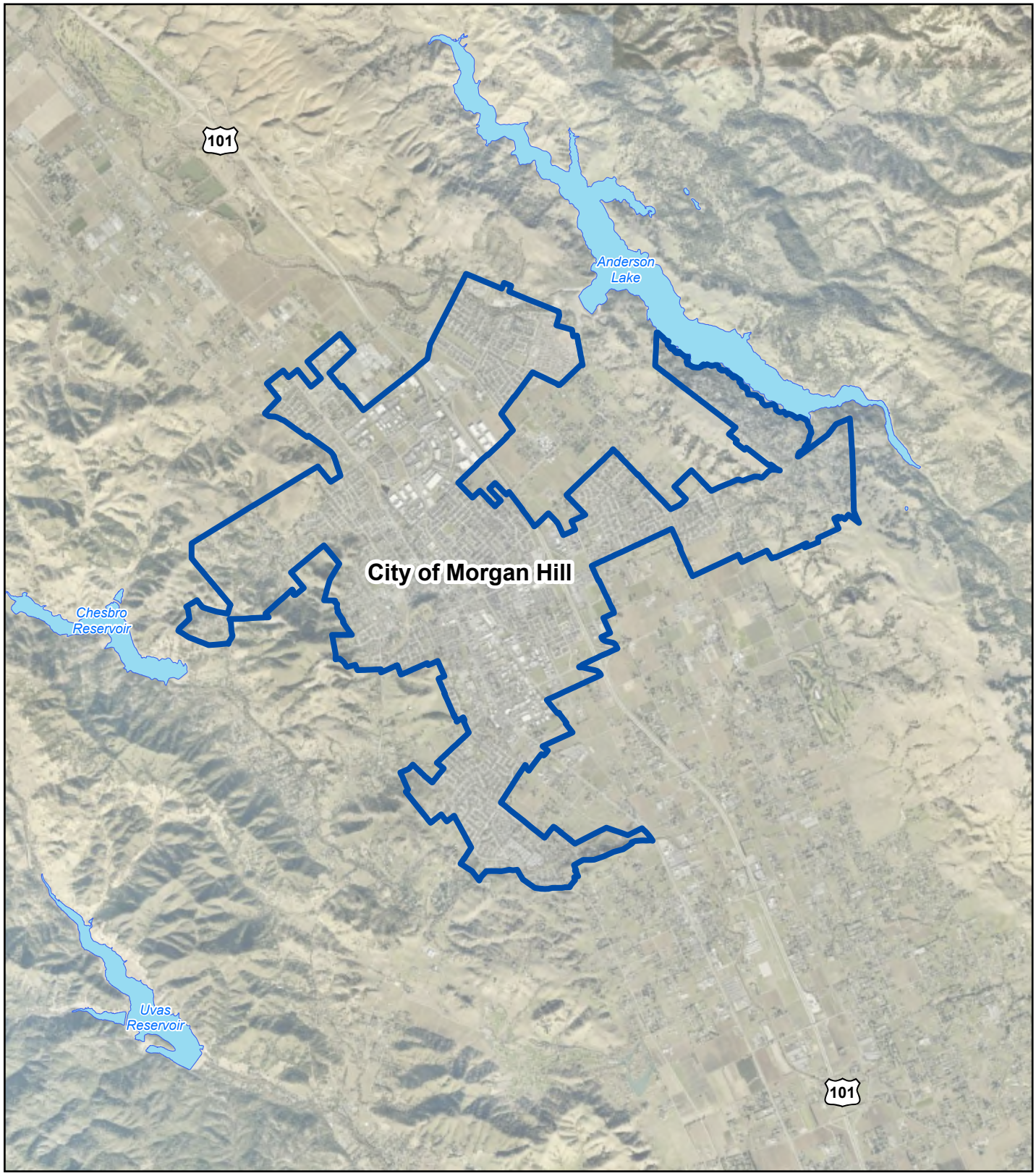
Figure 3-1
Regional Location Map

2025 Urban Water Management Plan
City of Morgan Hill

CITY OF MORGAN HILL



Legend

Boundaries

- Urban Service Area
- City Limits
- Lakes

PRELIMINARY

N
W GIS E
S

0 0.375 0.75 1.5 Miles

Updated: May 4, 2026

AKEL ENGINEERING GROUP, INC.

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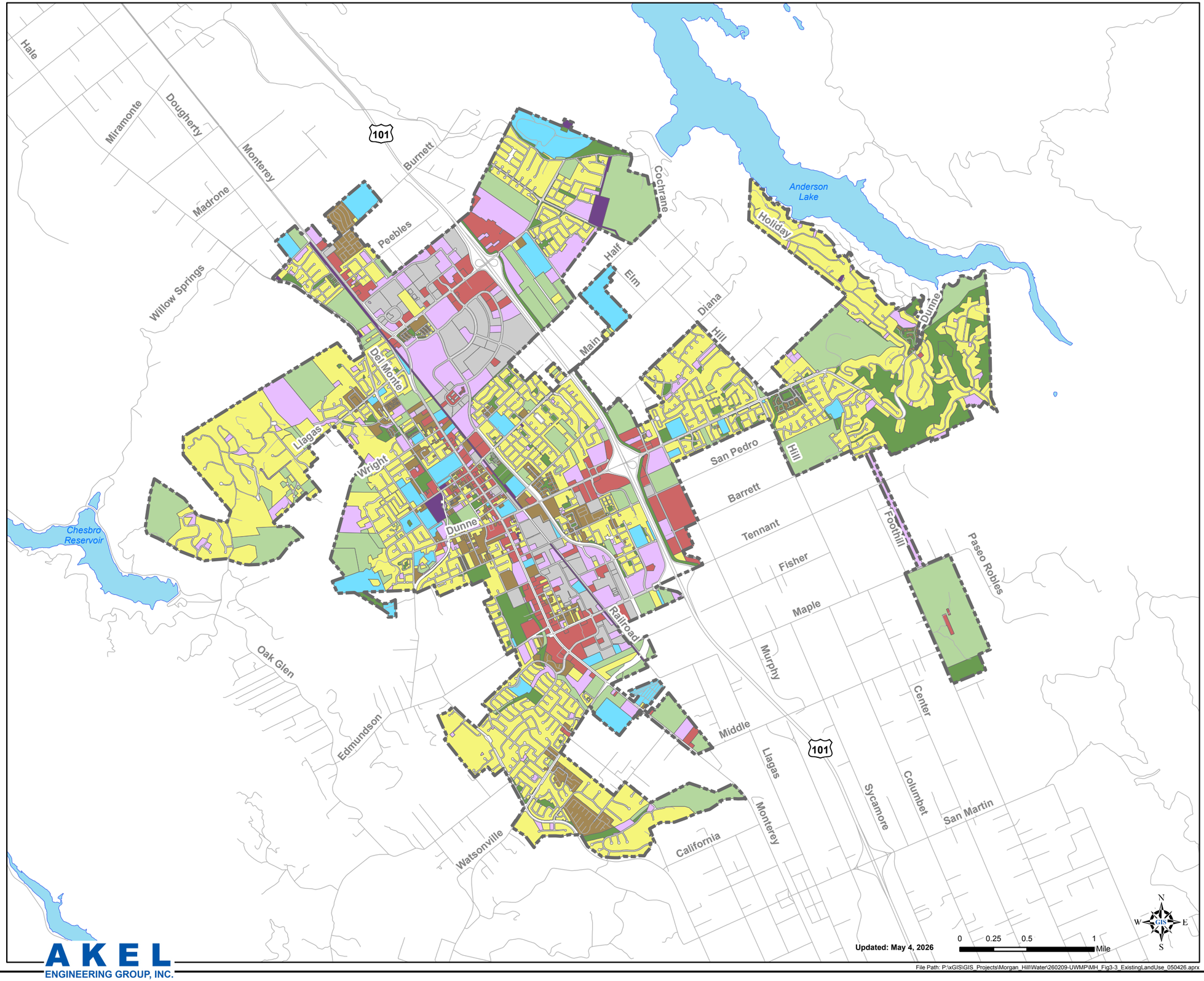
Figure 3-2
Existing Service Area

2025 Urban Water Management Plan
City of Morgan Hill

CITY OF MORGAN HILL



Legend

Existing Land Use

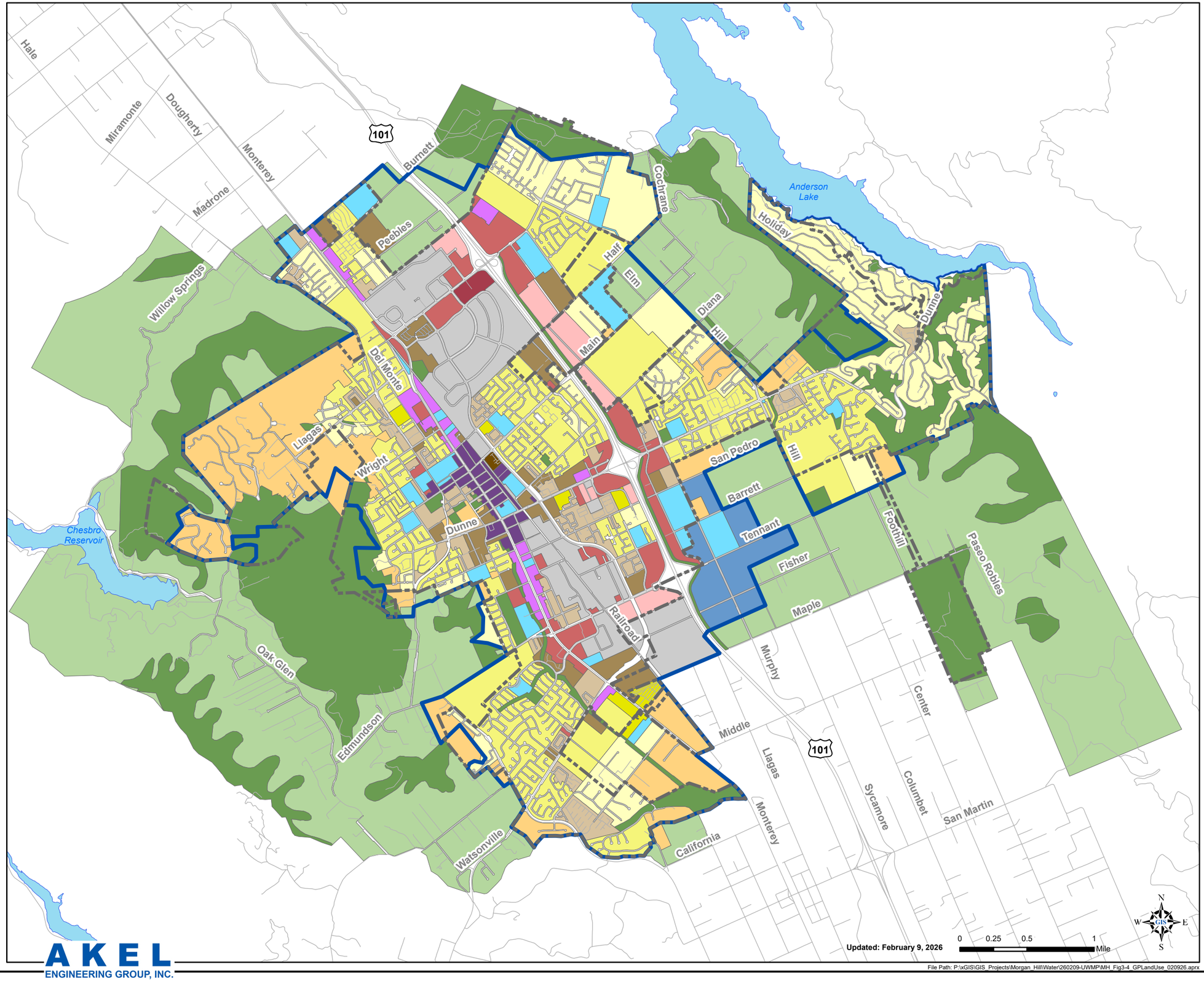
- Agriculture
- Parks
- Single-Family
- Multi-Family
- Commercial
- Industrial
- Public/Institutional
- Vacant
- Other
- Roads
- City Limits
- Lakes

PRELIMINARY

Figure 3-3
Existing Land Use
2025 Urban Water Management Plan
City of Morgan Hill

CITY OF MORGAN HILL

AKEL ENGINEERING GROUP, INC.



Legend

General Plan Land Use

- Rural County
- Open Space
- Sports-Recreation-Leisure
- Residential Estate
- Single Family Low
- Single Family Medium
- Single Family High
- Multi-Family Low
- Multi-Family Medium
- Multi-Family High
- Commercial
- General Commercial
- Commercial Industrial
- Mixed Use
- Mixed Use Flex
- Industrial
- Public Facilities
- Roads
- City Limits
- Urban Growth Boundary
- Lakes

PRELIMINARY

Figure 3-4
General Plan Land Use
2025 Urban Water Management Plan
City of Morgan Hill

CITY OF MORGAN HILL

AKEL ENGINEERING GROUP, INC.

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3.3 SERVICE AREA CLIMATE

The following sections include a description of the City's historical climate data as well as a general summary of the potential impacts due to climate change.

California Water Code

10630	*It is the intention of the Legislature, in enacting this part, to permit levels of water management planning … while accounting for impacts from climate change.*
10631 (a)	*Describe the service area of the supplier, including … "climate…"*

3.3.1 Historic Climate Data

The City has historically had a temperate climate due to its location in Santa Clara Valley and its proximity to the Pacific Ocean. The mean annual temperature in the City is 73.5 degrees Fahrenheit (°F), with the hottest month being August at approximately 85.9 °F for the average high, and the coldest month being January, with an average low of approximately 38 °F. The City has a historical average annual rainfall of approximately 17.4 inches, with the majority of the rainfall occurring from November to March. These months typically experience between 3 to 4 inches total. The average annual evapotranspiration (Eto) is approximately 53 inches. Average climate data is included in Table 3-1A.

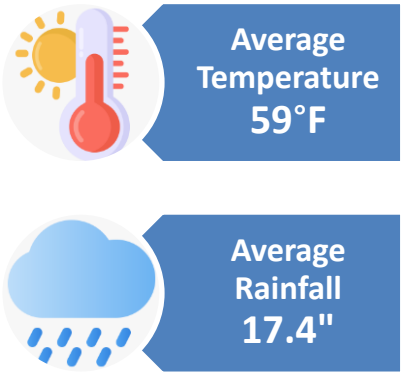


Table 3-1A Average Climate Data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Average ETo (inches)	1.7	2.5	3.7	5.2	6.4	7.3	6.9	6.2	5.2	3.9	2.2	1.6	**52.8**
Rainfall (inches)	3.5	3.5	2.9	1.2	0.3	0.0	0.0	0.0	0.1	0.9	1.8	3.2	**17.4**
Average Maximum Temp. (°F)	62.1	63.5	65.2	70.9	75.9	81.6	85.4	85.9	85.1	78.4	66.3	61.3	**73.5**
Average Minimum Temp. (°F)	37.8	38.3	41.8	44.4	47.9	51.2	53.6	53.9	51.9	46.5	39.6	37.6	**45.4**

Notes:

1. Source: WRCC station 045853 (Jul 1948 – Jun 2016)
2. Source : CIMIS Station 211 (Sept 2009 - Dec 2025)

Historical rainfall in the city is shown in Figure 3-5 and has ranged from 0.9 inches in 1985 to 37.6 inches in 2023.

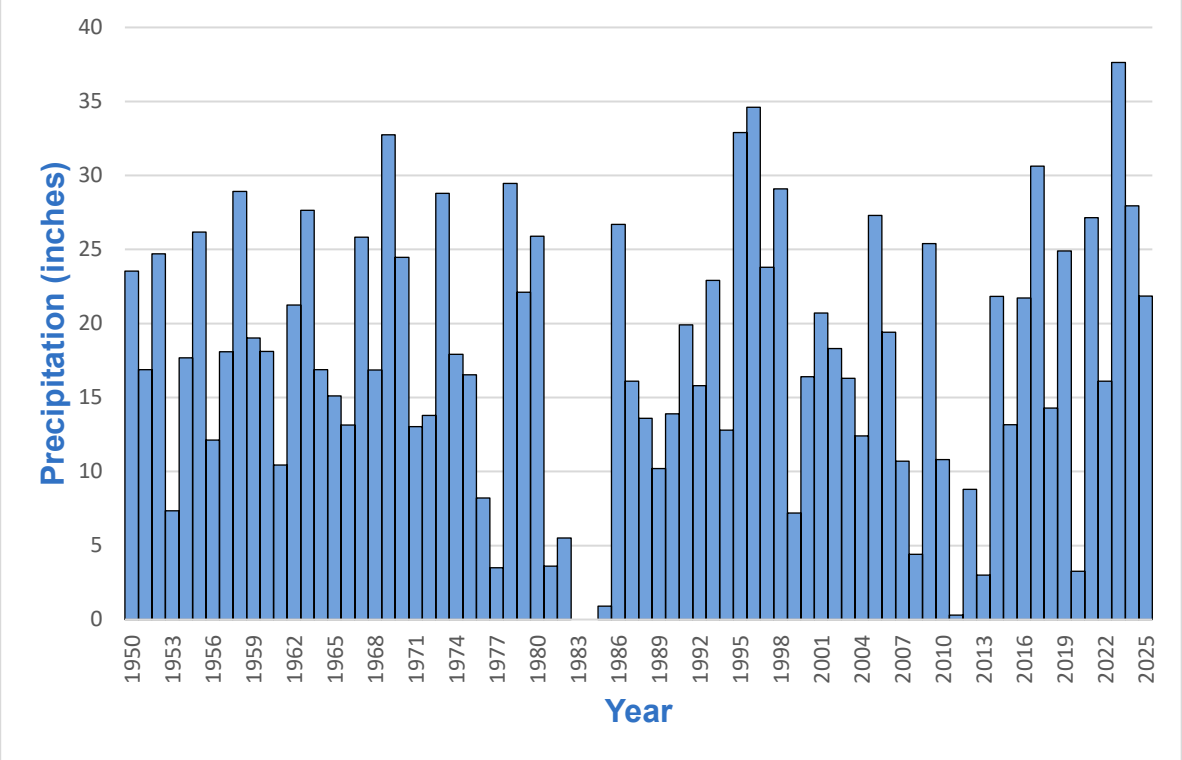


Figure 3-5 Historical Annual Rainfall

3.3.2 Climate Change

As part of the 2025 UWMP update, the California Water Code requires urban water suppliers to provide a general description of the climate change impact within the service area. Based on the City's location and current climate, the most notable changes in climate are related to increasing average temperatures, intensifying storm events, and periods of extended drought. Other effects, such as decreasing snowpack or rising sea levels do not have a direct impact on the City's water demand or supply. Changes in annual precipitation and temperature will likely have an impact on the City's overall water use as well as available supply volumes.

As the local Groundwater Sustainability Agency, Valley Water is in the process of developing multiple studies to estimate the impact of climate change throughout Santa Clara County and proactively plan for the future.

The Valley Water Board of Directors adopted Climate Change Action Plan in 2021 which includes seven goals related to climate mitigation, climate adaptation and emergency preparedness:

- Goal 1: Reduce Direct Greenhouse Gas Emissions
- Goal 2: Expand Renewable Energy and Improve Energy Efficiency

- Goal 3: Reduce Indirect Greenhouse Gas Emissions
- Goal 4: Water Supply Adaptation
- Goal 5: Flood Protection Adaptation in Santa Clara County
- Goal 6: Ecosystem Adaptation in Santa Clara County
- Goal 7: Emergency Preparedness

Valley Water published the Climate Change Action Plan (CCAP) Annual Implementation Report for fiscal years (FY) 2022 and 2023, which includes progress updates and a summary of actions taken since the adoption of the CCAP. Water supply adaptation is one of the plan's goals, and the report highlights multiple strategies and project initiatives designed to achieve it. Valley Water has continued its efforts to: (1) coordinate with Gilroy in terms of maximizing non-potable reuse and, (2) evaluate future water purification opportunities in both Gilroy and Morgan Hill.

Additionally, Valley Water publishes Extreme Weather Event Action Plan (EWEAP) Biennial Reports to track implementation progress and highlight how the agency's projects and programs are evolving to meet climate challenges. The latest report, published for Fiscal Years 2024 and 2025, highlights the adoption of a long-term water demand guidance through the Water Supply Master Plan 2050 in November 2025; the approval of a potable/drinkable water reuse goal of up to 24,000 AFY by 2035; and on-going projects to ensure a safe and reliable long-term water supply.

3.4 SERVICE AREA POPULATION AND DEMOGRAPHICS

The City is a growing community with over 2 percent of the Santa Clara County population residing within the City limits. Department of Finance records estimate the 2025 population of Morgan Hill at 46,702.

3.4.1 Service Area Population

California Water Code

10631 (a) *Describe the service area of the supplier, including current and projected population …The projected population estimates shall be based upon data from the state, regional, or local service agency population projections within the service area of the urban water supplier and shall be in five-year increments to 20 years or as far as data is available.*

The current and projected service area population is summarized in **Table 3-1**. The population projections are based on the following growth rates:

- **2006-2025:** The historical growth rate average is calculated at 1.46% per year.
- **2026-2050:** Assumes 1.25% per year based on the historical growth rate and information given from the City on population projections.

According to 2024 United States Census Bureau's data, the City has a racially diverse population which is White (43.6%), Black or African American (2.9%), American Indian and Alaska Native (0.6%), Asian (17.2%), Native Hawaiian and Pacific Islander (0.2%), Hispanic or Latino (35.9%), with the rest more than one race or other race.

Submittal Table 3-1 Retail: Population - Current and Projected
Water Code Section 10631(a)

2025	2030	2035	2040	2045	2050 (opt)
46,702	50,064	53,668	57,248	60,467	63,677

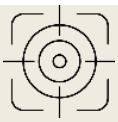
3.5 SUBMITTAL TABLES SUMMARY

This chapter included the following submittal table(s):

- Table 3-1: Population-Current and Projected

CHAPTER 4 – EXISTING AND PROJECTED WATER DEMANDS

This chapter provides a description of the current water uses as well as projected water uses through year 2050. Additionally, a description of potential recycled water uses is included.



Chapter Focus

This chapter describes the City's water service area. This description includes discussion of the City's location, the boundaries of the water service area, existing and future land use types, and climate. This chapter also summarizes the historical and projected population as well as a review of the City's demographics and socioeconomic conditions.

4.1 NON-POTABLE VERSUS POTABLE WATER USE

The California State Water Code requires documentation of water use within the City's service area for potable, recycled, and raw water demands, as applicable. Currently, the City delivers only potable water within its service area. However, ongoing studies are evaluating the potential for recycled water delivery. The remaining sections of this chapter summarize historical and projected potable water use. The water use projection includes preliminary estimates for recycled water demands based on these ongoing planning efforts.

4.2 PAST, CURRENT AND PROJECTED WATER USE BY SECTOR

This section documents the historical and projected water use as well as the maximum day demand.

California Water Code

10631 (d)(1)	*For an urban retail water supplier, quantify, to the extent records are available, past and current water use, over the same five-year increments described in subdivision (a), and projected water use, based upon information developed pursuant to subdivision (a), identifying the uses among water use sectors, including, but not necessarily limited to, all of the following:* *(A) Single-family residential.* *(B) Multifamily.* *(C) Commercial.* *(D) Industrial.* *(E) Institutional and governmental.* *(F) Landscape.* *(G) Sales to other agencies.* *(H) Saline water intrusion barriers, groundwater recharge, or conjunctive use, or any combination thereof.* *(I) Agricultural.*

	(J) Distribution system water loss.
10631 (d)(2)	*The water use projections shall be in the same five-year increments described in subdivision (a).*

4.2.1 Historical Water Use

The relationship between water use and population is illustrated in Figure 4-1, which shows that water consumption declined following the 2007–2010, 2012–2016, and then 2020-2022 drought periods, despite continued population growth over the same timeframe.

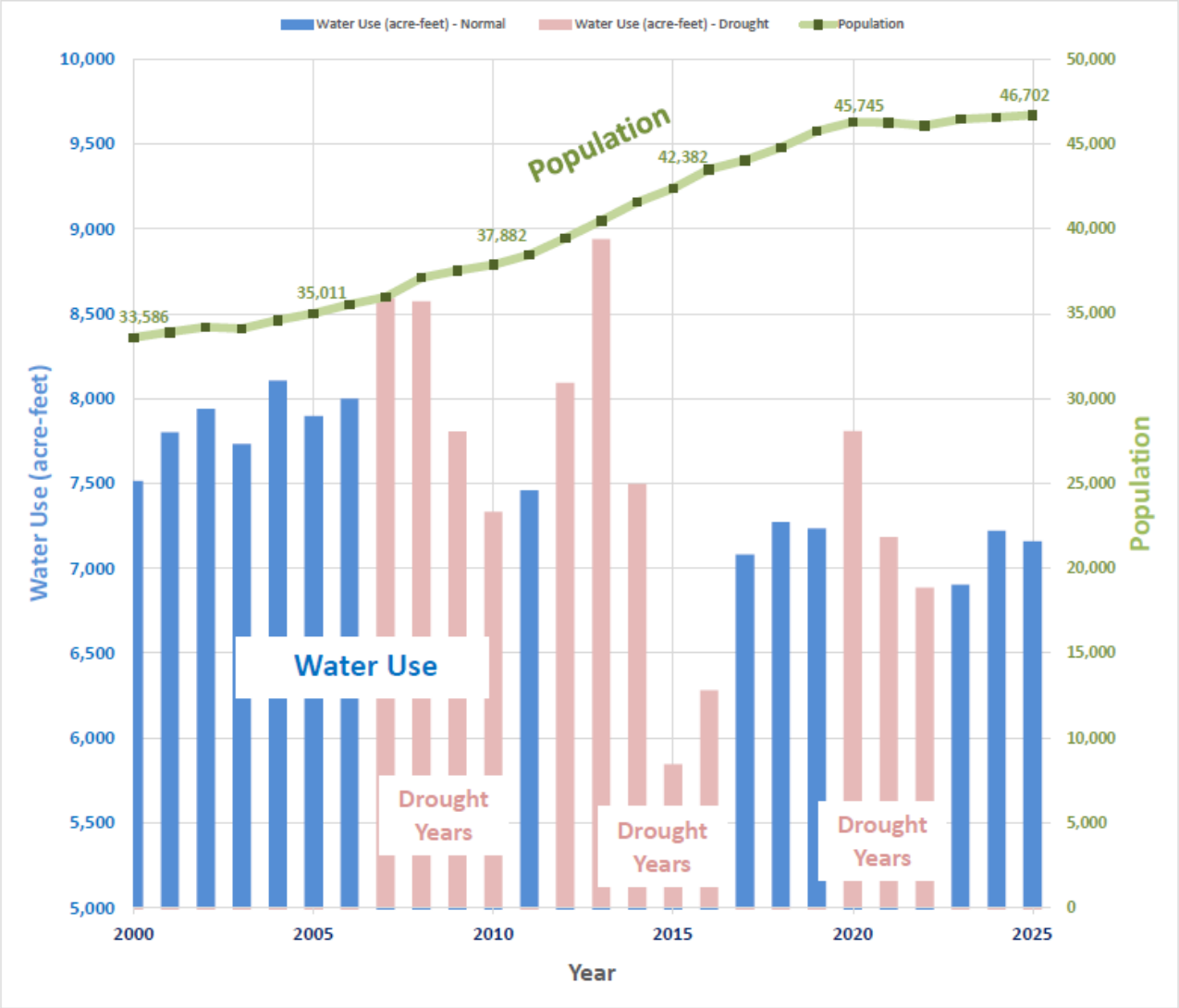


Figure 4-1 Historic Water Use and Population

4.2.2 Current Water Use

The City currently provides domestic water to residential, commercial, industrial, and institutional customers within the City limits. At the time of preparation of the 2025 UWMP, based on the most recent available data, the City supplied water to over 15,163 active service connections in 2025, with a corresponding 2025 volume of approximately 7,158 AF, as summarized in Table 4-1.

Submittal Table 4-1 Retail: 2025 Actual Total Uses for Potable and Non-Potable Water
Water Code Section 10631(d)(1)

Use Type	Additional Description (as needed)	2025 Actual Water Use	
		Level of Treatment When Delivered (OPTIONAL)	Volume (AF)
Single Family		Potable	3,661
Multi-Family		Potable	761
Commercial	Also includes Institutional use	Potable	686
Landscape		Potable	1,180
Other (optional)		Potable	22
Distribution System Water Loss		Potable	848
		Total	**7,158**

4.2.3 Projected Water Use

This section documents the projected water use data.

California Water Code

10631 (d)(4)(A) *Water use projections, where available, shall display and account for the water savings estimated to result from adopted codes, standards, ordinances, or transportation and land use plans identified by the urban water supplier, as applicable to the service area.*

10633 *The plan shall provide, to the extent available, information on recycled water...and shall include all of the following:*

(e) The projected use of recycled water within the supplier's service area at the end of 5, 10, 15, and 20 years, and a description of the actual use of recycled water in comparison to uses previously projected pursuant to this subdivision...

The city-wide projected potable water demands by water use type through the year 2050 are summarized in Table 4-2, and the demands include estimated future water savings from active conservation activities (Table 4-3). To calculate the total projected potable water demand through the UWMP planning horizon of 2050, the City's 2020 urban water use target of 159 gallons per capita per day (gpcd) was applied to the projected population.

These projections also incorporate future water use reductions of up to five percent resulting from passive water savings, as described in Section 4.2.4. For planning purposes, the proportion of projected demand by use type is assumed to be consistent with current consumption trends, which reflects a majority of users in single-family and multi-family residential categories.

Submittal Table 4-2 Retail: Total Uses of Potable, and Non-Potable Water - Projected
Water Code Section 10631(d)(1)

Use Type	Level of Treatment When Delivered (OPTIONAL)	Projected Water Use				
		2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (AF)
Single Family	Potable	4,333	4,644	4,954	5,233	5,510
Multi-Family	Potable	901	965	1,030	1,088	1,145
Commercial	Potable	812	870	928	981	1,033
Landscape	Potable	1,396	1,497	1,597	1,687	1,776
Other (optional)	Potable	26	28	30	31	33
Distribution System Water Loss	Potable	1,004	1,076	1,148	1,212	1,276
Total		**8,471**	**9,080**	**9,686**	**10,231**	**10,774**

Submittal Table 4-3 Retail: Inclusion in Water Use Projections
Water Code Section 10631 (a), 10631 (d)(4)(A), and 10631 (d)(4)(B)

Are Future Water Savings Included in Projections?	Yes
If "Yes" to above: State the section or page number, in the cell to the right, where citations of the codes, ordinances, or otherwise are utilized in demand projections are found.	4.2
Are Lower Income Residential Demands Included in Projections?	Yes

4.2.4 Passive Water Savings

Passive water savings include water use reduction that results from codes, standards, ordinances, and other plans (Table 4-4). These various sources of water savings typically result from state or regional requirements or guidelines, which are then implemented by the City. Examples of these codes and ordinances are as follows:

- **Model Water Efficient Landscape Ordinance (MWELO):** In 2015, DWR was tasked with updating the MWELO to increase water efficiency standards for new and retrofitted landscapes. This includes encouragement in the use of more efficient irrigation systems, greywater usage, and onsite stormwater capture.
- **California Energy Commission Title 20:** This includes appliance standards for toilets, urinals, faucets, and showerheads. These standard impacts both new construction and replacement fixtures in existing homes.
- **CALGreen Building Code:** The code requires residential and non-residential water efficiency and conservation measures for new buildings and structures.
- **California's AB 1572 (2023):** AB 1572 prohibits using potable water on nonfunctional turf (such as decorative grass not used for recreation) in phases, and between 2027 to 2031. The ban starts with state/local government on January 1, 2027, moves to commercial/institutional in 2028, and then homeowners associations (HOAs) in January 1, 2029. Compliance self-certifications for large properties start on January 1, 2030.

City staff have been proactively updating water conservation and water waste measures, and including the removal of non-functional turf throughout the city during previous drought years. This effort has continued ever since. In 2023, Ordinance No. 2342 (Appendix__) went into effect and which updates the water waste regulations to prohibit use of potable water on non-functional turf. These city measures will be further bolstered by upcoming state requirements and regulations including AB 1572 prohibitions, reducing turf in commercial and homeowners associations.

For planning purposes, it is assumed that these passive water savings will result in up to a five percent reduction in water use, and were incorporated in the demand projections shown in Table 4-2.

Submittal Table 4-4 Retail: Passive Water Savings Projections

Water Code Section 10631 (d)(4)(A)

Description (Codes, Standards, Ordinances, or Plans)	Passive savings				
	2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (opt) (AF)
Codes, Standards, Ordinances, and Plans	446	478	510	538	567

4.2.5 Active Conservation Program Savings

While the demand projections included on Table 4-2 accounted for passive water savings, as discussed in the previous section, the City is taking a more conservative approach and excluding future active conservation savings, which are usually achieved through the programs and

activities implemented by the City as part of its water conservation program. The City's water conservation programs and demand management measures are discussed in detail in **Chapter 9** – Demand Management Measures. Active savings that are part of previous conservation efforts and reflected in historical demands, are also reflected in the projections. Only additional active savings are excluded.

4.2.6 Water Use for Lower Income Households

California Water Code

10631.1 (a) *The water use projections required by Section 10631 shall include projected water use for single-family and multifamily residential housing needed for lower income households, as defined in Section 50079.5 of the Health and Safety Code, as identified in the housing element of any city, county, or city and county in the service area of the supplier.*

10631.1 (b) *It is the intent of the Legislature that the identification of projected water use for single-family and multifamily residential housing for lower income households will assist a supplier in complying with the requirement under Section 65589.7 of the Government Code to grant a priority for the provision of service to housing units affordable to lower income households.*

California Health and Safety Code

50079.5 (a) *"Lower income households" means persons and families whose income does not exceed the qualifying limits for lower income families… In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for lower income households for all geographic areas of the state at 80 percent of area median income, adjusted for family size and revised annually.*

SB 1087 (Florez, 2005) amended the UWMPA to require urban water suppliers to include single-family and multi-family residential units for lower-income households, as identified by the City, County, or both, within the service area of the provider. As part of the City's 2035 General Plan, an updated Housing Element was released, providing the number of lower-income housing units allocated through 2023. According to the Housing Element, 46 percent of the Regional Housing Needs Allocations (RHNA) must be affordable to lower-income households. The projected residential water demands presented in **Table 4-2** reflect this allocation for lower-income households.

4.2.7 Climate Change Considerations

California Water Code

10630 *It is the intention of the Legislature, in enacting this part, to permit levels of water management planning commensurate with the numbers of customers served and the volume of water supplied, while accounting for impacts from climate change.*

10635 (b) *Every urban water supplier shall include, as part of its urban water management plan, a drought risk assessment …(and) shall include each of the following …*

(4) Considerations of the historical drought hydrology, plausible changes on projected supplies and demands under climate change conditions, anticipated regulatory changes, and other locally applicable criteria.

Based on the City's location and current climate, the most significant changes include rising average temperature, more intense storm events, and extended periods of drought. While the precise effects of climate change on water demand remain uncertain, increased temperatures and extended drought periods are expected to influence water consumption. According to the Valley Water 2020 UWMP, a preliminary climate study indicates that the average annual maximum temperature in Santa Clara County could rise by 2.0°F by 2050, while precipitation is expected to continue exhibiting high year-to-year variability, with both very wet and very dry years. Without continued water conservation efforts, these changes in annual temperature and precipitation patterns may lead to higher water demand, particularly for outdoor irrigation and agricultural uses.

4.3 DISTRIBUTIONS SYSTEM WATER LOSSES

California Water Code

10631 (d)(3)(A)	*The distribution system water loss shall be quantified for each of the five years preceding the plan update, in accordance with rules adopted pursuant to Section 10608.34.*
10631 (d)(3)(B)	*The distribution system water loss quantification shall be reported in accordance with a worksheet approved or developed by the department through a public process. The water loss quantification worksheet shall be based on the water system balance methodology developed by the American Water Works Association.*
10631 (d)(3)(C)	*In the plan due July 1, 2021, and in each update thereafter, data shall be included to show whether the urban retail water supplier met the distribution loss standards enacted by the board pursuant to Section 10608.34.*

4.3.1 Previous Five Years Distribution System Losses

As part of the 2025 UWMP update, urban water suppliers are required to quantify the previous five years' distribution system water losses in a manner consistent with the American Water Works Association (AWWA) water system balance methodology. The City has completed the required water loss audit worksheet in accordance with the DWR guidelines. Table 4-5 documents the reported water loss information for 2020-2024.

Submittal Table 4-5 Retail: Water Loss Audit Reporting

Water Code Section 10631(d)(3)(A)

Public Water System ID # Reported in Table 2-1 R	Reporting Period	Submitted to DWR Water Loss Audit Program
CA4310006	2020	Yes
	2021	Yes
	2022	Yes
	2023	Yes
	2024	Yes

4.3.2 Progress Toward Meeting the Water Loss Performance Standard

Pursuant to Water Code Section 10631(d)(3)(C), Retail Suppliers are required to provide data demonstrating whether the Retail Supplier met its State Water Board Water Loss Performance Standard in 23 CCR Section 980 et seq. for each applicable PWS. Submittal **Table 4-6** allows for reporting on progress toward meeting the Water Loss Performance Standard.

The Water Loss Performance Standard is not required to be met until 2028; however, California Water Code Section 10631(d)(3)(C) still requires including data in their 2025 UWMPs demonstrating whether the standard is achieved. The City plans to meet its 2028 water loss performance standard by strengthening leak detection and response. The City uses system water audits, enhanced by AMI data, to identify and track losses more accurately. Real-time monitoring through the AquaTrax portal and automated alerts enables quicker repairs and better customer involvement, improving overall efficiency in reducing water loss.

Table 4-6 reflects the current real water loss per unit per day is 54.1, which exceeds the 2028 standard of 21.44. In contrast, the current apparent loss per unit per day is 5.6, significantly below the 2028 standard of 6.3. This comparison suggests that apparent loss is not a primary concern. However, the elevated real loss warrants further investigation, particularly for potential leaks within the storage system, transmission and distribution mains, and service lines up to and including the meter.

4.4 SUBMITTAL TABLES SUMMARY

This chapter included the following submittal table(s):

- Table 4-1: 2025 Actual Uses for Potable and Non-Potable Water
- Table 4-2: Total Uses of Potable and Non-Potable Water-Projected
- Table 4-3: Total Water Use (Potable and Non-Potable) Inclusion in Water Use Projections
- Table 4-5: Water Loss Audit Reporting
- Table 4-6: Progress Towards 2028 Water Loss Standard

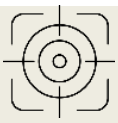
Submittal Table 4-6 Retail: Progress Towards 2028 Water Loss Standard

Water Code Section 10631(d)(3)(C)

Public Water System ID # Reported in Submittal Table 2-1 R	Did the Water Board Calculate a Water Loss Standard for this Public Water System? (y/n) If no, Supplier will not complete this row.	Real Water Loss					Apparent Water Loss				
		State Water Board Standard		Most Recent AWWA Water Loss Audit			State Water Board Standard		Most Recent AWWA Water Loss Audit		
		2028 Real Water Loss Standard per Unit per day	Units for Real Water Loss	Number of Units (Connections or Miles corresponding with units selected)	Volume of Total Real Loss (from AWWA Water Loss Audit) (AF)	Real Water Loss Per Unit per Day	2028 Apparent Water Loss Standard per Unit per Day	Units for Apparent Water Loss	Number of Connections	Volume of Total Apparent Loss (from AWWA Water Loss Audit) (AF)	Apparent Water Loss Per Unit per Day
CA4310006	Yes	21.4444	Gallons per Service Connection per Day (GPSCD)	15163	919	54.1	6.3	Gallons per Service Connection per Day (GPSCD)	15163	95	5.6

CHAPTER 5 – WATER CONSERVATION REQUIREMENTS

This chapter includes the City's per-capita water conservation target requirements (SB X7-7) as calculated in previous UWMPs and monitors compliance in accordance with the Water Code. As California built the Urban Water Use Objective (UWUO) framework on top of the conservation goals from SB X7-7, using it as a benchmark and requiring suppliers' overall objectives to go beyond the older 20% by 2020 target to ensure ongoing water conservation efforts.



Chapter Focus

The purpose of the SB X7-7 Baseline, 2020 Targets, and 2025 Reporting chapter in the City's 2025 UWMP is to document the City's progress toward achieving its urban water-use efficiency targets, in accordance with California Water Code Section 10608.40. This chapter provides the framework for meeting UWMP reporting requirements, with detailed calculation methods and considerations for establishing SB X7-7 baselines, targets, and compliance values.

5.1 REPORTING REQUIREMENTS FOR RETAIL SUPPLIERS

California Water Code

10608.40	*Urban water retail suppliers shall report to the department on their progress in meeting their urban water use targets as part of their urban water management plans submitted pursuant to Section 10631.*
10608.12 (af)	*"Urban retail water supplier" means a water supplier, either publicly or privately owned, that directly provides potable municipal water to more than 3,000 end users or that supplies more than 3,000 acre-feet of potable water annually at retail for municipal purposes.*

5.1.1 2020 Target & Historical Per Capita Use

The need for additional supply sources or storage to accommodate future growth is typically evaluated using historical per capita water consumption, and which is expressed in gallons per capita per day (gpcd), and defines as follows:

- **Gallons Per Capita Per Day (GPCD),** as used in UWMP calculations, represents the total water use within a service area divided by the population. It measures daily per-person water use in gallons.

The future requirements of the supply source are then estimated by applying the per capita consumption rate, expressed in gallons per capita per day (gpcd), to the projected population. Figure 5-1 presents the City's historical water use per capita in gpcd and the 2020 water use target.

The City's average water use was 192 gpcd from 1995 to 2000 and remained relatively steady at approximately 200 gpcd from 2001 to 2010. Conservation efforts successfully reduced per capita water consumption to 123 gpcd in 2015 and 150 gpcd in 2020.

Figure 5-1 Historic Water Consumption Per Capita vs. 2020 Target

5.2 SUPPLIER MET 2020 TARGET IN 2025

Suppliers that met their 2020 Target in 2025 will submit Submittal Table 5-1 and include their "2020 Target" as well as their "2020 Actual GPCD" to verify that they met the SB X7-7 requirement. As directed in the 2025 UWMP guidebook, this information is obtained from the City's 2020 UWMP, and the calculations are thus not reproduced.

Submittal Table 5-1 Retail: SB X7-7 2020 Target Progress

Water Code Section 10608.40

☐	Check the box if the Supplier was not an Urban Water Supplier during or before the 2020 UWMP reporting cycle. Proceed to the next table.					
Was Supplier part of a merger or consolidation since 2020?	Regional Alliance Target or Individual Target?	2020 Target	Actual 2020 GPCD	Did Supplier Achieve Targeted Reduction for 2020?	Only for suppliers that did not meet the Target in 2020 See DWR NOTES below.	
					Actual 2025 GPCD (From SB X7-7 Compliance Form)	Did Supplier meet the 2020 Target in 2025?
No	Individual Target	159	150	Yes		NA

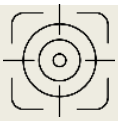
5.3 SUBMITTAL TABLES SUMMARY

This chapter included the following submittal tables:

- Table 5-1: SBX7-7 2020 Target Progress

CHAPTER 6 – NORMAL-YEAR WATER SUPPLY

This chapter summarizes the City's current and planned water supply sources and volumes, including characterization of the groundwater basins.



Chapter Focus

The purpose of this chapter is to describe and quantify the sources of existing and planned water available to the City during a normal year. This chapter includes a description of the groundwater basin underlying the City, as well as ongoing planning efforts for the potential use of recycled water within the City's service area.

California Water Code

10631 (b) *Identify and quantify, to the extent practicable, the existing and planned sources of water available to the supplier as described in subdivision (a) [in five-year increments to 20 years or as far as data is available]1, providing supporting and related information, including all of the following:*

(1) A detailed discussion of anticipated supply availability under a normal water year.

(2) When multiple sources of water supply are identified, a description of the management of each supply in correlation with the other identified supplies.

(3) For any planned sources of water supply, a description of the measures that are being undertaken to acquire and develop those water supplies.

6.1 PURCHASED OR IMPORTED WATER

The City currently uses local groundwater as the sole source of water supply, and at this time does not purchase or import water from any other water suppliers or entities.

6.2 GROUNDWATER

This section provides information of the groundwater basin, groundwater management, groundwater pumping and overdraft conditions and how these conditions will affect the water supply to the City.

California Water Code

10631 (b)(4) *If groundwater is identified as an existing or planned source of water available to the supplier, all of the following information:*

(A) The current version of any groundwater sustainability plan or alternative adopted pursuant to Part 2.74 (commencing with Section 10720), any groundwater management plan adopted by

the urban water supplier, including plans adopted pursuant to Part 2.75 (commencing with Section 10750), or any other specific authorization for groundwater management for basins underlying the urban water supplier's service area.

(B) A description of any groundwater basin or basins from which the urban water supplier pumps groundwater. For basins that a court or the board has adjudicated the rights to pump groundwater, a copy of the order or decree adopted by the court or the board and a description of the amount of groundwater the urban water supplier has the legal right to pump under the order or decree. For a basin that has not been adjudicated, information as to whether the department has identified the basin as a high- or medium-priority basin in the most current official departmental bulletin that characterizes the condition of the groundwater basin, and a detailed description of the efforts being undertaken by the urban water supplier to coordinate with groundwater sustainability agencies or groundwater management agencies listed in subdivision (c) of Section 10723 to maintain or achieve sustainable groundwater conditions in accordance with a groundwater sustainability plan or alternative adopted pursuant to Part 2.74 (commencing with Section 10720).

(C) A detailed description and analysis of the location, amount, and sufficiency of groundwater pumped by the urban water supplier for the past five years. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

(D) A detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the urban water supplier. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

The most recent version of the California Water Plan Update was released in 2023, and it documents the Department of Water Resources dividing the state into ten separate hydrologic regions. Each hydrologic region is divided into distinct groundwater basins, each of which is typically divided further into smaller interconnected groundwater subbasins.

The following section summarizes the groundwater basin and subbasins underlying the City of Morgan Hill which is within the *Central Coast Hydrologic Region.*

6.2.1 Basin Description

California Water Code

10631 (b)(4) If groundwater is identified as an existing or planned source of water available to the supplier, the following information shall be included:

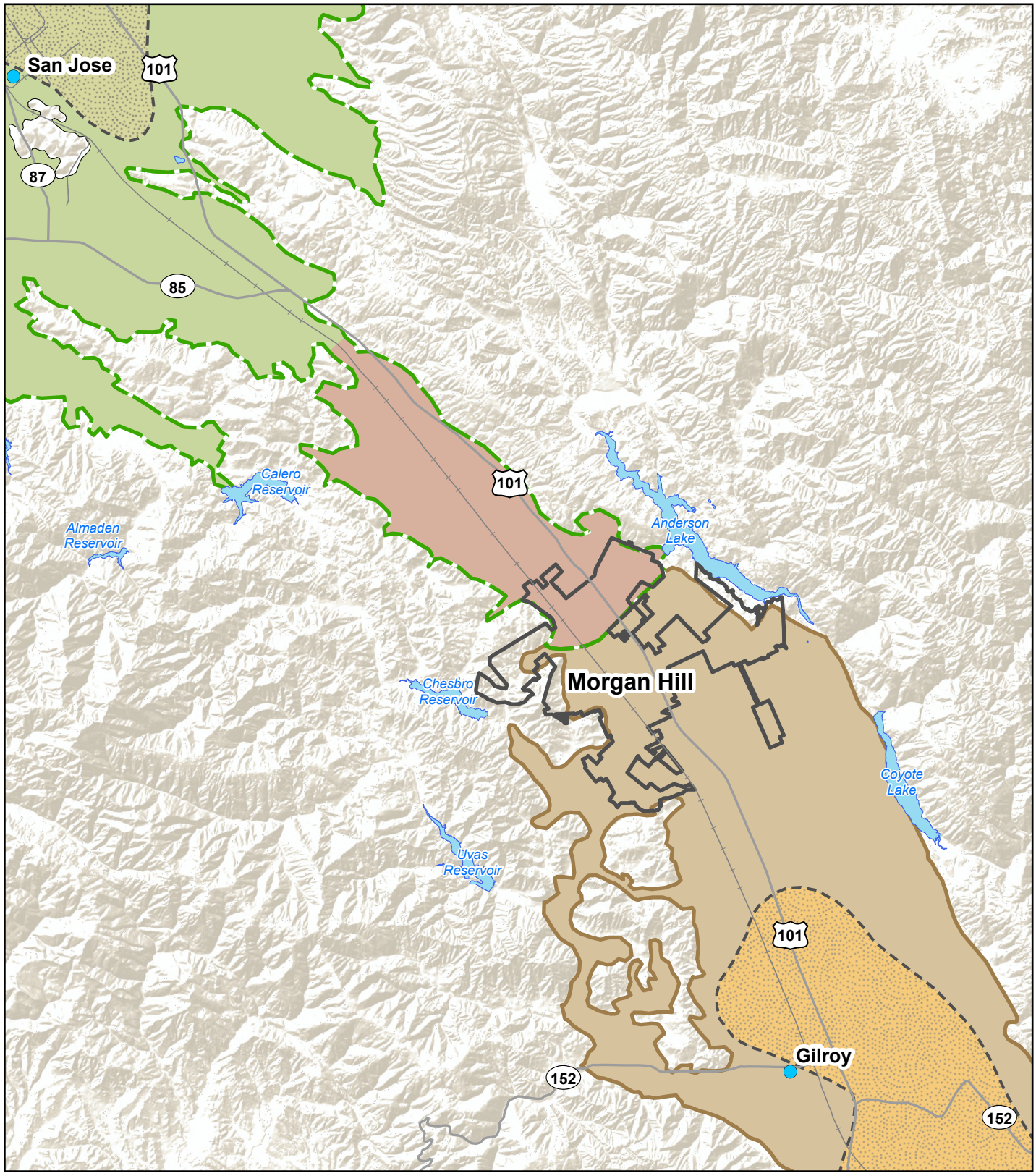
(B) A description of any groundwater basin or basins from which the urban water supplier pumps groundwater.

This section provides a brief discussion of the groundwater basin, basin boundary and groundwater quality.

6.2.1.1 Groundwater Basin

The City extracts water from the following two groundwater subbasins shown on **Figure 6-1**:

- **Llagas Subbasin:** The Llagas subbasin of the Gilroy-Hollister Groundwater Basin (Subbasin 3-003.01) and,



Legend

Groundwater Subbasins

DWR Subbasins

- Santa Clara (2-9.02)
- Llagas (3-3.01)

Hydrographic Units

- Santa Clara Plain Recharge Area
- Santa Clara Confined Area
- Coyote Valley Recharge Area
- Llagas Recharge Area
- Llagas Confined Area
- Bedrock
- Approximate Extent of Confined Area
- City Limits

PRELIMINARY

N, W, GIS, E, S

0 0.5 1 2 Miles

Updated: February 9, 2026

AKEL ENGINEERING GROUP, INC.

File Path: P:\xGIS\GIS_Projects\Morgan_Hill\Water\260209-UWMP\MH_Fig6-1_GWSubbasins_020926.aprx

Figure 6-1
Groundwater Subbasins

2025 Urban Water Management Plan
City of Morgan Hill

CITY OF MORGAN HILL

- **Coyote Valley Subarea**: The Santa Clara subbasin of the Santa Clara Valley Groundwater Basin (Subbasin 2-009.02). Due to different land use and management characteristics, Valley Water further divides the Santa Clara subbasin into two separate subareas, the Santa Clara Plain and the Coyote Valley. The City extracts water from the Coyote Valley subarea of the Santa Clara subbasin.

The subbasin and subarea divisions help better define the aquifer below the City. These subbasins are interconnected and help filter, transmit, and store water and can also be further defined by the aquifer characteristics, such as confinement and soil properties.

The Llagas subbasin and the Coyote Valley subarea are monitored and addressed by Valley Water. The November 2025 Groundwater Condition Report from Valley Water indicates that groundwater levels in index wells during October 2025 ranged from 15 feet lower to 1 foot higher compared with October 2024 levels. The report also states that groundwater pumping in September 2020 was 100% to 107% of the five-year average. In contrast, managed recharge in October 2025 reached 114% to 133% of the five-year average across both subbasins.

6.2.1.2 Basin Boundaries

The City lies atop the boundary between the Llagas subbasin and the Coyote Valley subarea of the Santa Clara subbasin, with Cochrane Road being the approximate boundary line. Wells north of Cochrane Road pump water from the Coyote Valley subarea, while wells to the south pump from the Llagas subbasin.

The Llagas Subbasin is 15 miles long, 3 miles wide along with the northern bounds, and tapers out to approximately 6 miles along the Pajaro River boundary. The subbasin has confined and unconfined portions within its boundary. At approximately 74 square miles, the confined area protrudes to the north from the Pajaro River, with a thick clay layer binding the subbasin to approximately Church Creek. The extreme east-west portions, as well as north of Church Creek, are generally categorized as the unconfined portion of the Llagas Subbasin.

The Coyote Valley subarea is approximately 7 miles long, beginning at Metcalf Road and ending at Cochrane Road, and is approximately 2 miles wide. The approximate surface area of the Coyote Valley is 15 square miles. The Coyote Valley has the general characteristics of an unconfined subbasin, with no clay confining layers, and normally drains to the Santa Clara Plain subarea of the Santa Clara subbasin.

6.2.1.3 Groundwater Quality

Drinking water standards follow Title 22 as set forth by the State of California Code of Regulations, in conjunction with the Environmental Protection Agency, to monitor the quality of potable water. The City currently monitors its supply wells and the Vally Water monitors groundwater in Santa Clara County.

According to the Valley Water 2024 Annual Groundwater Report, the quality of the South County groundwater, which includes the Llagas subbasin and the Coyote Valley subarea, is generally of high quality. The District reports median nitrate levels for the Llagas and Coyote Valley groundwater as 5.2 mg/L and 5.3 mg/L. Valley Water reports median total dissolved solid levels for the Llagas and Coyote Valley groundwater as 407 mg/L and 401 mg/L.

One of the primary contaminants of note in the City is perchlorate, originally identified in the 2010 UWMP. The primary source of perchlorate contamination was identified as the Olin Chemical Corporation highway safety flare plant. At one point, the plume of perchlorate in groundwater was nearly ten miles long but has been getting smaller and approximately extends from Tennant Avenue to the San Martin Airport, according to previous studies prepared by Valley Water.

6.2.2 Groundwater Management

California Water Code

10631 (b)(4) *If groundwater is identified as an existing or planned source of water available to the supplier, the following information shall be included:*

(A) The current version of any groundwater sustainability plan or alternative adopted pursuant to Part 2.74 (commencing with Section 10720), any groundwater management plan adopted by the urban water supplier, including plans adopted pursuant to Part 2.75 (commencing with Section 10750), or any other specific authorization for groundwater management for basins underlying the urban water supplier's service area.

(C) A detailed description and analysis of the location, amount, and sufficiency of groundwater pumped by the urban water supplier for the past five years. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

(D) A detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the urban water supplier. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

This section documents relevant plans addressing groundwater supply and quality.

6.2.2.1 Groundwater Management Plan

Valley Water prepared a Groundwater Management Plan report published in 2021 (2021 GMP) as an alternative to the Groundwater Sustainability Plan (GSP). The 2021 GMP delineates the role of Valley Water as groundwater managers within the County, as well as provides details of the basins to which the District maintains. The following are excerpts taken from the Executive Summary section of the 2021 GMP. It should be noted that Valley Water was previously known as Santa Clara Valley Water District (SCVWD), which is reflected in the excerpts below.

> *Nearly half of the water used in Santa Clara County (County) is pumped from the Santa Clara and Llagas subbasins, with some communities relying solely on groundwater. For over 90 years, the Santa Clara Valley Water District (District) has managed groundwater in the county per statutory authority provided by the Santa Clara Valley Water District Act (District Act). The District's comprehensive groundwater management programs and investments have resulted in sustainable groundwater conditions for many decades, and will ensure groundwater resources are sustainable far into the future.*

This 2021 Groundwater Management Plan (GWMP) describes the Valley Water's comprehensive groundwater management framework, including existing and potential actions to achieve basin sustainability goals and ensure continued sustainable groundwater management. The GWMP covers the Santa Clara and Llagas subbasins, located entirely in Santa Clara County and identified by the Department of Water Resources (DWR) as Basins 2-9.02 and 3-3.01, respectively.

This 2021 GWMP is prepared pursuant to authority granted by the District Act and supersedes all previous Groundwater Management Plans. The 2021 GWMP also satisfies the objectives of the Sustainable Groundwater Management Act (SGMA).

SGMA was enacted by the state legislature in 2014, and subsequent Groundwater Sustainability Plan (GSP) Emergency Regulations have resulted in statewide requirements for basins designated as medium and high priority basins by DWR. In the basins designated by DWR as medium and high priority, local public agencies and Groundwater Sustainability Agencies (GSAs) are required to develop and implement GSPs or alternatives to GSPs (Alternative Plans). DWR has identified the Santa Clara and Llagas subbasins as high-priority basins and are not critically overdrafted basins.

Prior to the statutory deadline of January 1, 2017, Valley Water submitted the 2016 GWMP for both the Santa Clara and Llagas subbasins to DWR as an Alternative Plan. The 2016 GWMP updated technical information from Valley Water's 2012 GWMP with information functionally equivalent to elements required by Articles 5 and 7 of the GSP Emergency Regulations. The 2016 GWMP met the requirements of California Water Code (Water Code) Section 10733.6, which allows for an Alternative Plan to be submitted to DWR. The 2016 GWMP, prepared pursuant to the District Act, qualified as an Alternative Plan per Water Code Section 10733.6(b)(1), which states that an Alternative Plan can be a plan developed pursuant to other law authorizing groundwater management. This 2021 GWMP is also prepared pursuant to the District Act.

6.2.2.2 Integrated Water Resource Plan

The objective of the Integrated Water Resource Plan (IWRP) is to develop a comprehensive and flexible water supply plan for the County through the year 2040. The IWRP incorporates community input and is capable of responding to changing water supply and demand conditions.

The IWRP Preferred Strategy aims to maximize the Districts flexibility to meet actual water demands, and where they match water projections. It relies on practices, such as water banking, recycled water, demand management, and water transfers. It further relies on "core elements" designed to validate baseline planning assumptions, monitor or evaluate resource options, and help meet planning objectives.

6.2.3 Overdraft Conditions

The Santa Clara Valley Groundwater Basin is not an adjudicated groundwater basin. According to the DWR 2016 updated Bulletin 118, the Santa Clara Valley Groundwater Basin and Gilroy-Hollister Valley Groundwater Basin are not in a condition of overdraft. In order to reduce the risk of groundwater basin overdraft, a recharge system has been developed by Valley Water.

6.2.4 Past Five Years Groundwater Pumping

There are currently 16 existing municipal groundwater wells located throughout the City, as shown on Figure 6-2. The combined supply capacity for these wells is approximately 18,600 afy. The City's supply firm capacity, designated as the total capacity when the largest unit is out of service, is approximately 16,700 afy. The volume of groundwater pumped by the City over the past five years is summarized in Table 6-1.

Submittal Table 6-1 Retail: Groundwater Volume Pumped
Water Code Section 10631(4) and 10631(4)(c)

Groundwater Type	Water Type (OPTIONAL)	Location or Basin Name	2021 (AF)	2022 (AF)	2023 (AF)	2024 (AF)	2025 (AF)
Alluvial Basin	Potable	Santa Clara Valley - Santa Clara - Coyote Valley	1,464	1,403	1,408	1,472	1,459
Alluvial Basin	Potable	Gilroy - Hollister Valley- Llagas Area	5,718	5,480	5,496	5,748	5,699
	Total		**7,182**	**6,883**	**6,904**	**7,220**	**7,158**

6.3 SURFACE WATER

At the time of preparation of the 2025 UWMP, the City does not use surface water as part of its domestic water supply.

6.4 STORMWATER

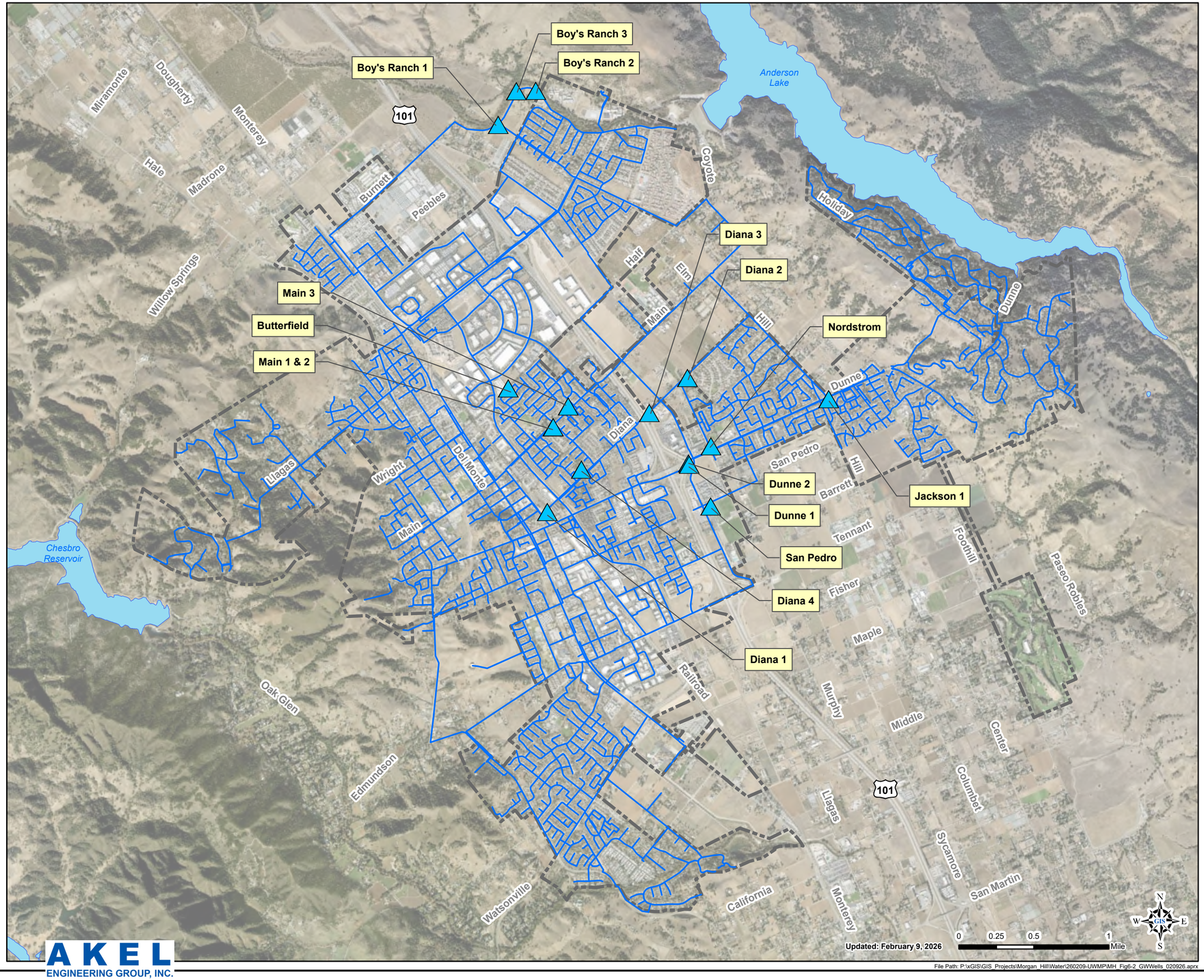
At the time of preparation of the 2025 UWMP, the City does not divert stormwater for beneficial uses in its domestic water supply portfolio.

6.5 WASTEWATER AND RECYCLED WATER

This section discusses recycled water coordination with Valley Water, wastewater collection, treatment and disposal, the recycled water system in south county and current, potential and projected recycled water uses within the system service area.

California Water Code

10633R — *The plan shall provide, to the extent available, information on recycled water and its potential for use as a water source in the service area of the urban water supplier. The preparation of the plan shall be coordinated with local water, wastewater, groundwater, and planning agencies that operate within the supplier's service area.*



Legend

Existing Water System

- Groundwater Wells
- Pipes
- Roads
- City Limits
- Lakes

PRELIMINARY

Figure 6-2
Existing Groundwater Well Locations
2025 Urban Water Management Plan
City of Morgan Hill

CITY OF MORGAN HILL

AKEL ENGINEERING GROUP, INC.

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6.5.1 Recycled Water Coordination

The City does not currently use recycled water as a source of supply, however, the City is cooperated with Valley Water to explore financially feasible options for utilizing recycled water as a source of non-potable water within the City's service area.

6.5.2 Wastewater Collection, Treatment, and Disposal

This section describes wastewater collection and disposal.

6.5.2.1 Wastewater Collected Within Service Area

The City operates a wastewater collection system that collects wastewater within the City's service area and transports it to the South County Regional Wastewater Authority (SCRWA) wastewater treatment plant (WWTP), south of the City of Gilroy. Based on reports prepared by SCRWA the City collected a total wastewater volume of approximately 3,020 AF in 2025 (Table 6-2).

Submittal Table 6-2 Retail: Wastewater Collected Within Service Area in 2025
Water Code Section 10633(a)

Wastewater Collection			Recipient of Collected Wastewater	
Name of Wastewater Collection Agency	Wastewater Volume Metered or Estimated?	Volume of Wastewater Collected from UWMP Service Area 2025 (AF)	Name of Wastewater Treatment Plant (WWTP) and Place ID Number	Is WWTP Located Within UWMP Area?
City of Morgan Hill	Metered	3,020	SCRWA Reclamation Facility, Use Areas, Place ID 256038	No
Total Wastewater Received from UWMP Service Area in 2025:		**3,020**		

6.5.2.2 Wastewater Treatment and Discharge Within Service Area

No wastewater is treated or disposed of by the City within the UWMP service area, as indicated in Table 6-3.

Submittal Table 6-3 Retail: Wastewater Treatment and Outcomes Within Service Area in 2025

Water Code Section 10633(a)

☑	No wastewater is treated or disposed of within the UWMP service area. The City is not required to complete the table below.							
Wastewater Treatment Plant Name	Discharge Location Name and Description	Method of Disposal	Does This Plant Treat Wastewater Generated Outside the Service Area?	Treatment Level	2025 Volume			
					Wastewater Treated (AF)	Discharged Treated Wastewater (AF)	Recycled Within Service Area (AF)	Recycled Outside of Service Area (AF)

SCRWA currently operates and maintains the regional wastewater treatment plant (WWTP) south of the City under an agreement with Jacobs Engineering Group, Inc. and treats an average dry weather flow of approximately 6.5 million gallons per day (mgd). SCRWA also updated its facilities to increase the recycled water production capacity from 3 mgd to 9 mgd.

As demand for recycled water continues to increase, SCRWA intends to increase capacity to accommodate these flows. Currently, SCRWA and Valley Water plan to recycle all wastewater flows coming into the plant.

6.5.3 Recycled Water System

The South County Recycled Water System was initially constructed in 1977. In 1999 the system was improved, and consistent recycled water deliveries began in the City of Gilroy. Currently, the recycled water system serves users within the City of Gilroy service area as well as agricultural uses outside the service area. There is no existing infrastructure to convey recycled water to Morgan Hill. However, ongoing planning efforts are evaluating options for the use of recycled water within the City's service area, as described in the following section.

6.5.4 Current, Potential, and Projected Recycled Water Uses

This section documents the description of the quantity of current, potential and projected recycled water uses within their service area. In addition to California Water Code 10633 (b), (d) and (e), California Code of Regulations below provides the definition of the term direct beneficial use.

California Water Code

10633 (b)	*A description of the quantity of treated wastewater that meets recycled water standards, is being discharged, and is otherwise available for use in a recycled water project.*
10633 (d)	*A description and quantification of the potential uses of recycled water, including, but not limited to, agricultural irrigation, landscape irrigation, wildlife habitat enhancement, wetlands, industrial reuse, groundwater recharge, indirect potable reuse, and other appropriate uses, and a determination with regard to the technical and economic feasibility of serving those uses.*

10633 (e)	*The projected use of recycled water within the supplier's service area at the end of 5, 10, 15, and 20 years, and a description of the actual use of recycled water in comparison to uses previously projected pursuant to this subdivision.*

6.5.4.1 Current and Planned Uses of Recycled Water

There is currently no recycled water delivered within the City's service area; however, there have been several studies completed that reviewed the possibility of developing recycled water as a source of supply. In March 2016, the Recycled Water Feasibility Evaluation (RWFE) was prepared as part of the 2015 South County Recycled Water Master Plan Update (2015 South County RWMP). The RWFE identified potential recycled water users (**Figure 6-3**) through a market assessment, which identified potential future uses of recycled water in the City such as landscape irrigation, agricultural irrigation, and industrial processes. However, due to project implementation costs, recycled water use was not considered a feasible source of supply in the 2015 UWMP.

In October 2020, Valley Water published the Final Draft Countywide Water Reuse Master Plan (CoRe Plan). This report is intended to identify opportunities to expand water reuse throughout Valley Water's service area, including the City of Morgan Hill. The expansion of water reuse will thus increase water supply reliability and water supply self-reliance within the County.

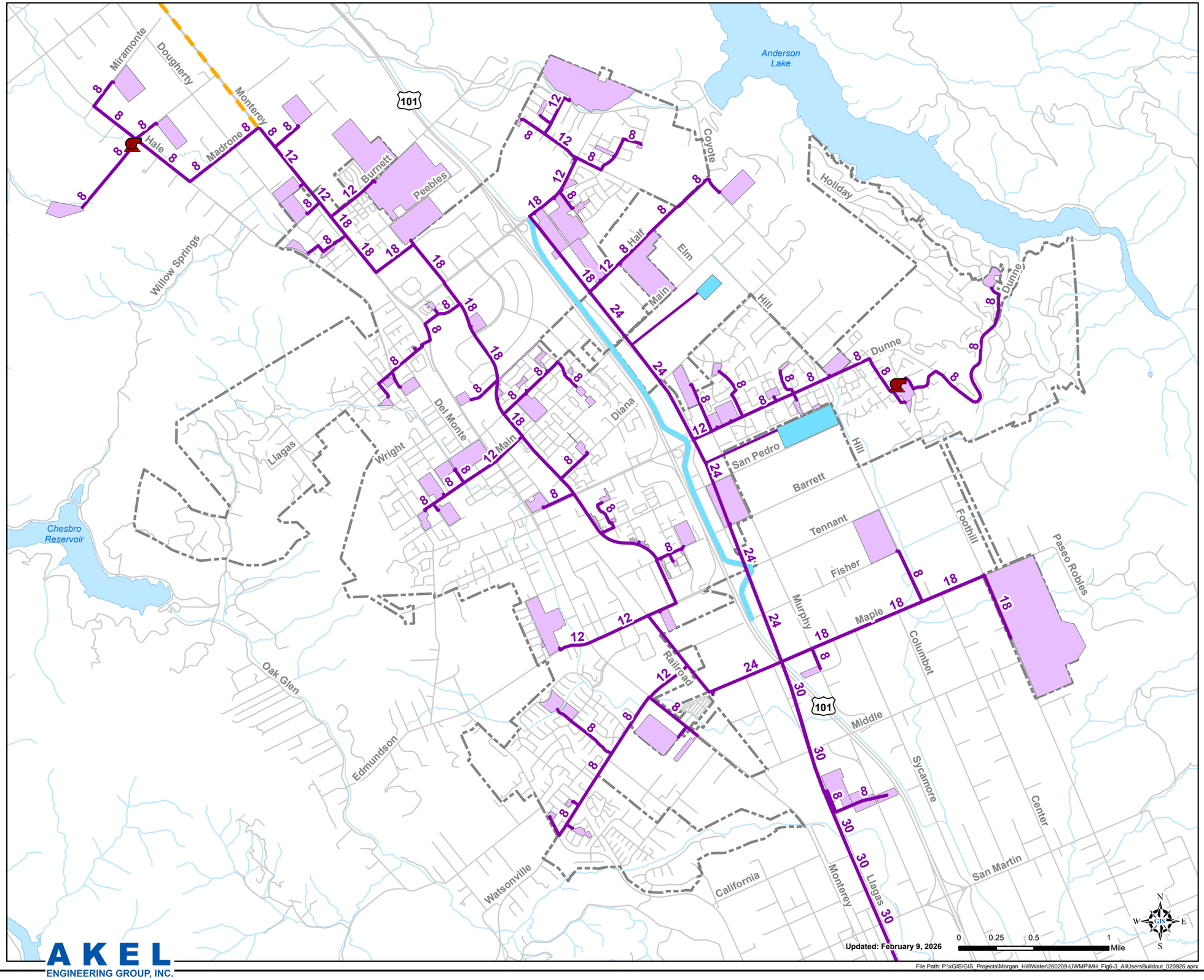
The CoRe Plan accounts for up to 2.6 mgd of recycled water use within the City's service area by the year 2045. This recycled water use volume is based on estimates originally prepared as part of the 2015 South County RWMP. The CoRe Plan indicates that the feasibility of recycled water deliveries within the City's service area increases when considered in the context of an integrated countywide plan. The CoRe Plan identified three alternatives (options) for water reuse related to the City of Morgan Hill, which are briefly described as follows:

- **Option 1 – Recycled Water Distribution**

  This option includes importing recycled water supplies from South Bay Water Recycling (SBWR) via a six-mile pipeline extension between the City and the SBWR system to the north. This SBWR transmission main would connect to a future recycled water distribution system.

- **Option 2 – Groundwater Recharge**

  This option includes recharging the Llagas subbasin with purified water, which would be produced at a satellite WWTP constructed to treat the City's wastewater. This purified water would be conveyed to ponds within the City's service area.



Legend

- Potential SBWR Connection

Proposed System

- Booster Stations
- Pipes
- Potential Users

Existing System

- Recharge Ponds
- City Limits
- Roads
- Creeks
- Lakes

PRELIMINARY

Figure 6-3
Potential Recycled Water System
2025 Urban Water Management Plan
City of Morgan Hill

CITY OF MORGAN HILL

Updated: February 9, 2026

0 0.25 0.5 1 Mile

AKEL ENGINEERING GROUP, INC.

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- **Option 3 – Surface Water Augmentation**

  This option includes recharging the Llagas subbasin with water supplies provided by Valley Water, which would be delivered to ponds within the City's service area. In exchange for these water supplies, the City would deliver purified water, produced at a to-be-constructed satellite WWTP, that would be delivered to the Valley Water Anderson Reservoir northeast of the City's service area.

Submittal Table 6-4 Retail: Recycled Water Direct Beneficial Uses Within Service Area

Water Code Section 10633 (c)(e)

☑	Check box if recycled water is not used and is not planned for use within the service area of the supplier. The supplier will only complete the column on "Potential Recycled Water Use" and submit an accompanying narrative on the feasibility of that potential recycled water use.
Name(s) of Facility/ies Producing (Treating) the Recycled Water (OPTIONAL) : Name of Supplier Operating the Recycled Water Distribution System (OPTIONAL) : Supplemental Water Added in 2025 (volume) Include units (OPTIONAL) : Source of 2025 Supplemental Water (OPTIONAL) :	City of Morgan Hill

Use Type	Water Type (after treatment if treated) (OPTIONAL)	Additional Information (as needed)	2025 (AF)	2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (opt) (AF)	Potential Recycled Water Use: Volume	Potential Recycled Water Use: Narrative page number (OPTIONAL)
Total			0	0	0	0	0	0	0	0

Later in May 2024, Valley Water published the latest South County Recycled Water Master Plan Update (2024 SCRWMP). This study provides an updated distribution system capacity evaluation to the 2015 South County Recycled Water Master Plan, accounting for recent pipeline construction, change in customer usage, and the operation at the Wastewater Treatment Plant during peak usage and the high demand season. This 2024 SCRWMP summarizes potential recycled water opportunities for Morgan Hill and provides updated analysis of six potentially feasible alternatives. These six options were extracted from the following relevant studies: 2020 Valley Water's Countywide Reuse Master Plan, 2016 Recycled Water Feasibility Evaluation, 2015 South County Recycled Water Master Plan Update, and the 2019 Sustainable Water Management Plan.

- **Option 1a and 1b – Direct Potable Reuse**

  Option 1a: Direct Potable Reuse via Treated Water Augmentation into water system (via Satellite WWTP and AWPF). This option would include a satellite WWTP and an AWPF.
  Option 1b: Direct Potable Reuse via Treated Water Augmentation into water system (via purified water pumped from SCRWA). This option would include an AWPF at SCRWA, approximately 12 miles of 24-inch pipeline, and a pump station

- **Option 2 – NPR+ from South Bay Water Recycling**

  This option includes importing recycled water supplies from South Bay Water Recycling (SBWR) via 16 miles of 16-inch pipeline. A transmission main from SBWR would connect to a future recycled water distribution system in Morgan Hill.

- **Option 3 – Satellite Advanced Water Purification Facility for Groundwater Recharge (GWR)**

  This option includes recharging the Llagas subbasin in the San Pedro Ponds with purified water, which would be produced at a satellite WWTP treating the City's wastewater and an AWPF. This purified water would be conveyed to San Pedro Ponds through 3 miles of 16-inch pipelines along Maple Avenue and Hill Road.

- **Option 4 – Satellite Advanced Water Purification Facility for Surface Water Augmentation (SWA)**

  This option includes supplementing recharge of the Llagas Subbasin with water supplies provided by Valley Water, which would be delivered to ponds within the City's service area. In exchange for these water supplies, the City would deliver purified water delivered to Valley Water's Anderson Reservoir northeast of the City's service area. This option would include a satellite WWTP, an AWPF, and approximately 6 miles of 16-inch pipeline.

- **Option 5 – Pumping Recycled Water from SCRWA to a Morgan Hill Recycled Water System**

  This recycled water option was extracted from the 2015 South County Recycled Water Master Plan Update and was also a high-ranking project in the 2019 Sustainable Water Management Planning study. This is identified as Alternative 1 or 2 in the 2015 SCRWMP Update and includes 9 miles of 24-inch transmission mains, 4 miles of distribution mains, and a pump station. This option would deliver recycled water from SCRWA to a recycled water system in the City of Morgan Hill.

- **Option 6 – SCRWA Advanced Water Purification Facility for Groundwater Recharge in Morgan Hill**

  This recycled water option was also extracted from the 2015 South County Recycled Water Master Plan Update and was one of the highest high-ranking projects in the 2019 Sustainable Water Management Planning study. This option includes an AWPF at the SCRWA, 12-miles of 24-inch pipeline, and a pump station. This option would deliver purified water from SCRWA for groundwater recharge in the City of Morgan Hill.

6.5.4.2 Planned Versus Actual Use of Recycled Water

The City does not currently provide recycled water within its service area, as indicated on the following page in **Table 6-5**.

Submittal Table 6-5 Retail: 2020 UWMP Recycled Water Use Projection Compared to 2025
Actual Water Code Section 10633 (e)

☑	Check the box if recycled water was not used in 2025 nor previously projected for use in 2020. Proceed to the next table.		
Use Type		2020 Projection for 2025 (AF)	2025 Actual Use (AF)
	Total	0	0

6.5.4.3 *Actions to Encourage and Optimize Future Recycled Water Use*

While the City does not currently deliver recycled water, it is advocating and partnering with Valley Water to support the future delivery of recycled water to Morgan Hill.

Submittal Table 6-6 Retail: Methods to Encourage Future Recycled Water Use
Water Code Section 10633 (f)

☑	Check the box if the Supplier does not plan to expand recycled water use in the future. Supplier will not complete the table below but will provide narrative explanation. Provide page location of narrative in the UWMP		
Name of Action	Description	Planned Implementation Year	Expected Increase in Recycled Water Use (AF)
		Total (AF)	0
		Unit Conversion to AF	0

6.6 DESALINATED WATER OPPORTUNITIES

California Water Code

10631 (g) *Describe the opportunities for development of desalinated water, including, but not limited to, ocean water, brackish water, and groundwater, as a long-term supply.*

The City intends to continue to collaborate and partner with Valley Water on potential opportunities related to water supply and groundwater. Valley Water is actively exploring a potential seawater desalination plant in the South Bay, having completed an initial Environmental Feasibility Study in 2023. The current, early-stage plan focuses on a plant designed to produce 10 million gallons per day (MGD) to boost water supplies, with studies analyzing environmental, regulatory, and cost impacts. Valley Water's ongoing analysis has found that desalination may be an expensive, energy intensive and environmentally challenging option at this time. However,

Valley Water will keep desalination as a tool to pursue if and when it becomes more feasible. In the meantime, Valley Water is actively pursuing a program to bolster drinking water supplies: advanced purification of treated wastewater, which has proven be more cost-effective than desalination.

6.7 WATER EXCHANGES AND TRANSFERS

California Water Code

10631 (c) *Describe the opportunities for exchanges or transfers of water on a short-term or long-term basis.*

There are currently no known exchanges, transfers, or interties that exist between the City and any other water system.

6.8 FUTURE WATER PROJECTS

California Water Code

10631 (f) *Include a description of all water supply projects and water supply programs that may be undertaken by the urban water supplier to meet the total projected water use, as established pursuant to subdivision (a) of Section 10635. The urban water supplier shall include a detailed description of expected future projects and programs that the urban water supplier may implement to increase the amount of the water supply available to the urban water supplier in normal and single dry water years and for a period of drought lasting five consecutive water years. The description shall identify specific projects and include a description of the increase in water supply that is expected to be available from each project. The description shall include an estimate with regard to the implementation timeline for each project or program.*

As discussed in previous sections the City's sole source of potable water is groundwater. As such, the only method available to provide additional capacity for growing demand is the construction of new wells, and there are no additional types of imminent water projects the City plans to implement, as indicated on **Table 6-7**.

The City's total capacity is approximately 18,600 afy, and its firm capacity, calculated as the total capacity excluding the largest well, is approximately 16,700 afy. The existing firm capacity is capable of meeting the City's current demands and no imminent water supply projects are planned currently. In 2024, the City's active groundwater wells supplied approximately 2.35 billion gallons, equivalent to ~7,210 AFY, to about 15,163 active water service connections. However, as the City continues to grow, additional groundwater wells will be constructed as needed.

Submittal Table 6-7 Retail: Expected Future Water Supply Projects or Programs
Water Code Section 10631 (f)

☑	Check the box if there are no expected future water supply projects or programs that provide a quantifiable increase to the agency's water supply. Procees to the next table.
☐	Check the box if some or all of the supplier's future water supply projects or programs are not compatible with this table and are described in a narrative format. Provide page location of narrative in the UWMP

Name of Future Projects or Programs	Joint Project with other suppliers? Drop Down List (yes/no)	If Yes, Supplier Name	Additional Description (as needed)	Water Type (after treatment if treated) (OPTIONAL)	Planned Implementation Year	Planned for Use in Year Type	Expected Increase in Water Supply to Supplier (This may be a range) (AF)

6.9 SUMMARY OF EXISTING AND PLANNED SOURCES OF WATER

The City's groundwater supply has historically been adequate to meet the City's water demands. Table 6-8 on the following page summarizes the total volume of groundwater pumped in 2025. However, the City's groundwater supply sustainability is dependent on raw water deliveries negotiated and imported by Santa Clara Valley Water District to the Llagas subbasin and the Coyote Valley subarea. These deliveries are intended to recharge the groundwater aquifers.

Submittal Table 6-8 Retail: Water Supplies — 2025 Actual
Water Code Section 10631 (b)

Water Supply	Additional Description (as needed)	Water Type (after treatment if treated) (OPTIONAL)	2025 Actual Volume (AF)	Total Entitlement (OPTIONAL) See "DWR Notes" below (AF)
Groundwater (not desalinated)	Santa Clara Valley - Santa Clara - Coyote Valley	Potable	1,459	
Groundwater (not desalinated)	Gilroy - Hollister Valley - Llagas Area	Potable	5,699	
Total			**7,158**	**0**

The City intends to continue to use groundwater as the sole source of potable water supply. Table 6-9 summarizes the total projected water supply available through 2050. In Morgan Hill's 2017 Water System Master Plan update, the City plans to install two new groundwater wells (2,600 afy total capacity) by 2030 for serving anticipated population growth throughout the City. The

projected water supply capacity in this report is calculated from the annual natural recharge at Coyote Valley and Llagas subbasins.

Submittal Table 6-9 Retail: Water Supplies — Projected
Water Code Section 10631 (b)

Water Supply Source	Additional Detail on Water Supply	Projected Water Supply				
		2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050(opt) (AF)
Groundwater (not desalinated)	Santa Clara Valley - Santa Clara Coyote Valley	1,567	2,649	2,822	2,976	3,133
Groundwater (not desalinated)	Gilroy-Hollister Valley – Llagas Area	7,342	7,007	7,477	7,714	8,128
	Total	**8,909**	**9,657**	**10,299**	**10,690**	**11,261**

6.10 CLIMATE CHANGE CONSIDERATIONS

Ongoing impacts of climate change not only influence demand throughout the City's service area but also affect Valley Water's role as the local Groundwater Sustainability Agency for Santa Clara County, which includes the City's service area. While the City currently uses groundwater as its sole source of supply, Valley Water's complete supply portfolio includes multiple sources such as groundwater, surface water, imported water, exchanges, and recycled water. The following section summarizes the water supply impacts documented in the Valley Water 2020 UWMP, which have a direct or indirect effect on the City's groundwater supplies.

- **Decreases in the quantity of imported water supplies.** Potential reductions in imported water allocations or winter runoff volumes due to lower snowpack levels may decrease the amount of water available for import.
- **Decreases in the ability to utilize local surface water supplies.** Changes in the timing and intensity of rainfall and runoff may change the ability of Valley Water to capture and use local surface water.
- **Increases in irrigation and cooling water demands.** Higher temperatures will increase irrigation demands for agricultural, residential, and non-residential uses.
- **Decreases in water quality.** Increases in algal blooms, turbidity, or salinity in water supplies due to changes in temperature, wildfire occurrence, or flow patterns will potentially reduce the quality of various water supplies.
- **Increases in the severity and duration of droughts.** A combination of increased demands and reduced supplies during dry years will require proactive water supply

planning by Valley Water, which may include the implementation of demand management measures of additional supplies.

The above conditions will challenge the water resource management efforts of the City and Valley Water. The City will continue to rely on the climate change impact planning efforts being coordinated by Valley Water, which will evaluate the overall water supply portfolio and not just the City's groundwater basins. Valley Water is currently analyzing climate impacts on existing and future water supply and preparing a climate change study.

6.11 ENERGY INTENSITY

California Water Code

10631.2.(a) *In addition to the requirements of Section 10631, an urban water management plan shall include any of the following information that the urban water supplier can readily obtain:*

(1) An estimate of the amount of energy used to extract or divert water supplies.
(2) An estimate of the amount of energy used to convey water supplies to the water treatment plants or distribution systems.
(3) An estimate of the amount of energy used to treat water supplies.
(4) An estimate of the amount of energy used to distribute water supplies through its distribution systems.
(5) An estimate of the amount of energy used for treated water supplies in comparison to the amount used for nontreated water supplies.
(6) An estimate of the amount of energy used to place water into or withdraw from storage.
(7) Any other energy-related information the urban water supplier deems appropriate.

As part of the 2025 UWMP update, California Water Code requires a general estimate of the amount of energy used to extract and convey water supplies. Due to the limitation of available utility bills or other energy use data, the City's energy intensity is estimated based on well and booster station pump horsepower and estimated annual runtimes. The City's estimated energy intensity is reported in **Appendix B** as part of the DWR standardized tables.

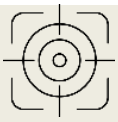
6.12 SUBMITTAL TABLES SUMMARY

This chapter included the following submittal table(s):

- Table 6-1: Groundwater Volume Pumped
- Table 6-2: Wastewater Collected Within Service Area in 2025
- Table 6-3: Wastewater Treatment and Outcomes Within UWMP Service Area in 2025
- Table 6-4: Recycled Water Direct Beneficial Uses Within Service Area
- Table 6-5: 2020 UWMP Recycled Water Use Projection Compared to 2025 Actual
- Table 6-6: Methods to Encourage Future Recycled Water Use
- Table 6-7: Expected Future Water Supply Projects or Programs
- Table 6-8: Water Supplies- 2025 Actual
- Table 6-9: Water Supplies-Projected

CHAPTER 7 – WATER SERVICE RELIABILITY ASSESSMENT

This chapter assesses the reliability of the City's water supply under normal conditions, single-year dry conditions, and consecutive five-year dry conditions. The assessment includes a comparison of water use versus expected water supply through 2050, and includes the Drought Risk Assessment.



Chapter Focus

This chapter focuses on integrating the City's water supply portfolio with its water use characterization. This integration brings together the UWMP elements into a succinct synopsis that depicts the City's water service reliability. The reliability assessments highlight the incongruencies, if any, between the City's water supplies and customer's water demands, and influence the development of the City's DRA described in this chapter and the WSCP described in a later chapter.

The DRA is a specific planning action that assumes the City is experiencing a drought over the next five years and addresses the City's reliability in the context of presumed drought conditions. Together, the WSRA, DRA, and WSCP allow the City to have a comprehensive picture of its short-term and long-term water service reliability and to identify the tools to address any perceived or actual shortage conditions.

7.1 CONSTRAINTS ON WATER SOURCES CONSIDERATIONS

California Water Code

10631 (b)(1)	*A detailed discussion of anticipated supply availability under a normal water year, single dry year, and droughts lasting at least five years, as well as more frequent and severe periods of drought, as described in the drought risk assessment. For each source of water supply, consider any information pertinent to the reliability analysis conducted pursuant to Section 10635, including changes in supply due to climate change.*
10634	*The plan shall include information, to the extent practicable, relating to the quality of existing sources of water available to the supplier over the same five-year increments as described in subdivision (a) of Section 10631, and the manner in which water quality affects water management strategies and supply reliability.*

As discussed in previous sections, groundwater is the City's sole existing and planned water supply source. The potential constraints affecting the City's water supply are summarized below.

7.1.1 Legal Factors

The City's only source of supply is groundwater extracted from the Llagas subbasin of the Gilroy-Hollister Groundwater Basin and the Coyote Valley subarea of the Santa Clara subbasin, which is

part of the Santa Clara Valley Groundwater Basin. These groundwater basins and subbasins are not adjudicated, and no current legal constraints are expected to limit the availability of groundwater supply.

7.1.2 Environmental Factors

Environmental concerns may arise during the water planning process when a project's potential impacts on the ecosystem are considered. Such concerns can lead to supply limitations through the enforcement of environmental regulations. However, the City's groundwater sources are not expected to be limited by any environmental factors.

7.1.3 Water Quality Factors

Water quality factors that could affect supply availability include contamination from biological or chemical constituents. The primary water quality concerns that could potentially affect the City are perchlorate, and nitrate. To estimate the potential impact of water quality contamination on supply, the analysis assumes that the highest capacity well would be unavailable for use. Under this assumption, the City's supply capacity would be reduced by approximately 2,400 acre-feet per year (AFY).

7.1.4 Climatic Factors

Groundwater levels in the Llagas subbasin and the Coyote Valley subarea fluctuate in response to rainfall, leading to variability in water levels during periods of above- or below-average precipitation. Inconsistent water levels during drought conditions may affect the City's water supply availability. To mitigate these impacts, Valley Water, in coordination with the City and other member agencies, has implemented a series of measures designed to reduce the effects of drought and other climate-related factors on the water supply. These measures are summarized below. Additional considerations regarding the potential impacts of climate change on the City's water supply and demand are discussed in previous sections.

- **Groundwater Recharge System**: To maintain groundwater levels, Valley Water imports raw water and operates a managed recharge system. This facility-based recharge system contributes a portion of the total groundwater recharge within the basins overseen by Valley Water.
- **Imported Water Connections**: Valley Water provides water for recharge using supplies from the State Water Project and the federal Central Valley Project. Drought and other climate-related factors may reduce the volume of water available through these imported sources.

7.2 WATER SERVICE RELIABILITY ASSESSMENT

California Water Code

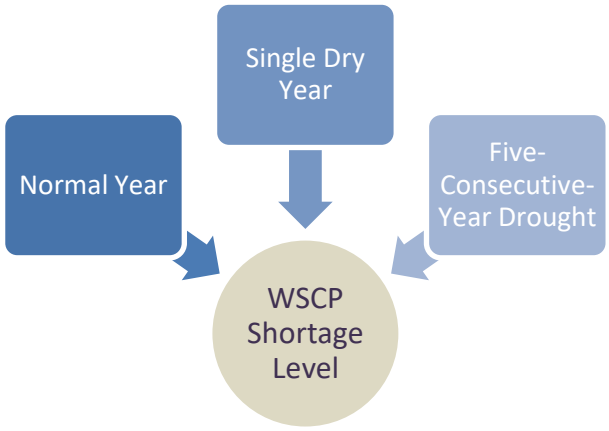
10635 (a) *Every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This water supply and demand assessment shall compare the total water supply sources available to the water supplier with the long-term total projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and a drought lasting five consecutive water years. The water service reliability assessment shall be based upon the information compiled pursuant to Section 10631, including available data from state, regional, or local agency population projections within the service area of the urban water supplier.*

7.2.1 WSRA Year-Type Characterization

This section outlines the annual water supply year-types, and the data sources used to evaluate supply.

Types of Years

This section discusses the types of years considered in the evaluation of water supply reliability, summarized in Table 7-1 on the following page. The conditions are as follows:



- **Normal Year** – The normal year, as it pertains to supply, is based on an averaged range of hydrologic years representing the historical median runoff (**1922-2025**).
- **Single Dry Year** – The single dry year, as it pertains to water supply, is defined as the year that represents the lowest historical water supply availability (**1977**).
- **Five Consecutive Dry Year** – Multiple dry years can significantly impact the water supply system by reducing local and statewide reservoir levels and lowering groundwater levels. Available supply under these conditions is based on the minimum historical yields calculated as a five-year running average. The five-consecutive-year drought, as it pertains to water supply, is defined as the period of the driest five-year historical water supply availability (**1988-1992**).

Submittal Table 7-1 Retail: Basis of Water Year Data (Reliability Assessment)

Year Type	Base Year	Volume Available AF	% of Average Supply
Average Year	1922-2025	8,909	100%
Single-Dry Year	1977	9,030	101%
Consecutive Dry Years 1st Year	1988	8,831	99%
Consecutive Dry Years 2nd Year	1989	9,090	102%
Consecutive Dry Years 3rd Year	1990	9,608	108%
Consecutive Dry Years 4th Year	1991	11,182	126%
Consecutive Dry Years 5th Year	1992	11,441	128%

NOTES: Volumes available are based on supplies anticipated to be available in 2030. Supply availability will vary with the demand year.

Sources for Water Data

Historical rainfall data sources listed in the DWR guidebook, including the National Weather Service website operated by the National Oceanic and Atmospheric Administration (NOAA), California Irrigation Management Information System (CIMIS) website, and the Western Regional Climate Center (WRCC) website, were consulted and analyzed to establish the basis for a normal year, a single dry year, and a five-consecutive-year drought for the City.

The groundwater data was obtained from the Santa Clara Valley Water District (SCVWD) Groundwater Sustainability Plan.

7.2.2 WSRA Supply and Demand Comparison

During extended drought periods, city-wide water use patterns are expected to change. Outdoor water use may initially increase as irrigation compensates for reduced rainfall; however, these potential increases can be partially mitigated through enhanced water conservation measures.

In accordance with California Water Code Section 10635(a), urban water suppliers must evaluate the reliability of their water service by comparing available water supplies with projected water demands over a 20-year planning horizon in five-year increments. This assessment considers water supply availability under three hydrologic conditions: a normal water year, a single dry water year, and a drought lasting five consecutive dry years.

The water supply available to the City under different hydrologic conditions is summarized in Table 7-1. Normal-year supply is based on estimated natural groundwater recharge for the Llagas Subbasin and Coyote Valley Subarea, as documented in the Valley Water 2021 Groundwater Management Plan. For conservative planning, percentages of normal-year supply are applied to estimate available supply during single-dry and multiple-dry water years.

7.2.2.1 Supply and Demand Comparisons – Normal Year

Under normal-year conditions, the estimated groundwater recharge from the subbasins is assumed to meet the City's projected water demand over the planning horizon. **Table 7-2** shows the normal-year supply and use comparison, while **Table 7-2A** and **Table 7-2B** provide subbasin level water budgets, documenting total supply and demand under normal-year conditions and establishing a baseline for water supply reliability. **Figure 7-1** illustrates the water budget in Llagas Groundwater Subbasin in 2045 with respect to the City of Morgan Hill and other users.

Submittal Table 7-2 Retail: Normal Year Supply and Use Comparison

Water Code Section 10635 (a)

	2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (AF)
Supply totals	8,909	9,657	10,299	10,690	11,261
Use totals	8,471	9,080	9,686	10,231	10,774
Surplus/(shortfall)	438	577	613	459	487
Percent of Total Supply	95%	94%	94%	96%	96%
Recommend WSCP Actions					
Water Shortage Level	Level 0	Level 0	Level 0	Level 0	Level 0
WSCP - supply augmentation benefit	0	0	0	0	0
WSCP - use reduction savings benefit	0	0	0	0	0
Revised Surplus/(shortfall)	438	577	613	459	487
Percent of Total Supply	95%	94%	94%	96%	96%

Table 7-2A Normal Year Supply and Demand Comparison (Llagas Subbasin) - Detail

PRELIMINARY

	2030 (AFY)	2035 (AFY)	2040 (AFY)	2045 (AFY)	2050 (AFY)
Projected Water Supply of the Llagas Subbasin[1]					
Natural Groundwater Recharge	22,533	22,533	21,423	21,423	21,423
Local Surface Water	9,972	11,175	11,238	11,139	11,138
Valley Water CVP Deliveries	13,407	8,986	9,304	9,715	9,696
Recycled Water Supply	1,507	1,864	2,218	2,570	2,570
Recycled Water [2, 3] (WWTP Utility Water)	1,224	1,228	1,232	1,232	1,232
Total Supplies (Excluding WWTP Utility Water)	47,418	44,558	44,183	44,846	44,826
Total Supplies (Including WWTP Utility Water)	48,642	45,786	45,415	46,078	46,058
Projected Average Annual Water Demand					
City of Gilroy (domestic)[4,5]	9,177	9,664	10,177	10,717	11,286
City of Morgan Hill (domestic)[5,6]	6,744	7,229	7,711	8,145	8,577
Other Users[7]	27,635	26,301	24,952	23,617	22,615
Total Demands	43,556	43,194	42,840	42,478	42,478
Supply vs Demand Comparison					
Difference (Supply - Demand)	3,863	1,363	1,343	2,368	2,348
Percent of Total Supply	92%	97%	97%	95%	95%

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5/26/2026

Notes:

1. Projected supply per South County Supply document received from Valley Water staff March 26, 2026.
2. Source: 2023 South County Recycled Water Distribution System Master Plan, Tables 2 and 3.
3. Recycled water use internally at WWTP facility is not considered as a reportable supply/demand of recycled water. Therefore, it was excluded from Supply vs Demand Comparison.
4. Demand consistent with City of Gilroy draft 2025 UWMP.
5. For planning purposes, it is assumed that the City will achieve up to a five percent reduction in water use as a result of active water savings.
6. City of Morgan Hill demand excludes Boys Ranch wells which are located in the Coyote Valley subarea.
7. Demand for other users calculated from documents received from Valley Water staff March 26, 2026.

Table 7-2B Normal Year Supply and Demand Comparison (Coyote Subarea) - Detail

PRELIMINARY

	2030 (AFY)	2035 (AFY)	2040 (AFY)	2045 (AFY)	2050 (AFY)
Projected Water Supply of the Coyote Valley Subarea[1]					
Natural Groundwater Recharge	2,305	2,472	2,329	2,329	2,329
Local Surface Water	4,158	6,389	6,388	6,381	6,382
Valley Water CVP Deliveries	6,252	7,679	7,801	7,792	7,787
Total Supplies	12,715	16,540	16,518	16,502	16,498
Projected Average Annual Water Demand					
City of Morgan Hill (domestic)[2,3]	1,727	1,851	1,975	2,086	2,197
Other Users[4]	9,808	9,707	9,584	9,483	9,372
Total Demands	11,535	11,559	11,559	11,569	11,569
Supply vs Demand Comparison					
Difference (Supply - Demand)	1,180	4,981	4,959	4,934	4,930
Percent of Total Supply	91%	70%	70%	70%	70%

AKEL ENGINEERING GROUP, INC.

5/26/2026

Notes:

1. Projected supply per South County Supply document received from Valley Water staff March 26, 2026.
2. City of Morgan Hill demand includes pumping from Boys Ranch wells which are located in the Coyote Valley subarea.
3. For planning purposes, it is assumed that the City will achieve up to a five percent reduction in water use as a result of active water savings.
4. Demand for other users calculated from documents received from Valley Water staff March 26, 2026.

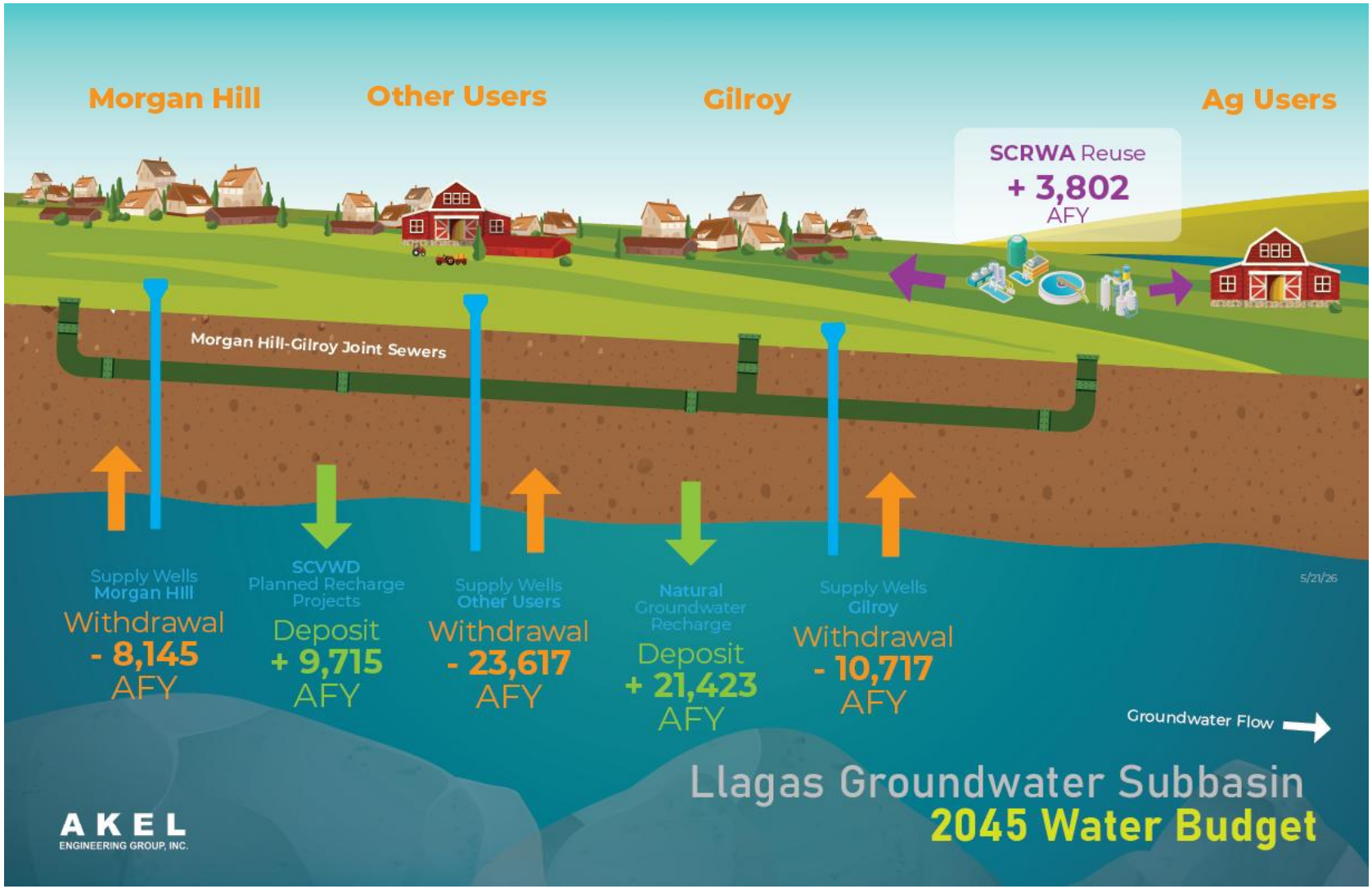

Figure 7-1 2045 Water Budget in Llagas Groundwater Subbasin

7.2.2.2 Supply and Demand Comparison – Single Dry Year

During a single dry year, groundwater recharge and overall water supply are expected to decrease due to reduced precipitation. The available supply is estimated by applying a single dry-year percentage of normal-year recharge for the subbasins. Water demand patterns may shift during dry conditions, with outdoor irrigation potentially increasing, though conservation measures help mitigate these increases. Comparing this reduced supply with projected demand allows assessment of the City's ability to maintain reliable water service under short-term drought conditions. Table 7-3 presents the City's total projected demand alongside the reduced supply under single-year conditions.

Submittal Table 7-3 Retail: Single Dry Year Supply and Use Comparison
Water Code Section 10635(a)

	2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (AF)
Supply totals	9,030	8,679	9,277	10,120	10,599
Use totals	8,471	9,080	9,686	10,231	10,774
Surplus/(shortfall)	559	(401)	(409)	(111)	(175)
Percent of Total Supply	94%	105%	104%	101%	102%
Recommend WSCP Actions					
Water Shortage Level	Level 0	Level 1	Level 1	Level 1	Level 1
WSCP - supply augmentation benefit	0	0	0	0	0
WSCP - use reduction savings benefit	0	650	650	300	400
Revised Surplus/(shortfall)	559	249	241	189	225
Percent of Total Supply	94%	97%	97%	98%	98%

7.2.2.3 Supply and Demand Comparison – Five Consecutive Dry Years

A drought lasting five consecutive dry years represents a more severe scenario with prolonged reductions in groundwater recharge. For this condition, the available supply is estimated as a lower percentage of the normal-year recharge to account for the cumulative effects of multiple dry years. Comparing this long-term reduced supply with projected demand helps identify potential shortages and informs planning for drought response and water conservation measures. Table 7-4 summarizes the City's total projected demand alongside the long-term reduced supply.

Submittal Table 7-4 Retail: Multiple Dry Year Supply and Use Comparison

Water Code Section 10635(a)

First Year	2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (AF)
Supply totals	8,831	9,163	9,917	10,338	10,887
Use totals	8,471	9,080	9,686	10,231	10,774
Surplus/(shortfall)	360	83	231	107	113
Percent of Total Supply	96%	99%	98%	99%	99%
Recommend WSCP Actions					
Water Shortage Level	Level 0	Level 0	Level 0	Level 0	Level 0
WSCP - supply augmentation benefit	0	0	0	0	0
WSCP - use reduction savings benefit	0	0	0	0	0
Revised Surplus/(shortfall)	360	83	231	107	113
Percent of Total Supply	96%	99%	98%	99%	99%
Second Year					
Supply totals	9,090	10,318	11,025	11,576	12,194
Use totals	8,471	9,080	9,686	10,231	10,774
Surplus/(shortfall)	619	1,238	1,338	1,345	1,420
Percent of Total Supply	93%	88%	88%	88%	88%
Recommend WSCP Actions					
Water Shortage Level	Level 0	Level 0	Level 0	Level 0	Level 0
WSCP - supply augmentation benefit	0	0	0	0	0
WSCP - use reduction savings benefit	0	0	0	3	0
Revised Surplus/(shortfall)	619	1,238	1,338	1,348	1,420
Percent of Total Supply	93%	88%	88%	88%	88%
Third Year					
Supply totals	9.608	10,717	11,408	9,991	10,522
Use totals	8,471	9,080	9,686	10,231	10,774
Surplus/(shortfall)	1,137	1,637	1,722	(239)	(252)
Percent of Total Supply	88%	85%	85%	102%	102%
Recommend WSCP Actions					
Water Shortage Level	Level 0	Level 0	Level 0	Level 1	Level 1
WSCP - supply augmentation benefit	0	0	0	0	0
WSCP - use reduction savings benefit	0	0	0	500	500
Revised Surplus/(shortfall)	1,137	1,637	1,722	261	248
Percent of Total Supply	88%	85%	85%	97%	98%

Fourth Year					
Supply totals	11,182	9,350	9,957	10,415	10,969
Use totals	8,471	9,080	9,686	10,231	10,774
Surplus/(shortfall)	2,710	270	271	185	195
Percent of Total Supply	76%	97%	97%	98%	98%
Recommend WSCP Actions					
Water Shortage Level	Level 0	Level 0	Level 0	Level 0	Level 0
WSCP - supply augmentation benefit	0	0	0	0	0
WSCP - use reduction savings benefit	0	0	0	0	0
Revised Surplus/(shortfall)	2,710	270	271	185	195
Percent of Total Supply	76%	97%	97%	98%	98%
Fifth Year					
Supply totals	11,441	11,444	12,695	11,719	12,341
Use totals	8,471	9,080	9,686	10,231	10,774
Surplus/(shortfall)	2,970	2,364	3,009	1,488	1,567
Percent of Total Supply	74%	79%	76%	87%	87%
Recommend WSCP Actions					
Water Shortage Level	Level 0	Level 0	Level 0	Level 0	Level 0
WSCP - supply augmentation benefit	0	0	0	0	0
WSCP - use reduction savings benefit	0	0	0	0	0
Revised Surplus/(shortfall)	2,970	2,364	3,009	1,488	1,567
Percent of Total Supply	74%	79%	76%	87%	87%

7.2.3 WSRA Description of Management Tools and Options

California Water Code

10620 (f) *An urban water supplier shall describe in the plan water management tools and options used by that entity that will maximize resources and minimize the need to import water from other regions.*

To reduce the strain on groundwater resources during prolonged droughts, the City has developed a Water Shortage Contingency Plan to prevent water waste and encourage conservation within the community.

The City's supply reliability depends on the rate of available recharge to the groundwater subbasins beneath the City. Valley Water imports raw water through the State Water Project and the federal Central Valley Project to recharge the groundwater subbasins it manages, including the Llagas Subbasin and the Coyote Valley subarea of the Santa Clara Valley Subbasin. During drought periods, imported water supplies may be reduced or unavailable, decreasing the amount of recharge to the groundwater basins. In times of water shortage, Valley Water coordinates with cities extracting from these basins to minimize overdraft and subsidence.

When regional supply reliability is at risk, Valley Water typically calls on cities to reduce water use through voluntary and mandatory conservation measures. At the same time the City will advocate with Valley Water to also work directly with non-municipal users, such as Great Oaks in the Coyote subbasin and agricultural users in the Llagas subbasin to ensure their water use is reduced during drought conditions, as non-municipal users are an equally important partner in water conservation.

In addition, the Cities of Morgan Hill and Gilroy have collaborated with Valley Water to explore opportunities for expanding recycled water use. The 2024 South County Recycled Water Master Plan Update provides a capacity analysis and presents improvement alternatives for the existing distribution system located in the City of Gilroy, while also summarizing recycled water options for the City of Morgan Hill.

Furthermore, during drought conditions, Valley Water anticipates that the City will rely on groundwater reserves. Historical groundwater monitoring in the Llagas Subbasin indicates stable groundwater levels even during multiple-year droughts. Through the implementation of conjunctive use programs, Valley Water has maintained well-managed groundwater levels in the Llagas Subbasin. As a result, this subbasin is considered a reliable water supply source during shortages. Although pumping may temporarily exceed recharge during droughts, basin management practices have prevented long-term adverse impacts.

7.3 DROUGHT RISK ASSESSMENT

California Water Code

10612	*"Drought Risk Assessment" means a method that examines water shortage risks based on the driest five-year historic sequence for the agency's water supply, as described in subdivision (b) of Section 10635.*
10635(b)	*Every urban water supplier shall include, as part of its urban water management plan, a drought risk assessment for its water service to its customers as part of information considered in developing the demand management measures and water supply projects and programs to be included in the urban water management plan. The urban water supplier may conduct an interim update or updates to this drought risk assessment within the five-year cycle of its urban water management plan update. The drought risk assessment shall include each of the following:* *(1) A description of the data, methodology, and basis for one or more supply shortage conditions that are necessary to conduct a drought risk assessment for a drought period that lasts five consecutive water years, starting from the year following when the assessment is conducted.* *(2) A determination of the reliability of each source of supply under a variety of water shortage conditions. This may include a determination that a particular source of water supply is fully reliable under most, if not all, conditions.* *(3) A comparison of the total water supply sources available to the water supplier with the total projected water use for the drought period.* *(4) Considerations of the historical drought hydrology, plausible changes on projected supplies and demands under climate change conditions, anticipated regulatory changes, and other locally applicable criteria.*

As part of the 2025 UWMP, the California Water Code requires urban water suppliers to develop a Drought Risk Assessment (DRA). The DRA is a planning exercise that evaluates the potential impacts on available water supply if a five-year drought were to occur immediately following its preparation. As with the supply and demand assessment described in the previous section, the DRA focuses exclusively on the effects of a five-year drought. It also accounts for the influence of the City's Water Shortage Contingency Plan on both available supply and total demand. Overall, the DRA provides a proactive review to prepare the City for a worst-case water supply scenario in the near term.

7.3.1 DRA Data, Methods, and Basis for Water Shortage Conditions

The DRA assesses the impact on available water supply over the course of a five-year drought. Since the City's only water supply source is groundwater, the same data and methodology used to prepare the supply and demand assessment through 2050, as described in the preceding section, can be applied for the DRA.

For conservative planning purposes, the DRA assumes an unconstrained demand condition within the City's service area, meaning that no additional demand management measures or water use reductions are applied beyond the City's year-round prohibitions. This approach allows the DRA to determine whether further water use reductions, as outlined in the Water Shortage Contingency Plan, may be necessary. It should also be noted that the Valley Water 2020 UWMP applies a similar unconstrained demand condition in its planning, which encompasses the City's service area.

7.3.2 DRA Individual Water Source Reliability

The DRA water supply and demand comparisons are presented in Table 7-5, which indicates that available groundwater supplies are expected to be able to meet the projected demands through the year 2030 should a five-year drought occur.

The City's DRA assumes that available groundwater supply is equivalent to the rate of natural groundwater recharge. Reductions in supply volumes during the five-year drought are applied to account for the effects of consecutive dry years. The available water supply volumes for each source are documented as follows:

- **Llagas Subbasin:** The available supply volume for the City of Morgan Hill during a normal water year is assumed to equal the proportional rate of natural groundwater recharge as established by Valley Water.

  During normal year, this amount is equal to 7,342 AF in 2030 as documented on Table 6-9 for the Llagas subbasin. During a five-year drought, this supply is increased from 7,278 AF to 9,429 AF in 2030 and resulting with a supply surplus as summarized on Table 7-5.

- **Coyote Valley Subarea of the Santa Clara Subbasin:** For the Coyote Valley subarea during a normal year, the available water supply is equal to 1,567 AF in 2030 as documented on Table 6-9. During a five-year drought, this supply is increased from 1,553 AF to 2,012 AF in 2030 and resulting with a supply surplus as summarized on Table 7-5.

As shown in Table 7-5, the City's total available water supply ranges from 8,831 AF to 11,441 AF.

7.3.3 DRA Total Water Supply and Use Comparison

The City's DRA is summarized in Table 7-5. Based on assumptions for available supplies consistent with prior planning efforts and considering an unconstrained demand condition, the DRA indicates that the City will be able to meet projected water demands under a five-consecutive-year drought beginning in 2026. At this point in time, no water shortage declarations or shortage response actions are required to be implemented.

Submittal Table 7-5 Retail: Five-Year Drought Risk Assessment

Water Code Section 10635(b)(3)

Totals	2026	2027	2028	2029	2030
Demands					
Total Water Use	8,016	8,130	8,243	8,357	8,471
Supplies					
Groundwater Supplies	8,831	9,090	9,608	11,182	11,441
Surplus/Shortfall without WSCP Action	815	960	1,365	2,824	2,970
Percent of Total Supply	91%	89%	86%	75%	74%
Water Shortage Level	0	0	0	0	0
Recommend WSCP Actions - supply augmentation benefit	0	0	0	0	0
Recommend WSCP Actions - use reduction savings benefit	0	0	0	0	0
Revised Surplus/(shortfall)	**815**	**960**	**1,365**	**2,824**	**2,970**
Percent of Total Supply	**91%**	**89%**	**86%**	**75%**	**74%**

7.4 SUBMITTAL TABLES SUMMARY

This chapter included the following submittal table(s):

- Table 7-1: Basis of Water Year Data
- Table 7-2: Normal Year Supply and Use Comparison
- Table 7-3: Single Dry Year Supply and Use Comparison
- Table 7-4: Multiple Dry Years Supply and Use Comparison
- Table 7-5: Five-Year Drought Risk Assessment

CHAPTER 8 – WATER SHORTAGE CONTINGENCY PLAN

This chapter presents the City's Water Shortage Contingency Plan (WSCP), a required framework for responding to water shortages through standardized conservation stages, response actions, and emergency supply interruption procedures.

Chapter Focus

This chapter focuses on the City's Water Shortage Contingency Plan (WSCP), a critical tool for proactive and efficient water management during shortages. The WSCP provides a structured framework for monitoring supply conditions, and implementing pre-planned response actions, and minimizing service disruptions. The WSCP defines levels of water shortage, outlines demand reduction measures, and describes the process for conducting an annual supply and demand assessment.

The WSCP prepares the system to address both predictable and unexpected risks, including natural disasters or the failure of a primary water source by establishing tiered demand reduction and supply enhancement measures for events such as earthquakes, fires, floods, or system failures, allowing the City to anticipate challenges and respond effectively. It also addresses communication protocols during shortages, methods for determining compliance and enforcing water use restrictions, discussing financial impacts, and monitoring and reporting the effectiveness of any implemented water demand reduction measures.

8.1 WATER SUPPLY RELIABILITY ANALYSIS

California Water Code

10632.3	*It is the intent of the Legislature that, upon proclamation by the Governor of a state of emergency under the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code) based on drought conditions, the board defer to implementation of locally adopted water shortage contingency plans to the extent practicable.*
10632 (a)(1)	*The analysis of water supply reliability conducted pursuant to Section 10635.*
10632.5.(a)	*In addition to the requirements of paragraph (3) of subdivision (a) of Section 10632, beginning January 1, 2020, the plan shall include a seismic risk assessment and mitigation plan to assess the vulnerability of each of the various facilities of a water system and mitigate those vulnerabilities.*

The City currently relies solely on groundwater, with supply wells extracting water from the Llagas Subbasin and the Coyote Valley Subarea of the Santa Clara Subbasin. These basins are managed by Valley Water, and the Valley Water 2021 GMP documents the rates of natural recharge for these supply sources. Consistent with prior planning efforts, the City's Water Supply

Reliability Analysis assumes that the available supply from each subbasin is equal to the rate of natural recharge. The analysis also accounts for the impacts of a single-dry year and a five consecutive dry-year period.

As part of the 2025 UWMP, the City has also prepared a Drought Risk Assessment (DRA), a proactive planning tool designed to prepare the City for potential worst-case water supply conditions. The DRA evaluates the City's projected water demands over the next five years against estimated available supplies in the event of a five-year drought. The results of the DRA, prepared as part of the 2025 UWMP, indicate that the City has adequate supplies to meet projected demands over the next five years.

Pursuant to the California Water Code, the City's Water Shortage Contingency Plan also includes a seismic risk assessment, which describes the vulnerability of the Morgan Hill water system facility to earthquakes and other seismic hazards. Details on the Seismic Risk Assessment and Mitigation Plan are provided in a subsequent section of this chapter.

8.2 ANNUAL WATER SUPPLY AND DEMAND ASSESSMENT

California Water Code

10632 (a) — *Every urban water supplier shall prepare and adopt a water shortage contingency plan as part of its urban water management plan that consists of each of the following elements:*

10632 (a)(2) — *The procedures used in conducting an annual water supply and demand assessment that include, at a minimum, both of the following:*

- *(A) The written decision-making process that an urban water supplier will use each year to determine its water supply reliability.*
- *(B) The key data inputs and assessment methodology used to evaluate the urban water supplier's water supply reliability for the current year and one dry year, including all of the following:*
  - *(i) Current year unconstrained demand, considering weather, growth, and other influencing factors, such as policies to manage current supplies to meet demand objectives in future years, as applicable.*
  - *(ii) Current year available supply, considering hydrological and regulatory conditions in the current year and one dry year. The annual supply and demand assessment may consider more than one dry year solely at the discretion of the urban water supplier.*
  - *(iii) Existing infrastructure capabilities and plausible constraints.*
  - *(iv) A defined set of locally applicable evaluation criteria that are consistently relied upon for each annual water supply and demand assessment.*
  - *(v) A description and quantification of each source of water supply.*

10632.1 — *An urban water supplier shall conduct an annual water supply and demand assessment pursuant to subdivision (a) of Section 10632 and, on or before July 1 of each year, submit an annual water shortage assessment report to the department with information for anticipated shortage, triggered shortage response actions, compliance and enforcement actions, and communication actions consistent with the supplier's water shortage contingency plan. An urban water supplier that relies on imported water from the State Water Project or the Bureau of Reclamation shall submit its annual water supply and demand assessment within 14 days of receiving its final allocations, or by July 1 of each year, whichever is later.*

Updates to the California Water Code now require urban water suppliers to prepare an annual water supply and demand assessment (Annual Assessment). The results of this assessment must

be summarized in a report submitted to the DWR by July 1 of each year, with the first report due on July 1, 2022. The purpose of the Annual Assessment is to ensure that water suppliers proactively evaluate available water supplies and demand, while identifying any potential need to implement the Water Shortage Contingency Plan.

It should be noted that the DWR is currently preparing a stand-alone guidance document to provide general procedures for urban water suppliers in completing the Annual Assessment. At this time, the decision-making process and steps for completing the Annual Assessment are preliminary and will be refined once the DWR guidance document is finalized.

8.2.1 Decision Making Process

This section describes the decision-making process for preparing and approving the Annual Assessment each year. The reporting timeline is illustrated in Figure 8-1, and the milestones documented on Table 8-1A.

It should be noted that the Annual Assessment and associated decision-making process will rely on the findings of the Valley Water Annual Assessment, which provides documentation of available water supply information and any County-wide water shortage actions that may be required.

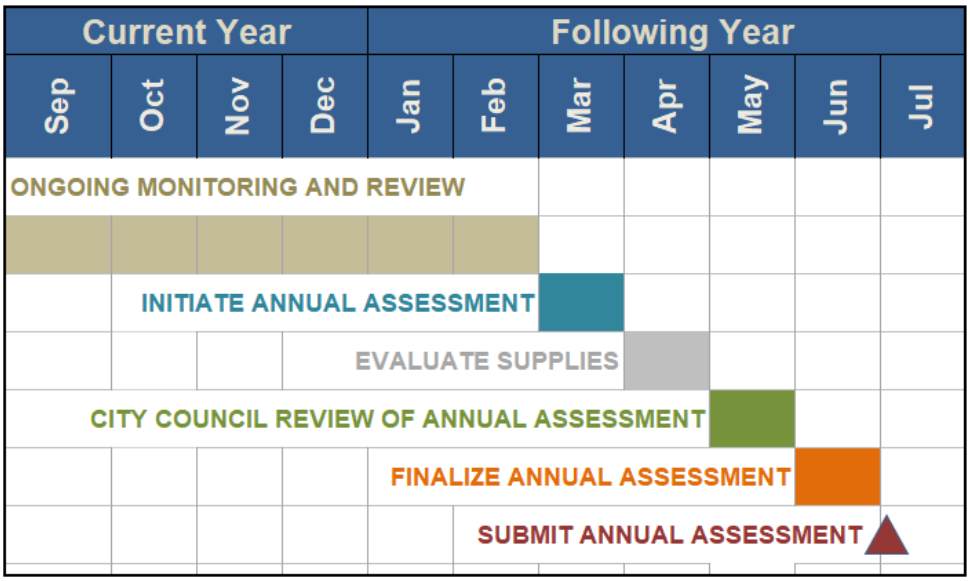

Figure 8-1 Annual Assessment Reporting Timeline

Table 8-1A Annual Assessment Reporting Milestone

Key Timeline	Description
September to February: Ongoing Monitoring and Review	For most of the year, City staff will continue to monitor and report monthly water production and consumption. This data will be used when preparing the Annual Assessment to compare system-wide water demands year-to-year and to project demands for the following year.
March: Initiate WSCP Annual Assessment	City staff will initiate the Annual Assessment process by compiling collected water demand and production data. Other relevant information includes, but is not limited to: • Land Use/Planning: Changes in land use or the number of building permits, which will be used to estimate demand for the following year. • Hydrologic Year Review: Review of rainfall and hydrologic conditions over the past year, noting that the City's wet year typically ends in April. • Climate Forecast: Consideration of any available climate projections. The purpose of gathering this information is to assess the various factors affecting water demand across the City's service area. This analysis will guide projections of water demand for the upcoming year.
April: Review Available Supply Information	A preliminary Annual Assessment is usually completed by Valley Water prior to April. City staff will review this document upon its availability and use it as the basis for estimating available water supply for the upcoming year. If necessary, staff will also prepare to implement any water shortage response actions identified by Valley Water.
May: City Council Review of Annual Assessment	The Annual Assessment draft will be presented to the City Council for information and discussion. If the assessment recommends water shortage actions, the City Council will be asked to authorize the implementation of the recommended measures.

Key Timeline	Description
June: Finalize Annual Assessment	The Annual Assessment is finalized after considering feedback received during the City Council review process.
July: Submit Annual Assessment	The Annual Assessment will be submitted to DWR on or before July 1st.

8.2.2 Data and Methodologies

This section describes the key data and methodologies used to prepare the Annual Assessment. This includes historical water supply information, historical and projected water demand, and projected water supply, which the City uses to evaluate their water supply reliability for both a normal and a subsequent dry-year condition.

8.2.2.1 Evaluation Criteria

The primary criteria used in preparing the City's Annual Assessment are projected water demand and available supply. Available supply information is based on a County-wide review prepared by Valley Water. Demand projections are developed using multiple factors, including historical demand, land use changes, building permits, and historical rainfall. The City will continue to evaluate its Annual Assessment preparation process, and additional criteria may be incorporated if considered appropriate.

8.2.2.2 Water Supply

The City currently relies solely on groundwater as its water supply. The City operates 16 groundwater wells, each of which is monitored with production reported monthly. These monthly production records are used to characterize current water use and to compare with previous years, providing a basis for estimating water production requirements for the upcoming year.

As the Groundwater Sustainability Agency, Valley Water manages water supplies throughout Santa Clara County, including the Llagas Subbasin and Coyote Valley Subarea, which are used by the City for supply. The water supply analysis prepared by Valley Water for its Annual Assessment provides a critical basis for the City's water supply assumptions, including available supply volumes and any required pumping restrictions.

8.2.2.3 Current Year Unconstrained Customer Demand

Billed water consumption is reported monthly and will be used to characterize the City's current water use. These records will be compared to the corresponding months of the previous year to

identify significant changes in water use patterns across the City's service area. In addition, information on recent developments and current building permits will allow City staff to estimate anticipated changes in water demand for the upcoming year.

8.2.2.4 Current Year Available Supply

The Annual Assessment estimates the available water supply for the current year under existing hydrologic conditions, as well as for a potential subsequent dry year. These supply estimates will be based on the Drought Risk Assessment supply estimation methodology documented in a previous chapter of this 2025 UWMP and will also incorporate information from the Valley Water Annual Assessment**.**

8.2.2.5 Infrastructure Considerations

The Annual Assessment will include a review of ongoing capital projects that may affect the demand and supply projections. Examples of such capital projects include water loss reduction, distribution system expansions to serve growth, or the development of new groundwater wells. The City's 2021 Water System Master Plan, and the 2026 planned update, will identify any additional infrastructure considerations to be implemented within the City's service area.

8.3 WATER SHORTAGE LEVELS

The City has adopted the six standard water shortage levels recommended by DWR, as shown in **Table 8-1B**. Identifying the appropriate shortage level will be in accordance with the procedures outlined in the Annual Assessment section.

California Water Code

10632 (a)(3)(A)	*Six standard water shortage levels corresponding to progressive ranges of up to 10, 20, 30, 40, and 50 percent shortages and greater than 50 percent shortage. Urban water suppliers shall define these shortage levels based on the suppliers' water supply conditions, including percentage reductions in water supply, changes in groundwater levels, changes in surface elevation or level of subsidence, or other changes in hydrological or other local conditions indicative of the water supply available for use. Shortage levels shall also apply to catastrophic interruption of water supplies, including, but not limited to, a regional power outage, an earthquake, and other potential emergency events.*
10632 (a)(3)(B)	*An urban water supplier with an existing water shortage contingency plan that uses different water shortage levels may comply with the requirement in subparagraph (A) by developing and including a cross-reference relating its existing categories to the six standard water shortage levels.*

For example, if the Annual Assessment identifies a 22% water shortage, the City would be considered in a Severe Drought condition. Based on recommendations from City staff, the City Council has the authority to declare the appropriate conservation level necessary to manage system demands and mitigate the shortage. The City Council may also adjust or terminate a shortage response level as recommended by staff.

Table 8-1B DWR-Valley Water-Morgan Hill Water Shortage Levels Comparison

Shortage Level	DWR Shortage Level Condition	Valley Water Shortage Level Condition	Morgan Hill Shortage Level Condition	Percent Shortage Range
0	Normal	Normal	Normal	None
Level 1	Alert	Alert	Alert	Up to 10%
Level 2	Significant	Warning	Severe	Up to 20%
Level 3	Severe	Severe	Critical 1	Up to 30%
Level 4	Critical	Critical	Critical 2	Up to 40%
Level 5	Crisis	Extreme	Emergency 1	Up to 50%
Level 6	Emergency	Emergency	Emergency 2	> 50%

The City's groundwater supply relies on natural recharge from surface water runoff as well as additional recharge provided by Valley Water through imported raw water. During drought periods, when imported water availability is reduced, Valley Water may request cities to limit groundwater pumping to prevent basin overdraft and minimize subsidence. To support these efforts and reduce water consumption citywide, the City maintains a water conservation ordinance that can be invoked to implement water use restrictions.

The City's conservation ordinance, Ordinance No. 2342, currently establishes permanent water use restrictions and a multi-stage water rationing plan that can be implemented to adjust water use during shortage conditions. Each rationing stage specifies a water demand reduction percentage to be applied to normal water demands. Implementation of the plan depends on the cause, severity, and anticipated duration of the water shortage, and may include a combination of voluntary and mandatory conservation measures to reduce citywide water use. The water shortage stages are summarized in Table 8-1C on the following page.

Table 8-1C Water Shortage Contingency Plan Levels

Shortage Level	Percent Supply Shortage/ Reduction	Morgan Hill Shortage Level	Valley Water Shortage Level Title	Water Supply Condition
Level 0	**0**	**Normal**	***Normal***	At Level 0, no Water Supply Shortage condition exists.
Level 1	**0% - 10%**	**Alert**	***Alert***	A Level 1 Water Supply Shortage condition exists when City Council determines and agrees that 1% - 10% consumer demand reduction is necessary to make more efficient use of water.
Level 2	**11% - 20%**	**Severe**	***Warning***	A Level 2 Water Supply Shortage condition exists when City Council determines and agrees that 11% - 20% consumer demand reduction is necessary to make more efficient use of water.
Level 3	**21% - 30%**	**Critical 1**	***Severe***	A Level 3 Water Supply Shortage condition exists when City Council determines and agrees that 21% - 30% consumer demand reduction is necessary to make more efficient use of water.
Level 4	**31% - 40%**	**Critical 2**	***Critical***	A Level 4 Water Supply Shortage condition exists when City Council determines and agrees that 31% - 40% consumer demand reduction is necessary to make more efficient use of water.
Level 5	**41% - 50%**	**Emergency 1**	***Extreme***	A Level 5 Water Supply Shortage condition exists when City Council determines and agrees that 41% - 50% consumer demand reduction is necessary to make more efficient use of water.
Level 6	**51% - 60%**	**Emergency 2**	***Emergency***	A Level 6 Water Supply Shortage condition exists when City Council determines and agrees that a consumer demand reduction of greater than 50% is necessary to maintain public water supplies.

Submittal Table 8-1: Cross-reference for Standard vs Supplier Shortage Levels

Water Code Section 10632(a)(3)(B)

☑	Check the box if the Supplier uses the Standard six levels of water shortage. Proceed to the next table.		
Standard Shortage Levels	Percent Shortage Range	Suppliers Shortage Levels	Percent Shortage Range
1	Up to 10%	1	Up to 10%
2	Up to 20%	2	Up to 20%
3	Up to 30%	3	Up to 30%
4	Up to 40%	4	Up to 40%
5	Up to 50%	5	Up to 50%
6	>50%	6	>50%

8.4 SHORTAGE RESPONSE ACTIONS

Pursuant to CWC 10632(a)(4), this section documents the detailed shortage response actions, organized into categories that correspond with the established shortage levels.

California Water Code

10632 (a)(4) *Shortage response actions that align with the defined shortage levels and include, at a minimum, all of the following:*

(A) Locally appropriate supply augmentation actions.
(B) Locally appropriate demand reduction actions to adequately respond to shortages.
(C) Locally appropriate operational changes.
(D) Additional, mandatory prohibitions against specific water use practices that are in addition to state-mandated prohibitions and appropriate to the local conditions.
(E) For each action, an estimate of the extent to which the gap between supplies and demand will be reduced by implementation of the action.

10632.2	*An urban water supplier shall follow, where feasible and appropriate, the prescribed procedures and implement determined shortage response actions in its water shortage contingency plan, as identified in subdivision (a) of Section 10632, or reasonable alternative actions, provided that descriptions of the alternative actions are submitted with the annual water shortage assessment report pursuant to Section 10632.1. Nothing in this section prohibits an urban water supplier from taking actions not specified in its water shortage contingency plan, if needed, without having to formally amend its urban water management plan or water shortage contingency plan.*

The City's WSCP includes shortage response actions that may be implemented during a water shortage. In addition, the City's municipal code establishes permanent, year-round water use restrictions to minimize water waste. Both the shortage response actions and permanent water use restrictions are summarized in this chapter.

8.4.1 Supply Augmentation

As noted in previous sections, groundwater is the City's sole source of supply, and there are no known opportunities for direct supply augmentation through exchanges, transfers, or purchase programs. Therefore, supply augmentation actions are not included in the City's Water Shortage Contingency Plan at this time, as shown in Table 8-2.

Submittal Table 8-2 Retail: Supply Augmentation and Other Actions

Water Code Section 10632(a)(4)(A), (C) and (E)

Yes	Is the Supplier completing this table using the standard six levels? (yes/no)			
		How much is this going to reduce the shortage gap?		
Shortage Level	Supply Augmentation Methods and Other Actions by Water Supplier	Volume or Percentage	Shortage Gap Reduction Value (May be a range) (AF)	Additional Explanation or Reference (OPTIONAL)
1		Percentage	0	No Action is taken.
2		Percentage	0	No Action is taken.
3		Percentage	0	No Action is taken.
4		Percentage	0	No Action is taken.
5		Percentage	0	No Action is taken.
6		Percentage	0	No Action is taken.

8.4.2 Demand Reduction

The City of Morgan Hill can implement a variety of demand reduction measures as response actions to corresponding water shortage levels. These measures may include restrictions on irrigation and outdoor water use, changes to water rate structures, public education and outreach

efforts, or adjustments to water supply service. Other demand reduction such as infrastructure improvements or the installation of water efficient fixtures are considered long-term water demand reduction strategies and are therefore not included as actions in this Water Shortage Contingency Plan. City staff will continue to evaluate additional demand management approaches, including the potential implementation of Water Offsets for new developments and drought rate structures in the immediate future.

Consumption reduction actions are measures taken by the City to reduce demand within the service area, and usually in response to a declared water shortage or emergency condition. The City's consumption reduction actions and reduction action matrix, for each shortage level, are summarized in **Table 8-3 and Table 8-3A** respectively, along with brief descriptions or explanations. Additionally, these consumption reduction actions are further documented in Ordinance 2342 (2023).

8.4.3 Operational Changes

During a water shortage, changes to water system operations may be implemented. These operational changes may include enhanced monitoring and tracking of water use, adjustments to fire hydrant testing frequencies, modifications in maintenance cycles, and expedited repair of water leaks.

8.4.4 Additional Mandatory Restrictions

Additional mandatory restrictions are described in a previous section.

8.4.5 Emergency Response Plan

The City maintains an Emergency Operations Plan (EOP), most recently updated in 2025, which provides a framework for addressing catastrophic supply interruptions caused by various hazards, including seismic, geological, wildfire, and flooding events. The plan outlines the actions required by the City before, during, and after an emergency and provides guidance for responding to major emergencies and disasters.

Submittal Table 8-3 Retail: Demand Reduction Actions

Water Code Section 10632(a)(4)(B) and (E)

Yes	Is the Supplier completing this table using the standard six levels? (yes/no)

Shortage Level	Demand Reduction Actions	How much is this going to reduce the shortage gap?		Additional Explanation or Reference (OPTIONAL)	Penalty, Charge, or Other Enforcement?
		Volume or Percentage Drop down	Shortage Gap Reduction Value (AF)		
0	Landscape - Limit landscape irrigation to specific times	Percentage	0	Limits on Watering Hours: Watering or irrigating of lawn, landscape or other vegetated area with potable water is prohibited between the hours of 9:00 a.m. and 7:00 p.m. Pacific Standard/Daylight Savings Time on any day, except by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system. Watering or irrigating within 48 hours after ¼ inch or more of precipitation is received is prohibited.	Yes
0	Landscape - Limit landscape irrigation to specific times	Percentage	0	Prohibits watering or irrigating of lawn, landscape, or other vegetated area using a system or device that is left unattended for more than fifteen (15) minutes per day per station. Exceptions include low-flow drip systems where no emitter produces flow more than two (2) gallons per hour, and weather-based controllers or stream rotor sprinklers with 70% efficiency standard.	Yes

Shortage Level	Demand Reduction Actions	How much is this going to reduce the shortage gap?		Additional Explanation or Reference (OPTIONAL)	Penalty, Charge, or Other Enforcement?
		Volume or Percentage Drop down	Shortage Gap Reduction Value (AF)		
0	Landscape - Limit landscape irrigation to specific days	Percentage	0	During the months of March through October, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to three days per week on a schedule established and posted by the city. During the months of November through February, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to no more than one day per week on a schedule established and posted by the city. This provision does not apply to the following uses of water: a. To landscape irrigation zones that exclusively use very low flow drip type irrigation systems when no emitter produces more than two (2) gallons of water per hour; b. To watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system; c. To landscape irrigation zones that are controlled by an activated weather-based irrigation controller; d. To watering or irrigating a newly installed or significantly rehabilitated landscape for the first sixty days after the first plant is placed in the ground. For the purposes of this section, a significantly rehabilitated landscape is a landscape in which 25% or more of a property's landscape is replaced.	Yes

Shortage Level	Demand Reduction Actions	How much is this going to reduce the shortage gap?		Additional Explanation or Reference (OPTIONAL)	Penalty, Charge, or Other Enforcement?
		Volume or Percentage Drop down	Shortage Gap Reduction Value (AF)		
0	Landscape - Other landscape restriction or prohibition	Percentage	0	Potable water shall not be applied to Non-Functional Turf at commercial, industrial or institutional sites (CII Properties), including Homeowner's Association-owned property and common areas of mobile home parks, and apartment, condominium, and townhome complexes. The use of potable water on turf is not prohibited to the extent necessary to ensure the health of trees and other perennial non-turf plantings or to the extent necessary to address immediate health and safety, sanitation, or fire protection needs as determined by the fire marshal. Unless otherwise permitted by the fire marshal, all watering permitted must be completed in a manner that prevents runoff.	Yes
0	Other - Prohibit use of potable water for washing hard surfaces	Percentage	0	No washing down hard or paved surfaces except with the use of hand-held water container, hand-held hose with a positive self-closing water shut-off device, low-volume high-pressure cleaning machine equipped to recycle any water used, or low-volume high-pressure water broom.	Yes
0	Landscape - Restrict or prohibit runoff from landscape irrigation	Percentage	0	Prohibits watering or irrigating of lawn, landscape, or other vegetated areas that causes or allows excessive flow or runoff onto sidewalk, driveway, street, etc.	Yes
0	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	Percentage	0	Obligation to Fix Leaks, Breaks or Malfunctions: Excessive use, loss or escape of water through breaks, leaks or other malfunctions in the water user's plumbing or distribution system for any period of time after such escape of water should have reasonably been discovered and corrected and in no event more than ten (10) days of receiving written notice from the city, is prohibited.	Yes

Shortage Level	Demand Reduction Actions	How much is this going to reduce the shortage gap?		Additional Explanation or Reference (OPTIONAL)	Penalty, Charge, or Other Enforcement?
		Volume or Percentage Drop down	Shortage Gap Reduction Value (AF)		
0	Water Features - Restrict water use for decorative water features, such as fountains	Percentage	0	Recirculating Water Required for Water Fountains and Decorative Water Features: Operating a water fountain or other decorative water feature that does not use recirculated water is prohibited.	Yes
0	Other	Percentage	0	Prohibits the use of potable water to wash vehicles, except by use of a hand-held bucket or a hand-held hose equipped with a positive self-closing shut-off nozzle. Does not apply to commercial car washing facilities using recycled or recirculating water systems.	Yes
0	CII - Restaurants may only serve water upon request	Percentage	0		Yes
0	CII - Lodging establishment must offer opt out of linen service	Percentage	0	Requires hotels, motels, and other commercial lodging established to provide customers with the option of not having towels and linen laundered daily. Commercial lodging establishments must prominently display notice of this option in each bathroom using clear and easily understood language.	Yes
0	CII - Commercial kitchens required to use pre-rinse spray valves	Percentage	0	Prohibits the use of non-water conserving dishwasher spray valves in food preparation establishments, such as restaurants or cafes.	Yes
0	Other	Percentage	0	No Installation of Single Pass Cooling Systems: Installation of single pass cooling systems is prohibited in buildings requesting new water service.	Yes
0	Other	Percentage	0	No Installation of Nonrecirculating in Commercial Car Wash and Laundry Systems: Installation of nonrecirculating water systems is prohibited in new commercial conveyor car wash and new commercial laundry systems.	Yes

Shortage Level	Demand Reduction Actions	How much is this going to reduce the shortage gap?		Additional Explanation or Reference (OPTIONAL)	Penalty, Charge, or Other Enforcement?
		Volume or Percentage Drop down	Shortage Gap Reduction Value (AF)		
0	Other	Percentage	0	Restaurants Required to Use Water Conserving Dish Wash Spray Valves: Food preparation establishments, such as restaurants or cafes, are prohibited from using non- water conserving dish wash spray valves.	Yes
0	Other	Percentage	0	Commercial Car Wash Systems: All commercial conveyor car wash systems must have installed operational recirculating water systems or must have a waiver of this requirement from the city.	Yes
0	Other - Prohibit use of potable water for construction and dust control	Percentage	0	Construction Activities: Use of potable water for construction site dust control, compaction, and other site activities suitable for nonpotable water is prohibited if recycled water is available within five miles of the construction site.	Yes
0	Other	Percentage	0	Plumbing System Testing: Use of potable water for plumbing system testing is prohibited unless required by law or alternative testing procedures are determined to be unsuitable by City inspection staff.	Yes
0	Pools and Spas - Require covers for pools and spas	Percentage	0	Constructing a pool without the inclusion of a pool cover is prohibited. All contracts for the construction of a new pool entered into after September 2, 2015 shall include the provision of a pool cover.	Yes
0	Other	Percentage	0	New private water wells are prohibited.	Yes
1	Expand Public Information Campaign	Percentage	1%-10%	Communication campaign asking community to conserve water use.	Yes
2	Expand Public Information Campaign	Percentage	11%-20%	Targeted communication relating to leaks and high-water users.	Yes

Shortage Level	Demand Reduction Actions	How much is this going to reduce the shortage gap?		Additional Explanation or Reference (OPTIONAL)	Penalty, Charge, or Other Enforcement?
		Volume or Percentage Drop down	Shortage Gap Reduction Value (AF)		
3	Landscape - Limit landscape irrigation to specific days	Percentage	21%-30%	Active enforcement of limiting watering or irrigating of lawn, landscape or other vegetated area to 3 times per week during March to October.	Yes
3	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	Percentage	21%-30%	Prohibits using water to wash a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not except at a commercial car washing facility that utilizes a recirculating water system to capture or reuse water.	Yes
4	Landscape - Limit landscape irrigation to specific days	Percentage	31%-40%	Active enforcement of limiting watering or irrigating of lawn, landscape or other vegetated area to 2 times per week during March to October.	Yes
5	Landscape - Limit landscape irrigation to specific days	Percentage	41%-50%	No irrigation for turf, except turf utilized for active recreation at a school, park, or public facility may remain at 2 days per week during March to October and 1 day per week during November to February.	Yes
5	Landscape - Limit landscape irrigation to specific days	Percentage	41%-50%	Active enforcement of limiting watering or irrigating of trees and shrubs to 2 days per week during March to October and 1 day per week during November to February. Limiting Trees/Shrubs at 1 day per week.	Yes

Shortage Level	Demand Reduction Actions	How much is this going to reduce the shortage gap?		Additional Explanation or Reference (OPTIONAL)	Penalty, Charge, or Other Enforcement?
		Volume or Percentage Drop down	Shortage Gap Reduction Value (AF)		
5	Moratorium or Net Zero Demand Increase on New Connections	Percentage	41%-50%	Limits on New Potable Water Service: Upon declaration of a Level 5 Water Shortage Crisis condition, the City may limit the issuance of new potable water services, temporary meters and/or statements of immediate ability to serve or provide potable water service (such as, will-serve letters, certificates, or letters of availability), except under the following circumstances: - A valid, unexpired building permit has been issued for the project; - The project is necessary to protect the public health, safety, and welfare; - The applicant provides substantial evidence of an enforceable commitment that water demands for the project will be offset prior to the provision of a new water meter(s) to the satisfaction of the City. - This provision does not preclude the resetting or turn-on of meters to provide continuation of water service or the restoration of service that has been interrupted for a period of one year or less.	Yes
6	Landscape - Limit landscape irrigation to specific days	Percentage	50%	No irrigation allowed.	Yes

Table 8-3A: Reduction Action Matrix

Response Actions	Level 0 Permanent	Level 1 1-10% Reduction	Level 2 11 - 20% Reduction	Level 3 21 - 30% Reduction	Level 4 31 - 40% Reduction	Level 5 36 - 50% Reduction	Level 6 > 50% Reduction
Watering Hours	Prohibited between the hours of 9 a.m. and 7 p.m. Prohibited within 48 hours of rainfall of at least 0.25 inches of rain.	☑	☑	☑	☑	☑	Prohibit all irrigation
Watering Duration	Limited to 15 min/day per valve. Exception: Recycled Water and 2-gph drip irrigation systems or 70% efficient rotor sprinklers. Water flow greater than Incidental Runoff is prohibited	☑	☑	☑	☑	☑	
Watering Days	Mar-Oct: 3 days/week Nov-Feb: 1 day/week Exception: drip type irrigation; CIMIS water controllers	☑	☑	Exemptions Suspended Mar-Oct: 3 days/week Nov-Feb: 1 day/week	Mar-Oct: 2 days/week Nov-Feb: 1 day/week Exception: drip type irrigation; CIMIS water controller)	Mar-Oct: 2 days/week Nov-Feb: 1 day/week Limitation: Trees/Shrubs 1 day/week	
Watering of Turf	Prohibited with Non Functional Turf at CII sites. Exception: not prohibited to extent necessary to ensure health of trees	☑	☑	☑	☑	Prohibited. Exception: active recreation purposes Mar-Oct: 2 days/week Nov-Feb: 1 day/week	
Communication and Expand Public Information	---	Ask community to conserve	Communicate with high consumers	☑	☑	☑	☑
Washing Hard Surfaces	Washing down hard or paved surfaces including but not limited to sidewalks, driveways, is prohibited. Except when necessary to alleviate safety or sanitary hazards.	☑	☑	☑	☑	☑	☑
Washing Vehicles	Limited to hand-held bucket or hose with shut-off nozzle (does not apply to commercial car washing facility utilizing re-circulating system)	☑	☑	Prohibit use of potable water to clean vehicle. Exception: Commercial car wash w/ recirculating system	☑	☑	☑
Obligation to Fix Water Fixtures	Within 10 days of receiving written notice from Valley Water or retailer to repair the defective fixture	☑	☑	☑	☑	☑	☑
Limits on Construction Activities and Water Conservation	Use of potable water for construction site is prohibited if recycled water is available within five miles. Pool Covers shall be placed. Construction of new private wells is prohibited.	☑	☑	Impose an alternative rate schedule for water shortage supply events		Consider limits on permits and new water services (with exemptions)	
Commercial Establishments	Limited to: 1. Water conserving dish wash spray valves 2. Drinking water served upon request. 3. Must have option to decline commercial linen service.	☑	☑	☑	☑	☑	☑
Limits on Potable Services	1. Plumbing system testing is prohibited unless required by law. No new single-pass cooling installations 2. No non-circulating Car Wash and Laundry Systems.	☑	☑	☑	☑	☑	☑

Notes:
1. Source: City of Morgan Hill Ordinance No. 2342, New Series (2023), City of Morgan Hill Ordinance No. 23-02 (2023)
2. Every level of shortage includes the most restrictive limitations of the previous levels (e.g. level 6 includes level 0 through 5 prohibitions).

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8.4.6 Seismic Risk Assessment and Mitigation Plan

California Water Code

10632.5 (a) *In addition to the requirements of paragraph (3) of subdivision (a) of Section 10632, beginning January 1, 2020, the plan shall include a seismic risk assessment and mitigation plan to assess the vulnerability of each of the various facilities of a water system and mitigate those vulnerabilities.*

10632.5 (b) *An urban water supplier shall update the seismic risk assessment and mitigation plan when updating its urban water management plan as required by Section 10621.*

10632.5 (c) *An urban water supplier may comply with this section by submitting, pursuant to Section 10644, a copy of the most recent adopted local hazard mitigation plan or multihazard mitigation plan under the federal Disaster Mitigation Act of 2000 (Public Law 106-390) if the local hazard mitigation plan or multihazard mitigation plan addresses seismic risk.*

In addition to the Emergency Response Plan described in a previous section, the California Water Code requires urban water suppliers to document a locally appropriate multi hazard mitigation plan developed under the federal Disaster Mitigation Act of 2000, that includes documentation of seismic risk assessment. Valley Water developed such a hazard mitigation plan in February 2024. The City's service area is included within the boundaries evaluated as part of this mitigation plan.

8.4.7 Shortage Response Action Effectiveness

In addition to documenting demand reduction actions, the 2025 UWMP also estimates the effectiveness of these actions in reducing systemwide demand. The City records water consumption and production on a monthly basis, and this data is used to evaluate the effects of demand reduction actions that have been implemented.

Starting in 2021, the City declared a Water Shortage Level 2, which included the implementation of several demand reduction actions described in a previous section. Based on a comparison of historical monthly production data, it is estimated that systemwide water use was approximately 11 to 20 percent lower during the Level 2 Water Shortage period compared to other years. Therefore, as documented in **Table 8-3**, the Level 2 Water Shortage response actions are estimated to achieve a reduction effectiveness of approximately 11 to 20 percent.

8.5 COMMUNICATION PROTOCOLS

California Water Code

10632 (a) *Every urban water supplier shall prepare and adopt a water shortage contingency plan as part of its urban water management plan consists of each of the following elements:*

(5) Communication protocols and procedures to inform customers, the public, interested parties, and local, regional, and state governments, regarding, at a minimum, all of the following:

(A) Any current or predicted shortages as determined by the annual water supply and demand assessment described pursuant to Section 10632.1.

(B) Any shortage response actions triggered or anticipated to be triggered by the annual water supply and demand assessment described pursuant to Section 10632.1.

(C) Any other relevant communications

When the City identifies the need for short-term water use reductions as directed by the Water Shortage Contingency Plan or the Annual Assessment, clear and effective communication will be critical to achieve the necessary demand reductions. Methods of public notification may include newspaper publications, bill inserts, announcements on the City's website, social media posts, and press releases or informational campaigns. These public notification methods may be implemented during a Level 1 Water Shortage, with more targeted communications regarding leaks and high water users during a Level 2 Water Shortage.

8.6 COMPLIANCE AND ENFORCEMENT

California Water Code

10632 (a)(6) *For an urban retail water supplier, customer compliance, enforcement, appeal, and exemption procedures for triggered shortage response actions as determined pursuant to Section 10632.2.*

Customers who violate the provisions of the water code related to water shortage conditions may be subject to the following penalties:

- First violation will result in a written warning delivered to the customer, along with a copy of the water conservation ordinance.
- Second violation within any 12 consecutive months will result in a fine not to exceed one hundred dollars.
- Third violation within any 12 consecutive months will result in a fine not to exceed two hundred dollars.
- Any subsequent violation within any 12 consecutive months will result in a fine not to exceed five hundred dollars and the installation of a water flow restrictor. The restrictor will allow approximately one gallon per minute for services up to one and one-half inch in size, with proportionally sized restrictors for larger services. The customer will receive a written notice of intent to install the flow restrictor at least 48 hours before installation. The customer will be responsible for the costs of both installation and removal. The first flow restrictor installation will remain in place for three to ten days, while a second installation will remain in place for ten to thirty days.

The last column in Submittal Table 8-3 R indicates whether any penalties, fines, or other enforcement actions are associated with a specific demand reduction action.

8.7 LEGAL AUTHORITIES

California Water Code

10632 (a)(7)(A) *A description of the legal authorities that empower the urban water supplier to implement and enforce its shortage response actions specified in paragraph (4) that may include, but are not limited to, statutory authorities, ordinances, resolutions, and contract provisions.*

10632 (a)(7)(B)	*A statement that an urban water supplier shall declare a water shortage emergency in accordance with Chapter 3 (commencing with Section 350) of Division 1.*
10632 (a)(7)(C)	*A statement that an urban water supplier shall coordinate with any city or county within which it provides water supply services for the possible proclamation of a local emergency, as defined in Section 8558 of the Government Code.*
Division 1, Section 350	*Declaration of water shortage emergency condition. The governing body of a distributor of a public water supply, whether publicly or privately owned and including a mutual water company, shall declare a water shortage emergency condition to prevail within the area served by such distributor whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection.*

This section lists relevant statutory authorities, local ordinances, codes, and resolutions, as well as any water supply contract provisions that apply to the City.

8.7.1 Declaration of Water Shortage

The City has the legal authority to implement and enforce water shortage response actions, including penalties, water rate adjustments, and restrictions or modifications to water service, pursuant to Chapter 13.04 of the Morgan Hill Municipal Code, Ordinance No. 2342 (New Series), California Water Code sections 350 et seq., and other applicable provisions of state law.

8.7.2 Proclamation of Local Emergency

Pursuant to California Government Code, California Emergency Services Act (Article 2, Section 8558), the City is required to coordinate with any city or county within which it provides water supply services for the possible proclamation of a local emergency.

8.8 FINANCIAL CONSEQUENCES OF A WATER SHORTAGE CONTINGENCY PLAN

California Water Code

10632 (a)(8)	*A description of the financial consequences of, and responses for, drought conditions, including, but not limited to, all of the following:* *(A) A description of potential revenue reductions and expense increases associated with activated shortage response actions described in paragraph (4).* *(B) A description of mitigation actions needed to address revenue reductions and expense increases associated with activated shortage response actions described in paragraph (4).* *(C) A description of the cost of compliance with Chapter 3.3 (commencing with Section 365) of Division 1. [retail urban suppliers only]*

The activation of the Water Shortage Contingency Plan and associated Water Shortage Levels has financial implications for the City. Reduced water consumption can lead to decreased revenue, while proactive operational measures may increase operational and maintenance costs.

The City periodically updates the water rates through comprehensive studies. The City continues to evaluate long-term revenue requirements, ensuring revenue stability in water rates, providing adequate funding for capital improvements, and ensuring rates comply with applicable laws, including Proposition 218. Furthermore, the City conducts a thorough and transparent public process prior to implementing any rate adjustments.

According to the 2022 water rate study, the City reserve funds include an operating reserve that normally equals 90 days of the utility's budgeted annual operating expenses. The operating reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues. Additionally, the Rate Stabilization Fund includes a target ending balance of 20% of the estimated rate revenue, as set by current City policy. This Rate Stabilization reserve is to further promote financial stability in the event of short-term reductions in rate revenues.

These reserves and potential rate modifications help mitigate the financial impacts of implementing the Water Shortage Contingency Plan. In the most recent Water Rate Study, the City considered the adoption of "revenue stabilization rates," which would be implemented during drought conditions when water sales decline, helping to partially offset the associated financial impacts.

Additionally, potential mitigation actions specific to the drought stages are documented in **Table 8-4**. These preliminary measures would be evaluated further if a water shortage occurs.

Table 8-4 Financial Consequences of WSCP

Stage	Supply Reduction	Financial Consequences	Anticipated Mitigation Actions
0	None	None	Funding provided for supplemental water supply reserve.
1-2	0 – 20%	Potential increase in O&M expenses and mild reduction in revenue.	Reduce O&M costs and identify supplemental funding sources.
3-4	21 – 40%	Moderate increase to O&M expenses and decrease in revenue.	Defer capital expenditures and consider use of reserves.
5-6	>40%	Significant increases to O&M and decreases in revenue.	Implement long-term O&M budget reductions.

8.9 MONITORING AND REPORTING

California Water Code

10632 (a)(9) *For an urban retail water supplier, monitoring and reporting requirements and procedures that ensure appropriate data is collected, tracked, and analyzed for purposes of monitoring customer compliance and to meet state reporting requirements.*

Monitoring and reporting under the Water Shortage Contingency Plan and Annual Assessment will be based on metered water production and consumption data. Ongoing review and comparison with historical data for corresponding months will allow the City to assess the effectiveness of WSCP measures. Additionally, in response to implemented shortage response actions and water shortage levels, the City's Water Department may increase meter reading frequency to better collect, track, and analyze water use.

8.10 WSCP REFINEMENT PROCEDURES

California Water Code

10632 (a)(10) *Reevaluation and improvement procedures for systematically monitoring and evaluating the functionality of the water shortage contingency plan in order to ensure shortage risk tolerance is adequate and appropriate water shortage mitigation strategies are implemented as needed.*

The WSCP is intended as a dynamic planning tool subject to ongoing refinement as needed. Following the declaration of a water shortage and implementation of the WSCP, the monitoring and reporting procedures described in a previous section will provide insight into its effectiveness. City staff will assess the performance of communication protocols, demand reduction actions, operational adjustments, and financial mitigation measures. If this review identifies opportunities for procedural improvements or new WSCP actions, staff may incorporate these into an amended 2025 UWMP.

8.11 SPECIAL WATER FEATURE DISTINCTION

California Water Code

10632 (b) *For purposes of developing the water shortage contingency plan pursuant to subdivision (a), an urban water supplier shall analyze and define water features that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas, as defined in subdivision (a) of Section 115921 of the Health and Safety Code.*

The California Water Code requires urban water suppliers to differentiate between water features that are artificially supplied and swimming pools or spas. The City's current demand reduction actions reflect this distinction, as documented in a previous section.

8.12 PLAN ADOPTION, SUBMITTAL, AVAILABILITY, AND AMENDMENT PROCEDURES

California Water Code

10632 (c) *The urban water supplier shall make available the water shortage contingency plan prepared pursuant to this article to its customers and any city or county within which it provides water supplies no later than 30 days after adoption of the water shortage contingency plan.*

The adoption and submittal process for the WSCP, as well as its public availability, follow the same procedures as the City's UWMP. If amendments are made, stakeholder and public notification will be conducted in accordance with UWMP procedures prior to adoption.

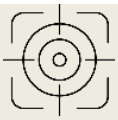
8.13 SUBMITTAL TABLES SUMMARY

This chapter included the following submittal tables:

- Table 8-1: Cross-reference for Standard vs Supplier Shortage Levels
- Table 8-2: Supply Augmentation and Other Actions
- Table 8-3: Demand Reduction Actions

CHAPTER 9 – DEMAND MANAGEMENT MEASURES

This chapter documents the City's efforts to reduce water demand using specific demand measurement measures (DMMs) as well as any other actions to maintain ongoing water conservation.



Chapter Focus

This chapter summarizes the demand management measures, which are additional actions the City plans on implementing to achieve water use targets and maintain ongoing conservation. The purpose of this section is to provide a comprehensive overview of the water conservation programs the City has implemented, is currently implementing, and plans to implement to achieve its water conservation goals.

9.1 DEMAND MANAGEMENT MEASURES FOR RETAIL SUPPLIERS

California Water Code

10631 (e) *Provide a description of the supplier's water demand management measures. This description shall include all of the following:*

(1)(A) For an urban retail water supplier, as defined in Section 10608.12, a narrative description that addresses the nature and extent of each water demand management measure implemented over the past five years. The narrative shall describe the water demand management measure that the supplier plans to implement to achieve its water use targets pursuant to Section 10608.20.

(B) The narrative pursuant to this paragraph shall include descriptions of the following water demand management measures:

(i) Water waste prevention ordinances.

(ii) Metering.

(iii) Conservation pricing.

(iv) Public education and outreach.

(v) Programs to assess and manage distribution system real loss.

(vi) Water conservation program coordination and staffing support.

(vii) Other demand management measures that have a significant impact on water use as measured in gallons per capita per day, including innovative measures, if implemented.

9.1.1 Implementation Over the Past Five Years

Below is a concise narrative description of each Demand Management Measures (DMMs) implemented by the City of Morgan Hill over the past five years:

i. **Water-Waste Prevention Ordinances**: The City of Morgan Hill enforces water waste prevention through provisions in its municipal code that prohibit inefficient water use, including irrigation runoff, watering during restricted hours, use of hoses without shut-off nozzles, and failure to repair leaks. Ordinance No. 2342, adopted in 2023, strengthened these regulations by updating definitions and drought-related provisions, adding prohibitions on the use of potable water for non-functional turf and restricting new private water wells, while also incorporating permanent water-use efficiency requirements and aligning local rules with current state drought conservation standards.

ii. **Metering**: The City of Morgan Hill maintains universal metering for all potable water service connections and bills customers based on metered water use. All meters are part of the City's Advanced Metering Infrastructure (AMI) network, which automatically records and transmits water usage data to support efficient utility management.

iii. **Conservation Pricing**: The City of Morgan Hill retained NBS in 2021 to conduct a comprehensive water rate study, which was completed and adopted in 2022. The study developed water rates that meet Proposition 218 requirements, ensure long-term revenue stability, provide funding for capital improvements, and support conservation objectives by charging customers based on actual water use.

iv. **Public Education and Outreach**: In 2022, the City of Morgan Hill adopted its Communications, Outreach, and Engagement Plan, which guides how the City informs and engages the community, ensures timely and accurate communication, and supports programs such as water conservation and rebate initiatives. AquaTrax, contracted in 2024 and launched in early 2025, serves as a key outreach tool that allows residents to track their water use, receive alerts, and make informed decisions to reduce consumption.

v. **Programs to Assess and Manage Distribution System Real Loss**: Over the past five years (2021–2025), the City of Morgan Hill has continuously implemented its distribution system real-loss assessment program. Leveraging the AMI network, which automatically records and transmits water usage data, along with the AquaTrax customer portal, which provides residents and staff with near real-time usage data and leak alerts, the City can more precisely detect, track, and repair distribution system losses while actively engaging customers in water conservation.

vi. **Water Conservation Program Coordination and Staffing Support**: From 2021 to 2025, the City of Morgan Hill enhanced water conservation coordination by updating seasonal and permanent irrigation schedules, including address-based and one-day-per-week watering restrictions, and expanding public outreach through online resources and water waste reporting tools. In 2025, the City joined a Water Conservation Agreement with the Santa Clara Valley Water District, adding rebate programs for efficient landscaping, graywater reuse, and water-saving equipment, strengthening program implementation and staff coordination.

vii. **Other Demand Management Measures – Water-Wise Landscaping**: From 2021 through 2025, the City of Morgan Hill continued promoting water-wise landscaping as described in its 2020 UWMP. The City provides Water-Wise Gardening software, an on-site Demonstration Garden, and promotes the Valley Water Landscape Rebate Program to help residents and businesses reduce outdoor water use. In addition, the City of Morgan Hill offers an additional $1 per square foot incentive on top of Valley Water's rebate program to further encourage participation in landscape conversion and water-use reduction efforts. Since 2025, these efforts have been further supported through expanded rebate programs offered in partnership with Valley Water, which provide incentives for converting high water-use turf to low water-use landscaping, retrofitting irrigation systems, and implementing graywater reuse.

9.1.2 Required Demand Management Measures

9.1.2.1 Water-Waste Prevention Ordinances

The City has water-waste prevention ordinances established in the Morgan Hill Municipal Code (Ordinance No. 2342, 2023), which are also documented in the Water Shortage Contingency Plan. Individuals who violate these measures are subject to penalties. The permanent water use restrictions in place are summarized as follows:

- Limit watering hours, duration, and days.
- Prevent excessive water runoff or washing down of hard or paved surfaces.
- Require customers to repair leaks within ten days of notification by the City.
- Prohibit washing vehicles except with a handheld bucket or an automatic shut-off hose.
- Serve restaurant drinking water only upon request.
- Require commercial lodging establishments to provide guests the option to decline linen services.
- Prohibit the installation of single-pass cooling systems.
- Prohibit the installation of non-recirculating water systems in new commercial car wash and laundry facilities.
- Require restaurants to use water-conserving dishwash spray valves.
- Prohibit the use of potable water for construction when recycled water is available within five miles of the construction site.
- Prohibit construction of a pool without a pool cover.
- Prohibit potable water on non-functional turf except for plant health or safety needs. All watering must prevent runoff.
- Prohibit the operation of any water fountain or other decorative water feature that does not use recirculated water.

- Prohibit operation of commercial conveyor car wash systems without an operational recirculating water system or a city-issued waiver.
- Prohibit the use of potable water for plumbing system testing unless required by law or deemed necessary by City inspection staff.
- Prohibit the construction of new private water wells.

The City also implements additional water conservation measures as water supply shortages increase. These measures are summarized in the City's Water Shortage Contingency Plan in a previous chapter.

9.1.2.2 Metering

California Water Code

526 (a) *Notwithstanding any other provisions of law, an urban water supplier that, on or after January 1, 2004, receives water from the federal Central Valley Project under a water service contract or subcontract... shall do both of the following:*
(1) On or before January 1, 2013, install water meters on all service connections to residential and nonagricultural commercial buildings... located within its service area.

527 (a) *An urban water supplier that is not subject to Section 526 shall do both the following:*
(1) Install water meters on all municipal and industrial service connections located within its service area on or before January 1, 2025.

The City's Municipal Code requires all new water connections to be equipped with a meter that records water use. Currently, there are no known unmetered connections within the City, as a flat rate has never been charged in any area. Therefore, no program for retrofitting existing unmetered connections has been identified.

To promote additional water conservation, the City has an ordinance requiring separate meters for multi-unit residences and multi-use developments. Research indicates that water users who are individually responsible for their water use consume on average 15 percent less than if usage is not metered separately. The City expects a corresponding reduction in water use at locations with these additional meters.

Further enhancing water management, the City has implemented Advanced Metering Infrastructure (AMI), which automatically collects and transmits water usage data. AMI allows both the City and customers to monitor water use in near real-time, detect leaks early, and encourage conservation through usage alerts, complementing the benefits of separate metering in multi-unit and multi-use developments. AquaTrax works with the AMI system to provide customers and staff with detailed water-use data and leak detection capabilities.

9.1.2.3 Conservation Pricing

Historically, the City has used a conservation pricing structure that charges customers different rates based on the amount of water used, with higher consumption resulting in higher rates. The

current water rates combine fixed charges, based on meter size, with a potential variable component where rates increase with higher water use. Following the comprehensive water rate study conducted by NBS in 2021 and adopted in 2022, the City updated its rates to meet Proposition 218 requirements, ensure long-term revenue stability, fund capital improvements, and further support conservation objectives by charging customers based on actual water use. City staff will also be evaluating water offsets for new developments and considering the implementation of drought rates in the near future.

9.1.2.4 Public Education and Outreach

The City, in cooperation with Valley Water, has several programs to reduce water consumption by promoting public awareness of water conservation. These programs also provide incentives for replacing high water use fixtures through both voluntary and mandated replacement initiatives.

9.1.2.4.1 Public Information Programs

The City, in cooperation with Valley Water, employs various methods to raise public awareness about water conservation and water supply issues. These efforts address topics including runoff pollution, water quality, and overall water conservation.

The City promotes water conservation to local residents and businesses through the following methods:

- **AquaTrax Customer Portal:** Launched in 2025, this platform works with the City's Advanced Metering Infrastructure (AMI) to provide customers with near real-time water usage data.
- **Literature Rack:** Since 1999, the City Hall lobby has featured a rack with available water conservation literature.
- **Bill Inserts:** At least once each year, the City includes a water conservation insert in monthly utility bills.
- **New Resident Orientation:** New utility customers receive information about the City's water conservation program and have the option to receive additional literature and water-saving devices.
- **Demonstration Gardens:** The City maintains multiple demonstration garden sites to show residents ways to conserve water while maintaining gardens and improving water quality.
- **Newspaper Columns and Newsletters:** Over the past decade, the City has published numerous newspaper columns and newsletters promoting water conservation. Water conservation is also highlighted in the City's newsletter and Consumer Confidence Report.

- **Special Events:** City staff participate in community festivals and exhibitions to promote water conservation.

9.1.2.4.2 School Education Program

Valley Water employs staff to provide youth education through free classroom presentations, puppet shows, and tours of Valley Water facilities across the County. These programs aim to educate students on water conservation and water supply topics.

9.1.2.4.3 Water Conservation Rebate Programs

The City is currently implementing the following rebate programs in collaboration with Valley Water:

Clothes Washer Rebate

City customers who purchase and install a qualifying high-efficiency clothes washer are eligible for a rebate of up to $150.

9.1.2.4.4 Landscape Rebate Program

Valley Water's Landscape Rebate Program is available to homeowners, apartment complexes, and commercial sites in Santa Clara County that make qualifying water-efficient upgrades to their landscapes. The program aims to convert high water use landscaping to low water use landscaping and retrofit existing irrigation systems with more efficient solutions.

The Valley Water Landscape Rebate Program is in partnership with the City of Morgan Hill with Valley Water offering $2 per square foot (plus Morgan Hill adding $1 per square foot) for converting high-water-use grass to drought-tolerant landscaping with a higher maximum rebate of up to $4,000 for residential properties.

9.1.2.4.5 Survey Programs

The following section summarizes the survey programs available to water system customers within the City.

Aquatrax Portal

AquaTrax portal, launched in early 2025, is the current customer-facing platform for monitoring and managing water use, replacing the previous WaterSmart Software system. The portal provides residents with personalized Home Water Reports, online tracking of current and historical water consumption, leak alerts, and usage comparisons to similar homes. By giving customers direct access to their water data, AquaTrax supports water conservation, encourages responsible water use, and complements the City's education, outreach, and rebate programs.

Water Wise Outdoor Survey

Valley Water provides outdoor water use surveys for residential properties under one-half acre. During the survey, a trained irrigation professional reviews the existing irrigation system, identifies any issues, and makes necessary adjustments to onsite irrigation controllers. The results are summarized in a customized report for the customer.

Do-It-Yourself Water Wise Indoor Survey

Through Valley Water, customers can request a self-evaluation kit containing materials to test shower and sink flow rates, as well as dye tablets to check for toilet leaks. The kit also includes a guide for performing the tests and provides general information on common indoor water leaks.

9.1.2.5 Programs to Assess and Manage Distribution System Real Loss

To identify leaks in the supply and distribution system, actual metered water use is compared to total well production. Monthly production is tracked and reviewed annually to detect significant losses. When a substantial loss is identified, the Utilities Division locates the specific source and schedules repairs. Records are maintained for each leak and repair, including documentation of the incident. After repairs are completed, production is compared again to water use to estimate the total water savings resulting from the repair. The City has implemented a system water audit to identify leaks in the supply and distribution system and provide a method for repair if losses become significant.

These audits are now enhanced through the AMI network, which automatically records and transmits water usage data, allowing for more precise detection of anomalies. The AquaTrax customer portal further supports leak management by providing residents and staff with near real-time usage data and leak alerts. Together, these tools improve the City’s ability to detect, track, and repair distribution system losses more efficiently while engaging customers in water conservation.

9.1.2.6 Water Conservation Program Coordination and Staffing Support

To manage and coordinate the City’s water conservation programs, a Water Conservation Coordinator is designated. This position is a full-time position and currently resides within the City's Environmental Services Division. This full-time position is supported by other members of the Division as well as part-time staff members. Responsibilities of the Water Conservation Coordinator include:

- Coordinate water conservation programs and their implementation, including collaboration with operations, planning, and staff.
- Maintain records of conservation measures implemented by the City.
- Respond to public inquiries and requests for information related to water conservation.

• Communicate and promote current water conservation trends and issues to City senior management.

The City has maintained a Water Conservation Agreement with the Santa Clara Valley Water District for decades, with the agreement being periodically renewed and updated over time to continue supporting rebate programs for efficient landscaping, graywater reuse, and water-saving equipment. This agreement strengthened program implementation and enhanced staff coordination, providing additional resources and tools for managing conservation initiatives effectively.

9.1.2.7 Other Demand Management Measures

9.1.2.7.1 Water-Wise Landscaping

The City promotes water-efficient gardening practices among community members. Valley Water's Water-Wise Gardening software is available to the public at computer stations in City Hall, offering resources such as water-efficient garden examples, photos, and detailed descriptions of over 1,000 plants. Additionally, City Hall features an on-site Demonstration Garden showcasing drought-tolerant native California plants and compatible hardscape materials.

Since 2025, water-wise landscaping efforts have been further supported through rebate programs offered in partnership with Valley Water, which provide incentives for converting high water-use turf to low water-use landscaping, retrofitting irrigation systems, and implementing graywater reuse.

9.1.2.7.2 Watering of Turf

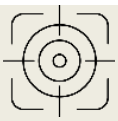
The City prohibits the use of potable water on non-functional turf at commercial, industrial, and institutional (CII) properties, including Homeowners Association–owned properties and common areas within mobile home parks, apartments, condominiums, and townhome developments. Exceptions are permitted only as necessary to maintain the health of trees and other perennial non-turf plantings, or to address immediate health, safety, sanitation, or fire protection needs as determined by the fire marshal. Unless otherwise permitted by the fire marshal, all authorized watering must be conducted in a manner that prevents runoff.

9.2 SUBMITTAL TABLES SUMMARY

This chapter does not include any submittal tables.

CHAPTER 10 – PLAN ADOPTION

This chapter summarizes the process for adopting and submitting the UWMP as well as the ways the public can access the adopted UWMP.



Chapter Focus

This chapter outlines the procedures for adopting, submitting, and making the UWMP and WSCP publicly accessible. Transparent adoption and implementation ensure that customers and stakeholders are informed about water management practices and water supply reliability. Public notices and hearings provide opportunities for review and input, while formal adoption incorporates the plans into the City's management strategy, supporting informed decision-making and compliance with statutory requirements.

10.1 PLAN COMPLETION TIMELINE

The 2025 UWMP guidebook allows for the reporting of either calendar year or fiscal year reporting. The City of Morgan Hill has completed this 2025 UWMP based on calendar year reporting, and thus the data was collected through December 31, 2025, and evaluated as part of this reporting.

10.2 NOTICE OF PLAN PREPARATION

California Water Code

10621 (b) *Every urban water supplier required to prepare a plan shall … at least 60 days prior to the public hearing on the plan … notify any city or county within which the supplier provides waters supplies that the urban water supplier will be reviewing the plan and considering amendments or changes to the plan.*

The City provided notice to relevant stakeholders, summarized in Table 10-1, on December 17th, 2026. This notification was issued more than 60 days prior to the public hearing on the 2025 UWMP, meeting the required timeline.

Submittal Table 10-1 Retail: Notification to Cities and Counties

Water Code Section 10621(b) and 10642

City Name	60 Day Notice	Notice of Public Hearing
City of Gilroy	Yes	Yes
Valley Water	Yes	Yes
County Name	**60 Day Notice**	**Notice of Public Hearing**
Santa Clara County	Yes	Yes

10.3 NOTICE OF PUBLIC HEARING

California Water Code

10642 — *…Prior to adopting either [the plan or water shortage contingency plan], the urban water supplier shall make both the plan and the water shortage contingency plan available for public inspection and shall hold a public hearing or hearings thereon. Prior to any of these hearings, notice of the time and place of the hearing shall be published within the jurisdiction of the publicly owned water supplier pursuant to Section 6066 of the Government Code [see below].*

California Government Code

6066 — *Publication of notice pursuant to this section shall be once a week for two successive weeks. Two publications in a newspaper published once a week or oftener, with at least five days intervening between the respective publication dates not counting such publication dates, are sufficient. The period of notice commences upon the first day of publication and terminates at the end of the fourteenth day, including therein the first day.*

A notice of the public hearing was published in the local newspaper in accordance with Government Code 6066. Documentation of the public notice is included in **Appendix C**, and the draft 2025 UWMP was made available for review at various City facilities and on the City's website.

10.4 PUBLIC HEARING AND ADOPTION

California Water Code

10642 — *Each urban water supplier shall encourage the active involvement of diverse social, cultural, and economic elements of the population within the service area prior to and during the preparation of both the plan and the water shortage contingency plan. Prior to adopting either, the urban water supplier shall make both the plan and the water shortage contingency plan available for public inspection and shall hold a public hearing or hearings thereon…. After the hearing or hearings, the plan or water shortage contingency plan shall be adopted as prepared or as modified after the hearing or hearings.*

California Government Code

7291	*…every local public agency… serving a substantial number of non-English-Speaking people, shall employ a sufficient number of qualified bilingual persons in public contact positions or as interpreters to assist those in such positions, to ensure provision of information and services in the language of the non-English-speaking person.*

Following the public review, the City held an informational public hearing on _____, 2026, to present the 2025 UWMP and receive comments from the community. Subsequently, the City Council adopted the final 2025 UWMP at a meeting on _____, 2026. A copy of the adopting resolution is included in **Appendix C**.

10.5 PLAN SUBMITTAL

California Water Code

10621 (e)	*Each urban water supplier shall update and submit its 2025 plan to the department by July 1, 2026…*
10635 (c)	*The urban water supplier shall provide that portion of its urban water management plan prepared pursuant to this article to any city or county within which it provides water supplies no later than 60 days after the submission of its urban water management plan.*
10644 (a)(1)	*An urban water supplier shall submit to the department, the California State Library, and any city or county within which the supplier provides water supplies a copy of its plan no later than 30 days after adoption.*

10.5.1 Submitting a UWMP to DWR

The UWMPA requires water agencies to submit a copy of the adopted 2025 UWMP to the Department of Water Resources within 30 days of adoption and no later than July 1, 2026. Additionally, agencies must provide a copy of the adopted 2025 UWMP to all relevant stakeholders within 30 days of adoption.

10.5.2 Electronic Data Submittal

California Water Code

10644 (a)(2)	*The plan, or amendments to the plan, submitted to the department … shall be submitted electronically and shall include any standardized forms, tables, or displays specified by the department.*

The City of Morgan Hill is required to submit the UWMP, along with associated Submittal Tables and any other relevant information, electronically through the WUEdata portal.

10.5.3 Submitting a UWMP to the California State Library

Within 30 days of adoption, the City of Morgan Hill shall submit a copy of the adopted 2025 UWMP, including the adopted WSCP, to the California State Library, either on a compact disc (CD) or as a hard copy.

10.5.4 Submitting a UWMP to Cities and Counties

Within 30 days of adoption, the City of Morgan Hill shall provide a copy of the adopted 2025 UWMP, to each city or county to which the City delivers water.

10.6 PUBLIC AVAILABILITY

California Water Code

10645 (a)	*Not later than 30 days after filing a copy of its plan with the department, the urban water supplier and the department shall make the plan available for public review during normal business hours.*
10645 (b)	*Not later than 30 days after filing a copy of its water shortage contingency plan with the department, the urban water supplier and the department shall make the plan available for public review during normal business hours.*

The UWMPA requires water agencies to submit a copy of the adopted 2025 UWMP to the Department of Water Resources within 30 days of adoption and no later than July 1st, 2026. Additionally, agencies must provide a copy of the adopted 2025 UWMP to all relevant stakeholders within 30 days of adoption.

10.7 DWR REVIEW

Following the submittal of this adopted 2025 UWMP, DWR reviews the report and the submitted workbook for data completeness. Following the review, DWR will issue a letter to the City of Morgan Hill, summarizing the review results, and advising if the 2025 UWMP is deemed complete or if any items need clarifications.

10.8 SUBMITTAL TABLES SUMMARY

This chapter included the following submittal table(s):

- Table 10-1: Notification to Cities and Counties

APPENDICES

APPENDIX A

DWR Checklist

This appendix shows the checklist of specific UWMP requirements. The California DWR asks the City to complete this checklist as part of their 2025 UWMP. In the **Table A-1**, the City of Morgan Hill has entered information in the far-right column labeled “2025 UWMP Location,” and indicated the section number in their UWMP where a requirement is addressed.

Table A-1 DWR Checklist

Retail (x = required)	Wholesale (x = required)	Order	2025 Guidebook Location	Water Code Section	Summary as Applies to UWMP	Subject	Relevant Submittal Table	2025 UWMP Location
x	x	1	Chapter 1	10615	A plan shall describe and evaluate sources of supply, reasonable and practical efficient uses, reclamation and demand management activities.	Introduction and overview	n/a	Chapter 1
x	x	1	Chapter 1	10630.5	Each plan shall include a simple description of the Supplier's plan including water availability, future requirements, a strategy for meeting needs, and other pertinent information. Additionally, a Supplier may also choose to include a simple description at the beginning of each chapter.	Plan preparation	n/a	Chapter 1
x	x	2.1	Section 2.1	10620(b)	Every person that becomes a Supplier shall adopt UWMP within one year after it has become a Supplier.	Plan preparation	n/a	Section 2.1
x	n/a	2.5	Section 2.5	10644	Supplier shall report the Public Water Systems number, volume of delivered water, and number of connections that are included in this UWMP.	Plan preparation	2-1	Section 2-1 & Table 2-1
x	x	2.5	Section 2.5	10644	Supplier shall report if this UWMP is an individual UWMP and whether the Supplier belongs to a regional UWMP or regional alliance.	Plan preparation	2-2	Section 2.2 & Table 2-2
x	x	2.5	Section 2.5	10644	Supplier shall report whether the data is in fiscal or calendar years and the units of measure used for reporting water volumes.	Plan preparation	2-3	Section 2.3 & Table 2-3
x	x	2.4	Section 2.4	10642	Provide supporting documentation that the Supplier has encouraged~~d~~ active involvement of diverse social, cultural, and economic elements of the population within the service area prior to and during the preparation of the plan and contingency plan.	Plan preparation	n/a	Section 2.4, Section 8.12, Section 10.2, Section 10.3 & Section 10.4
x	x	2.4	Section 2.4.2	10620(d)(3)	Coordinate the preparation of its plan with other appropriate agencies in the area, including other Suppliers that share a common source, water management agencies, and relevant public agencies, to the extent practicable.	Plan preparation	n/a	Section 2.4
x	n/a	2.4	Section 2.4.1	10631(h)	Retail Suppliers will include documentation that they have provided their Wholesale Supplier(s)—if any—with water use projections from that source.	Plan preparation	2-4 R	Section 2.4 & Table 2-4
n/a	x	2.4	Section 2.4.1	10631(h)	Wholesale Suppliers will provide their Suppliers with identification and quantification of the existing and planned sources of water available from the Wholesale Supplier to the Supplier during various water year types.	Plan preparation	2-4 W	n/a

Retail (x = required)	Wholesale (x = required)	Order	2025 Guidebook Location	Water Code Section	Summary as Applies to UWMP	Subject	Relevant Submittal Table	2025 UWMP Location
x	x	3	Chapter 3.0	10631(a)	Describe the Supplier service area.	System description	n/a	Section 3.2
x	x	3.3	Section 3.3	10631(a)	Describe the climate of the Supplier's service area.	System description	n/a	Section 3.3
x	x	3.4	Section 3.4.1	10631(a)	Provide the current and projected service area populations for 2030, 2035, 2040, 2045 and optionally 2050.	System description	3-1	Section 3.4 & Table 3-1
x	x	3.4	Section 3.4.2	10631(a)	Describe other social, economic, and demographic factors affecting the Supplier's water management planning.	System description	n/a	Section 3.1.3 & Section 3.5
x	x	3.5	Section 3.5	10631(a)	Describe the land uses within the service area… include the current and projected land uses within the existing or anticipated service area affecting the Supplier's water management planning. Describe the land uses within the service area.	System description and baselines	n/a	Section 3.1.2
x	Optional	4.2	Sections 4.2.3 and 4.2.4	10631(d)(1)	Quantify past, current, and projected water use, identifying the uses among water use sectors.	System water use	4-1 and 4-2	Section 4.2, Table 4-1 & Table 4-2
x	Optional	4.3	Section 4.3.1	10631(d)(3)(A)	Report the distribution system water loss for each of the five years preceding the plan update.	System water use	4-5	Section 4.3.1 & Table 4-5
x	n/a	4.3	Section 4.3.2	10631(d)(3)(C)	Retail Suppliers shall provide data to show the distribution loss standards were met.	System water use	4-6	Section 4.3.2 & Table 4-6
x	n/a	4.2	Section 4.2.5.4	10631.1(a)	Include projected water use needed for lower income housing projected in the service area of the Supplier.	System water use	4-3	Section 4.2.6 & Table 4-3
x	n/a	4.2	Section 4.2.5.3	10631(d)(4)(A)	In projected water use, include estimates of water savings from adopted codes, plans, and other policies or laws.	System water use	4-3	Section 4.2.4 & Table 4-3
x	n/a	4.2	Section 4.2.5.3	10631(d)(4)(B)	Provide citations of codes, standards, ordinances, or plans used to make water use projections.	System water use	4-3	Section 4.2.4 & Table 4-3
x	n/a	4.2	Section 4.2.5.3	10631(d)(4)(B)(ii)	To the extent that a Supplier reports the information described in subparagraph (A), an urban water Supplier shall… Indicate the extent that the water use projections consider savings from codes, standards, ordinances, or transportation and land use plans. Water use projections that do not account for these water savings shall be noted of that fact.	System water use	4-3	Section 4.2.4 & Table 4-3
x	x	4.2	Section 4.2.5.6	10635(b)	Demands under climate change considerations must be included as part of the drought risk assessment.	System water use	n/a	Section 4.2.7

Retail (x = required)	Wholesale (x = required)	Order	2025 Guidebook Location	Water Code Section	Summary as Applies to UWMP	Subject	Relevant Submittal Table	2025 UWMP Location
n/a	x	5.1	Section 5.1	10608.36	Wholesale Suppliers shall include an assessment of present and proposed future measures, programs, and policies to help their Retail Suppliers achieve targeted water use reductions.	Baselines and targets	n/a	n/a
x	n/a	5.2	Section 5.2	10608.4	Retail Suppliers shall report on their compliance in meeting their water use targets. Reporting requirements will vary depending on whether the Supplier: - Was considered an urban retail water supplier in 2020, - Met its 2020 target in 2020, or - Was part of a merger or consolidation since 2020. Chapter 5 Subsections 5.2.1, 5.2.2, and 5.2.3 address each of these situations.	Baselines and targets	5-1	Section 5.2 & Table 5-1
x	x	6.1	Section 6.1	10631(b)(2)	When multiple sources of water supply are identified, describe the management of each supply in relationship to other identified supplies.	System supplies	n/a	Section 6.1
x	x	6.1	Sections 6.1 and 6.2	10631(b)(1)	Provide a discussion of anticipated supply availability under a normal, single dry year, and a drought lasting five years, as well as more frequent and severe periods of drought, including changes in supply due to climate change.	System supplies	n/a	Sections 7.2.1
x	x	6.2	Section 6.2.2	10631(b)(4)(C)	Indicate whether groundwater is an existing or planned source of water available to the Supplier. If groundwater is identified as an existing or planned source of water… (include) a detailed description and analysis of the location, amount and sufficiency of groundwater pumped by the Supplier for the past five years.	Water supplies and recycled water	6-1	Section 6.2 & Table 6-1
x	x	6.2	Section 6.2.2	10631(b)(4)(A)	Indicate whether a groundwater sustainability plan or groundwater management plan has been adopted by the Supplier or if there is any other specific authorization for groundwater management. Include a copy of the plan or authorization.	System supplies	n/a	Section 6.2.2
x	x	6.2	Section 6.2.2	10631(b)(4)(B)	Describe the groundwater basin.	System supplies	n/a	Section 6.2.1.1
x	x	6.2	Section 6.2.2	10631(b)(4)(B)	Indicate if the basin has been adjudicated and include a copy of the court order or decree and a description of the amount of water the Supplier has the legal right to pump.	System supplies	n/a	Section 6.2.1.1

Retail (x = required)	Wholesale (x = required)	Order	2025 Guidebook Location	Water Code Section	Summary as Applies to UWMP	Subject	Relevant Submittal Table	2025 UWMP Location
x	x	6.2	Section 6.2.2	10631(b)(4)(B)	For unadjudicated basins… (include) information as to whether DWR has identified the basin as a high- or medium-priority basin in the most current official departmental bulletin…	Water supplies and recycled water	n/a	Section 6.2
x	x	6.2	Section 6.2.2	10631(b)(4)(B)	For unadjudicated basins… describe efforts by the Supplier to coordinate with sustainability or groundwater agencies to achieve sustainable groundwater conditions.	Water supplies and recycled water	n/a	Section 6.2
x	x	6.2	Section 6.2.2.	10631(b)(4)(C)	If groundwater is identified as an existing or planned source of water… (include) a detailed description and analysis of the location, amount and sufficiency of groundwater pumped by the Supplier for the past five years.	System supplies	n/a	Section 6.2
x	x	6.2	Section 6.2.2	10631(b)(4)(D)	Provide a detailed description and analysis of the amount and location of groundwater that is projected to be pumped.	System supplies	6-9	Section 6.9 & Table 6-9
x	x	6.1	Section 6.1	10631(b)	Identify and quantify the existing and planned sources of water available for 2025, 2030, 2035, 2040, 2045 and optionally 2050.	System supplies	6-8 and 6-9	Section 6.9 & Table 6-8 and 6-9
x	x	6.2	Section 6.2.7	10631(c)	Describe the opportunities for exchanges or transfers of water on a short-term or long-term basis.	System supplies	n/a	Section 6.7
x	n/a	6.2	Section 6.2.5	10633(a)	Describe the wastewater collection and treatment systems in the Supplier's service area with quantified amount of collection and treatment and the disposal methods.	System supplies (recycled water)	6-2	Section 6.5.2.1 & Table 6-2
x	x	6.2	Section 6.2.5	10633(b)	Describe the quantity of treated wastewater that meets recycled water standards, is being discharged, and is otherwise available for use in a recycled water project.	System supplies (recycled water)	6-3	Section 6.5.2.2 & Table 6-3
x	x	6.2	Section 6.2.5	10633(c)	Describe the recycled water currently being used in the Supplier's service area.	System supplies (recycled water)	6-4	Section 6.5.4 & Table 6-4
x	x	6.2	Section 6.2.5	10633(d)	Describe and quantify the potential uses of recycled water and provide a determination of the technical and economic feasibility of those uses.	System supplies (recycled water)	6-4	Section 6.5.4 & Table 6-4
x	x	6.2	Section 6.2.5	10633(e)	Describe the projected use of recycled water within the Supplier's service area at the end of 5, 10, 15, and 20 years, and describe the actual use of recycled water in comparison to uses previously projected.	System supplies (recycled water)	6-4 and 6-5	Section 6.5.4 & Table 6-4 and 6-5
x	x	6.2	Section 6.2.5	10633(f)	Describe the actions that may be taken to encourage the use of recycled water and the projected results of these actions in terms of acre-feet of recycled water used per year.	System supplies (recycled water)	6-6	Section 6.5.4 & Table 6-6

Retail (x = required)	Wholesale (x = required)	Order	2025 Guidebook Location	Water Code Section	Summary as Applies to UWMP	Subject	Relevant Submittal Table	2025 UWMP Location
x	x	6.2	Section 6.2.5	10633(g)	Provide a plan for optimizing the use of recycled water in the Supplier's service area.	System supplies (recycled water)	n/a	Section 6.5.4
x	x	6.2	Section 6.2.6	10631(g)	Describe desalinated water project opportunities for long-term supply.	System supplies	6-7	Section 6.6
x	x	6.2	Section 6.2.10	10631(f)	Describe the expected future water supply projects and programs that may be undertaken by the water Supplier to address water supply reliability in average, single-dry, and for a period of drought lasting five consecutive water years.	System supplies	6-7	Section 6.8 & Table 6-7
x	x	6.3	Section 6.3 and Appendix O	10631.2(a)	The UWMP must include energy information, as stated in the code, that a Supplier can readily obtain.	System suppliers, energy intensity	O-1A, O-1B, O-1C, and O-2	Section 6.11
x		7.1	Section 7.1	10634	Provide information on the quality of existing sources of water available to the Supplier and the manner in which water quality affects water management strategies and supply reliability.	Water supply reliability assessment	n/a	Section 7.1
x	x	7.2	Section 7.2	10635(a)	Service Reliability Assessment: Assess the water supply reliability during normal, dry, and a drought lasting five consecutive water years by comparing the total water supply sources available to the Supplier with the total projected water use over the next 20 years.	Water supply reliability assessment	7-2, 7-3, and 7-4	Section 7.2 & Table 7-2, 7-3, and 7-4
x	x	7.2	Section 7.2.3	10620(f)	Describe water management tools and options to maximize resources and minimize the need to import water from other regions.	Water supply reliability assessment	n/a	Section 7.2.3
x	x	7.3	Section 7.3	10635(b)	Provide a drought risk assessment as part of information considered in developing the demand management measures and water supply projects.	Water supply reliability assessment	n/a	Section 7.3
x	x	7.3	Section 7.3	10635(b)(1)	Include a description of the data, methodology, and basis for one or more supply shortage conditions that are necessary to conduct a drought risk assessment for a drought period that lasts five consecutive years.	Water supply reliability assessment	n/a	Section 7.3.1
x	x	7.3	Section 7.3	10635(b)(2)	Include a determination of the reliability of each source of supply under a variety of water shortage conditions.	Water supply reliability assessment	n/a	Section 7.3.2
x	x	7.3	Section 7.3	10635(b)(3)	Include a comparison of the total water supply sources available to the Supplier with the total projected water use for the drought period.	Water supply reliability assessment	7-5	Section 7.3.3 & Table 7-5

Retail (x = required)	Wholesale (x = required)	Order	2025 Guidebook Location	Water Code Section	Summary as Applies to UWMP	Subject	Relevant Submittal Table	2025 UWMP Location
x	x	7.3	Section 7.3	10635(b)(4)	Include considerations of the historical drought hydrology, plausible changes on projected supplies and demands under climate change conditions, anticipated regulatory changes, and other locally applicable criteria.	Water supply reliability assessment	n/a	Section 7.3
x	x	8	Chapter 8	10632(a)	Provide a water shortage contingency plan (WSCP) with specified elements below.	Water shortage contingency planning	n/a	Chapter 8
x	x	8	Chapter 8	10632(a)(1)	Provide an analysis of water supply reliability (from Guidebook Chapter 7) in the WSCP.	Water shortage contingency planning	n/a	Section 8.1
x	x	8.2	Section 8.2	10632(a)(2)(A)	Provide the written decision-making process and other methods that the Supplier will use each year to determine its water reliability.	Water shortage contingency planning	n/a	Section 8.2.1
x	x	8.2	Section 8.2	10632(a)(2)(B)	Provide data and methodology to evaluate the Supplier's water reliability for the current year and one dry year pursuant to factors in the code.	Water shortage contingency planning	n/a	Section 8.2.2
x	x	8.3	Section 8.3	10632(a)(3)(A)	Define six standard water shortage levels of 10%, 20%, 30%, 40%, 50% shortage, and greater than 50% shortage. These levels shall be based on supply conditions, including percent reductions in supply, changes in groundwater levels, changes in surface elevation, or other conditions. The shortage levels shall also apply to a catastrophic interruption of supply.	Water shortage contingency planning	n/a	Section 8.3
x	x	8.3	Section 8.3	10632(a)(3)(B)	Suppliers with an existing WSCP that uses different water shortage levels must cross reference their categories with the six standard categories.	Water shortage contingency planning	8-1	Section 8.3 & Table 8-1
x	x	8.4	Section 8.4	10632(a)(4)(A)	Suppliers with WSCPs that align with the defined shortage levels must specify locally appropriate supply augmentation actions.	Water shortage contingency planning	8-2	Section 8.4.1 & Table 8-2
x	x	8.4	Section 8.4	10632(a)(4)(B)	Specify locally appropriate demand reduction actions to adequately respond to shortages.	Water shortage contingency planning	8-3	Section 8.4.2 & Table 8-3
x	x	8.4	Section 8.4	10632(a)(4)(C)	Specify locally appropriate operational changes.	Water shortage contingency planning	8-2	Section 8.4.3 & Table 8-2
x	x	8.4	Section 8.4	10632(a)(4)(D)	Specify additional mandatory prohibitions against specific water use practices that are in addition to State-	Water shortage contingency planning	Table 8-3	Section 8.4.4 & Table 8-3

Retail (x = required)	Wholesale (x = required)	Order	2025 Guidebook Location	Water Code Section	Summary as Applies to UWMP	Subject	Relevant Submittal Table	2025 UWMP Location
					mandated prohibitions are appropriate to local conditions.			
x	x	8.4	Section 8.4	10632(a)(4)(E)	Estimate the extent to which the gap between supplies and demand will be reduced by implementation of the action.	Water shortage contingency planning	8-2 and 8-3	Section 8.4 & Table 8-2 and 8-3
x	x	8.4	Section 8.4.6	10632.5	The UWMP shall include a seismic risk assessment and mitigation plan.	Water shortage contingency plan	n/a	Section 8.4.6
x	x	8.5	Section 8.5	10632(a)(5)(A)	Suppliers must describe that they will inform customers, the public and others regarding any current or predicted water shortages.	Water shortage contingency planning	n/a	Section 8.5
x	x	8.5	Section 8.5	10632(a)(5)(B), 10632(a)(5)(C)	Suppliers must describe that they will inform customers, the public and others regarding any shortage response actions triggered or anticipated to be triggered and other relevant communications.	Water shortage contingency planning	n/a	Section 8.5
x	n/a	8.6	Section 8.6	10632(a)(6)	Retail Supplier must describe how it will ensure compliance with and enforce provisions of the WSCP.	Water shortage contingency planning	n/a	Section 8.6
x	x	8.7	Section 8.7	10632(a)(7)(A)	Describe the legal authority that empowers the Supplier to enforce shortage response actions.	Water shortage contingency planning	n/a	Section 8.7
x	x	8.7	Section 8.7	10632(a)(7)(B)	Provide a statement that the Supplier will declare a water shortage emergency per Water Code Chapter 3. *Water Shortage Emergencies*.	Water shortage contingency planning	n/a	Section 8.7.1
x	x	8.7	Section 8.7	10632(a)(7)(C)	Provide a statement that the Supplier will coordinate with any city or county within which it provides water for the possible proclamation of a local emergency.	Water shortage contingency planning	n/a	Section 8.7.2
x	x	8.8	Section 8.8	10632(a)(8)(A)	Describe the potential revenue reductions and expense increases associated with activated shortage response actions.	Water shortage contingency planning	n/a	Section 8.8
x	x	8.8	Section 8.8	10632(a)(8)(B)	Provide a description of mitigation actions needed to address revenue reductions and expense increases associated with activated shortage response actions.	Water shortage contingency planning	n/a	Section 8.8 & Table 8-4
x	n/a	8.8	Section 8.8	10632(a)(8)(C)	Retail Suppliers must describe the cost of compliance with Water Code Chapter 3.3, *Excessive Residential Water Use During Drought*.	Water shortage contingency planning	n/a	Section 8.8

Retail (x = required)	Wholesale (x = required)	Order	2025 Guidebook Location	Water Code Section	Summary as Applies to UWMP	Subject	Relevant Submittal Table	2025 UWMP Location
x	n/a	8.9	Section 8.9	10632(a)(9)	Retail Suppliers must describe the monitoring and reporting requirements and procedures that ensure appropriate data are collected, tracked, and analyzed for purposes of monitoring customer compliance.	Water shortage contingency planning	n/a	Section 8.9
x	x	8.10	Section 8.10	10632(a)(10)	Describe reevaluation and improvement procedures for monitoring and evaluation the WSCP to ensure risk tolerance is adequate and appropriate water shortage mitigation strategies are implemented.	Water shortage contingency planning	n/a	Section 8.10
x	n/a	8.11	Section 8.11	10632(b)	Analyze and define water features that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas.	Water shortage contingency planning	n/a	Section 8.11
x	x	8.12	Section 8.12	10632(c)	Make available the WSCP to customers and any city or county where it provides water within 30 days after adoption of the plan.	Water shortage contingency planning	n/a	Section 8.12
x	n/a	9.1	Sections 9.1	10631(e)(1)	Retail Suppliers shall provide a description of the nature and extent of each demand management measure implemented over the past five years. The description will address specific measures listed in code.	Demand management measures	n/a	Section 9.1
n/a	x	9.2	Sections 9.2	10631(e)(2)	Wholesale Suppliers shall describe specific demand management measures listed in code, their distribution system asset management program, and Supplier assistance program.	Demand management measures	n/a	n/a
x	n/a	10	Chapter 10	10608.26(a)	Retail Suppliers shall conduct a public hearing to discuss adoption, implementation, and economic impact of water use targets (recommended to discuss compliance).	Plan adoption, submittal, and implementation	n/a	n/a
x	x	10.2	Section 10.2.1	10621(b)	Notify, at least 60 days prior to the public hearing, any city or county within which the Supplier provides water that the Supplier will be reviewing the UWMP and considering amendments or changes to the plan.	Plan adoption, submittal, and implementation	10-1	Section 10.2 & Table 10-1
x	x	10.4	Section 10.4	10621(f)	Each urban water Supplier shall update and submit its 2025 plan to DWR by July 1, 202 6.	Plan adoption, submittal, and implementation	n/a	Section 10.5
x	x	10.2	Sections 10.2.2, 10.3, and 10.5	10642	Provide supporting documentation that the Supplier made the UWMP and WSCP available for public inspection, published notice of the public hearing, and held a public hearing about the UWMP and WSCP.	Plan adoption, submittal, and implementation	n/a	Section 10.6

Retail (x = required)	Wholesale (x = required)	Order	2025 Guidebook Location	Water Code Section	Summary as Applies to UWMP	Subject	Relevant Submittal Table	2025 UWMP Location
x	x	10.2	Section 10.2.2	10642	The Supplier is to provide the time and place of the hearing to any city or county within which the Supplier provides water.	Plan adoption, submittal, and implementation	10-1	Section 10.2 & Table 10-1
x	x	10.3	Section 10.3.2	10642	Provide supporting documentation that the UWMP and WSCP has been adopted as prepared or modified.	Plan adoption, submittal, and implementation	n/a	n/a
x	x	10.4	Section 10.4	10644(a)	Provide supporting documentation that the Supplier has submitted their UWMP to the California State Library.	Plan adoption, submittal, and implementation	n/a	Section 10.5.3
x	x	10.4	Section 10.4	10644(a)(1)	Provide supporting documentation that the Supplier has submitted their UWMP to any city or county within which the Supplier provides water no later than 30 days after adoption.	Plan adoption, submittal, and implementation	n/a	Sections 10.5.
x	x	10.4	Sections 10.4.1 and 10.4.2	10644(a)(2)	The UWMP, or amendments to the UWMP, submitted to DWR shall be submitted electronically.	Plan adoption, submittal, and implementation	n/a	Sections 10.5.2
x	x	10.7	Section 10.7.2	10644(b)	If revised, submit a copy of the WSCP to DWR within 30 days of adoption.	Plan adoption, submittal, and implementation	n/a	Section 10.5
x	x	10.5	Section 10.5	10645(a)	Provide supporting documentation that, not later than 30 days after filing a copy of its UWMP with DWR, the Supplier has or will make the plan available for public review during normal business hours.	Plan adoption, submittal, and implementation	n/a	Section 10.6
x	x	10.5	Section 10.5	10645(b)	Provide supporting documentation that, not later than 30 days after filing a copy of its WSCP with DWR, the Supplier has or will make the plan available for public review during normal business hours.	Plan adoption, submittal, and implementation	n/a	Section 10.6
x	x	10.6	Section 10.6	10621(c)	If Supplier is regulated by the Public Utilities Commission, include its plan and contingency plan as part of its general rate case filings.	Plan adoption, submittal, and implementation	n/a	n/a

APPENDIX B

DWR Submittal Tables

Submittal Table 2-1 Retail: Public Water Systems			
Has there been a change in the number of affiliated Public Water Systems since the 2020 UWMP? (OPTIONAL)			
Public Water System Number	Public Water System Name	Number of Municipal Connections 2025	Volume of Water Supplied 2025 (AF)
Add additional rows as needed			
CA4310006	City of Morgan Hill	15,163	7,158
	Total	15,163	7,158

DWR NOTES:

Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3. This table identifies the unit of measure selected in Table 2-3.

NOTES:

Submittal Table 2-2: Plan Identification			
Select One or Both	**Type of Plan**		**Name of Regional Alliance or RUWMP** (Drop Down List)
☑	**Individual UWMP**		
	☐	Water Supplier is also a member of a SB X7-7 Regional Alliance	
☐	**Regional Urban Water Management Plan (RUWMP)**		
NOTES:			

Submittal Table 2-3: Supplier Identification	
Type of Supplier (select one or both)	
☐	Supplier is a wholesale supplier
☑	Supplier is a retail supplier
Fiscal or Calendar Year (select one)	
☑	UWMP Tables are in calendar years
☐	UWMP Tables are in fiscal years
If using fiscal years provide month and date that the fiscal year begins (mm/dd)	
Units of measure used in UWMP (Select from the drop down list).	
Unit	AF
DWR NOTES: **Units of measure (AF, CCF, MG)** must remain consistent throughout the UWMP as reported in Submittal Table 2-3.	
NOTES:	

Submittal Table 2-4 Retail: Water Supplier Information Exchange **Water Code Section 10631(h)**
The retail Supplier has informed the following wholesale supplier(s) of projected water use in accordance with Water Code Section 10631 (h).
Wholesale Water Supplier Name
Add additional rows as needed
Valley Water
NOTES:

10631(h) An urban water supplier that relies upon a wholesale agency for a source of water shall provide the wholesale agency with water use projections from that agency for that source of water in five-year increments to 20 years or as far as data is available.

Submittal Table 3-1 Retail: Population - Current and Projected Water Code Section 10631(a)						
Population Served	2025	2030	2035	2040	2045	2050(opt)
	46,702	50,064	53,668	57,248	60,467	63,677
NOTES:						

CWC 10631(a) describe the current and projected population of the service area including current and projected population…

Submittal Table 4-1 Retail: 2025 Actual Total Uses for Potable and Non-Potable Water Water Code Section 10631(d)(1)			
Use Type	Additional Description (as needed)	2025 Actual Water Use	
Drop down list May select each use multiple times These are the only use types that will be recognized by the WUEdata online submittal tool		Level of Treatment When Delivered (OPTIONAL) Drop down list	Volume (AF)
Add additional rows as needed			
Single Family		Potable	3,661
Multi-Family		Potable	761
Commercial	Also includes Institutional use	Potable	686
Landscape		Potable	1,180
Other (optional)		Potable	22
Distribution System Water Loss		Potable	848
		Subtotal Potable	7158
		Subtotal Non-Potable	0
		Total	7,158
DWR NOTES: Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3. This table identifies the unit of measure selected in Submittal Table 2-3.			
NOTES:			

CWC 10631(d)(1) For an urban retail water supplier, quantify, to the extent records are available, past and current water use…identifying the uses among water use sectors including but not limited to:

Submittal Table 4-2 Retail: Total Uses of Potable, and Non-Potable Water - Projected Water Code Section 10631(d)(1)							
Use Type	Additional Description (as needed)	**Projected Water Use** (Report To the Extent that Records are Available)					
Drop down list May select each use multiple times These are the only Use Types that will be recognized by the WUEdata online submittal tool		Level of Treatment When Delivered (OPTIONAL) Drop down list	**2030** (AF)	**2035** (AF)	**2040** (AF)	**2045** (AF)	**2050** (opt) (AF)
Add additional rows as needed.							
Single Family		Potable	4,333	4,644	4,954	5,233	5,510
Multi-Family		Potable	901	965	1,030	1,088	1,145
Commercial		Potable	812	870	928	981	1,033
Landscape		Potable	1,396	1,497	1,597	1,687	1,776
Other (optional)		Potable	26	28	30	31	33
Distribution System Water Loss		Potable	1,004	1,076	1,148	1,212	1,276
		Subtotal Potable	8,471	9,080	9,686	10,231	10,774
		Subtotal Non-Potable	0	0	0	0	0
		Total	8,471	9,080	9,686	10,231	10,774
DWR NOTES: Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3. This table identifies the unit of measure selected in Submittal Table 2-3.							
NOTES:							

CWC 10631(d)(1) For an urban retail water supplier, quantify, to the extent records are available... projected water use…identifying the uses among water use sectors…

Submittal Table 4-3 Retail: Inclusion in Water Use Projections Water Code Section 10631 (a), 10631 (d)(4)(A), and 10631 (d)(4)(B)	
Are Future Water Savings Included in Projections? (Refer to Appendix K of UWMP Guidebook) **Drop down list (y/n)**	Yes
If "Yes" to above: State the section or page number, in the cell to the right, where citations of the codes, ordinances, or otherwise are utilized in demand projections are found. **OPTIONAL** Suppliers may complete Optional Submittal Table 4-4 R to quantify the expected savings.	4.2
Are Lower Income Residential Demands Included In Projections? (Refer to Appendix K of UWMP Guidebook) **Drop down list (y/n)**	Yes
OPTIONAL If the method for accounting Lower Income Residential Demands has been included, provide page number where this accounting can be found. (An example is included in Appendix K.)	
NOTES:	

CWC10631 (d) (4) (A) Water use projections, where available, shall display and account for water savings estimated to result from adopted codes, standards, ordinances, or transpotation and land use plans identified by the urban water supplier, as applicable to the service area.

CWC 10631 (d) (4) (B) to the extent that an urban water supplier reports the information described in subparagraph (A), an urban water supplier shall do both of the following: (i) Provide citations of the various codes, standards, ordinances or transportation and land use plans utilized in making the projections.
(ii) Indicate the extent that the water use projections consider savings from codes, standards, ordinances, or transportation and land use plans. Water use projections that do not account for these water savings shall be noted of that fact.
CWC 10631(a) Water use projections required by section 10631 shall include projected water use for single-family and multifamily residential housing needed for lower income households, as identified in the housing element of any city, county, or city and county, in the service area of the supplier .

OPTIONAL Submittal Table 4-4 Retail: Passive Water Savings Projections
Water Code Section 10631(d)(4)(A)

Description (Codes, Standards, Ordinances, or Plans)	Passive savings				
	2030	2035	2040	2045	2050 (opt)
	(AF)	(AF)	(AF)	(AF)	(AF)
Add additional rows as needed					
Codes, Standards, Ordinances, and Plans	446	478	510	538	567

DWR NOTES: Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3. This table identifies the unit of measure selected in Submittal Table 2-3.

NOTES:

Water Code Section 10631(d)(4)(A) Water use projections, where available, shall display and account for the water savings estimated to result from adopted codes, standards, ordinances, or transportation and land use plans identified by the urban water supplier, as applicable to the service area.

Submittal Table 4-5 Retail: Water Loss Audit Reporting Water Code Section 10631(d)(3)(A)		
Public Water System ID # Reported in Table 2-1 R	Reporting Period	Submitted to DWR Water Loss Audit Program (yes/no)
Report submittal status for all five years for each Public Water System as available. Add rows as needed		
	2020	Yes
	2021	Yes
	2022	Yes
	2023	Yes
	2024	Yes
DWR NOTES: Suppliers will provide a link to the WUEdata submittals of their Water Loss Audit Reports.		
NOTES: https://wuedata.water.ca.gov/		

CWC 10631(d)(3) (A) The distribution system water loss shall be quantified for each of the five years preceding the plan update, in accordance with rules adopted pursuant to Section 10608.34.

Submittal Table 4-6 Retail: Progress Towards 2028 Water Loss Standard
Water Code Section 10631(d)(3)(C)

Public Water System ID # Reported in Submittal Table 2-1 R	Did the Water Board Calculate a Water Loss Standard for this Public Water System? (y/n) If no, Supplier will not complete this row.	Real Water Loss					Apparent Water Loss				
		State Water Board Standard		Most Recent AWWA Water Loss Audit			State Water Board Standard		Most Recent AWWA Water Loss Audit		
		2028 Real Water Loss Standard per Unit per day	Units for Real Water Loss Drop down list	Number of Units (Connections or Miles corresponding with units selected)	Volume of Total Real Loss (from AWWA Water Loss Audit) (AF)	Real Water Loss Per Unit per Day	2028 Apparent Water Loss Standard per Unit per Day	Units for Apparent Water Loss	Number of Connections	Volume of Total Apparent Loss (from AWWA Water Loss Audit) (AF)	Apparent Water Loss Per Unit per Day
Add additional rows as needed.											
CA4310006	Yes	21.4444	Gallons per Service Connection per Day (GPSCD)	15163	919	54.1	6.3	Gallons per Service Connection per Day (GPSCD)	15163	95	5.6

Water Board's Calculated Water Loss Standards

DWR NOTES: Units of measure (AF, CCF, MG) for Water Loss **MUST** remain consistent with units reported in Submittal Table 2-3. The units reported in Submittal Table 2-3 are used in this table's calculations.

NOTES:

CWC 10631(d)(3)(C) In the plan due July 1, 2021, and in each update thereafter, data shall be included to show whether the urban retail water supplier met the distribution loss standards enacted by the board pursuant to Section 10608.34.

Submittal Table 5-1 Retail: SB X7-7 2020 Target Progress Water Code Section 10608.40						
☐	**Check the box if the Supplier was not an Urban Water Supplier during or before the 2020 UWMP reporting cycle. Proceed to the next table.**					
Was Supplier part of a merger or consolidation since 2020?	Regional Alliance Target or Individual Target? Drop down list	2020 Target	Actual 2020 GPCD	Did Supplier Achieve Targeted Reduction for 2020?	**Only for suppliers that did not meet the Target in 2020** **See DWR NOTES below.**	
					Actual 2025 GPCD (From SB X7-7 Compliance Form)	Did Supplier meet the 2020 Target in 2025?
No	Individual Target	159	150	Yes		NA
DWR NOTES: **Suppliers calculating a 2025 GPCD** will need to complete and submit SB X 7-7 Compliance Tables to verify the use of SB X7-7 Methodologies. **Suppliers that were part of a merger or consolidation since 2020** see Chapter 5 and Appendix P for guidance. NA=Not Applicable						
NOTES:						

10608.40 Urban water retail suppliers shall report to the department on their progress in meeting their urban water use targets as part of their urban water management plans submitted pursuant to Section 10631.

Submittal Table 6-1 Retail: Groundwater Volume Pumped Water Code Section 10631(4) and 10631(4)(c)							
☐	Check the box if the Supplier does not pump groundwater. Proceed to the next table.						
☐	Check the box if all or part of the groundwater described below is desalinated. (OPTIONAL)						
Groundwater Type **Drop Down List** May use each category multiple times	Water Type (OPTIONAL) **Drop down list**	Location or Basin Name	2021 (AF)	2022 (AF)	2023 (AF)	2024 (AF)	2025 (AF)
Add additional rows as needed							
Alluvial Basin	Potable	Santa Clara Valley - Santa Clara - Coyote Valley	1,464	1,403	1,408	1,472	1459
Alluvial Basin	Potable	Gilroy-Hollister Valley - Llagas Area	5,718	5,480	5,496	5,748	5699
		Total	7,182	6,883	6,904	7,220	7,158
DWR NOTES: **Units of measure (AF, CCF, MG)** must remain consistent throughout the UWMP as reported in Submittal Table 2-3. This table identifies the unit of measure selected in Submittal Table 2-3.							
NOTES							

10631(4) If groundwater is identified as an existing or planned source of water available to the supplier, all of the following information:

(C) A detailed description and analysis of the location, amount, and sufficiency of groundwater pumped by the urban water supplier for the past five years. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

Submittal Table 6-2 Retail: Wastewater Collected Within Service Area in 2025 Water Code Section 10633(a)				
☐	Check the box if there is no wastewater collection system. Proceed to the next table.			
	Percentage of 2025 service area served by wastewater collection system (OPTIONAL)			
	Percentage of 2025 service area population served by wastewater collection system (OPTIONAL)			
Wastewater Collection			**Recipient of Collected Wastewater**	
Name of Wastewater Collection Agency	Wastewater Volume Metered or Estimated? OPTIONAL **Drop Down List**	Volume of Wastewater Collected from UWMP Service Area 2025 (AF)	Name of Wastewater Treatment Plant (WWTP) and Place ID Number **Drop down list**	Is WWTP Located Within UWMP Area? **Drop Down List**
Add additional rows as needed				
City of Morgan Hill	Metered	3,020	SCRWA Reclamation Facility, Use Areas, Place ID 256038	No
Total Wastewater Received from UWMP Service Area in 2025:		3,020		
DWR NOTES: Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3. This table identifies the unit of measure selected in Submittal Table 2-3. **Additional Guidance**. See Appendix M, Section M.21 for detailed guidance on this table.				
NOTES:				

CWC 10633 (a) (a) A description of the wastewater collection and treatment systems in the supplier's service area, including a quantification of the amount of wastewater collected and treated and the methods of wastewater disposal.

Submittal Table 6-3 Retail: Wastewater Treatment and Outcomes Within UWMP Service Area in 2025
Water Code Section 10633(a)

☑ **Check the box if no wastewater is treated or disposed of within the UWMP service area.**
Proceed to the next table.

Wastewater Treatment Plant Name and Place ID Number **Drop down list**	Does This Plant Treat Wastewater Generated Outside the UWMP Service Area? (OPTIONAL) **Drop down list**	2025 Volume of Wastewater Received from UWMP Service Area (As Reported in Submittal Table 6-2 R)	Total 2025 Volume of Water Treated	**2025 Outcomes of Treated Wastewater**										
				Water Recycled Within UWMP Service Area (enter data as applicable)		**Water Recycled Outside of UWMP Service Area** (enter data as applicable)		**Effluent Discharge that is not a Permitted Recycled Water Use** (enter data as applicable)		**Required Discharge for Instream Flow** (enter data as applicable)		**Delivered to Another Entity for Additional Treatment** (enter data as applicable)		
				Treatment Level **Drop down list**	Volume	Treatment Level **Drop down list**	Volume	Treatment Level **Drop down list**	Volume	Treatment Level **Drop down list**	Volume	Treatment Level **Drop down list**	Volume	Name of other entity
		(AF)	(AF)		(AF)		(AF)		(AF)		(AF)		(AF)	
Add additional rows as needed														
Total		0	-		0		0		0		0		0	

DWR NOTES:
Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3. This table identifies the unit of measure selected in Submittal Table 2-3.
IPR: Indirect Potable Reuse would have the treatment level of its end use requrement in the Level of Treatment drop-down.
Additional Guidance. See Appendix M, Section M.21 for detailed guidance on this table.

NOTES:

10633. The plan shall provide, to the extent available, information on recycled water and its potential for use as a water source in the service area of the urban water supplier...and shall include all of the following:
(b) A description of the quantity of treated wastewater that meets recycled water standards, is being discharged, and is otherwise available for use in a recycled water project.

Submittal Table 6-4 Retail: Recycled Water Direct Beneficial Uses Within Service Area
Water Code Section 10633 (c)(e)

☑	Check box if recycled water is not used and is not planned for use within the service area of the supplier. The supplier will only complete the column on "Potential Recycled Water Use" and submit an accompanying narrative on the feasibility of that potential recycled water use.

Name(s) of Facility/ies Producing (Treating) the Recycled Water (OPTIONAL) :	
Name of Supplier Operating the Recycled Water Distribution System (OPTIONAL) :	City of Morgan Hill
Supplemental Water Added in 2025 (volume) Include units (OPTIONAL) :	0
Source of 2025 Supplemental Water (OPTIONAL) :	

Use Type **Drop down list**	Water Type (after treatment if treated) (OPTIONAL) **Drop down list**	Additional Information (as needed)	2025 (AF)	2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (opt) (AF)	**Potential Recycled Water Use** Volume	**Potential Recycled Water Use** Narrative page number (OPTIONAL)
Add additional rows as needed										
		Total	0	0	0	0	0	0	0	0

DWR NOTES: Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3. This table identifies the unit of measure selected in Submittal Table 2-3.
Additional Guidance. See Appendix M, Section M.21 for detailed guidance on this table.
Potential recycled water use - a description of the feasibility of these uses must be included in the narrative.
Multiple Producers: If you have multiple recycled water producers, submit a separate table for each.

NOTES:

10633. The plan shall provide, to the extent available, information on recycled water and its potential for use as a water source in the service area of the urban water supplier... and shall include...
(c) A description of the recycled water currently being used in the supplier's service area, including, but not limited to, the type, place, and quantity of use
(e) The projected use of recycled water within the supplier's service area at the end of 5, 10, 15, and 20 years, and a description of the actual use of

Submittal Table 6-5 Retail: 2020 UWMP Recycled Water Use Projection Compared to 2025 Actual
Water Code Section 10633 (e)

☑	Check the box if recycled water was not used in 2025 nor previously projected for use in 2020. Proceed to the next table.

Use Type Drop Down list	2020 Projection for 2025 (AF)	2025 Actual Use (AF)
Add additional rows as needed		
Total	0	0

DWR NOTES:
Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3. This table identifies the unit of measure reported in Submittal Table 2-3
Additional Guidance. See Appendix M, Section M.21 for detailed guidance on this table.

NOTES:

10633. The plan shall provide, to the extent available, information on recycled water and its potential for use as a water source in the service area of the urban water supplier. The preparation of the plan shall be coordinated with local water, wastewater, groundwater, and planning agencies that operate within the supplier's service area, and shall include all of the following: (e) ...a description of the actual use of recycled water in comparison to uses previously projected pursuant to this subdivision

Submittal Table 6-6 Retail: Methods to Encourage Future Recycled Water Use Water Code Section 10633 (f)			
☑	Check the box if the Supplier does not plan to expand recycled water use in the future. Supplier will not complete the table below but will provide narrative explanation.		
	Provide page location of narrative in the UWMP		
Name of Action	Description	Planned Implementation Year	Expected Increase in Recycled Water Use (AF)
Add additional rows as needed			
		Total (AF)	0
		Unit Conversion to AF	0

DWR NOTES:

Units of measure (AF, CCF, MG) MUST remain consistent with units reported in Submittal Table 2-3. The units reported in Submittal Table 2-3 are used in this table's calculations.

The unit conversion to Acre Feet addresses the Water Code's requirement that this value be provided in acre-feet.

NOTES:

10633. The plan shall provide, to the extent available, information on recycled water and its potential for use as a water source in the serv`ice area of the urban water supplier. The preparation of the plan shall be coordinated with local water, wastewater, groundwater, and planning agencies that operate within the supplier's service area, and shall include all of the following:

(f) a description of actions, including financial incentives, which may be taken to encourage the use of recycled water, and the projected results of these actions in terms of acre feet of recycled water used per year.

Submittal Table 6-7 Retail: Expected Future Water Supply Projects or Programs Water Code Section 10631 (f)							
☑	Check the box if there are no expected future water supply projects or programs that provide a quantifiable increase to the agency's water supply. Procees to the next table.						
☐	Check the box if some or all of the supplier's future water supply projects or programs are not compatible with this table and are described in a narrative format.						
	Provide page location of narrative in the UWMP						
Name of Future Projects or Programs	Joint Project with other suppliers?		Additional Description (as needed)	Water Type (after treatment if treated) (OPTIONAL) **Drop Down list**	Planned Implementation Year	Planned for Use in Year Type **Drop Down List**	Expected Increase in Water Supply to Supplier (This may be a range)
	Drop Down List (yes/no)	If Yes, Supplier Name					(AF)
Add additional rows as needed							
DWR NOTES: **Units of measure (AF, CCF, MG)** must remain consistent throughout the UWMP as reported in Submittal Table 2-3. This table identifies the unit of measure reported in Submittal Table 2-3.							
NOTES:							

10631 (f) Include a description of all water supply projects and water supply programs that may be undertaken by the urban water supplier to meet the total projected water use, as established pursuant to subdivision (a) of Section 10635. The urban water supplier shall include a detailed description of expected future projects and programs that the urban water supplier may implement to increase the amount of the water supply available to the urban water supplier in normal and single-dry water years and for a period of drought lasting five consecutive water years. The description shall identify specific projects and include a description of the increase in water supply that is expected to be available from each project. The description shall include an estimate with regard to the implementation timeline for each project or program.

Submittal Table 6-8 Retail: Water Supplies — 2025 Actual Water Code Section 10631 (b)				
Water Supply		**2025**		
Drop down list May use each category multiple times. These are the only water supply categories that will be recognized by the WUEdata online submittal tool	Additional Description (as needed)	**Water Type** (after treatment if treated) (OPTIONAL) **Drop Down list**	**Actual Volume**	**Total Entitlement** (OPTIONAL) See "DWR Notes" below
			(AF)	(AF)
Add additional rules as needed				
Groundwater (not desalinated)	Santa Clara Valley - Santa Clara - Coyote Valley	Potable	1,459	
Groundwater (not desalinated)	Gilroy-Hollister Valley - Llagas Area	Potable	5,699	
		Subtotal Potable	7,158	0
		Subtotal Non-Potable	0	0
		Total	7,158	0

DWR NOTES:
Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3. This table identifies the unit of measure selected in Submittal Table 2-3.
Total Entitlement: e.g. Water Right, Groundwater Allocation, Contracted Amount.

NOTES:

10631. A plan shall be adopted in accordance with this chapter that shall do all of the following... (b) Identify and quantify, to the extent practicable, the existing and planned sources of water available to the supplier over the same five-year increments described in subdivision (a), providing supporting and related information...

OPTIONAL Submittal Table 6-8DS: Source Water Desalination by Urban Water Supplier

☐ Check the box if the Supplier does not reduce salinity in either groundwater or surface water prior to distribution.

Desalination Facility **Drop Down list**	Plant Capacity	Intake Type **Drop down list**	Source Water Type **Drop down list**	Influent TDS	Brine Discharge **Drop down list**	Volume of Water Desalinated					Name(s) of Agencies that Receive this Water
						2021	**2022**	**2023**	**2024**	**2025**	
						(AF)	(AF)	(AF)	(AF)	(AF)	
Add additional rows as needed											
					Total	0	0	0	0	0	

DWR NOTES:

Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submital Table 2-3. This table identifies the units of measure reported in Submittal Table 2-3.

NOTES:

Submittal Table 6-9 Retail: Water Supplies — Projected
Water Code Section 10631 (b)

Water Supply			Projected Water Supply (Report to the Extent Practicable)									
			2030		2035		2040		2045		2050 (opt)	
Drop down list May use each category multiple times. These are the only water supply categories that will be recognized by the WUEdata online submittal tool	Additional Detail on Water Supply	**Water Type** (after treatment if treated) (OPTIONAL) **Drop Down list**	Reasonably Available Volume	Total Entitlement (OPTIONAL) See "DWR Notes" below	Reasonably Available Volume	Total Entitlement (OPTIONAL) See "DWR Notes" below	Reasonably Available Volume	Total Entitlement (OPTIONAL) See "DWR Notes" below	Reasonably Available Volume	Total Entitlement (OPTIONAL) See "DWR Notes" below	Reasonably Available Volume	Total Entitlement (OPTIONAL) See "DWR Notes" below
			(AF)	(AF)	(AF)	(AF)	(AF)	(AF)	(AF)	(AF)	(AF)	(AF)
Add additional rows as needed												
Groundwater (not desalinated)	Santa Clara Valley - Santa Clara - Coyote		1,567		2,649		2,822		2,976		3,133	
Groundwater (not desalinated)	Gilroy-Hollister Valley - Llagas Area		7,342		7,007		7,477		7,714		8,128	
Subtotal Potable			0	0	0	0	0	0	0	0	0	0
Subtotal Non-Potable			0	0	0	0	0	0	0	0	0	0
Total			8,909	0	9,657	0	10,299	0	10,690	0	11,261	0

DWR NOTES:
Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3.
Total Entitlement: e.g. Water Right, Groundwater Allocation, Contracted Amount.

NOTES:

10631. A plan shall be adopted in accordance with this chapter that shall do all of the following... (b) Identify and quantify, to the extent practicable, the existing and planned sources of water available to the supplier over the same five-year increments described in subdivision (a), providing supporting and related information, including all of the following

Optional Submittal Table O-1A: Recommended Energy Reporting - SINGLE DELIVERY PRODUCT - WATER SUPPLY PROCESS APPROACH

Water Delivery Product drop down list (If delivering more than one type of product recommend using Table O-1C)		Only for Water Delivery Products Under the Urban Water Supplier's Operational Control								
Start Date of Reporting Period		Water Management Process							Non-Consequential Hydropower (if applicable)	
End Date of Reporting Period										
Is upstream embedded energy included in the values reported?										
	Units for Water Volume	Extract and Divert	Place into Storage	Conveyance	Treatment	Distribution	**Total Utility** See DWR NOTES		Hydropower	Net Utility
Volume of Water Entering Process	AF									0
Energy Consumed (kWh)	N/A						0			0
Energy Intensity (kWh/vol. converted to MG)	N/A	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.00

DWR NOTES: Total Utility: The volume of water entered in the "Total Utility" column should equal the volume of water entering the distribution system (excluding recycled water); in most cases, this is the total volume calculated in UWMP Table 4-1: 2025 Actual Total Uses for Potable and Non-Potable Water. Note if recycled water is included in your Submittal Table 4-1, you must exclude it from your volume in this table.

Quantity of Self-Generated Renewable Energy

0 kWh

Data Quality (Estimate, Metered Data, Combination of Estimates and Metered Data)

Data Quality Narrative:

Narrative:

NOTES:

10631.2. (a) In addition to the requirements of Section 10631, an urban water management plan shall include any of the following information that the urban water supplier can readily obtain:

(1) An estimate of the amount of energy used to extract or divert water supplies.
(2) An estimate of the amount of energy used to convey water supplies to the water treatment plants or distribution systems.

(3) An estimate of the amount of energy used to treat water supplies.
(4) An estimate of the amount of energy used to distribute water supplies though its distribution systems.

(5) An estimate of the amount of energy used for treated water supplies in comparison to the amount used for nontreated water supplies.
(6) An estimate of the amount of energy used to place water into or withdraw from storage.

(7) Any other energy-related information the urban water supplier deems appropriate.

10631.2 (b) The Department shall include in its guidance for the preparation of urban water management plans a methodology for the voluntary calculation or estimation of the energy intensity of urban water systems.

Optional Submittal Table O-1B: Recommended Energy Reporting - SINGLE DELIVERY PRODUCT - TOTAL UTILITY APPROACH

Water Delivery Product drop down list (If delivering more than one type of product recommend using Table O-1C)		**Only for Water Delivery Products Under the Urban Water Supplier's Operational Control**		
Start Date of Reporting Period		**Sum of All Water Management Processes**	**Non-Consequential Hydropower**	
End Date of Reporting Period				
Is upstream embedded energy in the values reported?				
Units of Measure for Water	(AF)	**Total Utility** See DWR NOTES	**Hydropower**	**Net Utility**
Volume of Water Entering Process				-
Energy Consumed (kWh)				-
Energy Intensity (kWh/vol. converted to MG)		-	-	-

DWR NOTES:

Total Utility: The volume of water entered in the "Total Utility" column should equal the volume of water entering the distribution system (excluding recycled water); in most cases, this is the total volume calculated in UWMP Table 4-1: 2025 Actual Total Uses for Potable and Non-Potable Water. Note if recycled water is included in your Submittal Table 4-1, you must exclude it from your volume in this table.

Quantity of Self-Generated Renewable Energy

Data Quality (Estimate, Metered Data, Combination of Estimates and Metered Data)

Data Quality Narrative:

Narrative:

NOTES:

10631.2. (a) In addition to the requirements of Section 10631, an urban water management plan shall include any of the following information that the urban water supplier can readily obtain:
(1) An estimate of the amount of energy used to extract or divert water supplies.
(2) An estimate of the amount of energy used to convey water supplies to the water treatment plants or distribution systems.
(3) An estimate of the amount of energy used to treat water supplies.
(4) An estimate of the amount of energy used to distribute water supplies though its distribution systems.

(5) An estimate of the amount of energy used for treated water supplies in comparison to the amount used for nontreated water supplies.
(6) An estimate of the amount of energy used to place water into or withdraw from storage.

(7) Any other energy-related information the urban water supplier deems appropriate.

10631.2 (b) The Department shall include in its guidance for the preparation of urban water management plans a methodology for the voluntary calculation or estimation of the energy intensity of urban water systems.

Optional Submittal Table O-1C: Recommended Energy Reporting - MULTIPLE WATER DELIVERY PRODUCTS - WATER PROCESS APPROACH

Start Date of Reporting Period		Only for Water Delivery Products Under the Urban Water Supplier's Operational Control							
End Date of Reporting Period									
Is upstream embedded energy in the values reported?		Water Management Processes						Non-Consequential Hydropower (if applicable)	
Units of Measure for Water	(AF)								
		Extract and Divert	Place into Storage	Conveyance	Treatment	Distribution	Total Utility See DWR NOTES	Hydropower	Net Utility
Total Volume of Water Entering Each Process for All Product Types									N/A
Retail Potable Deliveries (%)							Enter in Column C of table below		
Retail Non-Potable Deliveries (%)									
Wholesale Potable Deliveries(%)									
Wholesale Non-Potable Deliveries (%)									
Agricultural Deliveries (%)									
Environmental Deliveries (%)									
Other (%)									
Total Percentage [must equal 100%]		0%	0%	0%	0%	0%	N/A	0%	N/A
Total Energy Consumed by Each Process for All Product Types (kWh)							0		0
Energy Intensity (kWh/vol. converted to MG)		0.0	0.0	0.0	0.0	0.0	N/A	0.0	N/A

DWR NOTES: The volume of water entered in the "Total Utility" column should equal the volume of water entering the distribution system (excluding recycled water); in most cases, this is the total volume calculated in UWMP Table 4-1: 2025 Actual Total Uses for Potable and Non-Potable Water. Note if recycled water is included in your Submittal Table 4-1, you must exclude it from your volume in this table.

Product Type	Delivery Volume by Product (volume units defined above)	Total Energy Intensity (kWh/volume)	Net Energy Intensity (kWh/volume)
Retail Potable		-	-
Retail Non-Potable		-	-
Wholesale Potable		-	-
Wholesale Non-Potable		-	-
Agricultural		-	-
Environmental		-	-
Other		-	-
Total of All Products	**0**	**0.0**	**-**

DWR NOTES: The volume of water entered in the "Total Utility" column should equal the volume of water entering the distribution system (excluding recycled water); in most cases, this is the total volume calculated in UWMP Table 4-1: 2025 Actual Total Uses for Potable and Non-Potable Water. Note if recycled water is included in your Submittal Table 4-1, you must exclude it from the volume reported in Table O1-C..

Quantity of Self-Generated Renewable Energy
kWh

Data Quality (drop down)

Data Quality Narrative:

Narrative:

NOTES:

Optional Submittal Table O-2: Recommended Energy Reporting - WASTEWATER AND RECYCLED WATER					
Start Date of Reporting Period		Only for Water Delivery Products Under the Urban Water Supplier's Operational Control			
End Date of Reporting Period					
Is upstream embedded energy in the values reported?		Water Management Process			
Units of Measure for Water	(AF)	Collection / Conveyance	Treatment	Discharge / Distribution	Total
Volume of Wastewater Entering Process (volume units selected above)					0
Wastewater Energy Consumed (kWh)					0
Wastewater Energy Intensity (kWh/volume)		0.0	0.0	0.0	0.0
Volume of Recycled Water Entering Process (volume units selected above)					0
Recycled Water Energy Consumed (kWh)					0
Recycled Water Energy Intensity (kWh/volume converted to MG)		0.0	0.0	0.0	0.0

Quantity of Self-Generated Renewable Energy related to recycled water and wastewater operations

kWh

Data Quality (drop down)

Data Quality Narrative:

Narrative:

NOTES:

OPTIONAL Submittal Table 7-1 Retail: Basis of Water Year Data (Reliability Assessment)

Year Type	Base Year If not using a calendar year, type in the last year of the fiscal, water year, or range of years, for example, water year 2024-2025, use 2025	Available Supplies if Year Type Repeats ☐ Check the box if quantification of available supplies is not compatible with this table and is provided elsewhere in the UWMP. **Location:** [insert location from UWMP] Quantification of available supplies is provided in this table as either volume only, percent only, or both.	
		Volume Available (AF)	% of Average Supply
Average Year	1922-2025	8,909	100%
Single-Dry Year	1977	9,030	101%
Consecutive Dry Years 1st Year	1988	8,831	99%
Consecutive Dry Years 2nd Year	1989	9,090	102%
Consecutive Dry Years 3rd Year	1990	9,608	108%
Consecutive Dry Years 4th Year	1991	11,182	126%
Consecutive Dry Years 5th Year	1992	11,441	128%

DWR NOTES: Supplier may use multiple versions of Submittal Table 7-1 R if different water sources have different base years and the supplier chooses to report the base years for each water source separately. If a Supplier uses multiple versions of Submittal Table 7-1 R, in the "Note" section of each submittal table, state that multiple versions of Submittal Table 7-1 R are being used and identify the particular water source that is being reported in each submittal table. **Units of measure (AF, CCF, MG)** must remain consistent throughout the UWMP as reported in Submittal Table 2-3. This table reports the units of measure reported in Submittal Table 2-3.

NOTES: Volumes available are based on supplies anticipated to be available in 2030. Supply availability will vary with the demand year.

Submittal Table 7-2 Retail: Normal Year Supply and Use Comparison Water Code Section 10635 (a)					
	2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (Opt) (AF)
Supply totals (autofill from Submittal Table 6-9 R)	8,909	9,657	10,299	10,690	11,261
Use totals (autofill from Submittal Table 4-2 R)	8,471	9,080	9,686	10,231	10,774
Surplus/(shortfall)	438	577	613	459	487
OPTIONAL Planned WSCP Actions					
WSCP - supply augmentation benefit	0	0	0	0	0
WSCP - use reduction savings benefit	0	0	0	0	0
Revised Surplus/(shortfall)	438	577	613	459	487
DWR NOTES : Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3.					
NOTES:					

10635. (a) Every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This water supply and demand assessment **shall compare the total water supply sources available to the water supplier with the long-term total projected water use over the next 20 years, in**

Submittal Table 7-3 Retail: Single Dry Year Supply and Use Comparison Water Code Section 10635(a)					
	2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (Opt) (AF)
Supply totals	9,030	8,679	9,277	10,120	10,599
Use totals	8,471	9,080	9,686	10,231	10,774
Surplus/(shortfall)	559	(401)	(409)	(111)	(175)
OPTIONAL Planned WSCP Actions					
WSCP - supply augmentation benefit	0	0	0	0	0
WSCP - use reduction savings benefit	0	650	650	300	400
Revised Surplus/(shortfall)	559	249	241	189	225
DWR NOTES : Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3.					
NOTES					

10635. (a) Every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This water supply and demand assessment **shall compare the total water supply sources available to the water supplier with the long-term total projected water use over the next 20 years, in five-year increments,** for a normal water year, a **single dry water year**, and a drought lasting five consecutive water years.

Submittal Table 7-4 Retail: Multiple Dry Years Supply and Use Comparison Water Code Section 10635(a)						
		2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (Opt) (AF)
First year	Supply totals	8,831	9,163	9,917	10,338	10,887
	Use totals	8,471	9,080	9,686	10,231	10,774
	Surplus/(shortfall)	360	83	231	107	113
	OPTIONAL Planned WSCP Actions					
	WSCP - supply augmentation benefit	0	0	0	0	0
	WSCP - use reduction savings benefit	0	0	0	0	0
	Revised Surplus/(shortfall)	360	83	231	107	113
Second year	Supply totals	9,090	10,318	11,025	11,576	12,194
	Use totals	8,471	9,080	9,686	10,231	10,774
	Surplus/(shortfall)	619	1,238	1,338	1,345	1,420
	OPTIONAL WSCP Actions					
	WSCP - supply augmentation benefit	0	0	0	0	0
	WSCP - use reduction savings benefit	0	0	0	3	0
	Revised Surplus/(shortfall)	619	1,238	1,338	1,348	1,420
Third year	Supply totals	9,608	10,717	11,408	9,991	10,522
	Use totals	8,471	9,080	9,686	10,231	10,774
	Surplus/(shortfall)	1,137	1,637	1,722	(239)	(252)
	OPTIONAL Planned WSCP Actions					
	WSCP - supply augmentation benefit	0	0	0	0	0
	WSCP - use reduction savings benefit	0	0	0	500	500
	Revised Surplus/(shortfall)	1,137	1,637	1,722	261	248
Fourth year	Supply totals	11,182	9,350	9,957	10,415	10,969
	Use totals	8,471	9,080	9,686	10,231	10,774
	Surplus/(shortfall)	2,710	270	271	185	195
	OPTIONAL Planned WSCP Actions					
	WSCP - supply augmentation benefit	0	0	0	0	0
	WSCP - use reduction savings benefit	0	0	0	0	0
	Revised Surplus/(shortfall)	2,710	270	271	185	195
Fifth year	Supply totals	11,441	11,444	12,695	11,719	12,341
	Use totals	8,471	9,080	9,686	10,231	10,774
	Surplus/(shortfall)	2,970	2,364	3,009	1,488	1,567
	OPTIONAL Planned WSCP Actions					
	WSCP - supply augmentation benefit	0	0	0	0	0
	WSCP - use reduction savings benefit	0	0	0	0	0
	Revised Surplus/(shortfall)	2,970	2,364	3,009	1,488	1,567
DWR NOTES: Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3.						
NOTES:						

10635. (a) Every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This water supply and demand assessment **shall compare the total water supply sources available to the water supplier with the long-term total projected water use over the next 20 years, in five-year increments,** for a normal water year, a single dry water year, and a d**rought lasting five consecutive water years.**

For ease of use recommend including the main table (optional sections removed) and the main table with optional table rows (WSCP - supply augmentation benefit etc.) as two options.

DWR finds that the inclusion of the optional portion is to facilitate planning for each year of the drought. Moving the optional portion on WSCP actions would not provide the comparison between the shortage and response actions.

Submittal Table 7-5 Retail: Five-Year Drought Risk Assessment Water Code Section 10635(b)(3)		
2026		**Total**
Total Water Use	(AF)	8,016
Total Supplies	(AF)	8,831
Surplus/Shortfall w/o WSCP Action		815
OPTIONAL Planned WSCP Actions (use reduction and supply augmentation)		
WSCP - supply augmentation benefit	(AF)	0
WSCP - use reduction savings benefit	(AF)	0
Revised Surplus/(shortfall)		815
2027		**Total**
Total Water Use	(AF)	8,130
Total Supplies	(AF)	9,090
Surplus/Shortfall w/o WSCP Action		960
OPTIONAL Planned WSCP Actions (use reduction and supply augmentation)		
WSCP - supply augmentation benefit	(AF)	0
WSCP - use reduction savings benefit	(AF)	0
Revised Surplus/(shortfall)		960
2028		**Total**
Total Water Use	(AF)	8,243
Total Supplies	(AF)	9,608
Surplus/Shortfall w/o WSCP Action		1,365
OPTIONAL Planned WSCP Actions (use reduction and supply augmentation)		
WSCP - supply augmentation benefit	(AF)	0
WSCP - use reduction savings benefit	(AF)	0
Revised Surplus/(shortfall)		1,365
2029		**Total**
Total Water Use	(AF)	8,357
Total Supplies	(AF)	11,182
Surplus/Shortfall w/o WSCP Action		2,824
OPTIONAL Planned WSCP Actions (use reduction and supply augmentation)		
WSCP - supply augmentation benefit	(AF)	0
WSCP - use reduction savings benefit	(AF)	0
Revised Surplus/(shortfall)		2,824
2030		**Total**
Total Water Use	(AF)	8,471
Total Supplies	(AF)	11,441
Surplus/Shortfall w/o WSCP Action		2,970
OPTIONAL Planned WSCP Actions (use reduction and supply augmentation)		
WSCP - supply augmentation benefit	(AF)	0
WSCP - use reduction savings benefit	(AF)	0
Revised Surplus/(shortfall)		2,970
DWR NOTES: Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3.		
NOTES:		

10635 (b) Every urban water supplier shall include, as part of its urban water management plan, a **drought risk assessment** for its water service... The drought risk assessment shall include each of the following:

(1) A description of the data, methodology, and basis for one or more supply shortage conditions that are necessary to conduct a drought risk assessment for a drought period that lasts five consecutive water years, starting from the year following when the assessment is conducted.
(2) A determination of the reliability of each source of supply under a variety of water shortage conditions. This may include a determination that a particular source of water supply is fully reliable under most, if not all, conditions.
(3) A comparison of the total water supply sources available to the water supplier with the total projected water use for the drought period.
(4) Considerations of the historical drought hydrology, ...

Submittal Table 8-1: Cross-reference for Standard vs Supplier Shortage Levels Water Code Section 10632(a)(3)(B)			
☑	Check the box if the Supplier uses the Standard six levels of water shortage. Proceed to the next table.		
Standard Shortage Levels	**Percent Shortage Range**	**Suppliers Shortage Levels**	**Percent Shortage Range**
1	Up to 10%	1	Up to 10%
2	Up to 20%	2	Up to 20%
3	Up to 30%	3	Up to 30%
4	Up to 40%	4	Up to 40%
5	Up to 50%	5	Up to 50%
6	>50%	6	>50%
NOTES:			

10632 (a) Every urban water supplier shall prepare and adopt a water shortage contingency plan as part of its urban water management plan that consists of each of the following elements:

(3)(A)Six standard water shortage levels corresponding to progressive ranges of up to 10, 20, 30, 40, and 50 percent shortages and greater than 50 percent shortage. **Urban water suppliers shall define these shortage levels based on the suppliers' water supply conditions, including percentage reductions in water supply, changes in groundwater levels, changes in surface elevation or level of subsidence, or other changes in hydrological or other local conditions indicative of the water supply available for use.** Shortage levels shall also apply to catastrophic interruption of water supplies, including, but not limited to, a regional power outage, an earthquake, and other potential emergency events.

(B) An urban water supplier with an existing water shortage contingency plan that uses different water shortage levels may comply with th erequirement in subparagaph (A) by developing and including a corss-reference relating its existing categores to the six standard water shortage levels.

Submittal Table 8-2 Retail: Supply Augmentation and Other Actions Water Code Section 10632(a)(4)(A),(C) and (E)				
Yes	Is the Supplier completing this table using the standard six levels? (yes/no)			
Shortage Level	Supply Augmentation Methods and Other Actions by Water Supplier **Drop down list** These are the only categories that will be accepted by the WUEdata online submittal tool	How much is this going to reduce the shortage gap?		Additional Explanation or Reference (OPTIONAL)
		Volume or Percentage Drop down	Shortage Gap Reduction Value (May be a range) (AF)	
Add additional rows as needed				
1		Percentage	0	No Action is taken.
2		Percentage	0	No Action is taken.
3		Percentage	0	No Action is taken.
4		Percentage	0	No Action is taken.
5		Percentage	0	No Action is taken.
6		Percentage	0	No Action is taken.
DWR NOTES: Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3.				
NOTES:				

10632(a)(4) Shortage response actions that align with the defined shortage levels and include, at a minimum, all of the following:

(A) Locally appropriate supply augmentation actions.

(C) Locally appropriate operational changes.

(E) For each action, an estimate of the extent to which the gap between supplies and demand will be reduced by implementation of the action.

Submittal Table 8-3 Retail: Demand Reduction Actions
Water Code Section 10632(a)(4)(B) and (E)

Yes	Is the Supplier completing this table using the standard six levels? (yes/no)				
Shortage Level	Demand Reduction Actions **Drop down list** These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.	How much is this going to reduce the shortage gap? Volume or Percentage Drop down	How much is this going to reduce the shortage gap? Shortage Gap Reduction Value (May be a range) (AF)	Additional Explanation or Reference (OPTIONAL)	Penalty, Charge, or Other Enforcement? **For Retail Suppliers Only**
Add additional rows as needed					
0	Landscape - Limit landscape irrigation to specific times	Percentage	0	Limits on Watering Hours: Watering or irrigating of lawn, landscape or other vegetated area with potable water is prohibited between the hours of 9:00 a.m. and 7:00 p.m. Pacific Standard/Daylight Savings Time on any day, except by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system. Watering or irrigating within 48 hours after ¼ inch or more of precipitation is received is prohibited.	Yes
0	Landscape - Limit landscape irrigation to specific times	Percentage	0	Prohibits watering or irrigating of lawn, landscape, or other vegetated area using a system or device that is left unattended for more than fifteen (15) minutes per day per station. Exceptions include low-flow drip systems where no emitter produces flow more than two (2) gallons per hour, and weather based controllers or stream rotor sprinklers with 70% efficiency standard.	Yes
0	Landscape - Limit landscape irrigation to specific days	Percentage	0	During the months of March through October, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to three days per week on a schedule established and posted by the city. During the months of November through February, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to no more than one day per week on a schedule established and posted by the city. This provision does not apply to the following uses of water: a. To landscape irrigation zones that exclusively use very low flow drip type irrigation systems when no emitter produces more than two (2) gallons of water per hour; b. To watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system; c. To landscape irrigation zones that are controlled by an activated weather-based irrigation controller; d. To watering or irrigating a newly installed or significantly rehabilitated landscape for the first sixty days after the first plant is placed in the ground. For the purposes of this section, a significantly rehabilitated landscape is a landscape in which 25% or more of a property's landscape is replaced.	Yes
0	Landscape - Other landscape restriction or prohibition	Percentage	0	Potable water shall not be applied to Non-Functional Turf at commercial, industrial or institutional sites (CII Properties), including Homeowner's Association-owned property and common areas of mobile home parks, and apartment, condominium, and townhome complexes. The use of potable water on turf is not prohibited to the extent necessary to ensure the health of trees and other perennial non-turf plantings or to the extent necessary to address immediate health and safety, sanitation, or fire protection needs as determined by the fire marshal. Unless otherwise permitted by the fire marshal, all watering permitted must be completed in a manner that prevents runoff.	Yes
0	Other - Prohibit use of potable water for washing hard surfaces	Percentage	0	No washing down hard or paved sufaces except with the use of hand-held water container, hand-held hose with a positive self-closing water shut-off device, low-volume high-pressure cleaning machine equipped to recycle any water used, or low-volume high-pressure water broom.	Yes
0	Landscape - Restrict or prohibit runoff from landscape irrigation	Percentage	0	Prohibits watering or irrigating of lawn, landscape, or other vegetated area that causes or allows excessive flow or runoff onto sidewalk, driveway, street, etc.	Yes
0	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	Percentage	0	Obligation to Fix Leaks, Breaks or Malfunctions: Excessive use, loss or escape of water through breaks, leaks or other malfunctions in the water user's plumbing or distribution system for any period of time after such escape of water should have reasonably been discovered and corrected and in no event more than ten (10) days of receiving written notice from the city, is prohibited.	Yes
0	Water Features - Restrict water use for decorative water features, such as fountains	Percentage	0	Recirculating Water Required for Water Fountains and Decorative Water Features: Operating a water fountain or other decorative water feature that does not use recirculated water is prohibited.	Yes
0	Other	Percentage	0	Prohibits the use of potable water to wash vehicles, except by use of a hand-held bucket or a hand-held hose equipped with a positive self-closing shut-off nozzle. Does not apply to commercial car washing facilities using recycled or recirculating water systems.	Yes
0	CII - Restaurants may only serve water upon request	Percentage	0		Yes
0	CII - Lodging establishment must offer opt out of linen service	Percentage	0	Requires hotels, motels, and other commercial lodging established to provide customers the option of not having towels and linen laundered daily. Commercial lodging establishments must prominently display notice of this option in each bathroom using clear and easily understood language.	Yes
0	CII - Commercial kitchens required to use pre-rinse spray valves	Percentage	0	Prohibits the use of non-water conserving dishwasher spray valves in food preparation establishments, such as restaurants or cafes.	Yes
0	Other	Percentage	0	No Installation of Single Pass Cooling Systems: Installation of single pass cooling systems is prohibited in buildings requesting new water service.	Yes
0	Other	Percentage	0	No Installation of Nonrecirculating in Commercial Car Wash and Laundry Systems: Installation of nonrecirculating water systems is prohibited in new commercial conveyor car wash and new commercial laundry systems.	Yes
0	Other	Percentage	0	Restaurants Required to Use Water Conserving Dish Wash Spray Valves: Food preparation establishments, such as restaurants or cafes, are prohibited from using non- water conserving dish wash spray valves.	Yes
0	Other	Percentage	0	Commercial Car Wash Systems: All commercial conveyor car wash systems must have installed operational recirculating water systems or must have a waiver of this requirement from the city.	Yes
0	Other - Prohibit use of potable water for construction and dust control	Percentage	0	Construction Activities: Use of potable water for construction site dust control, compaction, and other site activities suitable for nonpotable water is prohibited if recycled water is available within five miles of the construction site.	Yes
0	Other	Percentage	0	Plumbing System Testing: Use of potable water for plumbing system testing is prohibited unless required by law or alternative testing procedures are determined to be unsuitable by City inspection staff.	Yes
0	Pools and Spas - Require covers for pools and spas	Percentage	0	Constructing a pool without the inclusion of a pool cover is prohibited. All contracts for the construction of a new pool entered into after September 2, 2015 shall include the provision of a pool cover.	Yes
0	Other	Percentage	0	New private water wells are prohibited.	Yes
1	Expand Public Information Campaign	Percentage	1%-10%	Communication campaign asking community to conserve water use.	Yes
2	Expand Public Information Campaign	Percentage	11%-20%	Targeted communications relating to leaks and high water users.	Yes
3	Landscape - Limit landscape irrigation to specific days	Percentage	21%-30%	Active enforcement of limiting watering or irrigating of lawn, landscape or other vegetated area to 3 times per week during March to October.	Yes
3	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	Percentage	21%-30%	Prohibits using water to wash a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not except at a commercial car washing facility that utilizes a recirculating water system to capture or reuse water.	Yes
4	Landscape - Limit landscape irrigation to specific days	Percentage	31%-40%	Active enforcement of limiting watering or irrigating of lawn, landscape or other vegetated area to 2 times per week during March to October.	Yes
5	Landscape - Limit landscape irrigation to specific days	Percentage	41%-50%	No irrigation for turf, except turf utilized for active recreation at a school, park, or public facility may remain at 2 days per week during March to October and 1 day per week during November to February.	Yes
5	Landscape - Limit landscape irrigation to specific days	Percentage	41%-50%	Active enforcement of limiting watering or irrigating of trees and shrubs to 2 days per week during March to October and 1 day per week during November to February. Limiting Trees/Shrubs at 1 day per week.	Yes
5	Moratorium or Net Zero Demand Increase on New Connections	Percentage	41%-50%	Limits on New Potable Water Service: Upon declaration of a Level 5 Water Shortage Crisis condition, the City may limit the issuance of new potable water services, temporary meters and/or statements of immediate ability to serve or provide potable water service (such as, will-serve letters, certificates, or letters of availability), except under the following circumstances: - A valid, unexpired building permit has been issued for the project; - The project is necessary to protect the public health, safety, and welfare; - The applicant provides substantial evidence of an enforceable commitment that water demands for the project will be offset prior to the provision of a new water meter(s) to the satisfaction of the City. - This provision does not preclude the resetting or turn-on of meters to provide continuation of water service or the restoration of service that has been interrupted for a period of one year or less.	Yes
6	Landscape - Limit landscape irrigation to specific days	Percentage	50%	No irrigation allowed.	Yes

DWR NOTES: Units of measure (AF, CCF, MG) must remain consistent throughout the UWMP as reported in Submittal Table 2-3.

NOTES:

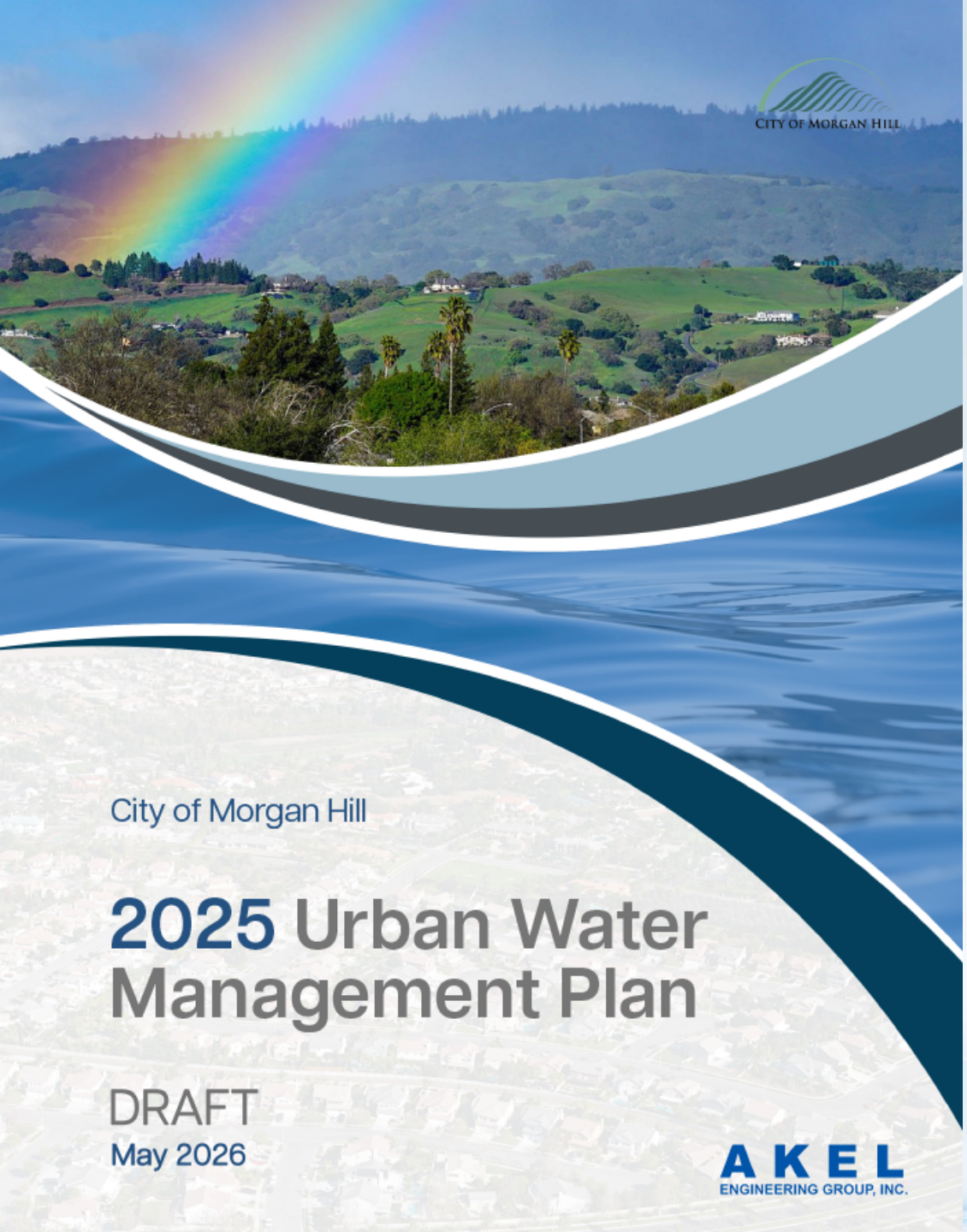
10632(a)(4) Shortage response actions that align with the defined shortage levels and include, at a minimum, all of the following:
(B) Locally appropriate demand reduction actions to adequately respond to shortages.
(E) For each action, an estimate of the extent to which the gap between supplies and demand will be reduced by implementation of the action.

Submittal Table 10-1 Retail: Notification to Cities and Counties Water Code Section 10621(b) and 10642		
City Name	60 Day Notice **Drop Down (yes/no)**	Notice of Public Hearing **Drop Down (yes/no)**
Add additional rows as needed		
City of Gilroy	Yes	Yes
Valley Water	Yes	Yes
County Name **Drop Down List**	60 Day Notice **Drop Down (yes/no)**	Notice of Public Hearing **Drop Down (yes/no)**
Add additional rows as needed		
Santa Clara County	Yes	Yes
NOTES:		

CWC 10621 (b)Notify at least 60 days prior to the public hearing any city or county within which the supplier provides water that the urban water supplier will be reviewing the plan and considering amendments or changes to the plan.
CWC 10642 The water supplier is to provide the time and place of the hearing to any city or county within which the supplier provides water.

APPENDIX C

Urban Water Management Plan
Public Notices and Adoption



CITY OF MORGAN HILL

City of Morgan Hill Council Meeting

Public Hearing

for

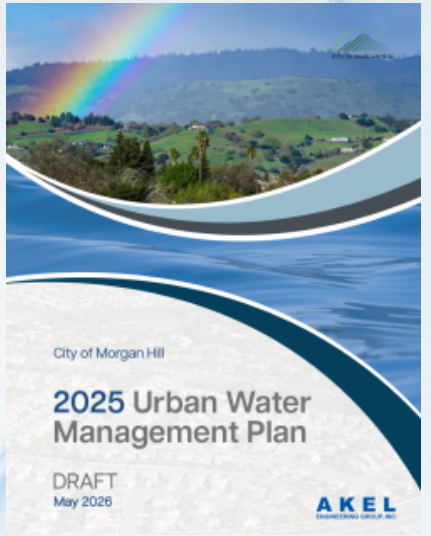
2025 Urban Water Management Plan (UWMP)

Each urban water supplier shall update its plan at least once every five years and submit the plan to the State

June 3, 2026

Presentation Overview

- Purpose of 2025 UWMP
- Compliance with Water Conservation Act SB X7-7
- Water Shortage Contingency Plan
- Water Supply Reliability / Baseline of Development of Water System Master Plan (WSMP) Update
- Serving Future Growth through Year 2050



Why Prepare an Urban Water Management Plan?

Why Prepare UWMP?

Comply with California Water Code (Section 10610 – 10656). Required by urban water retailers: serving more than 3,000 connections or 3,000 acre-feet/year
(1 acre-feet is approximately 325851 gallons)

How Often?

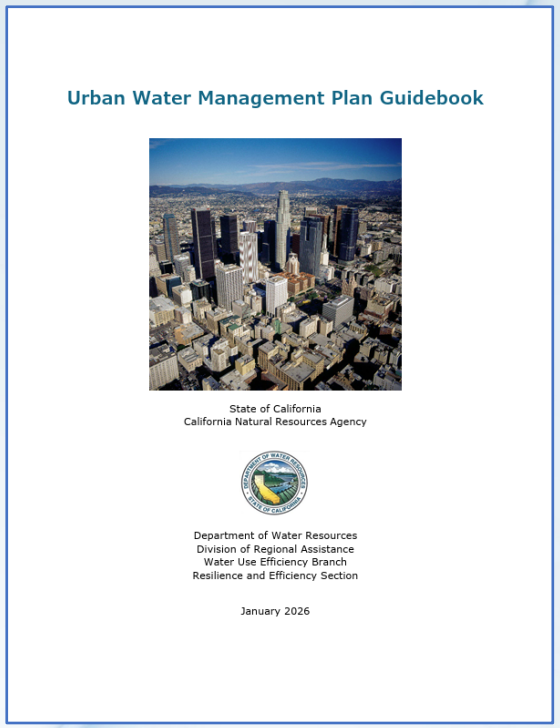
Update every 5 years
(2025 UWMP is due July 1, 2026)

The Purpose of the 2025 UWMP

- Enhance the **reliability** of our supply.
- Ensure that future growth is supported by **adequate water supply availability.**
- Promote policies and programs that **encourage water conservation.**
- Provide a framework for **responding to water supply shortages** and drought conditions.

The 2025 UWMP Report includes 10 chapters

Chapter	Title
Chapter 1	Introduction and Overview
Chapter 2	Plan Preparation
Chapter 3	Service Area Description
Chapter 4	Existing and Projected Water Demands
Chapter 5	Water Conservation Requirements
Chapter 6	Normal-Year Water Supply
Chapter 7	Water Service Reliability Assessment
Chapter 8	Water Shortage Contingency Plan
Chapter 9	Demand Management Measures
Chapter 10	Plan Adoption


Urban Water Management Plan Guidebook

State of California
California Natural Resources Agency

Department of Water Resources
Division of Regional Assistance
Water Use Efficiency Branch
Resilience and Efficiency Section

January 2026

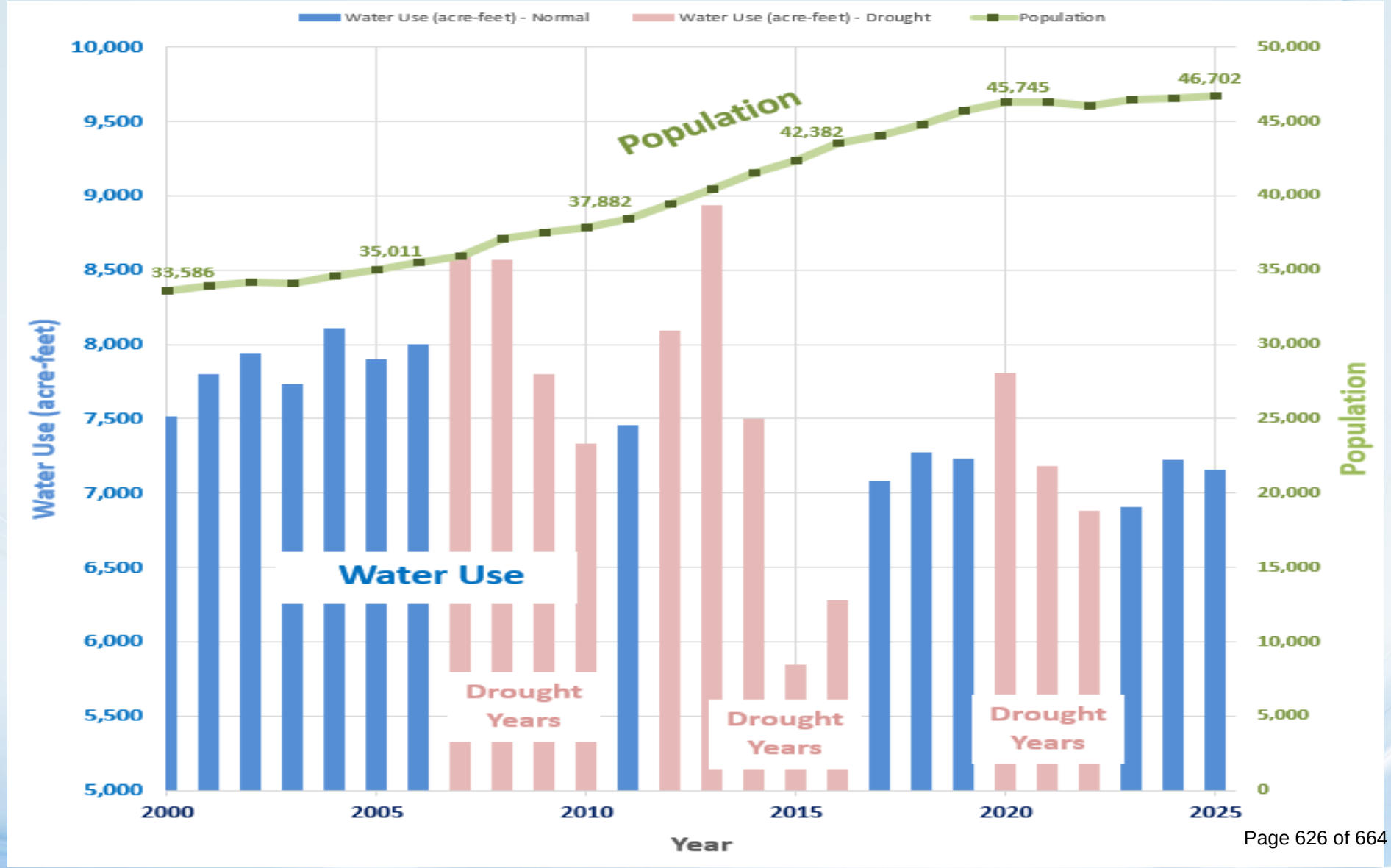
The report outline follows the Department of Water Resources (DWR) Guidebook

Our Water Use Over the Years

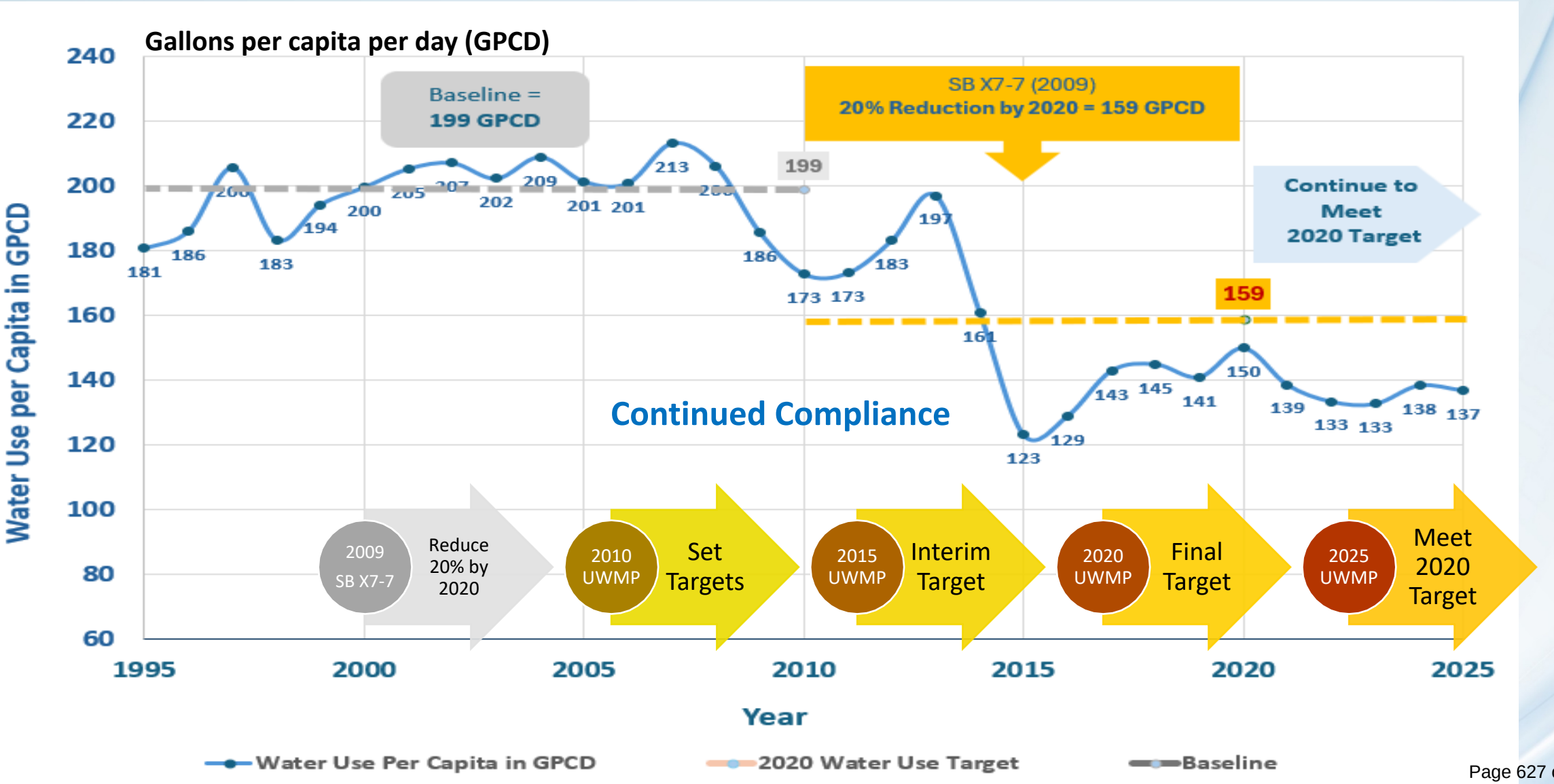
Population
vs.
Water Use

2000-2025

While population increases, our water use is managed.



The Water Conservation Act (SB X7-7) was introduced in 2009: 20 x 2020



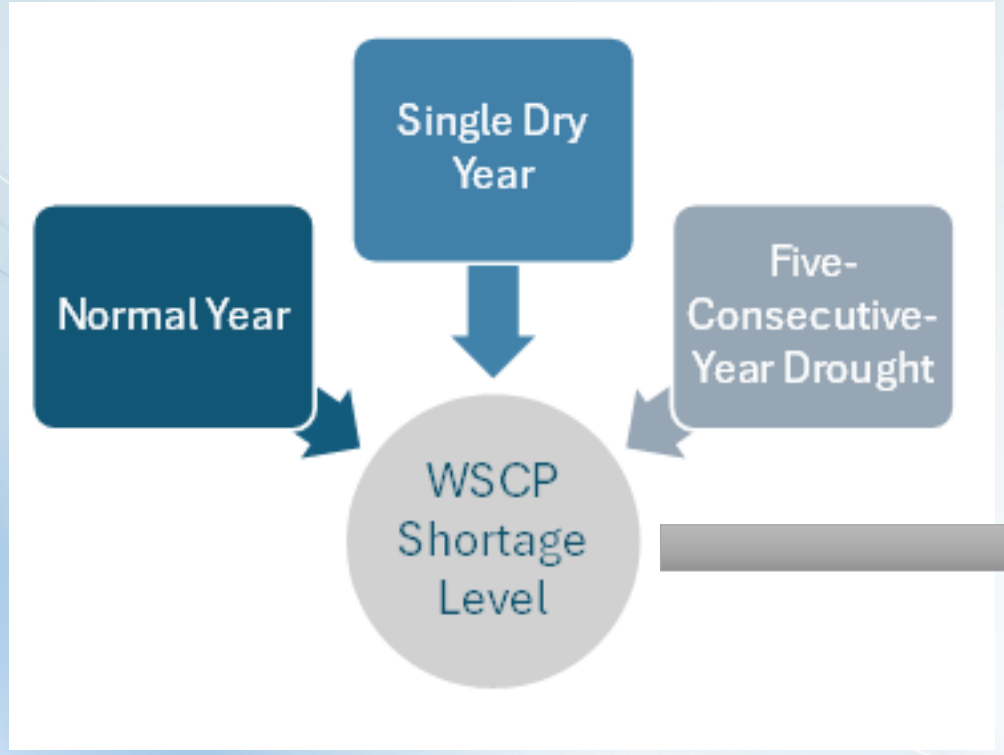
The Water Shortage Contingency Plan Provides a Framework for Dealing with Droughts

When water supplies are impacted (reduced), the WSCP provides a framework for managing (reducing) water demands during emergencies or droughts.

Shortage Level	DWR Shortage Level Condition	Valley Water Shortage Level Condition	Morgan Hill Shortage Level Condition	Percent Shortage Range
0	Normal	Normal	Normal	None
Level 1	Alert	Alert	Alert	Up to 10%
Level 2	Significant	Severe	Severe	Up to 20%
Level 3	Severe	Critical	Critical 1	Up to 30%
Level 4	Critical	Critical	Critical 2	Up to 40%
Level 5	Crisis	Emergency	Emergency 1	Up to 50%
Level 6	Emergency	Emergency	Emergency 2	> 50%

Water Supply Reliability – Supply Vs. Demand

Do We need to Declare a Water Shortage?



Which Level is Needed?

Shortage Level	DWR Shortage Level Condition	Valley Water Shortage Level Condition	Morgan Hill Shortage Level Condition	Percent Shortage Range
0	Normal	Normal	Normal	None
Level 1	Alert	Alert	Alert	Up to 10%
Level 2	Significant	Severe	Severe	Up to 20%
Level 3	Severe	Critical	Critical 1	Up to 30%
Level 4	Critical	Critical	Critical 2	Up to 40%
Level 5	Crisis	Emergency	Emergency 1	Up to 50%
Level 6	Emergency	Emergency	Emergency 2	> 50%

We have a plan for dealing with droughts

Comparison of Supply vs. Demand through 2050
Normal Year

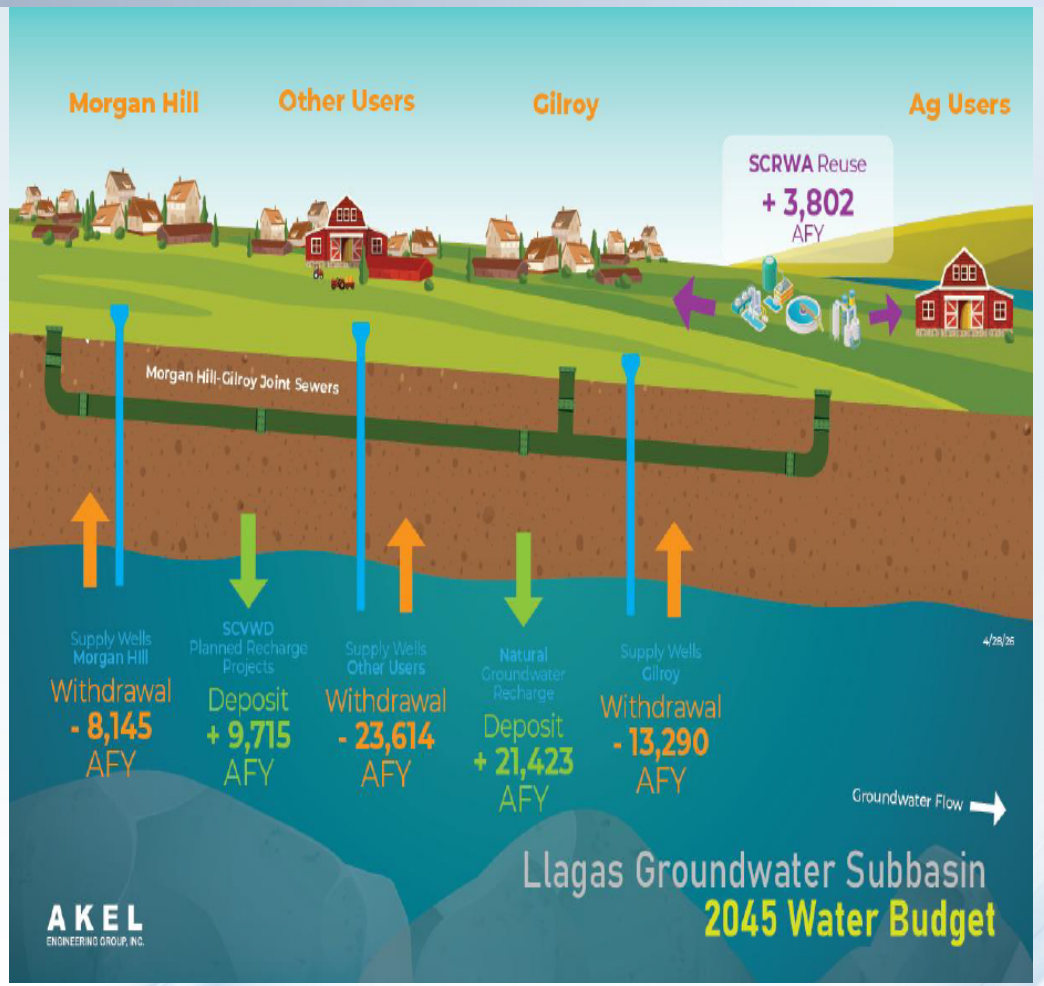
Table 7-2A Normal Year Supply and Demand Comparison (Llagas Subbasin) - Detail

PRELIMINARY

	2030 (AFY)	2035 (AFY)	2040 (AFY)	2045 (AFY)	2050 (AFY)
Projected Water Supply of the Llagas Subbasin[1]					
Natural Groundwater Recharge	22,533	22,533	21,423	21,423	21,423
Local Surface Water	9,972	11,175	11,238	11,139	11,138
Valley Water CVP Deliveries	13,407	8,986	9,304	9,715	9,696
Recycled Water Supply	1,507	1,864	2,218	2,570	2,570
Recycled Water [2,3] (WWTP Utility Water)	1,224	1,228	1,232	1,232	1,232
Total Supplies (Excluding WWTP Utility Water)	47,418	44,558	44,183	44,846	44,826
Total Supplies (Including WWTP Utility Water)	48,642	45,786	45,415	46,078	46,058
Projected Average Annual Water Demand					
City of Gilroy (domestic)[4,5]	9,177	9,664	10,177	10,717	11,286
City of Morgan Hill (domestic)[5,6]	6,744	7,229	7,711	8,145	8,577
Other Users[7]	27,635	26,301	24,952	23,617	22,615
Total Demands	43,556	43,194	42,840	42,478	42,478
Supply vs Demand Comparison					
Difference (Supply - Demand)	3,863	1,363	1,343	2,368	2,348
Percent of Total Supply	92%	97%	97%	95%	95%

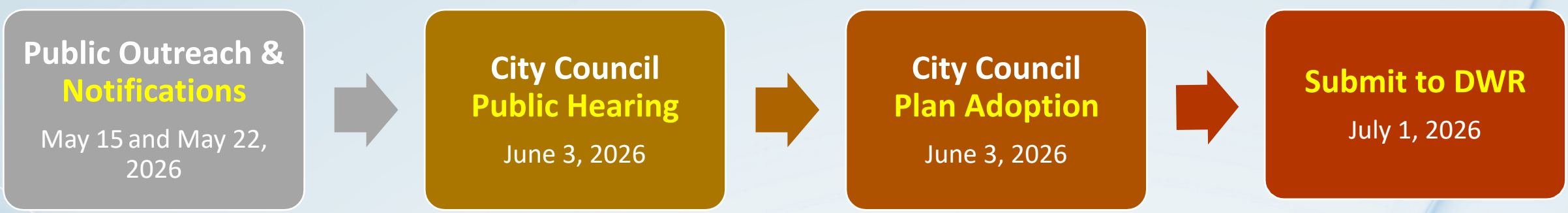
AKEL ENGINEERING GROUP, INC.

5/26/2026



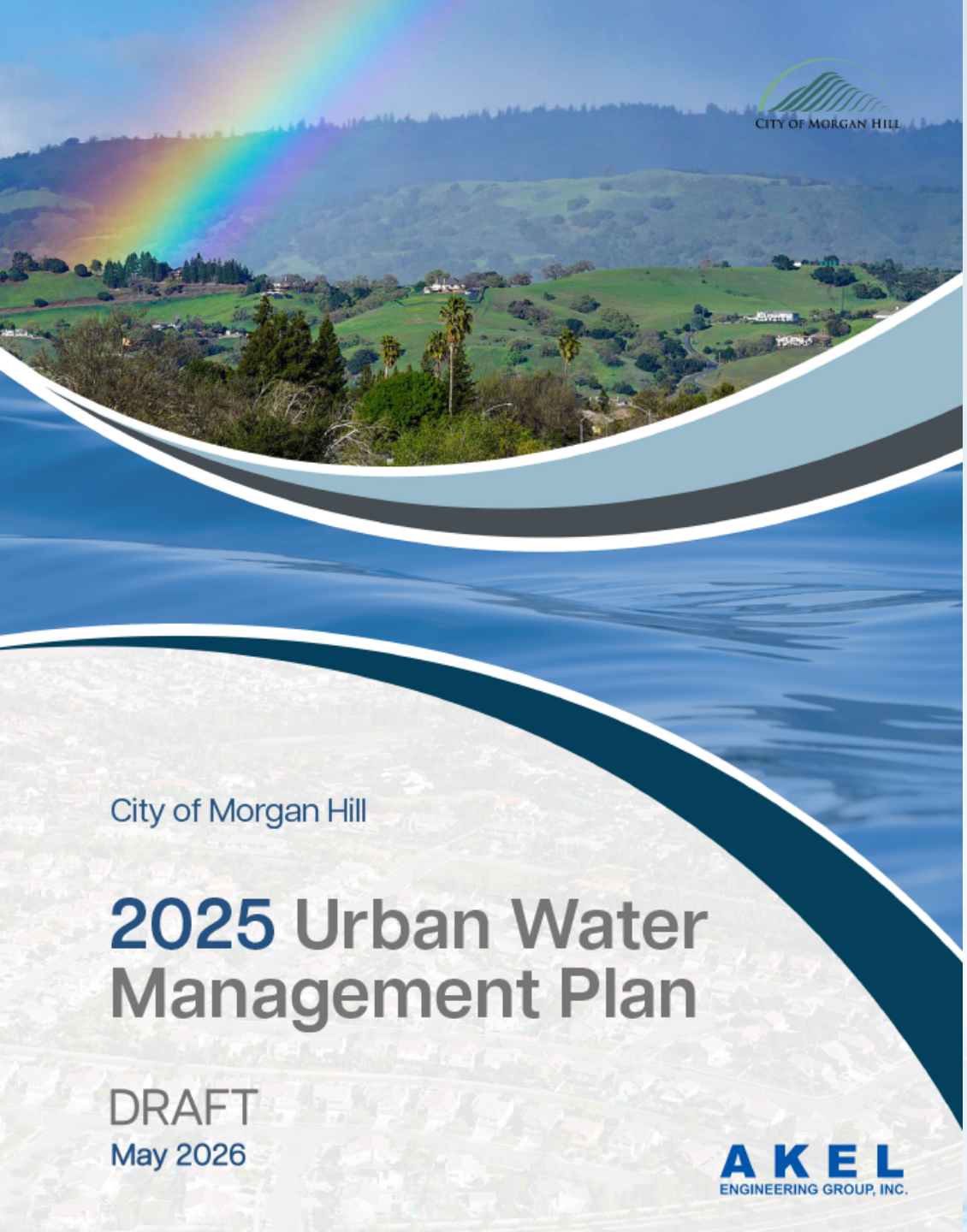
We have adequate supplies to meet future growth through year 2050.

Next Steps: Adoption and submittal to DWR



- After Adoption:
  - Submit adopted 2025 UWMP to DWR **prior to July 1, 2026**.
  - Submit adopted 2025 UWMP to State Library prior to July 1, 2026.
  - Make adopted 2025 UWMP available to stakeholders within 30 days of Adoption.
  - Publish adopted 2025 UWMP on City's website for public access.

We must submit the 2025 UWMP to DWR by July 1, 2026.



CITY OF MORGAN HILL

City of Morgan Hill Council Meeting

Public Hearing

for

2025 Urban Water Management Plan

June 3, 2026

RESOLUTION NO. 23-00_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING THE 2025 URBAN WATER MANAGEMENT PLAN AND AUTHORIZING ITS SUBMITTAL TO THE DEPARTMENT OF WATER RESOURCES

WHEREAS, the City of Morgan Hill has prepared a 2025 Urban Water Management Plan (2025 UWMP) to satisfy the requirements of the California Water Code sections 10610 et seq. and Urban Water Management Planning Act of 1983 (UWMPA); and

WHEREAS, included in the City's 2025 UWMP is long-term resource planning to ensure adequate water supplies are available to meet existing and future demands; and

WHEREAS, comparison of the City's future demands and available supplies indicates that the City will have sufficient water supply to meet its demands, even during single and multiple dry-year events and by applying water conservation measures; and

WHEREAS, staff recommends approving the 2025 UWMP and authorizing its submittal to the Department of Water Resources.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morgan Hill hereby approves the 2025 UWMP and authorizes its submittal to the Department of Water Resources.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the __th day of _____ 2023 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.23-00_ adopted by the City Council at the meeting held on _____, 2023.

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

DATE: _____

_____
MICHELLE BIGELOW, City Clerk

RESOLUTION NO. 23-00_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING THE 2025 WATER SHORTAGE CONTINGENCY PLAN AND AUTHORIZING ITS SUBMITTAL TO THE DEPARTMENT OF WATER RESOURCES

WHEREAS, the City of Morgan Hill has prepared the 2025 Water Shortage Contingency Plan (2025 WSCP) as part of its 2025 Urban Water Management Plan (2025 UWMP) to satisfy the requirements of the California Water Code sections 10610 et seq. and Urban Water Management Planning Act of 1983 (UWMPA); and

WHEREAS, staff recommends approving the 2025 WSCP, submitted as part of the 2025 Urban Water Management Plan, and authorizing its submittal to the Department of Water Resources.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morgan Hill hereby approves the 2025 WSCP and authorizes its submittal to the Department of Water Resources.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the __th day of _____ 2023 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.23-00_ adopted by the City Council at the meeting held on _____, 2023.

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

DATE: _____

_____
MICHELLE BIGELOW, City Clerk

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Chris Ghione, Public Services Director
APPROVED BY: City Manager

APPROVE LEADERSHIP MORGAN HILL CLASS OF 2026 PROJECT PROPOSAL

RECOMMENDATION(S)

1. Approve the proposed Leadership Morgan Hill Class of 2026 (Class) Project to create a historical trail in partnership with the Morgan Hill Historical Society; and
2. Direct City staff to coordinate with the Class on the final implementation of the Project.

COUNCIL PRIORITIES, GOALS & STRATEGIES

City Council Ongoing Priorities
Preserving our Community History

REPORT NARRATIVE:

The Leadership Morgan Hill Class of 2026 is proposing a community project to create a permanent historical trail in Morgan Hill. The Class is working in partnership with the Morgan Hill Historical Society on this project. The project will comprise several plaques to be placed at both public and private locations throughout the City. The plaques will include QR codes linking to a website that provides detailed information about the historical locations. More specifics on the plaques and locations are provided in the attachment.

Approval by the City is required for the placement of the signage on the public right-of-way and on City property. While most signage will be on private property, the class is seeking the City's approval for the project overall. City staff is seeking overall Council approval on the project. If approved, City Staff will work through the encroachment permit process for the installation of the plaques and on the final design and installation of an informational sign to be located in the Downtown.

COMMUNITY ENGAGEMENT:

Empower
The project was brought forward by community members enrolled in Leadership Morgan Hill (Class) and will be implemented by these community members.

ALTERNATIVE ACTIONS:
The City Council could choose not to approve the project and provide the Leadership Class of 2026 with alternate feedback.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
At the May 5 Meeting of the Library, Culture and Arts Commission, the Commission recommended approval of the project to the City Council.

The City has worked with Leadership Morgan Hill on various class projects over the last two decades. The City Council has most recently approved the utility box art project conducted in 2018, the installation of artistic bike racks in the Downtown in 2019, the construction of gateway monument signs in 2022, the renovation and artwork installation at Community Park in 2023, and the improvements at the Community and Cultural Center in 2024.

FISCAL AND RESOURCE IMPACT:
The project is not anticipated to create significant ongoing operational expenses. The Project will require limited support from the Public Services Department. Ongoing maintenance of the plaques should be extremely minimal, with the City performing graffiti abatement only as needed on the signage/plaques on City property. The Class is partnering with the Historical Society on the ongoing maintenance of the website and its ongoing functionality.

CEQA (California Environmental Quality Act):
Categorical Exemption
Minor alterations to existing City facilities fall within the CEQA categorical exemption of Class 1, Existing Facilities.

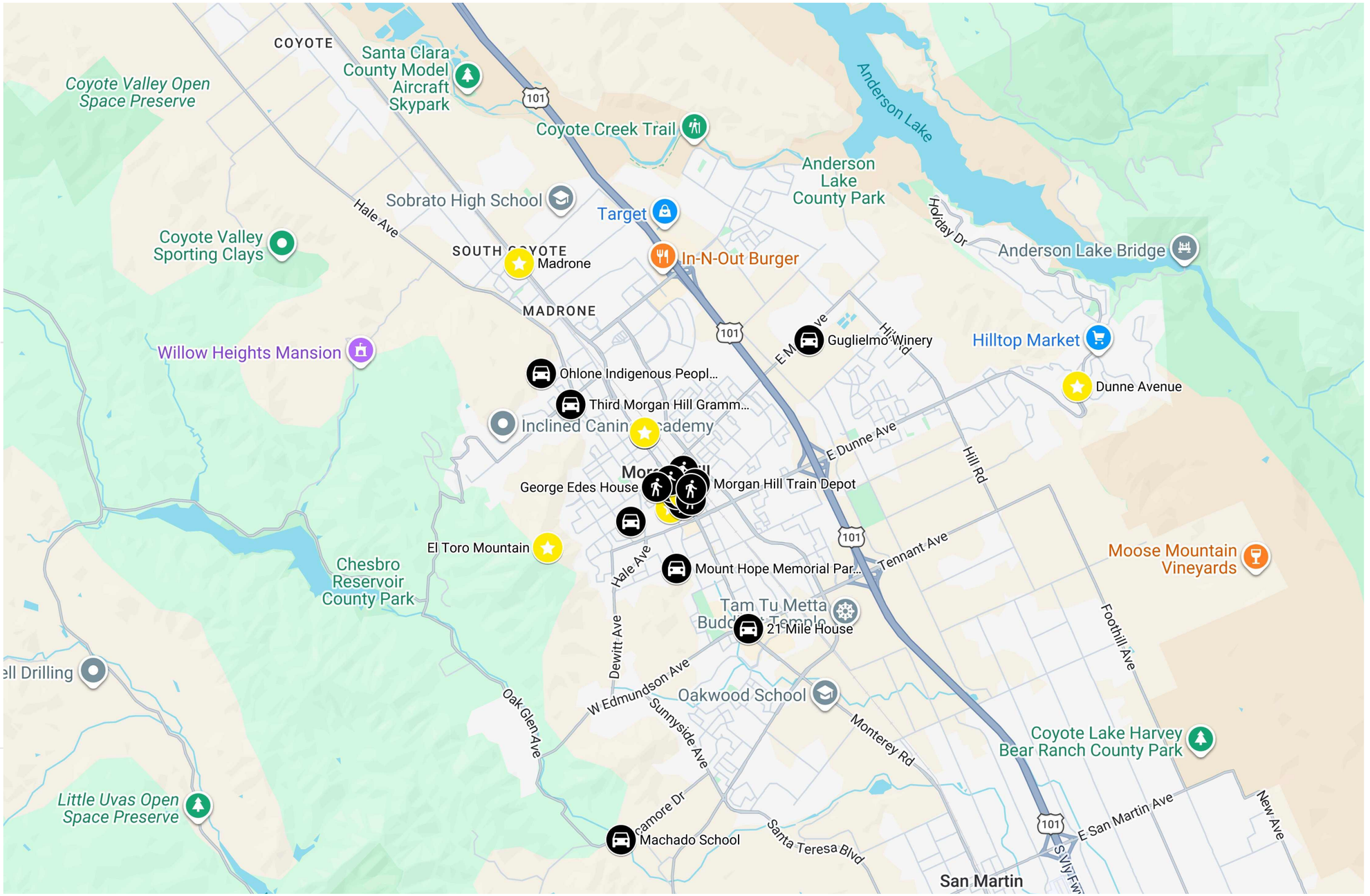
PROPOSED PLAQUE LOCATIONS

Walk Site

Drive Site

Drive POI

Walk POI



PROPOSED PLAQUE LOCATIONS

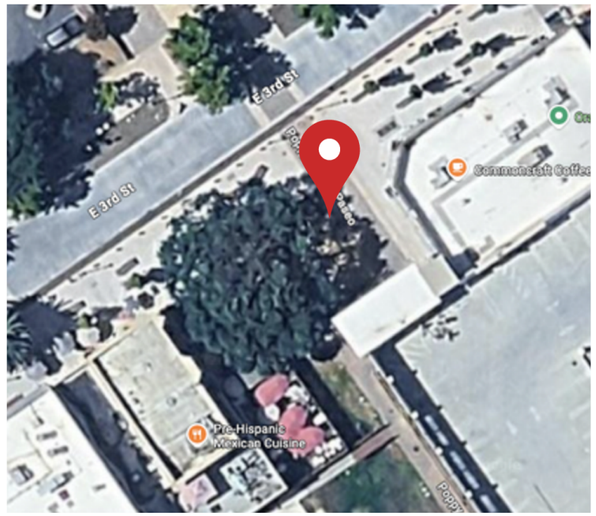
ID	SITE NAME	SITE ADDRESS	MODE	OWNERSHIP	EX. SIGN (Y/N)	TYPE	APN
01	Votaw Building	17400 Monterey Road	Walk	Private Party	Y	SITE	726-14-027
02	Granada Theatre	17440 Monterey Road	Walk	Private Party	N	SITE	726-14-028
03	The Granary	17500 Depot Street	Walk	Private Party	Y	SITE	726-14-070
04	Morgan Hill Train Depot	17300 Depot Street	Walk	Public ROW	Y	SITE	726-14-061
05	Sunsweet Co-Op	90 East 3rd Street	Walk	Private Party	Y	SITE	726-13-054
06	Grange Hall	40 East 4th Street	Walk	Private Party	Y	SITE	726-13-022
07	United Methodist Church	17175 Monterey Road	Walk	Private Party	Y	SITE	767-08-015
08	Skeel's Hotel	17305 Monterey Road	Walk	Private Party	Y	SITE	767-07-050
09	Millhouse Mall	17415 Monterey Road	Walk	Private Party	Y	SITE	767-07-066
10	George Edes House	95 West 1st Street	Walk	Private Party	N	SITE	767-07-056
11	Mount Hope Memorial Park	250 Spring Avenue	Drive	Private Party	N	SITE	767-15-015
12	St Catherine Church	17400 Peak Avenue	Drive	Private Party	N	SITE	767-04-010
13	3rd Morgan Hill Grammar School	410 Llagas Road	Drive	Private Party	N	SITE	764-32-054
14	Ohlone Indigenous People's Site	18535 Murphy Springs	Drive	Private Party	Y	SITE	764-47-067
15	Hiram Morgan Hill House	17860 Monterey Road	Drive	Historical Society	Y	SITE	726-24-020
16	Acton House	17860 Monterey Road	Drive	Historical Society	Y	SITE	726-24-020
17	Guglielmo Winery	1480 East Main Avenue	Drive	Private Party	N	SITE	728-22-029
18	21-Mile House	Tennant Ave & Monterey Rd	Drive	Private Party	Y	SITE	767-22-047
19	Machado School	15130 Sycamore Drive	Drive	Public Agency	Y	SITE	
[R]	*Murphy's Majestic Oak*	*65 West 3rd Street*	*Walk*	*Public Agency*	*Y*	*SITE*	*767-07-065*
[R]	*Christian Science Society*	*17090 Monterey Road*	*Walk*	***COMH??***	*N*	*SITE*	*726-13-052*
[R]	*John Page House*	*Monterey Road & 5th St*	*Walk*	*Public ROW*	*Y*	*SITE*	
[R]	Dr Higgins House	55 East 2nd Street	Walk	Private Party	N	SITE	726-14-024
[R]	1st Morgan Hill Grammar School	70 East 4th Street	Walk	Private Party	N	SITE	726-13-059

BRONZE PLAQUE CONCEPT

TRAILHEAD SIGN CONCEPT

- 2 back-to-back thin metal signs
- Size: 4' x 5'
- Mounted on both sides of light post in center of 3rd Street Plaza
  (Viewable from 3rd Street & Exiting Parking Garage)

Final Sign Design To Align to City Signage Guidelines



Leadership Morgan Hill Class of 2026
Contact:
Contact:

Bronze Plaque Requirements

April 2026

OVERVIEW

The Leadership Morgan Hill Class of 2026 is launching a project titled “Many Stories, One Morgan Hill” to establish a permanent historical trail in Morgan Hill. This initiative involves placing markers at up to 20 significant historical points of interest. Each marker will feature a link to a dedicated webpage that provides a detailed, rich narrative about the location and its influence on Morgan Hill's history.

PROJECT GOALS

1. **Expand Historical Tour Offerings:** Broaden the existing Morgan Hill Historical Society downtown walking tour by developing a new, self-guided tour that extends beyond the downtown area.
2. **Integrate Digital and Physical Media:** For all tour stop locations, install physical plaques that include a link to corresponding digital content, hosted on the Morgan Hill Historical Society website.

PHYSICAL PLAQUE SPECIFICATIONS

- **Quantity:** Up to 20 unique plaques with a standardized template and variable text & numbering.
- **Material:** Cast Bronze (Architectural Grade)
- **Shape:** Custom "Mountain Crest" silhouette. The top edge must feature a contoured profile as shown in the reference image.
- **Dimensions:** 16" (W) x 6.67" (H)
- **Thickness:** 5/16" (0.3125") or 3/8" (0.375), depending on foundry standard for this size.
- **Mounting:** 4 Stainless Steel Studs (back-tapped) + 1 Paper Mounting Template per plaque.
- **QR Code & RFID tile**: 3” x 3” ceramic tile will be adhered to the plaque inside a recess
- **Background Texture:** Pebbled or "Leatherette" (as seen in reference) to provide contrast and hide minor surface scratches over time.
- **Background Color:** Dark Oxide or "Statuary Bronze" (Dark Brown/Black).
- **Raised Surface Finish**: Brushed/Satin Gold (Bronze) highlighting.
- **Protective Coating:** High-grade, clear, UV-resistant baked-on polyurethane or powder coat to prevent oxidation and tarnishing.
- **Installation Environment:** Outdoor with high UV and moisture exposure
- **Standard Mounting:** 4 Blind Stud Mounts with Drilling Template.
    - Hardware: Four (4) stainless steel threaded studs (1/4" x 2") to be provided with each plaque.
    - Preparation: The back of the plaque must be tapped to receive studs.

Design & Artistry

- **Bas-Relief Element:** The top section must feature a raised, stylized mountain range graphic with multi-layered "ribbon" lines.
- **Template:** The mountain graphic and the bottom two lines of text are identical for all 20 units; only the circle number and center title line are unique
- **Border:** A raised, polished 1/8 inch bevel/border following the custom perimeter of the plaque.
- **Text & Typography:**
    - Circle: Variable number, e.g., “1” (Large, Bold Serif Font).
    - Top Line: "Morgan Hill Historical Trail" (Medium, Serif Font)
    - Center Line: Variable title, e.g., "Morgan Hill House" (Large, Bold Serif Font)
    - Bottom Line: "Leadership Morgan Hill Class of 2026" (Small, Serif Font)
    - Character/Circle Depth: Raised .05 inches from the background.

QR Code & RFID Tag Integration

Pocket Casting: The plaque shall feature a recessed square area on the right-hand side, measuring 3.1” x 3.1”

- The floor of this recess should be unpolished or raw bronze to provide a superior bonding surface for construction-grade epoxy.
- Depth of recess should be 3/16"

Production Deliverables

- **Digital Proofing:** Manufacturer must provide a 1:1 digital mockup for each of the 20 unique designs (titles and numbers) for approval before casting.
- **Lead Time:** Quote must include estimated production time (Expected: 6–8 weeks).
- **Shipping:** Dock Delivery to 95037 or Pickup

Draft Design, Bidding & Installation Schedule

Project Title	Start
Morgan Hill Historical Trail	**04/01**
Project Applicant	**End**
Leadership Morgan Hill	**09/14**

Task Name	Estimated Start Date	Estimated End Date	Estimated Duration (days)	Comments
Meet w/Historical Society for Final Site Selection & Approval of Top 20 Sites	04/08	04/08	1	
Finalize Group's Selection of Preferred Plaque Design	04/10	04/10	1	
Meet with City Liason (Chris Ghionne) to Verify Regulatory Requirements & Code Matters	04/20	04/20	1	
Prepare Application Package for Submittal to City for LCAC Committee Review	04/10	04/30	21	
Submit Project Application Package to City Liason for LCAC Distribution	**04/30**	**04/30**	1	
LCAC Committee Review and Comment Period	04/30	05/05	6	
LCAC Meeting at Council Chambers to Receive Recommendations and Answer Questions	**05/05**	**05/05**	1	
Staff Liason to Prepare Staff Report and MOU Documents for City Council Agenda	05/06	06/02	28	
City Council Meeting to Review LCAC Recommendations, Approve MOU and Approve Project	**06/03**	**06/03**	1	
Encroachment Permit Application for All Work Proposed Within Public Right-of-Way (TBD)	06/04	06/30	27	
Private Site Owners' Outreach to Secure Owner Acknowledgement and Installation of Plaques	**05/06**	**06/03**	29	
Prepare Procurement Package for Bidders (including Plaque, Trailhead & Provisional Specs)	**05/01**	**05/15**	15	
Issue for Bid, Answer Vendor RFI's, Review Bid Proposals	**05/18**	**05/29**	12	
Contract Award, Initial Vendor Deposit & Preparation of Shop Drawings (100% Proofs)	06/01	06/19	19	
Proof Review & Approvals, 50% Invoice Deposit for Fabrication and Delivery of Plaques	06/22	07/31	40	
Installation of Plaques, Trailhead Sign Construction and Final Inspections	**08/03**	**08/28**	26	
Ribbon Cutting Ceremony at Project Completion	**08/29**	**08/29**	1	
LMH - Class of 2026 Graduation	09/14	09/14	1	

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Michelle Bigelow, City Clerk
APPROVED BY: City Manager

ADOPT POLICY REGARDING DISRUPTION OF TELEPHONIC, AUDIO/VISUAL, OR INTERNET SERVICE DURING CITY COUNCIL MEETINGS

RECOMMENDATION(S)
Adopt the City Council Policy regarding disruption of telephonic, audio/visual, or internet service during City Council meetings in compliance with Government Code section 54953.4.

COUNCIL PRIORITIES, GOALS & STRATEGIES
City Council Ongoing Priorities
Fostering a Positive Organizational Culture
Preserving and Cultivating Public Trust

REPORT NARRATIVE:
Background
Senate Bill 707 (SB 707), signed into law in 2025, amended portions of the Ralph M. Brown Act related to teleconferencing, remote participation, and public access to meetings.

Beginning July 1, 2026, eligible legislative bodies, including the Morgan Hill City Council, must comply with additional requirements for remote public participation during public meetings conducted via two-way telephonic or audiovisual platforms.

Among other requirements, Government Code section 54953.4 requires the City Council to adopt, on or before July 1, 2026, a policy addressing disruptions in telephonic, audio/visual, or internet service that prevent members of the public from remotely attending, observing, or participating in a City Council meeting.

The policy must address:

- Procedures for recessing and reconvening meetings
- Good-faith efforts to restore disrupted service
- Procedures for continuing or adjourning meetings if service cannot be restored

Discussion

The proposed policy establishes procedures for responding to disruptions affecting the City's two-way remote public participation platform during City Council meetings.

The policy:

- Defines what constitutes a disruption
- Establishes procedures for recessing meetings during a disruption
- Requires staff to make good-faith efforts to restore service
- Establishes procedures for reconvening meetings once service is restored
- Allows the City Council to continue a meeting after required findings are made if service cannot be restored
- Clarifies that the policy applies only to disruptions affecting the City's remote participation services generally and not to individual connectivity issues experienced by a single participant
- Establishes procedures for maintaining decorum during remote participation

The proposed policy applies only to meetings of the City Council and does not apply to advisory bodies, boards, commissions, or committees unless otherwise directed by the City Council.

The City already livestreams City Council meetings and provides remote public participation opportunities through Zoom and related meeting technologies. Adoption of the proposed policy will ensure compliance with SB 707 before the July 1, 2026, implementation deadline.

COMMUNITY ENGAGEMENT:
Inform
The Brown Act requires the policy to be adopted at a noticed public meeting held in open session and not on the consent calendar.

ALTERNATIVE ACTIONS:
Not applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
None.

FISCAL AND RESOURCE IMPACT:
No significant fiscal impact is associated with the adoption of the proposed policy. Existing staffing and technology resources will continue to support hybrid meeting operations.

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.

CITY OF MORGAN HILL

CITY COUNCIL POLICIES AND PROCEDURES

CP-26-01

SUBJECT: **DISRUPTION OF TELEPHONIC, AUDIO/VISUAL OR INTERNET SERVICE DURING CITY COUNCIL MEETINGS**

EFFECTIVE DATE: **JUNE 3, 2026**

ORIGINATING DEPARTMENT: CITY CLERK

PURPOSE

This policy establishes procedures for responding to disruptions in telephonic or internet service that provide two-way remote public access to meetings of the Morgan Hill City Council, as required by the Ralph M. Brown Act and Government Code section 54953.4.

This policy is intended to ensure transparency, continuity of government operations, and meaningful public participation during technology disruptions affecting remote access to City Council meetings.

APPLICABILITY

This policy applies to all open and public meetings of the Morgan Hill City Council where two-way remote public participation is offered or required under the Brown Act.

This policy applies only to City Council meetings and does not apply to advisory bodies, boards, commissions, or committees unless otherwise directed by the City Council.

This policy applies only to disruptions affecting two-way remote public participation service and does not apply to interruptions affecting one-way broadcasts, television feeds, or livestream-only services, provided two-way public participation remains available.

DEFINITIONS

I. "Disruption" means a disruption of telephonic or internet service that prevents members of the public from attending, observing, or participating in a City Council meeting through the City's two-way remote public participation platform.

II. "Remote participation service" means the two-way telephonic service, two-way audiovisual platform, or the City's internet service used to provide real-time remote public attendance and participation during City Council meetings.

PROCEDURES IN THE EVENT OF SERVICE DISRUPTION

A. Response to Service Disruption

- The Mayor, Presiding Officer, or City Clerk shall announce the disruption during the meeting.
- The Mayor or Presiding Officer shall recess the open session meeting.
- During the recess period, City staff shall begin good-faith efforts to diagnose and restore the disrupted service.
- The meeting shall remain in recess for at least one hour or until remote participation service is restored, whichever occurs first. The recess may be extended if restoration efforts remain ongoing.
- Nothing in this policy prevents the City Council from convening a properly noticed closed session during the recess period, consistent with the Brown Act.

B. Efforts to Restore Service

City staff, contractors, or technology providers shall make good-faith efforts to restore remote participation service, which may include:

- Troubleshooting teleconferencing or meeting software
- Resetting or replacing audiovisual equipment
- Attempting alternative connection methods
- Contacting support staff, vendors, or service providers
- Switching to backup equipment or backup platforms, if available
- Utilizing alternative telephonic participation methods, if feasible

The City Clerk, in coordination with Information Services staff or designated contractors, shall document restoration efforts undertaken during the disruption.

RECONVENING THE OPEN SESSION

A. Timing

The open session may reconvene after at least one hour has elapsed from the time of disruption or as soon as remote participation service is restored, whichever occurs earlier.

B. If Service Is Restored

If remote participation services are restored before or at the time the meeting reconvenes, the meeting shall continue as normal.

C. If Service Is Not Restored

If remote participation service has not been restored after one hour, the City Council may:

- Adjourn the meeting; or
- Continue the meeting in open session after adopting, by roll call vote, the following finding, or a substantially similar finding:

"The City Council finds that good-faith efforts have been made to restore telephonic or internet service in accordance with the City's adopted technology disruption policy, and that the public interest in continuing the meeting outweighs the public interest in remote public access."

Before continuing the meeting without restored remote participation service, the City Council should consider whether any agenda items should be continued to a future meeting.

Upon adoption of the required findings, the City Council may continue the open session despite the disruption to remote participation service.

INDIVIDUAL CONNECTIVITY ISSUES

This policy applies to disruptions affecting the City's remote participation service generally and does not apply to individual connectivity issues experienced by a single participant.

If an individual member of the public experiences a personal internet, telephone, or platform connection issue, the meeting may continue so long as remote participation service remain generally available to the public.

Similarly, if a Council Member participating remotely loses connection, the meeting may continue so long as a lawful quorum remains present. However, if the loss of connection results in the absence of a lawful quorum, the City Council may not take final action until quorum is restored.

REMOTE MEETING DECORUM AND DISRUPTIONS

The same rules governing disruptive conduct during in-person meetings (CP 24-01 Code of Conduct for Public Meetings in the Council Chamber and Conference Rooms) apply to individuals participating remotely.

The Mayor or Presiding Officer may take reasonable actions necessary to maintain order and decorum during the meeting, including:

- Issuing warnings to disruptive participants
- Muting disruptive participants
- Removing disruptive individuals from the remote participation platform

RECORDKEEPING

The City Clerk shall enter a summary into the meeting minutes that includes, as applicable:

- The nature and approximate time of the disruption
- The restoration efforts undertaken
- The time the meeting reconvened
- Any findings adopted by the City Council pursuant to this policy

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

APPROVED:

_____

MARK TURNER, MAYOR

CITY OF MORGAN HILL

CITY COUNCIL STAFF REPORT
MEETING DATE: June 3, 2026

PREPARED BY:
Christina Turner, City Manager
APPROVED BY: City Manager

PROVIDE DIRECTION TO STAFF ON PROPOSED FUTURE COUNCIL INITIATED AGENDA ITEMS

RECOMMENDATION(S)
Determine if the majority of the City Council wants the following items agendized at a future meeting for discussion:

1. Establish a Formal Policy for Intergovernmental Agency and Organizational Briefings; and
2. Evaluate Banning Class 2 E-bikes Operated by Minors.

COUNCIL PRIORITIES, GOALS & STRATEGIES
Strategic Priorities
Fiscal Sustainability
Public Safety
Transportation

City Council Ongoing Priorities
Enhancing Public Safety and Quality of Life
Preserving and Cultivating Public Trust
Advocating for Local, Regional, and State Legislative Initiatives

REPORT NARRATIVE:
Section 4.2 of City Council Policy 97-01 (Attachment 1) allows members of the City Council to request items be added to an upcoming City Council agenda by requesting an item during the “Future Council Initiated Agenda Items” section of the agenda. A City Council report will then be placed on an upcoming agenda for Council discussion and consideration.

Below is a brief description of each item for City Council consideration.

<u>Background</u>

1. Establish a Formal Policy for Intergovernmental Agency and Organizational Briefings (requested by Council Member Martinez Beltran).
   See Attachment 2 for this request to discuss and establish a formal policy

regarding requests from intergovernmental agencies to present to the City Council.

2. Evaluate Banning Class 2 E-bikes Operated by Minors (requested by Mayor Turner).
   See Attachment 3 for this request to review applicable state laws and regulations, examine policies implemented by other jurisdictions, and identify potential local safety measures, including a possible prohibition on Class 2 e-bike use by individuals under 18 years of age.

Staff is seeking direction from the City Council on whether to formally agendize these topics for future meetings. Preparation of complete staff reports would take approximately 4 hours each to research best practices from comparable agencies, evaluate existing City policies and procedures, and develop policy options for City Council consideration.

COMMUNITY ENGAGEMENT:
This report seeks direction from the City Council on whether or not to further agendize these topics for Council consideration.

ALTERNATIVE ACTIONS:
Not Applicable.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:
On May 6, 2026, Council Member Martinez Beltran requested the intergovernmental agency policy and on May 20, 2026, Mayor Turner requested the evaluation of banning Class 2 e-bikes for minors, be brought back for City Council consideration.

FISCAL AND RESOURCE IMPACT:
There is no fiscal impact associated with seeking direction from the Council on these items.

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.

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CITY OF MORGAN HILL

CITY COUNCIL POLICIES AND PROCEDURES

CP-97-01

SUBJECT: **RULES FOR THE CONDUCT OF CITY COUNCIL MEETINGS, PLACEMENT OF ITEMS ON THE AGENDA, AND MATTERS TO BE RECONSIDERED**

EFFECTIVE DATE: **May 7, 1997**

REVISED DATE: **March 15, 2023, August 23, 2023, June 19, 2024**

ORIGINATING DEPARTMENT: CITY MANAGER

SECTION 1 - SCOPE

1.1 These rules shall establish the procedures for the conduct of all meetings of the City Council of the City of Morgan Hill. The purpose of these rules is to provide procedures consistent with the Ralph M. Brown Act, establish procedures which will be convenient for the public, be fair to all members of the City Council, and contribute to the orderly conduct of City business.

SECTION 2 - MEETINGS

2.1 Open to Public: All meetings of the City Council, whether regular or special, shall be open to the public, unless a closed session is scheduled as authorized by law.

2.2 Regular Meetings: The City Council shall conduct its regular meetings at the time and place established by ordinance, if specified in the ordinance or resolution.

2.3 Review Status of Agenda at 9:00 p.m.: The City Council may review the agenda at 9:00 p.m. to determine if it will be able to conclude its business by 10:00 p.m. If, at 10:00 p.m., the City Council has not concluded its business, before continuing the meeting it shall review and discuss the status of the remaining agenda items and determine by majority vote whether to continue any remaining items to a future regular or special meeting, adjourn the meeting to another date and time, or extend the meeting beyond 10:00 p.m. as needed. The meeting may be extended beyond 10:00 p.m. one time. Additional extensions of time will be at the Mayor's discretion.

2.4 Special Meetings/Workshops: A special meeting and/or workshop may be called at any time by the Mayor or Presiding Officer of the City Council or by three members of the City Council. Written notice of any such meeting must specify the purpose of the meeting. Notice of the meeting must be made in accordance with the law.

2.5 Closed Sessions: The City Council may hold closed sessions during a regular or special meeting, or at any time authorized by law, to consider or hear any matter which is authorized by law. At times, Closed Sessions may have to be held in an order different than presented due to the timeliness of the matter, to save the City money when an outside attorney has been retained or due to the need for extra time to discuss and deliberate an

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important closed session item. Closed session items may be continued to the conclusion of the agenda.

2.6 Quorum: Three (3) members of the City Council shall constitute a quorum and shall be sufficient to transact business. If less than three Council members appear at a regular meeting, the Mayor, Mayor Pro Tempore in the absence of the Mayor, any member of the City Council, or in the absence of all Council members, the City Clerk or Deputy City Clerk shall adjourn the meeting to a stated day and hour.

2.7 Adjourned Meetings: The City Council may adjourn any regular, adjourned regular, special, or adjourned special meeting to a time and place specified in the order of adjournment and permitted by law.

SECTION 3 - POSTING NOTICE AND AGENDA

3.1 Posting of Notice and Agenda: For every regular or special meeting, the City Clerk or other authorized person, shall post a notice of the meeting specifying the time and place at which the meeting will be held and an agenda containing a brief description of all items of business to be discussed at the meeting. The notice and agenda may be combined in a single document.

a. Posting for Regular Meetings: For any regular meeting of the City Council, the notice and agenda shall be posted no later than seventy-two (72) hours prior to the time set for the meeting consistent with all Brown Act requirements.

b. Posting for Special Meetings: For any special meetings of the City Council, the notice and agenda shall be posted no later than twenty-four (24) hours prior to the time set for the meeting consistent with all Brown Act requirements.

3.2 Location of Posting: The notice and agenda shall be posted on the City's website and in a place to which the public has unrestricted access during at least normal business hours and where the notice and agenda are not likely to be removed or obscured by other posted materials.

3.3 Availability of the Agenda to the Public: The agenda for any regular or special meeting shall be made available to the public as soon as is practical after delivery to the members of the City Council.

SECTION 4 - AGENDA CONTENTS

4.1 Description of Matters: All items of business to be discussed at a meeting of the City Council shall be briefly described on the agenda. The description of the item and the proposed action to be considered should be set forth as clearly as practical so that members of the public will know the nature of the action under review and consideration.

4.2 Placement of items on the agenda: The Mayor, City Manager, or City Attorney may place items on the agenda. Members of the City Council may request items to be added to an upcoming City Council agenda by requesting an item during the "Future Council Initiated Agenda Items" Section of the agenda. When a Future Council Initiated Agenda Item is requested, the Council Member making the request will send the City Manager a brief

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summary outlining the request and any relevant background. If the requested item is not included in the current Strategic Priorities Workplan, the team will bring forward the item at a future Council Meeting within 30-45 days of the request via a brief staff report, including the brief summary provided by the requesting Council Member. At that meeting, the City Council will review the request and determine if the majority of the City Council wants the items agendized at a future meeting for discussion.

4.3 Council shall not act or take a position on: Matters outside of the Morgan Hill City Council's subject matter jurisdiction, including foreign or international events. Appropriate subject matter jurisdiction includes agenda items directly related to Morgan Hill business, as well as County/regional items having a direct impact on the City (i.e. countywide emergency services or transportation).

4.4 Limitation to Act on Only Items on the Agenda: No action shall be taken by the City Council on any item not on the posted agenda, subject only to the exceptions listed below:

a. Upon a majority determination that an "emergency situation" (as defined by State Law) exists; and

b. Upon a determination by a 4/5 vote of the City Council that there is a need to take immediate action and that the need to take the action came to the attention of City officials subsequent to posting of the agenda.

4.5 Change in Order of Business: The Mayor or Presiding Officer may decide to take matters listed on the agenda out of the prescribed order unless a majority of members present object to this variation.

4.6 City Council Reports: On an alternating basis, at each Regular City Council meeting, with a time limit of three minutes, a Council Member has the opportunity to share with the Council and community any pertinent updates or information in regard to their appointments to outside agencies, upcoming events, or relevant City business. These are non-action items.

4.7 City Manager Report: These are updates on current City activities, reports on issues raised at previous Council meetings, or recognitions. These are non-action items.

4.8 City Attorney Report: These are updates on current City activities, reports on issues raised at previous Council meetings, or reportable actions of the City Council in Closed Sessions and/or current litigation. These are non-action items.

4.9 Other Reports: These are pertinent updates or information on upcoming activities or events relevant to City business with a time limit of one minute. These are non-action items.

4.10 Public Comment for items not on the agenda: This refers to those matters not scheduled on the agenda where a member of the public wants to address a matter of importance to the City Council. Since the matter is not on the agenda, no action by Council can be taken. If a member of Council so desires, the matter can be placed on the agenda of a future Council meeting for review and consideration.

4.11 Consent Calendar: These are items of a routine or generally uncontested nature. Any member of the Council or member of the public may request to have an item pulled from the

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consent calendar and acted on individually by the Council. Items pulled will be discussed after action is taken on the balance of the consent calendar. The Mayor shall decide if the items are heard before or after moving on to public hearing and other business items.

4.12 Public Hearings: These are matters that are duly noticed and published in a newspaper of general circulation and where required by law, written notice is given to the affected residents who have the opportunity to speak in favor or against a matter or ask questions about the matter.

4.13 Other Business: These are other matters of City business which are not appropriately placed on the consent calendar and do not require published notices and require Council action and direction.

4.14 Future Business: These are items that members of the City Council wish to discuss to potentially take action on or have placed on future agendas.

SECTION 5. ORDER OF BUSINESS

5.1 The order of business at meetings of the City Council shall be as follows:

a. CALL TO ORDER

b. ROLL CALL ATTENDANCE

c. DECLARATION OF POSTING AGENDA

d. WORKSHOP (if needed; 5:00-6:00 p.m., or as deemed appropriate)

e. CLOSED SESSION (if needed; 5:00-6:00 p.m., or as deemed appropriate)

f. SILENT INVOCATION

g. PLEDGE OF ALLEGIANCE

h. PRESENTATIONS

i. PROCLAMATIONS

j. RECOGNITIONS

k. CITY COUNCIL REPORTS

l. CITY MANAGER'S REPORT

m. CITY ATTORNEY'S REPORT

n. OTHER REPORTS

o. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

p. ADOPTION OF AGENDA

q. CONSENT CALENDAR

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r. PUBLIC HEARINGS

s. OTHER BUSINESS

t. FUTURE COUNCIL INITIATED AGENDA ITEMS

u. CLOSED SESSION

v. ADJOURNMENT

SECTION 6. PUBLIC COMMENT

6.1 Public Comment: Persons present at meetings of the City Council may comment on individual items on the agenda at the time the items are scheduled to be heard. In addition, comments may be offered on items not on the agenda under that portion of the agenda. In accordance with State law, matters not scheduled on the agenda cannot be acted upon by the City Council, but items raised by the public during public comment may be referred to a future City Council agenda at the request of the Mayor or City Council.

6.2 Limitations: The public comment period may be 3 minutes for items on the agenda or items not listed on the agenda. Speakers are called in the order the speaker cards are submitted. Project applicants or appellants will be allowed more than the designated 3 minutes in accordance with City Council Policy 03-01. Consistent with this policy, the Mayor or Presiding Officer may recall an applicant or appellant to address questions after the public comment is heard. In addition, applicants will be given time at the end of the public hearing to address any questions or comments.

The Mayor or Presiding Officer may allow speakers who wish to speak under public comment for items not on the agenda to concede a portion of their time, specifically, one speaker may concede a portion of their time to one other speaker. For all other business items, the Mayor or Presiding Officer may allow speakers more time and/or allow speakers to concede a portion of their time to a designated speaker of a group, specifically up to two speakers may concede their time to one speaker, unless a majority of the City Council objects. Speakers that wish to designate a group speaker shall notify the City Clerk before discussion on the item begins. Additionally, any speaker that concedes their time must be present at that City Council meeting. Speaker who would like to share documents or presentations may do so by submitting said document to the City Clerk by noon on the day of the City Council Meeting. Speaker may not share videos or presentations with videos embedded within them.

6.3 Procedure: To address the City Council, each speaker is requested to fill out a Speaker Card and turn it in to the City Clerk before discussion on the agenda item begins. The speaker is requested to provide their name, contact information, and the subject(s) upon which the speaker wishes to address the City Council. Speakers who do not wish to provide their name should provide an alternative designation so that they can be called to speak by the City Clerk.

Public comment may be provided in writing for items on the agenda, as well as for items not on the agenda. Public comment in writing may be submitted via email to ccpubliccomment@morganhill.ca.gov or by mail to the City Clerk at 17575 Peak Avenue,

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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) for your comments to be submitted to the members of the City Council with sufficient time to review the comments. 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. Public comments submitted to the City Clerk after noon the day of the meeting will be provided to the City Council as time allows.

Written comments WILL NOT be read aloud during the City Council Meeting. Please note that written comments are posted on the City's website, so do not include any personal information you do not want to be posted on the web.

SECTION 7. PROCEDURES FOR THE CONDUCT OF MEETINGS

7.1 Role of the Mayor/Presiding Officer:

a. The Presiding Officer of the City Council, who shall be the Mayor or in the Mayor's absence shall be the Mayor Pro Tempore, or in their absence any other designated member of the City Council, shall be responsible for maintaining the order and decorum of meetings. It shall be the duty and responsibility of the Presiding Officer to ensure that the rules of operation and decorum contained herein are observed. The Presiding Officer shall maintain control of communication between Council Members and between the Council, staff, and public.

b. Communication with Council Members:

1. Council Members should request the floor from the Presiding Officer before speaking.

2. When one member of the Council has the floor and is speaking, other Council Members shall not interrupt or otherwise disturb the speaker.

3. During both questions, when one Council Member has the floor, they are limited to 5 minutes. During discussion, the Mayor and Council Members as a whole are limited to 15 minutes. The time limit may be extended at the Mayor's discretion.

4. With the concurrence of the Mayor, a Council Member holding the floor may address a question to another Council Member. The Council Member being questioned may or may not respond while the floor is still held by the Council Member asking the question. The reply shall be limited to the question asked.

c. The Mayor or Presiding Officer may declare that an item within the meeting will be conducted in "workshop" format, which means that the procedures described in section 7.1B do not strictly apply. This is to allow for a more open discussion without strict formalities. The Mayor or Presiding Officer may end the workshop format for the item at his/her discretion.

d. Communication with Members of the Public Addressing the Council

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1. The Mayor or Presiding Officer shall open the floor for public testimony as appropriate.

2. After a witness or subject matter expert has addressed the City Council during public comment, Council members may only ask questions of witnesses or subject matter experts. Such questions should be directed to the person through the Presiding Officer unless the Presiding Officer grants the Council Member permission to directly question the person.

3. Staff members, through the City Manager, shall be a resource to the City Council to answer questions arising during discussions between Council Members and between Council Members and members of the public. Communications in this regard shall be through the Presiding Officer.

4. Members of the public shall direct their questions and comments through the Presiding Officer.

7.2 Rules of Order: The City Council adopts no specific rules of order except those listed herein. The City Council shall refer to Rosenberg's Rules of Order (available at https://www.cacities.org/UploadedFiles/LeagueInternet/77/77d4ee2b-c0bc-4ec2-881b-42ccdbbe73c9.pdf) as a guide for the conduct of meetings. The guideline regarding not requiring seconds for governmental bodies' motions, resolutions or ordinances is not adopted as the rule in the City. The Mayor or Presiding Officer has the discretion to impose reasonable rules at any particular meeting based upon facts and circumstances found at any particular meeting. These latter rules will be followed unless objected to by a majority of the City Council members present.

7.3 Motions: The Mayor or any member of the City Council may bring a matter of business on the agenda before the Council by making a motion. Before the matter can be considered or debated it must be seconded. Once the motion has been properly made and seconded, the Presiding Officer shall open the matter for full debate offering the first opportunity to debate to the moving party and, thereafter, to any Council Member recognized by the Mayor or Presiding Officer. Debate shall be closed upon consent of a majority of the Council.

7.4 Reconsideration: Immediately after a vote on a matter, any member of the City Council may request to have his/her vote changed on a matter before the Council moves on to the next item. Such a request will be granted by the Mayor or Presiding Officer unless a majority of the Council objects.

A matter may be reconsidered by the City Council if a member on the prevailing side of the vote requests reconsideration. Such a motion may be made at a meeting where such action is taken or at a subsequent meeting of the Council, however, nothing in this policy precludes the majority of members of the City Council from requesting reconsideration of any item.

7.5 Debate:

a. The discussions and deliberations at meetings of the City Council are to secure the informed judgement of Council members on proposals submitted for decision. This

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purpose is best served by the exchange of thought through discussion and debate.

Debate is regulated by these rules in order to assure every member a reasonable and equal opportunity to be heard.

b. Obtaining the Floor for Debate:

As soon as a debatable motion has been stated to the Council by the Mayor or Presiding Officer, any member of the Council has a right to discuss it after obtaining the floor. The member obtains the floor by seeking recognition from the Mayor or Presiding Officer. A member who has been recognized is entitled to be heard so long as he/she observes the rules of debate.

c. Speaking More Than Once:

To encourage the full participation of all members of the Council, no member or members shall be permitted to monopolize the discussion of the question. If a Council member has already spoken and other members wish to speak, the latter members should be recognized in preference to the member who has already spoken. However, if no other members seek recognition, the Mayor or Presiding Officer may recognize the member who has already spoken.

d. Relevancy of Debate:

All discussion must be relevant to the motion before the City Council. A member is given the floor only for the purpose of discussing the pending question; discussion which departs is out of order. The Mayor or Presiding Officer should then direct the speaker to limit discussion to the question before the City Council.

A motion-its nature or consequences-may be attacked vigorously. But it is never permissible to attack the motives, character, or personality of a member either directly or by innuendo or implication. It is the duty of the Mayor or Presiding Officer instantly to stop any member who engages in personal attacks. It is the motion, not its proposer, that is the subject of debate. Meetings must discuss measures and ideas, not people.

Arguments, for or against a measure, should be stated as concisely as possible.

Debate must be fundamentally impersonal. All discussion is addressed to the Mayor or Presiding Officer and must never be directed to any individual.

e. Mayor's Duties During Debate:

The Mayor or Presiding Officer has the responsibility of controlling and expediting debate. A Council member who has been recognized to speak on a question has a right to the undivided attention of the Council.

It is the duty of the Mayor or Presiding Officer to keep the subject clearly before the members, to rule out irrelevant discussion, and to restate the question whenever necessary.

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SECTION 8. DECORUM

8.1 Council Members: Members of the City Council value and recognize the importance of the trust invested to them by the public to accomplish the business of the City. Council Members shall accord the utmost courtesy to each other, to City employees, and to the public appearing before the City Council.

8.2 City Employees: Members of City staff shall observe the same rules of order and decorum applicable to the City Council. City staff shall act at all times in a business and professional manner towards Council Members and members of the public.

8.3 Public: Members of the public attending City Council meetings shall observe the same rules of order and decorum applicable to the City Council.

8.4 Noise in the Chamber: Noise emanating from the audience within the Council Chamber or lobby area, which disrupts City Council meetings, shall not be permitted.

8.5 Sergeant-at-Arms: The Chief of Police, or his/her designated representative shall be ex-officio Sergeant-at-Arms of the City Council.

SECTION 9. VIOLATIONS OF PROCEDURES

9.1 Nothing in these policies and procedures shall invalidate a properly noticed and acted upon action of the City Council in accordance with State Law.

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

APPROVED:

DocuSigned by:
Mark Turner
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MARK TURNER, MAYOR

From: Yvonne Martinez Beltran <yvonne.martinezbeltran@morganhill.ca.gov>
Date: May 12, 2026 at 2:11:50 PM PDT
To: Christina Turner <Christina.Turner@morganhill.ca.gov> **Subject: Future Agenda Item if possible before June 4th**

Future Agenda Request
Establishing Formal Policy for Intergovernmental Agency and Organizational Briefings

Hi Christina,
Here is my write up for the I would like to request a future agenda item before June 4th to discuss and establish a formal policy regarding requests from intergovernmental agencies to present to the City Council. VTA requested for months to present to all Santa Clara County cities regarding their Local Investment Plan to receive direct feedback on transportation priorities before making recommendations for investment at a VTA Board vote on June 4th 2026. After inquiring a few times, I was informed on May 6th that this request was declined in favor of presenting at community forums and a Chamber meeting.

While I support community engagement, a presentation to an outside organization is not a substitute for a public, recorded briefing or opportunity for direction to and from this collective legislative body on our needs and priorities. Nearly every other city in the county has already met to provide collective Council direction. Whether SB 63 passes and provides new funding, or fails and necessitates service cuts, VTA is currently making decisions based on input from our neighbors. Without a formal Council discussion, Morgan Hill's specific needs risk being excluded from the regional plan being finalized next month.

The Mayor has expressed concern that presentations can serve as "pitches" for tax measures. While I appreciate that fiscal caution, I believe it is more grave for our interests to be absent from regional funding discussions. This highlights a broader procedural issue: we need to decide as a body how we address requests for collective legislative direction. I am requesting this agenda item so we can vote on a formal policy to determine if such briefings should be heard by the full Council on the record, or if we are comfortable delegating that access solely to the Mayor's discretion. This is essential for ensuring transparent governance and protecting this Council's role in regional advocacy in transportation but also in other areas.

Please as good governance I ask this be agendized before June 4th.
In Community,

Yvonne Martínez Beltrán
Councilwoman
City of Morgan Hill

Banning Class 2 e-Bikes for Kids Under 18

I would like the Council to direct staff to study whether we should create a ordinance that bans Class 2 e-bikes for anyone under 18 years of age. These e-bikes are supposed to go only 20 mph, but many can be changed after purchase so they can reach speeds up to 50 mph. This creates serious safety risks for riders, pedestrians, and motorists. A staff review would help us understand the problem better, look at what other cities are doing, and decide if a youth ban or another safety policy would make sense.